INSIDE AFRICA

04 January 2016

Now is the time to invest in Africa

EAGLESTONE SECURITIES

CONTENTS

BRIEFS

Africa

- 2015 Private Sector achievements: AfDB has committed USD 1 Billion in power and infrastructure in Africa

Angola

- Angola's Kwanza Falls Most Since 2001 to Record in Devaluation
- Malaysian company secures credit line for project in Angola
- Angola awards water supply project to Portuguese-French consortium

Cabo Verde

- Germany funds projects in Cabo Verde

Egypt

- Egypt arrears owed to oil firms rises to $3 billion at end-2015

Ghana

- Randgold Rejects Deal to Redevelop AngloGold's Ghanaian Mine

Guinea-Bissau

- Commercial banks in Guinea-Bissau able to finance economy

Mozambique

- ADB grants loan for railroad in Mozambique
- Mozambique expects to produce 100,000 tons of cashew nuts
- Lichinga, Mozambique, will have new dry dock in 2016

South Africa

- South African white maize prices more than double in 2015 on drought jitters

Sudan

- Sudan Arises as Sugar Hub

Zambia

- Zambia sets 2016 election date, scraps power price hike
- Zambia: Intrepid Mines Invests U.S. $40 Million in Kitumba Project

Zimbabwe

- Eskom 'in secretive deal' to provide power to Zimbabwe

In-depth:
Sub-Saharan Africa economy: Adjusting to a post-commodity-boom

Sub-Saharan Africa's mineral wealth has played a key role in the region's growth story since the early 2000s. However, commodity prices have declined sharply in recent years and, amid resilient global supply and subdued demand growth, energy and mining companies are adjusting to a lower-for-longer price scenario. Africa's commodity exporters must also adjust, as governments attempt to respond to near-term macroeconomic pressures while also pursuing strategies to diversify their economies. Major economic crises will be averted in most cases but, as uncertainty in the energy and metals industries persists, several economies have lost their primary driver of growth.

Some 28 countries in Sub-Saharan Africa depend on minerals for at least 25% of their export earnings. On average, these resource-rich countries received inward investment of US$800m a year in 2000-14, compared with just US$200m in their resource-poor neighbours. The resource-rich cohort also outperformed in growth terms, registering yearly real GDP growth of 5.2% in 2000-14, compared with 3.7% elsewhere. Looking forward, as the commodity boom slows down and macroeconomic stresses take root, The Economist Intelligence Unit expects Africa's main minerals exporters to underperform in 2016-20 in comparison to their peers.

The commodity price slump is already taking its toll on Africa's mineral exporters. Among the hardest hit, Angola has seen its oil and gas exports shrink in value by almost half between 2012 and 2015, causing the current-account balance to slump from a surplus of 12% of GDP in 2012 to an estimated deficit of 6.4% of GDP in 2015. Other struggling oil economies include Congo (Brazzaville), whose real GDP growth slowed to an estimated 2.2% in 2015 from a yearly average of 6.4% in 2004-14, and Equatorial Guinea, where declining production levels are no longer cushioned by higher prices. A sharp drop in copper prices has caused Zambia's terms of trade to deteriorate sharply, with the kwacha losing some 55% of its value against the US dollar in 2015. West Africa's iron ore exporters are seeing workers laid off and investment plans postponed. South Africa and Mozambique benefit from low oil prices, but this is offset by softer prices for coal and aluminium exports.

The external environment has changed

Africa's most significant commodity export, oil, is forecast to average US$53/barrel in 2016, having lost roughly half of its value since mid-2014. Prices are expected to partly recover in 2017-18, but downward price pressure will resume in 2019-20 in line with our expectations of a cyclical US economic slowdown. Other energy commodities that are in effect indexed to oil (natural gas and coal) will also remain well below their pre-2014 price levels. Even more severely, the aggregate price of industrial raw metals is expected to slide further in 2016, representing a fourth consecutive year of price drops. Most metal prices are forecast to rise in 2017-18, but the softening of demand (notably in China) and surge of global supply signals that most metal prices will remain weak over the medium term.

Low prices are forcing the industry to change. As companies shift their focus from shoring up supply to bringing down costs, governments will face growing resistance in tax and royalty negotiations. Moreover, in a high-price environment, investors were prepared to take on high risk, often operating in Africa alongside security challenges and regulatory uncertainty; without the promise of high returns, companies are likely to grow increasingly risk averse. Plus, as global financing conditions tighten, the oil minnows and junior mining companies that dominated mineral exploration in Africa in 2000-10 will struggle to access the cheap credit and equity finance that they have hitherto relied upon.

Navigating the near-term macroeconomic vulnerabilities

With commodity prices set to remain low in 2016, exporters' fiscal balances will come under growing pressure. Several countries now have sovereign wealth funds, but, since most were established too late, they failed to capture the pro-cyclical windfalls of the resource boom. In Nigeria, for example, the Excess Crude Account was established in 2004, and, aside from a slight recovery in 2009-11, oil production has declined since 2005. Hence, Nigeria's oil savings are minimal, standing at less than 1% of GDP. Botswana's sovereign wealth fund is Africa's oldest and largest, but even this will struggle to shield the economy from a prolonged slump in diamond and nickel prices.

Downward currency pressure is likely to persist in most of Africa's mineral exporters, on the back of deteriorating trade balances and declining foreign reserves. As well as stoking imported inflation, currency depreciation will push up the costs of external debt-therefore adding further strain to fiscal balances. Several countries borrowed heavily on international markets during the commodity boom and worsening debt-service indicators may also trigger concerns over sovereign creditworthiness.

Low minerals earnings and the rising cost of debt will force governments to consolidate their spending plans. In state-led economies, such as Equatorial Guinea and Angola, this will have a particularly stark impact on growth; construction industries will contract without grand public investment projects, and the service sector will no longer benefit from lucrative government contracts. Although lower revenue may eventually lead to greater efficiency in public spending, the immediate impact of a cash-strapped public sector is likely to be negative.

Governments will struggle to protect their citizens from the consequences of industry recessions, as job losses and pay cuts take their toll on mining economies. Several settlements in Zambia's Copperbelt, for example, have in effect shut down, with local hoteliers, restaurateurs and taxi drivers, among others, all feeling the impact of mine closures. Most of Africa's coal, iron ore and copper mines were unprofitable in 2015 and, as the price pressures continue into 2016, more mine closures cannot be ruled out.

Commodity exporters' medium-term outlook

For Africa's energy producers, economic prospects will track oil prices; subdued in 2016, before picking up in 2017-18. Significant investment will be deferred until prices recover: Royal Dutch Shell has postponed an investment decision on its US$12bn Bonga South-West project in Nigeria, while Total is revising its Zinia 2 project in Angola. The aspiring oil and gas producers in East Africa (namely, those whose discovered reserves remain at the pre-development stage) are unlikely to monetise their reserves before 2020, but they are well positioned to tap into medium-term demand from the Asian market. The veteran oil producers in West Africa will continue to struggle, with existing fields likely to mature at a quicker rate than alternative (typically more expensive) fields can be brought on line.

For metals exporters, the outlook is more uncertain. China makes up more than 50% of the world's metals demand and its economic slowdown will significantly disrupt the industry. Trade and investment flows between Africa and China retreated slightly in 2015, raising concerns that the Chinese economy's transition away from heavy industries will weaken its demand for African commodities. This will, however, be a gradual process and China is likely to remain the main market for African metals over the medium term. Nevertheless, as China moves towards a consumer-led economy, another rapid surge in metals investment akin to the 2000s seems unlikely. Other emerging-market economies, such as India, will support medium-term demand, but they are unlikely to match China's scale.

Navigating the macroeconomic repercussions of the commodity price slump will require concerted fiscal and monetary responses, but, provided governments respond promptly, the near-term strains should pass. The commodity exporters with sizeable external debt burdens face the greatest threats to near-term macroeconomic stability.

Establishing globally competitive minerals industries in Africa

As oil and mining companies grow more cost-conscious and risk averse, the region's mineral exporters must create an enabling environment that can compete with resource-rich destinations in the rest of the world. With companies seeking to lower their cost base, investing in countries with unreliable power supply (Zambia, the Democratic Republic of Congo) or stringent local content rules (Tanzania, Mozambique) will be hard to justify to shareholders. In addition, in a well-stocked global market, companies will focus on identifying reserves that can be cheaply and efficiently monetised (the recent finds in the Lokishar Basin in Kenya, for example).

Provided governments provide globally competitive regulatory frameworks and reasonably sound operating conditions, energy and metals exports will still support growth in Africa's resource-rich economies. In a post-commodity-boom reality, however, it is unlikely that raw mineral exports will drive Africa's future growth story with quite as much gusto as they did in the 2000s. The bright spots in the region in 2016-20 will therefore be defined not by mineral wealth, but by progress towards economic diversification. *(Economist Intelligence Unit)*

Angola Debt Surge 'Creates Moderate Distress' : Ecobank

The short-term outlook for Angola is "bleak", as over-reliance on oil exports to China stifles the country's foreign exchange earnings, according to Gaimin Nonyane, London-based senior macroeconomic specialist at Togo-based Ecobank Transnational. Persistent high inflation and rising debt are also of concern. She spoke on Oct. 22 and Dec. 22. Her comments have been edited and condensed.

Q: What's your outlook for Angola?

A: The short-term outlook for Angola is bleak as economic growth in its principal trading partner, China, slows down. Having said that, there are pockets of success. The government has decided to reduce its spending by 26 % this year. At the sarne time it is reducing fuel subsidies. There are initiatives in place to mitigate the impact of low oil prices, with oil exports accounting for 98 % of the country's total exports. But the short-term outlook will definitely dominated by imbalances such as rising inflation, the currency weakening and a current account that is in deficit after posti ng a surplus in 2013. In 2015, the deficit is expected to widen to seven percent, which is huge and is putting more pressure on the kwanza. Angola's currency is now one of the worst performing in Africa, and the world. This is a wake-u p call for the government to redouble its efforts to diversify away from oil.

Q: To what extent has the government diversified away from oil?

A: Not much has been achieved. There has been some progress in agriculture, financial services and mining. But after 27 years of civil war there hasn't been much investment in the economy so it has to double, if not triple, its efforts to diversify. We expect the shocks from low oil and China's slowdown to drive the government’s efforts to accelerate reform.

Q: What is the significance of the November Eurobond issuance?

A: The high yield [9.5 %] was very much expected given major imbalances in the economy - it was dose to the 10.75 % yield on Ghana's $1billion, 15-year Eurobond issued in October 2015. The high rate reflects the high risk premium associated with Angola's government securities, especially given continued uncertainty over the short-term outlook of the kwanza and inflation. We have seen Angola's FX reserves drop significantly, by around 20 % to $22 billion, prompting the government to impose FX restrictions and undermini ng economic activity. Already, inflation has reached its highest level in more than four years, reflecting the pass-through effect from the weaker currency. It has also raised the country's debt level. While Angola cannot be characterized as a heavily indebted country, the level of debt is climbing, creating moderate debt distress.

Q: How effective has the central bank been in tackling inflation?

A: Since February it has raised rates by 200 basis points to 11 %, but this has had little impact on inflation, which continues to rise. As long as the currency continues to depreciate - making import costs very high - importers will pass on the additional cost to domestic consumers. And that is on top of infrastructure bottlenecks, which are also putting pressure on inflation. We expect this to continue as long as demand for imported goods remains against a backdrop of falling oil receipts. This will put pressure on the current account and downward pressure on the currency.

Q: Do you expect the central bank to keep increasing rates in 2016?

A: The prospect of further hikes remains high given exchange rate and inflationary pressures. The policy rate is currently at 11 % and despite five rate hikes, inflation continues to climb. This is largely because inflationary pressures stem from the externally-induced collapse in oil prices, so although further hikes will help to reduce domestic liquidity in the economy and to some extent inflation, upward price pressure stemming from the pass-through effect of a weaker currency will persist. Unless oil prices (and production) pick up, the currency will remain under pressure, sustaining high inflation.

Q: How will the unusual El Nino weather affect inflation?

A: The impact is likely to be limited. Angola still imports a large proportion of its food [due to the collapse in agriculture during the 27-year civil war] so most of the country's inflationary pressures stem from the weakening kwanza. *(Bloomberg)*

African Firms Hit by Dollar Shortages
Inflows of U.S. currency dwindle, as oil revenue declines

Valentine Ozigbo is struggling to obtain a key construction ingredient as he refurbishes and builds hotels in Nigeria: the U.S. dollar.

Some of Africa’s largest economies, including Nigeria, Angola, Ethiopia and Mozambique, are restricting access to the greenback to protect dwindling reserves. That is causing problems for businesses from Mr. Ozigbo’s Transcorp Hotels to international giants like General Electric Co. and Coca-Cola Co., all of which are struggling to get the dollars they need for imports or to send profits back home.

The shortage comes as the inflow of dollars from resource exports, from oil to cotton, has plummeted with the prices of these commodities. The commodity rout also is putting pressure on local currencies, which some central banks are trying to support with their dwindling supply of dollars.

This dollar squeeze is frustrating investors, increasing costs and delaying projects. It may hamper future investment in countries reeling from the fall in commodity prices. “It’s been a rough ride for a lot of companies in Nigeria, if not all the companies,” said Mr. Ozigbo, chief executive of Transcorp Hotels.

Nigeria gets more than 90% of its foreign-currency reserves from oil exports. Since June 20, 2014, when the U.S. oil price was at $107.26, the U.S. oil price has declined 66% through Tuesday’s (29th Dec) close of $36.14, amid oversupply and weak growth in demand.

Oil’s decline sent the value of the naira, Nigeria’s currency, sharply lower at the start of the year. In March, the Central Bank of Nigeria fixed its exchange rate at around 199 naira to the dollar. By this month, its currency reserves were down 18% to $29.5 billion from the same month last year.

In the summer, the central bank introduced a list of 41 items, from meat to concrete, that it won’t release dollars for. But no matter what a buyer wants their dollars for, their request has to be vetted against this list, slowing down any attempt to buy the currency.

Angola now lists industries—including the oil and food sectors—that have priority for the country’s dollar reserves, In Mozambique, the government requires companies to convert half of any dollar revenues into the local currency, as it looks to shore up its reserves. “It’s obviously not like it used to be, where you would go to the bank and get your dollars,” said Jay Ireland, the Africa chief executive officer for GE. “Now it’s a process that they require and it takes longer,” he said, talking about Nigeria and Angola. Mr. Ireland said GE remains committed to long-term projects in Africa, but the dollar shortage means that it now takes local clients longer to buy GE products priced in dollars.

Coca-Cola has been in Africa for almost a century and can obtain dollars from across its businesses. Still, the beverage giant is concerned that its suppliers will start to feel the pinch as they struggle to fund imports that they need. “If there are no changes in monetary policy it might become a bigger challenge and that is a space we are watching very closely,” said Adeola Adetunji, Coca-Cola’s managing director in Nigeria. “Business is not as usual.”

Mr. Ozigbo’s Transcorp needs dollars to pay contractors and to import building materials to upgrade one hotel and build another, among other construction projects.

Last year, getting a “sizable amount” of dollars would have taken 48 hours to a week, Mr. Ozigbo said. Now, Transcorp is lucky if it can obtain the money within three weeks, he said.

Amid delays, the cost of upgrading the Hilton in Abuja has ballooned from an estimated 16 billion naira ($79 million) to about 26 billion naira since last year. Mr. Ozigbo now has serious doubts about whether his project will remain economically feasible.

Companies are looking for ways to get around the shortage, particularly by buying more local products, which typically don’t need dollar payments. “It’s a natural hedge,” said Mr. Ireland.

An official at the central bank of Nigeria said complaints about dollar scarcity aren't surprising, but the blame should be placed on the falling oil price rather than the bank.
Angola, which is Africa's second-biggest oil producer after Nigeria, has also been using its dollars to prop up its currency, the kwanza. Its central bank says it plans to stay on that course. "If we devalue, it will have a huge impact on inflation because most of our food is imported," said Gualberto Lima Campos, deputy governor for the Central Bank of Angola. The country has a 14% annual rate of inflation.
But as African central banks place restrictions on access to their dollars, while burning through these reserves to support their currencies, they are also storing up longer-term troubles. "Few investors will want to put money into a country at an official exchange rate that is not set by the market and which is not seen as sustainable in the long run, "said Charles Robertson, global chief economist at investment bank Renaissance Capital. *(Wall Street Journal)*

SOVEREIGN RATINGS

North and South America - Asia

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
04-01-2016	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+	**BB+**	NR	B	B
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

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
04-01-2016	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

Region - Africa/Middle East

04-01-2016	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".

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

2015 Private Sector achievements: AfDB has committed USD 1 Billion in power and infrastructure in Africa

The Bank Group has devoted approximately USD 1 billion to supporting power and infrastructure in Africa in 2015, which the Private Sector Department (OPSD) experts describe as “an unprecedented record level.”

The news was disclosed, on Friday December 18, 2015 at the Bank’s Headquarters in Abidjan, at a wrap up meeting, following the recent approval by the Board of Directors, of a senior loan worth USD 300 million to support the construction of a 912 Km of railway and associated port infrastructure of Nacala e-Velha running through landlocked Malawi. “The Bank is proud to partner with Vale and Mitsui, along with the group of co-financiers, including International Finance Corporation (IFC), Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance, to enable the financing of this USD 4.5 billion project finance investment, one of the largest single foreign direct investments into Africa in recent years,” the Bank’s Private Sector Department Director, Kodeidja Diallo, highlighted.

In her viewpoint, this investment constitutes the largest one for 2015, after Eskom South Africa, and stems from the fruitful contributions and valuable collaboration among OPSD staff and the entire Bank's NSO Ecosystem. "This is a great achievement by OPSD staffing reduced by one third and I wish to commend the various experts for a well done job." "We are very pleased to announce this achievement by the Bank Group, with other key sponsors," she further underscored.

The Nacala Rail and Port Project will enable the efficient and environmentally-friendly transport of mineral resources, general freight and passengers through two of Africa's fastest-growing economies. In doing so, the Project stands to facilitate trade and development across the southern Africa region. Railway extension lines into neighboring countries are currently under feasibility discussion.

The Project will bring about global competitiveness to Mozambique's mineral exports, including the country's important coal reserves. While the rail infrastructure is anchored on the viability brought about by mineral exports in Mozambique, the Project will also build competitiveness around the region's agricultural and manufacturing trade, thus supporting Africa's industrialization agenda.

The Bank's support of the Nacala Corridor is long-standing, having financed regional road infrastructure from Lusaka in Zambia to Nacala in Mozambique, also integrating Malawi. The Project is thus complementary to previous Bank's investments.

IMF Staff Completes 2015 Article IV Mission to Botswana
Press Release No. 15/585

An International Monetary Fund (IMF) staff team, led by Enrique Gelbard visited Gaborone during December 7–22 for discussions on the 2015 Article IV Consultation with Botswana. The discussions centered on near term policies to counteract the current economic slowdown and on the reforms and investments needed to foster diversification and inclusive growth. At the end of the mission, Mr. Gelbard issued the following statement: "After recovering strongly from the 2009 downturn, Botswana's pace of economic activity is slowing in 2015 owing to weaknesses in the global demand for diamonds. For this year, real GDP growth is estimated at 2.3 %, with a gradual recovery projected to start in 2016. The decline in mining receipts, coupled with a decline in revenues from the Southern African Custom Union (SACU), has led to a fiscal deficit of about 1.4 % of GDP and a lower external current account surplus. Inflation has been declining and is close to the lower end of the Bank of Botswana target band of 3–6%, reflecting a successful monetary policy and lower fuel prices, while the Pula has been stabilized in trade-weighted terms. The financial sector remains well capitalized, broadly profitable, and stable, with a low level of nonperforming loans.

"Thanks to sizable fiscal and foreign exchange savings, the country is well positioned to weather the current slowdown. The staff team seconded the authorities' fiscal plans—focused on social and growth-promoting capital spending with appropriate limits on less productive expenditures—and encouraged them to proceed gradually by prioritizing public investment in projects with clear potential to enhance growth and human capital, while measures are being taken to improve execution capacity and efficiency.

"Economic growth is projected to pick up in the next couple of years, supported by a gradual recovery in the global diamond market, low domestic interest rates, and the impact of the government's Economic Stimulus Program. The authorities' goal to return to fiscal surpluses in 2 years is appropriate, and will require both non-mining revenue mobilization as well as moderate growth in spending. In particular, while mining receipts are expected to recover gradually, SACU transfers are expected to fall in 2016 and could remain subdued in the medium term, underscoring the importance of measures to broaden the domestic tax base.

"The authorities are contemplating a number of medium-term measures to embed in the forthcoming National Development Plan. This provides an opportunity to take stock of the experience so far and accelerate key reforms to promote economic diversification, growth, and job creation. The main reforms include improving the efficiency of public investment; involving the private sector, establishing independent regulators, and improving quality of service in electricity and water supply; reducing skills mismatches by focusing on training, apprenticeship programs, and lowering barriers to hiring skilled foreign workers; and enhancing profitability and operations of large state-owned enterprises.

"The authorities' plans to remove impediments to doing business will complement the above measures. Setting up Special Economic Zones may also promote new activities, but caution will be needed to avoid costly tax incentives and results will have to be closely monitored. Lastly, the team recommended adopting a simple fiscal rule that could enable improvements in the balance between non-mining revenues and recurrent government spending, together with a clearly prioritized public investment program to help ensure fiscal sustainability and use mining revenues for the benefit of future generations.

"The above reforms, together with a gradual scaling up of public investment over the next decade, has the potential to generate employment and diversify the economy away from diamonds, which will be critical to ensure fiscal sustainability and enable Botswana to transition into high-income status. "The team met with Bank of Botswana Governor, Linah K. Mohohlo, Minister of Finance and Development Planning, Honorable O. Kenneth Matambo, Permanent Secretary of the Ministry of Finance and Development Planning Solomon Sekwakwa, other senior government officials, and representatives from the private sector and development partners."

AfDB approves Ruzizi III hydropower plant project, bringing green energy to Burundi, DRC and Rwanda

The African Development Bank (AfDB) Group, on December 16, 2015 in Abidjan, formally approved US$ 138 million of loans and grants to finance the Ruzizi III Hydropower Plant Project. Implementation of the project will be carried out at a total cost of US$ 625.19 million (of which the US$ 138.88 million will be borne by the AfDB's public sector window and US$ 50.22 million by the private sector window).

Ruzizi III hydropower plant is part of the Programme for Infrastructure Development in Africa (PIDA) and involves Burundi, the Democratic Republic of Congo (DRC) and Rwanda.

The financing will enable the construction of a run-of-river dam straddling the Ruzizi River between the DRC and Rwanda, as well as a 147 MW power plant and distribution station. These new facilities will provide an independent source of green energy, helping the DRC, Rwanda and Burundi to meet their growing energy needs. All three countries have been experiencing difficulties in meeting the demand for electricity, due to over a decade without major energy infrastructure investments while their populations and economic activity have continued to grow.

By ensuring reliable and affordable electric power, the Ruzizi III Hydropower Plant Project will increase the region's access to electricity by 300% thereby contributing to the sustainable socio-economic transformation of the region. As a regional project, the electricity generated will also feed into the East African Power Pool (EAPP).

Ruzizi III Hydropower Plant Project is the first regional power project in East Africa to be established as a public-private partnership (PPP). In this framework, the project's implementation has been entrusted to the Great Lakes Energy Organization (EGL), a sub-regional body which coordinates energy development in East Africa. Its implementation has been possible following a grant awarded to EGL in 2011 by NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF) to finance transaction advisory services for the Ruzizi III Hydropower Plant Project. This US$ 1.4 million NEPAD-IPPF grant helped provide key expertise for the project's development, as well as sound knowledge of the context and actors of the region that led to the project's eventual financial close.

NEPAD-IPPF is a multi-donor Special Fund hosted by the AfDB which provides grants to African countries through Regional Economic Communities (RECs), Power Pools (PPs) and other specialized regional institutions to facilitate the preparation of regional or cross-border infrastructure projects in energy, trans-boundary water, transport and ICT to make them bankable and, therefore, investment-ready. The grants are used to carry out pre-feasibility, feasibility, technical and engineering designs as well as transaction advisory services. NEPAD-IPPF is supported by Canada, Germany, UK, Spain Denmark and Norway.

IMF Executive Board Completes Fifth PSI Review, Approves US$282.9 Million Credit Facility and Concludes 2015 Article IV Consultation with Mozambique

Press Release No. 15/580

On December 18, 2015, the Executive Board of the International Monetary Fund (IMF) completed the fifth review of Mozambique's economic performance under the program supported by the Policy Support Instrument (PSI)1.

In completing the review, the Executive Board approved the authorities request for waiver and modification of three assessment criteria for December 2015 to account for the changed environment and revised microeconomic projections.

The Board also approved Mozambique's request for an SDR 204.5 million, (about US$282.9 million) Standby Credit Facility to supplement the PSI to augment reserves and maintain macroeconomic stability, with a first SDR 85.2 million disbursement (about US$117.9 million) available immediately. The SCF aims to alleviate the external balance of payments shocks, and through strengthening macroeconomic stability, to achieve the government's goals on poverty reduction and inclusive growth.

The Executive Board approved the PSI for Mozambique on June 24, 2013 (see Press Release No. 13/231).

Following the Executive Board's discussion, Mr. Min Zhu, Deputy Managing Director and Acting Chair, issued the following statement:

"Despite challenges, Mozambique's economic growth continues to be robust and inflation remains low. However, lower commodity prices and a decline in foreign exchange inflows have generated a temporary balance of payments gap. The authorities have taken strong policy measures to preserve macroeconomic stability. Continued implementation of prudent policies under the standby credit facility will be essential to ensure debt sustainability, safeguard against external shocks, as well as promote strong and inclusive growth.

"The authorities' front-loaded corrective measures, including a tightening of the 2016 budget deficit and of the monetary policy stance in 2015, as well as a reform of the foreign exchange market should help to stabilize the economy. Rigorous implementation of the budget, enhanced VAT management, close monitoring of fiscal risks, and allowing for continued exchange rate flexibility will be key to restoring macroeconomic stability. The central bank should stand ready to further tighten liquidity conditions as needed. Work on an action plan to improve the profitability of the EMATUM fishing company should be fast tracked to reduce its risk to the government budget.

"Significant progress has been made on structural reforms. To make Mozambique's strong growth performance more inclusive and broad based, the reform agenda needs to focus on enhancing public financial management, including budget controls and fiscal transparency, and developing the institutional framework and building capacity to prepare for the management of natural resource wealth. Priority should also be given to reforming the energy sector, improving

access to financial services, and strengthening the business environment. A vigorous debt management strategy will be crucial to address the challenges of significant infrastructure gaps at a time when debt vulnerabilities have been rising."
The Executive Board also completed the 2015 Article IV Consultation with Mozambique.
Despite lower commodity prices and a weaker global environment, Mozambique's economic prospects remain positive given planned massive investment in natural resources. While GDP growth averaged 7 % over the last five years, Mozambique's per-capita income ($624 in 2014) and human development index (178 out of 187 countries) remain low. There is a need to continue implementing policies that support fiscal sustainability, infrastructure investment, and inclusive growth.
Mozambique's economic outlook remains robust. Growth of 6.3 % is expected in 2015, and remains below potential at 6.5 % in 2016, mainly due to a stagnant mining sector and substantially tighter fiscal and monetary policies. Over the medium term, growth is projected to recover to 7.5–8 %, supported by massive investment in natural gas projects and higher coal production if key agreements can be reached for coal and gas sector development. Inflation is expected to increase towards the BM's medium target of 5–6 %, due to the recent depreciation of the metical and adjustments in administered prices.
Balance of payments pressures are increasing and the exchange rate has depreciated substantially. While the overall current account is improving due to a decline in import-intensive megaproject investments (given the end of the gas exploration phase), the non-megaproject current account has continued to worsen, intensifying pressures in the foreign exchange market. Foreign exchange market pressures, first experienced in late 2014 and early 2015, subsided during April–July but have since re-emerged. The non-megaproject current account deficit largely drives these pressures in the domestic foreign exchange market. During July 2014–June 2015, this deficit worsened by $1.7 billion compared to the previous 12 months. This deterioration was caused by lower commodity prices and declining FDI and external aid, while imports remained dynamic owing to strong domestic demand fueled by expansionary fiscal and monetary policies. The depreciation of the metical has so far not had a noticeable impact on import demand.
The fiscal consolidation agreed under the PSI program has been implemented by the new administration. Following election-related fiscal slippages in 2014, the 2015 budget started to place public finances on a more sustainable path through a reduction of about 1.5 % of GDP (excluding one-off factors in 2014) in public spending. The main objective of fiscal policy in 2016 is to ensure debt sustainability and contribute to the required external adjustment.

Executive Board Assessment2

Executive Directors noted that while Mozambique's economic growth remains robust, lower commodity prices and a decline in foreign direct investment and donor support have adversely affected the economy and generated a temporary balance of payments gap. Directors commended the actions taken by the authorities to maintain macroeconomic stability and agreed that continued strong commitment to prudent policies and deeper structural reforms under the Fund-supported program is essential to reduce vulnerabilities and foster sustainable and inclusive growth.
Directors supported the tighter monetary policy stance and encouraged the authorities to take further action, as needed, to curb inflationary pressures and improve the foreign exchange market. Continued exchange rate flexibility would help safeguard foreign reserves and absorb the impact of external shocks. Directors supported the efforts to strengthen the financial sector and encouraged the authorities to fully implement their Financial Sector Development Strategy so as to improve access to small and medium-sized enterprises.
Directors commended the authorities for substantially scaling back external borrowing in light of rising risks of debt distress. Going forward, they called for rigorous budget implementation by strengthening the management of VAT, reducing wage bill growth, and closely monitoring fiscal risks, especially those arising from government guarantees and public enterprises. Directors highlighted the urgent need to develop an action plan to improve the profitability of the EMATUM fishing company.
Directors commended the progress on structural reforms, including on the mining and hydrocarbon legislation which should facilitate further investments in the large natural gas projects. They encouraged a renewed focus on enhancing budget controls and fiscal transparency and developing the institutional framework and building capacity to prepare for the management of natural resource wealth. Directors welcomed the recent adjustments in electricity tariffs and advised the authorities to accelerate fuel subsidy reforms, while protecting the most vulnerable segments of the population.
Directors emphasized that fostering financial inclusion and improving the business environment would help make Mozambique's strong growth more inclusive and broad-based. They called for greater emphasis on the effective use of public resources, transparent investment project analysis and prioritization, and vigorous debt management strategy, given the significant infrastructure gaps and rising debt vulnerabilities.
1 The PSI is an instrument of the IMF designed for countries that do not need balance of payments financial support. The PSI helps countries design effective economic programs that, once approved by the IMF's Executive Board, signal to donors, multilateral development banks, and markets the Fund's endorsement of a member's policies (see http://www.imf.org/external/np/exr/facts/psi.htm). Details on Mozambique's PSI program are available at http://www.imf.org/mozambique.
2 At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.imf.org/external/np/sec/misc/qualifiers.htm.

INVESTMENTS

World Bank Supports Mozambique in Harnessing the Transformative Potential of its Growth through Smart Reforms

The World Bank Board of Executive Directors has approved US$70 million in support of the Government of Mozambique's State Budget and its 5-year plan (Plano Quinquenal do Governo – PQG). This International Development Association (IDA) funding is provided under the Eleventh Poverty Reduction Support Credit (PRSC XI) program that supports the Government's programmatic reform agenda agreed upon with the World Bank in the context of general budget support. Mozambique's Gross Domestic Product (GDP) growth averaged more than 7 % over the past two decades. However, there has been relatively little structural transformation in the economy resulting from that growth pattern. The share of the manufacturing sector contribution to the economy grew from 13 % in the early 1990s to only16 % in the early 2000s, and fell to 10 % in 2010-14. The share of the agricultural sector, which initially fell from 35 % before the end of the war to 24 % in the early 2000s, has recently increased to 27 %. Moreover, recent strong growth has had limited effect in poverty reduction. *"Mozambique widely recognizes the need for a shift in the country's development paradigm toward one that is broad based and inclusive,"* said **Mark Lundell, World Bank Country Director for Mozambique, Madagascar, Mauritius, and Seychelles.***"This PRSC XI assists Mozambique's efforts to improve its business climate, unleash the country's ability to sustain an inclusive economic growth, and create jobs; key elements for tackling poverty reduction more effectively."*

This PRSC series also supports Mozambique in implementing reforms aimed at strengthening social protection, enhancing public finance management, and improving transparency and management in extractive industries. *"Reforms aimed at improving regulatory regime for extractives help promote investments in the sector. The revised fiscal regime ensures that the Government is able to capture a fair share of the rents generated. Likewise, greater transparency in the use of natural resources revenues will contribute to a more judicious use of resources and sharing of benefits. Finally, by supporting efficiencies in the current social protection programs, the PRSC series seeks to contribute to poverty alleviation more directly,"* said **Julio Revilla, World Bank Lead Economist for Mozambique**.

This Eleventh Poverty Reduction Support Development Policy Financing is fully aligned with the priorities of the Government's new 5-year plan and is an integral part of the Bank's strategy to support it. The proposed operation is the third and final of three annual single-tranche operations to be delivered over FY13-16. Fifty percent of the US$70million funding approved is conceded in the form of a grant, while the other half is a concessional loan. *(World Bank)*

Taiwan provides US$15 million to São Tomé and Príncipe

Taiwan has provided funding of US$15 million to São Tomé and Príncipe for 2016, under the new annual programme of bilateral cooperation, signed in São Tomé. In a ceremony held at the Ministry of Foreign Affairs, the new document was signed by the São Tomé Minister for the Economy and International Cooperation, Agostinho Fernandes and Taiwanese representative, Miguel Her in the presence of the São Tomé Minister of Finance, Américo Ramos. Minister Agostinho Fernandes said that infrastructure and agriculture were the sectors that would receive the biggest investment in 2016, followed by health, education, tourism and youth entrepreneurship. Her added that Taiwan intends to support the São Tomé private sector through business exchanges in the coming months. He said trade groups from São Tomé were expected to take part in the Taipei Economic Forum scheduled for next April, and the hosting of the Taiwan International Trade Fair in the capital of São Tomé and Principe. The Taiwan representative also said that this cooperation programme unlocks funds for measures included in projects already designed by the São Tomé authorities and approved by the Taiwanese authorities in the context of bilateral cooperation. It is estimated that Taiwan has provided over US$250 million in funding since the establishment of relations with São Tomé and Príncipe in 1997. *(Macauhub)*

USA donates US$6 billion to Mozambique over 30 years

Over the last 30 years the United States has donated almost US$6 billion to Mozambique, said the outgoing ambassador Douglas Griffiths in a farewell letter. In the letter, the ambassador said the US wants "nothing but the best" for Mozambique, "because we firmly believe that the success of one country benefits all the others." Referring to the amount of US$6 billion, Griffiths said this amount had not been provided as loans but as donations, particularly for development projects in health, education, agriculture and support to improve the business climate. Griffiths said Mozambique was one of the most successful countries in meeting the millennium development goals, particularly in increasing child life expectancy, but noted that the country needed to introduce policies that streamline the economy and encourage job creation. The ambassador said in the letter that the fastest route to economic success was to opening up rather than creating barriers through complicated regulations, which are excessive and costly, adding that such success "should focus on supporting small and medium enterprises, young entrepreneurs and foreign companies." *(Macauhub)*

Mozambique approves new Industrial Property Code

The government of Mozambique has approved a new Industrial Property Code, announced the Minister of Industry and Trade, Max Tonela, after a Cabinet meeting last week. The minister recalled that the new code aims to regulate the legal framework established in Mozambique for registration and protection of industrial property, including patents for inventions, trademarks and industrial designs, among others. Tonela said approval of the document seeks to harmonise the legal framework on industrial property in Mozambique with similar international instruments, given that Mozambique is a member of the Regional Industrial Property Organisation and the World Intellectual Property Organisation. The minister cited by Mozambican news agency AIM, said the new code would also facilitate the process of legal records to protect and encourage technological innovation and contribute to the improvement of the business climate in the country. The minister also said the industrial property bulletin, previously published on a bi-monthly basis, would now be published monthly, which would speed up the process of Industrial Property Protection. *(Macauhub)*

BANKING

Banks

Malaysian company secures credit line for project in Angola

The Armanda Cabaca company, a subsidiary of Malaysian group Bumi Armada, has secured a credit line of up to US$1.12 billion with a banking syndicate to partially fund a project in Angola, the group said in a statement.

The banking syndicate is led by the Oversea-Chinese Banking Corporation of Singapore and Sumitomo Mitsui Banking Corporation of Japan, and its members include the Korean Development Bank, the National Bank of Abu Dhabi, Societe Generale and Standard Chartered.

According to the press release, the credit line is intended to secure the contract awarded to Armada Cabaca in August 2014 to build a floating production, storage and offloading unit (FPSO) for ENI Angola, a subsidiary the Italian oil and gas group ENI. The group also said the credit line would reimburse the costs and expenses for the acquisition, conversion, transport and installation of the FPSO and related work. *(Macauhub)*

Commercial banks in Guinea-Bissau able to finance economy

Commercial banks operating in Guinea-Bissau are in “good health” and in a position to finance the economy, the Guinean head of the Central Bank of West African States (BCEAO) said. João Aladje Mamadu Fadia said that due to the good result of the cashew year, Guinea-Bissau’s foreign exchange reserves now total over 200 billion CFA francs (US$333 million), which ensures coverage for 11 months of imports. The Guinean Director of BCEAO noted the inflation rate stood at 1.1 % between January and November 2015, less than the maximum variation of 2.0 % set by the Central Bank “in order to ensure price stability.” João Aladje Mamadu Fadia spoke at the meeting of financial institutions operating in Guinea-Bissau, which analysed the macroeconomic situation of the country and of the West African Economic and Monetary Union (UEMOA), and the activities of commercial banks and banking supervisors. *(Macauhub)*

South Africa Banks Face Bad-Debt Readiness Test

South African banks were preparing for an increase in bad debts among customers next year even before the president shocked markets by removing his finance minister and reassigning his replacement after just four days. The rand hasn't fully rebounded from the record lows it plumbed following Zuma's initially unexplained dismissal of Nhlanhla Nene on Dec. 9. The currency’s slump has added to prospects of interest rate increases in the new year, which will compound the strain on consumers already faced with a debt-to- household income ratio of 78 %. *(Bloomberg)*

Zuma Prompts Carnage Among Banks

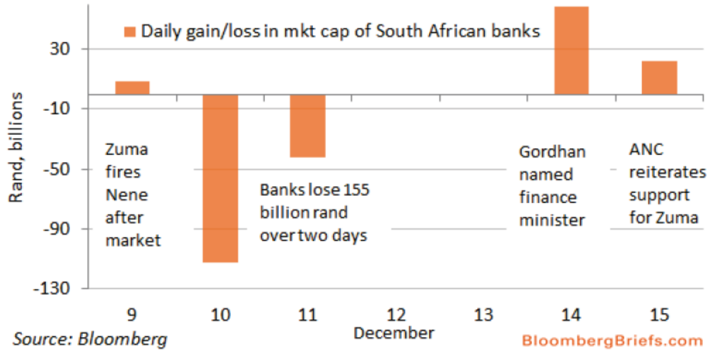
Bond yields also haven't completely retraced losses after surging to seven- year highs following Zuma's intervention, which came just days after a credit-rating downgrade and the lowering of its outlook put South Africa on the road to junk status. Lenders' earnings may be squeezed next year as a jump in funding costs and worse-than-bargained-for bad-debt levels counter the positive effect that higher interest rates have on the income banks receive for their capital. "Even without the Nene decision, South Africa was going to have to work twice as hard to salvage its financial reputation," said Michael Power, strategist and money manager at lnvestec Asset Management, which oversees about $106 billion. "The 'possibility of a financial crisis' discount that the bank shares now have will not go away until there are a whole string of decisions from government suggesting that it is truly, unreservedly serious about getting the economic management of South Africa back on the right track."

Johannesburg's banks index has dropped 14 % this year. Zuma's move lost the banks billions of dollars in market value, and even Zuma's appointment of **Pravin Gordhan**, known in international financial markets because of a previous term as finance minister, has yet to guide stocks back to their pre- Nene firing levels.

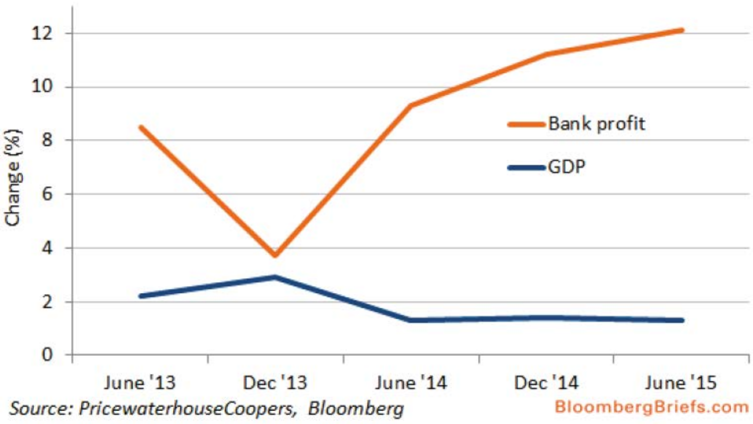
After a recession in 2009, bad debt levels at South African lenders rose. They responded by tightening credit rules and beefing up collections teams. They've remained cautious about who they lend to and have managed non-performing loans lower. But with interest rates set to climb more than originally expected next year, bad debt levels could pick up.

lnflation was already forecast to breach the central bank's 6 % upper target in the first quarter of next year. With a weaker rand, consumer prices may move higher and for longer and the central bank may increase rates, making it harder for consumers to keep up with payments.

Zuma's flipflop on finance ministers means the cost of funding will rise. This will have less of an impact on South African banks than rising bad debt levels because on average less than one fifth of their funding comes from debt-capital markets. The banks are large, deposit- taking businesses and their capital levels will probably continue to exceed Basel lll's minimum requirements in 2016.



Banks Bucked Low GDP Growth Trend



Meanwhile, accelerating inflation and interest rates could signal even slower growth for the moribund South African economy, which narrowly avoided a recession this year. The country's biggest lenders have forecast a drop in earnings, which may now be steeper as bad debts eat away the profit they have generated. *(Bloomberg)*

Portugal's BPI bank proposes separation of banking assets in Africa

Portuguese bank BPI has delivered draft terms of a project to hive off operations in Africa to the Commercial Register, the bank said in a statement issued through the Portuguese Securities and Exchange Commission (CMVM). "(…) Following the information provided to the market on 30 September, 2015, Banco BPI announced that it submitted to the Commercial Register, the de-merger project of Banco BPI," the statement said adding the date for the next general meeting of shareholders and bondholders to vote on the project. The project now aims to bring together in a separate unit held by the bank's shareholders and not by the bank itself the 50.1 % stake in Banco de Fomento Angola and in Mozambique 30 % of Banco Comercial e de Investimentos and 100 % of BPI Moçambique – Sociedade de Investimento. With this solution, the board of directors is complying with the European Central Bank's rules limiting the exposure of banks in the European system to major risks, with major impact on BPI's exposure to Angola. This operation requires a number of authorisations, including from Unitel, a shareholder of Banco de Fomento Angola controlled by Isabel dos Santos and the National Bank of Angola itself. *(Macauhub)*

Hollard's Africa head on the continent's insurance industry

Hollard Insurance Group, a South African insurer with an annual turnover of over R15bn (about $1bn), has been growing its international footprint in a number of markets, including China, Australia, Mozambique, Zambia, Botswana, Namibia and Ghana.

Part of its African expansion has come from selling insurance through third-party traders, such as retailers and telcos. Its partners include some of South Africa's largest retailers – such as Pep, Edgars, Ackermans, Game, Spar and Truworths – which all have an African expansion strategy.

How we made it in Africa's Kate Douglas spoke to Frans Prinsloo – MD of Hollard International's Africa and Asia business – about selling insurance to emerging-market consumers and the state of the African insurance industry.

Below is the edited extract.

Is selling insurance through retailers a common model in developed nations?

Yes, it is. So I think you have a number of very traditional insurers and players on a global stage that operates mostly through traditional broker channels. And then you have a number of insurers that sort of focus on these kinds of retail partnerships – I think the most well-known is Tesco in the UK environment, where Tesco has partnered up with insurers. There are a number of players that focus on that specifically.

What are some of the benefits of this strategy?

You have got very good distribution. So I think the key thing is around distribution. You utilise the infrastructure of the retailer – which you can do in a number of areas, especially if it is a credit retailer because then you have got an account base and you can sell into that account base and get payment through that mechanism. But it is also through bricks and mortar distribution, and then client lists. So you can work a client list through a retailer magazine or retail internet advertising, and things like that. Tesco has been a great example where they have partnered [with insurers] in the UK. You also have the tyre brands.. Remember in the UK there is a requirement that your car has to go through a roadworthy [test] every year… and a tyre distribution company can do a roadworthy as well. And that also presents an opportunity because then you have got the client face-to-face, and you can talk to them about the insurances. So those are some of the key advantages that you have.

What about specifically targeting the lower-income consumer? Does Hollard still work through Take it Eezi, the rural and township based vendor network?

That is still being ultilised in South Africa specifically. I think if you look especially at Africa and emerging consumers, often your insurance brands are not as strong as some of your retail, mobile or banking brands. So it often helps to also look for a trusted brand which customers often interact with, and utilise that brand to also get to a client base, especially an emerging client base that hasn't dealt with [insurance companies before]… But they often deal with the mobile phone brand and, through their mobile phone, interact on a daily basis with a network. And that network then provides a trusted brand that [insurers] can interact with clients and deal through them. And that enables you to, firstly, quite cost effectively reach your client and also, the most important thing, to collect premiums. So you would utilise either a mobile app or a bank account mobile money initiative to collect premiums, and you can do that quite cost-effectively.

And has this strategy of working with telecos been utilised by Hollard in African markets?

Yes, certainly. We have done an initiative in Ghana, where we sold funeral insurance through MTN Mobile Money – and that has worked really well in [reaching] customers who in the past didn't have access to insurance. You can utilise their mobile money account to purchase insurance, and because your method of reaching the client and collecting premium is quite cost-effective, you can then provide a superior price on a product to your customer. Another example is the venture we have got in Botswana with the Botswana Post Office, where we utilise their infrastructure to get to far-reaching areas, through the post office network, to provide people with access to insurance. And those people, in the past, never had access to insurance.

With most of your South African retail partners expanding into other African markets, is Hollard following them?

Yes. So a good example would certainly be the Edcon Group – which has operations in Botswana, Namibia, Zambia, and they have recently set up in Ghana as well. So certainly in those markets Hollard also underwrites products depending on what the requirements are for each store. Again, a good example of that is from an Edgars environment – they offer credit sales in Botswana and Namibia, but not in a Zambia. So then your offerings and way of collecting premiums and interacting with the client is very different in those markets. So again it is really tailor-made to what the requirements of the retailer is and then, quite importantly, also what the insight is into the consumer – because you have always got to deliver a product that provides them value for money. Then you have got to adapt this in each market to what fits the regulatory environment and also the requirements of your client.

Let's talk about that regulatory requirement on the continent, outside of South Africa. Is this a limitation to the growth of the insurance industry in these markets?

There certainly are regulatory challenges… I mean Africa is not a one-size-fits-all. You've got 54 different states with different requirements, but you have also got a lot of different languages. So let's use a good example: Mozambique is mostly Portuguese-speaking. So one of the requirements are that you have got to deliver insurance products and policies to the clients in Portuguese. But the insurance framework is also heavily influenced through the past and the history, where Portugal was quite involved – so you would see more of a Portuguese influence in their legislation… And then in some countries in West Africa, you will see a big French influence as well. But more and more the regulatory environment is getting to a landscape where the playing fields are being levelled… There is the International Association of Insurance Supervisors that is trying to get more to uniform application to insurances in all of these environments. So people are moving towards it, but at the moment it is very different in different markets.

But how restrictive are these regulatory environments? Would the insurance industry be growing faster if obstacles were removed?

There is obviously quite a lot we would like to see changed, but I think that change is doable and the insurers have a very important role to play to influence regulators and show them examples of how it can work. A good example is that we are currently lobbying and in discussions with a regulator in Ghana to show [them] there is opportunity to unlock and grow the market.

One of the keys things in all of these African markets is your insurance penetration is extremely low. So if you compare a South African market where insurance penetration is about close to 10% of GDP, from an insurance penetration perspective other markets are below 1% in Africa. It is a combination of consumer education, growth of a middle class and asset accumulation. But an important thing is also supply side innovation and how innovative you can be to get customers, rather than purely looking at traditional channels. So that’s why alternative distribution channels provide such a good opportunity. An example is East Africa’s Kenya, where in the past you weren’t allowed to have an insurance product being sold in the same banking hall as where bank products were sold – you had to do it separately. So in a lot of instances you had banks that were providing their clients with a banking solution, but they had to move across the street to an insurance environment where insurance was sold – you couldn’t do it as a one-stop-shop. That was changed around 18 months or two years ago, where the regulators now allowed the sale of these products in the same banking hall. And that is now starting to open up the market and ensure growth of insurance products and, more importantly, protection of assets for people in those markets.

Are there insurance products that do particularly well in certain African countries, but not in others?

A mistake a lot of people make is to compare [other African markets] to South Africa – which you can’t. In the South African market, the life [insurance] market is five or six times bigger than the short-term insurance market. If you look at the rest of Africa, you turn that around and your general insurance and short-term insurance, is much bigger than the life insurance space… There are also cultural issues that come to play. So in a market like Nigeria, funeral policies are not selling fantastically because of the cultural nature of the Nigerian market, where a lot of people see it as a taboo to talk about death and death insurance. Where in a market like Ghana, again funeral insurance is quite a big thing at the moment, and we are seeing a faster growth on funeral insurance than other insurances. But in other countries it is the other way round. Again it depends on a lot of local factors that one needs to [understand], so good market and consumer insights are vital in these markets in order to offer the right product.

Are you optimistic about the future of Africa’s insurance industry?

We are very bullish on the African insurance market and the opportunities that have been offered. Certainly the growth in your middle class and the growth of these economies are quite exciting – although some are growing faster than others. But there are definite trends from country to country. If I take West Africa, with Nigeria and Ghana as an example, the drop in the oil price is certainly going to have a big influence in those markets, especially from a business insurance perspective and impact on the rest of the economy. In countries heavily reliant on resources there will be a big impact on growth, from a corporate perspective and also an employment perspective – and that most definitely is going to have an impact on the growth and sales of insurance products, be it corporate, commercial, or personal. Where if you move towards East Africa and you look at markets, specifically Kenya, that is not so reliant on resource-based growth and is far more entrepreneurial – you see a totally different trend where you have got a much more diverse economy. You will see growth in services and IT sectors which again provides a much better base for selling small commercial [insurance] and growth in personal insurance products because you are not going to have a massive impact on those economies from a growth perspective. Another example is Zambia, which is an economy that is heavily driven on the copper price and you’ve seen the currency take a big smack and a number of copper mines closing. So it is going to have a massive impact in terms of unemployment, especially in the Copperbelt. So it is very difficult in African markets to talk about trends that will apply to all of these countries. You have got to look at these regions and countries very specifically. *(How we made it in Africa)*

Sale of Cabo Verde International Bank nearly completed

The sale of the Cape Verdean bank Banco Internacional de Cabo Verde, owned by Portuguese shareholders, is nearing completion, Portuguese television station TVI24 reported. The bank, which until November 2014 was called Banco Espírito Santo/Cabo Verde, became part of Novo Banco following the resolution process of Banco Espírito Santo (BES), with orders from its shareholder “to limit business activity,” according to TVI24. In addition to Banco Internacional de Cabo Verde, which is the archipelago’s third largest bank with nearly 1,900 customers, most of which are private, Novo Banco also said that the sale of another non-stategic asset was at an advanced stage – Banque Espirito Santo et de la Vénétie. With these sales and other recent decisions Novo Bank starts 2016 with a restructuring plan underway, which is vital for a new attempt to sell the bank itself, which is expected to happen in January. The sales process of Novo Banco was suspended by the Bank of Portugal in September 2015 after turning down three proposals from Chinese companies Anbang Insurance and Fosun and US fund Apollo Global Management. *(Macauhub)*

Markets

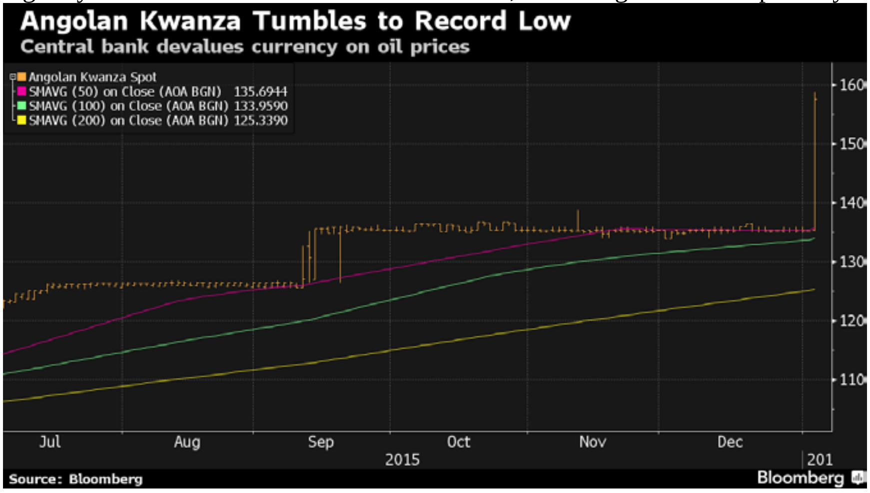
Weakness and Volatility to Dominate Rand in 2016

It has been a horrible year for the rand as Fed tightening, commodity prices and China's slowdown combined with a dire domestic situation to weaken the currency. And while 2016 will see some improvement in the macro picture, South Africa's economy remains structurally flawed, pointing towards more rand weakness.

The macro concerns have not gone away, but the acute period of pain is probably over. The U.S. has made the initial leap in raising interest rates and given a more certain outlook for the path of rate hikes next year. The concern about

China's growth prospects is priced into the market, while plunging energy prices mean South Africa's terms of trade have remained relatively stable over the past five months compared with oil exporters like Russia.
That's the good news. The bad news is that the economy's structural flaws are here to stay. Unemployment remains stubbornly above 25 %. Political issues, including a power struggle at the top of the ANC, are weighing on international credibility. The sacking of Finance Minister **Nhlanhla Nene** on Dec. 9 was a big hit to the country's credibility which the appointment of **Pravin Gordhan** a few days later has not amended.
Growth projections continue to be cut by economists. The 2016 consensus GDP forecast is 1.4 % growth compared with 2.4 % in July. After November's PMI fell to the lowest in six years, there is a risk that even this could be too optimistic. The current-account deficit of 4.2 % of GDP remains a major risk for the currency, though it has narrowed recently, especially in a world where U.S. rates are going up. This keeps upward pressure on South African yields, which only further constrains the growth outlook.
The rand has roughly halved in value against its trade-weighted index over the past 4- and-a-half years. It has fallen much more against both the Chinese yuan, and China is South Africa's key trading partner, and against the dollar, which is the currency denomination for much of the country's borrowing at both sovereign and corporate level.
All this currency weakness helps ease those domestic concerns but data is not yet indicating that the rand is overly cheap. So what's in store for next year? Volatility, perhaps. It's unlikely that we've reached the nadir for the rand, but a more conducive macro environment may lead to occasional powerful rallies as investors finally start returning to emerging markets. After over four years of trending weakness for the rand, 2016 may be more of a trader's market. *(Bloomberg)*

Angola's Kwanza Falls Most Since 2001 to Record in Devaluation
Angola's currency fell the most since September 2001 after the central bank allowed it to devalue as the drop in oil prices cut the main source of government revenue and export earnings. The kwanza slid 15 % to an all-time low, trading at 158.7370 against the dollar as of 12:35 p.m. in the capital, Luanda. The drop followed a 24 % retreat in 2015, its eighth year of declines and the most since 2003, according to data compiled by Bloomberg.



The kwanza was sold at an average rate of 156.386 last week compared with 135.988 a week earlier, the Luanda-based National Bank of Angola said on its website on Dec. 31. That's the biggest single devaluation since policy makers started cutting the currency's exchange rate in several moves during the course of 2015, which Eurasia Group estimates amounted to 25 % before the latest reduction.
Central bank Governor Jose Pedro de Morais is trying to reduce the gap between the kwanza's official rate and that on the black market, where the currency was last year fetching between 270 and 280 per dollar. A drop of more than 65 % in the price of crude since June 2014 has curtailed the flow of dollars into the economy of sub-Saharan Africa's second-largest oil producer.
The central bank, known as the BNA, started managing foreign-exchange sales by commercial lenders to businesses in November as a response to the limited supplies of U.S. currency. The policies leave companies at the mercy of the central bank's view on which sectors need dollars the most, driving many to the black market, Jose Severino, chairman of the Angola Industrial Association, or AIA, which has 2,100 members, said in December. *(Bloomberg)*

Angola Central Bank Raises Rate to 11% in Surprise Move
The Angolan central bank raised its benchmark interest rate to 11 % on Dec. 21 in a surprise announcement. The 50 basis point increase came two days before the scheduled policy announcement. It also raised the standing lending facility to 13 %, from 12.5 %, cut the overnight standing liquidity absorption facility rate to 0 % from 1.75 %, and created a seven-day standing liquidity absorption facility rate of 1.75 %. The bank increased interest rates by 200 basis points this year as it sought to stem the plummeting value of the kwanza. The bank said its next meeting is scheduled for Jan. 25. *(Bloomberg)*

Angolan central bank raises interest rates

The National Bank of Angola (BNA) raised benchmark interest rates, namely the BNA rate, which rose from 10.5 % to 11 %, according to the most recent decisions of the bank's Monetary Policy Committee. The Angolan central bank said in a statement the commission decided to increase the interest rate on the marginal lending facility by half a percentage point to 13 % and reduced the interest rate on the liquidity absorption facility from 1.75 % to 0 %. The Monetary Policy Committee of the National Bank of Angola also decided to set up a permanent liquidity facility with a seven-day maturity, having set the interest rate at 1.75 %. The committee said in a statement it had noted the worsening of monetary conditions in the Angolan economy, after analysing the evolution of inflation and the exchange rate, as well as fiscal, monetary and external account indicators. In November the Luibor (Luanda Interbank Offered Rate) stood at 11.53 % "overnight" and at 11.56 % and 12.00 % for maturities of three and 12 months, respectively. The average benchmark exchange rate stabilised against October at 135.312 kwanzas per dollar. *(Macauhub)*

INFRASTRUCTURE

ADB grants loan for railroad in Mozambique

The African Development Bank (ADB) has approved a loan of US$300 million for Brazilian group Vale to support construction of a railroad in Mozambique, the bank said. The railway, which will be 912 kilometres long, 230 kilometres of which built from scratch, will connect the town of Moatize, in Tete province, in the centre of Mozambique's coal basin, to the deepwater port of Nacala, Nampula province, passing through Malawi. This project, which is part of the so-called Nacala Corridor will, according to the ADB, increase the competitiveness of Mozambique's mineral exports, including coal and facilitate both agricultural and industrial development of the region the railroad passes through. The ADB pointed out in the statement it continued to support and had already funded a network of roads from Lusaka, in Zambia to Nacala. "The Bank is proud to partner with Vale and Mitsui (Japanese group with a 15 % stake in the project) and the other financial institutions to secure the necessary funds for this US$4.5 billion project of 4.5 billion, one of the biggest investments in Africa in recent times," said the statement issued. *(Macauhub)*

Angola awards water supply project to Portuguese-French consortium

A Portuguese-French consortium was selected by the Angolan government to carry out work on the water supply network worth US$301 million, according to presidential orders. The first of the contracts is related to studies, the executive design and construction project for water capture, a raw water pumping station, pumping duct and treatment plant of the project called "Lot B1″ for 39.678 billion kwanzas, to be implemented by consortium of French group Degremont and Portuguese companies Mota-Engil and Soares da Costa. A second contract, involving the same consortium, is for studies, executive design and Process Water Treatment Plant (ETAP) of the Eta Bita project, worth 1.314 billion kwanzas. *(Macauhub)*

Construction of deep-water port of Cabinda, Angola, scheduled for 2016

Construction of the deep-water port of Cabinda in Caio Litoral, is scheduled to start in the first quarter of 2016, said the president of the Port of Cabinda, Nazareth Neto. Cited by state newspaper Jornal de Angola, Neto said construction of the port was his company's most important construction project and said conditions were in place for work to begin, "after overcoming all the constraints experienced in 2015." In 2016 the port company also plans to undertake other works including construction of the breakwater along the coastal area of Cabinda, in order to slow down the huge waves that affect the region, making it safer for ships to dock and unload and load goods. There are also plans to build a Sea Passenger Terminal, taking into account the national programme to transport Cabinda residents to other parts of the country and mainly to operate routes between Cabinda, Soyo and Luanda. The future deep-water port will have a minimum draft of 12.5 metres, which is enough to receive large ships arriving from Nigeria, South Africa and other countries, as well as ships in the service of the oil companies. The first phase, with an estimated cost of US$600 million, includes a terminal with a 675-metre quay for large ships, 31 hectares of land area developed and includes a breakwater to protect against winds and waves. When the work is complete the port is expected to receive over 50,000 containers per year, compared to 26,000 at the moment. *(Macauhub)*

Lichinga, Mozambique, will have new dry dock in 2016

Mozambican state rail and port company CFM in 2016 plans to start construction of a dry dock in the Chimbunila district of Niassa province, replacing the existing dock at Lichinga station, said the provincial governor. Governor Arlindo Chilundo, cited by broadcaster Rádio Moçambique, said the future dry dock is 14 kilometres from Lichinga. In an area of 100 hectares the dry dock will have warehouses, a container terminal and truck park, among other facilities.

The decision to move the location of the dock is based on the fact that compensation payments to people who built their homes very close to the railway line in the city of Lichinga would be very expensive. The governor said that over 80 kilometres of the railway linking Cuamba (formerly Nova Freixo) to Lichinga (formerly Vila Cabral), with a total length of 250 kilometres, have been rebuilt with funding from the United Arab Emirates. Trains have not connected

Cuamba to Lichinga since 2010 due to the poor state of repair of the railway line, which increases the cost of living in the provincial capital of Niassa due to the poor condition of the road connecting the two cities. *(Macauhub)*

Mozambique economy stimulated by infrastructure financed by China

The economic forecasts for Mozambique have lost some lost some momentum in recent months, but a set of new projects funded by China in the county's two major cities should stimulate growth. After the inauguration of the Zimpeto Stadium, also funded by China and the first major sporting facility built in Mozambique after independence in 1975, attention was focused on the Catembe bridge in Maputo, and the new port of Beira, the second largest Mozambican city, according to a survey by news agency Xinhua.

The survey of new work carried out by the Chinese agency showed that the bridge, due to open in 2017, will open up new areas of Maputo to urban development, in addition to facilitating the connection between the two sides of the bay, driving a "substantial increase in economic development, business and tourism" of the Catembe region. Under construction since 2014, the bridge, which is 3,000 metres long, is one of the largest of its kind in Africa, and is an investment estimated at US$300 million.

Construction of the new port of Beira began in September 2015, at the hands of the China Harbour Engineering Co. The port is seen as key to revitalise the country's fishing industry and will serve the entire production chain, including refrigeration and export of processed products. Another recent flagship infrastructure of Chinese cooperation in Mozambique is the Maputo Ring Road, which connects the Zimpeto stadium, built using funding from the Export-Import (ExIm) Bank of China by the China Road and Bridge Corporation, which is also responsible for the design of the Catembe bridge. The ExIm Bank financing also allowed for completion in 2012 of the new Maputo International Airport terminal. China has been gaining importance amongst Mozambique's main foreign partners, with analysts projecting this trend to grow even stronger.

The Economist Intelligence Unit (EIU) said that Chinese investment will support the strengthening of relations and that China is expected to remain as the major creditor of the Mozambican state, a status it achieved recently. The focus of Mozambique's foreign policy, said the same source, is "to connect to new partners" such as China, India and Brazil, "with the long-term goal of reducing the weight of external aid with more investment revenues in the energy and mines sectors." The interest from major Chinese state-owned enterprises, such as China Three Gorges and China State Grid, in Mozambique's big hydroelectric projects has been widely publicised.

In the last decade Mozambique has grown at an annual average of 7.4 %, but according to the Eaglestone Securities consultancy, in the coming years the pace is expected to slow due to the fall in commodity prices on international markets as well as lower foreign investment. The devaluation of the metical (58 % against the dollar in 2015) is creating new pressures on the economy, particularly increasing the price of basic goods, while foreign reserves have been affected by the increase in debt service and lower foreign aid, among other factors. *(Macauhub)*

ENERGY

Mozambique's Ressano Garcia thermal power plant completed on time

Gigawatt Moçambique has completed construction of the new Ressano Garcia natural gas-fired power plant, on the border with South Africa, the company said in a statement issued recently. The managing director of the company, Johan de Vos, is quoted in the statement saying that the power plant was built in 18 months, on time, under the US$200 million budget and without any major accidents.

The funding required for construction of the plant, to be converted into capital, was obtained from a number of shareholders from Mozambique and companies Gigajoule Power, Old Mutual Life Assurance Company (South Africa) and WBHO Construction, also of South Africa, according to financial advisory firm Eaglestone. Construction of the plant was awarded to South African companies WBHO Construction and PB Power, and the main subcontractor was Spain's TSK. The power plant has a 120-megawatt production capacity, accounting for 24 % of the energy needs of southern Mozambique, which will be sold to state-owned power company Electricidade de Moçambique (EdM), which may sell it in Mozambique or to the Southern African Power Pool. *(Macauhub)*

MINING

Angola sees record diamond production in 2015

Angola in 2015 reached a new record in diamond production with the extraction of 8.837 million carats, which generated revenue of US$1.107 billion, said in Luanda the minister of Geology and Mining. Francisco Queirós, who gave a summary of the activities of the diamond and ornamental stone sub-sectors in 2015, said that although production had hit a record, revenues were lower than in 2014 due to a drop in the price of diamonds on international markets. Revenues from the sale of diamonds in 2014 amounted to US$1.303 billion. "However, we are pleased, because we have reached a very good production target, which amounted to 103 % of the forecast in the revised National Development Plan," the minister said. The production of ornamental stone reached 39,500 cubic metres, which accounted for 71.4 % of the target of 55,000 cubic metres projected in the development plan. In this case, although production has been lower than expected, revenues reached US$8.3 million, against a forecast of US$6.6 million. "In terms of production this year was very positive," said Queirós, adding that production of aggregates, in particular for the construction sector, reached 4.5 million cubic metres. In 2015, the Ministry of Geology and Mining issued 33 licenses, including 21 for the production of ornamental stone and aggregate, three for diamonds and one for gold which raised 120 million kwanzas in fees and charges for the state. *(Macauhub)*

Angola's non-mining exports are almost negligible

The value of Angola's exports outside the mining sector is almost negligible, according to the 2015 National Report on the Millennium Development Goals, recently presented in Luanda by the National Statistics Institute (INE).

The report, compiled by experts from the Ministry of Planning in partnership with the United Nations, said Angola had benefited from preferential treatment from many developed countries, where Angolan exports are permitted without payment of customs duties. "The agreements do not require reciprocal treatment by Angola for exports from these countries," said the document cited by Angolan state newspaper Jornal de Angola, which pointed to the fact that the country makes the most of some of these advantages, at a time when the agricultural sector accounts for no more than 4% of gross domestic product.

The report highlights that, compared to the average customs duties charged by developed countries on imports from other developing countries, Angola is subject to less stringent barriers. The report noted challenges for the agricultural sector, to promote exports and construction of the country's commercial capacity, centred on diversification of economic production in order to avoid excessive dependence on mineral resources, whose prices are volatile on the international market. The Ministry of Planning, signing the document, said that this situation was due to the subsidy policies of the richest countries that have created barriers to the development of the agricultural potential of LDCs and developing countries. *(Macauhub)*

Coal begins to be exported soon via the port of Nacala, Mozambique

Trains loaded with coal which will link Moatize, in Mozambique's Tete province to the port of Nacala, in Nampula province, should start circulating soon, the provincial director for Transport and Communications of Tete said. Romeo Sandoca told Mozambican news agency AIM that everything was in place for the start of the transport of coal mined in the province, "given that the railway line is fit for the purpose, having been inspected and tested in November, when the first shipment of coal was carried to the port of Nacala." Inspection and testing of the railway was conducted with a train made up of four locomotives pulling 120 wagons, which ran without incident over the 902-kilometre route to Nacala. This railroad, which runs through neighbouring Malawi, was built by mining company Vale Moçambique, a subsidiary of Brazilian group Vale, in order to increase coal transport capacity. Coal is currently carried to the port of Beira along the Sena railroad over a distance of 570 kilometres. The provincial director for Transport and Communications of Tete added that the new railway line would also be used by other mining companies to carry their products, and Mozambican port and rail company Portos e Caminhos-de-Ferro de Moçambique (CFM) will carry passengers and cargo. In addition to Vale Moçambique Indian consortium International Coal Ventures Private Limited (which acquired the coal assets of Rio Tinto) and Jindal Africa, a subsidiary of Indian group Jindal Steel and Power Limited (JSPL) also mine and export coal in Tete. The first two companies have concessions in the Moatize district, and the third company is active in the new district of Marara, which was previously part of the Changara district. *(Macauhub)*

Randgold Rejects Deal to Redevelop AngloGold's Ghanaian Mine

Randgold Resources Ltd. rejected a proposal to redevelop a Ghanaian gold mine with current owner AngloGold Ashanti Ltd., saying it doesn't meet the company's investment criteria. The two producers agreed in September to explore a joint venture to rebuild AngloGold's aging Obuasi mine, which needs investment to turn it into a fully mechanized operation. "Following the work undertaken on the revised development plan, Randgold has determined that the development plan will not satisfy Randgold's internal investment requirements," the Jersey, Channel Islands-based company said in a statement. AngloGold cut workers and placed Obuasi on limited operations last year as costs spiraled to more than $1,500 an ounce. The mine needs investment to access its 5.29 million ounces of gold situated in high-grade ore yielding 6.7 grams a ton. Randgold would only go ahead with the redevelopment if it would cost less than $1 billion, Chief Executive Officer Mark Bristow told reporters Sept. 16. *(Bloomberg)*

Nigeria to review mining licences as part of industry overhaul

Nigeria will review all its mining licences as its wants to overhaul a largely unproductive sector dominated by artisan miners, the mining ministry said. The West African nation wants to lower dependency on oil production as crude prices tumble and boost output of solid minerals that contribute only 0.34 % to GDP, according to official data. Africa's largest economy has some gold and iron deposits but little seismic data exists as the government has focused on oil exploration in the past decades.

To make a sector 80 % dominated by artisan miners more efficient, mining minister Kayode Fayemi said all licences would be reviewed by March 1, according to a statement. "We will work with stakeholders to review existing licenses and bring them up to date where there are issues," he said in the statement, his first policy comments since taking office last month. "The period from today to 1st March 2016 should be considered an amnesty period to allow regularisation of papers." He said Nigeria had 44 known minerals including gold, iron ore, bitumen, zinc, tin and coal but authorities needed to get better data before deciding on a policy focus. Nigeria has attracted few foreign investors to the mining sector due to a lack of roads, corruption and weak regulation. *(Reuters)*

Angola: Presidential Decree Regulates Execution of Mining Code

The Angolan Head of State, José Eduardo dos Santos, issued last September a Decree which regulates the execution of important sections of the Mining Code, which is a key tool used in the work of the Geology and Mining Ministry. According to the State Gazette of 15 September 2015, these measures are aimed at adjusting the current mining exploration rights concessions to the precepts of the Mining Code. ANGOP has learnt that several administrative measures will follow-up the application of this Decree, such as the cancellation of certain exploration concessions and the granting of new ones, in line with the new regulation and the Mining Code. According to the regulation, the holders of minerals exploration rights with difficulties to fulfill their side of the accord have 60 days to regularise their situation or lose the exploration right granted by the state. *(Reuters)*

Zambia: Intrepid Mines Invests U.S. $40 Million in Kitumba Project

Intrepid Mines, an Australian company, has spent more than US$40 million on drilling and exploration works on the Kitumba Mine project located in Mumbwa District.

Intrepid Board representative and non-executive director, Richard Baumfield said the Australian Stock Exchange-listed firm underwent restructuring and had since merged with Blackthorn Resources to acquire a 100 per cent stake in the Kitumba Mine which potentially contains copper deposits. Mr Baumfield said this when he met with Zambia's High Commissioner to Australia, George Zulu in Sydney.

This is according to a statement released yesterday by first secretary at the Zambian High Commission in Canberra, Australia, Alick Banda. "The Kitumba Mine project has become the sole major development on Intrepid Mines' accounts, with new and experienced management in place.”This is the only major project that the company has, and with the continued support of the Zambian Government, the project is bound to be a success on a mutual benefit," Mr Baumfield said. He said the Kitumba resource was chosen after many considerations which included a conducive investment climate being offered by the Government. "Despite the mining downturn, the prospects for the industry remain high and our company will continue drilling and exploration works as well as carry on with corporate social responsibility projects that we have been doing in Mumbwa," Mr Baumfield said.

Mr Zulu assured the company of continued support by the Government and local people to ensure the mine yielded desired benefits. "The Zambian Government is a listening Government and will always do that which benefits both the people and the investor.”The foreign policy of Zambia is now premised on economic diplomacy and this investment is worth having in our country," Mr Zulu said. He said the Government would play its part and ensure that the Kitumba project was a success as Zambians needed the jobs while the Government would rake in more taxes. "As a preferred investment destination, the Ministry of Foreign Affairs and other line ministries are always keen to see that Zambia remains among the top desired investment and trade destinations in Africa and the world," Mr Zulu said. *(Reuters)*

Pan African Minerals to seek compensation from Burkina Faso

Pan African Minerals, a unit of Romanian-Australian resource tycoon Frank Timis's mining conglomerate, will seek compensation from Burkina Faso for losses incurred during a suspension of its Tambao manganese mine, a company executive said. The West African nation's transitional government suspended Pan African's licence to export manganese from its Tambao mine in the country's northeast in March, saying it had not respected the terms of the agreement. "The suspension was illegal. We don't know what their aim was in doing it, but we are starting over from zero with a lot of damages for the company," said Souleymane Mihin, managing director of the joint venture with the state. Tambao, said by the company to be the world's largest manganese mine, is 90-% owned by Pan African Minerals with the remainder held by the state. The transitional government lifted the suspension of exports last week. "During the suspension, the company lost nearly $10 million per month," Souleymane Mihin, head of the joint venture with the state, said. "Frameworks exist to resolve this kind of clear problem in due course through a gentlemen's agreement." *(Reuters)*

Mali produces 50 T of gold in 2015, expects more in 2016

Mali produced 50 tonnes of gold in 2015 to consolidate its position as Africa's third-largest producer and expects to increase output this year, President Ibrahim Boubacar Keita said in a New Year's speech. Production is due to start at the Kofi Nord facility run by Canada's Endeavour Mining, part of its Tabakoto mine west of the capital Bamako in southwestern Mali. Kofi Nord will produce an average of around 1.8 tonnes per year, Keita said. The Fekola mine owned by B2Gold, which has reserves of 3.15 million ounces, will also begin production this year, he said. "Despite the timid pick-up of the global economy, Mali has this year (2015) produced 50 tonnes of gold of which 46 tonnes are industrial production and four tonnes are artisanal," Keita said. The West African nation's gold production could rise to around 60 tonnes a year by the end of 2017, the mining minister said in November. Production was 49.865 tonnes in 2014. The sector contributes around a quarter of the government's revenue. *(Reuters)*

OIL & GAS

Indonesian company wants to sell stake in gas block in Mozambique

Energi Mega Persada A, an Indonesian oil company, plans to raise at least US$96.25 million from the sale of half of the rights it holds in a natural gas block in Buzi, Mozambique, said the company's chairman. Imam Agustino, quoted by the Jakarta Globe newspaper also said the company was negotiating the sale to a strategic investor in Africa. "We hope to make a profit of 10 % on the price at which we bought it in 2013," said Agustino, who noted the company had been looking to sell since 2014. The chairman of Energi Mega Persada said this profit would be used for the future development of the Buzi block and to increase natural gas and oil production. The Buzi block contains proven and probable reserves of 212.3 billion cubic metres of natural gas, according to the company. The Indonesian company owns a 75 % stake in the block in Mozambique, for which it paid US$175 million, with the remaining 25 % in the hands of the Mozambican government's oil and gas company ENH. *(Macauhub)*

Drop in oil prices leads to redundancies in Angola

The sharp fall in oil prices has indirectly led to the dismissal of more than 7,000 workers in Angola, 6,500 of which in the construction sector, according to a union estimate. The National Union of Angolan Workers (UNTA-CS) said this number refers only to the provinces of Luanda, Benguela, Kwanza Sul and Huíla, with the construction sector most affected by the State's lack of financial resources due to tax only oil exports falling by half. Cited by the Angonotícias website, the secretary general of the Angolan trade union confederation, Manuel Viage, said most of the workers who were made redundant, an consequently stopped paying union dues, lost their jobs when the contractors closed work yards and demobilised staff due to the government's inability to honour its commitments.

The sharp fall in the price of oil per barrel in 2014 reduced Angola's oil export revenues, prompting the government this year to cut a third of all public expenditure and review some projects underway or in the pipeline. The unemployment rate in Angola currently stands at 24 %, according to UNTA-CS and is due to fixed term contracts with Angolan workers that come to an end and are not renewed, precisely because construction companies have no projects in the pipeline. After the construction sector, retail and services, and industry are the most affected by the crisis with a total of about 450 jobs lost.

Angola has approximately 1 million workers who make payments into the social security system, between the public and private sectors, but UNTA-CS estimates that more than 5 million work in the informal market, i.e. outside of this scheme and without any type of social protection. *(Macauhub)*

Egypt arrears owed to oil firms rises to $3 billion at end-2015

Egypt's outstanding arrears to foreign oil companies rose to $3 billion at the end of December 2015 from $2.7 billion at the end of October, Petroleum Minister Tarek El Molla told Reuters on Sunday. The ministry had said in September that Egypt aimed to reduce the arrears owed to foreign oil companies to $2.5 billion by the end of 2015 and to pay them off completely by the end of 2016.

Delays in paying back foreign petroleum companies had discouraged investment in the sector, but a drive to increase the price paid for domestic production and pay back arrears had encouraged new contracts signed in 2015. El Molla did not provide further detail on why total arrears have risen since November. Egypt has run short of hard currency since a 2011 uprising drove tourists and investors away. Reserves almost halved to $16.4 billion by the end of November. Once an energy exporter, Egypt has turned into a net importer because of declining oil and gas production and increasing consumption. It is trying to speed up production at recent discoveries to fill its energy gap as soon as possible. *(Reuters)*

TELECOM

Angola purchases maritime safety equipment in Italy

Angola will purchase equipment for maritime safety, such as telecommunications, radar and two patrol boats, from two companies of the Italian group Finmeccanica, for 122 million euros, according to a recent presidential order. The order, cited by Portuguese news agency Lusa, includes two contracts, the first of which is to buy equipment, spare parts, installation and training service to equip a national maritime coordination centre and three regional centres. The contract also involves the installation by Selex of several radar stations, repeaters and means of communication along the Angolan coast, costing 115 million euros. The second contract authorised by the presidential order provides for the acquisition from Whitehead Sistemi Subacquei of two ultra-quick patrol vessels and training for their crews for 7.275 million euros. The Angolan government has ordered six helicopters this year from AgustaWestland, also owned by the Finmeccanica Group, in a deal worth around 90 million euros. *(Macauhub)*

Nigeria to Enforce Dec. 31 Deadline for $3.9 Billion MTN Penalty

Nigeria will enforce a Dec. 31 deadline for MTN Group Ltd. to pay a $3.9 billion fine even after Africa's biggest wireless operator said it would challenge the penalty in a Lagos court, according to a spokesman for the communications ministry. "MTN has the right to seek the court's interpretation if it feels unsatisfied with the action of the regulator but nothing would stop the government action on the fine," Victor Oluwadamilare, the spokesman for

Communications Minister Adebayo Shittu, said in an e-mailed response to questions. Nigeria won't consider an extension to the deadline, he said.

MTN said Dec. 17 it will ask the court to rule on the fine, saying that the penalty wasn't within the powers of the country's telecommunications regulator to impose. The Johannesburg-based company's shares have declined 26 % since the fine was made public almost two months ago. They gained 4.5 % to 141.16 rand by the close in the city, valuing the company at 261 billion rand ($17.1 billion).

The Nigerian communications regulator imposed the penalty on MTN for failing to meet a deadline to disconnect 5.1 million unregistered subscribers as security agencies seek to fight crime in a country with poor identity records. The initial fine of $5.2 billion was reduced by 25 % earlier this month following talks with the regulator led by MTN Chairman Phuthuma Nhleko. MTN has said it continues to engage with the Nigerian authorities even as it seeks a resolution in court.

Oluwadamilare declined to comment on what will happen if MTN misses the deadline, although Lagos-based newspaper Vanguard cited Communications Minister Shittu as saying another fine could be imposed. MTN spokesman Chris Maroleng didn't immediately return a phone call or text message seeking comment. *(Bloomberg)*

Unitel offers 140 million euros for 10 pct of Banco de Fomento Angola

Angolan company Unitel has offered 140 million euros for 10 pecent of Banco de Fomento Angola (BFA), of which it has already owned 49.9 % since 2008, according to a communication to the market published Sunday in Lisbon. The information provided by the Portuguese Securities Market Commission (CMVM) said that on 31 December the Angolan telecommunications operator presented "a firm offer" to purchase of shares representing 10 % of the capital and respective voting rights in BFA from Banco BPI, which currently owns 50.1 % of BFA. "The shares will be acquired for a total amount of 140 million euros with an immediate payment of 50 million euros and three instalments of 30 million euros each," reads a document accompanying the letter sent by the management of Unitel to the chairman and deputy chairman of the Portuguese bank, Fernando Ulrich and António Domingues, respectively. Unitel noted that "this proposal is firm and will be valid until the end of January 2016," adding that it is "available to immediately initiate a negotiation process for the conclusion of contracts in the shortest possible time."

In the letter which contains the timetable for the acquisition of a stake in the capital of BFA, Unitel, a company in which Angolan businesswoman Isabel dos Santos controls 25 %, the same stake as Angolan state company Sonangol, criticises BPI's choice to move ahead with a demerger of Banco de Fomento Angola (BFA).

With the demerger project, the goal of BPI's management team is to deliver the majority of BFA's capital to its shareholders, as well as other interests it holds in the financial sector in Africa, in order to comply with the requirements of the European Central Bank (ECB) to reduce risk exposure to Angola. BPI's banking operation in Angola is the "crown jewel" of the Portuguese banking group, representing 70 % of the group's profit between January and September 2015, or 105 million euros of a total of 151 million euros. *(Macauhub)*

AGRIBUSINESS

Germany funds projects in Cabo Verde

Germany will pay for the reconstruction of the headquarters of the Natural Park of Fogo Island (PNF), announced Cabo Verde's (Cape Verde's) Minister of Rural Development, Eva Ortet, cited by news agency Inforpress.

The headquarters of the Natural Park of the island of Fogo, whose construction cost about 120 million escudos, were destroyed following a volcanic eruption on the island just a few months after its inauguration. The minister, who at the time was also delivering irrigated plots, and livestock and cheese production equipment to the families of Chã das Caldeiras, said that Germany would also pay for construction of a road and soil and water conservation work as well as the development of fruit growing in the Montinho area.

The road project, whose construction cost is estimated at 600 million escudos, was drawn up over 10 years ago, as part of a project to preserve the island's natural resources, which was also funded by Germany. At the same ceremony, the Mayor of São Filipe, Luis Pires, announced negotiations were underway with the German Bank for Reconstruction to extend the runway of the island's airfield. *(Macauhub)*

Sudan Arises as Sugar Hub

African country's imports of the refined sweetener are helping to push the global sugar-price recovery

When the price of sugar rose 40% in Sudan last year, Hussein Adawi temporarily abandoned his garment business to try his luck at importing the sweet commodity. Now, enjoying hefty demand and profits, he is staying the course. "Sometimes we're overwhelmed by the orders," said the 45-year-old importer who sources sugar from Thailand via Port Sudan, a city on Sudan's Red Sea coast.

Sudan is emerging as a regional sugar trading hub, with the commodity offering a bright spot for an economy ravaged by decades of conflict and the plunging price of oil. At the same time, Sudan's imports of refined sugar—a key food ingredient in the desert nation that lacks natural sweeteners like fruits—is helping to push the global sugar-price recovery, according to analysts and the U.S. Department of Agriculture.

The shift for Sudan has been propelled by a combination of market liberalization, demand for sugar from neighboring countries where prices are higher and swelling domestic consumption boosted by a record refugee influx. The refugee situation has pushed Sudanese demand for refined, or white, sugar to 1.5 million metric tons this year from less than 900,000 tons in 2014, according to the International Sugar Organization. “The market has became sort of addicted to Sudan in the last year or so,” said one Dubai-based sugar trader. “Every time you looked at a vessel lineup, you saw vessels going to Sudan.”

Sudan is set to account for nearly 30% of new global sugar import demand from 2015-16, which is projected to rise by some 2.5 million tons, the USDA said. While global sugar import demand dropped nearly 2%, to 50 million tons in 2015, Sudan’s imports doubled, the USDA said.

After hitting six-year lows in August on ICE Futures Europe, white-sugar futures are up 23% from $333.60 a metric ton to $410.60 a metric ton as of Tuesday 29th Dec , rising ahead of an anticipated global production shortfall, analysts said. Jodie Gunzberg, global head of commodities at S&P Dow Jones Indices, said imports from Sudan represented “one of the main forces contributing to sugar’s recent spike.”

The recent gains in sugar futures have been driven largely by erratic weather conditions in Brazil and India, the two largest producers, and magnified by moves by many Brazilian mills to abandon sugar milling to produce ethanol. As a result, production is expected to fall short of demand this year, for the first time since 2010, according to the International Sugar Organization. Heavy rains are blamed for suppressed sucrose content in sugar cane, and it is more profitable for processors to produce ethanol than sugar from the harvested cane.

One driver for record Sudanese demand is the number of refugees fleeing turmoil in war-torn neighboring states or traveling the migrant trail ferrying millions toward Europe from countries such as Eritrea and Somalia.

More than 500,000 of these migrants have entered Sudan this year, according to the United Nations, and their appetite for bread and juices is driving up demand for white sugar. “My customers keep increasing,” said Abdullahi Nimeri, a baker in Sudan’s capital of Khartoum.

Sudan now hosts 2.5 million refugees, according to the U.N. Increasing demand for processed foods and beverages is lining the pockets of business owners like Messrs. Adawi and Nimeri. Meanwhile, food companies such as Dubai-based Al Ghurair Resources LLC are expanding operations in Sudan to feed the swelling population, trade officials said and the company acknowledged.

The refugee surge is magnifying changes to the Sudanese market that also have helped boost demand: Accelerating economic growth has bolstered consumption, and Sudan’s removal from trading blacklists has eased imports.

Sudan three years ago scrapped sugar duties to address chronic shortages. The incentives lured importers, helping turn Sudan into a regional hub. Sudan’s industry ministry estimates that about 20% to 25% of the imported sugar is now re-exported to regional markets, notably Eritrea, South Sudan and Somalia, a fourfold rise since mid-2014.

Some analysts and traders said a portion of the stocks are smuggled to regional markets, a contention denied by the government.

New initiatives are offering additional help to importers. In October, the Financial Action Task Force, an international body that sets standards for anti-money laundering and combating terrorist financing, removed Sudan from a blacklist, easing money transfers to and from the country. As a result, Sudanese importers can more easily access letters of credit to import products. The changes are on show in the Sudanese capital Khartoum, where traders are jostling to capitalize on higher margins and easier terms of trade.

How long the boom will last remains to be seen. The Dubai-based sugar trader said the price difference between sugar in Sudan and its neighbors will gradually tighten, reducing the appeal of the regional export trade.

But for now, at least, people like Sudanese restaurateur Meriam Oya no longer have to wait in long lines for scarce, locally made sugar. “Steady supplies are helping us satisfy our customers, and our margins are improving” Mr. Oya said. “In our world, it is making life much easier.” *(Wall Street Journal)*

Mozambique expects to produce 100,000 tons of cashew nuts

The 2015/2016 cashew sales campaign is expected to reach 100,000 tons, an increase of 23 % over the previous year, according to the statements in the Economic and Social Plan for 2016. The seed cotton sales year should, in turn, total 70,000 tons, similar to the previous campaign, also according to the same forecasts. The Economic and Social Plan recently approved by the country’s parliament forecasts the agricultural sector in 2016 will register growth of 6.5 %, as a result of investment in the sector, including provision of improved seeds and technical support to producers. The figures cited by Mozambican daily newspaper Notícias, showed grain production is expected to grow 13.4 % to 2.8 million tons, of which 2.1 million tons of corn and 450,000 tons of rice and 730,000 tons of legumes, up 11.5 % year on year. The document approved by the parliament said that production levels had risen to an in increase in cultivation areas, agricultural mechanisation, use of animal traction, improved seeds and use of fertilisers and pesticides. *(Macauhub)*

South African white maize prices more than double in 2015 on drought jitters

South African white maize prices more than doubled in 2015 to record highs on mounting concerns about a scorching drought, which has been exacerbated by an El Nino weather pattern.

South Africa's central bank, which is in a tightening cycle, has frequently expressed concern about the impact of the drought and food price pressures on inflation in Africa's most advanced economy. White maize is the staple crop that provides much of the caloric intake for the country's lower-income households.

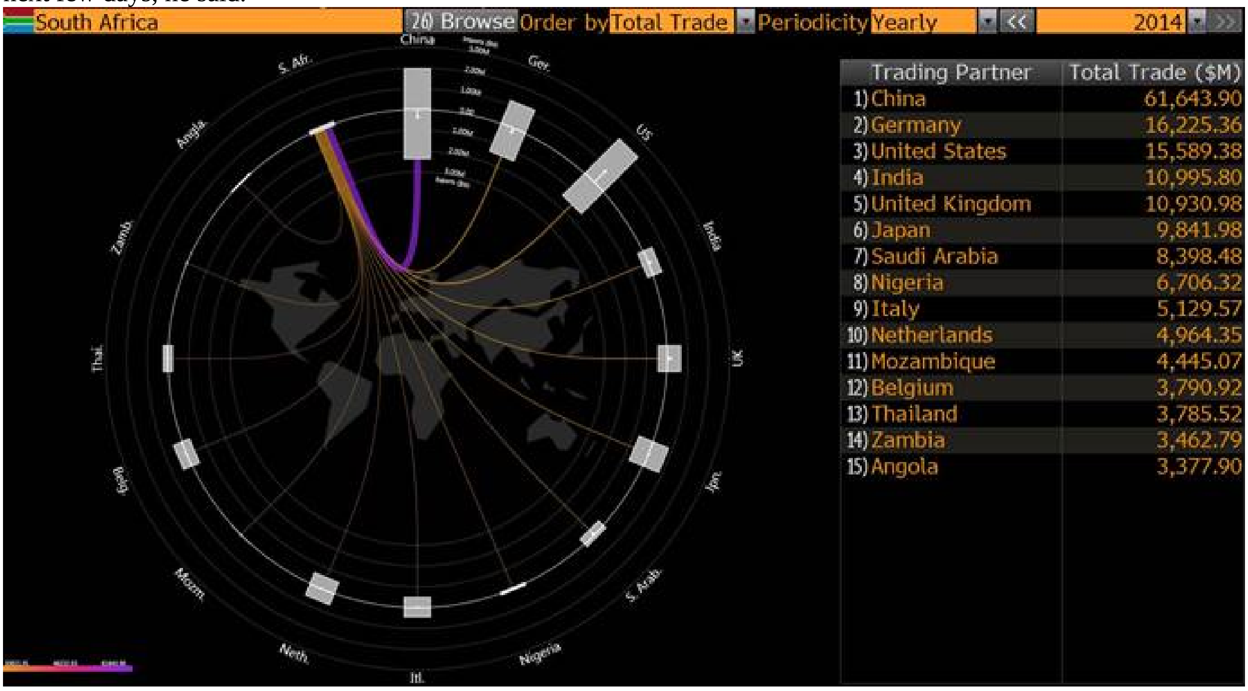
The March contract climbed around 114 % to end the year at a record 4,661 rand ($298) a tonne, according to Thomson Reuters' data. Prices for yellow maize, used mostly for animal feed, have also scaled records. The March contract for yellow maize ended the year almost 70 % higher at a record 3,690 rand a tonne. Drought conditions are likely to persist for the rest of the southern hemisphere summer, the national weather service said earlier in December. The El Nino system, a warming of ocean surface temperatures in the eastern and central Pacific that occurs every few years with global consequences, has made the drought more intense. It follows a bad harvest last season when dry conditions shrivelled the crop by a third to 9.94 million tonnes, the lowest since 2007. ($1 = 15.6363 rand) *(Reuters)*

South Africa Hopeful of Meeting Target to End U.S. Trade Dispute

South Africa is confident of meeting a deadline next week to resolve a trade dispute with the U.S. that will allow it to retain duty-free access for farm exports, a top trade official said. “We are totally committed to finding a resolution,” Lionel October, the director-general of South Africa’s Department of Trade and Industry, said by phone from Cape Town.

In a Nov. 6 letter to Congress, President Barack Obama said South Africa continued to impose several longstanding barriers to U.S. trade and had been given 60 days to take remedial action or face suspension of some of its trade preferences under the African Growth and Opportunity Act, or AGOA.

Veterinarians from the two countries are in daily contact to try to resolve outstanding issues relating to testing of U.S. imports of poultry and pork for salmonella and other diseases, October said. They hope to issue final protocols in the next few days, he said.



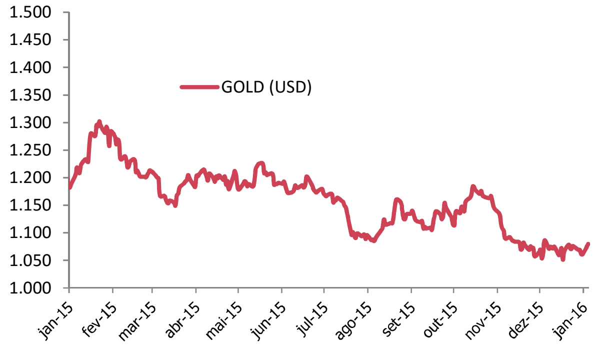
Trading Partner	Total Trade ($M)
1) China	61,643.90
2) Germany	16,225.36
3) United States	15,589.38
4) India	10,995.80
5) United Kingdom	10,930.98
6) Japan	9,841.98
7) Saudi Arabia	8,398.48
8) Nigeria	6,706.32
9) Italy	5,129.57
10) Netherlands	4,964.35
11) Mozambique	4,445.07
12) Belgium	3,790.92
13) Thailand	3,785.52
14) Zambia	3,462.79
15) Angola	3,377.90

“We have made the concessions on pork and beef imports,” he said. “We and the U.S. Embassy are getting the vets to issue the final health and safety protocols. We will issue a statement on January 4” indicating what progress has been made, he said. AGOA, renewed by U.S. lawmakers in June, eliminates import levies on more than 7,000 products ranging from textiles to manufactured items and benefits 39 sub-Saharan African nations. To remain beneficiaries, countries are required to eliminate barriers to U.S. trade and investment, operate a market-based economy, protect workers’ rights and implement economic policies to reduce poverty. The trade program has helped South Africa more than double its exports to the U.S. since 2000. Shipments under the agreement accounted for more than a fifth of the nation’s exports to the U.S. last year, according to data compiled by the Trade Law Centre, based in Stellenbosch, near Cape Town. Total two-way trade between South Africa and the U.S. was about $14 billion last year. *(Bloomberg)*

MARKET INDICATORS
04-01-2016

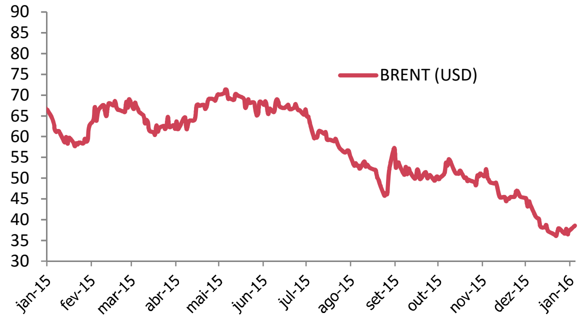
STOCK EXCHANGES		
Index Name (Country)	**04-01-2016**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	10.602,32	11,58%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	302,43	17,18%
Case 30 Index (Egypt)	6.982,25	-21,78%
FTSE NSE Kenya 15 Index (Kenya)	185,73	-13,81%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.097,34	-5,63%
Nigerian Stock Exchange All Share Index (Nigeria)	28.370,32	1,04%
FTSE/JSE Africa All Shares Index (South Africa)	49.351,39	-0,84%
Tunindex (Tunisia)	5.089,89	0,00%

Source: Bloomberg and Eaglestone Securities



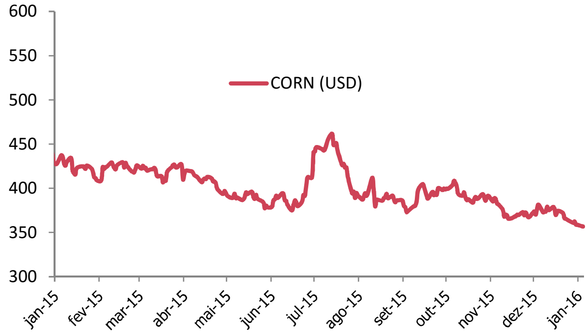
METALS		
	Spot	**YTD % Change**
Gold	1.080	-8,86%
Silver	14	-9,72%
Platinum	890	-26,36%
Copper $/mt	4.705	-25,32%

Source: Bloomberg and Eaglestone Securities



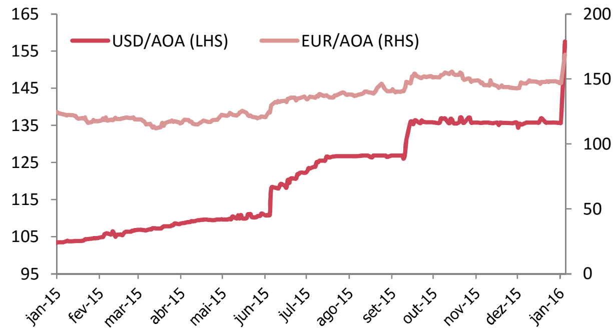
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	37,9	-30,08%
ICE Brent (USD/barril)	38,5	-34,90%
ICE Gasoil (USD/cents per tonne)	348,0	-34,31%

Source: Bloomberg and Eaglestone Securities



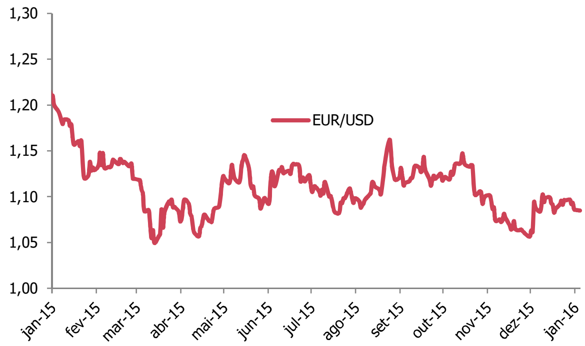
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	356,8	-10,98%
Wheat cents/bu.	464,8	-21,83%
Coffee (KC) c/lb	124,5	-26,46%
Sugar#11 c/lb	14,9	0,07%
Cocoa $/mt	3177,0	9,85%
Cotton cents/lb	63,1	3,29%
Soybeans c/bsh	858,5	-16,69%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	157,123
EUR	168,729
GBP	229,027
ZAR	9,978
BRL	38,551
NEW MOZAMBIQUE METICAL	
USD	45,350
EUR	51,770
GBP	70,244
ZAR	2,910
SOUTH AFRICAN RAND SPOT	
USD	15,585
EUR	16,910
GBP	22,956
BRL	3,863
EUROZONE	
USD	1,09
GBP	0,74
CHF	1,09
JPY	129,21
GBP / USD	1,47

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

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

Africa 2016 – Business for Africa, Egypt and the World, 20-21 February 2016 – Sharm el Sheikh, Egypt
organized by the Ministry of Investment, Ministry of Foreign Affairs, Ministry of Industry and Foreign Trade, and Ministry of International Cooperation, in partnership with the Egyptian Agency of Partnership for Development and COMESA Regional Investment Agency, and under the umbrella of the African Union Commission.

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/

Disclaimer

This document has been prepared by Eaglestone Advisory Limited which is authorised and regulated by the Financial Conduct Authority of the United Kingdom and its affiliates ("Eaglestone"), and is provided for information purposes only.

The information and opinions in this document are published for the assistance of the recipients, are for information purposes only, and have been compiled by Eaglestone in good faith using sources of public information considered reliable. Although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading we make no representation regarding its accuracy or completeness, it should not be relied upon as authoritative or definitive, and should not be taken into account in the exercise of judgments by any recipient. Accordingly, with the exception of information about Eaglestone, Eaglestone makes no representation as to the accuracy or completeness of such information.

This document does not have regard to specific investment objectives, financial situation and the particular needs of any specific recipient. Recipients should seek financial advice regarding the appropriateness of investment strategies discussed or recommended in this document and should understand that the statements regarding future prospects may not be realised. Unless otherwise stated, all views (including estimates, forecasts, assumptions or perspectives) herein contained are solely expression Eaglestone's research department.

This document must not be considered as an offer to sell or a solicitation to buy any investment instrument and distribution of this document does not oblige Eaglestone to enter into any transaction. Nothing in this document constitutes investment, legal, tax or accounting advice. The opinions expressed herein reflect Eaglestone's point of view as of the date of its publication and may be subject to change without prior notice

This document is intended for is made to and directed at (i) existing clients of Eaglestone and/or (ii) persons who would be classified as a professional client or eligible counterparty under the FCA Handbook of Rules and Guidance if taken on as clients by Eaglestone and/or (iii) persons who would come within Article 19 (investment professionals) or Article 49 (high net worth companies, trusts and associations) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 and/or (iv) persons to whom this communication could otherwise be lawfully made in the United Kingdom or by respective home jurisdictions regulators for non UK countries. None of the investments or investment services mentioned or described herein are available to "private customers" as defined by the rules of the Financial Conduct Authority ("FCA"). It should not be disclosed to retail clients (or equivalent) and should not be distributed to others or replicated without the consent of Eaglestone. Eaglestone name and the eagle logo are registered trademarks.

Additional information is available upon request.

AMSTERDAM - Herengracht 450-454 1017 CA - T: +31 20 240 31 60

CAPE TOWN - 22 Kildare Road Newlands 7700 - T: +27 21 674 0304

JOHANNESBURG -Unit 4, Upper Ground, Katherine & West 114 West Street, Sandton – T: +27 11 326 6644

LISBON - Av. da Liberdade, 131, 6th Floor - T: +351 21 121 44 00

LONDON - 48 Dover Street - T: +44 20 7038 6200

LUANDA - Rua Marechal Brós Tito n° 35/37 - 13th Floor A - Kinaxixi, Ingombotas - T: +244 222 441 362

MAPUTO – Avenida Vladimir Lenine – Edifício Millennium Park, Torre A, nº 174, 4º andar S - T: +258 21 342 811

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.

EAGLESTONE SECURITIES

Business Intelligence
Caroline Fernandes Ferreira
(+351) 211 214 430
caroline.ferreira@eaglestone.eu

Research
Tiago Bossa Dionísio
(+351) 211 214 431
tiago.dionisio@eaglestone.eu

Guido Varatojo dos Santos
(+351) 211 214 468
guido.santos@eaglestone.eu