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INSIDE AFRICA

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EAGLESTONE SECURITIES

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South Africa: Trade Regulations

According to the latest figures from the Department of Trade and Industry, the value of all exports during the first three quarters of 2014 rose by 7% to R729bn, from R680bn in the first three quarters of 2013. The main destinations of South Africa's exports in the first three quarters of 2014 were China (10.0%), the United States (6.8%), Botswana (5.2%), and Germany and Japan (5.1% each).

The value of all imports during the first three quarters of 2014 rose by 8% to R801bn, from R741bn the first three quarters of 2013. The main origins of imports were China (15.1%), Germany (10.0%), Saudi Arabia (8.0%), the US (6.7%) and Nigeria (4.7%).

The United States' Africa Growth and Opportunity Act (AGOA) was originally signed in 2000 (to apply until 2008) and renewed in 2004 (for 2008-15). It allows for the export of around 6,500 South African products to the US under its General System of Preferences (GSP). A renewal of AGOA remains under consideration as of February 2015. Should AGOA be renewed past 2015, however, South Africa may be excluded in the next round of the agreement, given its higher economic development relative to other participating African countries. In addition, South Africa's anti-dumping regulations on US-bred chicken have come under fire in the US Congress as a reason to exclude South Africa from AGOA after 2015. In June 2012 the US and South Africa signed a Trade and Investment Framework Agreement (TIFA), which updated an earlier TIFA from 1999. The new agreement diversifies trade and calls for annual meetings to promote regular dialogue between the two countries. According to the AGOA website (http://www.agoa.info), US imports from South Africa in 2013 decreased by 3.5% against 2012, from US$8.7bn to US$8.4bn.

South Africa is also a member of the Cairns Group, an informal association of 19 members of the World Trade Organisation (including Argentina, Australia, Brazil, Canada, Chile, Indonesia and Malaysia) that export agricultural products. The group supports free and fair trade in agricultural markets and the lowering of agricultural tariffs by developed countries.

Trade policy: Tariffs and import taxes

South Africa uses the Harmonised System of the Brussels-based Customs Co-operation Council. The International Trade Administration Commission for South Africa, established in June 2003, replaced the Board of Tariffs and Trade; it is responsible for advising the trade and industry minister on tariff policy.

Since the mid-1990s, South Africa has considerably liberalised its historical policy of import substitution, which used stiff tariff protection and quantitative import restrictions to promote domestic industry.

In its settlement under the Uruguay round in 1994, South Africa committed to the binding of 98% of all commodity lines at the World Trade Organisation, to reduce the number of tariff lines to six, to rationalise the 12,000 commodity lines and to replace restrictions on agricultural products with tariffs.

Although South Africa is classified as a developed rather than a developing country, under WTO criteria, its Uruguay-round treatment as an "economy in transition" gave it extra time to comply with requirements. Since 2000 South Africa has reduced average tariffs on textiles and clothing to 15-40%. Through 2020 new motor vehicles face a 25% import duty (down from 65% in 1995) and a 20% rate for automotive components (down from 49% in 1995). In November 2007 the South African government ended all tariffs on imported steel. As from January 1st 2012, duties were lifted on polymers (previously, 2.6%), paper and cardboard (1.95%), and aluminium foil and plates (1.3%). However, in September 2013, tariffs across five import categories of chicken were raised by an average of 8.75 percentage points. The new tariffs apply on imports from Southern African Customs Union countries, but not on EU chicken imports, because of a trade and co-operation agreement already in place (see below). In April 2014, tariffs on dry bulk cargo dues for coal, iron ore and manganese were increased by 8.15%. Specific excise duties apply on luxury goods, including beer, cigarettes, new cars, spirits and tobacco, but imported and local items in these categories are subject to equal treatment.

Most tariffs are calculated on an ad valorem basis, with the value subject to duty determined by the free-on-board (fob) price at the point of shipment. There are some specific duties-based on weight, number of items, volume or linear measurement-mainly on beverages, food, oils and textile products. The payment of value-added tax (VAT) on imports is similar to the payment of customs duties. VAT paid on the import of goods can be claimed as an input tax deduction by importers that are registered vendors. Payment of duty and VAT can be deferred by placing imported goods into a bonded warehouse on arrival until they are required for manufacture or resale.

Besides multilateral trade reform, South Africa also has reformed regional and bilateral trade arrangements, which largely define trade policy in the country's relatively new democratic era. A free-trade agreement (FTA) with the Southern African Development Community (SADC), which includes Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe, governs trade in South Africa's immediate neighborhood. Although the SADC Trade Protocol concluded in August 1996, it took some time for the majority of member states to ratify the treaty; hence, its effect came only at the end of the decade.

Negotiations for an Economic Partnership Agreement (EPA) between the EU and seven SADC countries (Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and South Africa) concluded on July 15th 2014, and will come into effect when the participating parties sign and ratify the treaty. In June 2009 four SADC countries (Botswana, Lesotho, Mozambique and Swaziland) signed an interim EPA with the EU to promote trade and investment by lowering tariffs. Although South Africa has engaged in EPA discussions since 2007, it had so far opted to have trade with the EU covered under the 1999 Trade, Development and Co-operation Agreement (TDCA) which covers 90% of bilateral trade, and for which terms were successfully achieved by their target date of end-2012. The EPA grants South Africa better trading terms in agriculture (especially ethanol, sugar and wine) and fisheries, while the EU will benefit from improved market access to grains, meat products and milk products. The EPA will also provide greater flexibility than the TDCA to deploy export taxes on eight products for a period of 12 years, eliminate EU export subsidies on agricultural goods destined to the Southern African Customs Union (SACU, see below), and create effective anti-dumping safeguards. The agreement is currently undergoing reconciliation in preparation for ratification. The Department of Trade and Industry estimates Parliament will ratify the EPA by mid-2015.

South Africa is a member of SACU along with Botswana, Lesotho, Namibia and Swaziland; members have tariff-free access to all SACU markets and apply common external tariffs to third-country imports. Since much of the group's trade flows through the ports of South Africa, the latter sets the common tariff and transfers the proceeds to the other countries.

Trade policy: Import restrictions

South Africa has been phasing out import controls since 1992, and most of the remaining import permits are to collect information rather than to limit trade. Import licences and access to foreign exchange are fairly easy to obtain. Most goods may be imported into South Africa with little or no import restrictions. In terms of the Import and Export Control Act (No. 45 of 1963), South Africa's minister of trade and industry may act in the national interest to prohibit, ration or otherwise regulate imports.

The policy governing the issuing of import licences varies from time to time with changes in South Africa's foreign-exchange reserves. In recent years, it has not been the policy of the government to intervene; indeed, it has reduced the list of restricted goods requiring import permits. Restricted goods now include certain agricultural products, armaments, foods and drugs.

There are three main categories of imports:

* the free list, for which no import permit is needed;
* goods licensed on the basis of reasonable requirements, which includes most industrial raw materials and plant and capital equipment; and
* items requiring a special permit, which includes fish, gold, and petrochemical products and other synthetics.

For capital goods, import permits are usually granted for replacement purposes or for projects that increase productivity. Approvals are quicker for industries that the government wants to develop. However, permits are not granted until the New Industries Committee has approved a project.

There are exemptions from import-permit requirements for imports made directly by government departments, provincial administrations, the South African Iron and Steel Industrial Corp, and railway and harbour authorities. Nevertheless, suppliers to these bodies still need the proper permits. A permit is required to import used vehicles.

South Africa's International Trade Administration Commission (ITAC) came into operation in June 2003. The commission was established under Section 7 of the International Trade Administration Act (No. 71 of 2002), and it replaced the Board on Tariffs and Trade. The commission's responsibility is to establish an efficient and effective system for administering trade. Its responsibilities include the following:

Import and export controls. The ITAC issues import and export permits for certain items designated by the minister under the authority of the International Trade Administration Act, which incorporates the Import and Export Control Act.

Tariff investigations. The ITAC administers tariff-related programmes, including the Motor Industry Development Programme and the Duty Credit Certificate System. Interested parties may approach the ITAC with specific requests for tariff assistance.

Trade remedies. The ITAC deals with anti-dumping, subsidised exports and safeguards.

The right to foreign exchange is automatically granted if an import permit is granted. There are some restrictions on leading, lagging and netting, but terms can be freely negotiated between parties, within defined limits.

Mandatory inspection of imported goods can slow the import process.

Trade policy: Taxes on exports

There are no taxes on exports other than reclaimable value-added tax on indirect exports, payable since October 1998.

Trade policy: Free ports, zones

South Africa's Department of Labour announced a new Employment Strategy Framework in July 1998. Under it, export-directed, high value and labour-absorbing projects are considered crucial for the economy. In keeping with international trends in export-zone development, the Department of Trade and Industry embarked on a policy of creating industrial-development zones (IDZs). This policy was reaffirmed in 2014 with the establishment of Special Economic Zones (SEZs), a broader category than the IDZ, which are only allowed near seaports or airports. The largest IDZs are in Port Elizabeth (Coega) and East London. (See above, Export incentives and zones.)

An IDZ is an estate linked to an international airport or seaport containing a controlled-customs-secured area, which is exempt from duties and import duty on machinery and assets. Supplies procured from South African sources do not

incur value-added tax (VAT). IDZs offer, among other incentives, a reduction or exemption from taxation for certain activities and products. SEZs offer similar incentives, but are not required to be linked to an airport or seaport.
However, some critics have argued that the zones are old-fashioned strategies with extremely high costs per job created (often exceeding R1m), a lack of inter-relationships with upstream and downstream industries, minimal employment potential and adverse prospects for female workers.

Trade policy: Export restrictions

As a reinstated member of the United Nations, South Africa observes the organisation's international trade embargoes and restrictions but imposes no export restrictions of its own.
Although South Africa imposes export controls to prevent local shortages of goods, it keeps them to a minimum. It requires an export permit for specific goods, including aluminium, antimony, cadmium, copper, ferrous waste and scrap of iron and steel, lead, magnesium, manganese, molybdenum, nickel, petrochemical products, sawn logs of yellow wood, tantalum, tin, tungsten and zinc. It also requires an export permit to export metals like beryllium, chromium, gallium, germanium, hafnium, indium, niobium (columbium), vanadium and their articles, including waste and scrap.
An export permit is also required to export used motor vehicles (designed for transporting persons and goods), as a way to restrict exports of stolen vehicles.

Trade policy: Export insurance and credit

The Credit Guarantee Insurance Corp (CGIC) grants export-credit insurance, and also domestic insurance and reinsurance services. Mutual and Federal, a southern African insurance company providing personal, commercial and corporate cover, has owned 51% of the CGIC since 2003. The CGIC reinsures all risks in the private market.
An exporter can approach the CGIC directly or use a specialist broker from many of South Africa's insurance groups. Bond and surety business placed with CGIC is subject to a 15% commission. Broker fees start at 2.5% and may go as high as 15% of premiums. A typical application process begins with the exporter providing detailed financial information and export history. Debtor organisations are then evaluated using various criteria, including country factors such as the ability to meet foreign-exchange obligations. Premiums reflect perceived commercial and political perceptions and also debtor and industry-specific factors.
CGIC insurance can be obtained to cover all capital goods, export-trade credit, foreign-exchange risks, investments and unfair calling of performance bonds. Insurance can also be obtained against political risk, including importation and transfer of payment; insolvency and repudiation; as well as war, strikes and sanctions.
The CGIC offers insurance on a whole-turnover basis, and also for selected markets and in modular form, where a selection of risks can be chosen. Insurance for a single transaction is rare but not impossible (except for capital goods). Until mid-2001 only goods of South African origin were eligible for insurance, but the CGIC has now opened coverage to third-country re-exports. The switch also allowed the CGIC to set cover in foreign currency if desired. Definitions are stricter for capital goods where financing is involved and less strict for trade credits or where insurance is on a whole-turnover basis.
The state-owned Industrial Development Corp (IDC) provides the bulk of credit at longer terms or for manufactured goods; it also helps arrange financing for imports of capital goods. It extends particularly favourable consideration to new exporters, to exports that maximise local content and to contracts that require term finance. Commercial banks provide short-term export finance in much the same way as in other countries, at rates that can be slightly lower than the prevailing prime overdraft rate. Export financing is typically offered as part of a suite of products such as export factoring, forfaiting and foreign-currency finance. Banks usually require conventional documentation on bills of lading and contract details, and forward cover and insurance documentation.
In addition, the World Bank's Multilateral Investment Guarantee Agreement (MIGA) can be approached for export insurance. However, it deals mainly with political risk and focuses on development-related investments. ***(Economist Intelligence Unit)***

South Africa: Tax Regulations

Corporate taxes: Overview

South Africa cut its standard corporate tax rate to 28% (from 29% in 2007) beginning April 1st 2008-the start of the 2008/09 fiscal year. This 28% rate is unchanged for 2014/15.
South Africa's taxation became residence-based, rather than source-based, in 2001. Passive income (such as interest, rent and royalties) generated outside South Africa is taxable, and residents and locally controlled companies are taxed on their worldwide income, with appropriate relief (such as tax treaties) to avoid double taxation. Non-residents, however, are taxed only on their income from a South African source. Multinational companies meeting certain criteria are considered non-resident for taxation purposes.
Foreign dividends received by a South African resident company are usually taxable in South Africa. If a company is not a controlled foreign company (CFC)-a foreign company for which more than 50% of the total participating rights are held by a South African resident(s)-or if it is a CFC but its income is exempt, dividends received will form part of gross income and will be taxed accordingly, unless the "participation exemption" applies, meaning a resident company holds more than 20% of the total equity shares of the company declaring the dividend. Since the companies that declare these dividends are usually exempt from paying dividends tax, these dividends are not deductible in determining the

"net amount". The South African branch can remit the taxed profits in full to the foreign head office as a deduction for withholding tax.

The South African Revenue Service (SARS) collected R900.0bn in taxes in assessment year 2013/14 (April 1st-March 31st), compared with R813.8bn in 2012/13. The main sources of tax revenue in 2013/14 were personal income tax (R310.9bn), value-added tax (R237.7bn) and corporate income tax (R179.5bn).

The SARS audit department uses a number of tools to increase revenue and identify suspicious activity. For example, it models different industries to determine expected margins. To avoid paying taxes, many companies have taken advantage of laws on liquidation-that is, by declaring bankruptcy and resuming operation in a new entity. The Revenue Laws Amendment Act (No. 20 of 2006), released in November 2006, aims to eradicate tax-avoidance schemes through a revised General Anti-avoidance Rule.

Corporate taxes: Corporate tax rates

The basic corporate income tax rate of 28% applies to the total taxable income (excluding dividends received) of all companies, including subsidiaries of foreign businesses. Companies must also pay a 15% dividend tax on any net dividends declared. The dividend tax does not apply to South African branches of foreign companies, which from April 1st 2012 are taxed at a rate of 28% (33% previously). The dividend tax was introduced on April 1st 2012 to replace a 10% secondary tax on companies (STC).

Under the new regime, companies must pay the tax on behalf of their shareholders (that is, as a withholding tax), which shifts the liability for dividend tax to shareholders. Exempt from the tax are the following: company headquarters; mining-rehabilitation funds; parastatal organisations; public-benefit organisations; resident companies; and the state, provincial and local authorities. Non-resident shareholders may be eligible for relief under tax treaties, which may lower the withholding rate to 5%. So-called STC credits occur when dividends accrued during a dividend cycle exceed dividends declared and are then carried over to the next cycle. STC credits are available as an offset against the new dividend tax for three years, until April 1st 2015, after which all STC credits will end. Local authorities also levy rates on the value of fixed property to finance the cost of municipal services. Municipal taxes are payable on the assessed value of fixed property.

In the budget for fiscal year 2013/14, the government increased the turnover threshold for companies that wish to be taxed as a small business, from R14m to R20m (applicable from April 1st 2013; the lower level applies for tax assessment 2012/13). Prior to this change, companies with turnover of less than R14m who elected to be taxed as a small business paid no tax on the first R63,556 of income, a maximum tax rate of only 7% on income up to R350,000 after that and 28% on taxable income exceeding R350,000. The 2013/14 budget increased the untaxed portion of income to R67,111, the 7% bracket to R365,000 and introduced a new bracket of 21% for income up to R550,000. Income above this amount remains taxed at 28%. The 2014/15 increased the untaxed portion to R70,700, but kept the other brackets the same. The small business tax regime, originally implemented on April 1st 2006, was intended to stimulate the economy and create jobs by developing small businesses and covers small-business corporations as defined in Section 12E of the Income Tax Act (No. 58 of 1962).

Micro-businesses with turnover of less than R1m have the option of paying the turnover tax, which then replaces the capital gains tax, corporate tax, value-added tax and dividends tax payable.

Under the turnover tax formula, the maximum tax rate is 3.05%. There is no excess profits tax or alternative minimum tax.

Corporate tax rates,2014

The following table summarises local corporate taxes that apply to a wholly foreign-owned private manufacturing company with taxable income of R1m and a declared dividend of R200,000.

Taxable income	R1,000,000
Basic corporate tax (28%)	280,000
Net income after taxes	720,000
Declared dividend	200,000
Retained income before dividend tax	520,000
Dividend tax (15% of net dividend, subject to exemptions and double-tax treaties; this example assumes there are none)	30,000
Retained income	490,000
Total taxes	310,000

Sources: South Africa Tax Commission; Economist Intelligence Unit calculations

Corporate taxes: Taxable income defined

Taxable corporate income generally represents all income from any entity based in South Africa minus non-capital expenditures and losses incurred in an income-producing year. For instance, the cost of capital flotation (including legal and underwriting fees) is not deductible, but interest charges are. This definition has applied since January 2001, when the tax system shifted from source-based to residence-based. Income not sourced in South Africa can be taxed in other jurisdictions (that is, other countries). The driving forces behind this switch to what is standard international practice were the growth of e-commerce and the rising number of tax havens appearing in other sub-Saharan African countries such as Botswana and Mauritius. Sections 9c and 9d of the Income Tax Act (No. 58 of 1962) require full disclosure of beneficial interests in offshore tax structures, regardless of whether they are repatriated.

South Africa allows deductions for all expenditures to produce revenue incurred in the year of assessment. Capital expenditure is not deductible, but can give rise to a number of allowances. For example, deductions are available for bad and doubtful debts, contributions to pension and provident funds, legal expenses, medical and dental expenses, motor-vehicle expenses and retirement annuities. Lease premiums can be written off over the period of the lease.

Dividend payments may not be subtracted in calculating taxable income. Dividends received are subject to the dividend tax of 15% (formerly known as the secondary tax on companies, or STC, of 10%). Interest earned on foreign investment is exempt from the dividend tax if the company has established a subsidiary in South Africa.

Municipal rates are deductible from taxable income.

Corporate taxes: Depreciation

Manufacturing companies may claim depreciation against taxable income. Machinery and equipment used directly in manufacturing may be depreciated over four years, with 40% of the cost of the assets deducted in the first year and 20% per year for the next three years. Taxpayers may claim losses from ordinary revenue on the sale of devalued depreciable business assets with short useful lives. Machinery used in farming operations may be depreciated by 50% in the first year, 30% in the second year and 20% in the third year. This provision was extended in July 2004 to investments in the bio-fuel industry.

Buildings erected since October 1st 1999 and qualifying improvements after this date are depreciable on a straight-line basis over 20 years (that is, at 5% a year). If an employer sells low-cost residential units to employees via an interest-free loan, the employer may claim a deduction of 10% of the outstanding loan amount owed to the employer, limited for ten years. Hotel refurbishments that do not extend the existing exterior framework qualify for an annual depreciation of 20%.

Depreciation allowances are based on original cost plus installation charges. In areas designated for urban development, there are special depreciation allowances to address "urban decay". If a building within a designated area is refurbished without changing its structure or exterior framework, a 20% straight-line depreciation allowance over five years will be granted. For new commercial or residential buildings that are erected or extended in urban-development zones, a write-off over 17 years is permitted, at 20% in the first year and 5% per year for the 16 years thereafter. Aircraft may be written off over five years at 20% a year; oil pipelines may be written off over ten years in equal instalments. Electricity- and telephone-transmission cables, railway tracks and certain airport facilities may be written off over 20 years at 5% a year. Capital expenditures for research (laboratories, equipment purchases) are written off in four annual instalments of 40%, 20%, 20% and 20%, consistent with the provisions for manufacturing.

Persons or companies that purchase or develop copyright, design, patent, trademark or similar rights from associated parties may deduct from taxable income the cost of such rights over their lives or 25 years, whichever is shorter. The tax rules of brand valuation were tightened in 1999, and the trademark component of acquired goodwill is no longer deductible as an expense for tax purposes.

Corporate taxes: Capital taxes

Corporations are not subject to capital taxes.

Corporate taxes: Treatment of capital gains

The government's budget for fiscal year 2012/13 (April 1st-March 31st) specified substantial increases in the capital gains tax (CGT). From March 1st 2012 companies are taxed at an effective rate of 18.6% (up from 14%), and trusts pay at 26.6% (up from 20%). South Africa introduced CGT on October 1st 2001; an amendment added an eighth schedule to the Income Tax Act (No. 58 of 1962) and a new section, 26A, which determines what qualifies as a taxable capital gain or an assessed capital loss. Section 26A provides that the taxable capital gain is included in the definition of taxable income. From March 1st 2012, the first R30,000 (up from R20,000 the previous year) of capital gains of a natural, personal or special trust to benefit disabled persons is excluded from CGT. These taxpayers have 33.3% (up from 25% from March 1st 2012) of their capital gains included as part of their income tax, which is then taxed according to their tax bracket.

Other trusts, companies and life insurers must include 66.6% (up from 50% from March 1st 2012) of their capital gains as taxable income. An assessed capital loss may be carried over to the next assessment year and set off against a capital gain for that year.

For assets acquired prior to the valuation date proposed in the Income Tax Act (October 1st 2001), the taxpayer must elect an asset-valuation system. The taxpayer can choose to value the asset based on market value, 20% of the proceeds of disposal or the time-apportionment base cost of the asset. The market-value approach requires a valuation of the asset in terms of the Income Tax Act, to be made within two years of the valuation date. The tax will not be indexed for inflation.

The tax is triggered when a "disposal" (as defined in the schedule) takes place, which includes commencement or cessation of residence. A non-resident is subject to the CGT only on the immovable property owned in South Africa, whereas residents are liable for CGT on their worldwide assets.

Although corporate restructuring will usually trigger CGT, liable companies may avoid the tax if they meet certain criteria. The guiding principle is that a tax-free transfer of assets is appropriate if a certain number of shareholders have retained a substantial interest in the assets. This may occur in certain intra-group transactions, amalgamations (mergers) and liquidation transactions, among others. Gains on the sale of substantial foreign shareholdings also may be exempt from CGT under certain conditions.

Unit trusts (similar to mutual funds) are not taxed on capital gains, but individual taxpayers are taxed on their gains when they dispose of units. Retirement funds have not been taxed since March 1st 2007.

CGT on involuntary disposals can be deferred to a date when the replacement asset is disposed of, for a non-depreciable asset. For a depreciable asset, the capital gain will be taxed on the proportion to the capital allowances claimed on the replacement asset. Small-business owners aged 55 years or older may, in certain circumstances, exclude capital gains up to R2m (up from R1.5m since March 1st 2013) on the disposal of the enterprise.

Corporate taxes: Taxes on interest and dividends

In accordance with the March 1996 budget, beginning April 1st 1996, companies operating in South Africa but managed and controlled from outside the country are no longer exempt from tax on interest. Rather, the income is included in regular taxable income. Interest payments made to a local lender are not subject to withholding tax; instead, the interest income is included in the recipient's taxable income and taxed accordingly. Tax treaties may provide exceptions to these rules. After several years of delays, the withholding tax on interest payable to non-residents was introduced at 15% as of January 1st 2015.

Beginning on April 1st 2012, individuals and non-residents are subject to a 15% dividend (withholding) tax, which supplants a 10% secondary tax on companies (STC). The dividend tax does not apply to company headquarters; mining-rehabilitation funds; parastatal organisations; public-benefit organisations; resident companies; and the state, provincial and local authorities.

So-called STC credits, which occurred when dividends accrued during a dividend cycle exceeded dividends declared and are then carried over to the next cycle, will be available as an offset against the new dividend tax for three years, until April 1st 2015. Non-resident shareholders may be eligible for relief under tax treaties, which may bring the withholding rate down to 5%.

Corporate taxes: Taxes on royalties and fees

Patent royalties and know-how fees are subject to withholding tax, which may be reduced under a tax treaty. From January 1st 2015, royalties for the use of intellectual property and know-how payments face a final withholding tax of 15% (up from 12%, previously).

Corporate taxes: Double-tax treaties

The South African Revenue Service has emphasized that all of South Africa's treaties, except that with Switzerland, provide for the exchange of tax information. This is of particular importance for transfer pricing.

South Africa had negotiated double-tax treaties with 73 countries as of February 2015. In addition, treaties or protocols (supplementing treaties) are pending with Bangladesh; Belgium (Protocol); Brazil (Protocol); Botswana (Protocol, ratified in South Africa only); Cameroon; Chile (ratified in South Africa only); Cuba; Cyprus (Protocol); the Czech Republic; Estonia; Gabon (ratified in South Africa only); Germany (Protocol, ratified in South Africa only); Hong Kong; India (Protocol, ratified in South Africa only); Kenya (ratified in South Africa only); Kuwait (Protocol); Latvia; Lesotho; Lithuania; Luxembourg (Protocol); Madagascar; Malawi (being renegotiated); Mauritius (being renegotiated, ratified in South Africa only); Morocco; Mozambique (Protocol); Namibia (being renegotiated); Norway (Protocol, ratified in South Africa only); Qatar; Oman (Protocol, signed but not yet ratified); Senegal; Serbia; Singapore (being renegotiated); Sri Lanka; Sudan (ratified in South Africa only); Swaziland (Protocol); Switzerland (Protocol); Syria; Turkey (Protocol, ratified in South Africa only); United Arab Emirates; Vietnam; Zambia (being renegotiated); and Zimbabwe (being renegotiated).

Withholding tax rates on royalties under South Africa's double-tax treaties*

* Where there is no double-taxation agreement in force, the rate is 15%.

^a If the recipient is the beneficial owner, the rate is 10%. ^b Exempt only if the recipient is the beneficial owner of the royalties; otherwise, the rate is 12%. ^c If the recipient is not the beneficial owner, the rate is 12%. ^d If the recipient is the beneficial owner, the rate is 5% for the use of, or the right to use, industrial, commercial or scientific equipment, or transport vehicles; otherwise the rate is 10%. ^e Exempt only if the recipient is the beneficial owner of the royalties; otherwise, the rate is 10%. ^f If the recipient is the beneficial owner, the rate is 15% for the use of, or the right to use, trademarks; otherwise the rate is 10%. ^g The rate is 6% for certain copyright and software royalties, patents and know-how; otherwise, the rate is 10%. ^h The rate of 10% applies to royalties paid for the use of, or the right to use, a copyright of literary, artistic or scientific work; the 7% rate applies to royalties for industrial, commercial and scientific equipment. ^i Royalties are exempt from the tax if taxable in the recipient country; otherwise, the rate is 12%.

Source: South African Revenue Service.

Country of recipient	Withholding rate (%)	County of recipient	Withholding rate (%)
Algeria^a	10	Mauritius^b	—
Australia^c	5	Mexico	10
Austria	—	Mozambique	5
Belarus^d	5 to 10	Namibia	10
Belgium^b	—	Netherlands	—
Botswana	10	New Zealand^e	10
Brazil ^f	10 to 15	Nigeria	7.5
Bulgaria^d	5 to 10	Norway^b	—
Canada^g	6 to 10	Oman	8
China^h	7 to 10	Pakistan^c	10
Croatia^c	5	Poland^c	10
Cyprus^b	—	Portugal	10
Czech Republic^c	10	Romania	12
Democratic Republic	10	Russian	—
of Congo		Federation	
Denmark^b	—	Rwanda	10
Egypt	12	Saudi Arabia	10
Ethiopia	20	Seychelles	—
Finland^b	—	Sierra Leone	—
France^b,i	—	Singapore^c	5
Germany^i	—	Slovakia^a	10
Ghana	10	South Korea^c	10
Greece	5 to 7	Spain	5
Grenada	—	Swaziland^i	10
Hungary^i	—	Sweden^b,i	—
India^c	10	Switzerland	—
Indonesia^c	10	Taiwan^c	10
Iran^c	10	Tanzania	10
Ireland^b	—	Thailand	12
Israel	15	Tunisia^c	10
Italy^c	6	Turkey	10
Japan^c	10	Uganda	10
Kuwait	10	Ukraine	10
Lesotho^c	10	United Kingdom	^i —
Luxembourg^b	—	United States^	b —
Malawi	—	Zambia	12
Malaysia	5	Zimbabwe	12
Malta^c	10		

Corporate taxes: Intercompany charges

The South African Revenue Service (SARS) issued Practice Note 7 in August 1999 as a practical guide to transfer pricing, based largely on the guidelines of the OECD on the topic. Definitions of the arm's-length principle, principles of comparability, and transfer-pricing methods reflect these guidelines. Acceptable formulae for calculating transfer prices include the following: comparable uncontrolled-price method, resale price method, cost-plus method, transactional net margin method and profit-split method. The practice note does not impose a hierarchy of methods or a required number. The SARS can adjust the value of offshore transactions between companies that are related to one another.

Section 31 of the Income Tax Act (No. 58 of 1962, as amended) covers crossborder supplies of goods or services (including financial assistance) between related parties. When the price for such goods or services is higher or lower than the arm's-length market price, the SARS has the right to impute a transfer. Where the foreign party is a shareholder of the South African company, the adjustment will then be regarded as a dividend subject to the dividend tax. From April 1st 2012 transfer pricing now focuses on any crossborder transaction where one or both parties of the transaction gain a tax benefit, in addition to the usual supply of goods and services. Section 31 also introduced

thin-capitalisation provisions, which were repealed in 2010. From April 1st 2012 thin-capitalisation comes under the transfer-pricing regime and is now treated as an extension of transfer-pricing provisions.

The capital gains tax (CGT) does not provide for automatic relief concerning inter-group transfers because of the potential for abuse. For a corporate reorganisation, however, such a company may avoid CGT if it meets certain criteria. The guiding principle is that a tax-free transfer of assets is appropriate if a certain amount of shareholders have retained a substantial interest in the assets. This may occur in specific intra-group transactions, amalgamations (mergers) and liquidation transactions, among others. Gains on the sale of substantial foreign shareholdings may also be exempt from CGT under certain conditions.

Corporate taxes: Turnover, sales and excise taxes

South Africa levies a value-added tax (VAT) at a standard rate of 14% on companies that sell goods or services. Businesses with turnover of less than R1m have had a simplified method of VAT accounting since April 1st 2005. Foreign businesses must apply for a refund, which will be approved only if the goods are exported through one of 19 designated border posts. Certain basic foods (beans, bread, cooking oil, eggs, fruit, lentils, milk and vegetables) are zero rated. Certain services, including some financial services (see below) and public transport, are exempt from VAT. Direct exports are zero rated, though indirect export sales are subject to the 14% VAT.

All fee-based financial services are subject to the standard VAT rate of 14%. Exemptions remain for the following: premiums on life-insurance policies; contributions to provident, retirement annuity and medical-aid schemes; and compulsory charges on the selling price of unit trusts (mutual funds).

South Africa has progressively raised excise taxes on such items as beer, cigarettes, spirits and wine. The budget for fiscal year 2014/15 (April 1st-March 31st) increased the tax on malt beer to 8.0% per litre of absolute alcohol, spirits to 12% per litre of absolute alcohol and wine to a range of 6.3-10% per litre depending on alcohol content. The budget also contains a tax on tobacco products ranging from 2.5-9.0%.

Corporate taxes: Other taxes

The 2013/14 budget announced a carbon tax of R120 per ton of carbon dioxide to be implemented starting on January 1st 2015, and to increase 10% annually. However, the 2014/15 budget postponed implementation of the carbon tax to January 1st 2016 to allow for further consultation. The delay will allow the government to design a carbon-pricing framework more responsive to the desired emission reduction outcomes included in the National Climate Change Response Policy. This may include credits for renewable energy, a reduction of the electricity levy, and increased incentives for the development of green technology.

The 2014/15 budget increased the general fuel levy from R2.125 to R2.245 per litre of petrol and increased the road accident fund levy from R0.96 to R1.04 per litre of petrol. These increases are in effect from April 2nd 2014.

An 8% tax applies to the transfer of real property to companies, unless the transaction is subject to value-added tax. Municipal taxes apply on the assessed value of land and property.

Stamp duty (also known as the Securities Transfer Tax) on the transfer of listed and unlisted securities is 0.25%.

A financial-services levy applies to local banks and foreign bank branches. The tax applies at the rate of 0.75% per quarter of the branch's taxable income. The taxable income is 50% of the minimum capital plus reserves, which the branch must hold with the South African Reserve Bank (the central bank).

Donations (gift) tax is payable by the donor at 20% of the value of property disposed of by donation by South African residents (non-public companies). There are exemptions for donations of up to R100,000 a year for individual donors and up to R10,000 a year for donations by non-public companies. Various other donations are completely exempt, such as donations by public companies, donations to public-benefit organisations and donations between spouses who are not separated. The R10,000 exemption may also apply to the donation of property situated outside South Africa, such as property acquired from non-residents.

Employers must contribute the equivalent of 1% of the gross income of every employee, plus the 1% deduction from the employee, to the Unemployment Insurance Fund. Extending this to all employees in 2002 has placed the fund on a firmer financial footing.

The Skills Development Levies Act (No. 9 of 1999) requires a 1% payroll levy (increased from 0.5% in April 2001) on all businesses; this includes remuneration to employees who are below the income tax threshold. Under the budget of 2005/06, however, companies with payroll costs of less than R500,000 have been exempt since August 2005.

The National Council of Provinces (the upper house of Parliament) approved legislation in November 2002 to empower provinces to impose taxes and duties. Local authorities levy rates on the value of fixed property to finance the cost of municipal services. It is unlikely provincial taxation will be expanded since the national collection systems are still the main focus of the South African Revenue Service.

South Africa: Forex Regulations

Exchange controls: Overview

The South African Reserve Bank (SARB), the central bank, is responsible for exchange controls, but it delegates routine transactions to approved private-sector banks, including nearly all of the larger domestic and foreign banks. The banks in turn report all foreign-exchange transactions to the SARB. The government has worked to repeal exchange controls, which were set up during the apartheid era to stem the flow of funds out of the country. The SARB has limited its intervention in the foreign-exchange market since June 1998, when it depleted its international reserves by trying to stabilise the value of the rand.

The bank does not target any particular level for the exchange rate, but it monitors the currency against a basket of the leading trading currencies: the US dollar, euro, pound sterling and yen. It can intervene if sharp movements in the exchange rate threaten to undermine its main goal of ensuring moderate levels of inflation. But with the moderate inflation rate of the past decade, this has not been a concern.

The Exchange Control Act (No. 40 of 2001) targets domestic companies and residents, but there are some special implications for foreigners. It no longer allows asset swaps by long-term insurers and retirement funds, though long-term insurers, pension funds and fund managers may maintain foreign assets of up to 15% of total assets, and unit trusts may have 20% foreign assets. The central bank's exchange-control department reserves the right, if necessary, to require a staggered transfer of such funds to maintain stability. Nevertheless, the SARB now approves almost all transactions, since its primary objective is to monitor flows.

The South African government has taken measured steps to abolish exchange controls, a topic of heated debate in South Africa. Through a gradual relaxation, exchange controls have moderated to a large extent, though were not yet abolished in early 2015. One of the final steps to removing controls, announced in the 2003 budget, was a tax amnesty to encourage citizens to repatriate assets that had been illegally moved offshore when exchange controls were introduced. The programme was successfully repeated in fiscal year 2010/11 (April 1st-March 31st) via the Voluntary Disclosure Programme (VDP), which applied for November 1st 2010 to October 31st 2011. The VDP granted amnesty from criminal prosecution and penalties to individuals and companies with undeclared taxes or unauthorised foreign assets, though any outstanding tax liabilities still applied. The VDP became a permanent programme starting in October 2012, with similar rules in effect.

In mid-2003 South Africa was admitted to the Financial Action Task-Force (FATF), an international organisation charged with combating money-laundering. This followed the introduction of the Financial Intelligence Centre Act (No. 38 of 2001), which increases reporting requirements for businesses and makes reports admissible as evidence in legal cases. The act goes further, holding individuals and companies directly responsible in cases where they could reasonably have been expected to identify fraudulent behaviour.

Exchange controls: Repatriation of capital

Capital inflow is generally unrestricted. Repatriation of capital does not require government approval if a company sells its assets locally. Funds taken out as dividends are subject to a dividend tax. Non-residents face no tax on the remittance of dividends.

Exchange controls: Profit remittances

The transfer of profits and dividends from South Africa is generally allowed for current profits or dividends. However, if non-residents hold 75% or more of a company's equity and the company has local outstanding borrowings, the company needs approval from the central bank to pay the dividends. Dividend receipts from investments in quoted companies may be repatriated without approval. Funds held on deposit in local banks or raised from the disposal of investments in unquoted companies may be remitted without approval.

Exchange controls: Loan inflows and repayment

Both the inflow and the repayment of foreign loans require the approval of the central bank (South African Reserve Bank-SARB). The debt-equity ratio (ratio of shareholders' loan funds to equity capital) may normally not exceed 3:1. Companies can obtain forward cover to repay foreign loans. Remittance of interest and principal is permitted implicitly, once the SARB grants permission for the loan.

The SARB imposes borrowing limits on companies in which a non-resident holds or controls (directly or indirectly) 75% or more of the voting securities, voting power, power of control, capital, assets or earnings (so-called affected companies). An affected company's ability to borrow money from a South African lender is restricted by a formula that depends on both the ownership composition and the extent of the shareholder funds. The formula for calculating the local financial-assistance ratio is 300 + (100 x a/b), where a = the percentage of the share capital held by residents (local shareholding) and b = the percentage of share capital held by non-residents (foreign shareholding). So, for example, if a company has capital and reserves of R2m and non-residents own 80% of the company's capital, the company can borrow 325% of its capital and reserves, or R6.5m.

An entirely foreign-owned company or a wholly foreign-owned subsidiary, however, can borrow up to 300% of the shareholder investment in the affected company, which includes the paid-up equity capital, preference shares, undistributed earned profits, shareholders' loans from abroad and, in certain instances, shareholders' trade credit. This total forms the company's "borrowing base" or "effective capital". In instances where a non-resident requires local financial assistance to finance a foreign direct investment into South Africa, a borrowing of up to 300% of the rand value of the funds introduced from abroad and invested locally may be considered.

Although the SARB applies these restrictions strictly, it is flexible if the business will promote import substitution or lead to the development of export markets. Black Economic Empowerment concerns receive special consideration as well; these include training and equity for, and procurement from, previously disadvantaged groups.

Exchange controls: Remittance of royalties and fees

Royalties and fees arising from licensing deals of local companies may be remitted freely without securing prior approval from the central bank (South African Reserve Bank-SARB) if the agreement existed before May 8th 1958. Otherwise, South African companies need prior SARB approval to remit funds overseas. Foreign companies may freely remit royalties and fees.

In general, licensing and know-how agreements require the approval of the Department of Trade and Industry and the SARB. Once these approvals are granted, the remittance of royalties and fees presents no problem. All royalty payments must be substantiated by an auditor's report confirming the basis of the calculation and that they are listed in the terms of the relevant royalty agreement. Advance payment of royalties and fees is not allowed.

There are limits on the remittance of royalty payments, depending on the purpose of the payments. The maximum royalty for consumer goods is 4% of the net ex-factory selling price, excluding any taxes such as value-added tax; royalty payments for capital or intermediate goods may rise to 6%, depending on the strategic importance of the good.

Exchange controls: Restrictions on trade-related payments

Although leading, lagging and netting restrictions apply, the parties can freely negotiate terms, within the defined limits. There are no restrictions on export leads, but approval is necessary for import leads. The central bank (South African Reserve Bank-SARB) usually gives permission for capital goods up to a maximum of only one-third of the value of the import lead. Documentation is required from foreign manufacturers to support the figures.

Exports may be lagged for 180 days and may be extended to 360 days, particularly if the company can convince the SARB or an authorised dealer that the exports are critical for defending or building a new export market. Once the company receives the proceeds, it has 30 days to provide documentation and instructions. There are no restrictions on import lags. Netting requires approval from the SARB, which it grants on a case-by-case basis. For example, car manufacturers have received concessions for netting if they export components produced in South Africa. However, the SARB tends to grant approval only in exceptional circumstances.

The Department of Trade and Industry issues import permits. Exceptions are imports of coins, gold and stamps, for which the SARB issues permits. Most goods can be imported without a permit, but certain goods need one (including armaments, food, chemicals, petroleum products and second-hand goods). Permits are relatively easy to obtain and are mainly for purposes of information and data collection. If the department grants an import permit, the right to foreign exchange is automatically granted as well. *(Economist Intelligence Unit)*

SOVEREIGN RATINGS

Region - Africa/Middle East

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
16-03-2015	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	B+	BB-	NR	B	B
Bahrain	Baa2	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	Caa1	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+	BB-	NR	B	B
Ghana	B2	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	B1	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	B1	B	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A-	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	B1	B+	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	Aa3	AA-	AA	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B+	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

North and South America - Asia

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
16-03-2015	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	Baa2	BBB-	BBB	NR	A-3	F2
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
COLOMBIA	Baa2	BBB	BBB	NR	A-2	F2
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
JAPAN	A1	AA-u	A+	NR	A-1+u	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-3	F3
VENEZUELA	Caa3	CCC	CCC	NR	C	C
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Eurozone

16-03-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	B3	B+	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa1-	B-	B	NP	B-	B
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
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BBu	BB+	NR	Bu	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Baa3	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

World Bank provides US$200 million for Mozambique's budget

The World Bank will contribute US$200 million to Mozambique's 2015 State Budget, which will start to be paid out at the end of June, the World Bank's chief executive said in Maputo. Louis Rene Peter Larose also said that in addition to direct budget support, the World Bank had provided US$300 million for implementation of specific projects in Mozambique. Larose ended a six-day visit to Mozambique, which included a visit to Nampula province, in the north of the country, and meetings helded in Maputo, with the Prime Minister, Carlos Agostinho do Rosario, and with the Finance Minister Adriano Maleiane. The World Bank CEO also announced that the institution began talks with the Mozambican government to define the priority sectors for development of a five-year programme due to be launched in nine months' time. "Mozambique has had a very good relationship with the World Bank for over thirty years and I am certain it will be strengthened in the future," said the World Bank CEO, adding he was impressed with the amount of ongoing projects in the province of Nampula, "revealing the great opportunities available in the country." *(Macauhub)*

AfDB approves US $50 million to ABC Holdings Ltd. in Botswana, Mozambique and Zimbabwe

The Board of Directors of the African Development Bank Group (AfDB) through its private sector window approved on March 11, 2015 a US $50 million multi-currency line of credit (LoC) with a seven-year tenor to ABC Holdings Ltd. And its subsidiaries in Botswana, Mozambique and Zimbabwe. ABC Holdings Ltd. (ABCH) is a rapidly growing financial institution targeting local small and medium enterprises (SMEs) in these countries covering various sectors such as construction, agriculture, manufacturing, transport and services. ABCH is gradually increasing its SME portfolio share targeting 30% by end 2018 as it plans to expand its retail network across countries.

The AfDB LoC will enable ABCH and its three selected subsidiaries to reach a larger number of SMEs across a wide range of sectors by offering medium- to long-term loans, which are not currently accessible for local SMEs. The AfDB will provide local currencies, Botswana Pula and Mozambique Metical to support local currency lending and promote development of the financial sector in these countries. This facility will also cover Zimbabwe where many enterprises face liquidity challenge. The facility is expected to support at least 200 SMEs and generate 800 jobs, including 400 jobs for women, during the period of the project. Leveraging the relatively long tenor of the AfDB facility, it is expected to increase the average loan tenor for SME clients who can consequently expand their business, which will promote inclusive growth of these countries.

AfDB Board approves The Bill and Melinda Gates Foundation Trust Fund

The Board of Directors of the African Development Bank Group on Wednesday, March 11, 2015 in Abidjan approved the establishment of the Bill and Melinda Gates Trust Fund to be hosted by the Bank. The Fund's US $2.4 million initial contribution will support forward-thinking on the issue of concessional finance in development by an African

Development Fund (ADF) Policy Lab. It would also support other future Bank activities. It is the first bilateral fund with a non-sovereign entity, and the first bilateral fund with the Foundation aimed to provide structure to the long-standing collaboration with the Bank and scale up areas of intervention. The Bank currently manages about 39 trust funds most of which are depleted. There was overwhelming support for the collaboration, which fits squarely with the Bank's Ten Year Strategy. The Strategy looks to engage in strategic partnerships to disseminate knowledge and lead new policy initiatives. The ADF Policy Lab will complement the Mid-Term Review of the ADF, which is the pool of concessional resources dedicated to less endowed Regional Member Countries.

The Bank has been involved in multiple interactions with the Gates Foundation. In 2011, the Foundation contributed US $12 million to the African Water Facility (AWF) to support sanitation services to some of Africa's urban poor. It also contributed US $15 million towards implementation of the Action Plan for improved statistics for food security in Africa in 2013.

Egypt Economic Development Conference: Important AfDB delegation reinforces Bank's support for Egypt

The African Development Bank (AfDB) participated actively in the Egypt Economic Development Conference (EEDC), on March 13, 2015 in Sharm el-Sheikh. The international forum aims to showcase the investment opportunities offered by different key sectors of the Egyptian economy – electricity and renewable energies, water and sanitation, oil and minerals, transport, agriculture and tourism.

The African Development Bank (AfDB) took part in the event to promote the growth of Egypt, one of its founder members. The Bank delegation, led by Aly Abou-Sabaa, Vice-President of Sector Operations (Agriculture and Agro-Industry, Human Development, Governance, Water and Sanitation), include Solomon Asamoah, AfDB Vice-President responsible for Infrastructure, the Private Sector and Regional Integration; AfDB Resident Representative in Egypt, Leïla Mokaddem; Samy Zaghloul, AfDB Executive Director for Egypt; Jacob Kolster, Regional Director for North Africa; and Tas Anvaripour, Director of the Africa50 infrastructure fund.

Active in Egypt since 1974, the Bank has financed and conducted more than 100 operationstotalling US $5.9 billion in the key sectors of energy, finance, water and sanitation and agriculture. By participating in the EEDC, the Bank intends to reiterate its commitment to support the efforts the country is making to towards inclusive growth and human development. It is doing this at a time when it is working on finalising its Country Strategy Paper (CSP) for 2015-2019. The CSP document is in line with the Government's new economic reform programme, launched in July 2014 and whose effects are starting to show: growth should reach 3.3 % in 2015, against 2.5 % in 2014, while the budget deficit should be 10 % this year, against 12 % in 2014.

More than 1,000 public figures – Egyptian ministers and top officials, directors of multilateral development banks and financial institutions, CEOs of major private groups, speakers and renowned experts, and development partners – were expected at the EEDC, under the aegis of the Egyptian Government.

Facilitating regional integration in East Africa: AfDB supports Mombasa-Mariakani Highway project

The Board of Directors of the African Development Bank Group (AfDB) on Wednesday, March 11, 2015 approved an African Development Fund (ADF) Loan of US $123 million to Kenya for the Mombasa-Mariakani Highway upgrading project. The project road is a key import/export gateway and an important section of the Northern Corridor (NC), which links the port of Mombasa in Kenya with the land-linked eastern and central African countries of Uganda, Rwanda, Burundi and the Democratic Republic of Congo (DRC).

With increasingly constrained capacity due to traffic volumes largely dominated by heavy trucks, the road experiences persistent congestion that hinders access to the main sea port of Mombasa.

The Project consists of the dualization of a 41.7-kilometre stretch of the Mombasa-Mariakani Highway with flyovers, bus bays, service roads, truck parking, pedestrian foot bridges, walkways, street lighting and associated soft components. The project will be co-financed by KfW of Germany, European Investment Bank and the Africa Infrastructure Trust Fund.

This intervention is in line with the Kenyan Government's national strategies and the Bank's Ten Year Strategy (2013-2022), which prioritizes support to infrastructure development and promotion of regional integration as key areas of assistance. In addition, the project is well aligned with the regional infrastructure strategic pillar of the East African Regional Integration Strategy Paper (RISP 2011-2015), which focuses on Regional Transportation/Trade Facilitation Infrastructure to promote seamless connectivity within the East African Community (EAC) region.

Efficient transportation and movement of people and goods resulting from the intervention will spur economic development in the area and beyond. It will also improve port efficiency, and reduce import/export costs, thus improving the region's global competitiveness. The project complements the Bank's past operations in Kenya, in particular, and the region at large.

AfDB approves US $50 million to ABC Holdings Ltd. in Botswana, Mozambique and Zimbabwe

The Board of Directors of the African Development Bank Group (AfDB) through its private sector window approved on March 11, 2015 a US $50 million multi-currency line of credit (LoC) with a seven-year tenor to ABC Holdings Ltd. and its subsidiaries in Botswana, Mozambique and Zimbabwe.

ABC Holdings Ltd. (ABCH) is a rapidly growing financial institution targeting local small and medium enterprises (SMEs) in these countries covering various sectors such as construction, agriculture, manufacturing, transport and services. ABCH is gradually increasing its SME portfolio share targeting 30% by end 2018 as it plans to expand its retail network across countries.

The AfDB LoC will enable ABCH and its three selected subsidiaries to reach a larger number of SMEs across a wide range of sectors by offering medium- to long-term loans, which are not currently accessible for local SMEs. The AfDB will provide local currencies, Botswana Pula and Mozambique Metical to support local currency lending and promote development of the financial sector in these countries. This facility will also cover Zimbabwe where many enterprises face liquidity challenge. The facility is expected to support at least 200 SMEs and generate 800 jobs, including 400 jobs for women, during the period of the project. Leveraging the relatively long tenor of the AfDB facility, it is expected to increase the average loan tenor for SME clients who can consequently expand their business, which will promote inclusive growth of these countries.

INVESTMENTS

Closing the infrastructure investment gap in Africa

Poor and insufficient infrastructure remains one of Africa's starkest development challenges. Despite the continent's sustained growth and rapid urbanisation rates, its infrastructure investment deficit remains staggeringly high: $50bn annually, according to the African Development Bank. The gap applies mainly to energy, transport, water and sanitation, but the region is also struggling to construct enough education, culture, tourism and healthcare infrastructure for burgeoning populations. This gap impacts Africa's businesses, entrepreneurs, and young people. A new report from the Center for Global Development reveals the high importance placed on infrastructure by Africans across the continent relative to jobs and income related issues. In order to increase the pace of critical infrastructure investment, innovative financing mechanisms must be studied and scaled up.

Lack of financing is the principal constraint. Many African governments do not have the budgetary strength to make significant inroads in their infrastructure deficit without external assistance at all stages of the development. The recent weaknesses in commodity prices has strained resources even further and, although China continues to be the primary source of external funds for infrastructure projects, it is unlikely that such funding will be sufficient to bridge the gap, especially given the slowdown of the Chinese economy and challenges in its banking system.

In developed countries, a considerable portion of infrastructure funding is sourced locally but this is rarely the case in Africa. Local banks and pension funds are often liquid in local currency, though few direct such funds towards infrastructure. Instead, many prefer to invest in government bonds or local stock exchanges, as the technical expertise needed to assess infrastructure assets is often lacking. Additionally, interest rates attached to local currency are usually prohibitively expensive, particularly given that such funding needs to be in place for several years for the project to be viable.

Given the constraints facing African governments and local banks, many have looked to the private sector. Discussion of public-private partnerships (PPPs)—in which private entities bear a significant portion of the burden of funding and operating public infrastructure—dominates international conferences and pitches to investors. Perhaps the most prominent PPP success story was the delivery of the Guatrain Rapid Rail Link in South Africa ahead of the 2010 World Cup. However, the uptake of PPPs remains relatively low. A 2013 Deloitte study concluded that only 4 % of major construction projects (above $50m) were owned through a PPP structure. The private sector is yet to fully embrace PPPs on the continent, largely due to uncertainties and perceived risk in long term joint ventures with governments.

Despite the growing appetite for African market risk in global companies that was on display at last summer's US Africa Leaders' Summit, many firms remain squeamish about the greenfield risk that infrastructure projects often entail. Africa's development partners must innovate to act as effective bridges to increased investment. The African Export-Import Bank (Afreximbank), a Pan-African trade finance multilateral organisation headquartered in Cairo, is quietly pioneering this effort.

Afreximbank uses a trade finance model that allows for risk sharing in the development and operation of infrastructure between stakeholders. A local financial institution partner funds the construction of the proposed project with local currency. The local bank provides on the ground expertise and Afreximbank helps to ensure global standards. Once the construction has been completed, Afreximbank takes over the loan for a longer period and converts it into US dollars, making the financing more affordable and increasing the economic viability of the project through longer-maturity currency matching and funding costs. This model has been successfully used in the hotel industry in Sierra Leone, Cape Verde, Cote d'Ivoire, Gabon and Nigeria in partnership with global brands such as Hilton, Raddison and Protea, and in

cooperation with financial institutions such as the United Bank for Africa, First Bank of Nigeria and the Nigerian Export Import Bank.
Afreximbank has announced plans to apply the same model to the development of hospitals and hopes to use the model in a variety of greenfield developments in future. More importantly, Afreximbank plans to securitise the assets created in the capital markets. Afreximbank's work is demonstrating concrete ways in which African entities are paving an innovative path forward, providing African solutions to one of Africa's most pressing problems. Application of this model by other financial entities can scale up the success. Ports, bridges, roads, hospitals and railroads will be part of Africa's future; the faster they are built, the better the development story. The rise of other regions can provide insights for Africa's near-term development trajectory. Infrastructure and construction have formed the backbone to China's rapid transformation and if African nations are to follow suit, additional innovative solutions to the challenges of infrastructure finance will be needed. Aubrey Hruby is a visiting fellow at the Africa Center at the Atlantic Council. Dawda Jawara III is a legal consultant at the African Export Import Bank. *(Financial Times)*

Mozambique is the gateway to Southern Africa writes China Daily

Mozambique is a "gateway to the south of the African continent" with "unlimited natural resources," "an enviable location" and "new industries," according to a description given by state-run newspaper China Daily. "Mozambique is a diamond waiting to be polished with the help of its main Asian partner, China," the newspaper said in a three-page supplement dedicated to that Portuguese-speaking African country.
Saying that Mozambique has large tracts of land available for agricultural production, "and so it should be simple to feed the population," the paper cites examples of Chinese companies, such as Wanbao Grains and Oils, which is investing US$200 million in rice production on a large scale in Gaza province, south of the country. Paul Muxanga, CEO of the Cahora Bassa Hydroelectric Facility said, "we are delighted with the fact that China is supporting our economic development, given that our country offers exceptional conditions for investments." The newspaper also refers to the investment of China State Grid Corporation that will be made in the construction of the South-Central power transmission line in partnership with Portuguese power grid company REN, which is the major shareholder, to connect the country's main hydropower facility to centres of consumption. China supported Mozambican ruling party Frelimo in its fight against Portugal and was one of the first countries to establish diplomatic relations with Mozambique, on its day of independence, 25 June, 1975. In 2014, two-way trade between China and Mozambique more than doubled, to US$3,620 million, with a balance of US$310 million in China's favour, according to statistics from the China Customs Service. *(Macauhub)*

Guinea-Bissau interested in business cooperation with Cabo Verde

Guinea-Bissau is interested in "opening up the country" to Cape Verdean entrepreneurs to conduct business and establish partnerships, said in Bissau the Guinea-Bissau Minister for the Economy and Finance, Geraldo Martins. The Guinean Minister's words were supported by the Minister of Tourism, Investment and Business Development of Cabo Verde (Cape Verde), Leonesa Fortes, who is leading a trade mission to Guinea-Bissau. Martins said he hoped the six-day visit by Cape Verdean businesspeople would lead to partnership agreements that could identify business opportunities and quickly bring Cape Verdean investors to Guinea-Bissau. The Minister of Tourism, Investment and Business Development of Cabo Verde said that the delegation was in Guinea-Bissau "with the firm intention" to advance intentions already discussed between the two countries, to bring agreements between the governments to fruition and consider new areas of cooperation. According to Leonesa Fortes, Cabo Verde would be willing to cooperate with Guinea-Bissau in areas such as e-government, trade, tourism, rural development, agribusiness, fishing, construction, transport and the food industry. This is the third business mission from Cabo Verde to Guinea-Bissau. *(Macauhub)*

HeidelbergCement Plans to Invest in South Africa, Mozambique

Heidelberg Cement AG, the world's third-biggest cement maker, is considering adding South African and Mozambique production capacity as the German company seeks to tap growing demand for construction material in Africa.
"Africa is an important part of our emerging markets exposure," Chief Executive Officer Bernd Scheifele said in an interview. The continent "has seen very stable growth in demand for cement in the last few years, which is independent from what's happening in the world economy." Demand is growing at a rate of about 5 million metric tons per year, he said. Scheifele was speaking in Ouagadougou, the capital of Burkina Faso, before the opening of a $50 million grinding plant in the West African country. The factory will produce 700,000 metric tons a year, boosting the Heidelberg, Germany-based manufacturer's annual capacity on the continent to about 10 million tons, he said. Heidelberg Cement added 2.9 million metric tons of capacity in Africa last year, its biggest growth region, Scheifele said Feb. 10. The cement maker operates in Ghana, Benin, Liberia, Tanzania, Sierra Leone, Togo and Democratic Republic of Congo. The shares rose 0.2 % to 70.68 euros as of 9:05 a.m. in Frankfurt. The stock has gained 20 % this year, valuing the company at 13.3 billion euros ($14.6 billion). Demand for infrastructure has made Africa a target for cement makers including Lafarge SA, which is merging with Jona, Switzerland-based Holcim Ltd. to create the world's biggest producer. The Paris-based company plans to boost capacity at its plants in Nigeria and South Africa to more than 20

million tons by 2020 from 12 million tons, Anders Kristiansson, chief financial officer of the Africa unit, said in December.

African Expansion

Dangote Cement Plc, Africa's biggest producer of the building material, plans to expand into 14 African countries outside its home Nigerian market and is investing about $4 billion to boost capacity to 50 million tons by the end of this year. In South Africa, PPC Ltd. and AfriSam are in talks to merge the country's two biggest cement makers to step up expansion on the continent. HeidelbergCement will supply its Burkina Faso unit with raw materials from the country's southern neighbor Togo, where the company is also building a $300 million clinker plant. Scheifele declined to give further detail about the investment plans. *(Bloomberg)*

Angola announces national maritime surveillance system

Angola will set up a national maritime surveillance system, which will involve boosting the country's Navy both technically and through human resources, the government said in a statement released in Luanda. Called the National System of Maritime Surveillance and Security of the Angola Exclusive Economic Zone, the plan falls under the "Proatlântico Project," which "aims to raise the technical and human skills" of the Navy. Last September the government of Angola ordered the construction of seven patrol boats from Brazil, under a Technical Memorandum of Understanding signed between the two governments at that time. At issue is the implementation of the Angolan Naval Power Development Programme (Pronaval), which will have the support of the naval project management company EMGEPRON, which is part of the Brazilian Navy. The seven patrol vessels, each 55.6 metres in length, have a capacity of 500 tons and maximum speed of 21 knots. According to the agreement between the two governments, four of the ships will be built in Brazil (Rio de Janeiro) and the remaining three in an Angolan shipyard to be set up in Kwanza Sul province, 200 kilometres south of Luanda. *(Macauhub)*

ICT in Africa to contribute with USD 300 billion

Luanda - The Information and Communication Technologies (ICT) in Africa may contribute by 2025, with USD 300 billion, said in Luanda, Chevron's director-general, John Baltz According to the director, who was speaking at the inauguration ceremony of the Incubator of Information Technology, chaired by the Angolan Minister of Economy, Abrahao Gourgel, Chevron shares a common objective of contributing to the economic growth of the country by strengthening the Angolan competitiveness in ICT field. According to John Baltz, in Africa there have been developed successful incubators, demonstrating its potential in promoting entrepreneurship, inducing economic growth. For the director, the launch of incubator in Angola is a positive step in developing the technical capacity of national and business people so that they can compete effectively in the IT industry with other countries on the continent. He said that investments like this, which featured the partnership of Chevron, are part of the continuous efforts of the oil company to help improve the capacity of entrepreneurs and Angolan companies to thrive, enabling them to compete effectively for business opportunities in the local market and eventually the international market. *(Angop)*

Luanda hosts Angola/Japan business forum

Luanda - Thirty-seven Japanese companies involved in various economic sectors are participating in the first Angola/Japan Business Forum to strengthen cooperation between the two countries This was announced by the Angolan ambassador to Asian country, João Miguel Vehekeni, while speaking to Angop on the forum. João Miguel Vehekeni said that the three-day event will gather businessmen from both countries. The diplomat said the Japanese delegation to the forum will integrate companies like the largest World Bank (Mitsubishi), the Japanese International Cooperation Bank. Pharmaceutical company, agro-industry, industry dedicated to the manufacture of boats and heavy aircraft, are also expected to join the event.

João Manuel Vahekeni said he hoped these companies with large experience and know how to participate actively in diversification process of the economy underway in the country. The forum will also promote conferences, meeting sessions of working networks that allow the interaction between Angolan and Japanese companies, he said. The ambassador said that the programme will also cover, among others, investment opportunities in various sectors, with stress to oil, gas, agro-business, transport and logistics, tourism, energy and water, industry, geology and mining. As for the trade exchange between the two countries, the ambassador said that in 2013 Japan exported to Angola industrial products estimated at USD 280 million in vehicles, metallic materials and equipment. While, from Angola the Asian country imported crude oil worth USD 376 million. *(Angop)*

Japanese funding makes way for recovery of textile industry in Angola

In 2009, 2010 and 2011 the Angolan government three financing agreements with the Japan Bank for International Cooperation (JBIC) amounting to more than US$1.2 billion, said the Angolan Secretary of State for Cooperation of the Ministry of Foreign Affairs . Secretary of State Ângela Bragança, who spoke in Luanda on Angola/ Japan economic relations, said that the resources provided by the JBIC allowed the recovery, modernisation and expansion of textile industries Textang II in Luanda, África Têxtil in Benguela and Satec in Kwanza Norte, the implementation of which is the responsibility of a Japanese company. Bragança, cited by Angolan news agency Angop, said that the proposals for

Textang II and África Têxtil were completed in 2014, while the project for Satec should be completed in the final quarter of this year. Speaking at the Angola/Japan Business Forum, the Secretary of State said she had recently requested a feasibility study from the JBIC to finance a fibre optic cable project, estimated to cost US$300 million, based on a guarantee issued by the Finance Ministry. The Secretary of State said preparations were underway to take on a new loan to finance the energy sector reform programme currently underway in Angola. *(Macauhub)*

Vila Galé hotel group analyses investments in Cabo Verde

Portugal's Vila Gale Group plans to expand its business to Cabo Verde (Cape Verde), said Gonçalo Rebelo Almeida, chief executive of the hotel group, which has investments in Brazil and Portugal. The group's CEO did not give details of the projects to be developed in Cabo Verde, and only noted Vila Gale Group's intention to open "a third or fourth international destination outside of Portugal," namely Cabo Verde and Cuba. "They are time-consuming projects, because the cases we are looking at are hotels built from scratch, which should be completed between late 2016 and early 2017," said Rebelo de Almeida, cited by Cape Verdean newspaper A Semana. On 25 April the Vila Gale Group is scheduled to open a hotel in Évora and in July a 'boutique hotel' in the Douro region, both in Portugal. With the opening of these two units, the group has a total of 27 hotels and is now, in addition to the investments mentioned, considering purchasing units in Lisbon and in the Brazilian city of Natal, the capital of the state of Rio Grande do Norte. *(Macauhub)*

M&A

Vunani's $17m Acquisition of Fairheads Secures it an Attractive New Market

Mandlalux, a subsidiary of JSE-listed asset manager, Vunani, said it had acquired 100 % of the shares of Fairheads International Holdings (SA) for R210 million ($17.2 million). Vunani believes the purchase of Fairheads is an opportunity for Vunani to get exposure to a new market. The acquisition also permits Vunani to increase and diversify its existing service delivery within the financial services sector, it said. "Fairheads operates in an industry where Vunani currently has no exposure. [But] Vunani will be able to add value and assist in the growth of Fairheads via Vunani's current relationships…Fairheads' revenue is annuity in nature and represents an excellent acquisition opportunity for Vunani and its shareholders," Vunani added. Fairheads is an investment holding firm which presently holds two wholly-owned subsidiaries, Fairheads Benefit Services and Fairheads Corporate Service. The deal is subject to the approval by Vunani shareholders that the funding contracts be entered into in writing and become unconditional. Another condition is that South Africa's competition authorities should approve the deal in terms of the Competition Act. And an approval in writing for the implementation of the sale of shares agreement from the Registrar of Pension Funds is also a condition. *(Ventures Africa)*

South African group buys 51 pct of Mozambican insurer

South African group Sanlam Emerging Markets (SEM) has acquired a 51 % stake in Nico Vida, Mozambique, a life insurance company owned by Malawi Nico Holdings group, the group said in a statement. In 2014, the SEM group mentioned Mozambique, Angola and Zimbabwe as countries where it intended to make acquisitions after in October it acquired a 40 % stake in short term business insurance company Enterprise Insurance, of Ghana, for 240 million rand. In a statement, which did not disclose the value of the transaction, the SEM group said it already had a 25.1 % stake in the insurer's parent company, Nico Holdings Limited. Founded in 1918 as a life insurance company, the Sanlam group, based in South Africa, has become a diversified financial services business through four companies – Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investments and Santam. The group's areas of action include life insurance and financial planning, pension funds, asset management, risk management and capital markets. *(Macauhub)*

BANKING

Banks

Remittances exempt from taxation in Angola

Unilateral remittances, provided they are from emigrants, and payments for education and health abroad are now tax exempt, the Angola Finance Minister said during the debate on the details of the amending State Budget (OGE) for 2015. Armando Manuel told members of parliament that as part of the new special contributions created by the government to sustain deficits caused by low oil prices in the international market, some transactions "will eligible for exemptions." "There are invisible transactions," he continued, "that are not included in this table, as is the case of unilateral remittances, payments for training and health abroad," the minister said, according to state newspaper Jornal de Angola. The Minister stressed the need, in the current conditions of the Angolan economy, to tax provision of service contracts that are not subject to minimum tax, which are contracts that "incorporate significantly higher prices for the level of training of the workforce," in the domestic and external market. "These contracts," he said, "should be taxed if there is no double-taxation agreement in place." *(Macauhub)*

Angola: Huíla - SADC Central Banks Create Banking Supervision Project

Lubango — The SADC Central Banks are developing two projects that will enable them for less dependence of the European systems, being one for banking supervision and the other for cross border payments, said in Lubango city, southern Huíla province, the chairman of the 20th Forum of Bankers of this sub-region, the Mozambican Arlindo Lombe. Speaking on the fringes of the event, taking place in Lubango city, the official said that these are devices that are already beginning to go beyond borders of the sub-region. According to him, in the field of banking supervision, there is a regional project, whose support and development centre is located in Mozambique, which does not only cover the southern region, but also countries like Cabo Verde, Uganda and Kenya, which have already joined and soon Burundi and Ethiopia will be part of it. On the payment system, Arlindo Lombe said that there is a programme called "Cyrus" based in South Africa and all SADC countries are joining it. "It is a system designed to facilitate cross-border payments in SADC member countries without passing through European systems, as it has been habit", stressed the source. The forum is discussing issues related to the strategies of governance project of the information technologies and its progress, proposal of model of structuring information technologies, continuity of projects of communication and collaboration of infrastructures, security and systems. This is the first meeting of computing directors of Central Banks of SADC countries that is taking place in Lubango. SADC groups Angola, South Africa, Botswana, DR Congo, Lesotho, Madagascar, Malawi, Mauritius, Namibia, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. *(Angop)*

Markets

IMF Says Nigeria Should Devalue Naira Again

The International Monetary Fund (IMF), after concluding the Article IV consultation 1 with Nigeria last week, has pointed out the need for the implementation of reforms to include the devaluation of the Naira. This is in order to protect the country from potential harm during a trying time for the economy.

According to IMF, in the course of the consultation, executive directors commended the authorities for development in boosting Nigeria’s economic diversification and for their macroeconomic response to falling export prices. “Directors noted, however, that vulnerabilities remain high in view of the uncertainties about oil price, security, and the political situation, and concurred that additional policy adjustments and broader structural reforms will be necessary in the period ahead to reconstitute buffers, mitigate risks, and meet pressing development needs,” IMF Executive Board stated in a press release.

According to this report, the directors agreed that tightening fiscal policy and allowing the exchange rate to run down while using some of the reserve buffer were befitting to address the recent fall in oil prices. “Nonetheless, Directors stressed that achieving the authorities’ fiscal targets will require a careful prioritization of public spending and a cautious implementation of capital projects.” They also emphasised the importance of better budgeting at both the state and local government levels to enable better management of fiscal adjustment.

IMF said directors agreed that mobilizing extra non-oil revenues is required to open up fiscal space and improve public service delivery over the medium term. They also expressed enthusiasm towards ongoing initiatives to strengthen tax administration, and encouraged the authorities to keep social development in check. “Furthermore, Directors saw merit in reviewing the current revenue sharing arrangements to help address regional disparities over the longer term and ensure that social and development needs are addressed.” IMF said its directors welcomed the recent merger of the foreign exchange rates, better exchange rate flexibility could help reduce the effect of external shocks. The International Monetary Fund had said in December last year that it expected Nigeria’s growth rate to slow to about 5 % in 2015 from 6.1 % in the third quarter of 2014, due to effect of falling global oil prices on revenues and spending. *(Ventures Africa)*

Nigeria's central bank fixes spread on dollar sales by oil firms

Nigeria's central bank has fixed the rate at which banks can buy dollars from oil companies at not more than 2 naira spread to its clearing rate, dealers said, its latest attempt to prop up the currency hit by the drop in oil prices.

The naira crashed through the psychologically important level of 200 to the dollar last month in a rout triggered by weak oil prices and escalating tension over the postponement of a presidential election in Africa's biggest economy. The central bank has pledged to stabilise the naira and has been deploying various measures. Dealers said the central bank did not issue a formal circular on the directive, but instead resorted to persuasion, adding that the total outstanding dollar demand of about $600 million was unmet. "The central bank fixed the rate at which we can buy dollars from oil companies," one dealer told Reuters. The local unit of Royal Dutch Shell sold an undisclosed amount of dollars this week, as well as Brass LNG and Eni but the sales have failed to buoy the naira. Oil companies usually sell dollars through an auction to lenders to buy naira to fund their local operations.

Dealers said the bank had beefed up inspection of commercial bank's trading books to verify utilisation of its dollar sales. The central bank scrapped its bi-weekly currency auctions last month and a market body said it would sell dollars only at 198 naira, a move that amounts to a de facto devaluation of the currency of Africa's biggest economy. The central bank also barred lenders from reselling oil company dollars to other lenders unless the sale was backed by a customer order, dealers said. *(Reuters)*

Rapid West African growth makes debt manageable: CFA central bank

Rapid economic growth in West Africa's CFA-franc zone will keep debt loads manageable despite a recent wave of heavy borrowing by governments, the governor of the regional central bank told Reuters. The Economic and Monetary Union of West Africa (UEMOA) plans to issue 2,865 billion CFA francs ($4.9 billion) in debt this year, down 22.4 % from 2014 when both Ivory Coast and Senegal issued Eurobonds. UEMOA comprises Benin, Burkina Faso, Ivory Coast, Mali, Guinea-Bissau, Senegal, Niger and Togo. Amid a boom in Eurobonds across the continent, the International Monetary Fund has warned against excessive enthusiasm for such borrowing, saying African countries may face exchange rate risks and problems repaying dollar-denominated debt. Tiemoko Meyliet Kone, governor of West Africa's BCEAO central bank, acknowledged the dollar's strength over the past year against the euro, to which the CFA franc is pegged. However, he said the IMF, in its most recent analysis of UEMOA debt, saw only a weak to moderate risk of overindebtedness for the zone's members. "What's more, the union's growth perspectives are favourable, with a medium-term growth rate above 7 %, and show that the debt profile should continue to remain sustainable in the member states as a whole," Kone told Reuters in a written response to questions for the Reuters Africa Investment Summit. Senegal's President Macky Sall told the summit this week that the rising dollar was pushing up the cost of goods in his import-dependent economy. "The appreciation of the dollar against the euro will have a greater impact on exports than imports," Kone said. "The trade balance of Union countries should improve by nearly 200 billion (CFA francs), or around 0.4 % of 2015 GDP." As a net importer of oil, the zone will also benefit from the drop in the price of crude, Kone said. However, falling gold prices will hurt the region, he said. Gold is UEMOA's biggest export after cocoa and now accounts for a quarter of regional exports. Kone said average annual inflation was forecast to rise to 0.8 % this year, from -0.2 % last year. The central bank forecast economic growth of 7.2 % this year for the union, up from 6.6 % in 2014 and outpacing an IMF prediction for sub-Saharan Africa of 5.8 %. The bulk of this year's planned debt issuance is composed of CFA franc-denominated treasury bills, though Ivory Coast, the zone's largest economy, issued a $1 billion Eurobond last month and is mulling a first-time 200 billion CFA franc sukuk, an Islamic bond. The slowdown in China's economy had yet to have an impact on Chinese investments in the zone, which were expected to be around 200 billion CFA francs this year, Kone said. "Chinese (foreign direct investment) received by Union member states will remain at around 15 % of a total amount of 1,300 billion (CFA), which is an increase of around 10 % compared with 2014," he said. ($1 = 589.0900 CFA francs). *(Reuters)*

South Africa's rand firms, bonds gain on rates hike expectations

South Africa's rand recouped some more of this week's steep losses, firming more than 1 % against the dollar, while government bonds gained on renewed expectations of an interest rate hike.

The rand rose to 12.1485 to the dollar earlier, and was trading at 12.1800 by 0925 GMT, 0.89 % firmer on the day.

The rand has dropped to its weakest levels since 2002 after a sell-off of emerging market currencies. Riskier assets came under pressure after robust U.S. employment data increased expectations that the Federal Reserve could raise rates in the middle of this year. "Given the move in currency markets, we are due another day of consolidation as the market tries to find its feet," Warrick Butler of Standard Bank said in a note.

Government bonds tracked the rand firmer, with traders also pricing in the probability of an interest rate hike at the next monetary policy (MPC) meeting of the South African Reserve Bank on March 26.

The yield for the 2026 benchmark was down 7.5 basis points to 7.825 %. "Elevated rates in the FRA (forward rate agreement) market disclose a 50 % probability of an interest rate hike at the next MPC meeting being priced in despite the reprieve in the rand," Alexa Nicolau, a fixed income specialist at Rand Merchant Bank, said in a note. "With 125 basis points of hikes anticipated over the next 24 months, the market has turned a lot more hawkish than at the start of the year." The central bank kept its benchmark lending rate unchanged at 5.75 % at its last policy meeting in January, after adding 75 basis points in 2014. The bank will hold its next meeting later this month. *(Reuters)*

National Bank of Angola wants commercial banks across the country

The National Bank of Angola (BNA) is negotiating the expansion of the banking system in order to allow the opening of branches in all municipalities and communes across the country, a bank official said in Menongue. Jeremias Alfredo, responsible for technical supervision of banking institutions for the BNA, said the expansion of the system intended by the central bank aims to enable financial inclusion and economic stabilisation of small Angolan communities. Alfredo also said that weak expansion of banks contributed to high levels of absenteeism and lost productivity, especially in the public sector, as it led to displacement of many employees to the cities looking for banking services.

“It is necessary that each municipality has branches of at least two banks to prevent employees from having to leave their workplaces for days or weeks to go looking for these services in other locations,” he said, cited by state newspaper Jornal de Angola. Alfredo pointed out that the BNA also wanted, with the expansion of banking services to all municipalities and communes, to get the population to use banking services and thus gain greater control over the money supply. *(Macauhub)*

Fund

Carlyle Partner Said to Be in Talks to Buyout Domino's Stake

Carlyle Group LP is in discussions to sell its stake in the Middle East operator of Domino's Pizza restaurants to a consortium led by one of its senior executives, people with knowledge of the matter said.

Talks with Firas Nasir, a partner at the private-equity firm and co-head of its Middle East and North Africa buyout team, are preliminary and an agreement is yet to be reached, the people said, asking not to be identified as the information is private.

Carlyle's interest in divesting the 42 % stake in Alamar Foods follows the Washington-based firm's decision last year not to raise a second fund targeting investments in the Middle East, the people said. Carlyle bought the stake in the Saudi Arabian restaurant operator in 2011 for an undisclosed amount, through its $500 million Middle East and North Africa buyout fund. The stake was purchased from Saudi Arabia's Al Jammaz family who continued to hold a majority stake in the business, Carlyle said at the time.

Alamar operates 185 Domino's Pizza and Wendy's hamburger restaurants across 11 countries in the Middle East and North Africa, according to Carlyle's website. Abraaj Group and U.S. buyout firm TPG Capital are nearing a deal to buy a majority stake in Saudi Arabian fast-food chain Kudu, people familiar with the matter said last year.

The Middle East and North Africa fund run by Carlyle, the world's second-largest buyout firm, has investments in companies ranging from a frozen-food manufacturer in Jordan to a Turkish lingerie maker. Nasir, based in Dubai, declined to comment when contacted by Bloomberg News. A representative for Carlyle in London also declined to comment. *(Bloomberg)*

African private equity deals reach seven-year high

Stable political climate boosts international interest in continent.

The value of private equity deals in Africa reached their second-highest level on record in 2014 as population growth and an increasingly stable political climate helped drive international interest in the continent.

The total value of deals in Africa last year was $8.1bn, just short of the $8.3bnhigh recorded in2007, according to figures from the African Private Equity and Venture Capital Association(Avca). Private equity veteran Marleen Groen estimated that more than a fifth of private equity companies are "now expressing serious interest in investing in Africa". "[Africa] offers investors less competitive investments in a diversified market where many countries show ongoing GDP growth of over 7 % per annum," she said.

The level of transactions in 2014 marks a big improvement on 2013 and 2012 when total deal value was $4.3bn and $2bn respectively, demonstrating rising investor confidence in Africa's growth potential. Dorothy Kelso, research specialist at Avca, said: "Increasingly stable political environment shave been key in driving investor activity within the region, with many governments implementing business-friendly policies to attract incoming investment and trade. "The growth of the middle class, including an increasingly urbanized population with more disposable income, is [another] important driver of investment opportunities."

Private equity investments by African institutions are also on the rise, with the emergence of new African sovereign wealth funds focused on developing pan-African strategies, such as the $1.3bn Nigerian Sovereign Investment Authority. The continent's burgeoning pension fund industry could also prove to be a valuable source of private equity Investment in future, according to the Emerging Markets Private Equity Association. It estimated that pension funds in 10 African countries have total assets of $379bn, of which $29bn could be directed towards private equity. The recent removal of restrictions on where South African pension funds can invest has also enabled 5% of the country's pension assets to be invested elsewhere in Africa, according to Ms Kelso.

Last year's transaction volume was lifted by a handful of large deals carried out by three companies, which together accounted for $5bn of the total deal value. These companies include Nigeria based IHS; Azura Power, an energy development company founded by Nigerian and UK entrepreneurs; and Helios Towers Africa, which is backed by financiers George Soros and Jacob Rothschild and the former US secretary of state, Madeleine Albright.

A number of international private equity groups also entered the African market in 2014, including KKR, which made its maiden investment in the continent by spending $200m on a stake in an Ethiopian flower farm in June.

Carlyle, the US private equity house, made its first investment in Nigeria in November, spending $150m on an 18% stake in Lagos-based Diamond Bank. McKinsey, the consultancy, estimated last year that the level of assets invested in African private equity deals could reach$50bnover the next decade, although this is likely to focus on the region's most developed economies.*(Financial Times)*

Tech

Africa Remains the World's Mobile Money King

The GSM Association (GSMA) announced at the ongoing Mobile World Congress in Barcelona that the number of active Mobile Money accounts globally now exceeds 100 million and sub-Saharan Africa accounts for more than half (53 %) of these. "2014 saw a steep increase in the number of international remittances via mobile money, primarily driven by the introduction of a new model using mobile money as both the sending and receiving channel," according to the GSMA's 2014 Mobile Financial Services for the Unbanked report.

Commenting on the impressive growth of mobile money, Ismail Ahmed, founder and CEO of Worldremit, a leading international remittance company, which recently raised $100 million to enable users of its service to transfer money from 50 countries to 117 countries in Africa, Asia and Latin America, said the rapid growth of mobile money services is one of "the biggest enlargements of participation in the global financial system, ever". "As the leading sender of remittances to Mobile Money, WorldRemit understands the life opportunities that are unlocked when people have the ability to receive, spend and save money via a mobile device. "Cash is increasingly becoming an obsolete technology as the developing world sprints ahead of the developed in its adoption of Mobile Money," Ahmed adds.

Sub-Saharan Africa records the highest level of mobile money penetration, of all regions in the world. As at December 2014, 23.0 % of mobile connections in Sub-Saharan Africa were linked with a mobile money account. However, in East Africa, there was almost one mobile money account for every two mobile connections, with Kenya, the region's largest economy driving the growth. Last year, transactions worth $26.3 billion were made via mobile phones in Kenya.

According to GSMA, international remittances is one of the main sources of incoming funds to Mobile Money. With the global remittance market said to be worth $550 billion, Worldremit is determined to tap into this. Ahmed said last month that the firm was striking partnerships with mobile money service providers to ensure a more effective money transfer service. More than 50 % of Worldremit's transfers to Africa are currently received as Mobile Money or airtime top-ups. In January, it announced a partnership with telecoms giant MTN, enabling transfers to all 16 of the company's Mobile Money services. *(Ventures Africa)*

Nigeria is PayPal's Second Largest Market in Africa

PayPal may have expressed hesitation in serving Nigerian customers years ago, but it couldn't ignore, for long, the huge potentials embedded in Africa's largest economy. In less than a year after fully setting up in the country, the international payments company has revealed that Nigeria has become its second largest market in Africa, a development that is likely driven by the eCommerce-related progress made by the likes of Konga and Jumia.

This was disclosed by Malvina Goldfeld, PayPal Head of Business Development for sub-Saharan Africa, while expressing satisfaction with the adoption rates and general progress in the country thus far.

"We are very happy to see that PayPal has been widely welcomed by Nigerians since the launch of the service in the country last year. Over time, we plan to expand our service offering in Nigeria to include services that will lead to better experiences in online and mobile payment methods in Nigeria. While PayPal customers in Nigeria can open an account and send money internationally for free, the company is yet to open up its payment gateway to merchants who want to receive money, a decision so many people are not happy with," she said.

"Nigeria is a very interesting market and over time we may expand our presence, but for now we are satisfied to help Nigerians register for free for a PayPal account and make payments on overseas websites," she concluded.

Reports have it that PayPal signed up tens of thousands of Nigerians within one week of operating in the country. This suggests an active marketplace that was in strategic readiness for such a development, and a significant opportunity for a further boom in eCommerce across the country.

E-commerce is still a developing industry in most of Africa but it continues to register impressive growth outcomes every year, driven by the rising number of African middle class citizens and the spread of eCommerce giants across the continent. African consumers already make purchases from the likes of Britain, China and the United States of America, hence the need for suitable payment solutions to facilitate speedy transactions. Before PayPal's decision to set up in Nigeria, its citizens faced significant hassles in buying goods directly from foreign merchants.

With the entrance into Nigeria and 10 other nations last year, the total number of countries served by the payments giant has risen to 203. South Africa, which has more than one million active accounts, is PayPal's largest African market, and Kenya trails close to Nigeria. *(Ventures Africa)*

ENERGY

Abengoa Closes $660 Million in Financing for Africa Solar

Abengoa SA, an energy and environment company based in Spain, closed $660 million in project financing for a solar power plant in South Africa.

The financing is for a 100-megawatt solar thermal plant it plans to build in Northern Cape Province. The Xina Solar One facility will cost $880 million in total and generate enough electricity for at least 95,000 homes, Abengoa said.

Institutions including the African Development Bank and Development Bank of South Africa as well as local investment banks including Nedbank Group Ltd. took part in the non-recourse financing agreement. The Xina project will supply electricity to Eskom Holdings SOC Ltd., South Africa's power utility, under a 20-year power-purchase agreement. Abengoa, which also converts biomass into biofuels and produces drinking water from seawater, will own 40 % and South Africa's Industrial Development Corp., Public Investment Corp. and KaXu Community Trust the rest, according to the statement. South Africa aims to install as much as 17,800 megawatts of clean energy by 2030 to reduce its reliance on fossil fuels. The project, located close to Pofadder, will be built next to Abengoa's KaXu Solar One plant that's also 100 megawatts. The plant will include a thermal energy-storage system to help balance peaks between supply and demand. *(Bloomberg)*

Nersa moves to finalise rules for connecting small-scale solar to the grid

The National Energy Regulator of South Africa (Nersa) will hold public hearings in April as part of a consultation process designed to finalise new rules for small-scale solar photovoltaic (PV) generators wanting to supply electricity from their homes or businesses into the grid. The regulator has released a consultation paper titled 'Small-Scale Embedded Generation: Regulator Rules' to guide the public consultations, with March 25 set as the closing date for written submissions. A public hearing is set down for April 10 and Nersa plans to publish the new regulatory framework by the end of May. The regulator argues that it has become "urgent" to introduce "proper" regulatory rules for small-scale embedded PV generation, owing to the fact that grid-tied rooftop solar is already being deployed in the absence of a legal framework for the implementation of projects between 100 kW and 1 MW.

In fact, it says grid-tied rooftop solar "is alive and growing", noting that several municipalities have already drawn up procedures for connecting such systems. The draft update of the Integrated Resource Plan (IRP) also estimates that embedded residential and commercial PV has the potential to be as high as 22.5 GW by 2030.

The consultation paper proposes a two-phase approach for the introduction of standardized tariff schemes, with the immediate focus being on the rules for a modified "net-metering scheme" with different tariffs for exporting and importing energy for small-scale embedded generation up to 1 MVA of installed capacity".

During the second phase, more complex structures for handling fees, subsidies, levies and taxes will be considered. But such changes will be introduced later as it will require changes to policy and IRP targets. The paper suggests that replacing the current licensing regime with a registration process could reduce the regulatory burden on households and businesses keen to install grid-tied rooftop solar. Should the proposal be accepted small-scale embedded PV generators would simply need to submit an application to a licensed distributor, which will maintain a database of the generators, which will be submitted monthly for registration with Nersa.

However, another key focus of the paper is to balance the incentives provided to embedded generators with the revenue risks posed to the utility in an event of large-scale uptake. "As the penetration of small-scale embedded generation grows tariffs and regulatory policies need to ensure that the utility can collect enough revenue to cover its cost of supply and continue to safely and reliably provide electricity services to all its customers," Nersa states, noting that most tariffs for residential and small customers are currently not cost-reflective. Nersa proposes that the various components of the tariff structure, from fixed network costs to connection and metering costs, be considered for both the import and export credit tariff so as to ensure "a fair recovery of revenue" for the generator, the distributor and other consumers. *(Engineering News)*

Luxembourg funds solar plant in Cabo Verde

Luxembourg will provide funding of 251 million Cape Verdean escudos (2.3 million euros) to build a photovoltaic plant with capacity to produce 1,500 kilowatts of power on Fogo Island, said José Rodrigues, chief executive of Água Brava. Água Brava is the company responsible for the production and distribution of drinking water on the islands of Fogo and Brava, and the CEO said that within a year the island of Fogo would produce renewable energy, which will significantly reduce the cost of water production. In this project, created to overcome the difficulties encountered in securing land to install 22 generator systems for water pumping, Luxembourg is cooperating with the Ministry of Environment, Housing and Territorial Planning and the Directorate-General for Energy. Rodrigues also said that in addition to the 251 million Cape Verdean escudos to build the plant, Luxembourg would also pay for the software required to manage the units in operation. *(Macauhub)*

Sub-Saharan Africa economy: Africa's electricity access remains inadequate

Lack of access to electricity is a major hindrance to business growth and economic development across Sub-Saharan Africa, with worn-out infrastructure buckling under the weight of growing electricity demand. Some users can afford to use costly diesel electricity generators to complement unreliable grid supply, but the majority of sub-Saharan small and medium-sized enterprises (SMEs) remain without this quick fix. Governments in the region face the daunting task of expanding power supply, as steady population growth and rising incomes add pressure to demand, while foreign investors remain wary of financing large-scale infrastructure projects.

According to the International Energy Agency (IEA), installed electricity generation capacity in Sub-Saharan Africa did not exceed 90 gw, of which about half was in South Africa. As a consequence, just one-third of the sub-Saharan population has access to electricity, compared with nine in ten people elsewhere in the developing world. Some notable increases in power generation have occurred in several countries in recent years-Nigeria, Ethiopia, Rwanda, Ghana, Cameroon and Mozambique lead the pack-sparking hopes that advances in electricity generation and connection will multiply across the region. Yet regional endeavours fall short of what is needed to bring electrification rates up to level with other regions and are being fast outpaced by population growth and business demand.

Regional disparities

While the lack of power generation capacity and poor network quality is depriving people of reliable grid supply across the subcontinent, there are nonetheless stark differences between East, West and Southern Africa. In West Africa, existing electricity access rates vary from below 20% in Liberia, Sierra Leone, Niger and Burkina Faso, to more than 50% in Senegal, and above 70% in Ghana, according to the IEA. Electricity access in Ghana is among the best in the region, largely as the result of strong political commitment since the launch of the country's National Electrification Scheme in 1989. Despite these relative successes, Ghana still faces significant challenges in the electricity sector; the Volta River Authority, the state-owned power producer, has recently encountered problems in its gas-fired thermal power plants and from its main Askosombo hydroelectric dam, which has resulted in widespread outages. The implementation of load-shedding as an emergency measure looks set to continue in the near term, while the government investigates the option of bringing in emergency power systems to ease the deficit. In Nigeria, electricity consumption is repeatedly constrained by insufficient supply, with more than half of the population denied access to grid electricity. However, the government has taken steps to improve the country's transmission network. In August 2013 it signed a Memorandum of Understanding MoU) with Xian Electric Engineering, a Chinese company, to carry out a US$500m project to expand and upgrade its transmission network.

In East Africa an estimated 80% of the population live without electricity. Access to electricity remains at a low rate of 23% for its urban populations, compared with about 50% in West Africa and 35% in Southern Africa. In the region's most populous country, Ethiopia, an estimated one household in every five (21%) has access to electricity, with a significant gap between urban and rural households (89% versus 6%). Similarly, in Uganda 15% of households have access to electricity, with a clear distinction between urban and rural households (55% versus 5%).

Electricity generation in Southern Africa is generally better than elsewhere in the region. The Southern African Power Pool's 2014 annual report indicates that in Southern Africa, Botswana and Zimbabwe have reached over 40% electrification access rates, while Swaziland and South Africa maintain the highest levels, at over 60% and 80% respectively. According to the South Africa General Household Survey 2013 the number of South African households that were connected to the mains electricity supply rose from 77% in 2002 to 85% in 2013. South Africa is also by far the region's biggest producer of electricity. Electricity supply is nonetheless a major constraint on the South African economy, with the main state-owned electricity supplier, Eskom, implementing a load-shedding system in the country. One of the main reasons such shortages exist at the moment is due to Eskom having no emergency excess electricity capacity to bridge the gap between peak demand and supply. Such power shortages are likely to have a negative impact on business operations and investment in the first half of 2015.

Powering businesses

Fickle power supply is a major hindrance to business growth in the region, leaving many SMEs especially fumbling to maintain continuous trade. According to the World Bank, African manufacturing enterprises suffer from power outages on average 56 days per year. This results in firms losing 6% of sales revenues, according to the Bank; in the informal sector losses can be as high as 20%. Alongside such difficulties, power tariffs are especially dear. According to the IEA, in Sub-Saharan Africa the average tariff is US$130-140/mwh, as against US$80/mwh in other developing regions worldwide. Owing to a lack of grid reliability, firms that can afford to -a minority-use diesel generators, but this solution is at two or three times the expense of traditional power.

Population pressure

Rapid population growth across the subcontinent will add huge pressure to inadequate energy infrastructure, especially in urban areas. Sub-Saharan Africa's urban population reached 37% of the total population in 2013, and is expected to grow by 3.5% per year until 2050, according to the African Development Bank (AfDB). The AfDB predicts that between 2010 and 2025, African cities will account for up to 85% of the national population, which would place enormous pressure on current electricity networks. Countries such as Burundi, Ethiopia, Malawi, Niger, South Sudan and Uganda still have low levels of urbanisation, but are expected to become significantly more urbanised by 2050.

There will also be increasing needs for rural electrification schemes; the UN expects the rural population in Nigeria, Ethiopia and Uganda to reach 50m , 39m and 38m, respectively, by 2050. On current trends, these additional sources of demand for electricity will not be serviced. According to the IEA's Africa Energy Outlook, published in 2014, up to 1bn people in

Sub-Saharan Africa are predicted to gain electricity access by 2040, but owing to accelerated population growth, 530m people are still forecast to go without it by that date. Besides the obvious impact on economic growth and development, this also raises questions about social stability. Popular frustrations with poor electricity supplies already run high across the continent. An Afrobarometer "What People Want from Government" survey in 2013 quoted most Africans as being unhappy with public provision of basic services, with 55% saying that the government has done fairly badly or very badly in delivering reliable power supply.

An estimated 8 out of 10 adults in Liberia, Uganda, Nigeria, Guinea and Zimbabwe criticise their governments' efforts to supply reliable electricity. Such issues contribute to wider discontent about government effectiveness, with more popular protests over the lack of electricity not unthinkable. Indeed demonstrations about power shortages led to the downfall of the government in Madagascar earlier this year.

Interconnection: the way forward

Regional integration and development will play a key part in valuable grid expansion. The Infrastructure Consortium for Africa estimates that in order to meet demand by 2040, US$5.4bn will be required for regional interconnectors. Such regional integration has the potential to save US$33bn per year in power-generation costs. In Burkina Faso, a new interconnection with Ghana should provide the domestic grid with a minimum supply of 100 mw by 2016. In December 2014 Zambia, Tanzania and Kenya signed up to the construction of a 400-kv power interconnector which would link the

Eastern African Power Pool to the Southern African one, with connections to Ethiopia also being planned. If the project is successful it has the potential to cut power tariffs and reduce governments' usage of emergency power transmitters.
Greater regional co-operation and integration will be required to facilitate major generation and transmission projects. Any lack of co-operation will undoubtedly lead to delays in the region's aim of providing access to electricity for both homes and businesses alike, but with limited regional co-operation in the past, it remains to be seen whether African governments will pool their resources to shape the future of electricity access. *(Economist Intelligence Unit)*

Ethiopia's $5bn project that could turn it into Africa's water powerhouse
It's called the Grand Renaissance Dam -- and the clue is in the name.
With some 8,500 laborers working around the clock on its construction, the imposingly-named dam is surely one of Africa's most ambitious infrastructure projects, reaffirming Ethiopia's ambitions of becoming a big regional player and a major exporter of power. When completed, the project will generate around 6,000 megawatts of electricity for both domestic use and exports.
The most striking aspect of the nearly $5 billion enterprise is, however, that it is entirely funded by Ethiopia, without any foreign investment. According to the authorities, 20% of the project is financed from bond offerings to Ethiopians, and the remaining 80% from tax collection. "It was seen as a strategically important initiative that the government and the Ethiopian people are financing it 100%," says Zemedeneh Negatu, managing partner at Ernst & Young Ethiopia. "They have come up with a very creative and innovative way that I think will be a lesson for other African countries who want to embark on such large infrastructure projects, and want to have the flexibility to do it themselves," he adds.
Hydroelectric powerhouse
So far, Ethiopians at home and abroad have contributed about $350 million, and the government says that the 170 meter tall dam is on track for a 2017 opening, with 40% of the work already complete. Ethiopia's per capita income might be one of the lowest in the world, but the country has enjoyed an impressive economic growth since 2000, averaging 10.9% annually, which has resulted in a 33% reduction of people living in poverty. If the Grand Renaissance Dam and other hydroelectric projects, such as the Gibe III dam on the Omo river, are completed on time, The World Bank estimates Ethiopia could earn $1 billion a year from electricity exports. Negatu says that this would make the country the largest exporter of power in Africa, and second only to South Africa when it comes to installed capacity.
Unhappy neighbors
Yet, not everyone is happy about Ethiopia's energetic drive to harness its water resources. The Grand Renaissance Dam is being built on Blue Nile, a tributary of the Nile River which has been powering the agriculture of Sudan and Egypt -- through which it flows -- for millennia. These countries have opposed the project in the past, fearing that the dam will reduce their share of the Nile water. The ousted Egyptian president Mohamed Morsi had even threatened to defend "each drop of Nile water with our blood if necessary" back in 2013.
Passions have been calmer more recently, and today the Reuters news agency reported that representatives of Egypt, Sudan and Ethiopia reached a preliminary agreement in Khartoum on how to operate the dam. Negatu is convinced that a compromise will be reached, as he thinks that the dam will ultimately benefit not just Ethiopia but most other East African nations. "This is actually a regional project because up from Egypt all the way down to Rwanda, countries are going to buy the power that's generated by this dam," Negatu says, adding that both Rwanda and Kenya have already agreed to purchase thousands of megawatts once the project is finished.
A lack of reliable power has long stunted Africa's development, with 600 million people on the continent not connected to the grid and getting by on a mix of generators, kerosene lamps and candles. In Ethiopia, only 15 to 20% of the population has access to power according to a study by Chatham House. "It's Africa's Achilles' heel," says Negatu. "With anyone who wants to build a factory in Africa, the first thing they ask is infrastructure, and within infrastructure, whether there is sufficient electricity. Industrialization has always been about electricity, and this [dam] addresses this basic need." He adds that, after depending on exporting raw commodities for decades, governments across Africa should be pursuing a strategy of industrialization, following the example of China. "We've got to move up the value chain, and it's what Ethiopia is doing right now. Its strategy is industrial-based -- not to export commodities but to manufacture value-added things, and other African nations are trying to emulate that. But without electricity there won't be industrialization in Africa." *(CnnMoney.com)*

INFRASTRUCTURE

Cities of Luanda and Lobito, Angola, to be linked by motorway
A new bridge over the Kwanza River along National Road 100, begins to be built this year to allow traffic to move more easily between Luanda and southern Angola, along the coast, said Director General of the Angolan Roads Institute. António Resende said the new bridge would have four lanes, two in each direction, and be able to support vehicles weighing up to 100 tons. The site is currently undergoing mine removal and being cleared for he work yard to be installed. The Director-General of the Angolan Roads Institute said that the current link between Luanda and Lobito, passing around the city of Sumbe, would give way to a motorway, “as it no longer has capacity to support the amount of

traffic recorded on a daily basis." The motorway will be built in phases, "because of its length and high cost", with the first phase starting from the bridge over the Kwanza River to Porto Amboim and the second phase to Sumbe "and so on until the work is finished." National Road 100 currently passes through a number of locations, such as Porto Amboim, Sumbe and Lobito, which has caused many constraints on road traffic. The current bridge Kwanza Rover bridge will continue to work, but only for internal traffic in Luanda, Resende noted.

In addition to construction of the new bridge over the Kwanza River, two other bridges will be also built with motorway's running along them over the Longa and Queve rivers. However, these will be smaller, as the bridge over the Kwanza River is 4 kilometres long and the other two are each 1,200 metres long. *(Macauhub)*

Eastern Cape commits R1.28bn to road upgrades in 2015

Eastern Cape Treasury MEC Sakhumzi Somyo has committed the province to ramping up infrastructure development and maintenance and improving transport logistics, noting at the announcement of the latest provincial budget that this would improve the province's regional competitiveness and reduce the cost of doing business in the Eastern Cape. "This [strategy] will assist with investment and the reindustrialisation of the province, reaffirming the Eastern Cape Development Corporation's role to drive and secure critical investments as a contribution to transforming the provincial economy," he told the provincial legislature in Bhisho Somyo outlined that the maintenance of provincial roads would be boosted by a R1.28-billion investment for the year, growing almost threefold to R4.01-billion over the medium-term expenditure framework period. Roads leading to key agricultural production and tourism sites would be prioritised under this programme. Small, medium-sized and microenterprises (SMMEs) and cooperatives had also been singled out for increased support, with R40.7-million allocated to support their development over the next 12 months. "Provincial government also [aims to spend] up to 50% of its R14-billion public sector spend on local businesses, [which will allow] public procurement to be used as a transformation tool and a catalyst for enterprise development," he commented.

Somyo noted that the country's current power supply challenge was an opportunity for more public and private sector investment, adding that the Eastern Cape government was making resources available to "support research in [the] shale gas [exploration] sector, which we aim to exploit for our people." Indicative of the investment in energy infrastructure was national oil company PetroSA's proposed Project Mthombo crude oil refinery, at Coega, in the Eastern Cape, which was expected to produce 300 000 bbl/d of oil, he said. Somyo further outlined the province's prioritisation, in line with the first phase of Operation Phakisa, of the ocean economy, as well as its plans to increase the level of manufactured exports, particularly from labour-intensive industries. "The province is well positioned to drive export-oriented growth owing to its industrial development zones. The transition of Coega and East London to special economic zones (SEZs) will help to further drive growth and employment in the regional economy. "A third SEZ in the Wild Coast is already in its prefeasibility stage, which will facilitate development in the east of the province," he noted. *(Engineering News)*

Transnet and private company lock horns over private container terminal

IN A hearing that could have profound economic implications for the port of Richards Bay, the wider Zululand region and container exports and imports, a private company is taking on Transnet over building a private container terminal at Richards Bay. The company, Siyakhuphuka, headed by shipping veteran Jan Scheepers, has the backing of a major container shipping line and container terminal operator. But Mr Scheepers said that Transnet was resisting the proposed development because it wanted to maintain its monopoly over container terminals.

Unlike Durban, Cape Town and some other South African ports, Richards Bay does not have a container terminal. It is an important port for break-bulk exports, mainly coal and iron ore, but is left off the list of the major container shipping lines. Mr Scheepers said he wanted to resolve this by building a private container terminal.

The hearing is before the ports regulator in Durban. The complainant, Siyakhuphuka, accuses Transnet of anticompetitive action in trying to prevent the construction and operation of the container terminal at Richards Bay.

In its application before the hearing, Siyakhuphuka claims that from 2005 the Richards Bay-Zululand economic hub has been unable to offer cargo container services. After discussions with an international container shipping line, which cannot be named until the hearing has been concluded, Siyakhuphuka, together with a sister company that operates container terminals, said it would be a partner in the funding, development and operating of the proposed container terminal. An application to develop and manage a container terminal was lodged with the National Ports Authority in January 2008. Mr Scheepers said the proposed container terminal would bring many benefits, including opening new export markets, attracting major shipping lines, drawing Richards Bay into the global container shipping network and the creation of thousands of direct and indirect job opportunities. *(BDLive)*

Kenya, Japan to Deepen Trade and Infrastructure Pacts

President Uhuru Kenyatta held talks with Prime Minister Shinzo Abe, agreeing to deepen Kenya and Japan's partnership in areas ranging from infrastructure development to fighting terrorism. President Kenyatta and Abe discussed investments in the energy sector focused on geothermal power development, scholarships for Kenyans especially in the maritime field, infrastructure, funding Kenya's universal health care plan, and ending the threat of terrorism around the globe. Prime Minister Abe announced a raft of new initiatives to support Kenya, offering a $33 million facility for President Kenyatta's flagship universal healthcare plan, as well as interest in power, maritime and other high-end infrastructure projects in the pipeline. President Kenyatta called for partnership in fighting terrorism, and combating radicalisation by exchanging intelligence information. He encouraged more direct links between the two countries' respective national security and intelligence agencies. "We would also do well to partner more closely in border and maritime security management in screening, investigation and enhancing our counter-terrorism capabilities," President Kenyatta said. He said Kenya and Japan should also encourage collaboration with international partners in the fight against terrorism and violent extremism. Prime Minister Abe agreed, saying: "We want to work with Kenya to secure stability in Africa." President Kenyatta commended Japan's review of its Official Development Assistance (ODA) Charter to include cooperation and funding of non-military security projects. "The non-military assistance - in the amount of US $200 million - to countries affected by terrorism in the Middle East and Africa is a very welcome gesture," the President said. He applauded the cooperation between Kenya and Japan at the bilateral and multilateral levels, saying his visit to Japan provides an opportunity for the two countries to forge closer ties and consolidate their strategic partnership. "The contribution of Japan is felt in all parts of Kenya and across all socio-economic sectors. From education to technology, to development, Kenyans right across the country can claim to have benefited from the work of Japan's government and its people," President Kenyatta said.

President Kenyatta - who is accompanied by Cabinet Secretaries Amina Mohamed, Eng. Michael Kamau and Henry Rotich - said Japan is a model for Kenya, adding: "We seek to emulate your experience in economic development and in raising the standard of living of the Japanese people." The President appreciated Japan's support to Kenya's development agenda, especially financing of the Mombasa Port expansion project Phase I and Phase II. "Japan has also financed the 140 MW Geothermal Power Project in Olkaria 1, at units 4 and 5, which I commissioned last month. This project has improved productivity and competitiveness by lowering the cost of electricity substantially," President Kenyatta said. He pointed out: "Kenya is now a leader in the development of geothermal power sector in the region as well as globally." On the Tokyo International Conference on African Development (TICAD), President Kenyatta said Kenya is committed to hosting the TICAD VI summit. "We are working within the African Union framework to reach an early consensus on Kenya's bid to host TICAD VI," he said. *(All Africa)*

Tanzania dreams big with port project at former slave harbor

In its heyday, Bagamayo was a gateway to the heart of Africa for colonisers, with trade goods surging in from the Indian Ocean, and timber, ivory and countless slaves exported from the east coast harbour.

Then Bagamoyo, which looks out towards the island of Zanzibar, fell on lean times for more than a century. Now Tanzania plans an $11 billion project to make it the region's biggest port and an engine of Africa's boom.

The Chinese-backed project would dwarf Kenya's port at Mombasa, east Africa's trade gateway some 300 km (180 miles) to the north, and include an industrial zone and rail and road links to capitalise on growth in a region hoping to exploit new oil and gas finds."It will be the engine for economic activity not only for Bagamoyo but for the entire region," said district executive Ibrahim Matovu, speaking from offices overlooking beaches where ship-builders hammer out wooden dhows as they have for centuries. Many doubt the plan can succeed and ask if Bagamoyo is even the right location for a port, given it is just 75 km (50 miles) up the coast from Dar es Salaam and far from gas deposits off Tanzania's southern coast.

Politics also plays a role.

President Jakaya Kikwete comes from Bagamoyo and many see the port as his legacy project. But a groundbreaking ceremony was delayed from July and the project is unlikely to be revived during an election season that culminates in October, when his successor will be chosen. In addition, Tanzania faces a budget crunch and has been cutting infrastructure spending and the country lacks a credit rating, making borrowing more costly. China Merchant Holding International has been joined by Omani sovereign wealth fund, the State General Reserve Fund, on the project but there has been little progress on building the infrastructure. The companies could not be reached for comment. Critics say the project is too much too soon for a nation with solid growth but big infrastructure gaps. Instead, they say the government should focus on improving Dar es Salaam's port, which handles 90 % of exports and is growing at 10 % per year. "Unfortunately, I think they lost a bit of focus. There is a need for more coordination and clear direction on priority projects," said Jacques Morisset, the World Bank's lead country economist. Tanzania, a former socialist state, is struggling to shake its image as aid-dependent and corrupt. Last month, the acting port authority director was suspended amid a corruption inquiry, two years after his predecessor was similarly ousted.

"WHITE ELEPHANT"

Across the region, fast-growing economies have launched infrastructure projects at a scale unprecedented in most of Africa. Many are hitting bottlenecks. Kenya, east Africa's top economy, is upgrading Mombasa port and says it plans to move ahead with a long-delayed megaport in Lamu, an ancient Arab trading post near the border with Somalia. The Bagamoyo plan, 10 km from Bagamoyo town, a tentative U.N. World Heritage site which has the crumbling remains of a slave market and other remnants of the East African slave trade, was unveiled during a visit of the Chinese premier in 2013. It is meant to ease congestion in Dar es Salaam and transform a depressed area into a trade and manufacturing hub. Yet there are practical difficulties, not least that Bagamoyo's port, unlike Dar es Salaam's, would most likely need regular, extensive dredging. "Bagamoyo is a really good example of a white elephant," said one analyst who focuses on infrastructure. "If you're going to have two major ports, then isn't the place to have it in the south, where the gas is?"

Tanzania has up to 53.28 trillion cubic feet of off-shore gas, putting it on par with some Middle East producers, but it has yet to construct a liquefied natural gas plant. Plans to upgrade Tanzania's central corridor rail line that connects mineral-rich Democratic Republic of the Congo to the coast are moving slowly. "If you improve only the ports without improving the railway, you are not doing anything," Shaaban Mwinjaka, permanent secretary at the Ministry of Transport, told Reuters.

"PEOPLE, THEY HOPE"

In the meantime, Dar es Salaam has problems of its own. The World Bank recently issued a stark assessment of the efficiency of a port expected to reach capacity within a decade. Last September, the Bank signed a $565 million deal to nearly double Dar's capacity by 2020. "If the port was as efficient as Mombasa, which is certainly not a great benchmark, the country would make almost $2 billion profit gain per year," said World Bank economist Morisset. At the port, in Tanzania's biggest city, warehouses are being raised to handle more goods and machinery is being brought in to convert general cargo wharfs into container terminals, while there are plans to deepen two berths to make way for bigger ships. Back in Bagamayo, artisans sip tea as they wait for the odd tourist to amble by. "They've been talking about this (port) project for so, so long, but there's no action," said Rast Mwite, a painter who sells leather sandals and chairs cut from coconut wood. "But people, they hope." *(Reuters)*

MINING

Zimbabwe says to merge all diamond mines under one company

Zimbabwe is planning to merge all diamond mining companies, including the local unit of Rio Tinto, into one big firm in which the state will own half of the shares, the minister of mines said. President Robert Mugabe's government is pursuing a black economic empowerment programme, known locally as indigenisation, that requires foreign-owned companies, including mines, to sell 51 % of their shares to black Zimbabweans.

The government had previously said it wanted to merge some of the diamond companies operating in the Marange area to the east of the southern African country, in which it already owns half the shares, to enhance transparency. But mines Minister Walter Chidhakwa told a committee of parliament that all the mines would be merged, including Rio Tinto's Murowa diamond mine in south-central Zimbabwe. "We are very clear, this is a regulatory matter and we have said to them the only way you can participate in diamond mining in Zimbabwe is by being in this company," he said. Rio Tinto owns 78 % of Murowa mine, which last year increased diamond output by 7 % to 344,000 carats.

Chidhakwa said the government would use the value of the companies equipment to determine their shareholding. Companies that did not want to merge would be given compensation and allowed to leave, he said. Zimbabwe last year earned $396 million, down from $456 million the previous year, according to central bank data. *(Reuters)*

Gemfields Targets Colombia Emerald Entry as Profit Surges

Gemfields Plc, the world’s biggest emerald producer, hopes to buy a mine in Colombia this year as rising profit enables the company to look beyond Africa. “We’ve increased the number of people, and the amount of energy and time we can dedicate to something new,” Chief Executive Officer Ian Harebottle said in a telephone interview. “I’m hopeful we should be able to finish something this calendar year.” The London-based company and owner of Faberge Ltd. said March 9 that earnings were bolstered by rising emerald and ruby output from mines in Zambia and Mozambique. Gemfields’ gross margin of 66 % makes it the most profitable company among global peers tracked by Bloomberg by that measure. Colombia’s total emerald output was 2 million carats last year, a decline of 25 % from 2013, according to the country’s mining agency. Formerly the world’s biggest producer of the green gemstones, Colombia has slipped behind Zambia and Brazil in recent years as its aging mines lack investment in new machinery, Oscar Baquero, the head of the country’s emerald federation, said in September. Gemfields typically holds a 75 % interest in its mining assets, leaving 25 % with local stakeholders, Harebottle said. Colombia’s emerald mining is focused in the central province of Boyaca and has experienced periodic violence in the past.

Right Partner

In the late 1980s, thousands died when Gonzalo Rodriguez Gacha, the Medellin cocaine cartel boss, attempted to wrest control of the emerald zone from Victor Carranza, dubbed the “emerald Czar” by Colombian newspapers. Carranza, who survived wars with Marxist rebels and rival emerald clans, died from cancer in April 2013. “We still see a massive amount of potential in Colombia,” Harebottle said. “It’s very easy to identify attractive assets. To find the right one with long-term potential, with the right partner at the right price, that takes a bit longer.” Gemfields entered into a joint venture in September with East West Gem Investments Ltd. to develop opportunities in sapphire and gemstones in Sri Lanka. *(Bloomberg)*

Glencore Unit Takes $192.5 Million Writedown on Iron Ore Project

Sphere Minerals Ltd., controlled by Glencore Plc, took a $192.5 million writedown on its Askaf iron ore project in Africa, saying plunging prices made it unprofitable to develop. Work on the $900 million project was slowed in

October, after development was approved in April last year. Askaf North had been expected to begin output in early 2017 and was forecast to yield about 7.5 million metric tons a year, once developed.
"The board has determined to defer further development of Askaf," Sphere said in a statement. "All construction commitments are being closed out, expenditure minimized, and employment numbers reduced." Iron ore has continued its slide since Sphere's October announcement. Benchmark prices in China dropped to the lowest since at least May 2008, when Metal Bulletin Ltd. started compiling weekly prices, as the largest producers including Vale SA and Rio Tinto Group increase low-cost output from Australia and Brazil. The global surplus will surge to 437 million tons in 2018 from 184 million tons this year, Morgan Stanley said on Feb.22. Total impairments at Sphere last year were $240.7 million, with the company also writing down exploration spending at the El Aouj and Lebtheinia projects, the company said in the statement. Sphere is 88 % owned by Baar, Switzerland-based Glencore's Sidero Pty, according to data compiled by Bloomberg. Peter Grauer, the chairman of Bloomberg LP, the parent of Bloomberg News, is a non-executive director of Glencore. *(Bloomberg)*

Angola is Encouraging its Small Miners to Consider Diamond Exploration

Angola has given the green light for diamond mining to small scale mining consortiums; the Organization for Artisanal, Semi-Industrial Diamonds Exploration and the Nharea Diamond cooperative. According to Angola Ministry of Geology and Mines, the diamond rich southern African nation has "approved rights for artisanal diamond mining in a total area of nearly 500 square kilometres in northern interior of the country." "The concessions are granted, according to the orders from the Ministry of Geology and Mines Organization for Artisanal and Semi-Industrial Diamonds Exploration – OEASID) in the Cuango basin, and to the Nharea Diamond cooperative, in the Dando Kwanza area," the Angolan Mines Ministry added in a statement. Most of the diamond mining in Angola is done by multinational companies and public organisations. Angola is the third largest producer of diamonds in Africa. Its mining industry contributes 12 % to GDP (excluding the oil sector), of which diamonds are responsible for over 98 % of that. But only 40 % of the diamond-rich territory within the country has been explored. The government has so far failed to attract significant investment because of corruption, human rights violations, and diamond smuggling. The Angolan government loses $375 million annually from diamond smuggling.*(Ventures Africa)*

Former Xstrata Chief Mick Davis Raises $5.6 Billion for Mining Deals

Potential targets include assets from Rio Tinto, BHP Billiton, Anglo American

Mining veteran Mick Davis looks poised to pull the trigger on some big deals at a time of cheap mineral prices and willing sellers. The former Xstrata PLC chief executive has raised $5.6 billion for his mining fund, X2 Resources, and plans to start deploying cash in the next few months, according to people familiar with his plans. The people said that X2 has closed itself to new investors after having raised cash from sovereign-wealth funds, pension funds and private-equity firms such as TPG Capital.
Potential targets include assets held by mining giants such as Rio Tinto PLC, BHP Billiton Ltd. and Anglo American PLC, and X2 has held talks with all three companies, one of the people said. The companies declined to comment. X2 is expected to disclose that it has wrapped up fund-raising. X2's emergence gives the mining industry something its executives and observers have long anticipated: a deal-savvy operator armed with a wad of cash and looking for acquisitions in an arena stricken by collapsing prices for commodities, such as iron ore. Mr. Davis formed X2 in London in September 2013, about four months after taking part in the largest mining deal: the $29.5 billion Glencore PLC acquisition of Xstrata. Mr. Davis began raising money soon after he and several top lieutenants left Glencore. "We continue to carefully review a number of opportunities in the sector in detail," Mr. Davis said in a statement. "The long-term nature of our strategy provides us with the flexibility to target those opportunities where we see the greatest potential for value creation." X2 has $4 billion in so-called committed capital, which it can immediately deploy for deals, according to a person familiar with the terms. The remaining $1.6 billion in capital is conditional upon certain undisclosed requirements by the firm's investors, the person said.
Some experts say Mr. Davis could find it hard to find enough solid mining assets for sale. Big miners are unlikely to dispose of quality mines, and X2 will have to compete with giants such as Glencore for other attractive deals. Mr. Davis's backers say he put together a world-class portfolio at Xstrata and can do it again at X2.
In addition to assets at major miners, X2 is also looking at midtier miners in financial distress and junior mining outfits near production, according to the person familiar with the fund's plans. It is looking at commodities such as copper, zinc and nickel, among others, in regions such as Latin America, the U.S. and Africa, the person said. An advisory board, whose members have committed at least $500 million apiece, will review the firm's investment decisions.
Among its investors is Noble Group Ltd. a Singapore-listed commodities trader whose shares have fallen sharply recently amid questions about its accounting practices. Noble has defended its accounting practices and said its auditors had signed off on its results.
The launch of X2's fund comes during a long-running lull in deal-making activity in the mining industry, which is struggling as demand in China and elsewhere wanes. Deal volume declined 23% to 544 in 2014 from the previous year, marking the fourth straight year of declining volume, according to consultants Ernst & Young LLP. The valuation of

deals plunged even more, sliding 49% last year to $44.6 billion. Megadeals have been even more scarce, with just 11 deals of more than $1 billion in 2014, down from 18 in 2013, Ernst & Young reported.
The top of the latest deal cycle, which rode a wave of surging commodity prices, was marked by the Glencore-Xstrata tie up. Other mining executives, such as former Vale CEO Roger Agnelli, have also embarked on fundraising campaigns. But so far little money has been spent amid uncertainty about the course of commodity prices. Big mining companies such as BHP, Rio and Anglo haven't signaled they plan major acquisitions. BHP is planning the opposite, spinning off some of its assets into a new midsize mining company called South32, whose value analysts have pegged at roughly $15 billion Activity could heat up later this year, especially if firms such as X2 begin to deploy capital, some analysts and bankers say. One major mining outfit X2 hasn't discussed deals with is Glencore, the person familiar with the matter said. The Swiss miner and commodities trader opened talks with Rio about a takeover last year but was rebuffed. Glencore could approach Rio again in April. But recent declines in commodity prices central to Glencore's business, such as copper and coal, could make a deal tough to pull off, market experts say. Glencore still could be on the hunt for less-hard-to-swallow assets. If so, that potentially could pit Mr. Davis against Glencore CEO Ivan Glasenberg, a dynamic that would add some heat to what has been an ice-cold deals market in mining. *(Wall Street Journal)*

Taxing times for African mining

The mining sector is likely to see restructurings and write-downs as falling commodity prices and political risk hit the industry. In 2011, the mining giant Rio Tinto paid $3.7bn for coal assets in Mozambique's Tete province. Last year the company sold the assets on for $50m, citing the logistical challenges of moving coal the 600km from Tete to the coast.
The exuberance of the early part of the decade, when high commodity prices pushed mining companies to seek out assets in frontier African markets, has died down as prices of precious and industrial metals slide. Rio Tinto's disastrous experience in Mozambique is an extreme example, but the 7,000 delegates who attended this year's Mining Indaba – Africa's largest annual mining conference – did so against a sobering backdrop of falling earnings and rising political risk.
Before a slump in metals prices in recent months, Africa offered investors some of the world's most attractive, untapped mineral resources. Record high commodity prices over the last decade have helped African producers achieve some of the fastest economic growth rates in the world. Zambia grew an average of 6.4% in the last decade, largely due to a copper boom driven by demand from rapidly industrialising countries, in particular China. Gold mining companies Randgold and Gold Fields, operating in South Africa and Ghana, cashed in as gold prices hit an all-time high of $1,900 in 2011. That proved to be the peak, however. Fears of slowing growth in China and continuing uncertainty in developed economies have hit the outlook for industrial metals, while the US shale gas boom led to a glut of coal on international markets, pushing prices down. Gold has fallen back to below $1,250. Slumping prices have resulted in cuts to investment, the shelving of operations and the divestment of assets – hampering growth a continent more dependent on mineral exports than any other in the world. Political and social factors have also weighed heavily on miners. Anglo-American Platinum saw a 50% fall in 2014 earnings following a protracted five-month labour strike in South Africa last year. The deadly Ebola virus in West Africa was the final straw for London Mining in Sierra Leone, prompting the country's second-largest iron ore producer to go into administration. African Minerals Ltd, which also mines iron ore in the country, shut its mine in December.

Resource nationalism

Days before the conference started, Zimbabwe's nonagenarian president Robert Mugabe, who became chairman for the African Union in January, said, "African resources should belong to Africa and to no one else, except to those we invite as friends. "Friends we shall have, yes, but imperialists and colonialists no more." An increasingly informed African public, driven by a rising middle-class, are demanding that governments squeeze more out of foreign-owned companies mining in their countries. In the face of low commodity prices, African governments across the continent are struggling to find a balance between how their raw materials are exploited – and for whose benefit – whilst ensuring that they do not scare off investors. In Zambia, Africa's second largest copper producer, uncertainty over taxes has rattled investors. The copper price has plunged to a near-six-year-low, leaving production barely viable, especially for its aged mines that are costly to operate. Zambia hiked open pit mining royalties from 6% to 20% and underground royalties from 6% to 8% in January. Higher taxes and a slump in the price of the metal to $5,663 a ton since 2013 has prompted Vedanta Resources Plc, to review its Zambian copper unit. David Paterson, vice-president for Vedanta's Konkola Copper Mines (KCM), told African Business on the side-lines of the conference that the additional taxes will add $85m to their cost base, at a time when the mine is in a negative cashflow. "Raising revenue-based royalties…raises the cut-off grade for mines and all mines will no doubt close earlier than they would have otherwise than under a profit based system," Paterson says. "In the long run…revenue-based royalties are a tax on jobs."
Paterson said that while the company has been encouraged by early dialogue with Zambia's new president, Edgar Lungu – other challenges remain. About $200m in historical VAT repayments are still outstanding to KCM, he says. First Quantum Minerals Ltd and Glencore Plc are among the companies that have suspended projects valued at more than $1.5bn because of a dispute over VAT refunds, while Barrick Gold Corp, the largest copper producer in the country, blames the royalty hike for its decision to begin mothballing its Lumwana mine. "We are paying the price for

lack of foresight on the part of the industry, and perhaps … [governments] feeling the need to capture more value," says Claude Baissac, a mining risk consultant at Eunomix. "Except it is the wrong time for everybody."

South Africa's lost shine

Governments need to settle down and create stable, predictable policy environments, Baissac says – particularly in South Africa. Over the past few years, South Africa, once the continent's mining giant, has become increasingly marginal as it grapples with ageing mines, labour unrest and policy uncertainty. "There are often mixed signals that come from the political establishment," Chris Griffith, Anglo-American Platinum Ltd (Amplats) CEO, said during a panel discussion at the conference. South Africa's Mineral Resources Minister Ngoako Ramatlhodi told journalists on 10th February that the government would amend a law that attempts to reverse historical injustices within the mining industry. These revisions would give the state a free 20% stake in all new energy ventures and the right to buy additional shares. Ramatlhodi said the government intended to establish a new South African mining conglomerate, "National Champion", that could potentially buy assets sold by companies, such as Anglo American Plc.

The new company, which could focus on one or more commodities, "will be community-based with a strong worker participation and anchored and run along business principles," he said, without going into details about how the entity would be financed. Anglo-American plans to shed some of its underperforming assets, looking to exit from Kriel, New Denmark and New Vaal. A five-month strike at the South African operations of the world's biggest platinum producer last year hampered output and growth. Amplats reported a hasty slide in profits in 12 months at the end of December with $68m, down from R1.45bn ($123m) the previous year. The platinum company is expected to offload its problematic Rustenburg and Union mines by the middle of the year, opting for shallower and more mechanised operations. Interested buyers are currently involved in a due diligence process on the mines, but Anglo may decide to list the assets as an alternative. Sibanye Gold is one of several suitors – as is the government's National Champion project.

Coal producers that have incurred significant debt to bring mines into production are under severe strain as a result of last year's slide in global coal prices. Junior company, Continental Coal, the Australian-listed coal producer operating in South Africa has been seeking ways out of its financial difficulties. Glencore Plc's South African coal unit has also said that it was considering closing some of its South African operations. "Things continue to weigh heavily on the mining sector in South Africa including the critical energy situation, adversarial labour relations resulting in extended strikes, labour productivity continues to fall," Griffith said.

Restructuring ahead

With risks dominating the agenda and the outlook for prices still uncertain, the industry is likely to hunker down. "This is going to be another sit-tight type of year," one legal advisor for mining majors in Cape Town says. "Restructuring is going to dominate. Investors will be cautious." Africa accounted for 10% of total mining mergers and acquisitions in 2010, but Standard Bank estimates this has dropped back to about 3.5%. There were only 12 private equity deals last year in the African mining sector, with a combined value of $302m. Mines requiring a significant amount of infrastructure investment are unlikely to get it in the current climate, mining analysts say. Exploration budgets are also going to be scaled back, according to Rajat Kohli, global head of mining and metals at Standard Bank in London. Alan Davies, CEO of Rio Tinto, speaking on a panel at the Indaba, warned that shying away from exploration in the current slump is risky. "We are going through tough times in the industry at the moment, it is always tempting to cut back on exploration but the fundamentals are – if we do not invest in the replenishment of our resources we will go out of business." *(African Business)*

OIL & GAS

Nigerian parliament committee finishes key oil law report

A Nigerian House of Representatives committee has finalised a key report on a new National Petroleum Industry bill, recommending that the president's power to grant oil licences should be removed, according to a document seen by Reuters. An executive summary of the report also said the government should float 30 % of the state oil company, NNPC, on the Nigerian stock exchange. The summary did not say when the report would be submitted to the lower house of parliament for a vote. Drawing up the petroleum bill - expected to be one of the biggest shake-ups of the oil industry in Africa's top crude producer - has taken years, but politicians said completing the committee report was the toughest part of the process. Besides a parliamentary vote, the upper house Senate must also complete a report and approve it by a vote. In other recommendations, the summary said the government should start monitoring oil output by measuring at flow stations, rather than at the point of export, in a bid to bring clarity to production figures and crack down on corruption. It also said the new bill should not affect the "sanctity" of existing petroleum licences, allaying industry concerns that it might be applied retroactively. *(Reuters)*

Tullow, Partners May Invest $14 Billion in Uganda Oil Fields

Tullow Oil Plc and its partners expect to invest as much as $14 billion developing oil fields in Uganda, General Manager Jimmy Mugerwa said. Tullow, an exploration company based in London, is working with Total SA of France and China's Cnooc Ltd. To develop fields that the government estimates contain 6.5 billion barrels of oil resources. Crude production may begin as early as 2017 and is expected to reach 200,000 barrels per day by about 2020, according to the World Bank. "With the partner companies, we are looking at $8 to $10 billion for the upstream and $3 to $4 billion when we start the pipeline construction," Mugerwa said in an interview in Kigali, the capital of neighboring Rwanda. Uganda, where oil was discovered in 2006, announced last week it will sell its first round of exploration licenses later this year after lifting a permitting moratorium that has been in place since 2007. Cnooc was the first company to be issued with a license, while applications for other companies are still pending. Tullow expects to make a final investment decision for work in Uganda by the end of 2015 or early 2016, Chief Executive Officer Aidan Heavey said in November. Six oil blocks are on offer in the so-called Albertine Graben, on Uganda's border with the Democratic Republic of Congo. More than 400 companies, both domestic and foreign, have expressed an interest in the acreage during preliminary stages, Energy Minister Irene Muloni told reporters on Feb. 24. Tullow, which has drilled 79 wells in Uganda, is evaluating the licensing round, Mugerwa said. "The bids are still open, but right now, nothing is concrete," he said. *(Bloomberg)*

BP and partners to invest $12bn in Egypt Gas deal

British oil company BP expects to invest around $12-billion with its partners as part of a finalised West Nile Delta concession deal to develop 5-trillion cubic feet of gas resources and 55-million barrels of condensates. The supply deal will help Egypt as it tackles its worst energy crisis in decades. Rising energy consumption and decreasing production have turned it from a net energy exporter to a net importer in the last few years and caused persistent blackouts.

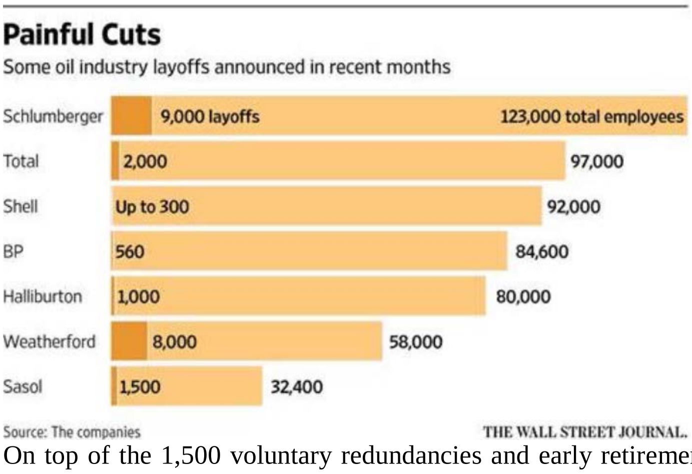
BP said on Friday that production from the project was expected to reach up to 1.2-billion cubic feet a day, equivalent to about 25% of Egypt's current gas production. BP said it had about 65 % equity in the project partnership. Production is expected to start in 2017. BP North Africa Regional President, Hesham Mekawi said: "BP expects to double its current gas supply to the Egyptian domestic market during this decade when the WND (West Nile Delta) project reaches its peak production." BP said gas would be produced from two BP-operated offshore concession blocs, North Alexandria and West Mediterranean Deepwater. The firm said it believed there was the potential for future exploration to add a further 5- 7 tcf which could boost WND production with additional investments.

BP also said that production from its Taurus and Libra gas fields would be channelled via BG Group's existing offshore pipeline network, serving its Burullus concession, into the Egyptian grid. The head of BG had told Reuters in December that the company was in advanced talks that could boost supplies to power-hungry Egypt by allowing rival BP to use its pipelines. *(Engineering News)*

Sasol Cuts 1,500 Jobs as Oil Price Slumps

Petrochemicals company also slashed its dividend, though its second-half net profit jumped

South African petrochemicals company Sasol Ltd. has cut 1,500 jobs and said more will go, the latest layoffs in a global oil sector contending with the commodity's price rout. Head count at the company will be "dramatically down" by June, with Sasol pressing ahead with steep cuts in capital spending and a reduction in its annual dividend, Chief Executive David Constable said. But Mr. Constable said the scale of the industry's cutbacks are such that they might catapult oil prices higher again in 2017 after their roughly 50% slide since last summer. "The capital projects that we're cutting back on—that the majors are cutting back on—these projects take years and years to start back up. You don't flip the switch," he said in an interview. "That's what could give you a high-side well above 100 [dollars a barrel]," he said. Sasol itself has "put on the shelf…until further notice" plans to build a $14 billion gas-to-liquid plant in Louisiana. The project would have been the single-largest foreign investment in the U.S., but Mr. Constable said suspending it will save Sasol "billions" in the next two to three years.



On top of the 1,500 voluntary redundancies and early retirements completed by Dec. 31, Sasol has cut an additional 100 jobs so far this year, Mr. Constable said. There are at least a further 300 identified positions that Sasol plans to eliminate in the next few months, he added. The company also isn't filling about 1,000 vacant positions.

Sasol also said that it was slashing its dividend to conserve cash amid lower oil prices, even as it reported a surge in second-half 2014 profit. In line with a February warning, Sasol said it would cut its dividend 13% to seven rand (58 U.S. cents) a share. Net profit rose 54% to 19.54 billion rand ($1.62 billion) for the six months ended Dec. 31, compared with 12.71 billion rand in the corresponding period of 2013, on a 1.6% rise in revenue to 99.83 billion rand. Sasol is the latest large oil company to roll out significant job cuts and other aggressive savings measures. Total SA of France said last month it would cut 2,000 jobs by 2017. Cutbacks in spending and jobs at oil companies have spread to the services sector as it confronts falling orders from oil-company clients or demands for reduced pricing. Schlumberger Ltd., an oil-field-services provider, said in January it would cut 9,000 jobs. Job cuts and lower dividends are part of Sasol's plan to save 30 billion to 50 billion rand in response to low oil prices, which Mr. Constable said could recover to reach $80 a barrel in 2017. Exploration and extraction activity will be suspended indefinitely to make immediate savings, he added, apart from Sasol's gas-plant project in Mozambique. "From an upstream exploration-extraction perspective, we're pulling back everything except for Mozambique. Oil and gas reserves there are very important to us—that's where we will spend our time," Mr. Constable said. Sasol, whose costs are mostly in rand, said its profitability in the second half of 2014 received a 9% boost because of a weaker rand exchange rate against the U.S. dollar, but that this was partly offset by 19% lower Brent crude-oil prices over the same period. *(Wall Street Journal)*

Gas distribution network in Maputo, Mozambique, almost complete

The construction of a gas distribution network in Maputo and Marracuene, southern Mozambique, is almost finished, the consortium of national oil company ENH and Kogas said in Maputo. "Thirteen kilometres of the gas pipeline have already been built, corresponding to a degree of implementation of 89 % and the remaining work will be completed this month, if no unforeseen technical or weather situations occur," the consortium said in a statement. The work, which began in December 2014, is included in the second phase of the Maputo and Marracuene gas distribution project and is intended to install a 14.6 km pipeline from Zimpeto, outside the Mozambican capital, to the village of Marracuene. In the first phase, the consortium, owned by Mozambican company ENH and South Korea's Kogas, built a 62-kilometre network, a project estimated to cost more than 35 million euros, which is already in operation. In 2009, the Mozambican government awarded a concession to ENH to sell and distribute gas in the city of Maputo and district of Marracuene and the Mozambican state invited the Kogas to form the consortium responsible for the project, which was eventually funded by South Korea. *(Macauhub)*

Anadarko Petroleum Group continues to invest in natural gas in Mozambique

US group Anadarko Petroleum plans to invest between US$5.4 billion and US$5.8 billion in 2015 on research and exploration projects for oil and natural gas in several countries, including Mozambique. A statement posted on the oil group's website said most of the investment (55 %) will be made in the United States of America, specifically in onshore mining projects currently in progress. "In 2015, Anadarko expects to open, in deep water, between nine and 12 exploration/test well, particularly in Colombia, Kenya and the Gulf of Mexico, plans to advance the findings in Shenandoah, in the Gulf of Mexico, and in the Paon sea in Ivory Coast, in order to assess their profitability and continue with the liquefied natural gas project in Mozambique," the statement said. *(Macauhub)*

Ghana State-owned oil company to sign US$700m loan

The state-owned Ghana National Petroleum Corporation (GNPC) is close to signing a US$700m loan.

The GNPC is to secure the loan from a consortium of private lenders, led by a commodity trader, Trafigura. The funds will be used to finance GNPC's expansion, including replacing and increasing oil reserves, and developing local content provision and institutional capacity, as well as more efficient capitalisation. Ghana began producing oil in 2010, and as of 2015 produces over 100,000 barrels/day. If managed correctly and transparently, this loan could greatly increase the country's production capacity. However, although the loan in isolation can be viewed as a potentially positive development, its timing is problematic. With increased economic uncertainty in Ghana-the country's economic troubles include an ongoing energy crisis, high inflation and a slump in the local currency-the addition of another loan will be viewed with frustration by many. There is a wide belief among many Ghanaians that they have yet to benefit personally from the country's emergence as an oil producer. GNPC's announcement comes just weeks after the country finalised a three-year IMF assistance package worth US$940m made necessary by the economic troubles, and in direct contrast to the promises of growth and development that came with the oil discovery. Furthermore, although the full terms of the loan have not been made public, there are questions over the suitability and feasibility of a private commercial loan for a state-owned corporation, especially in a sector subject to volatility in prices. Presumably the IMF would have been aware of the imminent agreement of this loan, but the Fund programme is likely to include public debt targets that deals like this will make challenging to meet, particularly if, as we expect, public spending increases as the 2016 election approaches. *(Economist Intelligence Unit)*

RETAIL

Jumia's Kenyan Unit Recorded 900% Sales Growth in 2014

Two years ago, Jumia made a bold move to expand geographically and targeted the Kenyan market for immediate penetration. Combatting the initial challenges of trust, acceptability and infrastructure gaps, and the brand has made significant progress in establishing itself as revealed by recent reports suggesting a significant upsurge in received orders. Parinaz Firozi, Managing Director at Jumia Kenya says the online retailer successfully grew orders by a whopping 900 % in 2014, and it accomplished this feat by deploying the two-pronged tactic of understanding and adapting to the needs of Kenyan customers while maintaining aggressive marketing efforts. This development shows a lot of promise for the eCommerce industry in Kenya which has, in a sense, been slow to pick up steam. Last year, the Communications Authority of Kenya released statistics suggesting that the East African nation's eCommerce industry was worth Sh4.3 ($47.2 million) billion, a far cry from South Africa's Sh54 billion ($593 million) eCommerce sector. Identified drivers of this disparity, according to the CA, included high custom duty and taxes paid on imports and inadequate cybersecurity. "When we entered the Kenyan market in 2013, we realized there were many hurdles we had to overcome. The Kenyan consumer is generally either unbanked or underbanked. For those who have credit or debit cards, they do not want to reveal their bank account details on a platform they have not used before," says Firozi, adding that understanding the Kenyan consumer has helped Jumia rapidly scale to be the biggest retailer in the country with over 100,000 different products. Despite the impediments, there is a steady continent-wide increase in digital adoption and an attendant increase in the number of tech-savvy middle-class citizens, the typical target for eCommerce firms. This trend is expected to usher in an era of digital awareness and the necessary infrastructure to sustain it. With a presence in 13 countries and 3000 employees across Africa, Jumia continues to shake the e-commerce industry in Sub-Saharan Africa by offering variety and favourable pricing. Adapting to the customers' preferred shopping practices and payment platforms helped project the Jumia brand in the right light and eventually increased its value in Kenya. "Jumia provided an opportunity for shoppers to pay cash or M-Pesa on delivery and today, this accounts for a majority of our transactions. These were the real factors that helped us scale to the extent we did. We understood what the customer wanted and provided the solution," explains Firozi. Jumia's return policy, which allows for the return of purchased goods within 7 days at no charge, was a silver bullet as it helped win the trust of Kenyan customers, some 75 % of which lie in the 25-45 year age group. Looking ahead, Jumia continues to position as a viable launch pad and entry route for international brands looking to penetrate the African market as it has recently struck partnerships with Microsoft and two other mobile brands. *(Ventures Africa)*

Nigerian Breweries is Hijacking the Bitters Drink Market from Guinness

Since the launch of locally themed alcoholic beverage, Orijin, developed by black beer giant, Guinness, there has been a spike in the demand for bitters drinks. Nigerians have patronized Orijin relentlessly, as it "offers something fresh; something uniquely different from the regulars in the market," a local bar owner on the Lagos Island told Ventures Africa. It had succeeded in stealing consumers of Heineken and Star (Nigerian Breweries' top selling light beer brands), as well as black beers. This, Guinness believed had finally tilted the balance of play in Nigeria's alcohol market towards its end, until the unveiling of Ace Roots.

Ace Roots is simply the Nigerian Breweries' reply to Orijin. It however played the second mover advantage card to perfection by identifying and exploiting the flaws inherent in Guinness's Orijin. During the launch of Ace Roots last week, the Nigerians Breweries' (NBL) Sales Director, Hubert Eze, revealed to a large gathering of top distributors, customers, entertainers, and the press, that the Ace Roots is completely brewed, unlike the "mixed spirit" approach employed in producing Orijin, and contained 14 herbs and Spices, also unlike Orijin's blend of flavours. The NBL's Bitters drink also countered Orijin on healthiness; showcasing what it considered a healthier alternative as it contains only a single cube, compared to Orijin's five. It is now the first low sugar bitters made in Nigeria. The new

drink is expected to meet the needs of consumers and reconnect them to an era when herbal drinks hold sway to cure many health challenges, Hubert Eze hinted. "ACE Roots symbolizes a call to action for everyone; customers and consumers to go back to their roots of true African herbs, fruits and spice extracts with Low Sugar. It is a great innovation, one that we at Nigerian Breweries are very proud of, and we are confident our young and vibrant consumers will appreciate this game changing brand," said Mr Eze.

Battle for Nigeria's alcohol treasure

Indeed the Ace Roots might become the most critical component in the quest to dominate Nigeria's $2.4 billion alcohol market, which is growing at an annual average of 6 %. NBL currently controls more than 70 % of this market after it bought over Consolidated Breweries last year. Guinness, however, holds a lucrative niche. Its renowned black beer brand, Guinness Stout, remains the overwhelming favourite of local consumers, while it also controls the distilled beverage (liquor) market thanks to its parent company Diageo, the world's biggest liquor maker. The hotly contested battle however extends beyond the confines of alcohol. Both companies hold a collection of brands actively competing in almost every sector. In the malt drink market for example, Guinness' Malta Guinness is often seen side by side Maltina and low sugar Amstel Malt, both produced by Nigerian Breweries With both companies keen on extending this competition, the latest bitters drink battle sets the stage for a new battle. Will Guinness corner another niche for itself like it has with the black beer? or will Ace Roots again depict why the Nigerian Breweries remains the dominant industry player? .*(Ventures Africa)*

Kenya's Retail Economy More Formalised Than Nigeria's, Says Nielsen

Kenya is the second most formalised retail economy in Africa after South Africa, a survey carried out by the New York Stock Exchange-listed research company, Nielsen has revealed. The consumer report focusing on five sub-Saharan Africa economies, which was released, indicates that 30 % of Kenyans shop in proper retail outlets compared to 60 % in South Africa. The commercial powerhouse of East Africa is ranked ahead of Ghana which has only four percent of its population patronising retail shops. It also tops Cameroon and Nigeria, both of which have two percent of shoppers visiting supermarkets. "Even in Kenya, regarded as one of Africa's most developed retail markets, traditional trade still accounts for 70 % of sales," noted the Nielsen report. The 41 % who visit formal retail outlets do so to explore the wide variety offered by these outlets. The most widely spread shops in Kenya are table tops, kiosks, market stalls, cosmetic outlets, telecom kiosks, drugs (pharmacists) and catering and leisure shops. 20 % of traditional stores in Kenya are convenience outlets while 33 % are groceries. In Cameroon, however, convenience outlets account for 48 % of the informal trade shops. Although the level of patronage is impressive, these supermarkets offer competitive prices and are not necessarily located within close distances from most buyers. Nielsen noted that traditional markets are still very relevant in the modern day African society. "It is true that large African and international retailers such as Shoprite, Woolworths, and Carrefour are making investments in modern trade formats. But traditional outlets will continue to be a significant channel for reaching consumers for some considerable time to come," read the report. According to a Kenyan business news platform Business Daily, small retailers such as Mulleys & Sons, GreenMart, QuickMart, Maathai Supermarket, EastMatt and CleanShelf are expanding rapidly. *(Ventures Africa)*

SAB Miller aims for the 'bottom of the pyramid' in Africa

SAB Miller, the world's second largest brewing company, will adopt a new strategy targeting low income consumers in Africa. Mirroring strategies in other sectors targeting the untapped commercial potential of 'bottom of the pyramid' consumers, the company will focus on creating a differentiated pricing model to protect affordability for its lower cost lines rather than keeping pace with inflation. SAB Miller executives hope the scheme will allow them to capture the market currently dominated by informal alcohol producers. "The key difference between Africa and the rest of the world is the large volume of informal alcohol - this is an opportunity," says Mark Bowman, the company's managing director for Africa.

In other sectors, companies such as pharma giant GlaxoSmithKline (GSK) have adopted similar volume-based strategies for products in African markets in order to increase affordability. While investors continue to target new products and services at Africa's growing middle classes - whose number have increased from an estimated 4.6 million to 15 million between 2000 and 2014 in 15 key economies, according to a recent study - interest in catering to the region's large low income population is also growing target. More than 4 billion people, or 72 % of populations across the emerging regions of Africa, Asia, Eastern Europe, and Latin America and the Caribbean, are considered bottom of the pyramid consumers, according to the IFC. Typically these segments are underserved and reliant on informal markets. However, designing products and services at appropriate price points while still allowing companies to make a profit can often be challenging using orthodox strategies. SAB Miller's growth by volume in Africa outpaced Asia Pacific in the third quarter of 2014, indicating the growing importance of the market. However aside from Uganda, where SAB Miller's affordable product lines constitute 60 % of the company's sales volume - the company's inroads into low income markets remains underdeveloped, according to Mr Bowman. It is this fact that the new strategy is designed to remedy. "We would probably be a little bit uncomfortable if that were the case across the whole of Africa, but logically if it makes sense given the the price point that you would sell one and a half to two times more affordable beer than mainstream. I think the problem is our own psyche around this thing," he says, pointing out that beer at $1 still constitutes a premium product in this part of the world.

However, as the company shifts its mentality around the new approach, it will seek to grow this segment "as aggressively as we can...as long as we can preserve reasonable growth and not cannibalize unnecessarily established positions" Mr Bowman says. According to Bowman, this will mean pricing at approximately 60 to 90 % of inflation depending on the market, as opposed to the standard 90 to 100 % now. The company has already implemented differentiated pricing in South Africa, one of its key markets. Low pricing regimes are expected to be applied in approximately 70 % of SAB Miller's African markets. According to Mr Bowman, a focus on improving efficiency and shifting focus away from focusing on margins will be key to the new approach. "Our focus now is on how many dollars we can make, or local currency equivalent, as opposed to exactly the margin. I would say on an annual basis if we were neutral to slightly positive in terms of margins we would be happy - so the emphasis has moved away from the margin." *(This is Africa)*

AGRIBUSINESS

S.Africa could import maize if stocks fall further on bad weather

South Africa could start importing maize if stocks fall too low after unfavourable weather conditions reduced the expected harvest for the 2015 season, traders and an industry body said. Severe drought and unrelenting heat in the maize belt of Africa's biggest producer have raised concerns about the price of food and a possible shortage of the crop in coming months. Last season's harvest was the highest in 32 years while this season's is expected to be the lowest in eight years. "IfDthere is a shortage of white maize we can probably source it from Zambia, but it will only be able to reach South Africa from August onwards," Willem Voogt, manager of marketing and financial services at Grain SA. "Given the current crop estimates, it is foreseen that we will have just enough white maize. But if the crop further deteriorates we could run short." According to industry data released last month, 2.495 million tonnes of white maize and 1.542 million tonnes of yellow maize were in stock at the end of January. Although this is higher than the same time in 2014, Voogt said there was still a danger of a shortage. Yellow maize is mainly used for animal feed in the poultry and pork industries while white maize is a staple for the poor majority and working class. Total annual maize demand in South Africa is 10.1 million tonnes, said Voogt. For yellow maize, the demand is 5.7 million tonnes and for white it stands at 4.4 million tonnes. Piet Fuare, a soft commodities trader at CJC Securities, said the rising prices of maize would affect inflation. Another analyst said more yellow maize could be imported as there were limited supplies of white maize globally. The most traded July white maize contract has climbed 30 % this year mostly due to unfavourable weather conditions, peaking at 3,010 rand ($246) a tonne in February. South Africa will likely harvest 9.66 million tonnes of maize this year, 32 % less than 2014, the government's Crop Estimates Committee said in February. ($1 = 12.2228 rand) *(Reuters)*

UN food price index decline likely to aid probable SA maize imports

A KEY global food price index dropped to a five-year low last month, providing good news for SA, which is likely to import at least 1-million tonnes of maize by the end of this year if the drought persists. The United Nations Food and Agriculture Organisation’s (FAO’s) food price index fell to a nearly five-year low of 179.4 points last month from 181.2 points in January, indicating lower global food prices. The FAO said lower global prices for cereals, meat and sugar more than offset an increase in milk and palm oil prices. Grain SA said last month that a severe drought in January and last month that affected local maize output could force the country to import 1.65-million tonnes of yellow maize to meet domestic demand. Bureau for Economic Research economist Harri Kemp said the consequences on food inflation would be negative if SA ended up having to import maize. "Given the weakness in the rand and the possibility of further depreciation, this could add further upside pressure to consumer food prices in the second half of 2015 and into 2016," he said. SA’s national maize crop is estimated at 9.6-million tonnes for the 2015-16 season — lower than the 14.3-million tonnes harvested last year, according to Grain SA’s data. FAO’s dairy and livestock market expert Michael Griffin said the ongoing decline in the food price index reflected robust global supply conditions as well as ongoing weakness in many currencies versus the US dollar, which appeared set to continue. "The first thing to flag is the favourable outlook for production of a number of crops in 2015," he said. Stocks were also very strong for most cereals. The cereal price index averaged 171.7 points last month, down 5.6 points from January, mainly on the strength of booming prospects for wheat output. Prices of wheat, coarse grains and rice were all lower, but the decline was most pronounced for wheat, reflecting a continued improvement in this year’s wheat production prospects, amid already large world inventories, the FAO said. Global maize prices also declined, while rice prices were more stable. FNB economist Alex Smith expected domestic food inflation to slow to an average of about 4% this year from 7.8% last year. Food inflation has been slowing in recent months from 9.5% year on year in August last year to 6.6% year on year in January. "The combination of a lower oil price and a period of declining agricultural commodity prices over the course of 2014 should see domestic food price growth slow over the coming months." Mr Smith said. "However, the recent spike in the local maize price is likely to push some food prices up towards year-end and into 2016." Mr Kemp also expected a moderation in food price inflation towards mid-year. The meat price index averaged 187.4 points last month, down 1.4%. *(BDLive)*

Malanje Province to gain fish food production plant

Malanje - A fish food production plant is to be built this year close to the fish farming centre located in Camibafoward, located about five kilometres to the north of Malanje City, by the Angolan Fisheries Ministry The information was given to ANGOP, in Malanje City, by the provincial director for agriculture, rural development and fisheries, João Manuel, having added that the future factory will enable the expansion of fish farming in the whole province. On the other hand, the official informed that the fish farming centre of Camibafo, which is on a standstill for over twenty years, has been undergoing rehabilitation works, sponsored by the Spanish Co-operation. According to the source, to guarantee the appropriate functioning of the mentioned centre, the Fisheries Ministry, through the Artisanal Fishing Institute, has hired Cuban specialists. João Manuel said the intention of the Malanje Province government is to guarantee that in short space of time the province can start the production of fish, aiming at contributing to the intended economic diversification process. "Malanje Province does not have a tradition in fishes multiplication through aquaculture, but it has artisanal fishing activities in the banks of rivers and lagoons (...)", explained the source. *(Angop)*

AIA calls for greater investment in agriculture sector

Luanda - The chairperson of the Industrial Association of Angola (AIA), José Severino, in Luanda appealed to the business class to invest in the agriculture and tourism sector in the context of diversification of the national economy. AIA chairman was speaking to the press at a meeting between businessmen of Industrial Chamber of Commerce of Angola and South Africa. He explained that the Angolan authorities should be closer to Cape Town, under the cooperation between the two countries. José Severino considered the meeting an opportunity for the country to grow along with the South African business community in the agriculture and tourism sectors. In his turn, the deputy director of Chamber of Commerce and industry between Angolan and South Africa, Lourenço Miguel, said that the trade between the two countries reached a total of USD 5 billion in 2014, with stress to sectors of agriculture, exploration of mineral resources and construction. *(Angop)*

African Farmers Put Hope in Beer

While some farms prosper, cultivating grains for big brewers doesn't always yield a payday Ugandan farmer Ephraim Opusi had managed to make ends meet growing corn on his 5-acre plot in the hilly Kumi district in eastern Uganda. But now that he cultivates white sorghum, a grain used in beer brewing, Mr. Opusi has struggled to feed his six children. "It has been a bad season," says the 52-year old farmer, who is under contract with beer maker SABMiller PLC. During his first season in 2010, Mr. Opusi harvested three tons of sorghum. It earned him $750, one of his best seasons. An average Ugandan makes $510 a year, according to World Bank data.

Encouraged by the earnings, Mr. Opusi ditched other profitable crops to concentrate growing sorghum. But he didn't count on many other farmers doing the same, leading to a 20% increase in the price of corn and beans in his district. Brewing giants such as SABMiller and Diageo PLC have invested millions of dollars into African farms, providing a guaranteed market—and better returns—to smallholder farmers as they look for more locally sourced materials such as sorghum. Food staples cassava and yams are also being supplied to brewers. Farmers are also growing less food, preferring to cultivate sorghum varieties specifically developed for brewing. The result: Shrinking food supplies have led to higher prices, putting staples out of reach to many families. "There isn't enough land to accommodate both kinds of crops," said Okasai Opolot, the head of Uganda's crop production and marketing and the agriculture ministry. "More families are exposed to food shortages." Supporters of the brewing projects say the beer makers mainly use food staples in countries where there are surpluses grown, and are providing a ready market for crops that have previously gone to waste due to over production and poor post-harvest handling services.

Under agreements with multinational brewers, farmers grow beer-making ingredients in return for credit to buy seeds, pesticides, fertilizers and other farm needs. The farmers also supply certain quantities of the crops at prices fixed by the particular brewer. "The farmer has no commitment whatsoever to sell," said Anna Swaithes, SABMiller's head of livelihoods, land and food security. The brewers' investment in Africa farmland reflects a strategic shift in the pursuit of cost-conscious consumers who favor cheaper beer brands made from homegrown crops. Beer from local ingredients usually costs around 40% less than brands brewed with imported barley.

African beer sales are climbing fast. Sub-Saharan Africa will make up 40% of global profit growth—or about $5 billion —for beer companies over the next decade, according to Deutsche Bank, overtaking China as the industry's main engine for growth.

Tax breaks are helping to support the rise of African beer sales. Governments in Africa have been providing tax breaks to brewers to encourage the use of more domestic ingredients—part of a strategy to wean people away from homebrewed concoctions that can pose health risks.

SABMiller, the world's second-biggest brewer by sales after Anheuser-Busch InBev SA, now operates either autonomously or through partnership in 37 African countries. It sells 20 million hectoliters of lager a year, the equivalent to 800 Olympic-size swimming pools. In 2013, Africa for the first time contributed more to the company's profit than Europe.

The investment program has had clear benefits. Ugandan farmer Alex Isiagi has used proceeds from sorghum sales to SABMiller to buy 64 acres of extra farmlands in the past five years. He now has a house with plumbing and electricity, unusual for the impoverished part of eastern Uganda where he lives. "I don't have to grow corn. I plant sorghum twice every year and I use earnings from sorghum to buy food," says Mr. Isiagi, who has cultivated sorghum for six years.

Overall, the shift to sorghum is taking a toll on the country's food production.

Until 2011, Uganda was the largest supplier of corn and beans to the U.N. World Food Program in sub-Saharan Africa after South Africa. But over the past four years, Uganda's food sales to the World Food Program, the largest buyer of locally produced grains and cereals, have dwindled. And soaring demand for crops like yam and cassava for use in beer production is driving prices higher across Africa.

Last year, sorghum prices were up to 80% from a five-year average in East Africa, while cassava prices rose more than 33% in Central Africa, according to Famine Early Warning Systems Network, a U.S.-government funded research group. Brewers say there should be enough flexibility in their investment programs to ensure farmers are able to grow enough food to eat. “In most markets, farmers do not supply us their entire harvest, they keep some for their own consumption or for sale in local communities,” Cecilia Coonan, a Diageo spokeswoman said. The company said it aims to improve yield and quality on smallholder farms by encouraging techniques like crop rotation and soil management. It tracks results by employing local businesses to conduct soil tests on farmers’ fields. Emily Hallie, a spokeswoman for SABMiller, said its contracts with smallholder farmers don’t contain obligations for the farmers to sell, rather for the company to buy a certain quantity at an agreed price. But SABMiller “has a level of expectation” that farmers deliver on agreed contracts, said a person familiar with the company’s negotiations with farmers.

In Mozambique, the number of farmers contracted to supply cassava to SABMiller for brewing Impala beer, the world’s first commercial beer from the root tuber, increased tenfold in the past three years, reaching 10,000 in 2014.

In Uganda, more than 20,000 farmers have signed contracts to supply SABMiller’s unit with sorghum, compared with less than 10,000 three years ago. Ghanaian farmers have doubled farmlands for yams used by Diageo to brew a local beer known as Ruut over the past couple of years. SABMiller’s unit in Uganda now has a stockpile of sorghum to last 10 months, according to Joseph Kalule, the local sourcing manager with SABMiller. *(Wall Street Journal)*

Bananas produced in Mozambique sold in South Africa

The African Food Company in 2014 posted turnover of around 10 million rand from exporting around 3,000 tons of bananas to the South African market, produced in Chivonguene, Guijá in the Mozambican province of Gaza, said the company’s production director. Ashley Cameron told Mozambican newspaper Notícias, the bananas exported to South Africa accounted for about half of the total harvest last year, of just over six tons. These were preferentially sold to the local market, especially to the south of the country. The production director said the start of the project had some difficulties due to flooding that hit the production areas, causing a loss of around 80 hectares of banana plantation, a situation that has since been overcome. Founded in 2013, the company started operating after an investment of US$8 million and is currently working in an area of just over 300 hectares, of a total 500 hectares available, employing over 400 people, most of whom are women. According to the company’s website (http://theafricanfoodcompany.com/), the African Food Company has the support of a number of international investors. *(Macauhub)*

TELECOM

Ghana’s First Mobile Operator Expand 4G Service Nationwide

Ghana’s first mobile telecommunications operator to deploy an LTE network, Surfline Communications, is expanding its 4G LTE network to cover all regions in Ghana with Huawei Technologies. The data provider picked Huawei for its expansion plans after a grueling evaluation process, which saw the Chinese multinational emerge as the winning vendor due in part to its success as a worldwide market leader on frequency division duplex (FDD).

The expansion will cover major cities such as Takoradi, Kumasi, Cape Coast, Tamale and Ho, and include all key municipalities within the country where data services have been insufficient to cater for the available consumers. Once completed, Surfline will boast 700+ cell sites, making it one of the world’s largest independent LTE networks, an amazing feat for the country’s only telecommunications network that is wholly owned by Ghanaians. The announcement which was made at the just concluded Mobile World Congress follows Surfline’s extremely successful launch last August, which saw the company raise the bar on both new and existing operators through their commitment to bring international standards to Ghana by introducing sophisticated experiential stores, superior customer service and incomparable data speeds. Surfline has experienced tremendous growth in its customer base and has won a couple of awards. In 2014, the company was nominated for “Breakthrough LTE Entrant” at AfricaCom in South Africa. It also won “Top Emerging Brand” at the Top Brands Awards in Ghana. *(Ventures Africa)*

Oger Telecom may sell South Africa's Cell C stake: chairman

Oger Telecom is looking at the possibility of selling its majority stake in Cell C, South Africa's third-largest mobile telecoms network operator, the chairman of the Middle Eastern firm told Reuters. Goldman Sachs has been appointed by Oger Telecom to help with the process, Mohammed Hariri told Reuters in an interview in Dubai. "All options are open. If we get a good price, we will sell," Hariri said, adding it had been approached by several interested parties but no firm decisions had been made. He declined to name the parties. Hariri said the decision by Oger, which owns 75 % of Cell C, was triggered by the South African telecoms regulator's revised plan for cutting the termination fee which operators charge competitors to carry their calls. "For us, if we get a proper value, we'd rather not continue. If the termination rates were honoured as original, we would have stayed easily," he said. The Independent Communications Authority of South Africa (ICASA) announced in February last year that it planned to halve by 2016 the termination fee of 20 South African cents a minute, a move which brought a legal challenge by the country's two largest operators -- MTN and Vodacom. The ICASA then revised its plan in September, deciding that rates should instead be cut to 8 cents by March 2017. Providers with smaller customer bases are most sensitive to changes in the termination fee, since more calls made by their users are to customers of other networks. Cell C has been in an aggressive price war with its two main rivals in a bid to gain market share. It had 19.6 million users at the end of 2014 with revenue up 16 % last year. *(Reuters)*

American Tower Is Said to Eye MTN's South African Assets

MTN Group Ltd., Africa's largest wireless carrier, has received interest from American Tower Corp. for at least a part of the network of about 9,000 towers it's selling in South Africa, according to people familiar with the matter. The assets are valued at $1.5 billion to $2 billion, said one of the people, who asked not to be identified because the matter is private. Johannesburg-based MTN has been holding talks with potential buyers, though a deal is unlikely to happen before the end of the year, the people said. MTN may decide to keep a part of the assets, they said. Tower sales help companies like MTN raise cash from their antenna properties by giving tower operators the ability to rent space on cell sites to other carriers. American Tower has been on a buying spree with three acquisitions announced in the past five months, including a deal in Nigeria. Chris Maroleng, an MTN spokesman, declined to comment, as did Matt Peterson, a spokesman for Boston-based American Tower. MTN shares fell 0.9 % to close at 216.10 rand in Johannesburg. American Tower slipped 4 cents to $94.53 at 12:02 p.m. in New York. In November, American Tower struck a $1.05 billion deal with Bharti Airtel Ltd. for 4,800 towers in Nigeria. American Tower's competitors in Africa include IHS Holding Ltd. and Helios Towers Africa, which also have expanded through acquisitions. American Tower has also grown in the Americas, agreeing to buy 6,480 antenna sites in Brazil from Tim Participacoes SA in November. Last month, American Tower agreed to acquire the rights to more than 11,000 wireless towers for $5 billion from Verizon Communications Inc. MTN has been in talks with South African fixed-line operator Telkom SA SOC Ltd. for a year about a radio-network agreement and also sold a stake in its Nigerian tower business for $1.8 billion in September. *(Bloomberg)*

Kenya/Tanzania Communications sector continues to expand

Tanzania's Vodacom and Kenya's Safaricom have connected their M-Pesa services, thereby allowing almost 27m customers in both countries to access mobile money services across borders. The new deal allows Vodacom (a subsidiary of Vodacom Group in South Africa) to tap into a new and lucrative business area. Crossborder money transfers in Tanzania already exceed 600,000 annually, with a total transaction value of over US$200m. On top of that, Kenya is Tanzania's main trade partner in the East African Community (EAC), with the trade turnover between the two countries amounting to nearly US$500m in the first nine months of 2014. As EAC trade and labour market integration progresses, the requirement for quick and cheap money transfers will undoubtedly grow further, and mobile services providers are rapidly positioning themselves to meet this demand. The agreement comes after Vodacom signed another mobile money service interoperability agreement in February 2015 with Tigo (owned by Luxembourg-based Millicom International). Interoperability agreements appear to be a new trend in Tanzania's and East Africa's vibrant communications sector. In February 2014 Tigo established crossborder and foreign-exchange services with its subsidiary in Rwanda, and in April, Airtel Tanzania (a subsidiary of Airtel of India), Zantel (majority-owned by Etisalat of the UAE) and Tigo signed agreements connecting their Tanzanian services. The opportunities are vast in Tanzania's communications sector. Having grown at double-digit rates for more than a decade, the sector is a key driver of economic growth and innovation. According to the IMF's 2014 Financial Access Survey, the country already has 11m active mobile accounts, with the total value of annual mobile money transactions equating to 65% of GDP (or US$1.6bn a month). As only 22% of Tanzanians have access to formal banking, the government has identified mobile money services as key means of promoting financial inclusion, especially given the country's highly dispersed population. Over half of Tanzanians have SIM cards and around one-third of households are already signed up to mobile money accounts. Meanwhile, the low cost, availability and simplicity of mobile money gives providers of these services a decisive edge compared with traditional banks. *(Economist Intelligence Unit)*

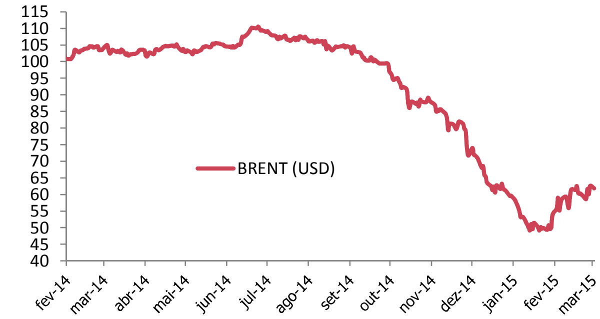
MARKET INDICATORS
16-03-2015

STOCK EXCHANGES		
Index Name (Country)	**16-03-2015**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.669,40	1,77%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	264,86	2,63%
Case 30 Index (Egypt)	9.529,01	6,75%
FTSE NSE Kenya 15 Index (Kenya)	225,22	4,52%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	22.141,29	9,42%
Nigerian Stock Exchange All Share Index (Nigeria)	29.929,56	6,59%
FTSE/JSE Africa All Shares Index (South Africa)	52.139,15	4,76%
Tunindex (Tunisia)	5.363,36	5,37%

Source: Bloomberg and Eaglestone Securities

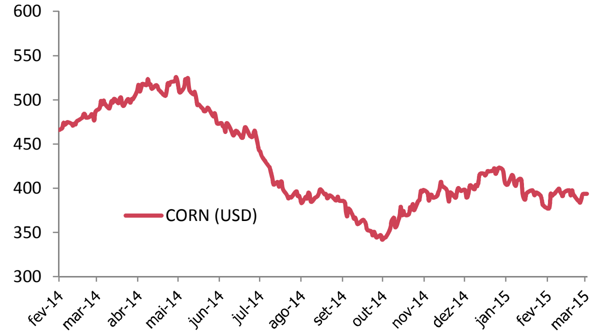
METALS		
	Spot	**YTD % Change**
Gold	1.155	-2,55%
Silver	16	-0,18%
Platinum	1.110	-8,15%
Copper $/mt	5.859	-7,01%

Source: Bloomberg and Eaglestone Securities



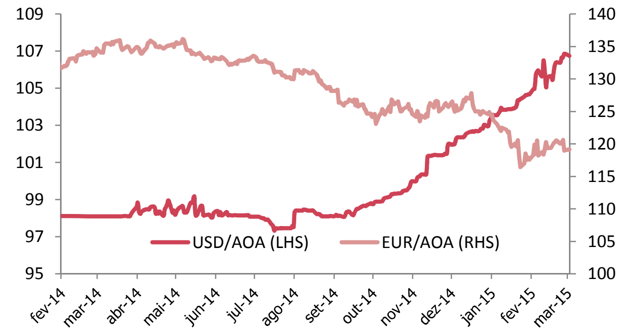
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	43,4	-20,03%
ICE Brent (USD/barril)	53,4	-9,82%
ICE Gasoil (USD/cents per tonne)	511,3	-3,49%

Source: Bloomberg and Eaglestone Securities



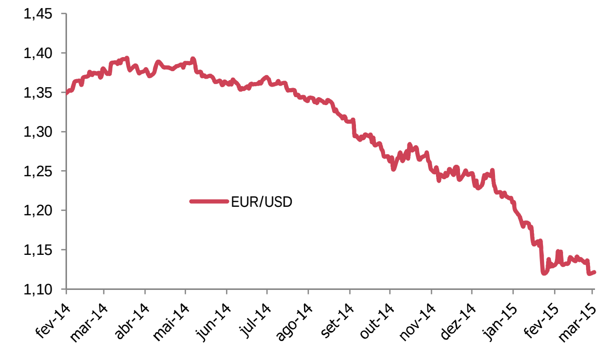
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	375,8	-6,24%
Wheat cents/bu.	508,8	-14,42%
Coffee (KC) c/lb	137,6	-18,72%
Sugar#11 c/lb	12,9	-13,40%
Cocoa $/mt	2791,0	-3,49%
Cotton cents/lb	60,6	-0,70%
Soybeans c/bsh	971,0	-5,77%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	106,750
EUR	113,372
GBP	158,504
ZAR	8,621
BRL	33,181
NEW MOZAMBIQUE METICAL	
USD	34,001
EUR	36,090
GBP	50,457
ZAR	2,744
SOUTH AFRICAN RAND SPOT	
USD	12,390
EUR	13,152
GBP	18,386
BRL	3,850
EUROZONE	
USD	1,06
GBP	0,72
CHF	1,07
JPY	128,75
GBP / USD	1,48

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

2015 Africa CEO Forum: "Africa's new economic environment" on March 16-17, 2015 in Geneva, co-organised by the African Development Bank (AfDB) and the Paris-based magazine group, Jeune Afrique, will focus primarily on development priorities of African businesses. Some 800 leading decision-makers from Africa and elsewhere, including AfDB President Donald Kaberuka, will be in attendance.

Extractive Industries in Africa, 16 Mar 2015 to 17 Mar 2015, Chatham House, London. Can Africa's resource riches be translated into sustainable and inclusive growth? There are significant challenges to ensuring that the extractive industries generate jobs, revenue and infrastructure. As the number of industry actors multiplies, new partnerships are required to deliver results. In order to overcome these enduring challenges policymakers and business leaders must gain a fuller understanding of the societal, environmental and economic pressures facing African extractives.

The Eighth Joint AUC-ECA Annual Meetings of the AU Conference of Ministers of the Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development will take place from 25-31 March 2015 in Addis Ababa, Ethiopia. The Conference will tackle the theme, Implementing Agenda 2063 - Planning, Mobilizing and Financing for Development in a ministerial segment from 30-31 March 2015, which will be preceded by an expert's segment from 26-27 March.

5th Africa Debt Capital Markets (ADCM) Summit 16th April, Washington DC, USA
Held during the World Bank & IMF meetings, the S"' ADCM Summit will apprise on Africas capital markets, showcase investment opportunities, and convey its position within the global context of financial markets

AFRICAN BANKER AWARDS 2015 – 21st May 2015
http://www.ic-events.net/awards/african_banker_awards_2014/index.php

Connected Africa: 26–27 May 2015, The Sandton Convention Centre, Johannesburg, South Africa. Connected Africa is the leading marketplace and ideas exchange for African enterprises, ISP's telcos, government, leading consultants and solution providers. *http://www.terrapinn.com/connectedafrica*

The Bank's 50th Annual Meeting will take place in Abidjan, Côte d'Ivoire, from May 25-29, 2015. The Meetings will see the election of a new Bank President, one of the most important decisions for the institution and the continent. The 50th anniversary of the Bank will also be marked.

World Economic Forum on Africa 2015, Cape Town, South Africa 3-5 June 2015
Then and Now: Reimagining Africa's Future
In 2015, the World Economic Forum on Africa will mark 25 years of change in Africa. Over the past decade and a half, Africa has demonstrated a remarkable economic turnaround, growing two to three percentage points faster than global GDP. Regional growth is projected to remain stable above 5% in 2015, buoyed by rising foreign direct investment flows, particularly into the natural resources sector; increased public investment in infrastructure; and higher agricultural production. *http://www.weforum.org/events/world-economic-forum-africa-2015*

Southern African International Trade Exhibition: 21–23 June 2015 Gallagher Convention Centre, Midrand, Johannesburg South Africa. *www.exhibitionsafrica.com*

7th African Business Awards 20th September, New York, USA
Designed to celebrate excellence in African business, the African Business Awards gala cocktail will be held during the UNs General Assembly and in conjunction with the African Leadership Forum and the UN Private Sector Forum. *www.ic-events.net*

2nd African Leadership Forum (ALF) 21st September, New York, USA
The 2nd ALF will discuss the role of leadership in driving transformative growth and development in Africa. It will be held in conjunction with the African Business Awards and the UN Private Sector Forum. *www.ic-events.net*

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Disclosures

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

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

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Services Authority. The first of its six Luxembourg based funds has received approval from la Commission de Surveillance du Secteur Financier.

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

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