INSIDE AFRICA

19 January 2015

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EAGLESTONE SECURITIES

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BRIEFS

Angola
- Angola appoints new central bank governor
- Angola November reserves at $25.92 bln from $25.9 bln in October
- Goldman Sachs lends Angola $250m as Oil Revenue falls

Ethiopia
- Ethiopian Airlines eyes stakes in Rwanda, Congo carriers

Ghana
- Ghana bailout proposal goes to IMF Executive Board in February
- Tullow Oil takes $2.2bn hit from oil price collapse
- Ghana to issue 400 mln cedi 7-year domestic bond in April

Kenya
- Kenya asks IMF for precautionary loan of about $750 mln
- Kenya signs Sh25 billion deal with Japan for Mombasa port expansion
- Kenya coffee earnings jump 17 pct in 2013/14 crop year
- Kenya's Centum says to sell insurance firm stake to Old Mutual

Mozambique
- Mozambique's central bank keeps key lending rate at 7.5 pct

Nigeria
- FG Pegs 15-year Funding for Power Sector at $350bn
- SEPLAT Petroleum Refinances Existing Debt Facilities

South Africa
- JSE, NSE partner to grow African capital markets

Zambia
- Zambia Sugar says posts African record in sugar production
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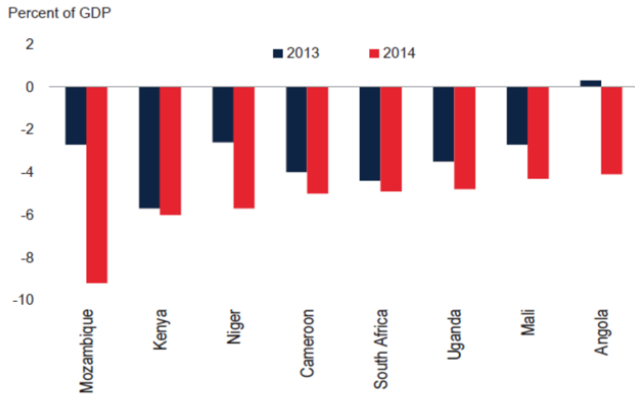
- NatFoods Injects U.S.$30 Million in Upgrading Operations
- Zimbabwe bank surrenders licence, insolvency cited-sources

In-depth:

In Images the Sub-Saharan Africa Global Economic Prospects, January 2015 World Bank

Overall fiscal balance

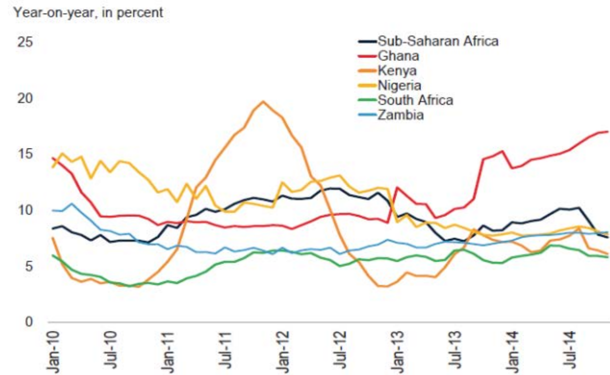
Fiscal balances deteriorated in many countries in 2014.



Source: World Bank.

Inflation

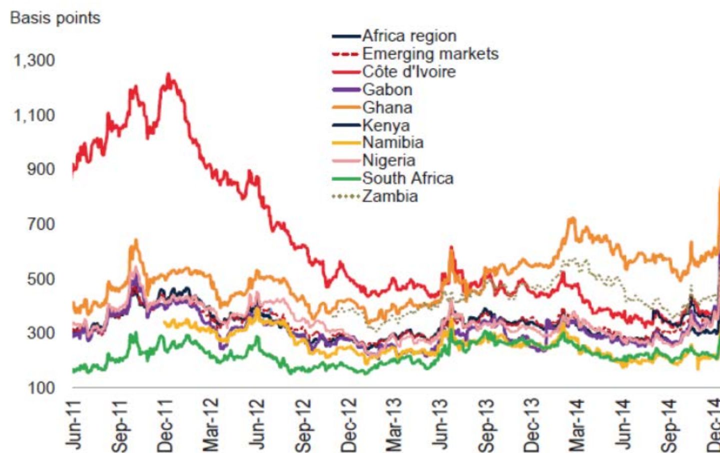
Inflation edged higher in the first half of the year.



Source: World Bank.

10-year sovereign bond spreads

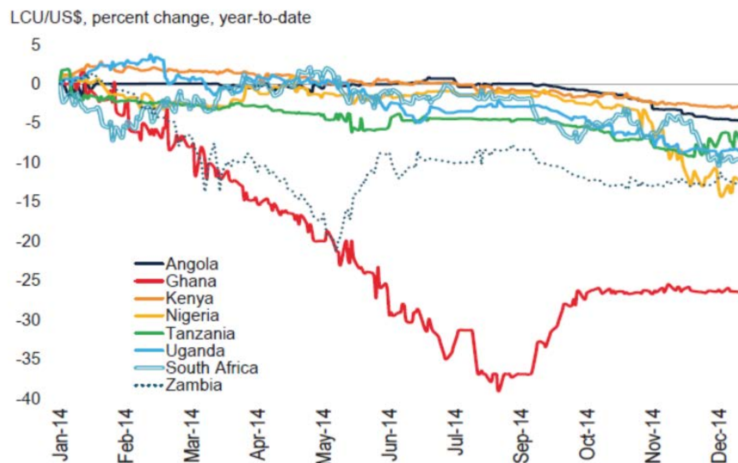
Sovereign bond spreads fell across the region.



Sources: J.P. Morgan and World Bank.

Exchange rates

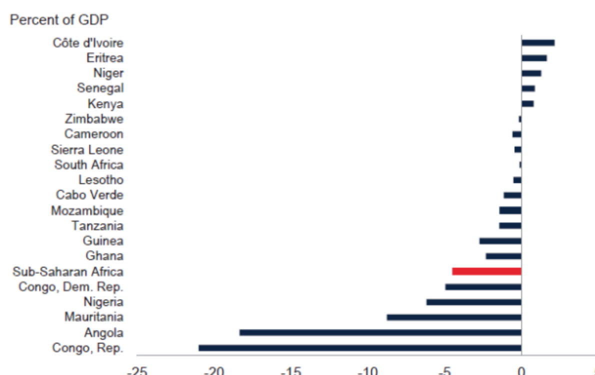
The region's major currencies depreciated against the U.S. dollar.



Sources: Bloomberg and World Bank.

Changes in trade balance due to terms of trade effects, 2014–17

A sharp decline in commodity prices would weaken trade balances across Sub-Saharan Africa.



Source: World Bank.
Note: Effect of 30 percent decline in oil, 5 percent decline in agricultural prices and 10 percent decline in metal prices on the difference between exports and imports in percent of GDP, assuming no supply response.

Sub-Saharan Africa forecast summary
(Annual percent change unless indicated otherwise)

	00-10[a]	2011	2012	2013	2014e	2015f	2016f	2017f
GDP at market prices[b]	5.7	4.3	4.0	4.2	4.5	4.6	4.9	5.1
(Average including countries with full national accounts and balance of payments data only)[c]								
GDP at market prices[c]	5.7	4.3	4.0	4.2	4.5	4.6	4.9	5.1
GDP per capita (units in US$)	3.1	1.7	1.5	1.7	2.0	2.1	2.4	2.6
PPP GDP[c]	5.8	4.4	4.1	4.4	4.7	4.8	5.0	5.3
Private consumption[d]	5.6	3.6	2.2	12.1	4.4	4.4	4.5	4.7
Public consumption	7.2	7.9	5.2	3.7	3.9	4.4	4.4	4.4
Fixed investment	9.2	-0.6	7.1	4.1	5.1	6.0	6.1	6.2
Exports, GNFS[f]	5.0	10.7	0.8	-7.3	3.4	3.9	4.1	4.2
Imports, GNFS[f]	8.2	8.3	1.4	6.0	3.3	4.5	4.3	3.9
Net exports, contribution to growth	-0.6	0.8	-0.1	-4.1	-0.1	-0.3	-0.2	0.0
Current account balance (percent of GDP)	-0.3	-1.3	-2.4	-2.8	-2.9	-3.9	-4.0	-3.8
Consumer prices (annual average)	8.6	10.1	11.3	8.2	8.7	...	...	...
Fiscal balance (percent of GDP)	-0.6	-1.1	-1.7	-2.9	-2.5	-2.2	-2.2	-2.1
Memo items: GDP								
SSA excluding South Africa	6.6	4.6	4.6	5.1	5.6	5.4	5.7	5.9
Broader geographic region (incl. recently high income countries)[f]	5.7	4.3	4.0	4.2	4.4	4.5	4.8	5.0
Oil exporters[g]	7.7	3.5	3.8	4.8	5.8	5.5	5.6	5.9
CFA countries[h]	4.1	2.4	5.7	4.4	5.5	5.0	5.2	5.4
South Africa	3.5	3.6	2.5	1.9	1.4	2.2	2.5	2.7
Nigeria	8.9	4.9	4.3	5.4	6.3	5.5	5.8	6.2
Angola	11.3	3.9	8.4	6.8	4.4	5.3	5.0	5.2

Source: World Bank.
World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not differ at any given moment in time.
a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.
b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.
c. Sub-region aggregate excludes Liberia, Chad, Somalia, Central African Republic, and São Tomé and Principe. Data limitations prevent the forecasting of GDP components or Balance of Payments details for these countries.
d. The sudden surge in Private Consumption in the region in 2013 is driven by the revised and rebased NIA data of Nigeria in 2014.
e. Exports and imports of goods and non-factor services (GNFS).
f. Recently high-income countries include Equatorial Guinea.
g. Oil Exporters: Angola, Côte d'Ivoire, Cameroon, Congo, Rep., Gabon, Nigeria, Sudan, Chad, Congo, Dem. Rep.
h. CFA Countries: Benin, Burkina Faso, Central African Republic, Côte d'Ivoire, Cameroon, Congo, Rep., Gabon, Equatorial Guinea, Mali, Niger, Senegal, Chad, Togo.

Sub-Saharan Africa country forecast
(Real GDP growth at market prices in percent and current account balance in percent of GDP, unless indicated otherwise)

	00-10[a]	2011	2012	2013	2014e	2015f	2016f	2017f
Angola								
GDP	11.3	3.9	8.4	6.8	4.4	5.3	5.0	5.2
Current account balance	5.3	12.6	11.9	5.8	2.8	-2.0	-5.5	-5.7
Benin								
GDP	3.9	3.5	5.4	5.6	5.2	5.0	4.7	4.7
Current account balance	-7.1	-7.1	-6.0	-14.4	-12.8	-12.5	-8.0	-2.2
Botswana								
GDP	4.2	5.2	5.1	5.2	4.5	4.6	4.9	5.0
Current account balance	7.1	-2.1	-7.1	9.5	7.6	6.1	5.1	3.9
Burkina Faso								
GDP	6.0	4.2	9.5	5.3	6.0	5.5	6.5	6.8
Current account balance	-8.8	-1.5	-4.5	-7.1	-7.5	-6.9	-5.9	-5.1
Cabo Verde								
GDP	5.3	4.0	1.2	0.5	2.1	2.8	3.0	3.1
Current account balance	-11.1	-17.3	-9.8	-4.2	-5.0	-6.3	-5.1	-4.6
Cameroon								
GDP	3.3	4.1	4.6	5.5	5.1	5.1	4.9	5.1
Current account balance	-2.2	-2.8	-3.6	-3.7	-3.6	-4.1	-4.6	-4.9
Comoros								
GDP	1.8	2.2	3.0	3.5	3.4	3.6	3.2	3.0
Current account balance	-13.5	-26.2	-29.4	-27.1	-26.6	-25.3	-25.5	-24.8
Congo, Dem. Rep.								
GDP	4.7	6.9	7.2	8.5	8.0	7.8	7.5	7.3
Current account balance	-0.7	-5.4	-6.2	-10.3	-9.4	-10.1	-10.6	-10.8
Côte d'Ivoire								
GDP	1.1	-4.7	9.5	8.7	9.1	8.5	8.2	8.0
Current account balance	1.8	13.0	-1.7	-3.0	-2.1	-2.5	-3.9	-5.0
Eritrea								
GDP	0.9	8.7	7.0	1.3	3.2	3.0	4.0	4.3
Current account balance	-19.5	4.9	12.8	2.5	-3.1	-4.3	-7.6	-6.8
Ethiopia								
GDP	8.6	11.2	8.7	10.4	6.7	6.9	6.6	6.7
Current account balance	-4.7	-2.0	-6.2	-6.0	-7.0	-7.5	-7.6	-7.5
Gabon								
GDP	2.0	7.1	5.6	5.9	5.0	5.5	5.6	5.7
Current account balance	14.1	11.3	9.1	5.4	3.8	1.4	-2.8	-2.1
Gambia, The								
GDP	3.8	-4.3	6.1	5.6	5.7	5.3	4.8	4.6
Current account balance	-1.6	12.2	6.4	3.3	-2.0	-1.9	-1.3	-1.3
Ghana								
GDP	5.8	15.0	8.8	7.1	4.7	4.5	5.5	6.0
Current account balance	-13.5	-10.9	-11.4	-12.0	-10.6	-10.9	-9.9	-8.8
Guinea								
GDP	2.6	3.9	3.9	2.5	0.5	-0.2	2.2	2.5
Current account balance	-6.9	-23.5	-19.4	-10.9	-11.5	-15.1	-15.4	-14.9

	00-10[a]	2011	2012	2013	2014e	2015f	2016f	2017f
Guinea-Bissau								
GDP	2.2	5.3	-1.5	0.3	2.1	2.5	2.3	2.0
Current account balance	-0.7	2.6	-7.6	-8.1	-7.8	-7.0	-6.1	-6.3
Kenya								
GDP	4.4	6.1	4.5	5.7	5.4	6.0	6.6	6.5
Current account balance	-2.4	-9.1	-8.4	-8.3	-7.4	-6.7	-5.8	-4.7
Lesotho								
GDP	4.0	2.8	6.5	5.9	4.6	4.7	4.5	4.4
Current account balance	2.7	-18.5	-25.2	-5.5	-2.6	-2.0	-2.2	-2.8
Madagascar								
GDP	2.5	1.0	2.4	2.1	3.0	3.6	3.8	3.9
Current account balance	-11.5	-7.7	-8.4	-6.2	-8.5	-11.0	-0.7	1.8
Malawi								
GDP	4.5	4.3	1.9	5.0	4.2	4.6	5.0	5.2
Current account balance	-10.8	-13.6	-18.9	-18.1	-17.8	-17.4	-15.8	-14.2
Mali								
GDP at market prices (% annual growth)[b]	6.0	2.7	-0.4	2.1	5.0	4.3	4.6	4.8
Current account balance	-8.5	-6.2	-2.7	-5.4	-9.3	-9.4	-9.8	-9.9
Mauritania								
GDP	4.9	4.0	7.0	6.7	5.7	5.5	5.6	5.6
Current account balance	-10.6	-0.5	-25.8	-18.3	-20.7	-22.1	-24.2	-25.7
Mauritius								
GDP	3.8	3.9	3.2	3.2	3.4	3.9	3.7	3.7
Current account balance	-3.4	-13.4	-10.5	-12.5	-10.8	-10.0	-9.4	-8.7
Mozambique								
GDP	7.8	7.3	7.2	7.1	7.2	8.0	8.1	8.2
Current account balance	-14.1	-23.9	-43.2	-36.3	-33.9	-31.4	-31.1	-31.2
Namibia								
GDP	4.6	5.1	5.2	5.1	4.2	4.3	4.1	4.0
Current account balance	4.4	-1.2	-2.2	-7.9	-6.5	-6.6	-5.2	-4.1
Niger								
GDP	4.6	2.3	10.8	3.9	5.7	6.0	6.2	6.3
Current account balance	-10.5	-18.7	-8.4	-8.2	-11.4	-12.0	-12.9	-13.4
Nigeria								
GDP	8.9	4.9	4.3	5.4	6.3	5.5	5.8	6.2
Current account balance	13.5	3.0	4.4	4.0	3.7	1.9	2.0	1.8
Rwanda								
GDP	7.9	7.5	7.3	4.6	6.0	6.5	7.0	7.1
Current account balance	-5.5	-7.5	-11.5	-7.1	-6.0	-4.9	-4.1	-4.5
Senegal								
GDP	4.1	2.1	3.5	4.0	4.5	4.8	4.7	4.7
Current account balance	-7.7	-7.9	-12.1	-10.6	-9.6	-8.2	-7.5	-6.4
Sierra Leone								
GDP	8.9	6.0	15.2	20.1	4.0	-2.0	2.5	2.7
Current account balance	-6.5	-66.6	-22.9	-10.3	-12.5	-15.0	-15.4	-15.7

	00-10[a]	2011	2012	2013	2014e	2015f	2016f	2017f
South Africa								
GDP	3.5	3.6	2.5	1.9	1.4	2.2	2.5	2.7
Current account balance	-2.9	-2.3	-5.2	-5.8	-5.6	-5.2	-4.8	-4.5
Sudan								
GDP	6.3	-3.3	-10.1	-6.0	2.6	2.5	2.8	3.0
Current account balance	-7.2	-1.7	-9.7	-8.6	-11.2	-10.9	-10.7	-10.2
Swaziland								
GDP	2.3	-0.7	1.9	2.8	2.0	2.2	2.6	2.8
Current account balance	-3.2	-8.2	3.8	3.8	1.8	-2.8	-3.2	-3.3
Tanzania								
GDP	7.0	6.4	6.9	7.0	7.0	7.2	6.8	7.0
Current account balance	-5.1	-16.7	-12.9	-11.4	-13.5	-13.1	-12.9	-12.6
Togo								
GDP	2.2	4.9	5.9	5.1	5.2	5.0	4.9	4.7
Current account balance	-9.0	-8.2	-8.1	-11.3	-12.6	-12.6	-13.2	-12.5
Uganda								
GDP	7.5	5.0	4.6	5.9	6.3	6.6	6.9	7.0
Current account balance	-4.2	-9.8	-6.8	-7.0	-8.7	-9.2	-10.3	-10.9
Zambia								
GDP	5.6	6.8	7.3	6.4	6.4	6.3	6.5	6.7
Current account balance	-6.1	9.2	5.2	1.5	0.6	0.1	0.4	1.2
Zimbabwe								
GDP	-4.7	11.9	10.6	4.5	3.1	3.2	3.7	3.4
Current account balance	-13.6	-29.9	-24.4	-25.4	-23.9	-24.2	-25.4	-25.4
	00-10[a]	2011	2012	2013	2014e	2015f	2016f	2017f
Recently transitioned to high-income countries[b]								
Equatorial Guinea								
GDP	14.7	5.0	3.2	-4.9	-2.2	-8.1	-7.3	-6.4
Current account balance	-26.9	-17.3	-9.3	-19.1	-13.9	-17.8	-20.0	-19.2

Source: World Bank.
World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.
Liberia, Somalia, Sao Tome and Principe are not forecast owing to data limitations.
a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.
b. The recently high-income countries are based on World Bank's reclassification from 2004 to 2014.

Sub-Saharan Africa: prospects for 2015

The outlook for Sub-Saharan Africa (SSA) is relatively promising for 2015-19. For this year, African policymakers will continue to focus their attention on a number of pressing challenges. These include the difficult balancing act of stimulating the domestic economy with monetary and fiscal easing while combating weaker commodity prices and mixed prospects for the global economy. Countries prioritising pro-growth investment, notably in infrastructure, education and innovation, will be laying the foundations for increased productivity rates and for competitive economies in the medium to long term.

Current-account deficits in the region-even for many commodity exporters-will remain high, as imports, fuelled by domestic demand, will exceed exports. In addition, capital inflows (investment, new bank lending and even aid flows), which are needed to sustain growth rates, will remain heavily dependent upon a sustained recovery in the global economy. A consolidation of public finances is required in most countries in order to shield the economy from future shocks while planning strategically for the longer term.

Falling oil prices a mixed blessing

Oil prices fell sharply in the second half of 2014 (prices dropped by more than 40%) as surging production, especially in the US, and weaker demand, notably in emerging markets, expanded stocks. Commodity prices will continue to fall in 2015 as modest gains in the values of industrial raw materials will not be able to compensate fully for another slide in global food prices. The Economist Intelligence Unit's world commodity index is forecast to drop by 2.5% in 2015 as stockpiles in many commodity markets and uncertainty about economic growth in major consuming economies weighs against the asset class. By the end of 2015 prices will have fallen for four consecutive years, a stark reversal from the double-digit annual price rises seen in the years until the peak in 2011. Despite this decline, commodity prices still remain high in historical terms and roughly double their levels in the late 1990s. We believe that there is medium-term

support for commodity prices in the form of rising populations and incomes in emerging markets. There remains significant catch-up potential for consumption in emerging markets to converge with OECD levels, which, along with heavy infrastructure spending, will continue to generate demand for industrial products. Our industrial raw materials index will start to recover in 2015, after having fallen by 5.4% in 2014. The outlook for the critical metals-aluminium and copper-is improving as supply-side rationalisation outside China is leading to a tightening of supply. However, as with most commodities, ample stockpiles of many metals will keep price rises relatively muted, and negative investor sentiment toward commodities in general could turn any price rallies into selling opportunities.

Low oil prices will clearly help to reduce import costs and inflation for a large number of oil consumers of the region. But for the region's oil-exporting countries, efficient management of the windfall gains from the recent high commodity prices will become more pressing. The need to push ahead with greater structural reforms will play an important role for a large number of African countries. The development of infrastructure will remain a priority for fiscal expenditure in 2015-16, although African governments will also attempt to promote the role of the private sector in providing the necessary investment. However, unless African governments also tackle the restrictive business operating environment, little progress can be expected in private-sector-led development of infrastructure and other areas. The need to close the fiscal deficits in an increasing number of African countries in the coming years comes as there are still huge and unmet infrastructure requirements. For example, the World Bank's road statistics show that 16.5% of roads in SSA were paved in 1999; despite reportedly huge spending on roads over the following decade, this figure only rose to 18.3%. This in turn will make policy choices particularly tricky. One of the most obvious issues is that spending will increasingly have to be directed away from recurrent spending and towards development/capital spending. In fact, there is an argument that because the rise in spending in recent years coincided with a series of elections, much of the increase was recurrent spending.

Policy will be important

For the region's policymakers, the main challenges will be how to respond to the large commodity price shock and the risk of a fall in demand from an economic slowdown in the EU and emerging markets. In China (a market that has become increasingly important for Africa, bilateral Sino-African trade topped US$210bn in 2013 and the stock of foreign direct investment reached US$21bn in 2012), economic growth continues to slow. The government intends to clamp down on credit-fuelled growth, which has created overcapacity in the economy, leading to rising levels of debt and signs of stress among its banks. However, we do not expect a serious reduction in China's rate of economic expansion in the short term: real GDP growth slowed fractionally in the third quarter, to 7.3% year on year, from 7.5% in the second, and we estimate growth of 7.3% for the full year, supported by improving conditions in the US. Growth will decelerate marginally, to 7% in 2015, but the country will remain by any measure the global growth standout.

A less supportive external environment has exposed the structural flaws plaguing most African economies. It has also highlighted the need to reinforce competitiveness fundamentals in order to achieve the productivity gains increasingly needed to power durable growth. Domestic supply constraints have also become extremely problematic, with tight labour markets and infrastructure shortcomings serving to reduce potential growth rates, while adding to inflationary pressures and producing growing current-account deficits. The role of the private sector should grow but will continue to be held back by a difficult operating environment in many of the region's countries. Government bureaucracy, rampant corruption, severe infrastructure bottlenecks, skills shortages and structural difficulties will remain key challenges. However, there are now an increasing number of companies that have their origins in SSA and operations in more than one country in the region (in either one or a number of sectors).

Mixed prospects

In this context, SSA real GDP growth will remain modest, at just under 5%, in 2015, and pick up only gradually over the medium term. We forecast a steady rise in GDP per head in US dollar terms over the next few years. Nonetheless, even if our forecast is correct and SSA does experience sustained annual growth of 5-6%, this is still insufficient to have a major impact on poverty levels in most countries. For this, annual real GDP growth would have to accelerate to 8-10% for a sustained period (and to be broad-based)-a pick-up that seems highly unlikely on current trends.

Of the four subregions into which we divide SSA, growth is expected to be strongest in East Africa, rising from 5.8% in 2014 to 6.3% in 2015 and 6.2% in 2016. Real GDP growth in the subregion's largest economy, Kenya, will quicken to 5.7% in 2015-from an estimated 5.2% in 2014-helped by stronger performances in both agriculture and industry, and closer economic integration within the East African Community. Growth will also remain positive in the other economies in the region, notably Uganda, Tanzania, Ethiopia and Rwanda. Economic activity will be driven by robust private consumption and growing investment in infrastructure and the energy sectors. For Ethiopia, overall economic growth will also benefit from improvement in power supply and the ongoing strong performance of the agricultural sector.

Economic growth in Central and West Africa is now forecast to slow from 6.7% in 2014 to 6.1% in 2015, before rising to 6.8% in 2016. The failure to contain the Ebola outbreak will continue to curb growth in Sierra Leone, Liberia and Guinea, particularly in 2015. The region's key economy, Nigeria, will be affected detrimentally by rising political instability and security risks in the run-up to elections in 2015. This will undermine consumer confidence, deter investors and distract the government from moving the policy agenda forward. Private consumption will subsequently recover, but gross fixed investment will pick up only slightly as the forecast period progresses. Falling oil prices in 2015

followed by an only modest recovery in 2016 and Nigeria's adverse business environment will also keep investment levels well below potential. It will be the non-oil sector that drives overall economic growth. A major contributor will be the services sector, but manufacturing growth will also be strong, albeit from a low base. Improvements in electricity supply after the recent privatisation programme will support services and manufacturing, although this will be a slow process, with the power companies struggling to attract investment into what is still a difficult operating environment. Ghana's subdued growth rate of 4.7% in 2015 reflects the impact of high inflation on economic activity, as well as lower government spending.

Growth in Southern Africa is forecast to edge up from just under 3% in 2014 to 3.5% in 2015 before accelerating to 4.5% in 2016. South Africa's very open economy leaves it exposed to global developments, including movements in commodity prices-both for minerals, which account for the bulk of the country's export earnings, and for oil, which South Africa imports. After real GDP growth slowed to an estimated 1.6% in 2014 because of a range of constraints, we expect it to edge up to 2.5% in 2015, underpinned by slightly stronger consumption and investment, as well as an uptick in the global economy. However, many of the factors that limited growth in 2014, such as strikes, power shortages and rising interest rates, will persist to some extent in 2015. The main strike threat comes from the 1.3m public-sector workers, who are demanding a 15% increase when the current wage deal expires in March, whereas the government will be very reluctant to offer more than 7%. An improvement in Botswana's power supply, together with a modest civil-service pay rise and a positive outlook for the diamond-dominated mining sector on the back of recovering global demand and greater value-added activity now that De Beers' sorting operations have moved to the country, will support growth in 2015-16. Although Namibia's real GDP growth will slow to 4.4% in 2015 owing to a tighter fiscal stance, the pace of expansion will pick up to 5.1% in 2016. Angola's government is projecting real GDP growth of 9.7% in 2015, breaking down into non-oil growth of 9.2% and oil growth of 10.7%. This would be the country's highest growth rate since 2007 and, given the current domestic and global climate, seems vastly overoptimistic. We currently forecast growth of less than half that in 2015, reflecting weaker expected government consumption on the back of a projected further decline in oil prices and slower than previously expected increases in oil output.

Growth in the Franc Zone will remain steady in 2015-16, at an average of 5.3%. Aggregate growth in the sub region is heavily influenced by the performance of the three main economies; Côte d'Ivoire, Cameroon and Gabon account for around 45% of the Franc Zone's GDP. We expect Côte d'Ivoire's economy to continue growing at a robust pace, provided that political stability is maintained. A more stable political situation and an improvement in the investment environment have led to a raft of big-ticket infrastructure projects-particularly in transport and energy-being launched with recourse to foreign investment. These, together with higher capital spending by the government, will support the transition from post-crisis recovery to a more sustainable economic growth path. Revenue from the cocoa and other natural resource sectors, together with a major aid and debt-relief effort, will help to fund spending on reconstruction. Weak oil prices and output will act as a limiting factor on real GDP growth for the two key oil-producing countries, Gabon and Cameroon. Cutbacks in public investment-which could delay a number of infrastructure projects-are likely to take a toll on near-term growth. *(Economist Intelligence Unit)*

Mozambique economy: Quick View - Another year of high growth and low inflation

Mozambique posted lower than targeted inflation in 2014, at 1.9% on average, and is set to register real GDP growth of 7.5%.

Annual average inflation, as measured by the consumer price index (CPI) in the capital, Maputo, was 2.3% in 2014, according to data released on January 8th by the Instituto Nacional de Estadística (INE, the national statistics institute). This is down from 4.2% in 2013 and well below the state budget's forecast of 5.6% or the target range of the Banco de Moçambique (BDM, the central bank) of 5-6%. It is also slightly less than our own 2014 inflation estimate of 2.5%. The moderate increase in prices in 2014 principally reflects weaker imported inflation, which in turn is due to tumbling international oil prices in the second half of the year, as well as appreciation of the metical against South Africa's rand-most imports are sourced from South Africa. A bumper agricultural harvest, by holding down food prices-the largest component of the CPI-and broadly stable administered prices for public transport, utilities and fuel have also helped.

Separately, in late December the INE released its GDP growth estimates for the third quarter of 2014, which suggest that the economy expanded by 7.4% year on year in the three months to September. As a result of this strong performance, the BDM and the IMF now expect full-year GDP growth to come in at 7.5%; in the first and second quarters, the Mozambican economy notched up real economic growth rates of 7.6% and 7.3% respectively.

Performance in 2014 continued to be driven predominantly by extractive industries-especially natural gas, which is attracting large-scale foreign direct investment, and coal mining-but otherwise remained broad-based. Other fast-growing sectors included construction, manufacturing, water and electricity production, and financial services.

The macroeconomic outlook for 2015 remains broadly favourable, with robust growth and moderate inflation. However, the economy's increasing dependence on mining and hydrocarbons will heighten its vulnerability to the scaling-back of investment by foreign mining and energy groups, implying significant downside risks.

This is particularly the case given the current context of weaker international oil and coal prices and an anticipated tightening of monetary conditions in the US. *(Economist Intelligence Unit)*

SOVEREIGN RATINGS

Region - Africa/Middle East

19-01-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	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	BB-	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-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
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

Eurozone

19-01-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	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	Baa1	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	Ba1	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

North and South America - Asia

19-01-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	Ca	Sdu	RD	NR	Sdu	RD
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+
BRAZIL	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

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

IMF Executive Board Completes Third PSI Review for Mozambique

The Executive Board of the International Monetary Fund (IMF) today completed the third review of Mozambique's economic performance under the program supported by the Policy Support Instrument (PSI).1 The Board's decision was taken on a lapse of time basis.2 The PSI for Mozambique was approved by the Executive Board on June 24, 2013 (see Press Release No. 13/231) Mozambique's macroeconomic performance remains robust. Growth is forecast at 7.5% for 2014 with low inflation (12-month Maputo average through November was 2.4%) despite an expansionary and higher than programmed fiscal stance and reserve money running modestly above target. Performance under the PSI-supported program has been mixed—while all but one of the quantitative assessment criteria were met at end-June, there were some slippages during the second half of the year and some delays in implementing structural reforms. The main short-term challenge is to maintain the growth momentum while preserving fiscal and debt sustainability. Fiscal consolidation needs to be initiated in the 2015 budget to restore prudent fiscal management. While low import prices have dampened inflation, the Bank of Mozambique should stay vigilant and adhere to its medium-term inflation target. Key structural reform priorities include improving VAT and overall tax administration, continuing public financial

management reforms, strengthening institutional capacity to ensure transparent public investment management and borrowing, and enhancing the business environment and financial sector development. Completion of the contract negotiations for the production of liquefied natural gas (LNG) is a critical milestone for the launch of this project, one of the largest in sub-Saharan Africa.

Despite the heightened risks from an uncertain global outlook, growth is expected to remain strong and be broad-based in the medium term, boosted by the natural resource boom and infrastructure investment. Fiscal adjustment over the medium term will be essential to preserve debt sustainability and macroeconomic stability. This requires measures to contain current spending pressures while bringing investment to a more sustainable level. With foreign aid likely to decline over the medium term, Mozambique will need to borrow in order to provide additional resources for achieving targeted improvements in physical infrastructure and human capital. To ensure the efficiency of investment and borrowing, it is essential to further strengthen investment planning and implementation, as well as debt management. Structural reforms focusing on public financial management, monetary policy tools, banking supervision, and business facilitation should be implemented vigorously to sustain growth and render it more inclusive.

1 The PSI is an instrument of the IMF designed for countries that do not need balance of payments financial support. The PSI helps countries design effective economic programs that, once approved by the IMF's Executive Board, signal to donors, multilateral development banks, and markets the Fund's endorsement of a member's policies (see http://www.imf.org/external/np/exr/facts/psi.htm). Details on Mozambique’s PSI program are available at http://www.imf.org/mozambique.

2 The Executive Board takes decisions under its lapse of time procedure when it is agreed by the Board that a proposal can be considered without convening formal discussions. *(Financial Times)*

AfDB partnership with CSOs to spur development in Africa

A committee comprising the African Development Bank and Civil Society Organizations (CSOs) has been relaunched with the aim of fostering partnership between the two players in order to enhance development on the continent.

The committee, reintroduced at a two-day meeting between the Bank and CSOs will discuss a work plan, modalities of its implementation as well as an accountability structure. “CSOs are our integral partners especially in the promotion of accountability, transparency and good governance. Accountability is key in terms of achieving our objective, and we could certainly do with an external reporting tool especially from CSOs,” Rakesh Nangia, Chair of the committee, said as he opened the meeting on January 14 at the Bank’s headquarters in Abidjan, Côte d’Ivoire.

Addressing the participants, who included regional civil society heads and representatives of key sectors within the Bank, he reiterated the importance of strengthening engagement with CSOs. “The Bank recognizes and values the expertise and contributions of CSOs, which are essential in achieving sustainable development in Africa,” said Nangia, who is also the Evaluator General of the Bank’s Independent Development Evaluation department (IDEV).

His remarks were echoed by Mamadou Goita, Chair of the Civil Society Coalition, who described the role of civil society as crucial in helping the Bank to frame projects that would be more relevant to communities. “We need to be involved from the first stage of designing a project because we know the context of our various communities. We can then help follow through to the implementation, monitoring and evaluation stages,” Goita said.

He cited the recent Ebola response saying civil society organizations would have been approached to help in framing the nature of the Bank’s assistance. “We are the ones on the ground and we know the specific needs on the ground; if it is support in getting skilled care, drugs, or even building new hospitals, among others.” In August last year, the Bank approved a US $60-million grant to help strengthen West Africa’s public health systems in a bid to address the Ebola crisis. The issue of engaging with CSOs from fragile states came into focus with recommendations of sustainable funding and long-term institutional development of the organizations, including capacity building.

However there were calls for a range of CSOs (international and local) in fragile states to work together in order to strengthen delivery of services. “International NGOs may not be able to intervene on the ground without involvement of grassroots NGOs. Both need to collaborate and ensure results,” noted Baboucarr Sarr, the Lead Regional Fragility Coordinator in the Bank’s Transition Support Department. This, he said, was a key lesson learnt while working in the Horn of Africa.

The AfDB-CSOs partnership is guided by the Framework for Enhanced Engagement with Civil Society Organisations, which is in line with the Bank’s Ten Year Strategy (2013-2022). *(AFDB)*

New Plan Sets Senegal On Course to Become Emerging Economy

- Senegal successfully completed latest IMF-supported program
- Economy underperforms on growth, employment, poverty
- New development strategy aims to make Senegal emerging economy by 2035

A new development plan designed to help Senegal exit a trap of low growth and high poverty can boost the economy if it is consistently implemented, the IMF staff said in its regular review of the West African country.

The plan presents a unique opportunity to unlock broad-based and inclusive growth that will make Senegal a regional hub and an emerging economy. Senegal’s growth in recent years has been sluggish, which has hampered progress toward inclusiveness and poverty reduction. Continued prudent policies have helped preserve macroeconomic stability

in Senegal, but slow implementation of structural reforms continues to weigh down growth. A period of relatively strong, although still under-par, growth in 1995–2005 of 4.5 % led to a substantial decline in poverty from 68 to 48 %. However, in 2006–2013 growth decelerated to an average of 3.4 %, reflecting a poor business climate, problems in the energy sector, poor infrastructure, low efficiency of public investment, and unproductive subsidies.

Series of shocks

In addition, Senegal was hit by a series of externally sourced shocks, such as spikes in food and fuel prices, the global financial crisis, regional droughts and floods, and more recently, the spillovers from the Ebola outbreak. As a result, poverty has declined only slightly in recent years and stands at about 47 %. The IMF staff report on Senegal's economy projects that GDP growth can rise to 4.5 % in 2014 and reach 7 % by 2019. Consistent implementation of reforms set out in the new development plan, while preserving fiscal and debt sustainability, are key preconditions for such growth acceleration. The authorities are taking steps in this direction. The fiscal outlook has improved owing to stronger revenue performance and expenditure control, and the overall deficit is expected to fall to about 5 % of GDP in 2014. The 2015 budget targets a further reduction in the deficit to 4.7 % of GDP. The authorities expect to limit the deficit by holding back appropriations for new public investment projects until feasibility studies are ready. The authorities remain committed to bringing the fiscal deficit in line with the target set by the West African Economic and Monetary Union of 3 % of GDP in the medium term.

The plan for the future

The "Plan Sénégal Emergent" is the authorities' plan designed to help Senegal exit the trap of low growth and high poverty of recent years. It intends to make Senegal a hub for West Africa by achieving high rates of equitably shared growth.

The plan is articulated around three pillars:

- Higher and sustainable growth through structural transformation;
- Human development and social protection; and
- Improved governance, peace, and security.

The plan envisages structural reforms to attract foreign investment and increase private investment. It also calls for constraining public consumption and increasing public savings to generate fiscal space for higher public investment in human capital and public infrastructure. Priority will be given to making delivery of public services more efficient, improving the impact of public spending through public financial management reforms, containing public consumption to generate the fiscal space for investment in human capital and public infrastructure, and strengthening social safety nets.

Keep debt sustainable

While welcoming the authorities' plan, the IMF recommended remaining vigilant and anchoring plan-related scaling up of public investment on long-term debt sustainability within a medium-term budget framework. Creating the fiscal space needed for the development plan will require further strengthening of tax and expenditure policy measures, in particular improved public investment efficiency. All related investment should be consistent with the authorities' earlier fiscal consolidation plans and Senegal's absorptive capacity. Decisions to contract nonconcessional financing should be carefully weighed.

Also, IMF staff underscored that the plan's success depends on structural reforms of public financing and a strengthening of budget institutions. Reforms in this important area should focus on key areas such as macro-fiscal policy design, development of a medium-term expenditure framework and improved fiscal discipline in budget execution.

Focus on farms

While Senegal's export base is relatively well diversified, high-quality exports bear a comparatively low weight. Sectors where the quality of exported products is comparatively low, such as food and live animals, constitute a large share of exported products. With Senegal's labor force concentrated in agriculture, policies fostering agricultural product quality may be useful to supplement foreign investment–driven export diversification.

Other areas of structural reform recommended by the IMF include further improvements in the business climate, governance, investment in human capital and public infrastructure, and strengthening social safety nets. A comprehensive restructuring of the energy sector and increasing export competitiveness will also be important.

Financial sector vulnerabilities, especially the quality of bank assets, should be addressed. Continued vigilance of the high level of nonperforming loans is also needed in close cooperation with the regional central bank, the Banque Centrale des Etats de l'Afrique de l'Ouest, and with the West African Economic and Monetary Union's Banking Commission, as is better access to financial services.

Experience of peers

An IMF staff paper accompanying the main report reviews experience of other countries and suggests that Senegal's ambition to rise to emerging economy status within the next two decades is achievable.

Between 1990 and 2013, about 40 countries across the world have achieved average growth in real purchasing power per capita GDP of 5 % or more. Those that Senegal could emulate include Cape Verde, Guyana, Indonesia, Mauritius, Sri Lanka, Tunisia, Uganda, and Vietnam. Several African countries have already begun the journey traveled by the Asian tigers to move from low-income to middle-income emerging market status.

Experience of peers suggests that structural reforms could lift Senegal's growth to 7 % in the medium term, driven by foreign investment–generated exports.
The authorities have already engaged with a few comparator countries to develop an active peer learning effort to roll out the required reforms. A high-level brainstorming on "Transforming Senegal into a Middle-Income Economy" held at IMF headquarters in Washington, D.C. on December 15–17, 2014, was the first step in this direction. *(IMF)*

INVESTMENTS

Private contracts guarantee almost US$39 million investment in Angola

A total of 12 investment contracts worth US$38.8 million were signed in Luanda by Angola's National Private Investment Agency (ANIP). Trade is the most popular investment area, followed by industry, agriculture, construction and services. At the end of the session to sign the contracts, ANIP's president, Maria Luisa Abrantes, noted investments made in the agricultural sector. "It is in fact small, but we have two agricultural projects in the provinces [Huila and Namibe], and also found that there were three industrial units. It is therefore very little but is better than a few years ago, when focus was only on trade," she said. The set of contracts include an Angolan investment of US$13.2 million for a glass processing plant, located in Luanda, which will produce 160,000 cubic meters of glass per year to supply the domestic market. Another investment from China, worth US$9.5 million will build a steel factory in the construction sector, while the two Angolan agricultural projects, worth US$8.3 million were a highlight of the remaining investments. *(Macauhub)*

Japanese cooperation agency considers consolidating projects in Angola

A delegation from the Japanese International Cooperation Agency (JICA) is in Luanda to assess the consolidation of investment projects and its support to Angola, according to an Angolan government source.
The delegation from JICA, a Japanese government agency responsible for the implementation of programmes to support growth and socio-economic stability of developing countries, has been in Luanda.
It is, according to the Angolan government, the second visit to Luanda by a technical mission of the Japanese agency since last October. Japan has provided support and donations for social intervention projects in the area of health and land-mine removal in Angola. This technical working mission will address the consolidation of Japan's financing of projects in Angola, identifying the business climate and collecting data on the country's macroeconomic situation. *(Macauhub)*

Angola and Sao Tome and Principe schedule meeting of their bilateral cooperation commission

The governments of Angola and Sao Tome and Principe agreed, at the end of a two-day visit to Luanda by Prime Minister of Sao Tome, to hold of a meeting of their bilateral commission for cooperation.
The information was included in a statement following a visit by Patrice Trovoada, which ended with a meeting with the President of Angola, José Eduardo dos Santos, and meetings between the delegations of the two countries.
"We reviewed issues of interest for bilateral cooperation and on a regional level. In the bilateral area we re-stated the interest of both parties to continue with commitments to hold the 8th Session of the Bilateral Cooperation Commission during this year," the statement said. In his first visit abroad after the October 2014 elections, Trovoada was accompanied by the ministers of the Presidency of the Council of Ministers and Parliamentary Affairs, Foreign Affairs and Communities and of Finance and Public Administration. *(Macauhub)*

Cabo Verde and Guinea-Bissau sign agreement to strengthen bilateral relations

The governments of Cabo Verde (Cape Verde) and Guinea-Bissau in Praia signed a memorandum of understanding to strengthen bilateral relations in the reform of public administration, especially in the area of e-governance. The document, signed by the Minister of the Presidency of the Council of Ministers of Cabo Verde, Démis Lobo Almeida, and his Guinean counterpart, Baciro Djá, is the result of a three-day working visit by the minister from Guinea-Bissau to Cabo Verde. The Guinean minister said he was satisfied with the promises made by both parties and said he was open to learning more from Cabo Verde's experience, and invited his Cape Verdean counterpart to visit to Guinea-Bissau in the future. Démis Lobo Almeida confirmed the intention to visit Guinea-Bissau and announced a Cabo Verde-Guinea-Bissau summit in Praia "in the coming weeks, between late January and early February."
During his stay in Praia, Baciro Djá and his delegation had separate meetings with the head of state, the president of the parliament and the prime minister, visited several Cape Verdean public institutions and had working meetings. *(Macauhub)*

French group CMA CGM operates Lobito terminal, in Angola

French group CMA CGM, the world's third largest in sea cargo transport, will start operating the port of Lobito terminal in southern Angola, in partnership with Angola's Multiparques, the French group said last week.
According to the information disclosed, the contract for was signed in Paris on 18 December, in the presence of the Ministers of Foreign Affairs of Angola and France, and the terminal will be operational in 2015. The location of the

port of Lobito, near Benguela and Huambo – the largest cities in Angola after the capital Luanda – justifies the French group's involvement and the main aim is for it also to be assigned to the rail corridor between the Atlantic Ocean (Lobito) and the border with the Democratic Republic of Congo and Zambia to ensure the maritime export of ore mined in these two countries. "These two factors are positive prospects for the port of Lobito to have a great future in intermodal operation," the vice president of CMA CGM, Michel Alexis said. Apart from operational management of the second largest port in Angola after the port of Luanda, the CMA CGM partnership with Multiparques also intends to "develop logistics platforms" in the country. The French group has seven regular routes to Angola and intends to "capitalise" on its experience in intermodal transport, maritime and logistics platforms in the Angolan market. CMA CGM is present in 150 countries and has over 18,000 employees. It was founded in Marseille in 1978 and operates with a fleet of 428 vessels serving 400 ports through 170 lines. *(Macauhub)*

M&A

Nigerian Breweries Plc confirms SEC's approval of merger with Consolidated Breweries

The management of Nigerian Breweries Plc has confirmed that its merger with Consolidated Breweries Plc has now been finalized with effect from December 31, 2014. According to a company statement signed by the Managing Director/CEO of Nigerian Breweries Mr. Nicolaas Vervelde "This follows the receipt of approval of the Securities and Exchange Commission (SEC) and the sanction by the Federal High Court. Nigerian Breweries Plc has formally informed The Nigerian Stock Exchange of conclusion of merger process as required by the listing regulations" Mr. Vervelde also indicated that the name of the enlarged company arising from the merger will be 'Nigerian Breweries Plc' and the company will remain quoted on the Nigerian stock exchange. While thanking the stakeholders and regulatory authorities for their support and approvals respectively, the company stated that the process of operational integration of the two businesses "will commence immediately in January 2015". With the conclusion of the merger, the enlarged Nigerian Breweries is now enabled to fully capitalise on the opportunities of the Nigerian beer and malt drinks market and create significant value through delivery of broader product offering, operational efficiencies and access to new markets. The merger is also expected to deliver a number of benefits for its stakeholders including shareholders, employees, consumers, trading partners, suppliers and the Nigerian economy as a whole. Meanwhile, some investors' and capital market operators at the nation's bourse says the proposed merger of Nigerian Breweries (NB) Plc and Consolidated Breweries, has introduced a new platform for sustainable economic diplomacy.The stakeholders said in separate interviews in Lagos, that the business combination would not only challenge real sectors operators to overhaul the businesses but provided another impetus for foreign core investors to positively review their interest in Nigeria.
According to them, the affirmation of the proposed merger at the Dec. 4, 2014 separate Court Ordered Meetings (COM) had further leverage the Nigerian real sector operations. Mr. Godwin Anono, Chairman, Nigeria Professional Shareholders Association, said that the shareholders had supported the merger because of the enhanced exchanged ratio proposed by the companies.Anono said that the exchange ratio of four NB shares to five Consolidated Breweries was a fair deal when compared with developments in the market where shareholders were short-changed. He said that the shareholders had supported all the resolutions of the COM to ensure speedy conclusion of the merger plan. Anono also said that the merger would stimulate economic growth and development of the capital market. Mr Timothy Adesiyan, President, Nigeria Shareholders Solidarity Association (NSSA) had expressed shareholders readiness for the consolidation exercise. Adesiyan said that the merger would turnaround the fortunes of both companies in terms of robust growth and return on investment. The NSSA boss called on the Securities and Exchange Commission (SEC) to ensure protection of the minority shareholders in the merger process. *(Vanguard)*

Kellogg Expects to Acquire 85.93% of Egyptian Snack Maker

Kellogg Co. said it expects to acquire an 85.93% stake in Egyptian snack maker Bisco Misr based on the results of its tender offer. The stake is bigger than expected last month, when Kellogg outbid a private-equity firm for control of Bisco Misr. At the time, a Kellogg spokesman said the company submitted a bid of 89.86 Egyptian pounds a share, or about $12.57, to acquire a 51% stake in Bisco Misr. The deal valued Bisco Misr at about $144 million. The deal marks a small step forward in the U.S. food company's desire for international expansion. Cairo-based Bisco Misr, which makes Minto-brand candies and Bisco Wafers cookies, reported net profit of 37.4 million Egyptian pounds and revenue of 373.6 million pounds for the nine months through September. Kellogg said the final bid was 89.86 Egyptian pounds a share. The final transfer of the share is expected on or around Jan. 18. *(Wall Street Journal)*

BANKING

Banks

Angola requests loan of US$250 million

The government of Angola will borrow US$250 million from the Goldman Sachs investment bank, to ensure the implementation of national development projects in 2015, according to a January presidential order. "If it is necessary

to ensure continuity and implementation of the Government Programme, the pursuit of economic and social objectives of public interest, which are essential to national development," the presidential order said. This is the second contract of its kind approved by the Angolan President in the last four days. In a previous order the president authorised a Financing Agreement with GemCorp Capital LLP, from the United Kingdom, also in the amount of US$250 million. Angolan government debt is this year expected to reach US$47 billion, equivalent to 35.5 % of gross domestic product (GDP), while in 2012 it was less than 11 %, according to the current State Budget (OGE). *(Macauhub)*

Angola increases stake in World Bank The government of Angola will spend US$5.6 million on 1,032 new shares in the International Bank for Reconstruction and Development (IBRD) to benefit from the World Bank group's financing advantages, according to a presidential decree of 9 January.

The document notes that the National Development Plan states that Angola "must consolidate its relations with international financial institutions such as the World Bank group" with "policy measures to promote the increased volume and conditions of financing," from that bank for "projects that are structural for the national economy."

Signed by the Angolan President, José Eduardo dos Santos, the decree states that as part of a scheme to increase participation of developing countries that are IBRD members, Angola was "awarded an additional 1,032 shares" in the bank. Headquartered in Washington, United States of America, the World Bank is a group of financial institutions responsible for promoting economic growth and cooperation on a global scale, including the IBRD. *(Macauhub)*

Banks lose out as Kenya Power gets Sh45bn to pay loans

Six commercial banks that have lent billions of shillings to Kenya Power are set to be major losers after the government secured a Sh45 billion loan from the World Bank to buy them out. The move, the government says, is aimed at lowering interest on loans that Kenya Power has been paying to the lenders and in turn avoid raising electricity bills. The power distributor is currently servicing loans worth more than Sh70 billion. "We are getting a $500 million loan (Sh45 billion) from the World Bank to clear loans held by Kenya Power so that we can lower the interest cost," said Energy secretary Davis Chirchir in an interview. The local banks are Equity Bank, Commercial Bank of Africa (CBA),Standard Chartered Bank, Co-operative Bank and Barclays Bank. Kenya Power owes Equity Sh7.44 billion, CBA Sh2.75 billion, Standard Chartered Sh6.65 billion, Co-operative Bank Sh4.5 billion and Barclays Sh6 billion. South Africa's Fast Rand Bank is owed Sh13.54 billion. The utility firm borrowed an additional Sh10.35 billion from Standard Chartered after the June annual report on which the above figures are based, raising the total owed to the lender to Sh17 billion. Mr. Chirchir said reducing the interest rate on these loans is one among a raft of measures the ministry will embark on to lower the cost of energy. He added that the saved costs will amount to about Sh1.5 billion annually.

It is understood that the World Bank will charge Kenya Power an interest rate of about two per cent per annum, a cost that is significantly lower than the commercial rates charged by banks. Kenya Power increased its borrowings from Sh51 billion in 2013 to Sh70 billion last year.

The loan maturity period ranges from less than 12 months to after five years. Among the new loans by the power distributor are Sh4.5 billion and Sh6 billion short-term loans from Co-operative Bank and Barclays secured in 2014. CBA also extended a Sh2.75 billion medium-term loan to the power company last year. The cost of energy came down in the last four months of last year, attributed to the injection of an additional 280MW of geothermal power to the national grid. The notable reduction in price was on the fuel cost charge, which is the main component in electricity bills for both domestic and commercial consumers. The fuel cost charge dropped from Sh7.22 per unit in August last year to Sh2.87 by the close of the year, resulting in 27 and 26 per cent drop in bills for commercial and domestic customers respectively. Apart from lowering the fuel cost charge through geothermal energy production and the concession loan, the government also promises to undertake measures aimed at lowering management costs of companies involved in the energy generation and distribution chain. This includes institutions like Kenya Power and KenGen. Another avenue the government is exploring to lower power costs is use of solar energy, which the minister says will be scaled-up soon, though he didn't offer a timeline. "We promise that we will work on every component of the bill (electricity) to reduce the cost of energy," said Mr. Chirchir. *(Business Daily)*

Markets

Ghana to issue 400 mln cedi 7-year domestic bond in April

Ghana plans to issue a 400 million-cedi, seven-year domestic bond in April in a fresh bid to use longer-term maturities to restructure its rising debt, the central bank said. The country's third bond will finance infrastructure projects and will be open to foreign investors. Ghana is seeking aid from the International Monetary Fund as it grapples with fiscal problems including a debt-to-gross domestic product ratio above 60 %. The West African country aims to raise a total of 25.4 billion cedis ($7.88 billion) in domestic securities before July, the bank said in its issuance calendar. Ghana issued its debut seven-year domestic bond in August 2013 and held a similar auction three months later with yield at 18 % yield. The bank will also issue five-year bonds in March and June to raise 440 million cedis each, and three-year paper worth 630 million cedis each in February and May to roll over maturing debts. The government did not issue a seven-year bond last year as it wanted to avoid a spike in yields following a slump in the local currency. *(Reuters)*

Treasury to fast-track 100pc foreign stake in NSE firms

The Treasury will fasttrack regulatory changes, opening up listed companies to full foreign ownership this year, Cabinet secretary Henry Rotich has said. The Capital Markets Authority (CMA) has been pushing for the removal of the current cap of 75 per cent and included the proposal in its 10-year master plan launched in November. Mr. Rotich said such reforms will help accelerate the establishment of the Nairobi International Financial Centre (NIFC) as well as improve access, stability and efficiency of the capital markets as per the master plan. The NIFC Authority was gazetted by President Uhuru Kenyatta in May last year. "The National Treasury will fasttrack these flagship projects this year by facilitating the openness to foreign ownership, ease of capital inflows and outflows, efficiency and stability of the operational and institutional framework of the capital markets," Mr. Rotich said. Removal of the ownership cap would help the markets move towards achieving the status of emerging market by 2020 as rated by the Morgan Stanley Capital International (MSCI) Index. It should also enable Nairobi to enter the Global Financial Centre Index ranking of financial centres published by the Z/Yen Group. It would also see the NSE included in the widely followed MSCI indices. Market accessibility is one of the key criteria for reclassification of a market by the MCSI, which only covers bourses, allowing foreigners to hold up to 100 per cent of listed companies. Speaking in November at a stakeholders' discussion on reforms to be put before the Treasury for adoption in the next Budget, acting CMA director for regulatory, policy and strategy Luke Ombara had said the amendments will be made in the Budget proposals for 2015/16 fiscal year. If passed, the legal provision could be effective from as early as January, 2016. Mr. Ombara said the proposal may be modified to prescribe the portion foreigners can own in strategically important companies, which would not otherwise be left fully in foreign hands. The 75 per cent cap was put to reserve ownership of listed firms for local investors as a way of encouraging Kenyans to buy shares at the stock market. According to the latest CMA filings of up to September 2014, foreign investors held 22.4 per cent of the shares at the NSE. *(Business Daily)*

JSE, NSE partner to grow African capital markets

The Johannesburg Stock Exchange (JSE), South Africa and the Nigerian Stock Exchange (NSE) are forging a new partnership that will lead to more opportunities for investors and companies in the African capital markets. The partnership, according to the Exchanges, will strengthen other African economy. Speaking on the partnership, JSE Director, Capital Markets, Donna Oosthuyse, noted that though African securities exchanges face many challenges the collaboration will help grow the markets and also improve liquidity. "We are of the view that everyone and indeed other markets would benefit from this. We have been working with the NSE for some time in this regard, and the joint goal we have is to develop products and services that would be of interests to issuers and investors in both markets. This would be of mutual benefits. So, we would like to have South African companies and products listed on the NSE. And we would also invite Nigerian issuers and products to be listed on the JSE," she said. Oosthuyse expressed the optimism that the cross border-listing will greatly benefit investors and grow the continent's capital markets as opportunities abound for products and services in cross-listing – companies that are listed Nigeria to also list on the JSE. "I had personally spoken to a lot of private wealth managers that aspire and want to be exposed to the Nigerian economy because they see higher growth than in many other markets and they believe there is opportunity for greater returns and they are willing to take the risk. So, we see cross-listings not just from Nigeria to South Africa but also from South Africa to Nigeria," she said. The JSE director added that the collaboration will also offer both exchanges the opportunity of training programmes to deepen their operational knowledge about topical subjects relating to capital markets. "We would welcome members from NSE coming over to spend time at JSE and hope that our members would also be welcome here so that we can learn from each other. From our interactions, I think the industry professionals in the NSE and in the ecosystem around investment are very good. Nigeria has almost the same challenge South Africa has, which is how to transfer these expertise into educating the issuers and investors in terms of what value the Exchange brings to the economy," she added.*(This Day)*

Fund

MSME Trust Fund: Stakeholders seek PPP

Stakeholders in the Micro, Small and Medium Enterprise (MSME) sector, have appealed for a Public Private Partnership (PPP) to drive the MSME Trust Fund Initiative.

Dr Abdalla Yakub, the Executive Director, Africa Rural Development Company Ltd. (AFRIDECO), made the appeal at a news conference in Abuja.

Yakub said MSME stakeholders established a trust fund that would benefit people in the grassroots but the government and private sector's support was essential to boost the initiative. He said the essence of the fund was to gather resources to ensure it reached the bottom of the pyramid where such funds were needed. `` We have pulled ourselves together to establish this initiative and we are asking the government to come in and partner with us and also the private sector. ``There has been a general approach in this nation about intervention funds and it has always been a top-down approach. ``The very basis of this conference is that there is now a bottomup approach where we start from the person in the village to come to the Central Bank of Nigeria (CBN) and then to the presidency. ``Our job is to invest these funds and continue to circulate this fund so that it will stimulate the MSME and the members that are within this urban wealth,'' he said. He explained that the MyCard Cash Passport that was also included in the initiative provided an

avenue that would help to hasten financial inclusion in the country. `` On the MyCard Cash Passport, we have included a set of benefits and one of them which is very critical to the people is health. We are going to ensure that old men and women that are our members who do not have money can go to this community health and be treated under health insurance. The President, National Association of Micro Finance Banks (NAMB), Mr Valentine Whensu, said the initiative would help to create more jobs than that anticipated by President Goodluck Jonathan.
According to him, the synergy of the institutions that are coming together will be able to drive the economy. `` The ultimate benefit for us is to encourage the government financial inclusion strategy to ensure that people who are out there are back into financial net,'' he said. *(Daily Times)*

Buyout group Helios raises record $1bn Africa fund
The first $1bn-plus Africa-focused private equity fund has been raised by Helios Investment Partners, a London-based group founded almost a decade ago by a pair of Nigerian-born dealmakers.
The record size of the fund signals the growing appetite for a continent that until a few years ago had been largely ignored by global investors.
Africa still attracts a tiny proportion of the world's private equity money, even compared with other emerging regions, notably Asia and Latin America. But interest has increased recently, buoyed by strong economic growth.
After stagnating for two decades, African gross domestic product per capita has surged almost 40 per cent since 2002, fuelled by high commodity prices, the rise of a small consumer class, and cheap Chinese loans.
The strong growth has encouraged regional and international private equity groups. US buyout group Carlyle last year launched a nearly $700m fund to invest in the region, while US rivals KKR and Blackstone have also struck regional deals.
Dealmaking among companies in the sub-Saharan region has been strong during the past year as investors bet on growth. Recent transactions include an alliance between brewer SABMiller and Coca-Cola; the entry of French insurer Axa in Nigeria and a large merger in the retail sector in South Africa.
Helios plans to wrap up fundraising for its latest vehicle at $1.1bn — the maximum that it promised it would take from investors. About 60 per cent of the new fund has come from existing investors. It is the third fund that Helios has raised since it was established in 2007.
Tope Lawani, Helios co-founder, said in an interview with the Financial Times that the size of the capital rising and the participation of pension funds and sovereign wealth funds was a sign that "private equity in Africa is maturing". Until now, wealthy families and entrepreneurs have been quicker than institutional investors such as pension funds to see the appeal of Africa.
Although more institutional investors are pouring money into private equity funds for Africa, some remain worried about their exit strategy as capital markets in the region — particularly stock exchanges — are still in their infancy, with the exception of South Africa and, to a lesser extent, Morocco, Nigeria and Kenya.
Buyout groups raised $3.3bn for Africa funds in 2013, the latest year with full data, compared with a peak of $4.7bn in 2007, according to estimates by EY, the consultancy.
The arrival of new investors to Africa coincides, however, with economic trouble in the region as commodities prices tumble and countries brace for the impact on capital flows of an anticipated increase in US interest rates.
Mr Lawani said that in the near term many African countries were going to suffer an "adverse impact" on their currencies as capital flew back to the US.
"We are witnessing sharply lower commodities prices and it is reasonable to expect African currencies to lose value against the dollar," he said. But he claimed that the downturn would turn into an opportunity for investors holding large amounts of US dollars, such as Helios. "It is an excellent time to invest: asset values are going to come down," he said.
Helios held the previous record for the biggest private equity fund in Africa, which it raised in 2011, at $908m. Earlier this year, Edmond de Rothschild amassed $530m for its first buyout fund focused on deals in the continent.
In 2012, Sir Bob Geldof, the musician and campaigner for aid to Africa, raised $200m for his 8 Miles fund focused on the continent. *(Financial Times)*

Tech

FirstBank, Etisalat Collude On New Mobile Money Scheme
A partnership that will improve the accessibility and security of mobile payments in Nigeria has been struck between the First Bank of Nigeria (FBN) and telecommunication giant Etisalat. Specifically, FBN's Firstmonie Mobile Money and Etisalat's easywallet will be fused to create a new solution that can push for adoption of mobile money in Africa's largest economy.
This synergy will promote the use of Firstmonie mobile money on the easywallet STK menu, thus creating some new value for all stakeholders in the mobile money segment including customers, agents and merchants.
"Firstmonie has continued to show its commitment to upholding the financial inclusion drive by the Central Bank of Nigeria and this is evident in its recent award of the Best Mobile Money Operator in Nigeria by the EFInA Financial Inclusion Awards. Partnering with Etisalat to promote the use of the STK menu as the preferred Mobile Money channel

further demonstrates our commitment to lead innovation in the development of secure mobile payment solutions," said Folake Ani-Mumuney, Head of Marketing and Corporate Communications at FBN.
Giving further comments on the new partnership, Lucas Dada, Business Segment Director at Etisalat Nigeria said; "Etisalat easywallet is one of the most secure and convenient platforms for mobile money services. With the easywallet, Etisalat subscribers can make financial transactions such as Peer-to-Peer transfers, Bills Payment and Airtime top-up, directly from their mobile device."
The Central Bank of Nigeria (CBN) opened up the Mobile Money highway in 2009 as a strategy to boost financial inclusion levels to 80 % by 2020, but the country is seeing a rather slow adoption of this service. As at 2010 when full mobile money services were launched, the entire banking sector of 22 banks could only boast of about 25 million bank accounts despite a population of over 170 million people.
The case for further adoption of mobile money is enclosed in the understanding that higher levels of financial inclusion translates into economic development; this has been clearly demonstrated by advanced economies and the IMF captured this philosophy in a Financial Access Survey report last year. According to the report, depositor data from commercial banks in Africa revealed that depositors per one thousand adults grew five-folds between 2004 and 2013 and translated into a 40 % growth in real GDP per capita.
If only 30 % of about 23 million Nigerian adults who keep their monies at home saved five hundred naira ($2.71) in a Nigerian bank every month, the financial services industry in the country could increase by a staggering 41.4 billion naira ($224 million) every year. Mobile money remains one of the surest strategies to reach the unbanked in rural areas and other developing regions; as more players enter this market in Nigeria and the intensity of competition increases, it is expected that the net effect will be a more inclusive country. *(Ventures Africa)*

SWIFT Deepens Sub-Saharan Africa Reach With New Ghanaian And Kenyan Offices

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) will open two new offices in 2015 – in Accra, Ghana and Nairobi, Kenya – as a crucial part of its pan-Africa growth plans. From these offices, SWIFT will manage an expanded presence across the West and East Africa regions. "These plans will be a significant milestone for our sub-Sahara business. They recognise Africa's vibrant economic growth and future potential, and reflect SWIFT's ongoing commitment to get closer to its customers in these crucial markets," Christian Sarafidis, Deputy Chief Executive, EMEA, SWIFT, says.
SWIFT's sub-Saharan Africa business, with its head office in Johannesburg, was established more than 30 years ago. In that time, Africa's economies have changed beyond recognition and there is a growing need for SWIFT to expand to meet new client expectations and business opportunities.

Africa is rising and SWIFT can contribute

"The fact that Africa is rising is evident in various key economic indicators such as GDP growth, FDI and infrastructure investment growth. It is also corroborated by the growth in SWIFT traffic volumes. Such growth requires sound financial systems, securities systems and regulatory compliance. These are all areas where SWIFT can make an important contribution," says Hugo Smit, head of Sub-Sahara Africa, SWIFT.
He added that the organisation's collaborative approach and ability to offer solutions that benefit the entire community makes it a unique organisation. The new offices, he claims will further improve SWIT's solution and services offering to customers and better position the organisation to support local communities, as well as develop regional initiatives.
Six of the ten fastest growing economies in the world are in Africa and economic growth in the sub-Saharan region is expected to rise from 4.7% in 2013 to 5.2% in 2014. Moreover, recent World Bank figures show that capital flows to sub-Saharan Africa have continued to rise, reaching an estimated 5.3% of regional GDP in 2013, significantly above the developing-country average of 3.9%.
Recent data from SWIFT supports this trend and demonstrates that its business in Africa has outperformed the total growth of the SWIFT business globally. In 2014 eleven countries in Africa experienced traffic growth of above 20% and six countries saw traffic grow by more than 30%; in the same period. As a reflection of the strong economic growth across the continent, the rise in payment traffic over the SWIFT network has been very strong. Volumes rose by almost 22% in Africa versus 8% total growth worldwide.

SWIFT improving payment systems in Africa…

"Payments remain a major focus for SWIFT in sub-Saharan Africa and there is great support from policy makers, central banks and commercial banks for further development of financial market infrastructures. These help to make the intra-regional payments space more competitive, open the way for new products and services to be offered by participating financial institutions and reduce the need for foreign financial intermediation," says Smit.
SWIFT has been working closely with the Southern Africa Development Community (SADC) on its development of the SADC Integrated Regional Electronic Settlement System (SIRESS) payment system. The third phase went live in September, meaning that almost 70 commercial banks in nine countries are now participating in the system. Transaction volumes as well as values over the system are exceeding expectations and continue to rise.
SWIFT is also working with other regions towards their plans for regional payment systems, including the West African Monetary Zone and the East African Payment System…securities markets also

Another crucial area for SWIFT is the securities markets. Outside a handful of countries such as South Africa, Nigeria and Kenya, most national securities markets are at a relatively early stage of development. There is huge potential to unlock greater local and intra-regional investment through the use of standardised and harmonised financial market infrastructure. “With the right financial infrastructure in place and through industry collaboration, Africa has a great opportunity to improve the liquidity and efficiency of its capital markets, leading to cheaper equity funding and greater risk sharing for the continent’s expanding corporates. Robust and efficient securities markets will continue to support foreign investment but also encourage higher levels of intra-African investment. This is good for companies and investors,” says Ian Bessarabia, Head of Business Development, Sub-Sahara Africa, SWIFT.
Sarafidis concludes: “The Sub-Saharan Africa region continues to outpace SWIFT’s global business in terms of traffic volume growth. This fully supports our plans to expand SWIFT’s presence on the continent. Most importantly, we are excited about the potential to grow our business here and further increase the African region’s contribution to the global organisation.” *(Ventures Africa)*

ENERGY

Thinking beyond the grid

On the surface, the US Senate missed a chance to address the deep-rooted problem of lack of access to electricity in Africa in 2014.
The House of Representatives passed the Electrify Africa Act in May 2014, but the Senate never voted on it. The bill must now start over again with the new Congress in 2015.
Addressing energy poverty is a noteworthy cause, but the projects powered by these initiatives may bypass those in rural areas who need them most. The act would have set a goal of providing access to electricity for at least 50 million people in sub-Saharan Africa by 2020 through large infrastructure projects. Together with President Obama’s Power Africa program, the initiatives would invest billions of dollars in sub-Saharan Africa’s energy systems.
As much as centralized power projects are necessary to spur much needed industrialization in many countries across the region, more focus is needed on distributed renewable energy systems. These are the most efficient and cleanest means of reaching Africa's poorest families.
In the case of Kenya, more than three out of every four households do not have access to power. According to the World Bank, household access has grown by about 4% annually, but most of this growth has been concentrated around Nairobi.
According to Power Africa, only about $1.1bn has been pledged for mini-grid and distributed power services. By contrast, the initiative has so far been able galvanize $20bn in pledges towards large scale centralized generation power projects.
Large, centralized energy productions will not particularly help many poor Africans access energy, but they are being propagated in part because they offer the highest returns for foreign companies. More attention needs to be paid, both by investors and policymakers, to the benefits of small-scale and off-grid electrification options.

Cheap versus clean?

At the same time, many economists and academics argue that before poor countries can move to clean energy, they need to access cheap electricity so they do not have to burn dung, cardboard, or twigs for heating and cooking.
Even Bill Gates has argued this point: “[Poor countries] cannot afford today’s expensive clean energy solutions, and we cannot expect them to wait for the technology to get cheaper,” he stated on his blog.
This line of reasoning will actually keep Africa in the dark even longer.
Connecting Africans to existing sources of energy is not necessarily cheaper - nor is it the best option for the environment. Electricity remains prohibitively expensive for many in sub-Saharan Africa.
Even though some villages in Western Kenya now have electricity, courtesy of donor-funded rural electrification programs, the power lines only pass the main tarmac road, schools and market centers, leaving thousands nearby unable to connect.
For most in rural Kenya, for example, even if they are lucky enough to be within 600 meters of a transformer, they must pay over $450 - already counting government subsidies - to connect to the grid. This is prohibitively expensive for the majority of the poor, who earn less than $2 a day.
The day to day costs of traditional power sources are also unsustainable. While power tariffs in most parts of the developing world fall in the range of $0.04 to US$0.08 per kilowatt-hour according to the World Bank, sub-Saharan Africa pays an average tariff of $0.13 per kilowatt-hour.
And while the price of oil per barrel increased from $20 in 1986 to a projected $68 per barrel of Brent crude through 2015 - despite rapidly falling oil prices - the price of solar photovoltaic cells per watt dropped from about $5.70 in 1992 to about $0.65 in 2013.
We need better, cheaper, and more reliable sources of energy. There is an opportunity for the energy industry to increase access in Africa in much the same way as mobile and internet access is growing. In the cases of both mobile

tech and broadband, distributed solutions are leapfrogging outdated and ineffective centralized networks. The same tactics could work for rural electrification.
To do this, we need much bigger and more coordinated investments in small-scale systems that produce energy at the household and community level from renewable sources, including micro-hydro, solar, wind, and biogas projects. The World Bank's Lighting Africa program, for example, has seen a 95 % compound annual growth rate for off-grid solar products being sold in sub-Saharan Africa.
The International Energy Agency (IEA) recognises the valuable role distributed renewable energy can play in providing access for those living beyond the grid. Distributed clean energy puts power directly in the hands of poor populations in a short timeframe without creating massive environmental damage. However overall, this segment of the energy sector remains under-recognised and under-funded.
At the same time, grid extension has increased at marginal rates. The majority of people who are connected to the grid receive power that is so unreliable that they are still considered 'under-electrified'. The rolling blackouts experienced in most countries in Africa are daily reminders of this.
It is therefore important for governments in Africa and beyond, as well as the private sector, to increase their investments in renewable, off-grid and small scale energy solutions that work to connect populations directly to power. If we continue to ignore the effects of our overwhelming focus on large scale energy projects, we will still have millions without electricity access for decades to come.
Evans Wadongo is a 2014 Aspen Institute New Voices Fellow and the Founder of Sustainable Development For All, a non-profit based in Kenya. *(This is Africa)*

Angola To Boost Energy Output With $1bn Power Plant

Angola will build a multi-million dollar electricity generation plant in its north western city of Soyo, as it seeks to boost the country's energy sector. The project will be undertaken by Chinese construction and engineering company, China Machinery Engineering Corporation (CMEC). The Southern African country will expend $982 million on Soyo combined-cycle plant.

Angola targets 2017

"CMEC will begin construction of a power plant in Soyo, after receiving the first instalment of US$147.7 million from the Strategic Financial Oil Reserve for Basic Infrastructure," said a statement from Angola president's office.
The statement adds that the power plant, which is part of the Public Investment Programme, is of great importance to boost socio-economic development of the country. It is also included in the government project to reduce the Angolan energy deficit by 2017. The government said it will be built based on growth forecasts for electricity demand in the country, in the medium and long term.

Better power, improved growth rates

Angolans suffer frequent daily blackouts. In 2002, about 34.5 % of Angola's electricity generation came from fossil fuels while 65.5 % from hydropower. In 2012, days before the election, the government announced $17 billion in planned energy investment, designed to alleviate the energy deficit. Demand for electricity supply has grown in Angola, as in most parts of Africa. Hence, with better electricity supply, Angola is expected to see one of the highest growth rates in Africa, supported by investments in its vast oil fields. *(Ventures Africa)*

GDF Suez Awarded Preferred Bidder Status for SAfrica Solar Plant

GDF Suez (GSZ) SA, operator of Europe's biggest natural-gas network, has been awarded "preferred bidder" status for a solar park near Pretoria by the South African Department of Energy.
GDF will now be invited to enter into a 20-year power-purchase agreement for the 100-megawatt concentrated solar farm with state-owned Eskom Holdings SOC Ltd., Courbevoie, France-based GDF said today on its website.
No financial terms were given. The project includes a molten salt storage system that can store thermal energy for 4.5 hours. GDF Suez owns about 49 % of the facility and a group of South African investors that includes Investec Ltd. own the remainder. *(Bloomberg)*

South Africa Mulls Giving Credits for Rooftop Solar Electricity

South Africa's energy regulator is looking at a framework that would enable homes and businesses to receive credits for feeding surplus power they generate from rooftop solar panels back into the constrained electricity grid.
"There is growing interest from South African electricity customers to install rooftop photovoltaic systems in order to reduce their electricity bill and supplement their consumption," the Pretoria-based National Energy Regulator of South Africa said in a draft discussion paper to formulate its position on principles, licensing and conditions for installation of small-scale renewable embedded generators. The document was published on its website and dated Dec. 10.
The introduction of such a plan means South Africa, whose sole power utility is struggling to meet demand in the continent's second-biggest economy, would be emulating countries such as Germany, Spain and the U.S., which have had small-scale renewable generation that included feed-in tariffs or credit programs through banks.
"Their governments also securitized the tariff by government guarantees, which is something that the South African government cannot engage in at this stage with so many programs where guarantees are currently offered," the paper

said. South Africa has so far procured about 3,900 megawatts of capacity through three competitive rounds of bids by independent producers of renewable energy, with about $10 billion invested. That already exceeds the 3,725 megawatts initially sought from five bid windows. An additional 3,600 megawatts will be sought, the Department of Energy said on Dec. 12.

Generation Forecast

The country's integrated resources plan for 2010-30 estimates both residential and commercial photovoltaic embedded generation could reach as many as 22.5 gigawatts by 2030, the regulator said in its discussion document. In 2011, Nersa approved conditions where generators of as many as 100 kilowatts are registered and allowed to sell electricity to municipalities. It proposes that this be raised to 500 kilowatts. Tariff options proposed by the regulator included enabling customers to reduce bills by feeding excess usage to the grid at a retail price, with a feed-in tariff paying a different rate for selling energy to that for consuming it. A net-metering option would see customers billed on consumption minus the amount generated.

Billing Considerations

Net-energy metering, measured in kilowatt-hours, will be used instead of rand, the regulator said. Each month, the electricity that small-scale generators produce in excess of their own consumption will be sent back to the grid and credited to their accounts for up to one yearly billing cycle, after which any remaining credit is forfeited to the distributor, it said. "This reduces any incentive for the customer to oversize generation with respect to load."

South Africa's electricity rates will rise an average 13 % from April, more than the 8 % planned, to help the state-owned utility Eskom Holdings SOC Ltd. recover 7.8 billion rand ($665 million) of unbudgeted costs incurred in the three years through March 2013, Nersa said in October. The government will raise 20 billion rand by selling shares in listed companies, stakes in state-owned entities and real estate to help the company finance a 225 billion-rand cashflow shortfall for the five years through March 2018. *(Bloomberg)*

IPP body welcomes coal baseload tender, but calls 1 600 MW allocation 'insufficient'

The South African Independent Power Producer Association (SAIPPA) has welcomed the release by the Department of Energy (DoE) of the coal baseload tender, but has described the 1 600 MW allocation as "insufficient" and has argued instead for the full 2 500 MW outlined in a 2012 Ministerial determination to be procured "in the quickest possible time".

The association argues that, in the current context of energy shortages, the DoE plan to have several bidding rounds to procure the 2 500 MW allocation may "prolong the energy shortages".

The request for proposals (RFP) issued in December indicates that the DoE is seeking to procure a total of 1 600 MW – 1 000 MW domestically and 600 MW from the rest of the region – during the first phase of the programme, with subsequent yearly competitive bidding rounds to follow. A deadline of June 8 has been set for bid submissions and independent power producers (IPPs) have been requested to notify the department of their intention to bid by May 11.

Only projects smaller than 600 MW and which can be operational by 2021 will be considered, but an incentive has been built into the tender for those projects that are able to beat that deadline.

The RFP also sets a price cap of 82c/kWh for the first bid window and stipulates that South Africans own 51% of the project company set up to develop the power stations, including 30% black economic–empowerment participation.

SAIPPA says it has noted the 600 MW cap, but would prefer that the DoE did not exclude larger projects, which may offer a compelling case. It is more concerned, though, about the lack of progress in finalising the supportive transmission and water infrastructure in coal-rich territories, as this could undermine the implementation of coal-fired power projects. It also believes that competitive and bid-ready domestic projects should not be foregone in favour of meeting the 600 MW "predetermined" crossborder allocation.

Also of concern is the tariff formulation in the RFP, with SAIPPA warning that the proposed escalation formula fails to mirror the actual cost increases IPPs would need to deal with.

"A contract over a 30-year period, plus a three-and-a-half-year construction period, cannot financially sustain itself with a major difference between income escalation and expense escalation," it argues, noting that South African projects have been prone to labour increases that are not aligned to the inflation rate. "For IPP's to carry this risk over a 30-plus-year period would be unsustainable."

Also questioned is the stipulation that Eskom be the buyer of a minimum of 75% of the power produced, and that any other buyer would need to contract for a minimum of 15% of the balance. "Surely if energy is generated for South Africa no such limit is needed." However, SAIPPA still welcome the publication of the RFP, which has been eagerly awaited ever since the determination was published in December 2012. (Engineering News)

Dubai Doubles Power-Plant Size to Make Cheapest Solar Energy

Dubai's government-owned utility plans to double the size of a solar power project that it expects will produce some of the world's cheapest electricity.

Dubai Electricity & Water Authority awarded a contract to build the 200-megawatt plant to a group led by Saudi Arabia's ACWA Power International. The 1.2 billion dirham ($330 million) generating station will be completed in April 2017, DEWA Chief Executive Officer Saeed Mohammed Al Tayer said today at a news conference in the Persian

Gulf emirate. ACWA will sell electricity from the plant to DEWA at 5.85 cents per kilowatt-hour, a price that will be "the lowest by far" for solar power globally and among the cheapest from other sources, Paddy Padmanathan, the Riyadh-based company's CEO, said in an interview.
Dubai plans to build 1,000 megawatts of solar capacity by 2030, enough to meet 5 % of its forecast electricity needs that year, as it seeks to reduce reliance on natural gas as its main source of energy for local use. Saudi Arabia and Abu Dhabi, the U.A.E.'s capital and largest emirate, are also developing renewable energy as oil producers in the Gulf try to reduce the burning of costlier fossil fuels to produce power.
Saudi Arabia is the biggest oil producer in the Organization of Petroleum Exporting Countries while the U.A.E. ranks fifth, data compiled by Bloomberg show. Dubai, the second- largest sheikhdom in the United Arab Emirates, holds little crude; much of it is in Abu Dhabi.

Bank Financing

The DEWA project will achieve "the lowest solar tariff in the world," excluding some plants in the U.S. and elsewhere that receive tax incentives, Vahid Fotuhi, president of the Middle East Solar Industry Association, said in a phone interview. "DEWA jumped at the opportunity to get a lower tariff" when it decided to double the facility's original planned capacity of 100 megawatts, said Fotuhi, who is also director of origination at Access Power MEA, a plant developer with headquarters in Dubai. Saudi Arabia-based National Commercial Bank and First Gulf Bank PJSC of Abu Dhabi are in talks to finance 86 % of the project's cost, Al Tayer said. DEWA and its partners expect to finish financing arrangements in 60 days, he said. The group will borrow funds at about 160 basis points over the London Interbank Offered Rate for the first year, with an all-inclusive cost of funds averaging about 4 % over LIBOR for the life of the loan, ACWA's Padmanathan said. ACWA has a 25-year agreement to sell power to DEWA. ACWA's technical partner is Spanish facility builder TSK. *(Bloomberg)*

Cape Town to implement new load-shedding schedule

From February, the City of Cape Town will be implementing a new load-shedding schedule as and when load shedding is declared by power utility Eskom.
Cape Town says that the new schedule will ensure that residents always experience scheduled power outages at a different time and on a different day than before.
In December, the Congress of South African Trade Unions (Cosatu) in the Western Cape claimed that the load-shedding schedule in Cape Town is "racist and unfair". The union said it planned to lay a complaint with the Human Rights Commission about the "unfair" blackout schedules.
Cosatu's leader in the Western Cape, Tony Ehrenreich, said at the time that while power was switched off in poor areas such as Mitchells Plain and Langa during peak hours, the same could not be said for wealthy areas such as Constantia.
According to the city's Stage 2 schedule, during the peak time (6pm to 8.30pm), Mitchells Plain and Langa experience blackouts twice a week, while Constantia, Bergvliet and Plumstead experience none. "The load shedding for the rich areas like Constantia happens during the least electricity-reliant times, whereas the load shedding for the poorer areas, who do not have other options in respect of meals, happens at the most inconvenient times, when people most need the electricity," Mr Ehrenreich said.
Load shedding started last year and although Eskom said it hoped the need for rolling blackouts would not arise this week, there were still fears that it would recommence as most businesses resumed operations after the holidays.
Cape Town's current load-shedding schedule using the days of the week was first implemented in 2008 and has been regularly updated since. It was designed particularly for occasional load shedding during peak demand times, which has been the norm since 2008.
However, Eskom's national control centre at the end of last year declared load shedding on a regular basis and over weekends. This has led to a situation where some residents have repeatedly experienced scheduled power outages at inconvenient times. "With this new schedule, the city will ensure that residents always experience scheduled power outages at a different time and weekday than before, thereby rotating the inconvenience of power outages across all supply areas," Cape Town's mayoral committee member for utility services, Ernest Sonnenberg, said. He said that the City would be implementing load shedding according to this new schedule when it was instructed to do so by Eskom.
An insert showing the new load-shedding schedule and an area map of the different supply areas across the city will be distributed with community newspapers by the end of this month. "Furthermore, the new schedule and area map will be published on the City's website from February 1 2015 so that residents have immediate access to the latest information," Mr Sonnenberg said. *(BDLive)*

Largest IPP project in Ghana reaches financial close

Following the fulfilment of the conditions precedent to its debt financing agreements, Cenpower has reached financial close on the $900-million financing required for the construction and development of its Kpone independent power producer (IPP) project, in Ghana. Once completed, the 350 MW combined-cycle multifuel power station was expected to be the largest IPP in the country, accounting for some 10% of Ghana's installed capacity. A company spokesperson told Engineering News Online that the start of construction was "imminent" and was expected to take 32 months.

The African Infrastructure Investment Fund 2 (AIIF2), which was advised by African Infrastructure Investment Managers (AIIM) – a joint venture between Macquarie Africa and the Old Mutual Investment Group – together with its co-investors, owned a direct 15% interest in Cenpower through an interposed investment vehicle, Mercury Power.
Mercury Power had also subsequently increased its economic exposure to the project to around 30% through its investment in another of Cenpower's shareholders, Cenpower Holdings. Cenpower Holdings was the investment vehicle through which the founding local shareholders of Cenpower would hold their investment in the project.
Other shareholders in Cenpower included the Africa Finance Corporation, Sumitomo Corporation and Dutch development bank FMO. AIIF2 and AIIM were also involved in Nigeria's 450 MW gas-fired Azura-Edo IPP project, which would be located in Edo state, Nigeria.
The financing documents for the Azura-Edo IPP were signed in December and financial close was expected early this year. "Cenpower represents AIIF2 and AIIM's first investment in Ghana, which is a jurisdiction we have been keen to invest in for some time. We are very proud to be associated with the groundbreaking Kpone [project], which will be a key part of plans to alleviate the power supply shortfalls currently being experienced in Ghana.
"We expect that it will be the first of many IPPs, where the private sector and international investors can play a meaningful role in strengthening Ghana's power sector," AIIM CEO Jurie Swart said in a statement. *(Engineering News)*

SA home to largest project in the world for German renewables firm

German alternative energy company Juwi group, based in Wörrstadt, announced its South African subsidiary has won a contract that would see the firm's largest single project in the world built in the Northern Cape. Project will further German and South African ambitions for a greener economy. The company's South African subsidiary, juwi Renewable Energies (Pty) Ltd, is to build the Mulilo Sonnedix Prieska photo voltaic (PV) solar park for Independent Power Producer (IPP) Sonnedix. The photo voltaic power plant has a total generation capacity of 86 megawatts (MW).
With recent and more frequent load-shedding in the country, the facility, which will begin construction in the first quarter of this year, should provide a bit of welcome relief to the nation's strained energy generation capacity.
"We are proud to realize this milestone project and delighted to, once again, be playing a key role in adding substantial amounts of clean energy to the South African electricity grid", says Greg Austin, juwi South Africa's Managing Director.
For the juwi group, the utility-scale project in the Northern Cape is the company's largest single solar EPC-project (engineering, procuring and constructing) in the world. juwi is also providing operation and maintenance services for the plant. Over the past years, juwi Renewable Energies has realized four utility-scale PV projects in South Africa.
Olivier Renon, Sonnedix South Africa Country Manager, adds: "We are happy to be working with juwi, one of the world's most experienced EPC providers in the field of renewable energies to build our solar park. We feel confident that our project construction is in very good hands. Germany teams up with South Africa for greening its economy
Clean energy generation is a key priority for both Germany and South Africa. It features as one of three focal areas under bilateral development cooperation, in light of the cross-sectoral efforts towards transitioning South Africa towards a low carbon and environmentally sustainable economy. The recently concluded Binational commission confirmed 10 million Euro alone for the South African-German Energy Programme (SAGEN) and an additional 2 million Euro for support to the South African International Renewable Energy Conference in 2015. SAGEN has focused on supporting South Africa´s roll-out of renewable energies on a large scale, as well as measures to increase energy efficiency. Its programmes promoting renewable energy have resulted in contracts awarded to private investors amounting to 3,900 MW. This figure is expected to rise to 6,925 MW by 2020, which should reduce South Africa's CO2 emissions by 9.7 million tonnes every year.
The German government also partnered with South Africa's Department of Environmental Affairs to host the 2014 National Climate Change response Dialogue. The dialogue included not only discussions with all stakeholders about an effective climate change response and just transition to a climate resilient, low-carbon economy, but also engagement by South Africa towards finalization of the new multi-lateral binding climate agreement in Paris, December 2015.
Making much of this progress possible is the German-South African energy partnership which was launched in February 2013. Two high-level Working Group meetings already were held in August 2013 and September 2014 covering, amongst other topics, the expansion of renewable energies, grid expansion, the enhancement of energy efficiency and energy research. *(GIC Africa)*

German government supports world's largest solar power complex

The German Environment Ministry(BMUB) and Development Ministry (BMZ) are supporting the construction of the world's largest solar power complex in the Ouarzazate region in Morocco with a loan of 654 million Euro. Through this project, the German Government promotes international climate action and renewable energy expansion in Northern Africa. On behalf of the BMUB and BMZ, the KfW banking group has signed loan agreements for the construction of two solar power plants, which will constitute core components of the world's largest complex of solar power plants in the Ouarzazate region in Morocco. Germany is providing development loans totalling 654 million Euro for the construction of a solar tower power plant and a parabolic trough power plant. Both plants together will have an electrical output of 350 MW, which corresponds to the output of a medium-sized conventional power station. Both

solar power plants will use highly innovative technologies, some of which will be deployed for the first time in projects of this scale. This will help Morocco take a big step towards a climate-friendly and sustainable energy supply.

Renewable energy: "Prerequisite for sustainable development"

German Environment Minister Barbara Hendricks commented that the support shows that Germany is taking its responsibility for the global climate seriously. "The transformation of energy systems worldwide is the key to successful climate policy. For developing countries such as Morocco, which depend heavily on fossil energy sources and energy imports, the expansion of renewable energies is a prerequisite for sustainable development. With its ambitious solar plan, Morocco is setting an example for others in the region and beyond. We are delighted to be able to make an important contribution to supporting Morocco on this path and developing innovative climate technologies that show great promise for the future."

Germany is Morocco's most important partner for the implementation of these two projects. Other partners include the World Bank, the African Development Bank, the European Investment Bank, the French Development Bank and the European Commission. The beneficiary of the loan is the Moroccan Agency for Solar Energy, MASEN, which will build the power plants based on a public-private partnership model.

The German funding is provided under the BMUB's International Climate Initiative and the BMZ's Initiative for Climate and Environmental Protection. The BMUB and BMZ are thus helping to significantly reduce greenhouse gas emissions. Once built, the Ouarzazate solar complex is expected to save approximately 800,000 tonnes of CO_2 per year.

German Development Minister Gerd Müller stated: "The Ouarzazate solar power complex clearly demonstrates that economic and ecological goals are not mutually exclusive, but rather are both aspects of sustainable development. Protecting the climate and natural resources are key goals of our development activities. We support our partner countries in finding innovative and tailor-made solutions to secure their national energy supply. This is a very good example of how partnership and cooperation can contribute to the protection of global assets such as the climate. Promoting environmentally sound technologies in the energy sector will remain a key priority of our work in Northern Africa."

The project will significantly contribute to the implementation of Morocco's solar plan, which envisages the establishment of two Gigawatts of solar power by 2020. The first solar power plant in Ouarzazate is already under construction, also with support from the German Government. The BMUB and BMZ have made a total of 115 million Euro available for this project.

A flagship project for the region

In 2009, Morocco set itself the ambitious target of reaching a renewables' share of 42 % in the country's electricity generation. To reach this target, two Gigawatts of solar, wind and hydropower capacity are to be built respectively by 2020. Ouarzazate could become the flagship project for other large solar power plants in the region, and also in other sunny parts of the world.

The final solar complex will have an installed capacity of 570 Megawatts. The continuous development of concentrated solar power technology and the decreasing costs of this technology could play a central role in the transformation of energy systems worldwide.

Support for the development and expansion of Morocco's solar sector are part of the BMUB's International Climate Initiative (ICI), which has provided targeted support for climate and biodiversity projects in developing countries and countries in transition since 2008. So far, the ICI has helped launch more than 400 projects with a funding volume of over 1.5 billion Euro. The total volume (including financing from other sources) is approximately four billion Euro, making the ICI a key element of Germany's climate finance activities.

The KfW banking group established the Initiative for Climate and Environmental Protection (IKLU) on behalf of the BMZ in 2007. Between 2008 and 2011 the IKLU provided at least 2.4 billion Euro in low-interest loans and grants for climate and environment-related investments in developing countries. *(GIC Africa)*

INFRASTRUCTURE

Construction starts on N$239m road project

Multidisciplinary construction and engineering group Aveng Grinaker-LTA has started upgrading the B1 national road between Windhoek and Okahandja, in Namibia, to a dual carriageway at a cost of N$239-million. The road is considered the country's most dangerous, owing to the large number of heavy vehicles it accommodates, prompting the Namibian government and roads authority to upgrade it to a dual carriageway. Aveng Grinaker-LTA will upgrade a 10 km stretch of the road. The project will also include 691 000 m3 of mass earthworks and 324 000 m2 of single seal surfacing. Two interchanges will also be built, each with a north and southbound bridge. Further, a 4.5 km service road will be constructed to create access to the plots next to the carriageway. The project is expected to be completed by April 2016. Aveng Grinaker-LTA civil engineering divisional MD Richard Evans told Engineering News Online that the road construction will not require major traffic diversions.

The northbound carriageway can be built without major interference with the existing road, after which the traffic will be moved onto the completed northbound carriageway to allow for construction of the southbound carriageway.

"Owing to the new road being an upgrade from a standard two-way national road to a double carriageway, it will remove the danger of having to pass slower vehicles while facing oncoming traffic. The other benefit will be to alleviate the buildup of traffic during peak hours," said Evans. *(Engineering News)*

Mozambican port company PCD receives environmental license

Mozambican port company Portos de Cabo Delgado (PCD) has received an environmental license for its oil and gas logistics base in Pemba, Cabo Delgado province, state oil and gas company ENH, which owns PCD in partnership with port and railway company CFM, said in a statement.

"The environmental license is the first fundamental document needed to receive all further authorisations, including for construction and drilling boreholes and that's what we will do in January and February," said he chief executive of PCD, André da Silva, in the statement. PCD was granted a concession in 2014 on an area of 8,000 hectares by the Mozambican government to build port terminals for oil and gas exports and imports of items needed for the development of the energy sector in the region.

The project includes construction of a pier about 300 metres, facilities for production and assembly of submarine equipment, access roads, as well as equipment storage areas and machine shops, to support the oil and gas industry in the region. The first phase of construction of the Pemba Logistics Base is scheduled to end in 2016, two years before the date that the Mozambican government estimates for the start of gas production in the Rovuma basin in northern Mozambique.

PCD has sub-contracted construction of the project to ENHILS SA, made up of ENH, with 51 %, and Nigeria's Orlean Invest, with 49 %. As well as the Pemba Logistics Base, ENHILS SA will be responsible for construction of the port and logistics terminal in Palma, also in Cabo Delgado province, which will create the support facilities for the oil and gas industry in the region. *(Macauhub)*

Chinese company Sinohydro delivers Kuito Kuanavale projects in Angola in 1st half

Construction works of a thermal power plan and water collection system, in the municipal capital of Kuito Kuanavale, Angola are due to be completed before the end of the first half of this year, said the Angolan Minister of Energy and Water, João Baptista Borges. The minister made the statement at the end of a short visit to these two on-going projects in the city, which are contracted to Chinese company Sinohydro and construction of which began in September last year. The drinking water collection and treatment system has capacity to pump 300 cubic metres per hour and includes two tanks holding 2,000 cubic metres each, which are capable of distributing the water to 5,000 inhabitants over a seven-kilometre radius. "The work has reached about 45 % execution and is now focused on completing the water collection station on the banks of the Kuito River and then construction of water reservoirs and the distribution network, which is why we are satisfied (with progress)," he said.

According to Angolan news agency Angop work on the power station is also making good progress. The new power plant consists of a group of five generators of 1.5 megawatts each, for over 5,000 consumers and so far workshops, warehouses and the bases to install the machines have been completed. Work on medium and low voltage transmission lines is also underway, including installation of 320 streetlights in the city centre and the outskirts of Kuito Kuanavale, over a distance of 45 kilometres. The thermal plant project also includes installation of five transformer stations, of 15, 250 and 630 KVA, a fire detection device, lightning protection and rain and wastewater drainage systems. The minister also said the remaining municipalities in Kuando Kubango province would benefit from a water supply network, and that by 2017 132 similar systems would be built across the country. *(Macauhub)*

Water pipeline project to start February

•The Northern Collector Tunnel (NCT) is aimed at supplying Nairobi residents an additional 140,000 cubic metres of water per day.

•The NCT will divert defined flood flows from rivers Maragua, Gikigie and Irati into Thika dam where both raw and filtered water will be transmitted in pipelines up to Kabete.

•Murang'a Senator Kembi Gitura said the tunnel will not benefit the county, while Kigumo MP Jamleck Kamau faulted AWSB for failing to consult local leaders about the multibillion shilling water project.

Construction of a water pipeline from Murang'a aimed at boosting supply in Nairobi will begin next month despite opposition by leaders claiming they were not involved in consultations by the Athi Water Services Board (AWSB).

The Northern Collector Tunnel (NCT) is aimed at supplying Nairobi residents an additional 140,000 cubic metres of water per day. Current production shortfall of about 200,000 cubic metres per day has forced distributors such as the Nairobi City Water and Sewerage Company to ration water in several city estates. Murang'a Senator Kembi Gitura said the tunnel will not benefit the county, while Kigumo MP Jamleck Kamau faulted AWSB for failing to consult local leaders about the multibillion shilling water project.

AWSB is implementing the Sh6.8 billion project with support from the World Bank, Africa Development Bank and KfW Germany in an effort to raise supply of water to residential and industrial establishments. "Currently, Nairobi is experiencing occasional water shortage and this is because of a deficit in the water supply. Construction of the NCT,

which starts next month to last 40 months, is expected to change this state of affairs," said Malaquen Milgo, the AWSB chief executive.
The NCT will divert defined flood flows from rivers Maragua, Gikigie and Irati into Thika dam where both raw and filtered water will be transmitted in pipelines up to Kabete. The 11.8km (3m diameter) pipeline will pass through critical natural habitats, protected areas, natural forests and densely populated areas. "The project is part Government's Water Master Plan of 2012-2035 to be implemented by the Board in five phases. Rest assured that we have taken into consideration environmental conservation," Mr Milgo told journalists in Nairobi. Others set to benefit from the increased water supply once the construction of the tunnel is done include the residents of Kiambu and Murang'a.
Currently, Nairobi has four existing water sources, the Sasumua dam in Nyandarua, Ruiru dam, Kikuyu Springs and Ngetu Water Works located in Gatundu North. The short term strategy under the Water Master Plan 2035 for Nairobi is the rehabilitation of facilities and establishment of independent systems. In Murang'a, 102 km of pipeline and two water treatment plants will be done to benefit over 230,000 residents, while 30,000 Gatanga residents will benefit from 36km pipeline and water treatment plants. Mr Milgo said that by 2035, according to the Nairobi Water Masterplan Study, the city will require 1.2 billion litres of water daily. "This is what is motivating our move to expand water supply sources," he said adding that more than 60 million litres of water will be supplied to the city by 2017. *(Business Daily)*

Kenya signs Sh25 billion deal with Japan for Mombasa port expansion

•Facility prepares for stiff business competition from Tanzania.
•The money is earmarked for a second container terminal and creation of three extra berths to handle more cargo
Japan will advance to Kenya a Sh25 billion loan to fund the second phase of Mombasa port expansion.
The money, to be given through the Japan Bank for International Corporation (JBIC), is earmarked for the construction of a new container terminal by reclamation of the West Kipevu to create an additional 3 berths. "The proposed project includes construction of a new port access road connecting the new container terminal with the existing Port Reitz Road that leads to Nairobi and inland bound highways," the project document reads. The money is part of Sh50 billion commitments by the Government of Japan to fund development of the facility.
The project will also see expansion of Port Reitz and Airport roads and drenching of access channel connecting new terminal and open sea. The capacity of the new access road is expected to be 750,000 twenty feet equivalent of containers per year. A new railway station with four rail lines mounted with gantry cranes will also be constructed.
The facility will have a waiting area for empty trucks, repair and washing zone and an area for lorries waiting to be loaded with cargo. There will also be weigh-in-motion bridges to ensure axle load controls.
The first phase of the terminal is expected to be completed by March 2016. The second and third phases will be ready by 2017 and 2020 respectively. By last year, work on the three-berth terminal that involves land reclamation had seen contractor — Japanese Port Consultants — drench a large part to get to the deep sea meant to create dry land along the Indian Ocean and create space for second container terminal. Mombasa port is the second largest in Africa in terms of tonnage and the containers handled per year with an average of 1,700 ships docking at the facility annually.
The port is preparing for competition that is expected to heighten movement of cargo in the East African region once another huge port being constructed by Tanzania at Bagamoyo is completed. Last month, Kenya Ports Authority, the agency in charge of managing the port, said construction of phase one of the second container terminal — that is expected to significantly boost the port's vessels handling capacity — was 65 per cent complete. The ceremony to be held at Kenya Ports Authority headquarters at Mombasa will be attended by Treasury Cabinet Secretary Henry Rotich, his Transport counterpart Michael Kamau and ambassador of Japan to Kenya Mr Tatsushi Terada. *(Daily Nation)*

MINING

Base Resources to drop bid to acquire World Titanium Resources

•An attempt by Base Resources to acquire the firm was targeted at enhancing the former's grip on the mineral sands industry in the region.
•World Titanium Resources chairman Nic Limb cautioned shareholders against approving the take-over bid, saying it is highly conditional and that it would pose a risk to their investment.
•Base Resources had warned that the takeover could lead to some redundancies after audit of employees that was required before carrying on with the Toliora Sands project in Madagascar
•Through its local subsidiary, Base Titanium, the company has been recording increased mineral sales from the Kwale Mineral Sands project since it made the first mineral export in February 2014
Base Resources, the company that is licensed to mine titanium in Kwale, is set to withdraw its plan to acquire World Titanium Resources following discussions with the latter's shareholders.
In an update, the Australian company feared that the take-over offer may not succeed after the board of World Titanium advised shareholders to reject the bid on grounds that it was lower than the market price of firm's shares.
World Titanium Resourcesis in charge of the Toliora Sands project in Madagascar.

An attempt by Base Resources to acquire the firm was targeted at enhancing the former's grip on the mineral sands industry in the region.

UNLIKELY TO SUCCEED

“Following discussions with key World Titanium shareholders, we have concluded that the offer is now unlikely to succeed unless there is a significant change in circumstances," a statement from Base Resources reads in part.

"Base will continue to explore and pursue alternative growth options." The take-over offer opened early this month and is set to close on February 6. World Titanium is listed at the Australian Securities Exchange, with a market capitalisation of about $9 million. World Titanium Resources chairman Nic Limb cautioned shareholders against approving the take-over bid, saying it is highly conditional and that it would pose a risk to their investment. “Your directors have reviewed the Base bidder’s statement and unanimously recommend that shareholders reject this uncertain non-cash takeover bid. Importantly, the Base bid is conditional,” he said in a letter to shareholders.

RECEIVED APPROVAL

The proposed takeover has already received approval by World Titanium’s largest institutional investor JP Morgan Asset Management (UK) Limited but it cannot go ahead if it is opposed by the firm’s largest shareholders— Boulle Titanium Limited (20.4 per cent) and Mineral Deposits Limited (19.1 per cent). Base Resources had warned that the takeover could lead to some redundancies after audit of employees before carrying on with the Toliora Sands project.

Through its local subsidiary, Base Titanium, the company has been recording increased mineral sales from the Kwale Mineral Sands project since it made the first mineral export in February 2014. Its quarter three 2014 results indicate that 130,000 tonnes comprising of ilmenite, rutile and zircon minerals extracted from the titanium ore were shipped—representing a 20 per cent increase in the volume of minerals exported from the site.The firm exported a combined 108,238 tonnes of various minerals. *(Daily Nation)*

OIL & GAS

Ghana Considers Revising Oil Revenue Target for 2015 Budget

Ghana is considering scenarios for its budget where oil falls to as low as $40 per barrel and may cut spending to prevent its budget deficit from ballooning, a Ministry of Finance official said.

The price of crude will average $60 to $75 a barrel this year, Joseph Kwadwo Asenso, the head of energy, oil and gas at the ministry, said by phone today. The government is considering spending cuts and raising revenue from other sources to maintain the budget deficit target of 6.5 % of gross domestic product for 2015, Asenso said.

The drop in crude threatens an economy already struggling with chronic power outages and inflation that has remained above 10 % for more than two years. The economy last year probably expanded less than previously forecast because of the energy shortage and currency, the statistical service said. GDP will rise 3.9 % this year, near the 4.2 % estimate for 2014, the agency said. “The falling price is not helping in terms of revenue,” Asenso said. “Any scenario below $50 is not good for us.” Ghana currently produces approximately 100,000 barrels a day from its Jubilee oil field operated by Tullow Oil Plc.

Minister of Finance Seth Terkper presented a budget in November that targets 4.2 billion cedis ($1.3 billion) in oil revenue with an average price of $99.38 per barrel for this year. The cedi fell 0.3 % to 3.2751 per dollar. It dropped as much as 1.4 % after news about the government reviewing its oil revenue target. Brent crude has dropped 56 % in the past year to $47.51 per barrel at 11:22 a.m. in London. “Falling crude is impacting on Ghana’s ability to generate more foreign exchange from oil,” Yaw Adu-Koranteng, research analyst at NDK Asset Management Ltd. in Accra, said by phone. “The currency will weaken if oil revenues are falling because that will affect supply of foreign exchange on the market.” *(Bloomberg)*

French group Total authorised to sell stake in Angolan oil block

French group Total has been authorised by the Angolan Oil Ministry to sell to 7.5 % of its stake in the 39/11 oil block in the Angolan sea to Norway’s Statoil. According to the ministerial authorisation for the transaction, of 9 January with this sale, the value of which was not disclosed, Statoil now has a majority stake (37.5 %) in the company operating the block. Total’s stake in the block’s Oil Sharing and Production contract, for oil exploration in ultra-deep water, will be reduced to 7.5 %, after the completion of the sale. In this deal, according to the executive decree signed by Oil minister, Botelho de Vasconcelos, state company Sonangol (30 % stake) “did not exercise its preferential right to buy,” allowing the sale to Statoil. The company that operates the block (CPP) also includes WRG Angola (15 %) and Colombia’s Ecopetrol (10 %). *(Macauhub)*

Three 25mw gas turbines for Port Harcourt refinery to be commissioned by Diezani

Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke will soon ommission three 25 megawatts gas turbines, aimed at facilitating uninterrupted power supply to the Port Harcourt Refining Company Limited, PHRC, in Rivers State. The power plants to be installed and operated by an independent power producer is part of measures to ensure continuous and unimpeded refining of petroleum products in PHRC. The Group Executive Director, GED, Refining

and Petrochemical of the Nigerian National Petroleum Corporation, Engr. Gregory Udoh, disclosed this in an exclusive interview in Abuja. Udoh said the arrangement with the independent power producers was aimed at ensuring steady power supply to the refinery Speaking in similar vein, the Managing Director of the Port Harcourt Refining Company Limited, Engr. Bafred Enjugu, said the turn-around maintenance of the refinery was ongoing and the facility was running optimally.*(Daily Times)*

TELECOM

Five Ways African Telcos Can Boost Network Quality

The Mobile revolution in Africa has become one of the spectacular success stories of the ongoing 21st century. With huge market chunks scattered all across the continent, as well as significant growth potential, doing telecoms business in Africa is becoming more profitable and, of course, challenging.

African telecoms, Internet and Broadcasting Consultancy, Balancing Act, reveals five imperatives for telecom operators in line with improving service delivery.

– Embrace Shared Infrastructure. Telcos can leverage economies of scale and cut costs by sharing masts and related infrastructure, thus providing more cash to invest in improving service delivery. Additionally, the cost savings can be passed down to the consumer who will readily jump at an opportunity to get cheaper data of premium quality. This may be a prudent path especially for players who are not yet industry leaders in their geography.

– Accelerate LTE Deployment. The Long Term Evolution is a new wave of high-speed communication technology sweeping across the globe, and this is the future of high-speed delivery in Africa. An upgrade to LTE will guarantee drastically improved service quality; although it is a high fixed-cost investment, it will pay back many times over as broadband penetration on the continent improves. Rolling this out also requires establishing more enhanced data links, and acquiring better infrastructure.

– Boost Wifi Coverage. WiFi, as a technology, is already available and can serve as an enabler of LTE. While many African countries have rolled out Wi-Fi, more remains to be done. Setting up more hotspots is not exactly profitable, but it drives data volumes and consumer use thus playing a strategic role in delivering services.

– Seek to Power Base Stations Directly from the National Grid. By far, the highest component of the cost structure of any telco is power, and this is driven by many factors including the sketchy power situation in the African region and the consequent cost of powering private generating units. Much like sharing masts, telcos can attempt to float a joint electricity distribution company that services their needs, this assumes that efforts to get the government to directly power their base stations prove abortive.

– Adopt New Business Models. It will be worth it to rethink the current approaches to doing business on the continent. LTE, and other technologies that offer improved service delivery are definitely expensive, but hiking the cost of data is not the way to satisfy the African consumer. There is the need to think up newer models that accommodate improved services and lower price points at the same time.

Smartphones are already becoming commodity items in Africa, and given that the average African consumer is price sensitive, operators should remain committed to continuous improvement without stressing the consumers' pockets. The result will be the undying allegiance of one of the most tech savvy regions on earth. *(Ventures Africa)*

East Africa's One Network Area Is Picking Up Steam

As part of ongoing regional integration efforts, the East African Community (EAC), last year, agreed to harmonize telecommunications services within the region such that all calls between member countries will be billed as though they were local calls, this was received with excitement among the member nations. Implementation of the initiative dubbed the "One Network Area" was slated to begin on Monday, 1st September, 2014.

As implementation continues, Safaricom has made moves to discount roaming rates for roaming calls made in Uganda following the adoption of the One Network Area initiative by the country. Recently, the telco operator had also cut roaming rates for its subscribers in 21 countries.

Because of this, Safaricom subscribers will receive calls for free while roaming in Uganda, they will also enjoy a flat rate of Kshs 10 ($0.11) for calls between Kenya, Uganda and Rwanda, a 95 % reduction from the former rate of Kshs 215 ($2.35) a minute. "This is a significant step towards the greater East Africa integration. A reduction of this kind will boost trade opportunities between these two key East African nations. We remain committed to identifying more opportunities to lower roaming rates for more countries in the region," commented Bob Collymore, Safaricom's CEO.

This arrangement is valid for calls from Kenya to Uganda, as well as calls to Kenya while roaming in Uganda and local calls made while roaming in Uganda. Additionally, calls to Rwanda when roaming in Uganda, and calls received while roaming in Uganda will also be catered for under the new tariff structure. Operators from Kenya and Rwanda continue to implement the proposed framework with the new rates taking effect since Wednesday, 1st October 2014. Call traffic has significantly increased since the reduction in roaming rates. Calls originated by Safaricom subscribers while roaming in Rwanda has increased by 85 per cent, while calls received by Safaricom subscribers roaming in Rwanda increased by 101 per cent. *(Ventures Africa)*

RETAIL

Why SPAR Is The Retail Chain To Watch In 2015

Dutch retail multinational, SPAR, will open up 35 new outlets this year as it continues to aggressively fight off competition and carve a profitable segment of the market for itself.

Its CEO, Graham O'Connor, also informed to the public in the company's annual statement that it plans to renovate over 180 existing stores, as well as open 45 new Tops at Spar stores, one of its subsidiaries focused on selling alcoholic beverages.

An unrelenting push

SPAR, the owner of popular retail outlet Pack 'n' Shop, is keen to continue its strategic expansion plans from where it left off last year. In 2014, it opened 19 Spar stores, 51 new Tops at Spar stores and 18 Build It stores, a report by Business Day South Africa confirmed. This progress however came amidst a storm of challenges, particularly from foreign and local competition, labour uncertainty and financial limitations experienced by a few of its subsidiaries. All of these factors made it fall short of its predicted expansion targets for its Spar Stores, which was expected to hit 23. O'Connor believes that despite these shortcomings, the brand was in line to maintain a profitable future. "Looking forward, the primary focus is retailer profitability, underpinning the long-term economic sustainability of the Spar Group's business," he emphasized.

Opportunities abound

SPAR recently acquired majority stake in BWG, an Irish retail group. It cited an abundance of opportunities inherent within the UK market, particularly with regards marketing and distribution for pursuing such an acquisition.

O'Connor, who spoke on the back of the purchase said that the company will continue to strive for a competitive edge over rivals by pursuing newer markets and niches, despite a tough operating environment. "As competition in the retail sector intensifies, we continue to focus on aggressively driving new business opportunities, organic growth, stringent cost control and securing operating and supply chain efficiencies," he noted.

In its African market, SPAR has already recorded successful launches in Southern Africa, particularly Namibia, Botswana and Swaziland as well as in Africa's largest economy, Nigeria. These achievements could further encourage more offspring within the continent. It has however struggled to steady its Zimbabwean business, summarizing its operations in the country as 'challenging'. *(Ventures Africa)*

Pick n Pay Appoints New Managing Director For Its Namibian Division

Pick n Pay, one of the largest supermarket chain store within Southern Africa, has appointed Norbert Wurm as the new managing director for its Namibian division. Wurm, a qualified chartered accountant, took over from Henry Feris in January. Henry left the group after close to 20 years of service. Wurm was Pick n Pay Namibia's financial director before taking over the new post. He trained and qualified as a chartered accountant with Deloitte Namibia in 2003, before going on to represent Deloitte International in New York, Luxembourg and London as an audit manager in the manufacturing industry and global financial markets.

In 2009, he returned to Namibia where he joined the O&L Group's Namibia Breweries Limited (NBL) as compliance manager, and later strategic planning and decision support manager. By 2014, he had moved to Model Pick n Pay, where he took over the role of financial director. "The journey at Pick n Pay so far has been a very fulfilling one," Wurm said after his appointment. "There was tremendous growth in 2014, supported by great people across the board."

Established in 1967, the Cape Town headquartered Pick n Pay has blossomed into a multinational retail chain, with branches in over 10 African countries including Botswana, Mozambique, Zambia, Zimbabwe, Lesotho, and Mauritius. It has also confirmed plans to set up camp in Malawi, though it has yet to open a single branch. *(Ventures Africa)*

Foschini Targeting U.K. Growth With Phase Eight Purchase

The Foschini Group Ltd. (TFG) agreed to buy U.K. clothing chain Phase Eight from TowerBrook Capital Partners LP, hastening the South African retailer's international expansion. TFG will pay 140 million pounds ($212 million), giving it an 85 % stake in the women's fashion seller, the Cape Town-based company said today in a statement. Phase Eight's management will own the other 15 %. The transaction values the U.K. retailer at 238 million pounds, including debt.

Founded in London in 1979, Phase Eight offers a range of evening wear, bridalwear and accessories aimed at the 35- to 55-year-old woman. It has 107 stores and 203 concessions throughout the U.K. and Ireland as well as 15 stores and 113 concessions in 16 international markets including Europe, the Middle East and Asia. In South Africa, the ranges will cater for mid- to upper-income customers, TFG said. "It's a big move into a competitive market and doesn't look cheap," Kyle Rollinson, an analyst at Avior Capital Markets in Johannesburg, said by phone. "But it does bring greater online capabilities and allows TFG to expand its brands into other markets."

High Inflation

South African retailers have been struggling to grow without acquisitions as high inflation and unemployment of more than 25 % hurts spending. Overseas brands such as Inditex SA (ITX)'s Zara and Hennes & Mauritz AB (HMB) are carving out footholds in Africa's second-biggest economy, while Edcon Holdings Ltd., the nation's biggest non-food retailer, is selling overseas brands including Topshop and Mango through its Edgars chain.

TFG's acquisition of Phase Eight "shows the South African retailers are looking to developed markets for growth and are comfortable they can take on the competition in the developed markets," said David Shapiro, a director at Johannesburg-based money manager Sasfin Securities. TFG will fund the purchase of Phase Eight using proceeds from the sale of RCS Investment Holdings Ltd., a credit provider, as well as its own cash resources, the company said. While Phase Eight's management will continue to hold a stake, TFG retains the right to buy the entire company over three tranches in four, five and six years after completion. "The product and value offering of Phase Eight will combine exceptionally well with TFG's current brands, with the store and concession portfolio creating a potential platform for the expansion of TFG brands internationally," TFG said in the statement. The purchase increases the number of countries in which TFG operates from eight to 26, and raises the proportion of cash sales to about 54 % annually, it said.

2,200 Stores

TFG, founded in 1924, has 17 brands selling clothing, footwear, jewelry and sportswear from more than 2,200 stores across the African continent, such as @home, Sportscene and menswear chain Markham. Together with Standard Bank Group Ltd. (STAN), TFG sold RCS last year for 2.65 billion rand. The retailer had cash of 433 million rand at the end of September, according to its most recent results announcement. Retail companies in the U.K. announced mergers and acquisitions worth about $43 billion last year, the most since 2007, as dealmaking returned to the sector amid a strengthening economy, according to data compiled by Bloomberg. *(Bloomberg)*

AGRIBUSINESS

Angola authorised to export fishery products to the European Union

Angola has been included in the list of countries authorised to export all fishery products to the European Union (EU), the minister of Fisheries, Victoria de Barros Neto said in Luanda. In an interview with Angolan news agency Angop, the minister also said this was made possible after "various stages of refurbishment of chemistry and microbiology laboratories, staff training and audits." Adding that 2014 was a positive for the fisheries sector, the minister said the country recorded fish production of 396,000 tons, including artisanal, semi-industrial, industrial, marine and continental fishing. "There are 253 licensed fishing vessels that contribute to this success, along with the involvement of 108 national companies," said Barros Neto. The main base ports are Luanda, Benguela, Namibe, Kwanza Sul and Cabinda, and Luanda generally accounts for the largest number of vessels. The provinces of Benguela and Namibe are important in trolling, with 29 vessels, and 23 seine vessels were also registered in 2014. *(Macauhub)*

Angola adopts import quotas for basic necessities

Angola will adopt a hybrid model of import quotas for basic goods such as eggs, fruit and vegetables (potatoes, onions and garlic) and drinks. This is one of the conclusions of the first seminar on the Executive Programme for Implementation of Import Quotas, which ended in Luanda. The seminar's participants concluded that, for the group of importers of the basic basket of goods, historical background and the supply-demand models were adopted, as they were the most consensual.

The beverages group intended to adopt the auction model, but as the government did not intend to close the quotas abruptly, this was not possible. The Minister of Trade, Rosa Pacavira said these models are a combination of several mechanisms that the World Trade Organisation predicts can be implemented in their entirety because of their simplicity. "We thought to bring the four models together to make a hybrid model in order to respond to imports on a national level," explained the minister, cited by daily newspaper Jornal de Angola. Pacavira said the meeting also adopted the models of applied tariff public companies, which have an unlimited amount of imports based on their history.

Pacavira noted that beverages such as water, beer and soft drinks have an estimated production of 17 million hectolitres and imports of just 10 million hectolitres, which shows a significant reduction in drinks imports.

The minister gave assurances that there were incentives for private investment, through the National Agency for Private Investment (ANIP), while small investors have the support of the Angola Investe programme, an initiative that has the support of the Ministries of Economy and Agriculture. *(Macauhub)*

Sweet turnaround for Uganda's sugar kings

In the gentle yet fiercely warm surrounds of the southern Ugandan countryside, Mwanja Banuli looks on as farmhands fill his truck with sugar cane. Packing this rough, woody crop is heavy going and making sure every inch of space is utilized is key. Transport costs money, after all, and this humble sugar farmer has lots of costs to consider. "There are many challenges in this business," Banuli says. "Rent for our land costs about $300 and then you need to pay people to clear the land. "You have to hire a tractor for ploughing and tilling the land. When you add up all these expenses, it's a big investment."

Searching for Sugarman

In Uganda, sugar is big business. This particular batch is headed for Kakira Sugar Limited -- one of the country's oldest and largest factories. Kakira was founded by Muljibai Madhvani, an immigrant from the Indian subcontinent in the late

1920s. It's a company still going strong to this day. "What you see in the background is the first mill that was installed in 1930 to crush only 150 tons of cane," explains Kenneth Barungi, assistant general manager of Kakira at the site of the company's nearby factory. "(Kakira) started expanding every 10 years, every 20 years, modernizing, acquiring more land, introducing irrigation, expanding the crushing capacity. By (the 1970s) they were producing about 83,000 tons of sugar." "That was about 50% of all the sugar produced in Uganda. At that time they (Kakira) contributed to about 53% of the national GDP... just because of manufacturing and industry," he added.

Dawn of dictatorship

It was at this time, however, that history intervened in the shape of one of the 20th century's most brutal rulers. After a military coup in 1971, army commander Idi Amin Dada seized power. The former heavyweight boxer made himself Uganda's president and a brutal dictatorship followed. The often erratic Amin praised Hitler and said the German dictator "was right to burn six million Jews." He even bizarrely offered to be king of Scotland if asked. Within a year he had expelled the country's Asian population, numbering around 35,000. After almost 50 years, the Madhvanis were no longer welcome in Uganda. Those who stayed, did so at their own risk. "When Idi Amin told every Asian to leave, they all left the country and went mainly to the UK," Barungi continued, adding that he believes this when Uganda began to economically fall apart. "All industries collapsed, all international trade collapsed. There was no longer available foreign exchange to import machinery. Even if you imported the machinery you didn't have technical expertise here to run such industries." "Within a few years Kakira Sugar Industries had collapsed, but so had infrastructure in Uganda. Social services, everything had collapsed."

A new start

After Idi Amin was deposed in 1979, however, some of the ejected population slowly started coming back to Uganda.
Among the returnees were the Madhvanis. The country they left behind, however, was a very different place. "The factory was a skeleton," Barungi said. "There was no longer a sugar plantation, the houses were occupied by anybody. There was no business to run so it (the plantation) was just an empty shell." The Madhvanis quickly borrowed money from the World Bank and the African Development Bank and set about rebuilding their business. It has grown rapidly over the last 25 years and now produces 18,000 tons of sugar (a year), Barungi said. But the effects of the macabre, harrowing events of recent history still linger.

A sweeter deal?

Some reports suggest some black Ugandan workers resented how certain sections of the Indian mercantile class treated them. These days, however, Kakira says it strives to promote a responsible philosophy for how it interacts with its workers. Not only is this the right way to engage with people in its employ, they believe, it also improves productivity and staff mobility. Kakira has built schools and hospitals to cater for their staff and their families while the company has also founded the Kakira Outgrowers Rural Development Fund (KORD), an NGO that provides the likes of workshops, loans and other services for its contractors. Besides nearly 8,000 staff members, Kakira has almost as many contract workers in the shape of farmers, like Mwanja Banuli. They farm the lands neighboring the plantations and are contracted to Kakira, supplying 70% of its sugarcane needs. "To be able to sustain business you want agricultural farmers, plantation workers, you want factory workers and the vision of Muljibhai Mudhvani was to develop human resources," Barungi said.

This enlightened approach saw KORD awarded with a best NGO-business partnership award from the Ugandan Manufacturers Association. But it's the positive impact on individual lives that offers the biggest reward for many in the community. "Before KORD I was just useless," said Beatrice Katende, who has received assistance from the body's programs. "I used to work as a casual laborer for other people in the community digging in their gardens to get some income. "When KORD came into existence we learned to farm, to save and how to be self-sufficient."

Through offering a hand up to people like Katende, Kakira hope to help themselves as well as provide assistance to other areas of the local economy. "The main vision was to always make sure that there is labor supply always available to work at the factory. The excess can go and work in other industries in the country," Barungi said. *(CNN Marketplace Africa)*

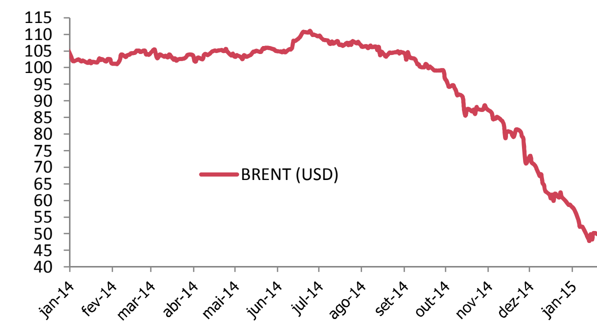
MARKET INDICATORS
19-01-2015

STOCK EXCHANGES		
Index Name (Country)	19-01-2015	YTD % Change
Botswana Gaborone Domestic Index (Botswana)	9.525,82	26,84%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	248,38	49,11%
Case 30 Index (Egypt)	9.581,44	75,41%
FTSE NSE Kenya 15 Index (Kenya)	219,65	74,67%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	21.893,13	14,37%
Nigerian Stock Exchange All Share Index (Nigeria)	29.695,18	5,76%
FTSE/JSE Africa All Shares Index (South Africa)	48.845,48	24,45%
Tunindex (Tunisia)	5.137,90	12,18%

Source: Bloomberg and Eaglestone Securities

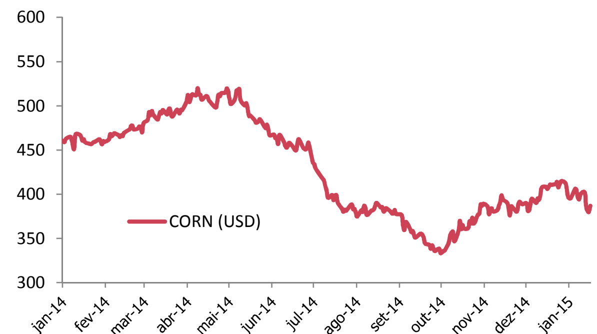
METALS	Spot	YTD % Change
Gold	1.278	-23,71%
Silver	18	-41,76%
Platinum	1.264	-17,95%
Copper $/mt	5.715	-27,94%

Source: Bloomberg and Eaglestone Securities



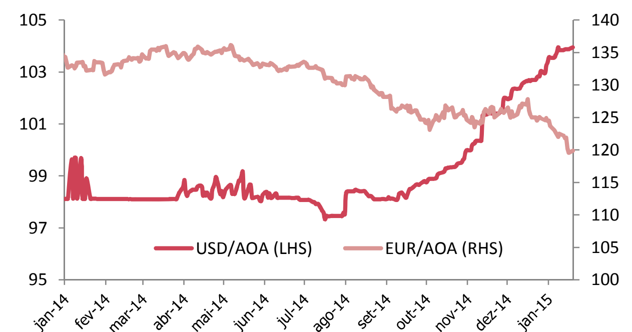
ENERGY	Spot	YTD % Change
NYMEX WTI Crude (USD/barril)	48,2	-48,30%
ICE Brent (USD/barril)	49,8	-54,06%
ICE Gasoil (USD/cents per tonne)	477,8	-47,83%

Source: Bloomberg and Eaglestone Securities



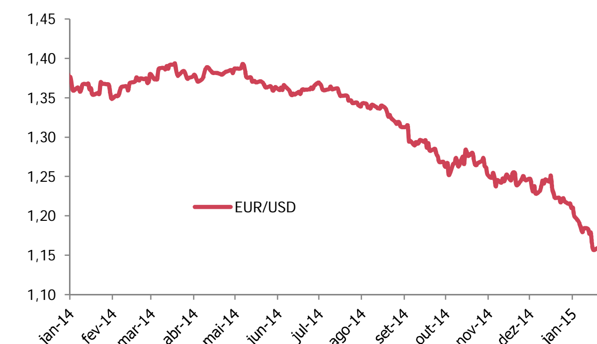
AGRICULTURE	Spot	YTD % Change
Corn cents/bu.	387,0	-44,73%
Wheat cents/bu.	532,8	-32,37%
Coffee (KC) c/lb	171,0	16,56%
Sugar#11 c/lb	15,3	-22,34%
Cocoa $/mt	2942,0	30,52%
Cotton cents/lb	59,2	-21,92%
Soybeans c/bsh	991,8	-29,12%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	Spot
KWANZAS	
USD	103,450
EUR	119,893
GBP	156,859
ZAR	8,883
BRL	39,452
NEW MOZAMBIQUE METICAL	
USD	33,077
EUR	37,434
GBP	48,976
ZAR	2,773
SOUTH AFRICAN RAND SPOT	
USD	11,647
EUR	13,504
GBP	17,657
BRL	4,440
EUROZONE	
USD	1,16
GBP	0,76
CHF	1,01
JPY	136,14
GBP / USD	1,52

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

ANGOLA will host the 2nd AFRICAN URBAN INFRASTRUCTURE FORUM in Luanda from 19th -20th January 2015

INVESTING IN LEKKI FREE ZONE – 22 January 2015 | Four Seasons, New York - 28 January 2015 Munich, Germany - Organised by FT Live and fDi Magazine, in association with Lekki Free Zone Development Company (LFZD), The Lekki Free Zone Project covers a land mass of about 16,500 hectares in the Ibeju-Lekki axis of Lagos State bordered by the Atlantic Ocean in the South and the Lekki Lagoon in the North. The project is phased into four quadrants namely; the Southwest Quadrant (Phase1), the Northwest Quadrant (Phase2), the Southeast Quadrant (Phase3) and the Northeast Quadrant which is the last Phase of the entire project.
https://www.etouches.com/ehome/105672/234601/

INVESTING IN AFRICAN MINING INDABA 9-12 February 2015- Cape Town, South Africa
Investing in African Mining Indaba™ is an annual professional conference dedicated to the capitalisation and development of mining interests in Africa. It is currently is the world's largest mining investment event and Africa's largest mining event.
http://www.miningindaba.com/ehome/index.php?eventid=84507&

FT African Infrastructure Financing and Development: Investing in sustainable African growth 10 March 2015, One Great George Street, London
www.ft-live.com/africaninfrastructure

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

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*

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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