INSIDE AFRICA

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EAGLESTONE SECURITIES

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Angola: Country Outlook

POLITICAL STABILITY: There is a danger of increasing protests given the country's continued fiscal difficulties in the current environment of low oil prices. Increased sensitivity to any potential threats to stability or its hegemony is likely to prompt the ruling Movimento Popular de Libertação de Angola (MPLA), via the security services, to engage in further crackdowns on and pre-emptive arrests of activists and the imposition of heavy jail terms on high-profile critics. However, this could backfire, as the growing crackdown on dissenting voices could act as a catalyst for more sustained instability.

ELECTION WATCH: The next legislative election is scheduled to take place in 2017. Opposition groups have thus far struggled to capitalise on growing public discontent with Angola's economic conditions. A lack of dynamism within the main opposition party, the União Nacional para a Independência Total de Angola (UNITA), is one factor, but much of this is because the MPLA in effect restricts the political space and exploits its grip on power. Plans by the authorities to restrict social media could have a negative impact on opposition groupings that have made substantial use of such channels, in an attempt to circumvent MPLA domination of the traditional media.

INTERNATIONAL RELATIONS: Relations with the international community will be subject to periodic tensions given concerns over the MPLA's heavy-handed efforts to maintain its hegemony. Despite this, Angola will continue to seek to consolidate relations with key strategic partners and to diversify access to international finance, even if it agrees a formal programme with the IMF. It will continue to prioritise relations with the US--because of its global superpower status and the presence of US oil companies in Angola--and fellow Lusophone states, including Brazil and the former colonial power, Portugal. China will also remain a highly important partner--to the extent that a substantial slowdown in Chinese growth represents a serious downside risk.

POLICY TRENDS: A fundamental rebalancing of the economy is needed, and this will be the overarching goal assuming Angola secures a three-year extended fund facility (EFF) with the IMF, following the government's April request for assistance from the Fund. The Economist Intelligence Unit expects such a programme to be agreed, and to have a strong focus on structural reforms.

Initial priorities would be to seek to restore macroeconomic balances and build up reserves, reduce the non-oil fiscal deficit and reduce the differential between the official and the parallel-market exchange rates while instituting financial-sector safeguards and maintaining social spending. As with the government's own "master plan", announced in February, these are sensible strategies, but will take time to implement. For example, raising tax bills when profits and turnover have fallen because of the wider economic slowdown could choke non-oil growth and undermine efforts to foster the development of medium-sized enterprises that can generate employment. The development of a dynamic private sector will also continue to be hindered by weak human capital, poor regulation, inefficient power supply, prevalent corruption and the crowding-out of private investment by the public sector.

ECONOMIC GROWTH: The government is projecting 2016 growth at just 3.3%. It expects non-oil growth to remain weak, although agriculture is forecast to expand by 4.6%. However, rapid agricultural expansion is unlikely given weak infrastructure and poor supply-chain management. The performance of the hydrocarbons sector will remain crucial, and official projections of a slowdown in growth in 2016 are largely explained by the authorities' expectation that local production will expand more slowly than previously forecast (although still expand by almost 5%) and that international oil prices will remain relatively weak, at US$45/b. Given that we expect oil prices to average US$40.2/b in 2016, and increases in local production to remain below even revised official expectations, we forecast that growth will slow sharply to just 1.1%, meaning that GDP per head will shrink for the third successive year. Slightly more solid government and private consumption growth as oil prices recover should see growth accelerate, to 3.5% in 2018, before a renewed dip in oil prices and more moderate local output increases lead growth to ease to 2.5% in 2020.

INFLATION: Inflation again accelerated in April, with the year-on-year rate rising to 26.4%, from 23.6% the previous month. This reflects inflationary pressures arising from the successive reductions in fuel subsidies (since September 2014) and the kwanza's continued weakness against the US dollar, which continues to push up the cost of imported goods. We expect the monetary policy committee of Banco Nacional de Angola (BNA, the central bank) to maintain a relatively tight policy stance, as underscored by five interest-rate rises during 2015, and a 200-basis-point increase in first-quarter 2016, while the government has announced some measures to combat inflation, including the introduction of price controls on some goods. Taken together, these factors should help to put inflation on a downward trend in 2017-20, after a sharp spike to an average rate of 23.6% in 2016. More substantial reductions are unlikely, given that inflationary pressures are likely to be sustained by high government spending in the run-up to elections in 2017 and higher international commodity prices in 2017-18.

EXCHANGE RATES: As of mid-May, the BNA was selling the kwanza at Kz166.7:US$1, down from Kz135.98:US$1 in mid-December 2015. The formal rate of the kwanza is now at an all-time low against the dollar, but amid continued shortages of US currency the gap with the black-market rate remains substantial, with the latter running at up to Kz500: US$1. The BNA's ability to support the kwanza through market intervention in 2016 and beyond will depend on the level of foreign-exchange reserves. According to revised official data, international reserves fell by US$767m during February to US$23.27bn--equivalent to around eight months of import cover, but substantially lower than the end-2013 figure of US$33bn. The likelihood of funding under an EFF programme means that we have revised up our forecast for reserves in the early part of the forecast period. However, the IMF is also likely to demand a more realistic exchange rate.

EXTERNAL SECTOR: Angola is expected to run current-account deficits throughout 2016-20. Although oil prices will recover in 2017-18, before dipping again in 2019-20, the rebound will not be as substantial as after the 2009 price crash, meaning that the current account will not return to surplus. With oil prices remaining depressed by 2011-14 standards, total export earnings--dominated by oil--will shrink again in 2016; they will bounce back in line with prices in 2017-18, but remain some 30% below their 2012-13 peak. Imports will also shrink in 2016, reflecting a moderation of government-led capital investment due to the low oil price environment and the ongoing devaluation of the kwanza limiting consumer demand. However, the trade surplus as a percentage of GDP will remain low in 2016 by historical standards--at 10.4%. It will recover slightly to an annual average of some 18% in 2017-18 (as oil prices recover)--although this is only around half the 2010-14 average--and then deteriorate again in 2019-20, reflecting strong import growth and a renewed downturn in oil prices. The services deficit will rise in 2017-18, averaging 15.4% of GDP, reflecting greater activity in the oil sector, before narrowing again in 2019-20 as oil prices moderate. Overall, the current-account deficit will rise from an estimated 7.7% of GDP in 2015 to 8.6% of GDP in 2016, because of depressed oil prices and only modest increases in oil export volumes. The deficit as a percentage of GDP will narrow in 2017-18, before widening again in 2019-20, as a slowdown in the US has a negative impact on oil prices, ending the forecast period at 5.9%. *(Economist Intelligence Unit)*

Mozambique: Country Outlook

POLITICAL STABILITY: The long-standing ruling party, the Frente de Libertação de Moçambique (Frelimo), is set to retain a firm grip on power in 2016-20, although political stability will come under strain. The president, Filipe Nyusi, will struggle to assert his political authority, while a hardline faction within the party (allied to the former president, Armando Guebuza) will seek to retain influence. Parallel power structures within Frelimo will undermine the government's ability to respond to Mozambique's political and economic challenges, while calls from within the party for an investigation into alleged state corruption will exacerbate the divide between reformists and the old guard. The Economist Intelligence Unit expects Mr Nyusi to remain in power, owing to the lack of an alternative acceptable to all factions, but he lacks the political capital to fully restore party unity. Rivalries within Frelimo will therefore continue to stir political volatility, although, given the party's deep-rooted systems of patronage, an explicit split is unlikely.

ELECTION WATCH: The next national elections are due in 2019. Under the continued leadership of Mr Nyusi, we expect Frelimo to secure its re-election, with a semblance of party unity likely to prevail over factional divisions during the electoral period. Frelimo will also continue to benefit from a well-oiled party machine, a healthy financial position and influence over state institutions. Regional disparities in electoral politics will persist, with Frelimo dominant in southern provinces but opposition support stronger elsewhere.

INTERNATIONAL RELATIONS: Persistent outbreaks of political violence, allegations of human rights abuses and a lack of fiscal transparency will strain relations with Mozambique's traditional development partners. The revelation in April of previously-undisclosed public borrowing and the subsequent suspension of the country's IMF programme will further exacerbate donors' concerns over the government's economic management. Direct aid disbursements to the government budget are likely to be withheld until a debt reconciliation process is complete, although--given the high poverty levels in Mozambique and the large aid-funded programmes that are already under way--donors are unlikely to pull out of the country entirely. Moreover, donors' pressure on the current administration will be tempered by the lack of a viable alternative: the opposition has no experience in government and, if the current president were removed, his replacement might well be even less accommodative of donors' concerns.

POLICY TRENDS: The government's near-term priority is to restore macroeconomic stability. Balance-of-payments pressures emerged in late 2015 as a result of rapid debt accumulation in 2013-14, a sharp drop in inward investment and a slump in commodity prices, which led the government to secure a US$286m stand-by credit facility from the IMF and to restructure an amortising US$850m Eurobond. However, the liquidity crunch is set to worsen in the near term, amid uncertainty over the scale of the public debt stock, the suspension of the donors' aid, and the inability of state-owned companies to service their debt. Pending the outcome of an IMF-led debt reconciliation process, Mozambique's access to international credit and concessional financing will be severely curtailed in the near term.

ECONOMIC GROWTH: Real GDP growth is forecast at 3.8% in 2016, the slowest rate of growth in 15 years. The expected slowdown (a slight downward revision from our previous forecast of 4.2%) reflects a further slump in government consumption, low inward investment and weather-related disruptions to agricultural production. High inflation and the weak metical will also weigh heavily on private-sector activity across sectors. We expect a gradual acceleration of economic growth from 2017 as macroeconomic stability improves and business confidence recovers, but, at a yearly average of 5.3% in 2017-20, it will remain well below the average rate of growth in the preceding decade of 7.2% a year.

INFLATION: Inflation is expected to remain elevated in the near term, fuelled by the effects of rapid currency depreciation, the negative impact of drought on domestic food prices and further increases to state-regulated prices. For 2016 as a whole, we expect year-on-year inflation to average 15.7%; its highest level in over a decade. Inflation is forecast to ease gradually thereafter, with rising global prices for oil and food in 2017-18 offset by a normalisation of domestic food prices. Aided by a progressively smaller fiscal deficit and a more stable currency, inflation is forecast to fall to an average of 5% in 2020.

EXCHANGE RATES: The metical will remain under pressure throughout the forecast period. Market uncertainty over sovereign creditworthiness has spurred high dollar demand in recent weeks, pushing the metical to an all-time low of MT60:US$1 in late May. Although we expect the metical to recover some lost ground as the market stabilises, downward pressure will continue to be exerted by low foreign-exchange reserves, low inflows of aid and investment, and Mozambique's sizeable twin deficits, with the metical forecast to average MT56:US$1 in 2016 (from MT40:US$1 in 2015). It will continue to depreciate thereafter, albeit at a slower pace, to MT66: US$1 in 2020. Sharp bouts of volatility will, however, remain a risk throughout the forecast period.

EXTERNAL SECTOR: Export growth will be driven by coal, which is set to overtake aluminium as Mozambique's main export during the forecast period. The launch of the Nacala Logistics Corridor will ease transport bottlenecks and improve the competitiveness of Mozambican coal. However, low international coal prices will slow down the pace at which mining companies ramp up production, and we do not expect significant export growth until 2017-18. Goods imports are forecast to decline in 2016, on the back of tighter fiscal and monetary policies. Import growth will accelerate thereafter, driven by a rebound in domestic demand. *(Economist Intelligence Unit)*

Morocco: Country Outlook

POLITICAL STABILITY: The Economist Intelligence Unit expects political stability to be maintained, despite persistent social tensions related to high unemployment and income inequality. Tensions will rise in the lead-up to parliamentary elections due in October 2016. However, the king, Mohammed VI, remains the dominant political figure and the people's spiritual guide (amir al-muminin, or commander of the faithful). Although the roles of parliament and the prime minister have been strengthened by the 2011 constitutional reforms, policy continues to be largely set by the king and his closest advisers, the makhzen. We expect broad political support for the king to be maintained over the 2016-20 forecast period, which will help to underpin stability.

ELECTION WATCH: The next election for the House of Representatives (the lower house) is due on October 7th 2016. We expect the moderate Islamist Parti de la justice et du développement (PJD) to retain the largest share of seats, as its socially conservative agenda will continue to appeal to a sizeable proportion of the population. Morocco's complex version of proportional representation tends to result in a fragmented elected chamber: 18 parties are currently represented, and the PJD controls only 107 of the 395 seats. However, the impact of this is limited by the fact that power remains in the hands of the palace, which is capable of pushing through major reforms.

INTERNATIONAL RELATIONS: Although the EU will remain Morocco's primary market for trade, investment and tourism, medium-term relations will be strained by renewed tensions over Western Sahara, which led the EU to suspend the bilateral agriculture and fisheries accord in December 2015. Although the diplomatic crisis with the UN that emerged in February over the status of Western Sahara will also damage Morocco's image abroad, Western countries will maintain political support for the kingdom overall, given its key role in regional counterterrorism efforts and its strategic position as a departure country for migrants coming to Europe.

POLICY TRENDS: The government's policy will aim to balance its objective of consolidating the fiscal position with its commitment to boosting economic growth and reducing social inequalities. In the short term, an overhaul of the public pension system will help to restore its long-term sustainability, albeit through lower pay-outs, which will heighten social discontent. The prime minister, Abdelilah Benkirane, has committed to pushing the pension reforms through in 2016, despite continued opposition from labour unions. Austerity measures will boost policy credibility, as will the IMF's continued endorsement, which is formalised in the 2014-16 US$5bn precautionary and liquidity line (PLL). The economy remains vulnerable to slowing growth and trade demand in developed and emerging markets; we therefore expect the government to renew its PLL this year, which will provide an important financial cushion (and reassurance for foreign investors).

ECONOMIC GROWTH: We have revised down our real GDP growth forecast to 1.9% in 2016, from 2.2% previously, after a slowdown in foreign direct investment (FDI) inflows and weak private consumption constrained overall economic activity in the first quarter of the year. Drought conditions at the beginning of the 2015/16 season (October-May) have also slashed expectations for agricultural output. The economy is very sensitive to agriculture, which accounts for 40% of employment and therefore has a major impact on private consumption. Overall, we expect annual GDP growth to average 3.1% in 2016-20, down from 4% a year in 2011-15, amid weakening demand from emerging economies and continued fiscal consolidation. Nonetheless, GDP growth is expected to rise gradually over the forecast period--apart from a dip in 2019 as growth in developed countries falters--to reach 3.7% in 2020.

INFLATION: The removal of fuel subsidies will create new inflationary pressures as global oil prices recover from 2017, but the maintenance of subsidies on basic goods will help to keep a lid on prices. Average inflation is expected to rise from 1.7% in 2016 to a peak of 2.6% in 2018, as global commodity prices rise, before easing to an average of 2.1% in 2019-20 as oil prices slump again. Weather-related disruptions to the domestic harvest could cause short-term spikes in inflation.

EXCHANGE RATES: Bank al-Maghrib (the central bank) plans to ease its exchange-rate regime gradually, in an effort to boost competitiveness and ease Morocco's exposure to external shocks. The dirham is currently managed against a euro-dominated basket of currencies. As the central bank slowly eases this arrangement, the dirham's fluctuation against the US dollar will begin to diverge slightly from euro-dollar movements. However, our central assumption is that Morocco will not move towards full liberalisation in the forecast period, as the authorities seek to limit short-term volatility in light of slowing economic growth. The dirham is forecast to weaken to Dh9.82:US$1 in 2017, before strengthening to Dh9.08:US$1 in 2020, still roughly in line with euro-dollar movements.

EXTERNAL SECTOR: The current-account deficit is expected to widen to 2.4% of GDP in 2016, from 1.9% of GDP in 2015, as a sharp uptick in food imports (particularly wheat) offsets the benefits of slumping oil prices. A modest recovery in global commodity prices over the forecast period will boost import spending compared with a low in 2015, as will increasing demand for capital goods related to investment in power plants, transport infrastructure and industrial parks. Morocco's external performance will remain vulnerable to renewed volatility in Europe, its main foreign market. Exports will nevertheless increase, owing in part to rising output from the manufacturing sector. Agricultural exports remain reliant on volatile weather patterns. Overall, the trade deficit will remain wide, averaging 14% of GDP in 2016-20. Overall, the current-account deficit will widen to around 4% of GDP by 2018 (driven by rising commodity prices and slower growth in secondary income inflows). The deficit will then remain steady at an average of 3.9% of GDP in 2019-20 as rising capital goods imports offset a renewed softening in global oil prices. The current-account deficit will be financed by domestic and external borrowing and relatively steady FDI inflows. *(Economist Intelligence Unit)*

Ghana: Country Outlook

POLITICAL STABILITY: Ongoing economic weakness at a time of approaching elections will expose Ghana to a notable risk of political and social instability early in the forecast period. The presidential and legislative elections set for November will be an acrimonious contest between the ruling National Democratic Congress (NDC) and the incumbent president, John Mahama, and the main opposition party, the New Patriotic Party (NPP), and its presidential candidate, Nana Akufo-Addo. The NPP goes into the election period unhappy with the management of the Electoral Commission, which it believes is biased in favour of the NDC. The NPP is therefore likely to dispute the results if the NDC is victorious. A disputed election would be decided by the courts, as happened in 2012. At that time all sides accepted the verdict. However, in 2015 the judiciary was hit by major corruption allegations (albeit unrelated to political judgements). Mistrust in the judiciary makes a refusal to accept any 2016 election case verdict more likely, increasing the risk of instability.

ELECTION WATCH: There is little time for Mr Mahama and the NDC to turn the economy around before the November elections. We therefore expect Mr Akufo-Addo and the NPP to be victorious. The outcome is by no means a foregone conclusion, however, with the results likely to be close. The NPP will need to work hard to attract votes from outside its heartlands in central Ghana while maintaining internal unity. Meanwhile, the NDC will continue to enjoy strong support in the east and north of the country, owing to historical and tribal allegiances. Greater Accra, historically a swing state, will be a key battleground, and so tensions in this economic hub could disrupt business operations.

INTERNATIONAL RELATIONS: Ghana has performed relatively well under its extended credit facility (ECF) with the IMF, which will reassure donors and bilateral lenders, bolstering relations. There is, however, likely to be policy slippages during the election year of 2016, which could strain but not break ties.

POLICY TRENDS: Policy during the early part of the forecast period will be directed by the three-year ECF signed with the IMF in April 2015. The cornerstone of the policy agenda is fiscal consolidation; a large fiscal deficit is at the root of many of Ghana's current economic troubles. The government made good progress in 2015, with the fiscal deficit coming in below target and broadly positive IMF assessments of the government's efforts. However, we expect the administration to miss some of its ECF fiscal targets during 2016 given the approach of elections and the increased likelihood of populist spending decisions. Although the IMF has expressed some concern at the slow pace of fiscal and structural reforms in some areas, it is likely to tolerate some slippage in Ghana's performance under the ECF during the run-up to the elections. Indeed, the programme's targets are probably deliberately ambitious so that, even if they are missed, macroeconomic stability should still improve.

ECONOMIC GROWTH: Election-related tensions, high inflation and technical issues at the Jubilee oilfield will restrict real GDP growth to 3.6% in 2016--its lowest level in over 20 years.
Prospects for 2017-18 are better, not least on the back of improving electricity generation as the administration belatedly gets to grips with boosting supply after years of severe shortages. Tariff increases will encourage investment in power generation and the government is tackling a web of public-sector payment arrears to power providers ahead of plans to bring in greater private-sector management in the sector.

INFLATION: Year-on-year inflation is unlikely to come down quickly. Utility and fuel price increases in early 2016 will keep price pressures high, with any subsequent slowdown in inflation as the year progresses limited by pre-election slippages in fiscal policy and a partial recovery of global commodity prices. We forecast average inflation in 2016 of 17.7%. With the elections out of the way and fiscal consolidation back on the agenda, inflation should come down in 2017-19, although it will not return to single digits before late 2018. Indeed, the pace of the decline will be restrained by oil price increases in 2017-18. Inflation is expected to average 8.8% in 2019, before picking up to 9.4% in 2020 amid looser fiscal policy.

EXCHANGE RATES: The cedi has begun 2016 with a much greater degree of stability than seen during 2014-15, a period in which it depreciated by over 40%. During that period a strong US dollar and weak local policy management undermined confidence, factors that have eased. However, a gradual, but notable, depreciation is expected as 2016 progresses. Investors are likely to be unnerved by the expectation of close elections in late 2016.

EXTERNAL SECTOR: Prices for Ghana's two largest exports by value, gold and oil, will remain well below the peaks seen in recent years. Gold export volume growth will be largely stagnant in 2016-18, and only muted thereafter, given challenging local conditions and global demand dynamics. Oil export volumes will increase significantly, particularly in 2017-18 as the Tweneboa-Enyenra-Ntomme (TEN) project comes fully on stream and the boundary dispute with Côte d'Ivoire is settled in Ghana's favour. Meanwhile, although prices for the third-largest export, cocoa, will remain strong during the forecast period, this in part reflects weak growing conditions in key markets, including Ghana, so a boom in cocoa receipts is not expected. Overall, after falling in 2016, export revenue will increase strongly in 2017-18 as TEN ramps up, before revenue growth slows in 2019-20 amid weaker global conditions. We expect the current-account deficit to widen to 8.1% of GDP in 2016 (although this is a little lower than our previous forecast of 9.4% of GDP, reflecting slightly stronger export performance in the first quarter than expected), before narrowing to 5.5% of GDP in 2018 as oil exports, in particular, pick up. However, lower commodity demand and prices in 2019-20 amid a global slowdown will mean that Ghana's current-account deficit fails to improve any further in 2019-20. The deficits will be financed by a mix of new borrowing and foreign investment. *(Economist Intelligence Unit)*

SOVEREIGN RATINGS

North and South America - Asia

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
20-06-2016	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Argentina	B3	B-	B	NP	B	B
Australia	Aaa	AAAu	AAA	NR	A-1+u	F1+
Brazil	Ba2	BB	BB	NR	B	B
Canada	Aaa	AAA	AAA	NR	A-1+	F1+
China	Aa3	AA-	A+	NR	A-1+	F1
Colombia	Baa2	BBB	BBB	NR	A-2	F2
Cuba	Caa2	NR	NR	NR	NR	NR
Hong Kong	Aa1	AAA	AA+	NR	A-1+	F1+
India	Baa3	BBB-u	BBB-	NR	A-3u	F3
Japan	A1	A+u	A	NR	A-1u	F1
Macau	Aa3	NR	AA-	NR	NR	F1+
Mexico	A3	BBB+	BBB+	WR	A-2	F2
Singapore	Aaa	AAAu	AAA	NR	A-1+u	F1+
Uruguay	Baa2	BBB	BBB-	NR	A-2	F3
Venezuela	Caa3	CCC	CCC	NR	C	C
United States	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Eurozone

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
20-06-2016	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	**B1**	BB-	B+	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aa1	AA+	AA+	NR	A-1+	F1+
France	Aa2	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	CCC	NP	B	C
Ireland	A3	A+	A	P-2	A-1	F1
Italy	Baa2	BBB- u	BBB+	P-2	A-3u	F2
Latvia	A3	A-	A-	NR	A-2	F1
Lithuania	A3	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AAAu	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BB+u	BB+	NR	Bu	B
Slovakia	A2	A+	A+	NR	A-1	F1
Slovenia	Baa3	A	BBB+	NR	A-1	F2
Spain	Baa2	BBB+	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

20-06-2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
Region - Africa/Middle East	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	B1	B	B+	NR	B	B
Bahrain	Ba2	BB	BBB-	NR	B	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Ethiopia	B1	B	B	NR	B	B
Gabon	B1	NR	B+	NR	NR	B
Ghana	B3	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Iraq	NR	B-	B-	NR	B	B
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	Ba3	NR	B+	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B2	B-	B	NP	B	B
Lesotho	NR	NR	B+	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	Caa1*-	CCC*-	CC	NR	C*-	C
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	B1	B+	BB-	NR	B	B
Oman	Baa1	BBB-	NR	NR	A-3	NR
Qatar	Aa2	AA	AA	NR	A-1+	F1+
Republic of Congo	B2	B-	B	NR	B	B
Republic of Zambia	B3	B	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	A1	A-	AA-	NR	A-2	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2	BBB-	BBB-	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

AfDB approves four risk participations under its Private Sector Credit Enhancement Facility

The Board of Directors of the African Development Fund (ADF), the concessional arm of the African Development Bank Group (AfDB) on Wednesday, June 8, 2016 approved four operations amounting to close to US $45 million in lines of credit to African financial institutions under its Private Sector Credit Enhancement Facility (PSF). The four operations are credit risk participations in lines of credit of the African Development Bank to financial institutions in East, North, West and Southern Africa.

Launched in 2015, the PSF is the African Development Bank Group's credit enhancement initiative to increase private financing in low-income countries. The PSF's credit enhancement capacity is backed by the liquidity of a reserve pool of €206 million seeded by a grant from the ADF to cover potential losses on payment defaults.

The PSF's credit enhancement structure is designed to cover exposures amounting to €620 million.

The PSF's take up has been significant since it began operations. With these approved risk participations, the cumulative amount of exposures approved has reached €261 million (41% of total program amount). These LOCs bring to 19 the number of approved projects under the PSF scheme, which cover a cross section of sectors including independent power producers (including renewable energy projects), toll roads, container terminals, cement plants, agro-industries, and financial institutions.

IMF to Visit Angola in 2H to Continue Loan-Backed Program Talks
IMF staff team visited capital, Luanda, from June 1 to Tuesday and will return in second half of this year for additional talks on possible extended fund facility- supported program, fund says in e-mailed statement.

* Economic activity will probably decelerate further this yr despite rebound in recent weeks of oil prices; modest recovery in 2017 may happen if “Angola’s terms-of-trade continue to improve” and foreign exchange shortages are tackled
* “Adjusting economic policies is required to facilitate the needed transition of the economy to the ‘new normal’ in the international oil market”
* Nation should abide by “fiscal prudence” in run-up to 2017 elections
* “The strategy for re-balancing the foreign exchange market will need to be clearly communicated to market participants and rely on greater exchange rate flexibility supported by tighter monetary conditions to contain inflation”
* Restrictions on forex access need to be “phased out gradually”

One or two more visits needed before deciding on financial package: IMF mission chief Ricardo Velloso tells reporters in Luanda. *(Bloomberg)*

AfDB President brings Africa to the Americas as co-chair of the 22nd Conference of Montreal
For three days this week (13rd -17th June), African Development Bank Group President Akinwumi Adesina brought Africa to the Americas, and the AfDB to Canada, as the co-chair of the 22nd International Economic Forum of the Americas - Conference of Montreal.
It was the President’s first official visit to Canada since assuming office on September 1, 2015, and he delivered impassioned speeches that touched on issues ranging from Africa’s huge, and largely untapped, potential for renewable energy; climate change and fragility; women’s financial empowerment; youth employment; and the migration crisis in Europe. He also thanked Canada for its continued support to the Bank and the African Development Fund, which contributes to poverty reduction and economic development in the most impoverished countries.
The President’s role as conference co-chair began with the Chairman’s Dinner at the Mount Royal Club, where he addressed some 100 business executives, and concluded - three speaking engagements and about 24 hours later - at a VIP cocktail hosted by the Government of Ontario.
On the sidelines of the conference, Adesina held bilateral meetings with the Premier of Quebec, Philippe Couillard, and with Jean Lebel, President of the International Development Research Centre in Ottawa.
With Couillard, Adesina outlined the Bank’s High 5 priorities – Light up and power Africa, Feed Africa, Industrialise Africa, Integrate Africa, and Improve the quality of life for the people of Africa. He also called for increased cooperation and investment in Africa, particularly in the areas of energy and agro-business.
Adesina was the guest-of-honour at a VIP breakfast at the Montreal offices of Dentons, a global law firm. He launched into a lively dialogue with former Prime Minister Jean Chretien on Canada’s engagement in Africa, with both calling for more public- and private-sector investment on the continent.
At a Royal Bank of Canada luncheon, Michel Fortier, Vice-Chairman, RBC Capital Markets, sought Adesina’s views on the migrant crisis and the threat of terrorism on the continent.
“Nobody wants to be poor,” said Adesina, who lamented the number of young Africans risking – and losing – their lives for a better life Europe. “If you look at the confluence of factors – environmental degradation, high levels of joblessness and poverty – quite honestly, idle hands are the devil’s workshop. So it’s very easy for terrorists to move around rural areas in Africa, which have become zones of economic misery because there are no more economic opportunities left. If you do some mapping and look at where the terrorists are recruiting, you see that is where you have environmental degradation and poverty.” In order to reduce the risks of migration or terrorism, those zones need to be transformed into zones of economic prosperity, he said. Which is why the African Development Bank has launched the Jobs for Youth in Africa (JfYA) initiative – to keep young Africans at home, and to create 25 million jobs and train 32 million young people over the next decade.
The consensus was clear that Adesina, the Bank and Africa had played a big role in a conference on the Americas, and brought Canada much closer to Africa.
At the closing cocktail, the Bank President congratulated Marie-France Lalonde, the new Ontario Minister of Government and Consumer Services and Minister Responsible for Francophone Affairs, on her appointment just two days earlier. “There’s something very unique about this forum,” Adesina said, calling it a more intimate version of the World Economic Forum in Kigali, Cape Town or Davos. “I have found these discussions so great.” “As we talk about prosperity in Africa, let us not forget that the women are the most important. We have to do more for them. At the African Development Bank, we’ve made a decision that we need to empower women. Just three weeks ago, we launched a major effort – what we call Affirmative Finance Action for Women in Africa – which is a bold effort to

leverage US $3 billion specifically for women-run enterprises in Africa. And for good reason: 97% of women pay back their loans, and the remaining 3% that didn't pay them back, it's because their husbands stopped them on their way."

AfDB-funded water and sanitation project to improve lives in Uganda

The Government of the Republic of Uganda recently commissioned the Ntungamo Water Supply and Sanitation System, financed by the African Development Fund (ADF). It is part of the second phase of the regional Lake Victoria Water Supply and Sanitation Program (LVWATSAN II). This follows an ADF grant of UA 72.98 million (about USD 102 million) approved by the African Development Bank (AfDB) in 2010 to implement the LVWATSAN II program in the five East African Community partner states - Burundi, Kenya, Rwanda, Tanzania and Uganda.

The project's objective is to address pollution of the lake through boosting sustainable water supply and sanitation infrastructure to 15 secondary towns within the Lake Victoria Basin. In Uganda, the program target towns are Mayuge, the cluster of Buwama-Kayabwe, Bukakata and Ntungamo.

The Minister of Water and Environment, Professor Ephraim Kamuntu, presided over the May 5, 2016 commissioning, the second in Uganda under the LVWATSAN II program. It followed an earlier commissioning of the Mayuge Water Supply System.

Christopher Mutasa, Principal Analyst with the AfDB's East Africa Regional Resource Centre and Andrew Mbiro, Senior Water and Sanitation Specialist in the Bank's office in Uganda, were present. Other organisations represented included the Lake Victoria Basin Commission (LVBC), an arm of the EAC, the National Water and Sewerage Corporation (NWSC), representatives of the business community, local leaders, and project beneficiaries.

In his speech, water minister Kamuntu praised the Bank for its financial support to many projects in Uganda. He described the Bank as the sector's partner of choice that was ready to listen to country needs and aligns its interventions with Uganda's priorities. He underscored the importance of piped water systems in freeing "the African woman and girl child from the poverty trap, where they dedicate much of their time to carrying water and firewood on their heads for long distances." The Bank's Resident Representative in Uganda, Jeremiah Mutonga, in a speech read on his behalf by Christopher Mutasa, noted that the NWSC, a competent national operator, was ready to take over operation and maintenance of the Ntungamo water and sanitation system.

This, he emphasized, would ensure sustainability of the installed infrastructure, triggering economic and social benefits, including, but not limited to improved girl child enrollment and retention in school. "Equitable and sustainable use of water will lead to improved quality of life of the African population, help light and power Africa, feed Africa, integrate Africa and industrialise Africa," he said. He reiterated the Bank's appreciation of the deepening relationship with Uganda, and the water sector in particular, urging it to urgently implement the recently approved second phase of the Water Supply and Sanitation Program (WSSP II), which is being financed through an ADF loan amounting to UA 65.8 million (about USD 93m).

IMF Executive Board Completes the First Review under the ECF Arrangement for São Tomé and Príncipe and Approves US$0.9 Million Disbursement - June 10, 2016

The Executive Board of the International Monetary Fund (IMF) completed the first review of São Tomé and Príncipe's performance under the economic program supported by an Extended Credit Facility (ECF) arrangement.1 Completion of the review enables the disbursement of SDR 634,285 (about US$ 0.9 million), bringing total disbursements under the arrangement to SDR 1.27 million (about US$ 1.8 million).

In completing the review, the Executive Board also approved a waiver for the nonobservance of the end-December 2015 performance criterion on the domestic primary deficit, based on the corrective measures introduced by the authorities. The Executive Board also approved new program targets for 2016.

São Tomé and Príncipe's three-year ECF arrangement for SDR 4.44 million (about US$ 6.3 million or 60 % of quota) was approved by the Executive Board on July 13, 2015 (see Press Release No. 15/336). It supports the government's economic reform program for stronger and more inclusive growth, and it also plays a catalytic role for bilateral and multilateral assistance.

Following the Executive Board's discussion on São Tomé and Príncipe, Mr. Min Zhu, Deputy Managing Director and Acting Chair, made the following statement:

"São Tomé and Príncipe's economy has been resilient even after prospects for commercial oil production became uncertain with the withdrawal of a large oil company from exploration. In addition, performance under the program supported by the Extended Credit Facility has been satisfactory. International reserves have increased, and inflation has continued to decline, reaching its lowest level in the past two decades. Fiscal performance was, however, impacted by tax revenue underperformance. "GDP growth is projected to pick up to 5 % in 2016—albeit below the authorities' medium-term target of 6 % needed to significantly impact poverty—aided by higher public investments, a recovery in cocoa production, and increased foreign direct investment in the tourism sector. Inflation is expected to remain around 4 % in 2016 and stabilize around 3 % over the medium term, while the current account deficit is set to contract further.

"The authorities' 2016 economic program focuses appropriately on sustaining the fiscal consolidation to help bring debt toward a moderate risk of debt distress. This will require sustained efforts to boost tax revenue collection, clear arrears, strengthen expenditure monitoring and control, and gradually scale up the infrastructure program, which will be backed by enhanced investment management capacity in project selection, implementation, and evaluation. Strengthening debt management capacity and continued reliance on grants and concessional financing will help mitigate the high risk of debt distress.

“The outlook is facing macro-financial challenges. Elevated bank lending risks and potential contingent claims on the budget, in an environment marked by rising nonperforming loans and highly indebted households and businesses, will continue to hold back private sector credit expansion and the prospects for higher growth. Against this backdrop, the authorities are working to increase the banking system’s efficiency, profitability, and resilience.

“Looking ahead, it is important that the authorities maintain the policy resolve and commitment demonstrated so far, especially in an election year, to mitigate these risks and bring the benefits of reforms to a broader segment of the population.”

1 The ECF is a lending arrangement that provides sustained program engagement over the medium to long term in case of protracted balance of payments problems.

IMF Executive Board Completes Fifth Review under the Extended Credit Facility and Approves US$26.9 Million Disbursement for Mali - June 9, 2016

On June 8, 2016, the Executive Board of the International Monetary Fund (IMF) concluded the fifth review of Mali’s performance under an economic program supported by an Extended Credit Facility (ECF) arrangement. The Board’s decision enables the disbursement of SDR 19 million (about US$26.9 million), bringing total disbursements under the arrangement to SDR 41 million (about US$58.1 million).

In completing the review, the Executive Board approved the authorities’ request for a one-year extension of the ECF to December 17, 2017, as well as an augmentation of the resources available under the arrangement by SDR 60 million, bringing the total amount of the arrangement to SDR 98 million (about US$138.8 million). The Board also approved a request for the modification of the performance criteria for June 2016 on gross tax revenue and government bank and market financing.

The ECF arrangement for Mali was approved by the Executive Board on December 18, 2013 for SDR 30 million (about US$42.5 million), see Press Release No. 13/524).

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

“The Malian authorities continue to make good progress with the implementation of their economic program. Growth is robust and inflation remains low, although security conditions continue to be a challenge.

“The recent strong increase in tax revenue reflects the authorities’ efforts to improve compliance and broaden the tax base. A key challenge going forward is to sustain tax revenue growth, which is needed to help fund priority public expenditures while keeping the public finances on a strong footing. The authorities’ program incorporates several measures to strengthen tax administration further. Increasing the effectiveness of tax audits, reducing exemptions, and reforming the system of incentives for tax inspectors will be important elements. “The fiscal program for 2016 allows for a higher overall deficit, notably to accommodate peace-related needs. The authorities are committed to a gradual fiscal consolidation, consistent with their commitments to meet WAEMU criteria over the medium term. This will help ensure that Mali’s public debt burden remains manageable. Further improvements to public financial management are necessary to support fiscal discipline. It is important in this context that the authorities fully implement the Treasury Single Account, complete the reform of the procurement code, and improve the financial position of the electricity company. “Fiscal decentralization is central to the peace agreement, and the authorities’ gradual approach is appropriate. The process would need to move in tandem with improvements in the administrative and absorptive capacities at the regional level. Government initiatives to strengthen audit and control mechanisms for the regions to foster transparency and accountability are also important in this regard. “Efforts to address financial sector weaknesses are ongoing. Priorities include strengthening the balance sheet of the restructured housing bank, reforming the microfinance sector, and further modernizing the framework for anti-money laundering and combating the financing of terrorism.”

INVESTMENTS

Zuckerberg’s Venture to Invest in Startup Andela

Chan Zuckerberg Initiative makes its first investment in company that trains developers in Africa

Facebook Inc. founder Mark Zuckerberg’s newly formed $48 billion venture is making its first bet.

The Chan Zuckerberg Initiative LLC plans to announce an investment in Andela Inc., a New York-based startup that trains software developers in Lagos, Nigeria and Nairobi, Kenya. The Chan Zuckerberg Initiative is leading a $24 million Series B funding round. Others participating include GV, the venture capital arm of Alphabet Inc. previously known as Google Ventures. This marks the first move by the initiative, a for-profit entity formed late last year by Mr. Zuckerberg and his wife, Priscilla Chan. The couple’s previous investments have been scattered among several nonprofits and limited-liability companies, which are now under the banner of the initiative. “We live in a world where talent is evenly distributed, but opportunity is not," Mr. Zuckerberg said in a statement explaining the investment. "Andela's mission is to close that gap."

When they created the foundation, the couple pledged to fund it with 99% of their Facebook shares over the course of their lives. Those shares are now valued at about $48 billion. Mr. Zuckerberg and Dr. Chan said they would initially focus on "personalized learning, curing disease, connecting people and building strong communities."

By structuring the initiative as a limited-liability corporation, the couple freed it to invest in for-profit, as well as nonprofit, entities.

They pledged to reinvest any profits from their investments into the initiative. Andela, a for-profit company created in 2014, aims to train 100,000 developers over the next 10 years, Chief Executive Jeremy Johnson said in an interview. Mr. Johnson said many will come from Africa, where 60% of more than one billion people are under age 25 and many young people are out of work. Andela's other investors include Spark Capital and the Omidyar Network.

The two-year old startup says it has accepted fewer than 1% of the 40,000 applications it has fielded so far to be "Andela fellows," a four-year program where participants are paid to study web and mobile software development. After a few months, they also work for tech companies that hire Andela to offset what Mr. Johnson described as a shortage of engineers in the U.S.

Some fellows have dropped out; there are currently a little more than 200 developers in Andela's program. Mr. Johnson declined to say how much Andela pays its developers, but described it as a "middle-class wage" in local terms. Andela's clients pay about half the annual salary earned for an entry-level developer in major U.S. tech markets, a spokesman for Andela said. The startup uses the difference to pay staff and other overhead expenses and expand operations.

Mr. Johnson said that at a conference last year he met Vivian Wu, head of Zuckerberg Education Ventures, a venture-capital fund established in 2014 to invest in startups experimenting in education. Its investments include MasteryConnect, which aims to help teachers measure student performance, and AltSchool, which provides students with personalized learning plans. A representative for the Chan Zuckerberg Initiative later traveled to Africa to see Andela's training.

Roughly three months ago, Mr. Johnson flew to Facebook's headquarters in Menlo Park, Calif., to meet Mr. Zuckerberg in the CEO's glass-walled conference room. Mr. Johnson said he was struck by "how seriously they were taking" the new foundation.

As part of the deal, Ms. Wu will join Andela's board. The company plans to use the fresh capital to expand into a new country in Africa this year, Mr. Johnson said. "The next phase will be about scale," said Blake Byers, a partner at GV. Each Andela client employs a handful of its developers. Over time, Mr. Byers said, as many as 100 Andela developers could work for a single client. Mr. Johnson said Andela's developers work closely with counterparts at client companies, which he says includes Microsoft Corp. Microsoft declined to comment. Andela sends fellows to work at the client for two weeks; they then communicate daily from Africa. Andela, which isn't yet profitable, has also hired 52 mentors to work with its developers. *(Wall Street Journal)*

About $30 bln spent on development projects

About USD 30 billion was earmarked on various development projects and exploration of Angola's offshore oil fields, the oil company BP Angola has announced.

The success of the investments owed to the efficiency of workers and company in particular that has shown significant results, said in Luanda the regional chairperson of BP Angola, Darryl Willis. Presenting 2015 sustainability report, Willis said that in 2015 the company launched its strategic vision for the next phase of its presence in Angola that sets clear priorities based on the foundation of occupational safety, competitiveness and human resources. The official said the economic situation has been extremely difficult with the fall in oil prices to have a major impact on the industry worldwide and the countries such as Angola, where the government revenues rely heavily on the oil and gas. According to him, under current conditions there is the need to ensure increased competitiveness. Darryl Willis has announced that production exceeded the expectations and reliability has averaged more than 90 % and achieved an effective cost management. He also recalled that in 2015 the sector celebrate the start of the new production from satellite oil fields with the partners in Kizomba, as well as an important discovery in Block 24. On the other hand, the official explained that the Angolanisation rate in the company stood at 70 % in 2015 and foresees to reach 90 % in 2020. *(Angop)*

GE officially opens R500m African innovation hub in Joburg

US multinational GE, which is in the process of refashioning itself as a digital industrial company, officially opened its R500-million innovation centre in Johannesburg – the group's tenth such centre globally and its first in Africa. The 2 700 m2 'GE Africa Innovation Centre' is an accredited green building, located alongside the Killarney Country Club golf course, near Rosebank, in northern Johannesburg.

The building is also the new headquarters for GE Healthcare, which has established a 'Healthcare Experience Centre' on site, which showcases the American group's various healthcare technologies across hospital care areas, from the emergency room and theatre to cardiology, oncology and infant care . GE Africa president and CEO Jay Ireland said the investment had been made in spite of an African economic narrative that had "turned negative" in light of the slump in commodities. It symbolised, he added, GE's long-term commitment to both the continent and to finding innovative solutions to Africa's infrastructure and healthcare problems. Speaking to an audience that included representatives of the South African and Gauteng governments, as well as several African ambassadors, Ireland described the centre as a "collaborative work space" that aimed to unearth innovative solutions for "Africa by Africans". "We are looking to impact and enhance the career aspirations of over 100 engineers from previously disadvantaged backgrounds. These are young people who will come through the centre and share their innovative solutions, whilst learning from some of the best GE minds in their respective fields." Besides showcasing the group's various offerings, the building houses a learning and development centre, which will expose participants to the various GE curriculums on offer, from its leadership courses to its various "universities" that focus on energy, transport and healthcare. Space has also been allocated for collaborative projects and solution prototyping, with State-owned freight logistics group Transnet having already signed up to partner with GE on various rail localisation projects. The centre is aspiring to support the development of small businesses capable of supplying the local market and potentially GE's global supply chains. It will serve as "base camp" for the Londvolota Enterprise Development Trust, launched in 2015, to help accelerate supplier development in South Africa. GE South Africa president and CEO Thomas Konditi stressed that while South Africa was hosting the centre, the aim was to serve the entire region, where GE currently employed more than 2 600 people. "The ultimate goal of the centre is excellence and collaboration for GE, its customers and stakeholders across Africa." *(Engineering News)*

BANKING

Banks

Pan-African lender Ecobank may close some operations

Ecobank is reviewing its expansion strategy following a decline in profits and may pull out of some African countries to focus on its most promising markets, chairman Emmanuel Ikazoboh told Reuters. Ecobank is based in Togo and operates in 36 African countries, making it a rare example of a pan-African bank that has developed outside South Africa, home to giants such as Standard Bank and FirstRand. But falling global commodity prices that have hit economies in countries such as Nigeria and Ghana have caused revenue to slow, profits to fall and triggered a shift in approach. "The business model whereby we are just expanding and posting our flags (in different countries) has to be reconsidered," Ikazoboh said in an interview after the bank's annual shareholder meeting at its headquarters in Lome.

Ecobank is dividing its operations into three "pockets" according to their potential, said Ikazoboh, who is chairman of parent company Ecobank Transnational Incorporated (ETI). ETI had $22.5 billion of assets in 2013 and employs over 20,000 people.

Ecobank's biggest operation is in Nigeria and there the bank wants to increase market share. It also sees Kenya as its pivotal market in East Africa and hopes to take advantage of Rwanda's rapid economic growth, spokesman Richard Uku said. "In the last 'pocket' (of least promising countries) we really want to take a decision as to whether we continue to operate in those markets," said Ikazoboh, adding decisions would be taken within months. Sources close to the bank said this could apply to some small markets in eastern and central Africa, as well as countries such as Sao Tome and Principe.

In addition, the bank's biggest shareholders, South Africa's Nedbank and Qatar National Bank (QNB) will increasingly drive business in southern and north Africa respectively, Ikazoboh said. The downturn in oil and mineral prices has battered African currencies, slowed some economies and forced change in the banking sector. In one sign of its impact, Barclays said in March it would cut its 62 % stake in Barclays Africa Group. Ecobank's pretax profit was $205 million in 2015, down from $520 million the previous year, a result that CEO Ade Ayeyemi said was "unquestionably disappointing". The bank said in April it expected flat loan growth and revenue this year. It said it would pay a dividend of $48.2 million. *(Reuters)*

Tanzania's Bank M blazes trail in Kenya with Oriental Bank buy

A Tanzanian bank will become the first to enter the Kenyan market after Kenya's central bank approved the purchase by M Holdings, which operates as Bank M, of a 51 % stake in Oriental Commercial Bank.

Kenya is trying to consolidate its lenders after three bank failures over a period of nine months exposed weaknesses in a sector that had been growing robustly for years. "Bank M is the first bank from Tanzania to enter the Kenyan banking sector. Its entry into the Kenyan market strengthens the ongoing East African Community (EAC) integration," the Kenyan central bank said in a statement. While some Kenyan lenders have spread their wings around the region over the years, their counterparts from the six-nation EAC have not started operations in Kenya. The central bank, which did not disclose the value of the deal, said the new entity will be named M Oriental Commercial Bank Limited and the acquisition will be completed in September. Kenya has a large banking sector, with Oriental ranked 37 out of 42 banks by market share, with nine branches.

The consolidation of Kenyan banks began after Dubai Kenya, a small bank, was put into receivership by the central bank in August after it failed to meet its obligations. This was followed by the closure of mid-sized Imperial Bank in October due to fraud and in April another mid-sized lender Chase Bank was closed temporarily after its auditors gave a qualified opinion on its earnings, sparking a run on deposits. As at the end of March, Bank M had 889.11 billion shillings ($406 million) in assets. It is owned by several shareholders, with the largest listed as Sanjeev Kumar on its website. ($1 = 2,188.0000 Tanzanian shillings) *(Reuters)*

AfDB approves USD 150-million line of credit to Nigeria's United Bank for Africa Plc

The Board of Directors of the African Development Bank Group (AfDB) through its private sector window has approved a USD 150-million line of credit (LOC) to United Bank for Africa Plc ("UBA") in Nigeria.

UBA, one of the largest commercial banks in Nigeria, was incorporated in 1961 and operates in a total of 19 African countries whilst providing a wide range of products and services. UBA Nigeria has been the leading financial institution to support various infrastructure projects, particularly power, telecom, transport and also social infrastructure such as hospital and education facilities, and received the African Investor (Ai) Social Infrastructure Deal of the Year Award in 2015. UBA Nigeria operates in all of the country's 36 states through more than 450 branches supporting 3,700 SMEs. In 2009, the AfDB provided emergency liquidity facilities to address the surging liquidity constraints, which helped trade finance and other lending activities of UBA contributing to key economic sectors, particularly during the financial crisis.

The LOC will help finance infrastructure and SME projects, including women-owned enterprises in Nigeria. It will support infrastructure development, particularly the power sector, which is a major constraint for Nigeria's economic diversification and also inclusive growth. The power sector financing gap in Nigeria remains enormous and almost 50% of its population does not have access to electricity. By leveraging UBA's branch network, the LOC will also scale up lending to SMEs and women enterprises in both urban and rural areas to create more jobs and to promote inclusive growth for Nigeria's economy by stimulating the various sectors such as manufacturing, construction, agriculture, education and services.

Egypt's EFG-Hermes to return $122 mln to shareholders

Egypt's EFG-Hermes plans to distribute 1.08 billion Egyptian pounds ($122 million) to shareholders and step up its growth strategy after selling a 40 % stake in Lebanese lender Credit Libanais. Having completed the $310 million stake sale, Egypt's largest investment bank will reward its shareholders in cash and share buybacks while also pursuing plans to boost capital reserves at subsidiaries in the United Arab Emirates, Kuwait and possibly Saudi Arabia. "We will be required to enhance capital structure, meet capital adequacy requirements and embrace opportunities as they appear by injecting capital in our subsidiaries," EFG-Hermes said in a bourse statement.

EFG-Hermes also said it plans to expand its assets under management. The company is studying several projects that would require capital deployment in the coming months, it said, and is also eyeing new markets. "We have started a due diligence process for the acquisition of a Pakistani entity and we believe there are more geographies that could offer great opportunities, including Morocco, Vietnam, Bangladesh, Sri Lanka and Kenya," the company said. EFG-Hermes' board had approved the sale of a 40 % stake in Credit Libanais to Arab and Lebanese investors for $33 per share, along with plans to sell the rest of its shares at the same price by May next year.

According to its website, EFG-Hermes held a total of 63.7 % of shares in Credit Libanais before the sale. EFG-Hermes bought the stake in 2010 for $542 million. At the time it said that the investment would help it to expand into Lebanon and the Levant and broaden its product range, but Lebanese banks and the broader economy have been hit hard by the civil war in neighbouring Syria. ($1 = 8.8799 Egyptian pounds) *(Reuters)*

Markets

Angola: CMC gets over USD 39 million in 55 negotiations

At least USD 39,5 million is the amount obtained from 6 to 10 June by the Capital Market Commission (CMC) in 55 negotiations, corresponding to 2,296.478 Treasury bonds (OT) and 42,522 Treasury Bills (BT).

According to the Bulletin of Negotiations of the Public Debt Secondary Market from CMC, which reached Angop in Luanda, compared to the previous week, it was recorded an increase of 25 % in the number of businesses. Regarding the performance of the intermediaries, the registration operations were carried out by the banks of Fomento Angola (BFA), with 73.03 %, Regional of Keve (BRK), with 13.54 %, and Angolan Investment with 7, 87 % of total of the registered negotiations.. *(Angop)*

Out of Options Amid Economic Slump, Nigeria Abandons Naira Peg

Nigeria has finally bowed to the inevitable. Battered by the oil plunge, starved of foreign currency and with the economy headed into recession, Africa's second-biggest crude producer said it will allow the naira to float, setting the stage for the currency to weaken. Free trade in the naira will mark the end of more than a year of resistance by President Muhammadu Buhari, who reiterated his opposition to devaluation as recently as two weeks ago. Markets reacted with glee. Stocks surged, with bank shares leading gains, while yields on Nigeria's dollar bonds fell the most in two years. The decision surpassed many analysts' expectations of a managed float or two-tier foreign-exchange system, and may draw back foreign investors who sold Nigerian assets, concerned that a devaluation would erode their returns.

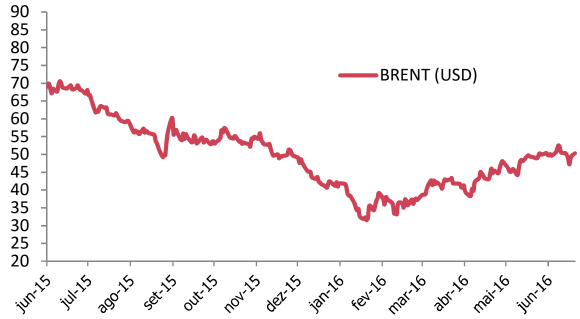
MARKET INDICATORS
20-06-2016

STOCK EXCHANGES		
Index Name (Country)	**20-06-2016**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	10.180,93	-3,97%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	311,00	2,33%
Case 30 Index (Egypt)	7.203,64	2,82%
FTSE NSE Kenya 15 Index (Kenya)	184,18	-1,32%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	20.523,45	8,01%
Nigerian Stock Exchange All Share Index (Nigeria)	28.769,90	0,45%
FTSE/JSE Africa All Shares Index (South Africa)	52.935,53	4,42%
Tunindex (Tunisia)	5.420,07	7,50%

Source: Bloomberg and Eaglestone Securities

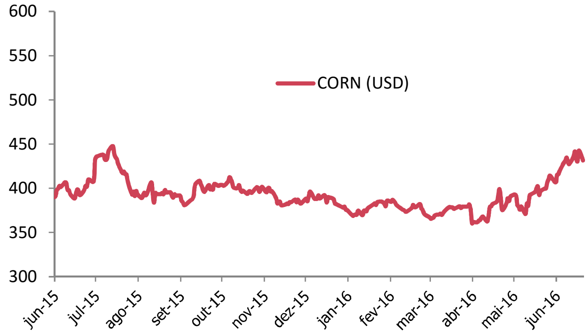
METALS		
	Spot	**YTD % Change**
Gold	1.285	21,05%
Silver	17	26,17%
Platinum	986	10,37%
Copper $/mt	4.552	-3,25%

Source: Bloomberg and Eaglestone Securities



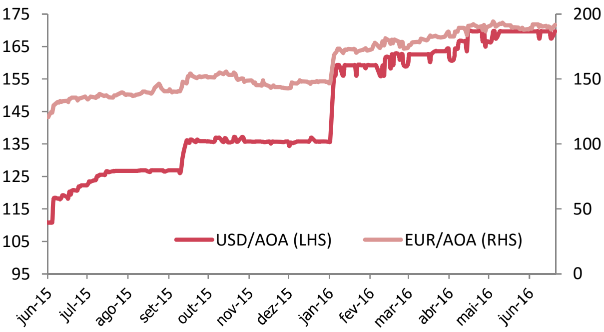
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	49,1	32,45%
ICE Brent (USD/barril)	50,3	34,90%
ICE Gasoil (USD/cents per tonne)	449,3	34,41%

Source: Bloomberg and Eaglestone Securities



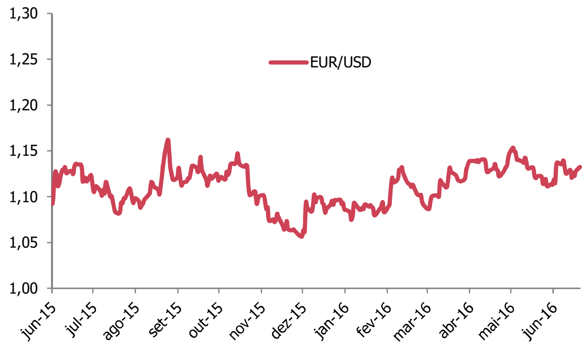
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	431,5	20,28%
Wheat cents/bu.	490,3	4,31%
Coffee (KC) c/lb	141,7	11,80%
Sugar#11 c/lb	19,9	30,31%
Cocoa $/mt	3120,0	-2,83%
Cotton cents/lb	65,8	3,98%
Soybeans c/bsh	1132,5	31,04%

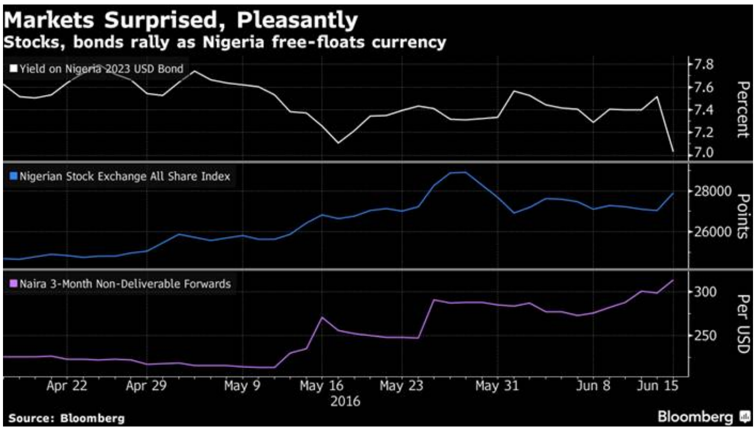
Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	169,214
EUR	191,658
GBP	248,692
ZAR	11,444
BRL	50,044
NEW MOZAMBIQUE METICAL	
USD	62,180
EUR	70,427
GBP	91,547
ZAR	4,205
SOUTH AFRICAN RAND SPOT	
USD	14,788
EUR	16,746
GBP	21,731
BRL	4,374
EUROZONE	
USD	1,13
GBP	0,77
CHF	1,09
JPY	118,29
GBP / USD	1,47

Source: Bloomberg and Eaglestone Securities





A free float was "one option we didn't see coming," said Nema Ramkhelawan-Bhana, an analyst at Rand Merchant Bank in Johannesburg. "It's definitely a step in the right direction. It's long overdue and it will go a long way toward an economic re-balancing. But it's just the first step."

A free-floating and weaker naira won't be just good news. It may also fuel inflation, already at a six-year high, and force the central bank to raise borrowing costs, hurting those who can least afford it: the poor. "The economy is going to struggle for the rest of the year partly owing to the delay" in implementing a floating exchange rate, said Adewale Okunrinboye, an analyst at Lagos-based Asset & Resource Management Co. "The nation has suffered from the delay. Prices are going to come under pressure."

Market-Driven Rate

The Central Bank of Nigeria will select a group of around 10 primary dealers through which the naira will be traded. There will only be one official exchange rate and the bank will intervene in the market to buy or sell foreign exchange "as the need arises," Governor Godwin Emefiele told reporters in Abuja, the capital. "We're talking about an open, transparent two-way system," Emefiele, 54, a former chief executive of Zenith Bank Plc who has headed the central bank since June 2014, said. "The exchange rate would be purely market-driven. I don't expect that any other exchange rate will be recognized." Nigeria has held the naira at 197-199 per dollar since March last year, spending about $2.7 billion -- 9.3 % of its foreign reserves -- to defend the peg this year alone, even as other oil exporters from Russia to Kazakhstan and Angola devalued their currencies as crude prices more than halved since 2014 to around $50 a barrel.

Capital Controls

Investment into Nigeria has shriveled as foreigners are put off by capital controls, while local businesses have struggled to import raw materials and equipment. International carriers including United Airlines and Iberia have halted operations in the West African country, saying they couldn't move revenue out.

Three-month non-deliverable naira forwards surged 1.9 % to a record 310 per dollar, suggesting traders expect the Nigerian currency to trade around that level in the market. The contracts rose further to 311.5 in London. Stocks climbed 2.6 %, the best performance worldwide, after jumping 3.2 %. Nigeria's 2023 dollar bonds slipped, sending the yield up 15 basis points to 7.21 %, following the biggest gain since 2014 the previous day. "It's probably the best that the markets could have hoped for," Ridle Markus, a Johannesburg-based analyst at Barclays' Africa unit, said by phone. "It certainly seems like it will be a normal, free-floating currency. That would be positive."

Currency Volatility

The turnabout came after gross domestic product contracted in the three months through March for the first time since 2004 and inflation accelerated to 15.6 % in May. MSCI Inc. said -- before the central bank's announcement -- it may drop Nigerian stocks from its Frontier Markets Index because of capital-mobility issues. To help reduce currency volatility, the central bank will introduce over-the-counter naira futures trading, which would move non-urgent foreign-exchange demand from the spot to the derivatives market, Emefiele said. There will be no pre-determined spread on spot transactions, he said.

Investors may remain wary of buying naira assets given that Nigeria's oil production, which accounts for the vast bulk of export earnings, has plummeted since February to an almost 30-year low amid an upsurge of militant attacks on crude and gas pipelines, according to Gaimin Nonyane, an economist at Ecobank Transnational Inc. in London. The naira will probably trade in a range of 280 to 350 against the dollar from next week, she said. "The speed of economic contraction probably surprised" the central bank, said Ayodele Salami, who manages about $500 million of African equities as chief investment officer at Duet Asset Management Ltd. in London. His company has reduced the proportion of its assets invested in Nigeria to 20 % from 40 % in the past 18 months. "If it turns out that the new system does what it says -- a free float with occasional central-bank intervention -- then it would it encourage us to come back into the market." *(Bloomberg)*

Swiss and UK watchdogs quiz Credit Suisse over Mozambique loans

Switzerland's financial watchdog said it is in touch with Credit Suisse over Mozambique's undeclared loans, while Britain's regulator is also making inquiries, according to a source familiar with the situation. In April, Mozambique, one of the world's poorest countries, disclosed as much as $1.35 billion of sovereign borrowing that may have made its debt unsustainable. Swiss bank Credit Suisse and Russia's VTB have been active in Mozambique, arranging loans for state-owned firms as well as helping with a Eurobond issue. A spokesman for Swiss financial watchdog FINMA told Reuters it was in contact with Credit Suisse over its engagement with the sub-Saharan African nation. "We are aware of the issue and are in contact with the bank over this matter," he said, declining to give any further details.

Separately, a source told Reuters that the UK's Financial Conduct Authority (FCA), was looking into the role both Credit Suisse and VTB played. Credit Suisse declined comment. VTB said it had been open and transparent with the regulator on the Mozambique transaction and was not aware of any investigations. "As we previously said, the total public debt number disclosed in the prospectus of the issued sovereign eurobond was inclusive of all outstanding direct and publicly guaranteed government debt, as confirmed to us by Ministry of Finance of Mozambique," the Russian bank said.
Mozambique's foreign debt - including $2 billion of commercial borrowing arranged without consulting parliament as required - has ballooned in the last four years, largely due to expectations it was set to become a major natural gas producer. However, those expectations are now being shown to be wildly premature, leaving the country with a foreign debt burden equal to $400 per head - only a fraction below the International Monetary Fund's $435 annual per capita GDP estimate. *(Reuters)*

Nigerian central bank "optimistic" naira will settle at 250 per dollar: document
Nigeria's central bank is "reasonably optimistic" the naira will settle at around 250 to the U.S. dollar after an initial period of weakness following a flotation, the bank's governor has said in a letter to President Muhammadu Buhari. Nigeria's central bank said it would begin market-driven foreign currency trading next week, abandoning the peg of 197 naira per dollar that it has supported for 16 months.
Foreign investors and economists have called for months for a devaluation as chronic foreign currency shortages choked economic growth and deterred investment.
The naira is expected to fall sharply when interbank trading begins but the central bank said it did not have a target for the currency and the price would be "purely" market-driven. The naira was trading on the black market at around 370 to the dollar.
Giving the first indication of a target, Governor Godwin Emefiele said in a June 3 letter to Buhari -- seen by Reuters -- that the central bank hopes the naira will eventually trade at around 250 per dollar, a level the president has "approved". "I must assure Your Excellency that we are indeed reasonably optimistic that at some point the rate will settle around 250 naira," Emefiele says in the letter. The letter, which briefs Buhari on the foreign exchange plan announced, says it could take three to four weeks to clear a $4 billion backlog of foreign exchange demand.
Buhari has for months said that he does not want the naira to be devalued, but backed a more flexible exchange rate policy when the central bank outlined its plans in May, without elaborating. The presidency has not commented on the new regime, with Buhari's spokesman declining to comment when Reuters called. The central bank could not be immediately reached for comment.
Africa's biggest economy, which contracted by 0.4 % in the first quarter, faces its worst crisis in decades after the decline in oil prices since 2014 and last year's introduction of a currency peg, which prompted a large-scale capital flight. With a likely sharp fall for the naira, Nigerian products will become relatively cheap and imports more expensive, which should stimulate the domestic economy but also lift inflation. Buhari has previously raised concerns about the inflationary impact that a weaker currency will have on Nigeria's poor. Nigeria, Africa's largest crude exporter, has resisted devaluing its currency for more than a year despite other major oil producers, including Russia, Kazakhstan and Angola, allowing currencies to fall after crude prices collapsed. *(Reuters)*

Egypt Raises Rates to Decade-High to Curb Soaring Inflation
Egypt’s central bank raised its benchmark interest rate to the highest level in at least a decade in an attempt to curb a surge in prices that followed a currency devaluation in March. Policy makers raised the overnight deposit rate by 1 percentage point to 11.75 %, according to a statement. The overnight lending rate was raised by the same amount to 12.75 %. A Bloomberg survey showed economists were split before the meeting, with three predicting a hold and three forecasting an increase by as much as 50 basis points.
The central bank devalued the pound in March by more than 10 % and said it would adopt a more flexible exchange rate to ease a dollar shortage that led to the emergence of a black market for the U.S. currency. The downside of the devaluation was clear by May, with annual core inflation reaching 12.23 %, the highest level since 2009. On the black market, the Egyptian pound still traded at 10.96 per dollar, compared with the official rate of 8.88. The rate rise “is warranted to anchor inflation expectations over the medium-term,” the central bank said in a statement on its website. The pound’s devaluation was among the factors contributing to the rise in inflation, the regulator said, along with repricing of regulated goods, supply shocks and the rise in demand ahead of the holy month of Ramadan.

“The latest inflation figures combined with the pressures on the pound have forced policy makers to take quite aggressive action,” said Jason Tuvey, London-based Middle East economist at Capital Economics. “The central bank will need to loosen its grip on the pound sooner rather than later. This hike possibly prepares the grounds for another round of devaluation." Government measures to boost revenue planned for later in the year may also raise prices further, economists say. Those include more cuts to electricity subsidies and the implementation of value-added taxation. Such steps "indicate that there is room for further interest rate hikes later in the year," said Mohamed Abu Basha, a Cairo-based economist at investment bank EFG-Hermes. Some economists had said the bank would be reluctant to raise borrowing costs because that would likely increase the government's debt burden, hampering efforts to reduce the budget deficit to below 10 % of economic output. Public debt stood at 98.4 % of gross domestic product in December, and the government expects interest expenses to make up about a third of its spending next year. "Fiscal consolidation policies are necessary and will favorably contribute to macroeconomic stability and sustainable economic growth over the medium-term," the bank said. The "aggressive" nature of the decision means budget concerns will not deter the central bank from pursuing its main mandate of price stability, according to Abu Basha. Inflation remains "high on the central bank's agenda," he said. *(Bloomberg)*

Selected Sovereign African Eurobond Data for June 03

Southern Africa	17-06-2016	16-06-2016	15-06-2016	14-06-2016	13-06-2016	10-06-2016	09-06-2016
Angola							
9.500%; 11/12/2025	96,659	96,015	96,708	96,316	98,034	98,866	99,385
Yld	10,131%	10,228%	10,131%	10,203%	9,904%	9,768%	9,657%
Moody's rating	B1						
S&P rating	B+						
Namibia							
5.500%; 11/03/2021	104,712	104,638	104,542	104,211	105,030	105,531	105,893
Yld	4,544%	4,597%	4,621%	4,675%	4,521%	4,381%	4,337%
Moody's rating	Baa3						
Fitch rating	BBB-						
Republic of Congo							
4.000%; 06/30/2029	72,332	72,651	72,741	72,332	73,663	72,801	72,923
Yld	9,685%	9,575%	9,535%	9,678%	9,559%	9,530%	9,505%
Fitch rating	B						
South Africa							
5.875%; 09/16/2025	108,644	108,172	107,930	107,698	108,794	109,475	109,512
Yld	4,759%	4,824%	4,851%	4,887%	4,773%	4,654%	4,653%
Moody's rating	Baa2						
S&P rating	BBB-						
Fitch rating	BBB -						
Zambia							
8.500%; 04/14/2024	82,470	82,568	82,726	82,630	83,752	85,078	85,496
Yld	12,104%	12,065%	12,066%	12,119%	11,814%	11,565%	11,424%
Fitch rating	B						
S&P rating	B						
East Africa	**17-06-2016**	**16-06-2016**	**15-06-2016**	**14-06-2016**	**13-06-2016**	**10-06-2016**	**09-06-2016**
Ethiopia							
6.625%; 12/11/2024	91,428	92,005	92,176	92,444	92,578	93,422	93,625
Yld	8,145%	8,020%	7,970%	7,945%	7,916%	7,766%	7,723%
Moody's rating	B1						
S&P rating	B						
Fitch rating	B						
Kenya							
6.875%; 06/24/2024	92,592	91,250	91,458	91,337	92,311	93,508	93,893
Yld	8,409%	8,482%	8,433%	8,455%	8,299%	8,058%	8,019%
Fitch rating	B+						
S&P rating	B+						
Rwanda							
6.625%; 05/02/2023	95,951	95,979	96,305	95,688	96,669	97,503	98,323
Yld	7,570%	7,529%	7,414%	7,520%	7,375%	7,182%	7,040%
Fitch rating	B+						
S&P rating	B+						
Seychelles							
7.000%; 01/01/2026	n/a	n/a	n/a	n/a	99,083	99,521	99,271
Yld	n/a	n/a	n/a	n/a	8,195%	8,156%	8,155%
Fitch rating	BB-						
West Africa	**17-06-2016**	**16-06-2016**	**15-06-2016**	**14-06-2016**	**13-06-2016**	**10-06-2016**	**09-06-2016**
Gabon							
6.375%; 12/12/2024	85,250	84,846	85,229	84,992	85,667	86,606	87,221
Yld	8,983%	9,062%	8,981%	9,028%	8,893%	8,713%	8,598%
Fitch rating	B+						
Ghana							
7.875%; 08/07/2023	83,430	83,307	83,942	83,672	85,011	85,570	85,967
Yld	11,468%	11,452%	11,306%	11,364%	11,046%	10,930%	10,822%
Moody's rating	B3						
S&P rating	B						
Fitch rating	B-						
Ivory Coast							
6.375%; 03/03/2028	95,214	94,658	94,993	94,634	95,748	96,229	96,197
Yld	7,043%	7,105%	7,077%	7,110%	6,990%	6,904%	6,900%
Moody's rating	Ba3						
Fitch rating	B+						
Nigeria							
6.375%; 07/12/2023	96,066	95,671	96,808	93,563	94,284	94,274	94,139
Yld	7,161%	7,269%	7,057%	7,650%	7,492%	7,488%	7,505%
Fitch rating	BB-						
S&P rating	B+						
Senegal							
6.250%; 07/30/2024	92,823	92,375	92,431	91,938	92,919	93,917	94,139
Yld	7,522%	7,576%	7,570%	7,674%	7,489%	7,338%	7,289%
Moody's rating	B1						
S&P rating	B+						

Pricing source is the Composite Bloomberg Bond Trader (CBBT)
Yld = Bid Yield to Maturity.

ENERGY

China firms to fund Congo hydro power plant to lift mining output

China's Sinohydro and China Railway Group will finance a $660 million hydroelectric plant in southeastern Democratic Republic of Congo which is being built to reduce the copper-mining region's power deficit. Congo is Africa's largest miner of copper and the 240 megawatt dam in the town of Busanga will power Sicomines, a nearby copper and cobalt mining joint venture between the Chinese companies and Congolese state miner Gecamines. Sicomines is the mining side of a $6 billion minerals-for-infrastructure deal signed in 2007, under which Sinohydro and China Railway Group pledged to build $3 billion worth of infrastructure in return for a 68 % stake in the mine.

Moïse Ekanga, executive secretary of the Congolese government office charged with overseeing the deal, said that Sicomines would require 170 MW from the Busanga dam to run at full capacity, while the remaining 70 MW would feed the national grid. Congo's southeastern mining region has an electricity deficit of about 900 MW, the statement said. "This agreement will help jumpstart energy development in the DRC after the recent slowdown due to falling commodity prices," Ekanga said, adding Mauritian firm Mag Energy International will also be a partner in the project. The statement did not say how long construction would last. Sicomines officials have previously estimated that it would take four to five years. It also did not say whether the Chinese firms' funding would be counted toward their infrastructure or mining obligations under the original contract. Campaign groups have expressed concerns that the money will be considered as infrastructure investments, reducing the amount available for roads, schools and hospitals.

Sicomines, which began operations last November, is already Congo's third largest producer of copper, according to the country's chamber of mines. *(Reuters)*

Botswana sees additional 820 MW of power by 2020

Botswana is looking to add up to 820MW of power into the national grid from both coal and solar powered plants by 2020, leaving it a surplus for exports, Minerals and Energy Minister Kitso Mokaila said. Independent power producers were expected to develop two 300MW stations while refurbishment of a 120MW coal-fuelled power plant was expected to be complete by end of 2017, Mokaila told a mining conference. A tender for a 100MW solar power station was also expected to be out soon, with the plant due to be running by 2018. "In four years time we see ourselves as not only self sufficient but we hope to have extra capacity to be exporting into the region," Mokaila said. Earlier this year, Botswana awarded a tender for a 300MW power plant to a joint venture between South Korea’s Posco and Japan’s Marubeni. The southern African country also intends to order a 300 MW power plant from a joint venture between South Korea's Daewoo and Kepco. Mokaila said the government would put out a 100MW solar power tender in the next two months, aiming to have it in operation by 2018. Botswana's current power demand stands at an average 600MW. Its sole power station, Morupule B, produces about half of that, with the remainder coming from imports and diesel generators. Since it was commissioned in 2012, the Chinese-built 600mw Morupule B power plant has not produced at full capacity due to boiler failures and tube leaks. "We are also refurbishing Morupule B and negotiations to sell it and have it operate as an independent power producer have begun,” said Mokaila. *(Reuters)*

Ingula power station’s unit 4 goes into commercial operation

The first unit – unit 4 – of the Ingula pumped-storage power station on the escarpment of the Little Drakensberg mountain range straddling the border of KwaZulu-Natal and the Free State has come into commercial operation, Eskom said. Eskom’s group capital division handed over the unit to its generation division for commercial operation, the parastatal said in a statement. “This means an additional 333 MW being added to the grid and thereby ensuring further security of supply. “Commercial operation is when the construction and optimisation of the unit is complete and the operator, Eskom’s generation division in this case, takes over the plant and runs it on a commercial basis, ie supplying power into the national grid. It is the first of four units to commercially support the national grid ahead of schedule, powering South Africa into the future,” Eskom said. Unit 4 was synchronised to the national grid on March 25 and had been undergoing optimisation while supporting the national grid. Construction at Ingula started in 2006. All four of Ingula’s units were scheduled for commercial operation in 2017. “Ingula’s four units are located 350 metres underground in the world’s largest machine hall in mud-rock. To turn the more than 500 ton rotating mass of the generator rotor and turbine water is released from Ingula’s upper dam, Bedford Dam, situated 460 metres higher and 2km away. “Water flows at high speed down to the turbines at around 60km/h with enough water passing through each turbine to fill an Olympic-sized swimming pool in six seconds. Rotating at 428 revolutions per minute each unit will produce 333 MW, a total for the station of 1 332 MW. “On completion of all four units Ingula will be part of Eskom’s peaking fleet of power stations. It can respond to demand increases on the national grid within two-and-a-half minutes. Upon completion Ingula will be Africa’s newest and largest pumped storage scheme and the nineteenth largest in the world.” Ingula unit 3 was currently under repair after an “incident” was experienced during the optimisation process, post synchronisation. This unit was synchronised to the national grid on March 6 and supported the grid until April 6 when the incident occurred. Ingula unit 2 was synchronised to the national grid on May 22 and was under optimisation. Ingula unit 1 was still under construction. Ingula units 3, 2, and 1 were on track for commercial operation in 2017, Eskom said *(Engineering News)*

INFRASTRUCTURE

Angola starts receiving General Electric locomotives in 2017

Angola is due in the first quarter of 2017 to start receiving some of the 100 locomotives that the government commissioned from US group General Electric, announced in Luanda the chairman of General Electric Angola. David Viela told newspaper Jornal de Angola that the locomotives are already being built at the GE Transportation plant in Erie, Pennsylvania and the first are expected to arrive in the first quarter of next year and the last in 2019. The supply of locomotives is the result of the memorandum that the government of Angola and the General Electric Company signed in February 2013 in Chicago, under which the first 15 locomotives were due to arrive in Angola in 2014 and the remaining 85 over a period of five years. Much of GE’s business in Angola is concentrated in the oil and gas sectors, production of electricity, placement of electric turbines in several provinces, in the health sector, supplying cardiology, obstetric and MRI equipment, while in the aviation sector it provides engines for the aircraft of Angolan airline Linhas Aéreas de Angola. *(Macauhub)*

Morocco plans to sell 40 pct stake in Marsa Maroc

Morocco is planning to sell a 40 % stake in state-owned port operator Marsa Maroc via an initial public offering (IPO) on the Casablanca stock exchange, bourse regulator AMMC said. Marsa Maroc was established in 2006 and manages terminals at nine Moroccan ports and provides logistic services. The port operator has said it is seeking funds for expansion as it plans to bid for two other terminals at Casablanca Port and is looking for opportunities elsewhere in North and West Africa. The offering would be the first IPO this year in Morocco and the first ever for a privatisation. It could help revive Casablanca's stock market, which has suffered from the knock-on effects of the euro zone crisis and a lack of foreign investors. Morocco's stock market was downgraded to "frontier" status by index provider MSCI in 2013, due to a lack of liquidity. The Finance ministry has hired Moroccan bank Attijariwafa bank for the offering expected from June 20 to June 30 involving 40 % of Marsa's shares, the regulator's statement said. AMMC said it had approved the issue from which the government is expected to raise between 1.9 billion dirhams and 1.94 billion dirhams ($200.8 million). The company will sell 29.36 million shares at 65 dirhams each. Marsa Maroc had more than 2,000 employees and annual revenue of 2.17 billion dirhams in 2015, company data showed. The government launched a tender seeking advisors for selling part of Marsa Maroc in 2011 but then dropped the idea without any explanation. ($1 = 9.6610 Moroccan dirham) *(Reuters)*

Mozambique Beira Port to Get More Corn for Drought-Hit Area

Mozambique’s second-biggest port is readying to get more corn shipments as southern African countries order record amounts of the grain from overseas to plug regional demand after a drought decimated local harvests. Beira, in the center of the country’s coastline and about 300 kilometers (186 miles) from the closest town in Zimbabwe, “is preparing to receive a large quantity of maize in the weeks and months to come” for the landlocked country and neighboring Malawi, said Jan de Vries, the commercial manager at Cornelder de Mocambique Sarl, which manages the facilities. “This cargo is a business opportunity, but due to the humanitarian nature, the port has agreed special concessional rates for maize,” he said, using another term for corn.

Ports throughout southern Africa are preparing for record imports of corn, used to make a staple food, after an El Nino weather pattern obliterated crops in the region. About 50 million people face hunger in the east and south of the continent, the United Nation’s humanitarian affairs agency said. Countries in the area will be forced to import as many as 9 million metric tons of the grain this year, said AGRI SA, the biggest representative of farmers in South Africa, where white-corn prices have more than doubled since the start of 2015. Sixty thousand tons have been announced “and shipments are expected to increase from July onward and especially from August,” De Vries said by e-mail. Most of the corn is either from Ukraine or Mexico, he said.

South Africa, the continent’s biggest corn producer and traditionally a net exporter of agricultural products, may need to import 3.8 million tons of of the grain this year to supplement domestic supplies after it got the lowest rainfall since 1904 last year. It has declared a state of disaster in eight of its nine provinces, while Malawi and Zimbabwe have done so nationwide, which enables international financial assistance. Botswana has run out of corn and is banking on imports from neighbors to meet its needs.

Transnet SOC Ltd., South Africa’s state-owned ports and rail operator, is prepared to offload and rail as many as 7 million tons of corn this year. It has readied its port at Richards Bay, used mainly to export coal and chrome, to receive as many as 1.5 million tons, Chief Executive Officer Siyabonga Gama said last month. It will also help rail 600,000 to 700,000 tons of corn from the port of Maputo in Mozambique through South Africa to Zimbabwe, he said.

Miss Targets

The port at Nacala in northern Mozambique is expecting to get more than 300,000 tons of corn destined for Malawi, Portos do Norte SA said last month. Beira handles cargo for Zambia and Democratic Republic of Congo, which are the continent’s biggest sources of copper, as well as Mozambique, Africa’s largest producer of coking coal used to make steel. Given the drop in demand for and prices of commodities these nations produce, the port doesn’t expect to reach 2016 targets and sees volumes “dropping slightly,” De Vries said. “In the first four months of the year, overall volumes have dropped by around 10 % compared to the record" last year, De Vries said. "It will be a challenge to turn this around and end 2016 with positive growth." *(Bloomberg)*

MINING

Diamond prospecting in Angola extends to Malanje province

Diamond prospecting in Angola will be extended to Malanje province, on a semi-industrial basis, with the artisanal mining cooperatives authorised to explore over 410 square kilometres, according to authorisations from the Ministry of Geology and Mining. The first authorisation was granted to the MIlanda Kunda cooperative, involving the semi-industrial exploration of diamonds in an area of 30 square kilometres, in the Kunda Dia-Base municipality. The second authorisation covers 224 square kilometres and was granted to the Cambo Sungingi cooperative in the Kaombo municipality. The third concession was granted to the Kabuto cooperative, in the Xandel municipality, for an area of 160 square kilometres. The authorisations also specify that "technical data" suggests "that the aims of integrating the artisanal miners can be achieved in an effective way through semi-industrial production combined with artisanal production." These concessions are valid for 12 months and may be extended for a further four years. The cooperatives are required to provide technical and economic reports to the national diamond concessionaire, Empresa Nacional de Diamantes de Angola (Endiama), about the activities carried out, according to the authorisations signed by Minister Francisco Queiroz. *(Macauhub)*

Syrah Resources raises funds to develop graphite project in Mozambique

Australia's Syrah Resources has raised 194 million Australian dollars by issuing 32 million new shares. The funds will be invested in the Balama mining project in Mozambique, the company said in a statement. Director-general Tolga Kumova said that the cash raised would be used to develop the Balama project and would give the company a comparative advantage for exploring graphite deposits in the northern Mozambican province of Cabo Delgado. The company also said it had updated the schedule of work for the Balama project and now expects to start producing graphite in the second half of 2017. Syrah also said it would need an additional 175 million dollars to finance the mining project, compared to a previous estimate of 144 million dollars. The main change is the acquisition of a power plant rather than building, owning, operating and transferring as previously planned. The company recently signed a contract with Japan's Marubeni Corporation to supply 50,000 tons of coated and non-coated spherical graphite per year for customers in Japan and South Korea that manufacture batteries. This contract, the value of which was not disclosed, is valid for five years and gives the Japanese group exclusive rights over Balama graphite in both those countries. *(Macauhub)*

Congo Copper Miner Plans Chinese Joint Venture at Main Asset

Gecamines, the Democratic Republic of Congo's state-owned miner, is in talks to give China Nonferrous Metal Mining Group a majority stake in its most prospective copper asset. CNMC will finance, build and operate a copper-processing facility at the Deziwa concession in return for a 51 % stake in the project, Jean Dominique Takis, head of strategy, said in an interview in the capital, Kinshasa. CNMC will be reimbursed for its investment in the plant, which should have an initial capacity of 80,000 metric tons a year, through an off-take agreement over an agreed period that wasn't specified, after which ownership of the project will be returned to Gecamines, Takis said. The agreement is a "new type of partnership" designed to increase revenue in coming years, Gecamines Chairman Albert Yuma said last week. Since Yuma's appointment in 2010, Gecamines has been trying to boost production after decades of dictatorship and war left its infrastructure destroyed and cash reserves depleted. The company has smaller minority stakes in copper and cobalt projects with companies including Phoenix-based Freeport McMoRan Inc. and Baar, Switzerland-based Glencore Plc that it says have failed to generate the funds required to restore the company's financial health, leading it to explore different types of partnerships.

Chinese Deals

The deal adds to the growing presence of Chinese miners in Congo's copper industry and follows the sale last month of Freeport McMoRan's Tenke Fungurume copper project to China Molybdenum Co. for $2.65 billion. Gecamines currently has $1.58 billion of debt. In January 2013, it borrowed $196 million to acquire Deziwa, which it describes as its flagship project, stating that it would provide the reserves needed to reintroduce the company as a major producer. Until further details are published, the decision to give CNMC a 51 % share in the project, even on a build-operate-transfer basis, may provoke criticism by local advocacy groups that have already questioned Gecamines' plans. The company says Deziwa has the potential to produce as much as 5 million tons of copper over the life of the project. Output in Congo, Africa's largest miner of the metal, was almost 1 million tons last year, of which Gecamines produced 18,836 tons. "We discussed Deziwa with many investors, but at the end the company that showed the most interest and willingness to accept our conditions was CNMC," Takis said.

Contract Criticism

The total value of CNMC's investment and the repayment period, during which Gecamines won't receive a part of production, haven't been agreed yet, Takis said. Gecamines and CNMC expect to conclude the agreement this year, he said.

Advocacy groups including the Atlanta-based Carter Center and London-headquartered Global Witness have called on Gecamines to publish details of the deal and specifically the terms of an initial agreement signed with CNMC in January. A 2011 government decree requires that contracts for any deal involving the country's natural resources be published within 60 days of execution. The company says the existing accords with CNMC were only designed to "frame the negotiations" and do not represent binding contracts. "As soon as definitive contracts are signed with our partners they will be published" within the required time frame, Takis said. A decision on a second phase of the project, which would increase output to 200,000 tons a year, will be taken at later date, Takis said. Copper prices have fallen 2.6 % so far this year, extending a 25 % slump last year. Commodity prices have declined since 2011 as mounting supply met lackluster demand in China, the world's top consumer, which is facing its slowest growth in decades. *(Bloomberg)*

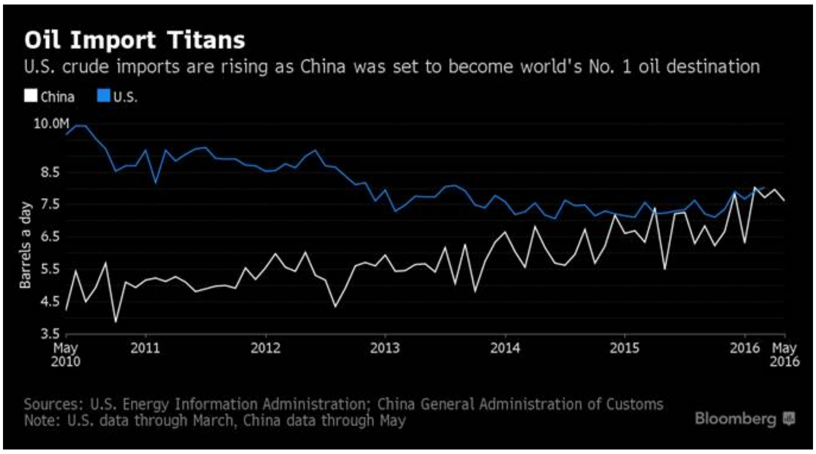
Mining company Vale authorised to sell portion of coal business in Mozambique

The government of Mozambique has approved the sale of a portion of the coal mining business of Brazilian group Vale in the country to Japanese group Mitsui & Co, said Vale Mocambique in a statement. The statement said "approval is an important milestone for determining the commitments that the Government of Mozambique is making in terms of funding." Last April, the Brazilian group told the market that Mitsui & Co remained interested in investing in Vale group projects in Mozambique despite the impairment charges taken by Vale on such investments. Coal mining in Moatize, Tete province, has led to a loss of US$500 million a year for the Vale group, according to its annual report published in February 2016. Impairments taken on by the group for Mozambique – US$2.4 billion – were the second highest included in the accounts, and the larger impairments – US$3.46 billion – were related to a nickel mining project in Canada. Mitsui & Co group agreed in 2014 to pay US$763 million for a stake in Vale's projects in Mozambique – the coal mine at Moatize and the railroad and the port of Nacala. *(Macauhub)*

OIL & GAS

Nobody Wants to Wear the Oil Crown That Makes OPEC Richer

The world's biggest oil importer. The title nobody wants. For decades the U.S. held undisputed rights to the crown. Last year, China squeaked ahead for the first time amid growing demand and as rising U.S. shale production displaced overseas deliveries. The Middle Kingdom looked poised to become the center of the crude importing world.



Then $30 oil happened. U.S. drillers shut the most rigs in modern history, production began to fall and imports have rebounded. Chinese oil firms also shuttered output and kept demand growing. Now the two are neck and neck. "I don't think any country would want to boast about being the world's largest importer of crude," said John Driscoll, chief strategist at JTD Energy Services Pte in Singapore. "Who gets more nervous during OPEC meetings? Who's more vulnerable to supply disruptions, geopolitics or resource nationalism?" The one group with no reason for dismay is the Organization of Petroleum Exporting Countries, which needs buyers to soak up a supply glut that has cut prices in half from two years ago. Brent crude traded at $47.93 a barrel at 10:20 a.m. London time.

U.S. Imports

The U.S. imported 8.04 million barrels of oil a day in March, according to the Energy Information Administration, the most since August 2013 and about 330,000 more than China did in the same period. U.S. output has fallen 5.9 % since peaking in April 2015, and drillers have idled 80 % of the country's oil rigs since October 2014. The increase in U.S. imports comes after years of declines due to increased shale production. Meanwhile Chinese economic growth has boosted imports four-fold since the beginning of 2005, making the country the second-largest consumer in the world. China imported more oil than the U.S. in a month for the first time in April 2015 and again in February. China's crude production dropped by the most in 15 years in May as producers from PetroChina Co. to Cnooc Ltd. reduce drilling in unprofitable fields. Lower domestic output will increase the country's dependence on imports from the Middle East and Russia, Gordon Kwan, head of Asia oil and gas research at Nomura Holdings Inc. in Hong Kong said in an e-mail. China also recently allowed smaller independent refineries, known as teapots, to begin importing oil directly, creating new buyers. "I don't see the U.S. overtaking China on a consistent basis," said Amrita Sen, chief oil economist for Energy Aspects Ltd. in London. "Especially since China now has sustainably higher crude demand from teapot refineries." *(Bloomberg)*

India plans to set up "Reverse Special Economic Zone" in Mozambique

The Indian government plans to create a "Reverse Special Economic Zone" in Mozambique to install fertiliser and petrochemical companies, the Chemical Products and Fertiliser Minister said in Mumbai. Ananth Kumar told the Press Trust of India that the government planned to set up "Reverse Special Economic Zones" in countries with large oil and gas resources to produce goods exclusively for India. "After Iran, with which we are already in talks, we plan to set up a similar structure in Mozambique," said Kumar at the session to launch the 2016 Chemical and Petrochemical Conference, known as India Chem. India Chem 2016 runs from 1 to 3 September in the Mumbai Exhibition Centre. A "Reverse Special Economic Zone" is, from India's point of view, an area organised in another country to supply Indian commodity industries at a low cost and exempt from import taxes. The process establishes a "piece of India" in a country where there is easy access to raw materials. The Chemical Products and Fertilser Minister also said that negotiations with Mozambique are in the early stages, and said additional details would come at a later date. *(Macauhub)*

Angola LNG resumes shipments after interruption

Angola LNG (ALNG) in Luanda confirmed it has resumed production in its Soyo natural gas liquefying plant in northern Zaire province, after an interruption due to technical failure.

ALNG's first liquefied natural gas shipment after interruption was concluded in Soyo and will be traded through international bidding. According to a press release that reached Angop, production is in progress and ALNG will be making new LNG and Liquefied Petroleum Gas (LPG) shipments as part of the plant's re-start tests. The formal delivery of the plant by the contractor, Bechtel, and its commercial exploration will proceed as planned, it was said. According to the press release, ALNG Marketing chairman, Artur Pereira, said the company is pleased with the resumption of production. "The market changed a lot while our unit stopped, but we are happy as we are managing to deliver LNG from Angola throughout the world and assume our position as a trustable and safe supplier in the LNG world market," he stressed. The source added that future LNG shipments will be traded at global level, through various processes of sale, including international bidding. Angola is the second largest oil producer in sub-Saharan Africa. The Angola LNG contributes to the development of the Angolan oil and gas industry and the reduction of greenhouse gas emissions, while creating a new source of clean energy. The Angola LNG is meant to contribute to the elimination of gas flaring, provide clean and reliable energy to customers and enhance economic benefits to the country, local communities and shareholders. The Angola LNG Project will extract, process and sell about 5.2 million tons of LNG per year, in addition to natural gas and liquids for domestic use, from its Soyo plant, in northern Angola. The Angola LNG production came to a halt in 2014, following an incident that required repairs and modifications made by Bechtel. The Angola LNG recently announced the signing of an agreement to sell LNG to EDF Trading. ALNG shareholders are local oil company Sonangol (22.8% %), US Chevron (36,4%), BP (13,6%), Italian ENI (13,6%) and French Total (13,6%). *(Angop)*

BP Global Group will continue to invest in oil in Angola

The BP Global group has invested more than US$27 billion in Angola and will continue to do so over the next 10 years, in oil and gas research and development in the country, BP Angola said in a statement published in Luanda. With 950 workers, 80 % of whom are Angolan, since the 1990s BP Angola has had substantial stakes in deep and ultra-deep waters of the Lower Congo Basin, following its merger with Amoco. BP Angola is the operator of blocks 18 and 31 in the deep and ultra-deep waters of the Lower Congo Basin, holds interests in blocks 15 and 17 and has a stake in the Angola LNG project in Soyo, in which it has average net production of about 223,000 barrels of oil per day. BP Angola is also the operator of blocks 19 and 24, and holds interests in blocks 20 and 25 in deep water in the Kwanza and Benguela basins. Block 18 of the Angolan sea, where the Grande Plutónio project is under development, covers an area of 5,000 square kilometres, in water depths ranging from 1,200 to 1,600 metres. With five fields (Gálio, Crómio, Cobalto, Paládio and Plutónio), the Grande Plutónio project started production in October 2007 and is currently producing an average of 147,300 barrels a day and provides associated gas to the Angola LNG plant in Soyo . In block 31, BP Angola, on behalf of Sonangol and partners, made a series of discoveries in deep waters, which resulted in the development of the Plutão, Saturno, Vénus and Marte oil fields, known as PSVM, which since December 2012 have produced an average of 142,000 barrels per day. *(Macauhub)*

Nigeria's Oando signs 94.6bn naira restructuring loan

Nigerian oil firm Oando said it has secured a 94.6-billion naira ($475-million) loan facility from ten domestic banks under plans to restructure its finances and return to profitability this year. The financing led by Access Bank, includes Diamond Bank, Ecobank, FCMB, Fidelity Bank, Stanbic IBTC Bank, UBA, Union Bank and Zenith Bank. The facility is a five-year term loan, paying Nigerian interbank rate plus 2 percentage points with a three-year moratorium on principal. "In a bid to return to profitability in 2016, I am happy to announce the successful completion of restructuring our overall debt profile," CE Wale Tinubu said in a statement. Oando is still due to post results for 2015, having reported a $246-million loss in the nine months to September. The company posted a record loss of $1.10-billion for 2014. It paid $1.5-billion to acquire ConocoPhillips' Nigerian business in 2013, when oil prices were at a peak. But high financing costs coupled with the plunge in oil prices have hit profits, leaving it unable to service its debt. In April

Fidelity Bank said it had placed a 22.4-billion naira loan ($113-million) to Oando on a watchlist and taken a special provision of 5% on the advice of Nigeria's central bank to all lenders exposed to the company. Fidelity then said the central bank had given lenders a deadline to reach a deal to resolve the debt issue, which would include a sale of assets. Oando said its restructuring plan would include the sale of assets worth $350-million this year. *(Engineering News)*

Mozambique orders 3D seismic survey of oil blocks

The government of Mozambique has decided to spend US$150 million on three-dimensional seismic surveys in the blocks included in the fifth international tender for oil and gas exploration, said the president of the National Oil Institute (INP). “The goal,” Carlos Zacarias told daily newspaper Notícias, “is to organise a database on the existing oil potential in those blocks, with subsequent delivery to the companies awarded the tender.” The fifth international tender for oil and gas exploration was launched on 23 October 2014 by the INP, regulator of the oil sector in Mozambique, which has made available to interested parties a total of 11 areas in the sea in the Rovuma basin, Angoche, Mozambique (Zambezi delta) and four onshore basins of Mozambique (areas of Pande/Temane and Palmeiras), covering a total of 74,259 square kilometres. Zacarias said to it was normal that the utility companies carry out their own three-dimensional seismic survey but said there are cases where it is the country itself that takes the initiative to carry out this survey. The President of INP also reported that the government is preparing the final format of the contracts so the companies awarded in the fifth international tender can begin prospecting work, in which they have pledged to invest US$700 million over four years. *(Macauhub)*

Netherlands group buys natural gas shipment from Angola

The Vitol group, with headquarters in Rotterdam, has been awarded the tender launched by Angola LNG to buy its first shipment of natural gas since the Soyo processing unit started operating again, said the Ecofin news agency. The shipment of 161,000 cubic metres of liquid natural gas (LNG) is already on board the Sonangol Sambiganza ship, and the value of the proposal was not announced by the winning group. On announcing a return to operation, Angola LNG said that more ships would be loaded with LNG and LPG (liquid petroleum gas) as part of tests being carried out before the processing unit is handed back by contractor Bechtel. The Angola LNG project, which was launched in 2007 to make use of the natural gas burned off in oil exploration, brings together Chevron (36.4 %), Angola’s Sonangol (22.8 %), BP Exploration (13.6 %), Italy’s ENI (13.6 %) and France’s Total (13.6 %). *(Macauhub)*

TELECOM

Lumos Plans East Africa Mobile-Power Rollout after Nigeria

Lumos Ltd. plans to roll out its affordable solar-panel kits to East Africans living without electricity after supplying the home-power systems in Nigeria, the continent’s biggest economy, through a mobile-network operator. East Africa is a “very exciting market opportunity,” and the Amsterdam-based company is looking for partners to help it distribute its pay-as-you-go home-solar systems, Ron Margalit, the principal for financing, said in an interview in Kenya’s capital, Nairobi. “We will come to the region in the very near future.” Users buy the kit -- an 80-watt solar panel that’s installed on a roof, an indoor power unit, phone-charging accessories and two LED lights -- from a local mobile-network operator and load power using prepaid airtime. In Nigeria, Lumos rolled out the system with MTN Group Ltd., which has about 57 million subscribers in the continent’s most-populous nation. The country generates the equivalent of about a 30th of South Africa’s power for a population more than three times the size. More than 620 million people in sub-Saharan Africa, or two-thirds of the region’s population, live without electricity, with about one in three of them residing in East Africa, according to the International Energy Agency.

Potential Clients

MTN estimates Lumos’s potential customer base in Nigeria at as many as 10 million systems. The power provider is on track to provide 70,000 kits in the West African country by the end of the year, Margalit said. Last year, Lumos got $15 million in financing from U.S. development-finance institution Overseas Private Investment Corp. to roll out in Nigeria. “The only competition right now for systems our size in Nigeria is diesel generators,” Margalit said, adding there are about 100 million of the devices in the country. While Lumos’s customers use MTN’s prepaid system to buy power for their kits in Nigeria, the provider is looking to tap into the success of mobile money-transfer systems favored by East Africans. Lumos will face competition in East Africa, where there are already pay-as-you-go companies selling solar kits paid for in small installments, a February report by Bloomberg New Energy Finance and Lighting Global showed. In Kenya alone, more than 30 % of those who rely on off-grid electricity have a solar product at home, it said. About 89 million people in Africa and Asia use off-grid solar products to access basic electricity services, the report shows. Kenya Power & Lighting Ltd., the sole electricity distributor in East Africa’s biggest economy, had 3.6 million customers on its grid at June 30, 2015, its annual report showed. The country has a population of about 46 million people. *(Bloomberg)*

South Africa's MTN names Vodafone Europe head as new CEO
South African mobile phone operator MTN Group named Vodafone European cluster head Rob Shuter as its new chief executive, ending a near eight-month hunt for a boss. Shuter, who will start no later than July 2017, replaces Sifiso Dabengwa, who resigned last November after a $5.2 billion fine in Nigeria exposed corporate governance flaws at Africa's biggest mobile phone operator. Shares in MTN rose 3.8 % to 150.19 rand in early trade, outpacing a 1.7 % gain the blue-chip JSE Top-40 index. Shuter, an accountant with experience in managing risk, inherits a company in the middle of overhauling its corporate governance standards and in search of new revenue streams as tough competition hit profit margins in its key markets. "MTN is confident that Rob will bring experience and new insights to the CEO role having had many years in the telecoms sector both in Africa and Europe," MTN said in a statement. Phuthuma Nhleko, who temporarily took over as an executive chairman following Dabengwa's resignation, will revert to his role as non-executive chairman as soon as Shuter starts his new role. Shuter has been CEO of Vodafone Netherlands since April 2012 and in October 2015 his role was expanded to include the other European countries excluding the four large European markets - UK, Italy, Spain and Germany. *(Reuters)*

RETAIL

Ackerman family will still hold reins in unbundled Pick n Pay
Retailer Pick n Pay plans to replace its current pyramid ownership structure, which has long drawn the ire of shareholders.They will now vote on July 25 to collapse the structure, Pick n Pay said. The Ackerman family introduced the pyramid structure in 1981 to prevent a hostile takeover. Internal policy dictates that a dividend is paid to all shareholders — at a cover of 1.5 times headline earnings per share. And the controlling shareholder of Pikwik, holding just over 25%, is Ackerman Investment Holdings, effectively the Ackerman family trust. It is through control of Pikwik that the family has control of Pick n Pay Stores and ensures that just over half the dividends paid by Pick n Pay are channelled to Ackerman Investment Holdings. According to Pick n Pay chairman Gareth Ackerman, the founding family has for some time been looking to unbundle the pyramid. "Over time, the simpler structure should improve Pick n Pay Stores' appeal to investors, which could in turn help our long-term growth strategy. The proposal will maintain Ackerman family voting control over Pick n Pay," he said.
In essence, the proposal will collapse the pyramid by unbundling all shares in Pick n Pay Holdings (Pikwik), with Pick n Pay Holdings shareholders receiving shares in Pick n Pay Stores on a pro rata basis. It also means all shareholders in Pick n Pay will hold their shares in a single Pick n Pay Stores listing. Pick n Pay Holdings will delist from the JSE and will be wound up. The new proposal will also allocate to the Ackerman family a new class of unlisted voting shares in Pick n Pay Stores — B Shares. This will ensure that the Ackerman family continues to have a controlling interest in the company. The Ackerman family will not vote on the proposal, nor will Pick n Pay Holdings exercise its share in the Pick n Pay Stores vote. Pick n Pay CEO Richard Brasher said the unbundling would increase the free float in Pick n Pay Stores from 46% to 73%. This should, over time, make the company more attractive to investors. By unbundling Pick n Pay Holdings shares into Pick n Pay Stores, it will also eliminate the current discount between the two shares. The family has had control of the company for almost 50 years. Pick n Pay's recovery plan, under CEO Richard Brasher, has shown clear signs of improvement. Competition has increased in SA as economic conditions constrain spending and retailers scramble for market share. While the unbundling would unlock the holding company discount, the founding family holding onto control was questionable, according to Sasfin's Senior Retail Analyst, Alec Abraham. "They will be issuing B shares – so the Ackerman family effectively maintains their voting rights over Pick n Pay Stores. A lot of people are dubious of the fact that they still retain control of Pick n Pay. Look, I don't think its the worst thing in the world but unlike other CEOs in which Raymond Ackerman didn't really have any confidence in…with Richard Brasher - he has been willing to let go and let him do what he needs to. So I'm a little surprised they're still holding on. Nevertheless, the inefficient Pikwik structure falls away as they unbundle the shares to the Pikwik shareholders," he said. *(BDLive)*

Angolan group invests in retail in Angola
Angolan group Zahara plans to invest around US$1.385 billion on setting up a chain of hypermarkets, shopping centres and cinemas in Angola, according to presidential orders approving tax benefits. The two projects are the responsibility of group subsidiaries Zahara Imobiliária and Zahara Comércio, the latter of which owns the Kero (hypermarket) and Xyami (shopping centre) brands. According to the investment contract signed with the Technical Unit for Private Investment (UTIP) there will be consumer tax exemption on imports of "any goods and merchandise" for the four years of the execution phase. The first of these investments, which as well as 15 shopping centres and 17 cinema complexes, also includes building a retail gallery, will be spread over the provinces of Luanda, Benguela, Huíla, Cabinda, Malanje, Huambo, Zaire, Uíge and Kwando Kubango, and should be completed within 48 months. The size of this investment – US$935 million – according to the contract with UTIP, will also imply reducing the payment, by the Zahara Group of 75 % of Industrial taxes on capital and land purchases, for 10 years. A second investment contract, of a similar nature, worth US$449.8 million will expand the Kero brand with 15 hypermarkets and one supermarket across the country, selling food and non-food retail. *(Macauhub)*

AGRIBUSINESS

World's First Tea Futures Contracts May Be Started in Kenya

Kenya, the world's biggest exporter of black tea, is considering introducing the world's first futures contracts for the leaves to help stabilize prices and enable growers to guarantee income from their production. INTL FCStone Inc., based in New York, has held talks with industry representatives in the East African nation about introducing the derivatives, Stuart Ponder, senior vice president for emerging markets, said in an interview June 13 in the capital, Nairobi. The company has prepared a report for clients in Kenya on the securities' potential, he said. The Nairobi Securities Exchange is already planning to start trading equity-index and currency futures in the second half of the year and supports the proposal. "The ability for farmers to be able to hedge out their pricing risk will be a big win," Terrence Adembesa, head of derivatives at the bourse, said in an interview. "Another plus is the ability to provide a platform for investors who want exposure to a certain asset class that they currently don't have." Tea is the world's most widely consumed beverage, after water, according to the Food and Agriculture Organization. Kenya ranks as the world's third-largest producer of the leaves, behind India and China, and hosts the biggest auction of the crop, in the port city of Mombasa. While there are futures contracts for commodities such as coffee and orange juice, there aren't for tea because of the difficulty in standardizing the plant given differences in types and quality over seasons and harvests, the FAO says.

Price Swings

Volatility in prices coupled with increasing production costs have made the sector increasingly unattractive, subjecting farmers to diminishing returns, according to the Kenya Tea Development Agency. The average auction price of tea sold in Mombasa has fallen 22 % this year to $2.25 per kilogram (2.2 pounds), after surging 34 % last year, according to Tea Brokers of East Africa Ltd., a Mombasa-based trader. INTL FCStone, which offers advisory services on commodities, was hired by a client in Kenya that Ponder declined to identify to conduct a study on the feasibility of tea derivatives, he said. "We have handed the report to them and it is up to them to decide what to do with it," he said. Kenya has "great potential" to roll out the product because of the quality and quantity of the tea produced in the country, Ponder said.

Foreign Exchange

Kenya generated $1.2 billion from tea exports last year, the second-biggest source of foreign-currency earnings after remittances by citizens living abroad. The crop is mainly grown by 560,000 small-scale farmers who supplied 399,000 metric tons of tea last year, according to the statistics office. There are seven main production regions, including Mt. Kenya and the Aberdare mountain ranges, according to the Kenya Tea Development Agency. The Nairobi exchange would need to get approval from the Capital Markets Authority to start trading tea futures, Adembesa said. The process of drawing up product specifications and getting approval from the CMA could take "as much as one year," he said. The Dubai Gold and Commodity Exchange last year held talks with growers in India about the possibility of introducing futures, the Economic Times reported Sept. 16. The FAO proposes either offering a limited number of contracts on specific baskets of grades, which are sufficiently distinct from each other, or having an index-based futures contract where the index could be the average auction price for a defined category of tea. *(Bloomberg)*

Cuanza Sul: Cotton production in pipeline - minister

Angola's minister of Agriculture Afonso Pedro Canga said that cotton production in the irrigated perimeter of Quipela (Gangula), coastal Cuanza Sul province, is in the pipeline and will boost the textile industry revival.

"The project is going smoothly. We visited the cotton project and found that all the infrastructure have been built equipped with electricity. Next year we can start sowing," said the minister in Sumbe, Cuanza Sul province. At this time the rehabilitation of the textile industry is in progress and raw materials are needed, said the minister, describing the region as industrial sustainability source. According to him, some infrastructure have been constructed with stress to a training center, maintenance shops and warehouses. Other infrastructure include rural village, offices and a rural village is awarded to the South Korean company Hanil and sub-contractor KWM. *(Angop)*

Angola: Official encourages investment in fisheries

The Secretary of State for Fisheries, Maria Antónia Nelumba, urged in Luanda businessmen and entrepreneurs to invest in fisheries services in order to avoid importing inputs.

Maria Antonia Nelumba was speaking during the promotional session of the 3rd edition of the International Fair of Fisheries and Aquaculture of Angola (AngolaFip/2016), taking place under the motto "Fisheries and aquaculture, contributing to national wealth". She highlighted the fact that fisheries entrepreneurs have joined the programmes to increase production and promotion of exports of salt, shellfish, tilapia, fish meal and fish oil products intended primarily to supply the domestic market and create surplus for exports aimed for national payments balance. The Fip Angola / 2016 expects the participation of 100 exhibitors and some guest countries such as Portugal, Brazil, China, South Africa, Norway, Spain, Germany, Russia, India, Japan. *(Angop)*

Angola exports wood to US and Namibia

Two companies from the central Angolan province of Huambo are exporting processed wood to Namibia and the United States and a number of others are expected to begin to export to more countries, the provincial director of

Industry, Geology and Mining said in the city of Huambo. Simão Esperança told Angolan news agency Angop that MacroService provides processed wood to a company in the US auto industry and Almeidas sells plywood to Namibia. The provincial delegate of the Ministry of Industry, Geology and Mines said that two other sector companies plan to start exporting boards, slats, protection films, plywood, wooden doors and windows, school and office furniture. The Huambo Directorate of Industry, Geology and Mines has registered 17 factories operating on a regular basis, and there are others that work intermittently and do not present reports. The province of Huambo is one of the richest in Angola in terms of natural and artificial forest resources, the most important being Sanguengue with 18,000 hectares, Cuima (17,000) and the Mundundu (8,000 hectares). *(Macauhub)*

Mozambique sells 100,000 tons of cashews

Cashew sales in the 2015/16 agricultural season totalled 100,000 tons and a value of US$23.1 million, the national director of the National Cashew Institute (Incaju) said. Ilídio Bande, who was speaking at a sector meeting in Manica province, in central Mozambique, said that the amount of cashews sold last year was a 25 % increase on the previous year, when 80,000 tons were sold. Bande said that the cashews were sold to the Asian and American markets and that unprocessed cashews were sent to India and Vietnam, whilst the nuts were sent to the United States, according to Mozambican news agency AIM. The biggest challenge for the sector, the director said, is to increase annual production to 120,000 tons in the next few seasons. The family-based production sector is being encouraged to increase cashew production, he said. The Incaju meeting, which is due to end, brings together sector officials and notable cashew nut producers. In Mozambique the provinces of Nampula, Zambezia, Manica, Inhambane and Gaza are the largest producers of cashews and this activity is conducted on a large scale by family-based producers. *(Macauhub)*

Cuanza Sul: Coffee growers want an increase in price

Farmers in Assango cooperative (Amboim), coastal Cuanza Sul province defended an increase in the price of coffee, ranging from 130 to 200 kwanzas per kg with a view to supporting the production and rise household income.

Speaking on behalf of the Cooperative of Coffee Producers, André Silveira Alfredo stressed that the current price discourages the ongoing production. There is will, there is arable land, but it is necessary more dialogue so that the product can be valued, said André Silveira. Silveira was speaking during the national opening coffee harvest ceremony, attended by Agriculture minister, Afonso Pedro Canga and governor of Cuanza Sul, Eusébio de Brito Teixeira. He defended the need to hold more awareness campaigns for farmers so that the coffee can contribute to diversification of the national economy through the continuous production of the product. He put the annual production at 217 tones of coffee. The 2,800-hectare is secured by 1.410 producers. Addressing the event, the Agricultuire minister Afonso Pedro Canga said that the government has approved a tool aimed at supporting the farming initiatives through funding. *(Angop)*

India analyses production or purchase of lentils in Mozambique

The Indian government is considering producing lentils in Mozambique and in Myanmar and plans to send delegations to the tow countries to analyse the feasibility of the project, the Indian Food Minister told New Delhi Television (NDTV). Minister Ram Vilas Paswan told the TV channel “we can grow lentils in those countries or sign long term supply contracts,” and added, “to do that, we are sending teas to both those countries, on trips that will take place soon.” Ram Vilas Paswan said lentil production in India has been in decline “for at least three years” which has increased the price by 200 rupees per kilogramme. The prices of two other essential vegetables to the Indian diet – tomatoes and potatoes – have also remained high at 80 and 35 rupees per kilogramme, respectively, despite the government’s efforts to contain prices. India’s Prime Minister, Narendra Modi, in the first week of July is due to visit four African countries – Tanzania, South Africa, Kenya and Mozambique. In Mozambique he is expected to discuss food production with the local authorities. India consumes around 23 million tons of lentils per year and produces 17 million tons. Consumption of lentils in India is rising at a rate of 1 million tons per year. *(Macauhub)*

Angolan government selects provinces to plant palm trees

The provinces of Bengo, Benguela, Cabinda, Kwanza Norte and Uige are the areas of Angola selected for palm plantation projects, said the Angolan Agriculture Minister, Afonso Pedro Canga. The minister told Angolan news agency Angop that the ministry had received palm oil investment projects, with at least three firm proposals made so far. “We used to produce a large amount of palm oil,” the minister said adding that there were some remaining palm growing areas and even a programme for palm oil production. Alongside these investment, Canga said that Angola had specialised palm research and renovation stations. The minister also said the country was cooperating with institutions from the Philipines, Malaysia and Indonesia. All of these countries are large palm oil producers and there are plans to swap genetic material with Angola to improve palm stock in the country. *(Macauhub)*

Sappi to establish pilot renewable sugar extraction demo plant

Pulp and paper group Sappi was preparing to explore and optimise the extraction of biorenewable chemicals after signing an agreement with global supplier Valmet to build a second-generation sugar extraction demonstration plant at the Ngodwana mill. The industrial size plant, which would come online in 2017, would extract hemicellulose sugars and lignin from Sappi's existing dissolving pulp line, while improving the dissolving wood pulp manufacturing process. "The demonstration plant will make it possible to study the next-generation dissolving pulping process and test new ideas at mill scale," Sappi group head of technology Andrea Rossi said, reiterating the company's accelerated ambitions of pursuing new adjacent business fields based on renewable raw materials. Sappi aimed to demonstrate increased production output, higher dissolving pulp quality, lower operating costs and a new optimised hydrolysate revenue stream, besides others. "The products from the demonstration plant will assist in the development of various beneficiation options for the different dissolving wood pulp lines operated by Sappi," Rossi explained. Sappi Biotech division leader Louis Kruyshaar added that new revenue opportunities emerged in the possibilities of extracting biobased materials from the cooking plant prehydrolysate stream for beneficiation to higher-value biochemicals. The products under development would expand Sappi's renewable biomaterials offering, which included nanocellulose, biocomposites and lignosulphonate. *(Engineering News)*

French company invests over US$10 million in Sao Tome and Principe

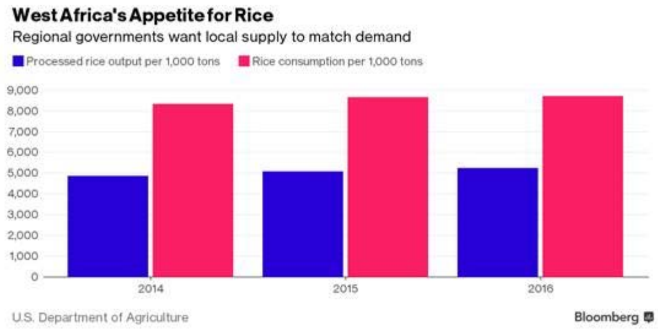
French company Malongo Mane plans to invest over US$10 million on coffee plantations on the island of Sao Tome, as part of a contract due to be signed in the capital of Sao Tome and Principe by the company and the Sao Tome government, announced the Minister for Agriculture, Teodorico de Campos. In an interview with Macauhub, Campos noted that @as well as coffee, which will be the dominant product in an area of 232 hectares, the French company will also explore cocoa and vanilla plantations." The concession contract, which will come into force as soon as it is signed, will last for a minimum period of 20 years, under a pre-agreement signed just over two years ago by the French company and the Ministry for Agriculture and Rural Development on behalf of the government. The Minister added that negotiations took place in the last 48 hours in the capital of Sao Tome between the representatives of Malongo Mane and officials ad technicians from the Ministry of Agriculture and the Ministry of Finance. In 2015, coffee was the third most exported product from Sao Tome and Principe on a list headed by cocoa, which is still the main driver of the Sao Tome economy, accounting for around 93 % of all annual revenue. Located in the district of Mé-Zóchi in the middle of Sao Tome island, Monte Cafe was one of the islands' economic bases until independence in 1975, and was one of the oldest plantations, founded in 1858 by Portuguese colonists at a height of 670 metres on soil perfect for growing arabica coffee and cocoa. *(Macauhub)*

Coffee production in Angola is 1/20 of levels 40 years ago

Angola produced just over 12,000 tons of coffee in 2014/2015, a figure 20 times lower than the country produced 40 years ago when it produced between 200,000 and 230,000 tons of coffee per year, said the Minister for Agriculture, Afonso Pedro Canga. The minister also told Angolan news agency Angop that the reason Angola was no longer the world's fourth largest coffee producer were that coffee production areas had been abandoned, labour had been reduced and acesss roads were now unusable, as well as the civil war, which was the main cause of the decline. The minister did not detail how much coffee Angola consumed or exported in the last season, but admitted that current levels were far below the country's potential. "We are investing so that production and the quality of exportable coffee can increase," the minister said. Measures to drive coffee production include support for producers, such as the National Coffee Institute (Inca) supplying seedlings and expanding planting areas, providing loans to coffee growers and land for exploration. The city of Luanda was built, in the colonial period, mainly using revenues from coffee and it was also coffee, especially from Waku Kungo, in Kwanza Sul province, which funded construction of roads and other buildings. In Angola the provinces that traditionally produce coffee are Bengo, Kwanza Norte, Kwanza Sul and Uige. *(Macauhub)*

As Cities Swell, West Africa's Appetite for Rice Is Growing

Rice is fast becoming West Africa's preferred food. After four decades of importing the staple, the region now aims to grow enough rice to meet domestic demand. Rice harvests in West Africa will probably reach an all-time high of 14.9 million metric tons this year, up from 14.6 million tons last year, when Senegal and Ghana produced record crops, according to the United Nations Food and Agriculture Organization. Mali's crop is forecast to expand about 8 %, while output in several countries including Ivory Coast and Sierra Leone has climbed every year since 2011, the organization said. West African governments began investing in rice farming in the wake of the 2008 food crisis, when a worldwide spike in prices for food items triggered violent protests in cities in Ivory Coast, Cameroon and Burkina Faso, Concepcion Calpe, an economist at the FAO, said by phone from Rome. "We saw a big surge in imports and at the same time in production, because there was this much higher price in the international market," Calpe said. "The fear that the food crisis provoked led a lot of



West African countries to invest heavily in production." They're trying to meet a growing appetite for rice that's coming at the expense of traditional staples such as cassava and corn. West Africa has been dependent on rice imports from Asia since 1975, when consumption by a fast-growing population began to outpace production. Today, as incomes rise and African cities swell, more and more people eat rice because it's easy to store and to prepare, according to Yacouba Dembele, head of the National Office for Rice Development in Ivory Coast.

City Life

"Rice is tailored to city life," Dembele said in an interview in the commercial capital, Abidjan. "It's become an urban food." Consumption in West Africa is forecast to rise to 53 kilograms (116.6 pounds) per person per year by 2025, from 44 kilograms in 2011, according to the Washington-based International Food Policy Research Institute. In 1990, West Africans consumed on average 32 kilograms of rice per person. There's a variety of consumption patterns: in some countries, including Mali, local rice is more popular, while the Senegalese prefer imported rice, according to AfricaRice, an Abidjan-based international research institute. Senegalese President Macky Sall said in an interview last month that governments should consider boosting rice farming because it's become a "strategic food" since China began importing the staple. Sall has repeatedly pledged to make Senegal self-sufficient in rice by 2017, a plan that has been criticized by the opposition as unfeasible. He's not alone in his ambition. Ivory Coast President Alassane Ouattara wants his country to be self-sufficient in rice by 2017. Nigeria's Muhammadu Buhari has set 2018 as a target for West Africa's biggest producer and importer of the staple to end inward shipments. Mali, Guinea and Sierra Leone are already near self-sufficiency, with Mali's rice harvest covering 91 % of domestic demand, according to AfricaRice. Nigeria's central bank reserved $200 million last year to provide low-interest loans to rice and wheat farmers as part of a government campaign to boost agriculture and reduce food imports, which weigh heavily on the local currency. Among large-scale rice buyers and processors is a local unit of Olam International Ltd. More than half of local demand of about six million tons is currently supplied by imports in the nation of 180 million people.

Irrigation Systems

Ivory Coast has attracted foreign investors including Louis Dreyfus Commodities LLC to boost its rice processing capacity, which was working at a maximum last year. The government is building 100 small-scale plants nationwide, while it's already invested in irrigation systems, seeds and fertilizers. About $1 billion in investment will be needed to become self-sufficient, money that's largely to come from the private sector, according to Dembele, the head of the nation's rice office. The country, which doubled output between 2010 and 2014, has an "extraordinary potential" to grow rice because of its wet and warm climate, he said. Senegal, which still imported three-quarters of demand in 2014, imposed quotas on rice importers last year and banned the export of locally grown rice, according to the U.S. Department of Agriculture. The government is also helping farmers increase yields on existing farms. Official data indicate that Senegal's rice crop jumped 62 % between 2014 and 2015, reaching a record 906,000 tons. The plan is to produce 1.6 million tons by 2017.

'Political Implications'

Senegal's import restrictions were followed by similar rules in Cameroon, which reinstated import tariffs for rice earlier this year, and Nigeria, which banned rice shipments through its land borders, according to the FAO. Nigeria also deployed patrols to combat rice smuggling. With leaders labeling self-sufficiency in rice a key policy issue, the staple has become political, which means some official production data may be unreliable, said Calpe of the FAO. "A lot of statistics have political implications," she said. "Not all are backed by strong evidence." But back in Abidjan, Dembele said that Ivory Coast, already the world's largest cocoa grower, is on track to start exporting rice as early as 2019. "In Asia, rice production can't expand much more," he said. "Africa still has that potential." *(Bloomberg)*

Sugar cane production declines by more than 16.3% y/y

As a result of the ongoing countrywide drought, South African cane production declined during the 2015/16 season by more than 16.3% to 14.81-million tons, following an 11.4% reduction recorded in the previous season. "The decrease will impact on the sustainability of the rural economy in both KwaZulu-Natal and Mpumalanga," said South African Cane Growers Association (SACGA) chairperson Tim Murray at the association's eighty-ninth annual general meeting.

Having recently completed its yearly surveys, including the large-scale grower and cost productivity surveys, the SACGA economic research department also found that real revenue per hectare decreased by 4% and real operating expenditure decreased by 4%, which led to a 5% decrease in real earnings before interest and tax. The SACGA's research also concluded that growers may have slightly reduced total labour hours as a cost-saving initiative during the drought period. Murray noted that 2015/16 would be remembered as the year in which the effects of El Niño became more evident, with drought-stressed cane being more prone to eldana (moth) infestation. The SACGA also highlighted this year as the year in which the world sugar market transformed from a five-year structural surplus to a deficit.

SUGAR MARKET

According to the Southern African Customs Union, total South African sugar sales to the local market, including Botswana, Lesotho, Namibia and South Africa, increased by 1.53% compared with the 2014/15 season, a large portion of which could be attributed to sustained demand from industrial customers. The SACGA added that the European Union sugar policy reform made this preferential market less lucrative for Southern African Development Community suppliers, who continued to take advantage of their quotas to supply the South African market, which curbed South

African sales growth. Moreover, the International Trade Administration Commission set the dollar-based reference price for sugar at $566/t in April 2014. This increased tariff protection, compounded by the weakening exchange rate, which has effectively kept imported sugar volumes “within acceptable levels”.

DEVELOPMENT AND SUSTAINABILITY

The SACGA noted that it was “acutely aware” of the challenges facing sugarcane growers, promising that it would continue in its endeavour to find ways to assist farmers, improve communication and promote diversification. Meanwhile, the association this year completed a project focused on helping farm workers, especially small-scale growers, looking for cost-effective ways to provide for unexpected illness and death. Further, the SACGA introduced a process to the yearly congress meeting to improve communication between the local grower councils and the SACGA board. Through this process, the association aimed to identify and address local and strategic needs through monitoring the local and central work programmes. The SACGA also registered profit-making company Womoba to manage the rollout and commercialisation of innovative projects aimed at addressing the sustainability of all sugar cane growers. These included a biogas project focused research on opportunities in the food and beverage market, as well as an investigation into the on-farm efficiencies in sugar cane farming through the use of various technologies. “Unfortunately, we have not made any meaningful progress with renewable energy, which is disappointing. And, although the request for proposals for cogeneration of electricity from sugarcane fibre has been released, with the initial proposal based on small-scale projects, the maximum price is set at R1.20/ kWh, and it does not regard any job creation or other social investment criteria, which is a great pity,” said Murray. He added that, despite these these challenges, the SACGA and the industry at large remained committed to serving the interest of all growers, to ensure the creation of thriving rural communities while contributing to the economic development of South Africa. *(Engineering News)*

Private equity seen as key to Africa’s infrastructure speed-up

Mobilising private equity to help fill Africa’s $31-billion infrastructure expenditure gap is key to the continent’s future, says Africa Infrastructure Investment Managers regional director Vuyo Ntoi. Ntoi, who addressed the Botswana Resource Sector Conference here, outlined the funding case for infrastructure building in Africa, where the macroeconomic fundamentals are favourable. Against the backdrop of Africa's gross domestic product growth being second globally, and the infrastructure gap in Africa remaining large, Ntoi called for deregulation to allow private owners to become the facilitators of infrastructure provision. Needed to close the $31-billion expenditure gap was also a willingness on the part of independent regulators to provide the returns that would enable private players to enter the market. The head of the group managing five funds that were keen on investing in infrastructure in Africa, said regulators could emulate the model used to facilitate South Africa’s renewable energy programme as well as the South African toll road programme that opened three major routes to the private sector in the 1990s. “We believe that private infrastructure funds are key to unlocking Africa’s potential,” Ntoi commented. While project finance was the most efficient, consideration should also be given to the fast-tracking of risk-based financing. The capital that went in first was not necessarily the funding at the end and projects could be fully equity funded initially with a view to introducing debt at a later stage. “Equity is agile and can be quickly deployed,” Ntoi told the conference attended by Creamer Media’s Mining Weekly Online. *(Engineering News)*

UPCOMING EVENTS

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

AfricaRail 2016 28-29 June Sandton Convention Centre, Johannesburg
Africa’s largest and longest running rail expo.
http://www.terrapinn.com/exhibition/africa-rail/index.stm

Africa Singapore Business Forum 24-25 August 2016 - Singapore
www.iesingapore.gov.sg/asbf2016

First edition of the International Precious Stones Fair from 12 to 15 September in Nacala, Mozambique
Expecting more informations

Mining on Top – Africa London Summit 19-20September, Raadisson Blu Portman Hotel London
www.miningontopafrica.com

23rd Africa Oil Week – Africa Upstream – Cape Town 31st October – 4th November 2016
http://aow.globalpacificpartners.com/events/?fa=overview&id=966

Angola’s International Fisheries and Aquaculture Fair 2016 runs from 24 to 27 November
Expecting more informations

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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

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