INSIDE AFRICA

Now is the time to invest in Africa

23 December 2013

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SECURITIES

Contents

IN-DEPTH:

- Africa offers growth potential on a vast scale 2
- Investors tap Africa's new sovereign bond markets 3
- SOVEREIGN RATINGS 5
- African Development Bank 6

INVESTMENTS 10

BANKING
- BANKS 12
- MARKETS 13
- DEALS 15
- FUNDS 16
- TECH 17

ENERGY 17

MINING 19

OIL & GAS 20

INFRASTRUCTURE 22

AGRIBUSINESS 24

TRADE 25

MARKETS INDICATORS 26

UPCOMING EVENTS 27

BRIEFS

Africa

- 10 Investments Trends to watch in Africa in 2014:
  - Trend 1: Private equity still on rise
  - Trend 2: Africa will top Asian investors'wishlists
  - Trend 3: Oil and gas sectors will continue to be of strategic importance
  - Trend 4: Renewables projects on the rise
  - Trend 5: Demand shifts in agriculture, investment rises
  - Trend 6: A deepening banking sector
  - Trend 7: Bullish prospects for hospitality and tourism sectors
  - Trend 8: Growing consumer base expands retail and property sectors
  - Trend 9: ICT continues to boom
  - Trend 10: Growth of infrastructure bonds as an asset class

Angola

- Angola is to create three new national energy utilities to improve efficiency of energy supply.
- Angola will be producing 2m barrels/day (b/d) of oil by 2015, thanks to a production lift from Block 17.

Kenya

- The ministry of Energy and Petroleum has been forced to postpone a meeting on how Essar Energy will give up its shareholding in the Kenya Petroleum Refineries Limited after the Attorney-General delayed to give a legal opinion.
- The Communications Commission of Kenya (CCK) has reviewed downwards tariffs for digital signal distribution in a move geared towards facilitating a smooth migration from analogue to digital television broadcasting in the country

Namibia

- Real GDP rose by 5.3% year on year in July September 2013, the highest rate of expansion in any quarter so far this year.

Senegal

- S&P Affirms Senegal Ratings At 'B+/B'; Outlook Stable

In-depth:

Africa offers growth potential on a vast scale

After a long and largely successful career in banking, Bob Diamond, former head of Barclays, could probably have his pick of markets and institutions at which to stage his comeback – whether in investment banking, hedge funds or at one of the fast-growing Chinese lenders.

Instead, the American banker is opting for sub-Saharan Africa, long neglected by mainstream investors. Unlikely on the face of it, perhaps, but if there is one developing region of the world that still excites bankers confronted with stuttering faith in the traditional emerging markets of Asia and Latin America, it is Africa.

Whatever the fate of Mr Diamond's venture – which is expected to involve buying a bank in Africa – his decision is symbolic of a renewed interest in the continent, particularly its financial sector. The demographics of the continent are breathtaking. Sub-Saharan Africa alone has a population of about 1bn, which, on many estimates, is set to double over the next three decades. The potential is obvious.

Sim Tshabalala, joint chief executive of Johannesburg-based Standard Bank, says banks are benefiting from economic growth and increasing banking penetration. "Both are growing in Africa very fast," he says, adding: "The continent is becoming very attractive." McKinsey, the consultants, estimates that three-quarters of Africans still do not have a bank account. Industry executives estimate that only 5 per cent of the region have a credit card. The so-called "unbanked", which in bleak times might seem a symbol of economic hopelessness, are viewed by many Africa watchers as a key to unlock a virtuous circle of economic growth.

"Sub-Saharan African financial and banking systems remain underdeveloped," Pim van Ballekom, vice-president responsible for sub-Saharan Africa at the European Investment Bank, said in a report this year.

Mr van Ballekom explained in the report that the relatively stable macroeconomic and financial environment of sub-Saharan Africa, together with the current reform momentum and expected strong growth in many countries in the region, did indeed "bode well for further development of the banking system".

The region is dominated by a handful of banks, with four institutions from South Africa leading the pack. Standard Bank is by far the largest by assets, with $182bn, followed by FirstRand, with $100bn, and Barclays Absa and Nedbank – controlled by London-listed Old Mutual – with $95bn and $80bn, respectively.

Outside South Africa, banks are far smaller in terms of total assets. Ecobank, a Togo-based bank with business across the continent, is the largest with assets of about $20bn, followed by Nigerian lenders First Bank and Zenith, and United Bank for Africa, a Nigeria-based lender that is focusing on a few big African markets, rather than trying to cover the continent. Standard Bank also dominates in terms of profits – its pre-tax income last year roughly equalled the combined profits of the 10 largest banks in sub-Saharan Africa outside South Africa, where rivals FirstRand, Barclays and Nedbank are also very profitable. International banks are following Standard Bank and Barclays into Africa. Standard Chartered has expanded across the region, along with Citigroup, Société Générale and HSBC. Investment banks, including JPMorgan, Deutsche Bank, Goldman Sachs and Credit Suisse are becoming more active, helping countries raise funds through sovereign bonds, and playing a bigger role in mergers and acquisitions in the region.

The influx of foreign banks, plus the expansion of local lenders, comes as Africa enjoys its strongest economic growth in a generation, leaving behind the stagnation of the 1980s and 1990s. The International Monetary Fund forecasts that sub-Saharan Africa will grow by 6 per cent in 2014 – roughly the same rate as in the past 10 years – second only to developing Asia at 6.5 per cent and well above the global rate of 3.6 per cent.

"We are at the beginning of something," says Maria Ramos, the chief executive of Barclays Africa, referring to the macroeconomic and financial changes across the region.

Both local and international banks are increasingly focused on the opportunities such growth gives them. Yet, although bankers see opportunities across Africa, most say they are focusing on a handful of markets, including South Africa, Nigeria, Kenya, Tanzania, Mozambique, Ghana, Angola and Zambia. Bankers would love to enter the Ethiopian market, but it has remained largely closed to them.

Bankers and government officials believe that as ordinary workers gain access to basic banking facilities, and the emerging middle classes tap into sophisticated financial services, there should be a feedback loop to greater spending and consumption, and hence further economic expansion.

"The growth is healthy," says Diana Layfield, head of Africa for Standard Chartered, the emerging markets bank. "It's not just about banking either. Insurance is emerging as a financial product in the region."

African banks often achieve returns-on-equity, a typical measure of profitability, in excess of 20-30 per cent, significantly above the 10-15 per cent more common in developed markets and more mature emerging economies. Yet, there are dangers exemplified by a nasty banking crisis in Nigeria in 2008-09. And regulation, particularly of banks with operations across borders, is in its infancy.

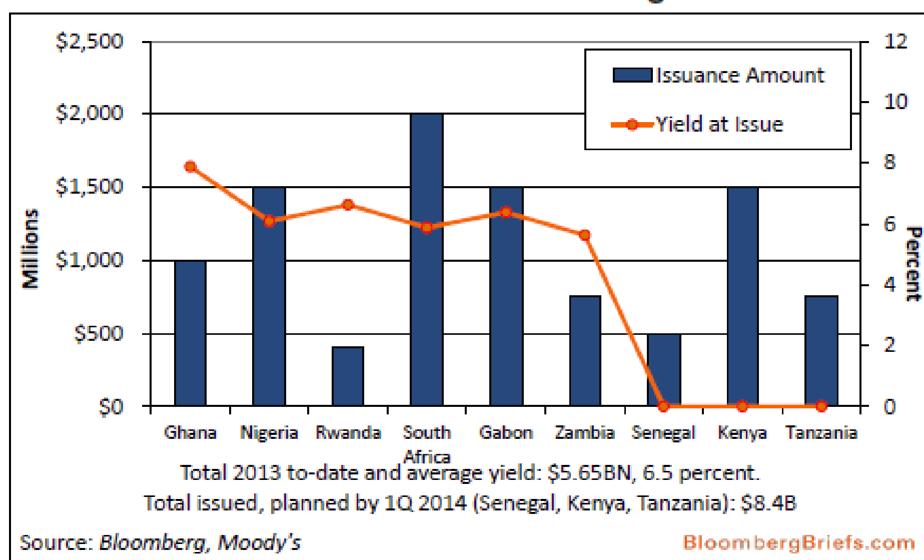
High operating costs and infrastructure are also problems. The lack of branches in many countries has made it difficult for individuals to open an account, even if they have the funds and income. In some cases, lenders such as Standard Bank have tried to bypass the issue by partnering with corner shops to create mini-branches.

And the dearth of cross-border operators, which made life difficult for businesses wanting to expand, has been changing. Lenders such as Kenya's Equity Bank are rolling out branches aggressively. And many business banks are

operating across large chunks of the continent, such as Nigeria's UBA and Togo's Ecobank, spurred in part by the advent of cross-border infrastructure deals. Mergers and acquisitions is another area that is booming, albeit from a low base. The same is true for sovereign bond issuance in hard currency, which this year is set to hit a record of roughly $10bn across Africa, up from $1bn a decade ago. But it is in mobile banking that African finance can really claim to be ahead of the game. M-Pesa, the mobile payment service operated by Safaricom of Kenya, is reckoned to be responsible for more than half of all mobile remittances globally. Even if most Africans still do not have formal bank accounts, the profusion of mobile phones and payment technology has "done a lot for financial inclusion", says Ms Layfield, with 70 per cent of adults now able to make such basic payments, up from 7 per cent a few years ago.
While many western banks struggle with ancient IT systems and a top-heavy branch network, African banks may well have sounder foundations for the financial services of the future. *(Financial Times)*

Investors Tap Africa's New Sovereign Bond Markets

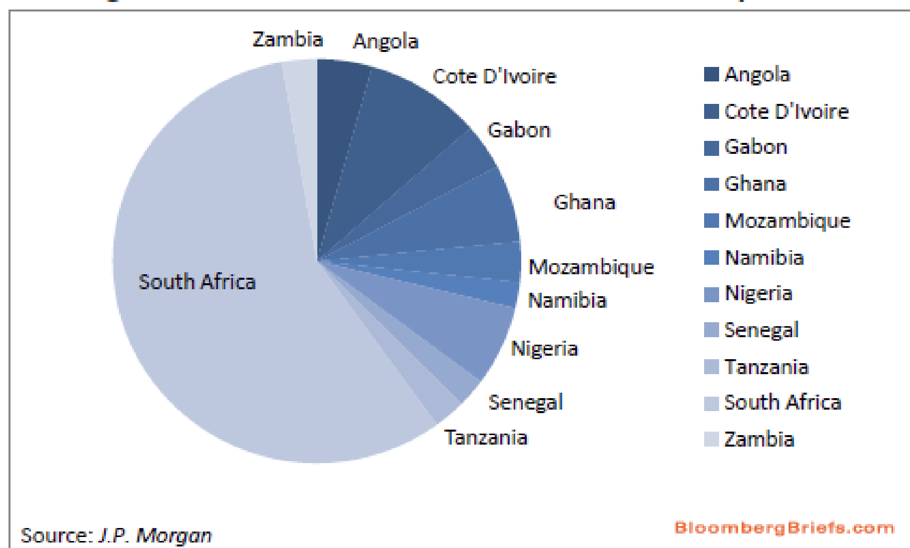
Sub-Saharan Africa (SSA) continues to issue record amounts of international sovereign bonds as the global search for yield meets African government public financing needs. Entry into global bond markets is a significant episode in the African growth story – creating transparent financing toward upgrading infrastructure and connecting these economies to global capital markets. In 2013 SSA countries have issued $7.1 billion in dollar-denominated Eurobonds – the highest value ever – at an average opening yield of 6.4 %. Total issued and announced SSA international government debt for 2013 is now $9.9 billion, including Kenya's pending $1.5 billion maiden bond launch. (See chart)



Purchasers of Africa's new global bonds are primarily top tier institutional investors, attracted to SSA's higher yields and improved sovereign risk profiles.
Parallel to SSA's GDP boom (5-6 % projected 2014 aggregate growth, six of 10 fastest growing economies 2013-18), improved macroeconomic fundamentals and infrastructure upgrades are driving record global debt sales. "Sub-Saharan Africa's estimated infrastructure needs represent a $1 trillion prospect over a 10 year horizon, with approximately $45 billion already being spent annually," according to Alain Ebobisse, IFC Chief Investment Officer for Global Infrastructure. Nigeria is funding greater electricity output with 2013 global issuances. Kenya will use its bond funds to upgrade power, roads and seaports. Rwanda and Ghana are using 2013 international debt proceeds for a combination of infrastructure upgrades and public debt refinancing.
Access to international bond markets is relatively new for African governments, connecting many to global capital markets for the first time. Sovereign issuance also opens up new channels of SSA government funding to traditional sources: multilateral and bilateral financing, commercial bank loans, official development assistance (ODA), and local currency domestic bonds.

The ability of SSA governments to raise international bond financing is strongly connected to achieving and maintaining first time national credit ratings. Eleven of 49 SSA countries have issued global bonds since 2006, the majority occurring since 2010, according to data from Moody's recent African sovereign debt report. "Debt reduction initiatives have reshaped many government balance sheets to create the fiscal space to issue debt," according to Moody's Senior Africa debt Analyst Aurelian Mali. "The capacity and information available of African government institutions has also substantially improved."

Of 2013 SSA global bond issuers, Moody's rates Nigeria Baa3, Ghana B1, Zambia B1 and South Africa Baa1. Another core factor driving investor appetite for global SSA government bonds is inclusion in established sovereign dollar-denominated debt indexes, such as JPMorgan's Emerging Market Bond Index (EMBIG). Global debt of issuers such as Ghana, Nigeria, South Africa, Gabon, Tanzania and Zambia are already included in the index.
"EMBIG is a benchmark index. The moment these governments make it to the index they are no longer as exotic as they use to be," said Francesc Balcells, an emerging market fund manager at Pimco. Balcells added, "If you look at the constituents of the EMBI Global, some of the biggest growth has come from Africa.
Investors are buying those bonds, including us, because the yields compared to debt-to-GDP ratios for many of those names has been relatively attractive."



Other notable investors in recent SSA sovereign offerings include BlackRock, Goldman Sachs Asset Management, Franklin Templeton and GE Asset Management. Asset manager Investec has established a new Africa fixed income fund. Fidelity's New Markets Income Fund, run by John Carlson, has purchased recently-issued African government dollar debt, including that of Nigeria, Ghana and Ivory Coast. Pimco's Belcells still notes some constraints in investing in Africa sovereigns. "There is still a liquidity issue. It's not as easy to get out of allocations in these countries' bonds once you're in. And there's still some transparency and data issues." SSA's government dollar bond offerings will probably influence improved standards and opportunities for domestic bond markets, while paving the way for the highly anticipated Diaspora bonds. These new global debt instruments, under discussion by governments and the African Development Bank, would be funded by the continent's increasingly affluent international immigrant communities. In another twist on Africa old and new, immigrant remittances now represent the greatest source of SSA external funding, exceeding both FDI and foreign aid. *(Bloomberg)*

SOVEREIGN RATING

	Eurozone					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
23-12-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	B-	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	B-	NP	B	B
Ireland	Ba1	BBB+	BBB+	NP	A-2	F2
Italy	Baa2	BBB u	BBB+	NP	A-2	F2
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba3	BB-	BB+	NR	B	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa3	BBB-	BBB	P-3	A-3	F2

Sources: Bloomberg, Eaglestone Advisory

	North and South America - Asia					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
23-12-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
USA	Aaa	AA+u	AAA -	NR	A-1+u	F1+
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
MEXICO	Baa1	BBB+	BBB+	WR	A-2	F2
BRAZIL	Baa2	BBB	BBB	NR	A-2	F2
ARGENTINA	B3	CCC+u	CC	NR	Cu	C
URUGUAY	Baa3	BBB-	BBB-	NR	A-3	F3
COLOMBIA	Baa3	BBB	BBB-	NR	A-2	F3
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
MACAU	Aa3	NR	AA-	NR	NR	F1+
JAPAN	Aa3	AA-u	A+	NR	A-1+u	F1+
SINGAPORE	Aaa	AAAu	AAA	NR	A-1+u	F1+
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

23-12-2013	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B+	NR	B	B
Egypt	Caa1	B-	B-	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B1	B	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B1	B-	B	NR	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B1	B+	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Congo	Ba3	B+	B+	NR	B	B
Republic of Zambia	B1	B+	B	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA-	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB	BBB	P-2	A-2	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".

AFRICAN DEVELOPMENT BANK

AfDB Launches Information Center for the Extractive Sector

The African Development Bank (AfDB) on Wednesday, December 11 in Nairobi, Kenya, launched the Information Center for the Extractive Sector (ICES), a platform that promotes knowledge-based dialogue with the aim of promoting informed policies for the sector.

AfDB Director for the Eastern Africa Resource Centre (EARC) Gabriel Negatu pointed out the timeliness of the information center, saying the opportunity to use the sector to accelerate national development and promote economic growth requires careful planning at this critical stage.

According to government estimates, extractives currently contribute just one per cent to Kenya's national income, and less than two per cent of export earnings. This contribution is set to grow significantly. Current estimates suggest the sector may grow to 10 per cent of GDP.

"AfDB supports the Africa Mining Vision, which sets out how mining can be used to drive continental development. We believe that, as stakeholders, we has a special role to play in promoting knowledge-sharing in Kenya, given our

proven track record as a trusted convener and facilitator of Africa's sustainable development agenda. In order to assist all those who will be affected by extractive industries – citizens, civil society organizations, businesses, development partners and donors – the AfDB has set up the Information Center for the Extractive Sector," he said.
Housed by the AfDB, the information center will be supported by the United Nations Development Programme and Governments of Australia, Canada and the United Kingdom
Extractive Industries Transparency Initiative

Background

In October 2006, the Bank endorsed the Extractive Industries Transparency Initiative (EITI). Since then, the Bank has adopted a multi-facetted approach to the engagement of its Regional Member Countries (RMCs) on the EITI. In so doing, the Bank seeks to:

- Encourage resource rich RMCs to participate in the EITI process;
- Provide technical and financial assistance to RMCs which have embarked upon the EITI process but which lack the human, financial and institutional capacity for its implementation.

The Bank's support for EITI should be seen in a broader context of an ongoing country-owned process for greater transparency and better governance. Adhesion to EITI is one of the key results indicators under the ADF-XI Results Framework in the area of governance and transparency.

Furthermore, the High Level Panel recommended Bank's increased support to strengthening governance and transparency in natural resource management to help RMCs better manage their own public resources for reducing poverty.

Objectives

The Extractive Industries Transparency Initiative (EITI) aims to promote governance by strengthening transparency in the extractive industries. Revenues from the extractive industries should be an important source of economic growth and social development in developing countries.

Paradoxically, however, the lack of transparency in the management of these resources has often led to conflict, corruption and poverty. The EITI seeks to address some of these challenges.

In so doing, the EITI provides a number of benefits to various stakeholders. For example, for Governments engaged in the EITI process, it improves international credibility and emphasizes the Government's commitment to the fight against corruption. For the private sector, a commitment to the principles of EITI signifies a commitment to good governance and transparency which in turn creates an improved investment climate.

Activities

The Bank is working to mainstream EITI principles in its own sector operations. Through encouraging regional member countries to take part in the EITI process and by offering technical and financial assistance where applicable, the Bank's support will help bring about sound extractive industry practices and the utilization of natural resources for sustainable development.

To date, the Bank has contributed to the achievement of EITI candidacy status of three countries namely Central Africa Republic, Liberia and Madagascar and is supporting various African countries adhere to and implement the initiative. These include Liberia, Sierra Leone, Chad, Togo, Guinea Conakry, and Madagascar.

In addition, with the Bank's support, Liberia became the first African country and the second country in the world to be designated as EITI compliant, setting an exemplary benchmark to other African countries, and evidence of the importance of the Bank's support to economic and financial governance reform in Africa.

In 2010, the Bank will continue to provide funding for: EITI implementation through the establishment of national EITI Secretariats; the implementation of country work-plans; the conduct of audits and validations; and providing capacity building and technical support for RMCs which are moving on to the compliant stage.

Furthermore, the Bank will continue to adopt a comprehensive approach to EITI by engaging multiple stakeholders, for example civil society organizations, governments, private sector companies and civil servants alike, in the EITI process.

Beyond its work on EITI, the Bank will continue to mainstream extractive industry governance in its operations and strengthen its support to institutional reforms for extractive industry sector development.

In June 2009, the Bank launched the Africa Legal Support Facility which seeks to provide legal assistance to RMCs to negotiate complex extractive resource contracts.

Japan Supports AfDB in entrepreneurship, job creation and economic growth with a loan of US$ 100 million

The African Development Bank (AfDB) and the government of Japan signed on 16 December, 2013 a bilateral Exchange of Notes for a loan to the AfDB of 9.48 billion Japanese yen (about US$ 100 million). This is the fourth loan to the AfDB under the **Enhanced Private Sector Assistance (EPSA)** for Africa Initiative (and the first under the second phase announced at Arusha), which supports entrepreneurship, job creation and economic growth in Africa.
The Exchange of Notes was signed by AfDB President, Donald Kaberuka and Ambassador of Japan to Tunisia, Juichi Takahara. Following the signature of the Exchange of Notes, the relevant Loan Agreement between the AfDB and the

Japan International Cooperation Agency (JICA) was signed by AfDB Vice President for Finance, Charles Boamah, and Chief Representative of JICA Tunis Office, Atsushi Asano.
During the signing ceremony the AfDB President said: “This Fourth Private Sector Assistance Loan is the first under the Second Phase of EPSA, is not only in line with Japan’s commitment at the G8 Gleneagles Summit in 2005 but also a concrete realization of the outcome of the TICAD V in Yokohama. I was fortunate to participate in the Tokyo International Conference on African Development (TICAD V) and had the opportunity to meet with Prime Minister Abe to discuss deepening the collaboration between Japan and Africa through trade and investment. This loan will help in accelerating private sector growth, create employment opportunities, support economic and social infrastructure development, and the investment climate. I would like to express our sincere appreciation to the Japanese government and Japanese people for their generous support and the vote of confidence it represents for our continued partnership under the EPSA Initiative.”
Juichi Takahara, ambassador of Japan to Tunisia, said that: “Sustainable development of Africa is one of our common concerns and it is imperative to develop the African private sector to accelerate economic growth and create jobs. Indeed, the main theme of the TICAD V in June 2013 was promoting the private sector in Africa. I hope that this Fourth Private Sector Assistance Loan will contribute concretely to the development of the African private sector. I also want to reiterate the commitment and willingness of Japan to continue its support and to assist any development effort in Africa. I take this opportunity to renew my gratitude and recognition to the AfDB, through its President, Dr. Kaberuka, for the fruitful cooperation with Japan.”
This fourth Private Sector Assistance Loan will help fund AfDB’s private sector (non-sovereign) operations supporting African Small and Medium Enterprises and investments critical to private sector growth and development. This includes public-private partnerships for the provision of essential economic infrastructure and direct investment by the AfDB in key African financial institutions and enterprises.

AfDB Approves US $20 million Trade Finance Line of Credit for Shelter Afrique to Support Real Estate SMEs

The Board of Directors of the African Development Bank (AfDB) approved on Wednesday, December 11 a US $20 million Trade Finance Line of Credit for the Company for Habitat and Housing in Africa/Shelter Afrique (SHAF) to boost the availability of Trade Finance (TF) instruments to small and medium enterprises (SMEs) involved in real estate and construction related activities in Africa. Thereby, this facility will contribute to addressing the critical shortage of building materials while creating jobs and income in the region.
Economic growth, exponential urbanization and a growing middle class are hampering the provision of adequate housing in Africa. The construction industry is growing at 20 per cent per annum, but this cannot sufficiently address the rising demand for housing partly due to a wide financing gap for construction and building materials. The public and private sectors have so far been unable to deliver sufficient resources to meet this expanding working capital requirement. Where funding is available, pricing remains prohibitive.
SHAF is the only pan-African organization devoted to financing the development of proper housing and human settlements in Africa. Created in 1982 and headquartered in Nairobi, Kenya, this pan-African housing finance and development institution addresses acute shortage of housing by providing financial and technical resources for sustainable housing and urban development. SHAF’s current shareholding comprises 44 African countries, AfDB and Africa Reinsurance Corporation (Africa Re). It is worth noticing that AfDB played a key role in the establishment of SHAF as the vehicle for supporting sustainable housing and urban development in Africa.
The AfDB’s four-year facility will allow SHAF to expand its **Trade Finance Program**, launched in June 2011, under a product diversification strategy to address the acute financing shortage facing real estate developers in Africa. SHAF will also partner with other financial institutions offering TF services to SMEs in real estate construction and building industry and those involved in trading/leasing of building materials and equipment. Through this contribution, AfDB would leverage SHAF’s market knowledge and networks across the continent and hence assist to alleviate some of the structural financing inefficiencies encumbering Africa’s real estate growth.
This facility, boosting the availability of affordable housing in Africa through financial institutions and SMEs involvement, will thereby enhance inclusive growth and private sector development as espoused in the **AfDB Long Term Strategy for 2013-2022**. Trade facilitation is one of the three strategic objectives of the **Bank’s Regional Integration Strategy 2009-2012** as the AfDB seeks to mainstream and institutionalize its engagement in Trade Finance development in Africa.

AfDB Allocates US$184.79 Million to Multinational Trans-Sahara Highway Project

Prospects for the construction of a 9,022-kilometre strategic Trans-Sahara Highway (TSH) linking several African countries was concretised on Wednesday, 11 December 2013 in Tunis following the approval of US$ 184.79 (UA120.37)* million by the Board of Directors of the African Development Bank Group (AfDB).
The project involves construction and asphalting of 565 kilometres of roads linking the main axis and the Chadian branch of the TSH; construction of a 543-meter-long bridge on the River Niger at Farié, with 3 kilometers of access roads, and the construction of infrastructure to ease transport and transit at the Algeria/Niger and Niger/Chad borders.

The project aims to facilitate overland trade and regional integration between the Arab Maghreb Union (AMU), Economic communities of West African States (ECOWAS), Economic community of Central African States (ECCAS), in general, and Algeria, Niger and Chad, in particular. The project's specific objective is to improve the TSH's overall level of service and the living conditions of the inhabitants of the project impact area.
Designed to put infrastructure at the centre of economic, social, political and security stakes of the continent, the highway is located on the Algiers-Lagos and Dakar-Djibouti trans-African corridors identified by the **Programme for Infrastructure Development in Africa (PIDA)** as priority projects for achieving **New Partnership for Africa's Development (NEPAD)** objectives by 2020.
The project is expected to: (i) improve TSH service level and increase traffic and trade between North Africa, West Africa and Central Africa; (ii) reduce the cost of transport and logistics; (iii) improve the living conditions of residents of the project area and their access to basic social services (drinking water, schools, health units, etc.); and (iv) contribute to the overall improvement of security in the Sahara region.
THS is part of PIDA's priority projects to connect African capitals and major cities. It fits with the transport sector policies and vision of ECOWAS, ECCAS, WAEMU and CEMAC. The project is in line with the AfDB's strategy papers for the countries concerned. It is also consistent with pillar 2 of the **AfDB's Ten-Year Strategy, 2013-2022** which aims, among others, to provide affordable access to reliable electricity and transport infrastructure, as part of inclusive growth. The TSH is one of the major trans-African corridors promoted by the African Union Commission as the backbone of the continent's NEPAD-led development in which the AfDB plays a leading role.
Target beneficiaries of the project include users of the TSH, and in particular, residents of the project impact area which spans 4.4 million km², with a population of 60 million inhabitants in Algeria, Tunisia, Mali, Niger, Chad and Nigeria.
The Bank's support comprises (1) ADF loans amounting to UA 20.90 million for Chad and UA 58.98 million for Niger, (ii) ADF grants amounting to UA 20.40 million for Chad and UA 20.09 million for Niger. In Algeria, the project will be financed entirely by the Government, through the public investment budget, for an estimated UA 12.76 million, to be raised in 2014.
The project will be implemented over a period of 60 months at a total cost of US$ 585.53 (UA 381.40) million. The Bank Group's contribution stands at UA 120.37 million, or 31.56% of the total project cost. Other donors are the Islamic Development Bank, Arab Bank for Economic Development in Africa (BADEA), Development Bank of Central African States (BDEAC), The Kuwait Fund for Arab Economic Development (KFAED), Saudi Fund for Development (SFD), OPEC Fund for International Development (OFID) and the Governments of Algeria, Niger and Chad.
**UA 1 = US$1.53521 as of 12 December 2013*

AfDB Board Approves $105.26 Million for Lovua-Tshikapa Section of the Batshamba-Tshikapa Road Project in DRC

The Board of Directors of the African Development Bank Group approved on Tuesday, December 10, 2013 in Tunis, two grants and a loan amounting to US $105.26 million (UA 70.14 million*) to finance the Lovua-Tshikapa section of the Batshamba-Tshikapa road project in the Democratic Republic of Congo.
The project aims at opening up the country's Bandundu and West Kasaï Provinces with a view to improving the service level of the transport logistics chain on the Kinshasa-Tshikapa road as well as the living conditions of people in these areas.
It involves the development of a 56-kilometre portion of the Batshamba-Tshikapa road between Lovua and Tshikapa on the National Road 1 (NR1), including the construction of a new bridge over the Kasaï River which crosses Tshikapa town.
The project supplements previous Bank interventions on the same road such as the Nsele-Lufimi (93+850 km) and Kwango-Kenge (70+34 km) stretches completed in 2011 with a UA 52.45-million grant; and the Loange and Lovua (63 km) roads financed by an ADF grant of UA 53.55 million approved in 2012. The entire road covers 433 km towards Mbuji-Mayi and beyond Tshikapa. Thus, the Bank's involvement in the current project will help to strengthen its previous and ongoing operations on the road axis and extend its support to other key provinces in the country (Bandundu, West and East Kasaï).
It is consistent with the pillars of the Growth and Poverty Reduction Strategy Paper (GPRSP) 2011-2015 of the Democratic Republic of Congo, whose main thrusts include the improvement of access to basic social services. The project aligns with the DRC's transport policies framework whose action plan is considered as a reference framework for the country's 2002-2015 transport sector reforms. The plan proposes massive transport infrastructure investments and the consolidation of sustainable development with three key pillars: (i) rehabilitation of old asphalted roads and the construction of new ones; (ii) traffic restoration by re-opening the earth-roads network; and (iii) protection and maintenance of roads in good state of repair.
The project is consistent with the Bank's new **Country Strategy (2013-1017) for the DRC**, which builds on two pillars: (i) Development of Private Investment, Rural Integration and Support Infrastructure; and (ii) Building Central Government's Capacity to Increase Public Revenue and Create an Enabling Framework for Private Investment. The project is aligned to the **Regional Integration Strategy (RISP 2011-2015)**, also built on two pillars: (i) Regional Infrastructure Development; and (ii) Institutional and Human Capacity Building.

Aligned to the key objectives of the **Bank's Ten Year Strategy (2013-2022)**, namely, inclusive growth and gradual transition to green growth, the project also fits with its accompanying operational priorities, including infrastructure development, private sector development, governance and accountability, skills and technology, gender, fragile States, agriculture and food security.

It is noteworthy that the project is in line with the interventions of the Bank and other donors (European Union and World Bank) as part of the gradual development of NR1. Actually, the Bank, through a grant of UA 52.45 million, financed the rehabilitation of the road sections between Nsele-Lufimi (93.85 km) and Kwango-Kenge (70.34 km). Similar works between Loange and Lovua (63 km) also benefited from an ADF grant of UA 53.55 million, approved in 2012.

The population of the project's target area is estimated at 1,750,000, including 892,000 women representing nearly 51 per cent of the population. It comprises the urban centre of Tshikapa and four major villages (Mukala, Katanga, Kayateshia and Kabunlongo). The planned road is the nearest motorway of national importance to which it can be connected.

The main direct beneficiaries of the project are: (i) people living the project areas; (ii) road transporters through the provision of adequate infrastructure and substantial reduction of vehicle operating expenses; (iii) the extractive industries sector for transportation of inputs and evacuation of products; and (iv) the Congolese State. The other project beneficiaries are businesses and other service providers involved in the project's implementation and monitoring.

Scheduled to be implemented from December 2013 to December 2018, the project will be jointly co-financed by the UK Department for International Development (DFID) (UA 55.56 million) and African Development Fund (ADF) as lead donor with UA 13.92 million. The contributions of DFID and ADF represent 79.97 per cent and 20.03 per cent, respectively, of the project's total cost estimated at UA 69.48 million. DFID resources will be managed and disbursed through the Fragile States Facility (FSF), pursuant to Bank Rules and Procedures. Both institutions will sign a specific agreement defining the terms of the co-financing.

The total cost of the project, net of taxes and customs duty, is estimated at UA 69.48 million, equivalent to US $105.26 million. The project is jointly financed by: (i) the ADF to the tune of UA 13.98 million through a loan of UA 0.66 million, derived from a cancellation, and a grant of UA 13.92 million, of which UA 0.28 million is derived from a cancellation; and (ii) DFID, to the tune of EUR 63.61 million, equivalent to UA 55.56 million, to be disbursed through the Fragile States Facility (FSF). The contributions of ADF and DFID represent 20.03 per cent and 79.97 per cent, respectively, of the total project cost. This cost includes compensations owed project-affected persons, borne exclusively by ADF resources.

** As of 10 December 2013, 1 UA (Unit of Account) = 1.53521 United States Dollars (USD)*

AfDB publishes a comparative approach on the search for inclusive growth in North Africa

A new **economic brief** published by the African Development Bank shows that the longstanding relationship between growth and distribution in economics has been revived in recent years with greater focus being placed on "inclusive growth", which is capable of benefiting much wider segments of society.

The extensive review of a broad set of development indicators over the past two decades and the establishment of a combined single score for measuring "inclusive growth" for individual countries shows that, in the decade prior to the Arab Spring, North Africa fared relatively well in terms of crises compared to many other regions.

Moreover, the same decade saw other encouraging achievements: life expectancy rose, educational and health indicators improved, the number and proportion of slum dwellers declined, and more people enjoyed access to services such as improved drinking water and sanitation.

The main area where the region has noticeably lagged behind the rest of the world in recent years is its demographic momentum. Taking population size and growth into account qualifies some of the positive economic achievements of the region in the past decade. GDP growth in per capita terms appears much more modest. Strong supply-side demographic pressures will no doubt continue to persist for years and will accentuate the challenge of achieving inclusive growth in North Africa.

This leads the economic brief to conclude that no matter the notion of inclusive growth we adopt for the region, generating high quality employment will be an essential element and will pose one of the main challenges to prospects for achieving truly inclusive growth.

INVESTMENTS

Gabon raises $1.5bn from second eurobond issue

The central African oil producer joins the rush to tap international markets before costs increase on the back of US "tapering". Gabon raised $1.5bn from an oversubscribed 10-year eurobond issue and debt exchange, joining the host of African countries issuing dollar-denominated bonds in 2013.

The central African oil producer, rated BB- by Fitch and Standard and Poor's, became one of the first sub-Saharan countries to issue debt on international markets when it launched a $1bn eurobond in 2007.

In a bid to extend the maturity profile of its external debt, and take advantage of relatively low financing costs in global capital markets, the government has offered to buy back up to $140m of its outstanding 2017 eurobond for cash, and has allowed existing investors to exchange old bonds for the new note. Its second issue raised $890m in new cash, on top of $610m from the bond exchange.

The bonds were sold at a yield of 6.375%, substantially below the 8.2 % it cost the country to launch its first eurobond. That price was also lower than the 8 % Ghana paid when it launched in July and the 6.625 % Nigeria got the same month.

That yield, implying a spread over US Treasuries of 353 basis points, means that the note is trading in line with the eurobond from Angola – another oil producer. Samir Gadio, emerging markets strategist at Standard Bank, calls the valuation "slightly below fair value".

"Given the weaker relative fundamentals, Gabon should trade wide to other oil producers such as Nigeria and Angola," he argues.

Gabon joins a growing list of governments rushing to tap yield-hungry global investors in 2013, before the US Federal Reserve begins "tapering" its bond-buying programme in coming months. That process will push up borrowing costs for emerging markets.

Rwanda and Mozambique have also issued oversubscribed notes this year as they look to gather much-needed financing; last week Morocco announced plans to raise up to 1bn in euro-denominated debt; and Kenya says it will begin roadshows for its maiden dollar-denominated note – which may raise as much as $2bn – in January. Angola, Cameroon, Tanzania and Uganda are also gearing up to sell their first sovereign notes; and Senegal, Côte d'Ivoire and Zambia are expected to return to markets after previous successful issuances.

Moody's, the ratings agency, says 2013 has been a record year for African international debt. Its research shows that corporate and sovereign entities had collected $8.1bn by October 2013, above the previous high of $7.2bn set for the full year of 2010, as they rush to take advantage of a window in the market.

Gabon is developing its road and power infrastructure as it looks to diversify its resource-dependent economy, and will use bond proceeds to fund those projects. Oil production has peaked but the country still relies on the sector for 40.5 % of economic output.

Despite high oil prices, Gabon posted a 2012 fiscal deficit of -1.7% of GDP – the first in more than a decade. Higher wage bills and subsidies have pushed up recurrent spending, and capital expenditure tripled between 2009 and 2011 as the government scaled up infrastructure investment. The International Monetary Fund expects the deficit to widen to -5 % of GDP by 2014 as oil revenues fall, although projections are clouded by poor government data.

"The new government is trying to do more on the infrastructure and diversification sides but they have moved into deficit, so it has looked like the infrastructure build might be at the expense of deteriorating debt fundamentals. It's not as positive a story as Angola," says Richard Fox, head of Middle East and Africa sovereign ratings at Fitch Ratings.

The IMF projects Gabon's GDP growth will exceed 6 % for 2013 and 2014. *(This is Africa)*

China provides aid to Angola worth 200 million yuan

China is set to provide Angola with a donation of 200 million yuan (US$32 million) to be used for reconstruction of Luanda General Hospital, under the terms of an economic and technical cooperation agreement signed Wednesday in the Angolan capital.

Angola's Secretary of state of Foreign Relations and Cooperation, Ângela Bragança, said that the agreement signed by her and the Chinese ambassador in Angola, Gao Kexiang, "is another step in consolidating the two-way strategic partnership, which is already excellent."

"There is the Luanda General Hospital project, which is in its finishing stages, and at this time the focus is on equipping it," she said.

Bragança said that the Chinese side had recently confirmed financial support to build the Institute for International Relations, "amongst other activities that are part of the Forum Macau initiative."

The Chinese ambassador, in his turn, said that the aid now being provided also covered construction of a primary school in Huambo province and an agricultural centre in Luanda. *(Macauhub)*

MTN Invests In Rocket Internet's Africa Internet Holding

Emerging market-focused telecom giant MTN, has acquired a 33.3 % stake in African Internet Holding (AIH), a leading internet business group co-founded by German ecommerce conglomerate Rocket Internet, and Tigo's parent company Millicom International Cellular.

Although financial details remain undisclosed, the deal, which cuts the co-founders' controlling stakes down to 33.3 % each, will see MTN "develop" and "accelerate the growth" of AIH, Millicom President and CEO, Hans-Holger Albrecht said.

Prominent subsidiaries under AIH include Nigerian online retailer Jumia, which has raised over $50 million in investment; South African leading e-retailer Zando; and Hellofood.

MTN said in an official statement that its investment in AIH is in line with strategy to bring digital services to customers, and that it will continue to pursue digital business adjacencies as one of its "key strategic priorities" to drive growth and value.

"We are excited to engage in a strategic partnership with Rocket Internet and Millicom to develop online ventures across the fast growing internet markets of Africa," Sifiso Dabengwa, MTN Group President and CEO, said.
MTN, the telecom leader in Nigeria and South Africa, the largest markets for AIH currently, has a combined Africa mobile customer base of more than 220 million with Millicom, according to Millicom President and CEO, Hans-Holger Albrecht.
The formidable capacity of the partnering companies "will allow the partnership to capture the growth potential of the digital media space across our footprint in the region," MTN's CEO added.
Widespread internet penetration, especially mobile, in Africa, coupled with the increasing growth of its middle class has spurred the experimentation of heavy investments on e-commerce with more to come.
The investment is subject to regulatory approval, and the transaction is expected to close during the second quarter of 2014.
Founded in 2012 as a joint venture between Rocket Internet and Millicom International Cellular, AIH is a leading internet group in Africa, with presence in 13 countries on the continent, including South Africa, Nigeria, Egypt, Morocco, Cote d'Ivoire and Ghana. The company has developed several successful e-commerce ventures in the last 18 months, including Jumia, Zando, Kaymu, Jovago, Lamudi, Carmudi, Easytaxi and Hellofood. *(Ventures Africa)*

BANKING

Banks

Capital of Banco Espírito Santo Angola increased by US$500 million

The capital of Angolan bank Banco Espírito Santo Angola (BESA) has been increased by US$500 million to US$670.5 million, which has changed its shareholder structure, according to a statement filed with Portuguese market regulator Comissão do Mercado de Valores Mobiliários (CMVM).
In the operation, Banco Espírito Santo (BES) increased its stake in the bank from 51.94% to 55.71%, Angola's Portmill Investimentos e Telecomunicações kept a stake of 24% and Angolan investment company Geni, increased its stake from 18% to 18.99%.
Individual shareholders now have a total of 1.3% of the bank compared to 5% previously.
Meanwhile, BESA last week opened its 69th branch in Angola last week, in Moxico province, as part of its strategic plan to have branches in all of Angola's provinces by the end of this year.
Moxico province, as well as BESA, already has branches of Banco Atlântico, Banco sol, Banco Angolano de Investimentos, Banco de Comércio e Indústria, Banco de Fomento Angola, Banco BIC, Banco Millennium and Banco Popular de Crédito. *(Macauhub)*

Brazil's development bank heads for Africa

BNDES will open its first Africa office as it looks to finance the expansion of Brazilian companies across the continent. The Brazilian development bank, BNDES, will open its first Africa office on Friday in South Africa's commercial capital of Johannesburg. Only the third overseas office for Banco Nacional de Desenvolvimento Econômico e Social, after Montevideo and London, it signals growing ties between Latin America's largest economy and the world's fastest growing continent. Its goal is simple: to push Brazilian companies deeper into Africa.
"We feel we are latecomers. We should have been in Africa for some time, but now we are ready," says Sergio Foldes, managing director of the lender's international division. "By being close to institutions and decision makers, by being able to cover the region better, we can take better decisions."
The move caps a decade-long strengthening of commercial and diplomatic relations between the regions. From 2000 to 2012, Brazil-Africa trade grew from $4.9bn to $26.5bn. Africa's share of Brazil's international trade has doubled from 3% in the 1990s to approximately 6% today. In the diplomatic sphere, Brazil now has 37 embassies in Africa, up from 17 in 2002. Since 2003, 17 African embassies have opened in Brasilia, adding to the 16 already there, making the Brazilian capital the largest concentration of African embassies in the southern hemisphere.
Much political energy came from Brazil's former president 'Lula' Da Silva, who visited 21 African countries during 12 visits under his tenure, an effort unprecedented among Brazil's past leaders. Mr Lula`s successor Dilma Rousseff has crossed the Atlantic on a few occasions, but her sight line has been narrowed by Brazil`s economic troubles.
Nonetheless, Brazilian companies are building on the goodwill laid down by Mr Lula, and are responsible for some of the some of Africa's biggest investment plays. In coal and gas-rich Mozambique, the mining giant Vale and the conglomerate Odebrecht are collaborating on the $4.4bn Nacala Corridor – a BNDES beneficiary project that is critical to ensuring Mozambique's huge resource wealth can be realised. In energy, Petrobras has a strong interest in south-western Africa, which shares similar geology to Brazil's pre-salt oil reserves.
In agriculture and biofuels, a joint venture between Odebrecht, Angola's national oil company Sonangol and Demer are funnelling $400m into sugarcane projects, and Brazilian agencies are taking advantage of climatic and ecological affinities to bring know-how and technology gained from the lessons of Brazil's fertile cerrado to African terrain, through collaborations in Mozambique, Senegal, Benin, Burkina Faso, Chad, and Mali. *(This is Africa)*

BNDES's goal is to provide loans and technical assistance to help Brazilian companies at home and abroad. It has disbursed $2.9bn to African projects since 2007, channelled to the Lusophone countries (Angola, Mozambique and Equatorial Guinea) as well as larger economies such as Ghana and South Africa. In 2008, a stimulus programme for Brazilian companies in Africa culminated in the disbursement of $265m, rising to $360.5m the following year

The development agency has been highly active in Angola, where post-war reconstruction and major oil revenues provide a perfect setting for Brazilian companies' comparative advantage in infrastructure and energy. It has also financed a portfolio of infrastructure projects in the southern African region, spanning hydroelectric plants, ports, roads and housing, through the likes of Odebrecht, the conglomerates Andrade Gutirrez, and Queiroz Galvao. BNDES financed the sale of several Embraer aircraft to African airlines, and helped Marcopolo and Scania build the Johannesburg bus system for the 2010 World Cup.

Companies seem satisfied at the news of a ramped up African presence. "At Odebrecht we are very pleased with BNDES decision to set up an Africa office," says Gustavo Fontes, principal at the Odebrecht Africa Fund. "This decision shall enable an even more agile and mutually beneficial relation[ship] between Brazil and the African continent, and comes as an added recognition by the Brazilian government of the strategic relevance of such relations."

"The launch of BNDES Africa office is timely and comes to support and strengthen the trade and investment ties currently existing between Brazil and Africa," says Olivier Rwamasirabo, Vale's general manager, corporate affairs for Africa and the Middle East. "We believe that this move will… be an important source of information on investment opportunities in Brazil for potential African investors."

One hope for the new office, Mr Foldes says, will be to strengthen trade-related financing going forward, especially through local banks. BNDES also wants to help Brazilian manufacturers develop production and supply chains in Africa. "Companies are starting to discover the potential of Africa and over time this may result in a physical presence, where they will have more ability to know the local market," he says, highlighting agricultural capital goods, from tractors to trucks, as likely contenders.

While the new office will cover day-to-day funding issues – providing information on financing modalities for Brazilian exporters, and support instruments to internationalise Brazilian companies – it also provides a symbol of intent. With talks over the BRICS development bank entering a critical stage in early 2014, many thorny issues are left to be ironed out, but BNDES move helps bring two of the group's member states a little closer. *(Bloomberg)*

Markets

How SME financial access in Africa compares to other developing economies

Africa is the world's second fastest growing region after Asia, and has seen increasing interest from foreign and African investors. However, access to finance is – in general – still a major limitation for many African small and medium enterprises (SMEs).

A recent report by the African Development Bank (AfDB) titled ***Financial Inclusion in Africa*** highlights some statistics surrounding SME access to finance across the continent. One of the points raised is that African SMEs are generally more dependent on internal funds for financing than in other developing regions.

Using data from organisations such as the World Bank Enterprise Surveys, the report showed that the average %age of enterprises (of all firm sizes) in sub-Saharan Africa with a bank account is on par with the average of the rest of the developing world.

"For instance, 83% of small-sized enterprises and 94% of medium-sized enterprises in Africa report having a bank account as compared to 87% of small-sized and 93% of medium-sized enterprises in other developing economies," stated the AfDB's research.

However, firms in sub-Saharan Africa have more limited access to external funding with only around 22% of enterprises having a loan or a line of credit compared to a 43% average in other developing economies outside the continent.

Limited access to financing

"Like elsewhere, small firms in sub-Saharan Africa are at a relative disadvantage in accessing external credit," continued the report. "In sub-Saharan Africa, 45% of firms cite access to finance as a major constraint to growth. However, a higher %age of small firms identify access to finance as a major constraint relative to medium and large enterprises."

The AfDB research indicates a similar disadvantage for small enterprises in North Africa with only 16% of small and 44% of medium-sized businesses having a loan or line of credit.

According to Aline Benihirwe, operations and compliance manager of business financing and private equity firm Fusion Capital in Rwanda, one of the main reasons for the firm denying funding for many SMEs is that those businesses do not have adequate financial records.

Randall Kempner, executive director of the Aspen Network of Development Entrepreneurs, a global network of organisations that propel small business entrepreneurship in emerging markets, shared his thoughts on the matter at the Growing SMEs conference in Kigali last month. He explained that while many entrepreneurs view access to finance as their biggest limitation in business, finding investors willing to fund their business is even more difficult if they have a poor team, do not understand their consumers, and do not know how to get their products to market.

However, Kempner acknowledged that Africa presents its own specific set of challenges with SME access to talent and markets.

African SMEs rely on internal funding

The AfDB report estimates that "using one-year growth rates in employment as a measure of firm growth shows that about 15% of SMEs in both Africa and other developing countries are high-growth firms". However, it highlights that there is a difference between the sources of financing used to finance this growth in African and other developing economies.

For example, 84% of investments in SMEs in Africa are financed through internal funds – where company profits are used as a source of investment – in comparison to an average of 70% in other developing countries. The research also indicates that the share of bank financing in Africa is 8% and the share of equity financing is less than two 2%, compared to an average of 11% and 8% respectively in other developing countries.

"This data suggest that firms in Africa, with similar growth opportunities as firms in other developing countries, are more dependent on internal funds and are more credit constrained in terms of accessing external formal financing," summed up the research.*(How we made it in Africa)*

Africa's Equity Market Performance Outpaces Emerging Markets – Analysts

The performance of Africa's equity market has been solid during 2013; equalling or outperforming emerging markets as robust economic reforms continues to foster the growth of local companies, which eventually become buyers and sellers of equity.

David Lashbrook, Head of Africa Investment Strategies at Momentum Global Investment Management who made his analysis of the continent's fledging stock market, predicted a more promising 2014, with significant build on this year's progress expected to drive growth figures.

When quizzed on how well the continent's equity market performance, he said: "Unlike emerging equity markets, African equity markets have performed strongly in 2013, matching or even outperforming developed equity markets.

Factors that encouraged this strong performance include insurance and pension reforms which is driving the creation of local business institutions poised to become major players in the stock market.

Also significant growth in sector-specific industries including cement, telecom and retail, buoyed by an exploding consumer base, has offered premium value for investment, pulling additional interest from an increased pool of local and international investors.

The rising interest in African equity was evident at the Closed Africa-focused Private Equity (PE) Fundraisers that has attracted over $2 billion investments this year from top international fund managers including Ethos and market debutants Vital Capital and Phatisa.

Further evidence indicating a shift in investment trend is backed by the 2013 market index. A CNBC report revealed that while the MSCI Emerging Markets Index fell 1.44 % this year, MSCI Emerging Frontier Markets Africa ex-South Africa Index surged 10.28 %.

According to article on the growth of continent's stock market growth by The African Business Review, "Africa, particularly, Sub-Saharan Africa, has seen rapid growth in its number of stock exchanges, and has experienced a stock market capitalization boom in recent years." *(Ventures Africa)*

Africa embraces Islamic finance

When the heads of state of African and Middle Eastern countries recently met in Kuwait for their third summit, both sides were more interested in talking about business than politics.

"Opportunities in Africa are starting to attract investments from Arab countries," Sheikh Mohammed Abdullah Al-Sabah, minister of state for Cabinet Affairs of Kuwait, tell the Financial Times.

Until now, the Africa-Middle East business marriage has missed a crucial element: Islamic finance. Now, however, there are growing signs that Africa is for the first time embracing large-scale Islamic finance as it seeks to tap cash-rich Middle Eastern investors to finance their large infrastructure programmes.

Sheikh Al-Sabah says Islamic finance was a key talking point at the recent Kuwait summit. "We agreed to provide support to establish Islamic finance securities in Africa," he says.

This year, Nigeria became the first big economy in sub-Saharan Africa to use the $100bn a year market for sukuk, or Islamic bonds. Soon after, Senegal announced plans for its own sukuk in 2014. Crucially, South Africa, the region's superpower, has indicated it is about to follow suit.

Pravin Gordhan, South Africa's finance minister, says that his department is looking at the physical assets that will underpin the sukuk. "We are very close [to launching it]," he says.

Until now only Gambia and Sudan have issued sukuk, and they were for tiny sums on a short-term basis. But Africa is home to roughly 400m Muslims – about a quarter of the world's total – and analysts believe the Nigerian sharia-compliant bond issued by Osun state in the southwest of the country, while relatively small at $62m, is the start of a trend in favour of Islamic finance.

Sukuk, commonly backed or based on property or infrastructure, are structured to pay a fixed profit rate rather than a coupon.

As such, analysts believe they are particularly suited for sub-Saharan Africa, a region that needs huge investments in infrastructure, from power stations and railways to ports and roads.
Analysts say African countries are keen to tap into Islamic finance, partly because high demand means the cost of borrowing can be cheaper, particularly from the Middle East, analysts said.
The use of Islamic finance on the continent could grow further as several north and sub-Saharan African countries – including Morocco, Tunisia and Kenya – are laying the legal groundwork to be able to issue sukuk, analysts say. The central banks of Nigeria and Mauritius are also shareholders in the Malaysia-based International Islamic Liquidity Management Corp, which has started to issue sukuk to help Islamic banks manage their finances.
But Islamic finance is still in its infancy and bankers and lawyers caution it will take several years before it takes off across the continent.
Neil Miller, head of Islamic finance at law firm Linklaters, says that, while there are an increasing number of African states showing interest in Islamic finance, the "reality is that sukuk require a reasonably robust legal framework and many countries will need to pass a variety of laws and regulations" to enter the sector.
The region is already benefiting from ad hoc Islamic finance deals, particularly those targeting infrastructure projects.
The Islamic Development Bank, for example, is lending $150m through sharia-compliant facilities for the new Lekki port in Nigeria. It also supported the construction of the Kenitra power plant in Morocco with a $200m loan.
If the development of the US dollar-denominated sovereign bond market is any guide, say analysts and officials, it could take at least five years for Islamic finance to win widespread acceptance.
The Seychelles and Ghana became the first countries in the region outside South Africa to issue global bonds, in 2006 and 2007 respectively, but it was not until 2011-12 that others followed en masse.
The arrival of Africa in the sukuk market comes after a decade of strong growth in the sector elsewhere, led by southeast Asia and the Middle East.
Khalid Howladar, a Dubai-based senior credit officer at Moody's, the rating agency, says issuance of sukuk has grown at a compound annual rate of 38 per cent over the past decade, from $3.3bn in 2002 to a record high of $81bn in 2012.
"We expect sukuk issuance this year marginally to exceed the 2011 level of about $51bn," he said in a report to clients, adding that the drop in 2013 "mainly reflects the more challenging conditions in emerging markets" in the second half of this year. *(Financial Times)*

Deals

Ecobank Capital, Orion Oil Sign $500m Pre-Export Finance Deal

Ecobank Capital, the investment arm of pan-African banking group Ecobank Transnational Incorporated, in partnership with other financial lenders has raised a $500 million fund on behalf of Orion Oil Limited for the pre-payment of crude oil cargoes to be supplied by Société Nationale des Pétroles du Congo (The National Oil Company of the Republic of Congo, "SNPC").
The new facility comprises $342 million tranche and a XAF-denominated $158 million tranche.
The deal, which is the largest loan syndication completed to date in Central Africa (solely funded by regional African banks and for an indigenous company), had Ecobank serve as the Mandated Lead Arranger, United Bank for Africa Plc (UBA) as co-arranging bank and Afreximbank, BGFIBank Group, and Banque Atlantique Group as participating lenders. It also showcased the increasing interest of regional banks in financing capital intensive oil and gas deals in sub-Saharan Africa.
The transaction will help Orion, a privately held company, whose principal activities include the physical trading of crude oil and refined products, expand its business footprints. Orion had entered into a 24-month crude oil allocation programme with SNPC, the largest oil and gas company in Central Africa. The proceeds of the debt facility will be used to fund the pre-payment of the aforementioned crude oil cargos, amounting to circa $100 million per cargo, on a free on board basis. Speaking on the transaction, Acting Managing Director of Ecobank Capital, Ikenna Onyejiaka said the "landmark transaction" underscores Ecobank Capital's capabilities as a lead arranger of syndicated loans, working with Africa's key financial institutions to provide vital support to Congo's economic growth." "[The] transaction is undeniably strategic and represents what we are about…Our expectations are that we would continue this strategic alliance/partnership with Orion in a manner that is mutually beneficial to both institutions," Executive Director of Ecobank Nigeria, Ms. Foluke Aboderin added.
However, the Managing Director of UBA Cameroon, Georges Wega said his bank's participation in the landmark deal underscores our UBA's passion to support African businesses and development the continent's economies. While Mrs. Patricia Danielle Manon, Managing Director of BGFIBank Gabon, opines that the deal reaffirms BGFI's "willingness to support the development of companies operating in strategic sectors, bringing additional growth to African economies." "The transaction is a reflection of Afreximbank's commitment to promoting trade and supporting local entrepreneurs," President of Afreximbank, Jean-Louis Ekra, concluded. *(Ventures Africa)*

AFC Signs $250m Syndicated Loan To Boost African Investment

VENTURES AFRICA – Africa Finance Corporation (AFC) has signed a $250 million syndicated loan facility to support investment and trade finance across the continent.

According to an official statement, the facility – which has a 2 year tenor – was oversubscribed. It also marked the corporation's debut in the international syndicated loan market, with Citibank, FirstRand Bank, The Standard Bank of South Africa Limited and Standard Chartered Bank acting as the Lead Arrangers and Bookrunners.
The firm serves as a capital lending vehicle in seven African countries, with key investments such as the arrangement of a $215 million loan for Transcorp's acquisition of Ughelli Power Plant. It is also investing $50 million in ARM Cement Limited as well as significant participation in the Henri Konan Bedie Bridge construction in Cote d'Ivoire.
Commenting on the loan facility Andrew Alli, President/CEO of AFC said: "This facility is a further endorsement of our approach to investment on the continent, following the completion of facilities with a number of multilateral financial institutions earlier this year.
"Enhancing our ability to on-lend to projects across Africa is core to our strategic objective to broaden our asset portfolio on the continent and we are extremely pleased at the level of interest expressed."
The Nigerian-based multilateral investment institution, was established in 2007 with an initial capital base of $1 billion, to be a catalyst for private sector infrastructure investment across Africa. *(Ventures Africa)*

Funds

Sovereign funds expand in Africa

Africa may not be home to the world's largest sovereign wealth funds (SWFs) – those are in the Middle East and Asia – but the continent is becoming an important place for bankers, as several countries create funds to save commodities revenues.
Over the past two years, oil producers Nigeria, Ghana and Angola have established sovereign funds, managing $1bn, $100m and $5bn respectively, opening a new chapter for Africa. Other countries are likely to follow over the next decade, according to Mthuli Ncube, chief economist at the African Development Bank
"Recent big oil and gas discoveries in east and west Africa are likely to give new opportunities for more African SWFs in the midterm to foster management of revenues from these new resource discoveries," Mr Ncube says in a report.
On the other hand, he notes that African SWFs are encountering "many challenges that slow their expansion", naming "governance, especially lack of transparency and accountability" as the most important challenges facing regional funds.
Foreign banks, including UBS, Goldman Sachs and Credit Suisse, are benefiting from new SWFs, as countries initially turn to external managers for advice. The opportunities will increase if Mozambique and Tanzania, which are set to become large exporters of natural gas by 2020-25, set up SWFs, as expected. Even Sierra Leone has suggested it could launch its own fund.
The SWFs are also providing extra liquidity to local and regional debt and equity markets. Mr Ncube says that the newcomers can "spur intra-African investment through allocating part of their assets to growing sectors in Africa".
The sovereign wealth funds of Nigeria, Ghana and Angola are among the smallest in the continent, behind the diamond-funded rainy-day pot of Botswana ($6.9bn) and the giant funds of north African oil producers Algeria ($77bn) and Libya ($65bn). But they are on par – or larger – than the funds set up by Gabon ($380m), Mauritania ($300m) and Equatorial Guinea ($80m).
The continent's SWFs have benefited from twin trends: higher commodity prices – coupled with rising production – that have inflated government revenues; and fiscal discipline, which has allowed greater savings. Oil has seen the largest gains. In 2004, Algeria made $23bn from selling its oil; last year, it made $62bn.
While investment bankers wait for Mozambique and Tanzania to join the SWFs frenzy in Africa, they are seeking mandates from the Nigeria Sovereign Investment Authority (NSIA) and the Fundo Soberano de Angola.
Nigeria is the most advanced: the first investment by the $1bn NSIA came in September, with a maiden allocation of $50m to UBS to invest in US Treasuries. A further $150m was transferred later to Credit Suisse and Goldman Sachs to build a US corporate bond portfolio.
The fund was established to safeguard oil revenues for future generations, providing a buffer against external shocks and spurring infrastructure development. Despite decades of oil production, the country did not have a sovereign wealth fund or any ringfenced method of saving.
Uche Orji, NSIA chief executive, said in an interview in September that the $1bn in seed capital was enough for now. "Not many sovereign wealth funds have started out with that amount," he said.
Nigeria accumulates oil revenues in the Excess Crude Account (ECA), which acts as a cushion between the actual oil income and the budgeted one. At the beginning of the year, the ECA held nearly $10bn, and the International Monetary Fund forecast that funds would increase to $18bn by the end of 2013.
Instead, the holdings more than halved to less than $4bn after a big drop in production to 1.8m-1.9m barrels a day in the midyear, due to thefts and pipeline glitches, compared with a forecast of 2.5m b/d.
Angola appears to lag behind Nigeria as it has yet to deploy capital and has been embroiled in a controversy about governance. José Filomeno dos Santos, the son of Angola's veteran president, has rebuffed criticism of his appointment as chairman of the oil-rich nation's nascent $5bn sovereign wealth fund. The fund, nonetheless, has already published a detailed investment strategy, with multiple regional investments.

Luanda aims to invest half of its money in the sovereign debt of advanced economies, including the US, Japan and the UK, and debt of "big companies" with investment-grade bonds, according to the fund's investment policy published in June.
At the same time, it will "allocate approximately half of its initial endowment to alternative investments, predominantly in the agriculture, mining, infrastructure and real estate – particularly hospitality – sectors in Angola and across other African markets to nurture sustainable domestic and regional growth". Another 7.5 per cent will be devoted to investment in "social development". *(Financial Times)*

Tech

East Africa's top economies launch cross-border payment system

East Africa's biggest economies have launched an integrated real-time cross-border payments system designed to remove bottlenecks to business and bolster intra-regional trade, Kenya's central bank said on Wednesday.
The East African Payments System (EAPS) is an early step towards the creation of a monetary union within the five nation East African Community (EAC) trade bloc, which member states hope to establish within 10 years.
"EAPS will facilitate trade within the region and is a quick win for the EAC," the Central Bank of Kenya said in a statement.
Each member state currently has its own banking payment systems, meaning cross-border transfers take from one to two days, bankers say.
EAPS will enable people in Kenya, Uganda and Tanzania to make and receive payments in real time, speeding up the process of commercial transactions. Rwanda and Burundi, whose banking structures are less advanced, will join later.
A common currency remains a long way off, analysts say. Member states first need to implement the free movement of labor, goods and services, which has proved especially contentious in Tanzania.
Their economies will also need to meet macro-economic criteria, including capping inflation at 5 % and fiscal deficits excluding grants below 6 % of national output before embarking on a monetary union. It took the region's economies several years just to agree on the wording of the draft protocol signed last month *(Reuters)*

ENERGY

GE to supply turbines to Kenya's biggest wind power plant

General Electric has won a contract to supply turbines to a Kenyan wind power park, set to be sub-Saharan Africa's largest wind generation project outside South Africa, the US conglomerate said. The 60.8 megawatt (MW) Kinangop Wind Park is set to come online in the middle of 2015, and is one of several wind and geothermal projects in Kenya, where the government has pledged to ramp up output to meet growing demand for electricity. GE said it will provide 38 turbines, each with a 1.6 MW capacity, to be constructed by Iberdrola Engineering.
The US company, which joins Danish wind firm Vestas in supplying Kenyan wind farms, did not specify the value of the contract. Another plant, the 300 MW Lake Turkana Wind Power project is expected to be completed in 2016 and will overtake Kinangop as the biggest wind farm in Kenya. The power plants are part of Kenya's plans to fill a power supply shortfall, which coupled with a dilapidated grid network, means frequent power outages that hamper industry in east Africa's biggest economy. With capacity of 1 664 MW against a maximum recorded demand of about 1 410 MW, Kenya is under pressure to boost power generation as its economy is expected to expand more than 5%.*(Engineering News)*

UAE Firm Secures $25m Supplies Deal For Egyptian Power Plant

Dubai water management company Metito, has secured a $25 million deal to supply wastewater systems for a 650-megawatt thermal power plant in Suez, Egypt.
Speaking to Abu Dhabi newspaper The National, Karim Madwar, MD of Metito Africa said Metito is "very proud to be part of Egypt's new development plan through implementing this significant project."
The Suez thermal power plant will provide stable power to a greater pool of consumers from 24.7 million to 34 million by 2017 and growing installed capacity towards its midterm target of 41,000-megawatt, thereby driving socio-economic development.
The UAE company is bent on growing its international business and has long harboured keen interest in expanding its business into Africa, after disclosing plans to enter key markets including Mauritania, Equatorial Guinea and Angola, as it seeks to avert slower domestic growth owning to increased competition.
Metito will view this project – which aims to contribute an additional 6.2 % of installed capacity – as the commencement of its entry strategy into the African market. *(Ventures Africa)*

ADF partial risk guarantee program to stimulate private investment in the Nigerian power sector

The Board of Directors of the African Development Bank Group (AfDB) approved an **African Development Fund (ADF)** Partial Risk Guarantee (PRG) program of US $184.2 million*, and an ADF loan of US $3.1 million, for capacity building, to support the Nigerian power sector privatization program.
The PRG program in Nigeria aims to increase the country's electricity generation by catalyzing private sector investment and commercial financing in the power sector through the provision of PRGs. The PRGs will mitigate the

risk of the Nigeria Bulk Electricity Trading Plc (NBET), a Federal Government of Nigeria entity established to purchase electricity from independent power producers (IPPs), not fulfilling its contractual obligations under its power purchase agreements with eligible IPPs. This in turn will increase the comfort level of private sector financiers and commercial lenders investing in the Nigerian power sector privatization program.
Following the Board's decision, the Director of the AfDB's Energy, Environment and Climate Change Department, Alex Rugamba, explained the potential impact of the program: "An effective and steady power supply is critical to the sustainability of Nigeria's development path. The Board's decision today will allow the AfDB to support the Nigerian Government's efforts to reform the power sector and position the country for sustainable and inclusive growth."
Over the long term, the Nigerian PRG program is expected to lead to increased productivity, economic activity and growth, and reduced poverty. In the short to medium term, the project will yield an increase in the maximum electricity supply and consumption per capita.
According to government statistics, power outages cost Nigeria about three per cent of its GDP annually. It is anticipated that the IPPs eligible for coverage under the program could generate an additional 1,380 MW of power by 2016, thereby contributing to increasing the population's access to more reliable and affordable electricity (from 41 per cent currently to 50 per cent by 2016).
Nigeria, in its development objective to rank amongst the top 20 economies of the world by the year 2020, targets an ambitious 40,000 MW of electricity generation, which represents more than half of the current installed capacity on the African continent. With a population surpassing 160 million, its current maximum electricity generation capacity – approximately 5,500 MW – is inadequate to meet demand estimated at 10,000 MW. To meet the generation targets set for 2020, significant private sector investment is required in the supply chain, including generation, gas to power infrastructure and distribution networks.
This is the second ADF PRG issued by the Bank in less than two months after the one in support of the Lake Turkana Wind Project in Kenya. The AfDB's innovative approach for crowding-in private financing for infrastructure investments with the guarantees will have a catalytic and replication effect in Nigeria and more broadly in Africa.
The ADF PRG is a political risk mitigation instrument that covers private lenders and investors against the risk of the government or government-owned entity failing to meet its contractual obligations to a project. Since 2004, the AfDB has made African Development Fund PRGs available to catalyze private investment in middle-income countries. With the introduction of the ADF PRG in 2011, it has offered the financial instrument to low-income countries as well.
As of December 2013, 1 Unit of Account (UA) = US $1.53

AfDB will mobilize a full range of financing instruments to advance Sustainable Energy for All Initiative: Kaberuka

The Special Representative of the UN Secretary-General for the **Sustainable Energy for All (SE4ALL) Initiative**, Kandeh Yumkella, held talks with African Development Bank President Donald Kaberuka on December 12, 2013. The UN Representative and President Kaberuka used the opportunity to share perspectives on the objectives of an SE4ALL workshop held that day in Tunis, namely: to agree on a common framework and methodology to move forward the country action plans and investment prospectuses; and to decide on which countries the partners' efforts will focus on in 2014.
The Bank Group considers it critical for the success of SE4ALL to be able to quickly demonstrate concrete progress at the country level. "The Bank will support a number of African countries with developing SE4ALL Action Plans," Kaberuka said.
In addition, the Bank stands ready to mobilize its full range of financing instruments to advance the SE4ALL agenda and to leverage additional investments, notably from the private sector.
The Tunis workshop was organized by the Bank in its capacity as SE4ALL's Africa Hub. The workshop was attended by representatives of Hub partner institutions (the African Union, New Partnership for Africa's Development and the United Nations Development Programme), the European Commission, World Bank, European Investment Bank, United Nations Environment Programme, KfW, UK Department for International Development, Eskom and others.
The United Nations Secretary-General launched the Sustainable Energy for All Initiative to mobilize urgent global action. The initiative brings all sectors of society to the table: business, governments, investors, community groups and academia.
The mission of the SE4All Africa Hub is to coordinate and facilitate the implementation of the initiative on the African continent. The Hub will promote African ownership, inclusiveness and a comprehensive approach to the initiative's implementation.

Djibouti Signs Power Deal With Shanghai Electric

Djibouti, a country in the Horn of Africa region, has signed a deal with multinational power firm, Shanghai Electric to construct a 63KV power line of about 90km that will link the Ali-Sabieh and Nagad regions of the country.
Hong Kong-listed Shanghai will create a network aimed to enhance supply of power to the proposed railway line linking Djibouti to the Ethiopian capital Addis Ababa.
According to Djibouti's Energy Minister Ali Yacoub Mahamoud, the inter-connection project includes road and telecommunication network from Djibouti to South Sudan.

The project will boost trade and commerce in the region, connect regional markets and push up economic activities for Djibouti and environment, Mahamoud told reporters. *(Ventures Africa)*

MINING

Zimbabwe to raise tax on diamond mining, sets ambitious 2014 growth target

Zimbabwe announced plans to raise the tax on mining companies for diamond sales in its budget and said it was planning a new levy on unprocessed platinum as part of efforts to force platinum mines to set up a refinery in the country. Finance Minister **Patrick Chinamasa** said the tax on diamond royalties would rise to 15% from 10%, effective next month. Most diamond mining in the country is done by private companies in joint ventures with the government although a unit of Rio Tinto does some diamond mining. President **Robert Mugabe**, who won a disputed election in July, is struggling with an economy that is shedding jobs, failing to woo foreign investors and racked by electricity shortages.

Nonetheless, Chinamasa predicted the economy will grow 6.4% in 2014, a big jump from the 3.4% projected for this year, backed by mining and agriculture. Analysts, however, said the figure was very ambitious. "This is anchored on a strong recovery of the agriculture sector and improved performance in mining and the construction industry," Chinamasa told Parliament in his budget speech.

After growing at higher rates between 2009 and 2012, the economy slowed down this year after a mid-season drought and while businesses and investors held out for the July 31 election.

The UN World Food Programme has said the country faces its worst food shortages in four years, with up to 2.2-million people needing food relief.

Analysts said the country could miss its growth target next year given global commodity prices are expected to be depressed, the country is attracting few foreign investors and farmers are behind in their planting this season.

"I just don't see where the growth will come from, I think it is very ambitious," **John Robertson**, a leading private consultant economist in Harare said.

INDIGENISATION LAWS

The government is trying to stem declining revenues which will be 3.6% below target this year.

Chinamasa did not give details on the proposed new levy on unprocessed platinum, which would likely affect the world's two largest platinum miners, Anglo American and Impala Platinum.

Foreign investors are sceptical of Harare's policies, including the controversial black economic empowerment drive that forces foreign-owned firms to sell majority shares to blacks. The policy, known locally as indigenisation will not change, Chinamasa said. "I want to re-affirm that the indigenisation laws are here to stay and there will be no amendments to annul or dilute them," he said. The Finance Minister also repeated that the government would continue to use the US dollar and South African rand and could adopt other currencies. Since the country ditched the Zimbabwe dollar in 2009, the country's central bank has lost its ability to set interest rates and lend to struggling smaller banks. Chinamasa said the government would raise between $150-million and $200-million by March 31 to capitalise the central bank and would take over the bank's $1.3 billion debt. *(Engineering News)*

Zimbabwe sells first diamonds in Antwerp, gem quality low

Zimbabwe's first-ever diamond auction in Belgium got off to a slow start this week with the majority of the 279 723 ct gems being of low quality and not properly cleaned, a senior government official said on Friday.

The Antwerp auction comes three months after the European Union removed sanctions on the southern African country's state mining company.

Mines ministry permanent secretary **Francis Gudyanga** said diamonds from five companies operating in the eastern Marange area had been sold for $10.7-million, of which 15% went to the government as royalties.

"Overall, 89% of the goods offered consisted of low quality industrial goods. In general, goods weren't optimally cleaned, sorted and parcels were not ideally composed," he said in a statement.

Finance Minister **Patrick Chinamasa** announced an increase in royalty fees to 15% from 10% in his budget on Thursday as the government seeks to boost declining revenues.

The Marange diamond fields, 400 km east of Harare, have been the focus of controversy since 20 000 small-scale miners invaded the area in 2008 and were then forcibly removed by soldiers and police. Human rights groups say up to 200 people were killed during their removal, charges denied by President **Robert Mugabe**'s government. *(Mining Weekly)*

Mozambique seeks bigger stakes in new mining projects

Mozambique plans to increase central government and local participation in new mining projects, a government official said, as the former Portuguese colony tries to ensure its citizens benefit from its mineral wealth.

The move comes as the country is poised to launch the next rounds of bidding for coal, oil and gas next year.

While some southern African politicians have campaigned to nationalise mines, or demanded that 51% stakes in companies be given to local black people as in Zimbabwe, Mozambique has largely sought to balance its national interests with those of outside investors.

Deputy Mineral Resources Minister **Abdul Razak Noormahomed** said late on Tuesday that the cabinet had approved a new mining policy, replacing one adopted in 1998, to promote greater participation by locals in the sector.
"Some actions are already ongoing so that certain production and marketing licences are given exclusively to Mozambicans, as well as to raise the participation of flag companies (those owned by the state) from 5 to 25 % in any new deals," Noormahomed said.
The new policy will have to be passed in Parliament.
Mozambique has seen a flood of foreign investment into its mining sector, particularly coal, in the last few years. The war-scarred southern African nation is estimated to have some of the world's largest reserves of coking coal, used in steel-making. But there had been suggestions that ordinary Mozambicans were not benefiting from the booming industry. Major companies developing big coal and gas reserves in Mozambique include Rio Tinto, Vale, Anadarko and Eni. Vale said earlier this month it plans to sell a 15% to 25% stake in its coal operations, including those in Mozambique. *(BDLive)*

OIL & GAS

Angola expected to produce 2 million barrels of oil per day in 2015

Angola's oil production is expected to reach 2 million barrels per day in 2015, the chairman of state oil company Sonangol, Francisco Lemos said in Porto Amboim.
After the naming ceremony for the CLOV floating production, storage and offloading (FPSO) unit, Lemos said that his projections already took into account investments carried out and projects that are underway.
In relation to projects that are underway, the Sonangol chairman said, the target would be reached once the CLOV FPSO unit and others such as "Pólo Este" and "Mafumeira Sul" start operating, the components for which will be built at the Porto Amboim Shipyard (Paenal).
The CLOV FPSO unit is one of the largest floating production, storage and offloading units in the world and is due to start operating on 14 January, off the coast of Angola, 140 kilometres to the northeast of Luanda.
Angola is currently the second-largest oil producer in sub-Saharan Africa, after Nigeria, with daily production of around 1.7 million barrels. *(Macauhub)*

Petronas subsidiary now Sasol's new partner in Canada shale gas assets

Energy and chemicals group Sasol has decided not to exercise its right of first refusal to match a C$1.5-billion bid from Progress Energy for part of Talisman Energy's Montney acreage in Canada.
In terms of Sasol's existing agreement with Talisman, the South African company has a right to match the bid within 30 days of the notice from Talisman.
"Sasol has evaluated this opportunity, taking into consideration, among others, its available investment opportunities and has taken the decision not to exercise its right of first refusal," it said in a statement on Tuesday.
The valuable Farrell Creek and Cypress A assets that Sasol holds in equal shares with Talisman, forms part of the transaction between Talisman and Progress Energy.
Progress Energy – a subsidiary of Malaysian national oil and gas company Petronas – is now Sasol's new partner in the development of the shale assets.
Sasol entered Canada in 2011 by buying a 50% working interest in Talisman Energy's gas-rich Montney shale holdings in northeastern British Columbia for $2-billion. *(Engineering News)*

Jonathan feels the heat over big shortfall in oil funds

The magnitude of the hole in the government's accounts has shocked Nigeria
By any standard, $50bn is a lot of money. So in the days since a leaked letter from Nigeria's central bank governor pointed to a hole that size in the government's oil accounts, officials have been scrambling for a convincing explanation.
The revelation follows a string of recent allegations and investigations that have fed a public perception of a government presiding over gross mismanagement of the oil industry on which state finances in Africa's second-largest economy depend.
Even for a nation as accustomed as Nigeria to big ticket scandals, the magnitude of the shortfall questioned by Lamido Sanusi, the fiercely independent central bank governor, has been a shock.
In his letter, which dates to September but was leaked last week to the media, Mr Sanusi says the Nigerian National Petroleum Corporation (NNPC) failed between January 2012 and July 2013 to account for 76 per cent of the proceeds from crude oil sales that should by law have been remitted to government coffers.
Although there may be an explanation for most of the missing funds, any remaining discrepancy will be seized upon by President Goodluck Jonathan's opponents. Efforts to reconcile the figures could well influence the fate of his administration in the run-up to 2015 elections.
Mr Sanusi has also come under pressure. Critics, both inside and outside government, have lashed out, accusing him of politicising the numbers in his letter. The president's spokesman threatened treason charges at the weekend in

response to opposition politicians, who've urged members of the ruling party to initiate impeachment proceedings against Mr Jonathan.
In this highly charged atmosphere, reformers in the administration are treading a fine line between pushing for more transparency and hoping the problem can be resolved.
"It is a fact that we are missing money largely from crude oil theft but the numbers I have are very different. A serious effort at reconciliation is under way," Ngozi Okonjo-Iweala, the finance minister and former managing director of the World Bank told the FT.
So how do the numbers add up? The NNPC sells just under half Nigeria's 2-2.5m b/d production. In the period scrutinised this was worth $65bn, of which only $15bn was remitted to government accounts, according to the CBN.
The state oil company says these numbers reveal a "gross misunderstanding" of the way in which oil revenues accrue. According to a senior NNPC official, about $24bn can be accounted for in crude oil swaps, when crude oil is exchanged directly for refined petroleum products with no cash changing hands.
A further $16bn or so in taxes and royalties on production sharing contracts with international oil companies would have been paid into separate revenue service accounts, the NNPC official says. Then there is about $5bn in levies paid on oil produced by the Nigerian Petroleum Development Corporation, a subsidiary of the NNPC.
That fills a large part of the hole. Kerosene sold at a loss may account for some more.
Yet independent analysts crunching the numbers have also identified shortfalls of between $10-$15bn for the period. According to several people familiar with the matter, the figure that the finance ministry has been working with is within that range.
"However you slice and dice it the fact that the federation is not getting a fair share of what it sells is clear," says another senior official, adding that a big question mark remains over whether Nigeria is getting value for money on opaque crude oil swaps.
Africa's leading oil producer is heading into an election year with its currency under pressure, its budget stretched and with windfall earnings from soaring oil prices largely depleted. Any significant drop in the world oil price on top of this would certainly cause a shock and not just to the economy but also to the political system.
Uncomfortable reading though it might be, if the leaked letter forces Mr Jonathan's administration to start opening up the books to closer scrutiny and close any loopholes, it might have served its purpose. *(Financial Times)*

Ecobank Capital, Orion Oil Sign $500m Pre-Export Finance Deal

Ecobank Capital, the investment arm of pan-African banking group Ecobank Transnational Incorporated, in partnership with other financial lenders has raised a $500 million fund on behalf of Orion Oil Limited for the pre-payment of crude oil cargoes to be supplied by Société Nationale des Pétroles du Congo (The National Oil Company of the Republic of Congo, "SNPC").
The new facility comprises $342 million tranche and a XAF-denominated $158 million tranche.
The deal, which is the largest loan syndication completed to date in Central Africa (solely funded by regional African banks and for an indigenous company), had Ecobank serve as the Mandated Lead Arranger, United Bank for Africa Plc (UBA) as co-arranging bank and Afreximbank, BGFIBank Group, and Banque Atlantique Group as participating lenders.
It also showcased the increasing interest of regional banks in financing capital intensive oil and gas deals in sub-Saharan Africa.
The transaction will help Orion, a privately held company, whose principal activities include the physical trading of crude oil and refined products, expand its business footprints.
Orion had entered into a 24-month crude oil allocation programme with SNPC, the largest oil and gas company in Central Africa. The proceeds of the debt facility will be used to fund the pre-payment of the aforementioned crude oil cargos, amounting to circa $100 million per cargo, on a free on board basis.
Speaking on the transaction, Acting Managing Director of Ecobank Capital, Ikenna Onyejiaka said the "landmark transaction" underscores Ecobank Capital's capabilities as a lead arranger of syndicated loans, working with Africa's key financial institutions to provide vital support to Congo's economic growth."
"[The] transaction is undeniably strategic and represents what we are about…Our expectations are that we would continue this strategic alliance/partnership with Orion in a manner that is mutually beneficial to both institutions," Executive Director of Ecobank Nigeria, Ms. Foluke Aboderin added.
However, the Managing Director of UBA Cameroon, Georges Wega said his bank's participation in the landmark deal underscores our UBA's passion to support African businesses and development the continent's economies. While Mrs. Patricia Danielle Manon, Managing Director of BGFIBank Gabon, opines that the deal reaffirms BGFI's "willingness to support the development of companies operating in strategic sectors, bringing additional growth to African economies."
"The transaction is a reflection of Afreximbank's commitment to promoting trade and supporting local entrepreneurs," President of Afreximbank, Jean-Louis Ekra, concluded. *(Ventures Africa)*

INFRASTRUCTURE

Mozambique raises coal railway, port project costs to $5bn

Mozambique has increased the estimated cost of a railway and port project to boost coal exports to $5-billion, almost twice as much as its initial projection, a Ministry of Transport official said.
Mozambique picked Bangkok-based Italian-Thai Development Pcl to construct the 525 km rail line from Tete province to Macuse in Mozambique's Zambezia province and a port able to handle 25-million tonnes of cargo per year. The project was initially pegged at $3-billion but the figure has been revised. "The total value of both contracts is estimated at $5-billion, with the construction planned for 2016," Ministry of Transport spokesman **Verlopes Nhampossa** said.
He did not give a reason for the revision but said technical teams were working on how much money would be spent on the railway line and the port separately.
Mozambique, a former Portuguese colony that emerged from civil war two decades ago, boasts some of the world's largest untapped coal reserves and is expected to become a key source of premium, hard coking coal used in steel making. However, infrastructure bottlenecks have become a major headache for mining companies in the coal-rich Tete province, with some projects delayed or put on hold due to the problems of getting coal to port. *(Engineering News)*

Coca-Cola to pay for construction of 2 kilometres of roads in Matola, Mozambique

Work to build the road linking the Maputo Circular road and the Matola Gare Industrial Park, in the Matola municipality, is due to begin in January, under the terms of a memorandum of understanding signed Wednesday in Matola.
According to the memorandum, Coca-Cola Sabco Lda. Will provide the US$1.7 million needed to build the 2-kilometre paved road that will also allow traffic to move from the neighbourhoods of Matola–Gare, Machava KM-15 and Nkobe onto National Road No.4 (EN4).
The mayor of Matola, António Matlhava, said that the new road would not only benefit the industrial area that is being set up in the municipality, but also the Machava KM 15 neighbourhood, the Machava area and local communities, as well as driving their development.
The managing director of Coca-Cola Sabco, Simon Everest, said that construction of the road that will provide access to the area where the soft drinks factory is part of investments that the company has been making in Mozambique, which are already in excess of US$129 million. *(Macauhub)*

Brazilian group Vale plans to announce new partner in Mozambique’s Nacala corridor by June 2014

Brazilian mining group Vale is expected by the end of the first half of 2014 to choose the partner that will take on half of its 70 % stake in the Nacala logistics corridor, in Mozambique, said the chairman of the Brazilian group.
The Nacala corridor is the logistics facility of Vale’s Mozambican coal operation and includes a 912-kilometre railroad and modernisation and expansion of the deep water port of Nacala to transport the coal the group mines in Moatize.
The remaining 30 % of this project is in the hands of state Mozambican port and rail company CFM
Cited by Brazilian newspaper Estado de São Paulo, Murilo Ferreira also said that the group was making efforts to find a party interested in buying the stake, which will mean Vale can reduce its investment in the project, which is estimated to cost US$4.4 billion.
Vale director for logistics, Humberto Freitas, said that the Nacala railroad will have capacity to carry 22 million tons of cargo per year, of which 18 million tons will be for Vale itself, a figure that may increase to 50 million tons if the train crossing areas are expanded. *(Macauhub)*

City of Ondjiva, Angola to have new airport in 2014

Ondjiva, the capital of the Angolan province of Cunene, will have a new airport by the end of 2014, the secretary of state for construction, Ilídio Martins said.
Whilst the new airport has yet to open, Martins said, the current airport will operate 24-hours per day.
The secretary of State also announced conclusion of reconstruction work, which included laying asphalt on the Bailundo/Luvemba/Cassongue crossing road over a distance of 89 kilometres. *(Angop)*

Port of Maputo in Mozambique expected to handle 17 million tons of cargo in 2013

The cargo handled at the port of Maputo this year is expected to exceed its previous record of 17 million tons according to the port’s manager, the Maputo Port Development Company (MPDC).
Mozambican news agency AIM said that the minister for Transport and Communications, Gabriel Muthisse, who Friday visited the port, said that the new record confirmed the efforts made towards growth and commitment to the national and regional economy.
“The projects in line for the future are sustainable but we have to work to increase their economic justification,” said the minister, giving as an example the future project to dredge the port in order to allow larger ships to dock as well as putting it on the same level as other ports in the region (Richards Bay and Durban).
As part of the Master Plan drawn up by the MPDC, which covers a period of over five years, US$2 billion is due to be invested in the port of Maputo to increase its cargo processing capacity and competitiveness.

Of that amount, since the beginning of the year the company has invested US$80 million on work to improve the port's facilities.
Minister Gabriel Muthisse officially launched the port's new tug boat, which will assist ships in docking manoeuvres and rescue work.
The MPDC is a consortium made up of state port and rail company Portos e Caminhos de Ferro de Moçambique (49 %), South African group Grindrod (27.4 %) and DP World (27.4 %) of the United Arab Emirates and small investors that own the remaining 1.6 %. *(Macauhub)*

Addressing Africa's infrastructure deficit

When it comes to addressing the infrastructure deficit in Africa, it's all about the preparation, says EY's Bill Banks. Here, he explains why proposed projects need both planning and a strong business case to succeed.

Amid a turbulent global economy, there's no doubt that the pipeline of positive news from Africa in recent years has been a much-needed boost to policy-makers and investors alike. Increased political stability, the emergence of a middle class already equal to that of India's and demographic changes that mean by 2035 the continent will have the world's largest workforce, have all contributed toward the rapid economic growth that many African countries continue to experience.
And yet this growth has occurred despite the continent suffering from significant infrastructure problems. With greater demand come greater expectations in terms of services and, as economies have expanded, the need for new infrastructure has intensified. In addition, trends such as urbanisation, together with surging trade levels, are reshaping the face of the continent.
By 2030, for example, 40% of Africans are projected to be living in cities and, since 2006, African trade has increased from about US$48bn a year to more than $100bn a year. What has not kept pace is the infrastructure itself.

Deficits and development

Africa's largest infrastructure deficit is to be found in the power sector, according to research from The World Bank Group (WBG), which has found that Africa's power systems deliver only a fraction of the service found elsewhere in the developing world. The 48 countries of sub-Saharan Africa (with a combined population of 800m) generate roughly the same amount of power as Spain (with a population of 45m).
The WBG has also raised concerns regarding Africa's network of roads – especially when seen in the context of the sheer size of the continent. Only one-third of Africans living in rural areas are within two kilometres of an all-season road, compared with two-thirds of the population in other developing regions.
While estimates vary, the cost of addressing Africa's infrastructure deficit is seen to be approximately $90bn every year for the next decade, with spending needed not only for new investments, but also for operations and maintenance of what is already there. Given that the reliance on overseas development spending has fallen back since the financial crisis, infrastructure financing must look beyond aid and governments have to look at alternative financing solutions that are economically feasible.
Policy-makers are increasingly looking at different flows of capital, such as Africa's foreign exchange reserves invested abroad, pension funds and sovereign wealth funds, all of which can kick-start private sector investment in infrastructure. Given the competition for infrastructure investment around the world – for example, Eastern Europe requires more than €2tn for its infrastructure over the next decade – there is little time to waste.
It's important to note, however, that important progress is already occurring. EY's latest Africa attractiveness survey found that, in 2012, there were over 800 active infrastructure projects across different sectors in Africa, with a combined value in excess of $700bn.
South Africa had the most infrastructure projects (with a combined value of close to $130bn). Nigeria was next, with 106 infrastructure projects with a value of close to $100bn. The East African countries of Kenya, Uganda and Tanzania, together with Mozambique, are also all in the top 10 in terms of number of infrastructure projects, while Angola has the fourth-highest capital value overall. The large majority of the total infrastructure projects were related to power (37%) and transport (41%).

Financing and funding

Many of these infrastructure projects contribute to toward nation building and so should spur further economic growth. To ensure that these projects continue to advance, governments and the private sector need to be involved to help facilitate that investment. Africa is not alone in facing this challenge – far from it. Around the world, similar issues have been addressed by other policy-makers. In countries such as Australia, the UK, and the Philippines, governments have partnered with the private sector to deliver capital that can be deployed alongside their own funds.
While African governments can look to domestic sources of capital, as well as international development partners such as the WBG and the African Development Bank, there are also a significant number of international players looking at the African continent for places to invest into properly structured projects that offer a reasonable rate of economic return, particularly when they involve public private partnerships (PPPs).
Governments' contribution to PPPs create different types of fiscal commitments, the nature and extent of which depend on the actual projects themselves, as well as the broader market conditions. Clearly, though, such deals also give rise to implicit liabilities, and that is why it is crucial that the accounting for these commitments is properly

understood through rigorous project planning and due diligence, so that governments fully understand the full cost of infrastructure delivery. Budgeting appropriately for a PPP is also important for the reputation of a PPP programme, and also instils confidence to private sector partners.

Key to this process is ensuring that good-quality cost-benefit analysis has taken place. At EY, we have worked closely with governments around the world to develop cost-benefit frameworks that ensure the economic and social benefits of any infrastructure project are properly understood at the outset, and that governments can make informed infrastructure investment decisions and rank and prioritise investment.

Every project can go through this screening process, and it helps a country's finance ministry by serving as a filter for what can work and what is not likely to work. It also helps bring together people with financial, commercial and technical experience, all of whom are needed for a project to be effectively funded and delivered. Analysis should also include the wider economic benefits of a project.

There is a big appetite for this because it allows a government, which is likely to be capital-constrained, to be fully confident in where it is investing and where it can expect to receive the best economic return.

The ministry of finance has a pivotal role to play by accepting overarching responsibility for the PPP framework's implementation. It needs to oversee the governance of the project as a whole, with support from specialists from the technical and legal departments — not recreating what they do, but rather making sure that the teams are working together.

If a ministry of finance is not properly engaged, there is more likely to be a lack of coordination among government entities, as well as little or no progress in moving projects through to procurement and implementation phases.

However, while PPPs clearly offer an important route forward, it is also important for policy-makers to be aware that they should not be applied to each and every proposed project. In essence, a PPP is a contractual arrangement between government and the private sector, and every project is different. It's not a case of one size fits all and there is no PPP policy that could or should cover everything. PPP provides a government with a number of different procurement options to address its infrastructure investment. Rather than drilling into the minutiae of each individual contract, governments should instead concentrate on those projects that have a strong up-front business case and then focus fully on the completing the projects themselves, because the potential rewards are huge.

If governments across Africa succeed in working with the private sector to ramp up the levels of investment, it would be transformational on so many levels. Effectively addressing the infrastructure gap – a task that has faces African policy-makers for generations – would make economies fully functioning, strengthening the transport, power, health, education, water and sewage sectors, improving quality of access for all and significantly increasing economic capacity. It would also give countries wider access to their large natural resource deposits, enabling them to export them on a much more efficient basis to resource-hungry countries such as China and Japan.

That so much has been achieved across Africa in the face of these infrastructure problems merely serves to emphasise, the huge potential that exists across the continent. As these challenges are addressed, opportunities will continue to increase, signaling the likelihood of even stronger growth rates going forward. With Africa poised to rise even further, a bright future awaits. ***Bill Banks is Global Infrastructure Leader at EY. This article was first published in EY's Dynamics magazine.*** *(How we made it in Africa)*

AGRIBUSINESS

Areas under cultivation in Angola expected to almost double to 9 million hectares

Areas under cultivation in Angola are expected to increase to 9 million hectares in 2014, which will allow for production of around 15 million tons of cereal, said the National Director for Agriculture and Rural Development.

Adelino Luís Rodrigues told Angolan news agency Angop that the increase in land under cultivation, from a total 35 million hectares of arable land in Angola, was intended for the country to achieve self-sufficiency of legumes (beans, peanuts and soy) with production of around 1.8 million tons, allowing the country to generate a surplus of 800,000 tons.

As part of the agricultural campaign currently underway, the Ministry for Agriculture and Rural Development also plans to reach self-sufficiency in terms of root vegetables such as cassava, sweet potatoes and potatoes, with production of between 4 and 5 million tons per year.

The government's programme until 2017 also includes 70 % coverage of chicken consumption and 50 % for goat and sheep meat, along with reducing milk imports by 20 % and expansion of consumption through domestic production.

The programme also includes 60 % coverage of domestic sugar requirements, as well as production of around 400,000 cubic metres of wood. *(Macauhub)*

TRADE

Angola's new customs tariff may drive a rise in inflation

The new customs tariff due to come into force in Angola in January 2014 will lead to price increases not only of imported goods but also of those produced locally, according to a research note from Portuguese bank BPI.
In the note BPI's Department for Economic and Financial Studies said that "given the weight of imported goods in calculating domestic price levels, the rise in customs prices will likely spill over to local prices and may put measures to control inflation by the Angola National Bank at risk."
BPI's economists say that this may happen for two reasons: First, "there is a direct effect on the final price of imported goods," and after that, "the companies that depend on foreign goods and intermediaries react to higher production costs, raising their final prices to prevent drops in their profit margins."
According to the analysis this means that companies that do not use imported goods in their businesses also end up raising their prices after their competitors have also raised prices.
The new customs tariff will be in place in January 2014 and is expected to raise tax rates on imported goods by up to 50 %, for water and beer for example, the tax rate on which is currently 30 %.
The rise in this tax on imported goods, BPI noted, "has the main aim of disincentivizing imports and boosting national production with a view to making the economy more self-sustainable." *(Macauhub)*

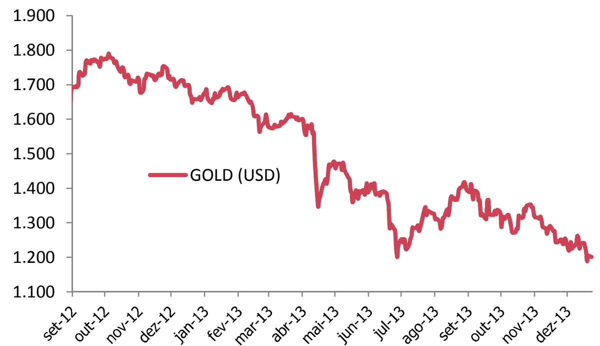
Sappi group to export to Asia via port of Maputo, Mozambique

The Sappi group, one of the world's largest manufacturer of gloss paper, plans to use the port of Maputo, in Mozambique to export to Asian markets a group official told financial news agency Bloomberg.
Alex Thiel, who is responsible for the group's business in Southern Africa, said that in October an agreement was reached with Dubai-based port operator DP World, which together with South African logistics group Grindrod and state company Portos e Caminhos de Ferro de Moçambique, is a partner in Maputo port company Empresa de Desenvolvimento do Porto de Maputo.
The Sappi group, which is also one of the world's largest producers of dissolving wood pulp, plans to ship 10,000 containers per year via the port of Maputo as it is just 250 kilometres from the group's factory in the South African province of Mpumalanga.
"We have decided to export via the port of Maputo in order to save money as the second-closet port, in Durban, is 650 kilometres from the factory," said Thiel.
The Mpumalanga factory, which starting producing dissolving wood pulp at the end of July, has already reached 75 % of its installed capacity of 210,000 tons per year, and is expected to achieve maximum production in February 2014.
The wood pulp will be exported via the port of Maputo to China, India and Indonesia, where it will be used to make thread for the textile industry. *(Macauhub)*

MARKET INDICATORS
23-12-2013

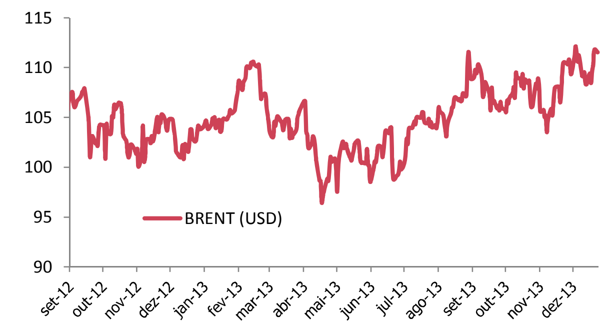
STOCK EXCHANGES		
Index Name (Country)	**23-12-2013**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.016,40	20,05%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	226,68	36,08%
Case 30 Index (Egypt)	6.725,41	23,12%
FTSE NSE Kenya 15 Index (Kenya)	168,11	33,69%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.177,35	0,18%
Nigerian Stock Exchange All Share Index (Nigeria)	39.652,62	41,22%
FTSE/JSE Africa All Shares Index (South Africa)	44.791,04	14,12%
Tunindex (Tunisia)	4.347,75	-5,07%

Source: Bloomberg and Eaglestone Securities



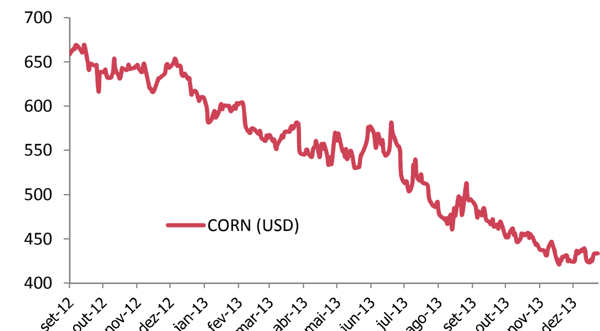
METALS		
	Spot	**YTD % Change**
Gold	1.201	-28,32%
Silver	20	-35,69%
Platinum	1.339	-13,07%
Copper $/mt	7.238	-8,74%

Source: Bloomberg and Eaglestone Securities



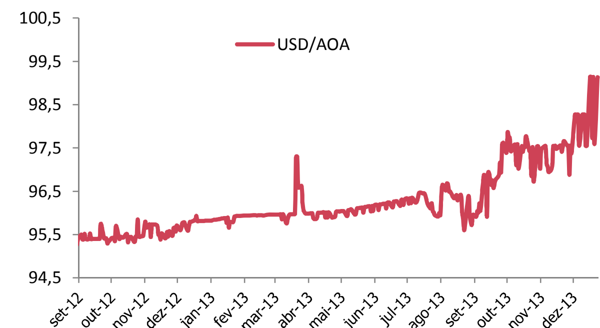
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	99,0	6,23%
ICE Brent (USD/barril)	111,5	2,83%
ICE Gasoil (USD/cents per tonne)	945,8	3,28%

Source: Bloomberg and Eaglestone Securities



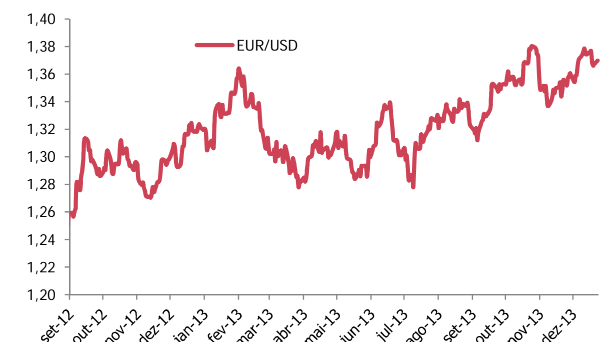
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	433,5	-38,09%
Wheat cents/bu.	612,3	-22,28%
Coffee (KC) c/lb	115,8	-21,10%
Sugar#11 c/lb	16,4	-17,07%
Cocoa $/mt	2812,0	24,76%
Cotton cents/lb	81,5	7,42%
Soybeans c/bsh	1333,0	-4,73%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	99,134
EUR	133,695
GBP	159,618
ZAR	9,440
BRL	41,159
NEW MOZAMBIQUE METICAL	
USD	30,050
EUR	41,143
GBP	49,120
ZAR	2,905
SOUTH AFRICAN RAND SPOT	
USD	10,338
EUR	14,161
GBP	16,907
BRL	4,360
EUROZONE	
USD	1,37
GBP	0,84
CHF	1,23
JPY	142,35
GBP / USD	1,64

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

African Mining Indaba- 3-6 Feb 2014-Cape Town, South Africa
Global professionals including key mining analysts, fund managers, investment specialists, and governments clearly define Mining Indaba as their preferred venue for obtaining the most current economic and mining developments from the world's leading experts on African mining. It is held annually at the Cape Town International Convention Centre in Cape Town, South Africa and is organised by Mining Indaba LLC. (http://www.miningindaba.com/)

Build Africa 5-7 Feb 2014- Brazzaville, Republic of the Congo
The premier business & investment forum for infrastructure in Africa. For the first time in Sub-Saharan Africa, the BUILD AFRICA forum, to be held in Brazzaville, February 5th-7th, 2014, provides a framework for practical exchange and reflection between the global players who are forging Africa's development. For two days, policymakers, donor agencies, NGOs and infrastructure and construction experts from around the world, all involved in the major challenges of infrastructures, will gather to tackle the continent's main obstacles and find new solutions to specifically pan-African problems. (*http://www.buildafricaforum.com/en/home*)

South Africa's annual private equity conference will be held at Spier, Stellenbosch, South Africa on Tuesday 11 February 2014
The event is co-hosted with pride by The South African Private Equity and Venture Capital Association (SAVCA), Financial Times Live and the Emerging Markets Private Equity Association (EMPEA).(*http://event.ft-live.com/ehome/74861/overview/?&*)

Africa Renewable Energy Investment Forum 5th - 7th March 2014 Centro de Congressos de Lisboa-Lisbon, Portugal
This Forum will bring together all the major actors involved in the renewable energy sector in Africa, including African Ministers of Energy, energy companies, representatives of the European Union, African regional economic communities, development financial institutions, investors and financiers. The aim of the Forum is to discuss current projects, learn about case-studies, and explore new opportunities. The forum will offer a platform to significantly develop the African Renewable Energy sector by creating win-win solutions for governments, investors and businesses in Africa as well as internationally.(*http://www.ic-events.net/2013/renewableenergy/*)

POWER-GEN Africa 17 Mar 2014 - 19 Mar 2014 Cape Town, South Africa
POWER-GEN Africa will consist of a conference and exhibition dedicated to the needs, resources and issues facing the power generation sector across sub-Saharan Africa. It will, for the 2nd year, bring together a range of experts involved in every aspect of the business of power generation from policy makers, project developers, financiers,...

ARA WEEK 2014 Indaba 24th - 28th March 2014 Marrakech
Meet with all of the key players of the North and Sub-Saharan African and International downstream oil industry to discuss the theme of the conference "Investing in Infrastructure".
Join representatives from refineries, government ministries, banks, regulators, importers, distributors, traders, storage companies, marketing companies and refinery equipment and technology suppliers.

5th Eastern Africa Oil, Gas-LNG & Energy Conference 28 - 30 April 2014 Nairobi, Kenya
"Exploration, Development, Production: Oil/Gas-LNG, New Ventures, Bid Rounds, Investment, Service/Supply"

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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 manage- ment and brokerage — and currently has offices in Amsterdam, New York, Cape Town London, Lisbon, Luanda and Maputo

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

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

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