24 November 2014

INSIDE AFRICA

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EAGLESTONE SECURITIES

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IMF Reaches Agreement With Kenya on $750 Million Loan

The International Monetary Fund reached a preliminary agreement with Kenya for a standby credit line of about $750 million to help insulate against possible market shocks, the IMF’s country representative said.
About 70 % of the funds will be provided on non-concessional terms, Armando Morales said in an interview yesterday in the capital, Nairobi. The country will be able to tap the “precautionary” loan, which has to be approved by the IMF board in January, to buttress the economy, according to an e-mailed statement from the Washington-based lender yesterday.
“It will initially run for one year, with provision for extension,” Morales said.
Kenya received the final installment of a three-year, $750 million loan from the IMF in December 2013, which was the fund’s biggest concessional financing at the time. The lender and the government of East Africa’s biggest economy have been in talks since then about a new financing program to bolster the economy in the face of economic-growth threats.
Kenya will use some of the funds if a fall in prices of commodities it produces such as tea causes an unfavorable trade balance, Morales said. They could also absorb possible currency depreciation if “poor investor perceptions” prompt a sell-off of Kenya’s foreign-currency denominated debt, as well as mitigate inflationary pressures caused by seasonal flood and drought, he said.
The shilling gained as much as 0.2 % before trading less than 0.1 % stronger at 89.95 per dollar by 11:55 a.m. in Nairobi. It’s weakened 4.1 % in the year to date.
Bank Firepower
“The shilling has strengthened today definitely because of positive sentiments from the IMF facility that demonstrate more firepower for the central bank intervention in the market,” Nahashon Mungai, a trader at Nairobi-based Kenya Commercial Bank Ltd., said by phone.
“The shilling has been trading at a three-year low partly because traders were concerned by the speed at which foreign-currency reserves were draining,” he said.
The announcement shows Kenya is ahead of the curve unlike Ghana, which only entered talks with the IMF after its currency had plunged, Mungai said. The West African nation expects to receive a three-year $800 million IMF loan from January.
The IMF has followed the World Bank and the government in lowering its growth forecast for this year as tourists cancel holidays because of insecurity and the Ebola outbreak in West Africa. The IMF is predicting 5.3 % expansion, from 5.8 % previously. Growth may reach 7 % in the medium-term “driven by infrastructure investment,” Morales said.
Middle-Income Economy
Kenya moved from receiving only concessional funding from the fund after the economy graduated to lower middle-income level this year when the statistics bureau revised the calculation for gross domestic product. The overhaul boosted the size of the economy by a quarter to $55.2 billion.
Visitors to Kenya have been deterred by attacks including the raid on Nairobi’s Westgate shopping mall by Islamist militants last year in which 67 people were killed, prompting the U.K and U.S. to issue travel advisories against parts of the country. Tourism is the largest source of foreign exchange after tea exports, generating about $1 billion last year.
“Tourism is taking a hit,” Morales said. “We think growth will be lower than earlier forecasted.”
Regional Hub
The Ebola outbreak centered in Liberia, Guinea and Sierra Leone, which has killed more than 5,000 people, has also reduced traffic to Kenya because it serves as a regional hub.
The World Bank had earlier lowered its growth forecast for Kenya to 4.7 % from 5.1 %, while the government is estimating expansion of as low as 5 % for this year.
Inflation (KNPRIYY), which slowed to 6.4 % in October, may ease further to 5 % at the mid-point of the government’s target in the medium-term due to lower fuel costs, Morales said.
While the budget deficit is set to increase to 8 % of GDP next year from 6 % this year, that’s mainly due to the government’s construction of a new railroad from the port city of Mombasa to Nairobi, he said. The current account deficit is projected to remain high at 8.5 % of GDP next year on imports of railroad equipment and continued investment in oil exploration. The deficit would have declined by half a percentage point from this year.
“We are not so worried about this deficit because we expect this project, and other infrastructure projects to boost growth in the medium-term,” Morales said. “Without the rail project, the fiscal landscape is the same. We are not worried about debt sustainability issues.”
The government secured a 376 billion-shilling ($4.2 billion) loan from the Export-Import Bank of China to construct the about 500-kilometer (311-mile) railway. *(Bloomberg)*

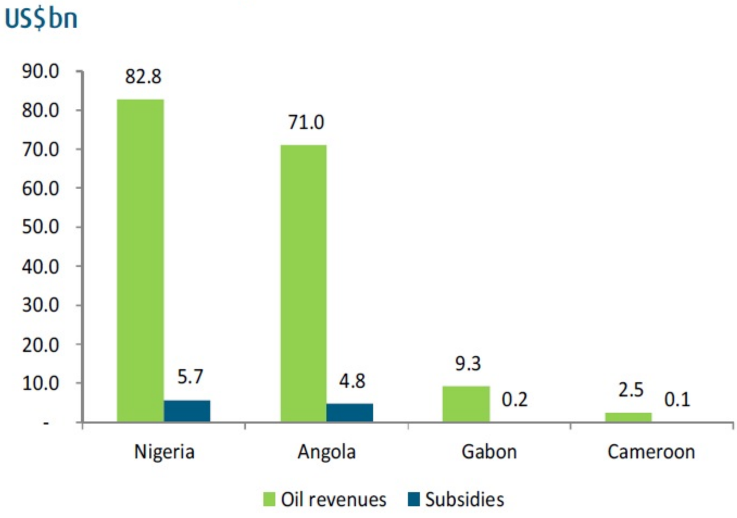
Oil price volatility having mixed impact on Middle Africa downstream

Governments get a lifeline and noose

Lower oil prices have also enabled governments reduce their intervention in the downstream markets via subsidies and price controls. At $78 per barrel, Nigeria's subsidy bill per litre has already fallen by over 40%. If prices maintain their bearish trend and dip below $70 towards $65, the government may find it has no more subsidies to pay over the official pump price. The Federal Government of Nigeria (FGN) has already announced plans to cut the 2015 fuel subsidy budget in half. Similar outcomes are likely in other countries such as Angola, Senegal, Sierra Leone, Gabon and Cameroon, which also had huge fuel subsidy bills when crude oil prices were above $100 per barrel. The government of Cameroon had initially cut fuel prices in July in a bid to reduce its US$600mn subsidy bill in July. Fuel prices were increased from 569 CFA francs (US$1.19) to 650 CFA francs (US$1.36). However, if oil prices decline to $70, the subsidy portion could be completely wiped out while fuel prices remain unchanged. However, its not only been positive news. Oil-producing countries such as Angola, Nigeria, Gabon and Cameroon are likely to record lower oil revenues as oil prices fall, which is moderating the impact of lower fuel subsidies. Due to size of oil production in Nigeria and Angola, relative to fuel consumption, the reduction in fuel subsidies are significantly lower than oil revenues lost due to the lower crude oil price.

Furthermore, the decline in oil revenue has weakened the currencies of most oil producers in Middle Africa. The other countries which have no oil production or exports are more likely to benefit as lower fuel subsidies enable deployment of funds to other sectors of the economy. Liberia's Ministry of Commerce & Industry has cut fuel prices twice in the last three months. Tanzania's Energy Water Utilities Regulatory Agency (EWURA) has reduced fuel price caps consistently since July. Similar reductions have been noted in Kenya, Uganda and Rwanda and could still be announced in countries such as Zambia and Mozambique.

Fuel subsidy vs. oil revenue in some MA countries



Gasoline prices in select countries

US$ /litre

	1-Jun-14	1-Nov-14
Angola	0.61	0.76
Benin	1.21	1.04
Burundi	1.49	1.5
Cameroon	1.35	1.25
Cape Verde	1.74	1.59
DR Congo	1.7	1.62
Ghana	0.91	0.98
Kenya	1.29	1.22
Rwanda	1.46	1.37
Zambia	1.59	1.68
Zimbabwe	1.48	1.55

Source: Ecobank Research, CITAC

Mixed impact for oil marketing companies

The impact of lower oil prices for oil marketing companies is however still mixed. Although landing costs have continued to fall and fuel demand has increased, the potential gains are being moderated by systemic issues and operational challenges with security, logistics and storage. Delay in payment of fuel subsidies in Nigeria continue to impose financial costs on petroleum marketers, even as security challenges in the northern part of the country also affect operations. Furthermore, the weakness of the Nigerian Naira in recent weeks has also raised the cost of importing fuel for the country. The combination of high dollar rates and non-payment of fuel subsidies has put the petroleum marketers in a situation where they are running low on reserves of key fuels. Petroleum marketers in East Africa are caught in between rising cost of logistics and transportation as demand grows and the lower pump prices being announced by the government. Petroleum marketers in Rwanda have had to maintain high fuel prices, despite pump price cuts announced by the government as oil logistics have become increasingly costly since less fuel is being produced by the Mombasa refinery and more is being imported. They are also confronted with declining exchange rates versus the dollar. Although the government is looking to build a pipeline to link with Uganda and Kenya for import of petroleum products, this actual construction is likely to take off in 2015/2016 and be completed in 2017. *(Ecobank)*

Swaziland: World Bank Group Endorses Country's New Partnership Strategy (2015-2018)

WASHINGTON, November 20, 2014– The World Bank Group's Board of Executive Directors endorsed the new Country Partnership Strategy (2015-18) to support the Kingdom of Swaziland development agenda, agreeing to provide up to $50 million in financing over the next three years to help end extreme poverty and boost shared prosperity.

Under the new Country Partnership Strategy (CPS) the Bank group will focus on two areas that are expected to have the greatest impact on Swaziland's development – improving public service delivery, and strengthening competitiveness and job creation. The strategy is closely aligned with Swaziland's National Development Strategy (NDS).

Swaziland has significant potential for private sector growth and job creation in tourism, and higher-value-added agricultural production. In the new strategy the three Bank Group institutions—the World Bank, the IFC, and the Multilateral Investment Guarantee Agency (MIGA)—will work together to help improve environment for private sector development and catalyze new investments to boost productivity, incomes and jobs.

"To address the persistent poverty and inequality, Swaziland has to accelerate inclusive growth and invest in its people," said Asad Alam, the World Bank Country Director for Swaziland. "The new strategy will help support the country's efforts to overcome these challenges and improve the lives of all its people".

The overall program will include financial, knowledge, advisory and partnership activities. Financing under the strategy will come in the form of World Bank loans to the government, private-sector financing from IFC, and investment insurance from MIGA.

IFC's operations will be focused on private sector initiatives, especially those designed to improve the export-led growth in sugar, beef, and wood pulp/forestry sectors. It will also support the efforts to attract investments in water, sanitation, and solar energy. The use of MIGA guarantees will offer reassurance to foreign investors and will complement government efforts to attract foreign direct investment.

Since 1992, Swaziland has borrowed US$113 million for two IDA credits and 12 IBRD loans. IFC has invested US$47.78 million for eight projects. Swaziland has been a member of MIGA since 1990 with one currently active project– the Motraco-Mozambique Transmission Company S.A.R.L. - with a gross exposure of US$69.4 million. ***(World Bank)***

South Africa to Cut Spending as Growth Slumps

Treasury Plans Tax Increases and Spending Cuts, While Sharply Lowering Growth Forecasts

South Africa's economy will grow much more slowly than previously expected, the country's finance minister said, as he lay out targets to increase tax revenue and contain spending for the next two years.

South Africa's economy will grow by 1.4% in 2014, well below the 2.7% growth rate predicted earlier this year. Economic performance in Africa's second-largest and most sophisticated economy will pick up pace slowly over the next few years: growth is now seen at 3% in 2017—dramatically below the country's peers in sub-Saharan Africa.

The revised expectations were part of the country's new medium-term budget policy, presented to parliament by finance minister Nhlanhla Nene The document details plans for spending over a rolling three-year period, updates projections for the country's economic performance and sets out strategic goals which are then specified in annual budgets.

"The downward revision is partly because of a weak global environment, including the slowdown in Europe, China and other emerging economies," Mr. Nene told parliament. "But it also reflects obstacles to our own development: energy constraints, labor-market disruptions, skills shortages, administrative shortcomings and difficulties in our industrial transformation," he added, according to a written version of his parliamentary speech distributed to the press before it was delivered.

South Africa's economy has been in a rut after monthslong strikes in the key mining sector, but also headwinds from slowdowns in its trading partners in Europe and China.

Following the European recipe of belt-tightening in the middle of a slowdown, Mr. Nene said that he would seek 52 billion South African rand ($4.72 billion) over the course of the next two budgets through to 2016.

Mr. Nene said South Africa's economy was under a "great deal of pressure" and had reached a "turning point," which made the budget-cut plans over the next two years necessary.

"This is a call to action to all of us, to take the pain. It isn't a very heavy pain," he added as he spoke to reporters ahead of his parliamentary presentation.

The new finance minister is on a collision course with unions over pay. He has stated he wants wages to rise just above inflation, at roughly 6%; trade unions are demanding a 15% increase. A conflict with unions could be the first major test for Mr. Nene, who was appointed in May 2014 and seen by some as a political outsider.

When asked whether he enjoyed support from colleagues to push through unpopular budget-cutting policies, Mr. Nene said "I am only a mouthpiece of the cabinet. This is a cabinet statement, it's not a finance minister's statement."

Yet it remains unclear whether the government really is behind Mr. Nene's announcements, says Nazmeera Moola, an economist and strategist at Investec Asset Management. "In many ways this is a very bold budget, you have a new minister coming in and saying very hard things," Mr. Moola said. "What the next six months will tell us is whether there is this broad political buy-in or not," she added.

The finance minister stopped short of specifying the measures. He said some of the budget savings would come from tax increases—but didn't say what those would be. He also said that public-sector department budgets and their head

count would freeze for the next two years. South Africa's budgets follow a fiscal year starting in March and ending in February. While growth is projected on a calendar-year basis, deficit, debt and other indicators follow the fiscal year.
The medium-term budget policy tweaked deficit projections upward: Mr. Nene, who told reporters "the debt is approaching the limits of sustainability," confirmed the deficit would be 4.1% of gross domestic output in 2014, instead of 4% of GDP as previously expected, but would shrink to a healthy 2.5% of GDP in the fiscal year of March 2017 to Feb. 18. The country's debt stock will peak at 45.9% of GDP in 2017-2018, the South African treasury said in its policy statement. According to Ms. Moola, The decision to push budget cuts during a slowdown could still prove dangerous for the country's growth prospects. "They need to consolidate the budget," she said. *(Wall Street Journal)*

SOVEREIGN RATINGS

Eurozone

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
24-11-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	B3	B+	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA+ *-	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa1	B	B	NP	B	B
Ireland	Baa1	A-	A-	P-2	A-2	F1
Italy	Baa2	BBB u	BBB+	P-2	A-2	F2
Latvia	Baa1	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BBu	BB+	NR	Bu	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

North and South America - Asia

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
24-11-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	Ca	Sdu	RD	NR	Sdu	RD
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+
BRAZIL	Baa2	BBB-	BBB	NR	A-3	F2
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
COLOMBIA	Baa2	BBB	BBB	NR	A-2	F2
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
JAPAN	Aa3	AA-u	A+	NR	A-1+u	F1+
MACAU	Aa2	NR	AA-	NR	NR	F1+
MEXICO	A3	BBB+	BBB+	WR	A-2	F2
SINGAPORE	Aaa	AAAu	AAA	NR	A-1+u	F1+
URUGUAY	Baa2	BBB-	BBB-	NR	A-3	F3
VENEZUELA	Caa1	CCC+	B	NR	C	B
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
24-11-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	Caa1	B-	B-	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B2	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	B1	NR	B	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	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	Baa2	BBB-	BBB	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings below these

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Low-Income African Countries Get Go-Ahead for Green Energy, Climate Resilience and Forest Management

At the semi-annual Climate Investment Funds (CIF) governing body meetings in Washington, DC this week, countries unanimously signaled their commitment to the CIF mandate going forward, and opened the door for African low-income countries to move forward with new plans for green energy services, resilience to climate impacts, and better managing crucial forests.

Under the Program for Scaling-Up Renewable Energy in Low Income Countries (SREP), countries signaled their strong support for countries in Africa and elsewhere to develop SREP investment plans and associated projects. This would build on the June 2014 SREP agreement to fund nine new African nations to become SREP pilot countries.

Under the Pilot Program for Climate Resilience (PPCR), countries agreed to invite a set of new pilot nations, with a number likely to be selected from Africa, to come forward as pilot countries to develop Strategic Programs for Climate Resilience, national policy-based instruments through which the PPCR would support projects to build climate resilience. The countries also agreed to expand the PPCR facility to engage private sector investments aimed at innovative solutions in climate resilience and adaptation.

Under the Forest Investment Program (FIP), donor nations welcomed the leadership work taking place in the three African FIP pilot nations of Democratic Republic of Congo, Ghana and Burkina Faso, and signaled their desire to support these and other countries to move speedily forward with integrating their REDD+ strategies in their FIP projects on the ground.

“This strong signal of support is a positive step forward for Africa’s sustainable development,” stated Kurt Lonsway, Manager, Environment and Climate Change at the African Development Bank (AfDB). “Even as the global climate finance architecture evolves, it is fundamental for key mechanisms like the CIF to continue to shore up their support to the countries running climate-smart projects, and to welcome new countries standing in line for climate finance support. Today, nearly half of Africa’s countries are dedicating themselves to these innovative approaches, and we welcome the ongoing support for their efforts.”

At the meetings, the governing bodies were also apprised of some of Africa’s forward-looking work to engage the private sector in climate-smart development. The AfDB-supported Olkaria IV Geothermal Power Plant project in Kenya, for instance, was showcased for its strong capacity to leverage new finance, a critical component of CIF-based programming, as it is currently garnering co-financing at a rate of 20:1. The project was also praised by the SREP private sector set-aside expert group for creating new partnerships between commercial project developers, local banks, local suppliers, and the Government of Kenya.

The African Development Bank, one of the CIF’s five implementing agencies, works with Africa’s countries in partnership with the World Bank and other institutions to help ensure that the countries’ work is effective and timely, and that the CIF infusion garners additional financing from other sources, including the private sector.

About the Climate Investment Funds (CIF)

Established in 2008, as one of the largest fast-tracked climate financing instruments in the world, the US $7.6 billion CIF provides developing countries with grants, concessional loans, risk mitigation instruments, and equity that leverage significant financing from the private sector, MDBs and other sources. Five MDBs – the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), and World Bank Group (WBG) – implement CIF-funded projects and programs.

Africa and its partners must focus on integration and build robust institutions and infrastructure for public-private partnerships to succeed, says Kaberuka

On November 20, the President of the African Development Bank (AfDB) said, “Since Africa is the region with the second highest growth rate in the world, the deficit in terms of infrastructure is significant. We therefore need to focus our efforts on developing the three I's: Integration, to work towards a single market; Institutions, to promote confidence and stability; and Infrastructure, to reduce the deficit and ensure the competitiveness of 'African economies.'

Speaking at the opening ceremony of the 6th Africa Public-Private Partnership (PPP) conference in Abidjan, Côte d’Ivoire, Donald Kaberuka added: “We are here to find solutions to funding needs. Africa has an annual deficit of US $42 million for the development of infrastructure. PPPs can help solve the infrastructure deficit in Africa, but the design, structure and implementation may be complex and arduous.”

Therefore, “African countries must focus their efforts on factors that aim to improve the chances of PPPs succeeding, namely: a suitable environment, with stable policies, macroeconomic stability and a legal and political framework for PPPs as key; robust political engagement and strong support from stakeholders; a solid portfolio of reliable projects; and the institutional capacity to negotiate and manage contracts.”

Kaberuka assured conference attendees of the AfDB’s commitment to development alongside them and announced that “60% of our annual financial commitments in support of projects goes to programmes and projects in the infrastructure sector.”

For his part, the Prime Minister of Côte d’Ivoire, Daniel Kablan Duncan, pointed out in opening the conference that, “We all know that we cannot think of PPPs as a panacea for every problem to do with financing infrastructure. They can sometimes involve real problems for public finances.”

It is therefore necessary, he said, “to set up a strategy to promote PPPs that is compatible with the needs of our economies while complying with questions of transparency, competition and fairness in the treatment of candidates as well as the well-being of our populations.”

The 6th conference (APPP 2014) is an annual exhibition of public-private partnerships in Africa organized by AME Trade Ltd. in partnership with the AfDB. From November 19-21, about 50 participants from the sector will share their knowledge with more than 200 delegates.

The first plenary session of the opening day of the conference entitled “Current projects and key sectors for PPPs” aimed to address problems linked to PPPs in Côte d’Ivoire, the AfDB’s experience with PPPs and its support for inclusive growth, using Côte d’Ivoire as a case study.

The other sessions on the first day covered subjects such as effective preparation for projects and an overview of PPPs in Africa, using case studies. During the conference, which concludes, the AfDB will outline its vision and plans for PPPs on the continent.

AfDB, AGRA to strengthen cooperation for a smallholder agricultural revolution in Africa

The African Development Bank Group (AfDB) and the Alliance for a Green Revolution in Africa (AGRA) held high-level discussions in Abidjan on November 20 with a view to addressing challenges faced by Africa's smallholder farmers.

Both institutions have agreed to strengthen their cooperation to speed up Africa's agriculture transformation.

AfDB and AGRA discussed some of the most pressing constraints to the development of African agriculture, including access to inputs and fertilizers, finance and credit, storage, extension, markets, etc., through improved infrastructure and systems, value addition, market access, institutional capacity and training, public and private investments.

"Agriculture is at the heart of AfDB's strategy, said AfDB Vice-President in charge of Agriculture, Water, Human Development, Governance and Natural Resources. "We consider agriculture as a vehicle for inclusive and sustainable economic transformation, and eradicating poverty and hunger. I am not just speaking about growth, but quality growth, that is inclusive and which leaves no one behind," said Aly Abou-Sabaa.

Over the past 50 years of its operation, the Bank has invested close to US $100 billion in development projects in Africa, of which $12 billion in agriculture.

Through its Strategy for 2013-2022, AfDB is supporting a number of broad interventions to assist in addressing Africa's agricultural and food security challenges. It is heavily investing in rural infrastructure, and linking farmers to markets. It is also contributing to the long-term capitalization of the agriculture sector especially benefitting infrastructure development along the value chain for promoting sustainable agricultural production systems. It is also funding agricultural research and technology development.

Agnes Kalibata, the President of AGRA, also recognized the importance of infrastructure development to help millions of people improve their living conditions. "As Rwanda's former Minister of Agriculture, I can testify the pivotal role of feeder roads," she said. "What is the value of surplus if you cannot sell your produce?" she asked.

AGRA's President also made the case for improved capacity-building programmes. "The lack of knowledge undermines the sector," she said.

AfDB Director for Agriculture, Chiji Ojukwu, emphasized the opportune timing for "both institutions to collaborate on post-Ebola rural livelihoods rehabilitation support."

Africa's smallholder farmers, the majority of whom are women, provide up to 80% of food in Sub-Saharan Africa. But more than 90% of Africa's agriculture is low-input low-output, depends on rainfall and most smallholders work on plots of two hectares or less. Africa remains the region with the highest prevalence of undernourishment, with around one in four people under-nourished, and Sub-Saharan Africa being the worst affected.

However, Africa's agriculture sector is also rife with opportunities including vast natural resources, which if well exploited, could enable the continent not only to feed itself, but also sustain the livelihoods of millions of Africans.

AGRA was established in September 2006 with initial support from the Bill and Melinda Gates Foundation and the Rockefeller Foundation, and subsequently, the UK Department for International Development (DFID). AGRA is an Africa-based and African-led organization working with its partners to help millions of smallholder farmers and their families lift themselves out of poverty and hunger. The African Green Revolution Forum (AGRF) is a multi-stakeholder partnership effort led and coordinated by AGRA.

AfDB and the Alliance Forum Foundation sign grant agreement to provide microfinance training program in Eastern and Southern Africa

The African Development Bank (AfDB) has signed a Grant Agreement with the Alliance Forum Development Programme (Zambia) Limited, for the advancement of microfinance in the Common Market for Eastern and Southern Africa (COMESA) region. The grant is designed to organize the microfinance capacity building training for Central Bank Officers of COMESA Member countries.

African countries including COMESA members have recorded impressive GDP growth in the last decade averaging 4.8 %. However, poverty levels have continued to rise over the same period. Microfinance empowers populations at the base of the pyramid by providing access to economic opportunities, employment, and self-reliance. Availability of pro-poor microfinance services therefore increase the chance of poor people escaping from poverty, and participating in the growth of small- and middle-income sector of a country. In this regard, capacity development for leading human capital is indispensable in the COMESA region.

The COMESA Monetary Institute, Alliance Forum Foundation and the AfDB have agreed to hold the Microfinance Training Courses for Policy and Development. The training will be held in Lusaka, Zambia, from December 2-8, 2014. The rich experiences and variety of competencies of resource persons and speakers will engage in a prolific discussion, extracting various experiences and ideas from the participants to establish a microfinance institution (MFI). The training is expected to sharpen skills and affairs of policy-makers. Participants will make a presentation on their representative nation's regulatory and supervisory situation. Educating senior experts from COMESA member countries will create a healthy environment for MFIs striving to reduce poverty in their region. It will also help to yield COMESA region's Development Strategy as well as consensus guidelines for the region's microfinance regulation and supervision. At the end of the training, certification by three co-organizers will be issued to participants.

Rwanda to receive US $74.47-million AfDB loan to finance Transport Sector Support Project

The Board of Directors of the African Development Bank has approved a US $74.47-million loan to finance the first phase of Rwanda's Transport Sector Support Project. The project involves upgrading the Base-Rukomo road along the Base-Gicumbi-Rukomo-Nyagatare axis.

The development objectives of the project are to contribute to socio-economic development, to improve standards of living and regional integration through an improved and sustainable transport system that links centres of economic activity and access to social services. Its comprises four components: (i) upgrading of 51.54 kilometres between Base and Rukomo (including sensitization of local communities on sexually transmitted diseases, environmental protection and road safety); (ii) the construction of multifunctional centres for women and rehabilitation of school facilities along the main road; (iii) institutional support to the project executing agency, and (iv) clearing the right-of-way.

The project will also support the regional integration objective of East African Community (EAC) member countries and Great Lakes Region. The Bank's intervention is consistent with the country's aspiration to improve its transportation services. In addition, the Base-Nyagatare road is a strategic axis offering an alternative route for international flows operated via the northern corridor, especially flows of goods between the western and northern provinces and the eastern regions of the Democratic Republic of Congo (DRC) and the port of Mombasa, via Uganda.

The project will be implemented during from 2015 to 2019 at a total cost of US $78.99 million and counterpart funding of US $4.52 million from the budget of the Government of Rwanda

INVESTMENTS

Government of Angola wants more active participation from the private sector

The government of Angola wants more active private sector participation in the programmes for diversification of the economy, in order to increase the weight of the non-oil sector in the Gross Domestic Product (GDP), said the country's Secretary of State for Finance. Valentina Filipe, speaking at an international conference in Luanda on taxation, noted that private sector participation would reduce the "pressure to increase budgeted public spending beyond sustainable limits." Cited by daily newspaper Jornal de Angola, the Secretary of State said that despite the growth prospects of the economy being optimistic for 2015, revenues from oil exports were at risk of a continued drop in prices in the international market. In this context, he noted, it is essential to assess existing mechanisms to ensure the balance of public accounts, without neglecting the commitments of the Angolan state towards its citizens.

The Secretary of State emphasised that the tax reform underway in Angola arises from the need to reduce dependence on revenues from the oil sector and the apparent urgency of modernising the tax administration and the legal framework. *(Macauhub)*

Government of Cabo Verde wants more foreign investment

The Prime Minister of Cabo Verde (Cape Verde) re-stated the strategy to make the country an "open door" for Africa and called for more public-private partnerships and foreign investment in the archipelago. At the inauguration of the 18th edition of the Cape Verde International Fair (FIC), which has the participation of 150 companies from 18 countries, José Maria Neves noted that this year the event will be the biggest ever and the first organised through a public-private partnership. This year's FIC includes several missions and business associations from the European Union, the Community of Portuguese-Speaking Countries, the Economic Community of West African States, Portugal, Brazil and the United States, and Neves also highlighted the participation of companies from the Azores, Madeira, the Canaries and Cabo Verde. Portugal, with 20 companies, is the most represented foreign country at the 18th FIC, the largest international trade event held in the archipelago, with a varied range of products and services including food, energy, construction, hospitality, industry and transport. The fair is organised by the AIP Foundation, through AIP – Feiras, Congressos e Events, in partnership with FIC, an event held annually and alternately in Praia and Mindelo (Sao Vicente Island) . *(Macauhub)*

Fastjet Set To Make Zambia Second African Hub

African low cost airline, fastjet airline, has received an Air Service Permit (ASP) from the Zambian authorities, a major step made towards naming Zambia its second African hub. Tanzania, an emerging East African economy, is the only listed hub for the budget airline. The Air Service Permit signifies that Zambian authorities have approved Fastjet's business plan, aircraft choice and proposed structure. It also means that fastjet will be allowed to operate domestic and international flights from Zambia. The fastjet Zambia team will now submit the necessary documents and manuals to complete the application process for an Air Operating Certificate (AOC). The certificate grants the airline the freedom to commence commercial flight locally. "The timescales before the first flight will depend on how quickly the authorities take to review the AOC application documents," said Ed Winter, Fastjet's CEO and Interim Chairman. The airline has also received permission from Uganda to fly from the country to Juba, Nairobi, Kigali and Johannesburg under "5thFreedom" rights using Tanzanian based aircraft. The 5th Freedom rights present a fantastic opportunity to increase the Tanzanian network, increasing aircraft utilisation and also establishing the Fastjet brand in Uganda without the immediate establishment of a full Ugandan base, Ed Winter added. Following the issuance of the permit, the airline said it had initiated talks with potential investors to obtain additional funding. The fund is required to develop its air services in Zambia. It will also be used to expand its business in other African nations where it has operations including Uganda. It hopes to secure the necessary funding by the first quarter of 2015. *(Ventures Africa)*

Media Giant Naspers Joins Forces With Singapore's Press Holdings

South African-based media giant, Naspers, said it will work together with Singapore Press Holdings, Asia's leading media organisation, to hasten its e-commerce business in emerging markets.

Naspers also joined hands with Norway's Schibsted ASA and Telenor ASA, in a bid to re-invent itself when entering the e-commerce sector for mobile devices.

Investors liked this announcement as Naspers' shares gained 8.2 % on the JSE's intra-day trading.

The joint ventures will pay more attention to online classifieds in Indonesia, Bangladesh, Brazil and Thailand, it emerged. The value of the transaction was not unveiled when the deal was announced.

The deal is Naspers' latest move to drive farther into the profitable online businesses in emerging markets. This plan, along with other strategic moves, has repositioned Naspers as a global Internet titan, from being an apartheid-era publisher. Bob van Dijk, Naspers CEO, earlier this year told Reuters that the firm was now paying more attention on becoming "predominantly mobile." This, it said at the time, will allow it to incorporate its stable of auction sites to tablets and smartphones. Norway's Schibsted has gone from a traditional newspaper business into an online classifieds firm, according to Reuters. "It has operations in dozens of countries, from France to Brazil, and the online business now generates two-thirds of its profit," Reuters reported. *(Ventures Africa)*

Econet Founder Strive Masiyiwa Launches Water Purification Business In Zimbabwe

Strive Masiyiwa, a Zimbabwean billionaire and founder of telecommunications group, Econet Wireless, is keen to try his hands on businesses beyond telecommunication. Surprisingly, his latest attempt sees him venture into a vastly untapped market in this part of the world. Strive recently announced the establishment of a water purification firm called Seldom Water Zimbabwe. "I know many people were quite surprised to learn that we recently acquired a controlling interest in a US based company called Seldon Technologies. Many people asked , 'it's not telecom and it's not in Africa, so why are you interested? "First of all, we (Econet) might be from Africa, but we are a global company. We have operations and investments, in New Zealand, United Arab Emirates, United Kingdom, Bolivia, Dominican Republic, to name a few none African countries," Masiyiwa said.

Masiyiwa added that as African, until we become active players in global business, the world will remain a step ahead of us. "… We are not going to be part of the global business world, until we are prepared to participate in it. I always encourage our executives to look for opportunities, for our group, anywhere in the world, including America".

Seldon Water Zimbabwe, a subsidiary of Seldon Technologies, says it has affordable water purifier that can be used to purify mineral water and household water. There has been constant outbreak of water borne diseases like cholera and dysentery in Zimbabwean communities in past recent years. And authorities have struggled to supply purified water. In 2008 an outbreak of cholera killed over 4,200 people and infected 100,000 in the capital Harare, one of the biggest cases recorded globally. Aid organizations have also tried to help by providing medicines and to sink several boreholes in the Harare but some of the holes have reportedly been contaminated with sewage. Several suburbs in Harare still do not have access to decent water supply. *(Ventures Africa)*

Firms Look to Ivory Coast for Deals

Some of the largest private equity investors in sub-Saharan Africa are considering expanding into Ivory Coast, a country that is currently experiencing an economic renaissance after years of conflict.

Helios Investment Partners, the private equity firm founded by two former deal makers from U.S. buyout giant TPG Capital, is one of the firms that is currently considering opening an office in the West African country, according to Helios Partner and Chief Operating Officer Henry Obi.

"We're evaluating the opportunity to open an office there to capture deals in francophone Africa," Mr. Obi said. "The political situation in Ivory Coast has changed and it's become more stable, and I think the return of Africa Development Bank to Abidjan is going to spur all sorts of investments."

AfDB, which lends to governments and businesses across the continent, last year began its return to its Abidjan headquarters after 11 years in exile in Tunis following the outbreak of civil war. The decision was viewed by many investors as a sign that the country was open again for business.

Dubai-based emerging markets investor Abraaj Group is also considering opening an office in Ivory Coast in the next three years, according to partner Sev Vettivetpillai. The firm, which has offices in South Africa, Nigeria, Kenya and Ghana and is also considering openings in Ethiopia and Angola, struck its first deal in Ivory Coast last year, investing in African Industrial Services, which provides engineering services to sectors including mining.

While the presence of larger private equity firms is rare in Ivory Coast, Emerging Capital Partners, a firm that has raised more than $2 billion for investment in Africa, is understood to be the biggest in the country. Aside from a two month spell in 2011 when ECP was forced to evacuate its Abidjan office following an outbreak of gunfire and the

closure of the country's banking system, the firm has been open for business in the country since it first opened an office there in 2001.
"At some point the banking system was closed, so it was becoming really difficult to do some really basic things like buying gasoline," said Brice Lodugnon, a director in ECP's Abidjan office. "There's since been lots of investment by the government, the economy is booming again and agriculture is up. The country is on the right way to be back again at the top of its game for the region." *(Wall Street Journal)*

Groupe du Louvre manages luxury hotel-casino in Cabo Verde

Groupe du Louvre, the second largest hotel chain in Europe will manage a hotel-casino that is scheduled to start operating in the first quarter of 2015 in Laginha, in the city of Mindelo in Cabo Verde (Cape Verde), said João do Rosário, one of the owners of Matiota Invest.
The hotel, promoted by Matiota Invest, a company created by João do Rosárioand Alexandre Novais, will have 12 floors and 240 rooms, a business centre, casino, conference facilities and a car park, according to Cape Verdean weekly newspaper A Semana.
The Hotel Casino Matiota will be the first development in Cape Verde that Groupe du Louvre will explore, joining the nearly thousand hotels that it has across four continents – Asia, Europe, America and Africa – which receive 555,000 guest per day in total. The project, which will cost 20 million euros, will be financed by external (50 %) and internal (50 %) resources, and Rosário said that the contract with the Louvre chain alone would guarantee enough income to pay of the investment in 20 years. Other features will be a shopping centre run by Portuguese group Pingo Doce and a casino, which will be the responsibility of a US group from that sector. Groupe du Louvre, controlled by an affiliate of Starwood Capital Group, focuses its activities in four sectors – luxury and mass hospitality, manufacturing crystal (Baccarat) and perfume (Annick Goutal). *(Macauhub)*

M&A

Atlas Mara On The Hunt For More African Acquisitions

Atlas Mara, the African investment vehicle of former Barclays CEO, Bob Diamond, and Ugandan entrepreneur, Ashish Thakkar, said it is still searching for acquisitions in its bid to build sub-Saharan Africa's leading bank.
"Atlas Mara will continue to execute its plans for safeguarding, integrating and growing its operating businesses while also continuing to evaluate acquisition opportunities in its existing, as well as other, attractive Sub-Saharan African markets," the company said in a trading statement.
Established in 2013, Atlas Mara has made several significant acquisitions among them, purchasing a 50.1 % stake in Botswana-headquartered pan African BancABC. In September the company paid $275 million for a further 20.9 % stake in Union Bank of Nigeria to take its 9.1 % stake in the bank to 30 %.
Atlas Mara had earlier re-listed its shares on the London bourse after completing two acquisitions and raising $300 million in equity. According to Reuters news agency, the company said that it plans to improve efficiencies, controls and governance and "address shortcomings in the credit processes" of its businesses to drive growth. It said it had hired Richard Muller, formerly of Barclays Plc and Absa Group Ltd, as chief integration officer. He will be responsible for making sure synergies from acquired businesses are delivered. *(Ventures Africa)*

Moroccan Business Tycoon Acquires 40% Stake In Nigerian Insurance Firm

Saham Finances, a subsidiary of Groupe Saham owned by Moulay Hafid Elalamy, a Moroccan tycoon and current trade and industry minister, has acquired a 40 % stake in Nigerian non-life insurance company, Unitrust Insurance. The announcement came after Saham acquired 66 % stakes in Rwandan CORAR-AG and GA Angola Seguros. Saham's acquisition marks it's entrance into Nigeria's insurance market, one of the most promising emerging insurance markets. According to an annual publication by Swiss Re, Nigeria is has the third largest insurance market in Africa, only behind Morocco and South Africa. CEO of Saham Finances, Raymond Farhat believes the acquisition will allow Saham consolidate its growing presence in West Africa, particularly in the largest economy on the continent.
Saham predicts that the Nigeria's insurance sector will represent about 3 % of the country's Gross Domestic Product (GDP) in 2017. With this acquisition, Saham Finances now has presence in 22 countries. Its operations are spread across Africa and the Middle East. *(Ventures Africa)*

British-American Investments Company acquires Mozambican insurance company

The British-American Investments Company (Britam) acquired 99 % of Real Insurance under a deal involving cash and share exchange valued at US$15.74 million, the group said in Kenya. Britam, listed on the Nairobi Stock Exchange, now controls several assets so far owned by Real Insurance Tanzania, Malawi and Mozambique in the latter case the subsidiary Real Companhia de Seguros. The British-American Investments Company in late 2013 had a 4.4 % share of the insurance market in Kenya while Real Insurance controlled 3.1 %, according to the Association of Kenya Insurers.

In a statement announcing the deal, Britam said Real Companhia de Seguros, for example, "will come out stronger from its integration into the company because it has a solid financial base, modern computer systems and more innovative products." Britam is a diversified financial group with interests in several countries in East Africa and activities in insurance, asset management, investment banking and furniture. *(Macauhub)*

African Eagle Resources Acquires Lime-Chem Resources

JSE-listed mining firm, African Eagle Resources (Eagle) said it had acquired iron ore miner, Lime-Chem Resources. Eagle said the aggregate consideration for the acquisition will be $6 million less the value of net debts and trade and other payables owed by Lime-Chem. Eagle has been seeking opportunities within the natural resources, infrastructure and services sectors of Southern Africa. Lime-Chem owns the mining rights over the Rooinekke property, located in the Northern Cape province of South Africa, about 180 kilometres south of the Sishen Iron Ore Mine, situated in the Northern Cape Province near the mining town of Kathu. It consists of an old open pit mine with numerous crushed ore dumps surrounding the pit. Eagle will be seeking shareholder approval for the acquisition at a general meeting of shareholders. Notice of the general meeting will be posted to shareholders as soon as reasonably practical.

The acquisition is subject to certain conditions which must be fulfilled on or before March 31 next year. Eagle retains the right to withdraw the acquisition under certain defined circumstances and will give warranties customary for such a transaction where all or part of the consideration is payable in shares of the buyer. *(Ventures Africa)*

Wescoal Acquires Sarie Marais Prospecting Right From Catwalk Investments

JSE-listed coal miner, Wescoal Mining, said it had acquired the Sarie Marais prospecting right area held by Catwalk Investments for R4.6 million ($417 128). Wescoal Mining said the agreement was concluded with Catwalk Investments on November 18 this year. Wescoal said the acquisition is in keeping with its goals of extending the life of its current operations to 2016 and beyond. "The Sarie Marais Prospecting Right is contiguous to Wescoal's current Khanyisa operations and the existing box cuts allows seamless transition into the acquired area exposing higher grade and lower cost coal than current production," Wescoal Mining said. The Sarie Marais Prospecting Area comprises the Remaining Extent of Portion 19, Portions 9, 18,33,34,40,41,42,66, and Portions of Portion 96, 97, 99 and the Remaining Extent of the farm Heuvelfontein 215 IR, Mpumalanga Region, Mpumalanga Province, South Africa. The Sarie Marais Prospecting Right means the notarial prospecting right in respect of coal in on and under the Sarie Marais Prospecting Area, held by Catwalk Investments. The acquisition is subject to the fulfilment of the condition precedent that the Minister consenting to the transfer of the Sarie Marais Prospecting Right by the Seller to the Purchaser in terms of Section 11 of the Mineral and Petroleum Resources Development Act, No 28 of 2002. *(Ventures Africa)*

LeapFrog Set To Acquire East African Health Insurance Firm For $18m

LeapFrog Investments and Resolution Insurance announced, that LeapFrog intends to invest $18.7 million for a majority stake in Resolution Insurance,through its holding company, Resolution Health East Africa Limited.

The specialist investor seeks to push Resolution's broader growth strategy, thereby facilitating the delivery of diversified insurance to emerging consumers and businesses in East Africa.

The deal, which is undergoing final regulatory process, marks the company's second investment in Kenya. It is therefore a reflection of its long standing commitment to East Africa, a region it views as an attractive investment destination.

The Kenyan non-life insurance market is growing rapidly at 20 % per annum, with a strong health insurance sector expanding at 38 % annually. This move therefore presents LeapFrog with a major opportunity to extend access to health and diversified insurance to millions of consumers across East Africa.

"Resolution is a strong and growing business, with an exceptional management team. In a short time, Resolution has grown to become Kenya's fourth largest health insurer and positioned itself as a rising star in East Africa's fast-expanding health insurance space. Our investment positions Resolution to take the next leap in its growth, and we look forward to working with them to expand their reach in health insurance and beyond," LeapFrog said in an official statement sent to Ventures Africa.

Peter Nduati, CEO of Resolution, believes that this investment is a stepping stone towards improved health insurance services. "We are excited to partner with LeapFrog for our next stage of growth. We believe that LeapFrog's dedicated operational investing approach, strong track record in health insurance, and emerging consumer expertise will add tremendous value. Importantly, LeapFrog shares our entrepreneurial ethos and commitment to financial inclusion".

LeapFrog recently raised $400 million which it says will go into investments in financial services across Africa and Asia. A quarter of this fund has been reserved for investments in East Africa. *(Ventures Africa)*

Bisco Shareholders Favour Kellogg's Latest Offer, May Ditch Abraaj

Shareholders of Bisco Misr, Egypt's largest sweet snack maker, are leaning towards accepting a buyout offer from US cereal producer, Kellogg's, following an approved offer from what Abraaj tabled earlier this week.

Kellogg's is offering shareholders LE79 ($11.05) per share which totalled $127 million, $8 million more than the $119 million Abraaj tabled for the company. A majority of Bisco Misr's, more than 60 %, are now keen to accept Kellogg's offer, thereby ditching Abraaj despite accepting its offer just a few days ago.
Egypt's financial regulator, Egyptian Financial Supervisory Authority (EFSA), said it is currently studying the Kellog's offer. It is similar to the terms Abraaj tendered, which required the acquisition of at least 51 % of Bisco's shares. A spokesperson for Kellogg's said the bid is part of the company's strategic goal of becoming a global snacks leader. Egyptian confectionery maker, Bisco Misr is one of the leading confectionery business in North Africa. The company currently has three facilities in Egypt where it produces about 100 different brands of biscuit, cereal and cake. *(Ventures Africa)*

Abraaj Completes Takeover Of Egypt's Bisco Misr

Abraaj Investment Management have gotten all the necessary clearance for the takeover of Egypt's sweet snack maker, Bisco Misr worth 850 million Egyptian pounds ($118.63 million).
"Abraaj will start buying the shares of Bisco Misr this week and is expected to have completed it by December 17," Reuters quoted Egypt's Stock Market Regulator.
Although the snack maker said in November that stakeholders holding 56 % stake in the company had agreed to sell to Abraaj, it recently said in a statement that it was still possible for competing offers to be made despite its initial announcement. Abraaj Investment Management, a leading international private equity investor, is buying the shares at 73.91 Egyptian pounds ($10.32) per share in cash, provided they receive the acceptance representing 51 % of the company's equity. The emerging markets-focused investment group is keen to expand the snack maker's footprint across the region's growth markets. In a statement sent to Ventures Africa, Abraaj said it had developed a robust value creation plan for the Company with a strong emphasis on corporate governance. "Abraaj will further draw on its significant industry experience and strong regional and global networks to create expansion and export opportunities for the Company as well as develop new products that will form part of a compelling offering in sweet and savoury snacks," Abraaj added.
Abraaj, which has been pushing to deepen its presence in emerging markets, recently acquired a majority stake in South African Leading FMCG manufacturer, Liberty Star Consumer Holdings (Libstar). The Dubai based company also holds interests in Egypt's Orascom Construction, super market, chain Spinneys and budget carrier, Air Arabia.
Bisco Misr is one of Egypt's major baking companies, producing more than 90 brands of biscuit. It currently owns three large facilities; two in Alexandria, where it produces and distributes its top labels such as biscuit Luxe and other ranges of cakes and wafers. The other is situated in Cairo. There it produces energy boosting date bar, Datto, and other confectioneries. *(Ventures Africa)*

Portuguese Conglomerate Acquires Angolan Coffee Maker

Portuguese-based conglomerate, Nabeiro Group, has acquired Angola coffee company Liangol coffee. The acquisition is aimed at boosting production and capturing a segment of Africa's growing consumer market. Nabeiro Group, through its subsidiary Angonabeiro, wholly acquired the shares of Langol coffee under Angolan government privatization programme. The terms of the transaction remains undisclosed. "The Portuguese group, which has been in Angola for 14 years, had been invited by the Angolan government to assist in the recovery of the old Liangol coffee factory, in Luanda, a unit that now produces the Ginga brand of coffee,"said an Angolan government official. Angola was formerly the world's fourth largest coffee producer, with annual production of over 200,000 tonnes. But current production is less than 10 % of that amount. This was caused by neglect of its plantations during the Angolan civil war. Nabeiro group also has interests in agribusiness agriculture, real estate, hotels, and other services. Nabeiro also founded Delta Cafes Delta Cafés, a Portuguese coffee roasting and coffee packaging company headquartered in Campo Maior, Alentejo. The company is among the top market leaders in the Iberian Peninsuala *(Ventures Africa)*

Ecobank buys into Mozambique

Ecobank Transnational Incorporated and ProCredit Holding have concluded negotiations for the acquisition of the 96% stake in Banco ProCredit Mozambique previously held by ProCredit Holding and the DOEN Foundation. The Bank has started trading as Ecobank Mozambique. Banco ProCredit Mozambique is a developmentoriented financial institution and part of the international ProCredit group. Operating in Mozambique since 2000, it supports very small, small and medium-sized enterprises. *(African Banker)*

BANKING

Banks

Standard Bank Prepares Specialized Unit To Manage Growing Chinese Investments In Africa

Due to an influx of Chinese investors into the Southern Africa region, Standard Bank Namibia has appointed Annelie Cloete as Client Coverage Manager for Chinese clientèle within its Corporate and Investment Banking Department. This move is aimed at capturing a large chunk of the growing investments pouring in from China.

Africa has become a strong trading partner with China. The Asian giant surpassed the United States in 2009 as the continent's biggest investor with $210 billion committed in 2013.
The Standard Bank Namibia, a subsidiary South Africa based Standard Group, says Cloete's key responsibility is to define and execute strategic client plans aimed at capturing the Chinese community. "Annelie is tasked with ensuring that she develops strong business relationships while at the same time delivering profitable and integrated Standard Bank products and services to the said target market," said Standard Bank in a statement.
A veteran investment banker, Cloete has been with Standard Bank Namibia for the past 25 years. Cloete previously served as a Credit Origination Manager, a Sales Support Manager within the bank.
In a tour of Africa's top economies last year, Chinese Premier, Li Keqiang, announced plans to double bilateral trade with Africa to $400 billion yearly by 2020. (Ventures Africa)

Portugal's Montepio Holding is a new shareholder of Banco Terra in Mozambique

Montepio Holding Group Portugal has become one of the main shareholders of Banco Terra in Mozambique, and its investment was followed by a capital increase to 1.5 billion meticais (US$48 million), the bank said.
The bank also said that the first instalment of the capital increase in the amount of 900 million meticais, has already been subscribed and fully paid. The shareholders agreement on Montepio Holding taking a stake in the group and on the capital increase of Banco Terra, outlines that the two major shareholders of the bank – Rabo Development and Montepio Holding – will have equal stakes in the shareholder structure.
The Norwegian Investment Fund for Developing Countries (Norfund) and Gapi, a financial institution for development based on a Mozambican public-private partnership, complete the Land Bank's shareholder structure.
Shareholders agreed to update and adapt the business plan of Banco Terra and to increase the physical presence of the bank by opening new business centres (branches and other customer services), expanding the supply of products and services at competitive prices. The Rabobank Group is comprised of a central bank, Rabobank Netherlands and over 139 local cooperative banks, as well as an international banking subgroup, Rabobank International.
Montepio Geral is a mutual benefit association in which banking profits in banking are used for the health protection and retirement of its members. So far, Montepio group had only had a presence in Mozambique through insurance company Moçambique Companhia de Seguros, after, in 2007, it sold the majority stake it held in Mozambican trade and development bank, Banco de Desenvolvimento e Comércio de Moçambique. *(Macauhub)*

Ecobank Nigeria Secures $150m Capital From Foreign Banks

The Nigerian unit of pan-African lender Ecobank said it has secured $150 million in a debt facility from a group of international banks to grow its loan book.
"The facility marks Ecobank's debut in the international loan market and lays the groundwork for future fundraising on a broader basis," the bank said.
UK's Standard Chartered Bank, Germany's Commerzbank, UAE's Mashreq and First Gulf Bank PJSC, are the participating banks in the loan, which is Ecobank says is a one-year facility.
Last month, Export credit agency, United Kingdom Export Finance (UKEF), listed Ecobank Nigeria as the only Nigerian financial institution among 20 others it will partner with to help provide a £3 billion ($4.8 billion) Direct Lending facility (DCF) to exporters in the UK.
By leveraging the DLF, UKEF can provide loans to buyers outside of the UK to finance the purchase of goods and services from UK exporters; this is very similar to the role played by Export-Import Banks and other export credit agencies. The partnering firms have explained in a statement that the loans will cover international sales by any business exporting from the UK to any country where the UKEF medium term cover is available. And such loans can be made available in US Dollars, Euro, Sterling or Japanese Yen.
Apart from Ecobank Nigeria, other partnering financial institutions include Citibank, Barclays Bank Group, Bank of China, JPMorgan Chase Bank Group, The Royal Bank of Scotland among others.
Ecobank Nigeria Managing Director, Mr Jibril Aku welcomed the appointment with optimism saying it was a validation of the bank's track record in international trading. "This international recognition is a great feat. It is a great privilege to have been selected alongside other global brands. This will help to enlist more local companies importing British goods," he said.
As a reward for partnering with the UKEF, the institutions can negotiate fees from borrowers directly thus generating a new revenue stream and, potentially, new businesses. *(Ventures Africa)*

Investec to align banking and investment services

Investec's UK clients will soon be able to access banking and investment services from one place in the coming months, the specialist bank and asset manager said as it reported an 8.6 per cent rise in group operating profit to £240.8m in the six months to September 30.
The Anglo-South African financial services group said the increase was driven by a surge in operating profit in Investec's wealth and investment division, which increased 23.3 per cent to £38m during the six-month period.

Stephen Koseff, chief executive officer, said: “We’re aligning wealth management more closely with the private bank so that a client can do banking and wealth management from one place. We’ve already launched this in South Africa [under the brand One Place] and will roll this out in the UK in the coming months.”
Mr Koseff did not rule out acquisitions in wealth management but said “it has got very expensive”. He said the results would have been stronger but for the continued weakness of the South African rand, which depreciated 19 per cent against sterling in the first half.
Investec has been restructuring and simplifying its business to concentrate on banking and asset management, and in the process shedding crisis-era loan books that have weighed on results.
In September it sold UK subprime mortgage group Kensington to private equity firms Blackstone and TPG, and a month later it sold its Irish mortgage business to US private equity group Lone Star Funds.
Mr Koseff said: “We’re switching from reshaping to growth in our specific niches.”
In the UK, Investec still has about £1.7bn of legacy loans in run off, which Mr Koseff expects will take about three years to clear.
Third party assets under management increased 5.3 per cent to £115.7bn, more than double what they were in 2009. The group reported a dividend per share of 8.5p. Operating profit increased 6.6 per cent in its asset management business to £76.7m, and was up 6 per cent to £126.1m in specialist banking, driven by strong performance in South Africa and the UK mid-market.
Investec is advising US-based researcher Dealogic, which is being acquired by private equity group Carlyle, and Synergy Health, which is being taken over by healthcare rival Steris in a £1.16bn deal. Last month Investec hired Christian Hess, who spent 16 years at UBS and co-founded its private equity group, as head of Investec’s financial sponsor group. This year the specialist bank has been sole adviser on initial public offerings such as that of drinks mixers group Fever-Tree and FDM, the IT recruitment group. *(Financial Times)*

BNA adopts SWIFT

The Banco Nacional de Angola (BNA), Angola's central bank, and five other banks in the country have adopted SWIFT's Sanctions Screening, a cloud based payment that filters messages in real time and checks clients' selected sanctions list. It is the fourth central bank in the Africa South region to subscribe to the service. Dr Ricardo D'Abreu, Vice Governor, BNA, says: "Financial crime is on the rise globally, and is now one of the biggest challenges facing the world's financial industry. Banco Nacional de Angola wants to ensure that Angola's financial community adheres to the highest principles and complies with all international regulations." *(African Banker)*

Markets

Central banks of China and Mozambique sign agreement

The Bank of Mozambique established a cooperation agreement with the People’s Bank of China that seeks to manage reserves and monetary policy and strengthen relationships with potential Chinese investors, the Mozambican central bank said.
The agreement was signed during a visit by Governor Eduardo Gove to Beijing, from 10 to 17 November, and during which he made a presentation about the reality of Mozambique and the main economic indicators, including the rate of inflation, which has remained low, as well as on the stability of the Mozambican currency, the metical.
Gove said that with regard to international cooperation Mozambique has received investments in almost all sectors of the economy, particularly exploration of non-renewable natural resources.
The governor of the Bank of Mozambique noted that trade between Mozambique and China currently totalled around a billion dollars, which could double by the end of the year and highlighted the fact that China’s businesses are involved in the country’s development. *(Macauhub)*

Naira Drops to Record as Budget Cuts Fail to Convince

The naira swung between gains and losses against the dollar, after earlier sliding to a record low, after the Central Bank of Nigeria lifted limits on the sale of the U.S. currency from auctions, according to Standard Chartered Plc’s Samir Gadio.
The removal of a rule banning dollar sales at a spread of more than 10 kobo at the interbank market “led the currency to rally,” Gadio, the London-based head of African strategy at Standard Chartered, said by phone. The strengthening may prove short-lived as a “demand-supply mismatch” of dollars remains, he said. Phone calls to Ibrahim Mu’azu, a spokesman for the Abuja-based central bank, weren’t answered.
The currency of Africa’s largest crude producer fell 0.1 % to 173.30 against the dollar as of 3:18 p.m. in Lagos, the commercial capital, after falling to an all-time low 176. The nation’s foreign reserves fell to $37.6 billion on Nov. 14, their lowest level since July 1, after central bank interventions to bolster the naira.
The spread restriction “sort of created two interbank markets,” said Gadio. “One based on the central bank intervention funds and another that was quoted higher.”
Nigeria’s government is planning to cut spending by 6 % next year and lower its benchmark oil price to $73 a barrel, down from from $77.50 in this year’s budget as it seeks to stabilize the market hit by a fall in oil prices, Finance

Minister Ngozi Okonjo-Iweala said Nov. 16. Okonjo-Iweala's announcement followed central bank Governor Godwin Emefiele's pledge last week to continue defending the naira with interventions.
"Strong dollar demand for imports, the repatriation of profits by companies as well as uncertainty about the ability of central bank to manage the exchange rate is undermining the naira," Kunle Ezun, a Lagos-based currency strategist at Ecobank Transnational Inc., said by phone. *(Bloomberg)*

South Africa Keeps Rates On Hold

Decision Was Unanimous But Committee Would Be Vigilant, Says New Governor

The South African central bank held interest rates at 5.75% when its new governor, Lesetja Kganyago, chaired his inaugural Monetary Policy Committee meeting.
Low oil prices—Brent crude was trading just over $79—were key to the decision, as they kept inflation in South Africa at 5.9% in October, unchanged from September and just below the 6% ceiling that the South African Reserve Bank has set, Mr. Kganyago said.
"The general expectation is that the lower [oil] prices will persist for some time," keeping inflation in check, he noted, but added that the monetary-policy committee would "remain vigilant" for factors that could push the inflation rate upward in the future.
The SARB revised its inflation predictions for the next few months, saying it expects it to average 5.9% in the fourth quarter of 2014, and average 6.1% for the whole year. Mr. Kganyago said it expects inflation slowing further in the new year and forecast it to reach a low of 5.1% in the second quarter of 2015.
The decision to hold rates unchanged was unanimous, Mr. Kganyago said, noting that his announcing how the committee had voted was a break from his predecessor's practice. Former Governor Gill Marcus didn't use to disclose how the voting in the committee went, although it is common practice among several central banks around the world.
Inflation expectations as a result of weak oil prices, U.S. quantitative easing and the state of South Africa's economy overall would be the three main factors that could lead to changes in the rate, Mr. Kganyago said.
While he didn't revise the central bank's growth forecasts for this year, recently downgraded to 1.4%, Mr. Kganyago said the "domestic growth outlook remains challenging and risks of the forecasts are assessed to be moderately on the downside."
Africa's second largest and most advanced economy has been dogged by strikes in the mining industry, banking-sector woes and an unemployment rate of over 25%. It grew 1.9% last year, significantly underperforming most of its fast growing sub-Saharan African peers.
A volatile local currency, the South African rand, has made a bad situation worse. The rand has lost about half of its value against the dollar over the last five years. The currency has been exposed to significant volatility since mid-2013, when the U.S. first signaled the plan to cut easy-money policies.
Despite gaining against the dollar in the first part of the year, the rand has been weakening since March and is 5% lower year to date, suffering from the broader dollar rally against emerging-market currencies.
"The rand is expected to remain susceptible to sudden shifts of sentiment regarding policy stances in advanced economies," like U.S. quantitative easing and eurozone plans for the European Central Bank to launch bond-buying stimulus, said Mr. Kganyago, calling monetary policy in the advanced economies "asynchronous." Indeed, monetary policy outside South Africa could prove crucial to how the SARB moves in the future. "The policy guidance is clear—for now, there is no immediate reason to tighten further," says Razia Khan, the head of Africa research at Standard Chartered Bank. "But external risks—monetary policy expectations in developed economies—and the risks to the rand in particular, will still be the key influence on future SARB policy decisions." *(Wall Street Journal)*

Trade Finance

Ecobank scoops award

Ecobank has been named the Best Trade Bank in Nigeria by UK-based Trade Finance magazine in their 2013 Awards for Excellence. This award comes amidst a growing demand for trade finance. The bank has been active in the oil and gas sector but is seeing increasing demand for its online corporate banking service, Ecobank Omni, from telecoms, power, manufacturing and agriculture. Accepting the Award, Rene Awambeng, Group Head of Global Corporates, at Ecobank, said: "Financing trade in Africa is a complex and risky business, and the trade financiers who will profit most from the current boom in intra-regional African trade will be those with in-depth local knowledge and expertise." *(African Banker)*

Gabon to receive $19m trade finance support

The African Export-Import Bank (Afreximbank) will inject a fresh $18.7m into the Gabonese economy under the terms of a trade finance agreement signed with Societe de l'Hotel Mandji. The financing will enable Societe de l'Hotel Mandji to undertake the refurbishment of 84 rooms and the construction of 50 additional facilities, to be ma naged as the Le Meridien Mandji by the Starwood hotels group. Afreximbank also signed a memorandum of understanding (MOU) with the Banque Gabonaise de Developpement (BGD) to facilitate collaboration between the two institutions in promoting trade and economic development in Gabon. *(African Banker)*

Private Equity & Funds

Africa Makes Strides in Corporate Accounting, Governance

Oscar Onyema is battling the perception of corruption and poor transparency in Nigeria one public company at a time.

Two weeks ago, the chief executive of the Nigerian Stock Exchange launched a corporate-governance rating system that puts the exchange's 190 major companies—including Unilever Nigeria PLC, Total Nigeria PLC and Oando PLC—through a rigorous assessment.

The ratings system requires listed companies to answer questions about their business ethics, internal and external audit and control, transparency and disclosure. Each board member must take a test to measure his awareness of a director's fiduciary duty. Regulators, investors, suppliers and employees also are interviewed.

"Nigeria has made a big statement that we want to be in the forefront of good corporate-governance practices," Mr. Onyema said.

Sub-Saharan Africa has long lagged behind the developed world in corporate-governance practices, but political and economic stability in countries like Ghana, Kenya and Rwanda have had a halo effect on the region.

Over the past five years, more of Africa's companies have adopted International Financial Reporting Standards to help draw global investors. Investment returns across the broader continent averaged 13% in 2012, according to consulting firm McKinsey & Co. And the International Monetary Fund expects economic growth in sub-Saharan Africa alone to reach 5.5% this year, up from last year's 4.9%.

"Many people paint Africa with one brush, but it's 54 different countries," said James Newlands, a partner at Ernst & Young LLP's Africa practice.

The risks, however, continue to make headlines. The Ebola outbreak in Liberia, Guinea and Sierra Leone and a recent military takeover in Burkina Faso may make some potential investors skittish. And, despite a growing acceptance of anticorruption measures and international reporting standards, companies sometimes lack the accounting resources to meet stricter financial guidelines.

Stephen Hayes, president and CEO of the Corporate Council on Africa, a Washington-based group that promotes U.S.-Africa business and investment ties, said information on some companies in the region is "fairly sketchy" and "the governance issue slows things down."

That's partly why the U.S. accounted for less than 10% of the $545 billion of foreign direct investment in the continent between 2003 and 2012.

While Africa's governments continue to battle extreme poverty, consumer spending is expected to hit $1.4 trillion by 2020, up from nearly $1.2 trillion in 2012. Three-quarters of the region's one billion people now have a mobile phone, according to a McKinsey report.

For investors, a major challenge is that the majority of the region's companies are small or midsize, closely held and family-run. Most have never had an outside investor or applied for a bank loan.

Expenses are sometimes paid from a personal bank account or in cash. Board meetings are often held at the kitchen table over a Sunday night family meal, said Barakat Balmelli, managing director of Sana Elias Group, a Swiss financial advisory firm focused on sub-Saharan Africa.

When working with an agriculture company in northern Nigeria, Ms. Balmelli found commingled accounts and no records for equipment and other assets purchased with cash. She said she had to create Excel spreadsheets and hire an entry-level accountant to record daily activity and try to recreate older financial records on a cash-accounting basis.

"Just because they don't have the best accounting records doesn't mean they don't have a good business," she added.

Forming partnerships with dealers and distributors can help alleviate some of the risk of entering a new market in the region, said Andy Beck, chief financial officer of AGCO Corp. , which makes farm machinery. The company, based in Duluth, Ga., sells its wares in Zambia, has a parts facility in South Africa and is manufacturing equipment in Algeria. The company trains its salespeople not to run afoul of the U.S.'s Foreign Corrupt Practices Act, Mr. Beck said.

Doing good due diligence at the outset of selecting a local distributor is often a challenge, as there's no centralized place for information, so data is often "inconsistent," he said.

Overall, companies and investors interested in funding or acquiring small or midsize firms need to prepare for accounting and disclosure practices that are inadequate by Western standards, said Jacob Kholi, a Ghana-based partner at the Abraaj Group, a private-equity firm focused on growth markets.

One of the goals of a private-equity investor is to better position a company for growth and itself for a positive exit five to seven years down the road. Often, the infusion of funds comes with a dose of accounting and auditing expertise.

"We're able to identify some of these gaps and apply them to the investment plan. That's not an imposition for us," Mr. Kholi said. The quality of financial reporting has improved in recent years and companies are "positioned better than ever before, so we encourage them," he said *(Wall Street Journal)*

Enko first closes on pan-African fund

Enko Capital Managers reached a $48.25m first close of its Enko Africa Private Equity Fund (EAPEF). It attracted investor support from institutional investors including the African Development Bank and high-net-worth individuals. Enko anticipates reaching its target size of $15om at its second and final close in Qi 2015. EAPEF is focused on providing growth capital to late-stage private companies across a broad spectrum of economic sectors in Africa. In particular, EAPEF will focus on companies with the potential to list on local or regional stock exchanges. *(African Banker)*

New fixed-income fund to open

Africa-based fund manager Stanlib Asset Management is to join Momentum Investments, Silk Invest and Investec Asset Management in offering an Africa Fixed Income fund from October this year. The launch from the R542bn ($50.7bn) asset manager follows rising demand from Scandinavian pension funds and Middle Eastern institutional investors in search of higher yields. John Mackie, Stanlib franchise head for pan-Africa, said the company had already been generating a yield of between 8% and 8.5% on a similar fixed income institutional strategy for a separate client mandate. The fund, focused on sub-Saharan Africa, will be able to invest in debt denominated in widely accepted currencies as well as local currencies and will invest in both government and corporate debt. The firm will use an open-ended structure for the fund, making it tax-efficient for European investors. *(African Banker)*

ENERGY

Microsoft Partners North African Startup on Wind Energy Development

Microsoft 4Afrika, an initiative of technology giant Microsoft, has signed a strategic alliance with Saphon Energy, a Tunisian renewable energy startup that specialises in the research and development of wind energy.

The contract, which was signed at this year's Global Entrepreneurship Summit (GES) in Morocco, will see Microsoft provide financial resources, technology support and large scale visibility to Saphon Energy.

Saphon Energy's invention, known as the 'Saphonian' or 'Zero-blade Wind Converter' is an award-winning patented bladeless and rotation-less technology. It is used to convert wind energy into electricity. It can also be used to pump water and spread connectivity. The firm is also developing Maraya, a solution that enables the collection and monitoring of data.

"Microsoft 4Afrika's support of Saphon Energy is a perfect illustration of our commitment to promote new ideas born in Africa with the potential to change the world," says Samir Benmakhlouf, Managing Director of Microsoft Morocco.

"North Africa is an important region to us. We see tremendous potential for technology in the region to transform the lives of people, increase business aptitude and bring positive change across society," he added.

Creator and Founder of Saphon Energy, Anis Aouini, said support from companies like Microsoft is very important as it helps African tech companies transcend, scale and unleash their true innovative potential.

During the GES summit, Microsoft also introduced the first batch of 50 women entrepreneurs that will go through the Cloud Startup Academy. Cloud Startup Academy is an initiative of Microsoft and AFEM. It is the first of its kind in Morocco. Its mission is to help young women launch innovative startups using the latest Cloud technology.

"We believe that cloud computing has the greatest potential to transform competitiveness amongst SMEs and start-ups, delivering greater access to IT, slashing costs and enabling more agile, innovative business models. We look forward to seeing the business models that come out of the Academy," Samir said *(Ventures Africa)*

Nigerian In Diaspora Leads Investment In 1,200MW Solar Power Project

A US investment consortium, Motir Seaspire, led by a Nigerian in Diaspora, Emmanuel Irono, has signed a Memorandum of Understanding with the Nigerian government to deliver 1,200MW of solar-powered electricity in the country within the next two years.

Emmanuel Irono is the Chief Executive Officer of Motir Services, a US based company and major partner in the investment consortium. In a brief ceremony to mark the signing of the MoU in Abuja, Irono said the consortium has a portfolio of over $5 billion. The funds, which can be accessed over a period of five years, will go into financing its integrated renewable energy projects.

"The proposed solar technology to be installed is guaranteed U.S standard," he said. He stated that the consortium has the capacity to increase the scope of project up to 10,000MW in the next five years.

Irono said with the local content component of 80 %, the solar power project will create much needed jobs for Nigerians. "The concern for providing employment to the teeming populace will be a plus to the company's quest for provision of training for the Nigerian workforce in the power sector in general and renewable energy in particular."

The Minister of Power, Professor Chinedu Nebo, who signed on behalf of the government, expressed his excitement that a Nigerian is making such giant strides in harnessing the vast potentials of energy in solar.

There have been growing investors' interest in harnessing renewable energy to boost Nigeria's power supply. In September a group of four American companies indicated interest in making investments in the power sector to the tune of $212 million. Their investment is expected to contribute 100 MW from Renewable Energy sources into the national grid by late 2015. Nebo attributed the growing interest in Renewable power to Africa's solar output, which he states is over 3 times the capacity of all other renewable energy sources combined. *(Ventures Africa)*

Angola prepares National Plan for Dam Safety

The government of Angola will develop a National Plan for Dam Safety to outline a programme for the gradual refurbishment of these facilities, the Angolan minister for Energy and Water announced in Luanda.
João Baptista Borges said that at the moment the structural behaviour of the majority of existing dams in the country was unknown, because there is no continuous monitoring of their physical state.
The minister also said that various studies of dam disasters showed that foundations and spillways are responsible for about two-thirds of the incidents, and that the behaviour of the dam structures and malfunction of their constituent parts also had to be considered.
On the sidelines of a meeting with national and international experts to collect contributions to the preparation of this plan, the minister pointed out that there were also dams that produce electricity in need of intervention, such as the Biópio dam, as well as others that needed "urgent refurbishment."
Angola has eight hydroelectric dams, Capanda, Cambambe Biopio, Gove, Matala, Luachimo, Chicapa and Lomaum and twelve for agricultural irrigation, including Calueque Cambumbe, Gandjelas, Quipungo, Chicungo, Chicomba, Calima, Dungo , Luinga, Quiminha, Neves and Sendi. *(Macauhub)*

Indian consortium announces construction of thermal power plant in Mozambique

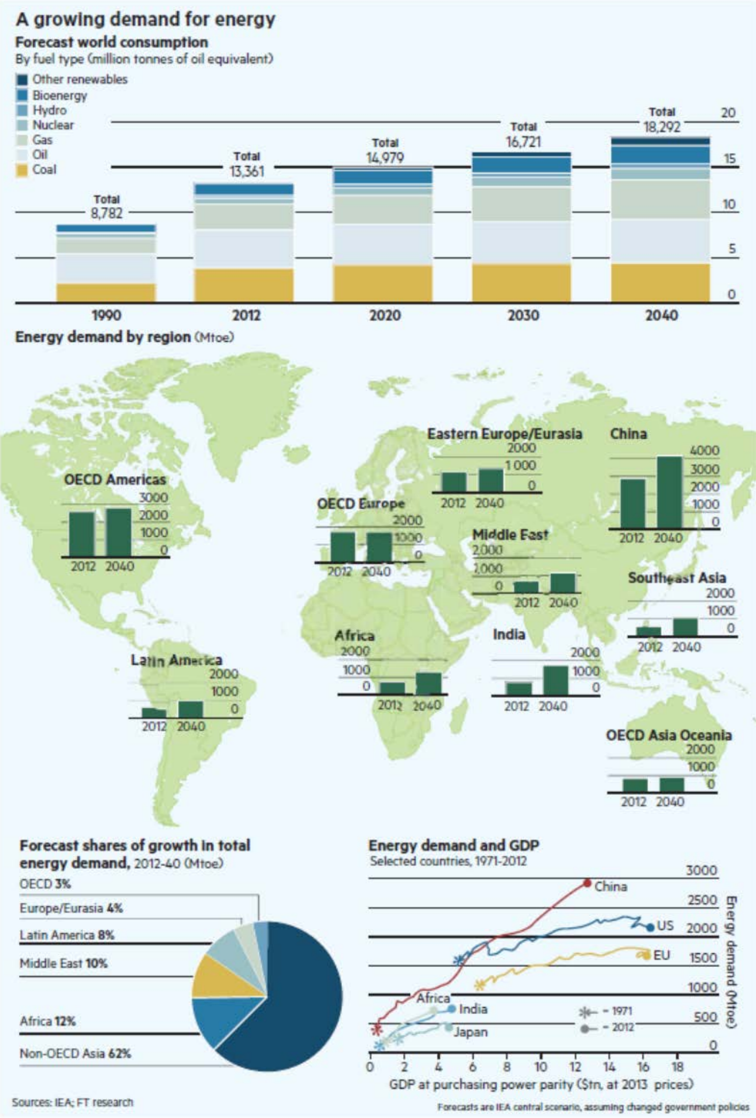
India's ICVL consortium will build a coal-fired thermal power plant in Mozambique once it secures buyers for the electricity produced, said the chief executive of ICVL, Ajay Mathur.
Mathur, who declined to give further details on the plant told financial news agency Bloomberg financial news agency that it would be built "as soon as the sale of electricity is guaranteed."
The power plant, to be built in Tete province, is one of several investments that are being made in this northwestern area of Mozambique, where the largest reserves of coal are located as well as the Cahora Bassa hydroelectric facility, which serves Mozambique, Africa South, Zimbabwe and Zambia.
However, on 24 November is due to receive its first shipment of coal mined in Mozambique, specifically at the Benga mine in Tete province. Last July, ICVL, a consortium of the Indian state companies Coal India, Steel Authority of India, National Thermal Power Corporation (NTPC), National Mineral Development Corporation (NMDC) and Rashtriya Ispat Nigam Limited (RINL), signed an agreement to pay US$50 million for a 65 % stake in the Benga mine and 100 % of the Zambeze and Tete Oriental mines from Anglo-Australian group Rio Tinto, which had originally paid US$3.7 billion for the assets. *(Macauhub)*

Energy Sector Capacity Building Diagnostic and Needs Assessment Study

The African Development Bank's NEPAD Regional Integration and Trade Department (ONRI), has published the Energy Sector Capacity Building Diagnostic and Needs Assessment Study.
This report focuses on addressing the "soft infrastructure" challenges that hamper the efficient operation and financial performance of the energy sector in Africa. Such soft infrastructure issues include legal and regulatory reforms, energy sector restructuring (as partly envisaged in countries like Angola, Kenya and Tanzania), power planning and support for enhanced regional power trade. Addressing these challenges would boost capacity for regional energy trade across the four regional power pools of Sub-Saharan Africa, which in turn would enhance energy security whilst bringing economies of scale in energy sector investments.
Africa's energy sector is undergoing an exciting period of transformation with a gradual shift away from purely national energy planning and investments towards more integrated regional approaches. This is evident from the emergence of various regional energy master plans, regional interconnection / grid codes, plans for regional market operations and efforts towards harmonization of standards. A critical milestone will be the full implementation and operationalization of regional guidelines for systems operation and platforms for regional energy trade. It is opportune, therefore, to ask what sort of technical reforms and skills would be required to serve the emerging interconnected energy sector in Africa.
On the physical infrastructure side, the investment needs to achieve interconnected regional energy systems in Africa are well documented. As the most energy poor region in the world with some of the highest prices per kilowatt hour, it is estimated that Africa needs more than US $40 billion worth of annual investments if it is to double current levels of energy access by the year 2030.
Increasingly today, the Bank and other development partners are being called upon to provide resources to improve the technical and financial performance of the energy sector to complement physical infrastructure investments. This report provides a useful guide on how the Bank can package such resources using regional and national approaches. Using interviews, surveys and literature reviews of technical documents the diagnostic assessment covered 88 stakeholders in the electricity industry that included the four regional power pool secretariats in Central, East, Southern and West Africa, energy utilities, regulators, policy-makers and energy training centres.
Energy sector reforms across Africa have not always translated into improved financial performance and operational efficiency. However, the entry of private sector players and the establishment of inter-connected regional power pools have renewed interest in sustained sector reforms in order to improve the enabling environment for investors. Key prerequisites include establishing a sound regulatory framework and institutions, achieving financial viability amongst the energy utilities, and developing high-level skills to ensure optimal operational performance.

Not surprisingly we find that the four regional power pools still face challenges in achieving the full benefits of regional power integration as a result of national electricity sectors being at different stages of reform, development and financial capability. This results in differences in regulatory environments (including lack of technical and regulatory harmonization), weak regional and national institutions, occasional misalignment in national and regional power investment decisions and so on. However, all four regional power pools have clear objectives to develop technical harmonization and competitive regional power markets.

To support these ambitions of deepening integration and energy trade within and across the regional power pools, the report places emphasis on five critical areas, namely: (i) improving the legal and regulatory framework governing the energy sector; (ii) improving performance amongst the energy utilities that constitute the regional power pools; (iii) strengthening capacity in systems operations and dispatch; (iv) supporting reforms to nurture a conducive enabling environment to attract energy investments; and (v) upgrading energy sector skills through targeted energy Centres of Excellence.
Already, the Bank has started to take on board some of the recommendations from the report and is exploring ways to incorporate energy sector reforms and capacity building within future energy infrastructure operations. The report consists of two (2) volumes. Volume 1 presents results of the SSA power sector diagnostic of technical needs, while Volume 2 presents the proposed technical assistance programme, an implementation plan. *(AFDB)*



Rural and low-income Kenyans to benefit from AfDB energy loan

The Board of Directors of the African Development Bank Group (AfDB) has approved a loan of US $133 million to the Republic of Kenya to increase electricity access for low-income populations, especially those in rural areas. Specifically, the funds will finance the Last Mile Connectivity Project that aims to maximise the use of the Kenya Power and Lighting Company's (KPLC) 35,000 existing distribution transformers spread across the country. The total project cost is estimated at US $147 million, with the Government of Kenya contributing the remaining US $14 million.

The Last Mile project, which will be launched in March 2015, will support the Government's initiative, "Energy Access Scale-Up Program" that aims to ensure increased electricity access to Kenyans, particularly among low-income groups. Under the initiative, the existing distribution transformers will be exploited to their maximum by extending low voltage networks to households located in the vicinity of the transformers.

Following the Board's decision, Alex Rugamba, Director of the AfDB's Energy, Environment and Climate Change Department, said, "In addition to impeding economic growth, Kenyans' low level of access to electricity is provoking environmental degradation. Rural residents without electricity are forced to consume biomass, including fuel-wood for cooking and lighting. As a result, there is ongoing deforestation in many areas. This project will increase access to modern reliable and affordable energy supply which will in turn encourage Kenya's transition to green growth."

The Last Mile project has three components: (i) construction of the distribution network including installation of energy meters for the connection of residential and commercial customers; (ii) project supervision and management; and (ii) capacity-building activities, which include training KPLC technical staff to operate and maintain the distribution system.

The proposed project will cover the entire country with selected transformers in 47 counties and expected to directly benefit low income groups, largely in counties with the lowest penetration rate. At least 314,200 customers, which would translate into approximately 1,571,000 people, will have access to electrcity. By providing increased electricity access, the project will contribute to improved living standards among targeted households in terms of education, health and access to information. As for small businesses within the project area, the project will also help increase their competitiveness and ability to expand activities.

The electrification ratio in Kenya is low: national electricity access is at 32%, rural electrification access is at 19% and per capita consumption is at 130 kWh as compared with the 550 kWh average for Sub-Saharan Africa.

The Bank has been very active in the energy sector in Kenya with an energy portfolio through public sector financing that is over US $465 million. Moreover, the AfDB has been playing a leading role in financing the implementation of infrastructure projects in the region, including national transmission projects, geothermal development and regional power interconnections. ***(AFDB)***

Three Reasons Investors Should Be Excited About Tanzania's Power Privatization Plan

As the Tanzanian government embarked on a programme to upgrade its Electricity Supply Industry (ESI) – to fulfil the Tanzania's Development Vision (TDV) 2025 – there are three main reasons why investors should be excited about the new plan, which is named Electricity Supply Industry (ESI) Reform Strategy.

A comprehensive plan

Firstly the plan is composed of detailed activities which will be implemented in the immediate, short ,medium and long terms. In the immediate term, key activities will involve ring-fencing Tanzania Electric Supply Company Limited (TANESCO) Strategic Business Units, valuation of assets and liabilities of TANESCO, and a human capital needs assessment.

In the short term, TANESCO generation segment is expected to be unbundled with IPPs unconditionally allowed to sell electricity directly to bulk off-takers and pay wheeling charges only to the company responsible for transmission. In the medium term, the distribution segment will be unbundled from the transmission unit.

A gradual process

Secondly, this strategy recommends a gradual unbundling of the state owned utility company into independent generation, transmission and

distribution companies with much emphasis of private sector participation in the entire supply chain with exception of transmission segment.

Commercial gain

And the third reason why the plan brings excitement to investors is that the reforms embedded in the plan aim to create a financially sound ESI in Tanzania through increased investment from both private and public sector; increased electricity connection and access levels.

The plan complied by the country's Minister for Energy and Minerals Sospeter Muhongo also revealed the Tanzanian government need $11.4 billion to boost Tanzania Electricity Supply Industry.

"The Power System Master Plan identifies short term financing requirements as US$11.4 billion about US$1.9 billion per annum of which 73.5 % is for generation. While the Government of Tanzania (GoT)and TANESCO have been the primary financiers with some forms of support from Development Partners, the projected growth exceeds existing resources. Therefore, the private capital investment becomes an important option to bridge the financing gap within the context of appropriate controls and balancing the interests of both investors and customers," reads part of the plan.

It also said that over the past two decades, the ESI in Tanzania faced enormous challenges including capacity shortage and backlog investment, attracting private investment in the electricity sub-sector; increasing connection and access level to electricity; increasing security and reliability of the power supply; reducing technical and non-technical losses; diversifying power generation sources; and improving TANESCO's financial performance.

The ESI Reform Strategy plan also provided an overview of Tanzania's electricity market structure in the next eleven years, 2014 – 2025 which include the "Increase investment from both private and public sector; Enhance private sector participation; Increase connection and access levels to electricity; Diversify sources of energy for electricity generation and supply; Enhance affordability and reliability of electricity supply; Reduce system losses; and Establish a competitive wholesale and retail electricity market."

It added that power generation will be undertaken by both public and private companies. Small Power Projects will also be further promoted under the Standardized Small Power Purchase Agreement.

Minister Muhongo said the ESI Reform Strategy plan was developed through comprehensive consultations with key stakeholders, review of existing institutional set up, relevant policies and laws, past studies and benchmarking experience against other countries. *(Ventures Africa)*

INFRASTRUCTURE

Zambia connected by railway to the port of Lobito, Angola

Zambia may, in future, have a new private railway linking it to Angola and the Democratic Republic of Congo starting from Chingola, a northern city in Zambia's copper region, the Southern Times newspaper reported.

The new 580-kilometre railway line, construction of which is due to begin before the end of the year, is the result of a partnership signed between the North Western Railway and the Grindrod Limited Group of South Africa for an estimated investment of US$1 billion.

Speaking recently in the international iPAD DRC Mining & Infrastructure (Indaba) conference, the Director-General of North Western Railways, Emoch Kavindele, said that the funds needed to build the line had already been raised and that construction should begin soon in order to be on schedule.

Kavindele also said that construction of the line should move quickly so that mining companies in Northern Zambia and service providers have quick and easy access to port facilities in order to be able to export their products.

This new line, once completed, will connect Zambia to Angola in the Jimbe region, and the first 290 kilometres will link Chingola to the Kansanshi, Lumwana and Kalumbila mines at an estimated cost of US$489 million.

The second phase, which will cost US$500 million, will connect directly to the Benguela railroad along the border between the two countries and open a direct corridor to the port of Lobito.

"The first trains will be transporting copper concentrate within 18 months," Kavindele said, cited by the Southern Times. *(Macauhub)*

A dam gives new life to 2,100 hectares of paddy fields unused for more than two decades

- A dam has just been inaugurated on the Ankaibe River to boost agricultural productivity
- It can irrigate 2,100 hectares of paddy fields, and 6,000 households should benefit directly
- For 23 years, farmers have been unable to work these fields for lack of an adequate irrigation system

ANDAPA, November 19, 2014 – The SAVA region of northeastern Madagascar, one of the country's leading rice producers, has just acquired a diversion dam on the Ankaibe River in Andapa District. Inaugurated by the President of the Republic of Madagascar, Hery Rajaonarimampianina, on November 5, the dam cost seven million dollars, financed with World Bank support through the Irrigation and Watershed Management Project (BVPI).

"With this dam we can boost production, and this will enable farmers to increase their income and also improve their living conditions," noted President Rajaonarimampianina at the inauguration ceremony. "Surpluses could be exported and contribute to the country's wealth. But this dam is also going to have a positive impact on employment in the region, because it will create a need for more growers, collectors, and haulers."

Built on the Ankaibe River, the dam measures fifty meters across and is connected to six kilometers of canals, including three kilometers made of concrete that lie underground. Financing provided by the World Bank was used to construct the dam, the associated sand removal basin, and the canals. An entire rocky hillside also had to be leveled in order to build the dam. The plant cover existing prior to construction was restored exactly as it was. The dam will make it possible to manage the irrigation of 2,100 hectares of paddy fields and will thus benefit more than 6,000 households in the area. For 23 years, farmers have been unable to work these fields for lack of an adequate irrigation system.

One hundred and forty-five households had to be displaced, or lost their land, owing to the dam construction. "All these individuals received compensation based on a relocation plan, in full compliance with applicable laws and World Bank operational policies," noted Lanto Ramaroson, Coordinator of the national BVPI program. The Malagasy Government appropriated the sum of 600 million ariary, which was used to finance compensatory measures through the BVPI project and to organize training on stockraising and farming techniques.

The World Bank has long taken a special interest in the agricultural sector in general and in irrigation development in particular. "Our approach is now meant to be more integrated," explained Coralie Gevers, World Bank Country Manager in Madagascar. "It interconnects infrastructure rehabilitation, agricultural intensification with an effective technological package, land security, and watershed development." Involving all stakeholders (water user associations, the Ministry of Agriculture and Rural Development, and local officials) in the management and maintenance of irrigation schemes helps promote ownership of the infrastructure, a key factor for ensuring sustainability.

The method has demonstrated its effectiveness. “In our areas of intervention, we have found that the average yield has at least doubled. It used to be 2.7 metric tons per hectare, but it has climbed to 4.4 metric tons since project implementation began,” explained Ziva Razafintsalama, Senior Rural Development Specialist at the World Bank. The growth in productivity has had a positive effect on farmer income. Léon Rakotonirina, President of the Rice-Growers of Sahamaloto (Alaotra-Mangoro region, where BVPI is also active), expressed his satisfaction: “Most farmers working on at least two hectares of land have been able to buy a motorized cultivator, and those who used to have to walk or ride a bicycle have been able to buy a motorbike.” Still others, like Lucienne in Ambohitraivo (Alaotra-Mangoro region), have been able to build a larger house and purchase a tractor. *(World Bank)*

Angola/Namibia economy: Plans for joint dam move forward

A feasibility study for the Baynes hydroelectric facility has been published, suggesting that construction could begin as early as next year.

Initial studies of the dam-located on the Cunene River, 200 km downstream of the Namibian border town of Ruacana-were carried out back in 1995, but the project finally seems to be moving forward. Construction costs are put at US$1.37bn (up from the original estimate of US$1.2bn), while at full capacity it will produce 600 mw of electricity, supplying both Angola and Namibia.

Construction is expected to take at least seven years and will involve significant amounts of rock excavation. The dam wall will be 200 metres high-and will eventually form a bridge between Angola and Namibia-while the reservoir will stretch 40 miles and hold 2.56bn cu metres of water. The costs are being split equally between the two countries. To date 30% of investment funding has been secured, but the governments will be looking for international financing for the remaining 70%.

Both Angola and Namibia need additional energy supplies for both domestic and industrial use and the proposed facility, though not likely to start powering national grids until the end of the decade, is an important project. It is also a significant step towards greater regional integration, and stands in stark contrast to Angola's years of stalled negotiations on the INGA dam project with the Democratic Republic of Congo. There is potential for export of electricity to other countries once the facility is running at full capacity.

Angola and Namibia maintain warm historical relations, rooted in their respective liberation movements. Namibia is one of the few countries whose citizens do not need visas to enter Angola, but despite this and their proximity, their economic engagement has thus far been fairly limited. Nonetheless, the improved road system in the south of Angola has in recent years made the Oshikango/Santa Clara border post between Namibia and Angola an important passing point for freight coming into Angola from South Africa. The new bridge along the dam wall should facilitate more flows. *(Economist Intelligence Unit)*

MINING

Indian Group Plans Mozambique Power Plant After Buying Rio Asset

International Coal Ventures Pvt Ltd., the Indian group that bought Rio Tinto Group’s coal-mining assets in Mozambique for $50 million this year, plans to build a power plant in the country.

The coal-fired facility will be developed “very soon,” Ajay Mathur, chief executive officer of ICVL, as the New Delhi-based group is known, said by phone yesterday, without giving details of its size. ICVL is already exporting coking coal for steelmaking from Mozambique, Mathur said. The power plant will use “some of the thermal coal and waste product to generate power locally,” he said.

The plant ICVL plans at the Benga asset will be one of a number of power projects proposed for the northwestern Mozambican province of Tete. The province is home to the country’s richest coal deposits and also the 2,075-megawatt Cahora Bassa dam and hydroelectric plant, which supplies Mozambique, South Africa, Zimbabwe and Zambia.

ICVL comprises state-owned steel producers Steel Authority of India Ltd. and Rashtriya Ispat Nigam Ltd., iron-ore miner NMDC Ltd., power generator NTPC Ltd. and coal producer Coal India Ltd. It last month completed a transaction to buy London-based Rio Tinto’s 65 % stake in the Benga coal mine along with its undeveloped coal assets at Zambeze and Tete East.

While ICVL made no mention of a power project in its July statement announcing the acquisition of Rio Tinto’s coal assets in Mozambique, Mathur said the plan is already in position. Construction will proceed “once we are comfortable there is no problem with selling power” in Mozambique, he said.

Ncondezi Energy

The provincial government sees the power plant as part of development plans for the area and needs to discuss with ICVL when production will start and details of its operation, Manuel Jose Sithole, head of energy and mining for the region, said in a Nov. 6 interview in the local capital, the town of Tete.

Other companies building power plants in the region include London-traded Ncondezi Energy Ltd.. It said in September it intends to sign a power-purchase agreement with state-owned utility Electricidade de Mocambique by the end of 2014, to sell the output from the first, 300-megawatt phase of its coal-fired plant. Ncondezi expects to start producing power, generated using coal from the company's mine in Tete province, in the first half of 2018.
Sithole said Ncondezi's venture is "in a good way now" after the company signed an initial joint-development agreement with Shanghai Electric Power Co. "I'm sure they will proceed with this project." Vale SA, the world's largest iron-ore producer, is developing a 300 megawatt plant with ACWA Power International of Saudi Arabia.
Mozambique Mining Minister Esperanca Bias on Nov. 5 signed Tete coal-mining deals in the capital, Maputo, with Kazakhstan's Eurasian Natural Resources Corp., or ENRC, and Dubai-based ETA Star. ENRC plans a 120 megawatt coal-fired plant alongside its mine, the company's local representative Jose Dai, told Mozambican news agency AIM.
For Related News and Information: Rio Tinto Exits Mozambique Coal Year After $3 Billion Writedown Mozambique Union Wants a Role in Project Talks to Safeguard Jobs Mozambique Needs to Prepare for Revenue From Gas Boom, IMF Says *(Bloomberg)*

Indian consortium receives first shipment of coal from Mozambique
The first shipment of coal mined in Mozambique by the International Coal Ventures Ltd consortium is due arrive to India on 24 November, said CS Verma, chairman of the consortium of Indian state-owned enterprises.
Last July, ICVL, a consortium of the Indian state companies Coal India, Steel Authority of India, National Thermal Power Corporation (NTPC), National Mineral Development Corporation (NMDC) and Rashtriya Ispat Nigam Limited (RINL), signed an agreement to pay US$50 million for a 65 % stake in the Benga mine and 100 % of the Zambeze and Tete Oriental mines from Anglo-Australian group Rio Tinto, which had originally paid US$3.7 billion for the assets. CS Verma also told the Press Trust of India that this initial shipment was sent to the Steel Authority of India, of which he is the president. Benga, the only one of three mines in operation, produces around 5 million tons of coal per year, with plans to increase to 12 million tons per year. The International Coal Ventures Ltd consortium was established in 2009 to ensure the long-term supply of raw materials to the steel industry in India. *(Macauhub)*

OIL & GAS

Oil yields Sao Tome and Principe over US$90 million
Sao Tome and Principe took in over US$90 million in oil revenue, the permanent secretary of the Sao Tome commission of the Extractive Industries Transparency Initiative (EITI) said.
José Cardoso said that about US$83 million was from signing bonuses for contracts to companies that plan to prospect for oil in the joint exploration zone between Nigeria and Sao Tome and Principe.
The remaining US$9 million came from awarding three blocks in the exclusive economic zone to prospect for oil and gas in the sea surrounding the archipelago of Sao Tome and Principe.
Cardoso, who said management of the so-called "generation fund" deposited in a bank account in the United States of America was "positive and responsible," said that the government of Sao Tome and Principe has used 20 % of that fund for the General State Budget.
As well as the joint zone based on a treaty signed in February 2001 that states 60 % of revenue for Nigeria and the remaining 40 % for Sao Tome and Principe, the archipelago also has an exclusive zone, made official in 2006.
The Extractive Industries Transparency Initiative (EITI) is a multilateral mechanism consisting of governments, companies, civil society groups, investors and international organisations, which discloses the amounts received by States and paid by companies seeking to explore mineral resources. *(Macauhub)*

Dangote's $9bn Refinery To Commence Production By 2018
Dangote Group, Africa's largest multi-faceted conglomerate, says it expects its oil refinery, currently under construction in Lagos, Nigeria's commercial capital, to come on stream by mid 2018. This was revealed by group's Operations Director for petroleum refining, George Nicolaides, who was speaking at the Platts African Refining Summit in Cape Town, South Africa.
According to him, detailed engineering work is set to kick-off in earnest. The facility, situated in the Lekki Free Trade Zone, will process about 500,000 barrels of crude daily. The refining and petrochemical plants will be the largest in Africa. Products expected to be delivered from this facility include gasoline, diesel, jet fuel, LPG, and fuel oil.
Owned by Aliko Dangote, Africa's richest man, the $9 billion refinery is partly funded by a $3.3 billion loan facility. The securement of the loan was announced in September 2013. It remains the single largest loan facility delivered to an individual by a group of Nigerian banks. (Ventures Africa)

South African group wants to build gas processing plant in Mozambique
The Sacoil Holdings Ltd. group of South Africa intends to diversify its assets with the construction of a natural gas processing plant and natural gas pipeline in Mozambique, said chief executive Thabo Kgogo.

"We are negotiating with some international engineering companies wishing to participate in a project to build a processing plant for natural gas in Mozambique and a 600-kilometre pipeline to transport the gas to South Africa," said Kgogo, CEO of the oil group based in Johannesburg.
Thabo Kgogo also told the Bloomberg financial news agency that feasibility studies are expected to begin in the first quarter of 2015.
The group started to diversify its assets abroad this year and in the case of Mozambique signed a memorandum of understanding on construction of the processing plant and pipeline with the Public Investment Corp. of South Africa and the Institute for Management of State Holdings (Igepe) in Mozambique. *(Macauhub)*

All systems on go for Mozambique LNG

While new oil and gas production in Niger and Cameroon will be welcomed by their respective governments, there is nothing on the west coast of Africa to compare with developments in the continent's newest province: Eastern Africa. Mozambique in particular is emerging as an energy producer of global importance
Setting aside earlier discoveries in the south of the country, the official figure for reserves in the Rovuma Basin now stands at 170 trillion cubic feet, which ranks among the 10 biggest national natural gas reserves in the world. In August, national oil company Empresa Nacional de Hidrocarbonetos (ENH) announced that Anadarko Petroleum Corporation of the US and Eni of Italy were on course to ship the first liquefied natural gas (LNG) from their joint $30bn plant in 2018, in line with the existing timetable. ENH president Nelson Ocuane said: "Mozambique has good conditions to start exporting in 2018 because all the investment plans indicate that the essential infrastructure will be in place by then." However, some industry sources suggest that there could be some slippage and indeed most other LNG schemes developed around the world in recent years have come on stream later than originally anticipated. The timing will depend on how quickly buyers put pen to paper on long-term supply contracts. Nevertheless, Mozambique is well placed to supply the world's biggest LNG importers: Japan, South Korea and Taiwan, plus growing importers India and China. At the same time, European LNG imports have not increased as quickly as expected; and the US has failed to emerge as an LNG importer. The plant will initially comprise four production lines – or trains, as they are known in the industry – each with annual production capacity of 20m tonnes a year. This price tag is almost double Mozambique's GDP last year of $15.3bn and could rise even further as the cost of developing LNG projects is notoriously difficult to control. In mid-August, the Mozambique parliament passed new oil and gas sector legislation that gives ENH a bigger role in the industry, replacing the previous law that had been in effect since 2001. The state-owned company will take a stake in all upstream ventures alongside foreign partners.
This was expected and is in line with practice in many other oil and gas producing nations, although the government must be careful to ensure that the company can build up its skills base sufficiently to fulfil this role. However, the new law also includes a domestic market obligation that requires 25% of all hydrocarbons produced to be marketed within Mozambique. This stipulation is designed to encourage the development of industrial capacity within the country, including in the form of gas-fired power generation, fertiliser manufacture and cement production. However, the financial arrangements surrounding the LNG scheme will be subject to an unspecified 'special regime', including some 'exemptions'. This effectively weakens the new legislation, although it would be very difficult to find a local market for a quarter of all gas production in the Rovuma Basin. Oil and gas companies operating in the country are also expected to seek a listing on the Maputo stock exchange. Following the passage of the new legislation, a new licensing round for the rights to explore more blocks is expected to be launched later this year or early in 2015. Peace dealForeign investors will welcome the signing of a peace agreement between the government and rebel group Renamo in late August. The two sides had contested the country's long civil war from independence until the 1992 peace accord. Since then, Renamo had operated as a political rather than military force, although it had lost every national election over the intervening 22 years by a wide margin. However, it took up arms again last year, attacking road and rail transport arteries in remote areas, and also people. The timing of the renewed conflict may have been linked to the upturn in Mozambique's economic fortunes, in the form of the twin coal and natural gas booms. The new agreement grants an amnesty to those involved in these attacks and could pave the way for peaceful political campaigning in the run-up to the next presidential and legislative elections on 15th October. Renamo negotiator Saimone Macuiane said: "The declaration of the cessation of military hostilities which we've just signed is made in the spirit of good faith and represents the will of all of Mozambique's people to establish peace and harmony in our country." The ruling Frelimo party is almost certain to win the elections but the big question is whether the new Democratic Movement of Mozambique will eclipse Renamo as the main opposition party. Whatever the outcome, the oil and gas industry needs political stability in order to secure finance for the planned projects. *(African Business)*

Royal Dutch Shell Sells Some Nigeria Operations After Oil Thefts

Disposal Is Latest in Region Where Company Has Struggled With Theft, Security

Royal Dutch Shell PLC said that it has sold its stake in a set of oil wells and processing plants in Nigeria's Niger Delta, the latest in a series of sales in an area where Shell has struggled with oil theft and other security issues.
Shell said it sold its 30% stake in a property known as Oil Mining Lease 24 to Newcross Exploration and Production Ltd., a Nigerian-owned company. Total SA and Eni SpA also sold smaller stakes in OML to Newcross at the same

time. Shell said its “cash proceeds” from the deal “amount to some $600 million.” Newcross, which now owns 45% of OML, didn't immediately respond to a request for comment. OML 24 produced about 13,000 barrels of oil and equivalent volumes of natural gas a day during the first half of this year, Shell said. *(Wall Street Journal)*

Regulatory risk fears halt Israel offshore gas drills

Exploration of Israel’s large offshore natural gas reserves, touted as a once-in-a-lifetime opportunity for the country and a geopolitical game-changer for the Middle East, has ground to a halt because of investors’ concerns over regulatory risk.

Drilling ships have stopped the search for new gasfields under the eastern Mediterranean off Israel, where 1,000bn cubic metres of proven reserves lie, and about 1,500bcm more are still to be found. The reason for the hiatus, according to the industry, is the increasingly hostile regulatory environment, including a rule that about half the output should be reserved for the domestic market, although analysts say the recent softening in gas prices has played a contributory role.

The $6.5bn Leviathan offshore project, on which Israel’s Delek Drilling and Noble Energy of the US want to begin work next year, with gas in production by 2017, continues to inch forward. However, industry investors warn this could be the last significant gas project off Israel’s shores for some time. “Leviathan . . . will be developed, but with the regulatory challenges they have put in the last three to four years, they have killed the industry,” said a senior energy industry executive, who requested anonymity due to the poor relations between big business and Israeli politicians and regulators.

The halt to new drilling comes as other Israeli companies, including potash producer Israel Chemicals (ICL), complain of overzealous regulation and a mood of economic populism in government and in the Knesset that they say makes their home country an unrewarding place to invest.v Yoram Turbowicz, previously chief of staff to Ehud Olmert when Israeli prime minister and who now advises ICL, says: “There is a pendulum of regulatory pressure and right now we are probably in a period of extreme intervention by the various regulatory authorities in Israel.” Economic growth has slowed in Israel and political risk is rising because of a worsening communal conflict with the Palestinians.

A dispute over Jerusalem’s al-Aqsa mosque led Jordan to last week withdraw its ambassador to Israel, raising doubts over whether a proposed $15bn deal tied to Leviathan that would see Israel provide gas to its Arab neighbour would go ahead. The Jordanian contract is essential collateral needed by Leviathan’s operators to finance the field, alongside a proposed $30bn deal to supply a liquefied natural gas facility in Egypt operated by BG Group of the UK.

“I absolutely hope we will reach a commercial agreement between BG and the Leviathan partnership by the end of the year,” says Sami Iskander, BG’s chief operating officer. “The issues are not insurmountable,” he adds, while declining to say what stood in the way of the deal.

Israel’s government last year approved the creation of a fund to manage increasing revenues from its gas industry. The Tamar offshore field, which began producing last year, contributed half a percentage point to Israel’s gross domestic product. Dan Shapiro, US ambassador to Israel, spoke last week of the need to “move quickly” on developing nearby Leviathan, adding that energy companies needed a “stable, predictable investment environment”.

*Year to June
Source: USGS

Source: IHS

"Companies have many places where they can invest their money," Mr Shapiro told an energy conference in Tel Aviv. Australia's Woodside Petroleum pulled out of its $2.7bn investment in Leviathan in May, saying negotiations had "failed to reach a commercially acceptable outcome" and complaining about uncertainty over tax and export issues.

The remaining Leviathan investors await a final decision on whether Israel will impose price controls on domestically sold gas – a potential deal-breaker they believe is unlikely but on which they still need confirmation.

In addition, the Israeli Antitrust Authority has ordered Leviathan's owners to sell oil and gas rights to two smaller fields to allow greater market competition.

Avishay Braverman, head of the Knesset's economic affairs committee, took to Facebook recently to argue that breaking the "gas monopoly" would reduce the price of electricity in Israel by 15 per cent.

Public anger over high prices and the cosy – sometimes corrupt – links between politics and business in Israel came to the fore with a wave of social protests that swept the country in 2011. This is now finding expression in an uncompromising stance taken by politicians such as Mr Braverman and Yair Lapid, the populist finance minister who last year vetoed a proposed merger between ICL and Canada's PotashCorp.

Analysts say such regulatory zeal and economic nationalism is having a marked effect on the investment climate. In a report on the gas sector prepared for Norway earlier this year, consultancy IHS ranked Israel lower than Angola or Mozambique in terms of officials' respect for contracts.

Earlier this week, a government committee in charge of setting tax policy on non-gas natural resources – in effect ICL – approved a recommendation to impose a surtax worth between 25-42 per cent on the minerals the company extracts from the Dead Sea. ICL said the new tax makes further investments in its home base in Israel's southern Negev region unprofitable, and that it will now put more money into its overseas operations in Spain, the UK and Ethiopia.

In a symbolic snub to its home country, ICL's board this week announced their quarterly results from Barcelona. The company also revealed plans to invest a further $435m in its Iberian operation, even as it cuts $80m of costs at home. *(Financial Times)*

Africa oil industry refocuses priorities as price falls and setbacks bedevil groups

For executives at the African oil industry's annual get together last week, the traditional party atmosphere proved extremely shortlived.

No sooner had they checked into their Cape Town hotels than they began to receive bad news

In rapid succession, the chairman of Tanzania's state-owned oil company was detained in police custody over a contracts row, Total of France suffered a drillship breakdown that will delay offshore exploration in South Africa by a year; ConocoPhillips took a $140m charge on a dry well in Angola, and Tuareg rebels stormed the El Sharara oilfield in Libya, co-owned by Repsol of Spain.

All of this as oil prices fell to a four-year low

If some of those attending Africa Oil Week felt the party was over, the equity market offered little reason for cheer: explorers' share prices, having once been buoyed by investor demand for exposure to the continent, fell further – to almost half their level back in January. London-listed Tullow Oil – which has exploration projects off Ghana, French Guiana and Mauritania, as well as existing discoveries in Uganda and Kenya – has now suffered a 40 per cent drop in its share price this year, after a 33 per cent fall in 2013. Similarly, shares in Ophir Energy, a pioneer of the natural gas in east Africa, are down nearly 38 per cent this year.

However, this combination of collapsing share prices, lower oil prices, and exploration setbacks has succeeded in bringing executives and government officials together in one respect: they now unanimously agree that they must change their priorities in Africa

"Focus will have to be on projects with a clear path to value creation and, in this market, that has to be development, rather than exploration," says Dragan Trajkov, oil analyst at brokers Oriel Securities in London.

For an industry that has been focused on exploration in remote and difficult locations – such Lake Albert in Uganda and offshore Mozambique – this will represent a significant shift in operations.
Aidan Heavey, chief executive of London-listed Tullow, suggests a move away from exploration will have important consequences for the sector. “I think you will see fewer discoveries in Africa,” he says. “Shareholders want dividends – high risk exploration can be postponed for a few years”.
Such a shift would reverberate beyond the continent, too, as Africa has contributed significantly to the growth in oil and gas reserve since 2010. Last year, six of the top 10 global oil and gas discoveries by size were made in Africa, with more than 500 companies now exploring in the region, according consultants PwC.
Some executives even warn that development projects, particularly costly deepwater offshore oilfields, could be shelved – or postponed. Danish shipping and oil group AP Møller-Maersk has already put its Chissonga project in Angola under review because of lower oil prices.
No one is predicting an end to African oil exploration. Big oil groups still plan to spend billions of dollars in the continent over the next decade developing the recently discovered reserves, executives say. Moreover, companies have already hired rigs and drillships for next year and, in many cases, for 2016, as well. Any shift away from exploration will therefore take time. As Irene Nafuna Muloni, oil minister of Uganda, points out: “Africa is endowed with oil. We still have the opportunities in spite of the lower [oil] prices”.
Nevertheless, after last week’s Cape Town meetings, executives believe most companies will cut their African exploration budgets. Tullow – which has been behind some of the most important discoveries in the region, including the landmark Jubilee field in Ghana – said it would cut its budget for next year to $300m, down from $800m this year and $1bn in 2013. Analysts say Tullow’s move will set the pace for the sector, particularly as many those companies have seen their share prices hit. In addition to Tullow and Ophir, Kosmos Energy – a US group with production in Ghana and exploration in western Sahara, Mauritania and Senegal – has lost nearly 8 per cent of its market value this year, after a 15 per cent drop in 2013.
It is a similar story in the nascent Nigerian oil sector. Shares in Johannesburg listed Oando are down 14 per cent this year. London-listed Seplat has suffered a 7.5 per cent share price fall after floating in Lagos. But Afren, rocked by a series of scandals, has lost most: its shares are down nearly 55 per cent since January.
However, Africa-focused energy companies must consider more than just shareholder concerns. They face an additional challenge in convincing their host governments of the merits of spending cuts. Oil and gas discoveries in countries such as Uganda, Ghana, Tanzania and Mozambique have created expectations that a wave of petrodollars will flow into government coffers. As oil prices weaken, disappointed governments may attempt to increase taxation to compensate. As Oboe Idornigie, Africa senior analyst at consultants Wood Mackenzie, warns: “We have already witnessed royalty increases”. *(Financial Times)*

Africa-focused oil groups in no rush to sell

Investors looking to exit from Africa-focused oil and gas groups may be hoping that their falling share prices trigger takeover bids – but executives appear reluctant to sell at the current depressed equity valuations.
“The market does not reflect our long-term potential,” complains the finance director of one African-focused group.
However, predators are starting to circle the region. ONGC Videsh, the state-controlled Indian oil group, has indicated that it is interested in acquiring some of the assets of Tullow Oil.
Earlier this year, Glencore, the world’s largest commodities trading house, bought Africa-focused oil group Caracal Energy in a $1.35bn deal that reinforced its position in Chad.
And Temasek, Singapore’s state investment company, has bought stakes in natural gasfields owned by Ophir, the London-listed energy group, and Seven Energy, a privately owned Nigerian gas company.
Still, bankers are cautious about further deal making while oil prices continue to drop. “It’s like catching a falling knife,” warns an Africa-focused M&A banker.
Other bankers and oil executives suggest that commodity trading houses could take advantage of cash-strapped small exploration outfits – as they will often consider deals even in a bearish cycle. Mercuria and Vitol, two big oil traders headquartered in Geneva, already have stakes in the west African oil industry *(Financial Times)*

Oil and Gas In Africa: An Early Review of 2014

Africa re-established its title as the globe’s exploration hotspot in 2013. Six of the top 10 global discoveries in the oil and gas sector in 2013 were made in Africa.
This year may not match that same statistic but discoveries by the majors and independents should still impress. Statoil discovered an additional 2 to 3 trillion cubic feet (tcf) of natural gas in the Piri-1 well which brings the total in-place volumes up to 20 tcf. Eni discovered 500 million barrel of oil equivalent (BOE) of gas in Gabon which should breathe life into the country’s oil and gas sector, suffering under a credibility problem. Furthermore Eni’s recent shallow water find in the Congo, with an estimated 1 billion BOE in place, of which 80 % is oil, is not something to ignore.

<u>Production: Looking Back on 2013</u>

Africa holds approximately 7 percent and 8 % of the world’s respective gas and oil reserves. How those reserves turn into actual production is another discussion. Some countries face serious infrastructure concerns going forward.

Mozambique
A further 15.3 tcf of gas was discovered in Mozambique in 2013. The LNG plant is scheduled to come online in 2020 but most analyses indicate a possible delay in construction. It is not too surprising as LNG construction and production can be a challenge for the most-developed country, let alone a country where GDP is approximately $16 billion and the sponsor Anadarko recently estimated the construction cost for the LNG plant to be around $25 billion.

Tanzania
In 2013, 11 tcf of gas reserves was reclassified from technical to commercial. The LNG plant is scheduled to come online in 2021. But it is a similar story as Mozambique where the estimated cost recently released for the LNG export plan t is expected to approach the $30 billion mark for a country with a GDP around $35 billion.

Nigeria
Gas production dropped 7 % in 2013 due to issues with the Trans Niger Pipeline (TNP) and the Nigeria LNG (NLNG) complex. The latest estimates for 2014 suggest possible improvement but definitely not a true recovery seen in the growth projections for the country.

Liquids in Central Africa
Liquid production slipped 8 % in Equatorial Guinea but results-to-date suggest a recovery for the country and its continued claim as third largest liquids producer and second largest gas producer. Liquid production in Gabon and Cameroon remained flat between 2012 and 2013. And early numbers from industry and country experts suggest little improvement.

Elections: Ensuring Continuity (and Peace)
Some countries are also pushing through political times that will greatly impact their oil and gas sectors. Below are only a subset of the countries finding their way in the recent year.

Uganda
President Yoweri Museveni dismissed Prime Minister Amama Mbabazi in September. Prime Minister Mbabazi played a key role in growing the oil sector. Investors surely raised an eyebrow at the announcement of the dismissal but the reality of Uganda's election in 2016 suggests President Museveni will do everything to ensure continuity in the sector. Tendering for the 60,000 barrels per day refinery at Hoima continued as normal after the announcement of the political shakeup.

Mozambique
Former defense minister Filip Nyusi and leader of the incumbent FRELIMO party won the October 15 elections with 57 % of the vote at the polls. It was a strong showing in an election where many spectators (including yours truly) expected a closer election. Nyusi will continued to be labeled as an implant of the former Mozambique President Armando Guebuza. Yet this label may only relieve investor concern as there is clear indication that the oil and gas sector in Mozambique will continue as planned under President Guebuza.

South Sudan
Most investors read President Kiir's agreement to power sharing and federalism as a clothed stalling tactic. Both the government and rebel militias will likely re-arm as rainy season concludes, especially with the Sudanese (openly) supporting the rebels with weapons and intelligence. The rebels are likely to continue with their strategy of attacking producing oil fields. The country's independence plans have thrived and struggled over the potential of the oil fields as oil remains central to the independence and-post independence storylines. The arrival of Chinese peacekeepers will not automatically change that outlook.

Madagascar
It is hard to predict the direction of Madagascar. One thing is clear…President Henry Rajaonarimampianina will have to do something to boost a struggling oil and gas exploration sector. The country coffers are running bare and investors are pushing for kind terms and open arms from the government in order to enter the country.

Libya
Continued fighting within the government and among militias has hurt the country. Two competing governments – each with its oil minister – struggles to find a balance internally yet the country uncomfortably holds the rotating presidency of OPEC. All the troubling issues however did not stop a fall surprise from Libya where production rose above 800,000 barrels per day from a low of 215,000 barrels per day in April earlier this year. The bump in production and OPEC's, particularly Saudi Arabia's, continued insistence on same production levels created an oversupply and helped to drive down oil prices.

Fiscal Terms: Getting Tougher on the Bottom Line
The exploration success in the region has encouraged many countries to strengthen the terms on royalties and taxes with the hopes of taking a larger stake of the oil and gas profit upside. On the surface, mature, oil-producing countries generally achieve a greater government take of the commercial oil assets – with Nigeria, Angola, Gabon, Equatorial Guinea, Cameroon averaging about 85% with royalty – compared to emerging oil-producing countries – with Ghana, Uganda, Kenya, Tanzania, Mozambique having upfront royalties less than 10%. What is the appropriate number is a growing discussion that will continue to play out differently in each country. The boom in East Africa exploration arguably is, in part, driven by lower royalties. But the boom obviously is not equally benefiting each country.

It is important to remember that fiscal terms are not standalone factors. The cost of royalties are intrinsically tied to the economics of exploration in the minds of investors. The cost of exploration as a percentage of average discovery size has skyrocketed in Angola while remaining more constant or even lowering in some cases for Nigeria. On that same metric, Ghana is expensive and Mozambique is quite cheap. Altogether, the growing discussion around fiscal terms may be overstated as it is the relative exploration cost and success rates that will drive the investment decisions of majors and independents in the near term.

Where to Next

Africa is clearly positioned to ride an oil and gas explosion over the next two decades. Prices are a concern as government budgets bet on high oil prices. Algeria, Libya and Nigeria are estimated to have break-even prices north of $110 per barrel when oil prices remain under $80 per barrel at the moment. Angola is betting on a $94 per barrel price. These numbers spell trouble in the near term as governments will have to borrow more if prices do not increase.

Officials must confront political instability and subdue it before some investors run in the short term. Libya, Sudan and Nigeria remain embroiled in civil unrest and disruption throughout the country. Officials also must better manage construction budgets and infrastructure projects. Numbers coming out of ministries and corporate boardrooms suggest increasing costs for construction, especially LNG, which may be too exorbitant for local governments.

It would be easy to say a rise in prices could ease all concerns. But, as one official described it, higher prices implies a greater pie to fight over, not necessarily an easier pie to share. *(Ventures Africa)*

TELECOM

Kenya's Ultra-Slim war

It would seem that Kenya's leading mobile operator Safaricom, has recently become a staunch advocate of SIM card security. This has come in the wake of the proposal by Equity Bank to launch a mobile money service set to rival Safaricom's M-Pesa. This has left observers wondering whether Equity's overlay SIM technology is really a security threat, or rather more a threat to Safaricom's dominance.

In April 2014, the Communications Authority of Kenya (CA) granted three new mobile virtual network operator (MVNO) licences, one to Equity Bank subsidiary, Finserve Africa Limited. Equity Bank revealed plans to launch a mobile money service, by issuing customers with ultra-slim SIM cards – also known as overlay SIMs – which will lie on top of traditional SIM cards issued by other operators, creating a dual-SIM capability. With the new technology, customers will be able to make use of Equity Bank's mobile money offering, but also continue using their original SIM card without migrating network. Kenya's mobile money market is dominated by Safaricom's M-Pesa service – with 70% of Kenya's adult population using M-Pesa – and the money tranferred on the service accounting for 40% of the country's GDP. The entry of new players, especially such established entities as Equity Bank, is certain to threaten Safaricom's hitherto virtually unchallenged dominance. "The M-Pesa service is a key customer retention tool for Safaricom and Equity is aware of that," said Danson Njue, research analyst at Ovum. "Thin SIM is a disruptive technology and Equity has clearly outlined its intentions to compete in the mobile money sector," he adds. Safaricom immediately opposed Equity's plans, citing a GSMA (the international Groupe Sociale Mobile Association) report to argue the overlay SIM technology would pose a security threat to customers, and asked the Communications Authority of Kenya (CA) to prevent the launch of the service. According to the GSMA's report, "Although the overlay SIM is capable of using security technologies … use of the technology has the potential to introduce a range of new security risks due to its ability to observe sensitive data in transit between the mobile device and the original SIM." The potential risks of ultra-thin SIMs, according to the GSMA and Safaricom, include the possibility for an external party to access a mobile user's PIN details, manipulate activity and perform unauthorised activities on the mobile device. However, the GSMA concluded these risks can be addressed by the manufacturer, and, as such, not all thin SIMs will pose these threats. Rather, it recommended overlay SIM providers take steps to mitigate the risks, and to ensure any thin SIMs used are independently verified and certified. In September, the CA decided to allow the use of ultra-thin SIMs – initially for a one-year trial period. "No major complaints, particularly on interception of traffic of the primary SIM card, have been reported so far. According to GSMA, save for the inherent vulnerabilities of all SIM cards, there are no specific and confirmed vulnerabilities arising from the use of the thin SIM," said CA chairman Ngene Gituku. During the one-year trial period, the CA will engage an independent firm to conduct a security audit on all SIM cards – particularly the use of the thin SIM in mobile money – with a view to making recommendations for regulation. "Should any vulnerability occur from the use of thin SIM cards within this one-year testing period, then operations of the SIM card in the Kenyan market will cease forthwith pending the final recommendations from the security report," the CA says. The CA added that the arrival of new players onto the mobile money market will provide customers with varied services, as well as paving the way for "greater innovation". Thinner competition The dispute comes as Safaricom continues to strengthen its grip on the Kenyan market, through its recent acquisition of rival operator yuMobile, which sees Safaricom inherit yuMobile's infrastructure including its much-sought-after spectrum. Rival operator Orange is also rumoured to be considering an exit from Kenya, which would serve to reduce Safaricom's competitors even further and free up over 2m subscribers for the taking. Meanwhile, the CA appears to be making concerted efforts to counter this dwindling competition. Equity Bank's proposed offering may well be intended to boost the mobile money sector in Kenya – and the Bank's profits – however, it may also serve as a tool to enforce greater competition in the market – perhaps to Safaricom's chagrin. *(African Business)*

Sub-Saharan Africa To Surpass 500m Mobile Subscribers Before 2020

The GSM Association (GSMA) has asserted in its latest report that sub-Saharan Africa has been the world's fastest growing mobile market over the past half-decade. This growth has been recorded in both unique mobile subscribers and mobile connections. With such impressive growth nearing no end, the region is expected to lead the global growth ladder through 2020 and surpass a 500 million subscriber base.

In order of size, the six largest mobile markets are Nigeria, South Africa, Ethiopia, Kenya, Democratic Republic of Congo and Tanzania. These countries account for over half of the region's unique mobile subscriber base.

A number of growth expectations are expected within the next half-decade. First, the number of mobile connections, which stood at 608 million in June 2014, is expected to grow to 975 million by 2020. 3G networks are also expected to grow from 17 % to at least 50 % while 4G should account for 4 % total connections within the same time frame.

Regarding industry contribution to economic growth, the mobile market has shown steady and valuable economic potential. According to the report, the mobile industry contributed $75 billion to overall GDP in the region, an amount equivalent to 5.4 % of overall GDP. By 2020, this figure should climb to 6.2 % of regional GDP, a direct contribution of $104 billion.

"The mobile industry has transformed the lives of millions of people across Sub-Saharan Africa, providing not just connectivity but also an essential gateway to a wide range of healthcare, education and financial services," said Anne Bouverot, Director General of the GSMA.

There is enormous potential embedded in a well-connected sub-Saharan Africa, potential that can transform living standards of not only urban, but rural dwellers. On the global front, the connected devices market will open-up critical new revenue streams, facilitate new business models, drive efficiencies and improve the way existing services across many different sectors are delivered. In total, the positive impact on the global economy could be worth as much as $4.5 trillion per annum, according to the GSMA.

"The world of 2020 will offer a range of life enhancing services powered by a vibrant mobile ecosystem that connects the physical and digital worlds. The benefits of mobility will spread beyond communications to provide dramatic improvements in sectors such as energy efficiency, security, health and education," the report reads.

The Africa of 2020 will be a highly sophisticated and productive continent driven by an energetic young population, a significant proportion of middle-income citizens, more mobile connectivity and services than ever before, and the internet of things. *(Ventures Africa)*

Ashish Thakkar To Battle WhatsApp With New Messenger App

Africa's youngest billionaire and Founder of The Mara Group, Ashish Thakkar, is set to challenge the dominance of WhatsApp in Africa, with the launch of a new messaging App made for Africans across the globe.

The Ugandan businessman, who spoke at the launch of the new Mara Messenger, in Dubai, said that the new app has been custom-made to meet the needs of Africans and will enable them connect with contacts around the world.

"The launch of Mara Messenger marks the dawn of a new era in Africa. For the first time, we will have a truly home-grown messaging platform that is tailored to the individual cultures of the continent," Forbes quoted Thakkar as saying in an interview.

Thakkar has his sights on WhatsApp, WeChat and Viber, messaging apps he said Mara Messenger will be looking to compete with.

Although there are no specific data for the number of users of the top messaging apps in Africa, The Statistics Portal provided data on the the global user base of WhatsApp and WeChat.

According to the online data source, WeChat had 438 million users in the second quarter of 2014, while WhatsApp had more than 600 million active users as of August 2014, to remain world's most popular mobile messenger app. These figures are however not frightening to Thakkar, who assured that a couple of newfangled features that the messaging App will offer will earn it a competitive advantage.

Thakkar, who also founded Mara Foundation and Mara Mentor, expressed plan to offer Mara Messenger in multiple languages, across multiple devices, which will make it accessible to everyone across Africa and the world.

"It's always been my dream to see African innovations going global and Mara Online is one such case in point which further demonstrates that we as Africa can be innovative, can dare to go global, and succeed!" he said.

Mara messenger is now available for free on Android, Blackberry and iOS. It requests for the user's full name, phone number and birthday, after which it sends a verification code to register users. Once registered, users can edit gender, add a profile picture and a status message. The app include features that will allow users to use instant messaging, share locations, doodle on images and broadcast information to groups. *(Ventures Africa)*

AGRIBUSINESS

Joyce Banda's Foundation Partners Stoller To Promote Rural Farming Within Africa

Stoller, an international Agricultural organisation has partnered with Joyce Banda International Foundation (JBIF) to launch a five year initiative that will help African women and children gain access to agricultural education and sustainable commercial practices.

The initiative will also allow subsistence farmers gain access to Stoller's advance crop health technology that will enable them produce higher yields and boost income generation. It complements the aim of the Village Transformation Initiative, an initiative previously launched by the foundation to help small farmers with input materials such as seeds, fertilizers, and basic farm training.

The pilot phase of the partnership will be launched in ten Sub-Saharan African Countries including Malawi, Mozambique, Kenya, South Africa and Zambia.

"It is my conviction that this partnership would impact Africa, model sustainability and contribute to food security on the continent," Banda said.

JBIF was created by Joyce Banda, a former president of Malawi and a staunch advocate for the rights of woman, children, disabled and other marginalised groups. Through her foundation, she has empowered about 400,000 women and launched several humanitarian projects including schools and orphanages in Malawi. *(Ventures Africa)*

Kenyan Coffee Fund May Seek More Government Financing on Demand

A fund set up to help Kenyan coffee farmers boost production may seek further government financing in the face of high demand for loans.

Borrowers already have tapped half the 1 billion shillings ($11.1 million) allocated to the coffee industry for the 12 months through June, Nancy Cheruiyot, managing trustee of the Commodities Fund, said in an interview yesterday in the Ugandan capital, Kampala.

"We have already given out half the budget and I think we shall be looking to government for more funding," she said. Loans are provided to the entire coffee chain at concessional rates, she said.

The East African country started the fund in April 2007 with an initial $10 million to help small-scale farmers revive production that dropped from more than 100,000 metric tons in 1988-89 because of a slump in global prices and farm mismanagement. The fund aims to help farmers buy fertilizers, pesticides and equipment.

Kenya's coffee production in the 12 months through September may drop 10 % to 45,000 metric tons from 50,000 tons a year earlier due to a lower crop cycle, Grenville Kiplimo Melli, interim director of the state-run Coffee Directorate, said in an interview yesterday.

The country has about 700,000 small-scale farmers who account for at least two thirds of its annual coffee output and the bulk of the crop is reaped from October through December, while a secondary crop is harvested from April to June, according to the directorate. *(Bloomberg)*

Chinese state company invests in agriculture in Angola

Chinese state company CITIC Construction Co. will invest US$5 billion in 2015 in an agricultural project in Angola in order to "help reduce the insufficient food production in the country," said the president of the company's Africa division.

Liu Guigen also told newspaper China Daily that the investment made by the company from next year would focus on production of corn, soybeans and wheat, to help "rebuild the agricultural sector of the country."

Present in Angola since 2008, CITIC Construction Co., one of the largest construction companies in the world, already has two 10,000-hectare farms in Angola, but is best known for building the Kilamba Kiaxi project, a satellite city of Luanda located about 30 kilometres from the centre of the Angolan capital.

It was a contract worth US$10 billion, which involved construction of 20,000 houses, "90 % of which are already occupied," 200 shops, 24 kindergartens and 17 schools, according to the China Daily.

About 40 other Chinese companies participated in the installation of sewage systems and power and water networks to the new urbanization of Kilamba Kiaxi, considered "one of the largest projects of its kind in all of Africa." *(Macauhub)*

Agricultural production in Angola expected to rise by 12 pct in 2015

The 9.7 % GDP growth rate included in Angola's State Budget for 2015 is the aggregate result of sector forecasts, with a focus on agriculture, which is expected to grow by 12 % next year, said the Minister for Planning and Territorial Development.

Job Graça, who spoke to members of the 5th Economy and Finance Commission, in the debate on the details of the proposed State Budget for 2015, said the agriculture, construction, industry, oil and market services sectors all together have a weight of 89 % in the structure of Angola's GDP.

Cited by Angolan news agency Angop, the minister said growth of the agricultural sector would be due to good results expected in a group of irrigated areas, such as Caxito, Bom Jesus, and Calenga Mucosos that mainly produce fruit.

That growth will also result in the consolidation of a number of medium and large projects, which mainly produce grains and potatoes, vegetables and livestock, as well as family farms, especially in areas where cassava crops, sweet potato, grains and vegetables are predominant.

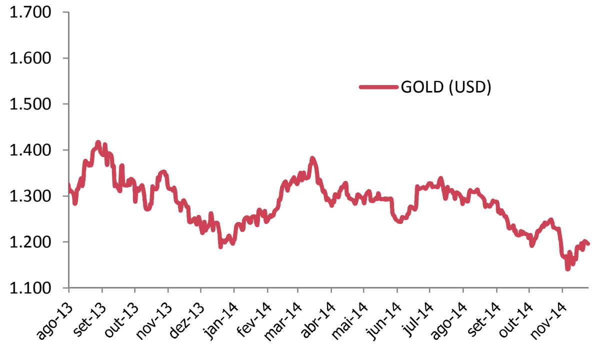
The minister said that the oil sector is expected to grow 10.7 % due to increased production of blocks 17, 18 and 31, which together account for about 60 % of Angola's oil.

The proposed budget for 2015, which was approved overall on 13 November, includes expected revenue of 4.1845 trillion kwanza and expenditure of 5.216 trillion kwanza, creating a deficit of 1.031 trillion kwanza, which will be covered using external and internal funding. *(Macauhub)*

MARKET INDICATORS
24-11-2014

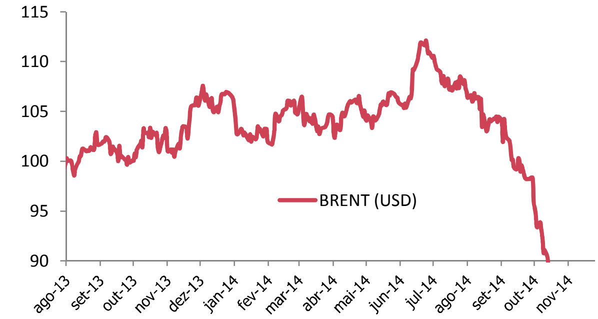
STOCK EXCHANGES		
Index Name (Country)	**24-11-2014**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.519,67	26,76%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	240,21	44,20%
Case 30 Index (Egypt)	9.172,60	67,92%
FTSE NSE Kenya 15 Index (Kenya)	209,56	66,65%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	21.140,33	10,43%
Nigerian Stock Exchange All Share Index (Nigeria)	33.872,83	20,63%
FTSE/JSE Africa All Shares Index (South Africa)	50.846,00	29,54%
Tunindex (Tunisia)	5.010,20	9,40%

Source: Bloomberg and Eaglestone Securities



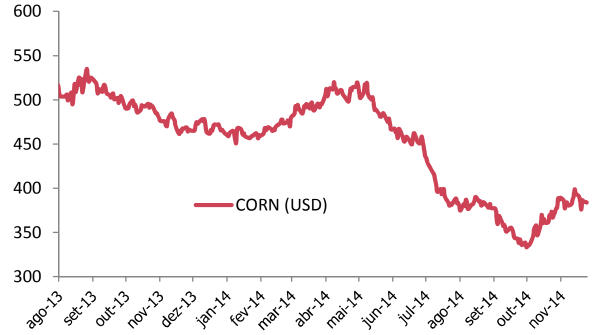
METALS		
	Spot	**YTD % Change**
Gold	1.196	-28,60%
Silver	16	-46,01%
Platinum	1.220	-20,75%
Copper $/mt	6.725	-15,21%

Source: Bloomberg and Eaglestone Securities



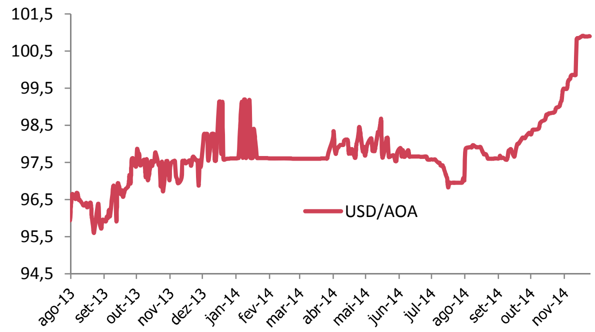
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	76,2	-18,16%
ICE Brent (USD/barril)	80,1	-26,18%
ICE Gasoil (USD/cents per tonne)	700,3	-23,53%

Source: Bloomberg and Eaglestone Securities



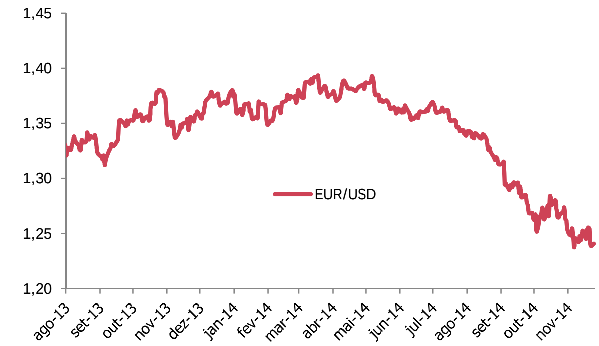
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	384,0	-45,16%
Wheat cents/bu.	555,3	-29,51%
Coffee (KC) c/lb	191,7	30,64%
Sugar#11 c/lb	16,0	-18,95%
Cocoa $/mt	2821,0	25,16%
Cotton cents/lb	59,2	-22,00%
Soybeans c/bsh	1032,8	-26,19%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	100,900
EUR	125,185
GBP	158,327
ZAR	9,195
BRL	40,071
NEW MOZAMBIQUE METICAL	
USD	31,701
EUR	39,541
GBP	50,009
ZAR	2,904
SOUTH AFRICAN RAND SPOT	
USD	10,975
EUR	13,616
GBP	17,221
BRL	4,351
EUROZONE	
USD	1,24
GBP	0,79
CHF	1,20
JPY	146,68
GBP / USD	1,57

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

Angola International Sea, Aquaculture and Fishing Fair - 27 to 30 November at Luanda International Fair (FIL)
Organised in partnership with FIL, companies from more than 16 countries, including the United States, Germany, Brazil and Norway, with “confirmed experience in the fishing and aquaculture sectors,” have confirmed their presence.
Over four days the fair will exhibit fishing equipment and materials such as motors, probes and safety devices, as well as sea resources with a view to ensuring access to biological resources and to introduce new techniques and technologies that can be adapted to the fishing process. Angola’s coastline is 1,650 kilometres long and until 1972 the country was one of the world’s main producers of fish meal. The sector’s current activity is based on industrial, semi-industrial and artisanal fishing.

African Economic Conference 2014: “Knowledge and Innovation for Africa’s Transformation”, Addis-Ababa, Ethiopia
The 9th edition of the African Economic Conference will take place in Addis-Ababa, Ethiopia, on November 1-3, 2014 on the theme “Knowledge and Innovation for Africa’s Transformation”.
The Conference, which is co-organized each year by the African Development Bank (AfDB), United Nations Economic Commission for Africa (ECA) and United Nations Development Programme (UNDP), will provide a unique opportunity for researchers, policy-makers and development practitioners from Africa and elsewhere, to explore Africa’s existing knowledge generation approaches and frameworks, the efficacy of its knowledge and innovation institutions in developing needed skills, technology and innovation capacities. It will look at the policies required in the areas of knowledge generation and innovation to achieve Africa’s transformation agenda.
http://www.afdb.org/en/news-and-events/article/african-economic-conference-2014-knowledge-and-innovation-for-africas-transformation-13380/

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

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

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

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

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

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

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

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Disclosures

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

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

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

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

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