INSIDE AFRICA

Now is the time to invest in Africa

28 February 2014

EAGLESTONE SECURITIES

Contents

IN-DEPTH:

BRIEFS

Africa

- By 2020 Africa's spending power will be $1.4 trillion, up from $860bn in 2008
- In sub-Saharan Africa, mobile financial services have expanded to 16% of the market
- Africa's demand for electricity is projected to increase by 5.7% annually, up from 2.4%
- Sub-Saharan Africa accounts for just 1% of global natural gas production. Output reached 1.69 trillion cubic feet in 2011

Angola
- Russia's VTB, Rostec buy 20% in Angola's Banco Privado Atlantico
- Total E&P Angola sells 15% stake in Block 15/06 to Sonangol for $750million

Gabon
- Ghana's economy grew 5.5 pct in 2013: IMF
- Gabon tells Total to pay USDF 805m in taxes

Ghana
- Bank of Ghana (BoG) to inject hundreds millions of dollars into economy this week

Kenya
- Kenya seeks up to $500 mln loan to build fuel pipeline
- Kenyan shilling firms, more gains seen on foreign demand for T-bond

Nigeria
- Nigeria's central bank sells $600 mln to support naira
- Nigerian president names Zenith Bank MD as next central bank governor

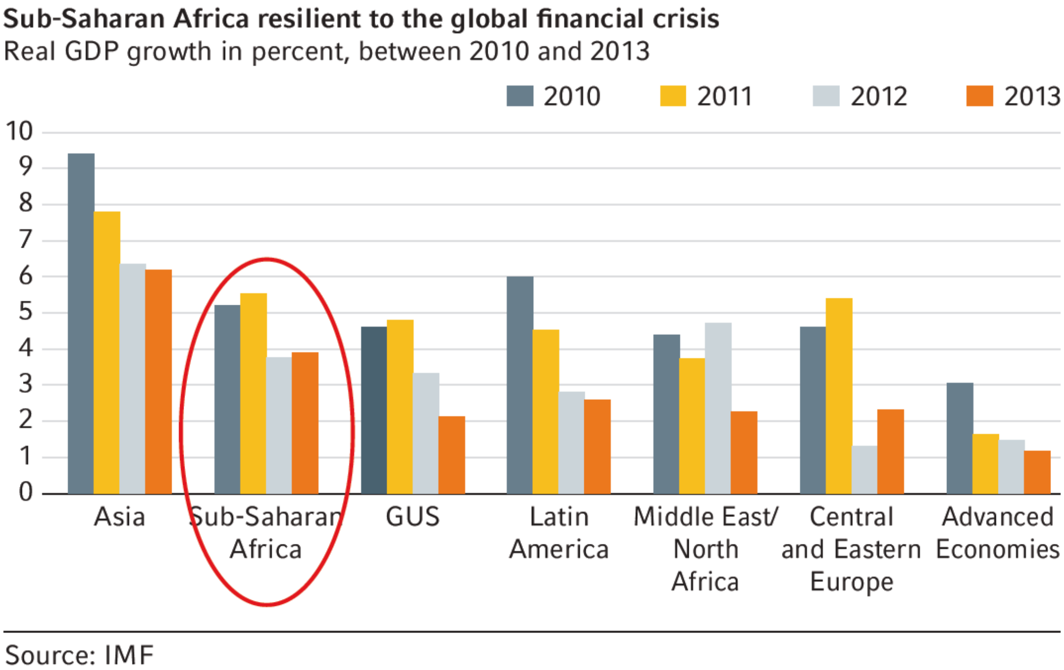
Senegal
- Investors pledge $7.8 billion to kick-start Senegal growth plans

Zimbabwe
- European Investment Bank officials coming to Zimbabwe
- AfrAsia US$5m rights issue fully subscribed

In-depth:

Crisis-resistance of sub-Saharan Africa further increased

- Improvement in infrastructure key challenge for development of the region
- Risk of external shocks not averted



With an economic growth of 6 % forecast for 2014, sub-Saharan Africa continues to defy the weak global economy. “The international financial crisis has scarcely affected the region,” is the conclusion reached in a new study by Commerzbank. On the one hand, this was due to the somewhat low dependency on exports, which amounted to just less than 20 %, to the ailing European countries. On the other hand, the countries in the region rich in raw materials were benefitting from the ongoing high prices for raw materials, and were increasingly developing into lucrative growth markets arousing international interest. Even though there were still deficits in terms of the democratization and efficiency of the political institutions in individual countries, political and economic stability had increased.

There are many reasons for the improved crisis-resistance: Debt relief on the part of the World Bank and the IMF has contributed to this, as has the increasing democratization of countries, which also encompasses minorities, thus promoting stability and growth. “An important key to the long-term in-crease in economic dynamism and the export earnings of sub-Saharan Africa is the development and improvement of infrastructure,” said Rainer Schäfer, head of Commerzbank’s Country Risk Analysis. To date the infrastructure had essentially geared to the transport of mineral resources and agricultural products. Despite the progress attained with the number of ports, many land-locked states only had limited access to cost-favorable transport by sea.

Yet the latecomer position in the global development carousel of the region also offers opportunities such as technological “leapfrogging”, the skipping of individual development stages, states the study. It was possible to tackle electricity bottlenecks, triggered by growing demand for energy in the wake of robust economic growth, from the very outset thanks to environmentally-friendly, cheap, and effective technologies. “A great deal of appropriate opportunities open up to foreign investors with the corresponding know-how in the field of renewable energies such as solar technology, wind power, and biogas from biomass,” explained Florian Witt, regional head Africa department at Commerzbank’s Financial Institutions. Ethiopia, Malawi, und Mozambique were already focusing on biodiesel from the jatropha plant, which thrived on low-yield soils.

As a result of its wealth of raw materials sub-Saharan Africa is heavily dependent on the global economy. The key sectors produce for export, which generates hard currency for vital imports. For this reason, in its study Commerzbank analyses how resistant sub-Saharan Africa is to external shocks: Ongoing weak global economic growth had to date only affected sub-Saharan Africa to a minor degree. Discoveries of oil fields, like in Angola for example, had placed the national economies on a new footing. The economic catching-up process was in full swing and a weak global economy would not stop this. A further factor was the strategic significance which above all China attached to sub-Saharan Africa so as to safeguard its supply of raw materials, and which had prompted it to make further investment in the region.

“Even if the risk of external shocks cannot be fully excluded, we believe that the probability of a disaster hitting the countries of sub-Saharan Africa and severely affecting further economic development is, on the whole, low,” is the conclusion reached by Rainer Schäfer and Florian Witt.*(Commerzbank)*

Is Africa's land up for grabs?

Foreign acquisitions: some opportunities, but many see threats

An apparent surge in the purchase of African land by foreign companies and governments to grow food and other crops for export has set alarm bells ringing on and off the continent. The headlines have been strident: "The Second Scramble for Africa Starts", "Quest for Food Security Breeds Neo-Colonists", "Food Security or Economic Slavery?"

The outcries reflect the continuing impact of the continent's history, when as recently as the last century colonial powers and foreign settler populations arbitrarily seized African land and displaced those who lived on it, lending considerable emotion to the current volatile issue. Some agricultural experts have wondered whether such land deals could lead to a form of "neo-colonialism". But immediate, practical concerns are also prominent. "This is a worrisome trend," noted Akinwumi Adesina, the then vice president of the advocacy group Alliance for a Green Revolution in Africa (AGRA). Such foreign land acquisitions, he argued, have the potential to hurt domestic efforts to raise food production and could limit broad-based economic growth. Many deals have little oversight, transparency or regulation, have no environmental safeguards and fail to protect smallholder farmers from losing their customary rights to use land, added Adesina, now Nigeria's minister for agriculture.

The sheer size of some of the land agreements has added to the alarm. A deal to allow South Korea's Daewoo Corporation to lease 1.3m hectares was a key factor in building support for the ouster of Madagascar's President Marc Ravalomanana in March 2009. In Kenya the government struggled to overcome local opposition to a proposal to give Qatar and others rights over some 40,000 hectares in the Tana River Valley in return for building a deep-sea port.

A number of international organizations reacted to this development. The Food and Agriculture Organization (FAO) and the World Bank commissioned studies into so-called land grabs. At the 2009 summit of the Group of Eight (G8) industrialized countries in Italy, Japan pushed for a code of conduct to govern such schemes. Any code of conduct is going to be difficult to negotiate, and it will be even more difficult for industrialized countries to apply to deals that are primarily worked out between countries in the south, the United Nation's (UN's) Special Rapporteur on the right to food, Olivier De Schutter, told ***Africa Renewal***.

In a report titled ***Large-scale land acquisitions and leases***, De Schutter wrote that while such investments provide certain development opportunities, they also represent a threat to food security and other core human rights. "The stakes are huge," he said. Unfortunately, "the deals as they have been concluded up to now are very meagre as far as the obligations of the investors are concerned". He also noted that agreements concerning thousands of hectares of farmland are sometimes just three or four pages long.

Yet for African countries agreeing to such deals, the possible advantages are also attractive. While African agriculture rarely attracts significant investments or external aid – and the current global economic downturn has made external financing even scarcer – leasing unused land to foreign governments and companies for large-scale cultivation can seem like a way to boost an underdeveloped sector and create new job opportunities.

A study by the International Institute for Environment and Development (IIED), a research group based in the UK, estimated that nearly 2.5m hectares of African farmland had been allocated to foreign-owned entities between 2004 and 2009 in just five countries (Ethiopia, Ghana, Madagascar, Mali and Sudan) it studied in depth. The sheer scale of many leases is unprecedented, said the IIED report, ***Land grab or development opportunity?*** which was prepared for the FAO and the UN's International Fund for Agricultural Development.

The surge in interest in African land has been driven by a number of factors. On the side of investors, those include a desire for food security back home and to a lesser extent rising demand for biofuels. Behind both is the expectation of rising costs of land and water as world demand for food and other crops continues to expand.

Many of the government-to-government deals are aimed at meeting food needs, especially in the states of the Arab Gulf and in South Korea. Indian companies, backed in part by their government, have invested millions of dollars in Ethiopia to meet rising domestic food and animal feed demand. Commercial enterprises, many of them European, as well as Chinese companies, have been in the lead in cultivating jatropha, sorghum and other biofuels in countries such as Madagascar, Mozambique and Tanzania.

Africa is a particular focus for this investment explosion because of the perception that there is plenty of cheap land and labour available, as well as a favorable climate, De Schutter points out. In Mozambique, Tanzania and Zambia, for example, only some 12% of arable land is actually cultivated.

Africa so far has been able to mobilise only limited financing to develop its arable land. Despite persistent calls for increased domestic investment, agriculture has lagged well behind other sectors. The African Union has urged governments to devote 10% of their spending to agriculture, but not many have actually met that target. Donor countries and institutions have also failed to play their part, with agriculture's share of aid tending to fall. With land apparently in abundance, but money not, the offer by foreign investors to develop agricultural land appears very attractive. But with much of the land not as unused as it might seem and with actual returns on agricultural investment far lower than presented in initial feasibility studies, the political and economic reality for African governments can be very sobering.

"Governments are sitting on a box of dynamite," Namanga Ngongi, former president of AGRA, initiated by former UN Secretary-General Kofi Annan, told the media.

Towards a strategic approach

Recent assessments by IIED, FAO, the World Bank and the Washington-based International Food Policy Research Institute (IFPRI) all confirm the shortcomings and potential dangers. These include the risks of undermining domestic efforts to increase food production, the danger that agricultural projects aimed exclusively at foreign markets may do little to stimulate domestic economic activities, and the potential loss of land rights for local farmers.

Many of the studies also point to possible benefits for a sector strapped for cash. These include the creation of jobs, the introduction of new technologies, improvements in the quality of agricultural production and opportunities to develop higher-value agricultural processing activities. There might even be "an increase in food supplies for the domestic market and for export", the FAO says.

To reap the benefits of this new trend, says an IFPRI study, ***"Land grabbing" by foreign investors in developing countries: Risks and opportunities***, governments need to develop the capacity to negotiate sound contracts and to exercise oversight. This can help create "a win-win scenario for both local communities and foreign investors". The studies advise African governments to be strategic in their approach. In his report, De Schutter puts forward a number of recommendations to guide such land deals. These include: the free, prior and full participation and agreement of all local communities concerned – not just their leaders; the protection of the environment, based on thorough impact assessments that demonstrate a project's sustainability; full transparency, with clear and enforceable obligations for investors, backed by specified sanctions and legislation, as necessary; and measures to protect human rights, labour rights, land rights and the right to food and development. Such comprehensive deals would be in the long-term interest of investors and local communities alike, IFPRI notes, pointing out that land disputes can become violent, and governments may quickly find themselves with no alternative but to change or rescind contractual arrangements.

Land rights

Land ownership is a core issue. Only a relatively small portion of land in Africa is subject to individual titling. Much land is community-owned, and in some countries state-owned. Even land that is officially categorized as un- or under-utilized may in fact be subject to complex patterns of "customary" usage. "Better systems to recognize land rights are urgently needed," the FAO argues in a policy brief, ***From Land Grab to Win-Win***.

The World Bank points to the importance of international bodies helping African governments develop land registry systems. The IIED study stresses that such schemes must allow for collective registration of community lands that protect "customary" land rights. De Schutter argues that internationally agreed-upon human rights instruments can be used to protect such rights, including those of livestock herders and indigenous forest dwellers.

According to the IIED study, the bulk of recent large-scale land acquisitions in Africa have been based on the leasing of land to foreign entities with the intent of using labour to work the land. The study argues the need for governments to include clauses ensuring the use of local labour in contracts for such schemes. "Agreements to lease or cede large areas of land in no circumstance should be allowed to trump the human rights obligations of the states concerned," De Schutter argues.

Proposals for such ideal agreements, backed by necessary national legislation and enforcement principles, are being put forward. But, as the IIED study points out, there is already a large gulf between contractual provisions and their enforcement. The gap between the statute books and the reality on the ground may entail serious costs for local communities.

A code of conduct for host governments and foreign investors could help ensure that land deals are a "win-win" arrangement for investor and local communities alike, IFPRI suggests. It cites the Extractive Industries Transparency Initiative, which binds participating governments and companies to certain standards in mining and oil activities, as one possible model for large-scale land deals.

De Schutter is sceptical that such a code can be negotiated or enforced. He instead emphasises the existing body of human rights laws, which can be applied to large-scale land acquisitions and used to get governments to meet their obligations to citizens.

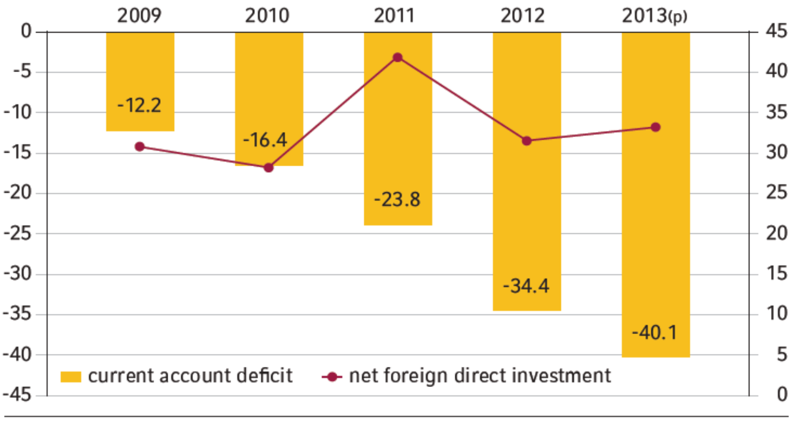
Either way, experts agree that African governments must have the will and the ability to apply laws. "Strengthening the negotiation capacity is vital," De Schutter argues. And that capacity cannot be of governments alone, he says. Local communities must also be empowered and national parliaments must be involved. Achieving that, many fear, may be the most difficult gap to bridge. *(United Nations Review Africa Renewal)*

Mozambique economy: Local private-sector development lags GDP growth

Despite two decades of sustained expansion in real GDP-in excess of 7% a year on average-economic growth in Mozambique has not been inclusive, as the boom in natural resources has not led to substantial job creation or opportunities for developing private-sector activity. The country's difficult business environment continues to be the major obstacle hindering growth of the domestic private sector, and the government has only recently woken up to the issue.

Making growth inclusive to generate jobs and improve living standards, and transforming the economy to develop modern and competitive agricultural and manufacturing sectors, are high among the government's proclaimed policy priorities. At the same time, Mozambique's exceptional economic performance since the end of its civil war in 1993 has been driven by so-called mega-projects-large, capital-intensive, usually foreign-owned and export-oriented activities based on the extraction and/or transformation of natural resources-which have tended to operate in isolation from the wider economy. Policymakers have struggled to balance the often-conflicting needs of the modern, dynamic mega-projects and the traditional economic sectors, including manufacturing and agriculture, which have registered a much more subdued development. With elections coming up in in October and amid rising expectations for wealth from natural gas (following large-scale off-shore discoveries in 2011 12), the government is facing growing pressures to address the structural constraints that hold back the development of the private sector.

Mozambique: Current account deficit and net foreign direct investment
in percent of GDP



Source: IMF, own calculations

A consensus diagnosis

It is clear that economic growth has been driven primarily by foreign direct investment (FDI) in natural resources. Domestic companies-especially small and medium-sized enterprises (SMEs), which typically have a bigger impact on job creation and living standards-have failed to take advantage of this. One explanation is Mozambique's difficult operating environment for businesses, as has been highlighted in a new in-depth analysis of manufacturing firms in the country, Inquérito as Indústrias Manufactureiras 2012 (IIM 2012), the findings of which were presented in early 2014. The study was jointly carried out by the Confederação das Associações Económicas de Moçambique (a business lobby group, usually known by the acronym CTA), the Ministry of Planning and Development (MPD) and the University of Copenhagen under a research programme financed by Denmark in partnership with the Mozambican government.

The report is based on a 2012 survey of 761 domestic companies, which follows up on a similar exercise carried out in 2006. Among other findings, the report notes that Mozambique SMEs have high "survival rates": most of the firms that were surveyed in 2006 were still operating in 2012. However, fewer had prospered enough to grow into larger companies than those that had faltered and shrunk in size. In fact the rate of dynamic change in terms of companies growing to become larger is lower than the average for other countries in southern Africa, supporting the view that high economic growth has not been accompanied by any generalised structural transformation among private companies. Other characteristics of Mozambican SMEs, as analysed by the IIM 2012, further support the view of a stagnating manufacturing sector.

Most companies are very small and production is poorly diversified. Productivity barely improved between 2006 and 2012, while investment by SMEs has dropped and employees are often paid less than the statutory minimum wage.

Usual suspects

The conclusions of IIM 2012 broadly corroborate our analysis of the causes of stagnation of the local business sector. Access to credit has improved since 2006, but continues to be a major obstacle hindering the development of local business. Interest rates have started to fall-one-year prime lending rates averaged 16.8% in 2012, down from 18.6% in 2006-but remain prohibitively high for many small borrowers, and commercial banks are reluctant to lend to small enterprises owing to a lack of guarantees and creditor information. Access to land is another impediment to business activity, especially in major cities such as the capital, Maputo, and Beira. Persistent corruption also undermines private-sector activity, with 54% of surveyed firms paying bribes. Notably, labour regulations are considered a lesser constraint than in 2006, probably reflecting the improvements introduced under the new Labour Law in 2007.

The government aims to respond

In 2006 12 the impact of policies aimed at bolstering

private-sector activity appears to have been limited, in part because actual implementation of these policies was hindered by vested interests, including among the political elite. This is reflected in IIM 2012, but also in Mozambique's relative stagnation in the World Bank's annual Doing Business rankings. Recently, however, the authorities have stepped up private-sector development initiatives and some improvements on that front are likely to become apparent in the medium term. A new strategy to improve the business environment, Estratégia para a melhoria do ambiente de Negócios em Moçambique 2013 17, which focuses on simplifying procedures and improving competitiveness, was adopted in September 2013. Special economic zones, aimed at facilitating investment and promoting linkages between foreign and domestic industries, are being developed. Meanwhile, on the financial front, the central bank,Banco de Moçambique, has made it a top priority to lower borrowing costs. Donors, who are increasingly concerned with the lack of inclusive growth, are also stepping in. In February the UK's Department for International Development, announced a new US$20m credit line for lending to local SMEs. Also in February the Ministry of Industry and Trade and the CTA launched a new programme financed by the Swedish International Development Agency involving training programmes aimed at small and medium-sized businesses, promoting linkages with larger companies and facilitating interaction and policy development between government and the private sector.

Domestic reforms to streamline business operations have hitherto had a limited impact, and the local private sector is failing to achieve its potential in contributing to inclusive growth.

Structural impediments to private-sector growth will remain, but provided that policymakers maintain an actual commitment to reform on the issue, gradual improvements can be expected during the 2014 18 forecast period. *(Economist Intelligence Unit)*

SOVEREIGN RATING

	Eurozone					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
28-02-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	B-	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	B-	NP	B	B
Ireland	Baa3	BBB+	BBB+	P-3	A-2	F2
Italy	Baa2	BBB u	BBB+	NP	A-2	F2
Latvia	Baa2	BBB+	BBB+	NR	A-2	F2
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba3	BB	BB+	NR	B	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB-	BBB	P-2	A-3	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		
28-02-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	B3	CCC+u	CC	NR	Cu	C
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+
BRAZIL	Baa2	BBB	BBB	NR	A-2	F2
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
COLOMBIA	Baa3	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	Aa3	NR	AA-	NR	NR	F1+
MEXICO	A3	BBB+	BBB+	WR	A-2	F2
SINGAPORE	Aaa	AAAu	AAA	NR	A-1+u	F1+
URUGUAY	Baa3	BBB-	BBB-	NR	A-3	F3
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		
28-02-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B+	NR	B	B
Egypt	Caa1	B-	B-	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B1	B	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B1	B-	B	NR	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B1	B	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Congo	Ba3	B+	B+	NR	B	B
Republic of Zambia	B1	B+	B	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA-	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB	BBB	P-2	A-2	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

Mozambique and Angola amongst sub-Saharan African countries to grow most by 2023

Mozambique is the sub-Saharan African country that is expected to see the biggest growth in the next decade, according to Business Monitor International in its report on “African Lions” which also includes Angola in the list of the ten most promising countries.

In the report, the British consultants estimate that Sub-Saharan Africa’s Gross Domestic Product (GDP) will grow by an average of 5.5 % per year until 2023, which compares with 5.4 % for the Asia Pacific region excluding Japan, 4.3 % in the Middle East and North Africa, 3.9 % in Latin America and 3.5 % in European emerging economies.

“This outlook led observers to coin the term ‘African Lions’ which, like ‘Asian Tigers’ has economies that are experiencing periods of rapid growth and great interest from investors,” said the report by BMI, a London-based consultancy with offices in New York, Singapore and South Africa, cited by Portuguese news agency Lusa.

The ten countries chosen, listed by their expected rates of growth in the next ten years, are Mozambique, Tanzania, the Ivory Coast, Uganda, Nigeria, Zambia, Angola, Ghana, Kenya and Ethiopia.

The 54-page report analyses Africa’s ten most promising economies and explains the criteria on which the selection was based (all countries have to have an economy worth over US$10 billion, over 40 points out of 100 in a risk analysis, and 30 out of 100 for their business climate) and notes that all these economies will more than double their size in terms of nominal GDP. *(Macauhub)*

Senegal Raises $7.8 Billion To Boost Economic Growth

Senegal has secured pledges worth $7.8 billion at a donor conference of public and private investors in Paris as it seeks capital to fund its developmental plan.

Although the French speaking county's target was $6.10 billion, its ability to exceed that amount by $1.7 billion indicates a improved level of confidence from foreign investors in its economic opportunities. It is considered on of West Africa's most stable political economy.

"This shows that Senegal has won the confidence of donors, but that means we do not have the right to fail this trust. We have to make sure we put this plan in motion," Macky Sall, President of Senegal told reporters.

The plan, dubbed Emerging Senegal, is a 10-year strategy with a cost implication of about $21 billion, aimed at doubling economic growth rate by enhancing and improving the agricultural, tourism and mining sectors.

The country has however decided to start with a four year plan aimed at boosting economic growth from the current 4.6 % to 7 % and slash budget deficit from 5.4 % to 3.9 %. *(Ventures Africa)*

INVESTMENTS

AVCA Invests $20m in Nigerian And Ghanaian SMEs

African Private Equity & Venture Capital Association (AVCA), a non-profit investment vehicle, has invested $10 million each into the Nigerian and Ghanaian Small and Medium Enterprises (SMEs) industries.

While noting that the company currently has about 1,000 investments across Africa, Ms. Tokunboh Ishmael, the Chief Executive Officer of Alitheia Capital and one of AVCA's board members, said private equity is crucial for SME sector financing.

"Private equity and venture capital plays a crucial role in financing the SME sector, which is the engine of economic growth the world over," Tokunboh noted.

Ahead of the 11th annual conference of AVCA, CEO of African Capital Alliance Mr. Okey Enelamah explained that with reported investment figures increasing to $3 billion in 2013, "private capital in Africa is chiefly growth investment, unlike the typical perception of private equity in more developed markets."

"SME is key to real sector growth. In advanced economies, SMEs account for over 50 % of the volume of businesses transacted. If Nigeria must grow the double digits in financial inclusion, she definitely has to look at SME growth and provide all it takes for SME businesses to flourish in the country," added Tunde Lemo, former Deputy Governor of Nigeria's Central Bank.

In 2012, Nigeria, Africa second largest economy, reported that it has about 8 million SMEs employing about 42.4 million people and contributing about 46.5 % of nominal GDP. *(Ventures Africa)*

South Africa's Investment In Africa Hits $3.3bn

South Africa's investment in Africa hit R36 billion ($3.3bn) last year, Pravin Gordhan, South Africa's finance minister, disclosed.

Gordhan, delivering his 2014 Budget speech in parliament, Cape Town, added South Africa has become the second biggest developing country investor on the continent after China, the world's second biggest economy.

"In 2013, 29 % of our exports were destined for Africa. In 2012, 12 % of our dividends came from Africa, up from just 2 % a decade earlier," Gordhan said, adding these inflows will help in closing the country's current account deficit.

Current account deficit is a measurement of a country's trade in which the value of goods and services it imports exceed the value of goods and services it exports.

Foreign assets held by South African companies were a critical income stream, according to Gordhan. This would also lessen South Africa's exposure to future domestic meltdowns.

Gordhan said 18 African bellwethers have listed debt and equity on the JSE, Africa's biggest bourse.

He said bounds for South African listed firms will be increased, creating a "simplified tax and foreign exchange" agenda for companies that do business with Africa.

He also recommended the launch of what he called new "Foreign Member Funds", which will make simpler the foreign exposure guidelines.

According to him, these funds will strengthen South Africa's position as the hub for African fund management. *(Ventures Africa)*

BANKING

Banks

Two private banks merge in Angola

Angolan banks Banco VTB África and Banco Privado Atlântico plan to merge their operations in Angola, resulting in a new bank called Atlântico, Russian banking group VTB said in a statement.

"Following this operation, VTB Capital, the investment arm of Russian group VTB, and Russian state conglomerate Rostec Corporation, will become shareholders of the bank resulting from the merger, which will continue to operate under the name Atlântico, and keep around 20 %," the statement said.

The group added that the schedule and details of the merger and integration processes "will be presented in due course after the due deliberations of the Angolan authorities."

Banco Privado Atlântico's current shareholders are stake-holding company Global Pactum, with 58 %, state company Sociedade Nacional de Combustíveis de Angola (Sonangol) with 9.5 %, Portugal's Banco Millennium Angola with 10 % and senior employees at the bank with the remaining 22.5 %.

"This merger between Banco Privado Atlântico and its partners VTB Capital and Rostec Corporation will increase the bank's capacity to work in strategic sub-Saharan African markets, keeping its headquarters in Angola. *(Macauhub)*

Angola/US Chamber of Commerce to promote credit line provided by US ExIm Bank

The Angola/US Chamber of Commerce plans to promote further a credit line of US$122.6 million opened up in 2009 by the United States Export Import Bank (ExIm Bank) that has yet to be used, the chamber's chief executive said.

"Four years after that credit line was opened, no Angolan businessperson, be they private or public, has sought to benefit from it," said Pedro Godinho Domingos, cited by Angolan news agency Angop.

"We are looking at this situation with some concern as the fund we are talking about has been available for four years and nobody has accessed it, which has also been due to some difficulties faced by Angolan businesspeople in contacting the American market due to the language barrier," he noted.

According to Domingos Angolan businesspeople feel more comfortable making purchase from Portuguese-speaking markets due to language difficulties, but noted that the Portuguese market was 36 % more expensive than the US market and added that, if it were not for language issues, South Africa would be Angola's first choice due to its proximity. *(Macauhub)*

Angola's BIC bank opens representative office in South Africa

Angolan bank Banco BIC Angola is to open its representative office in Johannesburg, South Africa, which is another step in the bank's internationalization process, which began in Portugal in 2008, the bank said in a statement.

Located in Bruma, Johannesburg, the BIC's office in South Africa was set up to promote commercial relations in markets where BIC has a presence, namely Angola, Portugal, Cabo Verde (Cape Verde) and Brazil.

The Portuguese-speaking community, with a significant presence in South Africa, is another of Banco BIC's main targets and it also plans to encourage business relations between the markets in which it is present.

With its South African office, Banco BIC Angola intends to make contacts easier, to provide information on the bank's different products and services, reduce bureaucracy, as well as supporting its customers about import and export procedures.

Banco BIC, which was founded in 2005, is a bank that is 65%-owned by Angolan investors and it is currently Angola's largest banking chain, with 208 branches across the country, 1,900 employees and over 960,000 customers.

The bank's growth in Angola and abroad makes Banco BIC one of the 30 biggest banks in Africa and amongst the top 1,000 in the world by equity. *(Macauhub)*

Barclays Africa Beats Peers After Abstaining From Loan Chase

Barclays Africa Group Ltd. (BGA) is outperforming its South African peers for the first time in three years after backing out of a chase for market share in unsecured lending helped stem bad loans and boost profit.

The bank is the only stock on the six-member FTSE/JSE Africa Banks Index to show gains this year through yesterday's close, rising 1.5 %, compared with the gauge's 7 % decline. Even so, it's still the cheapest lender, trading at 8.8 times estimated earnings against an average of 11 times for its three largest competitors, including **Standard Bank Group Ltd. (SBK)** at 11.4, according to data compiled by Bloomberg.

Barclays Africa "avoided unsecured lending, so it could be seen as a defensive stock as the economy takes a downturn," Johann Scholtz, head of research at Afrifocus Securities Ltd. in Cape Town, who has a buy **rating** on the stock, said by phone on Feb. 18. "Levels of profit should now be ahead or in line with the leaders in its sector. **Barclays (BARC)** Africa is undervalued relative to its peer group."

Loans not backed by assets surged fourfold in the three years through 2012 as lenders including **FirstRand Ltd. (FSR)** and **Nedbank Group Ltd. (NED)** joined a rush by **African Bank Investments Ltd. (ABL)** and Capitec Bank Holdings Ltd. to add customers as mortgages stagnated. One in every two South Africans with credit are behind on payments, according to the National Credit Regulator, amid the slowest economic expansion in five years, faster inflation and unemployment of about 25 %.

African Acquisitions

Barclays Africa dropped 0.9 % to 133 rand by the close in Johannesburg trading, extending its decline over the past 12 months to 15 %. Nedbank, the Johannesburg-based lender owned by Old Mutual Plc, fell 0.5 % to pare its gains over the past year to 4.9 %. FirstRand, the second-largest South African bank, has climbed 3.4 % over the period. Barclays **Africa** reported a 20 % increase in full-year net income on Feb. 11, the first of South Africa's biggest four lenders to release earnings.

"Barclays Africa is also trading at a discount on a price-to-book basis when compared to its peers," Jean Pierre Verster, who helps oversee the equivalent of more than $1.1 billion at 36ONE Asset Management in Johannesburg, said by phone yesterday. "Its financial results highlighted its level of comfort with its very conservative strategy. As interest rates increase, there will be lots of stress in the unsecured lending market."

Missed Trick

Barclays Africa, which bought eight African operations from its U.K. parent last year, plans to expand its corporate- and investment-banking businesses across the continent. In South Africa, the company's Absa Bank unit is stepping up lending after being toppled three years ago as the nation's largest provider of home loans and losing customers after tightening credit criteria since 2010.

"It's had anemic revenue **growth** out of its core franchise, but amid the negativity people may have missed a trick," Scholtz said. "They didn't have a true sense of the companies it bought from Barclays -- some are very profitable."

Steps to slow lending will pay off, Chief Executive Officer Maria Ramos said Feb. 11, as Barclays Africa predicts more interest-rate increases in South Africa after the Reserve Bank unexpectedly lifted its benchmark rate 50 basis points to 5.5 % on Jan. 29. Still, only 22 % of analysts rate the stock a buy, compared with 47 % at Nedbank, South Africa's fourth-biggest bank, 40 % for FirstRand and 28 % at Standard Bank, the largest African lender. "We've been buying" Barclays Africa shares for the last two weeks, Verster said. "There's a window of opportunity." *(Bloomberg)*

Islamic finance finds its feet in North Africa

North Africa, a traditional laggard in Islamic finance, is opening its markets

Islamic finance is taking deeper roots in North Africa, according to a new report from the ratings agency Standard and Poor's.

North African rated sovereigns - Egypt, Tunisia and Morocco - have all taken steps to support Islamic finance of late, and the Arab Spring has heightened interest in the sector. As a result of the global slowdown, the limited capacity of multilateral lending institutions has also pushed North African countries to consider the sukuk market as an alternative to raise foreign currency funds.

Corporate and financial institutions could follow sovereigns' lead and issue sukuk in instances where it provides access to an untapped class of investors, S&P predicts.

While Islamic finance first appeared in North Africa in the 1970s, it remains embryonic compared to the leading jurisdictions like Malaysia, Bahrain and the United Arab Emirates, according to the ICD-Thomson Reuters Islamic Finance Development Indicator. A limited number of players are active in North Africa, representing between 1 and 5 % of their respective industries, and the region's contribution to global Islamic banking assets stood at just 1 % by mid-year 2013.

But inroads have been made over recent months. In late 2013, Tunisia's national constituent assembly and the Egyptian parliament approved laws governing sukuk issuances, and Tunisia aims to tap the sukuk market for about $500m in 2014. Its fledgling industry could take between 25 and 40 % share of the national financial sector within five years if rules, consumer education and private investment plans move in step, according to one Thomson Reuters study. Morocco has also laid the foundation for Islamic banking, with Bahrain's lender Al Baraka entering its market in search of growth opportunities.

"Sharia-compliant banking previously presented an attractiveness that was at best exotic for regulators and banks active in these markets. Now, the perception is changing and public awareness is increasing," says Standard & Poor's credit analyst Mohamed Damak.

However, S&P cautions that it is not yet clear whether Islamic finance products can deliver value addition beyond simply enabling those products abiding by Islamic law. Such value addition could include the creation of access to a new class of investors, or offer Sharia-compliant products at costs comparable with their conventional counterparts, S&P says.

"We believe that Islamic finance can be a good fit for infrastructure and project finance, as banks lack long-term funding capability required by these projects," the report says, citing the asset backing principle of Islamic finance and the significant infrastructure needs in North African countries.

"Several projects in renewable energy, transport infrastructure, and communication are ongoing or expected to be launched in the future in North African countries. Using sukuk to finance some of these projects could help diversify investor bases and tap additional pools of resources," it claims. *(This is Africa)*

Standard Bank Ranked Top Asset Manager in Sub-Saharan Africa

Standard Bank Group has been recognized as the number one Sub-custody provider (asset manager) in six African countries in Global Investor magazine's annual Sub-custody Survey.

The recognition was achieved for Standard Bank's activities in Kenya, Namibia, Nigeria, South Africa, Swaziland and Zimbabwe.

Standard Bank's strong balance sheet, depth of expertise and on-the ground presence in 18 African markets enables it to serve the increased level of investor interest in the region as well as the desire to develop more liquid local capital markets across sub-Saharan Africa.

Standard Bank Group had total assets of R1.7 trillion ($171 billion) and a market capitalization of R180 billion ($18 billion) as of mid 2013.

The Bank's Investor Services unit is the market leader in Sub-Saharan Africa with sustained presence in 15 countries across the region.

Mr Mark Kerns, Head of Investor Services at Standard Bank says: "The growth of Standard Bank's Investor Services business in sub-Saharan Africa has been exceptional, underpinned by strong demand from international investors as well as continued development of the pension savings and insurance markets at a local level."

Standard Bank has been at the forefront of the development of South Africa's financial system for 150 years and started building a franchise outside of southern Africa in the early 1990s.

It now boasts 1,277 branches, including loan centers, and 8,517 ATMs across the African continent as well as representation in key global financial centers such as London, New York and Shanghai. *(Ventures Africa)*

Markets

Nigeria's Central Bank Governor Suspended

The governor of Nigeria's Central Bank, Lamido Sanusi Lamido has been suspended by President Goodluck Jonathan, presidential spokesperson Reuben Abati revealed via an official statement.

According to the statement, Sanusi was suspended due to reports of by the Financial Reporting Council of Nigeria and other investigating bodies indicating that his tenure has been characterised by "various acts of financial recklessness and misconduct which are inconsistent with the administration's vision of a Central Bank propelled by the core values of focused economic management, prudence, transparency and financial discipline".

The statement further said the president's resolve to reposition the CBN for greater efficiency and accountability made Sanusi's suspension pertinent at this time.

He has therefore been directed to hand over to Deputy Governor (Economic Policy) Sarah Alade who will serve in acting capacity till investigations are concluded.

Although Nigeria reassured all stakeholders in the country's financial and monetary system that its decision was taken in the interest of the Nigerian economy, analysts say the government's decision to take the step at this crucial time in the country's economy proves otherwise and may lead to panic and instability.

Under Sanusi's reign, Nigeria has seen a fairly stable financial market, following the clean-up of the banking sector – a key achievement of the former First Bank CEO. He also championed technology-driven policies such as the cashless banking and mobile money, aimed at stimulating spending and enhancing economic growth. *(Ventures Africa)*

Deals

Citigroup Eyes M&A Deals In Sub-Saharan Africa

US-based lender, Citigroup has revealed plans to invest in Africa as it eyes mergers and acquisition (M&A) deals across key markets in sub-Saharan Africa.

According to Jim Cowles, CEO for Europe, Middle East and Africa, Citigroup has developed a new strategic plan for sub-Saharan Africa, with Nigeria, South Africa and East Africa listed as priority investment destinations, *Business Daily* reported.

"On the growth in EMEA, we're counting on Africa to be a major contributor," he said.

Sub-Saharan Africa is increasingly attracting greater foreign portfolio investment, owing to a strong economic outlook with growth averaging an impressive 6 %, one of the fastest in the world.

Citigroup, the third largest lender in the US is joining a rising pool of international investor, which includes swizz wealth manager UBS AG and Barclays bank.

UBS, the world's biggest fund manager is seeking wealthy clients in Nigeria and Angola to provide wealth management services, while Barclays plans to expand its equity trading and brokerage services to unexplored African markets as it seeks to boost revenue streams. *(Ventures Africa)*

Ecobank Transnational group negotiates acquisition of Mozambique's ProCredit bank

The Ecobank Transnational groups are in talks with Germany's ProCredit Holding to buy a majority stake it owns in Mozambique's Banco ProCredit, according to daily newspaper Notícias.

The newspaper said that the Ecobank Transnational group had shown interest in buying the stake owned by Netherlands-based DOEN Foundation, which together with ProCredit Holding's stake totals 96 %. The deal would be subject to approval by the Mozambican authorities.
Helen Alexande, of ProCredit Holding, said in a statement issued in Maputo that she welcomed the negotiations "with Ecobank as we consider the diversified network of branches and broad experience of banking by Ecobank in Africa offers excellent prospects for our customers and staff."
Evelyne Tall, the operations director of the Ecobank group, said in the same document that Mozambique is a strategic link for penetration of the SADC region due to its importance for access to countries in Africa's interior.
"The Ecobank brings to Mozambique specialists, experience and an incomparable network of branches, subsidiaries and representations across the whole of Africa," said Evelyne Tall. *(Macauhub)*

Funds

SWF To Invest $10m in Mortgage Financing Company

Nigerian Sovereign Investment Authority (NSIA), managers of the country's Sovereign Wealth Fund (SWF), has announced plans to invest $10m in the state-owned Mortgage Refinancing Company (MRC).
The planned investment in MRC is about 20 % of the initial total capital of the firm, said Uche Orji, NSIA's CEO, adding that the investment was made as a core equity provider of the mortgage financier.
"We have put $10m in the NMRC, which is roughly 20 % of the initial capital of the NMRC. Our strategy is to invest in tools that will accelerate the market as well as make direct investments. To that extent, we made an investment in the NMRC as a core equity investor," he said.
The NSIA boss also revealed that the company was also negotiating with stakeholders to develop an affordable housing project, which would be executed before the end of this year.
The NMRC established to help property owners refinance their mortgage expenses if interest rates drop, using the same property as security or collateral. It also hopes to leverage on partnerships with the private sector to make it easier for Nigerians to own their houses.
Two weeks ago, the government injected a further $550m into the fund managed by the NSIA, bringing its total equity portfolio to $1.55bn. *(Ventures Africa)*

ENERGY

Renewable power projects in Middle Africa

Renewable power projects in Middle Africa	
Country	**Renew able Project**
Sierra Leone	6MW Freedom Park Solar Project
Ethiopia	Grand Renaissance Dam
Angola	2 dams on Kwanza river
Kenya	50MW Solar project
	Small-scale projects in Lodwar,
	Elwak, Mandera, Marsabit
	Merti, Habaswein & Wajir
Ghana	155MW Nzema solar plant
	Wind Farm in Ada
Nigeria	10MW wind farm in Katsina
	20MW solar plant
	9 solar plants in Kano,
	Adamawa, Bauchi, Benue,
	Borno, Gombe, Kaduna, Kano
	Nasaraw a and Sokoto
Sources: Eaglestone, Bloomberg	

Hitachi buys ANC's stake in SA unit after criticism

HITACHI has agreed to buy the stake in Hitachi Power Africa held by the investment arm of the African National Congress (ANC) after criticism that the shareholding constituted a conflict of interest, as the unit had won business from state companies.

Hitachi Power Europe will buy the 25% stake from Chancellor House Holdings for an undisclosed amount, the South African unit of the Tokyo-based company said in a statement. It will also buy the 5% held in the unit by black-owned Makotulo Investments & Services to become the sole shareholder.

"All parties have agreed strict confidentiality about the terms and conditions of the contract," Hitachi Power Africa said in the statement.

Hitachi Power Africa won contracts worth R38.5bn from Eskom to install boilers at the national utility's Medupi and Kusile coal-fired power station projects.

Executives of Hitachi's South African unit had in 2010 said the Chancellor House stake was a conflict of interest and ideally should be sold, following criticism from opposition parties and labour unions.

Mathews Phosa, the ANC treasurer-general at the time, ordered Chancellor House to sell the stake within six weeks. That order was not affected.

ANC spokesman Jackson Mthembu declined to comment referring queries to Chancellor House Holdings, which also declined to comment immediately.

Power emergency

Delays and errors by contractors including Hitachi have held up the start-up of the R105bn Medupi plant in Limpopo, Africa's biggest power facility, by at least two years, stifling economic growth in electricity-constrained South Africa.

On February 20 this year, Eskom declared a power emergency and asked large industrial customers, including ArcelorMittal SA, BHP Billiton and Glencore Xstrata, to temporarily cut usage by at least 10% to ease supply pressures. Domestic consumers were also asked to reduce usage.

Eskom said it found about 9,000 faulty welds in the plant's first boiler, which will heat water into steam to drive power-generating turbines. In November last year, Hitachi said it had completed 98% of its work on the boiler at the plant.

"This will be the first boiler of this type manufactured in South Africa in 25 years and these issues are all part of the learning curve involved in re-establishing the skill base," Hitachi chief operating officer Tom Brown said. "Rectification of the weld defects noted earlier in the year is now nearly finished."

Disadvantaged citizens

Chancellor House stood to make R50m in profit over eight years from its interest in the Hitachi unit, though Hitachi said in 2010 this money was "ring-fenced" for redistribution to disadvantaged black citizens such as women, youth, the disabled and the aged.

The company also said it could not guarantee that the ANC itself would not benefit from the funds.

Hitachi allied with Chancellor House to meet requirements to boost black participation in the economy to help redress discrimination during the apartheid era.

Its contract with Eskom was probed by the public protector because Eskom's chairman at the time, Valli Moosa, was a senior ANC member. While Mr Moosa "failed to manage the conflict of interests", Hitachi's contract award "was not in any way affected", the protector found in an August 2008 report.

Mr Moosa, who is now the chairman of Anglo American Platinum, said Hitachi was picked by company executives and the decision was reviewed several times before it reached him. He further requested an independent review by auditors Deloitte, who gave it the "green light", he said in a phone interview this week. *(BDLive)*

Nigeria's power sector investors likely to require more financing

Investors in the recently privatized power assets in Nigeria are increasingly likely to require another round of financing due to the tough operating environment in the sector since the assets were handed over to them. On the generating side, gas supply has remained largely inadequate, while several of the plants have reported shutdowns due to various technical issues and faults. By the end of January about 7 power plants, contributing nearly 2000MW were down for reasons ranging from technical faults to inadequate gas supply. Power generation in the country has since improved however these developments are likely to moderate the revenue and cash flow performance of these power companies. On the distribution end, inadequate supply of prepaid meters to distribute to residential and corporate customers is creating collection problems for the new owners. The pace of deploying the meters was slowed down by the government's inability to continue to fund the deployment of the meters. More importantly, most of the investors are discovering several operational components that need to be replaced, restored or repaired. These repairs have constituted a drag on performance, while there is very little room for flexibility within the current tariff structure. Thus while the government is looking to increase gas prices to motivate gas producers to sell to the power plants (in which the government is still a 40% stakeholder), the power plant investors are requesting an increase in power tariffs. However, the National Electricity Regulatory Commission (NERC) has indicated that it has no plans to increase tariffs, which could push the investors to raise additional funding to cover working capital requirements and financing obligations. *(Ecobank)*

Mixed fortunes trail renewable energy projects in Middle Africa

Across the Middle Africa region, renewable projects are gaining ground. As several governments look to diversify and improve power supply, they are also looking to increase the renewables component of their power sector as part of efforts to preserve the environment. Renewables currently account for about 20% of Middle Africa's installed power generation capacity. This could potentially rise above 25% going by several projects that are in various phases of commencement in countries such as Angola, Sierra Leone, Ethiopia, Kenya and others. This development is also driven by the intention of several governments. Sierra Leone for instance intends to achieve 25% of its energy generation from renewables. However, due to the unconventional technologies associated with these projects and usually high setup cost, feed-in tariffs for these projects are typically higher than conventional energy sources. This has already motivated countries like Kenya to suspend issuing new licenses for renewable projects till 2017 as it seeks to reduce its energy tariffs by as much as 23%. These considerations are thus affecting the economics of large-scale renewable projects, especially Solar power plants, which account for less 1% of installed generation capacity across the continent. *(Ecobank)*

Privatizing Kenya's power sector to open up investment opportunities

In Q4 2013, the government of Kenya commenced a process to give the private sector more control in the power sector. The government intends to allow the private sector to control the generating end of the power sector value chain while it concentrates on transmission and distribution infrastructure. The aim is to ensure Kenya achieves 5000MW in the next 3 years and achieves tariffs between 9 and 10 cents per kilowatt instead of the current 18 to 20 cents. Thus the government has received bids from over 60 companies to develop various power generation-type projects using a wide range of fuels including geothermal, liquefied natural gas and coal. Some of the projects already being developed by the private sector include the 1000MW coal-fired power plant at Lamu and the 800MW LNG-fired power plant at Dongo Kundu in the port city of Mombasa. The government has also announced a tender for private investors to develop three power plants to harness steam in the Rift Valley, where the state-run Geothermal Development Company (GDC) is drilling 120 wells. The GDC believes the project field could potentially supply enough steam to generate about 750MW. These projects, among others, are likely to give the private sector control of more than 75% of power generation capacity. Kenya Power, the power monopoly has also invited bids from private companies for construction of transmission lines and distribution infrastructure. As Kenya Power connects more localities and households to its grid network, demand for transformers, metering and other services are expected to provide opportunities for private investors as well. *(Ecobank)*

Eskom Declares Power Emergency, Asks South Africa to Cut Use

Eskom Holdings SOC Ltd., the utility that supplies 95 % of South Africa's electricity, declared a power emergency and asked industrial users to cut consumption by at least 10 % today.

The demand is in place until 9 p.m. after four generating units went down during maintenance earlier today, Andrew Etzinger, a spokesman for the Johannesburg-based utility, said by phone. The request was made under the so-called declaration of emergency protocol that was agreed with users in 2008.

"Eskom calls on all customers to reduce electricity usage," the company said in a statement. "We are hopeful that by applying these measures, coupled with support from all electricity consumers, we will achieve the required load reduction necessary to protect the national grid."

The local units of ArcelorMittal, BHP Billiton Ltd. and Glencore Xstrata Plc are among the 32 companies that are members of the country's **Energy Intensive Users Group** that can be called on to reduce usage when Eskom's reserves are running low. The utility, which supplies power to South Africa's 52 million people, is spending 500 billion rand ($45.1 billion) to replace aging equipment and add plants to avoid the blackouts that affected homes,mines and factories for five days in 2008.

'Virtually Zero'

Eskom's reserve margin is "virtually zero," Etzinger said. "We have all our generators running at full capacity and at the moment we're able to meet demand. But recognizing demand will increase by 1,500 megawatts as we go into this evening's peak, that would make us vulnerable."

South Africa is the world's biggest producer of platinum, used in catalytic converters that reduce harmful emissions from vehicles, and the sixth-largest miner of gold. Eskom, which produces about 85 % of its electricity from coal, last declared a power emergency in November, when supplies remained tight for about 10 days.

The supplier "kept the lights on by the skin of our teeth" in November, Chairman Zola Tsotsi said Dec. 5. Chief Executive Officer **Brian Dames** announced his resignation that day and will step down at the end of March.

Eskom asked large customers to "voluntarily cut" by as much as 30 %, Shaun Nel, a director at the Energy Intensive Users Group, said by phone. "Members can do it voluntarily for a while, but at some stage there has to be a more equitable share of the burden." Large customers have cut usage by 1,000 megawatts since earlier this week, he said.

Cahora Bassa

Eskom's capacity on lines from the Cahora Bassa hydropower plant in neighboring **Mozambique** was reduced, Nel said. The facility supplies 1,300 megawatts of the utility's capacity.

The utility has asked local municipalities to switch off residents' hot-water heaters to help reduce consumption, Etzinger said. Some local authorities in the country routinely switch off water-heating systems, known in South Africa as geysers, to save power, he said.
About 23 % of Eskom's 42,500 megawatts of installed generating capacity have been out of service this year, according to Bloomberg calculations made using the utility's data. Capacity exceeded supply by an average of 7.5 % in the period, half the 15 % buffer that the company targets. *(Bloomberg)*

Ghana electricity distribution network to be reinforced and extended with AfDB support

In response to the significant increase in the demand for electricity in Ghana as a result of the fast growing urbanization and robust economic growth in the country, the Board of Directors of the African Development Bank (AfDB) Group approved on February 26 in Tunis a US $30.47 million grant and a US $43.9 million loan to the Republic of Ghana to reinforce and extend the country's electricity distribution network.
The Electricity Distribution System Reinforcement and Extension project, which will cost US $86.18 million, aims to improve the Ghanaian population's access to reliable and quality electricity services. It involves the construction of new bulk supply point and switching substations in Kasoa, Juabeso and Asankragwa; the reinforcement of the distribution network in the Ashanti East and West regions; the reinforcement of the existing distribution system and extension of the system to cover the un-electrified portions of the peri-urban or rural communities in the Kasoa, Juabeso, Asankragwa and Volta River area; the deployment of off-grid solar photovoltaic systems in 60 lakeside and island communities; and the empowerment of key institutions in the power sector through institutional development and capacity building.
"One of the main barriers to sustainable economic development in Ghana is the inadequate power supply to urban, peri-urban and rural households and businesses. It is expected that with this project, Electricity Company of Ghana's ability to provide reliable and quality power supply to its customers will improve, with all the positive socio-economic impact this will have on the businesses and the Ghanaian population as a whole," said Marie-Laure Akin-Olugbade, Resident Representative of the AfDB Ghana Country Office.
The project will ultimately reach approximately 61,000 customers in Kasoa; 13,000 in Juabeso; and 9,000 in Asankragwa. It will connect an estimated 37,800 new households and 650 new businesses in the Kasoa District in the Central Region, Juabeso and Amenfi West Districts in the Western Region. New households will also be connected by off-grid solar systems in 60 lakeside and island communities. The project will provide modern and reliable energy to 30 schools and 30 health centres. Finally, the project will improve Electricity Company of Ghana's operational efficiency and revenue base.
"This project has been designed to address not only the country's needs in terms of power infrastructure investment, but also the weaknesses of the sector's institutional framework and the related weak technical capacity and financial standing of most of the power sector players. It is our hope that the project will help improve the efficiency and financial health of the sector and hence pave the way for more affordable tariffs for the end users in the long run," said Thierno Bah, Principal Energy Specialist at the AfDB and task manager for the project. *(AfDB)*

US moves ahead on massive Africa power bid

US lawmakers broke through a logjam on a plan to bring electricity to 50-million Africans, in what Washington hopes will be its next major initiative for the continent.
President Barack Obama, on a visit to Africa in June, announced a US drive to deliver power to the two-thirds of Africans who lack a reliable supply. But legislation in Congress, which is more concrete and ambitious than Mr Obama's initial statement, has been held up by a dispute on whether to support electrical plants that produce large amounts of carbon blamed for climate change.
The bill, approved by the House foreign affairs committee and sent to the full House, sets a goal of installing 20,000MW of power in sub-Saharan Africa by 2020 and reaching at least 50-million people who do not have electricity. The funding would come from the private sector, using government-backed credit guarantees.
Representative Ed Royce, the chairman of the House foreign affairs committee, hailed the Electrify Africa Act as a way for the US to contribute to Africa's development, as lack of power impedes everything from education to healthcare.
Mr Royce, a Republican who worked on the bill with members of Mr Obama's Democratic Party, said the plan would also help American companies tap into a growing consumer market and show US engagement in the face of China's growing presence in Africa.
The bill enjoyed wide support from both parties but came under fire from Representative Mo Brooks, a conservative Republican from Alabama, who said the US was not financially sound enough to be "building power plants and power lines in Africa".
"I very much appreciate the altruistic motivations that I've heard in support of this legislation, but quite frankly I don't believe America's financial condition is such that it supports spending money that we don't have on these projects," Mr Brooks said.

Mr Royce and other lawmakers from both parties countered that the US-backed financial institutions involved in the initiative — the Overseas Private Investment Corporation and the Export-Import Bank — did not spend taxpayer money and in fact created US jobs by boosting economic activity.
Representative Gerry Connolly, a Democrat, denounced Mr Brooks’s view as "dangerous" and said of the act: "It’s not just ‘altruism’, it’s enlightened self-interest."
"I don’t want to be the person who has to answer the next generation, ‘Why is Africa-Chinese trade the dominant trade in that part of the world and we don’t even have a slice of it?’ And the answer is because somebody, somewhere, 20 years before said we can’t afford it," Mr Connolly said.
The bill had been held up as companies pushed to remove requirements that the Overseas Private Investment Corporation steer clear of carbon-intense projects. In a compromise, the bill does not address the issue. *(BDLive)*

MINING

Kenmare Resources agrees to restructure debt on Mozambique operation

Irish company Kenmare Resources has reached an agreement to restructure its debt to fund exploration of heavy sands deposits in Moma, Mozambique, the Irish Times reported.
The company was due to pay back US$165 million in subordinated debt by August 2015, the newspaper said adding that restructuring the debt had taken pressure of the company’s share price.
Under the new arrangement, 50 % of the debt will be paid back in regular instalments between August 2015 and August 2019, when payment of the balance is due, the newspaper said.
The company’s chief executive, Michael Carvill, said the deal took “huge pressure off the company,” as “commodities go in cycles, and they are in a serious downcycle at the moment. Consequently we haven’t been building up the cash pile as quickly as had previously been contemplated.”
Carvill also said that if the company managed to generate higher cash flow it could use some of that cash to make the final payment ahead of time. *(Macauhub)*

Zimbabwe Plans Shanghai, Dubai Sales for Marange Diamonds

Zimbabwe plans to sell diamonds from its eastern Marange fields in Dubai and **Shanghai** starting in March as it expands a marketing push for the stones following the removal of European Union sanctions.
“The intention is not to sell only in Antwerp, the next sale will be in Dubai and we intend to go to Dubai in March,” Mines Minister Walter Chidakwa told reporters in the capital, Harare, today. “Shanghai will be next.”
The EU lifted sanctions on gems from Zimbabwe’s Marange diamond fields in October. Advocacy groups, including Ontario-based Partnership Africa **Canada**, have accused Zimbabwe’s ruling party of looting about $2 billion from the Marange fields, partly to fund the nation’s military.
An auction of 958,000 carats of Marange diamonds mined by companies in joint-ventures with the Zimbabwe Mining Development Corp. will end in Antwerp this week, said Chidakwa.
The southern African nation will also build its own diamond exchange after lowering the license fee for diamond cutters to $20,000 a year from $100,000, he said. “Gradually, we must have a certain portion of diamonds sold in Zimbabwe.”
(Bloomberg)

France Eyes Africa’s Mining Industry With $550m Investment

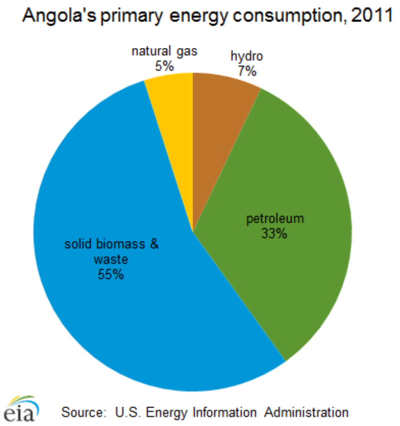
Europe’s second largest economy, France has revealed plans to invest €400 million ($548 million) in establishing a new state-owned mining company called Compagnie National des Mines de France (CMF), with sub-Saharan Africa being looked at for significant investment.
CMF, another move by the government to revive the industry, marks the establishment of the European nation’s first new state-owned industrial enterprise in 20 years. The company will be built around the same model as Japan’s Oil, Gas and Metals National Corporation (JOGMEC) that was established a decade ago.
An annual budget of $150 million will be spread out over five to seven years while exploration and exploiting activities at the mine will focus on rare metals like lithium, germanium, tungsten, antimony and rare earths inside France and around the globe including former colonies in Africa, Central Asia and South America, French industry minister Arnaud Montebourg announced.
“Francophone African countries, in particular, would like to work with us rather than do business with foreign multinationals;” Montebourg in an interview for French daily newspaper Le Parisien.
Two centuries ago, France used to be a major mining nation exploiting its own reserves of hard coal and iron ore, an era from which only metals group Eramet and the uranium business of state-owned nuclear firm Areva have survived. Montebourg said CMF may partner with these two mining giants.
Areva which has two uranium mines – Cominak and Somair – in Niger, a French-speaking West African country has been facing operational challenges as the government wants to apply a 2006 mining law that ends tax breaks for foreign companies like Areva.

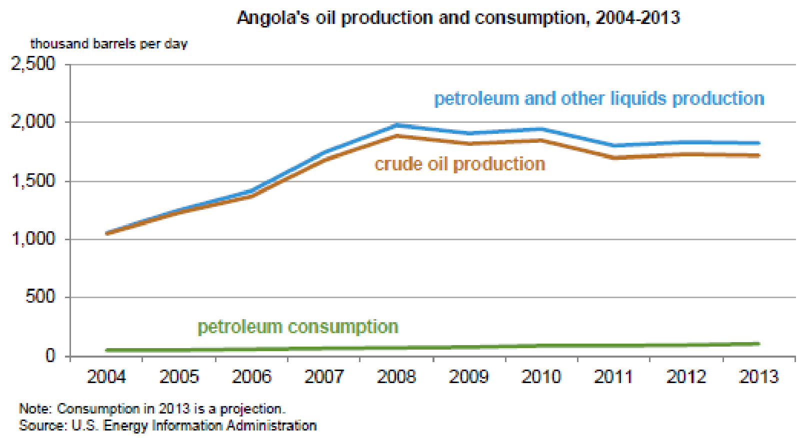
The miner currently pays 5.5 % royalties on extracted ore as stipulated under deals Niger signed with France, its former colonial ruler, in 1961 and 1968.
Niger Mines Minister Tchiana said both parties are going to "pursue discussions until the end of February in order to find common ground." *(Ventures Africa)*

OIL & GAS

Angola looks to diversify oil operations with onshore licensing round

Angola's offshore region accounts for 98% of Angola's current output. Only 2% of output comes from coastal fields. Furthermore, considering the size of discoveries that have been made in the offshore pre-salt layer, which have drawn comparisons with Brazil's offshore pre-salt region, investors are more interested in the country's offshore blocks, which attract considerably high valuations. Total E&P Angola is set to close a deal with Sonangol, Angola's national oil company for a 15% stake in its Block 15/06 for a reported $750 million. Nevertheless in January, the government of Angola has announced its intention to open a licensing round for 10 onshore blocks in the Kwanza and Lower Congo basins. The decision to offer onshore blocks amidst rising demand for its offshore blocks is likely to be an attempt to diversify its oil output base and improve local retention of value created in the oil industry. *(Ecobank)*





Angola says will reach 2 mbpd oil output with new projects

Angola can reach its production goal of two-million barrels of oil per day in 2015 despite a drop in output last year, the chief executive of state oil firm Sonangol said.
Francisco Lemos Jose Maria told a news conference that output in Angola, Africa's second largest oil producer, dropped 1.1% in 2013 due to technical problems at blocks run by France's Total , BP , and US firms Chevron and Exxon Mobil.
He added, however, that two new projects - Total's CLOV in block 17 and ENI's West Hub in block 15/06 - are due to come on line this year and will help Angola reach its goal.
Production averaged 1.72-million barrels per day in 2013.
The company also expects several fields to start output in 2015, including Chevron's Lianvi field in block 0 and satellite fields in Exxon Mobil's block 15.
Sonangol recently approved Total's Kaombo project in block 32, with an expected peak output of 225 000 barrels per day and it also expects to make a final decision this year on Cobalt's Cameia project.
The Cameia project could start output in 2017 to become the first producer in the promising pre-salt layer off Angola.
"These developments give us confidence that oil output can be stabilised at two-million barrels per day, which we expect to reach in 2015," Jose Maria told a news conference.
China remained the main buyer of Sonangol's exports in 2013, taking 45% of the total.
"China, despite having some slowdown in its development, is still a big energy consumer and will continue to be so for some time," board member **Anabela Fonseca** told the conference.
The United States dropped to fourth from third in the list of Angolan oil buyers due to its progess in producing its own shale oil, she added. *(Engineering News)*

ENI announces giant oil discovery in offshore Congo

ENI announced that the Nene Marine 3 exploration well encountered significant wet gas and light oil accumulation. During a production test in the oil interval, the well flowed at over 5,000 barrels of oil per day at 36° API gravity. ENI said that the overall potential of Nene Marine and of the neighboring Litchjendilj Marine fields is now estimated at about 2.5 billion barrels of oil equivalent in place. ENI said that it aims for a quick development of the discovery and is targeting first oil in 2016. ENI holds 65% interest in the discovery along with New Age (25%) and SNPC (10%). *(JP Morgan)*

Igepe, PIC, SacOil to explore investment possibilities in Mozambique

IGEPE, the Mozambican state shares-management agency, has signed an expression of interest with South Africa's Public Investment Corporation (PIC), together with SacOil, to explore various investment opportunities in Mozambique.
The PIC is the largest fund manager in Africa and is wholly owned by the South African government. SacOil is an independent African oil and gas company, dual listed on the JSE and AIM in London. Igepe is responsible for investing and managing the Mozambican government's equity shares and participation in major sectors of the economy.
The parties have also agreed to set up working teams to explore such opportunities.
"The signing of this expression of interest is a historical event as this will be the first time that the two counterparts (Igepe and PIC) will be collaborating regarding the huge investment potential in Mozambique, South Africa and the region," Apolinário Panguene, chairman of Igepe, said. *(BDLive)*

Kenya to Invest $74m In Uganda Oil Refinery

Kenya has concluded plans to invest in Uganda's proposed oil refinery project which is expected to gulp $2.5 billion, after host country offered regional nations an invitation to acquire a marginal stakes.
"The Government of Uganda has invited both Kenya and Rwanda to buy small shares in the refinery. The offer is about 3%, which will have no effect on our other plans," Kenya's Energy Principal Secretary Joseph Njoroge was quoted by local media *Daily Nation* as saying.
The East African country has therefore said it will invest Sh6.38 billion ($74 million) which is the cost of a 3 % stake.
Uganda plans to finance the proposed refinery through investments of 40 % from East Africa countries, and the remaining 60 % from the private sector.
In January, the country announced a shortlist of six consortium out of fifteen that applied for possible selection as strategic investors in the refinery. They include China Petroleum Pipeline Bureau, from the People's Republic of China, Marubeni Corporation from Japan and Petrofac from the United Kingdom.
Others are RT–Global Resources from Russia, SK Energy from South Korea and Vitol from the Netherlands.
The successful consortia will have a 60 % stake in the refinery expected hold an output capacity of 30,000 barrels per day in 2018. The refinery will however have an overall capacity of 60,000 barrels per day, but it will not function to full capacity until 2020.
Uganda currently consumes 27,000 barrels of oil daily. That figure is expected to grow by 7 % this year. This leaves the country with excess products to export to the rest of East Africa when its proposed refinery starts operating to capacity.
Kenyans fear Uganda's new refinery whose projected production will dwarf that of Kenya Petroleum Refineries limited – currently produces 35,000 barrels per day – will end Nairobi's monopoly in the region. *(Ventures Africa)*

Tullow's East Africa oil reserves approach 5 billion barrels

Anglo-Irish Independent, Tullow oil could confirm crude oil reserves of about 5 billion barrels by the end of 2014. Following two new discoveries in the Northern Kenya block 10BB while drilling the Ewoi-1 and Amosing-1 well, Kenya's Lokichar basin is increasingly comparable to Uganda's Lake Albert region, which is now believed to hold more than 3.5 billion barrels of crude reserves. Tullow has two blocks 13T and 10BB in the Lokichar basin and estimates the basin could hold over 1 billion barrels of crude oil. Already the Anglo-Irish explorer has upgraded the basin's potential reserve estimate to 600 million barrels. The Ewoi-1 well discovery particularly exceeded pre-drill expectations significantly affirming the high prospects of the Lokichar basin, which is one of Kenya's 8 basins and a focal point for Tullow's 20 well exploration and appraisal program in 2014. Tullow has enjoyed a 76% exploration success rate in the region with the last 20 wells drilled and could potentially extend this same success rate. *(Ecobank)*

Gabon asks TOTAL to pay $805m in taxes

The government of Gabon has asked TOTAL's local subsidiary to pay $805m in taxes for the period '08-'10. The local subsidiary has challenged the tax demand and expects discussions with the government to lead to a favourable outcome for both parties. (*JP Morgan)*

INFRASTRUCTURE

Lonrho to Invest $600 Million In Ghana Oil Rig Business

London-based Lonrho Plc is set to construct a $600 million port in Ghana, which will serve as a oil rig servicing hub for West African oil producing companies.
The port which will be built in 25 months will reduce the cost of repairs to rigs which takes up to 20 days to travel from West Africa to ports in South Africa, as well as make Ghana an attractive investment destination.

In 2012, the company had announced that it planned to invest US$1 billion in constructing a series of ports on Ghana's Western Region to aid in the service of the company's oil rigs.
The company under the name Lonrho Ghana Ports Limited acquired 514 hectares of land at Atuabo in the Ellembelle District for the construction and operation of an oil and gas port terminal.
While Ghanaian companies will own about 35 %, Lonrho and other foreign companies will have a 55 % stake.
It has already hired Africa Finance Corp. to secure financing before the end of the first half of the year.
Lonrho plc, a company engaged in multiple business sectors in Africa was formed in 1998 as a demerger from Lonmin and it was called Lonrho Africa plc from 1998 until May 2007. *(Ventures Africa)*

Angola and Mozambique to be linked by rail soon

Angola and Mozambique are due soon to be linked by rail following a recent announcement by Zambia of the start of a large rail project, Angolan newspaper Jornal de Angola reported.
The report, which made the newspaper's front page, noted that Zambia would start building a railroad to link Chingola, in the former copper province, to the Angolan border where it will join up with the Benguela railroad.
"The railway will be built by a partnership between South African group Grindrod and Zambia's Northwest Rail Company and involves two phases – the first between Chingola and the mines of Kansanshi, Lumwana and Kalumbila, covering 290 kilometres and a second stage that will link the Benguela railroad on the Zambian border with Angola near Jimbe," Jornal de Angola reported.
The newspaper said that when the project was finished, southern Africa would have a railway line linking the Atlantic Ocean (Angola) to the Indian Ocean (Mozambique).
The aim is to open up a direct corridor as far as Lobito to allow land-locked Zambia to import products such as oil directly from Angola.
On the Angolan side the train has reached as far as Luau, on the border with the democratic Republic of Congo, since December 2013. *(Macauhub)*

AGRIBUSINESS

Angola economy: Processing

Four agri-processing factories are to be built in Luanda, the capital, in order to add value to locally grown items.
Analysis
The facilities are being built as part of the Programa de Aquisição de Produtos Agrícolas (Papagro; Programme of Acquisition of Agricultural Products), launched last year. Under this programme, small producers-which account for around 80% of all farming activity in Angola-are able to bring their goods to centralised selling points and sell directly to commercial buyers. Thus far, a lack of supply-chain access has been a major hurdle for small producers: retailers have generally preferred (and found it cheaper) to import from countries like South Africa and Portugal, despite increased yield by small producers.
Currently operating in nine out of 18 provinces, Papagro hopes to change this, with schemes including the planned Luanda facilities, which will provide canning, freezing and general processing services to produce value-added items like dried meat, fruit juices and vegetable concentrates. The factories, due to come into operation this year, are to be located within the Zona Económica Especial (ZEE) in Viana, on the outskirts of Luanda.
There are good road and rail links between the ZEE and the agricultural heartlands of Malanje, and there should also be a reliable supply of grid electricity, the lack of which has been a major hurdle to development of the food-processing sector.
Papagro comes as Angola is recovering from three years of drought (which devastated harvests and left hundreds of thousands dependent on food aid), and as the country prepares to introduce a new customs tariff. The new tax regime is now expected to start in March, having failed to begin as expected in January. It will increase import duties on food items with a view to boosting domestic production. However, it may take time before schemes like Papagro start to deliver tangible results, and there is a risk that consumer prices are going to increase as import costs rise and local production takes some time to catch up.

'Water for All' Reaches 57 % Coverage Rate

A total of 432,701 rural area inhabitants around the country gained access to drinking water in 2013, as a result of the implementation of the Water for All project that reached a 57% coverage rate in the period in respect. The information was released in Luanda by the secretary of State for Water, Luís Filipe da Silva. The official was speaking on the fringes of the 9th Meeting of Assessment of the Water for All project. Luis Filipe da Silva stated that the project is increasing and improving the quality of drinking water in the rural areas of the country. He said the implementation of the project is going smoothly in the provinces, municipalities, communes and villages around Angola. According to him, 466 water boreholes were drilled and 167 small supplying systems have been installed.

The Water for All project is an Angolan Government's initiative being implemented by the Ministry of Energy and Water. It started in 2007 to go until 2017. Currently, more than four million rural area inhabitants have access to drinking water. *(AllAfrica.com)*

Japan pays for bore-holes for water supply in Mozambique

Japan is to fund the drilling of bore-holes in Mozambique's Gaza province as part of an agreement to donate US$114,617 signed in Maputo by the Gaza Provincial Directorate for Agriculture and the Japanese Embassy.

According to Mozambican news agency AIM this is another initiative of the Japanese government that is part of its Community Projects Assistance programme and the bore-holes will be drilled in the Guijá district, which is currently affected by drought.

The Japanese ambassador, Eiji Hashimoto, said that the donation, as well paying for two bore-holes, would buy two electric pumps, two solar panels and a water tank.

The Provincial Director for Agriculture in Gaza, Ernesto Paulino, said that this support from Japan would complement efforts by the local government to build infrastructure and adopt specific measures to reduce the population's vulnerability to drought. *(Macauhub)*

Ecom Suspended by Ivorian Cocoa-Coffee Regulator in Auctions

Ivory Coast's cocoa and coffee regulator suspended Ecom Agroindustrial Corp. from the country's daily crop auctions and halted exports by its Zamacom unit.

Le Conseil du Cafe-Cacao said its decision, covering Ecom and its units, was prompted by the failure to pay farmers a premium for certified beans, according to a Feb. 4 letter to the company obtained by Bloomberg News. The letter didn't specify cocoa or coffee, or give details on the certification. The CCC took "provisional measures" on Ecom, Mariam Coulibaly Dagnogo, a spokeswoman for the regulator, said by phone.

"Ecom denies that it has failed to make certification premium payments" and the suspension isn't linked to any of Zamacom's activities, Brian Buckley, a spokesman in London for Ecom's public relations representative Brunswick Group, wrote in an e-mail to Bloomberg News on Feb. 21. "We are working to resolve the issue as quickly as possible."

Ecom had sales of more than $4 billion in 2012 and handled about 280,000 metric tons of cocoa that year, according to the company. Global cocoa production totals 3.93 million tons, according to the International Cocoa Organization in London.

Ivory Coast, the world's biggest cocoa producer, started introducing changes to its cocoa and coffee industries in 2012, including daily auctions and fixed payments to farmers. Growers with beans certified as sustainable typically receive a premium.

Cocoa futures for May delivery fell 0.3 % to 1,843 pounds ($3,072) a ton on NYSE Liffe in London today. Prices climbed 6.5 % this year. *(Bloomberg)*

TRADE

Angola to export wood to Italy

Angola is due to start exporting wood to the Italian market in the next two years, as part of an agreement due to be signed soon by the Italian Organisation of Loggers and Decorative Materials and its Angolan counterpart, an Italian official said.

Aboard the Italian aircraft carrier Cavou, as part of a visit of the 30th Naval Group that has been in Angola since 13 February, Gianmarco Orefice, the international promoter of FederlegnoArredo, said that the agreement, for which a date has yet to be set, will be the end of a talks between Angolan and Italian businesspeople that began in 2010.

"At that time we set up a number of contacts between Angolan producers, traders and designers and showed our interest in reaching agreements for trade cooperation in the wood sector," he said.

The representative of Federlegno Arredo, whose sales to the Angolan market totalled US$6 million in the last two years, noted the importance of Angola for expanding the company's business.

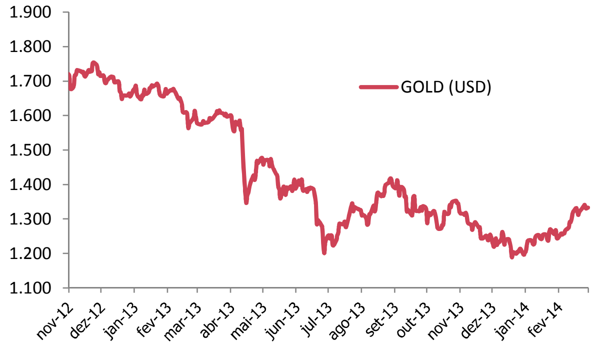
The president of the Angolan Association of Industrial Loggers, Luís Silva told Angolan news agency Angop that the agreement came at a good time considering that FederlegnoArredo was one of the world's biggest operators in the wood production and processing sector.

The Angolan Association of Industrial Loggers currently has 75 members across the country. *(Macauhub)*

MARKET INDICATORS
28-02-2014

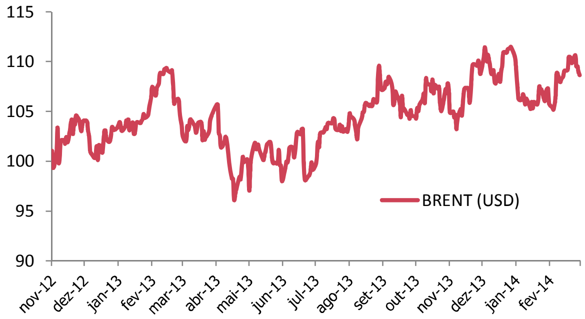
STOCK EXCHANGES		
Index Name (Country)	**28-02-2014**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.163,27	22,01%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	240,49	44,37%
Case 30 Index (Egypt)	8.127,44	48,79%
FTSE NSE Kenya 15 Index (Kenya)	172,95	37,53%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.255,79	0,59%
Nigerian Stock Exchange All Share Index (Nigeria)	39.235,55	39,73%
FTSE/JSE Africa All Shares Index (South Africa)	47.171,62	20,18%
Tunindex (Tunisia)	4.713,72	2,92%

Source: Bloomberg and Eaglestone Securities



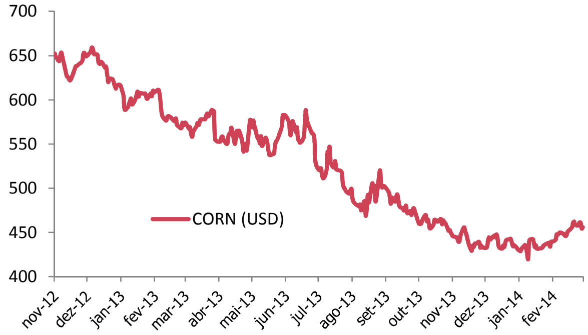
METALS		
	Spot	**YTD % Change**
Gold	1.333	-20,46%
Silver	21	-29,52%
Platinum	1.456	-5,45%
Copper $/mt	7.025	-11,42%

Source: Bloomberg and Eaglestone Securities



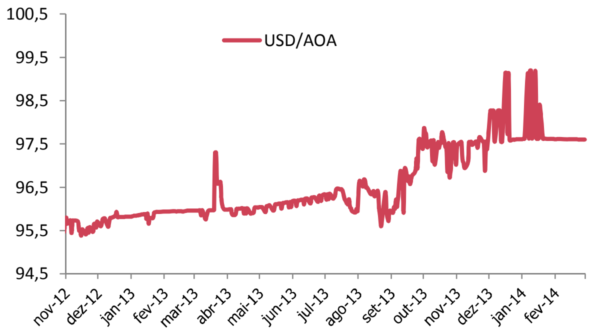
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	102,3	9,80%
ICE Brent (USD/barril)	108,6	0,16%
ICE Gasoil (USD/cents per tonne)	913,8	-0,22%

Source: Bloomberg and Eaglestone Securities



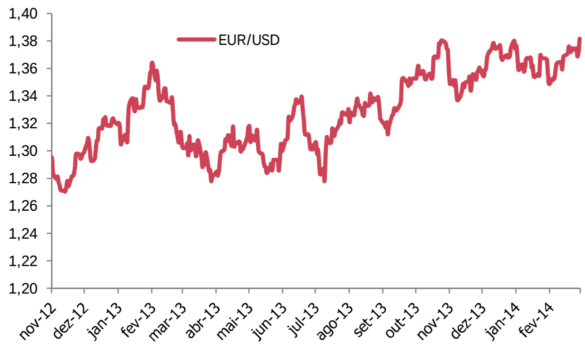
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	456,0	-34,88%
Wheat cents/bu.	595,3	-24,44%
Coffee (KC) c/lb	177,4	20,93%
Sugar#11 c/lb	17,8	-9,68%
Cocoa $/mt	2954,0	31,06%
Cotton cents/lb	86,6	14,12%
Soybeans c/bsh	1388,8	-0,75%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	97,603
EUR	134,842
GBP	163,197
ZAR	9,136
BRL	41,990
NEW MOZAMBIQUE METICAL	
USD	32,450
EUR	44,831
GBP	54,258
ZAR	3,037
SOUTH AFRICAN RAND SPOT	
USD	10,683
EUR	14,758
GBP	17,864
BRL	4,597
EUROZONE	
USD	1,38
GBP	0,83
CHF	1,21
JPY	140,67
GBP / USD	1,67

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

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

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

AFRICA CEO FORUM, organised by ***Groupe Jeune Afrique*** in partnership with the African Development Bank (AfDB), will take place in Geneva from 17 to 19 March, 2014. Offering a solid framework for exchange between major players in Africa's private sector, this key event will gather more than 700 African and international CEOs, financiers and business leaders. http://www.theafricaceoforum.com/

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

Mozambique Mining, Oil & Gas and Energy Conference 27-28 March 201, *www.mozmec.com*

Wind Energy Summit South Africa, 9-10 April 2014 | Cape Town, South Africa http://www.fc-bi.com/

Africa Agribusiness Forum 2014, 28-29 April, Vienna International Centre, Austria in partnership with UNIDO
(www.africaagribusinessforum.eventbrite.co.uk)

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

The **2nd Annual Mozambique Real Estate Conference**, hosted by Pam Golding Mozambique, will take place on **May 21-22, 2014** at the **Indy Village Congress Hotel & Spa, Maputo**. http://www.pamgolding.co.mz/
For more information, or to make an early reservation, please contact **conference@pamgolding.com**, call **+258 21 492076**, or visit the Pam Golding office, next to Hotel Cardoso. Once again, the key players in Mozambique's real estate industry will gather to share investment opportunities, experiences and challenges in this fast-growing, ever-changing sector. Dr. Andrew Golding, Group Chief Executive of Pam Golding, will be the Guest Keynote Speaker. Other speakers will include senior representatives from African Century, Couto, Graça & Associados, Dominio Capital, **Eaglestone**, ENH Logistics, Lonhro Group, PricewaterhouseCoopers, Prime Yield, Pylos Africa, RANI Investment, REC, SCP Africa, Standard Bank, the World Bank, and more.

10th West African Mining & Power Conference, In Association with WAMPOC, 28 - 30 May 2014
Accra International Conference Centre, Accra, Ghana. http://ems.mbendi.com/West-African-International-Mining-and-Power-Exhibition/wampex2014.htm

Africa Rising: Building to the Future- The Government of Mozambique and the IMF will convene a high-level conference in May 2014 in Maputo to take stock of Africa’s strong economic performance, its increased resilience to shocks, and the key ongoing economic policy challenges. http://www.africa-rising.org/
The Government of Mozambique and the IMF will convene a high-level conference in 2014 to take stock of Africa’s strong economic performance, its increased resilience to shocks, and the key ongoing economic policy challenges. The Africa Rising conference will be held May 29-30, 2014, in Maputo. The event is intended to follow up on the 2009 Tanzania Conference, which helped galvanize international support for Africa after the 2008 financial crisis. The conference will bring together policymakers from Africa and beyond, the private sector, civil society, academics, and private foundations with the goal of sustaining the current growth and sharing its benefits among African populations.

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Disclosures

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

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

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

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

EAGLESTONE SECURITIES

Business Intelligence

Business Intelligence
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