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**In-depth:**

## Oil Price Collapse Vindicates Gabon's Aim to Diversify

- Gabon depends on oil for more than half state revenue, four-fifths of exports
- Oil price shock underscores importance of promoting non-oil growth
- Diversifying requires structural reforms and sustainable fiscal framework

The plunge in oil prices since mid-2014 shows that Gabon's plan to diversify its economy away from overdependence on oil is clearly the right way to go and is now more relevant than ever, IMF staff said.

In a regular review of the West African nation's economy, IMF staff added that the oil price shock underscores the importance of fiscal adjustment and acceleration of structural reforms to promote non-oil growth.

The report projected a growth slowdown to 4 ½ % in 2015 from an estimated 5.1 % in 2014, but with considerable downside risks. The growth outlook for the current year has weakened due to a sharp cut in capital spending in 2014 and to the oil price shock, but could improve subsequently to average around 5.7 % in the following five years, driven by public investment, non-oil natural resources, and services. New projects in agro-industry, mining, and wood processing would help sustain non-oil growth.

Although the medium-term growth outlook remains robust, the recent collapse in oil prices is a major challenge. Since the third quarter of 2014, international oil prices have fallen by half, and a return to a $100 a barrel price is nowhere in sight in the medium run (see Chart 1). For a country like Gabon, which has traditionally depended on oil for more than half of its government revenue and four-fifths of its exports, the sharp decline is alarming.

The oil price collapse is all the more important because five years ago the government adopted an ambitious plan—the Plan Stratégique Gabon Emergent—to transform Gabon into a diversified emerging economy by 2025. Financing the plan was predicated, among other factors, on continued high oil prices.

### Validated objectives

The apparent new normal in world oil markets validates the authorities' emphasis in recent years on reducing dependence on oil. As the cornerstone of the authorities' economic policies, the development plan rightly aims for economic diversification, sustainably managing natural resources, and improving social indicators by having more inclusive and job-rich growth.

The government's plan is broadly appropriate, the IMF report said, because its main pillars include improving the level and quality of infrastructure, and raising the quality of human capital—thus tackling two of the country's binding constraints to economic growth.

There has been significant progress in implementing the development plan since its launch in 2010. Using most of the revenue windfalls during high oil price years, the government has considerably improved transport and energy infrastructure, and established joint ventures with foreign companies in non-oil, higher value–added sectors—mainly in natural resource processing.

However, marked public financial management weaknesses raise concerns about the efficiency of public investment and therefore about their fiscal costs. The fiscal impact of the implementation of the plan is a major concern also because the authorities have aimed to attract foreign investors through tax exemptions.

### Fine-tuning the strategy

Thus, in a new context of much lower oil revenues, the efficiency of the strategy to promote non-oil related investment needs to be fine tuned. The widespread use of tax exemptions erodes the tax base and significantly weakens fiscal sustainability. Cross-country evidence shows that what most investors care about are reliable infrastructure and a predictable legal environment.

Focus should therefore be on structural reforms that will reduce input costs and boost productivity. These notably include reforms to improve the business climate, physical infrastructure, and the quality of technical education. Concentrating on these areas, as well as continuing to improve public finance management and investment quality, are thus key to ensure the fiscal sustainability and success of the development plan.

Ensuring fiscal sustainability will be particularly challenging because a massive increase in government spending during the period 2010–13—mainly in public investment—had already severely strained the fiscal accounts before the recent collapse in oil prices.

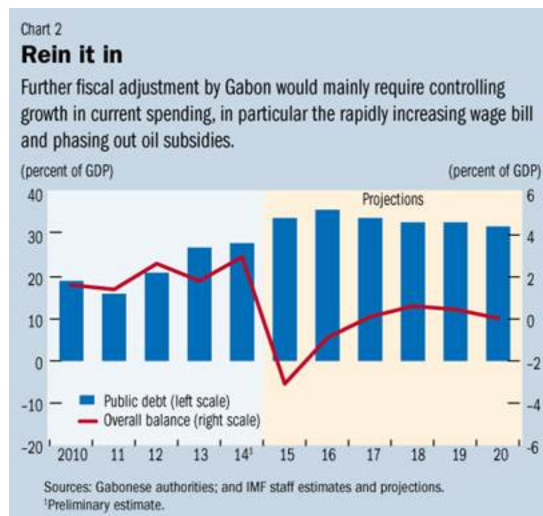
A rapid boost in capital spending was financed by a large increase in public debt from about 16 % of GDP in 2011 to about 28 % of GDP in 2013, a significant accumulation of domestic payments and value-added tax arrears, and a rapid drawdown of deposits at the central bank in 2014.

With pressure to repay large domestic arrears, the authorities recognized the tight fiscal situation and appropriately rectified their 2014 budget in order to scale down their investment program to more manageable levels.

**Revising the fiscal framework**

Against this background, the authorities' key objective is to protect infrastructure and social spending while avoiding the rapid accumulation of public debt and arrears. As a result, the authorities are planning to send to parliament a revised 2015 budget based on conservative oil price assumptions. To balance the books, they intend to reduce current spending, especially on goods and services as well as on subsidies.

That said, further adjustment is no doubt needed in the medium run (see Chart 2). This would mainly require controlling growth in current spending, in particular the rapidly increasing wage bill, and phasing out costly, inefficient, and inequitable oil subsidies. There is also a need to expand the non-oil tax base, notably by reducing tax exemptions and improving tax administration.




The authorities recognize the need of these reforms, and have recently announced their decision to move ahead with one of the most important measures to ensure fiscal sustainability: the phasing out of gasoline and diesel subsidies. A decisive attitude to guarantee fiscal sustainability should ensure the success in their plans. *(IMF)*

## Moroccan Economy on the Right Track

- **Economy strengthening, with growth forecast at 4.4 % in 2015**
- **Significant reduction in fiscal and external vulnerabilities**
- **Improving business climate, infrastructure, education, access to credit key to create jobs and lower poverty**

The Moroccan economy is faring better due to significant progress in implementing economic reforms, but the country should sustain efforts to maintain gains and achieve higher and inclusive growth, the IMF said in its latest annual assessment of the economy and first review of the liquidity line that Morocco obtained from the global lender in 2014.

Speaking to IMF Survey, IMF Mission Chief for Morocco, Jean-François Dauphin, said that commendable progress was made, but the economy still faces significant risks that call for sustained implementation of reforms. The IMF is supporting the authorities' economic program through a Precautionary and Liquidity Line, which serves as an insurance policy to protect the economy in case of severe external economic conditions.

***IMF Survey: How is the Moroccan economy faring?***

**Dauphin:** Economic imbalances have considerably reduced over the last three years. After significant external shocks hit the economy in 2011-12, the authorities have implemented a package of economic reform policies, supported by an IMF Precautionary and Liquidity Line, to help address economic vulnerabilities. In particular, they achieved a significant reduction in the fiscal deficit and moved ahead with an impressive reform of the subsidy system.

As a result, the current account deficit has also narrowed and foreign exchange reserves have increased. The emergence of new export sectors and the recent decline in international oil prices have also played a role in the rebalancing process. In November 2014, the authorities adopted a new organic budget law, which—once comments from the constitutional council have been addressed—is expected to strengthen and modernize the budget framework. A new banking law was also adopted, which broadens the regulatory and supervisory role of Morocco's Central Bank.

Nonetheless, the overall unemployment rate remained high at 9.7 % at end 2014, with youth unemployment around 20 %. And, much remains to be done to reduce income, gender and regional inequalities.

***IMF Survey: What is your assessment of the country's economic outlook?***

**Dauphin:** We expect the Moroccan economy to strengthen going forward. In 2015, economic growth is expected to reach about 4½ %, inflation is projected to remain low (around 1½ %), while the fiscal deficit continues to narrow. Assuming steadfast implementation of structural reforms, growth could further accelerate and reach the 5-5½ % range over the medium term.

However, Morocco still faces significant risks. A protracted period of slow growth in Europe—Morocco's main trading partner—can result in lower exports, foreign direct investment, tourism, and remittances. A renewed spike in energy prices, stemming from geopolitical tensions in the Middle East and/or the Russia-Ukraine standoff, could result in higher oil imports. A surge in global financial market volatility would also negatively impact the economy. Moreover, it will be important to maintain societal buy-in for reforms.

***IMF Survey: In July 2014, the IMF approved a second Precautionary and Liquidity Line in an amount equivalent to about $5 billion. What is this arrangement about and why is it right for Morocco?***

**Dauphin:** The Precautionary and Liquidity Line arrangement is designed to meet the potential liquidity needs of member countries with sound economic fundamentals and track record of policy implementation, like Morocco, but with some remaining economic vulnerabilities and risks.

The IMF created the instrument in 2011 to serve as an insurance policy against unfavorable external economic conditions that are beyond the authorities' control.
This is the second arrangement that Morocco has had with the IMF since the global crisis, to support the authorities' home-grown economic reform program. The authorities treated the first arrangement as precautionary and did not draw on its financial resources. Similarly, they don't plan to draw on resources under the second one. The IMF has just completed the first review of the authorities' program, which remains on track.
***IMF Survey: What are the main economic issues that Morocco still needs to deal with?***
**Dauphin:** The Moroccan authorities have made commendable efforts to maintain macroeconomic stability despite the difficult external environment.
But, in light of the above risks, sustained implementation of reforms will be essential to consolidate gains in macroeconomic stability. In addition, there's still more to be done to foster higher and more inclusive growth by lowering unemployment and poverty incidence, notwithstanding progress made in the last decade.
The fiscal deficit needs to be reduced further to put the public debt firmly on a downward path. And, the pension reform, which has been facing implementation challenges, is becoming increasingly urgent.
Continued reforms to strengthen the competitiveness of the economy through further improving the business climate, fostering greater access to credit for households and small and medium-sized enterprises, improving governance and transparency, and investing in infrastructure and education are crucial. Giving more flexibility to the exchange rate regime would also help the economy better absorb shocks and support the diversification of economic and financial flows. In addition, there is a need to ensure that the functioning of the labor market is conducive to private sector job creation.
The authorities' reform agenda aims to tackle those challenges. For its part, the IMF continues to support Morocco through policy advice and technical assistance, which, in addition to the liquidity line, aim to help the country achieve economic stability and better living standards. *(IMF Survey Magazine: Countries & Regions)*

## Nene unveils R17bn in tax hikes as part of 'fiscal rebalancing' plan

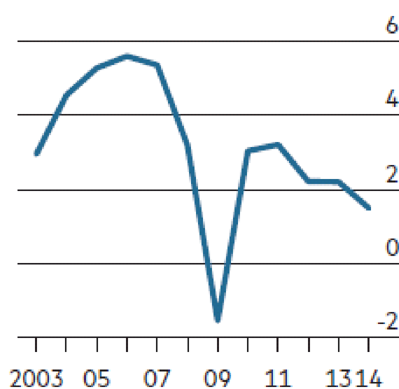
Finance Minister Nhlanhla Nene announced hikes in personal income tax rates as part of a package of tax changes designed to increase gross revenue collections by R17-billion and raise net revenue by R8.3-billion for 2015/16. He also used his 2015 Budget address to reassert the need to balance expenditure restraint with additional revenue, the growth of which had come under increasing strain as the South African economy's performance flagged.
The economy expanded by only 1.5% in 2014, it slowest rate of growth since the recession of 2009 and below the already weak 2.3% expansion recorded in 2013 – this despite a better-than-expected 4.1% fourth-quarter performance.
The immediate outlook was also anaemic, with the National Treasury projecting that gross domestic product (GDP) would expand by only 2% in 2015, before climbing to 2.4% and 3% in 2016 and 2017 respectively.
Previously, the forecast was for 2.5% growth in 2015, 2.8% in 2016 and 3% in 2017 – all well short of the 5% aspiration set out in the National Development Plan. In October, Nene flagged that a turning point had been reach, with insufficient revenue flows to cover expenditure and with debt levels having reached sustainability limits – the gross debt stock was expected to climb by R550-billion to R2.3-trillion by 2017/18. Besides lowering the expenditure ceiling by R25-billion, government planned to raise additional revenue through higher taxes in the 2015/16 and 2016/17, with the changes to be guided by the Davis Tax Committee (DTC), led by Judge Dennis Davis. In his maiden Budget address to lawmakers in Cape Town, Nene said the tax increases were designed to bridge a "structural gap" between revenue requirements and tax proceeds. But he also described as "compelling" the need to maintain the "progressivity" of the tax structure, which was probably why an increase to the value added tax (VAT) rate was eschewed in favour of other measures. But Nene indicated that the DTC was continuing with its work and its recommendations could inform future tax proposals. Any change in the VAT rate would require further public consultation, however.
**Tax Hikes**
The key change for 2015/16 was the one percentage point increase in the personal income tax rates for all taxpayers earning more than R181 900 a year, together with adjustments to tax brackets and rebates to ensure that higher-income earners carried a heavier burden than lower earners. "This raises tax by R21 a month for a taxpayer below the age of 65 with an annual income of R200 000. Those earning R500 000 would pay R271 a month more, and at R1.5-million a year, the tax increase is R1 105 a month." Also announced were a 30.5c/l increase in the general fuel levy from April 1, 2015, a 50 c/l increase in the Road Accident Fund levy, and an increase to a range of "sin taxes", covering various alcoholic beverages and cigarettes. "The net effect of these proposals on 2015/16 tax revenue is an increase of R8.3-billion, which will bring tax revenue for the year to R1 081-billion, or about 10.4% more than 2014/15 tax revenue," Nene said. The personal-income tax increases were not carried through to the corporate sector, where Nene even followed recommendations of the DTC for a more generous tax regime for businesses with a turnover below R1-million a year. Qualifying businesses with a turnover below R335 000 a year will pay no tax, and the maximum rate is reduced from 6% to 3%. The South African Revenue Service would also establish small business desks in its revenue offices to assist in complying with tax requirements.

In addition, the rates and brackets for transfer duties on the sale of property would be adjusted to provide relief to middle-income households. The new rates eliminate transfer duty on properties below R750 000, while the rate on properties above R2.25-million would increase.
But Nene also proposed a number of tax measures to promote energy efficiency, which he said would be discussed further with industry, the electricity regulator, Eskom and other interested parties. "The first proposal is a temporary increase in the electricity levy, from 3.5c/kWh to 5.5c/kWh, to assist in demand management. This additional 2c/kWh will be withdrawn when the electricity shortage is over. Secondly, an increase is proposed in the energy-efficiency savings incentive from 45c/kWh to 95c/kWh, together with its extension to cogeneration projects. Other measures under consideration include enhancing the accelerated depreciation for solar photovoltaic renewable energy."
The associated Budget Review document indicated that government was also examining loopholes that unduly favoured intensive electricity users, and would consider a levy that would apply to users and exporters of electricity who consume in excess of 800 000 MWh a year. "To prevent the possibility of double taxation, a credit of 5.5c/kWh could be provided for users if the price they pay is above 37c/kWh. Before any measures are proposed, government will consult with industry, the electricity regulator, Eskom and other interested parties," the review stated. For this reason, no revenue figure was ascribed to the new electricity levies.

**Draft Carbon Tax Bill**

The Minister also reaffirmed that a carbon tax would be introduced in 2016, which he said would "provide an additional tool to deal more sustainably with the current electricity shortage, while lowering the electricity levy".
A draft Carbon Tax Bill would be introduced later this year for a further round of public consultation.
Also flagged were steps to combat "financial leakages", which Nene said were depriving the economy of billions through eroding the tax base, profit shifting and illicit money flows. "Drawing on advice of the Davis Tax Committee, amendments will be proposed to improve transfer-pricing documentation and revise the rules for controlled foreign companies and the digital economy." The National Treasury revised its gross tax revenue for the 2014/15 to R979-billion, which was R14.7-billion less than the Budget 2014 forecast, with personal income tax accounting for R350-billion of that revenue.
Overall revenue was projected at just over R1-trillion, against estimated expenditure of R1.24-trillion. The 2015/16 tax hikes would help raise collections to R1.19-trillion in 2015/16, with expenditure expected to rise to R1.35-trillion. Nevertheless the Budget balance would remain under pressure with the deficit projected at 3.9% of GDP in 2014/15 and remaining at 3.9% in 2015/16, which was higher than the 3.6% forecast of October – the difference was ascribed primarily to a once-off R15-billion reduction in the Unemployment Insurance Fund contribution. The deficit was expected to fall to 2.6% in 2016/17 and to 2.5% in 2017/18.
Besides the tax hikes, the pace at which spending would rise had been moderated in line with the expenditure ceiling, while the freeze remained on government's personnel headcount, partly to deal with a wage bill that had surged to R445-billion.
Negotiations for a multiyear wage agreement were currently under way and government, which was targeting increases of 6.6% a year for the coming three years, was hopeful of reaching an agreement in time for salary improvements to be implemented in April. Should it succeed, compensation as a share of expenditure will fall from 35.5% to 34.5% over the coming three years. Nene described the 2015 Budget as having been challenging to prepare, under difficult economic circumstances. "The resources at our disposal are limited. Our economic growth initiatives have to be intensified, he said, concluding that "our collective future depends on the energy and enterprise of all of us". *(Engineering News)*

## South Africa records worst annual growth for five years




South Africa recorded its worst economic growth in five years in 2014 as Africa's most-developed economy counted the cost of a wave of strikes, creaking infrastructure and fragile business confidence. An unprecedented five-month wage strike in the platinum mining sector, followed by a weeks-long strike by more than 220,000 metalworkers and engineers, dragged growth down to 1.5 per cent for the year.
Mining and manufacturing, however, rebounded in the fourth quarter, with the economy expanding 4.1 per cent on a quarter-on-quarter basis. But the annual growth compared to a revised 2.2 per cent in 2013 and was the worst performance since a 2009 recession triggered by the global financial crisis.
It is against this backdrop that Nhlanhla Nene, finance minister, will deliver his budget amid expectations of tax increases and publics pending cuts as he attempts to balance the books. His job is complicated by a power crisis that has led Eskom, the state utility, to enforce almost daily electricity cuts. The blackouts, which have hit households and businesses and damaged already weak investor confidence, have worsened this year because of Eskom's ageing infrastructure. The power cuts have diluted the benefits South Africa, an oil importer, would expect to gain from the collapse in crude prices, causing

economists to downgrade their growth forecasts for this year and making it harder for the Treasury to meet its revenue targets. A key focus of the budget will be how MrNene plans to tackle the energy crisis and support Eskom, which faces a funding gap of R225bn ($19bn) over the next five years. The utility is also struggling to source and pay for diesel to power gas turbines, which are designed to run for three hours at peak periods, but have been operating for 14to 15 hours a day. Thabi Leoka, economist at Renaissance Capital, said: “Investors are well aware that Eskom’s electricity supply constraints are the biggest problem to industry and economic growth, but they will want to hear how the Treasury seeks to solve Eskom’s funding deficit.” In a budget statement in October, Mr Nene said the government would provide Eskom with a R20bn cash injection and further details are expected in the budget. Eskomis currently building two multibillion-dollar coal plants, but their completion has been delayed by more than two years. The Treasury has predicted growth of 2.5 per cent this year and 2.8 per cent next year. But the forecasts are likely to be downgraded and are far below what is needed to tackle wide spread poverty. *(Financial Times)*

## SOVEREIGN RATINGS

**North and South America - Asia**

| | FOREIGN CURRENCY LONG TERM | | | FOREIGN CURRENCY SHORT TERM | | |
|---|---|---|---|---|---|---|
| *02-03-2015* | MOODYS | S&P | FITCH | MOODYS | S&P | FITCH |
| ARGENTINA | Ca | Sdu | RD | NR | Sdu | RD |
| AUSTRALIA | Aaa | AAAu | AAA | NR | A-1+u | F1+ |
| BRAZIL | Baa2 | BBB- | BBB | NR | A-3 | F2 |
| CANADA | Aaa | AAA | AAA | NR | A-1+ | F1+ |
| CHINA | Aa3 | AA- | A+ | NR | A-1+ | F1+ |
| COLOMBIA | Baa2 | BBB | BBB | NR | A-2 | F2 |
| INDIA | Baa3 | BBB-u | BBB- | NR | A-3u | F3 |
| JAPAN | A1 | AA-u | A+ | NR | A-1+u | F1+ |
| MACAU | Aa2 | NR | AA- | NR | NR | F1+ |
| MEXICO | A3 | BBB+ | BBB+ | WR | A-2 | F2 |
| SINGAPORE | Aaa | AAAu | AAA | NR | A-1+u | F1+ |
| URUGUAY | Baa2 | BBB- | BBB- | NR | A-3 | F3 |
| VENEZUELA | Caa3 | CCC | CCC | NR | C | C |
| USA | Aaa | AA+u | AAA | NR | A-1+u | F1+ |

*Sources: Bloomberg, Eaglestone Advisory*

**Eurozone**

| | FOREIGN CURRENCY LONG TERM | | | FOREIGN CURRENCY SHORT TERM | | |
|---|---|---|---|---|---|---|
| *02-03-2015* | MOODYS | S&P | FITCH | MOODYS | S&P | FITCH |
| Austria | Aaa | AA+ | AA+ | P-1 | A-1+ | F1+ |
| Belgium | Aa3 | AAu | AA | NR | A-1+u | F1+ |
| Cyprus | B3 | B+ | B- | NP | B | B |
| Estonia | A1 | AA- | A+ | NR | A-1+ | F1 |
| Finland | Aaa | AA+ | AAA | NR | A-1+ | F1+ |
| France | Aa1 | AAu | AA | NR | A-1+u | F1+ |
| Germany | Aaa | AAAu | AAA | NR | A-1+u | F1+ |
| Greece | Caa1- | B- | B | NP | B- | B |
| Ireland | Baa1 | A | A- | P-2 | A-1 | F1 |
| Italy | Baa2 | BBB- u | BBB+ | P-2 | A-3u | F2 |
| Latvia | A3 | A- | A- | NR | A-2 | F1 |
| Luxembourg | Aaa | AAA | AAA | NR | A-1+ | F1+ |
| Malta | A3 | BBB+ | A | NR | A-2 | F1 |
| Neherlands | Aaa | AA+u | AAA | P-1 | A-1+u | F1+ |
| Portugal | Ba1 | BBu | BB+ | NR | Bu | B |
| Slovakia | A2 | A | A+ | NR | A-1 | F1 |
| Slovenia | Baa3 | A- | BBB+ | NR | A-2 | F2 |
| Spain | Baa2 | BBB | BBB + | P-2 | A-2 | F2 |
| United Kingdom | Aa1 | AAAu | AA+ | NR | A-1+u | F1+ |

*Sources: Bloomberg, Eaglestone Advisory*

Region - Africa/Middle East

| 02-03-2015 | FOREIGN CURRENCY LONG TERM | | | FOREIGN CURRENCY SHORT TERM | | |
|---|---|---|---|---|---|---|
| | MOODYS | S&P | FITCH | MOODYS | S&P | FITCH |
| Angola | Ba2 | B+ | BB- | NR | B | B |
| Bahrain | Baa2 | BBB- | BBB | NR | A-3 | F3 |
| Benin | NR | NR | WD | NR | NR | WD |
| Botswana | A2 | A- | NR | NR | A-2 | NR |
| Burkina Faso | NR | B- | NR | NR | B | NR |
| Cameroon | NR | B | B | NR | B | NR |
| Cape Verde | NR | B | B | NR | B | B |
| Egypt | Caa1 | B- | B | NR | B | B |
| Emirate of Abu Dhabi | Aa2 | AA | AA | NR | A-1+ | F1+ |
| Ethiopia | B1 | B | B | NR | B | B |
| Gabon | Ba3 | B+ | BB- | NR | B | B |
| Ghana | B2 | B- | B | NR | B | B |
| Iran | NR | NR | NR | WR | NR | NR |
| Israel | A1 | A+ | A | NR | A-1 | F1 |
| Ivory Coast | B1 | NR | B | NP | NR | B |
| Jordan | B1 | BB- | NR | NR | B | NR |
| Kenya | B1 | B+ | B+ | NR | B | B |
| Kuwait | Aa2 | AA | AA | NR | A-1+ | F1+ |
| Lebanon | B2 | B- | B | NP | B | B |
| Lesotho | NR | NR | BB- | NR | NR | B |
| Libya | NR | NR | WD | NR | NR | WD |
| Mali | NR | NR | WD | NR | NR | NR |
| Mauritius | Baa1 | NR | NR | NR | NR | NR |
| Morocco | Ba1 | BBB- | BBB- | NR | A-3 | F3 |
| Mozambique | B1 | B | B+ | NR | B | B |
| Namibia | Baa3 | NR | BBB- | NR | NR | F3 |
| Nigeria | Ba3 | BB- | BB- | NR | B | B |
| Oman | A1 | A- | NR | NR | A-2 | NR |
| Qatar | Aa2 | AA | NR | NR | A-1+ | NR |
| Republic of Congo | Ba3 | B | B+ | NR | B | B |
| Republic of Zambia | B1 | B+ | B | NR | B | B |
| Rwanda | NR | B | B+ | NR | B | B |
| Saudi Arabia | Aa3 | AA- | AA | NR | A-1+ | F1+ |
| Senegal | B1 | B+ | NR | NR | B | NR |
| Seychelles | NR | NR | B+ | NR | NR | B |
| South Africa | Baa2 | BBB- | BBB | P-2 | A-3 | F3 |
| Tunisia | Ba3 | NR | BB- | NR | NR | B |
| Uganda | B1 | B | B+ | NR | B | B |
| United Arab Emirates | Aa2 | NR | NR | NR | NR | NR |

*Sources: Bloomberg, Eaglestone Advisory*

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

## IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

### Finance: European Bank, EBRD to lend Tunisia 200 mln euros for energy and industry projects

The European Bank for Reconstruction and Development (EBRD) will lend Tunisia 200 million euros this year to finance energy and industry projects, state news agency TAP said.

Four years after toppling its autocrat leader Zine El-Abidine Ben Aliand, and inspiring Arab Spring uprisings in North Africa, Tunisia is widely praised as a model for the region, having held free elections last year and adopted a new constitution.

But it faces pressure from its international lenders to curb high public spending, including by cutting politically sensitive subsidies on basic foods and fuel. Job security and high living costs are Tunisians' main worries. TAP quoted EBRD official Anis El Fahem as saying that the 200 million euro loan would finance 14 projects.

The London-based development bank has financed 20 projects in Tunisia, under a budget of 210 million euros, since it began its activities in the country in September 2012. The Tunisian government sees economic growth accelerating to 3 % in 2015 from 2.3 % last year, while the budget deficit is expected to narrow to 5 % of gross domestic product from 5.8 % in 2014. *(The Africa Report)*

### Guinea Gets $37.7 Million In Extra IMF Financing to Help Combat Ebola

- IMF Executive Board approves release of $25.9 million under existing program
- Board also boosts financing under program by additional $37.7 million
- Guinea sets up special budget account to channel Ebola-related spending

The IMF Executive Board approved release of $25.9 million to Guinea under the West African country's existing IMF-backed program, and also boosted financing under the program by an extra $37.7 million.
The IMF said the move aimed to enhance Guinea's international reserves, cover its budget, and meet urgent balance of payments needs resulting from the Ebola crisis.
The package of extra IMF financing for Guinea comes on top of $100 million in debt relief funded by IMF grants, announced earlier this month. The debt relief followed $130 million in emergency assistance the IMF disbursed in September 2014 to the African countries worst hit by the Ebola outbreak—Guinea, Liberia, and Sierra Leone.
An IMF statement said the Board completed a review of Guinea's economic performance under a program supported by a three-year Extended Credit Facility loan of $199 million approved in February 2012. All quantitative performance criteria had been met, but with the authorities focused on combating the Ebola outbreak, structural reforms had slowed and implementation of some benchmarks had been delayed. The program was extended to end-December 2015.
IMF staff said in a report that Guinea's 2015 economic policies would support the fight against the Ebola outbreak, which looks set to persist well into the year and tip the economy into recession this year. The staff said a concerted international effort is required to help the authorities fully implement their Ebola response plan.

**Special budget account**

Guinea's 2015 budget projects a wider deficit, in part to allow Ebola-related spending. Guinea's authorities have created a special budget account to channel resources such as grants and concessional loans into Ebola-related spending. IMF staff noted that the special account would also help to ensure transparency and provide assurances to donors.
In its report, IMF staff said the Ebola outbreak had slowed Guinea's economy, with 2014 growth projected at 0.4 % compared with 2.3 % in 2013. Economic activity was severely hampered by border closures and controls, population displacements that created farm labor shortages, fewer international visitors, and a falloff in foreign investment.
Guinea's Ebola infection rate slowed and leveled out at the end of 2014, the report said. While concentrated in the south-east border region with Liberia and Sierra Leone, the epidemic has lately extended north toward bauxite and gold producing regions of the country.
The government continues its aggressive efforts to control the epidemic, the report noted. In the fourth quarter of 2014 five new treatment centers were opened, bringing the total to seven.
For 2015, the report projected further economic disruption, including from second-round effects of the Ebola epidemic such as enterprise closures and labor layoffs. Production and investment would be hindered by limited labor supply and mobility, while investment would likely take time to recover due to investor risk aversion and lower commodity prices.

**Uncertainty in 2016**

Uncertainty clouds Guinea's medium-term outlook, the report said. Eradication of the Ebola epidemic this year should allow a broad-based recovery in activity and a GDP growth rebound in 2016. But persistent Ebola outbreaks beyond 2015 and a continued fall in commodity prices could reduce investor interest in developing Guinea's large mining potential.
Prospective growth and investment could also be adversely affected by continued delays in structural reforms, caused mainly by Ebola-related diversion of administrative resources and delays in planned external technical assistance. In addition, renewed sociopolitical tensions and political uncertainty could arise ahead of presidential elections scheduled for late 2015.

### IMF Readies Loan for Ghana to Support Reform Plan

- Ghana's economic growth expected to slow for fourth straight year in 2015
- Additional measures adopted to mitigate budget's oil revenue shortfall
- Priority is to restore debt sustainability by sustained fiscal consolidation

An IMF staff team in Ghana has reached agreement with the government on a new economic reform program that would be supported by an IMF loan of about $940 million.
The loan, which could receive final approval in early April, would back a program aimed at boosting economic growth and tightening fiscal discipline.
Ghana would implement its reform program under a three-year Extended Credit Facility arrangement from the IMF, which is still subject to approval by the IMF's management and Executive Board. One of the priorities of Ghana's program is to restore debt sustainability through a sustained fiscal consolidation.
Offshore oil production came on stream in Ghana in 2010, and the slump in world oil prices since mid-2014 has resulted in a shortfall of budget revenue of about 2 % of GDP. Under its new program, the government has acted to buttress the 2015 budget with additional measures to lower spending ceilings and draw from an oil stabilization fund, to offset the budget's oil revenue shortfall arising from the recent slump in world oil prices.

Ghana is one of Africa's frontier emerging markets, having entered the global capital market for the first time in September 2007. Its past wealth lay in gold and cocoa—commodities that have remained in high demand, and which have helped the country weather the recent global recession.

**Sustained slowdown**

An IMF statement said Ghana's economic growth rate is expected to slow for a fourth consecutive year in 2015 to 3 ½ % on the back of a severe energy crisis and the budget-tightening measures. Growth topped 9 % in 2011, but had been followed by three difficult years characterized by slowing activity, accelerating inflation, and rising debt levels and financial vulnerabilities.

In 2014 economic growth reached its lowest level in many years amid high interest rates, a fast depreciating currency, low aggregate demand, and a deepening energy crisis. Inflation reached 17 %, well above the central bank's inflation target. Large fiscal deficits caused by a ballooning wage bill, poorly targeted energy subsidies, and commodity price shocks pushed government debt and financing costs to very high levels.

The main priority of the program is to restore debt sustainability through a sustained fiscal consolidation, and to support growth with adequate capital spending and a reduction in financing costs. The program rests on three pillars.

- Restraining and prioritizing public expenditure with a transparent budget process;
- Increasing tax collection; and
- Strengthening the effectiveness of the central bank monetary policy.

The program explicitly accommodates for the expansion and the safeguard of priority spending, in particular social protection programs.

Ghana's growth is expected to rebound over the medium term on account of an improved macroeconomic environment and cost effective solutions to address the energy crisis. Inflation should decelerate substantially, while the stronger fiscal consolidation will stabilize the debt ratio to GDP. The external current account deficit is projected to decline which, together with increased donor support, should contribute to start rebuilding reserves.

**Better budget transparency**

Key elements of the reforms include improving transparency in the budget process to prioritize spending, enhancing revenue mobilization and strengthening fiscal institutions, including through the review of possible fiscal rules. Reviewing fiscal rules has been a focus of ongoing discussions between the Ghanaian authorities and the country's civil society, which is concerned about fiscal transparency in the budget process.

To strengthen its control on the wage bill and address payroll irregularities, the government has started to detect and remove ghost workers, to secure and unify payroll databases, and to sanction those responsible for fraud. In addition, strict control on new hiring and the reduction in the number of public service agencies will further help contain the wage bill.

Tax administration reforms are under way, and the government also initiated a review of existing tax exemptions with a view to reducing them. Public debt management will continue to be strengthened to ensure that financing needs and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk.

## IMF agrees to lend Ghana almost $1bn to help boost economy

An International Monetary Fund (IMF) team agreed to lend Ghana almost $1bn to help boost foreign-exchange reserves and bolster Africa's worst-performing currency.

The agreement includes a three-year loan programme of 660-million Special Drawing Rights, or $933m, Joel Toujas-Bernate, head of the mission, said in an interview in Accra, the capital. The plan will be presented to the IMF's board for approval in April, with the first payment of about $100m to be made shortly after, he said.

President John Dramani Mahama was forced to turn to the IMF after ballooning government debt and falling export revenue triggered a 31% plunge in the currency against the dollar in the past year. The IMF loan terms will require the government to cut back on spending, especially on civil servants' salaries, which account for almost 70% of tax revenue.

"The programme aims at ambitious fiscal consolidation over the three years, which will be based on expenditure restraint, especially with regard to the wage bill," Mr Toujas-Bernate said. "It has been one of the factors behind the large fiscal imbalances that we have seen in the last few years."

Ghana is seeking to narrow the fiscal deficit to 6.5% of gross domestic product (GDP) this year, down from an average of about 10% in the past three years. Finance Minister Seth Terkper pledged in his budget speech in November to put a freeze on hiring, boost tax revenue, partly by raising fuel taxes, and improve the management of public funds and debt.

**Wide deficit**

"The economic impact of the agreement will depend on the government's ability to tackle its wide fiscal deficit," John Ashbourne, Africa economist at London-based Capital Economics, said in an e-mailed note.

Narrowing the shortfall "will be politically difficult, and require a greater degree of fiscal discipline than President John Dramani Mahama's government has shown so far."

The IMF said the government may miss its fiscal deficit target this year because of lower oil-export revenue. The shortfall will probably reach about 7.5% of GDP, with a plan to bring that down to between 3.5% and 4% by 2017, Mr Toujas-Bernate said. Public debt is set to fall to below 60% of GDP over the programme period, he said.

"This is an ambitious fiscal consolidation programme," he said. It's needed to "stabilise the macroeconomic situation and also put the public debt on a more sustainable path."

**Public wages**

The IMF wants the government to improve management of the public-sector wage bill, including an audit of the payroll database and security system to ensure that irregularities and ghost workers are eliminated.

The independence of the central bank also needs to be strengthened, Mr Toujas-Bernate told reporters at a press conference announcing the agreement. The Bank of Ghana must reduce financing of the budget deficit to 5% of revenue this year, from 6.6% last year. The target for 2016 is zero%, he said.

The IMF loan will have a zero interest rate with repayment over 10 years, according to Mr Toujas-Bernate. The funds will be disbursed to the central bank, which will use it to boost foreign-currency reserves, which stood at $4.9bn in January.

The IMF's assistance will help to draw about $1bn in additional budgetary aid from international donors over the three years, Mr Toujas-Bernate said.

**Borrowing increase**

Most of Ghana's debt was cleared in 2005 as part of a global relief campaign for poor nations. Since then, Ghana has ramped up borrowing, including selling dollar bonds to tap rising demand from foreign investors searching for high-yielding debt.

Yields on the Eurobond due January 2026 fell 12 basis points, or 0.12 percentage point, to 8.48% on 26th Feb in Accra. The currency strengthened 0.1% to 3.515 per dollar by 6.42am local time on 27th Feb. The spending curbs and power shortages may restrict economic growth in the West African nation to about 3.5% this year, according to the IMF. The economy may expand between 4% and 5% in 2016, Mr Toujas-Bernate said.*(BDLive)*

**The African Development Bank and Bloomberg launch African Bond Index**

New index now available on the Bloomberg Terminal

Following the announcement of the collaboration between Bloomberg and the African Development Bank (AfDB) in December, Bloomberg and the AfDB through the African Financial Markets Initiative (AFMI) have launched the AFMISM Bloomberg® African Bond Index (ABABI), a new family of African bond indices. Calculated by Bloomberg Indexes, this composite index is comprised of the Bloomberg South Africa, Egypt, Nigeria and Kenya local currency sovereign indices.

“The launch of the indices comes as a welcome development at a time when African countries are increasingly looking to domestic capital markets to source much-needed financing for economic development,” said Stefan Nalletamby, the Director of the Financial Sector Development Department of the AfDB.

The current index includes an African sovereign bond index comprised of the four most liquid bonds in Africa and three sub-indexes for different maturity ranges. To be included in the index, a security must have at least one year remaining to maturity and withstand price stability tests. In partnership with Bloomberg, the AFMI will be reviewing the addition of new countries on a biannual basis, i.e. June and December. More markets are expected to be added to the index this year.

“There is a clear need for a transparent and objective benchmark for sovereign debt in Africa. Well-crafted indices are essential in the assessment of value in markets while contributing to liquidity by giving investors a benchmark to evaluate their performance,” said David Tamburelli, Head of Emerging Markets Product, Bloomberg L.P.

The AFMI works to deepen the continent's local currency bond markets and also strives to create an environment where African countries can access financing at variable terms. By providing transparent and credible benchmark indices, the AFMI through its work with AfDB and Bloomberg will provide investors with a tool with which to measure and track the performance of Africa's bond markets.

**AfDB hosts workshop to develop ECOWAS Gender and Energy Policy**

The African Development Bank (AfDB), the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE), and the United States-based National Renewable Energy Laboratory (NREL) have formed a partnership centered on linking gender and energy access. The three have jointly organised an inception workshop to launch a project about developing an ECOWAS Policy for Gender Mainstreaming in Energy Access and its Implementation Strategy. The workshop will be held on Tuesday, February 24, 2015, at the Bank's headquarters in Abidjan, Côte d'Ivoire. “AfDB's role is grounded in its Energy Policy, which advocates for ‘universal access to energy,’ said Geraldine Fraser-Moleketi, AfDB's Special Envoy on Gender. Participants include Côte d'Ivoire's Minister for Family, Women and Children, AfDB's Special Envoy on Gender, the ECOWAS Commissioner for Social Affairs and Gender, and the Executive Director of ECREEE. Representatives from the respective Ministries of Energy of the ECOWAS member states, partner institutions of ECREEE and other stakeholders will also be present.

The project aims at establishing a regional policy and its implementation strategy that will support the region's energy efficiency and renewable energy policies. It will also enhance the Sustainable Energy for All's (SE4ALL) initiative of achieving the goals of universal access to modern energy services.

Gender equality will be an integral component of the project, which will further promote inclusive growth within the ECOWAS member states. The policy and its implementation strategy are being developed by ECREEE and the ECOWAS Department of Social Affairs and Gender with the assistance of NREL.
The ECOWAS Policy for Gender Mainstreaming in Energy Access, the first of its kind globally, aims at addressing barriers that hinder the participation of women in energy access. It will ensure that women make both intellectual and business-wise contributions to ending the region's energy crises. Women comprise up 50 % of the region's population and 43 % of the ECOWAS labour force.
"The policy will enhance the capacity of women and girls to benefit from the region's energy interventions," observed Moleketi. It will focus on engendering various decision-making processes which directly and indirectly affect the energy sector in and across ECOWAS member states.
By serving as a member of the Technical Advisory Group, AfDB will provide strategic guidance on the project based on its vast experiences in mainstreaming gender into its operations. The Bank also has wide knowledge in financing energy investments and advocating for energy policy dialogue and reforms.
Over the years, AfDB has made extensive investments in the energy sector across the ECOWAS region. Between 1998 and 2014, the Bank approved 40 energy operations (energy projects and/or programs) through its public and private sector financing windows in the region valued at US $1.45 billion.
AfDB's support for the development of the ECOWAS Policy for Gender Mainstreaming in Energy Access and its implementation framework is also rooted in its Gender Strategy 2014-2018, as the project is heavily centered on leveraging infrastructure for gender equality.

**Boosting trade through reducing barriers in the MENA Region**

The African Development Bank (AfDB) has published a new economic paper on the Middle East and North Africa, entitled "Trade Volume and Economic Growth in the MENA Region: Goods or Services?"
In this paper, the African Development Bank underlines that the relatively high trade barriers in the region have a negative effect, not only on service trade, but also on the competitiveness of the manufacturing sector. This is even truer in the case of some services (transport and telecommunications, as well as financial services) that are complementary to goods production and exports.
Supported by figures and charts, this economic paper shows that liberalising trade policy and increasing trade volumes have stimulated economic growth in the region. However, the various obstacles and constraints that are holding service trade back considerably limit its effect on growth.
Other findings that prove to be even more problematic and which the study underlines include: most services provided by the public sector are inefficient and backbone services (including transport, telecommunications, and the storage and distribution of goods) are high in cost. Combined, these factors raise the cost of exports from countries in the MENA region (both services and manufactured goods), also impeding trade expansion.
Among other recommendations to boost trade in these countries and their exports, this new economic paper advocates the reform of regulatory procedures in order to reduce trade barriers. This would be to improve the operation of the services sector by: optimising the business environment and transport (air transport in particular), banking and financial services, the energy and tourism sectors and information technology and telecommunications. In a virtuous circle, the production of goods and services and investment (including foreign direct investment) would be stimulated – in addition to the so-sought for creation of jobs in this region with its high unemployment rates.

**African Development Bank Group Executive Directors on impact mission to Southern Africa**

A delegation of African Development Bank Group Executive Directors is preparing to travel to Zimbabwe and Mozambique to assess the impact of Bank projects in the two countries. The 10 Board members along with two Senior Advisors, representing 42 countries, will visit Zimbabwe from February 22 to 28, and Mozambique from March 28 to April 4.
"These annual field visits aim to examine the effectiveness of Bank policies and strategies, across a number of key sectors", said Mahomed Rafique, the Bank's Executive Director representing Angola, Mozambique, Namibia and Zimbabwe on the Board of Directors. "They involve consultation with the Bank's key shareholders and stakeholders, as well as project visits. They are designed to identify gaps in the Bank Group's operations, and to offer solutions."
The visits will focus on projects in natural resources management and governance, finance sector management, and private sector development.
The Executive Directors will hold consultations with senior government officers, and pay courtesy calls on the Heads of State of the two countries. They will also hold discussions with the private sector and civil society.
The team will meet with senior officials of regional economic bodies to discuss regional integration. It will also hold sessions with international financial institutions and donor partners to discuss how to harmonise bilateral efforts, drawing from conventions such as the 2008 Accra Agenda for Action and 2005 Paris Declaration on Aid Effectiveness.
"These visits are a critical part of our annual agenda", continued Rafique. "Executive Directors are mandated by the Board to evaluate the quality of the Bank Group's support to its regional member countries. It is an opportunity to look again at the social, economic and political challenges we confront, and to see how the Bank's work complements that

of other donors. They also look closely at the challenges of achieving regional integration and inclusive growth, of combating climate change, of enhancing the role of the private sector, and of promoting small and medium enterprises. Since 2011, the Bank has invested some US $195 million in support of Zimbabwe's economic governance initiatives, infrastructure rehabilitation and private sector development programmes. Since commencing operations in Mozambique in 1977, the Bank Group has committed about US $2 billion in 95 operations in the country. Just over half of this funding has supported the transport sector, and a fifth has supported agriculture. The delegation includes Board Members representing Angola, Argentina, Austria, Botswana, Brazil, Burundi, Cameroon, Central African Republic, Congo, Democratic Republic of Congo, Denmark, Djibouti, Egypt, Eritrea, Ethiopia, Finland, Gambia, Ghana, India, Japan, Kenya, Liberia, Libya, Malawi, Mauritania, Mauritius, Mozambique, Namibia, Nigeria, Norway, Rwanda, São Tomé & Príncipe, Saudi Arabia, Seychelles, Sierra Leone, Somalia, Sweden, Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

**Regional integration in East Africa: the AfDB Group supports power trade between Kenya and Tanzania ADF US $144.9 million loan to Kenya–Tanzania Power Interconnection Project**

The Board of Directors of the African Development Bank Group (AfDB) approved on Wednesday, February 18 in Abidjan an African Development Fund (ADF) Loan of US $144.9 million, to the Kenya–Tanzania Power Interconnection Project.

The project will allow the two countries to exchange power. In addition, the Kenya–Tanzania Interconnection Project plays an important role in promoting regional integration through power trade. The project is expected to improve the supply, reliability and affordability of electricity in the Eastern Africa region through cross-border exchanges of cheap and cleaner surplus power from neighbouring countries.

The project involves the construction of approximately 508 kilometres of transmission line between Kenya and Tanzania (about 93 km in Kenya and 415 km in Tanzania) and associated substations in Arusha and Singida (Tanzania). The line will have a transfer capacity of up to 2,000 MW in either direction. The Ethiopia–Kenya interconnection line will allow for the interconnection of the Eastern Africa Power Pool to the Southern African Power Pool and further in the future to Northern Africa through the East Africa Electricity highway. At its initial stage, the project will allow Ethiopia and Kenya to exchange power, followed by the import and export of energy from the interconnected countries. Following the Board's approval, the Director of the AfDB's Energy, Environment and Climate Change Department, Alex Rugamba, explained that the project aligns with the pillars of the regional integration strategy papers (RISPs) for Eastern Africa, which focus on regional infrastructure and capacity building. It also fulfills the objectives of the New Partnership for Africa's Development (NEPAD) in terms of regional integration and promotion of infrastructure development through regional co-operation in key productive sectors such as energy. He also added that the interconnection line will create competitiveness in the energy sector and will encourage private sector investing in the generation of electricity by facilitating power transfer through the interconnector

**Africa Trade Fund approves $1.4 million in funding for four projects**

The Technical Review Committee of the Africa Trade Fund (AfTra) at its meeting on February 13, 2015 in Abidjan, approved funding worth more than US $1.4 million for four projects that will support trade development in Africa. AfTra, a trade-related technical assistance facility hosted by the African Development Bank, was established in 2013 to provide funding for trade facilitation, building capacity for trade institutions, and developing products and markets in Africa.

Two of the projects that have just been approved will support value chains development in the apiculture and cashew industries. The first, titled "Trade and Institutional Capacity Building in the Apiculture Sector", will be implemented by SNV Netherlands Development Organization, Zambia. It will improve the capacity of traders, processors and producers of honey and bee products to comply with SPS measures. This will allow them, among others, to upgrade within the honey global value chain by exporting table honey instead of bulk honey, thereby capturing more of the value.

The other value chains development project, presented by the African Cashew Alliance (ACA), aims to support cashew industries in both East and West Africa. This project, by improving the product quality and market development, as well as the environmental standards and sustainability in cashew processing, offers the chance for Africans to upgrade within the cashew global value chain. It also has an added focus of targeting women who will be supported to move up the value chain – from selling crops to local traders to processing them.

The third grant was made to the African Organization for Standardization (ARSO). The project, titled "Harmonization of African Standards for Agriculture and Food Products", aims to provide coherent and systematic codes of practice for African food products. Harmonizing standards and codes of practice across African countries will provide a clear and predictable policy framework for regional trade so that institutions that facilitate exchange and mitigate the inherent risks associated with food production.

The fourth project, a study titled "Regional Cargo Tracking System on the Northern Corridor", will assist the six member countries of Northern Corridor Trade and Transit Coordination Authority (NCTTCA) – Burundi, Democratic Republic of Congo, Kenya, Rwanda, South Sudan and Uganda – prepare for the implementation of the regional

electronic cargo tracking system. The study will also examine the required legal framework and establish other areas of policy intervention to make transit along the corridor more efficient, thereby improving intra-regional trade.
“These projects were all carefully selected to make sure that they achieve the goals of helping African countries trade better with each other and to facilitate their integration into global value chains,” said AfTra Fund Coordinator, Moono Mupotola. “The projects are in line with AfTra’s central goal of unlocking Africa’s trade potential.”

## INVESTMENTS

### South Africa: India a Key Trading Partner for SA

Pretoria — Despite the slow rate of investment, India remains a key trading partner for South Africa, says Trade and Industry Deputy Minister Mzwandile Masina. The Deputy Minister was speaking at the 6th India Investment and Trade Initiative (ITI) seminar held in Hyderabad, India. The seminar, which was attended by more than 200 business people from both India and South Africa, is part of the Department of Trade and Industry's export and investment promotion strategy to focus on India as a high growth export market and foreign direct investment source. Deputy Minister Masina said he was pleased to see that investment between the two countries was growing, though the level was still very low given the size of the Indian market. He however said there was scope to do more to increase investment, hence South Africa is back in India for the 6th ITI. "The emerging economies have become the new centres of economic growth. Our regions are designed to become global economic power centres. BRICS in particular is at the forefront of the leading economies of the future," he said. The Deputy Minister said both countries should take advantage of the BRICS membership and do more business with each other. "Trade and investment should also be at the top of our agendas because it would contribute to creating more jobs and growth when we need it the most." He urged Indian business people to consider importing value added goods from South Africa. Total trade grew from R80.9 billion in 2013 to R90 billion at the end of 2014. Out of this, South Africa exported R40.9 billion and imported R49.4 billion goods from India during 2014. The ITI is set to continue in Hyderabad and Kolkata until 27 February. *(SAnews.gov.za)*

### South Africa: Limpopo Attracting More International Investors

Limpopo has become a destination of choice for international investors, says Limpopo Premier Chupu Mathabatha.
"During our trade and investment mission to the People's Republic of China in October 2014, we signed Memoranda of Agreement with big investors. "The first MOU was signed with Hong Kong Mining Exchange Company (Hoi Mor) for the establishment of South Africa Energy Meturlligical Base Project," he said at the State of the Province Address (SOPA) at the Lebowakgomo Legislature. The project, which has an investment value estimated at R38.8 billion, will be based in the Musina Special Economic Zone, and will create 19 000 direct jobs over a period of three years. The Hoi Mor investment will result in beneficiation that integrates various resources and reduce the export of raw materials in favour for exporting beneficiated goods. The South Africa's Women Investment Holdings has entered into a joint venture agreement with Jidong Development Group and China Africa Development Fund for a R1.65 billion investment into cement manufacturing, which will be based in Thabazimbi. The construction, which started in 2014, is due to be completed next month. "I have no doubt that these investments will add value to our efforts of expanding the productive capacity of our economy," said Premier Mathabatha.

**Province invests in agriculture sector**

Meanwhile, Premier Mathabatha said his provincial government is putting in place deliberate measures and focused investment in the agriculture sector. "We opened Madzivhandila and Tompi Seleka Agricultural Colleges at the beginning of this year. "The colleges are now fully functional and operational. They have a student enrolment of no less than 140," he said. Premier Mathabatha said the curriculum content has been restructured and developed to produce agricultural economists, extension officers, pasture and soil scientists, agronomists and horticulturalists. The curriculum is also integrated with other disciplines offered by the University of Limpopo and the University of Venda. The Premier said this will also create a platform for the sharing of information and skills. "The farmers, who are already practicing, will be able to go to these colleges to increase their knowledge and skills base," he said.

**The Fetsa Tlala programme**

The Premier said Fetsa Tlala (end hunger) is one measure they have introduced in agriculture to ensure food security and sustainable livelihoods. Through Fetsa Tlala, government intends to assist small-scale and smallholder producers to put at least one million hectares of arable land under production by 2019 across the country. Nevertheless, Premier Mathabatha said the implementation of this programme has seen some challenges in terms of management, coordination and monitoring and have since instructed the MEC for agriculture to appoint a task team to help deal with these challenges. "In this regard, we call upon all our social partners, traditional leaders, community leaders and subsistent farmers alike to work with the MEC and her team," he said. The Premier said in the next financial year, the focus will be on the revitalisation of irrigation schemes, construction of pack houses and revival of existing fresh markets.

**Employment**

The recent Labour Force Survey by Statistics South Africa indicates that employment in the province has increased by 67 000 more permanent jobs. Premier Mathabatha said in the last quarter alone, the province has created 29 000

permanent jobs. "In essence, we have reduced the unemployment rate by a percentage point from 16.9 to 15.9 in the intervening period. The expanded unemployment rate declined on a quarterly basis by 1.2 percentage points to 37.2%. "There is therefore no doubt that we are faring better in creating more decent and sustainable jobs for our people. Nevertheless, more work still needs to be done," he said. *(SAnews.gov.za)*

**South African Firms Prepare Massive $31.4bn Investment to Revitalize Ailing Economy**

South Africa's state-owned companies will invest about R360 billion ($31.4bn) over the next three years, accounting for about 20 % of South Africa's gross capital formation, finance minister, Nhlanhla Nene, said. Delivering his first full budget speech in South Africa's parliament, Nene, however, admitted that the financial position of some state enterprises was unsatisfactory, undermining their ability to contribute toward development. "Recommendations to make our public entities more relevant to South Africa's developmental needs have been made by the Presidential Review Committee chaired by Ms Ria Phiyega," Nene said. "Reforms are required to ensure that state companies contribute to building a competitive economy and are not an unnecessary drain on the fiscus, and that developmental mandates are appropriately financed and serve the national interest," he added. Private investment and partnerships with state-owned companies were elements of the government strategy for strengthening infrastructure investment and improving service delivery. As indicated in last year's Medium Term Budget Policy Statement, fiscal support to state-owned companies over the period ahead would be financed through offsetting 2015 asset sales so that there is no net impact on the budget deficit. "The required turnaround in performance and delivery on government priorities will be closely monitored, under the Deputy President's oversight. To stabilise Eskom's financial position, it will apply to the regulator this year for adjustments towards cost-reflective tariffs," he said. *(Ventures Africa)*

**Nigeria's NEXIM Bank Plans to Grow Regional Trade With Fresh AFDB Grant**

The efforts of the Nigerian Export-Import Bank (NEXIM Bank) to facilitate the establishment of a regional maritime company, The Sealink Project, has received a fresh boost with the signing of a financial grant with the African Development Bank (AfDB) for $302,000 under the aegis of the Nigerian Technical Cooperation Fund (NTCF).

The objective of the Sealink Project is to promote intra and inter- African trade, thereby fostering regional integration, economic growth and development in the West and Central African sub-regions. This is in line with the Government's transformational policy on trade and transport as articulated in the Regional Trade component of the New Trade Policy.

Speaking at the event, the Resident Representative for the African Development Bank (AfDB) Group in Nigeria, Mr. Ousmane Dore, reiterated AfDB's commitment to promoting infrastructure development in Africa as being in line with the Bank's overarching objective to spur sustainable economic development, social progress and poverty reduction in the regional member countries (RMCs). He indicated that an innovative maritime initiative such as the Sealink Project would greatly assist in bridging the artificial boundaries that have hitherto prevented trade, economic integration and a seamless logistic services within the region. He was particularly impressed that NEXIM deemed it strategic enough to enlarge the scope of the project to include the Economic Community of Central African States (ECCAS) region (for which feasibility study part of the grant shall be applied), and expressed the hope that eventually the project would cover the entire region and enhance trade, free movement of persons, goods and services.

Also, the Acting Director-General of the Directorate of Technical Cooperation in Africa (DTCA), Mr. Suleiman Shuaibu stated that the aim of his Directorate (which is under the Ministry of Foreign Affairs) is to enhance Africa's development and integration by creating the enabling environment and opportunity for Nigerian professionals and indeed those of African descent to invest their immense intellect, expertise and skills in the economies of Africa towards bridging the widening economic and scientific gap between Africa and the rest of the world. Continuing, he indicated that the financial grant of US$ 302, 000 to NEXIM Bank for the Sealink project is in line with the Directorate's interest to facilitate cooperation and integration in Africa through the mechanism of technical assistance and better cooperation with other African countries, especially given Nigeria's role as leader in Africa.

In his remarks, Mr. Roberts Orya, the MD/CEO of NEXIM Bank thanked the Directorate of Technical Cooperation in Africa (DTCA) and African Development Bank (AfDB) for the Nigerian Technical Cooperation Fund (NTCF) grant to NEXIM. "The release of this financial grant of US$302,000 to NEXIM Bank under the Nigerian Technical Cooperation Fund (NTCF) (which is) managed by African Development Bank is an attestation of the confidence the Federal Government of Nigeria as well as other key stakeholders in our commitment, especially through the SEALINK Project, to facilitate the free movement of persons, goods and services within the West and Central African sub-regions…," Orya said.

The $302, 000 grant would be used to conduct further feasibility studies on the project to extend it to the Economic Community of Central African States (ECCAS), as well as enhance the Sealink promotional activities and assist in the development of human capital and corporate governance structure of the the Sealink Promotional Company Limited (SPV) which was incorporated to facilitate the project implementation. The SPV is being promoted by the Federation of West African Chambers of Commerce and Industry (FEWACCI), Nigerian Export – Import Bank (NEXIM) and Transimex, S. A, Cameroun. Mr. Orya used the opportunity of the event to provide an update on the Sealink Project implementation and maintained that the Sealink is a private sector-driven project and that NEXIM Bank is only facilitating its establishment in line with its mandate, as the Trade Policy Bank of Nigeria, to promote and deepen non-oil sector export trade. He indicated that the project's promotional phase and capital raising exercise are still ongoing

with a pilot implementation phase expected to commence in the Q2 Y2015; while full project implementation would be initiated by the Q4 2015. The NEXIM MD reiterated that the Sealink project would assist in regional integration by mitigating some of the non-tariff barriers in intra/inter-regional trade in Africa. Specifically, the project will assist in reducing the high transportation costs as well as the excessive transit time which make intra-regional trade within West and Central Africa non-competitive and among the most expensive in the world, in terms of logistic costs. Mr. Orya believes that the upon full implementation, the Sealink project will assist in improving the current low level of export trade between Nigeria and other countries within the ECOWAS and ECCAS sub-regions. It is noteworthy that the Board and Management of NEXIM Bank and that other relevant stakeholders such as the Economic Community of West Africa States (ECOWAS), ECOWAS Parliament, Federal Ministry of Finance, Federal Ministry of Industry, Trade and Investment, Federal Ministry of Transport, Nigerian Shippers' Council, and the Organized Private Sector – FEWACCI, NACCIMA and MAN Export Group, among others fully support the Sealink project. *(Ventures Africa)*

## M&A

### Banking: Bob Geldof's 8 Miles fund buys stake in Ugandan bank

Bob Geldof's African private equity fund said it has acquired a 42 % stake in Orient Bank, a medium-sized Ugandan commercial bank to tap into a growing economy and a largely unbanked population. Although the balance sheet of Uganda's banking industry is still relatively small - compared to that of Kenya, its neighbour and the region's biggest economy - but could grow fast in a country set for oil production around 2018. Uganda's banking sector, with more than 20 players, is dominated by Stanbic Bank, a subsidiary of South African giant Standard Bank and local units of Britain's Barclays and Standard Chartered Bank. In a statement, Hemen Shah, Partner at 8 Miles described Uganda's banking sector as "an attractive investment opportunity with a growing economy and a largely unbanked population."
8 Miles said it bought the stake in Orient Bank from Nigeria's Keystone Bank, but did not say how much it paid. Orient Bank has 23 branches in Uganda and provides banking and stock broking services, and had assets worth $173 million and customer deposits of $139 million at the end of last year, according to the statement. *(The Africa Report)*

### Old Mutual Completes Acquisition of Investment Manager Quilter Cheviot

Old Mutual plc, the Johannesburg and London-listed financial services group, said it had completed the acquisition of a discretionary investment manager, Quilter Cheviot, for an undisclosed sum. At 31 December 2014, Quilter Cheviot had £16.7 billion of funds under management As part of the payment for the acquisition, Old Mutual will issue an additional 19.325,430 restricted ordinary shares of 11 3/7p each to a trust established for the benefit of certain of the employee shareholders in Quilter Cheviot. Applications have been made for these additional shares to be admitted to listing and trading on the London Stock Exchange (LSE). Also, applications will be made for them to be listed on the JSE and on the other exchanges on which Old Mutual plc's shares are listed. Julian Roberts, Old Mutual Group CEO, said the acquisition of Quilter Cheviot was the final substantive part in the company's strategy of building the United Kingdom's leading retail investment business. "We are delighted that they are part of our Group," Roberts said. "This acquisition will allow us to deliver a complete set of solutions which meet the wide-ranging needs of advisers and clients," he added. Old Mutual provides investment, savings, insurance and banking services to more than 16 million customers in Africa, the Americas, Asia and Europe. Originating in South Africa in 1845, Old Mutual has been listed on the London and Johannesburg Stock Exchanges, among others, since 1999. In the year ended 31 December 2013, the Group reported adjusted operating profit before tax of £1.6 billion and had £294 billion of funds under management from core operations. *(Ventures Africa)*

## BANKING

*Banks*

### Banking: Zimbabwe's AfrAsia bank closes after financial distress

Mauritian lender AfrAsia closed its Zimbabwe unit after facing cash flow problems and failing to find new shareholders to inject fresh capital in the struggling institution, the Reserve Bank said. Central bank Governor John Mangudya this month named AfrAsia as one of three banks that were facing serious liquidity and solvency problems in a sluggish economy where customers could not afford to repay their loans. AfrAsia, one of the southern African country's smaller banks, has over the past year struggled to pay depositors but the central bank had said its problems were not contagious to the rest of the financial sector due to its size. "The registrar has determined that the banking institution is no longer in a safe and sound condition in that the institution is grossly undercapitalised and is facing chronic liquidity challenges," the bank said in a statement. AfrAsia Zimbabwe chief executive Lyn Mukonoweshuro was not immediately available for comment. The central bank has through its asset management company taken over $65 million in non-performing loans from banks to help restore viability in the sector. Smaller banks are particularly vulnerable to the economic downturn and are also viewed as applying less stringent rules on lending compared with bigger foreign-owned banks. *(The Africa Report)*

**Nigerian SMEs Promised $10m by Bank of Industry**

In recognition of the joint importance of Micro, Small and Medium Enterprises (MSMEs) as well as the manufacturing sector, the Nigerian Bank of Industry (BoI) has provided a N57.24 million ($283,511) facility to fund 13 such enterprises in Kogi State, located in the central part of Nigeria. The package is part of the State BoI N2 billion ($9.95 million) MSME scheme to boost the capacities and expand the business frontiers of the benefactors. “It is a well-known fact that Kogi State is richly endowed in agriculture, water resources and solid minerals. Some of the agricultural products include cassava, oil palm, cashew, cocoa, yam, rice, fish; while the solid minerals include iron ore, limestone, coal, among others,” commented BoI Managing Director Rasheed Olaoluwa, who was represented by Rasheed Olagunju, BoI Executive Director for SMEs. “This has therefore created investment opportunities in agro-processing, iron and steel production, cement manufacturing, solid mineral beneficiation, water transportation, to mention but a few. The state also has huge tourism potential in view of its various pre-colonial relics as well as beautiful landscape and favourable weather conditions,” he added. He made these comments while dishing out the cheques to the beneficiaries in Lokoja, the capital city of Kogi. He also emphasized that accessible funding would help present and future entrepreneurs in the state benefit from the bank’s desire to maintain a favourable climate for MSMEs in the country.

Indeed the bank has shown laudable support for MSMEs; recently, it created a full-fledged Directorate just for SMEs and appointed about 122 Business Development Service Providers (BDSPs) at zonal, state and national levels.

Additionally, it struck partnerships with 10 SME-friendly banks as a strategy to boost lending and provide working capital for SMEs. “For the second phase of the programme, we would like to invite the State Government to key into BoI’s cluster-based product development initiative. By so doing, product clusters would be identified based on the comparative advantages of the various local government areas in the state and the enterprises in such locations will be financed under the matching fund scheme,” he concluded. Governor Idris Wada of Kogi State described the occasion as a big milestone in the administration’s effort to industrialize and stimulate the state economy while generating employment. “SMEs constitute a major vehicle for driving the economy progressively. But what constitutes a major impediment to the development of SMEs, especially in the state, are inadequate supply and cost of start- up capital among other major problems. To address this problem, the state government went into collaboration with the Bank of Industry and initiated this joint fund scheme to provide MSMEs entrepreneurs in the state the opportunity to access loans,” he commented. *(Ventures Africa)*

*Markets*

**Angola seeks $10 bn new external debt this year**

Angola plans to borrow $10 billion in additional external debt this year, the Southern African country is also planning on issuing a debut $1.5 billion Eurobond, two banking sources said. Angola is hoping to get a $1 billion credit line from the World Bank and borrow billions more from China, the sources said. The continent's second largest crude exporter is battling with falling oil prices. The decision comes after a drop in oil prices prompted the Finance Ministry to cut proposed 2015 budget spending by $17 billion after slashing expected oil revenues. The revised budget figures was based on an oil price of $40 per barrel rather than the $81 previously forecast. The revised plan forecasts a budget deficit of 7 % of GDP. The shortfall could be partially covered by Angola's $26 billion in foreign exchange reserves. Planning Minister Job Graca told Angola News Agency early February that he expects the economy to grow 6.6 % this year with the oil sector expanding 9.8 %, while inflation should average 7-9 %. Some economists think Angola is being too optimistic and project economic growth closer to 3 %, down from 4 % last year and a peak of 12 % in 2012. Oil accounts for around half of Angola's GDP, 80 % of tax revenues and 90 % of export earnings. An almost halving of oil prices in the last six months will result in a current account deficit of 19 % of GDP, the first time Angola has posted a deficit since 2009, the central bank said. *(The Africa Report)*

**Nigeria: 'Investors Switching Into Forward Speculation on Naira'**

More foreign investors are switching out of Nigerian bonds into forwards speculating on the naira's future value, a report has stated. For instance, Bloomberg cited the case of Bryan Carter, who oversees almost $500 million for Acadian Asset Management Incorporated who is also switching out of the Nigerian bonds into forwards speculating on the naira's future value. Record-high yields on the derivatives imply a 25 per cent loss against the dollar over the next year. This Carter said is too much. "There's no reason to believe it would be that bad," he told Bloomberg, adding that "the perception of Nigeria in the markets has been really battered. But the currency depreciation is largely behind us. It's a rare opportunity." The naira is already the worst performer among 24 African currencies over the past three months and is trading near a record-low. The continent's largest economy has been hit by the halving in Brent crude prices since the middle of last year and attacks in the north of the country by Boko Haram militants. The postponement of presidential elections scheduled for this month further dented investor confidence. The naira closed at N198 to a dollar on the interbank market. Nigeria's currency touched an all-time low of N206.32 per dollar on February 12, 200.77 after tumbling 13 per cent in the past three months. The "worst-case scenario" is that it will fall "maybe another 10 %," said Carter, whose firm specialises in so-called frontier markets. The implied yield on naira 12-month non-deliverable forwards, which are more accessible to foreign investors because they're traded offshore and exempt from

local dealing restrictions, climbed to a record 39 % the same day, before falling back to 32 %. The contracts suggest the naira will weaken to N263 per dollar in a year's time, data compiled by Bloomberg showed. Acadian, owned by Johannesburg-based Old Mutual Plc, isn't the only money manager snapping up naira forwards. Landesbank Berlin Investment GmbH agrees markets are too bearish on Nigeria's currency and started buying the derivatives early February. "Unfortunately, that was a little too soon," Lutz Roehmeyer, who oversees $1.1 billion for the Berlin-based investment arm of the German state-owned lender, said. "Now the rate is even more attractive. We're completely shunning local government bonds." The trade isn't without risks as capital flees Nigeria because of the economic and political turmoil. Foreign investors held 14 per cent of naira-denominated government bonds in January, down from a high of 27 % in 2013, Standard Chartered Plc estimated. Elections scheduled for February 14 were delayed by six weeks, with officials saying they needed more time to stop an Islamist insurgency that killed more than 1,600 last month, according to UK risk consultancy Verisk Maplecroft.
The International Monetary Fund cut its 2015 growth estimate for Nigeria to 4.8 % on Jan. 20 from 7.3 %.
These factors make naira forwards too risky for Aberdeen Asset Management Plc, though it can see the attraction.
"If you're confident Nigeria can hold the line on the currency and it's not going to blow out, then you should take a long-naira position in the NDF market," Kevin Daly, who oversees $13 billion of emerging-market debt for Aberdeen in London, said by phone on Feb. 16. "That's where you're going to make the biggest bang for your buck." The Central Bank of Nigeria has tried and failed to stem the rout in its currency. Earlier this month, the central bank scrapped the official rate for the naira, leaving only the market rate which it hoped would be easier to defend from speculators. It also introduced a new trading system, whereby dealers can only purchase dollars if they have matching orders from customers. Back in November, it raised interest rates to a record 13 %. In spite of these measures, the naira has tumbled and forward yields have surged to among the highest levels. *(This Day)*

**Nigeria central bank sets guidelines for Islamic finance advisory body**

Nigeria's central bank has issued guidelines for an advisory body that will oversee Islamic banking in the country, becoming the latest regulator to opt for a centralised approach to the industry.
Nigeria is home to the largest Muslim population in sub-Saharan Africa with over 80 million Muslims, and authorities are trying to establish the country as the African hub for Islamic finance. Traditionally, Islamic banks have practiced self-regulation when ensuring that their products follow religious principles. But a centralised model of supervision is increasingly being favoured across much of the world. Countries including Bahrain and Morocco have opted for such a format, which can help to limit differences between products, speed the design of new products and boost investor confidence. Nigeria's advisory body, known as the Financial Regulation Advisory Council of Experts, will be tasked with ensuring all banking products that are designated as Islamic conform to sharia principles. The guidelines set out minimum requirements for the advisory body, which will comprise a minimum of five members including a central bank official. Members will serve renewable two-year terms, must be qualified in Islamic jurisprudence, and are restricted from working for any other financial institution supervised by the central bank.
Financial institutions that offer Islamic banking products in Nigeria are already required to have their own boards of sharia finance experts, who are limited to serving in one institution at a time. The central bank's advisory body will be guided by the principles of sharia governance issued by the Malaysia-based Islamic Financial Services Board. *(The Africa Report)*

**Angola: Goodyear Fined Sh1bn Over Kenya, Angola Bribery**

Even before the dust has settled on the multi-million shilling "chicken scam" in the United Kingdom, another case of Kenyan officials taking bribes from a multinational firm has cropped up in the United States. Regulators in America have fined Goodyear Tyre and Rubber Sh1.4 billion ($16mn) over allegations that the global giant's subsidiaries in Kenya and Angola paid hefty bribes to secure lucrative supply deals with government agencies and private institutions between 2007 and 2011. The Securities and Exchange Commission (SEC) charged Goodyear with violating the Foreign Corrupt Practices Act (FCPA) when its subsidiaries paid bribes to land tyre sales in the two African nations.
Goodyear agreed to pay the money to settle the SEC's charges. According to SEC, Goodyear neither admitted nor denied the SEC's findings.
According to the SEC's order instituting a settled administrative proceeding, Goodyear failed to prevent or detect more than Sh292 million in bribes during a four-year period due to inadequate FCPA compliance controls at its subsidiaries in sub-Saharan Africa. Bribes were generally paid in cash to employees of private companies or government-owned entities as well as other local authorities such as police or city council officials. The improper payments were falsely recorded as legitimate business expenses in the books and records of the subsidiaries, which were consolidated into Goodyear's books and records. "Public companies must keep accurate accounting records, and Goodyear's lax compliance controls enabled a routine of corrupt payments by African subsidiaries that were hidden in their books," said Scott W. Friestad, Associate Director of the SEC's Enforcement Division. "This settlement ensures that Goodyear must forfeit all of the illicit profits from business obtained through bribes to foreign officials as well as employees at commercial companies in Angola and Kenya." The SEC's order finds that Goodyear's subsidiary in Kenya bribed employees of the Kenya Ports Authority, Armed Forces Canteen Organization, Nzoia Sugar Company, Kenya Air Force, Ministry of Roads, Ministry of State for Defence, East African Portland Cement Co and Telkom Kenya Ltd.

Goodyear's subsidiary in Angola bribed employees of the Catoca Diamond Mine, which is owned by a consortium of mining interests including Angola's national mining company Endiama E.P. and Russian mining company ALROSA. Others bribed in Angola worked at UNICARGAS, Engevia Construction and Public Works, Electric Company of Luanda, National Service of Alfadega, and Sonangol. The SEC's order finds that Goodyear violated the books and records and internal control provisions of the federal securities laws: Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934. Goodyear must pay disgorgement of $14,122,525 (Sh1.3bn) - which comprises the company's illicit profits in Kenya and Angola - plus prejudgment interest of $2,105,540(Sh192mn). Goodyear also must report its FCPA remediation efforts to the SEC for a three-year period. *(CapitalFM)*

**Egypt could raise up to $2 bln in Eurobond issue**

Egypt could raise as much as $2 billion through a Eurobond this year and expects economic growth of close to 7 % in three years' time, Finance Minister Hany Kadry Dimian said.

The Arab world's most populous country is in the process of rebuilding its battered finances after the uprising that toppled Hosni Mubarak four years ago hit the country's economy, discouraging investors and tourists, and slashing growth. "I am getting advice on between $1.5-2 billion - we will see (what) our roadshow will reveal and then we will decide, but I think it will be in that region," Dimian said in an interview with Reuters. Clarifying comments made earlier in the day in a speech to investors, he said the dollar-denominated Eurobond would be launched in June at the latest, but could come earlier. Dimian said he expected the issue to come in different maturities, with possible combinations of 3, 5 and 7 years, but would expect them to be less than 10 years. Egypt has mostly relied on local money markets to finance its budget deficit since being effectively frozen out of international markets after the uprising that toppled autocrat Mubarak in 2011. Talking about growth prospects, Dimian confirmed he expected growth of at least 4 % in the fiscal year ending in June, and predicted a return to higher growth in the medium term.

"In three years' time we will be north of 6.5 %, approaching 7 %," he said, citing manufacturing, energy, construction, telecommunications and housing as drivers.

The IMF has projected growth to reach 3.8 % in 2014/15 and to rise to 5 % over the medium term. Economists questioned for a Reuters poll last month saw growth at 3.5 % this fiscal year.

Speaking of the value added sales tax (VAT) the country plans to introduce, Dimian said it would not be lower than 10 %, though declined to give further details. "We are still in the early phases," he said. "Currently the general rate is 10 %, and we are not going below this."

In an interview last year, Dimian had pledged to impose the VAT before the end of the fiscal year. He also said Cairo expected to generate 5-5.5 billion Egyptian pounds($655-$721 million) annually from its hike in cigarette taxes. Of this 1.6-2 billion pounds will go to health services and the remainder to infrastructure and services.

The International Monetary Fund and Egypt have sporadically discussed a loan worth up to $4.8 billion but Dimian said the government had no concrete plans at the moment to seek aid. ($1 = 7.6300 Egyptian pounds) *(Reuters)*

**Zimbabwe's Meikles Hotels reconsiders new investments after suspension**

Hotel group Meikles Africa has put on hold new investment and a possible listing of a subsidiary after the suspension of its shares from trading on the Zimbabwe Stock Exchange, its executive chairman said.

The stock exchange suspended Meikles, which owns two premier hotels in the capital Harare and the resort town of Victoria Falls, last week to allow for an investigation on whether it overstated a debt owed by the central bank.

Executive Chairman John Moxon said in a statement on the company's website on 22 February that the exchange had not given Meikles an opportunity to defend itself. Moxon also said the suspension was against the bourse's listing rules and had put uncertainty into expansion plans by the company which also runs the biggest supermarket chain by branches, TM Supermarkets. South Africa's Pik'n Pay Stores Ltd has a 49 per cent stake in the supermarket chain.

"The strategy... which was aimed at further expansion in the subsidiaries, the introduction of more investor capital and possibly to even list one subsidiary on the Zimbabwe Stock Exchange are on hold for the time being due to present uncertainty," Moxon said. He did not give details but Meikles has started wholesale chain stores, which it planned to expand as well as increase the number of its Pik'n Pay stores from four. "Meikles will be addressing the implications of the suspension, the manner in which it has been implemented and whether there is any purpose to a listing on the Zimbabwe Stock Exchange," he said.

The exchange said Meikles reported in its 2014 full year results that it was owed $90.8 million by the Reserve Bank of Zimbabwe, compared with $40.51 million owed by the bank in 2013, without giving an explanation for the sharp increase. Moxon said the figures were correct and had been a product of painstaking negotiations with the central bank, which he labelled a "delinquent debtor". Central bank Governor John Mangudya told Reuters he had no comment on the matter. *(The Africa Report)*

***Fund***

**Angola’s Sovereign Wealth Fund Targets Mine, Timber Investments**

Angola’s $5 billion sovereign wealth fund is seeking investments in mining, timber, health and agriculture as it seeks to diversify its asset base and increase returns.

"A large portion of the portfolio is invested in international securities," Jose Filomeno dos Santos, the fund's chairman, said in an interview with Bloomberg Television in Cape Town. "We are looking at several opportunities. We wouldn't want to give away these opportunities by disclosing what they are before they are completely settled."
The fund, which is managed by Zug, Switzerland-based Quantum Global Investment Management Ltd., was established to invest surplus state funds and promote development in Africa's largest crude oil producer after Nigeria. It has allocated $1.1 billion toward investing in toll roads, ports and other infrastructure projects and $500 million toward hotels. It also plans to spend about $250 million on agriculture projects.
"We are really long-term investors and not looking for quick wins," Dos Santos said. "All of our funds have a 10-year horizon. What we find in our region of the world, in Africa, particularly in Angola, is that the safest way to invest is as the project starts. That's when potential mistakes regarding the viability assessments of such projects can be made and when more care should be taken regarding the implementation."
A plunge in crude prices in the second half of last year may leave the government with less scope to approve additional allocations to the fund. On Wednesday, Angola's parliament approved a revised budget that will cut spending to 5.4 trillion kwanzas ($50 billion) this year, down from 7.3 trillion kwanzas proposed in December. Oil accounts for about 70 % of the southwest African nation's income.
Allocations to the fund are the prerogative of the government, which will have to decide how best to use the revenue it collects, Dos Santos said. Dos Santos is the eldest son of President Jose Eduardo Dos Santos, who has been in power since 1979. He denied there was anything untoward about his appointment, which complied with government regulations. "I've been in the finance industry," he said. "I've worked in insurance initially and then banking. A lot of activities we are doing as managers of state assets are in the financial field. It's really been a natural progression." *(Bloomberg)*

### African Minerals to Abide By Court Order That Bars Bankruptcy Filing

The embattled Sierra Leone iron ore miner African Minerals Ltd said it has received two conflicting orders from its partner Shandong Iron and Steel Group, the first of which could force the company into bankruptcy, and the second which prevents the miner from entering bankruptcy.
The U.K.-listed company said in a news release that it would abide by the second order, which includes a temporary legal injunction against any asset liquidation from Sierra Leone's high court until the court issues a ruling on undisclosed legal matters. A company spokesperson declined to comment further.
African Minerals idled its 75%-owned Tonkolili iron ore mine in December after failing to secure enough funding to keep it running following a slump in the iron ore price. The debt laden company persuaded Tonkolili's 20%-owner, SISG, to release some of funds to pay taxes and salaries but hasn't convinced the Chinese steelmaker to release the remaining funds sitting in a restricted Hong Kong bank account. On Thursday 26th February, SISG, via one of its units, took over ownership of a $250 million pre-export finance facility from African Minerals' bank lenders that has been in default since November. SISG is now demanding "immediate repayment" of the $166.7 million still outstanding from the iron ore miner. On the same day, the SISG unit also sent an email with an interim order from Sierra Leone's High Court of Sierra Leone relating to African Mineral's shareholders agreements with SISG. The email contained a temporary court injunction that prevents African Minerals and Frank Timis, the miner's co-founder and major shareholder, from dissolving the company or its subsidiaries, until the court issues a ruling on the legal matters.
African Minerals said it will seek clarification from SISG with regard to its intentions over the pre-export facility and repayment demand. "The company has not taken and has no current intention to take, any of the actions prohibited by the injunction. AML will take appropriate actions to comply with its obligations and to protect its rights under the shareholders agreements," African Minerals said. Separately, Citigroup announced that it has discontinued research coverage of the miner due to low investor interest. *(Wall Street Journal)*

### Ethiopia: Exclusive - a Private Equity Fund for Ethiopia

**Ascent Rift Valley Fund** is a new private equity investor in East Africa. Ascent, which manages the Ascent Rift Valley Fund, announced in July 2014 its first US$50million to be invested in growth enterprises in East Africa. The fund will make investments in 10-12 companies in three east African nations: Ethiopia, Kenya and Uganda. On Thursday Jan. 22nd, Ascent announced the opening of its Addis Abeba advisory office. Following the announcement, Addis Standard interviewed Michael M. Selassie, Principal and Country Director, and Guy Brennan, Ascent Partner, on how the fund intends to operate in Ethiopia.
Excerpts:
Addis Standard - I learned that Ascent Rift Valley Fund is a new Small and Medium Enterprises (SMEs) fund in East Africa. Could you briefly take us through the background of this fund? Where does the money come from?
Michael M. Selassie: Ascent's fund is a $50m growth equity fund with offices in Addis, Nairobi and Kampala. The investors in the fund are the Ascent partners themselves, private individuals, Eastern African institutional investors and Development Banks.
AS - Ascent manages the Ascent Rift Valley Fund, and it first announced the availability of $50 million to be invested in growth enterprises in Ethiopia, Kenya and Uganda back in July 2014. But you have just launched the opening of your office in Ethiopia on Jan. 22 this year. What took you so long?

Michael M. Selassie: The Ascent team here in Ethiopia has been on the ground since the start of 2014. We moved into our new office at Abyssinia Mall, next to Bole Medhanyalem Church, towards the end of 2014 and would be delighted to welcome Ethiopian entrepreneurs on the 11th floor.
AS - I understand that Ascent Rift Valley Fund will focus to make alternative financing available mostly to consumer related businesses where, I quote, "the capital and competencies of the fund managers can contribute." Does that mean you will not only make financing available but also your expertise and perhaps guidance to the beneficiaries of the fund?
Guy Brennan: At Ascent, we believe our strengths include our operational expertise and geographic footprint, which allows us to help expand Ethiopian businesses in the region where we have our permanent offices. Ascent is predominately made up of people who have spent their careers managing and running businesses in Africa. We believe that many of these experiences can help assist our Ethiopian partners on a day-to-day basis.
AS - Obviously Ethiopia is a country where the private sector is suffering from lack of financing from the traditional channels mostly banks. How hard will that make your decision to select which ones to provide your funding to and which ones not?
Guy Brennan: Unfortunately, outside of banks, there are not too many options for Ethiopian entrepreneurs to raise capital. We hope that with our new fund we can provide other financing options that may be more appropriate for certain businesses given their financial needs.
AS - You stated that "the most important sectors to fund will be, I quote, "healthcare, fast Moving Consumer Goods (FMCG), processing of agricultural products and financial services." Other than, perhaps, processing of agricultural products, how relevant do you think are the other sectors to the be considered most important given Ethiopia's current reality?
Michael M. Selassie: At Ascent we are interested in looking at all types of businesses. As long as the business is well run, with exciting prospects, and a great team, we would be excited to see how our capital and business experience could create a form a mutually beneficial partnership.
AS - What criterion do you follow to render enterprises eligible to receive funding?
Michael M. Selassie: For us to be able to work with a business, it must be currently operational and profitable. We are looking for businesses with a track record of growth over a number of years but, most importantly, we are looking for exceptional entrepreneurs who we can work with to grow the business to the next level.
AS - I understand that you will make a funding of between $2million and $10 million available per company. Can you explain in brief the terms and conditions?
Guy Brennan: As a private equity fund our principal form of investment is share equity. This means that we inject money into the company without requiring loan repayments. We become shareholders in the business on the same terms as the original owners.
AS - You said the fund will make "investments in 10-12 companies in Ethiopia, Kenya and Uganda." Isn't that too small a number?
Guy Brennan: This is Ascent's first fund of $50m. Our average investment size will be $3-5m, which means there is a limit to the number of businesses we can work with in the beginning. However, in the future, we hope to raise another fund where we will be able to collaborate with many more entrepreneurs.
AS - Have you identified eligible companies in Ethiopia, yet? Or when do you expect to touch base with the actual work?
Michael M. Selassie: We have met with many eligible and exciting entrepreneurs in Ethiopia. We are in advanced stages of discussions with a number of businesses and hope to be in a position to announce our first investment within the coming month. *(Addis Standard)*

## Private equity firm wants to propel Tanzanian businesses to greater heights

Last year one of the first Tanzania-based private equity firms launched with a US$200m fund. Private equity (PE) flows into East Africa have increased significantly in the last five years. And although some PE funds have sealed deals with Tanzanian companies, the funds mostly operate out of Nairobi or Johannesburg. Hence, the entry of Mkoba Private Equity Fund was greeted with enthusiasm in the East African nation. Mkoba was co-founded by a team of Tanzanian professionals led by former World Bank vice-president Frannie Léautier and accomplished businessman and economist Jitesh Ladwa.

**Financing solutions in a post-socialist state**

Ladwa, who is CEO of the fund, tells How we made it in Africa that Mkoba was set up to respond to the challenges local entrepreneurs face in accessing capital. “In Tanzania, and in most post-socialist countries, we are faced with a triple problem of capital. One is that the state banks, where we used to get money, are gone because of liberalisation of the banking sector,” says Ladwa. “Foreign banks are primarily from South Africa and their cultural affinity is to lend money to their own people. Third is that even European financial institutions don’t give significant [amounts of] money to African-owned businesses.”
Ladwa explains that business people who did well in the 1970s and 80s in Tanzania relied on “political patronage” and connections to land their first job, and then earn enough money to grow their businesses. Mkoba wants to prove

business people can receive funding and support from a PE firm to grow their businesses, based on their potential and not their social connections.

**Betting on the youth**

Although Tanzania has a group of successful family-owned businesses, Ladwa says most of these were established decades ago and are headed by older businessmen who may not be as innovative and nimble as the emerging crop of entrepreneurs in their 20s and 30s. However, he notes a “cultural bias against giving money to locals” is making the entry into business of such young entrepreneurs more difficult. “A decade ago we wouldn’t complain because there was not much economic opportunity in Tanzania. But Tanzania is booming. There are a lot of young people with ideas but they can’t get money,” he says. “The basic premise is that we want to give money to local enterprises. We want to build African equity and African management experience.”

Outside of Tanzania, Mkoba will invest in fast-growing countries undergoing liberalisation, as well as post-conflict states rebuilding their economies. These include Ethiopia, Rwanda, Mozambique, Democratic Republic of Congo, South Africa, Cote d’Ivoire, Liberia and Sierra Leone. The fund is focused on various sectors including agribusiness, services and manufacturing, urban renewal, financial services and innovative ventures in renewable energy and ICT.

Ladwa says Mkoba has already shortlisted more than 20 companies for funding it hopes to start this June. The companies selected will each receive between $5m and $15m, amounts he believes will propel medium-sized businesses to greater heights. Ladwa says the selected entrepreneurs will receive capacity building and “hand-holding”, adding that the first two years of investment is the most “risky” period. In this period investees tend to look at the funding they have received as ‘their’ money and want to spend it on personal things like cars. By the third year they start receiving dividends, and no longer look at capital as ‘my money’.

Whilst others might see the countries Mkoba targets as high risk, the economist says a few cases of fraud is not a good enough reason to avoid giving money to deserving entrepreneurs. “Surely in a city of five million people you can find at least five trustworthy young Africans who are enterprising and who will look after the money and make profits. If we make an example of 20 people whom we fund, and they grow into something bigger, then other investors will join in and they will give more money [to local businesses],” he says.*(How we made it in Africa)*

### LeapFrog Buys $25 Million Stake in AFB Mauritius in Fourth Deal

LeapFrog Investments, the private equity firm with a focus on Africa and Asia, said it bought a minority stake in financial technology company AFB Mauritius Ltd. for $25 million in the fourth deal for its Fund II.

The Mauritian company, known as afb, gives consumers mobile-phone access to insurance, savings and credit products, LeapFrog said in an e-mailed statement from Johannesburg. “afb is connecting the dots between Africa’s demand for financial services and the promise of new technologies,” Michael Joyce, an associate director for LeapFrog, said in the statement. The investment is drawn from LeapFrog’s second fund, which raised $400 million -- half of that earmarked for Africa. In November, the private equity firm spent $19 million to gain control of Kenya’s Resolution Insurance. It has also made investments in India and Thailand. The acquisition target operates in four African countries including Kenya, Zambia and Ghana. It has reached 300,000 customers in two months, according to LeapFrog, with 130 million mobile subscribers living in afb’s chosen markets. “LeapFrog’s investment, specialist expertise and rich African networks will help us to turbo charge our expansion,” afb Chief Executive Officer Karl Westvig said in the statement.*(Bloomberg)*

## *Tech*

### The Mobile Banking Revolution and What it Means for South Africa

New mobile payment platforms can provide a foundation for financial inclusion in South Africa and beyond, says David Abbott of Fiserv, a leading global provider of financial services technology solutions. But who will build the robust ecosystem required to fulfil their potential?

The growing use of banking services in South Africa is driven by a national rollout of social security debit cards and strong economic growth across finance, real estate and business services sectors. According to the Banking Association of South Africa, just under a quarter of the adult population (23.5 %) remains unbanked.

The rapid adoption of feature phones, smartphones and online technology has positive implications for financial inclusion policies and growth of payment electronification. It is also providing new, highly-convenient ways for consumers to pay themselves (through deposits and transfers), other people, bills and retailers. What could a mobile banking revolution mean for South Africa in particular?

**A tradition of banking innovation**

Innovation is nothing new for South Africa’s banking industry, which – along with Morocco and Egypt – has set a high standard for African financial services. As a result of a highly responsible central bank, the South African Reserve Bank, the well-organised Payments Association of South Africa (PASA) and a host of long-established financial institutions, the country was among the first in the world to set up a Faster Payments system. It is also showing dramatically increased use of internet banking, with penetration up from 7 % in 2012 to 11 % in 2013, driven by men aged 30 to 44. According to research by PwC, some banks in the market have already achieved operational savings by encouraging customers to migrate certain banking activities from the branch to electronic banking channels.

What's more, innovation hasn't ended with customer channels. In PwC's survey, all four of the country's biggest banks give innovation five out of five in terms of importance. This is not just talk: leading organisations have not only developed new systems, products and services but have also made clever use of technology to enhance the entire banking process. BankservAfrica, which runs South Africa's national payment system, has established an electronic bill presentment and payment (EBPP) platform to help residents pay bills electronically.

Although advanced, certain aspects of South Africa's banking infrastructure remains sub-optimal. While individual banks have undoubtedly developed some great technology solutions, these can typically be used only by their own customers. In other words, there's a marked lack of interoperability between banks. This in turn is preventing South Africa's banking sector from reaching every corner of the country. We believe one area of focus should be the development of a low value real-time person-to-person (P2P) payment capability.

**Mobile money opportunity**

With real-time P2P payments, consumers can use their feature phones and smart phones to send money to, or receive it from, anyone they know or owe. Tapping into the increasingly connected lives of today's consumers, this modern, convenient equivalent of exchanging cash or writing cheques is an effective way to introduce financial services to previously unbanked members of society.

In the US, more than 2,500 banks participate in the largest P2P payment network in the western world. In turn, P2P payment services have made a particularly significant impact on the money management habits of emerging economies. In Cambodia, for example, ACLEDA Bank has taken a solid market leadership position by founding its ACLEDA Unity mobile payments brand on Mobiliti Reach, a world-leading mobile banking and payments platform.

Similarly, Australia and New Zealand Banking Group (ANZ) has brought mobile financial services to unbanked and underbanked consumers in the Pacific nations of Samoa, Vanuatu, Solomon Islands and Papua New Guinea with ANZ goMoney, enabling customers to save, send and spend their money without using cash or using traditional banking channels.

Channels such as these provide the opportunity to not only make P2P payments but also to conduct a range of everyday transactions. These include making cashless ATM withdrawals, buying goods from accredited merchants, purchasing airtime top-up vouchers and paying household bills. As utilities must be paid for on a regular basis, the bill payment capability in particular may be instrumental in fostering the greater adoption of electronic banking in emerging economies.

Meanwhile, in Africa, the m-pesa mobile money service has been transforming Kenya into a cashless society. Nineteen million of Kenya's 44-million population subscribe to m-pesa and a quarter of the country's economy flows through it.

In South Africa, where mobile phone banking is used more widely than internet banking, by 33 million versus 8 million, the likes of m-pesa and a growing number of non-bank competitors have the potential to make considerable inroads into the unbanked and banked population.

**Bringing innovation, tradition and people together**

On the one hand, mobile money services are good news for financial inclusion and growing electronification of payments, but on the other, South African banks are yet to capitalise on the mobile market's opportunities. The mobile money market in Africa is currently dominated by telecommunication companies such as Vodacom (m-pesa) and MTN (Mobile Money).

Nobody can deny the innovation that these telcos have brought to market. But for the South African Reserve Bank and consumers, bank-led mobile payment services based on established banking practices have far more comfortable levels of security, regulation and rigor. They could also make excellent use of existing systems such BankServ's bill payment platform and national payment switch.

As a start, banks need to solve their interoperability problem and create a mobile payments ecosystem that connects all their customers, regardless of with whom they bank. A united bank-run mobile ecosystem could connect financial institutions in South Africa and the countries of the South African Development Community (SADC) more effectively to unbanked and banked communities, and those communities to one another.

As well as supporting emerging economies, an interbank mobile payments network would ensure adherence to the global standards of, for example, anti-money-laundering, Know Your Customer regulation, etc. This would increase the size of the formal economy in South Africa and increase revenue for local governments that can be used to fund better social programmes touching every resident in South Africa and driving greater GDP growth.

Certainly the opportunities are out there for P2P payments and mobile money to drive even greater financial inclusion and electronification in South Africa and the SADC. But for the safe, secure, and sustainable development of electronic and mobile banking channels, and to truly fulfil their potential, the South Africa's banking industry needs to work collectively.

With a common network that connects customers across multiple financial institutions, banks will be in a far stronger position to meet the needs of the growing digital demands of their customers. They will also be able increase barriers to entry for non-banks who are looking to replace banks at the centre of their customers' transactional lives. *(Ventures Africa)*

## ENERGY

### Securing Zambia's Energy Future

**The World Bank's Board of Executive Directors approved a US$75 million IDA* Credit and US$25 million grant from the Government of Sweden to Zambia for the Kariba Dam Rehabilitation Project. The project aims to assist the Zambezi River Authority in securing the long-term safety and reliability of the Kariba Dam Hydro-Electric Scheme.**

http://www.worldbank.org/en/news/video/2015/02/24/securing-zambias-energy-future

**The Kariba Dam Rehabilitation Project: Fact Sheet**

The Context: The Kariba Dam is the largest man-made reservoir in the world. At a height of 128m and with a crest length of 617m, the dam has the capacity of holding 181 billion cubic meters of water. Designed as a double curvature concrete arch dam, the Kariba Dam was constructed across the Zambezi River between 1956 and 1959. Commissioned in 1960, the Dam has been central to regional energy security and economic development ever since.

The Kariba Reservoir supplies water to two underground hydropower stations with a total capacity of 1830MW generating more than 10,035 GWh of electricity annually. The North Bank Power Station is operated by ZESCO in Zambia and has an installed capacity of 1,080 MW. The South Bank Power Station is operated by ZPC in Zimbabwe and currently has an installed capacity of 750 MW, with projects underway to increase this to 1,050 MW.

The Project: After more than 50 years of providing power for the Southern African Region, the Kariba Dam now requires a series of rehabilitation works for its continued safe operation. The program is to be implemented over the next ten years, taking into account the need to continue operating the dam safely with minimal interruptions to power generation.

The works will include 1. reshaping of the plunge pool to limit scouring and erosion that could potentially undermine the dam foundations; and, 2. refurbishment of the spillway and associated infrastructure to improve the dam's stability and operations.

Environmental and Social Context: The two rehabilitation components include in situ works on existing infrastructure to secure operations in accordance with international dam safety standards. The rehabilitation measures are not expected to have any significant adverse environmental or social impacts, with any potential impacts likely to be temporary in nature.

The bi-national Zambezi River Authority (ZRA) is undertaking the necessary Environmental and Social Impact Assessment, preparing an integrated Environmental and Social Management Plan, along with the associated instruments to ensure the sustainability of project through appropriate preventive, mitigation and monitoring interventions. These will be finalized in 2015 before the commencement of the works, which are themselves expected to be completed by 2019 and 2023 for the plunge pool and spillway components respectively.

| Organization | Financing | |
|---|---|---|
| Zambezi River Authority | US$19.2 m | - |
| Africa Development Bank | US$75 m | Loan & Grant |
| European Union | US$100 m | Grant |
| Swedish Government | US$20 m | Grant |
| The World Bank Group | US$75 m | Loan |

The Financing: The total cost of works of works is estimated at US$294 million. The Governments of Zambia and Zimbabwe have mobilized financing from the African Development Bank, the European Union, the Government of Sweden, and the World Bank to support the ZRA in implementation of the project. *(World Bank)*

### Kenya's Geothermal Investments Contribute to Green Energy Growth, Competitiveness and Shared Prosperity

- Kenya is investing in 280 megawatts of geothermal energy as part of its accelerated green energy growth program
- The new geothermal power lowers electricity bills by over 30%, reducing the cost of doing business
- The World Bank Group and other development partners are making a significant contribution to increasing electricity access to Kenyans, raising prospects for growth and shared prosperity

NAIVASHA, February 23, 2015—Kenya's rapid investment in geothermal power in recent years is increasingly paying dividends through the supply of reliable, clean energy and by lowering the cost of electricity to consumers.

Geothermal power, which is generated from natural steam from the earth, some from as far as three kilometers underground, is a renewable source of energy and, unlike hydro, its output is not affected by vagaries of weather. Kenya's government has recently stepped up geothermal development in new fields, including Menengai, run by the Geothermal Development Company.

Geothermal's contribution to the national energy mix increased to 51% last week, following the commissioning of two new plants with a combined capacity of 280 megawatts: Olkaria 1 and Olkaria 4 in the Rift Valley.

Supported by the World Bank Group, Olkaria is one of the largest single geothermal investment projects in the world and geothermal is now the largest source of electricity for Kenya, ahead of hydro which has dominated the country's power supply for decades. In 2010, geothermal accounted for a mere 13% of Kengen's power mix.

Other partners in the Olkaria project include the Japan International Cooperation Agency, the European Investment Bank, Agency France de Developpement and Germany's KFW.
The World Bank Group is the largest development financier of geothermal power in Kenya and has been engaged in geothermal development since the 1970s. Through its International Development Association (IDA), the Bank has provided funding for feasibility studies, exploration, geothermal steam development and construction of power plants. The International Finance Corporation (IFC) has supported power generation by private investors, while the Multilateral Investment Guarantee Agency (MIGA) has provided investor risk mitigation. "I have seen first-hand how getting affordable electricity to ordinary Kenyans can transform lives," said Diarietou Gaye, the World Bank's country director for Kenya. "Kids can learn at school and do homework at night. Businesses can flourish and create new jobs. That's why we are investing in the energy sector, which is a key infrastructure investment in the fight against poverty."
Under its new Country Partnership Strategy for Kenya, the World Bank Group is supporting the government to generate more geothermal power to increase electricity access to all consumers and enhance opportunities for growth and shared prosperity.
Kenya's plan, according to Kengen officials, is to increase geothermal capacity by another 460 megawatts by 2018 to reduce the volume of hydro power in its mix to 28% by 2018. This will significantly reduce the exposure of Kenya's electricity consumers to the consequences of drought, which considerably reduces power supply from the hydro power stations and forces the country to resort to costly diesel generated power.
The accelerated investments in Olkaria demonstrate the government's resolve to increase supply of clean energy, provide reliable power and lower cost to domestic and industrial consumers, with the aim of improving the quality of people's lives and reducing the cost of doing business for the private sector. Collaboration within the World Bank Group and partnership with other development partners has helped Kenya make significant progress in increasing the supply of reliable and low-cost electricity, said Lucio Monari, the Bank's Energy Sector Manager in Eastern and Southern Africa. *(World Bank)*

**Addressing Climate Change Threats to Zimbabwe's Water Resources**

- Zimbabwe faces a wide range of water challenges that can be exacerbated by climate change, from supply shortages to falling groundwater levels.
- The World Bank Group is working with the government to address climate threats and their implications for water availability by integrating sustainable water development and management into national strategies.
- A new paper examines water management in Zimbabwe through case studies from cities, irrigation and power projects and suggests a range of adaptation measures

Water is a core development issue in Zimbabwe, a mostly semi-arid country with limited water resources. It is also an emotional topic.
Over the past decade, newspaper headlines have reflected a wide range of water challenges, from shortages to breakdowns in wastewater services to falling groundwater levels. Droughts affect rural and urban water supplies, food security, and energy production and industrial output and disrupt livelihoods. Recurring floods and cyclone-driven flooding damages property, infrastructure, livelihoods and lives. The country has also dealt with epidemics of cholera, typhoid, and other water-borne diseases, and surface and ground water pollution has been a concern.
Because of the intimate relationship between water and the country's major economic sectors, sustainable water development and management is a necessary condition for economic recovery.
The World Bank Group is working with the Zimbabwe government to address climate threats and their implications for water availability by integrating sustainable water development and management into the country's National Climate Change Response Strategy and into the proposed National Climate Policy.

**Water, agriculture and energy sector impacts**

A new World Bank Group paper on climate change and water resources planning, development and management in Zimbabwe, requested by the government, reviews the broad links between climate and the hydrological cycle and water management and case studies from cities, irrigation and hydropower projects and recommends a range of adaptation measures.
It projects by 2050 significant reduction is rainfall, river flows and groundwater recharge, with the highest impacts on the driest water catchments of southern Zimbabwe. It encourages policymakers to develop an integrated climate change strategy for those sectors most affected by climate change: water and agriculture. It also recommends rehabilitating and expanding water supply and water resources infrastructure, focusing greater attention to the management and development of groundwater as well as improving water use efficiency, encouraging conservation and water recycling, and improving design standards to build resilience into infrastructure such as dams, levees and bridges, among other steps.
Promoting climate-smart rain-fed agriculture and rehabilitating and improving irrigation are urgent priorities for food security, particularly for the country's most water-stressed areas in the south. About 80 % of Zimbabweans depend on rain-fed agriculture, and the sector employs the majority of the population. The World Bank has agreed to support the preparation of a National Water Resources and Irrigation Master Plan integrating detailed climate change modeling and analysis into the planning process.

In addition to the central role of water in Zimbabwe's agricultural sector, water availability also has direct social and economic implications for other sectors such as health and energy. Energy production, which underpins most other production sectors, relies largely on the flow of the Zambezi River either for hydropower generation or for the cooling of thermal power stations. Industrial output from many agricultural processing industries also relies on power availability and on water for processing. Zimbabwe's mining sector ultimately relies on water for both processing and electricity production, as well.
Zimbabwe's national strategy will mainstream an integrated response to climate change across all key economic sectors in order to minimize detrimental impacts and seize economic and social opportunities.
**Building resilience to climate related hazards**
The World Bank Group paper highlights how human-induced climate change is likely to intensify natural climate variability in Zimbabwe. Per capita water availability is forecast to fall by as much as 38 % by 2050, even under a low population growth rate.
"Zimbabwe will inevitably be affected by global warming and so must focus on adapting to these impacts before they seriously affect the country and its economy," Zimbabwe Minister for Environment, Water and Climate Saviour Kusukuwere wrote in the preface to the report. "The technical assistance from the World Bank and other development partners in preparing this paper is highly appreciated." While weather-related disasters strike rich and poor countries alike, they are often most crippling for smaller and lower-income countries that are least able to cope. Among the most vulnerable are some of Africa's poorest nations. The social and economic impacts of these climate shocks can have severe consequences for development.
The World Bank Group helps countries build resilience against weather-related disasters and find innovative solutions for protecting lives and livelihoods and decreasing losses and damages to public and private property and critical infrastructure. This year, the Bank Group is also focusing research and analysis on the effects of climate change on poverty and developing policy guidance and recommendations for governments to help populations get through climate shocks with more of their assets intact. *(World Bank)*

**Electricity: Zimbabwe in acute power deficit**

Zimbabwe is teetering on the brink of a general power blackout as all electricity generating plants are only producing 772 megawatts daily, a sharp drop from 1,200MW. The southern African country's major generating plant- Hwange Thermal Power Station experienced a breakdown at its two units. This has resulted in crippling and random increased load-shedding countrywide, with the manufacturing sectors being the hardest hit. Captains of industry have repeatedly said unstable power supplies are causing companies to incur heavy losses, as some processes are interrupted thereby affecting the quality of products; some processes are then delayed or aborted resulting in failure to meet deadlines and targets for many companies. Some products affected by the power outages in mid-production become either sub-standard, deformed or of such low quality they cannot be redeemed. Zimbabwe is experiencing a power deficit, with daily electricity of demand of 2,200 MW against an installed capacity of 1,100MW and the government has encouraged independent private producers (IPPs) to step in to cover the shortfall. The country's power utility, Zesa, issued a statement warning on massive power cuts ahead. "There was system disturbance on 23 February 2015 at 23.30hrs that resulted in the station losing two units that were in service," the utility said. "Currently there are two units generating at Hwange Power Station and customers will experience suppressed power supplies until generation is brought to normal levels. "Zesa engineers and technicians are working to restore generation to normal levels and customers will be updated accordingly during the restoration process." Hwange Power Station is now producing 168MW compared to 500MW before the breakdown. Kariba Power Station is adding only 553MW into the national power grid, Munyati 32 and Harare 19 while Bulawayo Thermal Power Station is idle. "Kariba Unit 6 was taken out of service on January 4, 2015 at 2217hrs for speed governor modernisation and unit transformer installation," the utility said. The country's generation capacity is far outweighed by demand, resulting in the shortfall being covered by imports from regional power utilities such Hydro Caborra Bassa of Mozambique. Zesa says the country is importing 100MW from Hydro Cahora Bassa of Mozambique while exporting 39MW to SNEL of Democratic Republic of Congo.
Economist, John Robertson, estimates the power cuts to be costing the economy hundreds of millions of dollars per month and says what is worse is that the figure is cumulative and rises with each day and with each outage that occurs.
He says the power cuts push up costs and the ability to compete and imports become cheaper by comparison. "The problem is that this figure is cumulative and keeps rising, and some of the consequences will not be felt now but later," Robertson said. The massive power interruptions come at a time when Zesa Holdings is seriously considering a 6% tariff hike to raise cash to meet salary arrears amounting to $117 million. *(The Africa Report)*

**French Renewable Energy Company Acquires Nova Power**

Global EcoPower (GEP), a French renewable energy developer, has acquired 100 % of Morocco-based Nova Power in an all-share deal, it emerged this week. The first payment is in excess of $15.3 million with the second payment to be based on the performance of Nova Power, GEP said. The transaction will allow GEP access to overseas markets with Nova active in West and North Africa and the Middle East. Nova has a 500MW deal in place with French oil giant,

Total, to grow and construct solar power factories in Nigeria, Africa's biggest economy. It is understood that work on the first 125MW factory is likely to begin before the close of this year with 125MW and 150MW factories coming in the following year. Nova also has a couple of project contracts in Morocco and is pre-qualified for a 20MW plant in Ivory Coast, West Africa. Mohammed Habbal, president, CEO and co-founder of Nova Power will join the board of GEP soon, it was announced this week. "The collaboration proven in the past with the current management of GEP allows us to look to the future with confidence and optimism," energy-focused website, PVTech quoted Habbal as having said. "The new group, composed of GEP, Enersol and of Nova Power, which brings its strong growth potential, has all the ingredients to enable it to realise the opportunities thus generated." President and CEO of GEP, Jean-Marie Santander also stated: "We see daily the challenges the production of electricity represents, especially in terms of governance. "Now the 'green growth' demonstrates that renewable energies are essential in the energy policies of the states and major energy companies. In Africa, only the Maghreb countries or East Africa can count on the wind power, while other countries need to rely on solar power," he added. *(Ventures Africa)*

## INFRASTRUCTURE

### Port of Nacala, Mozambique, processes record cargo in 2014

The port of Nacala, in Mozambique's Nampula province, in 2014 processed a record amount of cargo, with over 2 million tons and in the number of containers handled, with almost 100,000, said the CEO of Portos do Norte, the port's management company. Langa said the port of Nacala, by processing over 2 million tons of cargo and 97,000 containers, reached a new high despite operating under limits due to the ongoing modernisation programme.

The CEO of Portos do Norte, the company that took over the management of the port of Nacala just over a year ago, also said that the results obtained in 2014 were due to an investment of US$3 million in equipment and infrastructure.

The modernisation works at the port, as part of the Development Project of the Port of Nacala, cost US$300 million that are funded by Japan, with completion scheduled for 2017. The work is being carried out by Japan's Penta-Ocean Constrution Co Ltd and the contract agreement was signed in January 2014 by representatives of the company and the Mozambican Ministry of Transport and Communications. The port of Nacala will also be the final station on the railway built by Brazilian group Vale from Moatize, in Tete province, passing through Malawi, to transport coal. *(Macauhub)*

### Road improvement and trade facilitation: AfDB and Guinea sign US $50 million in loan agreements

The African Development Bank (AfDB) Group and Guinea on February 12 in Abidjan signed US $50 million in loan agreements to finance a road improvement and trade facilitation project. This Road Improvement and Transport Facilitation Project in the Mano River Union includes the tarring of 276.35 kilometres of roads in Guinea, Côte d'Ivoire and Liberia. It also provides for the building and equipment of two juxtaposed border checkpoints and the development of social infrastructure such as schools, health centres and bus stations. "The signing of the financing agreements is highly symbolic," AfDB Sector Operations Vice-President Aly Abou-Sabaa said. The African Development Bank has indeed made transport infrastructure development and trade facilitation in the Mano River region (Côte d'Ivoire, Guinea, Liberia and Sierra Leone) one of its priorities. To support the reconstruction of this region, the AfDB has set up a special initiative for the Mano River region. "This priority has become even more urgent following the outbreak of the Ebola crisis in three Mano River Union countries, with significant human cost," Vice-President Abou-Sabaa said. "This crisis has also clearly slowed down the reconstruction process in the region," he stressed.

The Guinean Finance and Economy Minister, Mohamed Diare, echoed this sentiment. "After more than a decade of civil wars in the region, Guinea welcomed over one million refugees on its soil before being hit by an unprecedented crisis, the Ebola crisis," he said. He expressed his satisfaction with the success of the road improvement and transport facilitation project. The project will create about 8,000 jobs during the construction period, estimated to last three years. It will also increase the volume of trade among the three countries, while strengthening regional integration. It will also help to reduce vehicle operating costs and travel time on the routes involved. For example, the border crossing time of a cargo truck will be halved from the current 24 hours to less than 12 hours upon completion of the project. The project will also address major sources of fragility of the region. The project, estimated at US $333 million, is financed at over 93% by the AfDB whose contribution is US $310 million. The amount provided to Guinea under this project is US $50 million. *(AFDB)*

### Kenya: China-Funded Infrastructure Projects to Boost Kenya's Economy: Official

Numerous infrastructural projects being financed by Chinese government as well as those undertaken by Chinese firms will help boost Kenya's economic development, officials said. Kenyan officials told Xinhua the loans from China for flagship projects such as the Nairobi super highway, Mombasa-Nairobi Standard Gauge Railway (SGR) construction and the Nairobi Greenfield International Airport as well as other projects have set the benchmark for Kenya's future economic takeoff. When complete, the SGR is expected to significantly improve movement of goods from Mombasa to the hinterland including neighbouring countries that rely on the port of Mombasa for imports. "China has vast experience building key infrastructure projects in Kenya and Africa as a whole. China has an intricate railway network that has powered industrial progress. We are partnering with China to rebuild railway networks," Kenya Railways

Corporation (KRC) Corporate Affairs Manager Mary Oyuke told Xinhua. Oyuke said China will remain a strategic partner with Kenya as the East African nation implements an ambitious infrastructure and industrial development agenda. Oyuke added that Chinese technical prowess and financial support have powered modernization and expansion of Kenya's transport infrastructure.
Oyuke noted that technology transfer will be enhanced during construction of the Standard Gauge Railway. The blossoming China- Kenya cooperation will have spin off effects across socio-economic spheres. She said Kenya borrowed crucial lessons from China to revitalize investments in strategic infrastructure like roads, commuter trains and seaports and expressed confidence in China's capacity to develop world class railway network connecting Kenya and the region. Statistics by the Kenya National Bureau of Statistics (KNBS) shows that infrastructure development has in the recent past played a critical role in sustaining growth of Kenya's economy. During the fourth quarter of 2014, infrastructure spending by the government helped the construction industry grow 11 % compared to 8.6 % in 2013.
According to James Theuri, Project Coordinator at the Ministry of Transport and Infrastructure, Kenya intends to develop world class infrastructure across the country to transform key sectors of the economy like agriculture, tourism and manufacturing. "Currently, the World Bank, China and African Development Bank have financed mega infrastructure projects. Concessional loans from China have made it possible for the government to develop new roads," Theuri told Xinhua. "China's Import and Export Bank will provide the bulk of funds required to develop the SGR. This support is timely and will enable us to realize the vision of inter connectivity through rail transport," he added. This, Theuri said, proves that China and Chinese companies with the wealth of experience in railway development can accomplish the regional railway projects and thereby improve the current railway facilities.
The official said China has been a close development partner in many projects spanning railway, port, airports, road, energy and other sectors. "Indications are clear that such partnership will continue in years to come, particularly in capital infrastructure projects that require huge investments. Kenya has invested a lot of faith and trust in such partnership," he said. Kenyan scholars were optimistic that partnership with China will spread benefits to future generations. "At this juncture, Kenya and China cannot afford to sever ties, given our shared vision of economic renaissance and stability. China is financing our infrastructure projects and has opened markets for our commodities," remarked Bethwell Kinuthia, an economist at the University of Nairobi. *(Focac)*

**Kenya to start work on new northern seaport**

Kenya will start construction work next month on a long-delayed new port to be built on its northern coast, next to the historic trading town of Lamu, the presidency announced. The Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) project is intended to include a port, new roads, a railway and a pipeline by 2030 that will give landlocked South Sudan and Ethiopia access to the Indian Ocean. The overall price of the project, first proposed in the 1970s, has been put at $25.5 billion. Among the reasons for the delay are demands from landowners for greater compensation. "Construction of the Lamu port begins next month, President Uhuru Kenyatta has announced," the presidency said in a statement, without specifying the scope of the work. In 2013, officials said a consortium led by China Communications Construction Co Ltd had won a 41 billion Kenyan shilling ($449 million) contract to build the first three berths of the port. There has been little sign of activity since then. The new port at Lamu has been cited as a possible oil export terminal after commercial oil finds in Uganda and Kenya. But the pipeline could also go to Kenya's main existing port, Mombasa. "The new port, which is part of the Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) Corridor project, will provide an opportunity for the exploitation of the country's maritime resources," the president told a maritime conference. Officials were not immediately available to offer more details. *(The Africa Report)*

**Grindrod to invest in Maputo port, RBay coal and Africa rail projects**

Freight services and shipping group Grindrod would upgrade capacity at its Richards Bay coal and magnetite terminal from 3.2-million tons a year, to 4.5-million tons a year, said Grindrod CEO Alan Olivier. Speaking at the company’s annual results presentation in Johannesburg, he said the R125-million project could be completed by the end of the year. Grindrod had a 49.9% share in the project. Olivier said Grindrod had been looking “for some time” to grow the terminal. A joint venture (JV) agreement with the owners of the land adjoining the terminal, could now, finally, see the facility grow, with a second-phase expansion to 8-million tons a year also a possibility, as well as further growth to 20-million tons a year. These further expansions would, however, require “much more material investment”, warned Olivier, as well as secured coal volumes. He noted that rail-freight parastatal Transnet supported construction of the expanded terminal.
A second capital expenditure (capex) programme on Grindrod’s horizon was the Ngqura liquid-bulk-terminal storage project. Grindrod had a 30.5% shareholding in the R2.9-billion project to build the 230 000 m3 storage facility, said Olivier. Land was available to expand the facility to 720 000 m3, if required. The facility would be used for the storage of all petroleum products, with the exception of crude oil and liquefied natural gas. Should construction start this year, the first phase could be completed by 2018, said Olivier.
The project had been experiencing delays owing to the fact that the tariff model of the National Energy Regulator of South Africa (Nersa) “did not work” for projects requiring new capital outlay, said Olivier. He said there were new tariff regulations in the works for May this year, which should allow for the construction of this facility. Another project

in the pipeline for Grindrod was the Oiltanking Grindrod Calulo Holdings (OTGC) JV with the Royal Bafokeng Group's Mining, Oil and Gas Services (MOGS) business, to establish the OTGC Saldanha crude oil terminal. The R3.1-billion project should be completed by mid-2018. Grindrod had a 15.25% share. The project would consist of twelve 1.1-million-barrel crude oil tanks, as well as the development of crude oil blending capability. This project would also benefit from the same tariff regime change required from Nersa for the Ngqura project.

**Dredging Maputo Port**

Grindrod, a shareholder in the Maputo port, was also set to help finance an estimated $100-million project to dredge the port to allow access for fully laden Panamax vessels with a draft of 14.2 m. The project should be completed by the middle of next year. The Mozambican government was assisting in waiving its concession fee for seven years to pay for its part of the dredging costs, said Olivier. He said the aim of the project was to "make Maputo more competitive from a pricing point of view". He said the port was starting to reach its capacity, while price pressure in commodity markets also required the port to become more efficient.

Olivier believed this was possible through loading and offloading ships faster, and by allowing bigger ships into the port. Maputo port volumes were up 14% in 2014 compared with 2013, to 19.5-million tons. Grindrod also had its eye on an estimated $500-million project to build a 340 km railway line from Chingola, in Zambia's copper belt, to Kalumbila, with a possibility to eventually extend the line to the Angolan border. This north–west corridor project could potentially move 1.2-million tons of copper concentrate a year. Olivier said Grindrod would not supply all of the project's required capital, noting that the company was already talking to partners to fund and develop the line. Grindrod had secured a draft development agreement on the project, and would soon sit down with the Zambian government to finalise a concession agreement, he added. Grindrod also had its eye on further developing the so-called north–south rail corridor, where it operated on a concession agreement, carrying around 800 000 t of goods a year. The corridor ran from northern Zambia, through Zambia and Zimbabwe, to Maputo, Durban and Richards Bay. This corridor could potentially carry around 4-million tons of copper, mining supplies and agricultural products, said Olivier, especially when considering current road freight volumes. Transnet and Grindrod were developing a corridor masterplan for the project. It was the intention for the north–west corridor to link up with the north–south corridor at Chingola, noted Olivier. He said the north–south corridor was "very efficient", with trains taking six days to reach Durban from northern Zambia. Grindrod also had an opportunity to secure more rail business in Mozambique.

The group had been asked to handle all the shunting work at the Maputo port on a six-month trial basis, while four derailments in southern Mozambique in 14 days – disrupting goods flow to the port – was potentially creating an opportunity for future rail concessions in South Africa's northern neighbour.

**The numbers**

Grindrod saw revenue for the year ended December 2014 grow by 2% compared with 2013, to R32.7-billion, with headline earnings up 4% to R729.4-million. Freight Services contributed R494-million to headline earnings, and Shipping R175-million. The Freight Services business was hit by decreased locomotive sales as a number of African mining projects had been delayed. Olivier hinted that a separate listing of Grindrod's Shipping business might, at some stage, come into play. *(Engineering News)*

**After Bolloré, DP World is also interested in Berbera Port**

Berbera touted as recreational coastline: Bollore and DP World considered for port overhaul and operation Berbera, a convenient coastal town located in eastern Somaliland, a self-declared independent nation in the Horn of Africa, is the economic capital of the small nation largely due to the port outlet to the Indian ocean.

However, the small port town is now venturing out to a new business that is coastal recreation.

With the presence of large landlocked nations in East Africa, sea-outlets like the Port of Djibouti and Mombasa serve the majority of population at the moment. In that, Port Berbera is among the hopefuls to be another major outlet. But, the port, as it is at moment, needs a lot of work to have it ready to offer a standard service. The government of Somaliland had long planned to nurture the port. However, until it it is ready, the coastal town is making preparations to sell its sandy beaches and favorable weather condition. Mohamud Hashi Abdi, minister of Civil Aviation and Air Transport, told The Reporter that it is time to promote Berbera as a recreational place for the rising middle class in Ethiopia. "We have to draw in the Ethiopian middle class to the recreational facilities of Berbera," Mohamud said.

According to him, resuming regular flights to Berbera is also an important part of promoting the town as a tourist destination. For that reason, Mohamud held discussions with officials of the Ethiopian Civil Aviation Authority and Ethiopian Airlines on the issue of resuming the Berbera flight. Ethiopian used to fly to Berbera some years back. Back then, Ethiopian landed in Berbera because the main airport located at the capital city Hargiesa was under construction. According to the minister, Berbera served for about one year before all Ethiopian flights were moved to Hargiesa. "The Berbera flight is also expected to serve our eastern Somaliland passengers well," Mohamud explained, "on top of serving potential tourists from Ethiopia".

Furthermore, the minister told The Reporter that some airport security issues which were raised in association with the Hargiesa and Berbera airports have been addressed permanently. He said, his government has made considerable investment on upgrading airport security facilities.

"We have fitted new x-ray machines, firetrucks and modern immigration system to solve the security issues." He further noted that during the part six month, no single "illegal traveler" was discovered on the Hargiesa-Addis flight, and Mohamud said, this is a big achievement in this regard. In general, the minister says that both airports are complying with the standards of airport security and that this was accepted by Ethiopian and the other airlines.
"We might not be comparable with beaches like Mombasa, but we are selling our peace and stability, clean beautiful beaches and weather," he says.
Apart from coastal recreation, the Ethiopian market is far more important to the port of Berbera. And the minister also said that it is a project that is of utmost importance. Some 72 % of the Somaliland government revenue comes from the customs activities on port Berbera and the task of renovating and overhauling the port facilities is urgent. In fact, as it stands at the moment, the port is only 620 meters long which needs large-scale expansion to have it ready for use. "It needs to get 10 times bigger than what it is at the moment," he said. And this is where things have taken time to happen. The government is in the process of selecting a company that would be in charge of the overhaul project and running the port operations once it has finished expansion. According to the minister, negotiations are under way with various companies where Bollore Africa Logistics, a French port and logistic giant and DP World, an Emirati port operation company, currently handling the Port of Djibouti, are front runners.*( Indian Ocean, The Reporter)*

**R274bn earmarked for infrastructure development in 2015/16, MTEF spend cut**

Prioritising spending on "economic" infrastructure such as roads and transport, electricity, and water and sanitation, the 2015 National Budget has earmarked R274-billion of the public kitty for the construction, maintenance, repair and upgrade of public-sector infrastructure in the coming fiscal year.
Surprisingly, the document also revealed that estimated public spending on infrastructure over the current medium-term expenditure framework (MTEF) period had been revised downwards by R34.2-billion to R813.1-billion.
Finance Minister Nhlanhla Nene, however, noted in his maiden National Budget speech that government would continue to make "substantial" contributions through the fiscus to infrastructure services over the MTEF period. "We have all been reminded of the importance of infrastructure investment and maintenance over the past year. It is not just an inconvenience when the lights go out, there is a cost to the economy in production and income and jobs foregone. "These are large, long-term, costly challenges, and so the work of Transport Minister Dipuo Peters, Energy Minister Tina Joemat-Pettersson, Telecommunications and Postal Services Minister Siyabonga Cwele, Water and Sanitation Minister Nomvula Mokonyane and Economic Development Minister Ebrahim Patel in securing maximum value out of available funds is especially critical," he told Parliament.

**Sector Allocations**

State-owned companies (SoCs) were the largest contributors to public sector infrastructure expenditure, and were projected to spend R362.2-billion over the next three years. Spending by provinces was forecast at R140.1-billion over the same period, while municipalities were forecast to spend R177-billion. The economic services sector accounted for 82.2% of the total public sector infrastructure budget and would contribute to the expansion of power generation capacity, the upgrade and expansion of the transport network, and improvements to sanitation and water provision.
Transport and logistics infrastructure spend in 2015/16 had, meanwhile, been revised downwards from the estimates published in the 2014 Budget Review to R104.3-billion for the year. "This downward revision is owing to [parastatals] Eskom and Transnet trimming their capital spending plans. "Eskom has reduced its capital budget as many of the projects in its build programme are nearing completion, while Transnet has curtailed its capital expenditure programme on the expectation of reduced demand for its services and in light of the subdued medium-term economic forecast," read the 2015 Budget Review document. The country's energy infrastructure subsector had been allocated R166.3-billion over the next three years, accounting for about 20% of the total public sector infrastructure budget. Some R138-billion, or 83%, of this would be awarded to Eskom. Spending by social services, education and health accounted for 13.1%, 5.4% and 3.6% of the total infrastructure budget respectively.

**Energy Infrastructure**

Elaborating on public sector energy projects, the budget document reiterated that the first units of Eskom's developing Medupi and Kusile coal-fired power stations were scheduled to become commercially operational in the second half of 2015 and 2016 respectively. Construction at Medupi was delayed again last year as a result of industrial action, while the operational date of Kusile's first unit was also delayed following the detection of boiler-tube welding defects. The first unit of the Ingula pumped storage scheme was due to become operational later this year. Nene added that, together with municipalities and the Department of Energy, Eskom would spend R18-billion on the Integrated National Electrification Programme between 2015/16 and 2017/18 to provide on-grid electricity access to 810 000 households and nongrid electrification to 65 000 households. The funds would also go towards building 12 substations, upgrading 18 others and building 330 km of medium-voltage power lines, while upgrading a further 285 km of power lines. Moreover, National Treasury reported that the Renewable Energy Independent Power Producer Procurement Programme, which was launched in August 2011, had, by December, contracted 66 projects to provide more than 4 100 MW of renewable energy generating capacity to the grid. "As a result, generating capacity of 1 522 MW, sufficient to power 670 000 average South African households for a year, had been brought online by December. "An additional 13 projects will be procured in the latest bid-submission period to increase total renewable energy generating capacity to

about 5 200 MW. The cumulative investment for all 79 projects is estimated at R169-billion, of which about 28%, or R47-billion, is foreign direct investment," stated the budget review document. In addition, the request for proposals to procure 2 500 MW of coal-fired power generation and 800 MW of cogeneration projects was issued in December for submission in June. The Gas Utilisation Master Plan – a draft document intended to design the procurement process of gas and outline its role in South Africa in future – was also finalised and released for public comment last year.

**Transport Infrastructure**

Over the MTEF period, Treasury noted that government and SoCs had budgeted R339.2-billion for transport and logistics infrastructure, accounting for 42% of the total public sector infrastructure budget over the period. These investments were aimed at improving the national transport infrastructure network, enhancing the mobility of people and services and facilitating regional trade. "Revenues from services provided by SoCs will help fund infrastructure investment, complemented by national and provincial allocations for road construction and maintenance," it held. Transnet, meanwhile, continued to expand its freight rail network and upgrade capacity on the iron-ore and coal export lines by modernising the rolling stock and refurbishing existing infrastructure.

Planned investments in major capital projects – including the purchase of rolling stock for freight locomotives and the expansion of the manganese rail and terminal, the iron-ore line and the coal line – would total over R50-billion over the next three years.

In addition, the diesel service of the new multiproduct pipeline was now operational and the pipeline would begin to operate at its full multiproduct capacity once construction of the coastal and inland terminals was complete.

"Construction of these terminals is under way and, once completed, the trunkline will enable delivery of products through the pipeline," Treasury advised.

Over the MTEF period and beyond, major investments in roads, rail and ports would include transfers to the South African National Roads Agency of R39.1-billion over the medium term to fund maintenance and improvement of the national nontoll and coal-haulage road network and R1.1-billion to upgrade the critical Moloto road.

**Human settlements, Health & Education**

The Medium-Term Strategic Framework 2014 to 2019 projected that, by 2019, government would provide 563 000 fully subsidised housing units, 750 000 upgraded sites in informal settlements and 27 000 social housing units.

Over the medium term, R59.2-billion was allocated to provincial human settlements departments for low-income subsidy housing programmes, and R33.7-billion to metropolitan municipalities for bulk infrastructure, land and basic services, particularly to upgrade informal settlements. "Government has also allocated R3-billion for social housing through the capital restructuring grant," noted the review document.

Meanwhile, over the medium term, R16.6-billion had been allocated through conditional grants to national and provincial departments for the construction, upgrade and maintenance of healthcare facilities. "The Department of Basic Education will replace ageing, unsafe and other inappropriate infrastructure, and provide water, sanitation and electricity to schools across South Africa over the medium term. "Funding of R7.4-billion has been allocated for this purpose over the medium term through the school infrastructure backlogs conditional grant," Treasury stated.

An additional R3.2-billion would be provided to the Department of Higher Education and Training over the MTEF period to continue construction that had already begun at two new universities – the University of Mpumalanga and Sol Plaatje University in the Northern Cape. Other infrastructure projects for new buildings and equipment, and refurbishments and upgrades to existing facilities at tertiary institutions, would amount to R7.4-billion over the three years.

**Municipal Amendments**

Nene told Parliament that amendments to the Municipal Fiscal Powers and Functions Act would shortly be proposed in a bid to clarify the rules surrounding bulk infrastructure charges and ensure an equitable and transparent system of contributions by land developers. He added that Treasury had recently met the mayors and city managers of all eight metropolitan municipalities to discuss how to accelerate investment, improve infrastructure maintenance and strengthen financial management.

"Metropolitan councils will announce details of their investment programmes in their forthcoming budget statements.

"National allocations to municipalities continue to be equitably allocated and aligned with [former Finance] Minister Pravin Gordhan's 'Back to Basics' strategy," he commented. *(Engineering News)*

**Railway: South Africa's Afro 4000 locos**

South Africa's railway system, which remained unchanged for 60 years, is now set to regain its dominant position in the country's transport network. A new era began as the first of 70 new diesel locomotives chugged into Cape Town to signal the start of the new drive, writes Tom Nevin. But not everybody is pleased with the development.

It has taken over 60 years, but South Africa has at long last launched a new passenger locomotive, and with it a desperately needed new railway service.

More importantly, perhaps, the loco was designed by a South African team led by a black engineer, Dr Daniel Mtimkulu. The fleet of 71 new locos, costing a total of R46m ($4.6m), is the desperately needed start to shunting South Africa's rail industry out of a dusty and derelict siding and beginning afresh.

The question now is: Can the government build up and maintain the momentum needed to return the railways to efficiency, reliability and profitability?

The new loco, the Afro 4000, was built in Spain to the Mtimkulu team's design. Writer Chelsea Geach of the Cape Argus newspaper reports that many of Mtimkulu's design innovations will continue to be used when a new train manufacturing plant in South Africa's Gauteng province is completed.

No smooth ride lies ahead for the railway's rebirth. CEO of the railways passenger services, Mosenngwa Mofi, concedes as much. "We are trying to keep alive a system that is terminally ill in the intensive care ward. You fix it today, tomorrow it breaks. That's why commuters get frustrated and burn their assets." (Referring to frequent setting fire to trains by passengers angered by constant breakdowns). Business Day newspaper reports that rail passenger services have been dogged by so many breakdowns, delays and cancellations that last year Metrorail began giving commuters letters to explain to their employers why they were late for work.

Mofi adds, however, that the new fleet is "the realisation of a dream that will change the travel experience of South Africans forever".

The government and its fully-owned Transnet transport conglomerate are spending an awful amount of money – R300bn ($30bn), in fact – to show they're serious about putting South Africa's Humpty-Dumpty rail system back together again. Transnet and its parent, the Department of Transport, say it was proof-positive of rail's rebirth when the first Afro 4000 chugged impressively into Cape Town station. Representing South African rail's new muscle, it will officially start operating with the Passenger Rail Service of South Africa (PRASA) in March and is the first new passenger loco to be commissioned in South Africa since 1958.

**All aboard for a 21st century train ride**

The new 4,000hp high-powered locomotives mark a turning point in the state-owned entity's ambitious plans to modernise and rehabilitate South Africa's railway network, a victim of neglect, ageing infrastructure and rolling stock and delays. The state-of-the-technology locomotives were designed in Spain by rail component manufacturer Vossloh according to PRASA specifications to suit local conditions.

In all 71 new locos, including the newly-arrived one being used for testing and display, will enter long-haul service in South Africa over the next 30 or so months. The upgrade procurement project was outsourced by PRASA to Swifambo Rail Leasing, a local company which, in turn, awarded the contract to Vossloh to supply the new high-tech locomotives at a cost of R3.5bn ($350,000). Fifty-one of these will be Euro Dual electro-diesel and 20 are Euro 4000 diesel locomotives. The name change from Euro to Afro denotes the modifications for African conditions. The locomotives have a display unit with various management systems that will allow the driver to detect and reset faults. They are the first in the country to have two driving cabs – meaning the train can travel in both directions without turning. The 4,000 horsepower locos can pull about 19 coaches. "The critical factor is to improve the journey experience and encourage more long- distance travel," says Mosenngwa Mofi, chief executive of PRASA Rail. "This can only be achieved by providing reliable, efficient locomotives to haul these trains with minimum en-route delays." PRASA will also acquire other new, modern trains over the next 10 years as part of a R51bn ($5.1bn) contract with the Gibela Rail Consortium.

The new locomotives will service both the long-distance freight and passenger markets, operating on six economic corridors, starting with the Johannesburg to Cape Town route. This will be increased to 10 corridors as PRASA takes delivery of new stock complement during the first half of 2015, providing a spin-off for local services. The locomotives are hailed by PRASA as 'a revolution', calling them the first of their kind in Africa and 'money well spent'. "They are the first step to providing a high-quality, safe and reliable long distance service," says Mofi. The arrival of the Afro 4000 fleet is PRASA's first meaningful measure in beefing up its passenger services with serious money spend. Long distance routes have particularly suffered financially with passengers by the million deserting the parastatal for such other transport choices as bus and affordable air travel. PRASA will overhaul its fleet within the next decade, spending around R170bn ($17bn) on replacing older trains with faster, more reliable services. Close on 140 train stations across the country are on the upgrade schedule.

**South Africa's massive rail drive**

The rail system makeover started two years ago with the state-run transport and logistics company Transnet announcing a R300bn ($30bn) investment in rail freight and passenger service infrastructure in a bid to reverse the dismal fortunes suffered by the parastatal over the past couple of decades. The announcement was met with a cynical public's "heard it all before" response and nothing much was expected. The proof in the pudding was the unveiling in late December of a gleaming new locomotive, the first in a fleet of a further 70 destined to put national rail services firmly back on track. And that was just a start. With the government's public persona in a mess, and the ruling ANC party facing a pasting at the polls, President Jacob Zuma weighed in with an avalanche of good news and the chances are that this time he intends to deliver. The new rail deal, he promised, "will create over half a million new jobs while making our freight rail division the fifth-largest in the world". In his State of the Nation address last year he rolled out a new multibillion-rand infrastructure drive highlighted by two key goals: creating new jobs and giving investment a shot in the arm by making it easier to do business in, and export from, the country. More recently, Transnet CEO Brian Molefe kept a clutch of Zuma's promises by saying the company's prime objective was "to invest in building capacity to meet validated market demand that will enable economic growth". *(African Business)*

**TNPA continues R17bn infrastructure spend at Durban port**

The Transnet National Ports Authority (TNPA) was committed to spending R17-billion on infrastructure upgrades at the Port of Durban by 2023.

In a briefing on current projects that had begun or were about to get under way at the port, Port of Durban manager Moshe Motlohi said long-term plans were extensive and included the development of a fifth berth at Bayhead, as well as the introduction of new services, which he would not elaborate on.

He said progress was being made on the nine mega capital expenditure projects that were being implemented. Construction of the sand pumpstation at Berth A Island View was almost complete. This was imperative to keep the port channel clear of sand and to ensure that the deepened port channel into the port was not lost.

Also at Island View, the deepening of berth two from a draught of 11.7 m to 14.5 m was in progress. Berth five and six at Island View would also be deepened to accommodate larger vessels.

Motlohi confirmed that two projects were under way at the strategic multipurpose facility at Maydon Wharf. He said that, although the easiest option would have been to simply close off the area during construction, this was a highly sensitive area and the economy could not cope with its closure from a food security point of view. Instead, work on the berths would be phased with work on berths one to four and 12 to 14 already under way. "Vessels have overtaken us," he declared, explaining that berth draughts would be deepened to 16.5 m and quay walls strengthened to accommodate fully laden larger container vessels. A slightly more controversial plan to provide between 940 m and 1.2 km of extra space to accommodate fully laden vessels was expected to start by mid-2016 with completion expected by December 2020.

TNPA had received two objections to its environmental-impact assessment (EIA) for the project from the South Durban Environmental Alliance and Earthlife Africa, which needed to be addressed. However, he said he hoped this would not derail the process and that people would realise the strategic importance of this project. Bigger cranes were needed to unload these larger ships and the necessary support and deeper berths were needed to accommodate these.

Turning to the construction of the proposed container terminal at Salisbury Island, Motlohi outlined that work on Pier 1 Phase 2, which involved the reclamation of 21 ha of land and the deepening of berths to the required 16.5 m, was at feasibility stage. Once the design had been completed, the EIA process would begin, with construction expected to begin before 2021. This would provide two extra berths. He said that it followed that, if throughput was increased, infrastructure serving the port would also need to be upgraded. He noted that Bayhead road would have to be upgraded from a two-lane to a three-lane road on either side, while Langeberge road would be widened from one to two lanes. In addition, new gates to the port would have to be built on both thoroughfares. In all, it was a holistic package.

Motlohi stated that it was evident that the number of cruise liners calling on the Port of Durban was steadily increasing. The number of passengers last year was 178 373 and had been growing steadily for some time. The current operational area was experiencing congestion and was not world-class. "We will be moving this to a new site (alongside the Point Waterfront) where a container terminal will dovetail with the entertainment precinct. Passengers will then be able to access uShaka Marine World and the beachfront. We want this to sell Durban," he said. Currently, tenders had been received and were being adjudicated, he confirmed. He added that TNPA had also begun attending to problems at Durban's dry dock where "things are not functioning the way they should be". He said TNPA had realised that good technical capabilities were needed and had appointed nine engineers and a naval architect to plug this gap.

These upgrades, he noted, were expected to have a major impact on the port. It was expected that 53 000 direct employment opportunities would be created, as well as 50 000 jobs within port-dependent sectors. The upgrade of Pier 1 Phase 2 alone would create 19 000 jobs during the construction phase. Presenting on progress at Durban's proposed dig-out port, project head Mark Desoins responded to mounting criticism that it was not needed, by stating categorically that TNPA needed to re-enforce the fact that South Africa needed an additional facility and that, after studying ten possible locations, had found that the old airport site remained the most suitable and cost effective.

Despite having invested upwards of R150-million in pre-project studies, he said TNPA was yet to find a single fatal flaw in the project. "It's not a nice-to-have but a have-to-have," he stated. He predicted that the dig-out port would be needed by 2025 when the current port ran out of container capacity. Phase 1 of the dig-out port would add a further 600 000 twenty-foot equivalent units a year to Durban's container capacity but was scalable upwards. He said current projections, which were based on gross domestic product growth, had factored in economic challenges that would delay the project such as load shedding. However, it had not factored in possible radical increases in transshipment cargoes, as international shippers were now beginning to avoid using the Suez Canal. He said the first phase of the new port could be operation by 2026. "We can't wait until 2024 to decide [if we need it]. Then we will be out of capacity for another ten years," he warned. He indicated that the next steps that needed to be taken included the finalisation of funding for the project, further land acquisition and the choice of a terminal operator. He said there had already been considerable interest from international port operators. *(Engineering News)*

## MINING

### Coal India leaves state consortium exploring coal in Mozambique

The Coal India Ltd group (CIL) has decided to leave the International Coal Ventures Ltd consortium (ICVL), founded by Indian state companies to acquire and explore coal assets abroad, according to a statement filed with the Mumbai Stock Exchange.

In a statement, the group said only that the board of directors had decided to leave the consortium, after previously noting that remaining in that group of companies led only to an increase in cost without corresponding benefits.

The consortium was formed in 2009 as a "vehicle which a specific purpose" by public sector steel companies, Steel Authority of India (SAIL) and Rashtriya Ispat Nigam Limited (RINL), the largest producer of iron ore, National Mineral Development Corporation Ltd and Coal India with a registered capital of 100 billion rupees (US$1.62 billion).

The news of CIL's departure comes just days after the company told the Platts news agency that in September it would decide on the future of its operations in Mozambique, particularly in Moatize, in Tete province, depending on the quality of the coal mined in this area. In July 2014, ICVL paid US$50 million to acquire the coal assets of Anglo-Australian group Rio Tinto in Mozambique.

The deal, closed in early October, involved all the mines that Rio Tinto owned in Zambezia and Tete provinces and 65 % of the Benga reserves (also in Tete) and for which Rio Tinto had paid more than US$3 billion in 2011 to Riversdale Mining. *(Macauhub)*

### Port of Nacala, Mozambique, processes record cargo in 2014

The port of Nacala, in Mozambique's Nampula province, in 2014 processed a record amount of cargo, with over 2 million tons and in the number of containers handled, with almost 100,000, said the CEO of Portos do Norte, the port's management company. Langa said the port of Nacala, by processing over 2 million tons of cargo and 97,000 containers, reached a new high despite operating under limits due to the ongoing modernisation programme. The CEO of Portos do Norte, the company that took over the management of the port of Nacala just over a year ago, also said that the results obtained in 2014 were due to an investment of US$3 million in equipment and infrastructure.

The modernisation works at the port, as part of the Development Project of the Port of Nacala, cost US$300 million that are funded by Japan, with completion scheduled for 2017. The work is being carried out by Japan's Penta-Ocean Constrution Co Ltd and the contract agreement was signed in January 2014 by representatives of the company and the Mozambican Ministry of Transport and Communications. The port of Nacala will also be the final station on the railway built by Brazilian group Vale from Moatize, in Tete province, passing through Malawi, to transport coal. *(Macauhub)*

### Africa's extractive industries have more to offer investors - Mining for liquidity in Africa's stock exchanges

Improvements in political and macroeconomic stability, policy certainty and legal systems in many African countries, as well as Africa's growing middle class and rise in consumption, continue to raise the bar on foreign interest in Africa as an investment destination – as GDP growth (as a whole) averages at 6% for three consecutive years*. Yet, Africa hasn't reached its potential share of investment in extractive service.

In fact, the UNCTAD has revealed that although the share of the extractive industry in the cumulative value of announced cross-border Greenfield Investment projects is still significant for Africa – at 26 % – the extractive industries share of the total number of projects has dropped to 8 %.

According to Robbie Cheadle, Associate Director: Mergers and Acquisitions Advisory Services, KPMG in South Africa: "This is in line with a world-wide reduction in investments into the extractive industries. Despite the rosy picture that is repeatedly painted of foreign interest and investments in Africa, investors often still have many unanswered questions when looking to invest in Africa's extractive industries, which are often flagged as having higher risks potential relating to policy uncertainty or market instability."

For instance, where an increase in foreign direct investment (FDI) inflows should naturally lead to an increase in listings, in Africa currently this isn't the case. "An analysis of the number of listed companies between 2010 and June 2014 across various Africa-based stock exchanges indicated that the number of listed companies on these exchanges has either remained static or increased marginally and, in some cases have declined slightly despite strong growth in the total market capitalisation of most of these stock exchanges," add Cheadle.

Added to this, generally African stock exchanges lack liquidity, which may be due to a number of factors, including; the limited number of listed companies on the stock exchanges, the limited free float, the low numbers of retail investors, the significant and long-term holdings by pension funds and the high transaction costs. Furthermore, prospective foreign investors also have difficulty in finding a counterpart who is willing to sell their shares – and it is difficult for prospective institutional investors to secure large enough quantities of the target securities to meet their investment criteria.

However, Cheadle believes that deepening the African markets through attracting more listings to the various bourses will go a long way to solving the illiquidity of the various African exchanges. In a new publication, entitled Listing in the Africa Extractive Industries, KPMG indicates that this may be achieved through any of four approaches, including;

•Incentivising large foreign listed multinationals to list on local stock exchanges,

•Incentivising large local listed multinationals to list on local stock exchanges in jurisdictions that they expand into
•Attracting more private equity investment into Africa and encouraging such private equity players to consider a local listing as an "exit" option in the future, and
•Encouraging small to medium sized local companies to list on the junior markets of the local stock exchanges.
"While growing local stock exchanges and improving liquidity on these will go a long way in continuing to attract foreign investors to Africa, it should also be noted that currently FDI inflows to Africa are being sustained by increasing intra-African investments – mainly in the manufacturing and services industries – where these are being led by South African, Kenyan and Nigerian transnational corporations. And it's not only great to see that Africa is investing in itself, but there are lessons that can be learnt and shared from existing successful intra-regional investments or projects and, that will see Africa better placed to take advantage of the next commodities super cycle," concludes Cheadle.
The Listing in the Africa Extractive Industries is a supplement to the existing Listing in Africa publication, in which KPMG has attempted to answer critical questions and provide potential investors who have an interest in extractive industries with some further insights into how significant the extractive industries are in Africa. The publication addresses the equity market capitalisation and liquidity of the various African stock exchanges; how the various African countries rank in comparison with their international peers across various rating criteria – particularly in policy and political uncertainty – and the fiscal policies applicable to the extractive industries. The publication also provides insights on specific listing criteria and continuing obligations for Mineral Companies either applying for a listing or already listed on the various African stock exchanges. *(KPMG Blog)*

**Mining in Africa**

Although 2014 was, to quote the Queen of England, an 'annus horribilis' for mining in general and African mining in particular, there is no reason for the mood of gloom that seems to have descended on traders. Prices have been low and it has been very difficult for miners to make ends meet but China, the world's largest consumer of commodities, may make a rebound this year and the next on the back of low oil prices, and the current lack of investment could easily lead to shortages which will drive prices back up. In fact, argues MJ Morgan, low commodity prices could be more of a good thing in the medium term than bad.

**Reading the Chinese tea leaves**

It is unlikely that the great 20th century philosopher, Ludwig Wittgenstein, had African mining in mind when he wrote in his Tractatus "The world is everything – that is the case" but, nevertheless, the great man's words would serve as a useful tonic to the doom and gloom of some of the sector's commentators at present.
After all, following a year in which iron ore halved in value, gold, platinum, copper, coal and, of course, oil all fell in price, pessimism might seem to be the order of the day. One cannot help but wonder if, after more than 15 years of an upward trend in prices, whether this is the end to the fabled 'supercycle' or, contrarily, merely an anomaly before the upward trend continues?
As avid readers of African Business well know, the biggest driver of commodity prices is Chinese demand. The Middle Kingdom imports two thirds of the world's seaborne iron ore (which it uses to produce half of the world's steel), 40% of its copper and – in addition to a chunk of all other major metals – is the second largest importer of gold.
So to seek to understand both the decline in commodities prices in 2014 and the outlook for the sector in 2015 requires close examination of the Chinese tea leaves. Will the country's remarkable growth continue? Will it overheat? Will it come grinding to a halt?
There are concerns about an overheated property sector and a debt to GDP ratio that, according to Standard Chartered, has risen from 150% in 2008 to 250% today. While this is a rapid increase, it is still slightly lower than the US and UK, for instance – and much less than Japan's 415%.
But China also has significantly more tools at its disposal with which to direct its economy than its larger rivals. Its ability to direct consumer spending, public spending and drive exports by using its currency peg to increase its competitiveness are all powerful levers.
Whether commodities prices are high on optimism or crushed by pessimism, it remains the case that developing countries such as China consume proportionally more commodities per unit of growth than developed countries. On current UN forecasts, the Chinese population of 1.3bn is set to rise to around 1.5bn by 2030, by which time the proportion of the population living in cities will also have risen from 40% to 60%.
What does this mean for commodity-exporting nations in Africa? It means China is going to need all the commodities necessary to provide houses, infrastructure and goods for 200m new people –which is the population of Nigeria, but with average incomes in excess of that in South Africa.
One of the reasons mineral prices tend to lurch up and down is the simple elasticity of supply. A mine typically has a 25-30-year life, requires vast amounts of capital expenditure to commission at the start of its life and, depending on the random progression of prices over that long period, may be burning piles of cash to the point where it has to be mothballed; or, on the other hand, earning it so fast that host nations clamour for windfall taxes or even nationalisation.
This is why the paradox arises – the best cure for low prices is low prices and vice versa. In iron ore, the big players, and many juniors too, have piled in to capitalise on prices that have risen relentlessly (see cover story) and now prices

have halved, they continue to do so in the belief that they can keep costs low enough to survive and that they will benefit from the crushed competition (those same poor juniors) they leave in their wake.
Low prices mean high-cost production ceases and exploration is not economically viable. This inevitably leads to insufficient investment over the medium term and a sharp rebound in prices as a supply bottleneck forms when demand recovers.

**Hidden opportunities**

Furthermore, it remains the case that only the Arctic has been prospected in detail less than sub-Saharan Africa. According to economists like Paul Collier, the amount of minerals, so far un-prospected, under the African soil, is vast and at least five times greater than current estimates.
Lower commodity prices also provide a unique opportunity to expand African production up the value chain to create more wealth and more jobs. It is an opportunity to tackle the continent's challenging operating environment and address its lack of cost competitiveness. Capital is hard to come by, so this imposes discipline and drives creativity and entrepreneurship. It is a chance to further the African Mining Vision agenda. To build infrastructure, develop skills, and introduce effective mining codes that equitably share the risks and rewards of mining between operator and host nation.
Along with water, power is another major problem for the continent's miners. Therefore the current low oil prices also provide a boost to those dependent on generators or power produced using imported oil. It also provides a boost to all those economies that import oil, African or otherwise, that is worth an estimated additional 0.5% to the global growth rate – i.e. something like $400bn.
The benefit of lower oil prices is also going to be keenly felt by the largest oil importer of all, China. China's demand has risen from 2.5m barrels per day (mbpd) in 2005 to 5.86mbpd in 2012 and an estimated 9.2mbpd in 2020. This will save the country billions of dollars this year if prices remain at current levels, freeing up money to spend on other commodities and resume its spectacular growth pattern.
However, it is true that October saw the publication of the worst Chinese manufacturing data since 2008, when there was a credit stimulus in place. Quarter 3, year on year, saw growth at 7.3%, its lowest level in five years. Goldman Sachs forecasts growth to remain at 7.3% for the final quarter of the year. But China's economy has been growing at breakneck speed for years. It grew (in 2013 dollar terms) from $168.367bn in 1981 to $8.227 trillion 30 years later. It is natural that maturity should bring slower growth rates. Chinese growth above 7% presents little risk to commodity markets, just as it brings little froth. Neither of these outcomes is as terrible as some would have one believe.
China imports around 80m tonnes of iron ore a month, more than two thirds of which comes from Australia and Brazil. At present, China sources some 8% of its iron ore from Africa. Africa is currently the source of just 4-5% of the world's iron ore production but possesses reserves substantially in excess of that proportion. By 2020, Africa could be producing 400m tonnes or more of iron ore a year.
The current situation is far from desperate, the outlook for prices is probably flat but we may find there has been overselling. This is a chance for producers to cut costs, utilise technology better, plan more strategically to manage political and price risks improve access to energy and water and resolve conflicts with governments and communities; in a nutshell improve their competitiveness and be ready to make hay when global growth proves to be more resilient than flighty traders fear. *(African Business)*

## OIL & GAS

### Air Liquide to build €200m oxygen plant to supply Sasol

Petrochemicals group Sasol has signed a long-term agreement with French multinational Air Liquide for the supply of large quantities of industrial gases to Sasol Secunda. The deal would see Air Liquide invest about €200-million on the construction of what it says is the largest air separation unit (ASU) ever built. The ASU would have a total capacity of 5 000 t/d of oxygen, which would be used for the production of synthetic fuels. Air Liquide would design, build, own and operate the ASU, which was expected to be commissioned by December 2017 and would add a new source of oxygen and argon to supply the growing industrial gases market in South Africa. Air Liquide CEO and chairperson Benoît Potier commented that the company was pleased to strengthen its relationship with Sasol and to reaffirm its commitment to South Africa. "The cutting edge technology which will be implemented on this project confirms our leadership in oxygen production technology and we are extremely proud to announce the achievement of another major milestone in the history of the group," he added. Sasol CEO and president David Constable noted that the implementation and operation of the new ASU by Air Liquide would bring world-class expertise to Sasol's Secunda site and guarantee a long-term reliable and competitive source of oxygen. "As South Africa is the cornerstone of our global operations, the efficiency this project brings to Sasol will contribute to the South African economy and to the country as a whole," he said. Last year, Afrox commissioned a R300-million 150 t/d ASU in Zone 3 of the Coega industrial development zone, near Port Elizabeth, in the Eastern Cape. Air Products South Africa also officially launched its 2 500 t/d R800-million ASU at Afrox's Vanderbijlpark facility, in Gauteng, in June 2014. *(Engineering News)*

**Anadarko Petroleum closes well in northern Mozambique after research shows no results**

Hydrocarbon exploration in the Kifaru-1 well, an onshore concession in northern Mozambique, failed to find commercially viable deposits and will be abandoned, announced French company Maurel&Prom, which is part of the business consortium. Beginning in January, the drilling reached a depth of 3,100 metres, as far as the rocks formed in the Eocene period, through the Miocene and Oligocene zones, said Maurel&Prom, which has a 27.71 % stake in the project led by US group Anadarko Petroleum (35.70 %). After missing the goal of finding a reservoir of hydrocarbons of economic value, the Kifaru-1 well will be "sealed and abandoned" by the consortium, which also includes Wenthworth Resources, with 11.59 %, Mozambican state company ENH with 15 % and Thai group PTT Exploration and Production (PTTEP), with 10 %. In a statement, the chief executive of Wentworth Resources, Geoff Bury, said that, despite the results "not meeting expectations," the company will continue to work with Anadarko and other partners to "review all the data collected and determine the next step in the exploration phase of the onshore Rovuma block." In the concession covering 13,500 square kilometres that the group operates in the far north of Cabo Delgado province, four wells have been drilled, called Kifaru-1, Tembo-1, Mocímboa-1 and Mecupa-1.

Until the results of Kifaru-1, previous research showed evidence of the presence of hydrocarbons such as oil and gas in the Mocímboa-1 well formed in the Cretaceous period, according to Wentworth Resources. The investors hope that the concession will have the same potential as an adjacent concession (Area 1), on the coast of Cabo Delgado, and where reserves of 50 trillion to 70 trillion cubic feet of natural gas have been discovered in deep water. Also led by Anadarko Petroleum, the Area 1 consortium brings together ENH (15 %), Indian groups ONGC Videsh (20 %) and BRPL Ventures (10 %), Japan's Mitsui & Co (20 %) and Thailand's PTTEP (8.5 %). Exploration of the gas discovered in this concession is scheduled for 2018, according to the most optimistic estimates, and should be achieved by installing two natural gas liquefaction units on the Afungi peninsula, in the border district of Palma.

The initial investment planned for the advancement of the industrial park totals around US$30 billion, to be carried out jointly with the business consortium led by Italian group ENI, which owns the rights to the Area 4 concession, also in deep water. The final investment decision should only, however, be known in the middle of this year, according to recent statements from ENI's financial director, Massimo Mondazzi, ensuring that it will be one of the most important in 2015. *(Macauhub)*

**OMV Becomes Latest Oil-And-Gas Company to Post a Loss**

Operational security concerns in Libya, Yemen hurts production

OMV AG became the latest oil-and-gas company to post a net loss after the crude-price collapse, while pressing operational security issues in Libya and Yemen adversely affected production. The midsize European oil producer, that is a standard-bearer in Austria, has sizable operations in Libya but the descent into lawlessness and civil war has roiled the petroleum industry. Jaap Huijskes, head of exploration and production, said OMV has stopped producing oil in the country and its office in Tripoli is effectively closed, with only local staff working from home. The last of OMV's expatriate workers left in the autumn. For the entire year, OMV's production in Libya was only at 25% of capacity. If it were able to operate at full capacity in 2015, production would be around 43,000 barrels of oil equivalent a day. "The [2014] production in Libya was not a highlight, [but] a lowlight," Mr. Huijskes told reporters at a news conference on fourth-quarter earnings. Mr. Huijskes said the company continued to produce oil in Yemen, where a rebel group has effectively taken over the government. "But of course, Yemen at the moment is a very difficult environment," he said. OMV's original goal was to increase total production to 400,000 barrels of oil equivalent a day by 2016. That still remains the company's target, but it will miss its 2016 deadline. "When exactly we reach the goal. depends on oil price developments," Mr. Huijskes said, adding that it also depends on production in Libya and Yemen. OMV followed other large European oil companies like Total SA of France and Italy's Eni SpA, recording a 2014 fourth-quarter net loss of €308 million ($350. 7 million) from a €78 million net loss on year. OMV's fourth-quarter clean current cost of supply net profit—net profit adjusted for changes in stock levels and a key figure for commodity companies—notched €348 million, up from €178 million in the fourth-quarter of 2013.

For the year as a whole, OMV posted a net profit of €357 million, down 69% from €1.16 billion in 2013. Chief Executive Gerhard Roiss blamed much of the loss on oil prices that have tumbled from more than $110 a barrel for Brent crude, the global benchmark, last summer to less than $50 a barrel in January. Brent was trading about $59 a barrel in London. Mr. Roiss said the company expected low oil prices to continue over the medium term and would restructure by cutting costs and divesting noncore assets. It has also set capital expenditure at a total of between €2.5 billion and €2.8 billion in 2015. Last month, OMV cut its investment plan over the next three years from its original plan to invest €3.9 billion a year. "Our assumption is an oil price between $50-$60 a barrel. If it's higher, we'll be happy," Mr. Roiss said.

OMV's management provided few details about planned divestments and which investments would be delayed, saying things were under review. Mr. Huijskes said some of the cuts would come from Austria and Romania, resulting in a likely cut in production in the two countries. The fields in both countries are relatively old and OMV's goal has been to stabilize production.

In addition, OMV's gas portfolio is under review, with more information to be made available later this year. OMV's downstream division, combining gas and power, refining and marketing, will also be looking to divest from noncore

assets, the division's head Manfred Leitner said. One bright spot was that new assets in Norway allowed OMV to increase production 8% in 2014 to an average of 309,000 barrels of oil equivalent a day. OMV's management will propose a dividend of $1.25 for 2014, unchanged from 2013. OMV's largest shareholder is the Austrian government through its holding company the Oesterreichische Industrieholding AG with 31.5% of the shares. OeIAG has a shareholder agreement with OMV's second-largest shareholder, Abu Dhabi's IPIC, which holds 24.9% of OMV's shares. *(Wall Street Journal)*

**This African Country is Auctioning its Oil Blocks as Oil Crisis Continue to Hit Hard**

Angolan state-owned oil company, Sonangol, has placed 15 of its oil blocks up for auctioning as the southern Africa nation struggles with drop in global oil prices. "Angola's national oil company Sonangol will this year auction off 15 new oil and gas concession in the Angolan basins of the Congo and Namibe, "said Sonangol chairman Francisco de Lemos Jose Maria. "The national oil concessionaire, expects this year to complete the auction process for ten blocks in the onshore basins of the Congo and Kwanza launched in 2014," he added. Angola, Africa's second-biggest oil producer, is heavily dependent on revenues from its cash cow commodity, hence has felt the brunt of the global crude price collapse heavily. Last week, the International Monetary Fund (IMF) warned Angola to brace for a tough year ahead following a less likely near-end of the crisis. Angola's cabinet of ministers recently sent a revised 2015 budget to parliament, cutting the assumed oil price to $40 a barrel, from $81 previously projected. Angola also slashed $14 billion off planned spending, the finance ministry said. In 2008, a drop in oil prices during the global financial crisis left Angola with a nearly $7 billion in delayed payments to building companies. *(Ventures Africa)*

**Report forecasts 'dominant' role for gas in Africa's power mix**

Gas has the potential to account for more than 40% of the electricity generated in sub-Saharan Africa (SSA) from 2020 onwards, a new report by McKinsey & Company shows, adding that, by 2040, gas-fired capacity could be responsible for more than 700 terawatt-hours in the region.

The study projects that SSA could consume nearly 1 600-terawatt hours by 2040, four times the amount consumed in the territory in 2010. However, about $490-billion in power-related investment will be needed by that date to address the current backlogs and meet rising demand – almost 600-million people in SSA currently lack access to electricity.

It concludes that, if every country builds enough to meet its domestic needs, gas will also dominate the energy mix by 2040, comprising 44% of supply, followed by coal (23%), hydro (16%) and solar (8%).

With the large gas discoveries in Mozambique and Tanzania over the past half-decade, McKinsey's Adam Kendall says that gas has become a much more attractive opportunity. There is potential, he estimates, for about 400 GW of gas-generated power, with Mozambique, Nigeria and Tanzania alone representing 60% of the total capacity.

"[But] Africa is significantly underexplored from a gas perspective, so there is the real possibility of further gas discoveries on the east or west coasts. Tapping such sources could result in a much cheaper levelised cost of energy."

The levelised cost of gas capacity across the region starts low, the report notes, ranging between $47 a megawatt-hour and $65 a megawatt-hour. Gas is inexpensive mainly because of government subsidies, which Kendall warns could lower the willingness of gas producers to sell. "Over time, we expect these subsidies to decrease, meaning that the levelised cost of gas-fired technology will increase to more than $90 a megawatt-hour by 2040." Gas discoveries, Kendall avers, could be "game changers", especially if the price at which the resource can be produced is lower than the average levelised cost of other choices.

In addition to the conventional sources, the report also highlights that Mauritania, Nigeria and South Africa have further potential of about 62 GW in shale gas and 3 GW in coal-bed methane. "The effect of unconventional gas on the power markets will depend on where the gas is discovered and the resulting cost of power. Shale gas in South Africa will potentially have the biggest effect on the markets," the reports suggests, arguing that it could displace regional coal-fired power that would otherwise be built. *(Engineering News)*

**Oil and Gas: Uganda offers six petroleum blocks in first competitive licensing round**

Uganda is offering six petroleum blocks in its first competitive licensing round for oil exploration in the Albertine Graben area, a region where oil has already been discovered, the Energy and Mineral Development Ministry said.

Investor interest in the east African nation's potential has been growing since commercial crude reserves were found in 2006 when Uganda struck hydrocarbon deposits. Commercial production has been delayed and could start around 2018 at the earliest. The six blocks, which cover about 3,000 square km would be awarded by the end of 2015, the energy ministry said. "This licensing round will cover six blocks in the Albertine Graben which is a proven prospective sedimentary basin," the ministry said in a statement. Energy Minister Irene Muloni downplayed fears the licensing round would draw a tepid response amidst depressed oil prices. "We're going to get serious investors, we're optimistic," she told reporters. The ministry said less than 10 % of the Albertine Graben has been licensed and that more than 400 companies have already expressed interest in Ugandan acreage but that not all of them have financial and technical expertise. Officials say 21 oil and gas discoveries have been made so far in the Albertine Graben, a region where only China's CNOOC has been granted a production licence. London-listed Tullow Oil and France's Total SA are also exploring for oil in Uganda and are working towards starting production. Last week, the government awarded a

consortium led by Russia's RT Global Resources a contract to build and operate Uganda's $2.5 billion crude oil refinery, in a vital step to hasten oil production. *(The Africa Report)*

## TELECOM

### CEC Liquid Telecom Invests $15m In Zambia’s First Fibre To Home Network

Zambia’s CEC Liquid Telecom has invested $15 million in a Fibre To The Home (FTTH) project, which is expected to provide about 20,000 premises in Zambian capital Lusaka, with access to fast broadband internet with unlimited data packages, by the end of the year. The company was formed through a partnership between Liquid Telecom Group, a subsidiary of Econet Wireless, and Zambia’s Copperbelt Energy Corporation. “The FTTH service will provide the fastest broadband ever available in Zambia and indeed Africa. Today’s announcement cements the country’s most reliable and consistent broadband provider. With the launch of the FTTH build, services will become available as each targeted area is connected with a likelihood that the build will extend to the Copperbelt towns by the end of the year,” said Andre Kapula, CEC Liquid Telecom managing director.
The company also offers wholesale capacity in all of Zambia’s ten provinces and is also an operator with customers from all sectors. It has the first fully-redundant network in the country and is able to provide Service Level Agreements at a level not previously experienced in Zambia, owing to its end-to-end ownership of the network. *(Ventures Africa)*

### Airtel Money is Taking Over Zambia’s Financial Sector

Airtel Zambia, one of Zambia’s largest mobile phone companies, says it is now the backbone of Zambia’s financial sector through its Airtel Mobile Money with over four million subscribers attracted since its launch in 2011. “Airtel money platform has developed into playing a supportive role in the systematic growth of financial services in Zambia,” said Airtel Zambia head of corporate communications Yuyo Kambikambi.
“The comparative higher customer reach due to the recruitment of numerous reliable agents countrywide has allowed for broader usage of financial services in Zambia,” Kambikambi added. Recently, Airtel Zambia, which also provide mobile phone and Internet company, said it has invested over $140 million in upgrading its network system. Besides Airtel Zambia there are two other mobile phone and internet companies in Zambia – MTN and Zamtel. Two years ago the mobile phone companies in Zambia were estimated to have penetrated 62 % the country’s 13.9 million population. *(Ventures Africa)*

### Castor Networks Acquires South Africa’s Telstream Telecoms To Strengthen African Presence

Castor Networks a leading provider of Teleport and VSAT services had acquired Telstream Telecoms, a premier provider of satellite communications solutions throughout Africa, for an undisclosed amount. A part of the deal, Castor Networks, which has been operating in South Africa since 2008, will merge two local offices in Johannesburg. The combined firm will improve the range of services available to existing and prospective customers.
Telstream Telecoms’ customers will benefit from the integrated support, large team of experts and high quality internet by dealing directly with the company that operates one of the major Teleports in Europe.
The merged company will be better positioned to win and support large tenders, especially in the mining sector in which both Castor and Telstream have extensive experience. Telstream Telecoms has been providing satellite communication solutions to businesses and organizations throughout Sub-Saharan Africa for the past 14 years. Castor operates the well-known Burum Teleport in the Netherlands enabling it to offer a wide range of services and access to many satellites. *(Ventures Africa)*

## UPCOMING EVENTS

**2015 Africa Business Conference February 27 - March 1, 2015, Boston USA - On behalf of the Africa Business Club at HBS 17th Annual Africa Business Conference, Harvard Business School.**
*http://www.africabusinessconference.com/#home*

**2015 Africa CEO Forum: "Africa's new economic environment" on March 16-17, 2015 in Geneva,** co-organised by the African Development Bank (AfDB) and the Paris-based magazine group, Jeune Afrique, will focus primarily on development priorities of African businesses. Some 800 leading decision-makers from Africa and elsewhere, including AfDB President Donald Kaberuka, will be in attendance.

**Managing Capital Flows: Lessons from Emerging Markets for Frontier Economies, Mauritius, March 2, 2015 organized by the International Monetary Fund and co-sponsored by the UK Department for International Development.** The conference will provide a forum for policy makers from frontier and emerging markets to share their experiences in managing capital flows, learn from each other, and together with academics and market participants, engage in discussions about policy options for mitigating the risks associated with capital flows, while reaping the benefits of financial integration. For further information, please contact: managingcapitalflows2015@imf.org.
http://www.imf.org/external/np/seminars/eng/2015/CapFlows/index.htm

**2nd Africa Urban Infrastructure Investment Forum, 5th - 6th March 2015-Luanda, Angola**
The second edition will be held in Luanda, Angola in March 2015, and will provide the opportunity to learn from the country's experience in tackling the challenge of rapid urbanisation. For futher information about exhibition opportunities, please contact Fahad Khalid - +44 (0) 20 7841 3290 or email f.khalid@icpublications.com

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

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

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

**The Bank's 50th Annual Meeting will take place in Abidjan, Côte d'Ivoire, from May 25-29, 2015.** The Meetings will see the election of a new Bank President, one of the most important decisions for the institution and the continent. The 50th anniversary of the Bank will also be marked.

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

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

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

**The Innovative Africa Forum - 27 November 2013 Munyonyo Commonwealth Resort, Kampala, Uganda**

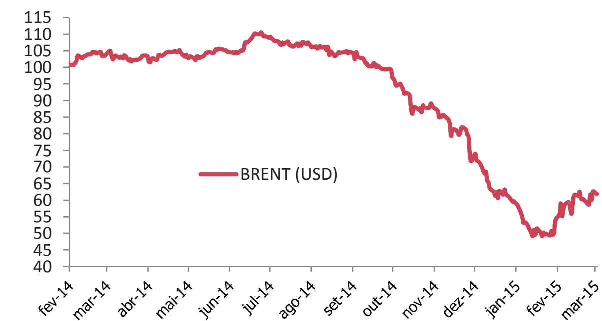
**MARKET INDICATORS**
02-03-2015

| STOCK EXCHANGES | | |
|---|---|---|
| Index Name (Country) | 02-03-2015 | YTD % Change |
| Botswana Gaborone Domestic Index (Botswana) | 9.593,81 | 0,97% |
| Bourse Régionale des Valeurs Mobilières (Ivory Coast) | 260,93 | 1,10% |
| Case 30 Index (Egypt) | 9.449,27 | 5,86% |
| FTSE NSE Kenya 15 Index (Kenya) | 228,03 | 5,82% |
| Morocco Casablanca Stock Exchange CFG 25 (Morocco) | 22.266,84 | 10,04% |
| Nigerian Stock Exchange All Share Index (Nigeria) | 30.157,83 | 7,40% |
| FTSE/JSE Africa All Shares Index (South Africa) | 53.249,52 | 6,99% |
| Tunindex (Tunisia) | 5.431,18 | 6,70% |

Source: Bloomberg and Eaglestone Securities

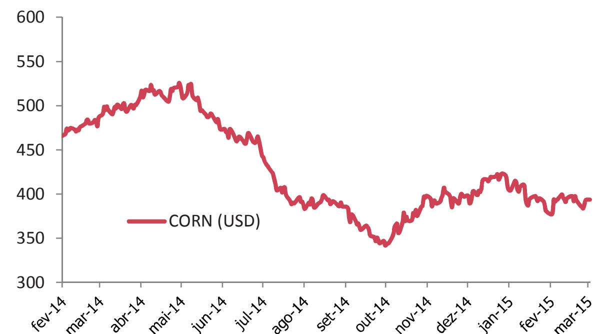
| METALS | Spot | YTD % Change |
|---|---|---|
| Gold | 1.217 | 2,73% |
| Silver | 17 | 6,22% |
| Platinum | 1.188 | -1,68% |
| Copper $/mt | 5.895 | -6,43% |

Source: Bloomberg and Eaglestone Securities



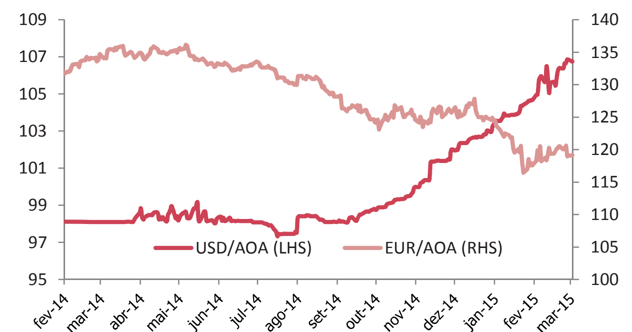

| ENERGY | Spot | YTD % Change |
|---|---|---|
| NYMEX WTI Crude (USD/barril) | 49,1 | -9,44% |
| ICE Brent (USD/barril) | 61,8 | 4,48% |
| ICE Gasoil (USD/cents per tonne) | 582,3 | 9,91% |

Source: Bloomberg and Eaglestone Securities



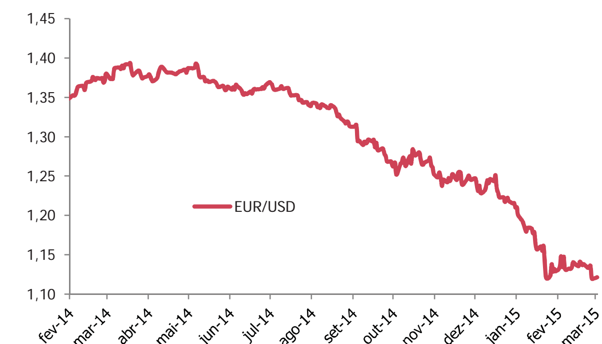

| AGRICULTURE | Spot | YTD % Change |
|---|---|---|
| Corn cents/bu. | 393,8 | -1,75% |
| Wheat cents/bu. | 516,5 | -13,12% |
| Coffee (KC) c/lb | 142,2 | -16,04% |
| Sugar#11 c/lb | 13,8 | -7,57% |
| Cocoa $/mt | 2998,0 | 3,67% |
| Cotton cents/lb | 64,3 | 5,29% |
| Soybeans c/bsh | 1034,5 | 0,39% |

Source: Bloomberg and Eaglestone Securities




| CURRENCIES | Spot |
|---|---|
| **KWANZAS** | |
| USD | 106,250 |
| EUR | 119,166 |
| GBP | 163,796 |
| ZAR | 9,079 |
| BRL | 37,419 |
| **NEW MOZAMBIQUE METICAL** | |
| USD | 33,902 |
| EUR | 38,023 |
| GBP | 52,263 |
| ZAR | 2,897 |
| **SOUTH AFRICAN RAND SPOT** | |
| USD | 11,702 |
| EUR | 13,124 |
| GBP | 18,039 |
| BRL | 4,121 |
| **EUROZONE** | |
| USD | 1,12 |
| GBP | 0,73 |
| CHF | 1,07 |
| JPY | 134,35 |
| GBP / USD | 1,54 |

Source: Bloomberg and Eaglestone Securities



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**Disclosures**

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

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

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

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

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