30 March 2015

INSIDE AFRICA

Now is the time to invest in Africa

EAGLESTONE SECURITIES

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In-depth:
Africa now the land of opportunity, experts say

Africa must change the global narrative on its social and economic wellbeing, owing to its consistently positive performance in terms of growth, domestic resource mobilisation and social development. This is a key message from a thematic session of the pre-ministerial segment of the 8th Joint Annual Meetings of the AU Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration and the ECA Conference of African Ministers of Finance, Planning and Economic Development, currently taking place in the Ethiopian capital.

Sunny side of things

The session, dedicated to the review of recent economic and social developments in Africa, was anchored on a presentation from Mr Adam Elhiraika, Director of the Macroeconomic Policy Division of ECA. According to the ECA official, despite the odds, Africa will continue to do better than most other regions of the world in terms of economic performance and should now be regarded as the land of opportunity. The continent is tipped for continuous growth with East Africa expected to top the chats at 6.3%.

This good news for East Africa, he said, stems from its expanding private consumption mainly due to a rising middle class, improved intraregional trade, as well as huge investments in infrastructure and communications. The same factors, he said, also hold true, though to a lesser extent, for other regions of the continent with additional contributing factors being an improved fight against corruption and inefficiency, as well as cuts on non-essential state expenditure. The result is seen in a continent that has kept its deficit at just 4.2%.

Additionally, there has been a marked improvement in Africa’s social development, especially in terms of primary school enrolment. Gender parity and the provision of health services have also scored higher than in the recent past.

Challenges

All is, however, is not gloss. “African countries are transforming but the pace of transformation and social development remains very slow,” echoed Mr Elhiraika. He pointed out that continent needs to improve its economic and social institutions, mend its business climate and improve financing mechanisms. He said a crucial development would be for Africa to reduce its manufacturing deficit in order to improve the quality of its growth through the creation of jobs.

If it is true that the current slump in oil prices has negatively impacted the economies of oil producing countries, the effects have been minimal on the continent as a whole. Some experts at the session however begged to understand why oil-importing countries on the continent have not drastically benefitted from the declining oil prices, while suggesting that the continent should robustly tackle urban-rural inequalities, and address the debilitating effects of conflict on economies. In this regard, a proposal was made for the setting up of an early warning observatory on conflicts to help nib skirmishes right in the bud. *(ECA and AUC)*

FITCH AFFIRMS GHANA AT 'B'; OUTLOOK NEGATIVE

Fitch Ratings has affirmed Ghana's Long-term foreign and local currency Issuer Default Ratings (IDR) at 'B' with Negative Outlooks. Fitch has also affirmed Ghana's Short-term foreign currency IDR at 'B' and Country Ceiling at 'B'. The issue ratings on Ghana's senior unsecured foreign and local currency bonds have been affirmed at 'B'.

KEY RATING DRIVERS

The affirmation reflects the following factors:

The IMF board is expected to approve Ghana's USD940m Extended Credit Facility in April, which should provide some easing of severe external and fiscal financing pressures. However, Ghana's track record of increasing spending ahead of the elections in 2008 and 2012 raises concerns about the government's ability and willingness to meet the ambitious fiscal consolidation targets set out by the IMF.

The IMF programme is intended to provide financing, policy direction and monitoring and addresses Ghana's key credit weakness through prioritising fiscal consolidation, raising revenue and improving Central Bank credibility. Ahead of the programme, the authorities have introduced VAT on petroleum products, agreed to a modest public sector wage increase as well as maintaining the National Fiscal Stabilisation Levy and a special import levy. Commitment to the programme should result in a recovery of donor inflows, foreign investment in the domestic bond market and reduce domestic funding costs over time.

Fiscal consolidation proved challenging for a second consecutive year in 2014, with revenue underperformance resulting in a higher than targeted deficit of 9.4% of GDP (8.5% in the budget) and well above the 'B' median of 4.8%. In response to lower oil prices, the Minister of Finance released a revised budget in mid-March. To compensate for lower revenue, expenditure on goods and services as well as capital projects has been reduced. The government expects the deficit to narrow to 7.5% of GDP in 2015. This is higher than the deficit target of 6.5% announced in the 2015 budget in December 2014. The projected fiscal deficit is consistent with the agreements reached with the IMF.

Fitch forecasts a fiscal deficit of 8% of GDP in 2015, due to continued revenue underperformance. The IMF projects that the deficit will narrow to 3.5% of GDP by 2017. Fitch considers this too optimistic given the deepening electricity crisis, which could drag growth lower, as well as the pressure that the upcoming elections will likely exert on spending.

Rising government debt, which increased to 67% at end-2014 from 47% in 2012, combined with increased reliance on domestic debt (45% of total), where yields have averaged 23% since mid-2012 has led to a steady rise in the interest

burden. Interest costs as a percentage of GDP rose to 7% in 2014 from 2.5% in 2011 and now account for one-third of government revenue, the highest of Fitch-rated sub-Saharan African sovereigns.
Ghana's external position is vulnerable. Gross international reserves fell to USD4.9bn or 2.9 months of current external payments (CXP) in January 2015 from USD5.5bn at end-2014, partly due to increased seasonal demands for foreign exchange. Stripping out swap facilities, reserves cover only 1.9 months of CXP. The cedi has continued to depreciate sharply, falling 10% since January 2015, and news of a potential IMF programme has done little to support the currency. With 55% of the debt stock denominated in foreign currency, this external vulnerability could be quickly transmitted to the public finances.
Ghana's growth prospects have been undermined by its fiscal and external imbalances. Fitch expects GDP growth to moderate to 3.4% in 2015 against an average of 8.6% for the previous five years and well below the 'B' median. Growth is being dragged lower by a severe power crisis and macroeconomic instability. Weaker growth will in turn complicate fiscal consolidation.
Ghana scores MPI 3 in Fitch's Macro Prudential Risk Monitor - signalling a high level of potential systemic risk - due to the sharp acceleration in credit growth in 2014 to 40% y-o-y. The increase is concentrated in the electricity sector and financial services, and partly reflects the impact of cedi depreciation on trade finance loans, particularly oil imports. Credit growth is expected to moderate this year, but the extent will depend on whether the cedi depreciates further and the need to finance fuel imports.
A decade of growth above 7% has resulted in an improvement in social indicators. However, per capita income and measures of human development are still weak relative to 'B' peers. Per capita income of USD1,445 in 2014 is 40% of the 'B' median. The ratings are supported by Ghana's strong governance record and long democratic history

RATING SENSITIVITIES

The main factors that individually, or collectively, could trigger negative rating action include:
- A further deterioration in external finances and an erosion of Ghana's international reserve position, jeopardising the country's external financing capacity.
- Increased domestic financing constraints, further deterioration in fiscal accounts and government debt dynamics.
- Worsening economic performance and reduced economic stability.

The Outlook is Negative. Consequently, Fitch's sensitivity analysis does not currently anticipate developments with a material likelihood, individually or collectively, of leading to an upgrade. However, future developments that may, individually or collectively, lead to a revision of the Outlook to Stable include:
- An effective fiscal consolidation that places debt-to-GDP firmly on a downward trajectory.
- An improvement in Ghana's external position reflected in a narrowing of the country's current account deficit and an improvement in international reserves.

KEY ASSUMPTIONS

Fitch assumes Ghana's GDP growth will recover to 5% in 2016. This in turn will depend on oil production coming on stream as expected; the continued development of the gold sector; and further investment in infrastructure.
Fitch assumes an IMF programme is approved and fiscal consolidation continues.
Fitch assumes no sustained deep fall in commodity prices that would undermine an already weak external position.

FITCH AFFIRMS NIGERIA AT 'BB-'; OUTLOOK REVISED TO NEGATIVE

Fitch Ratings has affirmed Nigeria's Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) at 'BB-' and 'BB' respectively. The Outlooks on the Long-Term IDRs have been revised to Negative from Stable. The issue ratings on Nigeria's senior unsecured foreign currency bonds are affirmed at 'BB-'. The Country Ceiling is affirmed at 'BB-' and the Short-Term Foreign Currency IDR at 'B'.
Under EU credit rating agency (CRA) regulation, the publication of sovereign reviews is subject to restrictions and must take place according to a published schedule, except where it is necessary for CRAs to deviate from this in order to comply with their legal obligations. On this occasion, Fitch has decided to publish its review after the scheduled calendar date of 27 March 2015 to avoid publishing our review immediately before Nigeria's elections. In our view this warrants a deviation from the calendar. Our rationale for the rating action is laid out below.

KEY RATING DRIVERS

The revision of Outlook on Nigeria's IDRs reflects the following key rating drivers and their relative weights:-

Medium

Political uncertainty is heightened in the context of a tightly contested presidential election and potential transition issues. The polls were officially delayed due to security concerns stemming from Boko Haram activity, however violence was very limited on election day and challenges were largely technical in nature. The government has made gains in the past few months in the fight against Boko Haram, but this follows a period in which the group seized large parts of the north east, where the threat remains largely contained.
Fiscal and external buffers have been eroded significantly as Nigeria enters a period of lower oil prices and are well below the levels of the 2008/09 oil price shock. Oil accounts for around 60% of fiscal revenues and 75% of current external receipts. The Excess Crude Account (ECA, the key fiscal buffer) stood at USD2bn at end-2014, down from

USD19.7bn at end-2008. Foreign exchange reserves were equivalent to 3.8 months of current external payments at end-2014, compared with 7.8 months at end-2008. Fitch does not expect savings to be rebuilt significantly by end-2016.
High dependence on oil revenues will cause the external position to deteriorate despite a rapid policy response. Fitch forecasts the current account to fall into deficit in 2015 for the first time since 1998 owing to lower oil prices. A modest surplus is expected in 2016.
Economic performance is likely to weaken, although non-oil growth will remain robust. Real non-oil growth is forecast to slow to 5.5% in 2015, from 7.4% in 2014 and an average of 5.6% over the past five years. Non-oil growth will be hit by the devaluation of the naira and election-related uncertainty, but will be less impacted by fiscal consolidation due to the small size of the government. Reforms in the power and agricultural sectors should continue to support underlying momentum. Exchange rate devaluation is forecast to push inflation into low double digits for the first time since 2012.

Nigeria's IDRs also reflect the following key rating drivers:-

The Nigerian authorities have implemented a rapid policy response, including exchange rate reform and significant fiscal consolidation, in response to lower oil prices. Distortions arising from a multiple currency practice have been eliminated through the closure of the auction windows and the naira has been devalued by a combined 28% since November. The oil price assumption for the 2015 budget has been cut to USD53/barrel (b), with USD55/b used for the remaining two years of the 2016 and 2017 medium-term fiscal framework. New revenue-raising and cost-cutting measures have been introduced and the tax administration strengthened.
Consolidation and devaluation mean the general government deficit is forecast to be little changed from its 2014 outturn of 2.4% of GDP in 2015. The projected deficit is in line with the peer median. Spending at the subnational level is less controlled and transparent than at the federal government level, where there is a deficit rule. The absence of comprehensive general government accounts complicates assessments of fiscal performance. Non-oil revenues are low.
Public and external debt ratios are stable and low compared with its peers on a net and gross basis. General government debt was 12.3% of GDP and gross external debt was 10.5% of GDP at end-2014. Debt is well managed. There is a diverse local investor base and local-currency debt is, and is expected to remain, in key global bond indices. Debt service ratios are also low and the bulk of the 2015 deficit financing will be on a concessional basis. Despite fiscal and external pressure debt ratios are forecast to remain well below peers' over Fitch's forecast period.
Nigeria's ratings are constrained by weak governance indicators, as measured by the World Bank, low human development and business environment indicators and per capita income, and a heavy reliance on oil revenues.

RATING SENSITIVITIES

The main factors that could lead to a rating downgrade are:
- A serious and prolonged breakdown in public order
- Erosion of fiscal and external buffers and an inadequate policy response that seriously undermines confidence
- Reversal of key structural reforms

The current rating Outlook is Negative. Consequently, Fitch does not currently anticipate developments with a material likelihood of leading to an upgrade.
However, the following factors could lead to the Outlook returning to Stable:
- A smooth electoral process and reduced political uncertainty
- Strengthened buffers, either in the ECA/international reserves or the sovereign wealth fund
- Containment of fiscal pressures that keep the debt burden manageable KEY ASSUMPTIONS

The ratings and Outlooks are sensitive to a number of assumptions:

Fitch forecasts Brent crude to average USD65/b in 2015 and USD75/b in 2016. Fitch assumes the current stance of relatively conservative macro policy and incremental structural reform will remain in place, although there will be some uncertainty if the opposition wins the elections, as economic policy has not featured prominently in the campaign.
Fitch assumes that the Boko Haram insurgency will continue. Large-scale activity will remain confined to the north east, although sporadic attacks elsewhere in the country are possible. Economic activity, notably agriculture, will remain weak in affected areas. Fitch does not expect a major resurgence of violence in the Delta region.

SOVEREIGN RATINGS

Eurozone

30-03-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	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-	CCC	NP	B-	C
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

North and South America - Asia

30-03-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	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

Region - Africa/Middle East

30-03-2015	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	B3	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	B+	BB-	NR	B	B
Oman	A1	A-	NR	NR	A-2	NR
Qatar	Aa2	AA	AA	NR	A-1+	F1+
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

World Bank provides technical assistance for forest project in Mozambique

Technicians from the International Finance Corporation (IFC), of the World Bank Group, will support the forestry investment project of Portucel Moçambique, under an agreement signed in Maputo. Under the agreement, IFC will advise Portucel Moçambique "on enhancing the sustainability of forestry operations" in the country, a paper pulp and energy production project, with an associated investment of US$2.3 billion and a strong community service component. "Our commitment can be seen, in addition to the 7,000 jobs we will create, in the fact that we are one of the few companies, if not the only one, which in Mozambique added an investment of US$40 million in community development to its project," said Diogo da Silveira, CEO of the Portucel Soporcel group, of which Portucel Moçambique is a subsidiary. The agreement involves a partnership with IFC, which since December has been a shareholder in the project, with 20 percent, in which a team of experts from the international institution will provide advice over a period of two years on working with communities, covering 130,000 people in Manica and Zambezia provinces.

The agreement involves a sum of over US$1 million, Silveira told Portuguese news agency Lusa, without giving the precise value of advisory from IFC, "which has a lot experience in this type of project." The investment, described by

Portucel Moçambique as "the largest integrated project of forestry for cellulose pulp and energy production from biomass in Africa," is intended entirely for export, with annual sales estimated at US$1 billion, starting in 2023, which according to Jin-Yong Cai, the CEO of IFC, makes it "the largest business outside the extractive sectors and infrastructure" in the country. *(Macauhub)*

UNDP consigns US$10.2 million to new aid programme for Sao Tome and Principe

The United Nations Development Program (UNDP) has consigned US$10.2 million to a new programme to help Sao Tome and Principe in the 2015-2016 period, a UNDP representative said in Sao Tome. António Viegas said in a statement sent to Macauhub in Sao Tome archipelago that the new aid programme would be signed at the Ministry of Foreign Affairs. "The amount available under the new programme will be applied to poverty reduction activities and achieving Millennium Goals, democratic governance and a sustainable environment and development," reads the statement signed by Viegas. Started in 2012, UNDP's support to Sao Tome and Principe now stands at US$17.4 million in various projects involving different organisations. In terms of fighting poverty the focus will be on investment in health, education, clean water and sanitation, as well as democratic governance through investment in justice, women, media, focusing on the environment to combat pollution and increase afforestation, particularly in the north of the island of Sao Tome. *(Macauhub)*

SEFA to support Solar Power Plant in Chad

The Sustainable Energy Fund for Africa (SEFA) has just approved a USD 780,000 preparation grant for the development of a first phase 40 MW of Starsol* Solar PV Plant near N'Djamena in Chad as the first Independent Power Producer (IPP) scheme to be connected to the national grid. Specifically, the SEFA grant will finance the costs related to technical assistance for the completion of the plant design and grid study, as well as advisors for legal and financial structuring of a bankable IPP.

The success of this project will have significant demonstration effects in the country's power sector and provide reliable power to address power shortages hampering economic growth. Implementation of this project first phase will help to increase the installed capacity by 45%, generate around 64 GWh of electricity per year and provide electricity to the equivalent of 16,871 households in the area of N'Djamena as well as to the corporate and public sectors. It will also contribute to diversifying the country's energy mix with a clean energy source and to promoting technology transfer, thus stimulating the creation of skilled and semi-skilled jobs. Finally, the project will help Chad meet its growing electricity demand with an endogenous, abundant and carbon-free source

The project aligns with the Chad Government's focus on the development of renewable energies as a national energy policy priority , in a country with less than 2% of the population has access to electricity and the electricity generation costs are high (FCFA 345/KWh, USD 0.65/KWh) as most of it is provided by private diesel generators. The project is also aligned with the African Development Bank Climate Change Action Plan 2011-2015 and Energy Policy, as well as the Bank's Strategy 2013-2022 which focuses on the twin objectives of inclusive and green growth in the continent.

* Starsol Chad project is promoted by a consortium including NewSolar Invest, a solar energy project developer, CIEC Monaco, an engineering company, and Arborescence Capital, an infrastructure and renewable energy project financing arranger.

About the Sustainable Energy Fund for Africa (SEFA): *SEFA is a multi-donor trust facility established to support private sector investments in small to medium sized clean energy projects in Africa, operating through three components: (i) grants to facilitate the preparation of renewable energy generation and energy efficiency projects towards bankability (ii) equity investments to bridge the financing gap for renewable energy generation projects and; (iii) support to public sector in improving the enabling environment for private investments in sustainable energy. SEFA is endowed with contributions from the Governments of Denmark, United States and the United Kingdom, and is hosted and managed by the Energy, Environment and Climate Change Department of the AfDB.*

World Bank grants US$78 million to Guinea-Bissau to install high-voltage grid

The World Bank will provide financing of US$78 million to Guinea-Bissau to install a high-voltage power grid, announced the Guinean Ministry of Natural Resources.

After a "negotiation meeting with the World Bank in Paris, it was decided that Guinea-Bissau will receive US$78 million" within the framework of the Organisation for the Exploration of the Gambia River Basin (OMVG, its French acronym) according to a statement from the Ministry. The funding is earmarked for "management of construction of 218 kilometres of the high voltage power transmission grid," and "two transformer stations in strategic distribution sites; Saltinho and Bambadinca." The project will now be put up for tender and makes use of the electricity to be produced from this year at the Kaleta Dam in Guinea-Conakry. In full operation the Kaleta dam will produce about 900 gigawatt / hours of electricity per year. Starting this year, with a single turbine, 200 megawatts of power will be available to the four countries of the OMVG (Guinea-Bissau, Senegal, Gambia and Guinea-Conakry).

At the same time construction of the second dam included in the OMVG will begin in Sambangalou (Senegal). With both facilities up and running and with interconnection cables linked up, the Government estimates that Guinea-Bissau will have 40 % of its energy needs covered. *(Macauhub)*

INVESTMENTS

Japan supports Mozambique and Guinea-Bissau

Japan has donated 10 tons of rice to Mozambique to minimise the deficit currently estimated at 200,000 tons per year, under an agreement signed in Maputo. About 60% of the rice donated by Japan, worth US$6.2 million, will go on sale from November in central and northern areas of Mozambique, the areas most affected by floods this year, and proceeds from its sale will be used to build infrastructure. The adviser of the Japanese Embassy in Mozambique, Jiro Marumashi, said 80 %of the rice to be donated will be from Japan and the remaining 20 %would come from the United States. Meanwhile, Japan has announced the award of a donation of 1 billion CFA francs (US$1.6 million) to Guinea-Bissau as recognition “of encouraging initiatives” underway in the country, said Yuji Kubo, the charge d’affaires of the Embassy of Japan in Senegal, which also covers Guinea-Bissau. In Bissau on a working visit, the diplomat said the Japanese aid, which is non-refundable, was a sign of Japan’s desire to “boost the encouraging initiatives undertaken by the Guinea-Bissau authorities” for the development of the country. *(Macauhub)*

China wants to strengthen partnership with Angola

China “aims to strengthen the strategic partnership with Angola,” the official Chinese news agency Xinhua reported, citing statements by Liu Yunshan, the Chinese Communist Party (CCP) leader. At a meeting in Beijing with a delegation of the Popular Movement for the Liberation of Angola (MPLA), Angola’s ruling party, Liu Yunshan said that the CCP “attaches great importance to relations with the MPLA” and to “stepping up the exchange of experiences on governance,” said Xinhua . Liu Yunshan, head of propaganda and ideological action of the CCP, is one of seven members of the Politburo Standing Committee, the summit of power in China. The Angolan delegation, headed by the Vice President of the MPLA, Roberto de Almeida, began a “working visit” to China aimed at “strengthening friendship and cooperation” with the CCP. Besides Beijing, the MPLA delegation will visit Hangzhou and Shanghai, and return to Luanda on the 26 March. China has been one of the main partners of national reconstruction in Angola, by granting loans for reconstruction projects, particularly of the railways and other infrastructure, and is also a major customer of Angolan oil. *(Macauhub)*

Angola plans to simplify private investment process

The Angolan Economy minister, Abraão Gourgel announced that the decision-making process for private investment in Angola is expected to become more agile and that repatriation of capital, profits and dividends will also be speedier.
The Economy Minister’s statement was based on a favourable assessment at the joint meeting of the Committees for the Economy and the Real Economy, both linked to the Council of Ministers, of the Proposed Review of the Private Investment Law, which will be taken to the National Assembly.
Gourgel said the investment process would be regulated from now on following “the establishment of priority areas, which are Tourism, Telecommunications and Information Technology, Logistics and Transport, Energy and Water, as well as Construction.” The minister also said that in these sectors “foreign investors shall be required to have a national partnership at a rate of 35%.” “The new law states that investments up to US$10 million are to be approved by ministerial departments and investments of over US$10 million will be forwarded to the holder of executive power,” he said. When the new Private Investment Law is approved in parliament, the current National Agency for Private Investment (ANIP) will be charged with monitoring and promotion of domestic policy on investment. *(Macauhub)*

South Africa Plans to Renegotiate WTO Pact Over Private Security

South Africa plans to renegotiate the terms of its accession to an international trade pact adopted two decades ago so it can limit foreign ownership of private security companies. The government will withdraw from the World Trade Organization’s General Agreement on Trade in Services while it negotiates the planned curbs and any “necessary compensatory adjustment” with other signatories to the accord, Police Minister Nkosinathi Nhleko said in a speech in Johannesburg. Nhleko’s comments follow Parliament’s approval of the Private Security Industry Regulation Amendment Bill, which will require all security companies and manufacturers, importers and distributors of security equipment to be at least 51 %owned by South Africans. The measure, which is awaiting President Jacob Zuma’s signature, is opposed by G4S Plc, the world’s biggest provider of security services, and rivals including Securitas AB and Tyco International Ltd. “The private security industry can become a security threat and compromise the national security interests,” Nhleko said. The government is prepared to deal with any legal challenges to the change, he said.
The private security industry has mushroomed in Africa’s second-largest economy as the police battle to tackle rampant crime. The murder rate increased for a second consecutive year in the 12 months through March 2014 to 32.2 per 100,000 people, while the number of robberies with aggravating circumstances climbed by 13 percent, latest police data shows.

Security Alliance

About 446,000 registered security guards operate in South Africa, compared with 270,000 police officers and soldiers, according to the government. The Security Industry Alliance, an industry body whose members include G4S, Securitas and Tyco’s ADT Security (Pty) Ltd., says less than 10 %of guards are employed by foreign-owned companies.

The government's concerns that foreign-owned companies threaten national security are unfounded and unproven, according to the alliance. The wording of the legislation empowers the police minister to exempt foreign companies from the ownership limits after taking into account South Africa's security interests, Nhleko said. While other countries have limited foreign ownership and control of private security companies, some, including Nigeria, India, Switzerland and Mozambique, have introduced a total prohibition, he said. *(Bloomberg)*

Portuguese Food Company Opens $50m Factory in Angola

Angola may be known for its oil potentials, but its food industry is also attracting significant patronage from investors, mostly from colonial masters Portugal. The latest of which is a $51 million factory launch by food and beverage company, Sumol + Compal. "The unit will be in Kwanza Norte province and will be a similar size to the factory in Pombal, Portugal," said José Paulo Machado, said the group's director of personnel, communications and sustainability. Equipment, according to Machado, will only be installed to produce juices initially, with that for soft drinks production only coming at a later date.

The company's principal activities are centred around manufacturing, marketing, bottling, selling, exporting, and distribution of various types of beverages such as soft drinks, juices, bottled water, beers and other related products. It also has operations in the sectors of plastic and glass bottle manufacturing. Sumol+Compal says plan to increase its exports to other countries in Africa are currently been explored because the continent is considered strategic to business growth. The company was founded in 2008 through the merger of Sumol (founded in 1945 as Refrigor) and Compal (founded in 1952), two leading Portuguese companies with a long history. *(Ventures Africa)*

Mozambique and Germany strengthen cooperation

The Mozambican Minister of Industry and Trade, Ernesto Tonela, and the President of the Bundesrat – German Federal Council and Prime Minister of the German State of Hesse, Volker Bouffier, reaffirmed in Maputo their countries' desire to see increased two-way cooperation, particularly in the economic area, Mozambican daily newspaper Noticias reported. The interest was expressed during a hearing that Ernesto Tonela granted to a German delegation headed by Volker Bouffier and that included entrepreneurs representing small, medium and large companies. The delegation also includes representatives of the scientific and academic community and the Germany-Southern Africa Chamber of Commerce and Industry. The Minister of Industry and Trade noted the government's efforts to promote investment in agriculture, agro-industry, fisheries, transport and services. Bouffier said, meanwhile, that the Board of Arts and Crafts of the Federal State of Hessen would sign a declaration of intent to support a Mozambican-German private initiative to establish vocational training in Mozambique. *(Macauhub)*

Portucel invests US$2.3 million in Mozambique to produce paper pulp

Portucel Portuguese company will this year invest US$2.3 million in eucalyptus plantations in the central provinces of Manica and Sofala that will be used to produce paper pulp and energy in Mozambique. According to Mozambique's news agency AIM the reforestation project could create more than 7,500 jobs for Mozambicans in the region. The Mozambican government has provided about 350 hectares of land to Portucel for the implementation of the project, which will be 20 %funded by the World Bank, through the International Finance Corporation (IFC), which agreed to support and sustain the investment. "Portucel is operating for the second time in Mozambique, and the first time in 2013 it created a total of 7,000 new jobs and ensured the food security of more than 25,000 families, supporting the activities of small farmers and creating favourable conditions for small and medium enterprises in central Mozambique," aim reported. *(Macauhub)*

Africa infrastructure investments aid SA firms

Deloitte says investment in African megaprojects surged 46% to $326bn last year led by heavy investment in transport, energy and power distribution. That far exceeds the $93bn the World Bank says Africa needs each year for infrastructure development, including one-third of that amount for maintenance.

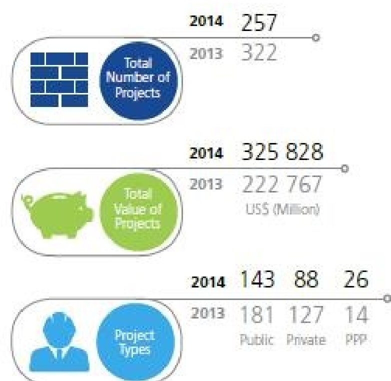
But Andre Pottas, Deloitte head of infrastructure and capital projects southern Africa, says the apparently huge gulf between the World Bank and Deloitte figures lies in report methodology. "Our report includes public and private investment — mining and commercial property — not just social infrastructure such as roads, housing and water," he says. "The World Bank number largely refers to public, or social, infrastructure." The pace of growth in African construction projects has great import for SA's listed construction and engineering firms. Many of them are now deriving significant income from offshore operations — mainly in Australasia and Africa — as South African government spending languishes.

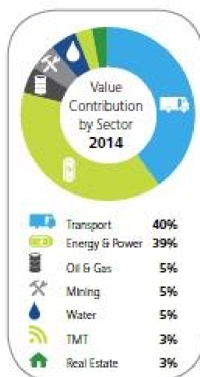
Among the biggest of them, Murray & Roberts, reported in February that 93% of profits before interest and tax in the six months to December came from outside SA, along with 65% of revenue. CEO Henry Laas says the group has never seen such a high a proportion of earnings coming from outside the domestic market.

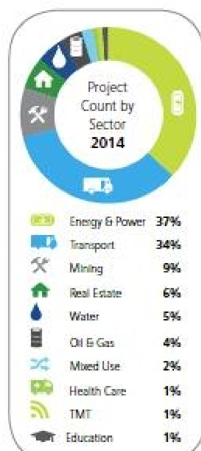
Nedbank Capital says capital expenditure on SA's infrastructure projects for last year halved from 2013. A total of 65 new projects worth R95bn were approved in the year, plunging from 85 projects worth R188bn previously. The private sector dominated new projects, accounting for 77% of total spend.

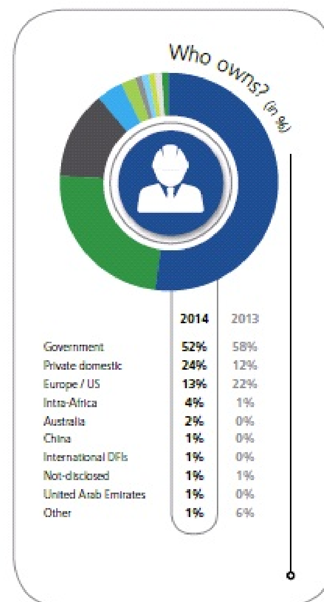
This bolsters claims that the government's R4-trillion infrastructure rollout to 2027 is not on track. Among other factors, labour unrest in the country has added to big delays on megaprojects such as the Medupi and Kusile power stations, while associated poor economic growth is crushing the domestic construction market.

But Llewellyn Lewis, principal consultant at industry tracker BMI Building Research Strategy Consulting Unit, says SA's big construction and engineering groups have "defined themselves" out of the local market. He says his most recent analysis of South African Reserve Bank data shows the total domestic building and construction industry is worth R400bn a year — about half of which comes from each industry sector. He also says bank reports show gross fixed capital formation in SA differently from the Bank.

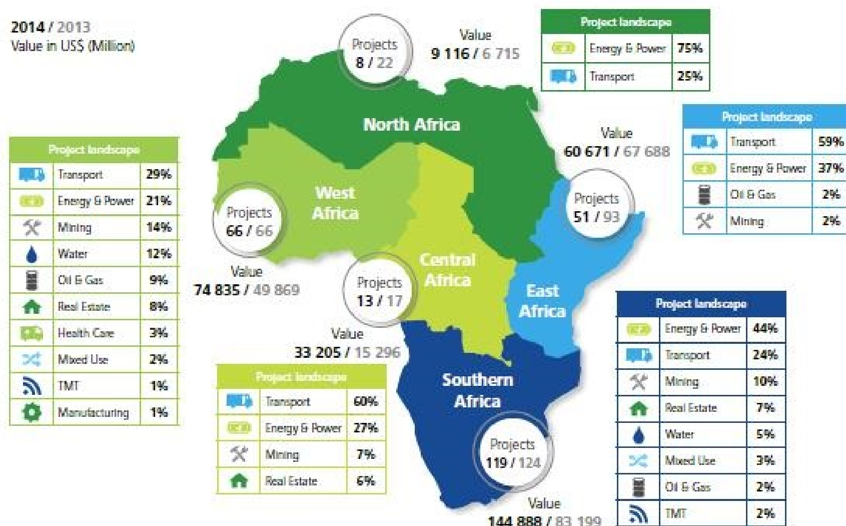


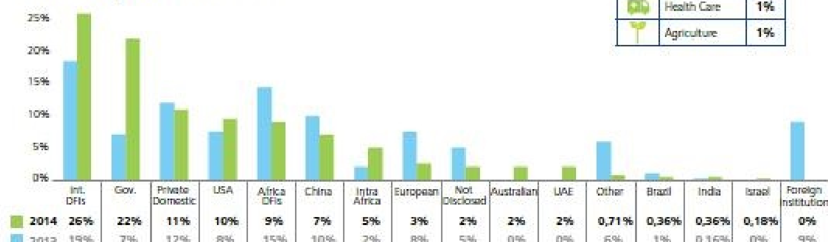


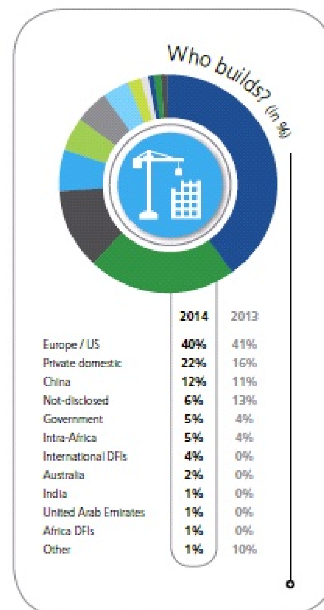




Africa construction trends







"(Big construction companies) all say the same thing — the (government's) infrastructure rollout is delayed. What they are experiencing is that no large contracts are out on tender. They have defined themselves out of large niches in the building and construction sectors — jobs less than R100m." Mr Lewis says that big construction players are not able to collude anymore after a long-running Competition Commission investigation into the industry. "So it's a different competitive game."

But the rest of Africa holds enormous promise for construction companies, despite the difficulties of doing business on the continent. Infrastructure is poor, skills are in short supply and official corruption is endemic.

Inyatsi Construction Group Holdings, based in Swaziland, has operations spanning SA, Zambia, Mozambique, Botswana and Namibia. The company has just been awarded roads contracts in Zambia worth about R1.3bn.
It also engages in mining projects, and mass housing developments and associated community infrastructure — much of which is government funded.
With turnover of R1.7bn — up from R100m in 2004 — it is looking to achieve 15% to 20% growth each year. Chairman Frans Pienaar says Africa offers good growth opportunities. He says there is "huge funding available" from governments and development agencies. But he also says that projects do not come quickly to market and there are skills and capacity shortages in African construction markets.
The group wants to expand into several more sub-Saharan markets, including Uganda and Tanzania. Margins elsewhere in Africa are much higher than in SA, where the group sources significant materials from. That said, it is keen on listing on the JSE in future, and hopes its black economic empowerment credentials will help it gain from the state's proposed multitrillion-rand infrastructure spending plan over the next 13 years.
Meanwhile, American corporate titan GE has hired its former chief financial officer for Africa, Thomas Konditi, as new president and CEO for GE Transportation based in Johannesburg. He is now responsible for sub-Saharan Africa railway transport operations. Mr Konditi says GE's African business is rapidly gaining on the firm's China markets. "The trajectory for Africa has been in the order of 20% to 30% growth per annum in the last four years."*(CNN.com)*

Aabar, Arabtec Consider More Investments in Egypt

Demographics are a factor, Chairman Khadem Abdulla Al Qubaisi says

Abu Dhabi investment firm Aabar and U.A.E. construction company Arabtec are looking to step up their investments in Egypt, the chairman of both entities said, underscoring the deepening ties between the two countries. Egypt, under President Abdel Fattah Al Sisi, is trying to resurrect its economy through a series of overhauls and by luring back foreign investors. At an economic summit two weeks ago, Gulf states, including the United Arab Emirates, pledged $12 billion in support of Egypt's government. And several prominent U.A.E. businesses, including real-estate and financial-services firms, simultaneously signalled their intentions to expand in Egypt. "For us [Arabtec], for Aabar, the future is really Egypt," Khadem Abdulla Al Qubaisi, chairman of both Arabtec and Aabar, said in an interview with The Wall Street Journal. "Egypt will play a big role in our portfolio in the future and Egypt, with respect to the challenges, is really a promising country," Mr. Qubaisi said. He cites the country's large population—with close to 90 million souls Egypt is the Arab world's most-populous nation—and the rising need for infrastructure and housing as reasons for his optimism.
Aabar last year bought a stake in Cairo-based real-estate firm Palm Hills Developments. Arabtec, of which Aabar owns around 36%, is also involved in a large housing project in the North African country. Mr. Qubaisi said Aabar is pursuing not only investment opportunities in real estate, but also in infrastructure and midstream oil and gas operations. Mr. Qubaisi said he hopes soon to start phase one of the housing project that would initially involve the construction of 100,000 units. Arabtec will work with local contractors such as Orascom Construction to build those middle-income houses and is currently in talks with banks to secure between $100 million and $200 million to kickstart the first part which is expected to take five to seven years to complete. Arabtec's focus on Egypt, as part of a regional expansion plan in its domestic market and Saudi Arabia, appears to be a break with the strategy spelled out by the company's former chief executive, Hasan Ismaik, who aspired to turn Arabtec into an international leader through large-scale acquisitions. "We will not try to grow just like that without strategy," Mr. Qubaisi said. "You may see some joint ventures here and there, alliances here and there, but to think about acquisitions, [multi-billion-dollar acquisitions], no, this will not work, this will not happen," he said, adding Arabtec laid off its mergers-and-acquisitions people during a recent restructuring. Arabtec has appointed an internal candidate as new chief executive of its construction business and it is still looking for a permanent replacement for current acting chief Mohamed Al Fahim, Mr. Qubaisi said. Aabar, which itself is owned by Abu Dhabi sovereign wealth fund International Petroleum Investment Co., also holds stakes in Italian bank UniCredit, Malaysia's RHB Capital and Richard Branson's Virgin Galactic space project. *(Wall Street Journal)*

South African group to build 5-star hotel in Sao Tome and Principe

South African group HBD will invest over US$12 million in building a 5-star hotel on the island of Principe, a project involving the Portuguese construction group Mota-Engil, announced the Economy Minister of Sao Tome and Principe.
Agostinho Fernandes made the statement after witnessing the signing ceremony of the construction contract between HBD – Vida Boa Life represented by its director Nuno Rodrigues and Mota-Engil represented by David Santos.
Due for completion in 2016, Fernandes said the luxury hotel complex "would be built on Sundy beach, considered a tourist attraction of the autonomous region of Principe, 150 kilometres from Sao Tome. The minister added that construction of this hotel unit falls under the investment framework agreement, estimated at over US$17 million, signed four years ago between HBD owned by South African Mark Shuttleworth and the regional government of Principe headed by José Cassandra. In addition to investment in hotel and tourism facilities on the island, HDB has also financed the rehabilitation and modernisation of the only airport on Principe, as well as agriculture and staff training. *(Macauhub)*

M&A

Iliad Africa seeks acquisitions as competition grows

Building materials group Iliad Africa was on the prowl for businesses to buy, CEO Eugene Beneke said. The subdued trading environment in the residential building and construction sector has led to increased competition, with players rolling out more stores and pushing value offerings to attract contractors and do-it-yourself (DIY) enthusiasts.
Iliad reported a 2.2% rise in comparable store revenue for the year to December 31, a reflection of the marginal recovery in building plans passed and the protracted slowdown in the finishing end of the industry. At period end, the group had net cash of R97.1m compared with R38.8m at end-2013. The group has 70 stores. Its customers range from large-scale development and construction groups to DIY home owners. "On the one side, the DIY cash customer segment seems to be slightly more buoyant people are prepared to do renovations," Mr Beneke said. But macroeconomic issues had put contractors under pressure, he said, with a lack of infrastructure spending restricting their ability to expand.
Iliad began selling some of its poorly performing businesses two years ago and this resulted in earnings per share of 73.3c for the period, from a loss of 4.8c a year earlier. "The past few years have been a challenging period for the building material supply industry against a background of low (economic) growth and increasing industry inflation of about 4.5%," Mr Beneke said. Banks' conservative criteria for lending had also affected the sector. "This is our best result for the last five or six years; from this adjusted base we are now keen to find ways and means to grow the business," he said. The group will conduct extensive feasibility studies on new locations as it seeks growth opportunities. The latest FNB BER building and construction index indicated nonresidential building activity had weakened but confidence was higher on expectations of building activity and profitability improving this year.
Massmart's Massbuild — which includes Builders Warehouse, Builders Express, Builders Superstore and Builders Trade Depot — was its strongest division in its year to December. Total sales rose 14.6% and comparable sales 9.1%. It plans eight new Builders Superstore stores as it expands the brand beyond Gauteng. Iliad's general building materials division achieved mixed results. Revenue rose 3% at its inland subdivision but fell 2.9% at the coastal subdivision. The specialised building materials division reported comparable store revenue growth of 8.6%. While Iliad expected gradual revenue growth, it did not see a quick fix for the macroeconomic issues affecting the industry, Mr Beneke said.
Iliad would use its new enterprise resource planning platform "to facilitate projects that will improve our competitive position", while its procurement strategy should help protect gross margins, he said. *(BDLive)*

Société Générale buys stake in Bank of Mozambique

French bank Société Générale has acquired a stake in The Mauritius Commercial Bank Mozambique, as part of its strategy for growth in Africa, the bank said in a statement issued in Paris. The acquisition, whose financial details were not disclosed, will be carried out through a capital increase reserved for Société Générale, which will take a controlling stake, and still requires approval from the Bank of Mozambique. In the statement, the French bank notes that Mozambique has a strong potential for growth, particularly of infrastructure to support the recent discoveries of natural gas. MCB Moçambique, so far controlled by the Mauritius Commercial Bank (http://www.mcb.mu), started operating in August 1999 to support Mauritius entrepreneurs with their businesses in Mozambique. Société Générale is present in 18 African countries, where it has more than 3 million customers, including 150,000 businesses. *(Macauhub)*

PPC-AfriSam Deal Said to Have Been Canceled on Price Dispute

PPC Ltd. and local competitor AfriSam Group (Pty) Ltd. called off a merger of South Africa's two biggest cement makers after failing to agree on price, according to four people familiar with the matter. The possibility that regulators may block the proposed deal due to competition concerns was also discussed during the three months of talks, said two of the people, who asked not to be identified because the negotiations were private. The two companies would have controlled about 60 %of the South African market, according to Roy Mutooni, a Johannesburg-based analyst at Renaissance Capital. PPC spokeswoman Azola Lowan declined to comment on the reasons for the deal collapse.
PPC received an offer in December to combine with closely held AfriSam and jointly expand into new African markets. A tie-up was supported by the Public Investment Corp., the continent's biggest money manager, which is responsible for most South African government-worker pension funds and an investor in both Johannesburg-based companies. "Over the last few months, we applied our minds extensively to the proposed merger with AfriSam," said PPC Chief Executive Officer Darryll Castle, who was appointed in December. "Ultimately we decided not to proceed with the proposed deal."

African Expansion

PPC shares gained as much as 5.9 percent, the most since Dec. 10, and traded 4.2 %higher at 18.72 rand as of 3:28 p.m. in Johannesburg. That values the company at 11.3 billion rand ($943 million). Cement companies are expanding in Africa as governments increase investment in infrastructure to support economic growth, boosting demand for the construction material. PPC is building new plants in the Democratic Republic of Congo, Rwanda, Zimbabwe and Ethiopia, while AfriSam has operations in Tanzania, Lesotho and Botswana. They face competition from European companies including Paris-based LaFarge SA and HeidelbergCement AG of Germany, while Lagos, Nigeria-based

Dangote Cement Plc, Africa’s biggest cement maker, is opening factories in Ethiopia and Zambia and plans to more than double capacity by next year.

Boardroom Battle

The offer from AfriSam was made after a three-month boardroom battle at PPC following the resignation of ex-CEO Ketso Gordhan in September. The fallout has wiped more than 40 %from the value of the company due to uncertainty surrounding the new leadership, increased competition and the proposed merger with AfriSam. “With it likely to have taken two years for talks and competition approval and trying to bed it all down, I think investors felt it was the wrong time for PPC,” RenCap’s Mutooni said. “Once it’s paid down its debt, and finished commissioning the new plants, it would make sense as a pan-African play” for a larger company. PPC sales gained 9 %to 9 billion rand in the year through September, while profit declined 9 %to 849 million rand. Net debt increased 55 %to 5.5 billion rand. AfriSam’s website doesn’t contain financial information. A spokesman for the PIC, AfriSam’s majority owner, didn’t immediately respond to a request for comment. *(Bloomberg)*

BANKING

Banks

Standard Bank Angola to continue funding Angolan economy

Standard Bank Angola will continue to finance the Angolan economy in the coming years, said the bank’s chief executive, Luís Teles as he presented the Global Finance magazine award received by the bank.

Luis Teles said that in the last two years Standard Bank had provided financing of US$480 million for infrastructure and energy projects by Angolan, beyond the oil sector.

As part of the programme for diversification of the national economy, Standard Bank Angola has conducted a number of activities, including increasing its credit portfolio for Angolan companies, with a focus on industrial sector companies working to reduce the imports. Giving assurances that customers are able to meet their financial commitments within the terms agreed between the parties, Teles said the bank would continue to finance the State in order to maintain economic growth and increase its focus on local production projects. Standard Bank Angola currently has 24 branches in the provinces of Benguela, Lubango, Kwanza Sul, Huambo and Luanda, with plans to open three more this year in the districts of Sumbe (Kwanza Sul), Lobito (Benguela) and Porto Amboim (Kwanza Sul). *(Macauhub)*

New customers push up South Africa's Capitec Bank profit

Capitec Bank's new strategy of targeting wealthier clients in addition to its core low-income customers helped boost the South African lender's 2014 earnings by 27 percent, sending its shares to a record high. The bank, which lends to borrowers without asking for collateral, said transaction fee revenue climbed 35 %after it added nearly one million more customers to take the total to 6.2 million. Capitec is setting up branches in affluent neighbourhoods, including high-end shopping malls, to sign up wealthier clients who make more transactions, usually of higher value. "It looks like they will continue to gain in the middle to upper end of the markets where they are rolling out branches targeting higher income people," one banking sector analyst who did not want to be named said.

Capitec's shares rose 7%, having earlier hit a record high, bringing gains this year to 47%. Chief Executive Gerrie Fourie said more than two in five Capitec clients now held a bank account. Customers do not have to an account with the bank to take out a loan. Capitec also said borrowing from the bank rose slightly, as it benefited from the demise of main unsecured lending rival African Bank Investments (Abil) last year. Abil was hammered as its core market of low-income borrowers failed to repay their debts. "African Bank didn't have an impact on us, it's more on market sentiment," Fourie said, adding that Abil's failure had briefly led to higher funding costs across the industry.

While Abil was almost entirely funded through bonds, Capitec relies partially on customers' deposits. It also has a conservative provisioning policy, writing off any debt after 90 days of arrears. Capitec said interest income rose 14% to 10.8 billion rand while loan impairments ticked up 1 %to 4 billion rand following prolonged strikes in the mining sector. Capitec said diluted deadline earnings per share came in at 2,206 cents from 1,740 cents a year earlier. It had flagged earnings could rise by as much as 27%. "They certainly don't seem to have the issues that African Bank did when they were placed under curatorship. It's a positive surprise," said Louis Chetty, a banks analyst at asset manager Momentum. ($1 = 11.9189 rand) *(Reuters)*

Capitec Says It’s Luring Barclays Africa Clients on Low Fees

Capitec Bank Holdings Ltd., the South African provider of unsecured loans, said its winning clients from Barclays Africa Group Ltd. and First National Bank as consumers try to save on banking fees. “We’ve taken the most new clients from Barclays Africa over the past 18 months to two years,” Chief Executive Officer Gerrie Fourie said by phone from Johannesburg after the lender reported a 26% gain in full-year net income.

In total, about 60,000 banking clients are joining Capitec each month, with 10% to 15% of those opening accounts for the first time, he said. In the most recent six or seven months, more customers have moved to Capitec from FNB, a unit of FirstRand Ltd., he said. Capitec charges depositors a monthly administration fee of 5 rand ($0.42) that’s lower than its peers, appealing to consumers confronting rising unemployment, fuel costs and taxes, along with the prospect of

increased interest rates. Capitec has also benefited from the collapse of rival African Bank Investments Ltd. in August, which helped it build market share.

Barclays Africa "took a conscious decision almost five years ago not to participate in the personal loan boom given the pressure we felt that the South African consumer was under," it said in a statement.

Competitive Fees

As a result, its market share in personal lending fell to 9% from about 30% and some customers moved accounts to competitors. Retail customer numbers stabilized in 2014, with the number of accounts opened rising 7%, the lender said. Barclays Africa has an entry-level bank account that costs 4.75 rand and is among the lowest-cost options in the industry, it said.

FNB is comfortable with its strategies to retain customers, Ryan Prozesky, head of value-banking services at the Johannesburg-based lender, said in an e-mail. "We are further driving educational campaigns to encourage customers to bank more efficiently in order to reduce their bank fees. The South African banking industry has always been characterized by customer churn." Net income for the fiscal year ended February rose to 2.56 billion rand from 2.04 billion, Capitec, based in Stellenbosch near Cape Town, said in a statement. Earnings per share excluding one-time items also climbed 26% to 22.09 rand, beating the 21.02 rand median estimate of 12 analysts surveyed by Bloomberg. The stock advanced 7.2% to a record 49.95 rand by the close in Johannesburg, the biggest gain in more than six months.

Stock Doubles

As Capitec's business has expanded, its share price has risen, more than doubling in the year ended February. Client numbers increased by 856,000 to 6.2 million, with 16.8 %of South Africans using Capitec as their primary bank, the lender said. It declared a final dividend of 5.90 rand a share.

"The growth in primary banking clients is an exciting trend that we expect to continue, helping to offset the impact of the new limits on card processing fees," the bank said.

Capitec, which hasn't sold a bond since 2013 after costs rose, particularly in the wake of the African Bank collapse, will market debt to investors in April, according to Fourie. The lender, which plans to open as many as 60 new branches and hire more than 1,000 staff in the year ahead, may sell debt in 2015, he said.

Capitec's lending practices have been investigated by the National Credit Regulator and the case is due in court next year. Separately, in February it was fined 5 million rand by the banking regulator for not reporting cash transactions exceeding 24,999 rand, in keeping with South Africa's Financial Intelligence Center Act. Capitec said the FICA breach was "an oversight" that it discovered and reported to the central bank itself. *(Bloomberg)*

Banks prepare for capital markets surge

Dealmakers are still circling in African markets in preparation for a strong year of corporate and sovereign activity on debt and equity markets Abidjan is a city rising back to its former glory. Four years into its post-conflict economic recovery, Côte d'Ivoire is on the verge of issuing its second eurobond, likely to be a $1bn follow-up to last year's heavily oversubscribed $750m issue.

The African Development Bank is returning to its former home after 12 years in exile in Tunis. A market-friendly government is pushing a privatisation agenda and seeking capital for major infrastructure works. Deals are on the table and banks have taken notice. Commerzbank of Germany is the latest international player to set up shop in the hope of capturing some of the deal flow. "We want to improve also our debt capital market recognition. In [Côte d'Ivoire] they came out with a bond last year; this year they will repeat it and they will go on a regular basis to the market," says Konrad Engber, the head of the bank's Abidjan office. Engber has previously served as Commerzbank's representative in Addis Ababa and Tripoli. "We want to participate, advise and possibly assist Côte d'Ivoire in their next bond issuance," he says, adding that the bank believes it can compete with the French institutions that traditionally dominate the market. "We have the feeling that the Ivorians and the local banks are eager to work together with alternatives," he says.

Analysts are split on whether Côte d'Ivoire's eurobond this year will be an outlier or the start of a fresh wave of debt issuance in Africa, or whether volatile global markets and an uncertain outlook for several of the continent's major export commodities – in particular oil, gold and copper – will reverse a nascent trend of African sovereigns and corporates taking on private debt.

Boosted by Kenya's record $2bn issue, African sovereigns went to market with around $15bn worth of bonds in 2014, defying fears that investors' appetite for frontier debt might be curtailed by an economic recovery in the US and the end of the Federal Reserve's programme of quantitative easing. That programme of money printing had flooded the markets with liquidity, which investors had then deployed to higher-yielding assets in emerging markets. Growing concerns over the fiscal situation in two of the continent's leading issuers, Ghana and Zambia, also worried some investors – although Ghana's September 2014 eurobond was still oversubscribed.

Corporates also tapped the international markets – in particular Nigerian financial institutions. FirstBank, Zenith Bank, Diamond Bank and Access Bank all issued international bonds in 2014, worth $450m, $500m, $200m and $400m, respectively.

Companies also went to the equity markets in record number in 2014. According to research by law firm Baker McKenzie, 24 African domiciled companies made initial public offerings (IPOs) last year, raising more than $2bn – representing a 33% rise in volume and a 222% rise in value from 2013. Listed companies also raised further capital on public markets. According to PwC, companies raised a total of $11.1bn on African equity markets in 2014.

Baker McKenzie predicts that the trend will continue into 2015. The firm's research indicates that there is already a pipeline of 30 IPOs by African companies in place, with South Africa and Nigeria likely to lead in value and volume. A return to relative stability in Egypt should also see activity return on the country's main board.

Most of this activity will be driven by African companies listing on their own domestic exchanges, Baker McKenzie says, although several cross-border listings in London, Frankfurt and Johannesburg are in the works. Last year only one sub-Saharan corporate listed on a major Western market, the Nigerian oil company Seplat, which raised £500m ($770m) through an IPO on the London Stock Exchange.

Edward Bibko, a partner in Baker McKenzie's international capital markets group, admits that the slip in oil prices may slow the flow of Nigerian companies to market. Several Nigerian oil and gas companies were rumoured to be planning to list overseas in 2015, but may now put their plans on hold. The country's banks are now facing challenging conditions due to a falling currency, coupled with a deteriorating macroeconomic environment. "But people investing in Africa are looking for long-term gains, they're not worried by cyclical changes in commodity prices," Bibko says. The same goes for the banks, who are deepening their presence in frontier markets, aware that building a physical, on-the-ground presence counts in their favour against competitors who are still wedded to the old 'suitcase banking' model. "I remember five years ago, you just had a couple of banks roaming around Africa, and at the time there was kind of an unquestioned assumption that Africa would develop to a point where it would become a major capital markets centre," Bibko says. "These banks that were wandering around weren't necessarily making any money, but they were doing some deals to get them on their CVs to set themselves up for the future."

Banks have always been happy to work on sovereign deals as a way to break into the market – often making fairly tight margins. Thomson Reuters figures show that bookrunners on Tanzania's $600m issue in February 2013 took home profits of $400,000 – well below the industry average. Nigeria's 2013, $1bn issue made its arrangers just $300,000.

"Banks are especially happy to do sovereign deals because that's a way into government work," Bibko says. "What really has changed is the interest in Africa… You have actually quite a substantial number [of businesses] kind of being groomed for eventual market offerings. "It may not be translating fully into the number of issues right now, but there is just an unbelievable change in the interest in the continent."*(African Business)*

StanChart records first ever $100m net profit in Kenya

UK-based banking group, Standard Chartered, has for the first time since it began operating in Kenya crossed the Sh10 billion ($108 million) net profit mark. It reportedly employed a number of cost-cutting measures to achieve this landmark result. The bank said aside from cost effective strategies like shrinking its loan books by Sh7 billion, it also sold a few of its properties to maintain its position as the country's third most profitable bank.

It recorded a net profit of Sh10.4 billion ($109 million) for the first time since 1910, when it obtained an operating licence from Kenya's Central Bank, in 2014. This represents a 23 %increase from 2013's Sh9.2 billion profit. "Cost efficiency will continue to be a key strength for the bank as it employs prudent cost management strategies helping it to maintain one of the lowest cost to income ratios in the industry" analysts at Dyer and Blair Investments told the Business Daily.

Kenya's banking space is highly competitive, with over 34 lenders jostling for less than 40 million customers. This encourages a higher degree of personnel poaching, compared to other top African markets, as banks seek to gain the upper hand against fellow market players. Banks are therefore forced to stay on top of their game when managing the welfare of employees. This was reflected in StanChart's inflated salary bill for 2014. The bank's staff cost rose 14 %to Sh5.6 billion. Its management credited the rise to an increase in detected poaching of its staff. StanChart is the fourth largest bank in Kenya, with an asset base well above $2.5 billion. *(Ventures Africa)*

Markets

Ghana seeks bridge financing of up to $1 bln in H1 2015

Ghana will seek a bridge finance of between $300 million and $1 billion in the first half of this year to redeem maturing domestic debt, according to a memo to parliament signed by Finance Minister Seth Terkper and seen by Reuters. The government will also issue a Eurobond of up to $1.5 billion in the second half of the year to retire the bridge finance, refinance domestic and external debt and fund 2015 capital expenditure, according to the memo. The government has started talks with a consortium including Bank of America Merrill Lynch as international advisors and Belstar Capital as local arrangers for the bridge finance. The finance plans come as Moody's Investors Service downgraded Ghana's sovereign rating and put the country on a negative outlook to reflect an increasing debt burden, large fiscal imbalances and a sharp weakening of the cedi currency.

The downgrade is a further blow to the economic reputation of the West African country, which for years saw strong growth rates due to its exports of gold, cocoa and oil but faces a raft of macroeconomic problems. The memorandum

urged members of parliament to approve the finance plans and an order paper showed the plans were due to be discussed. One parliamentary source said the debate had been postponed. *(Reuters)*

Senegal's President Sees $500 Million Bond Sale by August

President Macky Sall said Senegal will sell at least $500 million of debt in international markets this year and may issue more Islamic bonds to finance the budget. The government will offer the debt before the end of July, and the securities may be Eurobonds or sukuk, Sall said in an interview in the capital, Dakar. The economy will expand 5.4% this year from 4.5% in 2014, he said. "We're not in a hurry and we'll try to get the best rate" Sall, 53, said. "We have the capacity to raise this debt now. We are very much back on to the path of growth."

Sall has pledged to double the economic growth rate by 2020 and make Senegal an alternative for foreign investors burned by plunging oil prices and by declining currencies in countries like Ghana and Nigeria. Senegal is part on an eight-member monetary union that uses a regional currency pegged to the euro.

Senegal will hold a referendum next year on reducing the length of the presidential term to five years from seven, Sall said at a press conference. Sall was elected in 2012 after winning an election against former president Abdoulaye Wade, who had changed the constitution to extend the president's term in office. Sall, a former geological engineer, promised to reduce corruption in the former French colony of about 14 million people and boost economic growth, which had stalled at about 1.7%. He had served as prime minister under Wade.

While gross domestic product has risen to about $15 billion, one in three Senegalese live on less than $1.25 per day, according to the World Bank. Senegal ranked 163rd out of 187 nations in 2014 on the United Nations Development Program's human development index. That's five spots higher than Haiti and five lower than the Solomon Islands.

Cutting Costs

Sall has merged ministries to cut costs and asked all government ministers to declare their assets. The next presidential election will be in February 2017 if voters approve the new term limit in a referendum set for May 2016. A court is set to deliver a verdict March 23 in the trial of Wade's son, Karim, a former government minister accused of illegal enrichment. Karim has denied all wrongdoing. Senegal is part of the West African Economic and Monetary Union and uses the CFA franc. Senegal is one of two nations in the region who have never experienced military coups. "We will continue to pursue efforts to reform governance, fight corruption and promote the rule of law," he said. "We will embark on a number of measures to encourage foreign direct investment," including reducing bureaucracy, creating digital records and developing private investments, he said.

Dollar Strength

The nation's dollar-denominated debt is the second-best performer this year in Africa after Ghana. The securities have returned 1.2%, versus 2.1 for Ghana for dollar investors. Yields on $500 million of bonds due in July 2024 rose 2 basis points to 6.90% in London.

The dollar's strength this year has curbed some of the benefits from the 50% drop in oil in the past 12 months, Sall said. Senegal imports fuel and depends on fishing, agriculture, tourism and remittances for most of its foreign currency. The development of offshore oil discoveries by Cairn Energy Plc and ConocoPhilipps Co. will allow Senegal to diversify the economy, he said. The deposits are being assessed now and investments to develop them may boost economic growth to 13% within the next six years, he said. "These are realistic targets," he said. "Senegal has advantages" that draw foreign investors, Sall said. "We have political stability, global stability. We also have favorable economic prospects." *(Bloomberg)*

Ethiopia Plans to Introduce Secondary Bond Markets Next Year

Ethiopia will develop a secondary market in government and corporate bonds next fiscal year to expand the country's fundraising options, a central bank official said.

The National Bank of Ethiopia will create the market in the year ending July 7, 2016, Yohannes Ayalew, vice governor of monetary stability, said in an interview in Addis Ababa, the capital. "Rather than resorting to central bank borrowing the government can use this instrument to finance most of its" requirements, he said. "The equally important reason is corporations and new investments can get alternative means of issuing bonds and financing their needs."

Ethiopia sold $1 billion of Eurobonds for the first time in December. The Horn of Africa country has capital controls and, as a result, foreigners will continue to be excluded from trading in the country's domestic debt, Yohannes said.

"Not at the moment as the capital account is closed," he said.

Ethiopia's economy grew quicker than any other African economy at an average of 10.9 %over the past decade, boosted by spending on infrastructure, International Monetary Fund data shows. The country is domestically funding the continent's biggest hydropower plant on the Blue Nile River, known as the Grand Ethiopian Renaissance Dam, that will probably increase electricity supply five-fold by 2020. Ethiopia doesn't plan other significant monetary policy changes, Yohannes said. *(Bloomberg)*

Nigerian interbank rates ease on government budget cash flow

Nigerian interbank lending rates fell to 9% on average compared with 25% last week in anticipation of monthly budgetary allocations to government agencies. Nigeria distributes revenue from oil exports among its three tiers of

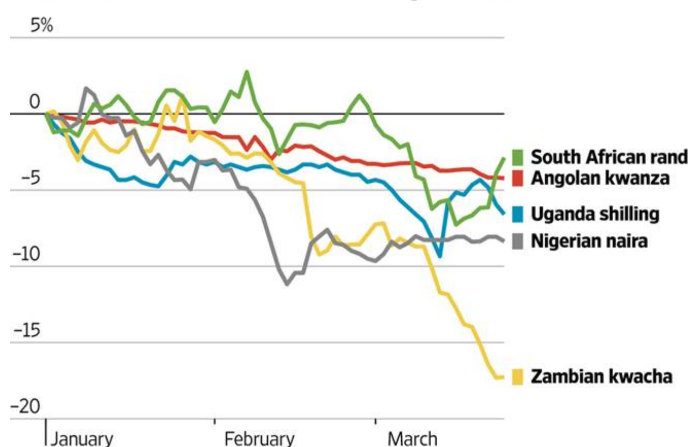
government - federal, states and local government - every month. Dealers said February allocations would filter through the banking system by close of business. "Lending rates dropped because of the expected cash flows from budget and payment of interest on bonds to some investors," one dealer said. Cost of borrowing among banks had shot up to 25% last week partly because of debiting of banks' accounts for premium payment to the Nigerian Deposit Insurance Corporation (NDIC). "Although, NNPC (state-owned energy firm) recalled about 100 billion naira ($503 million) from lenders to its account with the central bank this week, payment of interest on bonds countered the impact on system liquidity," another dealer said. The secured Open Buy Back (OBB) fell to 9% from 25% last week. The secured fund was 4 percentage points below the 13% central bank's benchmark interest rate. Overnight placement also fell to 9% against 25% last week. Lending rates among banks are expected to stay steady next week because of the anticipated increase in liquidity from the disbursal of monthly budget allocations. ($1 = 199.0000 naira) *(Reuters)*

Dollar's Rise Stings Africa-The consequences range from empty store shelves to a closed oil refiner to delayed infrastructure improvements

The consequences of a soaring U.S. dollar are trickling down to empty shelves at Quality Supermarkets in Kampala, where clerks turn away shoppers seeking clothes and backpacks the store can't afford to import.

As Uganda's shilling has hit a record low against the dollar, Quality Supermarkets and its competitors have struggled to find enough U.S. dollars to buy the packaged foods and manufactured goods they import from abroad. "We are waiting for new arrivals, but they are taking long," said Emily Orishaba, a 25-year-old shop attendant pointing at empty shelves. "We are worried our customers may run away."

Central bankers' efforts to boost growth in Europe and Asia are driving up the dollar's value against currencies ranging from the euro to the Indonesian rupiah, as higher interest rates in the U.S.—and expected increases as the Federal Reserve prepares to raise rates—attract investors seeking potentially bigger returns. African currencies are caught in the riptide, hurting companies that rely on dollars to buy foreign goods.



That is threatening to exacerbate trade deficits that were already climbing, as consumer demand outpaces manufacturing. Hundreds of millions of people in what the African Development Bank describes as a nascent consumer class have helped diversify Africa's economy away from mining and oil drilling. But consumers' hunger for foreign electronics, clothes and food is also underpinning demand for dollars to buy these goods, pushing up trade deficits. As African currencies slump, those deficits could continue to widen.

Moody's Investors Service expects Uganda's current-account deficit—the value of goods and services it imports compared with its exports—to nearly double to 9% of gross domestic product this year from 5.3% last year.

Along with Uganda's shilling, Angola's kwanza and Zambia's kwacha hit record lows against the dollar in March. Anxiety ahead of elections in Nigeria pushed the naira to an all-time nadir in February. South Africa's rand is trading at 13-year lows against the greenback.

Economists said African countries didn't do enough to clean up their finances when a global hunt for yields made African currencies more attractive. Now, their finances are deteriorating sharply as dollars flow back toward the U.S. "Each and every one of these countries is facing domestic issues on top of the global sentiment," said Ridle Markus, an Africa strategist at Barclays PLC in Johannesburg. "It's a very bearish outlook for African currencies."

Since January, Portuguese airline Transportes Aereos Portugueses SGPS SA has stopped selling tickets for most routes in Angola for fear it wouldn't be able to convert the rapidly weakening kwanza into dollars. Would-be travelers who can't pay with dollars abroad have to find another carrier. The naira's slide has sapped a third of the dollar-denominated value that Nigerian equipment importer Menco Ltd. hoped to bank from recent sales of solar lighting systems and three-wheeled auto rickshaws. "We are losing serious money," said Menco's founder, Rajan Menon.

Zambia's only oil refiner, Indeni Petroleum Refinery Co. Ltd., closed in March after the government struggled to find enough dollars to pay for $30 million in crude. Now, lines stretch for blocks at gas stations in the capital, Lusaka, angering drivers and raising pressure on President Edgar Lungu's government two months after tense elections. Zambia and the other African countries where currencies have severely slumped are among the continent's strongest economies, and their travails could undermine broader growth in the region. Currency tumult and low commodity prices could cut

sub-Saharan Africa's growth this year to 3.7%, London-based research firm Capital Economics forecast this month, from about 5% in recent years.
In Uganda, the national electricity distributor can't find enough dollars to make long-overdue upgrades to power lines and transformers. Meanwhile, hardware store owner Godfrey Mugisha has interrupted the monthly trips he usually takes to China to buy ceramic tiles. "When the exchange rate started rising rapidly in January, we increased prices," said the 32-year-old owner of four Sonic hardware stores around Kampala. Today, he has to pay 296 million shillings for a $100,000 container of tiles, up from 275 million shillings several months ago. "It's going to be the toughest year this century," said John Ashbourne of Capital Economics.
At the Quality Supermarkets store in Kampala this week, Ms. Orishaba, the sales attendant, apologized to customers frustrated that there weren't any bluejeans to buy. Behind her, a colleague dusted the empty store shelves. "We have been promising customers for many days now," she said. "It's disappointing." *(Wall Street Journal)*

Fund

Kenya launches Africa's first water fund to combat shortages: TRFN

Kenya launched Africa's first water fund, a public-private partnership aimed at raising $15 million to provide clean water to 9.3 million people by protecting the basin of the country's longest river. The Nature Conservancy, a U.S.-based charity backing the fund, says it will provide $2 in benefits for every $1 invested. It said the fund could serve as a model for other water-stressed African nations dealing with the impacts of climate change and population growth. "Our civilisations will survive or will cease to exist just because of one element - water," The Nature Conservancy's director of field programmes in Africa, Charles Oluchina, said at the launch. "At the moment there is very little investment... and this is a way of trying to begin to shift the mindset."
Kenya swings between drought and flood virtually every year, with vast sums spent on aid as crops either wilt or are swept away, along with people and homes. The Tana River Basin supplies 95 %of the capital Nairobi's water and provides half of Kenya's hydropower-generated electricity. It also supplies water to a million farms. The fund plans to invest in agroforestry, drip irrigation, terracing and planting vegetation on riverbanks. It has started a pilot in which 5,000 farmers belonging to the Green Belt Movement, founded by Kenya's Nobel Peace Prize laureate, the late Wangari Maathai, are planting trees. "This is the next step to the legacy of Professor Wangari Maathai," said Aisha Karanja, head of the Greenbelt Movement. "I think this is the best conservation and environmental thing that has happened to this country because everyone is involved."
Deforestation and quarrying have caused massive soil erosion at the source of the 1,000 km long Tana River. Sediment is washed into the water, reducing both quality and supply. Kenya's population of around 45 million is predicted to double by 2045, according to the World Bank, increasing pressure on water supplies.
The fund will also make it cheaper to produce hydropower and clean water, its backers said. Kenya Electricity Generating Company will earn an extra $600,000 annually while Nairobi City Water and Sewerage Company will save $250,000 a year through lower water filtering costs. These government-owned companies are supporting the initiative, as well as Coca-Cola and East Africa Breweries. *(Reuters)*

New $15m fund gushes with hope for an end to Kenya's water troubles

A public-private water fund was launched in Kenya by the Nature Conservancy, a US-based NGO. The fund hopes to replicate a similar model to the one implement in Latin America, which recorded significant success.
The organisation is working with partners like the East African Breweries Ltd, Coca-Cola, Nairobi City Water and Sewerage Company (NCWSC), and KenGen, the leading electric power generation company in Kenya, to implement a first-of-its-kind fund, which will protect one of Kenya's most important water sources — the Tana River. The 1,000 kilometres long river is Kenya's longest. It flows from the Aberdare mountains, north of Nairobi, to the Indian Ocean and supplies 95 % of the water used by the estimated 3.4 million residents of the capital. However, an estimated 60 % of Nairobi's residents lack access to clean water supply. The situation is worse in the country's slums.
The river also provides half of the country's hydropower output and accounts for 43 % of all power produced in-country.
The new fund will be managed by a trust seeking $15 million to be spent on soil and water conservation activities in the Upper Tana watershed. Under the new trust, NGOs and landowners will work upstream to ensure the watershed is protected and the nature's ability to capture, filter, store and deliver clean and reliable water is harnessed. Already, the project's partners have been able to raise nearly $2 million.
A $10 million investment in Water Fund-led conservation interventions is likely to return $21.5 million in economic benefits over a 30-year time-frame, according to a new study. Smallholders and agricultural producers are expected to enjoy up to $3 million per year in increased agricultural yields. KenGen is also expected to record over $600,000 in increased annual revenue as a result of improved power generation and avoided shut-downs and spillages. The NCWSC would also be able to save about $250,000 in cost per year from avoided filtration, lowered energy consumption, reduced sludge disposal costs and fewer downtimes. For the people, however, improved water quality would be enjoyed for all basic purposes. "It's good economic science and the best we could do," said Colin Apse,

senior freshwater conservation adviser at the Nature Conservancy. According to him, Lusaka, Zambia's capital city, is preparing to launch a similar scheme. Other sub-Saharan African cities are expected to roll-out water funds in the future. *(Ventures Africa)*

Rock Star Bob Geldof Spearheads U.S. Private-Equity Push Into Ethiopia

KKR, Blackstone, Paul Tudor Jones help drive investment as Africa makes historic shift from aid to trade

A generation ago, this African nation was a magnet for Western charity. Today, some of America's richest deal makers are delivering something new: investment. A number of high-profile investors have recently shown up here. KKR & Co., the New York-based private-equity firm, last summer bought control of a rose farm, Afriflora, for about $200 million, its first investment in Africa. Blackstone Group plans to build a $1.35 billion pipeline to bring gasoline to the capital, Addis Ababa. Hedge-fund manager Paul Tudor Jones is backing a $2 billion geothermal power project.

The investors are following in the footsteps of Irish punk rock singer turned activist Bob Geldof, whose Live Aid concerts 30 years ago this summer raised about $145 million for the victims of a devastating Ethiopian famine. Mr. Geldof now chairs 8 Miles LLP, a London-based private-equity firm that invests in Ethiopia. 8 Miles raised a $200 million fund in 2012; Mr. Geldof put in a few hundred thousand dollars. "They don't have to die in vast numbers before we pay attention," Mr. Geldof said in an interview. "The potential rewards in Africa are far greater than anywhere else."

8 Miles, named after the shortest distance between Europe and Africa, made its first investments in Ethiopia in 2013, including state-owned Awash Winery. 8 Miles plans to double production at the company, add nonalcoholic drinks such as grape juice and increase exports, said partner Doug Agble. The firm also backed Ethiopian entrepreneur Eleni Gabre-Madhin in 2013 to build commodity exchanges across Africa.

The private-equity firms are part of a historic shift: Global foreign direct investment has overtaken Western aid on the world's poorest continent. Private-equity fundraising for sub-Saharan Africa hit $4 billion last year—more than triple what it was in 2013. 8 Miles plans to start raising a larger second fund next year, Mr. Agble said.

In Ethiopia, Western aid in 2013 was $3.83 billion, still far higher than the value of inbound investment at $953 million. But investors say more investment is sure to follow.

Colin Coleman,Goldman Sachs Group Inc.'s top Africa banker, visited Ethiopia for the first time in January. At an investment conference, he was clutching a booklet of profiles of people to meet. Consumer-goods companies, sovereign-wealth funds and private-equity groups are showing growing interest in Ethiopia, Mr. Coleman said in an interview. Ethiopia is "relatively undeveloped and therefore with significant upside," he said.

Investors in Ethiopia must strike a delicate balance between profits and pitfalls. Many of the country's 94 million people still live in extreme poverty. Human-rights groups say the government of Hailemariam Desalegn has focused on expanding the economy at the expense of civil liberties and political freedom. Ethiopia has just one opposition member of parliament, and he doesn't intend to stand at the general election in May. "There is no space for free speech, for opposition," said Yemi Hailemariam, whose partner, opposition leader Andargachew Tsege, a British citizen of Ethiopian origin, was detained in Yemen last year and is now held in an Ethiopian jail.

The Ethiopian government said in a statement that Mr. Tsege was found guilty of conspiring to overthrow the government through terrorist acts. A government spokesman declined to comment. Earlier this year, a spokesman told The Wall Street Journal that actions have been taken against certain politicians or journalists because they have tried to instigate violence.

Investors say the potential risks are offset by rapid economic growth. Brian Herlihy, chief executive of Blackstone's African infrastructure unit, BlackRhino, said that the 550-kilometer (340 miles) pipeline he is planning in Ethiopia will make money by helping to supply the country's energy needs, rather than sucking resources out of the continent.

David Petraeus, the former general who resigned as Central Intelligence Agency chief in 2012 and who now advises on geopolitical risks at KKR, said that Ethiopia has good land and water, improving roads and very good air links, as well as stable politics.

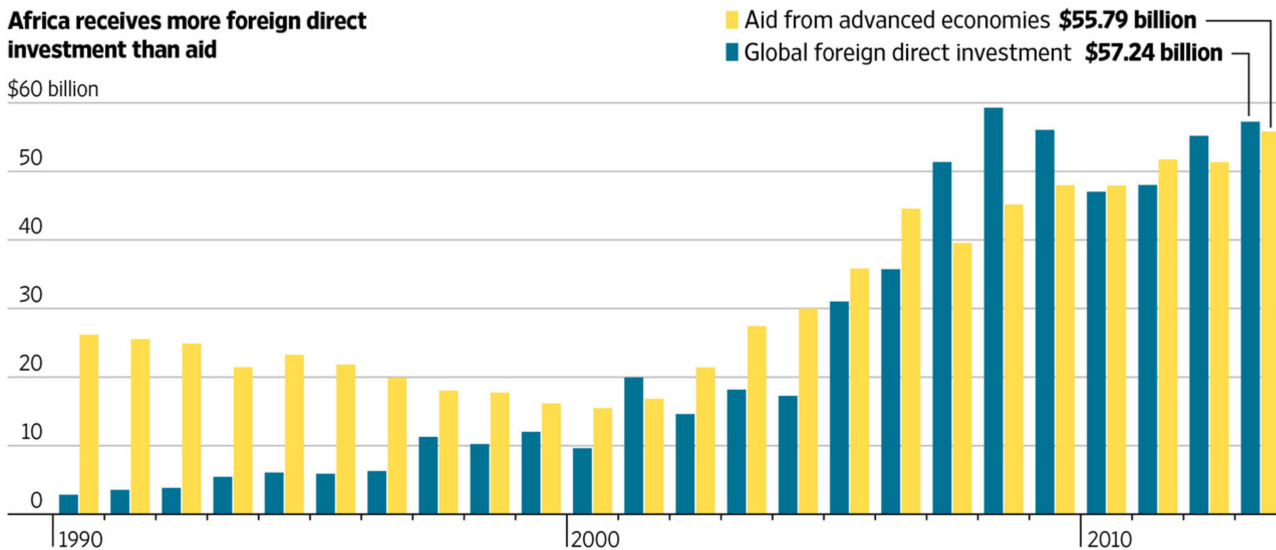
KKR director Kayode Akinola said "a key dimension of the investment" in the rose farm is a social program that includes permanent contracts for 9,000 workers, pensions, paid maternity leave, a hospital and a school for about 5,000 children. Afriflora was founded by Dutch farmers 10 years ago and grew 730 million flowers in 2013 for export to Europe, where there is strong demand for low-cost roses in large supermarkets. KKR plans to add almost 5,000 workers and 60% more land by 2019. Flower packer Basha Kadir, 20 years old, said she works late into the night, often for six days a week, and hopes to earn $600 a year at the farm.

The average annual income in Ethiopia is just $470, according to the World Bank. Ms. Kadir's mother looks after the rose worker's daughter. Her husband is a fisherman on the lake that provides water to irrigate the flowers. Other local women work carrying heavy loads of wood on their backs or laboring on other farms. Another option is leaving to work as a maid in the Persian Gulf. "This is a better opportunity than any other job I could do locally," Ms. Kadir said.

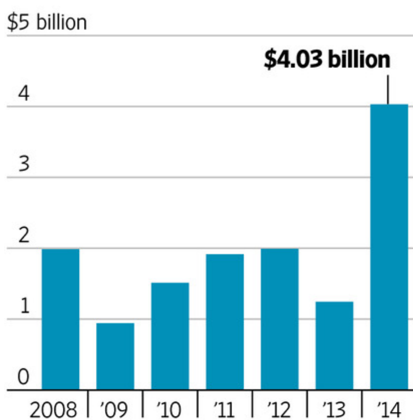
Still, some human-rights activists are critical. "How do you justify shipping out fancy roses when people are hungry?" said Anuradha Mittal, executive director of the Oakland Institute, a California-based nonprofit that has investigated Ethiopian land rights. "How do you justify using Ethiopia's land and water resources to satisfy our rose needs? What's so sweet about it?"

Live Trade

On the world's poorest continent, investment from around the world is gathering pace.
Private-equity firms are contributing to the rising levels of investment in Africa.



Private-equity fundraising for sub-Saharan Africa has far surpassed its 2008 level



Ethiopia's average income per person increased rapidly in the decade to 2013

Region	Income per capita	Percentage change from 10 years earlier
China	$1,260	2003
	$6,560	2013
Ethiopia	$110	
	$470	
Sub-Saharan Africa	$520	
	$1,657	
U.S.	$39,900	
	$53,470	
		0% 100 200 300 400

Sources: Organisation for Economic Co-operation and Development (aid); United Nations Conference on Trade and Development (investment); Emerging Markets Private Equity Association (private equity); World Bank (income)

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A recent report by the International Finance Corp., a World Bank unit that is considering a €90 million loan to the farm, listed criticisms including too much overtime, a lack of formal process for handling workers' complaints and inadequate places to eat or areas for working mothers to breast-feed. The IFC noted that pregnancy testing before employment will be discontinued and verification that new hires are aged 18 or older has begun.
KKR said the flower industry plays a "major part" in poverty reduction by providing jobs and that there is potential to grow both more flowers and food in the region. The private-equity firm said Afriflora is addressing the points raised by the IFC. Mr. Geldof said investors can help build a stable Ethiopian economy and prevent the return of famine. "I never want to see again—ever—what I trawled through 30 years ago," he said. "Developing the economy—not at the cost of exploiting people, not at the cost of hurting them—developing and producing what's there and their skills seems to me to be what's required now." *(Wall Street Journal)*

Tech

New visa system makes Angola more attractive to investors and tourists

The ongoing process of facilitating the allocation of visas by Angola makes the country more attractive to investors and tourists, creating new sources of revenue, at a time when oil revenues are in decline. Thanks to the modernization process of its Immigration Service, Angola is starting to grant multiple-entry tourist and ordinary visas, a measure "warmly welcomed by visitors entrepreneurs and investors," according to the Economist Intelligence Unit (EIU).

"Given the slow pace of business in Angola, a month is not always enough for an investor to meet with the relevant people in government and additional flexibility is certainly more attractive," says the latest report from the EIU.
Currently, ordinary visas last only 30 days and can be renewed within the country twice, but the process is slow due to problems at the issuing bodies.
According to the EIU, the creation of a tourist visa is an important measure that can "help unlock the high tourist potential of Angola, which largely remains untapped."
In the current difficulties, the diversification of the economy has become urgent and the Tourist Development Institute of Angola (Infotur) estimates that tourism may represent an added value to GDP of at least US$4.7 billion annually from 2020.
Another modernization announced by the authorities to facilitate entries into the country is the acceleration of international arrivals, which are also time-consuming. "These measures are welcome in a country that, given the rapid decline of its oil revenue, needs to do everything it can to become more attractive to investors and create new revenue streams," added the EIU.
In a cash crunch situation, caused by the breakdown of oil prices, which led to the introduction of austerity measures in the state and in the state oil company itself, the Angolan authorities have been trying to remove constraints to business activities.
In recent months, Angola announced the facilitation of business visas for Portugal and Brazil. Under the agreement with Brazil, business visas are valid for multiple entries over two years, allowing the holder to stay up to 90 days that cannot be extended, in each period of one year. In the face of current difficulties, said the EIU, Angola's priority should be its relationship with international partners such as, "China, the United States and European Union," and countries in the region. *(Macauhub)*

ENERGY

Energy is a priority in the 2015 Sao Tome and Principe budget

The government of Sao Tome and Principe submitted to the National Assembly (parliament) the draft state budget for the 2015 fiscal year estimated at about US$154 million, the country's Minister of Planning and Finance said.
Américo Ramos announced a forecast for external financing of about US$94 million either as donations or loans, and the remaining US$60 million will be covered by domestic revenues. The minister said the largest amount of funding was earmarked for the energy sector with a forecast of 13% followed by education with 12%, health with 10.6%, roads with 10%, agriculture 5.4% and domestic security with 5%. Describing the budget as "realistic", Américo Ramos announced a payroll increase in the public service, without giving figures as well as the priority in payment of debts to international organisations and to scholarship students abroad. Supported by 90% foreign investment, the São Tomé and Principe budget of totalled US$159 million. *(Macauhub)*

MAN SA unveils R15m solar rooftop system at Durban plant

MAN Truck & Bus South Africa (MTBSA) unveiled a grid-connected solar photovoltaic (PV) rooftop system at its assembly facility in Durban, making it the first carbon-neutral MAN plant in the world. The 580 kW, 2 320-panel, 6 300 m2 system is capable of generating around 810 000 kWh of power a year, providing a surplus of energy that can be supplied to the eThekwini metropolitan grid. The system was installed by Solaray Systems, also based in Durban. Installation work started in August, last year, and was completed in less than six months.
MTBSA plant head of production Heiko Kayser said in Durban that the costs of the system included R5-million to prepare the roof for the panels, and R10-million to install the energy system. He said the PV system would not enable MTBSA to continue operations during periods of load-shedding, when power utility Eskom limited power supply to businesses, plants and households.
However, MAN was already planning for the next phase of its energy plan, which would see the installation of a generator. This plan should eventually lead to the company's independence from the power grid. Solaray Systems MD Alan Swart said the PV system is capable of morphing into a semi-grid-tied system, or a completely off-grid system, through the inclusion of a genset or battery system. Kayser noted, however, that the main drive behind the installation of the PV system was not to become independent of the power grid, but rather to serve the environmental goals of MTBSA's parent company in Germany. The PV system is linked to a Web-based monitoring programme that reports daily power consumption, as well as electricity-cost and carbon dioxide (CO_2) savings. The system should see MTBSA save R1-million on its energy bill in 2015, while it should also achieve CO_2 savings of 860 t.
The Durban project formed part of MAN's global Climate Strategy to reduce carbon emissions at its production sites in Europe, Africa, Asia and South America by 25% by 2020. Savings currently totalled 18%, using 2008 as the base year. According to its Climate Strategy, MAN would reduce CO_2 emissions by improving energy efficiency; using renewable energy sources; generating energy using combined heat and power plants; and through the use of integrated energy-management systems.

In addition to the PV system, the MAN assembly plant had also installed a wash bay with a water recycling system, which included an oil-water separator. The system captures rainwater from the roof, which is stored in tanks alongside the wash bay. This water is used to only clean vehicles, as well as to test truck cabs for leaks as they roll off the assembly line. The MTBSA plant opened its doors in 1962. It covers an area of 32 544 m2, of which 10 000 m2 are covered. The plant currently employs 160 people, assembling trucks and buses for the local and African markets. *(Engineering News)*

Renewables group homes in on South Africa’s embedded solar market

Renewable energy project specialist juwi Renewable Energies, which has participated in five South African utility-scale solar photovoltaic (PV) projects with a combined capacity of more than 120 MW, reports that it is gearing up to aggressively pursue embedded solar generation opportunities that are set to arise in the country’s commercial and industrial sectors. MD Greg Austin stresses that it will continue to pursue utility-scale solar and wind prospects under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), highlighting that it is about to proceed with the construction of the country’s largest solar PV development, secured by its partners during the third bid window under the REIPPPP.

In fact, he reports that site work will begin in April on the 86.2 MW Mulilo Sonnedix Prieska PV project, which reached financial close in December.

The giant Northern Cape facility is the latest solar PV development to be pursued by juwi Renewable Energies in partnership with independent power producers (IPPs) in South Africa. The others are the 5.9 MW Swartland facility, the Aries and Konkoonsies plants, which have capacities of 10.7 MW apiece, and the 7 MW RustMo1 project.

But the Germany domiciled group, which has built and operates some 3 000 MW of solar and wind capacity across the world, plans to diversify into the commercial and industrial sectors, where it expects to be in a position to develop more than 20 MW of embedded solar PV capacity over the coming two years.

Business development manager Matthew Turner reports that it is already in advanced negotiations with a mining group for a 1 MW free-field plant, as well as with a government department for a single-axis-tracker installation.

It is also targeting rooftop solar opportunities of between 0.3 MW and 1 MW with a range of commercial and industrial customers and has an offering that caters for both companies that are prepared to invest directly in the systems and those that keep such developments off their balance sheets. The company will not invest directly in the case of off-balance-sheet deals, but will instead partner with IPPs that are keen to play that role.

The initial approach will be to align the installations to a company’s internal demand, owing to the current uncertainties and difficulties associated with either seeking a licence or securing an appropriate tariff to feed electricity into the grid.

However, Turner indicates that it could, in future, pursue larger grid-connected solutions, particularly should the National Energy Regulator of South Africa’s (Nersa’s) framework for embedded solar generators improve the prospects for such projects. Nersa has released a consultation paper titled ‘Small-Scale Embedded Generation: Regulator Rules’ to guide the public consultations on the matter and a public hearing is set down for April 10. The intention is for the new regulatory framework to be in place by the end of May. *(Engineering News)*

Nuclear power has advantages for Africa

The International Atomic Energy Agency (IAEA) is committed to helping all African countries seeking to adopt nuclear energy. This assurance was given by IAEA director-general Yukiya Amano. "Nuclear power has obvious advantages for countries in Africa," he said. "Africa is a high priority for the IAEA. For countries that chose nuclear power, our job is to help in every way we can."

The agency can assist with advice and expertise regarding effectively every aspect of civil nuclear programmes, including legal frameworks, safety and security, commissioning, start-up, operation, decommissioning and waste disposal. It can despatch international expert peer review missions to review a country's nuclear infrastructure, operations and nuclear regulation.

The IAEA will be sending such missions to Kenya, Nigeria and Morocco this year to assess their respective national nuclear infrastructures. (Morocco and Nigeria currently operate nuclear research reactors.)."Two important challenges involve costs and waste management," he noted. "The high cost of building a nuclear power plant is seen as an obstacle by some. Nuclear power plants are expensive to build, but once up and running are inexpensive over their lifetimes. [Regarding waste disposal, the] nuclear industry has been managing nuclear waste for half a century. ... a lot of real progress has been made." "Newcomers [thanks to the IAEA] are not set to repeat the mistakes of the pioneers," he pointed out. "There might be opportunities for small countries to cooperate in nuclear power." Amano praised South Africa. "Our host, South Africa, has long experience with the peaceful uses of nuclear technology, which is actively shared with other countries in Africa and beyond." "It goes without saying that safety is crucial for the future of the nuclear industry," he stressed. All involved in the nuclear sector, including operators, regulators and governments, must show total commitment to safety. "A safety culture is the most important element in nuclear power."

Since the nuclear accident at Fukushima Daiichi four years ago (triggered by a terrible tsunami, following a massive earthquake), nuclear safety has been improved everywhere. "I have seen safety improvements in every nuclear reactor I have visited since the accident," he reported. This included South Africa's nuclear power plant at Koeberg. "Nuclear reactors are safer now than before the Fukushima accident."

Immediately after Fukushima, many believed that the world would see a prolonged stagnation in new nuclear programmes, but this did not happen. The IAEA still forecasts global nuclear growth, although at a slightly slower rate than before the accident. "Nuclear can provide a steady supply of baseload power," observed Amano. It can meet the world's growing energy needs while helping combat climate change. "China and India have big [nuclear] expansion programmes for the next 20 years or so. ... Nuclear can ensure that the world meets its energy needs for thousands of years." Amano was addressing the Nuclear Africa 2015 conference, being held at the South African Nuclear Energy Corporation (better known as Necsa) complex at Pelindaba, west of Pretoria. *(Engineering News)*

Eskom Seeks 25% South Africa Power-Price Increase to Meet Demand

Eskom Holdings Ltd. will ask if it can raise South African power tariffs by 25 % from next month as the utility faces a 225 billion-rand ($18 billion) cashflow shortfall, struggles to meet demand and was cut to junk.

The utility needs more funds to continue its power-purchase programs that all end on March 31, and for the cost of using open-cycle gas turbines it runs as a last resort to plug a supply deficit, it said in a submission to the South African Local Government Association and National Treasury published on Johannesburg-based news website Moneyweb. It requires the comment from these two bodies before it can ask the national energy regulator for approval.

Eskom, which supplies 95 % of power to Africa’s second-biggest economy, is struggling to maintain plants and has to ration supply to prevent its aging grid from collapse. Standard & Poor’s cut the utility’s rating to junk yesterday after the producer suspended its chief executive officer and three officials and started a probe into the state of the business. Moody’s Investors Service cut the rating to non-investment grade on Nov. 7. “The country has descended into protracted periods of confidence-sapping rotational power cuts, which are designed to prevent the electricity network from experiencing a total blackout,” Eskom said in the application dated March 16. Efforts to improve supply “will come at a cost which would need to be funded,” it said.

Further Increase

Eskom in October got permission from the regulator to increase charges by an average 13 % starting April 1, more than the 8 % first granted, to help it recover unbudgeted costs for the three years through 2013. South Africa’s inflation rate was 3.9 % in February.

In its new increase application, Eskom is asking for an additional 10 percentage points for gas turbines and power purchases from companies such as Sasol Ltd. and Sappi Ltd., and 2.5 percentage points for a 57 % increase in the environmental levy, announced by Finance Minister Nhlanhla Nene in his budget speech last month. President Jacob Zuma pledged in February to inject 23 billion rand in cash and offer other support to Eskom. The utility spent 10.6 billion rand on running open-cycle gas turbines in the year through March 31, 2014, more than the 10 billion-rand allowance for the five years through March 2018. The producer has been firing the turbines, which used about 140 million liters (37 million gallons) of diesel in November, for as many as 12 hours a day, four times longer than they were designed for, to plug the power deficit.

Eskom expects to have spent 9.7 billion rand on the turbines in the 12 months through March, it said in the application. It needs needs to recover an additional 11 billion rand annually for three years starting April 1 to pay for them and the power purchases. The increase, if granted, would come into effect on April 1 for direct Eskom customers and July 1 for municipal users, it said. Eskom didn’t immediately respond to e-mailed questions. *(Bloomberg)*

INFRASTRUCTURE

Port of Luanda, Angola, handles over 13 million tons of cargo in 2014

The port of Luanda in 2014 handled over 13 million tons of cargo, an annual increase of 15.9 percent, according to a report of activities drawn up by the port’s management company. The document said movement of non-containerised cargo in the various port terminals totalled over 3.8 million tons, or annual growth of 34 percent.

As for the movement of containerised cargo, the report cited by Angolan news agency Angop said there was an annual increase of about 10 percent. In 2014 529,500 containers landed at the port of Luanda and 525,700 containers were shipped from there. The port of Luanda last year received 8,154 ships, and of these 1,135 were long-haul ships and 7,019 were cabotage ships (to support the oil industry). *(Macauhub)*

Port of Maputo, Mozambique to be dredged

The process for selection of the company that will dredge the access channel to the port of Maputo to increase its depth from 11 metres at the moment to 14 metres is underway, said the port’s management company Sociedade de Desenvolvimento do Porto de Maputo (MPDC). The MPDC, in a statement signed by its Chief Executive Osório Lucas, also said the dredging would allow access to port facilities by vessels of up to 80,000 tons, making the port of Maputo one of the most competitive in regional and international markets. “Dredging the access channel to the port is a strategic decision that will not only help achieve the target set to process 40 million tons of cargo by 2020, but which will have a multiplying effect on the Mozambican economy,” said the MPDC CEO cited in the statement. This will be the second time the port’s access channel has been dredged, after in 2010-2011 its was dredged from 9.4 metres (the depth

designed for the channel) to 11 metres, which contributed to the amount of cargo handled increasing from 12 million tons in 2011 to over 19 million in 2014. The MPDC is a private company, resulting from a partnership between the Mozambican state port and rail company CFM, South African group Grindrod, DP World of the United Arab Emirates and Mozambique Gestores. The Port of Maputo was granted under a concession by the government of Mozambique to MPDC in 2003 but gained new momentum in 2008 when Grindrod and DP World acquired most of the stake owned by Portus Índico, the largest shareholder (51 percent) and sponsor of the project. *(Macauhub)*

Mozambique plans to pave 2,100 kilometres of roads by 2019

The government of Mozambique plans to pave about 2,100 kilometres of national and regional roads by 2019, according to the 2015-2019 Five-Year Plan, which will be voted on by the Mozambican parliament from the end of March. The plan will entail asphalting an annual average of about 420 kilometres of roads, down by about 180 kilometres compared to last year, when 602 kilometres of national and regional roads were paved, according to the plan. At the same time the government plans to repair almost 2,800 kilometres of roads, an annual average of 560 kilometres, almost double the rate recorded in 2014 of 283 kilometres. The government's plan outlines construction, repair and maintenance of 57 bridges, along with routine maintenance of 20,000 kilometres of roads and periodic maintenance of 5,000 kilometres.

According to the Integrated Programme of the Ministry of Development Planning and Investment (MPD), revised in June 2014, the country's road network spans approximately 30,000 kilometres including primary, secondary, tertiary and side roads. The primary road network (5,971 kilometres) has 4,728 kilometres of paved and 1243 kilometres of unpaved roads, whilst the secondary network (4,915 kilometres) has only 838 kilometres paved and 4,078 kilometres unpaved. The tertiary network (12,603 kilometres) is the largest, but it is also less paved: 11,936 kilometres have no asphalt. Among the priority projects for the expansion of the road network that are already in progress, the MPD noted the Catembe-Ponta do Ouro road with Chinese funding of US$725.8 million, which includes construction of the Maputo-Catembe suspension bridge. The N6 road repair projects, between Machipanda and Beira, in the provinces of Manica and Sofala also has funding from China (US$433 million) as does the Maputo Ring Road with a budget of US$298.84 million. The ministry also noted the N13 road, in Niassa province, linking the towns of Cuamba, Mandimba and Lichinga, costing US$261 million will be financed by the African Development Bank and the Japan International Cooperation Agency. These two organizations will also fund with 150.19 million dollars building the Nacala Corridor III road linking the towns of Much, Madimba and Lichinga in northern Mozambique. Construction of the N104 road along the Nampula-Nametil section, has a cost of US$75.4 million, with funding from South Korea, while the rehabilitation of the road linking the towns of Tica, Buzi and Nova in the province of Sofala, is budgeted at US$149.72 million, with India as a financier. *(Macauhub)*

Angola and Namibia sign memorandum for construction of three bridges linking the two countries

Angola and Namibia will build three bridges over the River Cubango to facilitate the movement of people and goods between the two countries and strengthen bilateral trade relations. The decision is part of a memorandum of understanding signed in the city of Calai, in Cuando Cubango province, by the Foreign Minister of Angola, George Chicoti, and his Namibian counterpart Netumbo Nandi-Ndaitwah. The three bridges will link the Angolan cities of Cala, Dirico and Cuangar to Rundu, Namibia Nyangana and Nkurenkuru in the Okavango region of Namibia. No details were given about the projects other than the fact that the bridge between Calai and Rundu will be 300 metres long and 16 metres wide. The Namibian Minister said the three bridges would increase business and trade between the two countries and will have a significant impact on this region of the SADC. Chikoti stressed that with the signing of the memorandum, the governors of Cuando Cubango and Okavango may have working meetings and start coordinating the start of construction of the three bridges.*(Macauhub)*

Kenya Plans Tenders for $2 Billion Toll-Road Deals in May

Kenya plans to start tendering in May for toll-road contracts estimated by the government to be worth $2 billion to improve the efficiency of the East African nation's biggest commercial routes, a Treasury official said. The contracts will be in addition to the 45 deals worth about $3.2 billion that the government will start awarding as early as next week, to double the nation's paved-road network through an annuity program.

The government is planning to introduce five toll projects covering about 800 kilometers (500 miles), including a new 482- kilometer dual-carriage highway between the port city of Mombasa and the capital, Nairobi, Stanley Kamau, director of the Public Private Partnership Unit at the Treasury, said in an interview. "We have engaged transaction advisers and we are now working on the feasibility, final cost estimates, possible toll charges and the time of recouping investors money," Kamau said.

Kenya is retaining PricewaterhouseCoopers LLP to advise on the development and maintenance of the Nairobi-Mombasa highway, while it hired Intercontinental Consultants and Technocrats Pvt. Ltd. of India for the same scope of work for a new 176-kilometer highway connecting the capital to the southwestern city of Nakuru. Intercontinental consultants will also advise on the operation and maintenance of the 80-kilometer Nairobi-Thika road, according to the Treasury.

Regional Hub

The toll roads will be constructed for use over as long as three decades, according to Kamau. The Treasury is drawing from a $40-million World Bank loan to do feasibility studies for the projects and partly finance land acquisition.

Kenya is seeking funds from private sources to support its plans expand transport infrastructure and create a regional transportation hub that will help it accelerate economic growth to 10 % by 2017 from 5.4 % last year.

“With the private sector, we can do what government aspires for in infrastructure development faster, than when relying on public funds alone,” Kamau said. “We should have toll guidelines by April, then start the tendering process.”

John Musonik, infrastructure principal secretary at the Transport Ministry said winners of the first contracts under the road annuity program could be announced next week. The government is setting up a Road Annuity Fund to expedite construction of roads in a country where less than 10 % of the 161,000-kilometer network is paved, according to the Kenya Roads Board.

Annuity Fund

Unlike the toll-road projects, where investors will charge a fee to recoup their investment, the other roads will be paid for under the annuity program, in terms of which investors build roads and are then repaid over a period of time, Musonik said in a separate interview in Nairobi.

The government has capped the cost for building roads under the annuity fund at 30 million shillings per kilometer for rural roads, 55 million shillings for the same length in urban areas and 70 million shillings for highways. These roads will be built to last for 10 to 15 years. “In the past, we had situations where roads were costed at 120 million shillings per kilometer, and we think that’s not right for all roads,” Musonik said. Kamau said they talks were held with bankers last week to address their concerns about the annuity program. “They wanted assurances that government wont delay payments and how we would address foreign-exchange risks,” he said. “We told them the annuity fund is created to also ensure payments are available and made on time, and on the forex risk, we agreed they would bid in the currency of their choice; shillings or dollars.” *(Bloomberg)*

Tanzania to spend $14 bln on railways, eyes regional hub status

Tanzania plans to spend $14.2 billion to construct a new rail network in the next five years financed with commercial loans, the transport minister said, as the country aims to become a regional transport hub. Tanzania, like its neighbour Kenya, wants to capitalize on a long coastline and upgrade existing rickety railways and roads to serve growing economies in the land-locked heart of Africa.

Oil and gas discoveries in Kenya, Uganda and Tanzania have turned the East African region into an exploration hotspot but transport infrastructure in those countries has suffered from decades of under-investment. "This will be the single biggest project ever to be implemented by the Tanzanian government since our country's independence," Transport Minister Samuel Sitta said in a statement seen by Reuters, referring to the year 1961.

The projects include constructing a 2,561 km (1,536 miles) standard gauge railway connecting the port at the commercial capital of Dar es Salaam to Tanzania's land-locked neighbours, Rwanda and Burundi at a cost of $7.6 billion, Sitta said. Two additional lines, to be built at a combined cost of $6.6 billion, would connect Dar es Salaam to the coal, iron ore and soda ash mining areas in the south and northern parts of the country, he said. Sitta said the projects would be financed by commercial loans from a consortium of banks under a 20-year repayment period, though he did not name the banks. The government has appointed Rothschild to help secure the financing, he said. *(Reuters)*

MINING

Mozambican graphite has diverse industrial uses

A market analysis of graphite samples from Mozambique by Australia’s Triton Minerals has concluded that the graphite concentrate can be used in a diverse range of products, the company said. Triton’s chief executive, Brad Boyle said in a statement issued that the market analysis carried out by Independent Metallurgical Operations (IMO) showed the applicability of graphite concentrate extracted in Mozambique “in the main sectors of the product’s market.”

According to the initial results of the analysis carried out by IMO, the graphite concentrate can be used in five major sectors, including the manufacture of batteries, specialty products, steel and refractories, lubricants for the automotive and electrical sector and other products. Additional work is being carried out by IMO to draw up detailed technical specifications of the graphite concentrate, so that Triton Minerals may in future adjust production to customer needs. In its Balama Norte concession, where the monte Nicanda deposit is located, which may contain 1.457 billion tons of graphite, with an average concentration of 10.7 % carbon, and 3.93 million tons of vanadium, at an average concentration of 0.27 % vanadium pentoxide, the Australian mining company also holds the exploration rights to two other areas, Balama Sul and Ancuabe. Triton Minerals has a majority stake of 80 % in the three projects in Mozambique – Ancuabe, Balama Norte and Balama Sul – with the remaining 20 % owned by Grafex Ltd. *(Macauhub)*

Barclays Said to Lend to Diamond Dealers in African Expansion

Barclays Plc has started lending to diamond dealers as the British bank seeks to expand in southern Africa, according to people familiar with the situation. The U.K.-based bank is financing buyers of rough stones in Botswana and South Africa, the people said, asking not to be identified as the move hasn't been made public. Barclays customers include buyers of gems from the Botswana government, the biggest producing country, two of the people said.

Barclays Chief Executive Officer Antony Jenkins, 53, is expanding in Africa as it shrinks its investment bank amid dwindling profit and a gamut of new capital regulations. The bank wants a top-three revenue position in its five largest African markets –- South Africa, Kenya, Ghana, Botswana and Zambia. Maria Ramos, CEO of Africa banking, said this month Barclays needs to turn around its retail and business banking operations and expand its wealth, investment management and insurance offerings in those countries To achieve this. Joanne Walia, a spokeswoman for Barclays, declined to comment. Barclays move comes amid a lending drought in the industry after KBC Groep NV wound down its Antwerp Diamond Bank unit, a source of finance for 80 years to the network of companies that trade and process the stones in the Belgian port, as part of conditions imposed by the European Commission for receiving state aid. ABN Amro Bank NV and Standard Chartered Plc also curbed funding for gem buying to limit their exposure to the volatile market after double-digit price gains for diamonds in four of the past six years. The liquidity squeeze led to a 6.9 % fall in rough prices in the last three months of 2014, the biggest quarterly decline in more than two years. Barclays is not the only bank stepping in to fill the financing void. As Dubai seeks to rival Mumbai and Antwerp as diamond trading hubs, banks there including Emirates NBD PJSC, Mashreqbank PSC, and National Bank of Fujairah PJSC have also started funding financing diamond cutters, polishers and traders operating on the Dubai Diamond Exchange. Barclays wants to double its return on equity in Africa, a measure of profitability, to 20 % from the current 9.3 percent. To achieve this Barclays says growth outside its traditional hub in South Africa "will be a priority for us."

Diamond dealers and manufacturers depend heavily on credit to pay for expensive stones that they may hold for months as they cut, polish and trade the gems. The winding down of Antwerp Diamond Bank has sparked concerns that loans may be harder to come by. ADB and rival ABN Amro Group NV last year cut the proportion of gems they'd finance, demanding that buyers of the stones front up more of their own cash. Some of the traders Barclays is funding buy from the Okavango Diamond Company. Okavango is a Botswana government company that sells 12 % of the diamonds De Beers mines in the country as part of its Debswana joint venture. Botswana produces about 25 % of the world's diamonds by value. *(Bloomberg)*

Kenyan Mines Minister Sees Law Boosting Investment Interest

Kenya expects to enact a mining law later this year to provide policy stability in a country ranked by an industry institute as one of the world's least attractive places to invest, Mining Secretary Najib Balala said.

The Mining Bill, currently before the East African nation's Senate, is expected to be passed before the fiscal year ends on June 30 and begin a "new era" for mining in Kenya, Balala said in an interview on March 20 in the capital, Nairobi. "There have been bad practices before, so we want to change that," Balala said. "This bill is good not only for the government, but also for the industry as it guarantees them stability, it guarantees them their rights. It also brings transparency to the process."

Kenya is overhauling its mining code to increase the share of revenue from an industry that represents only about 1 % of gross domestic product, partly because poor regulation has deterred investment. Under the new law, the government will impose royalty rates ranging from 1 % of the gross sales value of industrial minerals such as gypsum and limestone, to 10 % for coal, titanium ores, niobium and rare-earth elements, and 12 % for diamonds.

Kenya is the world's third-biggest producer of soda ash, used to make glass, and ranks seventh in output of fluorspar, used in steel, according to the U.S. Geological Survey. It also has deposits of coal, gold, rubies and sapphires. Randgold Resources Ltd., a producer of the metal in Africa, said last year it planned a study of Kenya's gold-mining potential. It doesn't produce any diamonds.

Investor Attitudes

The country ranked third from bottom on the Investment Attractiveness index published in the Vancouver, Canada-based Fraser Institute's annual survey of mining companies last month. The report assesses what impact mineral endowments and policies such as taxation and regulatory uncertainty have on exploration investment. It cited a lack of transparency in Kenya's mineral-title process and "terror threats" as factors behind the ranking, which only beat Malaysia and Hungary. Balala said he was "surprised" by the results of the survey. "Maybe it is a lesson for us to improve," Balala said. The government has taken steps to improve security, he said, after "terrorist attacks" in Kenya killed at least 361 people since September 2013, according to Bath, U.K.-based risk consultancy Verisk Maplecroft. Shortly after his appointment in 2013, Balala canceled 43 prospecting and mining licenses after saying the government discovered irregularities in the way they were granted.

Royalties Dispute

Cortec Kenya Mining Ltd., a subsidiary of Kelowna, Canada- based Pacific Wildcat Resources Corp., lost its case in the Kenyan High Court in which it accused Balala of illegally revoking its permit. Cortec is appealing the ruling. Kenya improved the transparency of its licensing system in February with the introduction of an online register to obtain and process permits, Balala said. "The online system is a major relief on a personal basis," he said. "I don't have to be

disturbed if someone wants a license." The government is also "achieving some progress" in a continuing dispute with Base Titanium, the Kenyan unit of West Perth, Australia-based Base Resources Ltd., over royalty payments. The government wants to increase the amount that Base pays from the 2.5 % the company says was "locked in" in a previous agreement with the state.

'Progressive Law'

"We are in agreement in principle that they are willing to pay a 5 % royalty," Balala said. "According to the world, 5 % is the right figure. So if they want to pay 2.5 % it's not fair." Base Titanium spokesman Simon Wall, in an e-mailed response to questions, confirmed the talks with the government "for an increase of this agreed rate to reflect current global mineral sand royalty rates, with 3.5 % being the average and 5 % the highest." Kenya's "progressive" mining law will provide clarity on how revenue from royalty payments will be disbursed, Balala said. Communities where mining operations are based will receive 10% of the income, while 20 % will go to county governments and 70 % to the national government. "I think some of these companies need to appreciate there is a new era," Balala said. "They need to appreciate the resources need to be shared by the people." The government will split its royalty revenue between a sovereign wealth fund and an infrastructure development fund, Balala said. *(Bloomberg)*

Iron production projects will start in Kwanza Norte and Cuando Cubango provinces in Angola

Two mining development projects related to the production of iron in the provinces of Kwanza Norte and Cuando Cubango in Angola, should become operational soon announced the minister of Geology and Mining, Francisco Queiroz. The projects are located in the regions of Cerca (Zenza do Itombe), in Kwanza Norte, and Cuchi, in Cuando Cubango. The Cerca project (Kwanza Norte) involves investment of US$285 million and is expected to start in 2016/2017. The Cuchi project, which will involve a total investment of about US$798 million, based on charcoal, will be produce small marketable iron bars. *(Macauhub)*

OIL & GAS

Sonangol secures concession to explore onshore oil in Cabinda, Angola

The Angolan Government has awarded state oil company Sonangol a concession to research and produce onshore oil in the centre of the Cabinda enclave, an area of over 1,400 square kilometres. According to Portuguese new agency Lusa the information contained in a presidential decree of 20 March notes the Centre Block of the Onshore Cabinda Area (there are also onshore areas to the north and south) "has already been the subject of an oil concession that was unsuccessful." However, according to the same decree, signed by the Angolan President, José Eduardo dos Santos, state company Sonangol "intends to sign contracts with certain entities to conduct petroleum operations" in this central area of the enclave, bordering the Democratic Republic of Congo. The area, whose mining rights include prospecting, exploration, development and production of liquid and gaseous hydrocarbons, covers 1402.5 square kilometres (km2) in the territory of Cabinda and will involve a service contract (holding) with risks. The contract includes a surveying period of five years and a production period of 20 years, for each development area. *(Macauhub)*

Dangote may list oil refinery being built in Nigeria

DANGOTE Group, controlled by Africa's richest man Aliko Dangote, may list an oil refinery it is building in Nigeria once it becomes profitable. The plant, which will be able to process 500,000 barrels of crude a day, will be situated near the commercial hub of Lagos, Dangote Group stakeholder relations director Mansur Ahmed said. It will target Euro 5 production standards and may supply domestic and export markets. "Basic design has been completed," Mr Ahmed said in a speech read on behalf of company president Mr Dangote, at the African Refiners Association conference in Cape Town. "Site clearing is nearing completion. Site development should commence in a few weeks' time."

While Nigeria is Africa's top producer of crude oil, it relies on imports to meet more than 70% of its needs. Four state refineries with a combined capacity of 445,000 barrels a day are operating at a fraction of that because of poor maintenance and aging equipment. This often results in critical shortages and long queues at petrol stations. "The current domestic refining capacity has been whittled down to less than 10% of the capacity that exists," Mr Ahmed said. "There is currently demand of over 500,000 barrels per day in Nigeria."

In September 2013, Dangote said it had agreed on a $3.3bn loan with 12 Nigerian and foreign lenders to build the refinery as well as a petrochemical and fertiliser complex costing a total of $9bn. At the time, the facility in Africa's biggest economy was expected to have capacity of 400,000 barrels a day. The plant is expected to come on-stream in late 2017 or the first half of 2018, the company said in November. Dangote will use equity and debt to pay for the refinery, Mr Ahmed said. The company plans to utilise two underwater pipelines and large vessels to deliver crude to the facility. The group owns Dangote Cement, the country's biggest company by market value, Dangote Sugar Refinery, Dangote Industries and Dangote Oil Services. Mr Dangote is worth $12.9bn the Bloomberg Billionaires Index shows. *(BDLive)*

Eskom seals 35-year gas deal with Sunbird for Ankerlig power station

ASX-listed gas developer Sunbird Energy announced the execution of a gas sales agreement with South African power utility Eskom, over its planned Ibhubesi development, off the country's West Coast. Under the term sheet executed with Eskom, the planned Ibhubesi project would deliver up to 30-billion cubic feet a year of gas to the Ankerlig power station, near Cape Town, for a period of up to 15 years.

Sunbird executive director Andrew Leibovitch told Mining Weekly Online in Perth that the Eskom offtake would account for 100% of the planned production from Ibhubesi, with first delivery scheduled for late 2018, subject to the timely development of the project. "We have an indicated price range established as part of the term sheet, but a final price for the gas will be part of the gas sales agreement negotiations," Leibovitch added.

Sunbird chairperson Kerwin Rana said the signing of the gas sales agreement term sheet was a significant advancement in the commercialisation of the Ibhubesi project. "The delivery of gas from South Africa's largest proven gas field provides for a secure, cleaner and significantly lower cost fuel to Ankerlig while assisting in the development of the Orange basin and the creation of a new industry and much needed jobs."

The development of the Ibhubesi project was expected to provide the critical first gas production and pipeline infrastructure on South Africa's West Coast, establishing new industries in upstream, petroleum exploration and development, and a new energy supply for downstream power generation, major industry and domestic uses.

Leibovitch added that since the introduction of the project, Sunbird had undertaken several conversations with other active and potential players in the industry, including those in the upstream, infrastructure and financing sectors.

Sunbird had previously revealed plans to fast-track the commercial development of its Ibhubesi gas project, which has a maiden reserve of 540-billion cubic feet. The initial phase of Ibhubesi, which is located 380 km north of Cape Town and 105 km offshore, could involve an investment of between R12-billion and R14-billion to produce 28.3-billion cubic feet of gas yearly over an initial six- to eight-year horizon.

Eskom's tight power system has resulted in the above-budgeted use of the 1 332 MW Ankerlig and 740 MW Gourikwa open-cycle gas turbine (OCGT) power stations. These plants are designed to operate for about three hours a day during peak periods, but are at times operating for up to 12 hours a day. To help save on the cost of burning expensive diesel, Cabinet has ordered Eskom to fast-track its programme of substituting diesel with gas at the OCGTs.

Eskom spent R10.5-billion on diesel in 2013/14 to fuel Ankerlig and Gourikwa, which together consumed 661 000 ℓ/h. This compares with the R5-billion spent in the prior year. It was also substantially more than the R2.5-billion that the National Energy Regulator of South Africa had set aside for diesel purchases in its revenue determination for the 2013/14 financial year. Eskom has indicated that it was likely to spend a similar amount on diesel in the 2014/15 financial year, against an approved OCGT cost allocation of R2.7-billion. *(Engineering News)*

RETAIL

Clover races to meet demand for yoghurt

CLOVER Industries, which started making yoghurts and custards this year, will spend R65m on installing another yoghurt production line because the one it bought from DairyBelle has run out of capacity two years earlier than expected. "We are undersupplying the market by about 60%-70%," Clover CEO Johann Vorster said, referring to the firm's inability to match retailer orders. "The launch went much better than we anticipated." Clover had expected the Bloemfontein DairyBelle facility it took over in January to meet yoghurt demand for two years, but demand had outstripped capacity within two months. Mr Vorster said the new processing and packaging line would be installed at the same facility from September. Clover bought DairyBelle's yoghurt and UHT "long-life" milk businesses effective in January, after the conclusion of its service agreement with Danone allowed it to start making these and other high-margin products. But while Clover no longer supplies Danone with raw milk, it still has to phase out its distribution and merchandising services for Danone, to the end of June, to satisfy a Competition Commission ruling. Clover was working on finding new third parties to distribute for, "but we would ideally like to keep that distribution capacity for ourselves so that we can grow into it", Mr Vorster said.

The company is launching a swathe of new products this year, including its Clover Classic yoghurt range in addition to DairyBelle's Fruits of the Forest brand, and desserts imported from Italy and custards. Following its capital investment programme, Clover had excess production capacity with some facilities operating at only 40%-50% of capacity.

Mr Vorster said that while distribution capacity was fully used, some of this would be freed when Clover stopped distributing Danone products. Clover said its headline earnings for the six months ended December grew 41.3% to R199m, as revenues rose 7.9% to R4.7bn.

The company gave up some market share as it hiked selling prices and margins. Mr Vorster said Clover would not raise prices in the six months ending June and would rather absorb recent input cost increases.

A looming concern was the possibility of a 3%-4% milk surplus this year, or three times the usual surplus, which would place pressure on prices. "That would only be from September, October, November. It's part of the cyclicality of the business," Mr Vorster said. He said SA experienced a milk shortage in the middle of last year, driving competition for raw milk from farmers and ultimately leading to higher prices. This stimulated supply as farmers grew capacity partly by buying out smaller farms as they became more sophisticated. Clover reported a "strong set of first-half

results", said Kagiso Asset Management investment analyst Dirk van Vlaanderen. "The company also has a good pipeline of brand extensions and new product launches and has had a very positive start to the launch of its Clover yoghurt and custard brands, which should add further support to the second half," Mr van Vlaanderen said. *(BDLive)*

AGRIBUSINESS

Mozambique expands banana production areas in Nampula province

The Eráti district, in Mozambique's Nampula province, wants to increase the volume of banana exports to the Asian market and find new markets for its product. According to Mozambican daily newspaper Notícias the local government plans to provide the Jacarandá Agrícola agricultural company with land of over 6,000 hectares in Mirrote (Namiroa) to allow the expansion of banana cultivation. Jacaranda Agrícola, a joint venture established in Eráti district in 2010, grows bananas in a 50-hectare area it considers to be insufficient for future expansion. The United Arab Emirates which last year imported about 3,000 tons of bananas produced in the Eráti district were the main market for bananas grown by Jacaranda Agrícola. Jacaranda Agrícola plans to repair, using its own funds and those of the Eráti government, the 35 kilometres of road to Mirrote, which will improve the transport of its products. Nampula province has c two major producers of bananas for export: Matanuska and Jacaranda Agrícola, which are the two largest banana producers in Nampula province. *(Macauhub)*

Potential for Bumper Crop Keeps Pressure on Cocoa- Price has fallen 7.7% this month; less demand for chocolate

When it comes to cocoa, investors are seeing too much of a good thing. Prices for the main ingredient in chocolate have fallen 7.7% this month as investors encountered a familiar scenario: the prospect of a bumper crop in Ivory Coast, the world's top cocoa grower.

The nation produced a record 1.7 million metric tons of cocoa in the year ended September, according to the International Cocoa Organization in London. Market watchers say Ivory Coast cocoa output is on track to be about the same this year, at a time when the world is consuming less chocolate. "Reports indicate a good mid-crop coming on, which should keep selling pressure on," said Jack Scoville, vice president of Price Futures Group in Chicago. Ivory Coast produces two cocoa crops a year—a main harvest that begins in October and a smaller "mid-crop" that is reaped starting in April. Higher wages for cocoa farmers in Ivory Coast and wet weather are increasing bean production, while demand for chocolate has been less than some investors had expected.

Global demand, as measured by the amount of cocoa processed, is likely to decline this year in every region except Africa, the ICCO said. Demand in Europe, the biggest chocolate-consuming region, and the Americas are expected to fall 2% each, while consumption in Asia, once seen as the region with the most growth potential, could fall 4%, according to the ICCO's forecasts. "Asia is pulling back, everyone is pulling back from cocoa because the price got really high and chocolate is a luxury, not a need," said Shawn Hackett, president of Hackett Financial Advisors, a brokerage and consultancy in South Florida.

The most actively traded cocoa contract on the ICE Futures U.S. exchange fell for 12 straight sessions, the longest losing streak ever, according to FactSet data going back 30 years. It recovered as the contract for May delivery rose 2.8% to $2,790 a ton. Money managers are pulling back on their bets on higher prices. As of March 17, bullish hedge funds, pension funds and others outnumbered those betting on lower prices by 34,539 contracts, the smallest gap since July 2013, according to data from the U.S. Commodity Futures Trading Commission. That said, the prospect that by 2020 there could be a global cocoa shortage is still on some investors' minds. With about 70% of global cocoa production in West Africa, the crop is vulnerable to plant diseases or civil strife. In addition, many of the trees there are older and less-productive. There are a number of potential threats to cocoa production over the next five years, but the market has baked a lot of that risk in, said Hector Galvan, senior market strategist at RJO Futures in Chicago. "You can only beat a dead horse for so long before you come up empty." Also, while demand has declined, it doesn't stay down for long, Mr. Galvan said. The world's craving for chocolate always bounces back. *(Wall Street Journal)*

Cocoa futures market could see major disruption

CME Group is seeking to disrupt the international cocoa futures market with the launch of a EUR-denominated futures contract on Monday March 30th 2015. The new contract will challenge the dominance of the LIFFE GBP-denominated cocoa futures contract, which is run by Intercontinental Exchange (ICE). Dating back to 1928, the LIFFE contract is the global benchmark for cocoa futures and underpins the lion's share of cocoa flows from West Africa, which supplies 70% of the world's raw cocoa beans, to Europe, which accounts for around 40% of demand. The other existing US$-denominated cocoa futures contract, traded in New York and also operated by ICE, should not be affected, as it primarily serves cocoa flows from Latin America and Indonesia to North America, which are traded in dollars.

CME claims that its new euro contract will address inefficiencies in the LIFFE contract, particularly forex risk. Given that the majority of cocoa flows from Cote d'Ivoire and Cameroon, which both have currencies pegged to the euro, and that most of this cocoa is processed within the Euro Zone, the new contract will eliminate the need to hedge against

movements in the US$:EUR exchange rate. This could prove a shot in the arm for Ivorian and Cameroonian cocoa traders who, for the most part, do not hedge their cocoa, owing to their lack of access to finance and expertise, and it could also benefit European off takers of cocoa products.
CME is also looking to benefit from dissatisfaction over the long discharge times at LIFFE warehouses, which it is pledging to improve, the poor convergence between cash and futures prices, and the lack of correlation with its free on truck (FOT) basis. ICE has countered by launching its own euro-denominated contract on the same day, modelled on its GBP-based LIFFE contract, which will effectively double the number of cocoa futures contracts for physical delivery.
However, there is uncertainty over whether the two new euro contracts will be able to establish themselves, as liquidity is already tight in the two existing cocoa contracts. Cocoa is a niche market, with relatively low volumes of contracts traded, and with over half of the 2015/16 cocoa season having been forward-sold on the LIFFE exchange, the euro contracts could struggle to attract traders.
In the long run, the consensus among traders is that only two contracts will survive – the US$-based New York contract, serving North American and Asian markets, and a single euro-denominated contract for European and African markets. But whether this euro contract will be run by CME or ICE will be determined by the market. *(Ecobank)*

TELECOM

Tigo says to spend $120 mln this year in Tanzania telecoms expansion

Tigo Tanzania, part of Sweden's telecom group Millicom International Cellular, said it plans to spend $120 million this year to expand its network in the east African nation. Like in other African countries, mobile phone use has rocketed in Tanzania over the past decade, making telecoms the fastest expanding sector in the economy. "The company plans to spend $120 million, which is 20 % higher than $100 million in 2014 on its network expansion, fibre and opening additional customer service shops across the country," Tigo Tanzania spokesman John Wanyancha told Reuters. "The growth of the mobile phone sector is a result of... a steady economic environment that the country has enjoyed in the past five years." The investment will expand and maintain the quality of Tigo's network coverage by rolling out 843 new mobile telephone network transmission sites countrywide, Wanyancha said. Some of the sites will be aimed at offering third-generation (3G) and 4G services, which offer increased bandwidth for users, and are aimed at enhancing penetration in rural areas as well increasing access to data for its customers, Wanyancha said.
The other plans include more than doubling the number of Tigo customer care shops to 100 from the current 42, he said. Tigo, Tanzania's No. 3 mobile phone operator, has around 8.5 million subscribers, up from 6.6 million in June 2014. "We believe that there is still scope for further growth of mobile phone subscribers this year and beyond because we are yet to reach 100 % penetration," Wanyancha said.
Tanzania has around 32 million mobile phone subscribers, up from 27 million last year, with an estimated penetration of 67 percent, according to the country's telecoms regulator. Other mobile phone operators in Tanzania include market leader Vodacom Tanzania, a unit of South Africa's Vodacom, India's Bharti Airtel, and United Arab Emirates telecoms operator Etisalat. Tanzania granted a licence last year to Vietnam-based telecoms operator Viettel to build a 3G network in the country and expects mobile phone operators to list on its stock exchange in the first half of this year under mandatory rules. *(Reuters)*

MTN Ghana Considers Local Stock-Exchange Listing, Share Auction

MTN Group Ltd.'s Ghana business is considering a local stock-exchange listing as a way to increase local ownership, the unit's Chief Executive Officer Serame Taukobong told reporters in the capital, Accra.
"The issue will be the ability of the market to take that up and the sustainability of such an interaction," he said, adding that a decision isn't imminent. "If you look at how we've done in most of our operations, definitely local participation will be the next chapter." MTN, Africa's largest wireless carrier, has operations in 22 countries on the continent and the Middle East and increased Ghanaian subscriber numbers by 7.1 % last year to 13.9 million. The Johannesburg-based company has more than 50 % market share in the West African country. MTN is also considering a local listing in the Zambian capital, Lusaka, the Post newspaper reported last month.*(Bloomberg)*

Liquid Telecom is up for Another $150 Million Expansion

Leading regional telecoms provider, Liquid Telecom, is set to expand the coverage of its fiber-optic network in Africa following a successful raise of about $150 million. The company, which is also Econet Wireless Global's subsidiary, has a network that spans over 18,000km around a host of towns and cities.
Pan-African in its focus, the new expansion will enable the company spread its services to more African territories. "The new investment will be used to extend Liquid Telecoms fibre network into additional countries as part of the company's continuous expansion strategy. In Zimbabwe, it will also finance ongoing Fibre-to -the-Home builds in Harare, Bulawayo, Gweru, Mutare and recently Victoria Falls, which will provide homes and businesses with unlimited data packages and 100Mbps, the fastest broadband ever available in Africa," said Mr Wellington Makamure,

Managing Director of Liquid Telecom Zimbabwe. "Our customers include other wholesale carriers, mobile network operators, ISPs, financial institutions and businesses of all sizes and homes. Apart from our retail arm ZOL Zimbabwe, we also operate retail businesses in Kenya, Rwanda and Uganda," he added.

For over a half-decade, the group has been building what it now considers to be Africa's largest independent cross-border fiber network, which runs across 15 nations from Southern Africa to East and Central Africa, covering Africa's fast-growing economies, where no fixed network has existed before and connecting to all the undersea cables.

Its focus is as viable as it is profitable, given that telecommunications and internet services sit high on the list of fastest growing sectors in Africa today. Its retail firm ZOL Zimbabwe expects to have a presence in more than 100,000 homes by the end of the year through the Fibre-to-the Home programme. Already, more than 30,000 homes have been covered in Harare and about 30,000 more can be included in the next few months.

As proof of its commitment to Africa, Liquid Telecom Kenya has partnered with the Nakuru County Government to launch free Wi-Fi services in the county, a move that will grant the residents of the province access to public street Wi-Fi. Already, a high capacity Wi-Fi network covering a 10 kilometre radius from the County's Central Business District has been established with data bandwidth of about 1 Gigabyte per second (Gbps).

This development has significant socio-economic implications as internet access has been flagged as a key driver of Kenya's recent economic performance, creating at least 1,000 jobs a month in the business process outsourcing sector since 2013, according to the Communications Authority of Kenya. The Authority believes that recent efforts driven by public-private partnerships will raise the country's Internet penetration higher than the current 52.3 percent.

According to Liquid Telecom Kenya, about $400,000 has been invested in the project and more will be injected during the network optimization exercises slated for later in the year. *(Ventures Africa)*

Angola's Unitel interested in acquiring Guiné Telecom

Unitel, a private telecommunications operator in Angola, is waiting for the launch of an international tender to submit an offer to buy Guinea-Bissau's Guiné Telecom, a spokesperson said in Bissau.

Eunice Lopes Esteves, chair of the Management and Company Restructuring Commission for Guiné Telecom (fixed line and network operator) and Guinetel (mobile operator), both majority owned by the state but bankrupt, said that the Angolan company had expressed interest in acquiring the first of the two companies.

The first conference on "Telecommunications in Guinea-Bissau" was attended by some parties potentially interested in acquiring the two bankrupt companies, including companies from Ghana, China, South Africa, Romania and Law firms representing other interested parties.

"In 2011 there was specific interest from Unitel, and we made some contacts," but now the Angolan company is awaiting clarification of the sector, because the sale of the companies "will be made via international tender," open to all interested parties, said Esteves, cited by Portuguese news agency Lusa. *(Macauhub)*

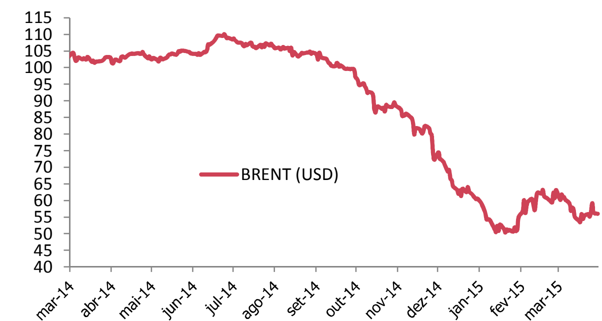
MARKET INDICATORS
30-03-2015

STOCK EXCHANGES		
Index Name (Country)	**30-03-2015**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.679,49	1,87%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	266,11	3,11%
Case 30 Index (Egypt)	9.060,37	1,50%
FTSE NSE Kenya 15 Index (Kenya)	230,26	6,85%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	21.866,73	8,06%
Nigerian Stock Exchange All Share Index (Nigeria)	30.562,93	8,85%
FTSE/JSE Africa All Shares Index (South Africa)	52.371,26	5,23%
Tunindex (Tunisia)	5.326,42	4,64%

Source: Bloomberg and Eaglestone Securities

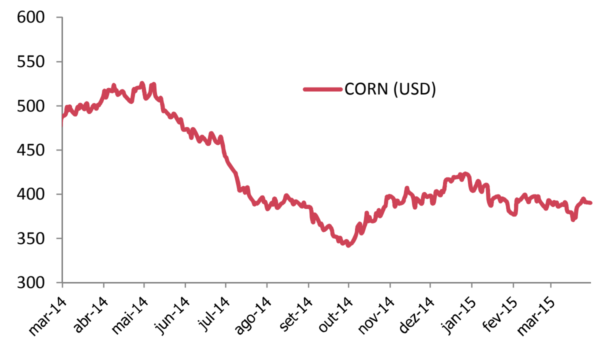
METALS		
	Spot	**YTD % Change**
Gold	1.190	0,43%
Silver	17	7,01%
Platinum	1.130	-6,43%
Copper $/mt	6.055	-3,89%

Source: Bloomberg and Eaglestone Securities



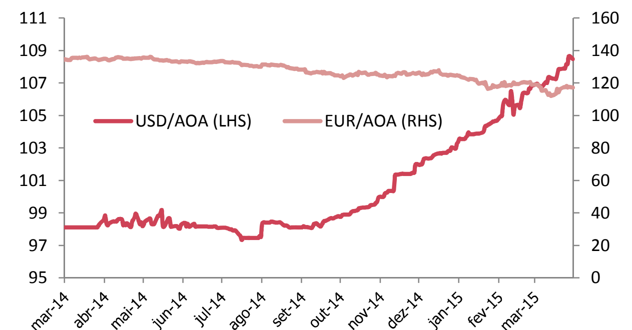
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	48,1	-11,43%
ICE Brent (USD/barril)	56,0	-5,39%
ICE Gasoil (USD/cents per tonne)	528,0	-0,33%

Source: Bloomberg and Eaglestone Securities



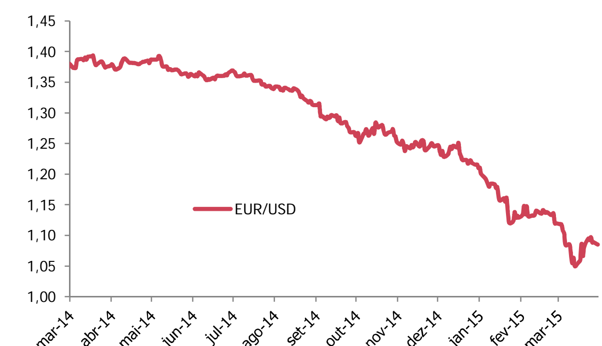
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	390,3	-2,62%
Wheat cents/bu.	510,3	-14,17%
Coffee (KC) c/lb	138,7	-18,10%
Sugar#11 c/lb	12,2	-18,57%
Cocoa $/mt	2765,0	-4,39%
Cotton cents/lb	63,7	4,24%
Soybeans c/bsh	969,8	-5,90%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	107,975
EUR	117,175
GBP	160,340
ZAR	8,931
BRL	33,228
NEW MOZAMBIQUE METICAL	
USD	36,702
EUR	39,830
GBP	54,502
ZAR	3,036
SOUTH AFRICAN RAND SPOT	
USD	12,094
EUR	13,123
GBP	17,956
BRL	3,721
EUROZONE	
USD	1,09
GBP	0,73
CHF	1,05
JPY	129,89
GBP / USD	1,48

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

The Eighth Joint AUC-ECA Annual Meetings of the AU Conference of Ministers of the Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development will take place from 25-31 March 2015 in Addis Ababa, Ethiopia. The Conference will tackle the theme, Implementing Agenda 2063 - Planning, Mobilizing and Financing for Development in a ministerial segment from 30-31 March 2015, which will be preceded by an expert's segment from 26-27 March.

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

Connected Africa: 26–27 May 2015, The Sandton Convention Centre, Johannesburg, South Africa. Connected Africa is the leading marketplace and ideas exchange for African enterprises, ISP's telcos, government, leading consultants and solution providers. *http://www.terrapinn.com/connectedafrica*

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*

Southern African International Trade Exhibition: 21–23 June 2015 Gallagher Convention Centre, Midrand, Johannesburg South Africa. *www.exhibitionsafrica.com*

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*

Mining Indaba 2016 Cape Town, South Africa -01 to 04 February 2016
http://www.saceec.com/events/view/mining-indaba-2016

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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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