INSIDE AFRICA

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In-depth:
Weaker Growth in Sub-Saharan Africa Amid Deteriorating Global Conditions

- Growth forecast lowest in six years
- Headwinds from weak commodity prices, tighter financing
- Limited policy scope to counter drag on growth

Economic activity has weakened markedly in sub-Saharan Africa, and the strong growth momentum of recent years has dissipated in quite a few countries, the IMF said in its regional outlook.

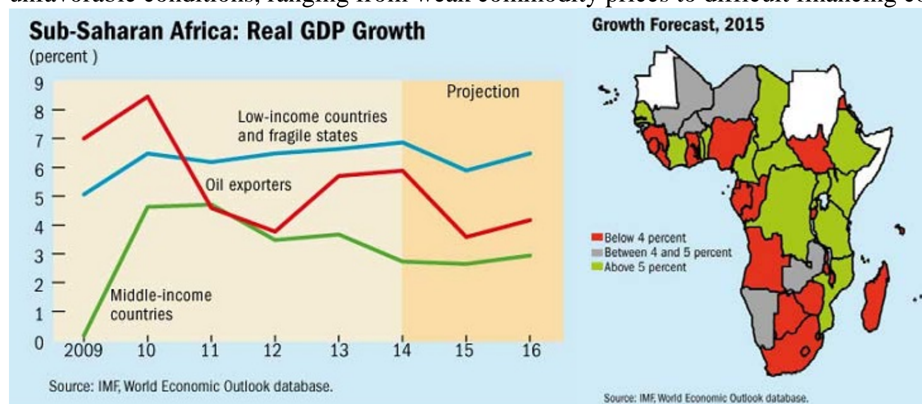
While the business and macroeconomic environment has improved considerably over the past decade or so, other factors that underpinned strong growth—particularly high commodity prices and accommodative financing conditions—have become less supportive. The prices of many commodities exported by the region have fallen by around 40-60 % in the past two years, and borrowing costs have risen amid a reassessment of global risk in anticipation of a U.S. interest rate hike. In addition, larger external and fiscal deficits weigh on some countries.

As a result, while growth in sub-Saharan Africa is still stronger than many other regions, the IMF's latest Regional Economic Outlook for Sub-Saharan Africa puts growth at 3¾ % this year, even lower than in 2009 in the aftermath of the global financial crisis. The forecast for 2016 is slightly higher at 4¼ %.

Variation across region

But despite the difficult overall picture, the report finds that there is considerable variation across the region (see charts below). In most low-income countries, growth is generally holding up, supported by infrastructure investment and private consumption. Countries such as Cote d'Ivoire, Ethiopia, and Tanzania are expected to grow at 7 % or more this year and next. Other low-income countries, however are feeling the pinch from commodity prices, even though cheaper oil has eased their energy import bill.

Hardest hit are the region's oil exporters as falling oil prices have drastically reduced export revenue and forced a sharp fiscal adjustment. The oil producers account for about half of the region's GDP and include the largest producers, Nigeria and Angola. Several middle-income countries, including Ghana, South Africa, and Zambia, are also facing unfavorable conditions, ranging from weak commodity prices to difficult financing conditions and electricity shortages.

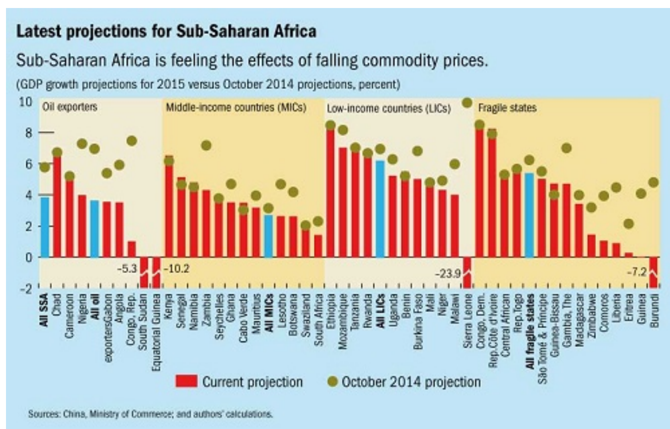


Limited scope to counter drag on growth

Savings have been modest during the recent period of rapid growth, leaving limited room to counter the drag on activity in the region or smooth the adjustment to the recent shocks. Many countries now have weaker fiscal and external balances than at the onset of the global financial crisis in 2008. And while in many cases this situation reflects countries' efforts to address large infrastructure needs, it leaves them with fewer resources to contain the effects of the current downturn.

For oil exporters in particular, fiscal adjustment is unavoidable in the face of a sharp and seemingly durable decline in oil prices. Fiscal policy in most other countries needs to balance development needs and debt sustainability, which will become increasingly difficult as higher interest rates and lower growth adds to debt burdens.

On the monetary policy front, wherever the terms of trade have worsened sharply and the currency is not pegged, the study recommends that exchange rate should be allowed to depreciate to absorb part of the shock. Exchange rates have also come under pressure in countries where commodity exports do not play such a large role. Given the strong global forces behind these pressures, intervening here, too, would risk depleting scarce foreign exchange reserves. Accordingly, central bank intervention should focus on containing disorderly exchange rate movements. Monetary policy should respond only to second-round effects of exchange rate depreciations on prices and to other upward shocks to inflation.



Improving competitiveness, reducing inequality spurs growth

Beyond these more immediate challenges, the *Regional Economic Outlook* also discusses, in two background studies, how longer-term growth in the region can be supported by efforts to improve competitiveness and reduce inequality. The first study suggests that the region's recent period of high growth and substantial trade integration, has also been accompanied by a widening of trade imbalances and a weakening of competitiveness, especially among commodity exporters.

With some of the past sources of growth dissipating, the region needs to nurture new sources by increasing the sophistication of its exports and integrating into global value chains, which will only happen with greater competitiveness. The policy actions to achieve this objective depend on specific country circumstances, but progress can be facilitated by pursuing sound macroeconomic policies, investing in infrastructure while keeping debt on a sustainable path, continuing to eliminate trade barriers, and improving the business climate.

The second study considers the implications for sub-Saharan Africa of persistently high income and gender inequality. The region has among the highest levels of inequality in the world. With growing international evidence suggesting that persistent inequality can impede macroeconomic stability, the study finds that policies aimed at reducing inequalities to levels seen in some fast growing emerging Asian countries (for example by expanding access to education and health care) could potentially increase growth by one percentage point annually in sub-Saharan Africa. Carefully designed fiscal and financial sector policies and the removal of gender-based legal restrictions could also reduce inequality and improve long-term growth in the region, the study says.

Mozambique: Country Outlook

	2013		2014				2015	
	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr
Prices[a]								
Consumer prices (2000=100)	117.6	118.7	121.3	121.8	120.6	121.0	125.3	123.7
Consumer prices (% change year on year)	4.5	4.0	2.8	2.8	2.6	1.9	3.3	1.6
Financial indicators								
Exchange rate MT:US$ (av)	29.97	30.00	31.17	31.37	30.80	32.13	34.23	37.07
Exchange rate MT:US$ (end-period)	29.90	30.10	31.50	31.30	31.10	33.60	37.10	39.00
M1 (end-period; MT m)	136,489	146,021	143,48	158,472	162,791	181,602	178,323	185,02
M1 (% change year on year)	14.1	13.0	17.4	22.4	19.3	24.4	24.3	16.8
M2 (end-period; MT m)	200,866	216,425	216,346	229,047	235,47	264,47	265,474	281,213
M2 (% change year on year)	20.4	16.3	17.7	20.6	17.2	22.2	22.7	22.8
Foreign reserves (US$ m)								
Reserves excl gold (end-period)	3,038	3,142	3,354	3,357	3,198	3,01	2,576	2,683

[a] Maputo.

Sources: IMF International Financial

(c) The Economist Intelligence Unit 2015

POLITICAL STABILITY: The long-standing ruling party, Frente de Libertação de Moçambique (Frelimo), is set to remain dominant in 2015-19 under the leadership of the president, Filipe Nyussi. Mr Nyussi was elected president in October 2014, replacing Armando Guebuza, and his election as Frelimo's leader in early 2015--again replacing Mr Guebuza--has formally completed the transition of power. However, Mr Nyussi's position in the party is not yet fully secure. His predecessor made powerful allies and enemies during his ten years in office, and the party remains divided. Despite Mr Nyussi's efforts to balance the competing factions, The Economist Intelligence Unit expects power struggles within Frelimo to remain a source of volatility.

ELECTION WATCH: The next national elections are due in 2019. Frelimo will be the front-runner, benefiting from a well-oiled party machine, a healthy financial position, fragmentation of the opposition and influence over state institutions and media. However, opposition parties are expected to build on the parliamentary gains made in the October 2014 national elections. These marked a dramatic comeback for Renamo and its leader, Afonso Dhlakama, after a decade during which support had waned. Renamo's ability to consolidate its transition from rebel movement to political party will, however, be crucial to its future electoral success. Regional disparities in electoral politics will persist, with Frelimo dominant in southern provinces, but opposition support stronger in the centre and north.

INTERNATIONAL RELATIONS: Supported by continuing aid inflows and some improvements to the country's fiscal transparency, Mozambique's main donors (the World Bank, the US and the EU) will remain engaged over the forecast period. Nonetheless, foreign policy will focus on reaching out to new partner countries, with the long-term aim of offsetting aid with rising revenue from investment in the mining and energy sectors. Investment from Brazil, India and China will strengthen ties with those countries, with China also likely to remain a major creditor to the Mozambican state. Sizeable gas reserves will also attract foreign investors, notably among Asia's gas-importing countries. Links with Mozambique's main historical partner, Portugal, and its key trading partner, South Africa, will remain strong, underpinned by long-standing commercial and personal ties.

POLICY TRENDS: The government's overarching economic policy goal is to promote inclusive growth and poverty reduction as the economy moves towards the exploitation of natural resources. The authorities successfully front-loaded

the benefits from large offshore gas discoveries in 2011-13, earning around US$1.3bn in capital gains tax on gas-asset transactions without alienating investors. However, it will be at least five years until significant royalties from gas extraction materialise. Until then, the government will attempt to strike a balance between domestic expectations of higher spending, investor pressure for favourable treatment and fiscal sustainability. Priorities include bridging infrastructure gaps, fostering linkages between the resources sector and the rest of the economy, and developing local supply chains. Progress will, however, be held back by a lack of cohesion among policy directives and weak institutional capacity.

ECONOMIC GROWTH: We expect buoyant economic growth in 2015-19. The rate of real GDP growth will, however, dip slightly in 2015, to 6.8%, from 7.4% in 2014, owing to heavy floods in early 2015, which dampened agricultural production, and lower government spending. Real GDP growth is forecast to pick up to an annual average of 7.2% in 2016-19, driven by robust private consumption and investment in the energy and mining sectors.

INFLATION: Year-on-year inflation will remain relatively subdued in 2015 at 2.7%, with the weakness of the metical against the US dollar largely offset by the effects of low global oil prices. Year-on-year inflation is forecast to accelerate to 5% in 2017 and remain elevated thereafter, owing to ongoing currency depreciation, a gradual rebound in global prices and increases to some regulated domestic prices (fuels, utilities and public transport) over the forecast period. Inflationary pressure will, however, be held back by the relative stability of Mozambique's currency vis-à-vis the South African rand, as most non-oil imports come from South Africa.

EXCHANGE RATES: Having already lost almost 23% of its value against the US dollar since October 2014, the metical will continue to depreciate over the forecast period. This reflects Mozambique's large fiscal and current-account deficits, but also weak commodity prices and an increasingly strong dollar. We expect the metical to fall to MT42.6:US$1 in 2016, with exchange-rate intervention by the monetary authorities only partly offsetting the underlying market pressures. The currency will continue to slide thereafter, albeit at a slower pace, to MT47.8:US$1 in 2019, on the back of Mozambique's sizeable twin deficits. Downside risks, which would trigger more rapid depreciation of the metical, include a drop in foreign direct investment inflows and a prolonged price slump for Mozambique's main exports.

EXTERNAL SECTOR: Mozambique will continue to post large current-account deficits in 2015-19. Subdued oil prices will lessen the import bill in 2015, reducing the trade deficit to 21.8% of GDP, from an estimated 24.7% of GDP in 2014. Imports will increase thereafter, owing to the gradual rebound in oil prices, continuing currency depreciation and high capital goods imports for the natural resources sector. Coal will be the major driver of export growth, overtaking aluminium as Mozambique's main export in 2017. However, coal exports will remain below potential, as depressed prices, weak demand and ongoing infrastructure constraints deter further investment. Other mineral exports, notably graphite, are forecast to begin in 2018-19, but they will remain relatively minor in comparison with coal and aluminium. Gas is set to become a major export, but not until beyond the outlook period. *(Economist Intelligence Unit)*

South Africa: Country Outlook

POLITICAL STABILITY: The ruling African National Congress (ANC) will remain the dominant political force during the forecast period. Jacob Zuma will serve a second (and final) five-year term as president, ending in 2019, although his tenure could be cut short if the corruption charges against him, dropped in controversial circumstances before the 2009 election, were to be reinstated. The cabinet will continue to represent a balance of the ANC's diverse factions, and there will be no major shifts in policy, which will continue to feature a mixture of favourable and unfavourable elements. Mr Zuma will continue to back key moderates, including the deputy-president, Cyril Ramaphosa--a former businessman and a pragmatist--who will continue to play a leading economic role (with responsibility for overhauling struggling parastatals and improving labour relations, for example). However, Mr Zuma's efforts to placate the left and hold together the ANC's "broad church" will continue to compromise the effectiveness of his presidency.

ELECTION WATCH: The next test of voter preferences will be the municipal elections in 2016. These will show whether the ANC is able to halt the steady erosion of its support base since 2004 or whether the decline will continue. The Democratic Alliance (DA, the official opposition) will hope to build on its increased 22.2% share of the vote in the 2014 general election and gain control of additional municipalities. The DA's first black leader, Mmusi Maimane, may help to spread the party's appeal beyond minority groups to the majority black electorate. Julius Malema's radical Economic Freedom Fighters, which took 6.4% of the vote in 2014, will contest the municipal polls for the first time. It seems likely that ANC support will dip below 60% in 2016, although the party's main concern is the possible loss of another major metropolitan area to the DA (which already controls Cape Town). Such an outcome would put further pressure on the ANC and Mr Zuma.

INTERNATIONAL RELATIONS: South Africa, with the most advanced economy in Africa, will continue to play an important role in regional and world affairs. The country will remain deeply engaged with Africa, particularly Southern Africa, and will continue to support peacekeeping operations in the continent's conflict zones. Alongside fellow members of the Southern African Development Community, South Africa will also seek to build closer "South-South" ties, especially with China, India and Brazil, as well as with other African trade blocs. South Africa will also prioritise the maintenance of close relations with the EU and the US. The government's refusal in June to comply with a High

Court ruling--and an International Criminal Court requirement--to arrest Sudan's president, Omar al-Bashir, who was attending an African Union summit, could jeopardise South Africa's aim of gaining a permanent African presence on the UN Security Council.

	2013		2014				2015	
	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr
General government finance (R m)								
Revenue	212,19	242,764	255,774	233,807	228,545	264,593	284,168	247,38
Expenditure	276,692	267,321	282,428	258,818	305,911	285,035	303,561	279,513
Balance Output	-64,502	-24,557	-26,654	-25,011	-77,366	-20,442	-19,393	-32,133
GDP at constant 2000 prices (R bn)	2,965.2	3,002.2	2,990.5	2,994.1	3,009.5	3,040.3	3,050.3	3,040.6
Manufacturing index(2000=100)^a								
Durable goods	102.6	107.5	106.2	106.8	102.2	104.7	105.7	104.1
Non-durable goods	107.9	107.5	107.0	107.9	106.9	109.6	108.2	107.0
Employment & Employment private (2000=100)								
Mining	101.5	99.9	98.4	98.3	99.7	98.4	97.8	n/a
Manufacturing	99.1	99.6	98.6	97.6	96.8	96.9	97.3	n/a
Construction	124.4	122.3	122.9	123.4	121.5	119.7	119.4	n/a
Consumer prices (2008=100)	104.1	105.4	107.3	109.2	110.7	111.3	111.8	114.1
Consumer prices (% change year on year)	6.3	5.4	5.9	6.6	6.3	5.7	4.1	4.5
Production prices (2000=100)	120.8	122.3	125.6	128.7	129.7	130.1	129.5	133.1
Production prices (% change year on year)	6.7	6.2	7.6	8.5	7.3	6.3	3.1	3.4
Financial indicators								
Exchange rate R:US$ (av)	10.0	10.2	10.9	10.5	10.8	11.2	11.7	12.1
Exchange rate R:US$ (end-period)	10.0	10.5	10.5	10.6	11.3	11.5	12.1	12.1
Deposit rate (av; %)	5.2	5.2	5.5	5.6	6.0	6.1	6.1	6.1
Lending rate (av; %)	8.5	8.5	9.0	9.0	9.3	9.3	9.3	9.3
3-month money market rate (av; %)	4.8	4.8	5.2	5.4	5.6	5.7	5.7	5.7
Long-term government bond yield (av; %)	8.2	8.1	8.6	8.3	8.2	7.9	7.6	8.1
M2 (end-period; R bn)	2,011	2,05	2,108	2,117	2,216	2,226	2,271	2,31
M2 (% change year on year)	9.8	9.7	10.9	9.7	10.2	8.6	7.7	9.1
JSE all items (Dec 1960=100)	42,518	45,583	46,744	49,816	50,564	49,802	52,264	52,839
JSE all items (% change year on year)	-0.5	-3.4	2.4	16.5	5.7	-0.8	-3.0	-7.2
Gold mining share prices (2000=100)	47.4	44.9	52.5	55.0	54.8	41.2	51.7	44.5
Gold mining share prices (% change year on year)	-49,1	-51	-33,9	0,6	15,7	-8,1	-1,6	-19,1
Sectoral trends(2000=100)^a								
Gold mining (volume of production)	86.9	84.4	81.5	80.6	79.1	79.8	73.9	76.5
Other mining (volume of production)	104.0	106.9	99.4	101.1	103.5	107.1	112.3	109.2
Retail sales volume	102.9	103.7	103.8	104.1	105.2	105.8	107.0	107.4
Foreign trade (US$ m)								
Exports fob	24,343	24,273	22,101	22,319	23,463	23,207	19,936	21,835
Imports cif	-27,22	-25,15	-24,703	-24,254	-25,95	-25,059	-22,787	-21,097
Trade balance	-2,878	-877	-2,602	-1,935	-2,488	-1,851	-2,851	738
Foreign payments (US$ m)								
Merchandise trade balance	-2,632	-707	-2,25	-1,675	-2,09	-355	-2,022	n/a
Services balance	-433	-50	-37	-338	-101	271	161	n/a
Primary income balance	-2,821	-2,105	-1,679	-1,972	-2,89	-2,795	-1,652	n/a
Net transfer payments	-820	-613	-645	-872	-835	-824	-718	n/a
Current-account balance	-6,705	-3,474	-4,611	-4,857	-5,916	-3,703	-4,231	n/a
Reserves excl gold (end-period)[a] Seasonally	44,731	44,864	44,347	43,479	44,267	44,267	41,657	42,112

Sources: South African Reserve Bank

(c) The Economist Intelligence Unit 2015

POLICY TRENDS: The key task facing policymakers will be to facilitate growth while avoiding macroeconomic imbalances. The authorities will employ a fiscal stimulus and targeted industrial incentives to boost activity and employment, but will also need to keep spending in check to guard against the loss of South Africa's investment-grade credit rating. The main medium-term challenge is to overcome structural constraints such as inadequate infrastructure and skills shortages, which are preventing South Africa from growing more quickly. The long-term National Development Plan and a medium-term strategic framework (covering 2014-19) provide a platform for tackling structural problems, although opposition from trade unions and their left-leaning allies poses a threat to implementation. The expected completion of major infrastructure projects will boost business activity later in the forecast period, but costlier electricity tariffs will pose a challenge.

ECONOMIC GROWTH: Based on data for the first half of 2015 and trends to date in the second half, The Economist Intelligence Unit continues to expect subdued real GDP growth of just 1.8% in 2015, while risks remain primarily on the downside. Growth constraints include serious power shortages, declining demand and prices for key mineral exports, rising interest rates, a downturn in tourism (because of stringent new visa regulations), weak job creation and policy uncertainty. In view of enduring power shortages and global uncertainties, growth will remain subdued in 2016 at 2.2%, although we still expect a modest uptick to 3.3% a year on average in 2017-19. Apart from delays in installing new electricity capacity, the unimpressive growth outlook also reflects sluggish private investment (because of strike threats and policy uncertainty), fiscal consolidation and progressively tighter money (in line with expected global trends). Structural constraints such as skills shortages, high employment and inefficient parastatals will also weigh on economic activity.

Growth will quicken to 3.2% in 2017, underpinned by a more substantial improvement in power supplies and by small rises in job creation and real wages, which will underpin the expansion of the black middle classes and spur consumer outlays on goods and services. The rate of expansion will ease in 2018 (to 3%) because of heightened political and policy uncertainty ahead of the 2019 election, before picking up in 2019 to 3.6% following the completion of key infrastructure projects, including new transport networks and power stations, which will boost energy-intensive sectors. A negative external balance will continue to weigh on economic growth throughout the forecast period.

INFLATION: We forecast that average annual inflation will remain within the 3-6% target range, set by the South African Reserve Bank (SARB, the central bank), during the forecast period--despite possible temporary breaches--helped by prudent monetary policy and a slower pace of rand depreciation in 2016-19. Lower oil prices will dampen inflation in 2015, although higher food prices, because of low rainfall, will offset some of the benefits, as will steep hikes in both electricity tariffs and fuel levies. We currently forecast that average annual inflation will dip to 4.8% in 2015 (from 6.1% in 2014), mainly because of cheaper oil. The main sources of inflation in 2016-19 will be double-digit

annual increments in power costs, alongside a gradual recovery in oil prices, which will feed through into other price categories. Higher real wages, driven in part by labour militancy, may also be inflationary. However, the expected phased tightening of monetary policy during the forecast period, alongside efficiency gains arising from infrastructure investment and stricter competition policy, will help to keep average annual inflation within the 5-6% range in 2016-19, thereby meeting the SARB's target.

EXCHANGE RATES: The rand fell to a new monthly low of R13.61:US$1 in September, 24.3% weaker year on year (and 5.4% weaker month on month). The currency slid to a record daily low of R14.01:US$1 on September 29th but rebounded steadily to R13.29:US$1 on October 12th. This underlines the rand's volatility and the difficulty of predicting short-term trends. Current rand weakness mainly reflects global factors such as the strength of the US dollar, expectations of tighter US monetary policy, uncertainties in the euro zone and slower growth in China. All emerging markets are vulnerable, especially commodity-based economies such as South Africa. Depreciation also has a domestic component linked to slow GDP growth, a large current-account deficit (accompanied by heavy reliance on foreign portfolio investment), power shortages and the high risk of strikes. The pace of rand depreciation is likely to ease in the fourth quarter, helped by monetary tightening, provided global uncertainties diminish rather than intensify. We are, nonetheless, revising our rand forecast for 2015 slightly downwards to R12.63:US$1 (from R12.58:US$1), although are keeping our projections for 2016 (R13.95:US$1) through to 2019 (R16.25:US$1) unchanged. The rand's annual rate of decline will gradually diminish during the outlook period, barring exogenous shocks or unwelcome policy shifts.

EXTERNAL SECTOR: A marked decline in the merchandise trade deficit in the first half of 2015 (according to provisional data) suggests that the current-account deficit will narrow more quickly in 2015 than we previously expected. We now forecast that the current-account shortfall will ease to 3.8% of GDP in 2015, helped by improved export competitiveness and a fresh fall in world oil prices. Nonetheless, exports remain at risk from possible strikes in the key mining sector (which accounts for more than 50% of earnings) and from global fragility. We forecast that exports and imports will both grow at a moderate pace in 2016-19; the merchandise trade deficit will continue shrinking in 2015-16 before widening again in 2017-19, as imports and oil prices rise. Capital equipment for infrastructure projects will underpin import demand, although consequent improvements in logistics capacity and power supplies will facilitate exports. *(Economist Intelligence Unit)*

ANGOLA - IMF Executive Board Concludes 2015 Article IV Consultation with Angola

Context and outlook: Angola’s macroeconomic environment is challenging. The oil price shock has significantly reduced fiscal revenue and exports, bringing to the forefront the need to address more forcefully vulnerabilities and diversify the economy, and better manage oil revenue volatility. The authorities have taken important policy steps to mitigate the impact of the shock: the revised budget for 2015 envisages a significant improvement in the non-oil primary balance, mainly through spending cuts; and the kwanza is being devalued, with international reserves being used to smooth the depreciation. But additional policy adjustments will be needed as the economy adjusts to what appears to be permanently lower oil revenues.

Focus of consultation: Discussions focused on policies to help achieve an orderly fiscal consolidation while protecting the poor; address lingering imbalances in the foreign exchange market while maintaining price stability; preserve financial stability; and support economic diversification and inclusive growth.

Key policy recommendations:

- Implement an orderly fiscal adjustment to avoid domestic payments arrears whilestriking a better balance between current and capital spending rationalization.
- Mobilize additional non-oil taxes, improve the efficiency of public spending andexpenditure controls, and continue reducing fuel subsidies, while mitigating theimpact on the poor through well-targeted social assistance.
- Adopt an improved medium-term fiscal framework, focusing on spending rules anda properly designed fiscal stabilization fund, to reduce spending pro-cyclicality andsafeguard debt sustainability.
- Continue adjusting the exchange rate supported by tight monetary policy to addressimbalances in the foreign exchange market while containing the impact on inflation.
- Strengthen the role of monetary aggregates in the monetary policy framework whileimproving inflation forecasting and liquidity management.
- Increase financial sector resilience by further strengthening bank supervision andresolution frameworks, and accelerate plans to restructure weaker banks.
- Promote economic diversification by improving the business environment andcompetitiveness, and by strengthening the role of the private sector in rebuildinginfrastructure through concessions and public-private partnerships.

Angola: Main Economic Indicators, 2009-2016

	2009	2010	2011	2012	2013	2014	2015	2016
						Prel.	Projections	
Real economy (percent change, except where noted)								
Real gross domestic product	2.4	3.4	3.9	5.2	6.8	4.8	3.5	3.5
Oil sector	-5.1	-3.0	-5.4	4.5	-1.1	-2.6	6.8	3.9
Non-oil sector	8.1	7.6	9.5	5.5	10.9	8.2	2.1	3.4
Nominal gross domestic product	-5.2	26.6	29.0	12.6	8.8	6.1	-3.8	19.9
Oil sector	-25.4	27.6	36.7	8.4	-3.3	-6.9	-31.5	28.6
Non-oil sector	21.1	25.7	22.8	16.4	19.0	14.9	11.5	16.9
GDP deflator	-7.4	22.4	24.2	7.1	1.9	1.2	-7.1	15.8
Non-oil GDP deflator	12.1	16.8	12.2	10.3	7.4	6.2	9.2	13.1
Consumer prices (annual average)	13.7	14.5	13.5	10.3	8.8	7.3	10.3	14.2
Consumer prices (end of period)	14.0	15.3	11.4	9.0	7.7	7.5	13.9	13.0
Gross domestic product (billions of kwanzas)	5,989	7,580	9,780	11,011	11,985	12,713	12,227	14,658
Oil gross domestic product (billions of kwanzas)	2,662	3,396	4,641	5,030	4,864	4,531	3,104	3,994
Non-oil gross domestic product (billions of kwanzas)	3,327	4,184	5,139	5,982	7,121	8,182	9,123	10,665
Gross domestic product (billions of U.S. dollars)	75.5	82.5	104.1	115.3	124.2	129.3	102.0	98.8
Gross domestic product per capita (U.S. dollars)	3,589	3,807	4,666	5,018	5,245	5,304	4,062	3,820
Central government (percent of GDP)								
Total revenue	34.6	43.5	48.8	45.9	40.5	34.6	27.4	27.6
Of which: Oil-related	24.2	33.0	39.0	37.3	30.3	23.4	14.6	15.6
Of which: Non-oil tax	9.0	7.8	7.3	6.6	8.1	8.9	10.4	10.1
Total expenditure	41.9	40.0	40.2	41.3	40.8	41.1	30.9	29.0
Current expenditure	29.5	28.6	30.0	29.0	28.7	28.8	24.1	21.5
Capital expenditure	12.4	11.4	10.2	12.3	12.1	12.2	6.8	7.5
Overall fiscal balance	-7.4	3.4	8.7	4.6	-0.3	-6.4	-3.5	-1.4
Non-oil primary fiscal balance	-29.8	-26.2	-26.9	-29.2	-28.4	-27.5	-15.8	-14.3
Non-oil primary fiscal balance (Percent of non-oil GDP)	-53.7	-47.4	-51.1	-53.7	-47.7	-42.8	-21.2	-19.7
Money and credit (end of period, percent change)								
Broad money (M2)	30.0	11.0	35.7	7.9	14.2	16.1	14.4	14.6
Percent of GDP	42.5	35.3	37.6	35.0	36.7	40.2	47.8	45.7
Velocity (GDP/M2)	2.5	2.9	2.7	2.9	2.7	2.5	2.1	2.2
Velocity (non-oil GDP/M2)	1.4	1.6	1.4	1.6	1.6	1.6	1.6	1.6
Credit to the private sector (12-month percent change)	60.5	19.2	28.8	24.2	15.0	1.1	2.9	22.2
Balance of payments								
Trade balance (percent of GDP)	24.1	41.1	45.2	41.1	33.7	23.6	15.7	17.5
Exports of goods, f.o.b. (percent of GDP)	54.1	61.3	64.6	61.6	55.0	45.8	36.3	39.0
Of which: Oil and gas exports (percent of GDP)	52.7	59.8	63.0	60.4	53.9	44.6	34.7	37.2
Imports of goods, f.o.b. (percent of GDP)	30.0	20.2	19.4	20.6	21.2	22.1	20.6	21.4
Terms of trade (percent change)	-27.3	19.2	24.1	5.8	-1.7	-8.2	-40.3	0.7
Current account balance (percent of GDP)	-10.0	9.1	12.6	12.0	6.7	-1.5	-7.6	-5.6
Gross international reserves (end of period, millions of U.S. dollars)	13,679	19,679	27,517	32,156	32,231	27,795	22,275	18,618
Gross international reserves (months of next year's imports)	4.6	5.4	7.2	7.8	7.5	8.6	7.1	5.7
Net international reserves (end of period, millions of U.S. dollars)	13,679	18,797	26,323	30,828	31,172	27,276	22,062	18,546
Exchange rate								
Official exchange rate (average, kwanzas per U.S. dollar)	79.3	91.9	93.9	95.5	96.5	98.3	…	…
Official exchange rate (end of period, kwanzas per U.S. dollar)	89.4	92.6	95.3	95.8	97.6	102.9	…	…
Debt (percent of GDP)								
Total public sector debt (gross)	49.9	38.8	31.4	28.7	36.2	42.2	57.4	53.0
Oil								
Oil production (millions of barrels per day)	1.809	1.758	1.660	1.730	1.716	1.672	1.785	1.850
Oil and gas exports (billions of U.S. dollars)	39.8	49.4	65.6	69.7	66.9	57.6	35.4	36.8
Angola oil price (average, U.S. dollars per barrel)	60.8	76.5	108.7	110.9	107.3	100.7	53.0	53.0
Brent oil price (average, U.S. dollars per barrel)[1]	61.9	79.6	111.0	112.0	108.8	98.9	53.4	53.0
WEO oil price (average, U.S. dollars per barrel)[1]	61.8	79.0	104.0	105.0	104.1	96.2	51.6	50.4

Sources: Angolan authorities; and IMF staff estimates and projections.
[1] WEO baseline assumptions of August 25, 2015.

SOVEREIGN RATINGS

Eurozone

09-11-2015	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	BB-	B+	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AAA	NR	A-1+	F1+
France	Aa2	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	CCC+	CCC	NP	C	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
Lithuania	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	BB+u	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

09-11-2015	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	Baa3	BB+	BBB-	NR	B	F3
Canada	Aaa	AAA	AAA	NR	A-1+	F1+
China	Aa3	AA-	A+	NR	A-1+	F1
Colombia	Baa2	BBB	BBB	NR	A-2	F2
Cuba	Caa2	NR	NR	NR	NR	NR
Hong Kong	Aa1	AAA	AA+	NR	A-1+	F1+
India	Baa3	BBB-u	BBB-	NR	A-3u	F3
Japan	A1	A+u	A	NR	A-1u	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-2	F3
Venezuela	Caa3	CCC	CCC	NR	C	C
United States	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Region - Africa/Middle East

09-11-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	B+	B+	NR	B	B
Bahrain	Baa3	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	B3	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+	B+	NR	B	B
Ghana	B3	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Iraq	Caa1	B-	B-	NR	B	B
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	Ba3	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	B2	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	B2	B	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	Aa3	A+	AA	NR	A-1	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	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 designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, and are commonly referred to as "junk bonds".

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

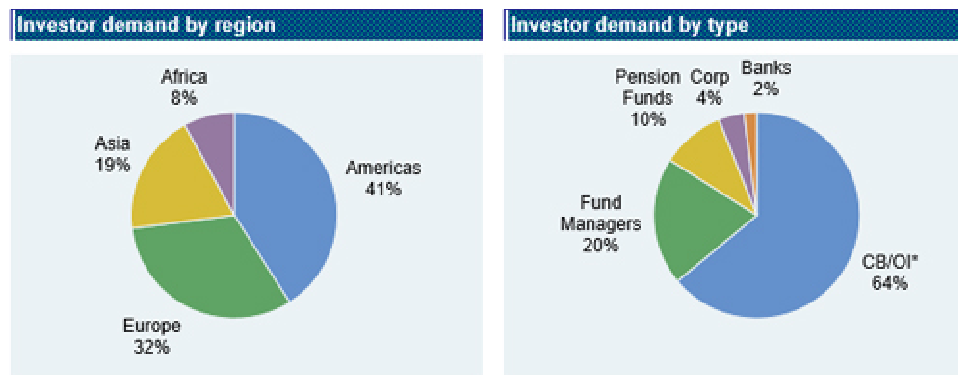
AfDB issues 0.75% US$ 1 billion global benchmark due 3 November 2017

On Tuesday, October 27, 2015, the African Development Bank (AfDB) successfully launched and priced a new 1 billion 2-year US dollar global benchmark due November 3, 2017. This is the AfDB's second US dollar global benchmark of the year following a successful 5-year benchmark transaction executed in February, and its first 2-year global benchmark since 2009.

The 2-year benchmark transaction was announced on Monday, October 26th at 1:30 p.m. London time with initial pricing thoughts in the area of mid-swaps +12 basis points area.

The order book was extremely robust with indications of interest from investors in excess of US$ 1.9 billion before the transaction officially opened. This represented a very positive sign given the recent volatility and uncertainty affecting global capital markets. As a result of the high quality of the order book and the fact this transaction was limited in size to US$1 billion, a rare 2 basis point tightening from initial pricing thoughts was called for and order books opened at mid-swaps plus 10 area on Tuesday, October 27th, 2015 at 8:15 a.m. London time.

With positive feedback from investors, the size of the order book continued to grow after the official open. The order book was closed at 9:45 a.m. London time after only 90 minutes of book-building, capturing orders in excess of US$ 2.1 billion. The transaction was priced at 4:45 p.m. London time on Tuesday October 27th at a spread of mid-swaps plus 9 basis points. This was equivalent to 20.95 basis points over the 0.625% UST due September 2017.
Demand was driven by high quality accounts as the 64% participation from central banks and official institutions demonstrates. The remainder was split between fund managers (20%), pension funds (10%) and banks and corporates (6%).
Geographically, demand was well diversified across the globe with the Americas taking 41%, Europe 32%, Asia 19% and Africa 8%.



The joint lead managers on the transaction were Bank of America Merrill Lynch, Goldman Sachs, J.P. Morgan and Societe Generale. The AfDB is rated triple-A by all major credit rating agencies including Fitch, Japan Credit Rating Agency, Moody's, and Standard & Poor's. The new 2-year US$ 1 billion global benchmark transaction demonstrates the loyal following the Bank benefits from in the international capital markets.

African Development Bank provides US $5 million to Malawi for an Integrated Urban Water and Sanitation Project in Mzimba

The Board of Directors of the African Development Fund (ADF), the concessionary arm of the African Development Bank (AfDB) Group, on Friday, October 23, 2015 approved an African Development Fund loan of US $5.0 million to Malawi for a water and sanitation project in the town of Mzimba.
The four year project, co-financed with the OPEC Fund for International Development (OFID), will contribute to socio-economic growth in Mzimba Town by increasing the capacity of its water supply system to provide adequate clean water and improved sanitation for growing numbers of people and new demands. The town's current ageing water supply system, with a capacity of 1,500m^3/day, is severely stretched. There are considerable water losses due to dilapidated pipes, and inadequate service reservoirs, unable to meet today's demands for 2,600m^3/day of water to city residents. Consequently, consumers only have access to water services between 6 and 12 hours per day, and the coverage area is only 65%. The investment comes at a time when the Government of Malawi is planning to build a new university in Mzimba Town which will attract students and staff from across and outside the country. In addition to a further rise in population, the university is expected to stimulate socio-economic development of the region. The AfDB supported project will assist Mzimba Town Council in preparing its Sanitation and Hygiene Investment Plan and Strategy, in order to comprehensively address its sanitation and hygiene challenges. It will also provide valuable river flow data from newly installed gauging stations on the Mzimba River, in support of a Government project to build a dam. Mohamed El Azizi, AfDB Director of the Water and Sanitation Department, said, "The AfDB is an active partner to the Government of Malawi in both urban and rural water and sanitation programs and deploys a lessons-learnt approach to improving institutional capacity for sustainable development of the sector."

AfDB grants credit line of US$325 million to Angolan bank BPC

The African Development Bank Group (AfDB) announced it would grant a credit line of US$325 million to Banco de Poupança e Crédito (BPC) to support the development plan of the Angolan bank, said in Luanda the director of the Financial Sector Development Department of the African Development Bank (OFSD), Stefan Nalletamby. Nalletamby, cited by Angolan state daily newspaper Jornal de Angola, said that the credit line was intended to help the BPC to expand its loan portfolio by US$800 million over the next five to seven years. "With this loan, Banco de Poupança e Crédito could support 94 % of medium-sized and some large companies working in priority sectors such as water, agriculture and industry," the newspaper reported. The BPC, one of the leading commercial banks in Angola with a network of 360 agencies, is ranked second in the country by share of the loan market and third by assets. *(Macauhub)*

IMF Holds Discussions on the 5th Review under the PSI, on a New SCF Arrangement, and on the 2015 Article IV Consultation with Mozambique - Press Release No. 15/488 - October 29, 2015

A staff team from the International Monetary Fund, led by Michel Lazare, visited Mozambique during October 14-28, 2015 to complete discussions towards the completion of the fifth review under the three-year Policy Support Instrument

(PSI) approved in June 2013 and under the 2015 Article IV Consultation, and reach understandings on a new program to be supported under the IMF's Stand-by Credit Facility (SCF).

The team met with Prime Minister Carlos Agostinho do Rosario, Economy and Finance Minister Adriano Maleiane, Bank of Mozambique Governor Ernesto Gove, and other sectoral ministers, senior government officials, the private sector, civil society, and development partners.

At the conclusion of the visit, Mr. Lazare issued the following statement:

"The Mozambican authorities and the IMF team completed the Article IV Consultation discussions and reached a staff-level agreement for completing the fifth review under the PSI-supported program. In addition, they have reached a staff-level agreement on an 18-month economic framework through 2017 that could be supported with SDR 204.48 million (about US$286 million) under the IMF's SCF, subject to approval by IMF management and the Executive Board. The Executive Board meeting is tentatively scheduled for mid-December 2015.

"Economic activity in 2015 has remained solid, though new challenges have emerged and require decisive policy action. In the mission's views, growth will reach 6.3 % in 2015 and is projected to accelerate slightly to 6.5 % in 2016. Inflation is currently still low at about 2 %, but is expected to increase towards 5-6 % over the next few months due to the recent depreciation of the metical, and required adjustments in administered prices. Over the medium term (2017-20), growth could average 8 % owing to positive prospects of massive investments in extractive industries, especially liquefied natural gas.

"While medium-term prospects remain positive, short-term challenges have become more complex. As other countries in the region, Mozambique is currently experiencing an external shock associated with the drop in commodity prices, lower growth in trading partners, and delays in investment associated with large natural resource projects. Excessively expansionary policies in 2014 (especially on the fiscal side) also contributed to the current difficulties the country is facing. Imports have continued to grow at a fast pace at 17 % year-on-year, while exports have stagnated. Capital inflows have also declined substantially compared to a year ago. This has created pressures in the foreign exchange market and has caused a sharp decline in international reserves and a depreciation of the metical.

"Against this backdrop, performance in implementing the IMF-supported PSI program was mixed. While some end-June 2015 quantitative program targets were met, 3 assessment criteria and one indicative quantitative target were missed. The same criteria and target were also missed at the end of September 2015. Delays were also incurred in the implementation of a number of structural reforms supported under the PSI.

"Subject to approval by the IMF management and the Executive Board, the team and the authorities agreed on a strong corrective policy package to put the program back on track and manage the above mentioned shocks to the balance of payments. This policy package would involve further fiscal consolidation in 2016 to continue to preserve debt sustainability and contribute to the needed external adjustment. Monetary policy tightening and substantial moderation in credit expansion is also required. The team commended the Bank of Mozambique for the recent decision to tighten monetary policy and recommended a continuation of the tightening cycle. In addition, efforts to reduce the current fragmentation of the foreign exchange market are necessary to generate greater incentives for banks to mobilize foreign exchange from their depositors. The team also discussed a range of structural reforms to help manage fiscal risks, eliminate arrears on VAT refunds, make public spending more efficient and transparent, and support more inclusive growth, including through greater financial deepening. "The team believes that the authorities' economic program, together with the agreed policy package, is strong and adequate to respond to the temporary external shocks that the Mozambique economy is going through at the moment. "We would like to thank the authorities for the constructive policy discussions and warm hospitality."

Ethiopia exceeds Sub-Saharan average in several areas of doing business, despite challenges

A new World Bank Group report finds that, compared to other economies in Sub-Saharan Africa, Ethiopia offers an enabling regulatory environment in several areas of doing business.

Doing Business 2016: Measuring Regulatory Quality and Efficiency finds that Ethiopia does relatively well on the indicators related to Dealing with Construction Permits and Enforcing Contracts. However, challenges remain in other areas such as business incorporation and access to finance.

The report shows that Ethiopia is among the best performers in the region on Enforcing Contracts, with a global ranking of 84 and 7th in the region. This is due, in part, to past efforts to ease the process of contract enforcement which has resulted in considerable time gains. For example, over a decade ago, it took an entrepreneur in Addis Ababa 690 days to resolve a commercial dispute. It takes only 530 days – less time than in Canada.

In the area of Dealing with Construction Permits, Ethiopia ranks 73 worldwide. In fact, the time to build a warehouse in Ethiopia is 129 days – compared to 152 days on average in the high-income Organization for Economic Cooperation and Development (OECD) economies.

This year's Doing Business report completes a two-year effort to expand benchmarks that measure the quality of regulation, as well as the efficiency of the business regulatory framework, in order to better capture realities on the ground. On the five indicators that saw changes in this report - Dealing with Construction Permits, Getting Electricity, Enforcing Contracts, Registering Property and Trading Across Borders – Ethiopia has substantial room for improvement. For instance, in addition to the steps, time and cost to get connected to the grid, the Getting Electricity

indicator assesses power outages through the Quality of supply and transparency of tariffs index. On this metric, Ethiopia underperforms. Similarly, on Registering Property, Ethiopia can improve when it comes to the quality of the land administration system; its reliability, transparency and geographic coverage "Ethiopia has made some progress in several key areas of business regulation in the past decade," said Qaiser Khan, Acting World Bank Country Manager for Ethiopia. "For instance, 12 years ago it took a local entrepreneur 47 days to start a business in Addis Ababa. Now, it takes only 19 days. Yet, the regulatory burdens of cost, procedures and paid in minimum capital requirements surpass the regional average, which means there is still work to be done."
Since 2004, Ethiopia has implemented a total of seven reforms easing business regulation – which is a slower pace than the regional average. Moreover, in the past year, no reforms were recorded in Ethiopia while 74 % of Sub-Saharan economies made business easier in at least one of the areas measured by Doing Business.
Ethiopia's ease of doing business ranking this year is 146, a modest improvement over the 2015 ranking of 148. The full report and accompanying datasets are available at http://www.doingbusiness.org/ *(World Bank)*

Dakar: Improving Revenue for Better Urban Management

- The capital of Senegal faces steep challenges regarding the collection of tax revenue and the management of fiscal resources.
- With the help of the World Bank and the Public-Private Infrastructure Advisory Facility, the city is evaluating their needs through a series of studies and creating an action plan to reform the tax system.
- In order to include the participation of all stakeholders, a consultation framework needs to be put in place that will coordinate the actions of all the key actors in the fiscal chain.

DAKAR, October 29, 2015 — Local finances are currently at the heart of several new urban and local governance projects, and their strategic management plays a decisive role in the long-term viability of local services and infrastructure. In light of budget constraints and the global economic and fiscal crisis, managing the finances of this coastal capital is crucial and will require innovative solutions on the part of the city's government to mobilize and utilize their financial resources in the most efficient manner.
Despite a real potential, the city of Dakar lacks in resources and faces difficulties to mobilize its existing revenue. To address these challenges, the city has recently started to seek other sources of funding and attempted to connect to regional capital markets to finance new urban infrastructure. However, a sound and transparent management of its revenues is an essential requirement to Dakar's future success, and would contribute to improve the city's creditworthiness.

Forging an Urban Revenue Improvement Strategy

Following a request from the city of Dakar, the World Bank and the Public-Private Infrastructure Advisory Facility (PPIAF) are accompanying the city in improving its revenue strategy and developing an action plan for more transparent and efficient management of Dakar's revenues. After many discussions, the involved parties agreed that the strategy would be executed in three stages: a launch workshop, specific studies on the themes identified during the inception workshop, and an action plan to implement proposed recommendations.
The launch workshop, which took place in September 2013, brought together for the first time in many years all the stakeholders that are involved in Dakar's revenue strategies. It became clear that Dakar faces many of the same problems regarding general and municipal taxes (or tax systems) as other African capitals. They are confronted with difficulties identifying taxpayers, have incorrect tax bases or duplications, experience delays in issuance of key tasks, lack the means to recover from financial strains, or are weak in establishing means of enforcement.
"We are aware of issues with tax expenditures, namely the cost of exemptions, deductions, and tax loss. The losses from allowances that benefit those who are subject to land tax remain quite significant," noted Mr. Mamadou Gniang, the General Inspector of Taxes and Domains.
The objective of the workshop was to go beyond listing all the shortcomings and malfunctions of the revenue recovery system and develop a real action plan. Part of the workshop consisted of reviewing a series of studies that evaluated the most blatant shortcomings and proposed several recommendations. The statistical studyshowed that there are still efforts needed with regards to identifying the tax base and assessing tax expenditures, while a market revenue study revealed the need to better identify local markets, increase very low tax rates, enforce contracts and implement an effective management system with daily targets that are reviewed by tax collectors. The advertisement tax study confirmed the urgency to update tariffs legislation in order to escape litigation risks. A study conducted on tax planning proposed to introduce a legislation setting new tax rates as well as terms of assessment and tax collection.
In addition to these studies, a parking tax study reiterated the need for a new way of structuring the parking tax, a digital technology study revealed an urgent need for a software interface that improves coordination between the administrative interfaces, and a land registry and street addressing study proposed to resume the fiscal cadaster, given that it can effectively combine the cadastral tasks and the tax tasks with the tax centers. "How can we find taxpayers when their address is as incomplete as 'Mr. Diouf in the Almadies'? Street addresses are the basis for all identification!" exclaimed an officer at the municipal tax collection office.

Lastly, one of the main recommendations of this series of studies was the creation and implementation of a local tax monitoring committee. This committee would provide key players in the fiscal chain with a platform to more effectively coordinate their actions.
The process of improving tax revenues in the city of Dakar is without a doubt a complex endeavor given the multiplicity of tax revenues and the high number of various taxes and fees currently distributed differently among the different municipalities that make up Dakar. Furthermore, the participation of all the stakeholders is very important when it comes to reform and decision-making, hence the need to create a consultation framework in which to coordinate actions of all the key actors in the fiscal chain. *(World Bank)*

INVESTMENTS

US FORGES NEW LINKS WITH AFRICA

The US Chamber of Commerce is forming a new business partnership with West Africa in order to strengthen trade and investment ties. The alliance links the Chamber with the 15 nation Economic Community of West African States (ECOWAS), creating the US–ECOWAS Business Initiative (USEBI) – the first effort of its kind in the region.
USEBI consists of US and West African companies working to increase twoway trade, by removing or reducing commercial barriers, and by fostering a better understanding of their respective investment climates. The initiative will focus on advocating for trade agreements, removing obstacles to trade and investment opportunities, launching policy driven initiatives to promote bilateral trade and foreign direct investment, and strengthening USECOWAS cooperation on energy. It intends to facilitate trade, supply chain and transportation development and grow the manufacturing base. Another aim is to bring more stability to the region. Scott Eisner, vice president of African affairs at the US Chamber, said, "Improved connectivity and infrastructure amongst African countries – superior rail, air, and water transportation systems – will set the stage for US businesses to engage in key sectors that will drive economic growth in those countries in a mutually beneficial manner." *(African Business)*

GERMANY FINANCES E AFRICAN INTEGRATION

Germany has committed €37m ($42m) in grants to the East African Community (EAC) for 2016–2018 to support the regional integration process.

- €10m in financial assistance will be invested in the establishment of a regional network of reference laboratories for communicable diseases.
- Another €10m will be used for the integrated water resource management of Lake Victoria, aiming at improving water provision and management of water resources.
- €17m in technical assistance was committed to further support the economic integration process, including a contribution to the EAC partnership fund.

Germany will support the EAC in promoting private investment especially in the pharmaceutical sector, including the establishment of a regional quality infrastructure for the pharmaceutical sector. *(African Business)*

Mozambique wants more investment from India

Mozambique's Investment Promotion Centre (CPI) believes that the Third Summit of the India-Africa Business Forum, which begins in New Delhi, will create more opportunities for greater Indian investment in Mozambique, thus consolidating its privileged position in the Mozambican market. Mozambique is taking part in the summit with a delegation led by the Prime Minister, Carlos Agostinho do Rosário. The Deputy Director-General of the CPI, Godinho Alves, told Mozambican news agency AIM that in the last six years India had become one of the top ten investors in Mozambique. The Asian country has invested US$6 billion in the oil sector in the Rovuma basin in northern Mozambique, which is expected to double over the next four years. Indian investment in Mozambique also extends to industry, agriculture, services, health, science and technology. Godinho Alves, who spoke to reporters said Mozambique plans to leverage the technological development of India in sectors such as agriculture, health and pharmacology. "Mozambique is positioning itself as the gateway to the Southern African region for investors worldwide, including India and at the same time, has been a preferred destination for entrepreneurs from various sectors," said the head of CPI . *(Macauhub)*

State-owned companies from China and Mozambique establish partnership

China Petroleum Engineering and Construction (CPECC) and ENH Logística (ENHL) of Mozambique have established a partnership to develop oil projects in Mozambique, according to Chinese state news agency Xinhua. The agency added that the partnership made up of subsidiaries of the China National Petroleum Corp and Mozambique's national oil and gas company ENH is the first ever established by state enterprises from China and Mozambique. The new company will, according to a statement issued by the Chinese company, provide services in the chemical and refinery areas of chemical as well as in research, engineering, storage and long distance supply, in the gas and oil sectors. The Director-General of CPECC, Hou Haojie said last week in Maputo that his company would take this opportunity to promote its skills in areas such as human resources, management and technology in Mozambique. The partnership's

leaders are also considering future involvement in existing oil and natural gas exploration projects in Mozambique. *(Macauhub)*

Trade between China and Portuguese-speaking countries shrinks 25.45 pct from January to September

Trade between China and Portuguese-speaking countries in the year to September continued on a downward trend, with a contraction of 25.45 % to US$76.477 million, according to official figures published in Macau.

From January to September 2014 the value of trade between China and the eight Portuguese-speaking countries amounted to US$102.587 billion. Trade recorded in the period under review resulted from Chinese exports of US$28.667 billion (-13.76 %) and Chinese imports worth US$47.809 billion (-31.06 %).

With Brazil, China's main trading partner globally, exchanges totalled US$55.608 billion (-18.51 %) and China exported goods worth US$21.968 billion (-14.51 %) and imported goods worth US$33.639 billion (-20.92 %). Angola comes second in terms of importance with trade worth US$15.564 billion (-44.93%), with Chinese exports worth US$2.938 billion (-24.34 %) and imports of UA$12.626 billion (-48.21 %).

Portugal comes a distant third with total two-way trade of US$3.382 billion (-6.39 %) as a result of Chinese exports worth US$1.195 billion (-5.89 %) and Portuguese exports worth US$1.187 billion (-7.3 %). Mozambique appears as usual in fourth place with trade worth US$1.789 billion (-23.18 %), a result of Chinese exports worth US$1.45 billion (+17.84 %) and Mozambican exports of US$338 million (-69.16 %).

China's trade with other Portuguese-speaking countries – Cabo Verde (Cape Verde), Guinea-Bissau, Timor-Leste (East Timor) and São Tomé and Príncipe – in the first nine months totalled US$133 million. In September, the value of China's trade with Portuguese-speaking countries fell 5.62 % to US$8.637 million, with Chinese exports amounting to US$2.820 billion (-7.63 %) and Chinese imports totalling US$5.817 billion (-4.61 %). *(Macauhub)*

European Union grants 210 million euros to support Angola

The European Union (EU) has granted 210 million euros to Angola aimed at cooperation and development programmes, announced the Angolan Embassy in Benelux. The funding is part of the new National Indicative Programme for Angola 2014-2020 (2014/2020 PIN) which falls under EU aid for cooperation and development provided under the European Development Fund. The programmes are designed in line with EU strategy and define the aid programme taking into account the national priorities of each of the partner countries, in areas where the EU aid brings added value. The supporting document of the EU to Angola was signed in Luxembourg by the Minister of Planning and Territorial Development and the National European Development Fund Officer (EDF) for Angola, Job Graça, and the European Commissioner for International Cooperation and Development, Neven Mimica. The overall amount of financial support for the 2014-2020 period from the EU to Africa, the Caribbean and Pacific (ACP), of which Angola is a member, is 31.589 billion euros. *(Macauhub)*

BANKING

Banks

Angola issues coins to commemorate 40th anniversary of independence

Angola will have two new coins with face values of 50 and 100 kwanzas commemorating 40th anniversary of the country's independence, said the National Bank of Angola in a statement. The coins will be added to the 2012 kwanza family, which include the 50 cent coin, 1 kwanza, 5 kwanzas, 10 kwanzas to 20 kwanzas, approved by Law 20/12, of 30 July.

The 50-kwanza coin is a metallic colour, semi-serrated, on the obverse reads República de Angola (Republic of Angola) and pictures the raising of the flag on 11 November 1975 by an adult and a child and a mast of the national flag with the inscription "40º Aniversário da Independência Nacional, 1975-2015″ (40th Anniversary of National Independence, 1975-2015).

The 100-kwanza coin is also one colour, coated in bronze and on the obverse reads República de Angola (Republic of Angola) and pictures the raising of the flag on 11 November 1975 by an adult and a child and a mast of the national flag with the inscription "40º Aniversário da Independência Nacional, 1975-2015″ (40th Anniversary of National Independence, 1975-2015). On the reverse, the two coins have their face value in the centre and the inscription "Kwanzas", basketry as a symbol of national culture and the year of issue "2015″ at the base. *(Macauhub)*

'RISE' WITH BARCLAYS AFRICA

Africa's innovators and startups will be able to scale their ideas in new markets with the launch of Rise, a physical and virtual global community that will facilitate collaboration and fintech innovation. Funded by Barclays, Rise will use technology that does not rely on physical infrastructure, particularly relevant in Africa. It will also provide an opportunity to leapfrog analogue infrastructure."The financial services industry is undergoing a paradigm shift and new tech startups are challenging traditional business models," Ashley Veasey, Chief Information Officer of Barclays Africa, says. "Advances in technology are enabling bright minds to develop solutions that compete with the best of those developed by big corporates." As well as the digital network, Rise has physical hubs in the UK and US, and is set to open one in Cape Town in December. This hub will be home to a number of open innovation programmes including

the 13week Barclays Accelerator mentoring programme, coworking facilities and events space. Rise initiatives are already under way in Africa – the Tech Lab Africa programme and the Barclays Africa Supply Chain Challenge. Applications are open for the Barclays Accelerator programme, powered by Techstars, providing new opportunities to companies interested in leveraging the Cape Town fintech community and the larger Barclays and Techstars ecosystems. *(African Business)*

DUBAI INCREASES FOOTPRINT IN EAST AFRICA

The Dubai Chamber of Commerce and Industry is launching an office in Maputo, adding to its existing African presence in Ethiopia and Ghana. The emirate is already involved in the country through Dubai based global port operator DP World, which manages the port in Maputo and Rani Investment, which has invested in real estate construction. The discovery of gas is expected to open up opportunities to invest in infrastructure. The Chamber is also considering setting up offices in other countries in the East African Community.

A study by the Dubai Chamber found large investment potential in Africa for Islamic finance, halal food and tourism. It has also developed the Africa Gateway Smart Application, a free app that aims to facilitate access to African investment opportunities. With growing global commercial interest in Africa, there is an opportunity for Dubai to position itself as a trade and business hub for international companies looking to access the region. According to global property consultancy Knight Frank's UAE Industrial and Logistics Research Report, Dubai is set to become Africa's staging post.

The report notes Dubai's ability to increase trade with Africa and be a point of entry to the continent's economy. Infrastructure and warehousing deficiencies in Africa can make it more effective for fast moving consumer goods businesses to operate from geographically close areas such as Dubai. Its airlines Emirates, flydubai and Etihad have increased flights over the last year into African destinations, creating fast growth in cargo and passenger traffic. *(African Business)*

Stanbic IBTC under fire for 'irregularities'

Standard Bank subsidiary Stanbic IBTC's quarterly financial statements due out this week will have to be signed off by other executives after the Nigerian Financial Reporting Council (FRC) barred its chairman and CEO from doing so. The regulator ordered Stanbic, in which Standard Bank holds a 53.25% stake, to withdraw and restate two sets of financial statements after a review uncovered what is said were a "raft of irregularities".

The review was prompted in part by minority shareholders. Two of these shareholders — Foco International and Bhagwan Mahtani — have brought a court case against Stanbic, seeking to restrain it from paying franchise fees to Standard Bank, according to Standard Bank spokesman Ross Linstrom. The regulator also withdrew the FRC registrations of Stanbic chairman Atedo Peterside and CEO Sola David-Borha, along with those of chief financial officer Arthur Oginga and audit committee chairman Daru Owei. Stanbic's external audit partner also saw his registration temporarily revoked. "The company has other persons that have FRC registrations to sign financial statements — such as the quarterly financials that are scheduled to be published this week — and so we do not anticipate delays ," said Mr Linstrom.

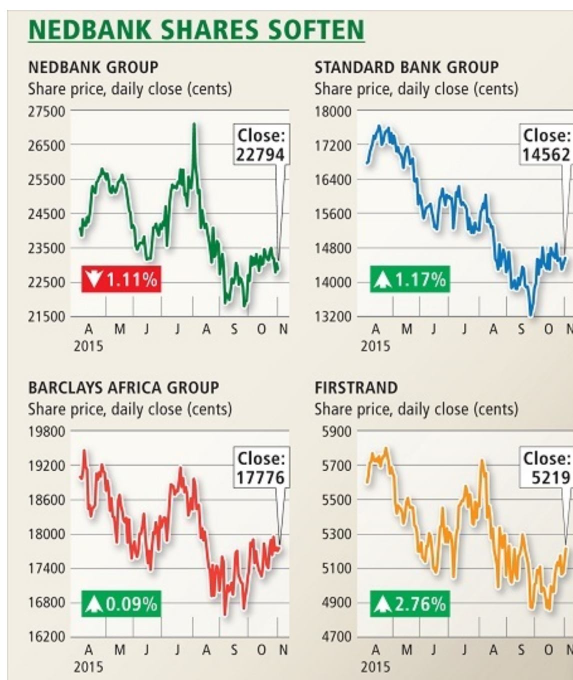
The council's investigation found that Stanbic's 2013 and 2014 annual financial statements required "material adjustments". These allegedly include the sale of software to parent Standard Bank for nearly R151.5m despite the National Office for Technology Acquisition and Promotion's (Notap's) refusal to authorise it, preferring that Stanbic licence the software in Nigeria. The council alleges Stanbic failed to record the sale, or any fee income from the software, in its books. But Ms David-Borha said Notap's decision did not nullify the sale agreement. "It merely means that any foreign currency payment due to the foreign counterparty under the unregistered agreement cannot be remitted," she said. Stanbic also allegedly failed to disclose 62-million naira (about R4.2m) in "other services" to auditors over the four years to 2014, raising questions about auditor independence for the regulator.*(BDLive)*

Ecobank funding costs clip Nedbank margins

Nedbank's acquisition last year of a 20% interest in pan-African financial services group Ecobank Transnational Incorporated, has seen margins shrink slightly at the bank because of funding costs even as it gave a boost to earnings. Nedbank, which released a third quarter trading update, said that its net interest margin, which is net interest income as a percentage of average total assets, shrank slightly to 3.32% in the nine months to September from 3.53% in the same period last year. It was lowered by changes in its asset mix, larger holdings of high-quality liquid assets, and higher funding costs, especially relating to its acquisition of a significant stake in Ecobank Transnational.

Momentum Wealth portfolio manager Wayne McCurrie said the trading update was a bit subdued despite management stating that the performance was "resilient". Nedbank CEO Mike Brown said the bank did not disclose Ecobank's funding costs in its quarterly updates, but placed these at R180m in the half-year to June. This had a seven basis point, or 0.07%, effect on the bank's margin for the first half.

The bank records income from Ecobank as associate income. It earned R246m from Ecobank in the first half. "The change in asset mix is a result of wholesale advances growing faster than retail advances, something that is evident across the whole industry in SA," said Mr Brown. "This is partly driven by the macro environment where retail



advances growth is muted, and partly driven by our portfolio tilt strategy, where we have been prudent in lending into the personal loans market and very successful in growing our wholesale advances book."

Wholesale lending includes the provision of banking services to large institutions. Nedbank expects wholesale credit growth to remain at current levels, even as impairments in the sector are likely to be affected by heightened volatility in SA and the rest of Africa. Rival Standard Bank does not release quarterly trading updates, but also saw its interest margin shrink slightly to 3.47% during the six months to June. Standard's margin was also lowered by high-quality liquid assets, a 28% growth in low-margin corporate and investment banking assets, and higher funding costs elsewhere in Africa, among other things.

Barclays Africa fared better, with British parent Barclays reporting a slight increase in the margin to 5.98% for its Africa banking operations, which include Zimbabwe and Egypt.

The two countries are not in Barclays Africa's portfolio, but in a regulatory announcement referring to the British parent's results, Barclays Africa said the increase in the margin reflected "higher interest rates in SA and Ghana, a greater proportion of lending from the rest of Africa and double-digit retail and business-banking deposit growth". FirstRand reports its interim results in December, so there are no comparable figures. Net interest income, Nedbank's main source of income, rose 3.7% to R17.7bn in the nine months to September, boosted by a 10.4% surge in interest-earning assets. The bank also benefited from strong growth in trading income growth, which rose 23.6% and partly contributed to a 7.6% rise in noninterest revenue to R15.6m. Nedbank's share fell 1.11% to close at R227.94, compared with an average rise of 1.34% across the big four South African banks. *(BDLive)*

Sale of Angolan interests yields Banco Santander Totta 39 million euros

The sale of its interest in Banco Caixa Geral Totta de Angola allowed Portugal's Banco Santander Totta to raise 39 million euros, the bank said in a statement announcing results of the first nine months of the year. "In the third quarter of 2015, Santander Totta has exercised the option to sell its stake in Partang (49 %), which in turn held a 51 % stake in the capital of Banco Caixa Geral Totta Angola (BCGTA) under the terms of an agreement entered into in June 2009 and this operation provided a capital gain of about 39 million euros," the statement said. Banco Santander Totta recorded a profit of 176.7 million euros in the first nine months of the year, and Manuel Preto, the bank's financial officer, said that even without the income provided by Angola net profit of the bank would have increased 30 % year on year.

Banco Caixa Geral Totta de Angola, which originated from Santander Totta, is now owned by Portuguese state bank Caixa Geral de Depósitos (CGD) and will change its name. CGD owned 51 % of Partang, a company owned 49 % by Totta, which its right to sell forcing CGD to acquire that position. Partang has, in turn, 51 % of Banco Caixa Geral Totta Bank Angola and the remaining shareholders are Angolan state oil company Sonangol and entrepreneurs Jaime Freitas and António Mosquito, according to the company's website. *(Macauhub)*

Deutsche Bank Names Mideast, Africa CEO Ashok Aram EMEA Head

Ashok Aram, who heads Deutsche Bank AG in the Middle East and Africa, will expand his role to take charge of Europe as the Frankfurt-based lender reduces its global coverage to five regions from seven. Aram, who has led the Middle East since 2010 and added Africa to his responsibilities this year, will become chief executive officer of Europe, Middle East and Africa, co-CEO Juergen Fitschen said Oct. 29. EMEA will be managed from Europe, he said.

Deutsche Bank is shrinking its workforce by about 26,000 people by 2018 as co-CEO John Cryan seeks to improve returns. The lender will close operations in 10 countries including Mexico, Norway and New Zealand, move trading businesses from Brazil to global and regional hubs, and reduce the number of investment banking clients.

Aram replaces Stephan Leithner, previously the chief executive officer for Europe outside the U.K. and Germany, who left the bank on Oct. 31 for private equity firm EQT. Cryan, who took over from Anshu Jain in July, is under pressure to lower costs, boost capital buffers and reverse a share slump that has made the bank the worst-valued stock among global lenders. His strategy for the firm includes selling a consumer bank unit and shrinking the investment bank after some investors criticized a similar plan his predecessor proposed in April.

Deutsche Bank is consolidating its global regions to five: the Americas, Asia Pacific, EMEA, Germany and U.K, it said last month. The bank in March merged its African business into its Middle Eastern operations to gain greater access to the region's fastest-growing economies. Aram expanded his responsibilities to take charge of Africa, including South Africa and Nigeria. *(Bloomberg)*

Stanbic IBTC gets $5m fine

Standard Bank broke its silence on regulatory troubles in Nigeria, saying that subsidiary Stanbic IBTC had attracted 1-billion naira ($5m) in fines for allegedly misstating two sets of statements. The Financial Reporting Council of Nigeria (FRCN) suspended the ability of four people associated with Stanbic — including chairman Atedo Peterside and CEO Sola David-Borha — to sign off financial statements, after uncovering a raft of irregularities in the 2013-14 statements. The regulator also directed the bank to withdraw and restate these statements. Standard Bank has now disclosed another sanction not included in the regulator's statement. "Stanbic IBTC was confidentially notified of the purported fine in a separate letter from the FRCN (last) week, which confidentiality was no longer maintained when reference to the fine appeared in a press article in Nigeria morning," said Simon Ridley, Standard Bank's chief financial officer. Standard supports Stanbic's statement that it was on the right side of financial reporting standards, with transactions between Stanbic and Standard Bank subsidiaries being the only material issue disputed. Other than that, "the quantum of the naira amounts themselves were not under question", said Mr Ridley. "It was where and how they were disclosed in the notes to the … statements. There is no suggestion these amounts should be restated." Sanlam Investments equities head Patrice Rassou said: "The fine is very small when you compare it to MTN, where the amount is 1,000 times bigger." *(BDLive)*

Markets

TANZANIA – LOANS BOOST

Tanzania's National Microfinance Bank (NMB) has signed a $35m syndicated loan with the Netherlands Development Finance Company, FMO, to boost its corporate and SME lending, with a focus on improving agricultural financing. The funds will be used for on lending to small and medium enterprises and corporate borrowers and will contribute to job creation. The African Development Bank has loaned a total of $141.71m to finance the second phase of the Dar es Salaam Bus Rapid Transit (BRT) System Project. The Bank is contributing 88.9% of the estimated cost with the government providing 11.1%. *(African Business)*

Kenya's Imperial Bank lost $335 mln in fraudulent deals: court papers

Fraudulent withdrawals and other illegal transactions at Imperial Bank amounted to more than 34 billion shillings ($335 million) over a period of 13 years, the bank's receiver said in a lawsuit filed at court. Kenya's central bank ordered privately-owned Imperial Bank to be put under management this month after the board alerted it to malpractices at the mid-sized lender. Shortly before it was taken into receivership, the bank had appointed an acting managing director after his predecessor Abdulmalek Janmohamed died in September. The lawsuit, seen by Reuters, said that from 2002 to September 2015 Janmohamed "was exerting his influence to siphon and direct" in excess of 34 billion shillings to defendants or respondents in a "fraudulent scheme." The central bank said the receiver had uncovered "substantial" fraud, without saying how much. It also said the bank was still viable and shareholders were considering plans to inject capital to reopen it in a month. The lawsuit documents seen by Reuters said "fraudulent withdrawals" by the defendants were hidden from the bank's reporting system through software manipulation. It also said some transactions had been written down on chits of paper. The lawsuit, filed on behalf of the bank's receiver Peter Gatere, said the funds were invested in prime real estate, luxury apartments and assorted firms. More than 20 companies and a number of individuals were linked to the fraudulent activities that began in 2002, the court documents seen by Reuters showed. They also showed that the lawsuit was pursuing beneficiaries of the estate of Janmohamed.According to the court documents seen by Reuters, one of the companies admitted to receiving 10 billion shillings from Imperial Bank and had offered properties to guarantee repayment. The lawyer who filed the suit on behalf of the bank's receiver Gatere declined to make any further comment. Imperial Bank was ranked 19 out of Kenya's 45 lenders at the end of 2014. On June 30 this year, it reported assets of 70.3 billion shillings. ($1 = 101.5000 Kenyan shillings). *(Reuters)*

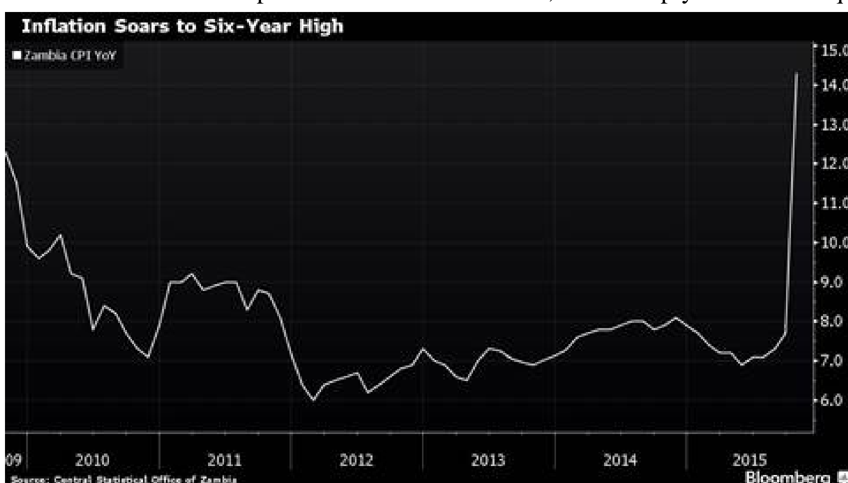
Barclays moves SA rate hike forecast to January

Barclays Africa economists have changed their view on the timing of SA's next interest rate increase. They now expect a rate hike of 25 basis points in January next year instead of this month. "We are pushing out our forecast for the next rate hike ... due to a series of weaker than expected core inflation prints, poor activity prints and subdued oil prices," the economists said in a research note.

The Reserve Bank's monetary policy committee will meet on November 17-19 and the rates decision will be announced at the conclusion of the meeting. The repo rate was last raised by 25 basis points in July this year to 6%. "Our new profile is for 25 basis point hikes in each of the following meetings: January, May, September, March 2017 and September 2017," the economists said. Economic data to be released between now and the monetary policy committee meeting, such as manufacturing, consumer and producer inflation, were unlikely to be strong, which supported unchanged rates, the economists said. A rate hike in November could, however, not be ruled out given that inflation was still expected to rise outside of the 3%-6% target band early next year, and that the rand remained weak against major currencies. A weak rand encourages inflation. *(BDLive)*

Zambia Raises Benchmark Interest Rate to 15.5% From 12.5%

The Bank of Zambia raised its benchmark lending rate by a record 3 percentage points to rein in inflation after the currency of Africa's second-biggest copper producer lost almost half its value this year. The central bank increased the policy rate to 15.5 % from 12.5 %, Governor Denny Kalyalya told reporters in Lusaka, the capital. The median estimate of three economists surveyed by Bloomberg was 14 %. "We want to promote growth but, for now, inflation for us is a bigger evil going forward,'' Kalyalya said in an interview after the announcement. The inflation rate almost doubled to 14.3 % in October, triggered by power shortages and the kwacha's 49 % plunge against the dollar this year, the most of 155 currencies tracked by Bloomberg. That's forced the Bank of Zambia to act even as economic growth slows because of drought and falling copper revenue. Barclays Plc is forecasting expansion of 3.4 % this year, which would be the slowest pace in 17 years. "They certainly had a very difficult decision; there was no easy answer," John Ashbourne, Africa economist at Capital Economics in London, said in reply to e-mailed questions. "Hiking rates so sharply will put even more pressure on the economy. Growth was already slowing significantly, and this will just make it worse." The kwacha gained as much as 1.9 % against the dollar to 12.3461 after the rate decision. The currency was 0.3 % higher at 12.5422 as of 2:20 p.m. in Lusaka. Yields on the $1.25 billion of Eurobonds due July 2027 fell 17 basis points to 11.18 %.



Boosting Credibility

The bank also removed limits on interest rates commercial lenders can charge. The caps were introduced by Kalyalya's predecessor, Michael Gondwe, in 2012. Kalyalya said monetary policy tightening was needed to anchor price expectations and bring inflation back below 10 %. The bank is ready to take "appropriate" action to support economic stability, he said, keeping the door open on more rate increases. The central bank last raised the benchmark rate 12 months ago by 50 basis points. It will hold its next rate meeting in February. The Bank of Zambia's aggressive move may have been aimed at improving its credibility after failing to act in the past year, said Irmgard Erasmus, an analyst at NKC Independent Economists in Paarl, near Cape Town. "We view the hawkish stance as a signal that the monetary regulator will prioritize price stability despite growth challenges, and has set a credible precedent that shocks to the monetary environment will be dealt with," he said in an e-mailed note to clients. Kalyalya said Zambia could benefit from aid from the International Monetary Fund, echoing Finance Minister Alexander Chikwanda's softening in stance toward external support. Authorities have so far resisted turning to the IMF for emergency loans, selling Eurobonds instead this year to raise funding for the budget. "Clearly, with commodity prices having collapsed, that might be useful to get balance of payments support," the governor said. "I don't think we need the IMF per se to have austerity, it's up to us as a people." *(Bloomberg)*

Hard choices as Nigeria's liquidity crunch deepens

Nigeria is in a tough spot. Oil prices are falling, President Buhari is six months into his term and has only begun to form a cabinet and foreign exchange reserves are dwindling. The naira, the national currency, is under increasing pressure to devalue once again – an eventuality the country's leaders are resisting. As a result, institutional investors like JP Morgan are starting to back away, which could make it less palatable for other foreign investors to hold Nigerian debt. But despite the bad news, there just might be a silver lining. The yield-chasing "hot money" that flowed into the region's biggest economy during the boom years looks to be leaving the scene. Africa's top oil producer now has the opportunity to lay the groundwork for a more sustainable investment base with the patient capital the country needs to restructure and upgrade infrastructure. This will not be easy. There is little doubt that the next several months or even years will be painful. "For all the talk about diversification and 'Africa Rising', the continent – and many other emerging markets besides – are still tightly tied to commodity cycles," says Stefan Andreasson, senior lecturer in comparative politics at Queen's University Belfast.

With government income falling in tandem with oil prices, the central bank's attempts to tread water through a presidential transition have come at the cost of dwindling foreign reserves and a deepening liquidity crunch. Oil still accounts for some 70 % of government revenues.

Central bank policies restricting access to foreign currency have made it increasingly difficult for Nigerian businesses to import, a precarious situation for an economy that remains heavily reliant on foreign goods. "Many importers are unable to pay their bills, so the goods never get sent," says Angus Downie, head of economic research at Ecobank. Mr Downie sees the country's economic growth slowing to the low single digits as businesses focus on surviving the short term. "Add all of that to the policy vacuum, and you have a recipe for ongoing confusion and heightened uncertainty," he

says. “Nigeria is highly import dependent. When you start having breaks in the import chain you have knock-on effects throughout the economy.” In this environment, Mr Downie says, it becomes much more difficult to enact the kinds of policies that could help Nigeria reduce risk in the future – namely, diversifying government revenues away from oil and supporting the growth of local industries.

Unclear strategy

On the other hand, the fact that Mr Buhari is willing to tolerate the grumbling that accompanies any liquidity problem could signal a more decisive approach. “In some ways you have got to do it,” says John Foster, Africa editor of Debtwire, part of the Mergermarket group. “In all these cases the government is going to lose because they cannot keep propping up the currency.” On Mr Foster’s assessment, the administration's moves are designed to hedge against the demands of foreign creditors. “If you capitulate right at the start you do not have much negotiation room – you become beholden to hedge funds in San Francisco and speculators in Asia, which is not good for the economy.”

While the short-term effects of the currency defense have been painful, Mr Foster says it may also provide an opportunity to clear out yield-chasers and lure a more appropriate set of investors to Nigeria. “What that is going to do is attract a new set of investors into the market, and they are going to support local, naira-denominated government bonds.” Chasing out the fast money in favour of investors with a longer-term commitment to Nigerian investments could provide enormous benefits in the longer-term. “Hot money is not what Nigeria and Africa need. What Nigeria needs is long-term money to help finance major infrastructural changes that would actually be transformational to the development of the economy,” Mr Foster argues. Whether these patient investors are waiting in the sidelines remains to be seen. Mr Downie, for his part, is not so sure. “It is unlikely we will see alternative sources of capital flowing in,” he says.

Regardless of what comes next, the Buhari administration needs to back up its willingness to stand firm with a coherent monetary agenda. The arbitrariness of current import restriction policies will do little to stimulate a revival in local manufacturing or other export industries, according to most analysts. A clear idea of where industrial policy is to go from here would go a long way towards stabilising an already difficult situation. Either way, the next several months or more will be challenging. If long term money can be attracted to naira-denominated markets and the tax base diversified, Nigeria’s economy can stabilise. On the other hand, if oil prices remain depressed and policy remains focused on defending the naira without a long-term strategy, it could be quite a while before the nation finds solid ground *(This is Africa)*

AfDB mitigates Cameroon’s Eurobond Currency Risk

The African Development Bank (AfDB), approved on July 9th 2015 a EUR 500 million partial credit guarantee to cover the payment obligations of the Republic of Cameroon related to the cross currency swaps executed with commercial banks to hedge the proceeds of a USD denominated Eurobond currently being marketed. Cameroon will be tapping into the international capital markets to finance development projects, in particular its Three Year Emergency Plan and certain long-term investment projects identified in the 2015 budget. These development projects, are aligned with the AfDB’s overarching Ten Year Strategic goals (2013-2022) namely, to promote inclusive growth and support the transition to green growth and will impact two operational priority sectors for the Bank: infrastructure and the private sector of the Bank, as well as the Bank’s High Five Agenda to light, feed, industrialize, integrate and improve living standards in African countries. The Bank’s involvement is intended to help mitigate currency risk that could arise from Cameroon’s ongoing international capital markets operation, while contributing to the reduction of the interest bill paid by Cameroon. The transaction is also perfectly aligned to the Bank’s Financial Sector Development Policy & Strategy 2014-2019. Cameroon’s government gross debt to nominal GDP ratio is estimated to be at 19.3% as of end 2014, well below the Central African Economic and Monetary Community (CEMAC) 70% threshold and the level of external indebtedness remains low compared to the average of Sub-Saharan Africa and the CEMAC region. *(AFDB)*

Angola Issues $1.5 Billion Bond As Market Window Inches Shut

Angola, Africa’s second-largest oil producer, has issued a long-awaited $1.5bn eurobond as it tries to shore up its finances, which have been battered by falling commodity prices. The yield on the 10-year paper was 9.5%, as the sovereign took advantage of better market conditions for frontier issuers, ahead of an interest rate rise in the US.

Angola is coming to the end of a two decade-long, oil-fuelled boom—interrupted briefly during the financial crisis—which made it one of Sub-Saharan Africa’s most courted investment destinations. The capital, Luanda, became one of the most expensive cities in the world, its $50 hamburgers a potent symbol of the quantities of cash circulating in the upper echelons of the economy.

Now, with oil prices down 40% over the last year, Angola’s good times could be over, at least for the short term. Oil makes up around 95% of export earnings and 75% of fiscal revenues. To fill the hole in its budget, the country is adding around $10 billion to its external debt this year, including $6 billion in bilateral loans from China. Growth is forecast to slow to 3.5% this year and in 2016, and public spending has been seriously curtailed. The government has already trimmed its expensive oil subsidies, and may cut back expenditures on public sector wages. This latter has been causing concern for some time. An IMF mission in August warned that public sector wages need to be brought “in line with the new revenue reality of the budget.” **“With resources from the oil sector being so scarce at the moment, they need to**

rely on bilateral loans… and the authorities are very well aware that they need to be smarter in the allocation of resources," says Tiago Dioniso, senior research analyst at Eaglestone Securities in Lisbon, who calls the 9.5% yield on the debt "within expectations."

Public debt is forecast to hit 57% of GDP this year, and the budget deficit should run to 3.5% of GDP, down from 6.5% last year. Angola is probably the last Sub-Saharan African sovereign to come to market in 2015, capping a weaker year for government bonds. The region's total issuance had been rising steadily, peaking last year at $16bn. This year, the markets have punished previously well-regarded sovereigns, including Ghana and Zambia, for weaknesses in their macroeconomic management, while lower commodity prices have dampened expectations of growth across the continent.

The window for frontier sovereigns could also be coming to a close, as the market expects the Federal Reserve to increase interest rates before the end of the year, creating an uptick in investment grade debt and taking more of the heat out of emerging market assets. "The reality of coming to market now is that if you look at overall issuance volumes, investors haven't had enough primary inventory coming through. If you combine that with the rate cycle, or the potential rate cycle, it would be sensible and opportune to come to market now," says Adil Kurt-Elli, head of CEE and Sub-Saharan Africa debt capital markets at HSBC. "Having said that, you've got to weigh it up against the broader backdrop, which is that [emerging market] fund flows have been more outbound than inbound, in anticipation of that rate rise. So it's possible that they're trying to catch that before it becomes something that is so meaningful that it changes the liquidity profile of the market and potentially pricing parameters." *(Forbes)*

Fund

Egypt's Beltone Financial expects to manage four flotations in early 2016

Egypt's Beltone Financial Holding expects to manage four stock market flotations worth a total of more than 2.5 billion Egyptian pounds ($311 million) in the first half of 2016 on the back of improved market conditions, its chairman said.

The offerings, including one by Beltone Capital, managed by Beltone Financial's private equity arm, had been expected in 2015 but were postponed when an emerging markets rout deterred investors from Egyptian markets. "These IPOs were not cancelled, they were postponed because of market conditions ... We hope to (issue) them in the first half of 2016," Aladin Saba, who founded Beltone in 2002, told Reuters at the Reuters Middle East Investment Summit.

Emerging market assets sold off over the summer due to worries about a slowdown in China, weakening commodity prices, and the possibility of a U.S. interest rate rise. The turmoil saw Egypt's main equities index plunge from above 10,000 points in February to a low of 6,641 in August. It last closed at 7,435. Saba declined to name the companies planning floats but said they included one in the oil sector and two in consumer goods. Beltone, which has brokerage, asset management, investment banking and private equity operations, is also pushing ahead with plans to invest 300 million Egyptian pounds in non-banking financial services in Egypt.

Investment Plans

The investment programme, two thirds of which was financed by a share issue, was planned for 2015 but will be now be continued into 2016, Saba said. "We have not spent the money yet ... If the plans we are working on go through then we will have spent around 170 million pounds in 2015," he said. As part of that programme, Beltone is looking to invest in leasing and mortgage finance, Saba said. Beltone won a licence last year to manage Egypt's first exchange traded fund (ETF), dubbed XT-MISR, which tracks the top 30 companies and was expected to help boost bourse liquidity. Saba said poor market conditions meant XT-MISR had not been as successful as hoped. Beltone is seeking to register it on Nasdaq Dubai in the first quarter of 2016 in hope of taking the product to a wider audience, Saba said. Egypt has struggled to restore growth and lure back foreign investors since the 2011 uprising that ended Hosni Mubarak's 30-year rule and ushered in a period of political instability. The economy grew 4.2 % last year, higher than the previous few years but still below the levels of between 5 and 7 % it achieved before the revolt. Saba is optimistic Egypt's economy is on a recovery path in light of a major gas find in the Mediterranean, but said a currency crisis was deterring investors. Egypt introduced strict controls on capital in February to shut down a black market in dollars. "When someone wants to put his money in the country while being aware that there is a devaluation on the way, he will wait until the devaluation happens," Saba said. Saba declined comment on an offer for Beltone from Orascom Telecom Media and Technology. Egypt's regulator is looking into the offer. *(Reuters)*

Mozambique will present projects to the India Fund for Africa

The government of Mozambique will start preparing projects to be submitted to the US$10 billion fund for Africa announced last week by the government of India, the Mozambican prime minister said recently. Prime Minister Carlos Agostinho Rosário, who was speaking to Mozambican news agency AIM on the sidelines of the Third India/Africa Summit, in New Delhi, said his government intended to focus the projects in the areas of agriculture, water supply and restructuring the post office. Rosário said that in the meetings held with the New Delhi authorities he found there was a lot of interest in strengthening bilateral cooperation in the agricultural sector and that an Indian team was expected to arrive in Maputo in the near future. "I think that the agricultural sector is of great interest to the country. Mozambique cannot only rely on raw materials such as gas and coal, but we also need to have the population itself go through a development process," he said. The extractive industry was, however, also subject of bilateral talks, and Rosário found

that India remains interested in projects related to gas exploration. The Indian government pledged a credit line of US$10 billion and US$600 million dollars in aid over the next five years, noting that it pledged to work with the continent to develop information technologies and reduce the digital divide. The President of Mozambique, Filipe Nyusi visited India in August, accompanied by 60 businesspeople, and the two governments signed two memoranda of understanding in the economic area and decided to move on to military cooperation, especially in the field of maritime safety, taking advantage of the fact both countries have coastlines on the Indian Ocean. *(Macauhub)*

Bank merger allows Portuguese bank BCP to contribute more to Angola's economy

The merger between Angolan banks Banco Millennium Angola and Banco Privado Atlântico will help to achieve the desired "level of profitability," contributing to the Angolan economy, said the chairman of Portuguese bank Banco Comercial Português (BCP). "We understand that if we want to be in Angola with a level of profitability and making a contribution to the development of the Angolan economy to the extent we would like, we have to increase our presence, because with a share of 3 to 4 % we do not have sufficient size to do that, "said Nuno Amado, cited by the Portuguese press. Amado, who was speaking at a session to present BCP's results for the first nine months of the year, added that "a bank that ends its merger with Atlântico with a share of 9 to 10 % of the market, already has the dimension and shareholder structure to do that." The chairman of BCP played down the current situation of the Angolan economy, which has suffered the impact of the fall in oil prices and considered that it could even be beneficial in the long term for the West African country.

Banco Millennium Angola and Banco Privado Atlântico will go ahead with a merger in the Angolan market, with the Banco Comercial Português (BCP) keeping a 20 % stake in the new bank, according to a statement to the market issued on 8 October .From January to September BCP made a profit of 264.5 million euros, which compared with losses of 109.5 million euros in the same period of 2014 with a consolidated profit of 23.8 million euros in the third quarter. Amado drew attention to the fact that the contribution of business in Portugal had been positive, "for the first time in many years." After several years of making losses, the operation in Portugal contributed 100.5 million euros to Millennium bcp's net income in the first nine months of 2015 compared to a loss of 227.1 million a year earlier. *(Macauhub)*

Netherlands announce funding for projects in Cabo Verde

The Netherlands will this year provide 150 million euros to Cabo Verde (Cape Verde) to finance both public and private projects under a government programme to support the private sector, said the president of the Leeward Chamber of Commerce, Industry and Services. Jorge Spencer Lima made the announcement on the sidelines of the presentation of a set of instruments to support the public and private sector called "Dutch Programme for Private Sector Support" intended of Cape Verdean businesspeople and public institutions, presented by the Netherlands' Ambassador, Theo Peters. Cited by Cape Verdean news agency Inforpress, Spencer Lima said the public projects that could benefit from Dutch funding, estimated at between 30 million and 60 million euros, will mainly be for infrastructure construction, "and it is now in the hands of the Cabo Verde government to present projects that might merit funding." "This Dutch programme in fact has two distinct aspects, as it covers public projects, particularly for infrastructure, but also includes privately funded programmes for businesses, in this case basically for technical cooperation," he said. The president of the Leeward Chamber of Commerce, Industry and Services added that the support granted by the Netherlands' government covered 35 % of the total project costs, given that Cabo Verde is a middle-income country, compared to 60 % if it were a low income country. *(Macauhub)*

INFRASTRUCTURE

SÃO TOMÉ SEEKS PARTNERS

São Tomé and Príncipe aims to construct its first deep sea transshipment port and plans to develop the project as a public private partnership. The government has signed a memorandum of understanding with China's state owned China Harbour Engineering Company (CHEC) for design and construction. The first phase is set to be completed by 2018 and the aim is to be operational in 2019. It will be built 12 kilometres from the capital. Total investment for all the phases is estimated to be $800m, with CHEC planning to invest at least $120m. Government representatives met with international investors and development partners from 26 countries in London last month to attract investment for infrastructure projects, particularly for developing the deep sea port as a transshipment hub, extending and modernising the airport as a regional aviation hub, and creating a 'do business easy' fiscal and legal infrastructure. The country has ambitious plans to position itself as a logistical hub, and to become a tourism hot spot for expats in the region. "We are a small, flexible, reform minded country and we are well positioned to capitalise on the surrounding wealth of the West and Central African region," Prime Minister Patrice Emery Trovoada said. *(African Business)*

São Tomé and Príncipe buys tugboat in Portugal for the port of Ana Chaves

São Tomé and Príncipe's national ports manager, ENAPORT has paid 300,000 euros for a tugboat acquired in Portugal from Portuguese port manager Administração dos Portos do Douro, Leixões e Viana do Castelo, according to pan-African news agency Panapress. The boat, named "Liberdade" (Freedom), docked at the port of Ana Chaves, after a 21-

day trip with a stop in Cabo Verde (Cape Verde), and will be used to give greater operability to that port in the archipelago. The tugboat bought from the management company of the port of Leixões in Portugal, has two engines each with 1,400 horsepower, and according to its captain, “is prepared to tug any type of vessel.” The first tugboat at the port of Ana Chaves dates back to the 1980s and, according to the São Tomé Minister for the Economy and International Cooperation, Agostinho Fernandes, took a week to unload 500 containers, which will decrease to two days with the “Liberdade”. the new tug, purchased under an existing partnership agreement between ENAPORT and Admiinistração dos Portos do Duro, Leixões e Viana do Castelo, is equipped with modern navigation equipment and prepared for search and rescue and fire-fighting operations. *(Macauhub)*

RWANDA TO HOST WORLD’S FIRST DRONEPORT

Rwanda has been chosen as the test case for the world’s first droneport. Pilotless cargo drones will deliver urgent supplies or medicines to inaccessible remote areas and provide an affordable alternative to road transport, particularly relevant with the East African country’s mountainous landscape. British architects Foster + Partners, in association with the Swiss Federal Institute of Technology in Lausanne and its linked Afrotech initiative, have drawn up proposals for a hub structure, based on their experience in building airports and lunar building studies in association with the European Space Agency. “Africa is a continent where the gap between the population and infrastructural growth is increasing exponentially,” Lord Foster said of the need for the drone port. The vaulted brick structure, with a minimal ground footprint, is intended to be easily put together locally. Multiple vaults can also link together to form flexible spaces based on the demand and needs of the particular place, and the evolution of drone technology.

The initial plan for three buildings, to be completed by 2020, will enable the network to send supplies to 44% of the country. Subsequent phases could see in excess of 40 droneports across Rwanda, with expansion to neighbouring countries. The droneport will also host other services such as a health clinic, a post and courier room, a drone manufacturing centre, and an ecommerce trading hub, allowing it to become part of local community life. Two parallel networks are planned for droneport transportation: the Redline for delivering medical supplies, such as units of blood, along an 80 kilometre route between several towns and villages; and the Blueline to operate a more conventional delivery service, transporting larger payloads such as spare parts, electronics and ecommerce, complementing and subsidising the Redline network. Initially, the project will deploy three metre wingspan drones, capable of carrying a payload of 10kg. By 2025, drones with a six metre wingspan, capable of carrying payloads of 100kg, are planned to follow. *(African Business)*

Billionaire Bollore prepares listing of West African train project

French billionaire Vincent Bollore has hired banks to prepare for a Paris listing of his West African train project in the first half of 2016, three sources close to the process said, helping to cover financing costs. The West Africa rail loop, commonly known as Blueline, will connect Ivory Coast, Burkina Faso, Niger, Benin, Togo and Nigeria. The project was launched in 2013 and is expected to be completed in the next eight years at an estimated cost of between 2 billion euros ($2.21 billion) and 2.5 billion euros.

At least four banks, Goldman Sachs, BNP Paribas, Societe Generale and Credit Agricole have been mandated to start work for a potential listing, the sources said. The banks declined to comment. The initial public offering (IPO) could raise up to 500 million euros, a banker familiar with the project said.

Other sources, however, said it was too early to give a precise figure as the details on how much cash will be raised and what assets will be included in the listed company have yet to be ironed out. "We are looking at all possibilities to move forward to put together the right financing. Until now we have always been progressing on our own funds," said Eric Melet, chairman of Bollore Africa Railways, a subsidiary of the Bollore Group. "In any case, we want to be in control and we will definitely provide a significant part of the financing."

Bollore has a history of taking projects to market early in their development. In 2013 he listed electric car battery company Blue Solutions, with the main objective of floating 10 % of the business being to raise awareness rather than money. The Bollore group has been present in Africa for more than 50 years and has rail concessions in Cameroon through Camrail, Ivory Coast through Sitarail and was recently awarded one in Benin through Benirail. About 22 % of last year's group revenue came from African operations. More than 70 % of the rail loop's revenue is expected to come from cargo, with the remainder derived from passenger fares. ($1 = 0.9061 euros) *(Reuters)*

Angola builds commercial port in Porto Amboim

The deputy director for the technical area of the Maritime and Port Institute of Angola (IMPA), Manuel Arsénio, announced a commercial deep water port will be built in Porto Amboim, Kwanza Sul province. Arménio, who was speaking at the Porto Amboim Business and Investment Forum, said the port will be built by a consortium made up of Sonangol Holding and Sogester, which will have a 70 % stake and the remainder is private investment. The port will be built in three phases between 2017 and 2024 and will be located in the Torre-do-Tombo area, on the outskirts of the city, in an area of 80 hectares. In an initial phase investment will be US$500 million, which will increase to US$1.8 billion when the project is fully completed. The port will have a draft of around 12 metres and be 500 metres long, and a depth of 14.5 metres. In an initial stage it will be able to receive two ships at the same time and in the final phase about

seven ships. The deputy director of IMPA also said the port would facilitate exports of cotton and coffee from Angola. *(Macauhub)*

São Tomé and Príncipe wants to become the "Dubai of Africa" with a port built by China
After 2014 was marked by an unprecedented visit to China by a president of São Tomé and Príncipe, the archipelago will now receive a huge Chinese investment in order to become the "Dubai of Africa." The deep-water port costing an estimated US$800 million and whose construction was awarded to a Chinese group was presented in October by the government of São Tomé and Príncipe to investors in London, where the Prime Minister Trovoada in an interview with the Independent, defended the archipelago's "business plan". "What China is offering in a deal like this is a loan, not a donation. What we have is a technically capable Chinese company that has engaged. It's a business arrangement, not a political one," said the head of the government of São Tomé. The China Harbour Engineering Company (CHEC) will co-finance the construction of the port, with at least US$120 million. The government describes the new port as a "world-class infrastructure to serve the logistics needs of the Gulf of Guinea." The first deep-water port on the archipelago will be built in the Fernão Dias area, Lobata district, 12 kilometres from the capital, and should become operational in 2019. The Prime Minister of São Tomé told the Independent that São Tomé had the goal of being the "Dubai of Africa," a "services platform" that takes advantage of its geographical proximity to some of the largest economies in the continent. Last year, the relationship between China and São Tomé and Príncipe became less distant with the visit of Manuel Pinto da Costa, the first by a President of São Tomé to China in almost twenty years, despite being in a private capacity.
Also last year, Chinese company Guangxi Hydroelectric Construction Bureau started construction of a housing development on the island of São Tomé, a self-funded scheme worth an expected US$300 million. To be built between the capital of São Tomé and Príncipe and the Lobata district in an area of 214 hectares, the new development will have just over 100 houses as well as supermarkets, schools, kindergartens and a hospital.
Part of the "Expu Conga" project designed by the Ministry of Public Works of Sao Tome and Principe, the new development will also have buildings for the diplomatic corps accredited in the archipelago as well as various facilities with a maximum of seven floors for public administration services, including tourist, shopping, culture, sports and leisure areas. In addition to building the new development from scratch, the contract also includes upgrading of the present city of São Tomé, built in the 1950s by the then Portuguese colonial administration. *(Macauhub)*

ENERGY

ELECTRICITY FLOWS IN WEST AFRICA
The Sustainable Energy Fund for Africa (SEFA) has approved a grant of almost $1m – $965,000 – to support the preparation of a turnkey hydropower plant in Saltinho, GuineaBissau, expected to have a capacity of 20MW. It will be interconnected by a transmission line to the capital Bissau and neighbouring countries, within the framework of the regional energy programme by the Organisation for the Development of the Gambia River, which is cofinanced by the African Development Bank (AfDB). This is the first large renewable energy project, and the first project finance deal in a transition country with the AfDB's participation.
The SEFA grant will finance technical assistance needed to structure the project to attract private investors and to contribute to its bankability. It will include a technical feasibility study together with an institutional and financial scheme for an Independent Power Producer or Public Private Partnership arrangement.
In GuineaConakry, the 240MW Kaleta dam (below), built by Chinese state owned company China International Water & Electric Corp, is now operational, a year ahead of schedule. Costing €526m, it is one of the largest in the region and triples the country's power production capacity. One third of its electricity production will be sent to neighbouring countries, including GuineaBissau. A $2bn 550MW dam is planned at Souapiti, upstream from Kaleta, with potential Chinese involvement, to provide new capacity for the bauxite industry. *(African Business)*

CANADIAN SOLAR INVESTMENT TO LIGHT UP EAST AFRICA
Solar developer SkyPower plans to double its investment in Kenya's solar infrastructure to $4.4bn after meeting with Kenyan President Uhuru Kenyatta in New York. The Canadian company, one of the world's largest developer and owner of utility scale solar photovoltaic energy projects, had previously announced a $2.2bn investment agreement with Kenya, agreeing to develop 1 gigawatt of utility scale projects in the country. SkyPower has now upped its commitment, and will establish a research and development centre in Kenya. It will donate more than 3,000 solar powered street lamps to Kenya in addition to 2m solar home kits. SkyPower has also signed an agreement with Djibouti to develop 200 MW of worldclass solar projects to be built in four phases in Djibouti over the next four years. "Africa has become a global hub for the growth of clean, renewable energy, and many visionary leaders of African countries are making the decision to harness the power of the sun to create a brighter future for the citizens of their countries," said SkyPower President and Chief Executive Officer Kerry Adler.
The project represents an estimated investment of $440m, which also includes corporate social responsibility investments of $11m toward education, training, research and development in Djibouti. SkyPower also has projects in Egypt and Nigeria. The company is majority owned by US based CIM Group. *(African Business)*

French agency funds projects in Angola
The French Development Agency (AFD) in 2016 will fund projects in Angola in the areas of renewable energy, water and sanitation, the regional director of the agency said in Luanda. Martha Stein-Sochas who was speaking after a meeting with the Secretary of State for Foreign Affairs, Manuel Augusto, said that initially the project were estimated to cost between 100 and 200 million euros. “The Agency will start financing projects in 2016 for our return to Angola. We will also identify other areas for funding,” said Martha Stein-Sochas, noting that the French Agency provides support in 90 countries, with priority for sub-Saharan Africa and Angola in particular. The Regional Director, who ended a visit to Angola recalled that the visit was related to implementation of an agreement signed in July during a visit by French President François Hollande to Angola. *(Macauhub)*

Lauca dam, in Angola, starts producing energy in 2017
The first two turbines of the Laúca hydroelectric dam, on the Kwanza River in Angola, with the capacity to produce 340 MW each, are due to start operating in July 2017, announced Brazilian company Odebrecht, which is responsible for the work. Kleriston Acácio, of the communication and image department of the Brazilian company told Angolan newspaper Expansão that power production tests would begin within 24 months and the first power turbine willbe put into operation in 2016. In late 2017 the first 500 megawatts (MW) of energy will increase to 2,070 MW when the dam is completed, representing twice the power currently produced by the Cambambe and Capanda dams. The dam, the third under construction in the Kwanza River basin, after the Cambambe and Capanda dams, will be 132 metres high and will create a reservoir of 188 square kilometres filled over a period of four months. The Laúca dam, the largest civil and mechanical engineering projects in Angola, is located 47 kilometres downstream of the Capanda hydroelectric dam (AHC) and 400 kilometres from Luanda. Work on the dam, which began in 2012, will cost US$4.3 billion involved a loan and a credit line from Brazil. When it starts operating at full capacity, the power produced at the dam will benefit over 5,000 people. The Odebrecht official also said the project will use 30,000 tons of steel, enough to build four Eiffel towers and 22,000 tons of cement or the equivalent of 465 eight-storey buildings. *(Macauhub)*

Águas de Portugal Group provides technical support to companies in Angola
Portuguese water group Águas de Portugal (AdP) has been awarded two new contracts in Angola to provide technical assistance to water and sanitation companies in the provinces of Huambo and Uige, according to a statement form the group issued in Lisbon. The statement released on the group’s website said the contracts were for three years and are funded by the World Bank under the Institutional Development Programme for the Water Sector (PDISA) to a total of US$9.7 million. The work of the group’s teams will focus mainly on the areas of operation, maintenance and process engineering and, together with technicians from local companies responsible for management and operation of water systems, aims to consolidate processes and routines, including in the areas of operation and maintenance of systems and commercial management, as well as the general organisation and management of those two companies. The AdP group’s work with Angola began in 1995 mainly by providing services and technical assistance. The awarded contracts include one for technical assistance to the National Directorate of Water Supply and Sanitation, another focused on water supply and sanitation services in Sumbe province and another to establish a water supply company in Cunene province. *(Macauhub)*

Ghana to introduce powership-generated electricity into energy mix
Ghana, which became the first country in sub-Saharan Africa to gain independence more than five decades ago, is poised to notch up another milestone later this month, when it starts feeding electricity generated from a utility-sized floating power plant directly into its national grid. This will be the first time that a utility-sized floating power plant, or powership, features in the energy mix of an African country.
The only other countries that operate powerships are Iraq and Lebanon, as well as Indonesia, which, like Ghana, will start evacuating powership-generated electricity to its grid this month. Powerships were pioneered by Karpowership, the energy arm of Turkey-based family-owned investment holding group Karadeniz Holding in 2008. The company remains the world’s sole designer, builder, owner and operator of powerships, generating 1 500 MW for its customers.
The Ghana-bound vessel, the Karadeniz Powership (KPS) Aysegul Sultan, set sail from Istanbul, Turkey, last week, and will reach its destination, the port of Tema by the end of this month. “The vessel will be docked in the Tema harbour and be linked to the national grid within a week of its arrival,” Ghana Grid Company CEO William Amuna told Engineering News Online as the 140-m-long vessel left the Tuzla Sedef shipyard, on the outskirts of Istanbul, where it had been under construction for less than a year. The KPS Aysegul Sultan will boost Ghanaian power generation by 240 MW – about a tenth of the country’s installed generation capacity. It is the first of two powerships to be delivered to the West African country under a ten-year agreement signed in June 2014. When a second vessel is delivered in 2016, total generation from the powerships will be about 450 MW, more than 20% of the country’s electricity needs.
Ghana Power Minister Dr Kwabena Donkor told Engineering News that the new vessels would go a long way towards tackling a crippling power shortage in the country, attributable to declining hydroelectricity production owing to drought. The powerships would also ensure that Ghana’s power sources were diversified, he added. Karpowership has built nine powerships since 2008, with the KPS Aysegul Sultan and a smaller 125 MW vessel that left for Indonesia on

the day the former set sail for Ghana, being the latest to be added to the fleet. Four more vessels – two of which are capable of generating 460 MW each and the remainder 125 MW each – are under construction, while an additional 15 "are in the pipeline", according to Karpowership business development director Zeynep Harezi. No customer has been identified for the vessels under constructions and those "in the pipeline", but Harezi explains that this is in line with company's business model. She said: "Karpowership's business model is not project finance. We build the powerships without customers; when customers come, we can guarantee them the fastest delivery of utility-sized power at an affordable tariff. "For another company, it would take up to five years to build equivalent ships and to find the project finance and suppliers, as well as to undertake the design, procurement and engineering processes, and so on. But for us, all this takes less than a year because we have a standard design and a planned pipeline." Some of the powerships under construction will also be delivered to Indonesia as part of a 540 MW tender recently awarded to Karpowership. Harezi averred that finding customers would not be difficult, given the massive demand for power across the world. She said that according to Karpowership's estimate, Africa alone would need an additional capacity of 300 000 MW to attain half the electricity consumption levels of Organisation for Economic Cooperation and Development countries. "If a country needs economical electricity only, then there are other solutions, such as hydro.

However, if a country needs an economical solution that can also be deployed quickly, then powerships are that solution," she said. Other generation technologies that are more price competitive than powerships are large-scale hydroelectric plants, large coal-fired power plants and large combined-cycle gas plants, which use natural gas or liquid fuel and can be operational for at least 20 years. "However, powerships are more competitive than open-cycle gas turbines (OCGTs)," she said. But she was quick to add that this depended on fuel prices and the fuel type used. In Africa, OCGTs generally operate on light crude oil, owing to the limited availability of gas. Karpowership is in the running for South Africa's gas-to-power programme, having responded to a public request for information issued in July. "We think the next step will be a request for proposals. That has not happened, and we do not know when it will happen," she said. Harezi added that Karpowership had also pitched its powerships to other countries in Africa, but declined to disclose their identities, citing confidentiality clauses. Besides the construction and renting of powerships, Karpowership also operates geothermal and conventional thermal power stations in Turkey. It is also involved in cross-border electricity trade. The subsidiary accounts for about 80% of Karadeniz Holding's revenue. *(Engineering News)*

MINING

Consider cross-border diamond beneficiation links – De Beers

South Africa should not forego the collaborative diamond beneficiation opportunities that lie within the Southern African Development Community (SADC) region but rather consider how it might be able to leverage off cross-border diamond beneficiation partnerships. This is because the diamond beneficiation aspirations of SADC countries, such as Botswana, Namibia, Angola, Zimbabwe and Tanzania, are very similar to South Africa's own diamond beneficiation aspirations, which provides a basis for collaboration. (Also watch attached Creamer Media video.) "We need to consider the benefits that we can derive as a region and individual countries if we collaborate to establish SADC as a diamond beneficiation hub," De Beers Consolidated Mines executive chairperson Barend Petersen has told South Africa's first Diamond Indaba. To effect change and transformation in an industry in decline was difficult and consideration needed to be given to how appropriate levels of funding for local diamond beneficiation could be attracted. India's success in diamond beneficiation was the result of initially focusing on poorer quality smaller diamonds and investing heavily in technology and human capacity before venturing into larger size ranges. As a result, India was now beneficiating rough diamonds that were once the preserve of South African diamond cutters and polishers. "I am of the firm view that we also need to discuss the role of government in positioning South Africa as the heartbeat of diamond beneficiation," Petersen said at the Diamond Indaba, attended by Creamer Media's Mining Weekly Online. Noted as positive was the proposed establishment by the South African government of an industrial development zone (IDZ) adjacent to the OR Tambo International Airport, which was expected to offer reduced corporate tax, and possible exemptions from value-added tax and import tax on equipment brought in by tenants operating within the IDZ. Such a step would end government's current stance of only playing a regulatory role and allow it also to fulfil its mandate of establishing an environment conducive to local beneficiation. *(Mining Weekly)*

Diamond Indaba shines light on export control

The State Diamond Trader called for stricter enforcement of rules governing exports of rough stones, wanting to grow SA's role in global diamond beneficiation.

But its good intentions may well be stymied by economic realities crippling the sector. The number of South African diamond cutters and polishers had dwindled to 200 from 4,500 as the sector battled a range of headwinds, not least the supply of stones with tax, onerous legal requirements and difficulties in securing funding and suitable diamonds all weighing against it, said Ernst Blom, president of the World Federation of Diamond Bourses, calling SA the "lame duck" of the diamond world. "An industry cannot be forced into sustainability by imposing export levies, because the only ones to suffer are the producers. There has to be a fair and logical tax regime in line with international standards.

More than that, a business environment has to be created that encourages local manufacturers to buy and sell polished diamonds," he said, urging government investment and co-operation.
At SA Diamond Indaba 2015, conceived by the State Diamond Trader and held in Sandton, it became apparent early on at the inaugural gathering that little would be achieved in resolving the differences in the way the diamond miners, the manufacturing sector and the regulators — in the form of the trader and the South African Diamond and Precious Metals Regulator — saw as the best way forward for the government's mineral-beneficiation drive. "There's a lot of grandstanding here. Everyone is just pushing their position and not really listening to anyone else. This should be a much smaller event behind closed doors, where people can speak openly and thrash this out," said a senior industry figure on the conference sidelines.
State Diamond Trader chairwoman Dolly Mokgatle, referring to the Diamond Research Report commissioned by the trader and drawing on old and new publications, said that SA had slipped in global relevance when it came to cutting and polishing diamonds, a situation the body wanted to reverse.
SA exported R1.2bn of diamonds each year, yet its cutting and polishing sector was shrinking, she said. "Can there be any legislation at all and policy from the government that can limit the number of rough diamonds exiting SA? This is a question we need to talk about," Ms Mokgatle said. "A suitable number of diamonds should stay in SA for beneficiation. The tightening of any loopholes, which allow companies to remove vast numbers of diamonds from the country, is something to consider, as well as stricter controls over export laws." De Beers Consolidated Mines chairman Barend Petersen said the state had to bear in mind that companies such as De Beers, which was investing R20bn in the Venetia mine in Limpopo, had factored in certain prices it expected to receive from 2024 for its diamonds to repay its investment, a thinly veiled warning that it would not sell its diamonds below market-related prices. *(BDLive)*

New guild to encourage black involvement in SA diamond sector
South Africa has launched an association for young, mainly black entrepreneurs to boost the processing and manufacturing of rough diamonds, the mines ministry said. Manufacturers and middlemen who buy rough stones, polish and resell them to retailers struggle with a stronger dollar and liquidity problems, having to rely on bank loans to cover purchases until they can sell their finished goods. Launched at the first South African Diamond Indaba, the South African Young Diamond Beneficiators' Guild aims to help start-ups led by mainly black entrepreneurs to cut and polish diamonds. The government in Africa's second largest economy is pushing to revitalise industrial capacity by encouraging companies to process or add value to minerals — a process referred to as "beneficiation" locally — before exporting them. Processing diamonds could help ease unemployment which stands at around 25%, although analysts say this is higher.
Global diamond demand growth has declined over the last few years owing to slower interest from China. Mining companies have slashed output in response as they also battle rising costs. SA's diamond manufacturing industry now employs about 200 workers from a peak of 4,500 about 20 years ago, losing ground in Africa to Botswana, the ministry and industry players said. "SA has been muscled out of its status as the world diamond destination. We have to re-capture that legacy," Dolly Mokgatle, chairperson of the diamond mining conference said. Mining in SA contributes about 7% to the gross domestic product and is the world's fifth largest producer of rough diamonds.
President of the World Federation of Diamond Bourses Ernst Blom told delegates that processing of the precious metals locally had to be economically viable for companies and that the South African mining industry should introduce measures such as tax incentives to attract investment. "Enabling firms to process diamonds means costs have to be reduced on them to make it profitable for them to do so," he said, adding that SA had to cut the red tape related to diamond mining and to align costs with global peers. *(BDLive)*

Diamond sales in Angola total US$99 million in September
The sale of diamonds mined in Angola earned the country US$99.5 million in September, a decline of nearly 20 % over the same month of 2014, according to a report from the Ministry of Geology and Mining. The same report said that in September Angola sold diamonds weighing 794,000 carats at an average price of US$125 per carat. The amount sold in September represents a year on year fall of 7.68 % in terms of quantity and 18.61 % in value. Compared with August 2015 there was an increase in the quantity and value of 19.19 % and 24.51 %, respectively. The sale of diamonds by Angola from January to September increased compared to the same period of 2014 exceeding US$866 million and 6.5 million carats. *(Macauhub)*

Bushveld signs $600 000 deal for Brits project
Aim-listed diversified miner Bushveld Minerals has signed legal agreements for the $600 000 acquisition of the Brits vanadium project from Sable Metals and Minerals. "The signing of the term sheet with Sable further reinforces our solid vanadium resource platform on the western limb of the Bushveld Complex. The Brits project is in a geographic location that is well serviced with logistics infrastructure, in close proximity to several existing vanadium processing facilities. "This addresses two important aspects of our vanadium platform strategy, consolidating quality vanadium resources and, more importantly, developing brownfield vanadium processing infrastructure. "With high vanadium grades reflected by previously unpublished historical geological data, as well as more recent exploration data

undertaken by Sable, we are confident this acquisition will play a significant role in our development of the Bushveld Vanadium story," Bushveld CEO Fortune Mojapelo said in a statement. The Brits project comprised new-order prospecting rights on the properties Portion 3 of Uitvalgrond 431 JQ and the remaining extent of Doornpoort 295 JR, and a contested mining right application on the farms Syferfontein 430 JQ and Portion 2 of Uitvalgrond 431 JQ. The mineral rights allowed for the mining of vanadium, iron-ore and rutile. Through its Lemur subsidiary, Bushveld and Sable had entered into a loan agreement in March, whereby Lemur agreed to lend Sable R2-million for working capital requirements while it conducted due diligence with a view to potentially acquiring the Brits project. The terms of the agreement were such that, in the event of a successful acquisition, the loan amount would be offset against the purchase price. In the event that Lemur chose not to proceed with the acquisition, the loan amount, together with interest, would be repayable. In July, Lemur agreed to lend a further R1.5-million to Sable for additional working capital, under the same terms as the original loan. The outstanding purchase price of R3-million would be paid in two further instalments, to be completed upon Sable's shareholders approving the transaction. The final amount payable would be calculated based on the prevailing exchange rate at completion. *(Mining Weekly)*

Cupric Canyon seeks $350m to develop Botswana mine

Cupric Canyon Capital, a private equity firm backed by the former Natural Resource Investments unit of Barclays, said it would approach the market to raise up to $350-million, in order to bring its Khoemacau copper and silver mine in northwest Botswana into production. The construction of the mine in the Kalahari Copper Belt is set to start in late 2016 with the first copper shipment to markets expected in 2018. Cupric Canyon Africa CEO Sam Rasmussen said the mine will produce 50 000 t of copper and 1.5-million ounces of silver a year. Cupric Canyon Africa is the parent company to Khoemacau. "We are looking at about $350-million to get started. We will approach the markets before the end of the year to seek the start-up capital for the development of the mine," Rasmussen told Reuters. "It can be investment through equity or otherwise. We do not have a preferred financing option yet, it will all depend on the response from the market," he said. Cupric has appointed Citi to work on the financing. A deal could take the form of a joint venture or even an outright sale, banking and industry sources said. Initially expected to cost about $200-million, the development of the new mine will be based on a revised feasibility study which has proved a larger copper and silver resource at the mine. The mine is projected to have a productive life of at least 25 years and Cupric has already invested over $250-million, one source close to the company said. Khoemacau is expected to use the processing plant at the nearby Boseto Mine, which it acquired after the liquidation of Discovery Metals. In May Khoemacau concluded a $35-million deal to buy the mothballed Boseto copper mine situated 30 km away from the Somelo site. Founded in 2010, US-based Cupric is owned by its management, which includes former Freeport-McMoRan President Timothy Snider, and Global Natural Resource Investments (GNRI), formerly a unit of Barclays until a management buyout last month. Barclays had put the asset on a list of businesses that it intended to sell or run down, saying it was not strategically important for the bank. *(Mining Weekly)*

OIL & GAS

Kenya's oil dreams facing headwinds

The discovery of oil in Kenya's Turkana region in 2012 sparked excitement among the local population and raised hopes of newfound oil wealth. Numerous foreign oil companies began exploration activities; local communities started angling for a piece of the cake demanding more jobs and opportunities; and pundits talked of how crude would transform Kenya's mainly agrarian economy and even eradicate poverty.

But three years later the hype is dying down. Exploration activities are slowing as budget-conscious oil companies have downsized or shut down operations in Kenya altogether. In 2012, crude oil was trading at over US$100 a barrel, but over the last year prices have declined sharply to below $50. A research note released by Standard Chartered bank last December indicated Kenya can only produce oil at a profit if the price of crude is at a minimum of $70 per barrel.

London-headquartered oil exploration and production company Tullow Oil, which made the Turkana discovery, said it would reduce its rig count in Kenya. Tullow cut its global 2015 exploration budget to $200m after spending $1bn the previous year and noted that exploration activity would be concentrated on West Africa.

Although it is continuing operations in Kenya this is being undertaken at a "modest pace". "The collapse in price of oil is making it very difficult for the oil companies to maintain presence here in East Africa," says Tom James, director at Akili Mineral Services, a Nairobi-based company that provides facilitation and mineral exploration services.

Some companies have even pulled out following negative results. Tower Resources and Premier Oil, for instance, recently announced plans to exit a block in northern Kenya after drilling of the first well failed to show any crude deposits. "We have now refocused our portfolio and resources to areas predominantly on the Atlantic margin where we are confident we can add value, even in this difficult market. Accordingly, we have withdrawn from areas where we feel there is no medium-term likelihood of commercially worthwhile success," said Towers CEO Graeme Thomson in a statement.

Investors demand stability

Kenya is today estimated to have 600 million barrels of crude. But Kenyan oil and gas expert Mary M'Mukindia says the journey has been rocky since the first discovery, despite talk of vast opportunities. Investors have been particularly

frustrated by Kenya's business and regulatory environment. "We are dreaming very big when in fact most of the time, investors are very frustrated," says M'Mukindia. "I think we need to stop focusing on what are the opportunities in upstream and downstream – and really look inward, and ask: 'What do we really need to do to get the train out of the station?' I see a clear lack of leadership [and] a clear lack of vision."

M'Mukindia is a former CEO of the National Oil Corporation of Kenya, a government agency involved in the import, distribution, sale, and export of energy products. She has over 30 years' experience in the oil and gas industry working with American multinational oil and gas corporation ExxonMobil, the Petroleum Institute of East Africa, and the United Nations Environment Programme.

Speaking at the recent Eastern Afrika Mining and Energy Conference in Nairobi, M'Mukindia noted investors are concerned by the constant changes in regulations. "From the day we found oil, the very next year, we changed our laws. We enacted more taxes [and] we enacted more detail. [And since then] every year we have had changes. Investors, local or international, want one thing: stability. "They have to be able to focus on what is expected of them so that when they do their economics, and run their numbers, they are able to say: 'This is a good environment for me. I will get my return, I know what my obligations are'," said M'Mukindia.

Individual county governments have also been passing their own laws and taxes that create uncertainty. Kenya has 47 counties, which were introduced in 2013. "Every county is coming up with taxes – so it's very difficult for investors to predict. Taxes are good, they raise revenue, but there needs to be dialogue on the level of taxes so that there is an environment where there is enough regulation to allow you to have the infrastructure to exist as a company, but also enough for you to take home," she explained.

Infrastructure concerns

Poor infrastructure is another hurdle for the Kenya's oil industry. Several multi-billion dollar projects – including roads, a port and a pipeline need to be built to facilitate oil production.

Kenya and Uganda have proposed a $4bn pipeline that will run 1,500km. The pipeline will be used to export East Africa's crude when production finally begins – expected in 2018 in Uganda's case and in 2020 for Kenya.

However, there have been fights over the route of the pipeline with Total preferring it passes through Tanzania rather than Kenya due to insecurity in the country's northern region. It is feared arguments over the pipeline's route could push East Africa's first oil production timeline beyond 2020. M'Mukindia says the pipeline needs to be developed "sooner rather than later".

In the meantime, she notes, the role of communities should be defined to avoid building "expectations which cannot be managed". "The extractive industry is a long-term industry. So there is an issue of management of expectations," concurs Cedric Simonet, managing director of Akili Mineral Services. "When people hear oil has been found they think the money is going to start flowing right now – but it takes many years."*(How we made it in Africa)*

São Tomé and Príncipe receives US$2 million for oil agreement with Galp and Kosmos

São Tomé and Príncipe has raised US$2 million in oil bonuses as a result of an agreement signed with Portugal's Galp Energia in partnership with US-based Kosmos Energy, aimed at offshore oil exploration in the archipelago, the National Oil Agency of São Tomé, ANP-STP announced.

In a statement signed by director Orlando Sousa Pontes, the National Oil Agency noted that "Galp Energia and Kosmos Energy will pay a signing bonus in the amount of US$2 million, to be deposited in the National Oil Account within 30 days of the entry into force of the agreement signed by the parties." The statement said that through this agreement, Galp Energia will be operator of block 6 of the exclusive economic zone of São Tomé with a 45 % share, Kosmos Energy will have 45 % and the National Oil Agency representing the government will hold the remaining 10 %. The contract between the National Oil Agency and Galp Energia, for a period of 28 years, establishes the initial eight years for research and the remaining 20 for development and production. Block 6, located in the sea off São Tomé and Príncipe has an average depth of 2,500 metres and covers an area of 5,024 square kilometres. Galp Energia is a Portuguese company focused on oil and gas exploration and production, mainly in Brazil and Mozambique, and its partner, Kosmos Energy is an independent oil and gas exploration and production company headquartered in Dallas, Texas. This agreement reached by Galp Energia and the National Oil Agency is the result of the negotiations following the tender announced in January 2014 by the oil authorities of São Tomé and Príncipe. *(Macauhub)*

Galp Energia becomes oil block operator in São Tomé and Príncipe

Portuguese oil group Galp Energia will make its debut as leader of a consortium for oil exploration in São Tomé and Príncipe, and the respective agreement is due to be signed next, announced the CEO of the group. Carlos Gomes da Silva said the deal had been approved by the National Oil Agency of São Tomé and Príncipe, "and there will be the entry of a new partner, Kosmos Energy," which will bring complementary expertise to Galp and allow risk sharing." The group, which will hold 45 % of the consortium and will be the block 6′s operator, "is currently involved in partnerships on the other side of the Atlantic, namely in Brazil, in very deep water," said Gomes da Silva cited by Portuguese news agency Lusa. Galp Energia will operate this block and have a 45 % stake in Kosmos Energy,based in Dallas, United States, will have 45 % and the National Petroleum Agency (ANP) representing the State of São Tomé will keep the remaining 10 %. *(Macauhub)*

Mozambique resists cronyism in gas licensing

As Mozambique ramps up liquified natural gas (LNG) production to become one of the top three producers in the world, the country's resource management policy is coming under scrutiny.

However, despite some signs that the government of President Filipe Nyusi could be heading in the direction of neighboring Angola – an oil-rich country beset by cronyism and corruption - the results of Mozambique's gas licensing round announced last month have temporarily dispelled fears of political favouritism in the hydrocarbons sector. Angola and Mozambique share a number of common historical traits. Both countries experienced long, brutal civil wars after independence in 1975. While the end of Angola's conflict in 2002 ushered in an economic boom, Mozambique lagged behind. Sonangol, the Angolan state oil company which grants concessions and regulates the sector, is frequently criticised for favouring local ventures with political and familial ties to President Eduardo dos Santos and his inner circle. A form of indigenisation policy that seemed likely to produce similar results was introduced in Mozambique at the end of former President Armando Guebuza's mandate, who led the country from 2005 to 2015.

Mr Nyusi, who was sworn into office in January, is having to assuage external investor anxieties at the same time as promoting indigenous presence in the gas sector. In neighboring Angola, this proved to be a precarious balancing act. A push for indigenisation benefitted the interests of a small elite with a tight grasp on political power.

Mozambique instituted a new Petroleum Law in 2014 that included a clause giving preferential rights to international companies associated with Mozambican ones when granting concessions. This is not unusual in the region, but it can often cause problems. Multinational companies seemed cautious about the integrity of local counterparts. Indigenous companies were not included by any of the consortia competing in Mozambique's fifth hydrocarbon licensing round, which closed at the end of July 2015. This prompted observers to speculate that the government was seeking to impose partners with strong links to the ruling Frelimo party. Contrary to popular expectations and the Angolan experience, this did not happen. Two newly established indigenous companies – Namoza Natural Resources and Petroinveste Mozambique – submitted bids as 'non-operators'. Both are associated with former Frelimo generals from the northern part of the country where the gas concessions are located.

Despite their political connections, the companies' bids were ultimately unsuccessful, with established multinationals winning instead. This indicates that the business elite remains less entangled in politics than in Angola. Angola's highly centralised political system has relied on the oil industry - the region's second largest after Nigeria - to prop up patronage networks and drive an average annual growth rate of more than 10 % in the period 2001 to 2012. This has made it sub-Saharan Africa's fifth largest economy.

Adapting to low prices

That is not to say that Mozambique's extractives industry is not encountering setbacks. Indigenisation concerns aside, the global commodities slump and local infrastructural inadequacies – which came to the fore in 2013 when heavy rains halted rail shipments of coal from the north along the Nacala transport corridor – are proving problematic. Mozambique's economy has long trailed behind Angola's. Prolific gas finds in the Rovuma Basin off the north east coast in 2010 awakened hopes for more robust growth ahead.

However, low oil and gas prices have challenged President Nyusi since the start of his mandate, prompting Mozambique to seek IMF support. The metical - the national currency - has lost 29 % of its value against the dollar in 2015. Responding to these issues in the embattled coal sector, miner Rio Tinto sold its assets in Mozambique at a $4m loss in July 2014. On 1 October, Anglo American PLC closed its office in the capital Maputo 18 months after shelving its acquisition of a majority stake in the Revuboe metallurgical coal project in the north western Tete province. The company cited unsustainable overheads and insufficient port and rail infrastructure.

In the meantime, US oil and gas major Anadarko is in the process of submitting its development plan for a $20bn gas export project to the government. Its final investment decision will ultimately depend on the government's requirements especially vis-à-vis operations regulations and additional infrastructure. In line with his national development plan, President Nyusi is likely to request even more and costlier infrastructure commitments in the marginalised northern province of Cabo Delgado - where he comes from - from companies. Despite the challenges, Mozambique's political climate is somewhat reassuring when compared with Angola's. There is a relatively strong opposition able to challenge the government. Perhaps most significantly, President Nyusi is a relative newcomer to politics. This means that patronage networks are less entrenched than in Angola, where President dos Santos has been in power for 36 years. Despite some promising signals, as the Mozambican president consolidates his power and LNG revenues start flowing in, the hydrocarbons sector remains susceptible to the governance problems faced by Angola. *(This is Africa)*

Exxon, Eni, Sasol win rights to explore Mozambique's oil and gas reserves

Mozambique's state oil company awarded lucrative exploration rights for fossil fuels off its Indian Ocean coastline, with energy giants Exxon Mobil, Italy's Eni and South Africa's Sasol among the winners. The companies won the bids in Mozambique's fifth oil and gas round issued by the Institute of National Petroleum (INP) to explore a total of 15 blocks in some 74,259 sq km. "Despite the unfavourable economic situation characterized by low prices of petroleum, the bids received have programs demonstrating that Mozambique is an attractive country with significant oil potential," the INP said. Mozambican officials expect more than $30 billion will be invested initially in the natural gas sector to build capacity to produce 20 million tonnes per year of liquefied natural gas (LNG), with first exports due to start in

2018. The INP said it expected investments of around $700 million in the next four years. The blocks on offer included three new areas of the northern Rovuma Basin, where Eni and U.S. oil major Anadarko Petroleum Corp are already developing multi-billion-dollar liquefied natural gas (LNG) export projects. Mozambique will hold its next bidding rounds to explore new fossil fuel blocks in 2017, a senior official said. "Our strategy now is to do it every two years," Jose Branquinho, the head of resource assessment at Mozambique's INP told Reuters on the sidelines of an industry conference in Cape Town. *(Reuters)*

New tax on fuels in Angola will fund road repairs

A quarter of the new tax revenue on fuel in Angola will be channeled into the Road Fund, intended for the implementation of the National Programme for Conservation and Maintenance of Roads, according to a presidential decree. The decree, approving the statute for the fund, stipulates that 25 % of the revenue of the new 5 % tax on fuel prices, which has yet to be set, will be consigned to financing the Road Fund. Half the proceeds from the payment of Road Tax, 25 % of consumption tax on lubricants, tolls and vehicle import taxes will also serve to finance the budget of the fund, according to the decree cited by Portuguese news agency Lusa. The reconstruction of hundreds of kilometres of roads destroyed by civil war over nearly 30 years of conflict is one of the priorities set by the Angolan government for national reconstruction projects underway since 2002. The main aim of the fund, the decree said, "is to increase revenues and security" and "proper application of resources for perfect execution" of the National Programme for Conservation and Maintenance of Roads. In addition to handing over some of the Road Tax, the fund will also receive direct transfers from the state budget and public companies. *(Macauhub)*

Total to resume South African offshore drilling next year

French oil major Total is expected to resume drilling offshore South Africa in the second half of 2016, part of a broader campaign to explore in Africa, a senior official said. Total last year stopped drilling off the southern coast of South Africa after experiencing mechanical problems with its rig during high winds and rough seas in the Outeniqua Basin, about 175 km (109 miles) off the southern coast of South Africa. "Our plan is to drill next year but only if those conditions are met. I think it is better to think second half than first half," Kevin Mclachlan, Total's senior vice president for exploration told Reuters on the sidelines of an African oil and gas conference in Cape Town. Total is the operator of Block 11B/12B, where it holds a 50 % stake in the field with equal partner CNR International, a subsidiary of Canadian Natural Resources Ltd. Mclachlan said the company planned to drill between 10-15 wells over the next three years across the continent, including in Africa's top two oil producers Nigeria and Angola. *(Reuters)*

INP of Mozambique announces concessions for oil and gas research and exploration

The National Oil Institute (INP) of Mozambique announced the results of the fifth tender for concession areas for research and production of oil and gas in 11 offshore areas and four onshore areas, which will represent an investment of US$700 million over the next four years.

Eni Mozambico S.p.Apartnering Sasol Petroleum Mozambique Exploration and Statoil Holding Netherlands BV, received the area of Angoche (A5-A area) for a period of four years while Exxon Mobil E&P Mozambique Offshore Ltd, in partnership with RN-Exploration LLC (Rosneft) and Mozambican state oil company ENH received three areas for research and exploration in Angoche district (A5-B area) and in the Zambezi Delta (Z5-C and Z5-D areas) all in Mozambique's offshore. Sasol Petroleum Mozambique Exploration Ltd, partnering ENH, received the PT5-C area in Pande/Temane, and Delonex Energy Ltd in partnership with Indian Oil Corporation Ltd, received the P5-A area in Palmeira.

The concession areas on land and at sea have a total area of 74.259 square kilometres. The tender was launched on 23 October 2014 for research and exploration of hydrocarbons in 11 areas in the sea, in the basins of the Rovuma, Angoche rivers and the Zambezi Delta and four onshore in Pande/Temane and Palmeiras. The tender received a total of 23 proposals. A note from INP said, "the proposed research programmes for the next four years have the potential to enable investments amounting to approximately US$700 million and are expected to drill a minimum of 10 wells, eight of which in deep water." *(Macauhub)*

Sonangol, Total deepwater project to add 30,000 bpd to Angola oil output

Sonangol and a unit of France's Total will break ground on a new deepwater oil pumping project that will add over 30,000 barrels a day to Angola's oil production, the state oil company said. The project, part of the offshore Rosa oil production field north of the capital Luanda, involves four multi-phase high-pressure pumps installed close to the bottom of sea and will link up with an existing subsea network for pumping crude, the company said. "These pumps allow recovery of about 42 million barrels of additional reserves," Sonangol said in a statement seen by Reuters. The project involves Total's Angola unit which operates Angola Block 17, Sonangol said. The additional pumping capacity will be a boost for the southern African nation whose coffers have suffered as a result of a sharp slide in oil prices since mid-2014. Oil output represents 40 % of Angola's gross domestic product and over 95 % of its export revenue. Fallen oil prices have sapped dollar inflows, dented the local kwanza currency, hammered public finances and prompted heavy

government borrowing. Last month, President Jose Eduardo dos Santos appointed a government team to help reorganise the oil sector, including Sonangol, although he did not give details of the plan. *(Reuters)*

Total adds 30,000 barrels per day to oil production in Angola

The launch of the Multiphasic Pump project, in the Rosa field of Angola's Block 17, will add 30,000 barrels of oil per day to production in Angola, announced Total E & P Angola and Angolan oil company Sonangol in a joint statement.

The statement said that exploration of that oilfield in the Angolan sea was part of a programme called Increase in Sunflower Resources (Aumento de Recursos do Girassol – GirRl), launched in 2010 to optimise oil recovery in fields related to the Floating Production, Storage and Offloading Unit (FPSO). Technicians installed four high pressure multiphase pumps on the seabed, connected to the subsea production network of the Rosa Field, which will make it possible to recover 42 million barrels of additional reserves.

The project, whose technology is being used for the first time in the world, also includes installation of a connecting power cable between the Girassol FPSO and Dalia, to ensure the functioning of the pumps. Block 17 is one of the largest operated by French group Total, with recorded accumulated production of 2 billion barrels in April 2015. The operation is guaranteed by four floating production, offloading and storage units. Total E&P Angola is the operator of Block 17 with a 40 % stake, and its partners are Statoil with 23.33 %, Esso Exploration Angola Limited, with 20 % and BP Exploration (Angola), with 16.67 %. *(Macauhub)*

Angola's Boom, Fueled by China, Goes Bust

Downturn in Africa's second-largest crude producer reverberates as far as Beijing and threatens longtime president's grip on power. The oil boom that turned this Atlantic coast city into the world's most expensive for foreigners has gone bust, threatening President José Eduardo dos Santos's long grip on power in Africa's second-biggest crude producer. Property prices have plummeted by half and Western oil companies are laying off thousands; U.S. dollars and steady work have become scarce.

Angola's troubles threaten to reverberate as far away as Beijing, the regime's sponsor and top crude customer. In the European Union, some Portuguese banks now rely on their Angolan branches to generate profit and Portuguese companies piled into Angola during the debt crisis at home…Thousands are being laid off as oil-sector giants including France's Total SA, Spain's Repsol SA and services firm Schlumberger Ltd. cut costs. "If the situation goes on like this, the regime won't survive," the lawyer said. Angola's economy will grow 3.5% this year and next, the International Monetary Fund says, down from double-digit rates a few years ago.

Angola's central bank has burned through $10 billion, a third of its reserves, just to hold the kwanza currency's slide against the dollar at around 30%. The inflation rate is approaching 12% annually. "It's the biggest crisis we've ever faced," said Guadalberto Limo Campos, a deputy governor at the bank. He said the bank was negotiating a currency-swap deal with the People's Bank of China to help ease the liquidity shortage. He said $6 billion in fresh financing from China would build new schools and power plants in exchange for half of the 1.7 billion barrels of oil Angola expects to pump in each of the next two years. Chinese businessman in Angola say they built infrastructure here when no one else was willing.

But economists say such deals exacerbate the crunch because Beijing pays in projects, not cash. Like other African countries that rely on China's hunger for natural resources, Angola is reckoning with waning demand—and less revenue to keep frustrated populations in check. China may already be re-examining its relationship with Angola. Officials recently put one of energy giant Sinopec Group's executives under investigation for suspected graft related to oil deals in China. "China is not the same customer it was 10 years ago. We don't know how long they will need us," said Manuel Alves da Rocha, an economist at the Catholic University of Angola.

Business leaders fear unrest will intensify as long as Angola is short on U.S. dollars. Crude generates nearly all of the country's export earnings and 80% of revenue. With oil prices down 50% from a year ago, Angola has half as much money to pay nurses and police, and imports are scarce. "If you don't have eggs you can't make an omelet," said Pedro Godinho Domingos, president of Prodiaman LDA, an oil-services company. Prodiaman laid off 100 of its 750

employees this year and halted construction at a $140 million condominium complex for expatriates in the oil-rich Cabinda region… *(Wall Street Journal)*

RETAIL

Africa expansion drives SAB Miller, AB InBev mega-merger

Access to African markets is a key driver in the planned mega-merger of brewing giants SAB Miller and AB InBev, according to industry insiders. The planned $106bn acquisition of SABMiller by AB InBev will be the third largest M&A transaction in history, and will give the merged entity control over around one third of global beer sales.

While AB InBev has a very small footprint in the continent, SABMiller currently sells around 40 beer brands in Africa and generates around a third of its profit and revenue across 37 African markets. "Africa has a burgeoning middle class and SAB Miller has made good inroads into local markets," says Greg Stonefield, a partner in the corporate and securities practice of law firm Mayer Brown. "Growth in the beer industry today is primarily in emerging markets and Africa is considered the last great frontier."

Jonny Forsyth, global drinks analyst at market research company Mintel agrees: "Gaining such strong access to Africa is definitely the key motivation because SAB Miller has been a real African success story. Africa is definitely going to be one of the most exciting and high growth regions for the beer industry in the next decade and beyond."

The African beer market is the fastest growing in the world. It is forecasted to grow at an average rate of 5 % between 2013 and 2017, according to a March 2015 report by market research group Canadean. Mr Forsyth expects the deal will encourage other multinationals in consumer facing sectors to enter the market more aggressively. "A deal of this size will make other companies sit up and take notice. The beer industry is ahead of the game when it comes to Africa, but I think there is going to be a lot of interest now from the wider consumer packaged goods industries," he says.

Other major multinationals have made bold moves recently. General Electric booked $2.5bn of orders from sub-Saharan Africa over the past 18 months. In July, Germany's Volkswagen, Europe's biggest carmaker, resumed building vehicles in Nigeria for the first time in 25 years in a bid to foster sales growth in Africa. "There are still a large number of US, Japanese, French and other European corporations who sell elsewhere in the world but have not yet grasped how to go into Africa," says Mr Stonefield of Mayer Brown. "But over the last two years, many more of these companies are now thinking about the potential market that is out there. We have fronted a number of calls from international companies that are looking to get into Africa."

An M&A boom

This investor confidence in many African markets has also been fuelling a rise in M&A activity. M&A deals in Nigeria and South Africa alone totalled $7.88bn in 2014, with overall African deals expected to rise by 53 % in 2015.

The mining industry accounted for the most M&A activity in 2014, while financial services overtook energy, mining and utilities as the sector with the highest grossing inbound value. "We are seeing a lot of M&A activity across Africa right now which is being driven by a desire to establish a foothold there because of an increasing awareness of how much potential it holds," says Anna Rosenberg, practice leader for sub-Saharan Africa at Frontier Strategy Group.

She points to currency depreciations in many major African markets including Nigeria, Zambia and Ghana as one factor, which mean that assets tend to be cheap for international players. "Companies that have a long-term investment horizon and believe in the Africa opportunity are taking advantage by buying local companies and setting up local manufacturing." For example, in April 2015, US chewing gum manufacturer Wrigley began construction of a $58.9m factory in Kenya as it seeks to increase its African business. "Many companies are investing in manufacturing and acquiring distributors, and we are expecting to be seeing more of that," says Ms Rosenberg. "The InBev/SAB Miller deal is just one of more to follow. Multinationals have been waking up to Africa over the last two to three years, but now is a particularly good time to make strategic investments given assets are relatively cheap."*(This is Africa)*

TELECOM

FIRST MOBILE PHONE BOND

Kenya launched its first government bond to be offered exclusively through mobile phones and has cut the minimum investment level in a bid to stimulate public participation in capital markets. The MAkiba – "Akiba" means "savings" in Swahili – infrastructure bond will be on sale for 3,000 KSh ($28) and offered on the money transfer platform MPesa. The MAkiba will speed up transaction time, with trades that previously took two days made instantly via mobile. The Treasury hopes to raise $47.7m through the bond sale. *(African Business)*

China's Xiaomi to Sell Smartphones in Africa

Xiaomi Corp. will begin sales in Africa this month, as the Chinese smartphone maker continues its overseas expansion to offset a slowing domestic market. As WSJ's Eva Dou reports: Xiaomi will pass along a wide range of functions to an African distributor, suggesting the difficulty of reproducing its innovative online sales model in other markets.

The company said its Redmi 2 and Mi 4 smartphones will be sold in South Africa, Nigeria and Kenya beginning in the middle of this month. The sales will take place through a distribution partnership with Mobile in Africa Group, the

company said. In China, Xiaomi rose to the top through a lean model of selling bargain phones online with low overhead. But as it expands overseas, Xiaomi is relying on more traditional sales channels in some markets. It comes as China's most valuable startup is facing fierce domestic competition, especially from Huawei Technologies Co. Analysts say Huawei has seen faster China sales growth in the past year, with some research firms such as Canalys saying it has passed Xiaomi in China market share. With China's domestic market growing saturated, Xiaomi has expanded in emerging markets this year, with particular emphasis in India and Brazil. In Africa, MIA Group will oversee the importation, logistics, marketing and support for Xiaomi's phone sales, Xiaomi said. The phones will be sold through mobile operators, websites and retailers in the three African countries.*(Wall Street Journal)*

Mozambique Government moves to increase surveillance

The attorney-general, Beatriz Buchili, has met mobile-phone operators to discuss the implementation of a government decree requiring all mobile phones to be registered. The requirement was initially ordered in 2010, following widespread riots in Mozambique. The authorities argued that the rioters were mobilised via text messages and that the state, therefore, needed greater control over communication channels to prevent further unrest. However, the mobile-phone operators have successfully lobbied for several postponements to implementation of the new rules and the rate of registration has remained low. The issue has now assumed new importance, with the intervention by Ms Buchili suggesting that the current deadline of November 28th will not be extended. The latest drive to require mobile phones to be registered stems, in part at least, from the heightened risk of public disorder in the country, fuelled by high inflation and recurrent clashes between the government and the armed opposition, the Resistência Nacional Moçambicana. Moreover, in the coming months the government is set to increase prices for several regulated products, including electricity and transport, which has in the past been a trigger for rioting (we expect the government to delay price hikes until mid-2016, but they will not be deferred indefinitely given the pressures on the fiscal balance). Should disorder break out, monitoring text messages may help the authorities to against widespread unrest. However, increased surveillance of mobile phone activity is unlikely to prevent against anti-government protests entirely, since there are other ways to mobilise dissidents, and it may well exacerbate popular mistrust of the government. Beyond containing disorder, Ms Buchili also hopes that monitoring mobile-phone activity will also assist the police in cracking down on kidnapping gangs. Kidnapping for ransom is a growing problem, particularly in the capital, Maputo, where there has been an influx of foreign visitors in recent years. However, it is not entirely clear how requiring mobile phones to be registered will help to prevent kidnapping, since, even with extensive mobile-phone data, the police will still lack the manpower to monitor all activity. *(Economist Intelligence Unit)*

MTN Must Obey Nigerian Laws, South Africa's Ramaphosa Says

MTN Group Ltd., Africa's biggest mobile-phone company that's facing a $5.2 billion fine in Nigeria, must follow the rules in countries where it does business, South African Deputy President Cyril Ramaphosa said. "We will obviously be taking note of what is happening with a view of seeing how the company involved responds and reacts in this matter," Ramaphosa told lawmakers in Cape Town. "We would like our companies to comply with the laws and regulations of countries where they operate, without violating those." The comments by Ramaphosa, a former chairman of MTN, suggest South African authorities may leave MTN to fend for itself as it seeks to have the penalty reduced. MTN shares have slumped 14 % since Oct. 26, when Nigeria's industry regulator imposed the fine for failing to disconnect customers with unregistered phone cards.

The Nigerian Communications Commission has given MTN until Nov. 16 to pay the fine, which relates to the timing of the disconnection of 5.1 million subscribers and is based on a charge of 200,000 naira ($1,005) for each unregistered customer. Nigeria is Johannesburg-based MTN's biggest market with 62 million clients as of September. "It does seem like in the case of Nigeria, there were issues, and those issues need to be addressed," Ramaphosa said. "If this fine is indeed imposed as it is, it is going to impact on South Africa as well, as our revenue fortunes from a taxation point of view are going to be lower."

South African authorities may be reluctant to confront their Nigerian counterparts following a series of diplomatic spats that have soured relations between Africa's two biggest economies. The most recent occurred in April, when Nigeria's government ordered its two most senior diplomats in South Africa to return home for consultations following a wave of attacks against immigrants, including Nigerians, in Johannesburg and Durban. "South Africa does not have a track record of defending its national company champions internationally," Nic Borain, a political analyst who advises BNP

Paribas Cadiz Securities, said by phone. "On the face of it, this fine seems seriously over the top. Ramaphosa's words about the issue seem weak as they veer too much on the side of caution."

MTN Summoned

South Africa's telecommunication and finance ministries didn't immediately respond to calls and e-mails seeking comment. Lawmakers plan to summon MTN officials to explain why the company was fined, Nkhensani Kubayi, chairwoman of Parliament's telecommunications committee, said by phone from Cape Town. The panel also intends questioning the South African industry regulator to determine whether MTN is compliant with local rules, with hearings likely to take place next year, she said. "I believe the South African government should be doing more than having a watching brief on what MTN does," Athol Trollip, a lawmaker for the main opposition Democratic Alliance, said by phone. "They should give leadership on this." *(Bloomberg)*

MTN Said in Advanced Talks About Reducing $5.2 Billion Fine

MTN Group Ltd. is in advanced negotiations about reducing a record $5.2 billion penalty imposed by Nigerian regulators on Africa's largest wireless operator, according to people familiar with the matter. The shares reversed earlier losses. MTN will probably get a lower fine, which was imposed after the Johannesburg-based company failed to meet a deadline to disconnect 5.1 million unregistered subscribers, said one of the people, who asked not to be identified because the matter is private. It's not clear by how much the regulator is willing to cut the penalty, the person said. The mobile-phone company has until Nov. 16 to pay the levy, which is based on a charge of 200,000 naira ($1,005) for each unregistered customer. MTN Chairman Phuthuma Nhleko will lead the conversations with the Nigerian Communications Commission after Chief Executive Officer Sifiso Dabengwa resigned over the weekend. The company's shares have lost almost a fifth of their value since the fine was made public two weeks ago. MTN shares reversed earlier losses to gain 1.6 % to 160.01 rand as of 11:49 a.m. in Johannesburg, giving the company a market value of 296 billion rand ($21 billion). Dabengwa left after taking responsibility for the penalty, and Nhleko will act as executive chairman for a maximum of six months. Nigerian Communications Commission spokesman Tony Ojobo declined to comment. *(Bloomberg)*

MTN CEO Dabengwa Resigns After $5.2 Billion Nigeria Penalty

MTN Group Ltd. Chief Executive Officer Sifiso Dabengwa unexpectedly resigned from Africa's biggest mobile-phone operator to take responsibility for a $5.2 billion fine in Nigeria that's wiped almost a fifth off the market value of the company. Dabengwa will be replaced by former CEO and Chairman Phuthuma Nhleko, 55, for as many as six months while the company searches for a permanent successor, Johannesburg-based MTN said in a statement. Nhleko, who led MTN for almost nine years until 2011 and increased subscriber numbers 30-fold through rapid international expansion, said he will deal with the Nigerian Communications Commission personally about the penalty. Talks are at an advanced stage, according to people familiar with the matter, who asked not to be identified as discussions are private.

Nhleko said he will "pro-actively deal with the Nigerian regulator and will continue to work with them in addressing the issues." MTN shares traded 1.8 % higher at 160.35 rand as of 11:43 a.m. in Johannesburg.

Dabengwa, 57, resigned over the weekend after consultation with the board and his financial compensation hasn't been decided, spokesman Chris Maroleng said by phone, describing the move as an "honorable gesture." The company has until Nov. 16 to pay the Nigerian fine, which was imposed for missing a deadline to disconnect 5.1 million unregistered subscribers and is based on a charge of 200,000 naira ($1,008) for each unregistered customer. "We've been anticipating this but not the timing," Arthur Goldstuck, an analyst at World Wide Worx, said by phone. "One can only assume his role in the negotiations was not effective."

MTN shares have declined about 16 % since the Nigeria penalty was made public two weeks, valuing the company at 289 billion rand ($20.4 billion). "The departure of Sifiso Dabengwa is the beginning of a clearing out that is necessary to regain the confidence of investors," Goldstuck said.

MTN expanded into markets such as Iraq and Syria under Nhleko and now has more than 230 million customers in 22 countries. Nigeria is the company's biggest market with more than 62 million subscribers, or almost a quarter of the total. The NCC last week approved the renewal and extension of MTN's license for another five years until 2021 pending the payment of $94.2 million. "Due to the most unfortunate prevailing circumstances occurring at MTN Nigeria, I, in the interest of the company and its shareholders, have tendered my resignation with immediate effect," Dabengwa said in the statement. He didn't answer calls to his mobile-phone seeking further comment. "Sifiso leaving is a loss to the industry," Shameel Joosob, CEO of MTN competitor Vodacom Group Ltd., said by phone. "I see this issue as a bump in the road. They will probably negotiate a settlement on the fine."' *(Bloomberg)*

Telkom in Talks to Buy South Africa Wireless Company Cell C

Telkom SA SOC Ltd. said it's in talks to buy Cell C Pty Ltd., South Africa's third-biggest mobile-phone company, an acquisition that would bolster the operator's wireless unit as it seeks to offset declining sales from its larger, fixed-line business. Telkom, 40 % owned by the South African government, is carrying out due diligence and will update shareholders accordingly, the Pretoria-based company said in a statement. The shares gained 0.7 % to 64.05 rand as of 9:32 a.m. in Johannesburg, valuing the company at 33.8 billion rand ($2.4 billion). Cell C's majority owner, Oger

Telecom Ltd., has already rejected a 14 billion rand offer from Telkom for the Dubai-based company's 75 % stake, a person familiar with the matter said last month. Telkom operates South Africa's fourth-biggest mobile-phone provider in a market dominated by two larger competitors, Vodacom Group Ltd. and MTN Group Ltd. "A combination of the two players makes a stronger player," Vodacom Chief Executive Officer Shameel Joosub said by phone. He declined to say whether he supported or opposed the transaction on an anti-trust basis. *(Bloomberg)*

AGRIBUSINESS

Kenyan Tea Growers Going Purple Seeking More Lucrative Returns

Kenyan tea growers are diversifying into higher-priced varieties as tastes change and prices of the black variety of the beverage the East African producer is known for becoming volatile.

From the rich volcanic soils on the slopes of Mount Kenya to the cool highlands of the Rift Valley, growers are either planting a new variant with purplish leaves or converting production from the common bush to more lucrative types; white, green and orthodox.

In Meru county in central Kenya, grower Njeru Industries has 150 acres (60 hectares) under purple bushes and has been exporting 60,000 kilograms (132,277 pounds) annually to Japan at $30 per kilogram, according to Director Roselyne Njoki. In comparison, the top grade of conventional black tea introduced to the country by British settlers in the 1940s, of which Kenya is the world's biggest exporter, sold for about $3.12 per kilogram at the latest auction. "We are purely a specialty grower," Njoki said by phone, adding that there was more demand for the purple variant than the other three specialty teas Njeru produces on 350 acres for sale in Britain and China. White tea earns the company as much as $40 per kilogram, she said.

The United Nations' Food and Agriculture Organisation sees supply and demand for black tea "in equilibrium" at a price of about $2.81 per kilogram compared to an average of $2.59 per kilogram this year. Prices may drop by as much as 40 % by 2023 if producers around the world increase supply by about 5 %, the FAO said in a statement posted on its website, advising grower nations to promote domestic demand and diversify into organic and specialist teas to protect earnings.

Asian market

The purple kind was developed by Kenya's Tea Research Institute. The government agency says the variety may hold medicinal properties. In Japan, Njeru's customers are turning the leaves into capsules and creams used in the beauty industry, Njoki said. Consumers around the world are also switching to varieties considered healthier for carrying high levels of anti-oxidants or less caffeine, said Elizabeth Kimenyi, the interim head of the Tea Directorate, the industry regulator. Purple tea contains anthocyanin, a pigment rich in health-promoting flavonoids, that gives it its reddish tinge, according to Njoki.

Orthodox tea -- derived from the same bushes as black tea but processed differently -- earns between $7 and $25 per kilogram, according to Robert Keter, chief executive at Emrok Tea Factory. It is manufactured using a traditional process that includes a longer fermentation period and hand rolling whole leaves, instead of the crash, tear, curl, or CTC, method used in black-tea processing.

Four-year-old Emrok churns out 400 kilograms of orthodox leaves in addition to the 15,000-kilogram daily output of black tea. It has also planted purple bushes on a portion of its 1,000-acre (405-hectare) estate. "It's the way to go to secure Kenya's tea industry," Emrok's Keter said in an interview in the capital, Nairobi. "There is market for purple tea. It's particularly well received in Asia."

Price shocks

Drought this year may cut black-tea output by a 10th to about 400,000 tons, according to the government agency. The drop in supply has pushed average prices up by about 43 % this year, after they fell 26 % in 2014, according to data from Tea Brokers East Africa Ltd., a Mombasa-based trader. "Diversification is the way to go to boost prices," said Edward Mudibo, managing director of East Africa Tea Trade Association. "It will act as a shock absorber when there is oversupply of tea like there was in 2014."

Kenya exports 95 % of the tea it produces, Mudibo said. Top buyers include Britain, Egypt and Sudan, whose purchases help generate about $1 billion of foreign-currency earnings annually. Most of it is black tea sold an auction in the port city of Mombasa. The weekly sale that handles over 70 % of tea exported from Kenya would require large volumes before trading specialty types, Mudibo said.

Prices for black tea have been so unstable that the 3,000-acre Kiptagich Tea Estates contemplated clearing some of its crop and replacing it with gum trees, Marketing Manager Edwin Bii said in an interview. To avoid such drastic action by growers, the government is now mooting a fund to guarantee farmers a minimum price when prices slide, according

to Kimenyi. “While we still study income stabilization mechanisms, we are asking farmers not to uproot the tea trees, but to diversify,” she said.*(Bloomberg)*

Burundi's tea revenues up 64 pct in nine months to September
Burundi's earnings from tea were up by nearly 64 % in the last nine months as sales volumes and prices increased, boosted by a drop in Kenya's output, a tea board official said. Production in Kenya, the world leading exporter of black tea, can influence the regional market, while Burundi exports 80 % of its tea through a regional weekly auction held in Mombasa. Burundi's state-run tea board (OTB) said it earned $27.3 million between January and September, up from $16.7 million in the same period last year and ahead of the $21.3 million it earned in the whole of 2014. Exports are up at 8,959,321 kg of tea this year from 7,743,972 kg last year. The tea industry has emerged largely unscathed from several months of political unrest over President Pierre Nkurunziza's contested third term in office that has affected other sectors of the country’s fragile economy. Tea is Burundi's second-largest hard currency earner after coffee and employs some 300,000 smallholder growers in a nation of 10 million people. "The combination of higher sales and a decline of Kenya’s tea production has boosted prices as well as earnings for Burundi’s tea," OTB’s head of exports, Joseph Marc Ndahigeze, told Reuters. The average export price per kg jumped to $3.05 from $2.16 in 2014, OTB said in its report. *(Reuters)*

Cashew nut production in Mozambique approaches 100,000 tons
Sales of cashew nuts in Mozambique in the 2015/2016 campaign could reach 100,000 tons, according to information released by the director of the National Institute of Cashew Promotion (Incaju), Filomena Maiópuè in Muecate, Nampula province. Maiópuè, who took part in the official launch of the sales year, recalled that in the previous campaign sales totalled 80,000 tons, so that “achieving the goal of 100,000 tons is something that we view as possible.” At the time, the director of Incaju noted that Mozambique has 14 cashew processing plants, mostly operating in Nampula province. Nampula has an estimated 14 million cashew trees and is the Mozambican province with the highest cashew production. *(Macauhub)*

Cashew plantations in Guinea-Bissau need to be re-organised
Cashew plantations in Guinea-Bissau need to be re-organised as this activity is destroying forests and leading the country into a situation of cash-crop monoculture, said in Bissau a former leader of the sector. Constantino Correia, a forestry engineer who led the sector between 2004 and 2005 and who now accompanies food self-sufficiency projects, told Portuguese news agency Lusa that every year between 30,000 and 80,000 hectares of forest are cleared for firewood, charcoal, wood for different uses and to plant fruit trees or other agricultural work.
The figure may be conservative since it is based on a forest inventory from 1985, the only one that the country has, but visits into the field show that the advance of cashew trees is the main pressure on the forest areas, he said. The fruit’s seeds, after drying, are the main export of Guinea-Bissau (which is one of the world’s largest producers) and the main source of income of a population where almost 70 % of people are living in poverty (UN data). The forestry engineer said he was not arguing against cashew production but rather against the fact that it is being poorly cultivated, saying “we have no cashew orchards, we have cashew woods.” This means that productivity is very low, of 500kg of nuts per hectare compared to 2 tons per hectare in Nigeria and nearly 3 tons per hectare in Vietnam. Official estimates point to exports of 200,000 tons by the end of 2015, with the price per kilogram paid by buyers this year to reach record levels, of between 670 and 1,000 CFA francs (between US$1 and US$1.65). *(Macauhub)*

Angola wants to make use of India’s experience to develop the agricultural sector
The Angolan Minister of Agriculture, Afonso Pedro Canga, said in New Delhi that India could contribute to the development of agriculture in Angola given its experience as one of the largest producers of agricultural products.
The minister was speaking on the sidelines of the 3rd India-Africa Summit taking place in the Indian capital, which is attended by a delegation from Angola. “Angola needs to increase production to meet the growing needs of the population but also to export and India is available for this partnership,” he said. The minister recalled that “India is a major agricultural power, it occupies one of the top places in grain production in the world, it has the technology, expertise and workers, and it is therefore advantageous for Angola to have a partnership for the development of agriculture and agro-industry.” “Countries are interested in taking advantage of India’s ability and India is available to pass on its experience and knowledge as well as providing financial and technological support to agricultural development with mutual benefit,” Canga said. *(Macauhub)*

Guinea-Bissau government grants microcredit to farmers to ensure food security
The government of Guinea-Bissau granted a credit of 150 million CFA francs CFA (US$249,000) to six organisations that support agricultural activities generating income in the Cacheu region in the north of the country, said the Minister of Economy and Finance of Guinea-Bissau. Minister Geraldo Martins said that granting credit was part of the food security programme the government is seeking to implement at a national level through the agency for the promotion of savings and microcredit activities of the Economy and Finance Ministry. The programme, which was designed by the

ministry departments, has granted credit in the amount of 1.5 billion CFA francs particularly to benefit young people and women, especially in rural areas. The minister gave assurances that the government would continue to request more funds from the international community to increase provision of credit to agricultural organisations in other regions in order to cover the entire country. Meanwhile, in Lisbon, the Guinean President, José Mário Vaz announced that India would donate US$250 million dollars to support agriculture, energy and youth employment. *(Macauhub)*

Ghana's Cocoa Board Seeks to Reassure Traders, Investors
World's second largest cocoa producer looks to overcome last season's shortfall

Following last season's surprise drop in cocoa production in Ghana, the source of as much as a fifth of the world's beans, the country's cocoa agency is defending its record as a dependable producer of chocolate's key ingredient. "We assure our buyers that there is no cause to panic," said Noah Amenyah, public affairs manager for Ghana's cocoa board, known as Cocobod, in an interview with The Wall Street Journal. After a strong start, Mr. Amenyah says Cocobod is confident Ghana can produce 850,000 metric tons of cocoa for the 2015/2016 season, avoiding the drop seen in 2014/2015 when production fell short of the initial forecast by over 300,000 tons.

Ghana, the world's second-largest producer of cocoa, after neighboring Ivory Coast, will be desperate to avoid a repeat of the 2014/2015 season. During that season, according to the International Cocoa Organization, the country produced an estimated 696,000 metric tons of the beans, a huge disparity from Cocobod's initial forecast that production could hit 1 million tons.

The situation was so dire that Ghana's production came at least 100,000 short of the beans it had already sold to processors and traders, leaving firms on the hook to other buyers down the supply chain. Those orders have been rolled forward into the current season, leaving some analysts worried that Ghana won't be able to produce enough cocoa to meet demand, just as the weather phenomenon El Niño is expected to hit West Africa. Analysts now expect a deficit for the current season, with Rabobank forecasting a shortfall of 150,000 tons. Concerns over dry weather have also helped to push the London-traded cocoa contract up by more than 10% year-to-date. "We expect to meet our target. Therefore there is no contingency plan that we will have so far," Mr. Amenyah said adding that if a shortfall should occur, every effort would be made to collect all the beans available.

While the official declined to give a specific number, he said the board hasn't forward sold the full 850,000 ton forecast, but has only offered enough cocoa to pay back a seasonal loan. The $1.8 billion syndicated loan, from international banks including Standard Chartered, Barclays and Commerzbank, was oversubscribed by 44% and Mr. Amenyah believes this "shows the very huge confidence in the cocoa industry, and so the buyers, the bankers, aren't afraid by what happened last year".

Two weeks into the 2015/2016 season, which runs from October to September, Mr. Amenyah said warehouses in Ghana were holding roughly 100,000 tons of cocoa beans, almost twice the amount stockpiled at the same period last season. He remained coy about how much cocoa has been shipped from Ghana so far, but a trader believes that deliveries in the first three weeks of October were between 50,000 and 60,000 tons. "This year we do not hope that we will go through that [shortfall]; we are expecting that this season has started well. The rains have also started quite well for us, we expect that to continue," Mr. Amenyah said. "Last year's season was one that we couldn't explain, because we were not expecting the production to fall that much," Mr. Amenyah admits. "The season was quite bad, we had severe harmattan, the rainfall was lighter, and so we lost a lot of crop." The harmattan is a dry seasonal wind in West Africa. Cocobod has largely attributed the decline to the falling productivity of old and diseased trees. The board estimates that 40% of the country's trees are now unproductive, due to either age or disease, but this season, Cocobod will provide 60 million new tree seedlings as replacements.

But according to many analysts and traders in the industry, the cause of last season's drop is still not conclusive. Market players have attributed the drop to factors including the late application of fertilizers, a structural shift of labor to cities and illegal gold mines, and smuggling into Ivory Coast, after the devaluation of the Ghanaian currency undermined the minimum price set by Cocobod. Nonetheless, Ghana addressed the drop "to the best of our abilities", Mr. Amenyah said. "I think the difference [in the crop] wasn't big [enough] to turn into a shock. There's so much confidence in the Ghana cocoa industry." *(Wall Street Journal)*

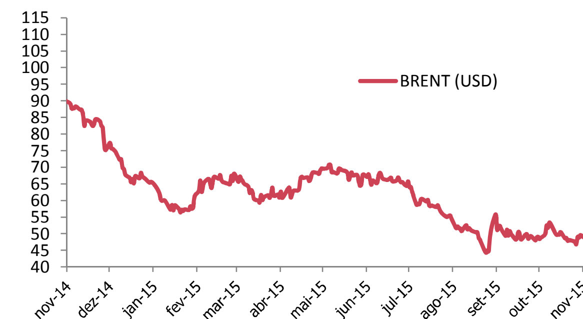
MARKET INDICATORS
09-11-2015

STOCK EXCHANGES		
Index Name (Country)	09-11-2015	YTD % Change
Botswana Gaborone Domestic Index (Botswana)	10.580,39	11,35%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	303,47	17,59%
Case 30 Index (Egypt)	7.138,81	-20,03%
FTSE NSE Kenya 15 Index (Kenya)	182,71	-15,21%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.653,09	-2,88%
Nigerian Stock Exchange All Share Index (Nigeria)	29.168,04	3,88%
FTSE/JSE Africa All Shares Index (South Africa)	53.264,54	7,02%
Tunindex (Tunisia)	4.912,73	-3,48%

Source: Bloomberg and Eaglestone Securities

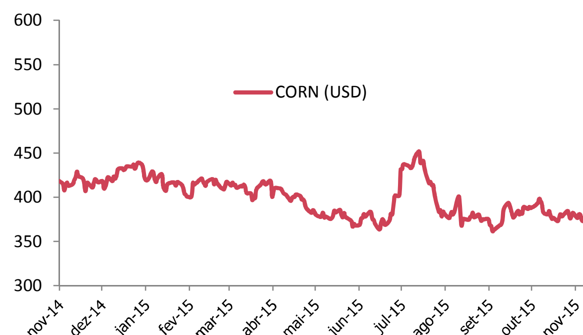
METALS		
	Spot	YTD % Change
Gold	1.090	-8,02%
Silver	15	-6,73%
Platinum	914	-24,33%
Copper $/mt	4.987	-20,84%

Source: Bloomberg and Eaglestone Securities



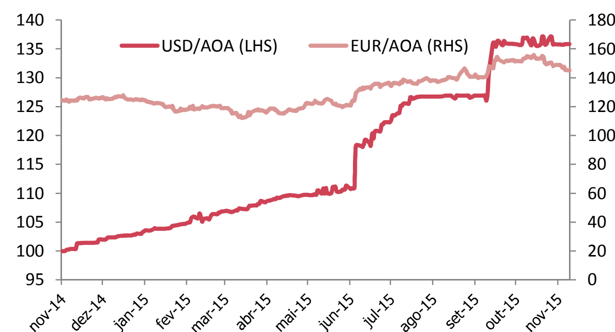
ENERGY		
	Spot	YTD % Change
NYMEX WTI Crude (USD/barril)	44,3	-18,45%
ICE Brent (USD/barril)	47,7	-19,41%
ICE Gasoil (USD/cents per tonne)	457,5	-13,64%

Source: Bloomberg and Eaglestone Securities



AGRICULTURE		
	Spot	YTD % Change
Corn cents/bu.	373,8	-6,74%
Wheat cents/bu.	517,5	-12,95%
Coffee (KC) c/lb	118,8	-29,83%
Sugar#11 c/lb	14,1	-5,23%
Cocoa $/mt	3219,0	11,31%
Cotton cents/lb	61,7	1,00%
Soybeans c/bsh	870,8	-15,50%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	135,305
EUR	145,234
GBP	204,202
ZAR	9,464
BRL	35,584
NEW MOZAMBIQUE METICAL	
USD	44,450
EUR	49,016
GBP	68,616
ZAR	3,109
SOUTH AFRICAN RAND SPOT	
USD	14,299
EUR	15,349
GBP	21,581
BRL	3,764
EUROZONE	
USD	1,07
GBP	0,71
CHF	1,08
JPY	132,62
GBP / USD	1,51

Source: Bloomberg and Eaglestone Securities

UPCOMING EVENTS

7th annual, APPP (Africa Public Private Partnership) Conference and Showcase 9-11 November 2015 London UK *http://www.africappp.com/*

ICB 2015 Forum – Invest in Congo Brazzaville: 19–21 November 2015
The ICB 2015 Forum is being held as part of the Congo's economic diversification strategy
www.icb2015.com

The Africa Finance & Investment Forum (AFIF) 24-26 November, Cape Town, South Africa
AFIF2015 is organized in collaboration with EIB (European Investment Bank), DEG (German Development Finance Institution), Rabobank and in partnership with OLD MUTUAL Investment Group, ECOWAS-TEN, Agri Academy (South Africa), Pfizer, BlueCloud (United Kingdom), ICD (Islamic Development Bank) and IFC (Intl. Finance Corporation, World Bank). *http://www.emrc.be/en/events/afif-2015.aspx*

African Urban Infrastructure Investment Forum Nov 30 –Dec 3 2015, in Sandton - South Africa
http://ic-events.net/event/africa-urban-infrastructure-investment-forum-2015/

The Global African Investment Summit, 1-2 December 2015 Central Hall Westminster, London UK
www.tgais.com/africanbusiness

Structural Transformation of African Agriculture and Rural Spaces (STAARS) 4-5 December 2015, Addis Ababa, Ethiopia
The African Development Bank, in collaboration with Cornell University, the African Economic Research Consortium (AERC), the Partnership for Economic Policy (PEP), and the World Bank, are organizing a conference on the theme Structural Transformation of African Agriculture and Rural Spaces (STAARS).
http://barrett.dyson.cornell.edu/staars/index.html

World Economic Forum Annual Meeting 2016 - Davos-Klosters, Switzerland 20 - 23 January 2016
http://www.weforum.org/events/world-economic-forum-annual-meeting-2016

Mining Indaba 2016 Cape Town, South Africa -08 to 11 February 2016
Investing in African Mining Indaba™is the world's premier mining investment conference,dedicated to the capitalisation and development of mining interests in Africa. A must attend event for investors, mining executives, government ministers, and other mining professionalswith an interest in African mining.
http://www.miningindaba.com/ehome/index.php?eventid=119660&

The Africa CEO Forum: 21–22 March 2016, Abidjan – Côte d'Ivoire (Ivory Coast) Hotel Sofitel Ivoire
www.theafricaceoforum.com

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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

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