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9 December2016

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EAGLESTONE SECURITIES

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In-depth:
Agriculture in Sub-Saharan Africa: Prospects and challenges for the next decade

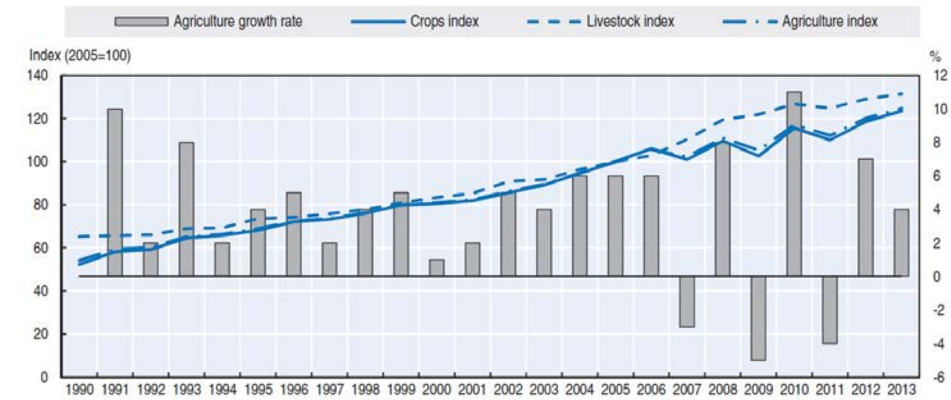
The 2016 edition of the OECD-FAO Agricultural Outlook provides an assessment of the medium term prospects of global agriculture. This year's edition of the Outlook includes a special focus on the prospects and challenges for agriculture in Sub-Saharan Africa. ***The region is home for nearly 1 billion people, and agriculture remains a crucial sector for providing livelihoods to the majority of households. The report provides comprehensive projections for agricultural production and demand for more than 20 agricultural commodities particularly important to Sub-Saharan Africa.***

The Outlook is generally positive, yet the challenge of feeding rapidly rising populations remains formidable. The region has to overcome the challenge of low productivity of agricultural resources in the face of rapid urbanisation, increased globalization, the impacts of climate change, changing diets and the need for creating employment opportunities. The Outlook identifies some strategic priorities for ensuring that the region can take advantage of the opportunities and face the challenges ahead to achieve sustainable agri-food systems.

The Sub-Saharan Africa1 (SSA) region accounts for more than 950 million people, approximately 13% of the global population. By 2050, this share is projected to increase to almost 22% or 2.1 billion. After decades of stagnation, much of Africa is now experiencing rapid economic transformation. In the post-structural adjustment period, the business environment has become more stable and albeit from a small base, the region has experienced rapid economic growth since the mid-1990s.

Short Resume:

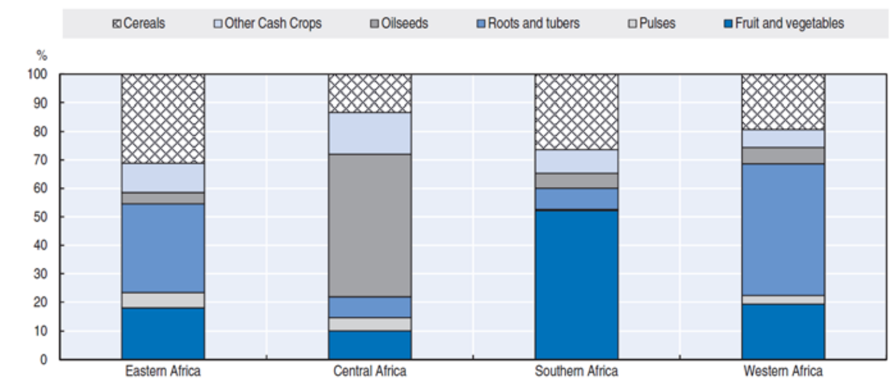
Gross agricultural production value in Sub-Saharan Africa
Measured in constant 2004-06 US Dollars



Source: FAOSTAT (2016), FAO, http://faostat3.fao.org/.
Stat Link http://dx.doi.org/10.1787/888933381351

Evident from its high share in GDP, the prospects of the agricultural sector heavily influence economic development in most countries in Sub-Saharan Africa. From 1990 to 2013, the total value of agricultural production, measured in constant US dollars, increased by 130%.

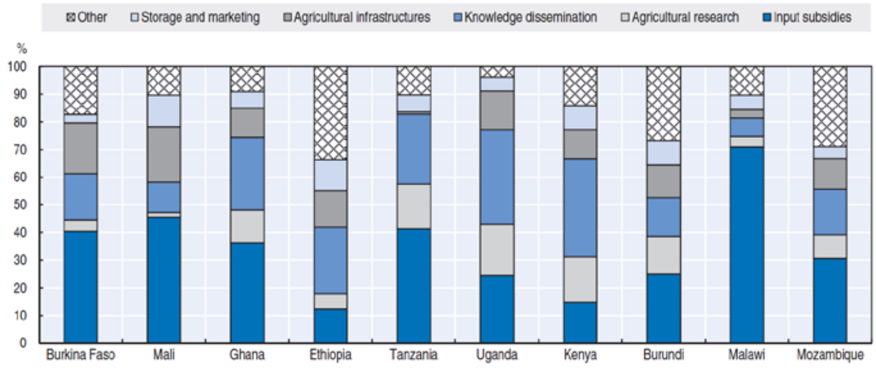
Crop mix across the Sub-Saharan African region
Based on average value of production 2011-13



Source: FAOSTAT (2016). FAO, http://faostat3.fao.org/.
Stat Link http://dx.doi.org/10.1787/888933381368

Agricultural policies in Sub-Saharan Africa

Public expenditure on the agricultural sector in selected Sub-Saharan African countries



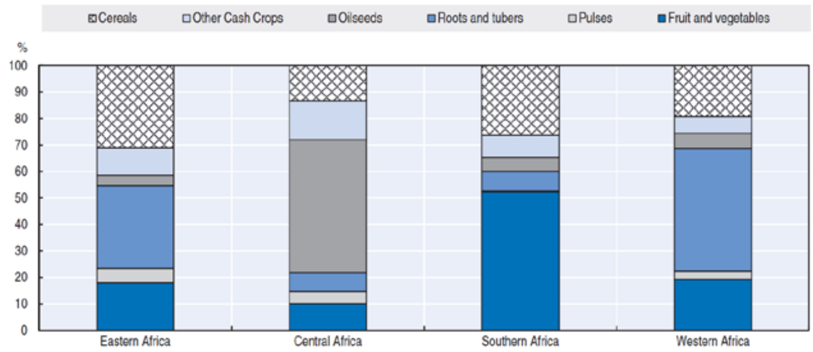
Source: Angelucci et al. (2013).

Stat Link http://dx.doi.org/10.1787/888933381397

Regional differences in the relative contribution of the crop and livestock sub-sectors reflect agro-ecological and cultural diversity.

Crop mix across the Sub-Saharan African region

Based on average value of production 2011-13



Source: FAOSTAT (2016). FAO, http://faostat3.fao.org/.

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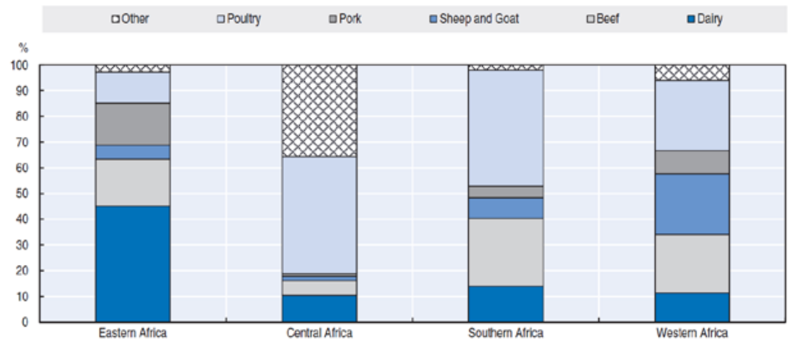
Livestock mix across the Sub-Saharan African region

Based on average value of production 2011-13



Source: FAOSTAT (2016), FAO, http://faostat3.fao.org/.

Stat Link http://dx.doi.org/10.1787/888933381371

Within each of the four sub-regions, the five biggest crops contribute more than 45% of total crop production value, with maize being the single most important staple crop. Rice is an important staple in Eastern andWestern Africa, and other important staples include potatoes (Eastern and Central Africa), sweet potatoes (Eastern Africa), cassava (Western and Eastern Africa) and plantains (Eastern and Central Africa). In Southern Africa, the strong share of fruits and vegetables in total value of production is due to South Africa's export oriented horticultural production.

The livestock production mix exhibits similar diversity, not only in its contribution to the total value of agricultural output, but also to the relative importance of the different livestock subsectors. Poultry contributes a substantial share of livestock production value across the region, ranging from 12% in Eastern Africa to 45% in Central Africa and Southern Africa.

Fisheries and aquaculture also make a multifaceted contribution to national economies in SSA. The region has vast fish resources, in marine and inland waters, and is characterised by diverse fishing communities. Small and industrial-scale fishing targets a diverse array of species for local and international consumption. Benefits generated by the sector include nutrition and food security, livelihoods, employment, and foreign revenue. Similarly to other agricultural sub-sectors, fisheries and aquaculture are considered to be underutilised, despite inherent potential.

Key factors underlying the agricultural outlook for the region

The prospects for production, domestic demand and trade of agricultural commodities in the region are influenced by a host of agro-ecological, economic, demographic and political factors. The level of income available in the domestic food market is driven by general economic development in the countries. The prospects of several countries that are highly dependent on commodity exports have declined and per capita GDP growth is projected to stagnate over the coming decade, resulting in a significant slowdown in the Central, Southern and Western African regions (Figure 2.8). Accelerated output growth in the Eastern African region offsets some of the decline however and GDP per capita for the entire SSA region expands only marginally more slowly in the coming decade (2.3% p.a.) relative to the past (2.4% p.a.).

Figure 2.8. **GDP growth per person in Sub-Saharan Africa**

Source: OECD/FAO (2016), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), http://dx.doi.org/10.1787/agr-data-en.
StatLink http://dx.doi.org/10.1787/888933381419

Challenges and uncertainties

The outlook for agriculture in Sub-Saharan Africa provides many reasons for optimism, but there are major challenges and uncertainties.

Demand growth is supported by a rapidly expanding population, combined with firm projected income growth. However income levels across large parts of the region remain very low and growth is from a small base. Maintaining and improving the political and economic conditions for agricultural production growth and food security advances will be crucial. From a demand perspective, the distribution of income growth in the coming decade may be as important as the rate.

From a supply perspective, one of the greatest challenges faced by the region relates to the slow rate of productivity gains. In this regard, an important uncertainty that will have a far ranging impact on production practices and productivity growth is the extent of concentration of agricultural land, which in turn will also be influenced by land tenure policies.

SSA exhibits vast agricultural potential, yet production growth in the past has mainly been achieved through continued area expansion. While total agricultural production is projected to rise by 2.6% p.a. to 2025, area expansion slows and an increasing share of production growth is attributed to improved productivity. Multiple factors influence accelerated productivity gains over the outlook, including faster technology adoption associated with the emergence of medium-scale producers and improved integration of smallholder producers into the value chain. Despite improvements, significant yield gaps remain and imports of most primary food products are projected to rise. The extent to which current yield gaps can be closed represents one of the greatest challenges and uncertainties facing the region. The potential contribution of the agricultural sector to poverty reduction, improved livelihoods of rural households and greater food security in SSA is undisputed and the outlook presented in this chapter remains broadly positive. Yet growth in the sector remains challenged by an uncertain policy environment and poor infrastructural development that limit market access, increase post-harvest losses and raise the cost of trade.

Strategic investment by both public and private sector has the ability to further improve the outlook presented in this chapter. Abundant interest from both foreign and domestic investors has at times been hampered by inconsistent policy application. Thus while public investments into infrastructure, research and extension is critical, the institution of an enabling environment that promotes private investment and job creation in both farming and non-farm sectors will have high pay-offs that are able to smooth continued economic transformation in a region with undoubted potential. Effective implementation of investment strategies at national and continental level will aid in achieving hunger eradication targets, and in transforming food systems in Africa for inclusive growth and shared prosperity. *(OECD-FAO)*

Mobile phones are transforming Africa, where they can get a signal

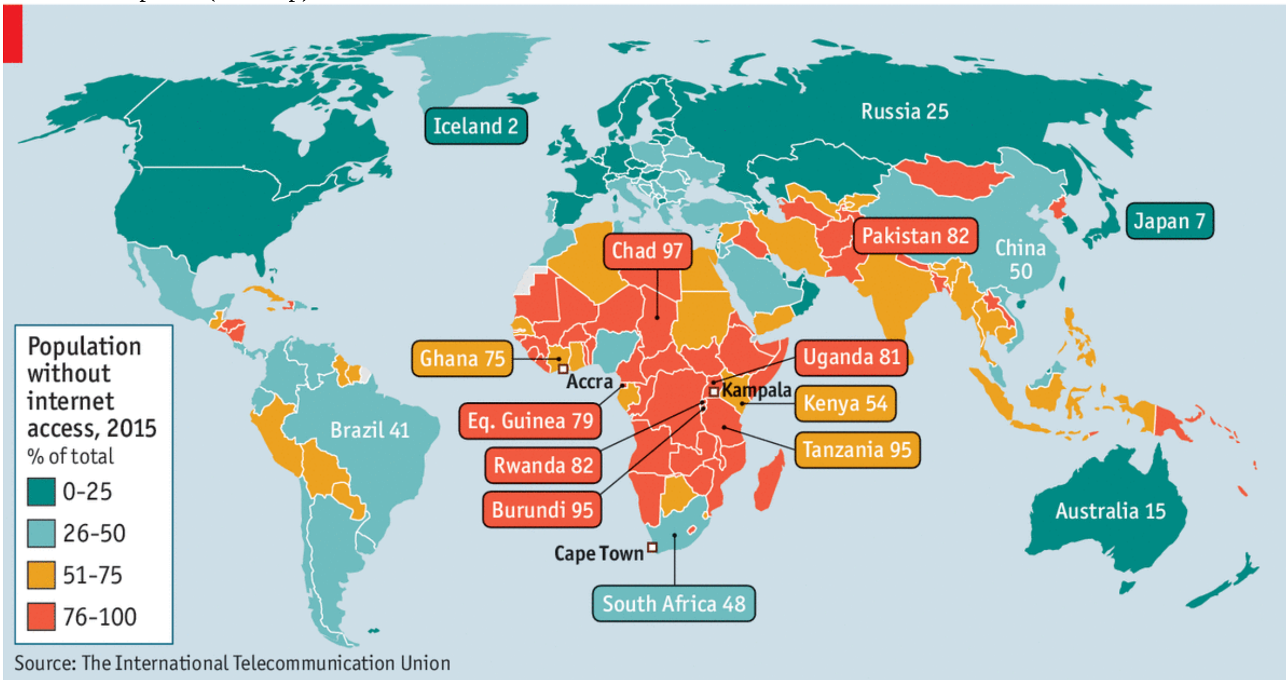
Drive a few miles from the centre of Accra, the capital of Ghana, into the neat rows of houses that surround it and the paved roads disappear almost as quickly as the phone lines. Yet this has not dented the ambitions of Kwami Williams, a graduate of the Massachusetts Institute of Technology (MIT) who is building a business processing moringa trees and exporting the resulting tea and cosmetic oils. Before mobile-phone usage exploded across Africa, starting a venture such as this on a shoestring would have been impossible—the costs of communicating with the thousands of smallholders who grow the trees would have been prohibitive. Now this business supports some 1,500 farmers.

Across Africa, similar magic is being wrought as phones spur innovation and boost incomes: farmers use them to check market prices before selling to middlemen, and market traders can accept payments in mobile money. A study by academics from MIT, published this week, found that simply by gaining access to M-Pesa, Kenya's mobile-money service, 2% of Kenyan households were lifted out of poverty between 2008 and 2014.

The precise impact of phones on economic growth is notoriously difficult to measure (although that does not stop trade bodies and consultants from issuing gushing reports filled with unnervingly exact numbers). The GSMA, an international trade body, argues that for every 10% increase in phone penetration in poor countries, productivity improves by more than four percentage points, and that a doubling in mobile-data usage increases annual growth in GDP per person by half a percentage point. Yet more may be in store as Africa stands on the cusp of a second mobile-phone revolution.

A decade ago there were only 129m mobile-phone subscriptions in the whole of Africa, though even that was already ten times more than the number of fixed-line phones. But since then the number of active subscriptions has jumped to almost 1bn. At first blush that would suggest that just about every African (there are 1.2bn of them, with north Africa included) now has a phone. In fact, a large number of Africans have are consummate arbitrageurs of tariffs, switching SIM cards in and out of their phones depending on whom they are calling. Dig a little deeper into the data and it turns out that fewer than half of Africans have phones. Those who do tend to live in cities and are richer and better educated than the half who do not. The latter risk being left even further behind.

This divide is even more extreme when it comes to gaining access to the internet. Although mobile phones have revolutionised the way Africans get online—most have jumped to cyberspace directly on their phones rather than on computers connected through fixed lines—many are still not connected to the world. The International Telecommunication Union (ITU) reckons that three-quarters of Africans do not use the internet, compared with just 21% of Europeans (see map).



Economist.com

There are two main reasons why so many Africans lack even simple phones. The first is that Africa is a very large continent in which the majority of people are scattered among farms and small villages. Powering phone masts in remote areas is a challenge: phone companies typically rely on expensive diesel generators that need regular refuelling. And the masts also need a way to transmit calls and data to and from the broader network, so phone companies spend another fortune laying cables or buying bandwidth on satellites to do so. Little wonder, then, that only around 43% of Africans can get a 3G data signal, and just 16% can get one offering fast (4G) mobile broadband.

The costs of downloading data are also higher in Africa than in most other parts of the world, in part because the bytes have to get there on long submarine cables and then snake their way inland over thousands of miles of rough terrain. Of the ten countries with the highest fixed-broadband costs in the world, seven are in Africa. They include landlocked Uganda, Rwanda and Burundi; Chad tops the list at $501 a month for a connection. Poverty compounds the problem, particularly in sub-Saharan Africa where about 40% of people live on less than $1.90 a day. Phone companies have little reason to expand their coverage into villages if people there cannot pay enough to make it profitable.

Yet several technological changes may soon lead to another sudden shift in phone and internet use in Africa. The first is a rapid fall in the cost of connecting Africa to the rest of the internet. New cables gird the continent and reach inland, increasing competition and driving down costs. Firms such as Google are installing fibre networks in cities such as Accra and Kampala in a bid to drive down the costs of data. Satellites are improving, too. Michel Azibert of Eutelsat, a satellite firm, says advances in technology mean that the cost of transmission capacity will fall to a fiftieth (about $1m per gigabyte) by 2020 compared with older satellites.

The last, and perhaps most important, changes include innovations that dramatically lower the cost of serving remote villages. Firms such as Nuran Wireless and Vanu are working on small, solar-powered mobile masts, which can be erected and operated for less than a quarter of the cost of conventional ones. The masts beam low-power signals that do not travel far, but they do away with the need for a generator. Such improvements may allow firms to make a profit from villagers spending as little as $2 a month to talk on their phones. Others, including Eutelsat, are looking at ways of beaming satellite internet down to base stations that then distribute it across a village using cheap Wi-Fi equipment.

Unfortunately, in many countries mobile-phone companies are an easy source of tax. In Tanzania, for instance, phone companies pay almost half their revenues to the government. In Ghana the cost of handsets is inflated by taxes of almost 38%. A second mobile-phone revolution in Africa would do much to boost its economies and transform the lives of its people. But it will not happen if governments keep standing in its way. *(The Economist)*

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

AfDB and CRDB Bank Plc of Tanzania sign US$120 million loan agreement to finance infrastructure and SMEs

The African Development Bank Group (AfDB) and CRDB Bank Plc (CRDB) of Tanzania signed a US$ 120 million loan agreement in Nairobi on November 30, 2016 to finance infrastructure and SME projects in Tanzania. The loan will support infrastructure development, particularly the power and transport sectors, which is a major constraint for Tanzania’s economic diversification and growth. The SME sector is also key to creating more jobs and this project will support a wide range of SMEs across agriculture, construction, manufacturing, education and services in order to promote inclusive growth in the country.

CRDB is the largest commercial bank in Tanzania and was established in 1969 and listed on the Dar es Salaam Stock Exchange in 2002. It has a wide geographical coverage of the Tanzanian market where it operates over 120 branches across the country and an additional 3 branches in Burundi.

CRDB has been supporting various sectors such as power, manufacturing, agriculture and SMEs over the past years. In 2008, the AfDB provided a risk-sharing facility to promote SMEs in the agriculture sector, through which more than 270 SMEs benefited. Since 2008, CRDB has expanded its SME loan portfolio and partnered with more than 1,739 agents, or non-banking intermediaries to widen its reach. This is “Agency Banking” for which CRDB obtained a license from the Bank of Tanzania and the model has enabled the bank to provide services in far-flung areas where establishing branches may be uneconomical hence efficiently allowing the financially excluded to access banking services.

The Line of Credit will help finance SMEs and infrastructure projects in Tanzania. It will provide valuable support towards infrastructure development which is a major constraint to Tanzania’s economic growth. The LOC will also help to scale up lending to SMEs and women enterprises in both urban and rural areas to create more jobs and promote inclusive growth for Tanzania’s economy by leveraging CRDB’s network of branches and banking agents. The LOC will potentially support regional trade and thus promote regional integration through expanding capacity of the country’s port and airport as well as stimulate tourism and government revenues in coming years. *(AfDB)*

AfDB and United Bank for Africa Plc sign US$ 150 million Line of Credit

The African Development Bank Group (AfDB) and United Bank for Africa Plc (UBA) on Wednesday November 30, 2016, signed a US$ 150 million loan agreement to finance infrastructure and SME projects, including women-owned enterprises in Nigeria.

“The Fund will support development of productive sectors of the economy; particularly the power sector, Infrastructure, Women owned enterprises as well as SMEs. This line of credit comes at an opportune time and would boost efforts at reducing the huge power sector-financing deficit that is limiting energy supply and complement our support to medium and small scale enterprises while also promoting gender diversification across the value chain” said Kennedy Uzoka, UBA Group Managing Director/CEO.

UBA, one of the largest commercial banks in Nigeria incorporated in 1961, operates in 19 African countries whilst providing a wide range of products and services. UBA Nigeria has been the leading financial institution to support various infrastructure projects, particularly power, telecom, transport and also social infrastructure such as hospital and education facilities, and received Social Infrastructure Deal of the Year Award in 2015. UBA Nigeria operates in each of the country’s 36 states through more than 450 branches supporting 3,700 SMEs across the country.

AfDB has remained UBA's long-term partner in its financing activities. In 2009, AfDB provided liquidity facilities to deepen its trade finance and other lending activities, thus contributing to key economic sectors of the Nigerian economy, particularly at a time when the economy requires critical funding to stimulate growth and employment.
By leveraging UBA's branch network, the Line of Credit will also scale up lending to SMEs and women enterprises in both urban and rural areas to create more jobs and to promote inclusive growth for Nigeria's economy by stimulating the various sectors such as manufacturing, construction, agriculture, education and services. *(AfDB)*

AfDB commits USD 92.9M to open up access of Southern Ethiopian regions
On Wednesday 7th December of 2016 in Abidjan, the Board of Directors of the African Development Bank Group (AfDB) approved USD 57.6M grant and USD 35.3M loan (Approximately USD 92.9 million) to the Government of Ethiopia for the upgrading of 240km of gravel road sections to all-weather asphalt concrete surfaced road.
The road sections are in Oromia and in Southern Nations, Nationalities and Peoples Region (SNNPR). The project will serve the population of 1.4 million living in 8 woredas (districts) and contribute to the transformation of rural economies and moving up the agricultural value chain.
The two road sections will connect the towns of Jimma and Chida (80km) as well as Sawla and Sodo 160km), facilitating access to remote hinterland to the main trunk road network and thereby provide social and economic opportunities in Addis Ababa and the rest of the country.
Both road sections are located in areas with high agricultural potentials, especially for coffee and sesame production.
"Because of this project, Sawla people will no longer be excluded from the mainstream social -economy. Faster travel on all-weather asphalt concrete road will open access to trading activities. Furthermore, this project will empower vulnerable women by improving their entrepreneurial skills and capabilities," Project team leader Mumina Wa-Kyendo, outlined, explaining that "by converting the three housing project facilities to health and education amenities, the project will bring social services closer to the people."
Also addressing the Board, AfDB's Transport and ICT Department Director, Amadou Oumarou noted: "The investment highlights the integrated approach adopted by AfDB in line with the Bank's Ten Year Strategy and the Ethiopia's 5 year Growth and Transformation Plan II, which emphasizes transformative infrastructure development that adds value to agricultural production, marketing and logistics." He also underscored that the program would contribute to the focus areas under Banks High 5s including agriculture, integration and social inclusion and will remove major hurdles to economic development.
Complementing the infrastructure project, the project includes activities such as enhancement of emergency response capacity of the Sawla Hospital, technical assistance program to train women in entrepreneurial skills and support them in trading, and capacity building in research and skills development at the Ministry of Transport and the Ethiopian Roads Authority on large range of topics such as transport sector policies, climate change and disaster management.
The investment is a new milestone in the Bank and the Ethiopian government's bids to reinforce the spatial, social and economic inclusion of the population living in the southern regions of Ethiopia, where the Banks's USD 1 billion transport portfolio has been invested.
For his part, the Director of International Financial Institutions Cooperation at the Ministry of Finance and Economic Cooperation of Ethiopia, Fisseha Abbera underscored the importance of infrastructure development especially roads that feature prominently in the country's Growth and Transformation Plan (GTP) II. "Development of the road sector is very critical in facilitating broad based growth and the government appreciates the Bank's continued contribution in this sector."
The total cost of the project is USD 264.3M, co-financed by the Government of Ethiopia, the Japan International Cooperation Agency (JICA) and the Nordic Development Fund (NDF).

INVESTMENTS

Cabo Verde will have a guarantee fund for SMEs
Cabo Verde (Cape Verde) needs, urgently, to create a Guarantee Fund for Small and Medium Enterprises (SMEs), to facilitate access to finance, said Finance Minister Olavo Correia recently. The government will also propose the creation of a sovereign fund to support large companies with access to finance in the international market, the minister said. "We want to create these two basic instruments to speed up access to finance by Cape Verdean companies," he said. The Finance Minister gave assurances that the government is "working hard" on the creation of these two funds, which will be able to start work early next year. The funds "are essential so that there is more funding, production, income and employment in Cabo Verde," Correia said. To create the two funds the government will mobilise financial resources from the World Bank and other international partners. *(Macauuhub)*

Cabo Verde's priority in 2017 is to recover competitiveness to attract investment
Regaining competitiveness to attract investment to Cabo Verde (Cape Verde) and thus increase economic growth and job creation, is one of the new government's priorities included in the State Budget for 2017, according to the Africa Intelligence Monitor.

The publication wrote that the ongoing dispute between North and West African countries for tax breaks on business activities has intensified between authorities and business agents in Cabo Verde, and a perceived loss of competitiveness in the country, had all been underlined by the recent drop of four places in the “Doing Business” list of the World Bank.
Boosting the financial system was also identified as key to improving competitiveness, said the Africa Intelligence Monitor. The financial system is currently blocked as it has small banks, credit granted by banks at reduced levels, with high interest rates and companies in a situation excessive debt.
During the debate for the 2017 Budget, approved last week with favourable votes of the Movement for Democracy (MPD), winner of the general election in March 2016, the Prime Minister stressed the economic growth forecast of 5.5% in 2017 “driven by improved credit conditions and the business climate, which will drive more dynamic private sector and foreign direct investment.” “We maintain the targets for average annual economic growth of 7% and the creation of 45,000 jobs over the term of office,” it said, with growth “mainly focusing on tourism,” but also on the maritime economy, information technology and offshore communication services, renewable energy and services.
The range of measures to facilitate and stimulate business activity, include a one percentage point lowering of the maximum personal income tax (IRPS), to 24%, easing of the Special Scheme for Micro and Small Business (Rempe) and the introduction of new tax benefits.
Tax on personal income (IRPC), among other measures, is expected to see the elimination of double taxation, restriction of situations that lead to an increase in the self-paying tax rate, release from payment in installments for taxpayers who had negative results in the previous year and those that begin their activity and elimination of the obligation to pay the minimum installment.
The tax benefit package included in the 2017 State Budget includes reducing the amount of investment to benefit from contractual benefits, to 500 million escudos (US$4.8 million), and reduction of jobs, expansion into new strategic sectors of the 50% investment credit and extension of the period for deduction of credit for investment to 15 years.
It also extended the concept of relevant investment for the areas of information and communication technologies and hotel operation and extended the term of the exemption of income from the securities market, with public offerings and listings on the Cabo Verde Stock Exchange from 2017 to 2025.
At a government level there is a belief that a reduction in tax evasion may allow for tax rate reductions and a future tax reform, along with improvements in efficiency of the tax collection system, based on the results of a study on tax competitiveness ordered by the Finance Minister Olavo Correia.
Among the measures that are most exciting to business agents is the creation of a Sovereign Guarantee Fund, to improve access to external financing for medium and large enterprises as well as financial institutions, as well as a guarantee fund of around US$5 million, to be negotiated with the World Bank to recover companies and improve access to finance for small and medium enterprises. *(Macauuhub)*

Tunisia seeks $30 billion from investors, for various projects
Tunisia hopes to mobilize $30 billion at the Tunisia 2020 conference taking place in Tunis on November 29 and 30. The nation, which is considered the success of the 2011 Arab Spring, is currently experiencing some economic challenges, worsened by terrorist attacks, which drove tourists away and cause their currency to plummet. Among about 40 countries present at the conference, France, which is represented by its Prime Minister Manuel Valls and close to 250 businessmen from various sectors, and Qatar whose Sheik Tamin Bin Hamad, will deliver one of the opening speeches, will be most visible at the event. There is also a Chinese and a U.S. delegation. Prior to the conference, the European Investment Bank (EIB) granted Tunisie Telecom a €100 million loan to strengthen its networks. Other agreements should be signed before the conference ends. The conventions concern among others, the construction of a bridge, the strengthening of power transmissions, all for about €502 million. Let’s recall that the conference is being held in a context where complaints are raining down in Tunisia. Last week, lawyers, professors and other social workers went on strike to protest against the 2017 budget project which increases fiscal pressure, cuts down the revenues of some households and introduces many austerity measures. *(Ecofin Agency)*

Fastjet CEO Mulls South Africa as New Market for Expansion
Fastjet Plc is considering expanding in South Africa as new Chief Executive Officer Nico Bezuidenhout evaluates growth opportunities for the unprofitable discount airline and says the continent’s most industrialized economy is too big to stay out of. While the Africa-focused carrier already connects Johannesburg with its hubs in Tanzania and Zimbabwe, it has no internal services in South Africa. The market “cannot be ignored,” Bezuidenhout, 40, said in an interview in Johannesburg, where he’s relocating Fastjet’s headquarters from London after joining the company in August. Bezuidenhout is starting to identify growth opportunities after beginning a fleet overhaul and cutting weaker routes to reduce costs and stem losses at Fastjet, which he anticipates will break even at a cash-flow level from the fourth-quarter of 2017. The carrier hasn’t made an annual profit since it was started in 2012. The CEO previously ran Johannesburg-based budget carrier Mango Airlines for 10 years and had spells as head of its state-owned parent South African Airways. Bezuidenhout said he’d like to make progress in South Africa next year, though Fastjet would have to comply with regulations that cap foreign ownership of the country’s airlines at 25 %. The company is owned by

institutional shareholders and Easygroup, the investment vehicle of EasyJet Plc founder Stelios Haji-Ioannou, according to data compiled by Bloomberg.

All Options

"Would we consider entering a joint venture agreement?" the CEO said. "Would we consider M&A activity or would we consider partnering with somebody and doing a greenfield operation? I think all of those options are on the table." If Fastjet entered South Africa the airline would compete with Bezuidenhout's former employers SAA and Mango. Other carriers in the market include FlySafair and Comair Ltd., which operates British Airways flights in the country and owns discount airline Kulula. "The South African aviation market is reasonably overtraded," Bezuidenhout said. "When one enters this market you have to do it carefully and in a considered and measured manner. So we are working on developing that plan." Fastjet is also evaluating expansion in other markets in southern Africa, though Bezuidenhout said it will resist deploying excess capacity by adding routes too quickly, describing that as "the quickest way that you drive an airline into the ground." The shares have slumped 78 % this year in London, valuing the airline at 14.8 million pounds ($18.5 million). The stock was little changed at 15.25 pence. Former CEO Ed Winter quit in March following pressure from investor Stelios, as the entrepreneur is known. Bezuidenhout declined to comment on the potential size of Fastjet's third share sale in two years, announced last week along with the resignation of Chairman Colin Child. He said he's "cautiously optimistic'' that Stelios will participate as he supported changes including a switch to Embraer SA E190 regional jets from larger Airbus Group SE A319s. Two-thirds of the company's A319 planes have been removed from the fleet and seat occupancy rates have risen with the first of the smaller models, Fastjet said in a Nov. 25. statement. The airline expects to reduce operating costs by as much as 15 %. *(By Liezel Hill, Bloomberg)*

Lunda Sul open to foreign private investment

Saurimo - The provincial governor Lunda Sul, Cândida Narciso, said in Saurimo that her province is open to private and foreign investment in several areas, aiming for its development.

Speaking to the press after a meeting with two Chinese companies, "Xuntong International" and "SYZ International", which intend to invest in Lunda Sul in the agricultural, logging and mining sectors, Cândida Narciso said that the government is open to investment, awaiting the same in the aforementioned areas. "There is every possibility for Chinese entrepreneurs to invest, but there are rules that must be respected for the 'good development' of the partnerships that are signed", said the head of Lunda Sul government, who explained that the diamond exploration activity is exclusively for nationals. As far as wood is concerned, she said that there are rules approved by law that determine how to exploit the same that firstly entails a forestry estate for reforestation. Cândida Narciso stated that the province unfortunately has not yet had any partnership, despite its climate conditions for the cultivation of rice and other cereals.

The intention of the Chinese businessmen to invest in Lunda Sul is positive, she said, because once the business is implemented, it will also be a measure for the exit of the financial crisis hitting the country, which entails the diversification of the economy. It is necessary that other sectors grow to counteract the crisis that is hitting Angola, towards progress and sustainable development, said Candida Narciso. *(Angop)*

Huíla with 27 new hotels and similar units

Lubango - Twenty-seven hotels and similar units were licensed in the third quarter of this year by the Huíla provincial directorate of trade, hotels and tourism, thus reaping AKZ 2.37 million from this process.

The information was released to Angop in Lubango by the director of trade, Fernando Calola. He said that 52 licenses of industry, hotel and similar units were renewed, mostly from the capital city of Huíla province, Lubango. According to him, last year, 53 licenses of hotels and similar units were issued, as well as 128 licenses were renewed, thus reaping revenue of AKZ 5.32 million. *(Angop)*

Sharp Increase in the Activity of Moroccan Companies in Sub-Saharan Africa

Aware of the unprecedented impetus of African economies and of the potential offered by the various national and sub-regional markets, Moroccan and French companies are demonstrating new ambitions in Africa, which are expressed in their development strategies on the continent.

According to the third edition of BearingPoint's International Development Barometer of international firms, "Developing in Africa: comparisons of Moroccan and French companies", which is produced in conjunction with the Moroccan Exporters' Association (Asmex), the five main countries where the 250 Moroccan and French companies surveyed are most established are Algeria, Cameroon, Ivory Coast, Mali, and Senegal. Senegal, Ivory Coast, and Gabon are in the lead for the Moroccan companies questioned, which are mainly present in West Africa. Ivory Coast, Morocco, and Cameroon hold the first three places for the French groups questioned, which are also based in some English-speaking countries (Nigeria, South Africa and Kenya).

Regarding the type of operations conducted by the companies in the group, over 60% of Moroccan responders export and distribute their production in sub-Saharan Africa, often through a network of partners, which represents the first step before considering setting up in the region. A step ahead, the French companies have more local sites, especially in the conversion and industrial sectors.

“We nevertheless see that Moroccan companies – which are in fact quite new on the continent compared with their French counterparts, some of which have been present for more than a hundred and fifty years – are starting to catch up. Afro-optimism is now a feeling which is widely shared by Moroccan and French company directors, and reflected in the growth strategies and the investments committed,” explains Jean-Michel Huet, associate at BearingPoint. Five years ago, 86% of Moroccan companies questioned said that Africa represented less than 5% of their turnover. In 2016, the continent accounts for more than 5% of revenues for almost half of the respondents, and 20 % of them believe that Africa will represent more than 50% of their global turnover in the next five years. “For some years now, we have witnessed a very strong drive from the Moroccan private sector towards the sub-Saharan region. Support from the authorities in the country and the successes achieved, in particular by finance departments and real estate, have accelerated this movement,” explains Mr. Hassan Sentissi, President of the Moroccan Exporters’ Association (Asmex).
This optimism is also observed in France. Five years ago, 49% of the companies questioned said that Africa represented less than 5% of turnover. In 2020, this figure will have dropped to 14%. In ten years, Africa’s share of the total turnover of respondents will have increased by 75%. “These Moroccan and French figures confirm a major trend: the ‘African risk’ relating to the political situations and the business environment no longer represents an insurmountable obstacle. The potential and opportunities on the continent – which will have 2 billion inhabitants in 2050, with over 900 million of these belonging to the middle class – are much more powerful parameters for companies when defining their international development strategies,” explains Jean-Michel Huet. The potential of African markets (purchasing power and number of customers) is the first criterion accounting for the presence of French companies in Africa, and the second criterion for their Moroccan counterparts. *(Capital Markets in Africa)*

BANKING
Banks

Kenya Seeks Banks’ Advice on Raising $1.5 Billion Abroad

Kenya has invited banks to submit proposals on how it can tap international markets for as much as $1.5 billion to finance a budget deficit and boost foreign-currency reserves, according to a person with direct knowledge of the matter.
East Africa’s largest economy will return to the international debt market in the first quarter of 2017, when it will either seek to secure financing through a commercial loan, bond or use a combination of the two, depending on what banks see as the best option to structure the financing arrangement, according to the person who asked not to be identified because they’re not authorized to speak on the issue.
If a decision is taken to issue a bond, it would probably be targeted at private investors, and the debt may attract 8.5 % to 9.5 % interest, depending on the length of tenure, according to the person.
Treasury Principal Secretary Kamau Thugge didn’t respond to text messages and phone calls seeking comment. On Nov. 15, he said that Kenya will raise 153 billion shillings ($1.5 billion) in the 2016-17 fiscal year through commercial borrowing and that international investors “are very much willing to lend to Kenya.”
The government will announce a lead arranger next week, a second person with direct knowledge of the matter said, asking not to be identified because they aren’t authorized to comment publicly on it. Kenya raised $2.82 billion in debut Eurobond sales in 2014. Yields on the nation’s 10-year Eurobond climbed 9 basis points to 7.85 % by 3:26 p.m in the capital, Nairobi. The nation has an estimated financing gap equivalent to 9.6 % of gross domestic product this year, from 7.2 % in 2015, according to the World Bank. *(By Felix Njini, Bloomberg)*

Egypt’s Banque Misr seeks central bank-guaranteed syndicated loan -sources

Banque Misr, one of Egypt's biggest lenders by assets, is raising a five-year syndicated loan guaranteed by the country's central bank, sources close to the situation said. The bank has mandated ADIB Capital and Credit Suisse to arrange the transaction, which was launched to syndication in the second half of November. ADIB Capital is the investment banking arm of Abu Dhabi Islamic Bank's Egyptian subsidiary. The loan, an amortising facility, is expected to be about $350 million and offers a margin of around 500 basis points over the London Interbank Offered Rate (Libor), said one of the banking sources. Banque Misr officials could not be reached by telephone, and the bank did not reply to an emailed request for comment. The fact that the loan is guaranteed by the central bank is a positive factor for banks which could participate in the loan, the sources noted, adding however that the proposed five-year maturity was unusual for financial institutions, which generally raised syndicated loans with shorter tenors. The presence of Credit Suisse as one of the arrangers indicates that the lead banks have the capacity to underwrite and hold a large part of the requested amount, so the deal should not have trouble reaching completion, one of the bankers said. Banque Misr raised a $250 million, three-year loan in December last year, offering a margin of 290 bps over Libor. *(By Davide Barbuscia, Bloomberrg)*

Bank of Mozambique nominates committee for Moza bank

The Bank of Mozambique will appoint a committee to lead the process of capitalisation or sale of troubled bank Moza as soon as the report that was commissioned from KPMG is delivered, the central bank said in a statement issued in Maputo.

The committee will be responsible for analysing the diagnostic report and independent review of the financial statements of Moza, as at 30 September, 2016, prepared by KPMG in collaboration with the Financial Department of the bank, which will then be sent to shareholders. This analysis is intended to help shareholders to decide on a possible procedure for the capitalisation or sale of Moza, during a general meeting which will be accompanied by the evaluation committee for later implementation of the decision.
The committee will consist of a chairman, who is the current chairman of the interim board of Moza, João Figueiredo, and two members, including a director of the Bank of Mozambique and a representative of the International Finance Corporation, of the World Bank group. Moza, formerly known as Moza Banco, was intervened upon at the beginning of October by the Bank of Mozambique to secure the interests of depositors, as the bank's solvency ratio was below zero. The central bank also said it had decided to suspend the members of the board of directors and the executive committee of the bank and appointed a provisional board, led by João Figueiredo, whose term will last until the situation is normalised. Moza, which started operations in 2008, is 51% controlled by Moçambique Capitais and the remaining 49% is held by Novo Banco, the bank that kept the healthy assets of the bankrupt Banco Espírito Santo (BES). *(Macauhub)*

Markets

Angola's Central Bank Battles Currency Depreciation Pressures

The Bank of Angola held its policy rate at 16% on Nov. 3 for the fourth consecutive meeting. Consumer prices continued to slow on a month-over-month basis in October to 1.5%, the lowest since December, implying that the year-over-year inflation rate of 40% may be nearing its peak.

Inflation May Be Close to Peak

But the central bank is unlikely to ease monetary policy anytime soon given that higher import prices are still exerting upward pressure on prices and there are few domestic alternatives to imported goods and food stuffs. *(Bloomberg Intelligence)*

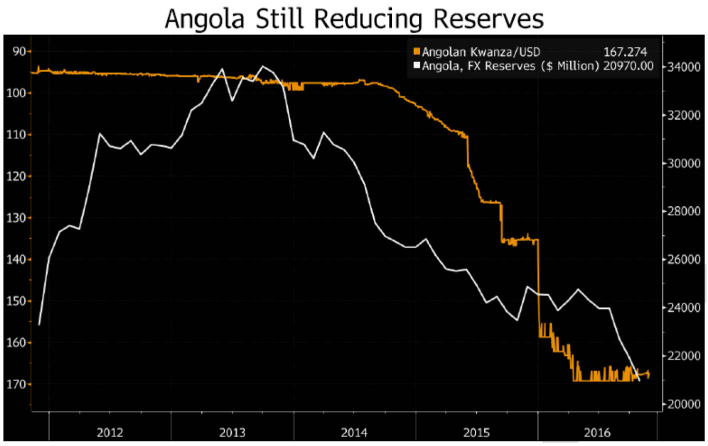
Angola: Bodiva records over 100 negotiations in November

At least 129 negotiations, corresponding to 230.962 Treasury Bonds (OT), amounting to 46.3 billion kwanzas were registered by the Angola Securities and Debt Stock Exchange (Bodiva), during last November.

According to a press release from Bodiva that reached Angop, these figures represent, as compared to October, an increase of 116 % in turnover. According to the document, with respect to the performance of brokers, transactions were carried out by Banco Internacional de Crédito (BIC) with 45.19 % of the negotiations, Banco de Fomento Angola (BFA) with 34.84 %, Standard Bank Angola (SBA) with 16.58 %, Millennium Atlantico Bank with 1.85 %, Keve Regional Bank with 1.03 %, Angolan Investment Bank (BAI) with 0.50 % and the International Business Bank (BNI) with a Share of 0.01 % of the total amount of trades made, respectively. The Treasury Securities business, which was done in regulated market, by making the terms of the business (price and quantity) known to the entire market, will increase transparency and investor confidence, as well as the formation of a price curve for the assets traded on it that should serve as a reference for future transactions, said the note. So, any investor wishing to transact Angolan debt securities should contact financial brokers licensed by the Capital Markets Commission (CMC) and registered in BODIVA, the document said. *(Angop)*

Lower Oil Output Reduces Angola's Foreign-Exchange Reserves

A renewed decline in Angola's foreign-exchange reserves signals exacerbated balance-of-payments pressures that could force another devaluation of the kwanza.



Currency reserves fell $1 billion in October to $21 billion, probably because of maintenance work that led to reduced oil production and lower foreign-exchange earnings. A return to output levels of 1.7-1.8 million barrels a day should boost the current account, but the drop in currency reserves indicates weaker-than-expected financial inflows. *(Bloomberg Intelligence)*

Angolan central bank seeks to restore confidence in and credibility of the banking system

A delegation of the National Bank of Angola (BNA) began a tour of Italy and the United Kingdom to strengthen cooperation with the financial systems of those two countries, the Angolan central bank said in a statement. The tour by the Angolan delegation, which is headed by the governor of the BNA, Valter Filipe, is part of ongoing activities by the Angolan banking system among the world's financial centres and a strategy of obtaining regulatory and equivalent supervision, according to a statement from the institution.

The statement adds that the visit by the delegation, which includes the Angolan Banks Association, aims to restore confidence, credibility and make improvements to prevent and combat money laundering and financing of terrorism as well as to the strategy of obtaining equivalent regulation and supervision.

With the same purpose, representatives of Angolan banks travelled to Washington in October and met with bank associations and US regulators, such as the Bank of America, the United States Export and Import Bank, United Bank, Citibank and Capital One.

International recognition of the National Bank of Angola as a credible supervisory body is a particularly important issue for the Angolan banking sector, which due to international pressure has been prevented from accessing the foreign exchange market (USD). A year ago the US Federal Reserve decided to suspend the sale of dollars to banks based in Angola, due to the alleged continued violation of the rules regulating the sector and suspicion that the country may be financing terrorist networks. *(Macauuhub)*

Zambia to re-finance $2.8 billion Eurobonds next year

Zambia plans to refinance Eurobonds totalling around $2.8 billion that it issued between 2012 and 2015, Finance Minister Felix Mutati said. "The strategy for the Eurobonds next year is refinancing. We want to refinance the Eurobonds and get longer dated bonds at a bit of lower cost so that we minimise our debt," Mutati told reporters. Mutati said the equivalent of 19 % of Zambia's gross domestic product (GDP) was being used to service debt. "We want to reduce that from around 19 % to somewhere around 15 % so that the release of resources can be used to support the vulnerable," he said. Zambia issued a $750 million Eurobond in 2012 followed by another amounting to $1 billion in 2014 and another worth $1.25 billion last year, mainly for infrastructure projects. *(By Chris Mfula, Reuters)*

ENERGY

Nigeria: General Electric to build in the north five solar plants totaling a capacity of 500 MW

U.S. firm General Electric and Northern States' Governors Forum (NSGF) signed a memorandum of understanding for the construction of five solar plants having a total capacity of 500 MW in the northern part of the country. The plants, with an individual capacity of 100 MW, will be built in the Borno, Kebbi, Niger and Taraba States. The project is the pilot phase of the Northern Nigeria Global Economic Re-integration Programme which aims to improve the region's economy by fostering the development of infrastructures, industrial sector, value chain, agricultural and trade sectors. "The 19 Governors of the north jointly created this approach. We want to go beyond lamentation to provide solutions and we all know that power is key to industrial development. With power, we can create jobs, stimulate our economies and make life better for our people. The General Electric has over 120 years experience in energy solutions and they have been operating in Nigeria for over 50 years, we cannot have a better partner than GE," said Kashim Shettima, Governor of Borno State, at the MOU signing ceremony.*(By Gwladys Johnson, Ecofin Agency)*

IDB grants $37 million to Burkina Faso to expand its power network
Islamic Development Bank just signed with Burkina Faso a loan agreement for $37 million (around 18.5 billion CFA francs). The facility will be injected in the power networks extension and reinforcement project of Burkina Faso.
The project aims to improve the livelihood of people of Ouagadougou, Bobo Dioulasso and Koudougou by expanding and reinforcing power distribution and transport network. Hence, 138 km of average tension lines and 671 km of low tension lines will be built in the three concerned areas. 67 low and average tension processing posts, with a power ranging between 100 kVA and 400 kVA, will also be built in addition to a 15 kV a source substation. Also, 35 km of aerial lines will be developed between Kossodo and Ziniare and 35,000 homes will be connected to the grid as part of the project. With the new loan, IDB has granted Burkina Faso a total $1.4 billion in financing agreements since 1978. *(By Gwladys Johnson, Ecofin Agency)*

Russian nuclear company looks forward to result of nuclear debate in South Africa
Russian State-owned nuclear group Rosatom has reaffirmed its respect for South Africa's domestic policy debates and decisions. "We respect South African government processes and decisions," Rosatom International regional VP: sub-Saharan Africa Viktor Polikarpov told Engineering News Online. "The new [South African] Integrated Energy Plan has been published for public discussion and that is now under way," he noted. "We are expecting debate in South Africa and we are looking forward to its outcome." "As a potential nuclear vendor to South Africa we remain very interested in bidding [for a new nuclear energy programme]," he stated. "But we can't comment on government decisions." Rosatom's interest in South Africa is not restricted to bidding for new nuclear power plants (NPPs). Group subsidiary Tenex has been supplying South Africa's electricity utility Eskom with nuclear fuel – for the Koeberg NPP – for 20 years. The contract expires next year and Tenex will be tendering for the new contract.
Neither is Rosatom's involvement in South Africa restricted to energy. "South Africa has long been involved with nuclear [technology]," he pointed out. "We're very keen to work with Necsa [South African Nuclear Energy Corporation]. We have ordered some components from Necsa." Rosatom's first Generation III+ reactor is now fully operational, and has been connected to the Russian grid since August. It is located at Novovonorezh, and has the designation VVER-1200.
VVER is the Russian equivalent to the American pressurised water reactor, or PWR. The basic VVER design was developed some 40 years ago and it has proven to be very reliable, accumulating more than 1 400 years of reactor operation. "We believe it [VVER-1200] is one of the safest reactors in the world," assured Polikarpov. "It automatically controls itself in an emergency. It has, for example, a 'core catcher' should a meltdown occur. It is very, very safe."
Other VVER-1200s are under construction or planned, and not just in Russia. One is being built in Belarus. And Rosatom has signed an agreement to build four in Egypt. It has also signed an agreement to build NPPs in Nigeria, but that project has been slowed because of the economic downturn in that country. "We're replicating this technology the world over," he highlighted. "We have been contracted for 42 reactors to be built using this technology, around the world." *(By Keith Campbell, Engineering News)*

Kenya Plans First Nuclear Power Plant at $5 Billion Cost
Kenya plans to begin constructing its first nuclear power plant at a cost of $5 billion by 2021 as the country seeks to bring down the cost of electricity. An unreliable and expensive power supply is cited by business as a deterrent to investment in East Africa's biggest economy. The nuclear plant, due for completion in 2027, will add 1,000 megawatts, according to the nation's Nuclear Electricity Board's acting Chief Executive Officer Collins Gordon Juma.
The nation generates about 2,299 megawatts of electricity, mainly from geothermal wells and hydro-electricity dams, according to the Energy Regulatory Commission. It intends to increase capacity to 6,766 megawatts by 2020.
The government has finished a grid analysis and is now carrying out a feasibility study, Juma said in an interview. It will invite construction bids after settling on a suitable technology and on the site. The government is considering both public-private partnerships and government-to-government agreements as financing options, he said. "When we talk of 1,000 megawatts, we are talking half of the capacity we have right now in the country," Juma said the coastal city of Mombasa. "It is very expensive, so we are looking at several funding options. We are speaking to various governments."
Funding Options
Kenya and South Korea signed agreements to collaborate on designing, constructing and operating nuclear reactors when the African nation's energy secretary, Charles Keter, visited the Asian country in September. Kenya is seeking to build a 4,000-megawatt facility by 2033. Nuclear power would lower the cost per unit to about 4-6 U.S. cents per kilowatt-hour, Juma said. The country is trying to wean itself off diesel-generated electricity that costs about 38 cents per kilowatt-hour. Kenyan power consumers pay an average of 18.7 U.S. cents per kilowatt-hour, compared with 9 cents in neighboring Tanzania and 3 cents in Ethiopia, African Development Bank data show. *(By Christine Wanjala, Bloomberg)*

Nova Lumos Raises $90 Million for Off-Grid Solar in Africa
Nova Lumos Netherlands Holding B.V. raised $90 million from a mix of private equity investors and development banks to deploy pay-as-you-go solar power systems in Nigeria. It's the biggest fundraising round to date for the

growing off-grid solar market, which seeks to provide cheaper and cleaner alternatives to the kerosene lamp for millions of people living in fuel poverty in Africa, according to Bloomberg New Energy Finance. About half of Nigerians live without access to the country's unreliable power grid, according to Elizabeth L. Littlefield, president and chief executive officer of the Overseas Private Investment Corp., which pledged $50 million in debt funding to Lumos.

Lumos allows customers to pay for their solar power through mobile phone credit in partnership with telecommunications company MTN Group Ltd. In the fundraising, another $40 million in equity came from a group led by Pembani Remgro Infrastructure Fund and existing investors VLTCM and ICV, according to the statement.

The fundraising round includes the $35 million that Nova Lumos already announced in September, said Nir Marom, Lumos co-founder, in a phone interview. "We have an unlimited opportunity here. Nigeria is getting a bad reputation and we're finding it a good place to do business."

The deal is another example of the growing investor interest in off-grid solar. London's BBOXX Ltd. raised $20 million in equity in August, while d.light Energy Pvt Ltd. raised $15 million in September, according to BNEF. "Lumos's funding round shows pay-as-you-go solar in emerging markets is turning into a for-profit bet rather than an impact-driven experiment," said Itamar Orlandi, BNEF analyst. 'If Lumos's integration with local telcos succeeds, it could lead to far larger engagement of mobile brands in the off-grid energy sector in Africa." *(By Jessica Shankleman, Bloomberg)*

INFRASTRUCTURE

Report reveals 12% growth in financial commitments to Africa's infrastructure development in 2015

Financial commitments to Africa's infrastructure development in 2015 totalled $83.4bn, a 12% increase from the previous year, a report by the Infrastructure Consortium for Africa's (ICA) revealed. The Infrastructure Financing Trends in Africa 2015 report was released during the ICA annual meetings held in Abidjan, Côte d'Ivoire from November 22-23 under the theme: "Building quality infrastructure for Africa's development." The two-day meetings, jointly organised by the Ministry of Foreign Affairs of Japan and Japan International Cooperation Agency (JICA), the African Development Bank (AfDB) and ICA secretariat was attended by 150 participants.

This year's report includes a more detailed analysis of the processes and dynamics that drive infrastructure investment, and incorporates the views of a wide range of stakeholders, including the private sector. "The ICA is delighted that its flagship report makes such valuable contributions to Africa's infrastructure development," Mohamed Hassan, Coordinator of the ICA Secretariat told participants who commended the report for the consistency of the quantitative data and the continuing trend for greater qualitative analysis. The ICA's annual report on infrastructure financing in Africa is a unique publication and an important tool for infrastructure planners, financiers and decision-makers across the continent.

One key session of the ICA members' meeting on 21 November 2016 was chaired by Seiji Okada, Ambassador for the Tokyo International Conference on African Development (TICAD), Ministry of Foreign Affairs, Japan. Stefan Nalletamby, AfDB's Acting Vice President for Infrastructure, Private Sector and Regional Integration, presided over the afternoon deliberations.

Presentations were made on a number of completed and ongoing studies including: the Atlas of Africa Energy Resources; the report on Africa Power Pools; the Diagnostic Study and Project Development/Investment Pipeline for Urban Transport in Sub-Saharan Africa; the second edition of the One Stop Border Post (OSBP) Sourcebook; and Nexus Trade-offs and Strategies for Addressing the Water, Agriculture and Energy Security Nexus in Africa.

The ICA Secretariat briefed participants on the ICA's support for the Water, Climate and Development Programme (WACDEP), which aims to integrate water security and climate resilience in development planning processes. ICA's work plan for 2017 was also shared.

Hosted by the AfDB, ICA was launched at the 2005 G8 Gleneagles Summit. Its mission is to help improve the lives and economic well-being of African people by supporting and promoting increased infrastructure investment from both public and private sources.

ICA also acts as a platform to increase infrastructure financing, helping to remove policy and technical barriers. In addition, the ICA facilitates greater cooperation among stakeholders, and fosters knowledge exchange through monitoring, reporting and sharing best practices. *(AFDB)*

China finances construction of motorway in Guinea-Bissau

China will finance the construction of a motorway between the city of Bissau and Safi, a town which is 14.4 kilometres north of the Guinea-Bissau capital, in what will be "a work of modern engineering," the Chinese ambassador said. Ambassador Wang Hua made the announcement during the announcement of the arrival of Chinese technicians to Bissau to prepare the start of the motorway construction work, which will cost US$ 16.5 million and will facilitate flow of commercial products from the interior to the capital. The Chinese diplomat said the agreement between the two countries has been signed, the work will start in 2017 and the motorway will have three separate lanes in each direction and its own lighting. Wang Hua also said all the technical and financial conditions were in place for work to begin and gave assurances that China will continue to support the development of Guinea-Bissau. China has been a great partner for Guinea-Bissau in terms of bilateral cooperation, having already built several infrastructures including the

Presidential, Government and Justice palaces, the National Assembly, the Military Hospital, the "24 de Setembro" National Stadium and the public lighting system in the city of Bissau. *(Macauuhub)*

Bolloré Group remains interested in port management in Cabo Verde

The Bolloré group plans to resume talks with the current government of Cabo Verde (Cape Verde) for the management of the archipelago's main ports on a sub-concession basis, Peter Vidicas, of Bolloré Logistics, told Cape Verdean radio station Morabeza. "Bolloré has always focused on French-speaking countries, we are now focusing on the Portuguese-speaking ones and Cabo Verde is part of our future strategy," Vidicas said on the sidelines of the Cabo Verde International Fair recently held in Praia.

The French group is the only one that has not given up on the international tender launched by the previous government of Cabo Verde, led by José Maria Neves, to hand over the ports of Praia, Porto Grande (São Vicente), Sal-Rei (Boavista) and Palmeira (Sal) on a sub-concession basis.

In February, about a month before the general election, the contract was about to be signed, but ended up being suspended after an article was published in newspaper Expresso das Ilhas that revealed potential losses to the country, the main concern being that port exploration would be handed over to a single operator, thus creating a monopoly. The tender was never cancelled and recently Prime Minister Ulisses Correia e Silva spoke about a number of projects that would go ahead as public-private partnerships, including ports, airports, energy and water.

In Africa the Bolloré group operates container terminals in the Ivory Coast, Central African Republic, Benin, Congo, Guinea, Senegal, Cameroon, Sierra Leone, Libya and is running the same business in Comoros, Ghana, Gabon , Benin, Nigeria and Togo. It also operates in the ports of Lome (Togo), Lagos (Nigeria), Luanda (Angola), Ngaoundere and Belabo (Cameroon), Kinshasa (Democratic Republic of Congo), Kigali (Rwanda), Kampala (Uganda), Kisumu and Mombasa (Kenya) and Dar es Salaam (Tanzania). *(Macauuhub)*

Angola Cement expansion plan

The cement company Nova Cimangola plans to double cement production, to 3.6m tonnes, in mid-2018, when a new, U$350m plant comes into full operation.

The new plant, which is being built in the Cacuaco area of Luanda, will initially produce 500,000 tonnes/day of clinker from early 2017, ultimately making Angola self-sufficient in clinker-used as a binder in many cement products-according to the firm's production director, Inácio Gomes Morais. If this aim is fulfilled, it could potentially save the country some US$50m annually in foreign currency. This calculation was probably one factor in the government's mid-2014 decision to provide Nova Cimangola with US$116m to boost output. (Another may have been the firm's shareholding structure-it is a public-private partnership whose shareholders are widely reported to include Isabel dos Santos, the new head of the state oil company, Sonangol, and the eldest daughter of Angola's long-serving president, José Eduardo dos Santos.)

However, circumstances have changed substantially since mid-2014. At the time cement was topping the list of Angola's most-imported products, notwithstanding the introduction earlier in the year of legislation banning all cement imports. Demand was being driven by the construction sector-as the authorities persisted with their ambitious publicly funded post-war infrastructure reconstruction programme-and the oil industry (which uses cements for certain types of well operations). Now, however, activity in both sectors is muted, largely because of the direct and indirect impact of oil prices that remain well below 2011-14 levels. Thus there has been a notable decline in offshore oil production, while construction firms have been hit by a shortage of foreign exchange to pay suppliers and wages. We expect overall economic growth to accelerate in 2017-18-to an annual average of 3.3%-reflecting an upturn in both sectors. However, issues of oversupply may remain; in mid-2016 a state-owned newspaper, Jornal de Angola, reported that the local cement industry currently has an installed production capacity of 8m tonnes/year (t/y), compared with domestic demand of some 6m t/y. Nova Cimangola has itself partly acknowledged this, saying that it expects to maintain output at 1.1m tonnes this year-the same as in 2015-because "the market does not have logistical conditions to absorb the product". *(Economist Intelligence Unit)*

Angola Dam funding deal signed

Angola has signed a US$4.5bn financing agreement with the Industrial and Commercial Bank of China (ICBC) to build a new hydroelectric facility. The agreement with ICBC covers the costs of building a new dam at Caculo Cabaça, in the Middle Kwanza Basin. Negotiations with the bank began in June 2015, when Angola's president, José Eduardo dos Santos, made a state visit to Beijing. A construction contract for the project was also agreed in 2015, with the work awarded to a consortium led by the China Gezhouba Group Corporation.

The dam, which will take an estimated six years to build, will produce 2,171 mw of electricity. This represents a significant contribution towards Angola's goal of a national output level of 9,000 mw by 2025. In the longer term, there are plans to use the plant to export power to Namibia and South Africa, although this may be ambitious given Angola's current deficit of power and potential delays to Brazilian-backed hydroelectric projects.

Angola is under significant pressure to increase its domestic energy generation. The weakness in its electricity supply, even to major urban areas, is holding back industrial development and non-oil growth. This is needed to help the country diversify its economy away from oil and reduce its vulnerability to future commodity price shocks.

According to the China Africa Research Initiative at US-based John Hopkins University, Angola has received more than US$21bn of loans from China in the past 15 years. Much of the credit has paid for Chinese firms to carry out large-scale reconstruction projects such as roads, bridges and railways, as well as new football stadiums, schools and hospitals. Some Angolans have been critical of the way China has financed Angolan construction, with firms sending their own labour and materials and doing little to share know-how with Angolan companies. There have also been quality concerns, with one new hospital in Luanda having to be rebuilt when its walls began to crack a year after it was built. However, while these (mostly) oil-backed loans have been criticised for their opacity, the system has worked fairly well for Angola, unlocking financing to pay for much-needed post-war reconstruction when other more traditional lenders have held back. *(Economist Intelligence Unit)*

Lauca dam reservoir in Angola begins to be filled in February 2017

The reservoir of the Lauca hydroelectric plant is due to start being filled with water in February 2017, a process that will take 120 days to reach a depth that will allow power production to begin, said the director of the project. Elias Estevão told state newspaper Jornal de Angola the installation of power transmission lines that will connect Lauca to the the Capanda dam is underway. Work on the Capanda dam is due to be finished later this month and Estevão added that power transmission lines will be installed connecting Lauca to Cambambe, and Lauca to Cacuso, Calandula and Malanje.

The Lauca dam, which is considered to be the largest civil engineering and mechanical project in Angola, is located 47 kilometres from the Capanda Hydroelectric Facility, in Malanje and 400 kilometres from Luanda.

With an investment of US$5 billion, involving the construction, production, supply and commissioning of the power transmission system, the hydroelectric project in Lauca is the third dam under construction on the Kwanza River, after the Cambambe and Capanda dams and the second largest under construction in Africa. The dam has a height of over 100 metres, the equivalent of a 44-storey building and occupies an area of 24,000 hectares, including the reservoir. The commissioning of the main plant, from the first half of next year, will benefit more than 5 million people in the north, centre and south of Angola.

The project arose from an inventory study done in the 1950s, prompted by the then public company National Society for the Study and Overseas Business Finance (Sonefe) to the Hydrotechnic Corporation (USA), which was resumed in 2008, with the completion of feasibility studies requested by the Angolan government from Brazilian group Odebrecht.

The work to divert the river included excavation of two tunnels on the right bank of the Kwanza, 14 metres in diameter, and took 20 months. The second phase of the project included the construction of the main plant and ecological centre and the third stage includes the electro-mechanical component and transmission lines. *(Macauhub)*

China Road and Bridge Corporation builds bridge in Mozambique

The opening of the Macaneta Bridge, which connects the Marracuene district and the town Macaneta in Mozambique by road, is expected to boost the development of the local tourism sector, with its white sand beaches and crystal clear water, according to the Mozambican press. So far the only way to cross the Umbelúzi Riverwas using small boats or barges, but although the river crossing took just 10 minutes waiting time for a place was three or four hours and the stopped closed at 6 pm every day. The region currently has 17 resorts, high quality beaches for recreation and water sports, a great variety of flora and fauna and a population of about 5,000 people making a living from agriculture and fishing. Work on the bridge, which was built by the China Road and Bridge Corporation (CRBC), which is part of the Maputo ring road, began on 15 January 2015 and cost US$15 million. The bridge is 300 metres long and 11 metres wide and accepts vehicles up to 50 tonnes. *(Macauhub)*

Completion of work on two hydro plants in Mozambique postponed to January 2017

The completion of rehabilitation work on the Chicamba and Mavuzi hydropower plants in the central Mozambican province of Manica, has been postponed until January 2017 because of problems with some of the equipment, an official from state electricity company EdM said. The Deputy Director of Electrification and Projects of EdM, Abraão Rafael, told daily newspaper Diário de Moçambique that the delay was due to a fault in the transformer turbines in the Chibata substation. Rafael said that of the seven generators that were covered by this project five have been recovered and are going to work perfectly when everything is finished, producing 20 megawatts of electricity. The rehabilitation work on the two power plants began in November 2013 and is being carried out by French and Norwegian consortium Cedelec and Hidrokarst Rain Power, respectively, and cost US$120 million. The Mavuzi dam was built in the 1950s and the Chicamba dam was built 10 years later. The installed generator units were obsolete because of their age. *(Macauhub)*

Locomotives start arriving in Angola to strengthen the rail network

The first batch of 15 locomotives that will strengthen the capacity of Caminhos-de-Ferro de Angola arrived in the country at the end of November, the minister of Transport, Augusto da Silva Tomás announced in Luanda, . The minister said the locomotives were unloaded at the ports of Luanda, Lobito and Namibe in order to go into service for rail companies Caminhos-de-Ferro de Luanda (CFL), Caminhos-de-Ferro de Benguela (CFB) and Caminhos-de-Ferro de Moçâmedes (CFM).

The government of Angola has ordered 100 GE C30-ACi locomotives from US group General Electric, in deal worth US$453.6 million.
At the end of a meeting with the provincial governor of Luanda, Higino Carneiro, to look at the future of the road and rail transport sector in the capital, the minister stressed efforts were underway to modernise and expand freight capacity, “as it is a strategic activity to promote the production of goods and services in agriculture, fisheries, animal husbandry, the mining industry and manufacturing and, above all, in terms of trade.”
Augusto da Silva Tomás, quoted by news agency Angop, also announced that other means of public transport, including passenger, cargo and mixed are being built in China, respecting “the social and cultural specifics of Angolans and the state of main, secondary and tertiary roads.” The minister specified these were vehicles for urban, inter-municipal and inter-provincial transport, that have reinforced axle shafts, motors and other appropriate accessories such as special filters, based on the current state of the roads. With regard to the capital, Tomás said there were a number of rail projects already approved by the government, intended to address the high concentration of population in various neighbourhoods and urban districts. *(Macauhub)*

MINING

Lucapa Diamond Company gets another five years to mine diamonds in Angola

Australia’s Lucapa Diamond Company has obtained from the Government of Angola a new kimberlite operating license for the Lulo diamond project, the company said in a statement. The statement said that the new license covers the whole 3,000 square kilometres of the Lulo concession and is valid for five years. The first concession for this project was awarded in November 2014 and operations at the mine began in August 2015, a partnership between Lucapa (40%) with the Angolan state-owned Empresa Nacional de Diamantes de Angola (Endiama), with 32% and private company Rosas & Pétalas (28%). The Lucapa Diamond Company, which last May announced new investments to enhance diamond production at the mine, which in February discovered the largest diamond ever found in Angola and the 27th in the world at 404.2 carats and whose sale raised US$16 million. The statement from the Lucapa Diamond Company adds that this ministerial approval allows partners in the Lulo mining company to conclude a mining investment contract for the concession. *(Macauuhub)*

Anglo Faces Platinum Test in Possible South Africa Spinoff

Anglo American Plc is facing a showdown with its biggest investor, South Africa’s state-owned Public Investment Corp., which wants the miner’s prized platinum assets included in any divestment of its local operations.
PIC, which owns about 14.5 % of Anglo, is insisting platinum is included in the suite of coal and iron ore assets that the miner is considering spinning off, according to a person familiar with the fund manager’s thinking. That presents a major hurdle to Anglo Chief Executive Officer Mark Cutifani, who says platinum is one of the company’s core commodities, along with copper and diamonds.
Anglo American Platinum Ltd. is the world’s biggest producer of the metal and 70 % of global production comes from South Africa. The London-based Sunday Telegraph reported yesterday that Anglo had convinced the PIC to drop its platinum request, without saying where it got the information.

Anglo Assets

Anglo favors a spinoff of its iron-ore and thermal-coal assets in South Africa, rather than selling them piecemeal, a person close to the company said, asking not to be identified. The miner still wants to generate cash from any divestment to pay down debt, another person close to the company said.
The PIC, Africa’s biggest fund manager, wants to create a locally owned mining giant to increase black ownership of companies and generate income for the pensions it oversees.
If Anglo went forward with a spinoff, the PIC would own about 30 % of the company, a person familiar with the matter said in October. “Our role is to make Anglo more South African-owned and controlled,” PIC CEO Dan Matjila said in an interview on Oct. 10. A PIC spokesman couldn’t immediately respond to a request for comment. Anglo shares slipped 0.2 % to 1,207 pence as of 11:56 a.m. in London. The stock has quadrupled this year. “We continue to work through all the various options for divesting the thermal coal and Kumba iron ore assets in South Africa, which may include packaging them for sale to create a new South African mining company,” Anglo said in an e-mailed statement.
(By Janice Kew, Kevin Crowley, and Loni Prinsloo, Bloomberg)

Cabinda Province, Angola, starts exporting phosphates in 2019

The exploration of phosphates in Cacata in the central province of Cabinda, will begin in 2019, said the minister of Geology and Mining, Francisco Queiroz, in statements made in the provincial capital. The minister travelled to the province to assess the implementation status of the project for exploration of phosphates and other mineral resources such as gold, according to Angolan state news agency Angop. Queiroz visited the works of the deep water port of Caio-Litoral, and stressed that this is an important facility for the success of the phosphate project, as it is essential for exporting the product. During a meeting with the provincial governor, Aldina Catembo and mining industry entrepreneurs in the province, the minister gave assurances of the support of the ministry responsible so that the projects underway in the province can begin as soon as possible. *(Macauuhub)*

South Africa's Sibanye Gold to Buy Stillwater Mining for $2.2 Billion in Latest Platinum Push
Gold mining company expands further in to platinum mining, diversifying away from South Africa
South Africa's Sibanye Gold Ltd. said that it plans to buy U.S. palladium and platinum miner Stillwater Mining Co. for $2.2 billion, the company's first foray outside of Southern Africa and the latest bold move to diversify beyond gold mining.
The purchase is Sibanye's third platinum acquisition since late 2015 and would make the company, which until last year was solely a gold miner, the world's third largest platinum producer. The move is a vote of confidence in platinum in addition to a strategic diversification away from the often difficult operating environment in South Africa.
Sibanye has a long and storied history in the mining industry. It was spun off in 2013 from three aging South African mines held by Gold Fields Ltd., a company founded by colonial pioneer Cecil John Rhodes.
In a press release Friday 9th December, Stillwater, of Littleton, Colo., which has two mines in Montana and Colorado, said its board approved the deal. The $18-a-share bid represents a 23% premium to Stillwater's closing price on Dec. 8. The two largest shareholders of Johannesburg's Sibanye have confirmed their support of the deal.
Sibanye Chief Executive Neal Froneman said in a call on Friday 9th December that the company plans to raise new debt and equity through a rights issue sometime in the next year of at least $750 million.
Sibanye's pivot from gold to the white metal at a time when prices were low for both was prescient. Prices for platinum have risen around 6% this year to around $942 an ounce, while gold is up around 11% at $1,170 an ounce.
Mr. Froneman turned around the company's gold operations by reducing inefficiencies, partly by cutting jobs and restructuring management in addition to changing the culture at the mines.
Stillwater is an attractive acquisition because it generates cash, with processing facilities and a recycling operation that should give Sibanye strategic insight into the market, Mr. Froneman said. Sibanye believes the transaction will improve earnings a share.
Mr. Froneman said Sibanye remains committed to South Africa, despite difficulties, such as aging infrastructure, unreliable electricity and often disruptive labor unions, "This should not be seen as a first step in exiting South Africa."
Sibanye, which means "we are one" in Nelson Mandela's native Xhosa language, agreed in September 2015 to pay at least 4.5 billion South African rand ($288.5 million) for an old mine in the platinum town of Rustenburg.
The mine—which was owned by Anglo American Platinum Ltd., or Amplats, a majority-owned unit of globally-diversified miner Anglo American PLC—was one of Amplats's most labor-intensive assets.
Less than a month after announcing its Rustenburg purchase, Sibanye offered $294 million for nearby mines owned by Australia's Aquarius Platinum Ltd., which has operations in South Africa and Zimbabwe. The two deals, plus the Stillwater purchase are expected to turn South Africa's largest gold producer by output into one the world's top four platinum producers as well. The latter deal gives Sibanye a foothold in Zimbabwe, home of the world's second-largest platinum reserves after South Africa. *(By Alexandra Wexler, Wall Street Journal)*

Mozambique projects in sights of tax and regulatory authorities at home and abroad
Mozambique's Tax Authority is monitoring the natural resources sector to ensure it collects the capital gains taxes due to it. This was affirmed by Tax Authority President Amélia Nakhare late last month. She was addressing a promotion ceremony for tax officials, at Boane, in Maputo province.
She cited two major transactions in particular. One is the sale by Vale Mozambique, local subsidiary of Brazilian mining major Vale, of stakes in the Moatize coal mine and Nacala Logistics Corridor to Japan's Mitsui. Moatize is in Tete province, while the Nacala logistics corridor links Moatize and Tete, through Malawi, by railway to the port of Nacala in Nampula province.
The second transaction involves Italian energy group Eni and US giant Exxon Mobil. Eni is negotiating the sale of a natural gas block in the Rovuma basin (in Cabo Delgado province) to the American group.
The Tax Authority expects to collect capital gains on both these transactions – but not only on these. Nakhare stated that there were many other possibilities for the collection of this tax. She pointed out that there was a team within the authority dedicated to identifying where capital gains taxes could be collected from other deals.
Nakhare's comments were quite independent of, and indeed preceded, the announcement in Sydney, Australia, by global mining group Rio Tinto, that it was cooperating with the US Securities Exchange Commission's investigation into the miner's multibillion-dollar impairment on its then Mozambique coal business. The announcement was made in a statement to the Australian Securities Exchange. "In response to press reports regarding a US Securities Exchange Commission (SEC) investigation, Rio Tinto confirms that it is cooperating with inquiries from the relevant authorities," said the company in its statement. "As the SEC investigation, which started in April, 2013, remains ongoing, it would be inappropriate to comment further at this time."
In 2011, the company bought junior miner Riversdale Mining for $4-billion, primarily to acquire the Benga coal project, in Mozambique. In 2012, Rio Tinto recorded an impairment of $2.9-billion on the Benga project and sold it in 2014 for just $50-million.
This statement follows the company's announcement in October that it had reported itself to Australian, UK and US authorities over possible bribery regarding the Simandou iron-ore project in Guinea in 2011. The Simandou project was

cancelled by the company in July, on the grounds that it was not economically viable, because of the lack of transport infrastructure to carry the iron-ore to the coast and the cost of creating such infrastructure.
Back in Mozambique, late last month, President Filipe Nyusi appointed Augusto de Sousa Fernando Deputy Mineral Resources and Energy Minister. Previously, he had been director of the Technical Unit for Project Implementation in the Ministry. He is an electrical engineer by training.
Separately, at the end of last month, Angolan National Assembly President (Speaker) Manuel Piedade stated that his country wanted to learn from Mozambique's experiences in economic development, especially regarding mining and agriculture. He was addressing the local media in Maputo after a meeting with Nyusi. *(By Keith Campbell, Miningweekly)*

OIL & GAS

Angola to export at least 1.61mn bpd of crude in January 2017
A preliminary export plan has shown that Angola are set to export slightly less in January 2017 than what is expected to be exported in December 2016 Angola plan to export 1.61mbpd in January 2017 according to a preliminary report. This is a slight reduction from the plan to export 1.65mbpd in December 2016. Most of the reduction comes from the Cabinda, CLOV and Saturno grades which are each being reduced by one cargo each. In December 2016, 53 cargoes are planned, but this is to be reduced to 52 scheduled the following month. However, it is important to add that two additional cargoes were added later to the December export plan after the preliminary report, so it is possible that this may change. According to Reuters, the programme does not include Palanca or Gimboa, two grades which are not exported each month. Egypt Oil and Gas Newspaper have reported that Angola have become China largest crude oil supplier for the second month running (August and September), knocking Russia off of the top spot. The average export to China in September 2016 was 1.02mbpd. *(Oil Review)*

COPL commence drilling on offshore West Africa
Canadian Overseas Petroleum Limited and ExxonMobil have commences drilling on the Mesurado-1 exploration well. On 22 November, Canadian Overseas Petroleum Limited (COPL) and ExxonMobil Exploration and Production Liberia Limited, an affiliate of ExxonMbil commenced its drilling operations on the Mesurado-1 exploration well. The well is located around 50 miles offshore Liberia on Block LB-13 in approximately 2.5 km of water. The drilling utilised the Drillship Seadrill West Saturn. The well is targeting oil in Late Cretacous sans in the well which was first operated by ExxonMobil. COPL holds a 17 per cent interest in Block LB-13. ExxonMobil holds an 83 per cent interest in the well.
At the moment, COPL is actively pursuing drilling and exploration opportunities in Nigeria in partnership with Shoreline Energy as much of a strategy to guarantee a steady cash flow from secure offshore assets. In addition to this, Shoreline Canadian Overseas Petroleum Development Corporation (ShoreCan), are currently undergoing the process of obtaining approval from the Nigerian government for the acquisition of 80 per cent of the share capital of Essar Exploration and Production Limited in Nigeria which currently hold an attractive oil appraisal and development project in mid water offshore Nigeria. *(Oil Review)*

Exxon to negiotate US$74bn fine from Chad
In October, the High Court of Chad ruled that Exxon Mobil must pay a fine of US$74bn for failing to meet tax obligations and withholding royalties
The record fine was ruled by the High Court of Chad ruled on 5 October and stated that Exxon Mobil must pay US$74bn in tax obligations and a fine for withholding royalties. In 2009, the consortium was ordered to pay 2 per cent in royalties on crude export, although Exxon argues that it signed the convention with royalties set at 0.2 per cent.
The government's general director of legal affairs, Fang Langou Operal, said that "That convention wasn't ratified by parliament and never signed by the head of state." The fine exceeds the US$61.6bn delivered to BP after the Deepwater Horizon disaster in 2010 which killed 11 rig workers and spilt crude across the Gulf of Mexico.
Exxon Mobil are to appeal the fine, but the appeal process has been delayed, according to Thomas Dingamgoto, a lawyer for Exxon, who was interviewed in the capital, N'Djamena. The, according to Reuters, is around seven times Chad's annual gross domestic product. The consortium, which also includes Petronas PETRA.UL and Chadian oil company SNT owes nearly US$808mn in royalties according to the court. However, it is still unclear why the fine is so high. *(Oil Review)*

President of Mozambique meets Eni's CEO
The President of the Republic of Mozambique, Filipe Jacinto Nyusi, met Eni's CEO, Claudio Descalzi, in Maputo. During the meeting, Mr Descalzi illustrated the progress Eni has made on its projects in the country. In particular, he discussed the development of Area 4, following Eni's Board of Directors' recent approval of the investment plan of Coral South project, in the deep waters of the Rovuma Basin, and the agreement signed in October for the sale of all LNG volumes produced by this project to BP. Eni's CEO also met with Mozambique's Prime Minister Carlos Agostinho do Rosário, the Minister of Mineral Resources Letícia Klemens, and the president of the state company ENH Omar Mithá.

Eni, together with ENH and in partnership with Statoil and Sasol, obtained in October 2015 the exploration and development rights for the offshore block A-5A, in the Angoche area, in the deep waters of Zambezi's northern Basin. Eni and ENH are also partners in Area 4. *(Oil Review)*

Mozambique approves changes to LNG contracts with Anadarko, Eni
Mozambique's cabinet has approved changes to liquefied natural gas (LNG) contracts with U.S. oil major Anadarko and Italy's Eni to allow the two companies to sell the government's share of gas from projects in the Rovuma Basin. "The government opted to relinquish its right to receive in kind its quota of available gas as well as the gas production tax. The aim is to turn the projects viable," government spokeswoman Ana Coana said after the amendments were approved by cabinet. "The concessionaires commit themselves to a joint-sale of liquefied natural gas in order to offer huge volumes and get better prices at the market." The contracts relates to Anadarko's Dolphin Tuna project and Eni's South Coral project in areas 1 and 4 of the Rovuma basin. Eni is expected to make a final investment decision on its LNG project by the end of this year, while Anadarko's investment decision is expected next year. Mozambique has some 85 trillion cubic feet of gas reserves -- enough to supply Germany, Britain, France and Italy for nearly two decades. It is likely to take at least five years after final investment decisions before gas production begins. *(By Manuel Mucari, Reuters)*

Companies present proposals for use of natural gas in Mozambique
Fourteen national and international companies have submitted bids for a tender launched on 26 August for the development of industrial projects in Mozambique that make use of liquefied natural gas, the Mozambican press reported.
The tender to select companies interested in the design, development and investment in projects for the use of liquefied gas, of which Mozambique has ample reserves, in initiatives such as power generation and the production of fertilisers and liquid fuel for local consumption.
In a statement, the Ministry of Mining Resources and Energy said proposals had been received from Mitsui, Engro Fertilizer, Shell Mozambique BV, Electricidade de Mocambique (EDM), Yara International, Marubeni, Gal-Africa Energy, Muinvest, Auto Gas, Epsilon, Jiangsu Sinochem Construction Co. Ltd., Union-JNC-JSPDI-VBC-SALT consortium, Gas Nosu and Motse, SA.
The statement added that the tender is intended to make local use of natural resources and contribute to meeting the needs of the domestic market in certain services and consumer goods, replacing imports.
US group Anadarko Petroleum and Italy's ENI discovered deposits containing more than 180 trillion cubic feet of natural gas in prospecting blocks in the Rovuma basin in northern Mozambique, which, when they are under exploration, will make Mozambique one of the largest gas producers in the world. *(Macauuhub)*

AGRIBUSINESS

Mozambique sugar retains free access to the EU market
The sugar produced in Mozambique will continue to enter the market of the European Union (EU) free of tariffs and quotas, according to assurances given last week by the organisation, Mozambican daily newspaper Notícias reported.
Mozambican sugar is exported to the EU under the "Everything but Arms" (EBA) trade agreement in place since 2011 and which allows products from less developed countries, such as Mozambique, access to the European market free of customs duties and quotas. Apart from sugar, under the EBA scheme, Mozambique exports other products to the EU market with the same benefits.
In June this year, Mozambique and other countries of the Southern African Development Community (SADC) signed an Economic Partnership Agreement (EPA), with the European Union in what is considered the first understanding of the kind between the EU and the African region pursuing economic integration. This is a free trade agreement focused on development and its signatories were Mozambique and the European Union, Botswana, Lesotho, Namibia, South Africa and Swaziland. The EU delegation in Mozambique reported that the Economic Partnership Agreement allows the country to continue to have access to the European market with almost the same EBA facilities.
Mozambique produces an annual average of around 450,000 tonnes of sugar in four factories and consumes less than 200,000 tonnes, the remainder being exported to the EU market (main market), to Southern Africa (SADC) and the rest of the world. *(Macauuhub)*

IFAD to provide US$114.5 million to strengthen small-scale irrigation in Ethiopia
A total of 108,750 poor rural households in four regions of Ethiopia are expected to benefit from a financial agreement signed between the International Fund for Agricultural Development (IFAD) and Ethiopia to boost small-scale irrigation schemes.
Of the total programme cost of US$145.3 million, IFAD is providing a US$102 million loan and a $12.5 million grant, including $11 million from the Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund to help smallholder farmers to adapt to the effects of climate change. The programme is co-financed by the Government of Ethiopia ($18.7 million) and by the beneficiaries themselves (12 million).

The agreement was signed in Rome by Kanayo F. Nwanze, President of IFAD; and Mulugeta Alemseged Gessese, Ambassador of Ethiopia to Italy and Rome-based UN agencies.
The second phase of the Participatory Small-scale Irrigation Development Programme (PASIDP II) envisages the development of 15,000 hectares of small-scale irrigation schemes in four regions: Amhara, Oromia, Tigray and the Southern Nations, Nationalities and People's Region. Particular attention will be given to women, young people and vulnerable groups. In addition to increasing agricultural productivity, incomes and resilience of ecosystems and rural population, the programme is expected to create 15,000 new jobs.
"This programme is not really about irrigation. It is about people. IFAD is a people-centred organization and we invest in rural people," said Ulaç Demirag, IFAD Country Director for Ethiopia. "At the end of PASIDP II, we will not count how many schemes were built but we will focus on how the programme has transformed the lives of the smallholder farmers we support," he added.
In Ethiopia, major challenges include soil degradation and loss of biodiversity. Climate change projections for the country indicate a significant rise in temperatures and a possible increase in the frequency of droughts as well. The 2015 El Niño-related drought in East Africa was one of the strongest events recorded, impacting the livelihoods of smallholder farmers, already suffering from the effects of climate change.
PASIDP II will improve the access of farmers to a secure irrigation production system and enhance water efficiency through climate-smart agricultural intensification in the adjacent watersheds. In addition, the programme will support linkages to markets and services so that smallholder farmers can increase their productivity, competitiveness and incomes. It will also enhance their resilience against external shocks and those induced by adverse weather and climate conditions, such as drought. The programme thus aims to improve farmers' prosperity, food security and nutrition.
Based on the success of the first phase of the programme, including changes in the living conditions of smallholder farmers, best practices will be scaled up during the implementation of the second phase. The programme will also train participants to take charge of the development process and encourage women to join the decision-making bodies of water users' associations.
Since 1980, IFAD has financed 18 rural development programmes and projects in Ethiopia for a total amount of $1374.1 million, with an IFAD investment of $602.5 million directly benefiting 11,078,750 rural households. *(IFAD)*

Ivory Coast to Double Cocoa-Auction Charges to Curb Speculation
Ivory Coast, the world's biggest cocoa producer, will double the deposit needed to buy beans for delivery next season as part of measures to curb speculation in the chocolate ingredient, people familiar with the situation said.
The industry body, known as Le Conseil du Cafe-Cacao, will raise the deposit to 5 % of the fixed export price, according two people familiar with matter who asked not to be identified because they aren't allowed to speak to the media. It will also increase to at least 400,000 metric tons the amount of beans auctioned to international companies that don't have a presence in the West African nation. That's up from about 220,000 to 250,000 tons now.
Beans bought under such contracts will be shipped by local exporters appointed by the regulator and who are members of the International Traders' Association known by its French acronym GNI, the national union of cocoa-export cooperatives known as UNACOOPEXCI and the cocoa economic-interest group known as GIE, the people said.
Cocoa has dropped 28 % this year in New York to the lowest in more than three years. In London, it's declined to the lowest since May 2014 partly as funds pulled out of the market in expectation of increased output in West Africa, which accounts for about 70 % of global production.
Ivory Coast wants to prevent smaller exporters from buying beans directly through the auction system, the people said, without providing more information. Mariam Coulibaly Dagnogo, head of communications at the CCC, didn't answer calls seeking comment. *(By Baudelaire Mieu, Bloomberg)*

Too Much Chocolate: In Sharp Turn Around, Cocoa Prices Drop
Last year cocoa was one of the best-performing commodities, this year it's one of the worst
The cocoa industry is adjusting to a new normal: too much cocoa. Favorable weather in West Africa, the world's top producing region, paired with tepid demand for chocolate, is expected to leave excess supplies of the bean this season, according to traders and analysts. Further losses could make cocoa, previously a steady bull market for more than three years, one of the 2016's worst performing commodities.
On Wednesday 7th December, London-traded cocoa fell to £1,858 per metric ton, a two and a half year low, under pressure from signs of ample supply, including a pickup in the flow of beans into ports in top-producer Ivory Coast and expectations that some contracts from last year will be rolled over into the current season, according to analysts. "Everyone's like, wow. There's a lot of cocoa out there," said Edward George, head of research at Pan-African lender Ecobank.
In New York, dollar-denominated cocoa futures fell to a nearly three-year low this week. The two markets are roughly equal in size, but serve slightly different industries.
The decline marks a sharp reversal for what was, until fairly recently, a rallying market. In June, London-traded cocoa, denominated in sterling, pushed to a more than six-year highs on the back of a weak pound after the British vote to leave the EU, and a large cocoa deficit because of dry weather.

In 2015, cocoa was a standout commodity, gaining 13% in a year when most commodity markets declined. It was the fourth consecutive year prices rose.
This year, cocoa could come at the back of the pack—London-traded cocoa was 17% lower since the start of 2016, while New York-traded cocoa was recently down 27%.
Among major commodity markets, only the contracts for live and feeder cattle, down 19% and 24%, respectively, have fared as poorly.
The new dynamic should also make it more profitable to stockpile cocoa beans. While the cocoa market is usually in a market structure that means prices are higher in the near term—typically a sign of a shortage that makes it expensive to hold beans—that pattern has now switched. Cocoa contracts later in 2017 are now more expensive, which will encourage holding beans, rather than selling them immediately. "That really changed the dynamic of the market," said Max Goettler, a cocoa trader and analyst at Rotterdam-based trade house Cocoanect. The drop in cocoa has in part been accelerated by a speculative selloff, which in November saw bets from noncommercial traders on the London contract fall into bearish territory for the first time in four years. But traders and analysts widely agree that favorable rains in West Africa, which produces around 70% of the world's cocoa, will help produce a good crop, while demand for the bean is weak.
Last season, cocoa processing declined 0.3%, according to the International Cocoa Organization. An anticipated boom in demand from emerging markets such as China and India, where chocolate is still an expensive and untraditional treat, has yet to arrive, according to traders and analysts. Unofficial estimates by traders average a surplus of around 200,000 tons of beans this season. To be sure, some traders think the surplus may be already priced into the market. A harsh dry season in the coming months, or a severe harmattan—a dry seasonal wind that can devastate cocoa crops—over Christmas could crimp the harvest and quickly send the price higher.
The producing countries are hoping a price increase will arrive, and are putting off some of their forward selling in the hopes the decline won't continue, Cocoanect said in a report. Those producers had been able to benefit from rising prices, while the gains hit buyers, said Mr. Goettler. But this year, "it's the other way around," he said. *(By Katherine Dunn, Wall Street Journal)*

UPCOMING EVENTS

World Economic Forum Annual Meeting 17-20 January 2017 Davos-Klosters, Switzerland
https://www.weforum.org/events/world-economic-forum-annual-meeting-2017

Project Financing Options for Energy and Energy Related Infrastructure Projects in South, East and North Africa - 23-24 January 2017, Dubai
http://www.energynet.co.uk/event/growing-economies-project-financing-forum

Investing in African Mining Indaba 6-9 Feb 2017 – Cape Town South Africa
https://www.miningindaba.com/ehome/index.php?eventid=174097&

Business Council for Africa - The Annual Debate 22 March 2017 - The Law Society London
The Annual Debate will focus on how Africa can respond to the challenges posed by global macroeconomic trends.
https://www.eventbrite.co.uk/e/the-annual-debate-2017-tickets-29044764673

FT African Infrastructure Financing and Development 2017 - London 23 March 2017
https://live.ft.com/Events/2016/FT-African-Infrastructure-Financing-and-Development-2017

The Africa CEO Forum 2-21 March 2017 in Geneva, Switzerland
http://www.theafricaceoforum.com/en/

5th Africa Financial Services Investment Conference 3-5 May 2015 Park Plaza Riverbank London
http://www.afsic.net/

AIX (Africa Investment Exchange): Gas 2017 Developing partners along the gas value chain 5-6 April 2017, London
https://africa-investment-exchange.com/aix-gas-2017/

19th annual Africa Energy Forum (AEF) from 7-9 June - Bella Center, Copenhagen, Denmark
http://africa-energy-forum.com/

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Disclosures

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

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

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