INSIDE AFRICA

09 May 2016

Now is the time to invest in Africa

EAGLESTONE
SECURITIES

CONTENTS

In-Depth:

- Angola: Country Outlook 2

Sovereign Ratings 4

IMF, WORLD BANK& AFDB 5

INVESTMENTS 8

BANKING

Banks 10

Markets 14

Selected Sovereign African Eurobond Data for May 9 17

Tech 18

ENERGY 19

INFRASTRUCTURE 20

MINING 22

OIL & GAS 25

RETAIL 26

AGRIBUSINESS 27

UPCOMING EVENTS 32

BRIEFS

Africa

- IMF warns of slower expansion in sub-Saharan countries
- Barclays makes $876 million from African business share sale
- Chinese Financed hydropower projects in Sub Saharan

Angola

- Grain production in Angola is lower than expected
- Standard Bank's Angola Shareholder Sells 49% Stake to Exit Unit
- Swiss company invests in forestry in Angola

Australia

- Australian company seeks potash mining licence in Eritrea

Botswana

- Botswana AFDB apporves US $76m credit line to the state owned Bostwana Development Corporation

Congo

- Congo to Select Phase-1 Builder of $100 Billion Dam by August

Ghana

- AngloGold asks global arbitrator to intervene in Ghanaian dispute

Kenya

- Higher farm output boosts Kenya's 2015 economic growth

Mozambique

- China donates US$16 million to Mozambique
- Sasol nearly doubles sales of natural gas from its Mozambique fields

Nigeria

- Shell says Nigerian output continuing despite reports of militant threat
  - Rise in oil-facilities attacks hurts Nigeria

South Africa

- South Africa's PIC to invest $4.7 billion and stimulate jobs, growth
- South Africa's Impala wins court bid to claw back $201 mln from U.S. firm
- SABMiller, Coca-Cola Strike Deal With South Africa Over Bottling Merger

Zimbabwe

- Zimbabwe banks limit cash withdrawals and shut down ATMs

In-depth:
Angola: Country Outlook

POLITICAL STABILITY: There is a danger of increasing protests given the country's continued fiscal difficulties in the current environment of low oil prices. In early March, for example, the Ministry of Finance acknowledged that only 73% of February national payroll obligations had been met. Delayed salary payments are not unheard of in Angola, but there is a clear risk of social upheaval if failure to deliver wages on time becomes a regular issue. Increased sensitivity to any potential threats to stability or its hegemony is likely to prompt the ruling Movimento Popular de Libertação de Angola (MPLA), via the security services, to engage in further crackdowns on and pre-emptive arrests of activists and the imposition of heavy jail terms on high-profile critics--as underscored by the jailing of 17 youth activists in March. However, this could backfire, as the growing crackdown on dissenting voices could act as a catalyst for more sustained instability.

ELECTION WATCH: The next legislative election is scheduled to take place in 2017. Opposition groups have thus far struggled to capitalise on growing public discontent with Angola's economic conditions. A lack of dynamism within the main opposition party, the União Nacional para a Independência Total de Angola (UNITA), is one factor, but much of this is because the MPLA in effect restricts the political space and exploits its grip on power. Plans by the authorities to restrict social media could have a negative impact on opposition groupings that have made substantial use of such channels, in an attempt to circumvent MPLA domination of the traditional media.

INTERNATIONAL RELATIONS: Angola will continue to seek to consolidate relations with key strategic partners and to diversify access to international finance, even if it does agree a formal programme with the IMF. The government is likely to continue to prioritise debt repayments to China so as to secure ongoing credit, and the importance of the relationship is underscored by the February announcement that some US$5.3bn of previously agreed Chinese credit will be used to finance 155 public investment projects around the country. However, full disbursal of such funds is not guaranteed, and the economic slowdown in China presents a potential threat to financial flows. Angola will also continue to prioritise relations with the US--because of its global superpower status and the presence of US oil companies in Angola--and fellow lusophone states including Brazil and the former colonial power, Portugal.

POLICY TRENDS: A fundamental rebalancing of the economy is needed, and this will be the overarching goal assuming Angola secures a three-year extended fund facility (EFF) with the IMF, following the government's April request for assistance from the Fund. The Economist Intelligence Unit expects such a programme to be agreed, and to have a strong focus on structural reforms. Initial priorities would be to seek to restore macroeconomic balances and build up reserves, reduce the non-oil fiscal deficit and reduce the differential between the official and the parallel-market exchange rates while instituting financial-sector safeguards and maintaining social spending. As with the government's own "master plan", announced in February, these are sensible strategies, but will take time to implement. For example, raising tax bills when profits and turnover have fallen because of the wider economic slowdown could choke non-oil growth and undermine efforts to foster the development of medium-sized enterprises that can generate employment. The development of a dynamic private sector will also continue to be hindered by weak human capital, poor regulation, inefficient power supply, prevalent corruption and the crowding-out of private investment by the public sector.

ECONOMIC GROWTH: The government is projecting 2016 growth at just 3.3%. It expects non-oil growth to remain weak, although agriculture is forecast to expand by 4.6%. However, rapid agricultural expansion is unlikely given weak infrastructure and poor supply-chain management. The performance of the hydrocarbons sector will remain crucial, and official projections of a slowdown in growth in 2016 are largely explained by the authorities' expectation that local production will expand more slowly than previously forecast and that international oil prices will remain relatively weak, at US$45/barrel. Given that we expect oil prices to average US$40.3/b in 2016, and increases in local production to remain below previous official expectations, we forecast that growth will slow sharply to just 1.1%, meaning that GDP per head will shrink for the third successive year. Slightly more solid government and private consumption growth as oil prices recover should see growth accelerate, to 3.5% in 2018, before a renewed dip in oil prices and more moderate local output increases lead growth to ease to 2.5% in 2020.

INFLATION: Inflation again increased sharply in March, with the year-on-year rate rising to 23.6%, from 20.3% the previous month. This reflects inflationary pressures arising from the successive reductions in fuel subsidies (since September 2014) and the kwanza's continued weakness against the US dollar, which continues to push up the cost of imported goods. As underscored by five interest-rate rises during 2015, and a 100-basis-point increase in February, we expect the central bank's monetary policy committee to maintain a relatively tight policy stance, while the government has announced some measures to combat inflation, including the introduction of price controls on some goods. Taken together, these factors should help to take inflation back into single-digit levels in 2017-20, after a sharp spike to an average rate of 22.1% in 2016. More substantial reductions are unlikely given that inflationary pressures are likely to be sustained by high government spending in the run-up to elections in 2017 and higher international commodity prices in 2017-18.

EXCHANGE RATES: With reserves likely to continue to decline in 2016 (despite IMF funding), given the pressure generated by a prolonged period of lower oil prices, we expect further official adjustments to the currency and a managed slide through the year. We therefore expect the official rate of the kwanza to depreciate to an average of

Kz173:US$1 in 2016 from an average of Kz120.1:US$1 in 2015, and to decline further to Kz199:US$1 in 2017. However, adjustment of the exchange rate could be an IMF requirement as part of the EFF programme; in this case, a sharper devaluation in 2016 would be likely. The decline will continue in 2019-20 given renewed weakness in the oil market (and notwithstanding some local production increases), taking the rate to Kz249:US$1 in 2020. The gap with the parallel-market rate will remain substantial, however.

EXTERNAL SECTOR: Angola is expected to run current-account deficits throughout 2016-20. Although oil prices will recover in 2017-18, before dipping again in 2019-20, the rebound will not be as substantial as after the 2009 price crash, meaning that the current account will not return to surplus. With oil prices remaining depressed by 2011-14 standards, total export earnings--dominated by oil--will shrink again in 2016; they will bounce back in line with prices in 2017-18, but remain some 30% below their 2012-13 peak. Imports will also shrink in 2016, reflecting a moderation of government-led capital investment owing to the low oil price environment and the ongoing devaluation of the kwanza limiting consumer demand. However, the trade surplus as a percentage of GDP will remain low in 2016 by historical standards--at 10.5%. It will recover slightly to an annual average of some 18.8% in 2017-18 (as oil prices recover)--although this only around half the 2010-14 average--and then deteriorate again in 2019-20, reflecting strong import growth and a renewed downturn in oil prices. The services deficit will rise in 2017-18, averaging 16% of GDP, reflecting greater activity in the oil sector, before narrowing again in 2019-20 as oil prices moderate. Overall, the current-account deficit will rise from an estimated 7.7% of GDP in 2015 to 8.7% of GDP in 2016, because of depressed oil prices and only modest increases in oil export volumes. The deficit as a percentage of GDP will narrow in 2017-18, before widening again in 2019-20, as a slowdown in the US has a negative impact on oil prices, ending the forecast period at 6.1%. *(Economist Intelligence Unit)*

SOVEREIGN RATINGS

North and South America - Asia

09-05-2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Argentina	B3	B-	RD	NP	B	RD
Australia	Aaa	AAAu	AAA	NR	A-1+u	F1+
Brazil	Ba2	BB	BB	NR	B	B
Canada	Aaa	AAA	AAA	NR	A-1+	F1+
China	Aa3	AA-	A+	NR	A-1+	F1
Colombia	Baa2	BBB	BBB	NR	A-2	F2
Cuba	Caa2	NR	NR	NR	NR	NR
Hong Kong	Aa1	AAA	AA+	NR	A-1+	F1+
India	Baa3	BBB-u	BBB-	NR	A-3u	F3
Japan	A1	A+u	A	NR	A-1u	F1
Macau	Aa2	NR	AA-	NR	NR	F1+
Mexico	A3	BBB+	BBB+	WR	A-2	F2
Singapore	Aaa	AAAu	AAA	NR	A-1+u	F1+
Uruguay	Baa2	BBB	BBB-	NR	A-2	F3
Venezuela	Caa3	CCC	CCC	NR	C	C
United States	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Eurozone

09-05-2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	**B1**	BB-	B+	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AA+	NR	A-1+	F1+
France	Aa2	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	CCC	NP	B	C
Ireland	Baa1	A+	A	P-2	A-1	F1
Italy	Baa2	BBB- u	BBB+	P-2	A-3u	F2
Latvia	A3	A-	A-	NR	A-2	F1
Lithuania	A3	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AAAu	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BB+u	BB+	NR	Bu	B
Slovakia	A2	A+	A+	NR	A-1	F1
Slovenia	Baa3	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB+	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Region - Africa/Middle East

09-05-2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	B1	B	B+	NR	B	B
Bahrain	Ba1*-	BB	BBB-	NR	B	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Emirate of Abu Dhabi	Aa2 *-	AA	AA	NR	A-1+	F1+
Ethiopia	B1	B	B	NR	B	B
Gabon	B1	NR	B+	NR	NR	B
Ghana	B3	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Iraq	NR	B-	B-	NR	B	B
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	Ba3	NR	B+	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2*-	AA	AA	NR	A-1+	F1+
Lebanon	B2	B-	B	NP	B	B
Lesotho	NR	NR	B+	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	Caa1	B-	CCC	NR	B	C
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	B1	B+	BB-	NR	B	B
Oman	A3*-	BBB-	NR	NR	A-3	NR
Qatar	Aa2*-	AA	AA	NR	A-1+	F1+
Republic of Congo	B2	B-	B	NR	B	B
Republic of Zambia	B3	B	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	Aa3*-	A-	AA-	NR	A-2	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2	BBB-	BBB-	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B
United Arab Emirates	Aa2*-	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Mozambique Economic Update: Growth Slows Amid Challenging Global Conditions and Rising Fiscal Risks

The new economic update for the country shows Mozambique continues to face challenges brought on by global economic weakness and growing fiscal risks

Persistently low commodity prices and regional drought will further decelerate growth in 2016, the report says. Analysis of fiscal risk highlights the need for improved monitoring, disclosure and management of debt, while strengthening the government’s capacity to manage public investments

Mozambique’s economy continues to face challenges of weaker commodity prices, lower demand amongst trading partners and rising U.S. interest rates, according to the recently-released economic analysis for the country. Amid these conditions, the report predicts growth will continue to slow this year.

The inaugural edition of the Mozambique Economic Update (MEU) says the already difficult headwinds are further aggravated by regional drought, falling investment levels, political instability and rising debt levels. As a result, the report notes foreign direct investment fell by 24% in 2015, exports declined by 14%, and growth decelerated to 6.3%,

its slowest level since 2009. “Given the current environment, it’s important for Mozambique to press ahead with reforms aimed at securing macroeconomic stability whilst also maintain the longer term focus on a resilient and diversified economy,” said Mark R. Lundell, World Bank country director for Mozambique, Madagascar, Mauritius, Seychelles and Comoros.

The MEU reviews recent economic developments and assesses near-term economic prospects, forecasting that growth will slow further to 5.8% in 2016, before rising above 7% in 2017. The projected slowdown in 2016 reflects the continued decline in commodity prices for key Mozambican exports, effects of the ongoing drought on agricultural production, and further fiscal tightening, according to the report. This outlook is subject to additional downward risk if gas megaproject investments are deferred to 2017 the report says, and if rising debt levels result in sharper policy adjustment. Given the weak external position, the report notes further currency depreciation is likely and will add to inflationary pressures in 2016.

Although short-term economic pressures are pronounced, the MEU notes that medium-term prospects for economy remain sound. Large investment flows from the gas sector are expected between 2017 and 2020.These flows will support the widening of the current account deficit and boost growth. Gas exports are expected to ramp up by 2022 and the current account deficit to shrink thereafter.

The report also explores Mozambique’s heightened exposure to fiscal risks arising from public debt, guarantees, state-owned enterprises and public private partnerships. It discusses the rapid pace at which liabilities have accumulated while the due diligence mechanisms to govern them remain lagging. The MEU highlights the need for improved monitoring, disclosure and management of debt and fiscal risks, and recommends these efforts be complemented by measures to improve the government’s capacity to evaluate and manage public investments. *(IMF)*

World Bank Is Suspending Direct Financial Aid to Mozambique

Move comes after IMF cut off lending to the African country for its failure to disclose more than $1 billion in loans

The World Bank is suspending direct financial aid to Mozambique, joining the International Monetary Fund in cutting off budgetary assistance after learning of more than $1 billion in previously undisclosed loans, a person familiar with the matter said.

The bank will continue to fund individual investment projects, but it is holding back payments of approximately $40 million this year for direct budgetary support, the person said. The World Bank had more than $1.6 billion committed to Mozambique across 23 different projects as of October and was expected to provide approximately $110 million this year for direct budgetary support, $70 million of which has been disbursed.

The move is another blow to one of the world’s poorest countries, which relies heavily on international donors that make contributions for food, medicine, schools and other essentials. Mozambique is ranked 180th out of 188 countries in the United Nations Human Development Index, a composite statistic of life expectancy, education and income per capita. “The government can’t pay for education, it can’t pay its hospitals, and it can’t pay for its social issue problems,” said Nigel Morgan, director of Rhula Intelligent Solutions, a Mozambique-based risk management consultancy.

The Wall Street Journal previously reported that Credit Suisse Group AG, Russia’s VTB Group and others had loaned more than $1 billion to Mozambique’s government starting in 2013. The loans came with a guarantee from the government to lure investors. In 2013, when most of the loans were made, Mozambique’s official budget included $6 million in government-guaranteed debt. Yet the country loaded up with nearly $1.5 billion in government-guaranteed debt, vastly more than its parliament had approved.

Following the Journal report, the IMF said it had stopped disbursement of a $55 million loan and had suspended lending, because the country had violated the terms of its agreement by failing to disclose the loans. The IMF approved in December a $283 million rescue loan package for Mozambique. The agreement with the IMF requires the southern African country to fully disclose all borrowings and to meet regularly with the multilateral agency to provide updates on its progress. Donors and other lenders rely heavily on information from the IMF when deciding where and how to give to developing countries such as Mozambique. The IMF said that Mozambican officials have now acknowledged the debt, which the agency called “an important first step toward full restoration of trust and confidence.”

With the World Bank also pulling back, Mozambique is getting pinched by both its long-term and immediate sources of aid. The loan disbursements from the IMF are short-term emergency assistance to help shore up its finances. The World Bank’s funding, which includes grant and loan programs that can run for up to 40 years, is for the country’s longer-term development.

Before the loans were disclosed, Mozambique’s debt risk profile was considered “moderate” by the IMF. The newly disclosed debt is expected to shift the country’s debt risk to “high.” The person familiar with the discussions between the World Bank and Mozambique said a downgrade would trigger a series of changes to the World Bank’s support in the country, reducing the overall amount of aid to the country and increasing grants as a percentage of aid. The World Bank’s general budget support payments will be on hold until the IMF finishes its analysis, a process that could take months, according to the person familiar with the matter.

Lucie Villa, a vice president and senior analyst with Moody's Investors Service's sovereign risk group, said the ratings firm is closely following Mozambique's status in the IMF program because without IMF support, the country's ability to raise cash from either donors or investors will be limited, fueling liquidity concerns.
Top budget donors include Sweden, the European Union, the United Kingdom and the African Development Bank, according to a 2014 breakdown analyzed by Moody's. Additionally, the World Bank and other donors provide hundreds of millions of dollars in support through low-interest loans and supportive programs. The country's largest lender in 2014 was China, the document shows.
It wasn't immediately clear whether those donors' aid programs would be affected. Representatives of these donors didn't immediately respond to questions posed by the Journal. "We support the IMF's call for full disclosure of loan transactions and debt to the people of Mozambique. The U.K. follows strict rules and procedures when providing aid. We are considering our response and are working closely with other international partners on the next steps," the U.K.'s Department of International Development said in a statement. All told, donors account for approximately 30% of the state's budget, according to Eurasia Group, with approximately 25 billion meticals ($468 million) in grants in the 2016 budget and approximately 32 billion meticals in multilateral and bilateral loans, according to a Moody's analysis. *(Wall Street Journal)*

AfDB approves a Partial Credit Guarantee to Tanzania Mortgage Refinance Company
The African Development Bank Group's (AfDB) Board of Directors, on May 5, 2016 approved a Partial Credit Guarantee (PCG) of up to US $4 million in local currency to Tanzania Mortgage Refinance Company (TMRC).
The Partial Credit Guarantee (PCG) will support TMRC's proposed Medium Term Note Program to raise long-term funding from the Tanzanian local currency bond markets on the Dar es Salaam Stock Exchange (DSE) for on-lending to local banks for mortgage finance operations. The Bank's PCG will enable TMRC's bond to meet minimum requirements for listing on the DSE thereby enhancing TMRC's capacity to mobilize critical long-term funding required for the growth of Tanzania's housing finance markets, and catalyzing the construction of affordable housing.
The Bank intervention is in line with the High 5s agenda for the Bank Group, building on its existing 2013-2022 Strategy, and specifically on the 5th agenda of Improving the Quality of Life for the People of Africa. The five focus areas are essential in transforming the lives of the African people and therefore consistent with the United Nations agenda on Sustainable Development Goals (SDGs). The Bank's intervention will also result in multiplier effects on industries related to the real estate sector and creation of jobs in the construction industry. It will also assist in deepening of Tanzania's capital markets by increasing the number of listed corporate bonds in the local bond market as well as match assets and liabilities of the institution. The PCG will complement the Tanzanian Government's efforts to develop a self-sustaining long-term mortgage market in Tanzania.
Stella Kilonzo, Division Chief, Financial Markets Division, of the Bank Group stated, "By extending this partial credit guarantee, the AfDB adds on its existing initiatives to support the development of local currency financial markets on the continent and the private sector." As one of its priority objectives, the AfDB supports investments that contribute to the widening and deepening of financial markets in Africa, and enabling the private sector capacity to mobilize long-term funding from local financial markets.

IMF Staff Completes 2016 Article IV Mission to South Africa
An International Monetary Fund mission team led by Ms. Laura Papi visited Pretoria, Johannesburg, and Cape Town from April 18 to May 4, to conduct the 2016 Article IV Consultation discussions with South Africa. At the conclusion of the visit, Ms. Papi made the following statement: "South Africa faces a challenging economic environment. The IMF projects 2016 growth at 0.6 percent, entailing falling per-capita income. A muted recovery is envisaged from 2017. Risks to this outlook are tilted to the downside and include further shocks from China, heightened global financial volatility, and sovereign debt credit rating downgrades. On the upside, the recent dialogue between government and social partners could catalyze reform implementation and invigorate growth. "South Africa needs to create an environment that facilitates high and inclusive private sector-led growth that creates more jobs. The government and the South African Reserve Bank (SARB) have taken appropriate steps to counter rising government debt and inflation. Moving forward, structural reforms are imperative to reduce policy uncertainty, boost confidence, tackle structural impediments, and lower vulnerabilities. "The government is making welcome progress on addressing infrastructure bottlenecks, especially in the electricity sector, has committed to state-owned enterprise (SOE) reform, and is strengthening public procurement. A comprehensive package of structural reforms remains the preferred option to create jobs and reduce inequality. An initial, focused set of tangible measures could help generate sustained reform momentum. "The government's 2016 Budget targets are appropriately ambitious, but may be challenging to achieve if the IMF's macroeconomic projections materialize. Policies to maintain debt sustainability are essential to preserve investor confidence, but need to be carefully calibrated to avoid pressuring an already-weak economy. Strengthening governance, private participation in SOEs and greater spending efficiency are key interventions to improve SOE performance and service delivery. After the SARB's recent rate hikes, monetary policy may be able to remain on hold, though more tightening could be needed if inflation expectations and core inflation rise significantly. "The government and the SARB are advancing key financial sector reforms, and stress tests carried out by the SARB suggest the banking sector remains resilient. Heightened monitoring of financial sector risks is warranted given the weak economy,

tightening financial conditions, regulatory changes, and extensive linkages between macroeconomic and financial sector developments. The SARB could seize opportunities to build international reserves, especially in case of large, FDI-related foreign exchange inflows.” The mission met with Finance Minister Pravin Gordhan, South African Reserve Bank Governor Lesetja Kganyago, Minister in the Presidency for Planning, Performance, Monitoring, Evaluation and Administration Jeff Radebe, Minister of Trade and Industry Rob Davies, Minister of Economic Development Ebrahim Patel, Commissioner of the South African Revenue Service Tom Moyane; senior officials of the National Treasury, South African Reserve Bank, and government departments ; the National Economic Development and Labor Council; senior leadership of the Congress of South African Trade Unions and the Federation of Unions in South Africa; and financial market and business representatives.

INVESTMENTS

South Africa's PIC to invest $4.7 billion and stimulate jobs, growth

South Africa's Public Investment Corporation (PIC) would invest 70 billion rand ($5 billion) over the next three to five years to help stimulate economic growth and job creation, deputy finance minister Mcebisi Jonas said. The PIC, which manages South African government employee retirement funds and has more than 1.8 trillion rand under management, would invest in a range of sectors, including energy, mining and agriculture, Jonas told parliament. ($1 = 14.8235 rand) *(Reuters)*

Swiss company invests in forestry in Angola

Swiss Investment Company Quantum Global Group plans to invest US$50 million over the next five years in a global project for use of wood resources in the central highlands of Angola, the company said.

In a statement on its website, the company headquartered in Zurich said it had been granted a 60-year concession on an 80,000-hectare plot of land for forestry. Global Quantum, which works in conjunction with sovereign wealth funds and state agencies to set up partnerships and investment in Africa, said in a statement that it was a large plantation, in Huambo region, which represents a “unique opportunity worldwide.”

In addition to planting trees, the announced investment includes construction of infrastructure and industrial units for the using the wood. The statement said the central highlands of Angola had an exceptional combination of large areas of land to use, few forest resources, low population pressure, and access to transport and water resources in sufficient quantity to develop the project. *(Macauhub)*

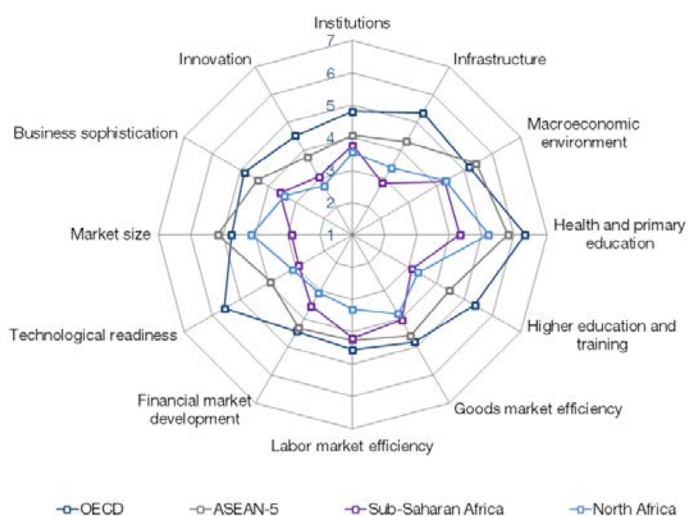
Angolan textile factory Têxtil Satec resumes production in July

The Satec textile factory in the city of Dondo, in Angola’s Kwanza Norte province, is due to start operating in July, after a complete rebuild of its team, a process costing US$400 million, said the chairman of Angolan business group Mainhia Yeto, Matos Cardoso. The company plans to export of fabrics to the Republic of Congo, the Democratic Republic of Congo and Mozambique and it plans continue to explore the possibility of entering the European and US markets, through preferential trade agreements in the latter case under the “African Growth and Opportunity Act (AGOA).” Within the scope of the government programme to revive the country’s industrial sector, the reconstruction of the factory is the responsibility of the Ministry of Industry and is part of a grant from the Japanese government, valued at about US$1.15 billion, also for the recovery of Textang II, in Luanda, and África Têxtil in Benguela. The Satec factory, whose operation was interrupted in the 1990s, has been fully refurbished, expanded and modernised with up-to-date equipment and will allow the creation of 2,000 direct jobs. With areas for cotton spinning, weaving and finishing, the plant will contribute,alongside África Têxtil (Benguela) and Textang II (in Luanda), which have also been refurbished and modernised, to reduce imports of textile products. The manufacturing facilities of Luanda and Dondo should eventually produce fabrics for making clothing, and the Benguela factory will initially produce 120,000 blankets, 1.6 million sheets and 12 million towels. *(Macauhub)*

6 reasons to invest in Africa

The conversation about Africa is shifting from one of “deficits” and “gaps” to one about opportunities, prospects, ventures and creativity. That’s not news to companies that have paid close attention to the continent and invested there. The fast growing youth population, the urbanization expected to drive over 50% of Africans to cities by 2050, and Africa’s formalizing economy are all well known. These trends and other developments have driven a half century or more of growth in Africa, and will continue to do so.

It’s important to acknowledge that Africa tests an investor’s patience. Time horizons and return models that fit other markets don’t always work in there. Even the most experienced, sophisticated companies can be forced to recalibrate, as Nestlé did last year when it announced a 15% cut in its workforce across 21 African countries.



Deficits remain. What's important is that investors now realize there is money to be made for those bold enough to help close the gaps. As that takes place, the promise of greater prosperity for Africans and African businesses will be realized. Why is it a good time to invest?

1. Africa needs 'connectors'

Missing across much of sub-Saharan Africa are the roads, rails, ports, airports, power grids and IT backbone needed to lift African economies. This lack of infrastructure hinders the growth of imports, exports, and regional business.

Companies that can connect Africans and markets can prosper. Sub-Saharan Africa is plagued by power outages – almost 700 hours a year on average – sapping productivity, adding cost and leaving businesses captive to back-up and alternative power options. Massive investment is leading to major upgrades and expansion at African ports and airports, but much of Africa's growth potential depends on in-country and intra-African road, rail and air connections.

Roads and rail lines are sparse, decrepit and over-burdened. A lack of aviation agreements has limited intra-African air connections. Africa's lack of efficient storage and distribution infrastructure hinders businesses, entrepreneurs and farmers. Up to 50% of African fruit and vegetables spoil before reaching markets.

There's a soft infrastructure deficit, as well. Outside of South Africa, the data and information critical to decision-making by businesses is missing or hard to obtain – credit and risk information, market data, consumption patterns, you name it. Lessons from Dubai and Singapore tell us that once an infrastructure race is on in a rapidly expanding market, being the first-mover is a significant advantage for investors.

2. **African trade barriers are falling and intra-African trade holds enormous potential**

With the 54-nation Continental Free Trade Area – Africa's own mega-trade deal – even the smallest African economies could see a lift. If duties are lowered and incentives introduced, manufacturers could see benefit from setting up production and assembly operations in multiple African countries. That could lead to development in electronics, machinery, chemicals, textile production and processed foods.

As a first step, free trade between and within the African economic blocs would make a huge difference. Africa's share of global trade – a meager 3% – can only increase if the continent's commodity and consumption-led economies begin to produce a broad array of goods for home markets and export.

And an increase in local beneficiation in the commodities sector could be a driver of growth – processing local commodities (such as minerals, coffee, cotton) in country rather than exporting them in raw form. That said, it will continue to be a challenge for regions with poor power and infrastructure to compete as global manufacturers.

3. **Customers are changing**

With the growth of Africa's middle class, we're seeing development of new expectations. Educated, urban professionals are young, brand-aware and sophisticated in terms of their consumption. Retailers and consumer brands want to anticipate and drive buying preferences in fashion, home and lifestyle products, but they know they need international standard supply chains if they are to meet demand. The largest economic forces in Africa are small to medium enterprises, working to meet this new demand and competing with global brands.

4. **Digital transformation**

Africa leads the world in mobile adoption, which continues to offer the biggest cross-sectoral economic opportunities. Mobile payment networks, pioneered in East Africa, opened the wired, global economy to poor, unbanked city and rural dwellers. Companies such as Novartis are using mobile communications to manage their supply chain; Olam has used mobile to reach out to new African suppliers and farmers. These mobile initiatives have achieved huge successes.

To illustrate: In 2014, Ethiopia set up a telephone hotline allowing small farmers immediate access to advice from agronomists, with over 3 million calls done in the first six months of the pilot programme. Mobile is the area where Africa has pushed beyond the boundaries in the developed world, and African tech incubators are pushing to innovate. So what's next?

5. **Africa is diversifying**

African economies are finally beginning to diversify beyond commodities, though this is still in the early stages. Africa is seeing a returning diaspora that recognizes the potential and opportunities in their own countries. This population

supports local economic growth with their skills and talent, by acting as "first movers", investing back in their communities.
At the same time, African countries are beginning to place bets on non-commodity areas where they can be competitive. And they are packaging themselves to appeal to a broader set of investors. Recognizing they can no longer count on growing investment from China, every country now has what are called "Investment Promotion Agencies", which act as one-stop shops for investors, assisting with registration, taxes, and other steps to establish companies locally.

6. **Africa can lead in sustainable development**

In energy, technology, supply chain design and other areas, Africa has the ability to look at what works elsewhere then fashion its own answers. It can openly embrace new technology and ideas, with no historical imprint from which to break free. It can develop flexible fuel grids that generate power with a mix of abundant wind, solar, hydro and bio energy, alongside conventional fuels such as oil and gas, which are also abundant. Nowhere on Earth is there as much unused or poorly used arable land, so look for big agricultural breakthroughs and productivity gains in food production in Africa.
Business leaders are hungry for vibrant new markets and consumers know the reality: globalization means there are too few remaining frontiers. As the developed world matures, and becomes increasingly difficult to trade in as a result of factors from legislation to terrorism, opportunities for corporate growth are limited. There are too few places where entrepreneurs and businesses with ideas and an appetite for risk can bring value and find long-term growth if they are persistent, creative and determined. But there's something else they know: Africa is still such a place. *(World Economic Forum)*

China donates US$16 million to Mozambique

China has donated US$16 million to Mozambique under an economic and technical cooperation agreement signed in Maputo by representatives of the two countries, Mozambican daily newspaper Notícias reported. The deputy minister of Foreign Affairs and Cooperation, Nyeleti Mondlane, said the signed document "is the Chinese government's contribution to the Mozambican government's efforts to further the objective of economic and social development." The amount donated, said Nyeleti Mondlane, will finance the opening of 200 boreholes for drinking water, purchase of 80 buses for public transport, construction of the China/Mozambique Cultural Centre and other projects of social impact to be agreed between the two governments . Addressing the Chinese ambassador to Mozambique, Sun Jian, the deputy minister of Foreign Affairs and Cooperation he wanted to take the opportunity to thank China for a donation of 10,000 tons of grain. *(Macauhub)*

Group of donors suspend aid to Mozambique

The group of 14 countries and organizations providing direct support to the Mozambique Budget has decided to suspend aid to the country following the disclosure of debts omitted from the public accounts, said in Maputo the President of the Republic of Portugal. Marcelo Rebelo de Sousa said that the suspension was decided "for the purpose of clarification," and was not definitive, adding that talks on the subject had already begun. The Portuguese President was speaking at a joint press conference with Mozambican President Filipe Nyusi after a meeting between the two heads of state at the presidential palace of Mozambique in Maputo. Rebelo de Sousa reiterated that the decision by donor countries and agencies was related to clarifying the real extent of public debt and also "the need to stabilise the operation of the institutions and the country in economic and financial terms." The President of Mozambique, Filipe Nyusi, said he believed the decision to suspend direct aid to the state budget was a temporary measure to make room for clarification of Mozambican public debt. Cited by daily newspaper Notícias, Nyusi said he understood the programme support partners' fears, "as they do not feel comfortable to continue to send money as the issue of debt is not properly understood." "I believe that there is no donor that wants to sacrifice the Mozambicans, as the measures that are being taken are aimed at creating a state of sustainability", said Nyusi, adding that the most important is whether the debt is sustainable. *(Macauhub)*

BANKING

Banks

Shaking up Finance and Banking in Africa

Africa stands at a crossroads. Economic growth has taken root across much of the region. In many countries, exports are booming, foreign investment is on the rise and dependence on aid is declining. Governance reforms are transforming the political landscape. Democracy, transparency and accountability have improved, giving Africa's citizens a greater voice in decisions that affect their lives.
At the same time, many African governments are failing to convert the wealth created by economic growth into opportunities that all Africans can exploit to build a better future. Inequality is increasing. Poverty is not falling nearly as fast as it should, and Africa's share of global malnutrition and child deaths is rising fast. Africa needs long-term growth that benefits all Africans. That requires nothing less than an economic transformation. Sustainable and inclusive financing are a vital ingredient of such a transformation.

The lack of access to formal financial services is a major obstacle to the advent of transformative growth on the continent. No region has a lower level of access to financial services. Only one in five Africans have any form of account at a formal financial institution; the poor, rural dwellers and women face the greatest disadvantage. Such financial exclusion undermines opportunities for reducing poverty and boosting growth that benefits all.
No sector suffers more from financial exclusion than agriculture. The Africa Progress Report, 2014, Grain, Fish, Money: Financing Africa’s Green and Blue Revolutions, states that farmers need access to finance – including credit, savings, insurance – to insure themselves against risks such as drought, and invest more effectively in better seeds, fertilisers and pest control. But Africa’s farmers lack access to insurance, so they have to put their meagre savings into contingency funds to deal with emergencies, rather than investing them in boosting productivity. Similarly, lacking access to loans and saving institutions, they are often unable to respond to market opportunities.
The region’s financing environment must be transformed. Ten years ago, countries across Africa were still emerging from the Heavily Indebted Poor Countries initiative. Today, many of the same countries have entered sovereign bond markets. But Africa cannot meet its financing needs in infrastructure and skills development through aid and commercial market debt financing alone. That is why there is no substitute for domestic financing. Unfortunately, economic growth has done little to increase either the rate of savings or the proportion of GDP that is collected in domestic tax revenues – outcomes that point to the need for institutional reforms.
Greater financial inclusion will allow the continent to tap into the vast potential of its domestic resources to finance its huge infrastructure and energy deficits. As the Chair of the Africa Progress Panel, Kofi Annan, has repeatedly said, “One of the greatest barriers to the transformation of the power sector is the low level of tax collection and the failure of governments to build credible tax systems. Domestic taxes can cover almost half the financing gap in Sub-Saharan Africa.” The Africa Progress Report, 2015, Power, People, Planet, discusses financing Africa’s energy deficit in more detail.
Some countries are harnessing pension funds for energy financing. Ghana, Mozambique and Nigeria, for example, have used their pension funds to engage in a more active financing strategy of their energy sectors. In general, the scale of pension-fund investment remains limited but illustrates the potential for tapping into a deeper pool of savings.
Speaking at the World Economic Forum in Davos in January 2016, our panel member and CEO of Credit Suisse, Tidjane Thiam, rightly emphasised that “there is capital in Africa; it’s an aberration that we don’t have pension funds …When you have a positive demography, it’s the right time to put into place pension funds”.
Africa’s banking and finance sector needs a shake-up. The good news is that this is starting to happen. Peer-to-peer banking and mobile banking are beginning to thrive. More and more Africans are embracing the power of domestic savings – and insurance markets will soon emerge as an exciting and effective means to invest those savings.
Mobile technology is becoming pivotal in addressing the needs of the 80 per cent of citizens who are excluded from the financial system. Local banks must now begin to function more as “real” banks to serve the demands of small and medium-sized enterprises, many of which are run by dynamic “agropreneurs.” Pension funds will be increasingly seen as an essential and exciting means to provide long-term capital. Transforming the financing environment is the way to unleash Africa’s full potential, for the benefit of all Africans for generations to come. Let’s start now. *(World Bank)*

Nigeria's FBN Holdings sees no need to raise equity after loan losses
Nigeria's biggest banking group FBN Holdings has no need to tap equity markets after an unexpected 119 billion naira ($600 million) loan loss provision last year, but will limit lending growth to boost capital, its CEO said. Urum Kalu Eke said 2015 was a difficult year for the banking group due to weak economic growth in Nigeria, rising inflation and dollar shortages in the currency market, which made it hard for customers to service their loans. He said the bank holding company, with interests in insurance, commercial and merchant banking, would keep loan growth this year around the four % it achieved last year. "The macro (economic environment) does not support aggressive loan growth at this time. We are guiding about 3-4 % for loan growth this year," Eke told Reuters in a phone interview.
FBN reported an 18 % drop in first-quarter pretax profit to 22.1 billion naira after profits fell 77 % in 2015 due to higher provisions for loan losses.
Eke said about four or five oil firms accounted for some of the loan charges, in addition to real estate and telecoms businesses. He said the bank would restructure the loans or ask customers to beef up collateral and make repayments.
FBN's stock, down 34 % so far this year, gained 5.3 % to close at 3.57 naira, recovering from a 20-year low hit in February when the bank first warned of the charges.
The yield on its seven-year dollar bond due 2021 has hovered at record levels above 19 % for most of April after starting the year just above 16 %.
Eke said FBN had no plan to ask shareholders for fresh funds because its capital ratio was higher than the regulatory minimum and also partly because of depressed equity markets. He said the bank would retain profits to boost capital.
Tumbling oil markets in the past year have forced Nigerian banks, which have long thrived on loans to the energy sector and government bond investments, to adapt their business models at short notice.
Eke said the bank was overhauling its credit model to avoid future loan losses and would diversify towards retail customers. FBN expects its insurance and merchant banking units to contribute 10-15 % to group pretax profits within three to five years, from 8-10 % now. ($1 = 198.30 naira) *(Reuters)*

Barclays Raises Nearly $900 Million in African Stake Sale
Deal part of British bank's plan to retreat from continent

Barclays PLC said it had raised £603 million ($874.1 million) by selling a 12.2% stake in its African unit to an array of investors, as the British bank pushes ahead with its retreat from the continent.

South Africa's state pension fund, the Public Investment Corporation SOC Limited, agreed to buy up to 1.2% of Barclays Africa Group Ltd. shares and the rest of the 103.6 million shares were sold to investors preapproved by the South African regulator. The shares were sold in a placing at 126 South African rand ($8.4) a share.

Barclays previously said it intends to cut its 62% stake in Barclays Africa over the next two or three years. The share sale reduces Barclays's stake to just above 50%."This is an important first step," Barclays Chief Executive Jes Staley said in a statement announcing the sale.

Last week Bob Diamond, Barclays's former chief executive, said he was putting together a bid for Barclays's entire stake in Barclays Africa, with funding lined up from U.S. buyout firm Carlyle Group and other investors including several sovereign-wealth funds. They plan to buy the stake, and then potentially combine Barclays Africa with Atlas Mara Ltd., the small African banking group Mr. Diamond co-founded in 2013.

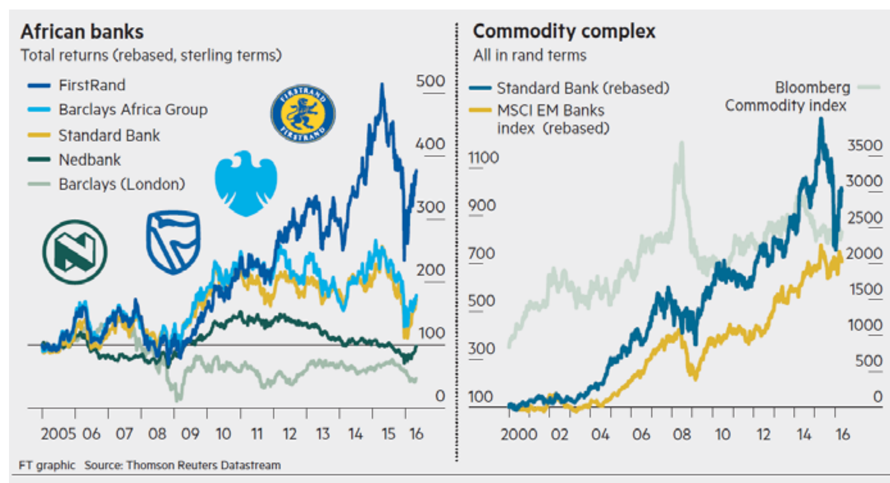
The consortium of investors has finished raising funding and will bid for the remaining 50.1% share of Barclays Africa, a person familiar with the situation said. They haven't yet made an offer to Barclays. Mr. Diamond and his business partner, Ashish J. Thakkar were in Johannesburg and met with South African regulators and other local stakeholders, the person said. Barclays is shedding its African business as regulatory pressure ramps up and the bank's management looks to free up resources to invest in other parts of its franchise.

Because of Barclays's size, regulators make the bank hold £650 million of extra capital against its Africa unit. A smaller, less-risky bank wouldn't have to do this. Barclays also estimates that a U.K. tax on bank balance sheets means it would pay an extra £200 million in levies by 2021 to keep its African unit on the books. Kick-starting the sale of Barclays Africa was a key test for Mr. Staley, who has pledged to speed up the disposal of unwanted assets. Last month the bank said it had agreed to sell its Portuguese and Spanish credit card business and had entered discussions to sell down its French retail franchise. *(Wall Street Journal)*

Barclays Out of Africa

Barclays Africa has comfortably outperformed the parent company since the latter bought in to South Africa more than a decade ago – but has underperformed some Johannesburg-listed peers. Local rival Standard Bank shows it can be lucrative to invest in African banks during a lull in commodity prices.

Westerners often take a crudely binary view of Africa: if no longer "Africa Rising", the narrative reverts to "Heart of Darkness". Barclays is similarly conflicted. The lender, once a believer in Africa, has lost faith and sold a 12 per cent stake in its Johannesburg-listed bank — at a discount to the market price — but will retain a controlling share. Viewed from London, the sale is an ugly necessity. Barclays is shedding one of its best-performing units. The African bank's shares have outperformed the London-listed bank by 256 per cent, in sterling terms, over the past decade. And the sale price is only 3 per cent higher than the five-year low seen in January. The £600m pay-off will not yet make a meaningful difference to Barclays' core tier one ratio (a weak 11.3 per cent). Real relief will come only if its stake falls below 20 per cent, so it can be deconsolidated. Barclays then would not need to hold any capital against the unit at all. Viewed from Africa, Barclays cannot relinquish control soon enough. Since Barclays bought its stake in South Africa's Absa bank in 2005 the local subsidiary's shares have underperformed peers FirstRand and Nedbank.



Restructuring and penny-pinching at home has distracted from opportunities in Africa. Kenya is one of Barclays' biggest markets outside South Africa and — rare in Africa — a net beneficiary of lower oil prices. Yet the lender has steadily lost market share to rivals in the past five years. Yes, Africa's outlook has dimmed: the International Monetary Fund recently revised the growth from 4.3 per cent to 3 per cent in 2016. But this is long-term investing. Brave hearts who bought JSE-listed Standard Bank (which also has substantial operations outside South Africa) during the last commodity lull have seen the value of their shares rise threefold since 2000, whipping the 83 per cent rise that the

MSCI emerging markets' banks index managed over the same period. Barclays is being forced to sell at the wrong end of the cycle. What is bad for the bank should be a boon for patient buyers. *(Financial Times)*

Standard Bank's Angola Shareholder Sells 49% Stake to Exit Unit
Standard Bank de Angola SA's shareholder AAA Activos Lda said it agreed to sell its 49 % stake in the unit of Africa's largest lender by assets to Inpal-Investimentos e Participacoes Lda, an Angolan investment-holding company. Standard Bank Angola and Inpal "are in the process of finalizing the deal," AAA-Activos Chairman Carlos Manuel de Sao Vicente said in an e-mailed response to questions on Friday. AAA Activos is disinvesting from the Luanda-based company for "various reasons," he said, without giving more detail on the value of the transaction or why it's exiting. AAA Activos, which has interests spanning from insurance to the hotel industry, bought the 49 % stake in Standard Bank Angola in 2012. Standard Bank Group Ltd. holds the remaining share. The sale comes as Angola, Africa's second-largest oil producer, struggles to cope with crude prices that have more than halved since June 2014, curbing economic growth and spurring the government to turn to the International Monetary Fund for help. Johannesburg-based Standard Bank first sold the interest in the business to AAA Activos via a capital increase that doubled the Angolan unit's cash on hand at the time to $100 million. It also followed a search for local investors since Standard Bank started operations in the southern African country in 2010. It would be inappropriate for Standard Bank to comment at this stage, the lender said in an e-mail. Of the numbers listed on Luanda-based Inpal's website, two weren't answered, one disconnected and another was listed as a wrong number. The company also didn't immediately respond to an e-mailed request for comment. *(Bloomberg)*

Credit-loss outlook stings Nedbank's share price
Nedbank's share price dropped 3.44% in late afternoon trade after it said it expected higher credit losses for the first quarter of this year. At its annual meeting, CEO Mike Brown said the group's credit-loss ratio rose "as expected" from the 0.78% recorded in the full year to December, but remained within the bank's target range of 0.6% to 1%. The ratio is a measure of total bad debt as a percentage of gross loans. Mr Brown said the increase in the ratio was driven by "normal seasonality effects" in the retail bank, and higher specific impairments largely attributed to clients affected by the weak commodity cycle. "Additional portfolio impairments were raised in both (retail and business banking) and (corporate and investment banking)," he said.
Nedbank also increased provisions in its central portfolio to R500m in the second half of last year to cover risks in the commodities sector and the rest of Africa, which were only expected to make an appearance this year. Ecobank Transnational Incorporated (ETI), in which Nedbank holds a 20% share, also performed poorly, recording a fourth-quarter loss of $199m as it increased impairments following tepid growth caused by the commodities rout. Nedbank, which records ETI's results a quarter later, has included a R676m loss in its results as a result. A portion of the R500m provision is expected to partially offset any further increases in the bank's credit loss ratio. It is the second bank in as many weeks after Barclays Africa to report a weakening in credit losses. The Barclays subsidiary also experienced higher portfolio provisions and impairments in the rest of Africa, as well as its corporate and business bank. The SA Business Bank's ratio also shrank.
Rating agency Standard & Poor's (S&P) has warned top-tier banks would face credit losses of between 0.9% and 1.2% on their lending activities this year as consumers battled to stay abreast of rising interest rates. Nedbank, however, has enjoyed fatter margins on the same rates, with its net interest margin widening slightly on the 3.3% recorded for last year. Mr Brown said the margin benefited from endowment income following interest-rate increases during the period.
Adrian Cloete, a banking analyst at PSG Wealth, said the trading update was pleasing. "The results from Nedbank's own operations in SA as well as in (southern Africa) were solid and seem to have performed in line with management's expectations during the (first quarter)," he said. The negative R824m swing from ETI's contribution would affect Nedbank's first-quarter earnings, he said, but the percentage would become less significant for the first half and even less for the full year. Nedbank kept its full year earnings forecast unchanged at below 8.5%. Mr Cloete said analysts expected Nedbank to earn headline earnings a share of R22.69 during 2016, which implies growth of only 1.2%. *(BDLive)*

Diamond's new kid may join up with Absa
One aims to be Africa's leading financial services group. The other aspires to create sub-Saharan Africa's premier financial services institution. In their current form, neither is much more than a couple of years old. And although the first, Barclays Africa, is much larger than newcomer Atlas Mara, an announcement from the latter last week raised the prospect that they could combine to pursue their African ambitions. Atlas Mara is the new sub-Saharan Africa-focused banking group that was formed by former Barclays CEO Bob Diamond's Atlas Merchant Capital in partnership with Ugandan billionaire Ashish Thakkar's Mara Group in 2013. Following a series of acquisitions in 2014, it had spent last year integrating its newly bought operations in seven countries into what it planned would be a banking group, said Mr Diamond, rather than just a group of banks, and it was seeking to become a regulated bank-holding company.
Releasing its year-end results last week, Atlas Mara said Atlas Merchant Capital and Mara Group were part of a consortium bidding to buy the 62.3% stake in Barclays Africa that UK parent Barclays put on the market on March 1. The consortium includes private equity group Carlyle, and although the other participants have not been identified, the

Atlas Mara announcement made it clear the funding for a bid for the full 62.3% of Barclays Africa is in place. Importantly, Mr Diamond and Atlas Mara CEO John Vitalo specified that this was permanent capital from strategic long-term investors. That potentially attends to the criteria Barclays Africa CEO Maria Ramos spelled out in a recent Wall Street Journal interview, in which she said, "We are looking for a serious investor who would make a long-term commitment." While there had been speculation bidders might seek to buy the non-South African banking assets out of Barclays Africa, Ms Ramos said firmly this would not happen. "We have no intention or interest in divesting our African banking operations (outside SA)," she said. As importantly, last week’s announcement disclosed that Atlas Mara was in talks to merge its own operations with those of the consortium if the bid succeeded.

So, potentially, this could be a case of Mr Diamond taking over Barclays Africa and injecting into the business the assets he has already bought, at least in countries in which there is little overlap. Mr Diamond has assembled a team at Atlas Mara with strong Barclays and South African pedigrees including Mr Vitalo, a former Barclays Capital executive who headed Absa Capital in Johannesburg from 2005 to 2009, and former Standard Bank executive Arina McDonald, who is Atlas Mara’s chief financial officer. They knew Barclays Africa and Absa well — but never expected it would come up for sale, Mr Diamond said in an interview last week, in which he expressed confidence in the medium-to long-term prospects of SA and Africa, despite the continent’s slowdown and SA’s challenges. He said that while previously, banks from the former colonial powers had long been primary sources of capital for the banking industry in Africa, the global financial crisis and the resultant regulations were reversing that. "That opens new opportunities for new entrants like Atlas Mara," he said. In bidding for control of Barclays Africa, the consortium will be buying a group that is still predominantly South African, despite the deal two years ago in which Absa bought Barclays’s banking operations in the rest of Africa excluding Egypt and Zimbabwe, bringing together 11 banks across the continent. SA still accounts for just less than 80% of the group’s revenue, but earnings from outside SA are growing much faster. Headline earnings last year were up 10%, with SA up only 8%, while the rest of Africa delivered growth of 17%. Mr Thakkar told investors last week that Atlas Mara still saw huge opportunities across Africa and would pursue these whether the deal with Barclays happened or not. One thing that had not gone well last year was the Atlas Mara share price, Mr Diamond told investors last week, but it was focusing on executing its strategy. The firm has been broadening its investor base and raising capital and points to its ability to facilitate domestic investment in its operations.

Last year, it grew its loan book 15%, and revenue 24.5% in constant currency terms and shifted away from higher-cost wholesale deposits to lower-cost retail and corporate deposits, with corporate funding now making up a third of its deposit base. It is branding its various banks as "part of the Atlas Mara group", as it seeks to integrate and consolidate the group. Absa, which has invested a lot in the Barclays brand, will not be relishing a new brand and controlling shareholder — especially as Mr Diamond, once dubbed the "unacceptable face of banking" by a British politician, brings a powerful personality to the equation. But where initially it seemed hard to spot who might buy Barclays’s stake, there now clearly is interest, and, according to Barclays, from a number of parties. The effect on SA’s — and Africa’s — landscape is likely to be significant. *(BDLive)*

Markets

Tunisia plans to issue $500 mln bond within weeks - government sources

Tunisia plans to issue a $500 million bond within a few weeks after securing a U.S. loan guarantee and has postponed a previously planned issue of a bond dominated in euros, two government sources told Reuters. The sources said the government decided to delay the planned 1 billion euro-denominated bond until the second half of the year after obtaining the $500 million U.S. loan guarantee, which will give it more favourable rates on the U.S. market. "In two to five weeks, Tunisia will issue a $500 million bond on the U.S. market after getting the loan guarantee," one of the sources said. A second source confirmed the details of the dollar-denominated bond and the decision to push back the euro-denominated issue until the second half of 2016. Tunisia last went to the capital markets with a $1 billion bond a year ago. The government had said the new euro-denominated bond planned for this year would have been used to help cover a budget deficit. U.S. and European officials have been promising financial aid to Tunisia to help a country they hold up as a promising example of democratic transition for the region since its 2011 uprising ousted Zine El-Abidine Ben Ali. The North African state's economy has been hard hit by three major militant attacks last year, including two gun assaults on foreign tourists at the national Bardo museum in Tunis and on a beach holiday resort in Sousse. *(Reuters)*

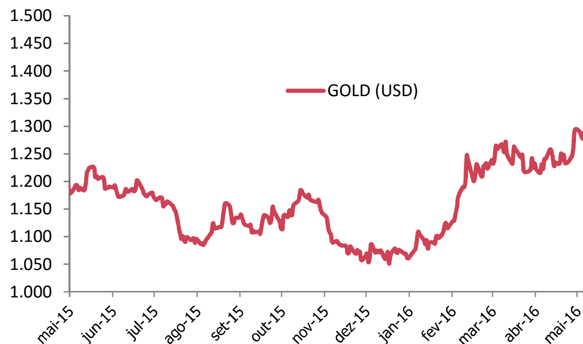
Chinese loans to Africa

New data suggest that China lends less to Africa than is commonly assumed Chinese loans to Africa generate frenetic commentary. Some say they prop up dictators; others, that they spur development. The figures quoted are often enormous. Visiting South Africa in December, for example, Xi Jinping, China’s president, pledged $60 billion in funding to Africa, mostly in the form of loans and export credits.

MARKET INDICATORS
09-05-2016

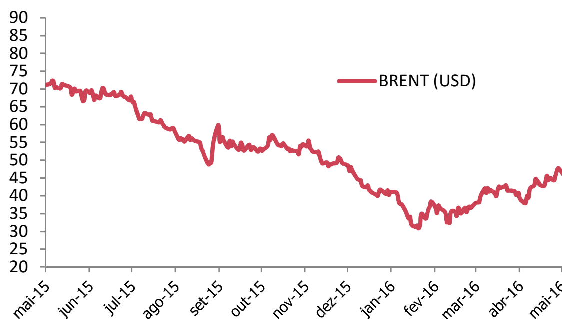
STOCK EXCHANGES		
Index Name (Country)	09-05-2016	YTD % Change
Botswana Gaborone Domestic Index (Botswana)	10.315,38	-2,71%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	308,01	1,34%
Case 30 Index (Egypt)	7.646,02	9,14%
FTSE NSE Kenya 15 Index (Kenya)	184,71	-1,03%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	21.790,94	14,68%
Nigerian Stock Exchange All Share Index (Nigeria)	25.828,30	-9,82%
FTSE/JSE Africa All Shares Index (South Africa)	51.348,72	1,29%
Tunindex (Tunisia)	5.470,28	8,49%

Source: Bloomberg and Eaglestone Securities



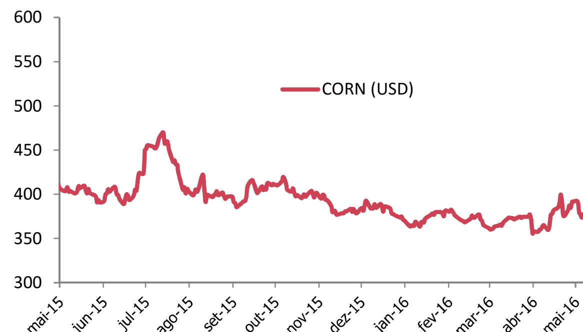
METALS		
	Spot	YTD % Change
Gold	1.265	19,16%
Silver	17	22,56%
Platinum	1.043	16,79%
Copper $/mt	4.810	2,23%

Source: Bloomberg and Eaglestone Securities



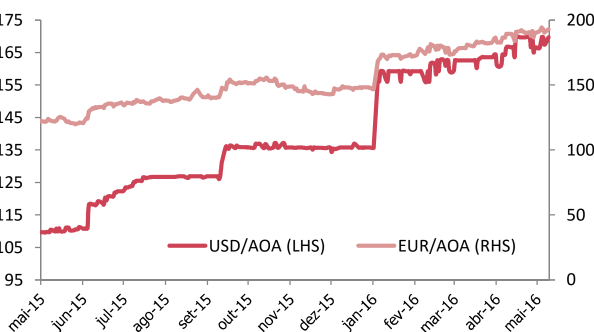
ENERGY		
	Spot	YTD % Change
NYMEX WTI Crude (USD/barril)	43,6	17,76%
ICE Brent (USD/barril)	43,9	17,62%
ICE Gasoil (USD/cents per tonne)	383,8	14,81%

Source: Bloomberg and Eaglestone Securities



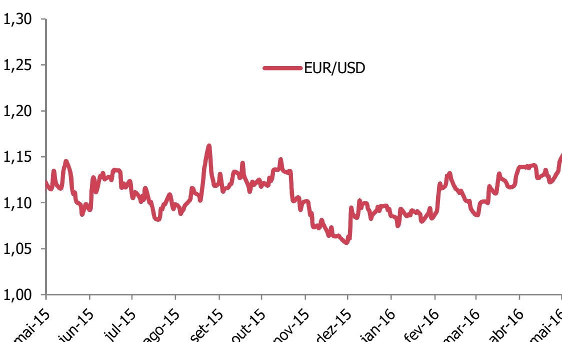
AGRICULTURE		
	Spot	YTD % Change
Corn cents/bu.	371,5	3,55%
Wheat cents/bu.	456,8	-2,82%
Coffee (KC) c/lb	123,7	-2,41%
Sugar#11 c/lb	15,9	4,20%
Cocoa $/mt	3082,0	-4,02%
Cotton cents/lb	61,2	-3,29%
Soybeans c/bsh	1020,3	18,05%

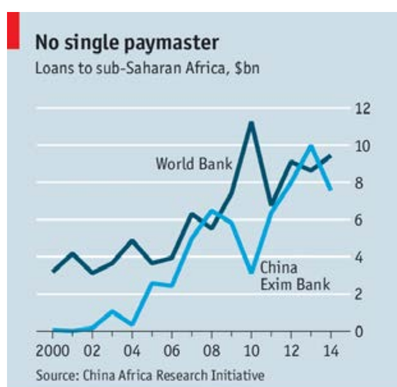
Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	169,209
EUR	192,995
GBP	243,744
ZAR	11,156
BRL	47,396
NEW MOZAMBIQUE METICAL	
USD	53,660
EUR	61,804
GBP	78,110
ZAR	3,538
SOUTH AFRICAN RAND SPOT	
USD	15,171
EUR	17,304
GBP	21,853
BRL	4,249
EUROZONE	
USD	1,14
GBP	0,79
CHF	1,11
JPY	123,55
GBP / USD	1,44

Source: Bloomberg and Eaglestone Securities





But don't be dazzled by the headlines, say researchers at the China-Africa Research Initiative (CARI), based at Johns Hopkins University in America. Since 2007 they have been trying to track the African lending of China's notoriously opaque state-owned banks. Their findings suggest that China lends much less to Africa than is commonly reported.

The researchers doggedly followed up 1,223 reports of Chinese loans, looking for evidence like the start of works or a notice on an official website. They found that only 56% of the loans actually materialised. In 2011 Fitch, a rating agency, reported that over the previous decade the China Export-Import Bank had lent more than the World Bank to sub-Saharan Africa. In fact, say the CARI team, the World Bank has been the bigger lender every year in the past decade bar two, although Chinese lending is catching up (see chart).

There are other surprises, too. China-watchers sometimes talk of an "Angola model": low-interest loans, using commodities as collateral. Oil-rich Angola has indeed received more Chinese loans than any other African country: it accounts for a quarter of the $86.9 billion lent to African governments and state-owned enterprises between 2000 and 2014. But across the continent only about a third of Chinese loans were tied to natural resources, says Deborah Brautigam, who led the research project. The second-biggest borrower was resource-poor Ethiopia, which is apparently deemed a good investment thanks to its China-like approach to development. *(The Economist)*

Selected Sovereign African Eurobond Data for May 6

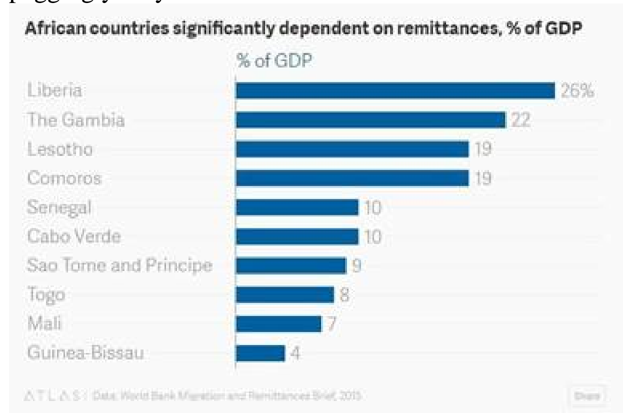
Southern Africa	06-05-2016	05-05-2016	04-05-2016	03-05-2016	02-05-2016	29-04-2016	27-04-2016
Angola							
7.000%; 08/16/2019	100,785	100,658	100,390	100,739	100,981	101,111	100,377
Yld	6,854%	6,898%	7,019%	6,869%	6,844%	6,738%	6,996%
Moody's rating	B1						
S&P rating	B						
Namibia							
5.500%; 11/03/2021	104,969	105,050	104,799	105,026	105,273	105,215	105,165
Yld	4,541%	4,533%	4,585%	4,543%	4,515%	4,495%	4,516%
Moody's rating	Baa3						
Fitch rating	BBB-						
Republic of Congo							
4.000%; 06/30/2029	72,875	72,875	72,875	72,188	n/a	73,563	72,000
Yld	9,612%	9,610%	9,606%	9,522%	n/a	9,498%	9,555%
Fitch rating	B						
South Africa							
5.875%; 09/16/2025	107,340	107,382	106,966	107,689	108,221	108,273	107,691
Yld	4,928%	4,924%	4,980%	4,881%	4,810%	4,814%	4,861%
Moody's rating	Baa2						
S&P rating	BBB-						
Fitch rating	BBB -						
Zambia							
8.500%; 04/14/2024	80,283	80,033	81,101	82,075	83,292	83,148	82,051
Yld	12,582%	12,661%	12,393%	12,171%	11,888%	11,934%	12,177%
Fitch rating	B						
S&P rating	B						
East Africa	**06-05-2016**	**05-05-2016**	**04-05-2016**	**03-05-2016**	**02-05-2016**	**29-04-2016**	**27-04-2016**
Ethiopia							
6.625%; 12/11/2024	90,136	90,126	89,727	90,445	90,917	90,919	90,889
Yld	8,321%	8,323%	8,393%	8,275%	8,192%	8,180%	8,184%
Moody's rating	B1						
S&P rating	B						
Fitch rating	B						
Kenya							
6.875%; 06/24/2024	93,253	93,132	93,330	93,741	94,625	94,621	94,035
Yld	8,092%	8,117%	8,081%	8,010%	7,856%	7,848%	7,972%
Fitch rating	B+						
S&P rating	B+						
Rwanda							
6.625%; 05/02/2023	97,458	97,593	97,025	97,436	n/a	97,839	97,064
Yld	7,171%	7,174%	7,280%	7,203%	n/a	7,127%	7,293%
Fitch rating	B+						
S&P rating	B+						
Seychelles							
7.000%; 01/01/2026	97,248	97,248	97,248	97,506	n/a	97,248	97,970
Yld	8,498%	8,497%	8,496%	8,376%	n/a	8,494%	8,307%
Fitch rating	BB-						
West Africa	**06-05-2016**	**05-05-2016**	**04-05-2016**	**03-05-2016**	**02-05-2016**	**29-04-2016**	**27-04-2016**
Gabon							
6.375%; 12/12/2024	86,172	97,248	97,248	97,506	n/a	97,248	97,970
Yld	8,767%	8,497%	8,496%	8,376%	n/a	8,494%	8,307%
Fitch rating	B+						
S&P rating	NR						
Ghana							
7.875%; 08/07/2023	80,217	80,099	79,819	80,170	80,417	80,430	78,655
Yld	12,150%	12,180%	12,246%	12,153%	12,105%	12,101%	12,525%
Moody's rating	B3						
S&P rating	B						
Fitch rating	B-						
Ivory Coast							
6.375%; 03/03/2028	94,196	94,316	93,907	94,559	n/a	95,170	94,696
Yld	7,164%	7,151%	7,205%	7,120%	n/a	7,035%	7,094%
Moody's rating	Ba3						
Fitch rating	B+						
Nigeria							
6.375%; 07/12/2023	93,077	92,970	92,593	92,982	93,642	93,646	92,651
Yld	7,730%	7,752%	7,824%	7,747%	7,613%	7,613%	7,812%
Fitch rating	BB-						
S&P rating	B+						
Senegal							
6.250%; 07/30/2024	94,614	94,552	94,207	94,382	94,775	94,840	93,68
Yld	7,201%	7,214%	7,271%	7,243%	7,180%	7,162%	7,357%
Moody's rating	B1						
S&P rating	B+						

NOTE: Angola in 2012 sold $1 billion of 7 percent securities due August 2019 to selected investors in an agreement brokered by Moscow-based VTB Bank OJSC.
Pricing source is the Composite Bloomberg Bond Trader (CBBT)
Yld = Bid Yield to Maturity.

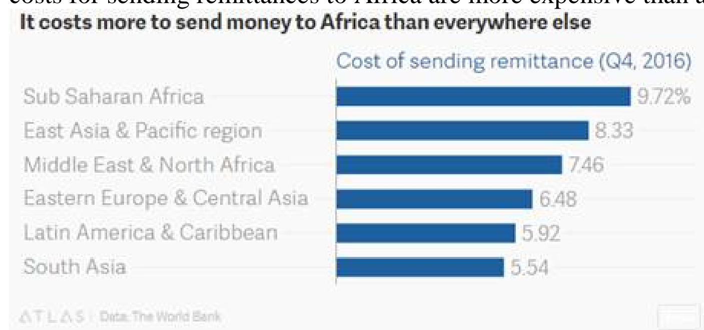
Tech

Sending money to Africa? It will cost you

For many Africans, remittances are hugely important. Money sent by relatives abroad often represent a significant income source. This importance also extends to countries as remittances account for a chunk of GDP with estimates pegging yearly remittances to sub-Saharan Africa at over $30 billion.

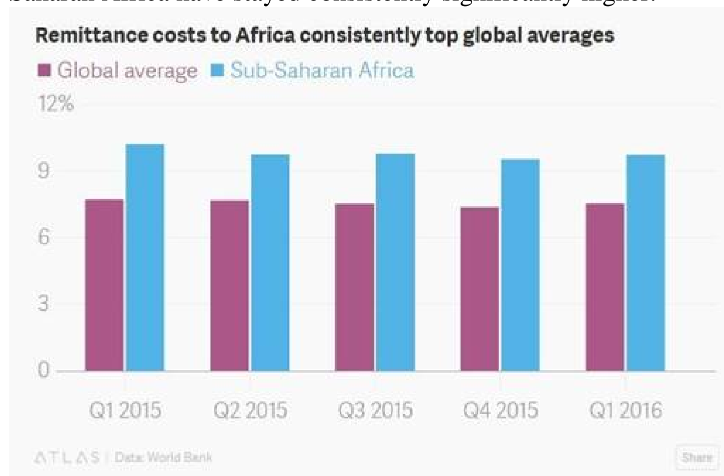


Important as they might be, sending these remittances home can be burden for both senders and receivers as transaction costs for sending remittances to Africa are more expensive than any other region, data from World Bank (pdf) shows.

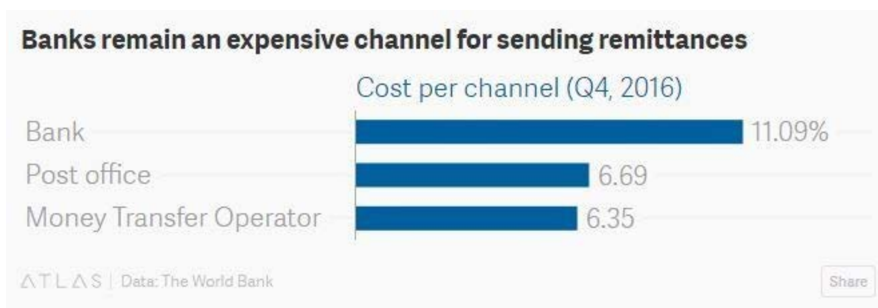


The high costs of remittance transactions are often borne by people sending money to and those receiving them in developing countries as in 2014, 74% of the global remittance total went to developing countries. If remittance costs are reduced to 5%, World Bank estimates suggest that migrants could save $16 billion annually, leaving both senders and receivers with more money in their pockets. There are already efforts to reduce these costs. The Valletta Summit on Migration last November affirmed commitments to reduce remittance costs to 3% by 2030.

For most of sub-Saharan Africa, these high costs are driven by a number of factors particularly low levels of financial inclusion and a lack of access to banking services. Compared to global averages, costs of remittance transactions to sub Saharan Africa have stayed consistently significantly higher.



Money transfer operators, a popular choice for senders, are now the cheapest medium to send money costing less than post offices for the first time since 2013. Banks, however, remain the most expensive channel to send remittances, costing almost double.



While most of the remittance inflow to Africa comes from outside the continent, sending money within Africa is also expensive as South Africa is home to one of the world's highest remittance rates. In the fourth quarter of 2015, it cost less to send money from the United States to Kenya than it was to send from South Africa. *(World Economic Forum)*

ENERGY

Power privatisation: Kenya case study

Across Africa we see a common trend. The continent is powering up. In our new series on power privatisation in Africa, Africa Oil & Power examines five case studies.

Through structured privatisation and liberalisation processes and policies, access to power and supply reliability is proven to increase supply. The process is not simple and growing pains are present all around: endemic corruption, technical limitations, power theft, vandalism, lack of political will, difficulties attracting investors… But this has not stopped countries from pursuing privatisation agendas. In our series on privatisation in Africa, we look at the recent experiences of five nations in their missions to increase electricity supply. This week we look at Kenya.

Since the mid-1990s, partly through the pressure of financial donors, Kenya has pushed for liberalisation, rather than privatisation, of its energy sector. With less than a fifth of the population connected to the national power grid, Kenya had a lot of ground to cover. Generation, transmission and distribution capacity was plagued by inefficiencies and it was believed – by the World Bank and other financial donors – that the state was unable to cope with the challenge of effectively implementing an efficient and far reaching power sector revamp that would serve the people of Kenya. The solution: the creation of independent power producers (IPPs).

Regulation

Kenya progressively liberalised access to its energy market for private capital, first through the introduction of IPPs and then, in 2006, through the privatisation of 30% of the national power generation company KenGen, via a listing on the Nairobi stock exchange. The government's stake has since been further reduced to 51%. In 2006, Kenya signed a management contract with Manitoba Hydro of Canada for the management of the national power distribution company KPLC. A year earlier, the government had begun privatising KPLC, a move that prompted popular protest following the dismissal of several employees. Today, the government is seeking foreign investment for its power market through public private partnerships (PPPs), following the promulgation of the PPP Act of 2013.

Implementation

Liberalising the Kenyan energy market was a rocky process. The implementation process was undermined by charges of profiteering, inflated prices and improper conduct emerging between some IPPs and KPLC. Today, 10 IPPs contribute 606 MW to the national grid. A privately owned coal-fired power plant is under development now in Manda Bay and will add almost 1 GW to Kenya's current 2,200 MW capacity when it is commissioned. The project, led by Amu Power Company, will represent a major stepping-stone in the process of privatisation and extending power access to millions of people.

Financing

Power projects in Kenya have benefitted from strong donor contributions. The management contract awarded to Manitoba Hydro was a condition to unblock US$152m from the World Bank, which also set goals to increase connectivity by 400,000 people and reduce system losses by 14.5%. The Amu Power Company project counted on a large financing deal from the Chinese Development Bank and a smaller contribution from local Kenyan banks.

Investor interest remains high for new possible investments in Kenya's energy sector. Recent investment policies have been put in place to further push for private investor involvement, including guaranteed capital repatriation, guarantees against unlawful expropriation and adherence to both UNCITRAL Rules and ICSID Conventions governing dispute resolution. Standard & Poor's and Fitch provided Kenya with a B+ long-term sovereign credit rating, further adding to investor trust.

Conclusion

Liberalising and privatising the Kenyan power sector is still mid-way, but the positive impact on the country's energy sector development is already palpable. While problems are unavoidable in projects of this nature, the government has made efforts to curb the corruption issues that have plagued Kenya's institutions. Further transparency in dealings

between private operators and national agencies will be fundamental as the country moves forward. In 1990 only 10% of Kenyans had access to power, compared to 23% today. *(How we made it in Africa)*

INFRASTRUCTURE

Congo to Select Phase-1 Builder of $100 Billion Dam by August

The Democratic Republic of Congo said the developer for the first phase of the $100 billion Grand Inga hydropower project will be selected by August for construction to start by June next year.

Two of the three groups that answered Congo’s 2010 call for bids remain in the running, Bruno Kapandji, head of the Office for the Development and Promotion of the Grand Inga Project, told a conference Friday in Maputo, Mozambique’s capital. There were 11 bidders initially, he said.

The $12 billion Inga 3 project intends to address a power shortage that is curbing mining-industry growth in Africa’s biggest copper producer, but progress has been slow. It will initially produce 4,800 megawatts, almost double Congo’s current installed capacity, 2,500 megawatts of which will be sold to South Africa under an October 2013 treaty between the two countries. The larger Grand Inga hydropower complex would span the Congo river and produce as much as 50,000 megawatts of power when complete, according to the World Bank.

Congo will sign a power-export agreement with Nigeria next month, Kapandji said. Earlier this year, it reached an accord to supply energy from the 3,000-megawatt second phase of Inga to Egypt. The memorandum between the General Authority for Suez Canal Economic Zone and Congo doesn’t yet include firm commitments on energy offtake or financing but will “drive the project forward” Kapandji said in February.

Contending Groups

The two groups contending for the first phase are China Three Gorges Corp. in partnership with Sinohydro Corp., and Madrid-based Actividades de Construccion y Servicios SA with Spain’s Eurofinsa SA, Kapandji said. The third bidder, Posco and Daewoo Corp. of South Korea in partnership with Canada’s SNC-Lavalin Group Inc. withdrew its interest in March, he said.

Under the terms of the treaty with South Africa, power must be delivered by 2020. Out of the two remaining bidders, the Chinese group is promising to bring the project online more quickly, Kapandji said. “The Spanish one said they’re going to finish all the works in five to six years,” he said. “The Chinese candidate said a maximum of five years and if they’re free to do whatever they want to do they can even do it in four years.”

China, the world’s biggest buyer of industrial metals, is Congo’s largest trading partner, with two-way flows exceeding $4.3 billion in 2014. The government already has a series a large infrastructure and mining projects with Chinese companies including Sinohydro. Last month, China Three Gorges signed a memorandum with the state-owned Societe Nationale d’Electricite to address Congo’s power problems. *(Bloomberg)*

Rail contractor promises not to disappoint

South Africa’s rail infrastructure has been "neglected for decades" and Gibela Rail Transport Consortium, the company with a R51bn contract to deliver 600 trains to the Passenger Rail Agency of SA (Prasa), will not disappoint, says its new board chairman Xolani Mkhwanazi.

Gibela, which is 61% owned by French power and transport giant Alstom, announced that Mr Mkhwanazi was taking over as board chairman, a position that had been vacant. Mr Mkhwanzi said his role would be to protect Gibela’s CEO Marc Granger in managing stakeholder relationships to ensure the project of manufacturing and delivering the trains is completed. "Because that can take time and cause a CEO to take his eye off the ball," said Mr Mkhwanazi. "That is what boards should do, support and not micro-manage."

The 600 new trains will replace the ageing urban commuter fleet run by the Prasa-owned Metrorail. Mr Mkhwanazi said Gibela was an innovative consortium with a number of stakeholders, including its main and only customer Prasa, the Department of Transport, the Department of Trade and Industry, local suppliers and the community and municipality of Ekurhuleni. Friction in stakeholder relationships had a tendency to slow things down, so the board would engage with them to ensure clear expectations from all involved, he said.

Mr Mkhwanazi said he had dealt with some of the stakeholders in his previous positions. He was previously CEO at Bateman Africa Limited and the National Energy Regulator of SA (Nersa), and he currently serves on a number of boards, including as chairman of the Central Energy Fund and as non-executive director at South32 (formerly known as BHP Billiton Southern Africa).

The new trains bring new technology which requires an infrastructure upgrade. Prasa has set aside R172bn to do so. The first 20 of the 600 trains are being built at Alstom’s facilities in Brazil. Four of them have already arrived in SA and are being tested at Prasa’s Wolmerton depot near Pretoria, and on Metrorail lines in the area.

Over R30bn of the R51bn contract has been set aside for local suppliers, with local content requirements for the trains set at 65%. The suppliers will be housed at a R1bn factory under construction in Dunnotar, Ekurhuleni, where 580 of the trains will be manufactured.

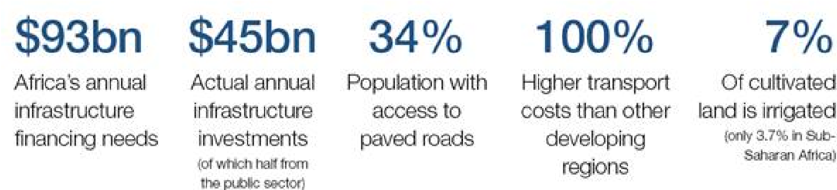
Mr Mkhwanazi said the board aimed for Gibela to set up manufacturing capability in SA to supply the country and the region. "That is a reachable ambition and it is going to serve the country and the continent," he said. Gibela CEO Marc

Granger said Mr Mkhwanazi had the ability to efficiently interact with stakeholders and at the same time be a businessman. "The challenge every company has is supporting the government's ambitions while at the same time delivering something which is real with all difficulties that may happen," said Mr Granger. "For that you need to have double capability." *(BDLive)*

13 game-changing African infrastructure projects

Sample these numbers. Transport costs are 100% higher in Africa. Only a third of the population have access to electricity—in rich countries this rises to between 70-90%. Just 6% have access to the internet, compared to 40% in other developing nations. Despite its rich water resources food security is a constant thorn in the flesh, but only 5% of agriculture is under irrigation.

Such infrastructure gaps continue to weigh down the continent, reducing the dividend from its brisk growth of the last two decades. But some countries—and mega investors too—are making huge progress in reducing the size of the deficit.



In 2014 we chronicled some projects completed that year. Here, we continue to monitor the progress on actual delivery of projects that help transform the continent over the last year.

Ethiopia light-rail system

Ethiopia's New Year arrived with a bang, as the Addis Metro chugged to life, making it the country's, and sub-Sahara Africa's first light rail system. With a price tag of close to $500 million the 32-kilometre electrified line has helped ease their daily commutes, Addis Ababa residents invariably tell you. The transport system was built over three years by the China Railway Group Limited after the Ethiopian government secured 85% of funding from the Export-Import Bank of China.

Africa's only other light rail systems are found in North Africa—including in Morocco, Algeria and Tunisia.

Morocco's solar plant

Early this year Morocco switched on the first phase of its concentrated solar-power complex, which when completed in 2020 will become the world's largest solar power plant—with its mirrors covering the same area as the capital Rabat. The NOOR solar thermal plant cost $894 million, with a final price tag of about $2.4 billion for the whole project, and an anticipated production of 2 Gigawatts. Among its financiers are the African Development Bank (AfDB).

Egypt's 'new' Suez Canal

Completed in a span of only one year, Egypt president Abdel Fattah al-Sisi in August inaugurated the 'new Suez Canal'—a 72-km section that speeds up traffic along the key international shipping route. Officials called the $9 billion project Egypt's '"gift to the world", cutting waiting time for vessels from 18 to 11 hours, and doubling revenue for the country to $13.2 billion by 2023.

Guinea's hydropower dam

In September, Guinea president Alpha Conde roped in his counterparts from Congo-Brazzaville and Niger to inaugurate the $526 million Kaleta hydroelectric plant. "Without electricity, Africa cannot develop," he said, struggling to control his delight. "With electricity, we will industrialise and we will no longer see our children dying in the waters of the Mediterranean because they despair of Africa." With an output of 240 MW, the dam, 75% funded by China, came in 12 months ahead of schedule, having been built over three years. It has already tripled electricity supply, helping end endemic blackouts especially in the capital Conakry.

Sudan agribusiness project

Sudan president Omar al-Bashir in January inaugurated the first 20,000-acre phase of a joint billion-dollar agricultural project with a United Arab Emirates company. Located in the northern state, the crop and animal-feed production project uses rain irrigation technology and is estimated to span 130,000 acres when complete. Sudan is already home to the renowned Gezira irrigation project.

Puntland airport

The Bosaso international airport sits in the third largest city in Somalia, and is a vital economic lifeline for the semi-autonomous Puntland. In January, it was inaugurated by president Hassan Sheikh Mohamoud, who termed it one of the territory's "big achievements" in decades. The refurbishment now allows for large aircraft to land, as a dirt runway became a gleaming 2.6-km tarmac one, the work done by a Chinese contractor. It is seen significantly boosting the northern economy.

Zimbabwe dual-carriageway

In the scheme of mega projects the inauguration of a road in Zimbabwe by president Robert Mugabe might not have registered on the scale. But for its wider value, it should. Now a dual-carriageway, it leads to the country's main airport. But in an understanding of how the economy is struggling, it took five years to upgrade the 12-km stretch and was

completed just a week ahead of Chinese president Xi Jinping's historic visit last year. China has become the country's major benefactor, and is upgrading two of Zimbabwe's biggest power plants.

Various countries, Dangote Cement plants

Though not strictly public projects, the commissioning last year of multi-million dollar cement plants in each of Cameroon, Ethiopia, Zambia and Tanzania by African transnational investor Aliko Dangote was attended by all their presidents. It is an appreciation of the scale of the investment and the jobs it creates, but also with cement as a major input in construction, helping to keep scarce funds inside the continent.

And those to watch…..Ethiopia-Djibouti railway

On November 21, the first freight train to operate on the new standard gauge railway reached Merebe Mermesa, some 112 km south of Ethiopia's capital Addis Ababa, its inaugural journey pushed up by the current drought the country is facing. Contractors are now pushing the finishing touches on the 756-kilometre line by a June deadline, with current estimates being that work is 90% complete. The electrified $4 billion railway connects Addis Ababa to its main port of use, Djibouti. Built in three phases, it is largely financed and constructed by Chinese firms.

Standard Gauge Railway, Kenya

Another transnational railway line is being constructed out of Kenya, with plans to connect on to Uganda, Kenya, Rwanda and South Sudan. The 609-km standard gauge $3.4 billion line will is scheduled to be completed in December 2017, but earlier for the Kenya portion, which is a key legacy of the current administration ahead of elections in August 2017. Like with the Ethiopia line, it runs parallel to an older meter (narrower) gauge.

Lake Turkana Wind Project

Located in Kenya, it involves the construction of a 300MW wind farm—making it the largest wind farm project in Africa when completed. It has a total bill of $680 million.

N2 Gateway Housing project, SA

Projected to be completed in 2017, the multi-billion rand housing project outside Cape Town opened bypresident Jacob Zuma in October has already delivered 14,000 units, with a target of 22,000. It targets informal dwellers.

Ethiopia airport expansion

Ethiopia is currently expanding its main airport, as it seeks to become a regional aviation mega hub in the mould of Dubai. The Horn of Africa country seeks to take advantage of its plum geographic location between African and Asia with the phased project estimated to cost $350 million but which is the precursor of a planned second $4 billion airport. *(World Economic Forum)*

MINING

South Africa's Impala wins court bid to claw back $201 mln from U.S. firm

Impala Platinum (Implats) will be paid $201 million by a U.S. recycling company to compensate for years of defaulted payments, the South African mining company said. A United States district court confirmed an award from the London Court of International Arbitration that ordered platinum group metals recycler A1 Specialised Services and Supplies Limited to pay Implats the full amount sought, a statement from the South African firm said. A1 stopped delivering scrap platinum metals to the refining arm of the world's second biggest platinum producer when the U.S. company went into default after the economic crash of 2008. Implats began court proceedings against A1 in 2013. *(Reuters)*

Cost reduction increases profits of Angolan diamond mining company Catoca

The reduction in operating costs achieved in 2015 by Angolan mining company Sociedade Mineira do Catoca (SMC) led to profits of US$126.8 million, announced Monday in Luanda the director-general of the diamond company.

Sergei Mitiukhin said that in 2015, operating costs decreased by US$34 million and now represent 60 % of total turnover, following decisions taken by management to minimise the effects of the crisis on the company. The economic environment climate in which the company operated in the past year was characterised by a drop in the price of diamonds per carat to US$87, against a forecast of US$97, as well as by increasing the tax burden and fuel prices, which make up 75 % of costs. Cited by Angolan news agency Angop, Mitiukhin said that to reduce costs the company handed over certain services to third parties and carried out wage increases, which provided gains in efficiency. SMC is a diamond mining, exploration, recovery and sale company, whose shareholders are state-owned diamond company Endiama (32.8 %) Russia's Alrosa (32.8 %), LLI Holdings (18 %) and Brazilian group Odebrecht (16.4 %). *(Macauhub)*

De Beers's Return to Southern Africa Transforms Botswana's Sleepy Capital

Gaborone, now home to De Beers's international sales department, has become a hub for a cosmopolitan crowd of gem buyers

A diamond-mining behemoth's expanded presence here has helped transform this sleepy capital over the past few years, turning it into a hub for a cosmopolitan crowd of gem buyers and upending the lives of dozens of company employees. De Beers, a unit of Anglo American PLC, surprised the industry by moving its international sales department and a related stone-sorting operation to Gaborone from London in 2012 and 2013. The move was part of a 10-year sales deal the company struck with the government of Botswana, which supplies 70% of its diamonds. De Beers's return to its roots in Southern Africa was a big adjustment for the 80-plus employees it transferred from its offices in a tony London

neighborhood to the scorching heat of Gaborone, a city of about 230,000 on the edge of the Kalahari Desert. It also was a jolt for the bulk buyers of De Beers's stones, requiring them to make regular visits to this relative backwater. "There aren't that many reasons to come here," the Lonely Planet travel guide says in its description of the city, a patchwork of monochrome government buildings, shiny new malls and neat suburban homes.

Tracey Skingle, a senior diamond valuator for De Beers, said she has made due with her new surroundings. "My job came here and I didn't want to leave it," she said. Ms. Skingle used to enjoy her roughly 25-minute walk to work from the Waterloo train station with friends when she lived in London. Now, friends join her every Wednesday on exercise walks to and from the international airport—about a 5-mile round trip from the sprawling new Diamond Technology Park complex here, which is ringed with high fences and security gates.

The $35 million relocation included upgrades to the company's local facilities, which employ hundreds of workers in addition to those relocated from London. The offices sit on a parched piece of land on the outskirts of Gaborone, which enjoys a reputation for safety and relative efficiency. Everyone entering and exiting the De Beers offices is searched and ushered through multiple layers of automated security doors.

Inside the complex, Ms. Skingle and other employees sort through rough diamonds mined around the world by size, shape, color and clarity, functions that had been based in London for nearly 80 years. "It's like we picked up the process and dropped it in another place," said Matthew Carrett,an aggregation manager who moved here in 2012. "Obviously, it's completely different to London. It's much more relaxed," added Mr. Carrett, whose department mixes diamonds from De Beers operations world-wide into uniform lots for buyers.

Many of the relocated staff had previously spent time in Africa, which produces about half the world's diamonds. Botswana alone accounts for about a quarter of global production, second only to Russia.

Now, it is becoming a major hub for many diamond buyers and other industry specialists. De Beers hosts 10 private sales a year here, during which as many as 200 elite customers from Israel, China, the U.S. and elsewhere descend on Gaborone each day.

The influx of foreign visitors has altered the city, according to De Beers employees. Before the company expanded its footprint here, taxis, 3G mobile service, midmarket restaurants and hotels were all relatively rare.

Five years ago, hailing a cab was "mission impossible," said De Beers Chief Executive Philippe Mellier, who still works in London but attends nearly all of the company's private sales, or "sights," in Gaborone. "Ten years ago, it was a wasteland," said Andy Bolton, the company's senior vice president of the diamond supply chain, who has three children at school in Britain. Now, "there are a lot more malls, a lot more cars on the road," he said In addition, airline traffic to the city has increased 62% since 2010 by one key measure, according to data provider Flightglobal.

On his regular diamond-buying trips to the city, Pintu Dholakia, CEO of Hari Krishna Exports Pvt. Ltd., stays in the 153-room Masa Square Hotel, which opened in 2012. His Mumbai-based company is among the more than 80 "sightholders" who are authorized to buy from De Beers. Still, some local businesses say they haven't seen much change since the diamond giant's arrival. "The restaurant continues to be busy, but [we] really can't say there has been any specific change in business related to the De Beers sales offices," said Sue Witham, owner of Portuguese restaurant Caravela, Mr. Mellier's favorite place here to grab a bite.

While restaurant options in Gaborone still are far fewer than in London, the quiet capital has some distinct advantages. "Botswana is a beautiful country. I would love to take my family along to the Okavango Delta once, instead of the Antwerp Zoo, for a change," said Jackie Morsel, a vice president at Dali Diamond Co. NV, a Belgian sightholder. Ms. Morsel added that there is good kosher food and religious services during sight weeks—to serve the diamond trade's sizable Jewish contingent.

But even the happiest De Beers transplants acknowledge that Gaborone isn't for avowed city slickers. Though Botswana is considered to have one of Africa's better-managed economies, frequent water and electricity shortages have taken a toll on growth, hurt small businesses and generally disrupted everyday life. "It gets trying at times," DeBeers's Ms. Skingle said with a sigh. "I've taken up golf and that takes up a lot of time—especially when you're bad. You can get through quite easily." *(Wall Street Journal)*

Diamond market stabilises after small dip last year

The global diamond market has bottomed out and is showing signs of stabilising after production cut backs and price reductions last year coupled with $20m extra in advertising spending in key markets, said De Beers CEO Philippe Mellier. Speaking at the De Beers headquarters in London, Mr Mellier said it was very difficult to predict the rough and polished diamond markets this year with continued uncertainty in the macro-economic climate as well as currency movements in volatile global markets.

In its Diamond Insight report, which looked back to 2015 diamond jewellery demand and cautiously outlined expectations for the year ahead, De Beers noted that in dollar terms the global diamond jewellery market had declined 2% to $79bn last year from a record $81bn the year before.

De Beers ramped up advertising spend by a fifth last year, pouring $20m into campaigns in the US to target year-end buying in the largest diamond market when a third of the world's annual diamond sales are conducted in a six week period, and the Chinese New Year period in February this year. De Beers normally budgets $100m to advertise its own Forever Mark brand of diamonds. "Yes, we've got the return we wanted from that extra advertising," said Mr Mellier.

In the report, De Beers said diamond jewellery buying in the US last year hit a record $39bn, up from $37bn the year before and the US market represented 45% of the global market, up from 42% a year earlier. The impact on Chinese diamond buying would only be seen in this year's figures, but last year, while the dollar figure of sales was flat at $10bn in local currency terms buying was up 3%, the report showed. De Beers expected the US to remain the main driver of demand growth this year "sustained through moderately positive economic momentum and cautious consumer optimism." "The outlook for 2016 is driven by expectations of positive but subdued global economic growth, with a weakening of growth in emerging markets and a fragile recovery in the advanced economies. Downside risks are expected to prevail," it said. De Beers, the world's largest producer of diamonds by value, is 85% owned by Anglo American, which is streamlining its business into three divisions comprising diamonds, platinum and copper by cutting its asset base to just 16 mines from 55 last year. *(BDLive)*

Exploration, mining expected to grow in importance for cement producer PPC

The medium-term game plan of African cement producer PPC is to find new resources needed by its operations, which will probably require it to engage in some form of exploration and eventual mining close to where urban development is expected in Africa. Over time, the resources side of the business is expected to become more critical as companies strive to optimise profits by minimising limestone variability.

"I think mining is going to become a key part of our arsenal, particularly understanding the orebody and how to mine it selectively," PPC CEO Darryll Castle told Creamer Media in an exclusive interview. (Also watch attached video). The JSE-listed PPC - which currently has nine cement factories in South Africa, Botswana, Zimbabwe and most recently Rwanda, which together have a production capacity of 8.6-million tonnes of cement products a year - already has a mining competence within its own mining department.

Mined materials including limestone, gypsum and coal are required in the production of cement and PPC's target is to more than double the size of its business every ten years. It is scheduled to open a cement plant in the Democratic Republic of Congo (DRC) before year-end and another in Ethiopia in the second calendar quarter of 2017. Having served as a CEO of Trafigura Mining and Anvil Mining and COO of Metorex, Castle has extensive mining experience and will not shy away from mining, for example, a coal deposit if it happens to be right near where a company's limestone deposit is located. The company under his stewardship would be open to the possibility of mining the two together and even consider selling coal externally, if it made business sense. Cement is fundamentally a limestone-based product and foremost in Africa is understanding where the market is, or will be in the future, and where the limestone is, along with sources of coal and gypsum. While gypsum costs are quite a significant portion of PPC's Rwanda cost base because of its having to be imported, its cost in the South African context is negligible because of local availability. With logistics a significant portion of the cost base, the closer inputs are to the market, the better. PPC's target of more than doubling in size every ten years is based on the continent's world-leading rate of urbanisation and the projection that the population of Africa will double by 2050. Calculations point to Africa needing to accommodate another 900-million urban dwellers in the next 34 years and PPC foresees immense expenditure on infrastructure accompanying this significant urbanisation and population growth. The company is leveraging off its South African domicile and skills base to focus far more strongly on Africa, for which it is tailoring competencies for each region entered. It also regards indigenisation in all of its African businesses as a given. Africa is seen as providing significant scope to broaden offerings considerably, even into retail. For example, transferring bagged cement to a warehouse in an urban environment bereft of retail infrastructure would put the company in a position to sell directly to the public, just as the operational need of cement plants to burn materials may present waste management opportunities.

"It's no longer just about a cement volume expansion. There are related businesses that we'd look at as well, so doubling might mean different things to us than just pure cement volume doubling, but it tells you that we have to be working on a pipeline around new businesses, new cement factories in Africa, either leveraging off what we've got or finding new regions," Castle commented. The new head of the 124-year-old, 3 000-employee PPC, which has assets worth R20-billion, intends to position its cement factories close to the next African cities.

While its new $170-million 51%-owned 600 000 t/y cement plant in Rwanda ramps up, other projects that will help to add some 50% to South African volumes are:

- the $85-million, 700 000 t/y mill that PPC's 70% Zimbabwean subsidiary is scheduled to commission at the end of this year;
- the large $280-million, 69%-owned cement project west of Kinshasa, in the Democratic Republic of Congo, which is scheduled to come on stream at the end of this year; and
- the new $170-million to $180-million 31%-owned cement project in Ethiopia, where work is scheduled for commissioning in the second calendar quarter of 2017.

PPC is also expanding its operations in existing markets and forming part of its channel management strategy for South Africa – where it also produces aggregates, metallurgical-grade lime, burnt dolomite and limestone – are the acquisitions of Safika Cement and Pronto Readymix, including Ulula Ash. PPC also intends to conclude an asset-for-shares agreement with 3Q Mahuma to progress further the company's ready mix channel management strategy. High South African Volumes Given the sluggishness of infrastructure expenditure in South Africa currently, local cement volumes are regarded as being surprisingly strong and driven by many more people moving into the very low end of the

home-ownership sphere. Much of the cement is going into unrecorded additions and alterations, as a result of people going into their local hardware to buy a couple of bags of cement for an additional room or two. Involvement in staff housing schemes recently took PPC into the Mafikeng area, where the number of informal building projects on the go surprised on the upside. “They all had their pile of sand, bags of cement, aggregates . . . to add another room for the baby that’s on the way or the parents and that’s really been holding up cement demand,” Castle reports. Yet individual producers are experiencing weaker demand as a result of cement being imported into the country, causing competition to intensify and pricing power to be weakened. In the absence of government imposing import tariffs, cement producers expect that they will continue to face dumping difficulties. However, on the plus side, imports have reduced by 38% since the introduction of import duties against select Pakistani imports in December last year. Castle describes himself as a “very big fan of competition”. But he is not happy to have cement dumped here at a marginal cost and observes that some cement importers are circumventing duties, cost charges and standards. He regards the present as an ideal time for the country to build project competence and to begin removing the infrastructure backlog. Oldest Cement Factory PPC is keen to confirm that its first cement factory at Hercules, outside Pretoria – which was established in 1892 as De Eerste Cement Fabrieken Beperkt – was also Africa’s first cement factory. “At some point, we had 100% market share in South Africa and we’ve spent 124 years slightly losing market share every year. What we want to do is regain some of that and we want to pick up in Africa. “We believe we can be a pioneer in Africa in the way we were a pioneer in South Africa. For us, Africa is like a new dawn, much like South Africa was when the first factory was being built all those years ago,” Castle commented. *(Engineering News)*

OIL & GAS

RD Shell looking for Gabon exit

As per a news report in Reuters, RD Shell is inviting bids by June to sell its onshore assets in Gabon. The assets can fetch ~$700m to the company. It currently holds the Rabi Kounga and Gamba fields in the country and has been present there for more than 50 years. The company has a target to divest assets worth $30b over the next three years. *(JP Morgan)*

Tullow says Ghana's Jubilee oilfield pumping 30,000 bpd

Production has restarted at Tullow Oil's's offshore Jubilee field in Ghana and it is pumping 30,000 barrels of crude per day, the company's managing director in Ghana Charles Darku told an investor forum. Production at Jubilee was interrupted earlier this year due to a technical problem involving a damaged turret bearing but the company is considering three potential fixes and will make a decision by mid-year on which one to pursue, Darku said. "We have started production. As of today we are hitting 30,000 barrels per day," Darku told the forum in Ghana's capital Accra.
Last year, Jubilee produced an average of 103,000 bpd.
The Africa-focused producer said in April it would have to lower its production outlook due to the technical problem, which forced a longer-than-planned shutdown. Paul McDade, Tullow's chief operating officer, told the forum that he expected to surpass previous production levels once the issue is sorted out. "When we have resolved the problem with the turret we would like to get back up to those levels (103,000 bpd) and move up towards 120,000 (bpd)," he said. The company's TEN project in Ghana's waters is due to come on stream in the middle of this year and once that major capital commitment is over the company will begin to deleverage, chief executive Aidan Heavey said. *(Reuters)*

Nigeria to begin exploratory oil drilling in Chad Basin by October – NNPC

Nigeria plans to begin exploratory drilling in search of oil in the northeastern Chad Basin region by October, the head of the state oil company has said.
Emmanuel Ibe Kachikwu, who last year said Africa's biggest crude exporter may be on the verge of a significant oil find in the Lake Chad area, said in a statement that seismic studies were ongoing. "Drilling activities will commence by the last quarter of 2016," the Nigerian National Petroleum Corporation (NNPC) chief, who is also minister of state for oil, was quoted as saying in the statement issued by the state oil company. Africa's biggest economy has been hit hard by the sharp fall in global oil prices because it relies on crude exports for around 70 % of government revenue.
NNPC spokesman Garba Deen Muhammad said exploration in the region was intended to "add value to the hydrocarbon potentials of the Nigerian inland basin, provide investment opportunities, boost the economy as well as create millions of new jobs". *(Reuters)*

Sasol nearly doubles sales of natural gas from its Mozambique fields

Fuels and chemicals group Sasol almost doubled sales of natural gas from its Mozambican Pande and Temane fields in the nine months to March to 12.4-billion standard cubic feet from 7.1-billion standard cubic feet in the same period last year as it began supplying the Central Termica de Ressano Garcia (CTRG) gas to power plant from January, it said.
The group also grew sales of crude oil from its Gabon interests significantly, to 1.337-million barrels from 875,000 barrels as new wells came on line from the Etame Expansion Project and South East Etame and North Tchibala. But the group’s third quarter production and sales report showed other areas of its business were more subdued. Total sales of liquid fuels (white product) was 44.4-million barrels, close to last year’s 44.3-million barrels, with an additional 1.8-

million barrels of black product, unchanged from last year. Sasol said full year liquid fuels sales were expected to be about 60-million barrels. Last year total sales of white and black product were 61.5-million barrels.
In the Canadian operations, sales of natural gas dropped to 15.1-billion standard cubic feet from 16.6-billion standard cubic feet and sales of condensate fell to 112.6-thousand barrels from 145-thousand barrels. The group said this reflected reduced drilling and completion activities in line with its response plan, which is an adaptation to oil prices of $45 to $50 per barrel. Production volumes would increase marginally during the last quarter as additional wells were completed. *(BDLive)*

Nigeria to begin exploratory oil drilling in Chad Basin by October – NNPC
Nigeria plans to begin exploratory drilling in search of oil in the northeastern Chad Basin region by October, the head of the state oil company has said.
Emmanuel Ibe Kachikwu, who last year said Africa's biggest crude exporter may be on the verge of a significant oil find in the Lake Chad area, said in a statement on Sunday that seismic studies were ongoing. "Drilling activities will commence by the last quarter of 2016," the Nigerian National Petroleum Corporation (NNPC) chief, who is also minister of state for oil, was quoted as saying in the statement issued by the state oil company.
Africa's biggest economy has been hit hard by the sharp fall in global oil prices because it relies on crude exports for around 70 % of government revenue. NNPC spokesman Garba Deen Muhammad said exploration in the region was intended to "add value to the hydrocarbon potentials of the Nigerian inland basin, provide investment opportunities, boost the economy as well as create millions of new jobs". *(Reuters)*

RETAIL

SABMiller, Coca-Cola Strike Deal With South Africa Over Bottling Merger
Companies make job commitments to get government backing
SABMiller PLC and Coca-Cola Co. have struck a deal with South Africa’s government to help push through a long-pending merger of their bottling operations in parts of Africa.
In November 2014, Coca-Cola struck a deal to combine bottling assets with SABMiller and privately held Gutsche Family Investments to create a joint venture spanning 12 African countries and about 40% of Coke’s soft-drink volumes on the continent. SABMiller, which has since agreed to be acquired by Anheuser-Busch InBev NV, is slated to hold 57% of newly created Coca-Cola Beverages Africa and Coke will own 11.3%. The remainder will be owned by Gutsche, a major shareholder in Coke’s African bottling operations.
However, the deal has yet to close as the South African government has harbored concerns about protecting jobs in the country. SABMiller outlined the terms of its deal with the South African government, saying the new soft-drink bottling operation—which will be Africa’s largest if approved—will keep employment at current levels for three years after the deal is approved. Layoffs of senior staff will be limited.
The company also agreed to invest 800 million South African rands ($54.34 million) to support farmers and help retailers, in addition to a number of smaller commitments like allowing small retailers to allot 10% of space in Coca-Cola coolers to the drinks of smaller competitors if needed.
As part of the 2014 bottling deal, Coke said it would pay $260 million for the world-wide rights to SABMiller’s Appletiser, a carbonated apple juice, and the rights to another 19 nonalcoholic brands in Africa and Latin America. The companies agreed to sell 20% of shares in Appletiser South Africa to “appropriate black shareholders who will be expected to participate actively in the business” and to grow Appletiser’s production in South Africa with an eye on exporting the product in Africa and beyond. “I am very happy that we have reached this agreement and hope we now have a clear path to the conclusion of this transaction and the creation of Coca-Cola Beverages Africa,” said Alan Clark, SABMiller’s Chief Executive, in a statement.
South Africa’s competition tribunal needs to approve the bottling merger for the deal to close. A hearing on the proposed merger kicks off May 9. The agreements come after last month AB InBev said it had reached an agreement with the South African government to create a $69 million investment fund and other commitments designed to help it secure regulatory approval in the country for its deal to buy SABMiller. The Belgian brewer’s pending acquistion has created uncertainty around Coke’s bottling arrangements in Africa since ABInBev is PepsiCo Inc.’s bottler in Latin America. Pepsi and Coke are arch rivals, while—to complicate things further—Coke is also often cited as being a possible acquisition target for AB InBev. *(Wall Street Journal)*

RMB Holdings acquires stake in Mall of Africa developer, Atterbury
RMB Holdings (RMH) has diversified its banking interests to the commercial property market by acquiring a 25.01% stake in Mall of Africa developer Atterbury. RMH, which owns a 34% stake in banking group FirstRand, announced that it has broadened its investment focus to real estate through tie-ups with unlisted developers.
The Atterbury deal is the first acquisition that forms part of RMH’s new property strategy, but more deals are expected in the future. Management said that RMH will follow a phased approach to acquire its various property investments.

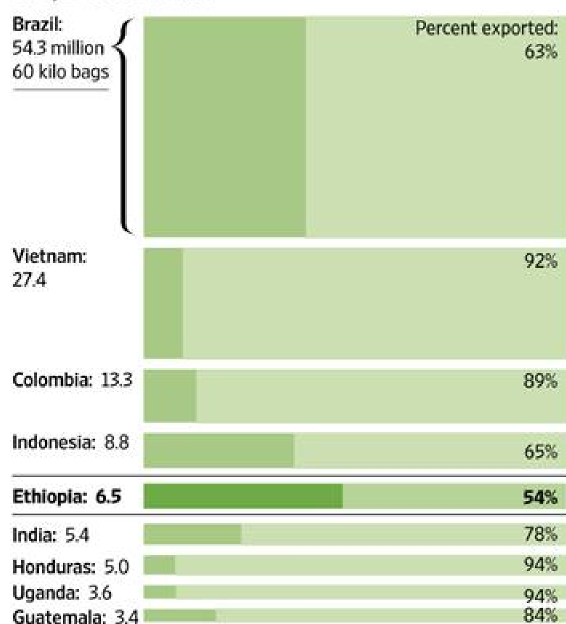
FirstRand, through Rand Merchant Bank (RMB), was previously exposed to the property development sector through RMB Properties, which was renamed Eris Property Group in 2008. In 2012, RMB sold its stake in Eris to MMI.
RMH's new property initiative will provide funding to entrepreneur-led businesses with proven track records in managing and building physical property portfolios. The focus will be on office, retail and industrial property developments, mostly in established and larger areas of SA. "RMH will assist these players with capital, strategic input, networking opportunities, structural longevity and additional governance systems,'' the company said.
Since the unbundling of its insurance investments into Rand Merchant Investment Holdings in 2011, RMH's only investment is its FirstRand stake. Management believed that the property investment strategy meets RMH's stated objective of creating shareholder value. "It will also diversify RMH's earnings base as it will invest across the breadth of the property value chain.''
Although the value of the Atterbury acquisition has not been disclosed, Atterbury's 20% holding in the newly completed 131,000sq m Mall of Africa at Waterfall City in Midrand alone is worth R980m. Atterbury also has stakes in various other malls across SA including the R1.4bn mixed-use Newtown Junction in the Johannesburg CBD as well as interests in shopping centres in Germany, Serbia, Cyprus, Ghana, Zambia and Nigeria.
RMH said it had chosen Atterbury as its first property investment because the group has a successful track record in entrepreneurial property skills, development and asset management. The Pretoria-based group was founded by chartered accountant Louis van der Watt and IT entrepreneur Francois van Niekerk in 1994. "The Atterbury team is regarded as one of the most innovative players in the SA property market and has developed more than 2-million sqare metres of commercial, retail, industrial and residential properties over the past 22 years.''
Although Atterbury is an unlisted entity, it played an instrumental role in the listing of Attacq on the JSE in 2013. The latter owns 80% of the Mall of Africa. Atterbury was also involved in the establishment of Attfund, which sold a number of its shopping centres — including Clearwater Mall on the West Rand — to JSE-listed Hyprop Investments in 2011 in a deal worth R9bn. *(BDLive)*

AGRIBUSINESS

Ethiopians Desperate to Keep Their Coffee Fix

Trouble is brewing in coffee's birthplace over who gets Ethiopia's best beans

In the birthplace of coffee, a conflict is brewing over who gets Ethiopia's best beans.
The government of this East African country wants hard dollars to build infrastructure, and so it has ambitious targets to increase coffee exports, capitalizing on world-wide demand for its high-end arabica beans. But Ethiopians, Africa's top coffee consumers, want to keep the beans at home. With urban incomes rising, Ethiopian drinkers increasingly want better stuff. "In most cases, the domestic price is higher than international prices," said Fikru Amenu, an official at the Ethiopian Coffee and Tea Development and Marketing Authority, speaking at the World Coffee Conference here in March. "We are just trying to convince [the traders] to export, because of the harder currency."



The bean is believed to have originated in the Ethiopian region of Kaffa, discovered by a goat herder named Kaldi whose goats became energetic after eating the beans. Coffee plays a key role in cultural and social life: around half Ethiopia's entire crop is consumed domestically, according to the U.S. Department of Agriculture.
But it is also an economic lifeline: Coffee is the country's top export, and it raises up to a third of the country's foreign exchange, the USDA says. Ethiopia is counting on beefed-up coffee exports to fund projects, including a light-rail system in the capital and a dam on the Nile river.
In the fiscal year ending this July, the government hopes to increase the foreign exchange raised from coffee exports to about $880 million, a jump of nearly 13% from last year, Mr. Amenu said. To do that, he said, traders would need to export at least 206,000 tons of beans, up 12% from the previous year, and shift some to higher-price specialty grades. World prices for beans have fallen more than 10% over the past year.
The government already restricts the domestic market. Only lower-quality beans—broken or damaged by moisture or insects—can stay in Ethiopia. A coffee trader flouting the rules

faces a fine of more than $2,000 and up to five years in jail. The efforts have partly paid off for the government. The USDA forecasts exports this season could rise to record levels, while the impact of local restrictions could push consumption down slightly this year.

But Ethiopia has struggled to increase the overall harvest. Farmers are mostly small holders using basic agricultural methods. This season, the crop is expected to be nearly stagnant at 390,500 metric tons, according to the USDA forecast, though a drought due to El Niño could push production down. To truly increase export volumes, Ethiopians would have to drink substantially less coffee. It is a target many say is nearly impossible. “If you tell an Ethiopian not to drink coffee, no one will listen to you,” said Wondwossen Meshesha, the 28-year-old operations manager at Tomoca Coffee, a family-owned roasting business and cafe chain famous for its macchiatos and fresh-roasted beans. Five years ago, the 63-year-old company had just one cafe, a narrow shop in the central piazza in Addis Ababa, Ethiopia’s capital. The business was roasting about a ton of coffee a day, said Mr. Meshesha.

Now, Tomoca has six cafes dotted around Addis and roasts 10 times as much as it used to, he said. “We needed to wait a long time for [Ethiopians] to develop their own purchase power,” said Mr. Meshesha. Over the last decade, Ethiopia has become one of Africa’s fastest-growing economies, averaging more than 10% growth a year, according to the World Bank. But the rapid growth has been accompanied by a crackdown on dissent and the country’s political opposition. The economic growth has fueled a proliferation of coffee shops in Addis Ababa and roadside coffee stalls outside the capital.

Demand for the beans is so strong that Ethiopians would drink all their own coffee if they could, said James Kanagwa, the Ethiopia country representative for Pan-African lender Ecobank. “It isn’t in the interests of the government to encourage domestic consumption,” said Mr. Kanagwa, sitting in his office overlooking several bustling construction sites. “Where will the foreign currency come from if they have nothing to export?” While demand for specialty coffee is creating a market for Ethiopian beans, the push to export also comes as coffee countries face steep competition. Currency devaluations in the world’s largest arabica producers have pushed farmers to export beans.

Coffee exports in Brazil—the world’s biggest producer—hit record levels and pushed world prices down as the country’s currency fell more than 30% against the dollar last year. Ethiopia is also competing against other African producers like Kenya and Tanzania to export premium beans. But people in those countries drink tea—and reserve their coffee for exports. Without gains in production and with steady competition at home, Ethiopia’s answer may not be in exporting more coffee but simply charging more.

Some premium beans, sourced directly from farmers, can command three times the New York market price. Those prices come with a set of standards not all farmers can meet and a workload not all can afford, said Takele Mammo, general manager of the Yirgacheffe Coffee Farmers Cooperative Union. Mr. Mammo said the union tries to focus on exports. But even he said it is hard to suppress Ethiopian demand for the country’s best-tasting beans. “If there was a chance of consuming coffee, the right coffee, Ethiopians would go for that,” said Mr. Mammo. “If you tell my Mum not to drink coffee, [she will] choose not to eat.” *(Wall Street Journal)*

Grain production in Angola is lower than expected

Grain production in Angola amounted to 1.4 million tons in the current agricultural campaign, said in Luanda the director of the National Grain Institute, adding that this was 900,000 tons less than the initial estimate. Benjamim Castelo, told Radio Nacional de Angola that the agricultural campaign could be considered to have “a less than satisfactory performance (…) as we had projection of good harvests, due to enough production factors and adequate funding.” The director of the National Grain Institute said the gap between the estimated production and actual production may even become worse, but added that the government is finalising programmes to recover and accelerate the country’s agricultural production. Saying that his institution was available to receive projects from entrepreneurs interested in investing in grain production, Castelo explained that the current goal i] was to increase production due to a high deficit, whilst also considering quality. *(Macauhub)*

Mozambique's tuna fleet rusts as an African success story fades

The 24 fishing boats rusting in the harbour of Mozambique's capital were meant to be a modern tuna fleet that would rake in hard currency, create jobs and provide a cheap source of protein for one of the world's poorest countries.

Instead, they have become monuments to government mismanagement and heavy lending by Western banks that have buried a promising African economy in a deep debt crisis. The boats, moored in the harbour of Maputo, were paid for out of an $850-million loan arranged in 2013 by Credit Suisse and Russia's VTB to finance "fishing infrastructure". The cash came in the form of a government-backed bond to state tuna-fishing company Ematum.

Nearly three years later, the fishing project, initially touted as self-sustaining, is defunct and has contributed to a sovereign foreign debt mountain equal to 80 % of GDP that could bankrupt the southeast African nation's government. Not only did Ematum fall short of its targets but $500 million of the "tuna bond" was found to be for maritime security and had to reallocated to the defence budget. "Sorry sir, we don't have tuna on the menu," said Raul, a waiter at a restaurant overlooking the dormant fleet. "The boats never go out. They are resting."

Even when they did sail, in Ematum's early days, the fleet never caught the amount of fish that would have been needed over a long period to pay off the debt. Ematum's results published last year pointed to the fleet catching just $450,000 of

tuna a year, compared with sales of $18 million forecast at that stage of its life in a 2013 feasibility study circulated by the government. Ematum officials did not respond to requests for comment.

DEFAULT

Mozambique, a former Portuguese colony, emerged from 16 years of civil war in 1992 to become one of Africa's best-performing economies, with annual growth averaging around 8 % between 1996 and 2008. Foreign investment flowed into infrastructure, mining and services, while a huge offshore gas find -- enough to supply Germany, Britain, France and Italy for nearly two decades -- offered the chance to create a middle-income country. But Mozambique has been hit by the fall in global commodity prices, and vast gas projects planned by U.S. firm Anadarko and Italy's Eni have stalled. Growth is still robust but the metical currency lost a third of its value in 2015 and another concern for investors is fighting between government forces and guerrillas in some parts of Mozambique. The fate of the "tuna bond" is emblematic of the difficulties facing the country of 26 million, and particularly of the debt problem.

The overall loan was restructured last month in what ratings agency Standard & Poor's described as "selective default" after the government struggled to make repayments. Deepening the mire, a further $1.35 billion of debt then emerged. Most of it was also from Credit Suisse and VTB, according to an International Monetary Fund source.

This provoked a furious response from multilateral lenders and donors who suspended aid because of concerns their cash will be diverted to pay off private creditors.

Anti-debt activists are demanding the banks take a hit in any future restructuring for what they described as uncritical lending after the 2008-09 global financial crisis, when interest rates in the developed world were ultra-low and banks sitting on billions of dollars were looking elsewhere for high yields. "Both lenders and borrowers are responsible for ensuring loans are given and used responsibly," said Tim Jones, a policy officer at the British-based Jubilee Debt Campaign. "Credit Suisse and VTB should pay the price for these illegitimate loans, and should not be bailed out indirectly by the IMF or anyone else." Credit Suisse, whose Ivorian chief executive was quoted by the Wall Street Journal as saying in October that it was "madness" for poor countries to finance infrastructure through dollar borrowing, declined to comment. VTB said it had completed a "number of financing transactions" with Mozambique but insisted they were all above board and there had been no failure to disclose any loans. "The transactions were completed in full compliance with national and international law and allowed Mozambique to expand access to capital markets," VTB said in a statement.

BREACH OF TRUST

Without the support of the International Monetary Fund and foreign donors, whose aid accounts for a third of government revenues, Mozambique is likely to struggle to pay for basic services. The metical is likely to continue its decline, inflation -- already running at an annual rate of more than 13 % -- will soar, and foreign and public investment will drop, with a knock-on impact on economic growth, analysts say. "The debt that we just found out about is a huge burden on the economy. What's worse is it has a multiplying effect, multiplying problems," said economist Ragendra de Souza, criticising the habitual secrecy of the dominant Frelimo party. "To hide debt is an 'ostrich policy' -- hide the head but everything else is exposed. A monopoly behaves like this."

A comprehensive aid package is the most likely way out but the IMF and donors would demand stringent conditions, including full transparency on state finances, measures to ensure no repeat of the mistakes and consequences for those responsible, two Western diplomats said. The last demand will be particularly tough for President Filipe Nyusi, who was defence minister under former President Armando Guebuza when the loans were agreed. A Frelimo spokesman did not respond to requests for comment. "This was a fundamental breach of trust. There's no way it's back to business as usual," one diplomat said. "We are supposed to be doing anti-poverty work, not paying for undisclosed loans taken out with no transparency to unsustainable businesses." Prices of basics such as bread and fuel are rising along with public anger at the scale of the problem. Armed soldiers and police took to the streets of Maputo last week after rumours of demonstrations. "We see the government lied to us and things will get harder for ordinary Mozambicans now," 37-year-old singer Tinoka Zimba said. "We used to think that we are all in together, trying to make things better. This crisis is really sad."

MISSED OPPORTUNITY

Although experts believe gas revenues could begin flowing in eight years, that is too late to repay over $2 billion in loans due in 2021 and 2023. Anadarko has halved its in-country staff in the last year and cancelled a building planned in Maputo, two oil industry sources said. Anadarko did not respond to a request for comment. Investors are also alarmed by rising tensions between Frelimo and its former civil war enemy Renamo. Fighting between the two sides in remote central regions has pushed more than 11,000 refugees into neighbouring Malawi since December. Renamo says attacks are occurring every day but Frelimo says the violence is not as serious. Local media reported last week that a mass grave containing 120 bodies was found in the central province of Sofala. Frelimo denied the reports. The violence also risks warding off tourists from Mozambique's miles of untouched white-sand Indian Ocean beaches. "The saddest thing is this country has everything needed to be a huge success story," a diplomat said. *(Reuters)*

Zambia expects surplus maize stocks

Zambia expects maize production to increase this year, pushing stocks into a surplus and reversing an earlier warning that it may need to import the food staple amid an El Nino-induced drought. Higher crop yields would help to boost

production to 2.87-million metric tonnes from 2.62-million tonnes last year, even with a smaller area of cultivated land, Agriculture Minister Given Lubinda told legislators in Lusaka. That was about 635,000 tonnes more than was required for domestic consumption in the 2016-17 marketing season, he said. Mr Lubinda had as recently as March predicted a shrinking harvest this year due to erratic rains, while President Edgar Lungu in January said the government was considering importing maize to cover a potential deficit. Zambian agriculture is faring better than other nations in Southern Africa, where the driest season in 35 years has pushed up prices and hit poor households the hardest, according to the Famine Early Warning Systems Network's website.
As many as 14-million people in the region faced hunger because of the drought, the World Food Programme said in January. "There were fears that the El Nino phenomenon would lead to a very low crop production, especially for maize," Mr Lubinda said. "However, the rainfall situation in most parts of the country did improve significantly from January up to the end of the rains in April."

Stocks review

Zambia's government in April ordered a review of the country's maize stockpiles and suspended cereal exports for a week to clamp down on food smuggling into neighbouring nations. Prices for maize meal that is used to make porridge have climbed by more than a fifth compared with a year ago.
In SA, the continent's biggest maize producer, output would fall to 7.05-million tonnes this year from 9.96-million tonnes in 2015, the Crop Estimates Committee said last week. The country might need to import 3.8-million tonnes of the grain this year to supplement domestic supplies, Grain SA said. Zambia's increased maize production will help boost economic growth, which slumped to the slowest pace in 17 years last year. *(BDLive)*

South Africa imports 1.96 million tonnes of maize in 2015/16 season

South Africa imported 1.96 million tonnes of maize during the 2015/16 marketing season which ended April 30, compared with just 65,000 tonnes in the previous season, data released by the Grain Information Service (SAGIS). Africa's biggest producer of the staple grain is generally a net maize exporter of maize but the crop has been scorched by drought in the past two seasons, triggering shortages. During the past marketing year, South Africa exported 683,000 tonnes of maize compared with about 1.95 million tonnes during the previous season. Grain SA, an industry group, estimates South Africa will need to import at least 3.8 million tonnes this marketing season, which began on May 1. Concerns about looming shortages have driven food prices and inflation higher, heaping misery on lower-income households and adding to the political difficulties of the ruling African National Congress party ahead of local elections in August, when it is expected to face a stern test. *(Reuters)*

African farmers need investment – but these 6 factors stand in the way

Investment in agriculture is key for economic growth and job creation among Africa's farmers, but significant constraints remain before they can fulfil that potential. That's according to Grow Africa's Enabling Environment survey. The survey gathered responses from 98 companies, domestic and international, regarding the challenges facing their specific investments.
It found that, while private-sector investors in African agriculture report improvements in the "enabling environment" – the overall factors that allow investment into a country – progress is too slow to unlock the sector's potential to drive economic growth. Companies were asked to rate their satisfaction with 14 aspects of the enabling environment, report on whether the situation had improved or worsened over the previous year, and indicate the urgency of improvement in each of the 14 areas. Only 31% of respondents felt that their country's enabling environment was conducive to their investment and 58% said it was "very important" that the enabling environment improved enough for them to successfully implement their investment plans.
Specifically, six factors were listed as holding back investment in Africa's farmers. They are:

1. Access to finance

Lack of access to affordable finance is consistently cited by private-sector investors within the Grow Africa network as the number one obstacle to implementing projects on the ground.
Only 24% said they could access appropriate finance for their investment. There were more respondents (69%) citing the need for improvement in this area than in any other aspect of the survey. This is also the area in which least improvement was reported – only 14% of respondents said access to finance had improved over the past 12 months.

2. Cross-sector collaboration

Cross-sector collaboration is increasingly recognized as a key component of successfully being able to execute investment commitments. Two-thirds (66%) of respondents recognized that companies cannot overcome specific constraints within value chains and market systems, unless they work with public-sector partners, and they called for improvements in this area.
Encouragingly, the overall signs were positive, with both cross-sector collaboration and investment facilitation deemed to be improving, including through national public-private platforms such as the Business Action Working Group in Mozambique, and one-stop shops such as Malawi's Investment and Trade Centre.

3. Infrastructure

Dissatisfaction with the quality of physical infrastructure was higher than for any other aspect of the survey, with 54% of respondents saying their needs were not being met. Among the most critical needs cited were access to a stable electricity supply, the ability to transport goods, and public investment in irrigation. Indeed, only 40% of Africans enjoy a reliable electricity supply, a recent report found. The majority of respondents said it was very important that the situation improves. There are signs that this is happening, with 22% of companies reporting an improvement in the physical enabling environment during 2015.

4. Skills

While finding skilled labour came in at number four of the top constraints listed by respondents, it was also one of the areas in which the most companies saw progress, with 32% noting an improvement in their ability to access labour with appropriate skills and experience. Nevertheless, they also noted that:

- Smallholders lack the skills to increase quality and quantity of production, and the cost of training is prohibitive for companies.
- Farmer organizations can be poorly managed.
- There is a shortage of commercial managers to oversee operations.

5. Policy

Among other concerns expressed by respondents was the lack of support by government – only 36% of companies felt that their investment was supported by effective national policies for trade, agriculture and investment.

6. Bureaucracy

They also cited a lack of efficiency on the part of government – only one-quarter (27%) said that administrative and regulatory formalities were dealt with efficiently, particularly land issues and lack of clarity on land ownership.

Reasons to be cheerful

While the constraints on investment were found to be serious and urgently in need of attention, the overall mood of the survey was a positive one. Here's why:

- 33% of companies reported an improvement in their physical enabling environment (infrastructure) during 2014
- 46% of respondents said the extent to which their investment was able to benefit from alignment with national priority initiatives had improved since 2013.
- 43% claimed they understood the national strategy better now than they did in 2013.
- 40% noted an improvement in their ability to find candidates with appropriate skills and experience.

“Significant progress has been made, but investment flows remain too slow to be truly transformative,” says Grow Africa CEO, Arne Cartridge. “The risks and costs of African agriculture are still too high for farmers, SMEs, larger businesses and investors. Only a fraction of Africa’s smallholders are benefiting from investment in the sector. “Governments must accelerate action to improve the enabling environment in response to market priorities. The private sector must innovate and be willing to take on and share risk. And above all, the quality, focus and scale of collaboration must improve across all partners if we are to truly unlock the promise of African agriculture.” ***(World Economic Forum)***

70% of Africans make a living through agriculture, and technology could transform their world

As leaders gather in Kigali for the Forum’s Africa meeting, the continent’s economic growth is once again top-of-mind. And if we are going to talk about economic growth, we must talk about agriculture.

With 70% of Africans dependent on agriculture for livelihoods, the sector is critical to the economies of all African countries. As a sector its growth is central to increasing prosperity, food security, industrialization, intra-African trade and to bolstering Africa’s contribution to global trade.

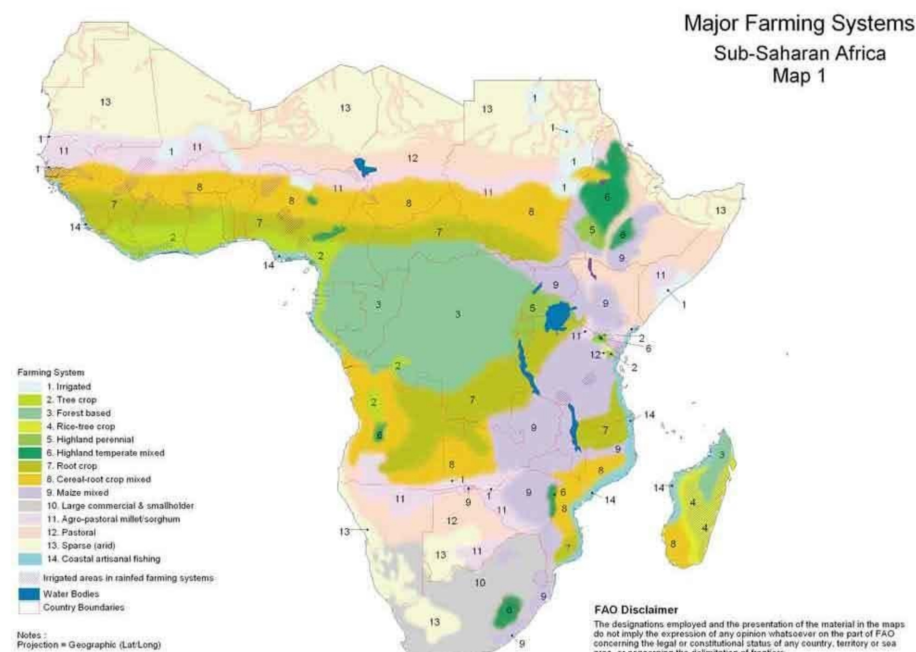
Governments, donors and private organizations all recognize the importance and potential of agriculture in building sustainable, inclusive economies. With continued investment, smallholder farmers can improve their livelihoods and experience the direct effects of this growth. Such investments stand to have the most profound impact if directed towards technology.

Technology is not just about ICT or mobile access, but frankly any tool that makes work or life easier, and makes us better informed – after all, even the wheel was a game changer in its day. Mobile technology on the continent is already having a positive impact on smallholder’s livelihoods: cell phones allow them to carry out business without mediators, open bank accounts only they can access, receive market and trade information, and access agriculture extension services and training that governments may no longer provide.

Yet when it comes to introducing technology to their planting, harvesting and storage practices, many farmers stick to the traditional approaches passed down through generations. Sometimes it’s a simple lack of awareness that prevents a change. Whatever the cause, the gap between what farmers have and what they could be using to dramatically improve their livelihoods is persistent – but not insurmountable.

Let’s look at Tanzania, where the past 12 months yielded a bumper crop of maize. Safe storage was in great demand to keep the harvest in good condition so that it could be sold over time, free of rot or pests.

Last year, the Alliance for a Green Revolution in Africa (AGRA), with support from The Rockefeller Foundation's agronomist expertise, trained 2,000 farmers – who had grown 1,425 metric tons of cereal – on different techniques for reducing post-harvest loss. They focused on simple storage technologies, including hermetic cocoons and bags, metal silos, and polypropylene storage bags. This February, they unveiled the maize that had been stored for six months using these technologies – and all were in good condition. The much welcome outcome translates to more sales and greater incomes for the farmers, and better nutrition for their families and communities.



In other words, technologies – even simple ones like metal cocoons – stand to dramatically alter the future for farmers on the continent. Notably, prior to the AGRA training, more than 50% of the farmers they reached used sacks to store grain, or had no storage at all. Others used plastic containers, or custom-made mud-walled structures, baskets and other traditional methods, all leading to a 30-40% loss of their stored grain. Eliminate those losses, and you change the game.

So what's next? We can get these simple technologies to more farmers is we can invest more in local fabrication, coupled with better distribution. Which is where the private sector has a very important role to play.

Smallholder farmers are the backbone of the sector. When they have what they need to make their hard work pay off, we are all better off, because we will be able to feed the continent sustainably for posterity. The power of technology in farmers' hands will yield countless dividends. It is up to us to ensure farmers know about them and can afford to use them. *(World Economic Forum)*

UPCOMING EVENTS

World Economic Forum on Africa 2016 Kigali, Rwanda 11 - 13 May 2016
http://www.weforum.org/events/world-economic-forum-africa-2016

2016 AfDB Annual Meetings to focus on energy and climate change will take place from Monday, May 23 to Friday, May 27, 2016 at the Mulungushi International Conference Centre in Lusaka, Zambia.
Full details on registration will be announced shortly, and a dedicated website will follow.

The 3rd Annual Egypt Power Infrastructure & New Energy Investment Conference May 31 and June 1, 2016 in Cairo
administration@euroconventionglobal.com

FT Oil & Gas Transformation Strategies - Beyond Fossil Fuels? Surviving and Thriving in a New Energy Order London 01 June 2016
https://live.ft.com/Events/FT-Oil-Gas-Transformation-Strategies

West African Mining and Power Exhibition (WAMPEX) 2016 1 to 3 June 2016 at the Accra International Conference Centre in Accra, Ghana
www.exhibitionsafrica.com

Africa Oil & Power: 6–7 June 2016, Cape Town – South Africa - The Westin Cape Town
Register: register@africaoilandpower.com
www.africaoilandpower.com

18th annual Africa Energy Forum (AEF) 21-24 June 2016 2016 - The Intercontinental 02 London
http://africa-energy-forum.com/

Disclaimer

This document has been prepared by Eaglestone Advisory Limited which is authorised and regulated by the Financial Conduct Authority of the United Kingdom and its affiliates ("Eaglestone"), and is provided for information purposes only.

The information and opinions in this document are published for the assistance of the recipients, are for information purposes only, and have been compiled by Eaglestone in good faith using sources of public information considered reliable. Although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading we make no representation regarding its accuracy or completeness, it should not be relied upon as authoritative or definitive, and should not be taken into account in the exercise of judgments by any recipient. Accordingly, with the exception of information about Eaglestone, Eaglestone makes no representation as to the accuracy or completeness of such information.

This document does not have regard to specific investment objectives, financial situation and the particular needs of any specific recipient. Recipients should seek financial advice regarding the appropriateness of investment strategies discussed or recommended in this document and should understand that the statements regarding future prospects may not be realised. Unless otherwise stated, all views (including estimates, forecasts, assumptions or perspectives) herein contained are solely expression Eaglestone's research department.

This document must not be considered as an offer to sell or a solicitation to buy any investment instrument and distribution of this document does not oblige Eaglestone to enter into any transaction. Nothing in this document constitutes investment, legal, tax or accounting advice. The opinions expressed herein reflect Eaglestone's point of view as of the date of its publication and may be subject to change without prior notice

This document is intended for is made to and directed at (i) existing clients of Eaglestone and/or (ii) persons who would be classified as a professional client or eligible counterparty under the FCA Handbook of Rules and Guidance if taken on as clients by Eaglestone and/or (iii) persons who would come within Article 19 (investment professionals) or Article 49 (high net worth companies, trusts and associations) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 and/or (iv) persons to whom this communication could otherwise be lawfully made in the United Kingdom or by respective home jurisdictions regulators for non UK countries. None of the investments or investment services mentioned or described herein are available to "private customers" as defined by the rules of the Financial Conduct Authority ("FCA"). It should not be disclosed to retail clients (or equivalent) and should not be distributed to others or replicated without the consent of Eaglestone. Eaglestone name and the eagle logo are registered trademarks.

Additional information is available upon request.

AMSTERDAM - Herengracht 450-454 1017 CA - T: +31 20 240 31 60

CAPE TOWN - 22 Kildare Road Newlands 7700 - T: +27 21 674 0304

JOHANNESBURG -Unit 4, Upper Ground, Katherine & West 114 West Street, Sandton – T: +27 11 326 6644

LISBON - Av. da Liberdade, 105, 3rd Esq. - T: +351 21 121 44 00

LONDON - 48 Dover Street - T: +44 20 7038 6200

LUANDA - Rua Marechal Brós Tito n° 35/37 - 13th Floor A - Kinaxixi, Ingombotas - T: +244 222 441 362

MAPUTO – Avenida Vladimir Lenine – Edifício Millennium Park, Torre A, nº 174, 4º andar S - T: +258 21 342 811

Disclosures

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

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

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Conduct Authority.

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

EAGLESTONE SECURITIES

Business Intelligence
Caroline Fernandes Ferreira
(+351) 211 214 430
caroline.ferreira@eaglestone.eu

Research
Tiago Bossa Dionísio
(+351) 211 214 431
tiago.dionisio@eaglestone.eu

Guido Varatojo dos Santos
(+351) 211 214 468
guido.santos@eaglestone.eu