INSIDE AFRICA

09 September 2016

Now is the time to invest in Africa

EAGLESTONE SECURITIES

CONTENTS

In-Depth:

- Small Is Better in Africa's Economies as Biggest Nations Stumble 2

- Angola Tax Reforms: new customs tariff in 2017 3

IMF, WORLD BANK& AFDB 3

INVESTMENTS 6

BANKING

Banks 10

Markets 12

ENERGY 16

INFRASTRUCTURE 19

MINING 21

OIL & GAS 22

AGRIBUSINESS 23

UPCOMING EVENTS 25

BRIEFS

Africa

- AfDB chief warns Africa on debt
- Kenya and Rwanda sign EU trade deal as Tanzania and Uganda stay out
- Africa's Biggest Bank Drops as Annual Profit Misses Estimate
- Botswana, Mozambique and Zimbabwe plan to build railway

Angola

- EIU forecasts Angolan economy to grow 0.6 pct in 2016
- Final vote on Angola's revised state budget scheduled for 16 September
- Angola introduces new customs tariff in 2017
- Angola's new Finance Minister prioritises macroeconomic stability
- Angola's postal service sets up Postal Bank

Congo

- Congo state miner submits offer for Freeport's Tenke copper project
- Congo state miner submits offer for Freeport's Tenke copper project

Ghana

- Mothballed Ghana gold mine reveals risk of reliance on minerals
- Ghana bond sale to test appetite for emerging market debt
- Ghana Eurobond Return More Than Five Times Oversubscribed
- IMF team questions Bank of Ghana Amendment Bill

Kenya

- Kenya says banks must cap interest rate caps on loans from Sept. 14
- Treasury suspends digital tax plan to address firms' anxiety
- Kenya signs nuclear power deal with South Korea

Mozambique

- IMF sending team to Mozambique in late September
- MRM mining company is the second largest exporter in Mozambique
- Mozambique government announces sale of 40 state-owned companies
- European Investment Bank opens credit lined for Mozambican SMEs
- Tete Province, Mozambique, will have duty free industrial zone

Nigeria

- Nigeria's annual inflation rises to 17.1 percent in July
- Nigeria in recession as low oil prices shrink economy
- Nigeria's naira hits new record low of 420 per dollar on black market
- Nigeria's trade deficit narrowed in Q2 helped by naira float
- Harvard Graduate Set to Start Nigeria's First Online-Only Lender

South Africa

- South Africa's trade surplus shrinks to 5.22 billion rand in July
- Eskom CEO sees no ratings downgrade risk from Treasury spat
- Weak pound to hurt South Africa's Steinhoff UK business
- South Africa's Q3 business confidence improves but political uncertainty a risk
- South Africa's antitrust body rejects appeal to delay Massmart complaint
- South Africa's Impala Platinum narrows year loss to $4.7 million
- AB InBev lauds SAB's partnership with Castel Group

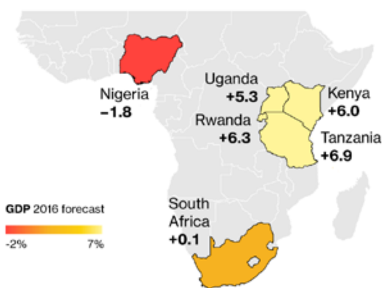
In-depth:
Small Is Better in Africa's Economies as Biggest Nations Stumble

East African nations are playing an increasing role in driving growth in the world's poorest continent as they ride a wave of cheap oil, slowing inflation and lower interest rates. Left behind: Former powerhouses Nigeria and South Africa.

The economies of Kenya, Rwanda, Tanzania and Uganda are all set to expand more than 5 % this year, International Monetary Fund projections show. Nigeria, struggling with weak crude prices, power outages and mismanagement of the currency, faces a 1.8 % contraction. South Africa is set to stagnate as it contends with political and labor turmoil and lackluster demand for its minerals.

The bad news for commodities producers has been a boon for East Africa, which has done better at developing agriculture and manufacturing industries. Low prices of energy and other inputs also have helped contain inflation and interest rates, in turn shoring up consumer spending. The region is also reaping the benefits of an improved regulatory regime and increased investment in transport links and telecommunications.

"East African nations and other oil importers have largely been insulated from the slump currently being experienced by the big commodity producers," said Stuart Culverhouse, chief economist at Exotix Partners LLP in London. "The fact that they were unable to rely on behemoth industries also forced them to take some tough decisions and tough reforms earlier and they are now reaping the benefits."



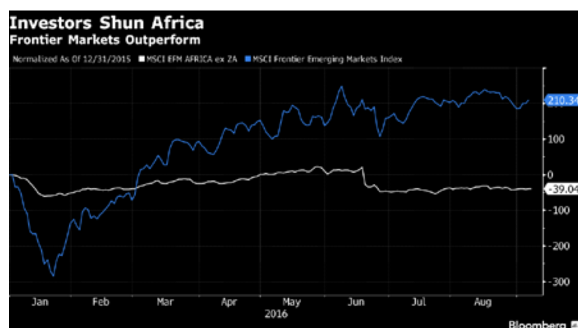
A growth spurt is visible in Kenya, East Africa's biggest economy. The government is spending $3.2 billion on a rail link between the two main cities and the same amount on paving 10,000 kilometers (6,213 miles) of roads by 2020. Nairobi, the traffic-choked capital, is a giant construction site, with the value of approved building plans surging 41 % in the first five months of the year. Giant cranes tower over the city as they raise glass-clad skyscrapers.

Rwanda is positioning itself as a regional financial and conference center by cutting red tape, increasing high-speed Internet access and improving roads and electricity supply. Tanzania has begun tapping an estimated 58 trillion cubic feet of natural gas from offshore fields and intends using it to fire up new factories and commercial farms. Uganda is gearing up to become an oil producer by 2020 and expects to attract $8 billion in investment from three offshore companies that have been issued production licences.

With Nigeria and South Africa accounting for about half of sub-Saharan Africa's output, the boom in East Africa and a handful of small West African economies like Ivory Coast and Senegal won't be enough to fully offset flagging growth for the region. The IMF in July forecast an expansion of just 1.6 % this year, down from 3.3 % in 2015, and an annual average of 5.7 % in the decade prior to that.

Good Times Gone

Africa's growth potential has undergone a structural shift and is unlikely to replicate that heyday -- largely the result of the commodity boom and some policy improvements that can't be replicated -- any time soon. John Ashbourne, an economist at Capital Economics Ltd. in London, expects the region's economy to grow an average of about 4 % annually for the next five to 10 years.



"The narrative of 6 % growth as far as the eye can see and Africa as a new China is dead, or at least dying, but it was always a bit overblown," he said by e-mail. "At the end of the day Africa is still huge, has a growing population and massive natural resources. There will always be opportunities."

Investor interest remains subdued for now. The MSCI EFM Africa Index of shares, excluding South Africa, where investors are using stocks to hedge against the rand, has dipped 8.4 % this year. A gauge of stocks across 24 frontier markets has gained 8.5 %.

Foreign direct investment into Africa fell to $71.3 billion last year, down from $88.5 billion in 2014, according to accounting firm EY. Kenya attracted 95 new projects, the second-most after South Africa, which won 130, while just 53 went to Nigeria, it said.
Investors tend to generalize more about sub-Saharan Africa than other regions and the prevailing negative sentiment makes it more difficult for East Africa to take growth to a new level, according to Razia Khan, head of Africa macro research at Standard Chartered Plc in London.
"If the enthusiasm for the bigger economies has gone, it becomes much more difficult for the smaller economies, even if they are doing well," she said.
South Africa is mired in political crisis: President Jacob Zuma and Finance Minister Pravin Gordhan are locking horns over who controls the National Treasury and state-owned companies, while government and ruling party officials issue conflicting policy statements.

Shrinking Economies

In Nigeria, the economy shrank for a second consecutive quarter in the three months through June, squeezed by weaker oil prices and declining output as militants destroyed energy installations in the Niger River delta. Businesses have also been hamstrung by foreign currency shortages as the central bank has sought to peg the naira.
Nomura International Plc economist Peter Attard Montalto sees countries such as Kenya, Tanzania and Rwanda outperforming Africa's biggest economies until at least the end of next year.
"East Africa has been chugging along nicely," he said from London. "That should continue provided countries don't squander the advantages of lower energy prices and continue to effect reforms that attract investment." *(By Michael Cohen and Helen Nyambura-Mwaura, Bloomberg)*

Angola Tax Reforms: new customs tariff in 2017

The Angolan General Tax Administration (AGT) is developing a new customs tariff to come into force in 2017 in collaboration with public and private entities involved in foreign trade, the director general of AGT said in Luanda. Gaspar, did not give details of the new document that will regulate Angola's imports and exports but said that it is currently being prepared and added that "soon it will be presented to the government for approval." "The review process is very advanced and we are finalising the assumptions of the future agenda, which will take effect in 2017," said the official, according to Angolan news agency Angop.
During the 1st Tax Forum, an AGT technician said Asycuda (Automated System for Customs Data), which is being installed, will facilitate trade and reduce costs as well as the current bureaucratic processes.
The new system, a United Nations software tool, will initially be installed at the port of Lobito (Benguela), followed later by the port of Luanda and Luanda International Airport. The cargo manifest, customs declaration, settlement payments and goods transfer are all automated elements of the system that automates the entire chain.
The government of Angola is preparing an "in depth tax reform" in order to make the relationship with the taxpayer speedier and to broaden the tax base, the head of the General Tax Administration (AGT) said in Luanda.
The managing director of AGT, Hermenegildo Gaspar, who was speaking at the opening session of the 1st Tax Forum, said this reform includes changing the tax law, updating and automation of the tax system, as well as human resources training and equipping tax and customs offices. Gaspar said the reform being prepared involves investment in information technology, a key tool to respond to a framework intended to enhance potential customs and tax revenue collection.
Under the reform, the AGT is preparing new systems of tax administration, including the Automated System for Customs Data Processing (Asycuda) and the Integrated Tax Management System (SIGT). According to Gaspar these systems will allow the automation of customs and tax procedures, leading to a reduction in clearance times and costs for the entities involved in foreign trade. *(Macauhub)*

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Stakeholders gather in Angola to validate national Sustainable Energy for All (SE4All) Action Agenda and Investment Prospectus

Angola's Secretary of State of Energy, Joaquin Ventura, opened the validation workshop for Angola's SE4All Action Agenda and Investment Prospectus on 26 August 2016 in Luanda on behalf of the energy Minister, João Baptista Borges. The workshop, organised by the Ministry of Energy and Water (MINEA) concluded work to define Angola's long-term objectives on energy access, energy efficiency and renewable energy, as well as the priority actions required to achieve them.
In his opening address, Ventura reaffirmed the importance of achieving universal access to modern energy services for the country and the strong commitment of the Angolan Government to this cause, highlighting the various policies and projects currently being developed. The Director of Electricity and SE4All Coordinator, Job Vilinga, presented the methodology and approach used to compile the documents and thanked the coordinators of the different working groups for their support.

The main aspects of the Action Agenda and the Investment Prospectus were presented, including the objectives of achieving universal access to electricity and for clean cooking by 2030. The Agenda also envisions improving energy efficiency by 1% every year and achieving an 85% renewable energy share in the electricity mix. These objectives would be achieved through a series of priority actions – some of which have already started or those that are being planned by the government including the improvement of the transmission and distribution networks, investments in new generation plants, particularly hydro, promotion of mini-grids and other renewables and expansion of LPG access for cooking. After a fruitful discussion with the workshop participants, the Resident Representative of the African Development Bank (AfDB) in Angola, Martin Septime closed the workshop, highlighting the importance of effective cooperation among stakeholders to provide modern energy services to all Angolans and reaffirmed that the AfDB, which has adopted energy as a top priority with the New Deal on Energy for Africa, would support the country's energy programmes.

The Action Agenda is an umbrella energy sector development document and constitutes a suitable national response to the Sustainable Development Goal (SDG) number 7 on energy adopted in September 2015 by the UN General Assembly that strives to "ensure access to affordable, reliable, sustainable and modern and energy for all".

Guided by the SE4All Africa Hub, the Action Agenda and the Investment Prospectus were developed by inter-ministerial working groups through an inclusive process, with extended consultations with national stakeholders and international experts.

The African Development Bank supported the MINEA in this process with technical assistance financed through the African Climate Technology Centre (ACTC).The Action Agenda builds on the SE4All Rapid Assessment / Gap Analysis launched in August 2015 with United Nations Development Programme (UNDP) support. The Bank, UNDP, African Union and NEPAD are partners in the SE4All Africa Hub. The workshop was attended by over 100 stakeholders from government, private sector, development partners, civil society and academia, as well as the Secretary of State for Petroleum, Aníbal Teixeira da Silva.

New ways of financing are crucial for transforming Africa's agriculture, says new report

Innovative financing is crucial for agricultural transformation, wealth creation and long-term prosperity in Africa, according to this year's Africa Agriculture Status Report (AASR), launched on September 6, 2016 in Kenya's capital, Nairobi.

The African Development Bank (AfDB) is one the authors of the report, which focuses on Progress toward Agricultural Transformation in Sub-Saharan Africa. It says despite annual public investments in agriculture having risen across Africa, from US $186.4 million per country between 1995 to 2003 to US $219.6 million between 2008 to 2014, only 13 African countries have honoured their pledge to invest at least 10 % of public funds in agriculture as foreseen under the Maputo Declaration of 2003. "If all [countries] that have pledged could make good on their promise, public funding for agriculture across Africa would rise from $12 billion (the amount allocated in 2014) to $40 billion," notes the publication, unveiled at the ongoing African Green Revolution Forum (AGRF). Inadequate financing for agriculture has been cited as a major impediment to smallholder farmers, their organisations, as well as small and medium agro-enterprises, which lack access to basic financial services.

The report calls on African governments to urgently step up partnerships with various actors in order to grow agricultural finance, at the same time creating an enabling environment to foster innovation to the benefit of the smallholder farmer. The AfDB is one of the main players in agricultural financing on the continent. Between 1967 and 2014, it approved loans and grants to African member countries with commitments amounting to US $100.68 billion, of which agriculture and rural development accounted for 12.4 % (US $12.45 billion).

Agriculture is one of the Bank's five key priority areas, also referred to as the High 5s. By 2025, its Feed Africa Strategy (2016-2025) will, among other things, see about 320 million additional people enjoying access to adequate calories and nutrients, and up to 130 million people lifted out of poverty (representing 25% of the estimated 550 million currently living below the poverty line).

To achieve the goals of Feed Africa, AfDB will invest US $2.4 billion of its resources annually over the ten-year period of the strategy. The Bank will use these resources to leverage additional funding to meet the balance (of between US $30 billion to US $40 billion) needed annually to finance the strategy, including substantial increases in private and commercial bank financing. The AASR 2016 says private-sector investment in agriculture is critical, and is needed in all aspects of the agricultural value chain, including production, processing, marketing and transport.

AfDB shares its long-term agenda for continental agriculture and agribusiness development at African Green Revolution Forum

The African Development Bank's discusses its bold agenda to transform Africa's agriculture and agribusiness for long-term wealth creation and prosperity this week as it participates in this year's African Green Revolution Forum (AGRF), taking place in Nairobi Kenya.

The September 5-9, 2016 event, under the theme: "Seize the Moment: Securing Africa's Rise Through Agricultural Transformation", will see the AfDB President, Akinwumi Adesina deliver a keynote address at a plenary on the "Role of Policy in Enabling Public-Private Partnerships to Achieve African Agricultural Transformation".

The Bank has reiterated the critical role of the private sector in agriculture and agribusiness. As part of its Feed Africa Strategy, the African Development Bank will work with the governments of its Regional Member Countries to facilitate the creation of an enabling environment needed by local and international private sector to make the necessary investments for Africa's agricultural transformation.

Chiji Ojukwu, the AfDB Director for Agriculture and Agro-Industry will represent President Adesina at a session on "Making Political, Policy and Financial Commitment" to be held on September 7, 2016. Deliberations at the AGRF will also focus on agriculture infrastructure, in which Ojukwu, will deliver a presentation on "Enabling the Adoption of Technology, Infrastructure and Mechanization". Other highlights at the forum will include the Bank's ENABLE (Empowering Novel Agri-Business Led Employment) Youth initiative, which seeks to stimulate youth entrepreneurship in agriculture and agri-business. The multi-billion dollar project will see the Bank train the next generation of agriculture entrepreneurs, also referred to as 'agri-preneurs' and assist to finance their bankable business plans.

Agriculture is one of the Bank's five key priority areas, also referred to as the High 5s. By 2015, the Bank's Feed Africa Strategy will, among other things, see about 320 million additional people enjoying access to adequate calories and nutrients, and up to 130 million people lifted out of poverty (representing 25% of the estimated 550 million currently living below the poverty line). It will also ensure substitution of about US $110 billion worth of Africa's agricultural imports, and a doubling of the continent's market value for select processed commodities.

The strategy follows a high-level Ministerial Conference on "Feeding Africa – An Action Plan for Transforming Agriculture in Africa" organized by the Bank in Dakar, Senegal, in October 2015. The meeting mapped out a long-term action plan to unlock Africa's agricultural and agribusiness potential.

The African Development Bank Group appoints Abdoulkader Dileita Mohamed as Executive Secretary – Head of the Administrative Tribunal

The African Development Bank is pleased to announce the appointment of Abdoulkader Dileita Mohamed as the Executive Secretary, Head of the Administrative Tribunal, with effect from 1st September 2016. Abdoulkader Dileita, a national of the Republic of Djibouti, is currently serving as the Secretary to the Bank's Staff Appeals Committee, a position he has held since 2009. Prior to which he served as a long-term consultant in the Bank's Legal Department from 2006 to 2008.

Abdoulkader Dileita holds a Master's degree and an M. Phil (Diplôme d'Etudes Approfondies) in Public Law, from the University of Toulouse. He has also studied Corporate Strategy and Management at the l'Ecole Supérieur de Gestion of the University of Quebec, in Montreal.

Before joining the Bank, Mr. Dileita served as a lawyer in Djibouti. He was also a lecturer in Public Law, Constitutional Law, International Law and Human Rights at the University of Djibouti. In addition, he had a successful career as Technical Adviser to the Minister of Culture, Posts and Telecommunications, before becoming Secretary General of the Ministry. He also held the position of Legal Adviser and Head of Legal Affairs in the Office of the Prime Minister of the Republic of Djibouti.

As a senior civil servant, he gathered considerable experience working on national, regional and international legal reforms. At the judicial level, he served as the National Rapporteur of the "Justice Forum" (Etats Généraux de la Justice), which, to date, is the key reform of Djibouti's judicial system. He also served as a member of the Conseil Supérieur de la Magistrature (Board in charge of the promotions and discipline of magistrate) for five years and was the Chairperson of several Boards of Directors of major public corporations of Djibouti.

Reacting to his appointment, Mr. Dileita said: "We, staff members of the African Development Bank, enjoy the privilege of being endowed with an internal, independent and impartial Administrative Tribunal accessible to all. I am honored to contribute to the African development mission conferred upon our Bank, a mission that the Bank has decided to operationalize through the High 5s defined by President Akinwumi A. Adesina. "I sincerely thank the President for the trust bestowed on me through this appointment. I will spare no efforts in the discharge of my duties".

Referring to this appointment, the President of the African Development Bank, Mr. Akinwumi A. Adesina said, "Mr. Dileita is an experienced legal expert who is conversant with the Bank's recourse mechanisms and the jurisdictions of international organizations. His rich legal experience and leadership will be critical enablers for the smooth running of our Administrative Tribunal, a very important governance organ which serves as the apex body of our internal justice system."

African Water Facility: Improving Mozambique's resilience to climate change and reducing vulnerability to floods

"The studies will pave the way for investments aimed at improving climate resilience and health in the two municipalities. This will be achieved through improved services in sanitation, drainage and solid waste management. Not only will we reduce the risk of flooding, but we will also improve people's health. The Development Plan covering the next 20-25 years will lead to increased investments in climate change adaptation, specifically in sanitation, drainage and solid waste management infrastructure and services, to the tune of €30 million by 2020," said Mohamed El Azizi, AWF Director.

Mozambique is affected by recurring floods. This is caused by a combination of insufficient storm water drainage, river overflowing and sea intrusion during storms. Sanitation coverage is low in Mozambique. In urban areas only 55-60% of the population has access to sanitation services. In recent years, this has been aggravated by declining support allocated to sanitation services. The situation is even worse in Chimoio and Inhambane, where child mortality is high (58 per 1,000 in Inhambane and 114 per 1,000 in Chimoio area, as against a national average of 89.7 per 1,000). The old piped drainage system in both municipalities has collapsed. Some households in central parts of town have connected their waste water system to the drainage system. Most rely on septic tanks, and in the less densely populated areas other on-site systems are used – latrines. Only the most central parts of town have some solid waste collection. The Integrated Urban Water Management (IUWM) has been identified as the best option to address on a pilot basis the needs of these secondary cities. The IUWM approach is a development process that encourages cities to adjust certain practices of planning and effective management, taking into account their own realities and their local socio-economic contexts. Under this approach, wastewater and faecal sludge are considered as potential resources. Indeed, grey water can be reused for irrigation of green areas, urban agriculture and industrial processes, according to the regulations on the use of wastewater. In addition, nutrients can be used for the production of fertilizers, or for energy production (methane, biogas), fuel production (dried sludge). Sanitation and wastewater management are seen from a perspective of creating business opportunities (and not only as technical options), that can generate income, employment, positive impact on the environment, and improvements on the habitat and quality of life.
The total cost is estimated at €1,782,800 and AWF's share is €1.6 million. The Global Water Partnership's share is €80,000, and the monetary contribution from the Republic of Mozambique is €102.800. This funding is expected to generate 20-fold follow-on investments. The project will be implemented over 22 months including 14 months for technical studies and 6 months for the Environmental Social Impact Assessment (ESIA).

INVESTMENTS

Tete Province, Mozambique, will have duty free industrial zone

The government of Mozambique will create a duty free industrial zone in Revubué, in Tete province, which initially will occupy an area of 4,500 hectares and cost US$770 million, said the spokesman of the Council of Ministers.
The spokesman and deputy health minister, Mouzinho Saide, said the government intends to rely on support from the private sector to move ahead with the first phase of the project.
Saide said potential lenders were still being identified for the project which, according to the plan drawn up, will be a hub for industrial development and other services, and for creating jobs in the region.
"We have identified some potential investors, and the process of launching tenders is underway for the construction of the steel plant that will be deployed as an anchor project in that area," Saide said, quoted by daily newspaper Notícias.
The spokesman for the Council of Ministers added that the development of projects in the mining industry in Tete province has created conditions to set up industrial development hubs, bring together projects that can add value to various mineral resources in the exploration phase. *(Macauhub)*

Mozambique government announces sale of 40 state-owned companies

Forty state-owned companies in Mozambique will be sold to the private sector and/or closed by the end of 2017 because they are not financial viable, according to a decision by the State Holdings Management Institute (Igepe).
Daily newspaper Notícias, reporting that the companies are part of a group of 64 companies that can no longer compete in the market, said Igepe's decision would affect 20 companies by the end of this year, including tyre company Mabor, which will be sold to private investors.
The business sector of the Mozambican state is currently made up of 13 public companies, 109 subsidiaries and two state companies, 45 of which are viable and 64 others are in the process of disposal, liquidation and dissolution, the minister of Economy and Finance, Adriano Maleiane said at the opening session of the 21st Igepe Consultative Council.
"We plan to improve the State's portfolio of investments, streamline it and transform it into a more robust and quality-led portfolio, which is able to compete with other companies in the market, both in terms of income and quality and corporate governance for transparency," said the minister.
Maleiane said six companies have already been assessed and restructuring measures adopted, including Mozambican airline LAM, telecommunications company and adopted six companies restructuring measures, including Mozambican airline LAM, telecommunications company Moçambique Celular, silo and terminal company STEMA – Silos e Terminal Graneleiro da Matola, airport manager Aeroportos de Moçambique and postal service Correios de Moçambique. *(Macauhub)*

European Investment Bank opens credit lined for Mozambican SMEs

The European Investment Bank (EIB) has opened a credit line of 30 million euros for Mozambican companies, said the Millennium bim bank in a statement issued in Maputo. The statement said the credit line would finance 50% of the total cost of each business project submitted by micro, small and medium-sized companies in the public and private sector.
"The aim of this programme is to finance 50% of the total cost of each eligible project, from any sector of activity," said

the statement. The scheme, the statement said, was within the scope of the Cotonou Agreement on cooperation and development aid, negotiated between Africa, Caribbean and Pacific DStates (ACP) and the European Union (EU). *(Macauhub)*

China finances construction of research and training centres in Angola

A centre for agricultural research and another for professional training, the latter in Huambo, will be built in Angola with financial support from China, said in Luanda the secretary of State for Cooperation. Angela Bragança made the announcement after signing a protocol for sending a fourth Chinese medical team "in order to contribute to the improvement of the health system of Angola", with the Chinese ambassador to Angola, Cui Aimin, according to Angolan news agency Angop. The Secretary of State, after mentioning the existing strategic relationship between the two countries, stressed that the bilateral relationship had reached a high point in 2015 with the visit of the President of Angola to China, during which the two countries signed cooperation and financing agreements, among others. The Secretary of State for Cooperation also mentioned the Chinese authorities are involved in supplying equipment and medicines as well as training staff for the Luanda General Hospital, which was built with funding from China. The Chinese ambassador said, in turn, that sending of the fourth medical team "is gift from China" and announced that his country will make a second medical equipment donation to Angola, worth 6.5 million yuan (US$970,000). *(Macauhub)*

Industrial Free Zone Planned in Tete

The Mozambican government plan to set up an Industrial Free Zone in the Revobue region of the western province of Tete, as part of a strategy to establish industrial development poles. A decree on the new free zone was passed at the weekly session of the Council of Ministers (Cabinet).

The government spokesperson, Deputy Health Minister Mouzinho Saide, told reporters that the purpose of an industrial free zone is to attract "structuring investments", increase and diversify the country's exports, promote technological development, and create jobs. "The development of projects in the extractive and mining industry in Tete has created the conditions for setting up poles of industrial development", claimed Saide. He said the new free zone would lie between the districts of Chiuta and Moatize. The anchor project will be an iron and steel factory, in which an estimated 770 million US dollars will be invested. He did not reveal where this money would come from other than that it is from private sources.

Tete has two of the crucial components for making steel -deposits of iron ore, and of high grade coking coal. Coal mining in the province is currently in crisis due to the collapse of coal prices on the international market. The Council of Ministers also extended for a further 25 years the contract for joint management of the Gorongosa National Park, one of the jewels in Mozambique's wild life crown, by the government and the Carr Foundation of the United States. Saide said the contract will allow the government and the foundation set up by US philanthropist Gregory Carr to accompany the growth of the Gorongosa ecosystem and of tourist undertakings in the park. *(All Africa.com)*

Minister calls for master plan for tourist site in Angola

The Black Rocks of Pungo Andongo in Angola need a master plan for investments with a view to generating revenue and preserving the natural features of the region, said in Cacuso the Angolan Minister of Hotels and Tourism. Minister Paulino Baptista justified his statement with the fact that there are businesspeople who have expressed interest in investing in the region, which is why it is urgent to carry out a thorough study on what types of projects to allow.

Baptista said Hotels and Tourism Ministry would work with the provincial government of Malanje to prepare the master plan, which will include activities that attract tourists and preserve the natural aspects of the Rocks and the creation of services to support tourism. The minister recalled a credit line had been opened by Banco Sol, under an agreement with the Ministry of Hotels and Tourism, to support small and medium entrepreneurs interested in investing in the tourism sector. On the last day of Baptista's trip to Malanje, the minister visited the Calandula Falls (formerly known as the Duke of Braganza Water Falls), another of the province's major tourist attractions. *(Macauhub)*

Japan's Charm Offensive in Africa

The Sixth Tokyo International Conference on African Development (Ticad VI) held in Nairobi late August was not just a business summit. It was also about politics and positioning. With 22 African heads of state, four vice presidents and nine prime ministers (including ours), Japanese Prime Minister Shinzo Abe had a perfect platform to layout his country's political aspirations - and lobby for the much-needed backing from this part of the world.

While the success of Ticad VI is yet to be judged, Japan may have it her way after declaring support for Africa to have a permanent seat in the United Nations Security Council by 2023 at the latest. This was, of course, after the PM pledged a whopping $30 billion (around Sh60 trillion) in public and private support for infrastructure development, education and healthcare expansion in the continent.

The bigger chunk of $10 billion (around Sh20 trillion) will go towards infrastructure development in Africa. But the whole package will be spread over three years from this year and include $10 billion for infrastructure projects, to be executed through cooperation with the African Development Bank (AfDB).

Mr Abe sang two bestselling tracks on the album that African leaders love to hear the most. The resource-rich continent - not doing enough to make use of its God-given wealth - desperately needs funding towards efforts to providing even the basics to its increasingly weary ordinary inhabitants.
The biggest challenge is poverty. And there are disappointing poverty numbers too. According to a recent World Bank report, the number of poor people in Africa is expected to remain close to 400 million until 2020, despite official forecasts of ongoing robust economic growth.
Research shows that the number of people on the continent reportedly living under $1.25 (less than Sh2,800) per day continued to creep upwards from 358 million in 1996 to 415 million in 2011. Ironically, last year marked the 20th year since sub-Saharan Africa started on a path of faster economic growth. During that period, growth has averaged 5.2 per cent per year.
So, with population numbers going through the roof in most African countries, Tanzania included, the battle to end poverty can only get tougher. African economies may be generating more income, but that income will have to be shared among an ever-increasing number of people, rising by at least 2.6 per cent per year.
Tanzania can stand as a typical case of what challenge lies ahead for African governments. At the current birth and death rates, the country's population is projected to reach 100 million in 2035 - that is 19 years from now. Any forward-looking leadership would want to ask the obvious questions: Will we be able to feed all those mouths? Will we have enough social services? Where are the industries to provide jobs? The list is endless.
Perfect timing by Japan. Yet the country's rival, China made a single investment of $2 billion in oil-rich Equatorial Guinea in the month of April 2015 alone. In other words, Prime Minister Abe's resource-poor country may need to do more to reap from the continent.
But the PM pushed the right political button. He told the African heads of state: "You in Africa, have the right to demand that the international community better reflect your views. Reform of the United Nation Security Council is truly a goal that Japan and Africa hold in common."
For long now, African countries have been pushing for at least two permanent slots in UNSC to no avail. However, with the African Union (AU) agenda 2063, which states that by 2023, the continent must have a permanent membership and thus veto power, efforts to push for the seat seem to have shifted to top gear.
Already, the continental bloc has tasked a 10-nation committee to push its agenda. Foreign ministers and permanent representatives to the AU and UN drawn from the African Union Committee of Ten (C-10) Nations are reviewing progress in intergovernmental negotiations meant to consolidate an African position.
Adopted by African leaders in Addis Ababa in 2005, the common African position on the proposed reform of the UN is described as the antidote for the historical injustice meted out to the continent."
Notably, it wants Africa to be represented in all decision making organs of the UN, including the Security Council, the most important governing body in the UN. The African position also significantly asks for debt cancellation for the highly indebted poor countries as well as the debt reduction and cancellation for middle income indebted countries.
Africa, despite being the recipient of most declarations on peace and security, only has non-permanent members who cannot influence substantial decisions. The five: Russia, China, France, United Kingdom and the USA enjoy the power of the veto. Veto power means that it can stop a key decision on international security by voting no. And Japan's announcement signals intent to checkmate China, a member of the UN Security Council. Said the Japanese PM: "The enormous continent of Africa has given no permanent member to the United Nations Security Council. Agenda 2063 states clearly that by 2023, it will rectify this situation."
But in Nairobi, Mr Abe's speech was well crafted to avoid any diplomatic disaster. He touched on the need for the continent to embrace democratic values, saying Japan values human rights and the rule of law. "Asia has enjoyed growth on the basis of democracy, the rule of law, and a market economy that has taken root there. It is my wish that the self-confidence and sense of responsibility spawned there comes to envelope the entirety of Africa together with the gentle winds that blows here," he said.
From the East, and South to the West and North, most countries in the continent are still grappling with a democratic deficit. There is a general perception that the continent lags behind the rest of the world in upholding generally accepted basic tenets of democracy.
Across Africa, millions still yearn for citizen participation in government, which is one of the most basic signposts of a democracy. There is also a dearth of political tolerance, accountability, transparency and economic freedom. Many of the elections held on the continent - from Uganda in the East, (recently) Zambia, Zimbabwe in the South, to Gabon in the West - are still far cry from being free and fair. Mr Abe had to walk a fine line touching on this sensitive issue. It is fine line it will still have to walk in its new bid expand its territory through extending its partnership with an increasingly influential Africa. But the message was delivered to the continent's leaders - it's time they reformed and work for the betterment of their people too. *(By Athuman Mtulya, The Citizen)*

US finances management plans for two natural parks in Angola

The United States Agency for International Development (USAID) in Menongue submitted the management plans for two recently created natural parks in Angola, said the United Stattes embassy in Angola. The two new natural parks – Mavinga and Luengue-Luiana – are located in Kwando Kubango province, southwest Angola, and cover an area of 6.8

million hectares or 68,000 square kilometres. The management plans, according to the Embassy’s statement, will held to guide the development of the parks in the critical first few years, safeguarding natural resources so as to benefit around 12,000 people living in the five main villages inside the boundaries of the parks. Without giving a figure, the document said the management plans were financed through the USAID Southern Africa Regional Environmental Development Programme. This six-year project supports the schemes of the Southern Africa Development Community to deal with threats to biodiversity and the environment within the Okavango river basin, which includes parts of Angola, Botswana and Namibia, as well as the Okavango river delta, which is a World Heritage site. *(Macauhub)*

Angola: Government Intends to Expand Partnership with Investors

The minister of Industry, Bernarda Martins, reaffirmed in northern Malanje province the intention of the Government to extend partnership with businesspeople, local and foreign investors, to create new industrial projects around the country. The minister was speaking on the fringes of her agenda of visit to Malanje province. With this project, according to the official, the Government intends to give more opportunities to investors and entrepreneurs in the local exploitation of basic commodity products to increase the supply of essential goods to consumers. The minister appealed to investors and entrepreneurs, collective or individually, to make contact with the Ministry of Industry, to receive institutional guidelines for the setting up of small, medium and large industries. *(Angop)*

AfDB approves US $100-million non-sovereign guarantee corporate loan for Export Trading Group (ETG)

The Board of Directors of the African Development Bank (AfDB) Group has approved a seven-year, non-sovereign guarantee, US $100-million corporate loan to the Export Trading Group (ETG), to finance part of part of the company’s five-year Agricultural Investment Program (IP) in Africa. The programme will promote employment for youths and women, and adopt an integrated value-chain approach that emphasizes access to regional and global markets.

Africa faces a significant food security challenge and continues to depend on food imports to meet the ever-growing demand. The continent spent over US $35 billion to import food in 2015 and net food imports are projected to increase to more than US $110 billion by 2025. If this trend continues un-checked, Africa and its economies will be heading for major crisis, being the most food-insecure region in the world with more than 232 million under-nourished people.

ETG is one of the largest and fastest-growing integrated agricultural supply chain managers and processors in Sub-Saharan Africa. The Group was founded in Kenya in the 1960s before moving to Tanzania and is now headquartered in Dubai. The key commodities traded by the Group are fertilizer, maize, rice, oil seeds, cashew nuts, sesame seeds, pulses, wheat, cotton, coffee, and sugar

ETG’s investment program will consist of: (i) Fertilizer projects in Kenya and Zambia; (ii) Processing Plants (rice, cashew, maize, sesame, cotton, biscuit) in Kenya, Tanzania, Zambia, Mozambique, Togo, Ethiopia, Benin, Zimbabwe, Nigeria and Uganda; (iii) Multi-commodity warehouses in Burkina Faso, Malawi, Zambia, Zimbabwe, Niger, Benin, Nigeria, Zambia and Ethiopia; and (iv) Silos in Zimbabwe.

The program is strongly aligned with four of the top five priorities (High 5s) of the Bank namely Feed Africa, Industrialise Africa, Integrate Africa, and Improve the quality of life for the people of Africa. It will significantly contribute not only in improving food productivity in Africa, but most importantly in value addition and the wide distribution of food across the continent using the sponsor’s broad distribution networks.

The project, approved by the AfDB Board on July 13, 2016, is expected to generate significant development outcomes at local, national and regional levels, notably: (i) contribution to food security; (ii) contribution to food import substitution, job creation, fiscal revenues; (ii) contribution to smallholders access to inputs (seeds and fertilizers), mechanization and international markets thereby ensuring significant revenues to farmers; (iii) integration of poorer sections of the population into a sustainable process of economic growth and development; (vi) enhance efficiency of value chains for different crops by increasing the infrastructure base and capacity for value addition; (v) regional integration by developing sustainable platforms to supply local and regional markets and aiming to export markets integration; (vi) contribution to industrialization with new processing plants.

Volkswagen targets East Africa with Kenya car assembly plant

Volkswagen's will resume producing cars in Kenya by the end of the year as it looks to sell more vehicles across the East African region.

After a four decade pause in production by the German carmaker in Kenya, VW will establish an assembly plant to initially produce its Vivo model, President Uhuru Kenyatta and Thomas Schafer, Volkswagen South Africa's chief executive, said.

Emerging market production is familiar territory for VW, whose familiar Beetle model was a favourite on the streets of Mexico, but Kenya's car market is dominated by low-priced second-hand imports from countries such as Japan.

VW, which assembled cars in Kenya in the 1960s and 1970s, will join other brands already being put together in the country, including Isuzu, Toyota, Nissan and Mitsubishi. "Volkswagen South Africa will now again establish an assembly plant to produce motor vehicles at the Kenya Motor Vehicle Manufacturers limited in Thika," Kenyatta said after meeting Volkswagen South Africa executives. Kenya mostly assembles trucks, pick-ups and buses from kits

supplied by foreign manufacturers, although data from the Kenya National Bureau of Statistics showed that the number of vehicles assembled between January and April was down 31 % year-on-year to 2,258 vehicles.
The Kenya Vehicle Manufacturers Association (KVMA) attributed the slowdown to tough economic conditions for buyers, including high interest rates and cuts in government spending, while VW said it saw opportunity in the market.
"We believe that Kenya has got the potential to develop a very big fully-fledged automotive industry. The East African Community has got the potential, and today is the first step in this direction that we want to take with our passenger cars," Schafer said.
VW is the second-biggest auto maker by sales in South Africa after Toyota with its vehicles sold domestically as well as exported to the rest of Africa. Kenyatta said that VW's assembly plant would begin with the Vivo and expand to a range of vehicles, with the first car expected to be rolled out before the end of the year. Neither Kenyatta nor Schafer said how much VW was investing or what the plant's production capacity would be. *(By George Obulutsa, Reuters)*

BANKING
Banks

Export credit finance key to international project development
The use of export credit finance to develop large projects in Africa can help mitigate political and economic risks, New Partnership for Africa's Development (Nepad) Business Foundation (NBF) CEO Lynette Chen said.
Speaking at a public–private partnership (PPP) workshop hosted by Africa Investment and Integration Desk (Avid), she noted that export credit finance contracts typically dealt with the political and currency risks related to the construction of large projects in foreign countries. “These contracts are structured [taking into account] the obligations of the South African government and the foreign government where the project will be developed,” she said, adding that by using export risk partners, such as the Export Credit Insurance Corporation of South Africa (ECIC), financiers are able to develop projects knowing that key risks involved are covered.
Chen added that Nepad had found that more projects in Africa were being structured using export credit cover. She pointed out that Avid was working with the United Nations and the Stockholm Institute of Water to finance a water and sanitation project on the African continent. “This project will prepare the process and criteria for the implementation of key projects in five areas across the continent and it will identify key private sector financiers that are interested in financing water and sanitation projects across the nexus,” she said. Chen noted that key areas that Avid would look at for the project included large storage dams, increased irrigation efficiency, the intensification of production and crop diversification in the agricultural sector, as well as large hydropower dams, thermal power stations and river hydropower schemes. “While everyone is focusing on energy and infrastructure as key sectors, water cuts [affect] different sectors and are key for agricultural and energy production,” she said. She stated that Avid would also look at establishing wastewater treatment projects, industrial and nonrevenue water projects and seawater desalination plants throughout Africa.
Other projects that Avid has been successful in securing include the revision of South African municipal PPP training, which will, along with the National Treasury, be used to improve PPP skills in municipalities. International case studies on bulk services, particularly in water, electricity, public transport, smart cities and housing will be used for educational purposes and if the programme is successful it will be expanded across the continent. “Avid has finalised a draft business plan and secured the participation of international nongovernmental organisation Water Aid to set up a pan-African water finance leadership forum, intended to upskill CFOs in the top 100 cities in Africa,” she said.
She explained that a physical forum and online platform would be established and managed by an international service provider to support the development of cities in Africa, as many people were moving from rural areas to urban cities in search of employment. “Through empowering CFOs, we hope to support them with conceptualisation and development of bulk infrastructure projects,” she said.
Chen stated that Avid’s role in these projects was not only to provide private sector investment and link them with financiers, but to build capacity in the public sector. “It’s one thing to bring the private sector to the table, but if government agencies are not aligned with the same terminology or understanding of the complexities of PPP deals, and what securities governments need to provide for the private sector to invest, then these deals don’t get off the table,” she explained.
Also speaking at the workshop, ECIC head of business development Portia Gumbo-Dube said strong institutional coordination and support from development finance institutions, commercial banks, contractors and governments needed a strong commitment from all those who were involved in major projects across the continent, to “correct the allocation of risks.” “Government support is essential and good will may not come in the form of an actual guarantee, but that commitment and collaboration is key [to the success of large projects across the continent]”.
She added that a strong regulatory framework, improvements to legal frameworks and the adoption of international best practice in terms of what had been done in other jurisdictions, as well as taking key learning points from large exemplar projects, such as the Befisa desalination project in Ghana, were key for successful projects in the future. “If a project is sustainable it means it can be replicated in other regions. Risk mitigation and robust structure, as well as a robust financial model and affordability are important,” she said.

Gumbo-Dube added that ECIC support did not necessarily make a deal bankable, noting that projects needed to be bankable and robust on their own. "Collaborating early on in the process is good; the role that the ECIC team played in the desalination plant in Ghana, for example. Being there from the structuring of the deal and playing a role in providing input, helps to mitigate challenges," she said. *(By Anine Kilian, Engineering News)*

Japan's three biggest banks to expand their businesses in Africa

Japan's three biggest banks want to expand their businesses in Africa by developing new partnerships and joint-ventures with African banks and public institutions, *The Japan Times* reported on August 29.

The banks namely Sumitomo Mitsui Banking Corp, Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ aim here to help Japanese companies in their investments over the continent with which Tokyo wishes to reinforce economic ties, not letting its rival China get ahead.

According to *The Japan Times*, Sumitomo Mitsui Banking Corp has recently announced that it has signed with the Eastern and Southern African Trade and Development Bank a loan agreement for $80 million, in tandem with the Japan Bank for International Cooperation (JBIC). The loans are designed to encourage African firms import machinery products from Japan.

Sumitomo Mitsui also said it has signed partnership agreements with the African Development Bank (AfDB) and Banco de Desenvolvimento de Angola, without however revealing their respective nature.

Mizuho Bank for its part said it was going to establish joint-ventures with six African finance institutions including the Development Bank of Southern Africa, to "*provide financial services know-how and promote the banking sector in the region*".

Bank of Tokyo-Mitsubishi UFJ said it has inked a business cooperation agreement with the Kenya Investment Authority, to receive information about new investment projects in Kenya and help Japanese firms secure them.

At the sixth edition of the Tokyo International Conference on African Development (TICAD VI) held last 27 and 28 August in Nairobi, Japan's Prime Minister Shinzo Abe said his country will invest $30 billion – in private and public funds – in Africa over the next three years. This investment will mostly go toward infrastructures (a third), industrialization, health and security. *(Ecofin Agency)*

Consortium getting cold feet on Barclays bid

BOB Diamond's bid for his former employer's remaining stake in Barclays Africa may have stalled after Atlas Mara, his flagship investment, performed poorly for the half-year to June. Banking pretax profit at Atlas Mara — a financial services joint venture between former Barclays Plc CEO Diamond's Atlas Merchant Capital and Ugandan entrepreneur Ashish Thakkar's Mara Group — shrank 52.1% to $9.2m during the half-year to June.

Atlas Merchant Capital and the Mara Group, along with private equity firm Carlyle, said in April they were in talks to buy Barclays Plc's stake in Barclays Africa, which was reduced to 51% after a quick sale to institutional investors in May. This was part of an overall sell-down of its 62.3% stake in the bank, which the British bank is conducting to deconsolidate its African unit from its accounts, for regulatory reasons. Following the May sale to institutional investors, the rest of the shares went into a three-month lockup, which expired in August. Barclays Plc spokesman Tom Hoskin said the British banker would not be providing a running commentary of the sell-down process. "We have said that we are allowing two to three years from March 2016 to complete the deconsolidation and that remains the position," Hoskin said. In the interim, Diamond said the consortium was still keen on buying the rest of the shares.

But three months later, on August 24, Atlas Mara reported that its profit for the first half had crashed 71%. That was ascribed to weakening African currencies as economies throughout the continent slowed down — Nigeria and Zambia, in particular — as a result of persistently lower oil prices and those of other commodities. It also reported a reduction in the quality of its loans, with nonperforming loans inching up 10% to $129m, followed by a 50% rise in impairments, which hit $9m.

Atlas Mara chief financial officer Arina McDonald told shareholders the company was taking steps to improve its operational performance — raising questions about whether its founders would redirect capital to the group instead.

Bloomberg reported Diamond as saying at the time that the company would cut jobs and costs that would "align our cost base with the current revenue environment". Atlas Mara said it intended cutting staff at its shared services unit by as much as 35%.

A spokesman acting for all three companies — Atlas Merchant Capital, Atlas Mara, and the Mara Group — could not be reached for comment.

Atlas Mara has not yet paid a dividend to either its ordinary or founding preference shareholders. As it is, both Atlas Merchant Capital and the Mara Group have not done much deal-making in 2016. Atlas Merchant Capital was linked in media reports to another consortium comprising fellow private equity firms Warburg Pincus, Centerbridge Partners and the Baupost Group, which was reportedly putting together a bid for stakes in two troubled Italian lenders.

The Mara Group most recently reached a deal with Delta International (now known as Mara Delta) to act as a promoter, sourcing investments for the property group across the continent, together with other partners.

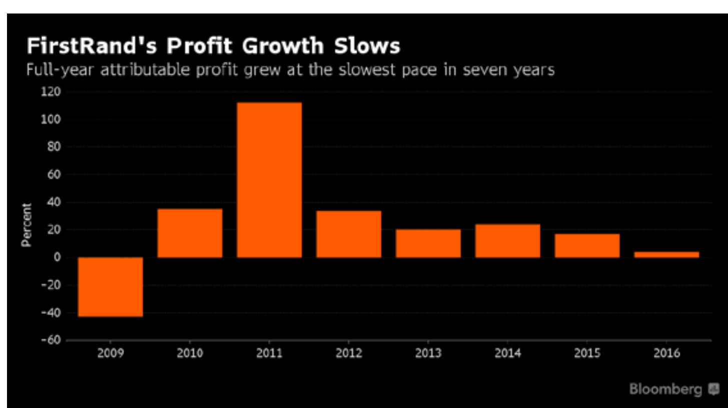
The absence of a deal for the rest of Barclays Plc's stake could stem from the complexities involved. "Clearly, a further sell-down below 50% is going to take some time, as the finance minister, as well as the [Reserve Bank], will need to be

given the necessary comfort before passing this 50% change of control threshold," said Adrian Cloete, a portfolio manager at PSG Wealth. "There is no process in law, or blue print, for this process at the [Bank] or the Prudential Regulation Authority [the] UK authorities. Regulatory deconsolidation is very complex. "It's not just about writing a cheque to buy a stake in a business like when a private equity firm buys a shareholding in an industrial firm," Cloete said. *(By Moyagabo Maake, BDLive)*

Africa's Biggest Bank Drops as Annual Profit Misses Estimate

FirstRand Ltd., Africa's biggest bank by market value, fell after full-year profit missed estimates as the company invested in an expansion on the continent and loan-impairment charges rose. Earnings excluding one-time items rose to 22.4 billion rand ($1.6 billion) in the 12 months through June from 21.1 billion rand a year earlier, Johannesburg-based FirstRand said in a statement. The average estimate of nine analysts for adjusted profit was 22.9 billion rand. FirstRand's so-called normalized earnings, its main measure of profit, rose 7 % to 22.9 billion rand.

Net income increased 4.2 %, the slowest since 2009, as the company invested in building its asset-management and insurance businesses and expanding operations across 10 sub-Saharan African countries. In South Africa, where FirstRand also owns an investment bank, a retail lender and a vehicle-financing unit, the company is having to contend with an economy that is forecast to show little growth in 2016. "To achieve the same level of growth in the year ahead is going to be very difficult," Chief Executive Officer Johan Burger said by phone, referring to adjusted profit figures and a return an equity of 24 %. "We're committed to delivering growth in the next 12 months."



The stock slid as much as 3.5 % and was trading 2.3 % lower at 46.02 rand as of 10:56 a.m. in Johannesburg. It was the biggest decliner in the six-member FTSE/JSE Africa Banks Index. "South Africa's economy remains fragile due to continuing low domestic growth, which is forecast to prevail over the next few years," FirstRand said. "Low growth combined with weaker balance sheets of some state-owned enterprises has added fiscal risk, which is likely to result in a sovereign downgrade by the end of 2016."

The country's economy expanded an annualized 3.3 % in the second quarter, after contracting 1.2 % in the previous three months, as mining and factory output rebounded, the statistics office said. Talks between business and the government aimed at finding ways of boosting growth are "ongoing" with some of initiatives gaining traction, Burger said. "FirstRand produced a good, solid set of results considering the very weak economic backdrop in South Africa," said Adrian Cloete, a banks analyst at PSG Wealth in Cape Town. "As expected the credit cycle has turned and this was seen in FirstRand's impairment losses increasing by 24 %. Pleasingly, the non-performing loans are well covered with the total overall coverage ratio at 77.9 %." *(By Renee Bonorchis, Bloomberg)*

Markets

Ivory Coast Drops Eurobond Sale Plan as Dollar Gains

Ivory Coast abandoned plans to offer a Eurobond this year and is opting to raise debt in West Africa's regional market as the stronger dollar makes selling offshore finance too expensive. The world's biggest cocoa producer is planning to issue as much as 550 billion CFA Francs ($938 million) on the local market before the end of the year, adding to a 150 billion francs sukuk bond sale earlier this month, Finance Minister Adama Kone said in an interview in Abidjan, the commercial capital, on Aug. 25. Ivory Coast issued $750 million of dollar-denominated debt in 2014 and another $1 billion last year. "Our last Eurobond was just before the dollar started rising. Today, it is very expensive," Kone said. "We will go offshore if we later notice that the regional market isn' t sufficiently liquid." The U.S. currency has strengthened 7.4 % against the euro, which is used as a peg for the franc, since the start of 2015 when Ivory Coast announced the sale of its previous Eurobond. Ivory Coast wants to avoid debt rising beyond the current 41 % of gross domestic product, Kone said. The country is maintaining its economic growth forecast of 9 % for this year, despite a drop in cocoa production and security concerns following an al-Qaeda attack on a popular beach in which 19 people were killed in March. The budget deficit will rise to 3.8 % of GDP this year from 3 % in 2015 because of higher spending on security, infrastructure and education, he said. *(By Olivier Monnier, Bloomberg)*

Kenya Loan Cap Blunts Monetary Policy: IMF

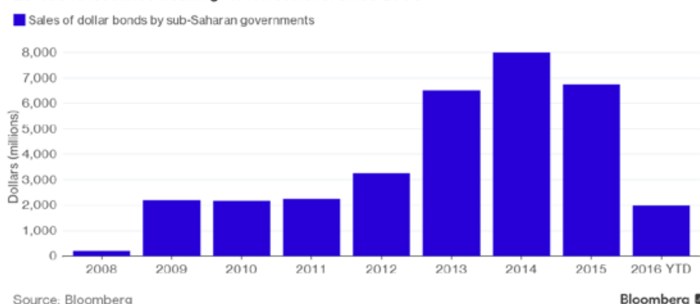
Kenya's decision to limit the rate that commercial banks can charge for loans will cloud the central bank's monetary policy signals and may undermine efforts to keep inflation within the government's target range, the IMF said. While the Central Bank of Kenya has been more effective in containing inflation over the past three years, "controls being introduced are going to blur the signals" that emanate from its interest-rate decisions, Armando Morales, the IMF country representative for Kenya, said in the capital, Nairobi. Kenyan President Uhuru Kenyatta approved in August a

law that placed a ceiling on the amount of interest lenders can charge for debt, and prescribing how much interest they should pay on deposits. Kenyatta, whose family owns a stake in the country's closely held Commercial Bank of Africa, cited frustration with the high cost of credit and low returns on savings. *(By Felix Njini and Adelaide Changole, Bloomberg)*

Biggest Bond Binge in History Passes Africa By as Yields Rise

Africa is missing out on the biggest emerging-market bond party in history. As countries from Saudi Arabia to Papua New Guinea prepare to hit the market with tens of billions of dollars in Eurobond sales before the Federal Reserve increases interest rates, issuance from sub-Saharan Africa has all but dried up, with Ghana canceling a deal, Kenya, Nigeria and Ivory Coast delaying theirs and little in the pipeline. Only two nations -- South Africa and Mozambique -- have sold dollar securities this year, the latter in a restructuring of existing debt. African sales of $2 billion in 2016 are the lowest since 2008, when the financial crisis froze the market.

Boosted by surging economies, African issuers rushed into global bond markets in the past decade, most of them for the first time. Their economies have since been battered by falls in prices of commodities from oil to copper and iron ore, forcing some to turn to the International Monetary Fund for bailouts. While Africa's borrowing rates have dropped since February as investors hunt for higher-yielding assets, they are still more than 200 basis points above the emerging-market average. That's made governments nervous about taking on debt in foreign currencies, according to FirstRand Ltd.'s Rand Merchant Bank unit. "We long argued that the Eurobond market was mis-pricing the credit risks inherent in each country," Nema Ramkhelawan-Bhana, an analyst at RMB in Johannesburg, who doubts there will be many more deals this year, said by phone on Aug. 29. "We've now seen an adjustment. When we see sovereigns go out on roadshows to gauge investor sentiment, we haven't necessarily seen follow-through with deals because it's a bit expensive for them."



Record Sales

The dearth of activity contrasts with a frenzy elsewhere. Deals of $9 billion from Qatar and $16.5 billion from Argentina helped propel Eurobond issuance among emerging-market sovereigns to a record $90 billion in the first half of the year. JPMorgan Chase & Co. projects an all-time high of $125.5 billion of transactions in 2016.

African governments sold a record of $8 billion of international bonds in 2014. Last year, issuers from Angola to Zambia tapped the market, bringing the total to $6.75 billion.

Ghana, West Africa's biggest economy after Nigeria, scrapped a sale of as much as $1 billion this month. It balked at the rates demanded by investors to compensate for a weakening currency, rising debt burden and a large fiscal deficit caused by weaker prices for gold and oil. While yields on the country's $1 billion notes due in August 2023 have dropped from a record 16 % on Jan. 20, at 9.34 % they're more than 500 basis points above the emerging market average of 4.24 %, according to Bloomberg indexes.

Ivory Coast has also ruled out a Eurobond this year as the depreciation of the euro, to which the the Francophone country pegs its currency, makes dollar bonds less attractive, Finance Minister Adama Kone, said in an interview last week.

Nigeria Pauses

Nigeria's plans to issue at least $1 billion in 2016 have been held up by investor concerns that the economy is on the brink of a recession because of a rout in oil prices and a slump in production. While Nigeria has asked banks to place bids by Sept. 19 if they want to manage the Eurobond sale, it may hold off and instead try to entice foreign investors to buy local bonds, according to RMB's Ramkhelawan-Bhana.

Other countries are shut out of the market altogether after their yields soared. At 17.13 %, those on Mozambique's $727 million of securities due in 2023 are the highest in the world after Venezuela's. Investors have fled after the southern African nation, already struggling with plunging exports, revealed $1.4 billion of state-guaranteed loans that it had previously kept secret.

Falling prices for raw materials have placed "significant stress" on several African economies, said Marco Santamaria, a money manager in New York at AllianceBernstein LP, which oversees almost $500 billion of assets. "Clearly, that's made investors more cautious, which is reflected in the high yields for some of the countries. For governments thinking of raising funds, the Eurobond market probably isn't the most obvious place."
For those that need the money, time may be running out. The IMF said Kenya, for one, needs to act swiftly to avoid increased borrowing costs that are likely to follow if capital is drawn out of emerging markets by a rise in U.S. interest rates. "There should be more issuance from September," said Ray Zucaro, chief investment officer of hedge fund RVX Asset Management in Miami, whose only African assets are Nigerian Eurobonds. "But you've had volatile energy prices, which impacts the likes of Nigeria and Ghana. We're not bullish on metals prices, which puts Zambia in a tricky space. All these things stirring together have damped investor appetite for sub-Saharan Africa." *(By Paul Wallace, Bloomberg)*

Ghana Targets $750 Million in Return to Eurobond Debt Market
Ghana is offering as much as $750 million of notes in its fourth foray into the Eurobond market in as many years, taking advantage of low interest rates in developed nations to refinance existing debt and fund capital investments.
The bonds, which will mature on Sept. 15, 2022, are being offered at 9.25 % and will be priced on Thursday 8th September, according to people familiar with the transaction, who are not authorized to speak publicly and asked not to be identified. The sale comes six weeks after the West African nation scrapped a planned Eurobond sale due to the price demanded by investors. Since then, yields on existing notes maturing in 2023 have dropped 124 basis points to 9.23 % as investors chased high-yielding assets.
The sale comes after the International Monetary Fund earlier this month sought assurances that the country won't use funding from the Bank of Ghana ahead of December elections, before releasing a fourth tranche of $115 million under an extended credit facility deal. Ghana agreed to a near-$1 billion program with the Washington-based lender in April last year to help rein in the budget deficit and arrest declines in the cedi.
Lower Yields
"Lots of investors are looking for high yields in emerging markets," Lutz Roehmeyer, a money manager at Landesbank Berlin Investment, which oversees about $12 billion of assets and will bid for today's bonds, said by phone from Berlin. "So, Ghana will be able to issue. They'll even save some interest costs. The yields now are lower than what they would have got two months ago."

About $400 million of the bond proceeds will be used to refinance securities maturing in 2017, with the rest being used for capital projects, Finance Minister Seth Terkper said in an interview in Accra, the capital, on Wednesday 7th September. Bank of America Corp., Citigroup Inc. and Standard Chartered Plc are managing the sale.
The "government is not under pressure to overspend and neither are we considering any spending that will not allow the country to meet the fiscal deficits set for the year," Terkper said in an e-mailed statement. President John Dramani Mahama has assured the IMF "of his willingness and commitment to ensure the success of the program," Terkper said. "The cost will still be very high," Cobus de Hart, an analyst at NKC African Economics said by phone from Paarl in South Africa. "Investors are still very concerned about debt sustainability, the IMF thing and concerns how the new government will take consolidation going forward."
Federal Reserve
Ghana's Eurobonds have returned 5.9 % since the beginning of August, compared with the average of 4.3 % for dollar debt of 17 sub-Saharan African nations, Bloomberg indexes show. Yields on the nation's $1 billion of notes due August 2023 have dropped 120 basis points in the period, reaching a one-year low of 9.22 % on Aug. 29.
Ghana is tapping the market at a time when countries from Saudi Arabia to Papua New Guinea are preparing to sell Eurobonds before the U.S. Federal Reserve increases interest rates. In sub-Saharan Africa, only South Africa and Mozambique have sold dollar debt this year. The cedi weakened 0.3 % to 3.9682 per dollar at 2:47 p.m. on Sept 08 in the capital, Accra. *(By Ekow Dontoh and Moses Mozart Dzawu, Bloomberg)*

S. Africa's Biggest Debt Manager Halts Loans to State Firms
Africa's biggest specialist fixed-income money manager will stop lending money to six of South Africa's largest state companies because it's concerned about how they are being run, government infighting and threats to the independence of the finance ministry. Futuregrowth Asset Management, which has about 170 billion rand ($11.7 billion) in assets,

shelved plans to lend more than 1.8 billion rand to three state companies, Chief Investment Officer Andrew Canter said by phone from Cape Town, without giving more detail. The fund manager will only resume offering loans and rolling over existing debt once it has determined that what it sees as proper oversight and governance at the companies have been restored.

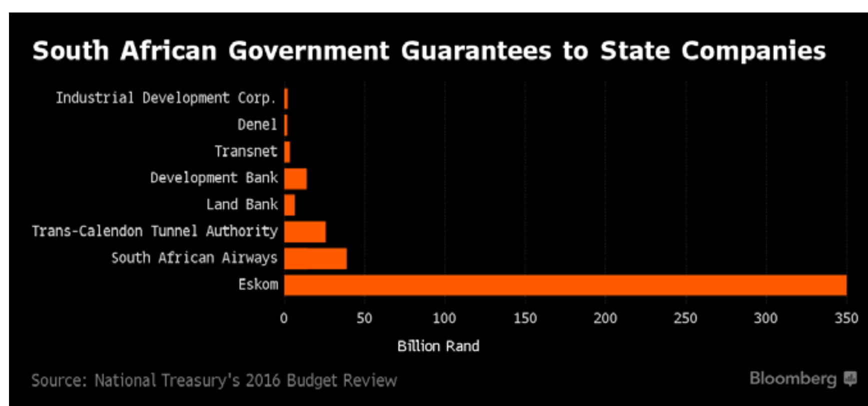
The companies are power utility Eskom Holdings SOC Ltd., rail and ports operator Transnet SOC Ltd., South African National Roads Agency SOC Ltd., the Land Bank of South Africa, the Industrial Development Corp. of South Africa and the Development Bank of Southern Africa. The decision won't immediately affect lending to the government and other state bodies such as water boards and municipalities.

'Material Risk'

"We've observed recent reports that strongly hint of conflict between branches of South Africa's government, the possible machinations of patronage networks and a seeming challenge to the National Treasury's independence," Canter said. "Any material risk to the state-owned entities' governance, budgeting and approval processes for spending or lending must impact on our forward-looking credit assessments. It is difficult to make reasoned and defensible decisions to continue providing state-owned companies with additional funding using clients' money." The rand fell as much as 1.5 %, while yields on dollar bonds of Eskom and Transnet, the nation's two biggest borrowers after the government, soared. The move comes as Finance Minister Pravin Gordhan battles with President Jacob Zuma and the management of state companies over board appointments and spending plans. The government announced last week that Zuma will lead a new panel to oversee all state-owned companies to ensure they help develop the country -- a role previously delegated to Gordhan and other ministers. That decision lacks clarity and context and creates uncertainty about who the companies will answer to, according to Canter.

Junk Rating

Should other asset managers follow Futuregrowth, it will increase the state companies' borrowing costs and make it harder for them to finance plans to spend billions of rands on new infrastructure. The Treasury may also come under increased pressure to directly fund them and grant additional debt guarantees at a time when the economy is stagnating and it's seeking to rein in the budget deficit to protect the country's investment-grade credit rating. "Future growth might be the first one to publicly come out and make a statement like this, but I don't think its going to be the last," Wayne McCurrie, head of portfolio management at Momentum Wealth Ltd. in Pretoria, said by phone. "They just don't believe that the return justified the risk because of changing circumstances with regards to the governance of state-owned enterprises."



S&P Global Ratings and Fitch Ratings Ltd., which place South Africa's debt at one level above junk, have raised concerns that state-owned companies aren't being managed optimally. Government debt guarantees to state companies totaled 467 billion rand at the end of March, according to the Treasury.

"People who lend each other money, it's because of a number of variables and it's a voluntary exercise," Eskom spokesman Khulu Phasiwe said by phone. "If they disclose now that they're not going to lend us money, then I suppose it's fine, we will go elsewhere."

Transnet spokesman Molatwane Likhethe didn't immediately return calls or e-mails seeking comment. The Treasury said in an e-mailed response to questions it couldn't comment on Futuregrowth's business decisions.

Zuma has rebuffed Gordhan's attempts to replace the board of South African Airways, which is chaired by Dudu Myeni, who also heads the president's charitable foundation, and the minister has refused to grant the loss-making carrier new loan guarantees.

Coal Contracts

The Treasury is investigating coal contracts Eskom awarded to a company linked to the Guptas, a family who are friends of Zuma's and have been accused by some government officials, opposition parties and civil-society groups of using that to wield political influence. The Treasury has also filed a lawsuit aimed at preventing state arms company Denel (Pty) Ltd. from entering into an Asia-focused business venture.

The state companies have said their dealings are above board and criticized the Treasury's conduct. The Guptas, who have denied any wrongdoing and say they are the victims of a media witch hunt, last week announced plans to sell their businesses in South Africa.

Fears that Zuma may seek to install a more compliant head of the Treasury were sparked by the revelation that the police are investigating Gordhan in connection with allegations that he oversaw the establishment of a illicit

investigative unit while he headed the national tax agency, that allegedly spied on politicians including the president. Zuma and the ruling African National Congress have said while Gordhan has their full support, the law has to take its course. Gordhan denies any wrongdoing.

Change Course

While other business leaders have voiced concern about the standoff and called on Zuma to ensure the police stop what they said is harassment of Gordhan, Futuregrowth is the first company to take action to try and persuade the government to change course. "When the country's largest debt manager pulls the plug on lending to key state-run firms because of concerns about political meddling, it's clear that South Africa has a serious reputational problem," Nicholas Spiro, a partner at London-based Lauressa Advisory Ltd., which advises asset managers, said by e-mail. "This is a downgrade in itself. The fallout from the political infighting within the ANC is proving more costly by the day."

Based in Cape Town and founded 20 years ago, Furturegrowth describes itself as "a specialist investment company that manages a full range of interest-bearing and developmental investments in an ethical and sustainable way." Among the projects it has helped fund are renewable energy plants and toll roads.

Futuregrowth has had a long-standing relationship with state companies and its decision to deny them new loans wasn't taken lightly, Canter said. To start lending again, the money manager will ask the companies to provide it with information about the independence of their boards, investment and credit committees and procurement processes, and to demonstrate greater transparency on material spending or asset sales, he said. "It is certainly not our desire nor intent to undermine their developmental missions, nor disrupt their ability to deliver," Canter said. "But we want to send a message that we can't provide finance unless the governance and decision-making of the state-owned entities improves and becomes more transparent." *(By Michael Cohen, Bloomberg)*

ENERGY

AFC commits $3m to Ncondezi development

The Africa Finance Corporation (AFC) has committed an additional $3-million loan facility to Ncondezi Energy to fund ongoing project development costs at its 300 MW coal-fired power project in Tete, Mozambique.

The loan, which will be paid in two tranches, will be used to cover costs not included in the joint development agreement (JDA) between Ncondezi and Shanghai Electric Power (SEP).

SEP is investing up to $25.5-million to fund the development costs to financial close in return for a 60% equity interest in subsidiary company Ncondezi Power.

The $1-million first tranche of AFC's loan is repayable in 2017.

The second tranche of $2-million has a 24-month term from first drawdown and is conditional on the completion of the JDA with SEP and Ncondezi providing an appropriate security package. *(By Megan Van Wyngaardt, Engineering News)*

Investec says release of updated IRP could ease IPP frustration and uncertainty

Banking group Investec, which has supported various renewable energy and peaking power projects in South Africa, including the Avon and Dedisa open cycle gas turbines that recently entered commercial operation, remains convinced that the country will continue with its independent power producer (IPP) plans. However, power and infrastructure finance head Mike Meeser cautions that, unless the current uncertainty brought about by Eskom's perceived resistance to IPPs, as well as delays to approved projects, is resolved urgently, investors and financiers could lose confidence.

Meeser tells Engineering News Online that the immediate impasse could be resolved through the publication of a new Integrated Resource Plan (IRP) that is endorsed not only by the National Treasury and the Department of Energy (DoE), but also by Eskom. In the longer-term, however, the structure of the electricity sector may also need to be overhauled to level the playing field between the State-owned utility and private generators.

Eskom's current reluctance to sign power purchase agreements (PPAs) with IPPs is arguably a "rational response", he says, to the recovery in its plant availability and to lower demand, which has resulted in an immediate surplus. However, this surplus is unlikely to be sustained, particularly once the economy begins growing again, and IPPs, which have proved their ability to add capacity timeously and cost effectively, will have a key role to play in ensuring security of affordable supply.

Meeser questions, for instance, whether Eskom would have been able to deliver new capacity at the pace and cost achieved by IPPs over the past five years, given Eskom's other commitments. Since the start of the country's renewables procurement programme in 2011, 6 377 MW of renewables capacity has been procured for R194-billion. Separately, the Avon and Dedisa plants have added over 1 000 MW of private peaking capacity, in KwaZulu-Natal and Eastern Cape respectively. By contrast, Eskom's Medupi, Kusile and Ingula projects are all years behind schedule and well over budget.

The investment value associated with the deployment of renewables is also expected to rise to beyond R255-billion should the projects selected during bid windows 4 and 4.5 of the Renewable Energy Independent Power Producer Procurement Programme reach financial close. Preferred bidders were identified in 2015, but there have been material delays in concluding PPAs with Eskom.

In addition, the ‘expedited’ bid window for an additional 1 800 MW of renewables capacity has been adjudicated by government’s IPP Office, but the preferred bidders have not been announced, neither have the first two projects adjudicated following the first bid window of the Coal Baseload IPP Procurement Programme. Eskom has also refused to sign a PPA for the Redstone concentrated solar power project in the Northern Cape, which was named as a preferred bidder during bid window 3.
“These delays are frustrating,” Meeser says. However, he argues that developers and financiers are unlikely to immediately turn their backs on South Africa, with the 92 IPP projects in operation or implementation offering a level of permanency that would not have been there had the current level of uncertainty arisen earlier in the IPP roll-out.

IPP OFFICE KEY

What would turn investors off, however, would be any attempt at undermining or closing of the IPP Office, which is held in high regard by investors and financiers.
Government has insisted that it remains committed to the IPP programmes despite Eskom’s misgivings, with the utility having argued that the IPP projects to the end of bid window 4.5 will cost R1.2-trillion for only 7 300 MW and are, thus, too expensive. Some commentators have expressed concern that the utility’s questioning of the programme, as well as adjudicated projects might be an attempt to undermine the IPP Office, which conducted the adjudication.
Meeser is more sanguine, describing Eskom’s response to IPPs as a “bump in the road”, which can be overcome with a more up-to-date IRP that has broad-based support. However, he admits the market is eager for the DoE to offer clarity as soon as possible on the way forward.
Investec is particularly keen for progress in the area of gas-to-power, with Meeser arguing that the programme is key to closing the current gap in the country’s “mid-merit” generation capacity.
Prior to recent ructions over IPPs, the DoE had indicated that it was aiming to procure 3 126 MW of gas-fired power generation from IPPs and a further 600 MW from a public-private partnership involving State-owned companies. The request for proposals is yet to be issued, however.
Meeser cautions that it will take at least 18 months from the issuance of tenders to reach financial close on any gas-fired IPP projects, noting the programme will initially rely on the creation of infrastructure to facilitate the importation of liquefied natural gas (LNG).
Government is yet to release the long-awaited Gas Utilisation Master Plan and has no yet pronounced on where the first LNG storage and regasification unit will be located, with Coega, Richards Bay and Saldanha Bay all still being considered. *(By Terence Creamer, Engineering News)*

Ghana's Growing Energy Sector Attracts Chinese Firms

Ghana's growing power sector demand has generated lots of interest in some global power sector players, including Chinese power companies.
This was revealed by participants at the POWERLEC Exhibition and Conference which ended here to find solutions to Ghana's growing energy needs.
Guangzhou Kusing, a diesel and petrol generator manufacturing firm from Guangzhou, China, was one such company that used the exhibitions to strengthen its market hold in Ghana and West Africa.
Vivian, a representative of the company, told Xinhua that the Ghanaian market was very good and placed a high demand for their products. "We started supplying generators to Ghana from 2007 until now and Ghanaian market is very nice because in Guangzhou we have Ghanaians coming to our showroom to tell us the market needs good quality products that they can use for a long time," she explained. She pledged: "So we would like to cooperate with our agents to distribute generators to Ghanaians. Many customers come back every year to buy another generator for another customer. Our future plan is to build a wholesale here and offer good after-sale services so the exhibition is for Ghanaians to know us."
Rato Technology, a gasoline generator manufacturer from Chongqing of China, which has already established a presence in Nigeria, South Africa, Egypt and Morocco, was also at the exhibition to seek an opening in Ghana. Unlike the other companies, Nanjing Solark, a wholly Renewable Energy company, has also made inroads into Ghana and the West African market. Jocelyn Yu, Marketing Manager for Solark, said the company already had customers in Togo, Benin and Ghana. "We have good partners here so that's why we are here. Ghana is a special country and there is the need for electricity. We found some agents here because some end-users cannot contact us or buy from us directly so they have to buy from the agent. "They need after-sale service and warranty for them so we have the agent here and that is the way we can do the work bigger here in Ghana. The price of solar now is cheap. In China the price of the panels is very low," Yu stated.
Edmund Addo, Chief Operating Officer for Iskus Power, Ghana Limited, local agents for Solark, said the products of the Chinese firm were suitable for Ghana's needs. "We find our dealership with Solark very interesting because they represent what we call the future. Ideally, they are producing quite an innovative product, solar air condition, which in our part of the world will help a lot of companies, individuals and residential homes," he observed. Addo is of the view that users of these products stand to save quite a lot in terms of money they spend monthly on electricity, adding that the partnership between the two companies had a very bright future. *(By Justice Lee Adoboe, All Africa.com)*

Japan pays for 110/33kV sub-station in Mozambique

Japan's Mitsubishi Corporation will build a 110/33kV, 40MVA sub-station in Namialo, Nampula province, northern Mozambique, under a contract signed with state-owned electricity company EdM, the company said.

In a statement published in Maputo, EdM also said a contract had been signed in Nairobi, the Kenyan capital, on the sidelines of the 6th International Conference on African Development (TICAD VI).

The contract signed with the Japanese group includes construction of a 110/33kV, 40MVA sub-station, three kilometres of 110kV power line and three 110kV towers to interconnect with the existing line and renewal of the remote control system at the 220/110kV and 110/33kV sub-stations in the city of Nampula. The building project of the electricity transmission network in the Nacala Corridor is funded by the Japanese government in the form of a donation, under an agreement signed between the Japanese International Cooperation Agency (JICA) and the government of Mozambique with a budget of US$19.5 million, the statement said. The tender to select the contractor was launched in April 2016 and ended in June 2016, with three Japanese companies submitting their technical and financial proposals for the contract. The tender ended with the selection of the Mitsubishi Corporation of Japan to implement the project with a proposal of US$14.5 million, whose completion is scheduled for February 2018. *(Macauhub)*

Engie makes good on Off-Grid Solar Goals with BBOXX Deal

- Engie's BBOXX funding deal is biggest for off-grid this year
- Investment follows funding of start-ups in Africa and India

Engie SA led a $20 million Series C investment round in BBOXX, an off-grid solar provider active primarily in East Africa. The deal marks Engie's most significant deal in the pay-as-you-go solar sector and propels the company into the off-grid solar business that is targeting the 1.2 billion people currently not reached by electricity grids.

The deal is one of the largest in the sector this year and follows the company's investment in several other such start-ups across Africa and India. Engie, which in June said it was looking to grow in off-grid solar, is also developing proprietary initiatives such as a pilot mini-grid serving 100 households in Tanzania. The partnership with BBOXX could support its plans to develop off-grid products together with telecom provider Orange.

Most of Engie's off-grid investments, including this one in BBOXX, were done through the Rassembleur d'Energies initiative, Engie's energy access initiative that provides technical assistance and impact financing. Unlike Engie's corporate VC fund, Engie Rassembleurs d'Energies is run more or less autonomously from the rest of the company's business units. This suggests Engie wants to keep the off-grid sector at arm's length from its core business, at least for now.

For BBOXX, this is the largest financing round this year and brings its total haul in 2016 to at least $35 million. The funds will allow BBOXX to continue its growth strategy in Rwanda as well as expand its operations to two new markets in West Africa. BBOXX has dominated funding in the pay-as-you-go sector in 2016, accounting for more than 55 % of the announced investments.

By the numbers

- $20 million: total Series C equity investment raised by BBOXX
- 55,000 households are served by BBOXX products, primarily in East Africa
- 5 pay-as-you-go solar companies are backed by Engie's impact fund

Figure 1: BBOXX activity countries and Engie's pay-as-you-go solar exposure

Source: Bloomberg New Energy Finance

(By Itamar Orlandi, Bloomberg New Energy Finance)

Benin: Aggreko to generate 100 MW of ADDGAS power for a year

Emirati firm Aggreko will provide Benin 100 MW of electricity, over a year. "*We signed with Aggreko because Benin can count on its ability to mobilize within the contractual deadlines and on its experience as an operator,*" said Laurent Tossou, Managing director of SBEE, the local power utility. The firm which has already worked with SBEE plans to deliver the energy at the end of 2016.

The energy generated by Aggreko uses the ADDGAS technology which allows it to provide additional energy to its customers at low cost. The technology substitutes a significant portion of diesel fuel with natural gas – 35 to 50%

depending on available quantity; this is 23% cheaper than a traditional thermal plant. To maximize this economy, Aggreko often installs its system near a gas reserve to cut associated cost of transport.
"Aggreko's proposition considers Benin's availability of gas, while also allowing production units to operate with diesel only. The additional production capacities will enable the Beninese government to fulfill a daily structural deficit ranging between 40 and 60 MW per day for more than a year," the official said.
Benin has no proven gas reserve and its closest supplier, Nigeria, currently experiences major challenges to get gas. *(Ecofin Agency)*

INFRASTRUCTURE

Agreement to build the Moloto Rail Development Corridor signed in China
The Passenger Rail Agency of South Africa (PRASA) has signed a memorandum of understanding (MoU) with China Communications Construction Company to build the Moloto Rail Development Corridor, the Presidency said. In a statement, the Presidency said the MoU to explore various infrastructure development initiatives including the Moloto Rail Development Corridor, was signed at the second Investment Africa Investment Forum in China. President Jacob Zuma is attending the forum in Guangzho, Guangdong Province in China. "The President has stopped over in Guangzhou from Hangzhou, where he participated in the G20 summit," said the Presidency in the statement issued by Zuma's spokesperson Dr Bongani Ngqulunga. "The construction of the rail development corridor is a direct response by government to excessive traffic congestion numerous fatal road accidents and general economic underdevelopment in the area," said Ngqulunga.
Media reports in January said Moloto Road, which runs north of Pretoria through three provinces, was one of the most dangerous roads in South Africa. As many as 70 lives were lost in vehicle crashes on the 160 km road in the past two years. "When President Zuma undertook a monitoring visit to Kwaggafontein outside KwaMhlanga in Mpumalanga Province, residents once again asked for his intervention to provide safe and efficient public transport system along the Moloto corridor," said Ngqulunga. Zuma was accompanied to Guangzhou at the investment forum by International Relations and Cooperation Minister Maite Nkoana-Mashabane, Trade and Industry Minister Dr Rob Davies and Deputy Transport Minister Sindi Chikunga. *(By African News Agency, Engineering News)*

Key rail bridge for Côte d'Ivoire–Burkina Faso trade collapses
A bridge on the railway linking Côte d'Ivoire and Burkina Faso collapsed and it will be several months before the trade route between the two countries is fully restored, said Sitarail, a unit of the Bollore group. Nobody was injured when a bridge over the River Nzi close to Dimbokro in central Côte d'Ivoire collapsed and officials are inspecting the damage before starting repairs, Sitarail said in a statement. The railway was built by French colonizers to link the port city of Abidjan with Niamey, Niger, via the Burkina Faso capital, Ouagadougou. Burkina Faso exports cotton and manganese to Abidjan along the 1 260 km (780 mile) railway and imports oil, cement, merchandise and fertilizer to the town of Kaya. Sitarail said the railway carried 200 000 people in 2015 and 900 000 tonnes of freight. *(Engineering News)*

Botswana, Mozambique and Zimbabwe plan to build railway
The governments of Botswana, Mozambique and Zimbabwe signed a partnership document for construction of a railway of over 1,700 kilometres through all three countries to facilitate trade, reported Zimbabwe's Chronicle newspaper. The document was signed in Bulawayo, Zimbabwe, by the Minister of Transport and Development Infrastructure of Zimbabwe, Joram Gumbo, the Minister for Transport and Communications of Mozambique, Carlos Alberto Mesquita and the Minister for Minerals, Energy and Water Resources of Botswana, Onkokane Kitso Mokaila. Around 1,500 kilometres of the railway will be located in Zimbabwe and there will be 100 kilometres in both Botswana and Mozambique. Each government will provide US$200 million in funding and seek to establish a public-private partnership for the project given its size. Joram Gumbo said he hoped the project will improve the distribution of regional traffic, increase regional integration and international cooperation and will be another part of a regional transport network. The railway, which will end in Mozambique at Ponta Techobanine where a sea port will be built, should, according to the stakeholders, facilitate investment in mining, logistics and industry. *(Macauhub)*

The Abidjan-Lagos Corridor: a PIDA flagship programme and catalyst for economic growth in West Africa
Interview with Mamady Souaré, Division Manager, NEPAD Regional Integration and Trade Department
What is the current status of the Abidjan-Lagos Corridor?
The Abidjan-Lagos Corridor is a flagship project of the Programme for Infrastructure Development in Africa (PIDA), which was endorsed by African Heads of States in February 2012 at the 18th African Union summit in Addis Ababa. PIDA is an ambitious initiative which comprised 51 priority projects estimated at nearly US $68 billion to be completed by 2040. The programme is being implemented jointly by the AU, the African Development Bank (AfDB) and the New Partnership for African Development (NEPAD). The Abidjan-Lagos corridor was selected, by the presidents of the five countries concerned (Côte d'Ivoire, Ghana, Togo, Benin and Nigeria) as one of the most important projects in West Africa in terms of regional integration. To date, under the leadership of the Economic Community of West African States (ECOWAS), a number of physical investments have been made in these countries. In Côte d'Ivoire, for instance,

the highway linking Abidjan to Grand-Bassam was opened to traffic on September 14, 2015. The completion of the 42.7 kilometre, at a total cost of US $105 million, is the first part of the corridor connecting Abidjan and Lagos.

Who is taking the lead on the project?

Several stakeholders are involved in the implementation of the project. The World Bank has approved an allocation of US $228 million for the first phase of the Corridor Trade and Transport Facilitation Program which covers Ghana, Togo and Benin while the second phase, estimated at US $89.5 million will cover Côte d'Ivoire and Nigeria. The project entails five components: trade facilitation; improvement of the road corridor's infrastructure; project management and coordination; HIV/AIDS programs; and corridor performance monitoring. The AfDB, the EU, GTZ, JICA and ECOWAS are currently funding studies to complete the missing links. These studies will focus on transport and trade facilitations, institutional arrangements and the effective implementation of various sub regional texts.

The Abidjan-Lagos Corridor Organisation, a sub-regional intergovernmental organization was set up in 2005 by ECOWAS, with support from the World Bank and the AfDB. The organisation's mission is to reduce the impact of HIV infection on interregional trade in West Africa. Today, there are discussions around the creation of a Corridor Management Authority like the one we have in East Africa for example.

The project was initiated a long time ago. How do you explain the delays?

As indicated earlier, several activities have already been undertaken. Countries have renovated the most degraded roads in their respective territories and additional road works are ongoing. In Ghana, on the Agona Junction Elubo road (110 km), over 50% of the widening works on 2x2 lanes was completed in December 2013. Works are also underway on Akatsi- Aflao Road Highway. In Benin, works are underway along the Godomey-Pahou section (17 km) and reinforcing works on Pahou-Ouidah-Hillacondji section (76.5 km) are also in progress. The challenge now is to ensure that technical standards are harmonized in order to give the corridor the character it deserves. The Bank has a pipeline project to address road standardization and the trade facilitation aspects.

Which countries are leading the way in terms of involvement, progress made, financing secured and which are those lagging behind?

All the countries concerned have demonstrated unwavering commitment to implement this major project. We must not lose sight of the complexity of cross-border projects of this nature that require the involvement of different stakeholders namely the Ministries of infrastructure and public works, trade, finance and also health for issues related to the HIV AIDS pandemic, customs administrations... to mention only these. Again, the will and commitment to see this project succeed are all there and experts, financial partners, ECOWAS and NEPAD are committed. In addition, all the heads of state signed a treaty in March 2014 in Yamoussoukro that was ratified by the countries' parliaments. This further demonstrates the willingness of the member countries to abide by their commitments in order to drive the development of the corridor forward.

The project beneficiaries are not aware of the benefits of the corridor. How do you explain the need for such a project?

The Abidjan-Lagos corridor is the busiest corridor in West Africa, a six-lane 1028-kilometer long highway that will link Abidjan, Accra, Lomé, Cotonou and Lagos, while serving the landlocked countries and ports in the region. The corridor is one of the main economic drivers of West Africa, accounting for more than 75% of economic activities in the ECOWAS region. With a total population of over 35 million inhabitants, the corridor connects some of the largest and economically most dynamic capitals in the region. You can therefore easily understand the benefits for the populations. To list just a few, we can say that the corridor will definitely contribute: (i) to accelerating integration and increasing trade at regional level; (ii) reducing trade and transport barriers in ports and roads along the corridor; (iii) facilitating the implementation of the ECOWAS Protocol on the principle of free movement of people and goods by allowing faster border crossing time and (iv) reducing the cost of trade. For this reduction to be effective, the cost of transport, which represents about 70% of trade costs, also needs to go down. These are just a few benefits that can derive from the corridor and which will contribute to the region's economic development and poverty reduction.

To what extent has the environmental dimension been taken into account?

Following the adoption of the Bank's Environmental Policy in 1990, the AfDB published the Environmental Assessment Guidelines in 1992. The new Procedures, entitled Environmental and Social Assessment Procedures (ESAP), were adopted in June 2001. ESAP seeks to improve the decision making process to ensure that the projects and programs funded by the Bank are environmentally and socially sustainable. These rules apply to all the projects funded by the Bank. Besides, NEPAD-IPPF, a Special Fund hosted by the AfDB has allocated a US$2.7-million grant for a study relating to the corridor. This technical study will include environment and social aspects to define mitigation measures to be implemented during and after the project. *(AFDB)*

Japan pledges investment in quality infrastructure in Africa

Investing in infrastructure and human resource development are crucial for Africa to realise Agenda 2063, a high-level panel during the Sixth Tokyo International Conference on African Development (TICAD VI) heard in Nairobi.

The panel, under the theme "Africa, towards 2063 and beyond", sought to sought to discuss challenges, opportunities and strategies for development as Africa moves towards 2063, and what Asia and Africa can learn from each other.

Agenda 2063 is an African Union-driven action plan that calls for collaboration to achieve accelerated development across the continent.
Speaking at the event, Shinzo Abe, Japan's Prime Minister, highlighted the need for investment in quality infrastructure that connects Africa. "We need to move ahead with investing for the future of Africa. Africa and Japan will work together. Japan will launch various initiatives that will support Africa in different sectors including infrastructure," he said.
At TICAD VI, the African Development Bank (AfDB) and Japan announced a US $3 billion private sector development initiative to boost growth and reduce poverty in Africa. The resources, to be provided under the third phase of the Enhanced Private Sector Assistance for Africa (EPSA) initiative, will focus on, among other things, infrastructure - transport and energy.
The AfDB Group President, Akinwumi Adesina, reiterated the importance of energy in order to industrialise. "African economies must diversify by industrialising very fast. For this to happen, we need to solve the energy crisis," he said. The Bank's New Deal on Energy for Africa seeks to solve Africa's huge energy deficit by 2025.
He pointed out the critical role of research and development (R&D) in boosting growth, and urged African leaders to invest in the sector as in the case of Asia in order to realise increased development. "Research and development is at the core of what Asia has done. Africa spends only 0.1 % of its GDP on R&D; this is so small compared to Japan which spends 3.7 % of its GDP on R&D. We cannot succeed without R&D," he stressed.
Political will was cited as a key ingredient for ensuring formulation of the right policies for development. According to President Paul Kagame of Rwanda, "the basis of development for any society is going to be good politics. This will give way to the right policies that can blend into global instruments to forge one development path."
Some of the policies, especially around economic integration, are necessary to move the continent from one that exports raw materials into one that adds value to its products, noted Ellen Johnson Sirleaf, the President of Liberia. Such policies, she asserted, will encourage inter-country trade, which is currently too low in Africa. Sub-Saharan African countries have the lowest trade among themselves compared with other regions. Statistics from the AfDB indicate that intra-African trade accounts for 11% (US $110 billion) of the value of total African trade.
Additionally, policies targeting youth employment emerged as crucial, particularly those enhancing digital technology. The AfDB has established a Jobs for Youth in Africa (JfYA) Strategy, aimed at creating direct and indirect employment in several sectors including ICT. The JfYA will see the Bank invest US $5 billion over the next ten years and create 25 million new jobs. These investments are expected to create opportunities for 50 million young people.
Japan, for its part, reiterated commitment to supporting African institutions to advance technology in Africa. Taku Otsuka, the country's State Minister of Finance pointed out that Japan would lay out concrete and tangible measures to support Africa. *(AFDB)*

Maintaining national roads is a priority of the Angolan government
The maintenance programme for national roads, notably those linking Luanda to Benguela and Malange to Saurimo, is among the Angolan government's priorities, the Construction Minister said in Luanda. Valdemar Pires, cited by Angolan news agency Angop, also said the studies carried out showed that two thirds of Angola's road traffic is found on three main roads – national road 100 (Luanda-Benguela), national road 230 (Luanda-Malange-Saurimo) and national road 120 (Alto Dondo-Quibala-Waco Kungo-Huambo). The minister, who was answering questions from members of parliament, as part of the discussion of the revised State Budget for 2016, said the road maintenance programme includes 29 projects, focusing on repairing badly deteriorated sections of the country's national roads. The minister also said the first phase of work to build integrated infrastructure in Malange had been concluded and the second phase now depended on availability of funds from the Chinese credit line. *(Macauhub)*

MINING

MRM mining company is the second largest exporter in Mozambique
Montepuez Ruby Mining (MRM) has been recognised by the Mozambican Institute for Export Promotion as the largest exporter of Cabo Delgado province and the second largest in Mozambique in 2015, according to daily newspaper Noticias. In 2015 MRM posted revenues of over US$74 million from ruby exports and total revenues of over US$196 million since it started operating in 2012.
The chairman of Gemfields Ian Harebottle, which own 75% of MRM, was given a document by the Minister for the Economy and Finance, Adriano Maleiane, that certifies that in 2015 the company was the second largest exporter in the mining sector.
Gemfields, a global leader in the supply of coloured gems, owns 75% of Montepuez Ruby Mining Limitada, which has a concession of approximately 336 square kilometres with primary and secondary deposits. It is estimated that Mozambique has the most significant ruby deposits in the world after Myanmar. Harebottle said at the time that the rubies found in Mozambique are unique and added they were well-received abroad, which is demonstrated by the success of the auctions held so far. *(Macauhub)*

Indian group gives up coal prospecting in Mozambique

Coal India Ltd (CIL) has returned the licenses for coal exploration in Mozambique granted to its subsidiary Coal India Africana Limitada (CIAL), according to its Annual Report and Accounts, cited by the Business Standard newspaper. The return of the licenses to the National Institute of Mines, of the Ministry for Mineral Resources and Energy was, according to the report, due to mining in the areas covered by the licenses "being technically infeasible". "A feasibility study for mining exploration concluded that it was not possible in the areas covered by the concessions obtained by CIAL, thus the board of CIL decided to return the licenses to the Mozambican government," said the document. The subsidiary of the Indian group had been granted two licenses for coal exploration in a joint area of 224 square kilometres, which were valid between August 2009 and August 2014. The geological report conducted byCIAL concluded that at least 170 square kilometres of the two concessions had no coal deposits to a depth of 500 metres. *(Macauhub)*

OIL & GAS

Low Oil Prices to Drive Growth for Africa's Fragile Economies

Sub-Saharan fragile economies are expected to fare better through 2017, based on the IMF. Average GDP growth for this sector is expected to rise modestly to 4.2% in 2016 from 3.9% in 2015 and then show a marked jump to 5.2% in 2017. Lower petroleum product import bills for these almost exclusively non-oil producing countries is expected to be a significant driver of GDP. Only three fragile economies, Cote d'Ivoire, the Republic of Congo and Zimbabwe, have issued international bonds. South Sudan is an oil exporter.

% Growth Rates	2013	2014	2015	2016	2017
SSA fragile	7.2	6.1	3.9	4.2	5.2
SSA low-income	7.1	6.6	5.7	4.7	5.8
SSA middle-income	4.6	4.6	2.6	2.5	3.4
SSA oil-exporting	5.7	5.9	2.6	2.2	3.4

Source: Bloomberg Intelligence

The IMF lists 19 nations as having fragile economies including Cote d'Ivoire, Malawi, Burundi, the Democratic Republic of Congo, Madagascar, Central African Republic and Zimbabwe.

The IMF lists 19 nations as having fragile economies including Cote d'Ivoire, Malawi, Burundi, the Democratic Republic of Congo, Madagascar, Central African Republic and Zimbabwe. *(By Jaimin Patel, BI Senior Credit Analyst at Bloomberg)*

Eni Aims to Find Lenders for Mozambique Floating LNG in 4Q

Project financing talks for Coral FLNG in Mozambique are expected to be concluded in 4Q, Filippo Gotti, VP LNG Mozambique at Eni Gas & Power, says at FLNG conference in London.
All capacity sold on FOB basis to portfolio player
Co. aims to take FID on 3.4m tons/yr Coral FLNG this year
Production to start in late 2021, 2022
Project will ship 1 cargo a week
Co. also developing 2 onshore terminals in Mozambique with total capacity of 10m tons/yr in project called Mamba
FID for project seen in 2017, production start in 2022-2023. *(Bloomberg)*

Afrox Secures 1.1b Rand LPG Contracts in South Africa, Lesotho

Company secures 10-year agreement to supply liquefied petroleum gasa to Gordons Enterprise in Lesotho.
Contract is worth 1b rand, company to secure LPG filling site in Maseru industrial development zone
Afrox secures 5-year agreement to supply LPG to distributor partner in Mthatha in South Africa's Eastern Cape province; contract worth 100m rand. *(By Ana Monteiro, Bloomberg)*

World Bank advises Zambia to stop power and fuel subsidies

The World Bank has advised the Zambian government to cut its expenditure bill by dropping a fuel and power subsidy programme which gobbles nearly $600-million in public funds from the treasury annually.
In its latest country-focused cost-cutting advisory report, the global financial institution said the removal of the subsidies would help Zambia reduce the effects of the ongoing economic slowdown. Apart from internal currency pressures attributed to a strong US dollar, the Zambian economic slowdown has been linked to the ongoing global slump in demand and prices for mineral commodities including copper, its main export revenue earner.
In the report entitled: "Beating the slowdown: Making every Kwacha count", World Bank Country Manager for Zambia, Ina-Marlene Ruthenberg, said the removal of subsidies would help if run parallel with a public expenditure programme aimed at strengthening financial and other social safety nets to mitigate vulnerability to poverty among poor households.
"By making every Kwacha count, a return to faster growth will be expedited. That growth itself can be made more inclusive to support households escape from poverty and to ensure that prosperity is better shared in Zambia. It is estimated that fuel subsidies have averaged close to $36-million a month between September 2015 and May 2016. With electricity subsidies at $26-million a month, that makes a combined annual bill of $576-million. That is putting pressure on the budget," the report said.

Further, the report said the current power crisis underlined the need for government to ensure that new generation projects were adequately funded and old ones maintained to avoid the need for interventions like subsidies, which represented a massive drain on the national fiscus.
Further, the bank said the low power tariff regime in Zambia was scaring away new investments into the power development sector.
Because it was sub-economic, the low power tariff regime also made it impossible for the government to generate adequate power and maintain the current electricity transmission grid.
"Inadequate electricity tariffs limit the extent to which the existing generation and grid network is maintained and the extent to which investments in new generation capacity and network expansion by either ZESCO or private parties can be made. Furthermore, the cost of subsidising the sector creates significant fiscal pressures," the report said.
Among other power saving measures, the Zambia Electricity Supply Corporation (ZESCO) runs a daily load-shedding regime of four hours.
Supplementary power is imported from Mozambique and Turkish company Ka-Power via a power barge moored off the coast of Mozambique. Internal power generation has been dogged by frequent equipment breakdowns, and of late, a drop in water levels on Lake Kariba where Lusaka jointly runs the Kariba Hydro Electric Power Station with neighbouring Zimbabwe. *(Engineering News)*

AGRIBUSINESS

Angola: Israel increases agricultural projects

Luanda - The Israeli investment projects in Angola, focused on the field of agriculture, "had considerable growth, in the last three years, said in Luanda, the Israeli ambassador to the country, Joao Raphael Singer.

Speaking to the press at the end of a meeting with the Angolan Foreign minister, Georges Chikoti, the Israeli diplomat said that the increase of relations between the two countries also intensified in recent times, in public security area. Without revealing numbers in relation to investments, the diplomat, who is at the end of his mission to Angola) bid farewell to the Angolan official. He said that in the areas of health, information technology, energy and water, education and culture there was also growth in projects. Joao Raphael Singer explained that the opportunity also served to exchange views on issues related to the work carried out at the level of bilateral cooperation (Angola / Israel), the regional political situation in the Middle East and internationally, in general. Another issue discussed at the meeting, according to the ambassador, was the evaluation of the Angola mission work already completed at the United Nations Security Council. After serving three years of diplomatic mission in Angola, ambassador Joao Raphael Singer will represent the political and diplomatic interests of his country in Peru. *(Angop)*

AfDB facilitates digital financial inclusion of small-scale farmers in Togo

After its success in Liberia, the African Development Bank is supporting another digital payment project in line with its agriculture transformation agenda. "AGRIPME" (Agri Porte Monnaie Electronique) is a joint project of the Ministry of Agriculture and the Ministry of Digital Economy in Togo aiming to provide subsidies to farmers through electronic wallets provided by mobile network operators MOOV and TOGOCEL.
To date, 76,522 out of the 150,000 small-scale farmers have been identified and registered, allowing them to benefit from a US $1.3 million subsidy to buy inputs. The Government is essentially aiming to establish a secure database of small-holder farmers, the digitalization of input acquisition and the selection of input suppliers for fertilizers distribution. This innovative input distribution mechanism is based on the fact that Togo is among of the lowest users of fertilizers in the world. Prior to the ongoing reform of the agricultural sector, approximately 6 kilograms of fertilizers per acre were used in Togo, against the recommended 50 kg for good agricultural performance. Key components of the project were related to farmers' registration, wallet openings, capacity building and sensitization, technical assistance and setting up an agricultural information system.
The Government is targeting 3 million farmers, which represents 70% of its total population. It is important to note the involvement and alignment of mobile network operators in Togo, in supporting the cost of 107,000 SIM cards, prefunding a communication campaign and establishing of call centres for customer support as part of their corporate social responsibility. In a second phase of the project and to speed up results, the Government of Togo will look to leverage on the latest innovative technologies such as geospatial mapping and biometric identification.
The long-term impact of this digital payment innovation resides in an opportunity for more than half the population to be recognized in the financial system and aspire to additional financial services and improved well-being.
The Togo e-registration of small-scale farmers is encouraging as it demonstrates the role and potential of the private sector in catalyzing the agricultural production by digitally empowering a traditionally excluded portion of the population, making them more attractive to financial institutions. *(AFDB)*

African countries urged to prioritize mechanized agriculture for increased productivity

Limited use of improved technology is a major reason for low agricultural productivity across Africa, the African Development Bank (AfDB) has said at the ongoing African Green Revolution Forum (AGRF) in Nairobi.

“Low use of technology is partly why Africa continues to be a net importer of food ,” Chiji Ojukwu, the AfDB Director for Agriculture and Agro-Industry stated, adding that over 60 % of the continent’s land has irrigation potential, yet only five % of it is under irrigation.

Speaking at a session on “Agriculture Infrastructure, Technology and Mechanization,” Ojukwu said it was impossible for Africa to be competitive while its farmers were still spending too much time tilling acres of land manually. “We cannot feed Africa with this kind of agriculture. We must mechanize. Mechanization of agriculture is imperative. Let us do what we can to push this agenda,” he stressed.

Statistics from the AfDB indicate that African farmers have 10 times fewer mechanized implements per farm area than farmers in other developing regions and access has not grown as quickly as in other regions.

Nigeria has embarked on a pilot project to provide tractors and fertilizer to farmers with the aim of boosting agricultural production. Abdullahi Abubakar, the Deputy Director for Engineering and Mechanization in the Federal Ministry of Agriculture and Rural Development, said his department has partnered with Agricultural Equipment Hiring Enterprises (AEHEs), and is currently working with 110 centres to provide services to smallholder farmers. “Mechanization makes the farmer more efficient, displacing unskilled labour and allowing the farmer to till a large parcel of land over a short time,” he said.

The African Green Revolution Forum saw the AfDB reiterate its commitment to supporting its regional member countries to create AEHEs, as well as providing concessional debts to be on-lent for equipment hiring and purchasing through commercial banks.

But most important, as with mechanization, is solving Africa’s water problem. Experts say the continent is facing diminishing water supplies, thus making irrigation a challenge. According to the World Bank, water scarcity can translate into growth-rates decline as much as 6 % of GDP by 2050 as a result of water-related losses in agriculture, among others. “Mechanization starts with water management,” said Patrick Nduati Mwangi, Principal Secretary in Kenya’s Ministry of Water and Irrigation. He cited the Government’s efforts to irrigate a 10,000-acre model farm in the arid coastal region in order to boost food security.

The use of Information and communications technology (ICT) was mentioned as pertinent to Africa’s agricultural transformation, and is seen as a tool to woo the youth into entrepreneurship in agriculture (‘agri-preneurship’). “The youth are not finding agriculture interesting because there is a gap which needs to be filled by information. The youth can bridge this gap by utilizing applications that provide information on farming methods, disease control, soil improvement technologies and market opportunities,” Gift Mafuleke, a youth farmer from South Africa, told delegates.

Already the AfDB is rolling out its ENABLE (Empowering Novel Agri-Business Led Employment) Youth initiative, in partnership with the International Institute of Tropical Agriculture. The program seeks to bolster youth entrepreneurship in agriculture and agri-business. The initiative will see the Bank train the next generation of agriculture entrepreneurs, also referred to as ‘agri-preneurs’, in several countries, and provide them with seed money through banks to finance their bankable business plans.

ENABLE Youth is also seen as an innovative initiative to address youth unemployment through agriculture. The initiative, under Feed Africa, the Bank’s Strategy for African Agricultural Transformation during the period 2016-2025, will embark on a number of approaches aimed at responding to the challenges of technology and mechanization.

These include: increasing investment to disseminate proven technologies for agricultural productivity improvement through the Technologies for African Agricultural Transformation initiative (TAAT); establishing a facility for on-farm mechanization leasing; investing in infrastructure and training to reduce on-farm and post-harvest losses; scaling-up and replicating innovative models to organize and aggregate farmers; accelerating and coordinating development of enabling hard infrastructure (energy, water, and logistics); building market centers and associated service infrastructure; and launching large scale farmer e-registration systems. *(AFDB)*

Kenya Investing 6% of Budget to Agriculture

Kenya's investment in agriculture has hit 6 % of the national budget from 2 % in 2003. Agriculture Cabinet Secretary Willy Bett says the country is committed to achieving the 10 % investment of national budget to agriculture as agreed at the Maputo Declaration on Agriculture and Food Security in 2003.

Currently only eight African countries have committed to the declaration. "We are not there yet, and we should not blow our trumpet, our part ourselves in the back, there is a lot to be done," Bett told Capital FM Business on the sidelines of the AGRF conference in Nairobi. He says Kenya is also looking at tapping into tapping into the opportunities opened during the Africa Green Revolution Forum.

Commitments worth Sh3 trillion were pledged in the continent for Africa's agriculture development. "We are ready to write proposals and sell all our proposals so as we get the money we require transforming our country's agriculture," Bett said.

In the 2016/2017 budget, the agriculture sector got a huge share.

Treasury Cabinet secretary allocated Sh20.8 billion shillings for irrigation projects around the country including the Galana-Kulalu Irrigation Project, with the hope of improving and uplifting such irrigation programs and schemes as Mwea Irrigation Project as well as National Expanded Irrigation Program.

Sh4.9 billion was also allocated to the subsidised fertiliser as well as seeds while Sh1.6 billion were allocated for Strategic Food Reserves.
Sh8.4 billion was allocated for the acquisition of the Offshore Patrol Vessel for the fisheries sub sector; the modernization of the ailing Kenya Meat Commission, the revival of the pyrethrum sector, livestock and crop insurance scheme, livestock value chain support and the mechanisation of the agriculture in general.
Sh1 billion was set aside for Crop Diversification Program in the Meru region for the Miraa farmers and Sh2.4 billion for Coffee Debt Waiver.
According to a new report released by the Alliance for a Green Revolution in Africa (AGRA), countries that made the biggest investments in agriculture were rewarded with sizeable jumps in both farm productivity and overall economic performance. The AGRA report notes that even if they didn't hit the 10 % targets, early adopters of the Maputo Declaration goals have seen productivity on existing farmlands rise by 5.9 to 6.7 % per year.
This boost in turn helped spur a 4.3 % average annual increase in overall GDP. "The last ten years have made a strong case for agriculture as the surest path to producing sustainable economic growth that is felt in all sectors of society-and particularly among poor Africans," said AGRA President Agnes Kalibata told Capital FM Business.
Kailbara said that many governments face significant budget constraints and far too many farming families continue to lack basic inputs, like improved seeds or fertilizers. But the evidence is clear. (By Kennedy Kangethe, All Africa Global Media)

Kenya economy: Quick View - Tea production climbs
Tea production jumped by 42.3% to 249,354 tonnes in the first half of 2016 from a year earlier, according to new figures in early September from the Kenya National Bureau of Statistics.
The rise in production of Kenya's most valuable commodity stems from favourable weather conditions in tea-growing areas, especially in the early part of the year: first-quarter output soared by 71.1% year-on-year (to 139,607 tonnes), while second-quarter output recorded a smaller 17.2% increase to 109,747 tonnes. Higher production inevitably translated into a rise in exports, although earnings were constrained by lower auction prices, which fell by 14.3% to US$2.37/kg in the first half from a year earlier. The downturn was particularly acute in the second quarter, when prices slid by 26.4% year on year to US$2.24/kg because of improved global supplies: this followed a small 0.5% increase in the first quarter to US$2.5/kg. Nonetheless, after falling steadily from January to April, prices made modest advances in May and June.
The rise in tea production was more than sufficient to offset weaker prices, leading to a 25.4% rise in export earnings to KSh65.88bn (US$648m) in the first half of 2016 from a year earlier. In US dollar terms, receipts climbed by 15.8% to US$649m, potentially setting Kenya on course to achieve record earnings in 2016 (following sales of US$1.25bn in 2015), provided seasonal rains in the fourth quarter are satisfactory. A strike by tea-pickers in July may have depressed production during the month but, unless further stoppages take place, is unlikely to have much impact on annual output.
Kenya's other leading cash crops, horticulture and coffee, also made first-half gains. Exports of cut flowers soared by 32.7% to KSh41.1bn from a year earlier (or by 21.7% in US dollar terms to US$405m), while less-valuable fruit sales jumped by 46.8% to KSh4.3bn, although figures for vegetable exports are still pending. Coffee exports rose by 8.5% in volume terms (to 24,496 tonnes) and by 11.3% in revenue terms (to KSh12.1bn), helped by a 9.4% rise in prices to US$3.7/kg. *(Economist Intelligence Unit)*

UPCOMING EVENTS

Uganda - UK Investment Summit, 10 September 2016- Troxy – LONDON
This summit will provide attendees with the strategies, techniques and tools that you need to successful do business in Uganda. http://www.ugandanconventionuk.org/ info@ugandanconventionuk.org

First edition of the International Precious Stones Fair from 12 to 15 September in Nacala, Mozambique
Expecting more informations

Mining on Top – Africa London Summit 19-20September, Raadisson Blu Portman Hotel London
www.miningontopafrica.com

Africa Hotel Investment Forum Rwanda 5-6 October 2016 Radisson Blu Hotel & Convention Center - Kigali, Rwanda
http://www.africa-conference.com/rwanda/

Private Equity in Africa Summit - Creating Value and Market Growth - London 26 October 2016
https://live.ft.com/Events/2016/Private-Equity-in-Africa-Summit

FT Mozambique Summit - Accelerating a return to growth and stability - Maputo 02 November 2016

https://live.ft.com/Events/2016/FT-Mozambique-Summit

The Africa Renewable Energy Forum – 2-4 November 2016, Marrakech, Morocco at Four Seasons Resort Marrakech
http://africa-renewable-energy-forum.com/

23rd Africa Oil Week – Africa Upstream – Cape Town 31st October – 4th November 2016
http://aow.globalpacificpartners.com/events/?fa=overview&id=966

Angola's International Fisheries and Aquaculture Fair 2016 runs from 24 to 27 November
Expecting more informations

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

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