INSIDE AFRICA

11 May 2015

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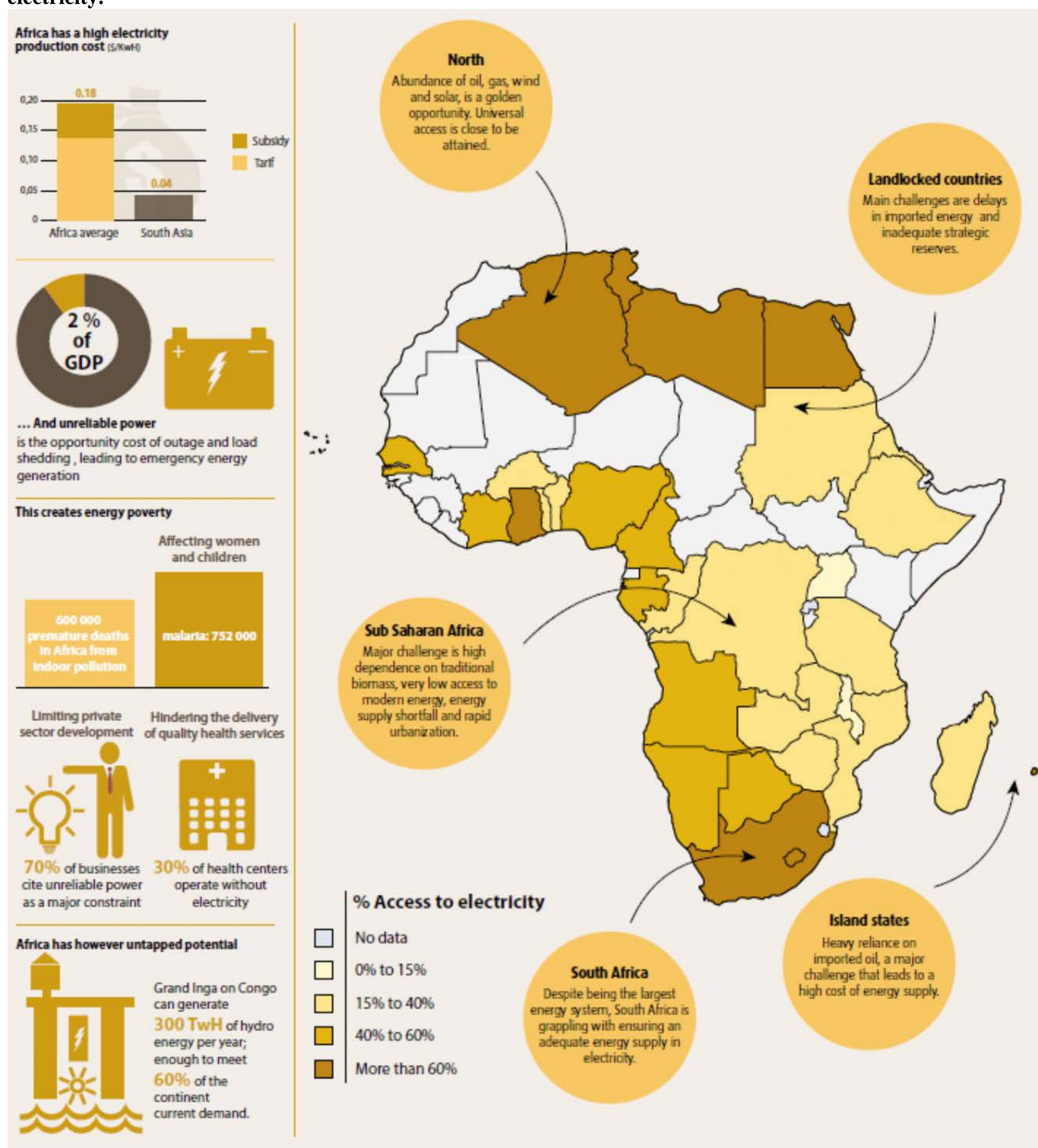
In-depth:
Africa energy challenges and opportunities

Africa has enormous clean energy potential but is faced with big challenges in providing its people with energy access. Over 620 million people in Sub-Saharan Africa — 60% of the population — are without access to electricity.

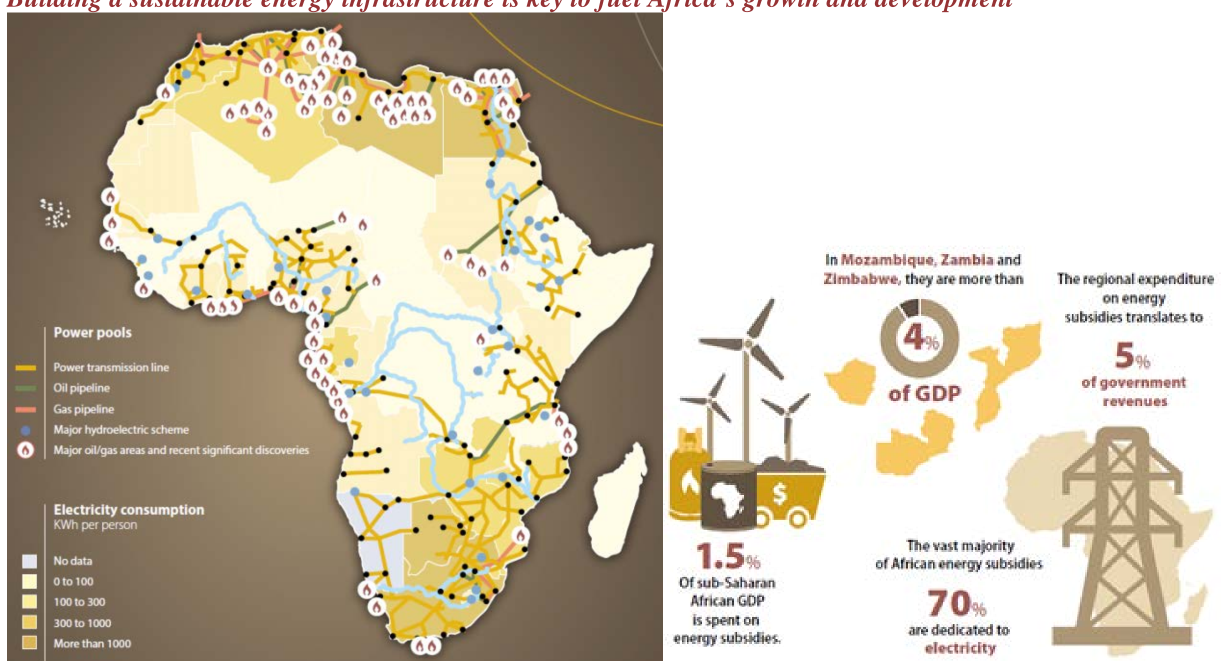


AFDB

The African Development Bank's first Development Effectiveness Review focusing on the energy sector was launched on Tuesday, April 28 at the Bank's headquarters in Abidjan by the Bank's Energy, Environment and Climate Change Department and Quality Assurance and Results Department. The event was co-chaired by Alex Rugamba, Director of Energy, Environment and Climate Change, and Simon Mizrahi, Director for Quality Assurance and Results, and was attended by development partners including United Nations Development Programme, United Nations Industrial Development Organization, West African Development Bank (BOAD), and the Association of African Development Finance Institutions (AADFI).

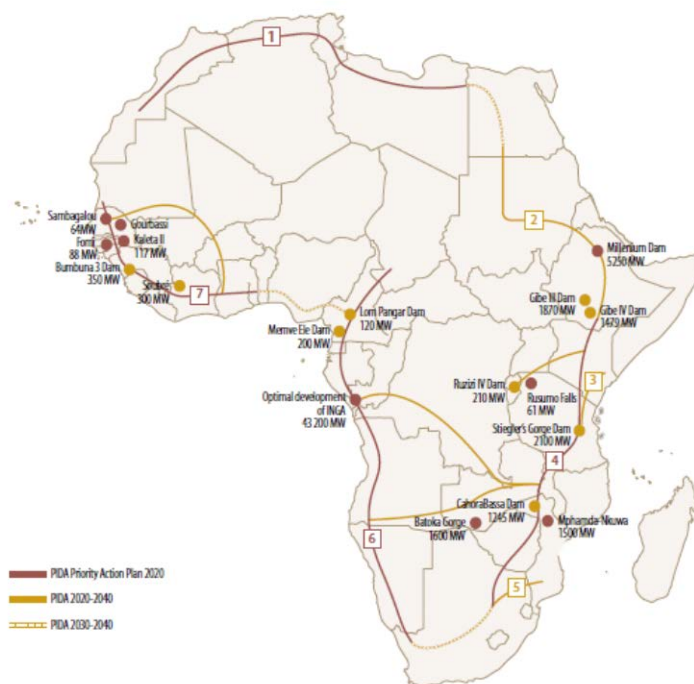
The report examined the Bank's contribution to building sustainable energy infrastructure on the continent between 2009 and 2013. It also looks at how effectively AfDB manages its energy operations and how efficient it is in doing so.
"Energy is a field of opportunity for Africa," writes Solomon Asamoah, Vice-President, Operations in charge of Infrastructure, Private Sector and Regional Integration, in the opening pages of the report. "The continent has significant share of the world's renewable energy sources, of which only a fraction is under development. Africa has the potential to leapfrog over carbon-intensive technologies and meet most of its future energy needs from renewable sources, putting it firmly on the path to green and inclusive growth." "Development effectiveness reviews are an essential part of managing for development results," said Mizrahi, who added that the report was timely as the Bank prepares for COP21 climate change talks in Paris at the end of the year.
Following the presentation of the report by Victoria Chisala, Manager of the AfDB Results Division, Rugamba laid out the new focus area of the Bank in the energy sector, which included (i) increasing and diversifying energy generating capacity, (ii) reinforcing transmission and distribution networks, (iii) promoting decentralised energy solutions, (iv) developing regional energy markets, (v) increasing share of renewables, (vii) intervening at the sector level, and (vii) supporting countries in the development of their action plans for the United Nations Sustainable Energy for All (SE4ALL) initiative.
Discussants included AfDB Chief Economist and Vice-President Steve Kayizzi-Mugerwa, who emphasised that "very little thought is put into development of maintenance capacities. This issue is key to creating jobs for young engineers."
Meanwhile, Moono Mupotola, Division Manager, Regional Integration and Trade, discussed ways of increasing energy production capacity to become more competitive in global trade.

Building a sustainable energy infrastructure is key to fuel Africa's growth and development



Energy subsidies cost sub Saharan African governments 5% of their revenues

PIDA — generation and transmission programme



1 North Africa transmission; 2 Sudan-Ethiopia transmission; 3 Tanzania-Kenya transmission;
4 North South transmission corridor; 5 South Africa Mozambique transmission;
6 Central Africa transmission ; 7 West Africa power transmission corridor

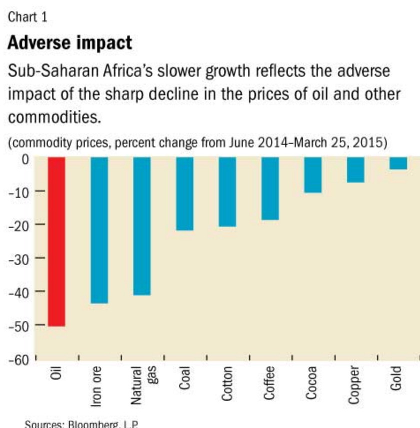
NEPAD's Programme for Infrastructure Development in Africa provides a strategic framework for the development of regional and continental infrastructure in Africa. Its Priority Action Programme sets out the most urgent investments in the coming period. Its energy projects, once implemented, will help to boost trade within and between power pools. The expected benefits include reduced costs through economies of scale, a better energy mix among countries that depend on hydropower and those where thermal energy predominates, and increased access to modern energy services for the private sector, for public service delivery and for households. *(AFDB)*

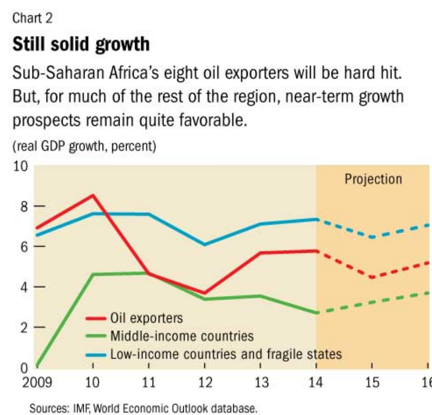
Resilient Growth in Sub-Saharan Africa, Despite Strong Headwinds

- **Growth still robust but at lower end of range by recent standards**
- **Sharp decline in oil prices poses formidable challenges for oil exporters**
- **Achieving sustained, high, inclusive growth the overarching priority**

Growth in sub-Saharan Africa should remain robust but decelerate in the wake of the decline in oil and commodity prices. The IMF's latest Regional Economic Outlook for sub-Saharan Africa projects that the economy of the region is set to register another year of solid performance, expanding at 4½ % in 2015. While this rate will be at the lower end of the range experienced over the last few years, sub-Saharan Africa will remain among the fastest growing regions of the world.

The deceleration in growth reflects the adverse impact of the sharp decline in the prices of oil and other commodities (see Chart 1). However, this impact will be highly differentiated across the region (see Chart 2).





On the one hand, growth among oil importers will remain strong, notably in low-income countries, driven by investment in mining and infrastructure and by strong private consumption. Excluding South Africa—where growth is expected to remain lackluster, held back by continuous problems in the electricity sector—and Guinea, Liberia, and Sierra Leone—where the Ebola outbreak continues to exact a heavy economic and social toll—growth among oil importers is still expected to reach close to 6 % in 2015 and 6½ % in 2016.

On the other hand, the eight oil-exporting countries in the region, hard hit and with limited savings to fall back on, are expected to undertake significant fiscal adjustment, with adverse implications for growth. Growth among these countries is now expected at 4 ½ % in 2015, some 2½ percentage points lower than what had been expected six months ago.

Fiscal deficits are set to remain high or worsen in several countries. Among oil exporters, fiscal adjustment efforts will offset only partially the impact of lower oil prices, while in some other countries fiscal deficits are expected to remain close to the elevated levels of 2014. In the countries hit by Ebola, worsening fiscal positions reflect the efforts to combat the disease.

Downside risks

In that context, the outlook is subject to various downside risks. Countries depending on external financing to cover large deficits are vulnerable to a steep increase in their financing costs that could be triggered, for instance, by the normalization of monetary policy in the United States.

Further weaknesses in Europe and Japan and an abrupt slowdown of growth in China could also lower the demand for sub-Saharan Africa's products, driving growth lower and widening fiscal imbalances. Meanwhile, further dollar appreciation would make imports more expensive, lower investment and growth, and fuel inflationary pressures. Region-specific risks also exist. Security-related risks have recently come to the forefront in a number of countries; should these risks escalate, they would generate serious fiscal costs, hamper growth, and deter domestic and foreign investors. In addition, elections in a number of countries in 2015 could complicate the implementation of politically difficult policies; and while there are indications that the Ebola epidemic is coming under control, the situation remains fragile.

Fiscal adjustment and economic diversification

In the short term, faced with a massive shock and limited external reserves and fiscal savings, oil exporters will have no choice but to undertake fiscal adjustment. Where feasible, allowing exchange rate flexibility will be important to help preserve scarce external reserves. In addition, low oil prices provide a unique opportunity to introduce politically difficult energy subsidy reforms across the region. The current shock is also a powerful reminder of the need to make more rapid progress toward economic diversification. To that end, addressing the infrastructure gap remains critical to allow new higher-productivity sectors to develop and to achieve sustained, high, and inclusive growth. In scaling up investment spending, though, countries should remain mindful of the need to preserve debt sustainability.

Harnessing the demographic dividend

The *Regional Economic Outlook* also discusses, in two background studies, how countries in the region may benefit from current demographic trends and how they can become more integrated in global trade.

The first study considers the implications of the rapid increase in the sub-Saharan African population, projected to grow to 2 billion by 2050 and 3.7 billion by 2100. As a consequence, the region will become the main source of new entrants into the global labor force over the next 20 years. The experience of East Asia and Latin America, which underwent a similar transition in the past, suggests that these trends could yield a valuable "demographic dividend."

However, the magnitude of this dividend will critically depend on the speed of decline in fertility rates and on the strength of accompanying policies. The study finds that the largest dividend will be gained if policies are focused on a set of interlinked actions, including fostering private sector development outside agriculture, bridging the infrastructure and human capital gaps, tackling labor market rigidities, and supporting stronger trade ties. Effectively mobilizing the increase in domestic savings arising from the demographic transition could also spur higher investment and growth. Implementing these policies could lift sub-Saharan Africa's GDP per capita by as much as 50 % by 2050.

Better integrating into global value chains

The second study reviews the region's integration into the global economy, with a special focus on trade and participation in the global value chains. It finds that sub-Saharan Africa has become significantly more open to trade since the 1990s, developing new partnerships with China and other emerging markets as well as trade within the region. However, while the expansion of trade has contributed significantly to growth, productivity gains have lagged those recorded in other regions.

Looking ahead, the study finds that there are still substantial opportunities for further regional and global trade integration. Even after accounting for factors such as low levels of income, small economic size, and distance, trade flows from sub-Saharan Africa are still significantly smaller than in the rest of the world.

Likewise, the region still has some way to go to better integrate into global value chains—a process that in other regions has been associated with higher growth over time. In countries where progress in integrating into value chains has been largest, manufacturing, agriculture and agro-business, tourism, and transport have been the largest contributors.

To leverage this potential and tap the region's comparative advantages, the study emphasizes the need to improve infrastructure, reduce tariff and nontariff barriers to trade, improve the business climate and access to credit, and improve education. *(IMF)*

IMF Projects Solid Growth for Sub-Saharan Africa in the Face of Headwinds

Introducing the April 2015 *IMF Regional Economic Outlook: Sub-Saharan Africa*, Ms. Antoinette Sayeh, Director of the IMF's African Department commented:

"Sub-Saharan Africa's economy is set to register another year of solid economic performance with growth expected to expand 4½ % in 2015. The region will continue being one of the fastest growing in the world—second only to emerging and developing Asia. That said, the economic expansion will be at the lower end of the range experienced in recent years, mainly reflecting the impact of the sharp decline of oil and commodity prices over the last six months. But the impact of this shock will be highly differentiated across the region.

"Sub-Saharan Africa's eight oil exporters have been hard hit by the price decline, and their average growth in 2015 is expected to be about 1¼ percentage points lower than in2014 in response to this shock. However, for most of the rest of the region, growth prospects remain favorable. These countries are enjoying the benefits of lower oil import bills, although some are also feeling the impact of lower prices for their non-oil commodity exports. Growth is projected to be particularly strong in most low-income and more fragile countries, and this will help to reduce poverty levels.

"In Guinea, Liberia and Sierra Leone, the Ebola outbreak is beginning to be controlled, with a sharp decline in the incidence of new infections. However, 2015 will be another difficult year, with economic activity expected to be significantly depressed. The IMF has provided $390 million of assistance to help these countries, including $100 million of grants for debt relief—the first instance of such assistance by a development partner.

"While the baseline scenario is for solid growth, policy makers need to remain mindful of risks that could still cloud the outlook. In particular, global financial conditions are tightening just as the region's frontier markets are increasingly relying on Eurobonds to finance their large investment needs. The deteriorating security situation in some areas could also strain budgets and have an adverse impact on the near-term growth outlook, especially in the agricultural sector, while weakening prospects for foreign direct investment. "For the region's eight oil exporting countries, fiscal adjustment is a priority; policy makers should support an adjustment by allowing exchange rates to depreciate, where flexible exchange rate mechanisms are in place. Most countries have already initiated policy adjustment. They should be prepared to take additional steps if conditions warrant, bearing in mind the need to avoid cuts to capital spending. Similarly, frontier markets must remain vigilant to avert the risk of disorderly capital movements, especially in response to changes in U.S. monetary policy. More broadly across the region, countries should take advantage of lower oil prices to eliminate fuel subsidies and put in place flexible energy pricing mechanisms (while ensuring that social protections are in place for the most vulnerable). Not only would that promote efficient energy use, but it would also make room to scale up education and infrastructure spending. "The current circumstances also highlight the urgent need for policies that favor structural transformation to diversify sub-Saharan Africa's production base and promote greater integration into global trading networks. This will help the region create jobs for the rapidly growing young population as the region is set to experience a significant demographic transition in the next decades. By 2030 or so, the number of people reaching working age in the region will exceed that in the rest of the world combined. This offers a tremendous opportunity for sub-Saharan Africa, which, if properly tapped, could create a powerful engine for long-term growth." *(IMF)*

Angola's economy: In deep water

A low oil price and uncertainty over future exploration projects – with existing oil fields rapidly drying up – is threatening to tip the Angolan current account from surplus to deficit this year, and is raising questions about the future of its oil-reliant economy. While lower oil prices will combine with other negatives to reduce FDI in Angola in 2015, the oil-dominated west African economy has other sector-related concerns. Not only is the oil revenue squeeze hitting the entire economy hard, but there are also mounting worries over future oil production. Infrastructure projects are being cut back and ministers have been ordered not to travel, as the government tightens its belt. Oil accounts for 95 % of Angolan exports and 75 % of government revenues, making the economy dangerously exposed to an oil price that has nearly halved since mid-2014.

Tightening the purse strings

One likely consequence will be that the current account moves from surplus to a large deficit this year, according to economist John Ashbourne of London-based research company Capital Economics. "Though the government plans to finance the current account through $10bn of external borrowing, including a Eurobond and loans from China, we doubt that this will be enough to avoid a substantial reduction in foreign exchange reserves," he says.

There is also the risk of a currency devaluation, which he thinks is increasingly likely and which will further deter FDI. "I expect FDI to slow substantially," Mr Ashbourne predicts. "Investors are facing a slowing economy, a government fiscal crisis and significant currency risk." The government will need to tighten fiscal policy substantially, he adds, and GDP growth will be "meagre", falling from 4 % in 2014 to 1.5 % this year. There is a non-oil economy, but it relies heavily on the redistribution of rents from the oil and gas sector, and is likely to suffer accordingly. There has been little diversification since the last recession of 2008/09, so oil remains almost the only game in town. That makes any

anxieties about its future all the more disturbing. Lower oil prices have prompted delays in various planned developments that should already have been awarding contracts. Operators, including Maersk and Chevron, are reportedly reworking projects in search of cost savings.

Deep trouble

Production from Angola's older deep-water oil fields has peaked, and is now declining at rates of 5 % a year or more. It was hoped that this would be offset by new capacity coming onstream, notably from the ultra-deep-water pre-salt Kwanza basin. The pre-salt geology in Angola is similar to offshore Brazil, where vast hydrocarbon reserves have been found beneath a thick layer of salt, and oil companies were bullish about its prospects. Recent drilling disappointments for explorers, such as Statoil, which has had dry wells in two pre-salt areas, have diminished that enthusiasm, however.

"Setbacks in offshore ultra-deep-water exploration have dampened appetites," says Dr Alex Vines, head of the Africa programme at the UK's Royal Institute of International Affairs (Chatham House) and an expert on Africa's extractive industries. "The worry is that existing oil fields are reaching maturity, and if there is no new investment the trajectory will be down." This lack of appetite has prompted delays in the latest deep-water licensing round, originally scheduled for 2014. "Licensing may be delayed again," says Mr Vines. "The market is feeling too conservative to want to spend money on signature bonus payments." Mr Vines also points out that exploration in this area is technically challenging, very expensive and, with oil prices where they are, oil companies may choose to focus their efforts elsewhere in the world. *This article was originally published by fDi Magazine, a sister publication to This Is Africa (www.fDiIntelligence.com)*

SOVEREIGN RATINGS

Region - Africa/Middle East

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
11-05-2015	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	B+	BB-	NR	B	B
Bahrain	Baa3	BBB-	BBB	NR	A-3	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Ethiopia	B1	B	B	NR	B	B
Gabon	Ba3	B+	B+	NR	B	B
Ghana	B3	B-	sover	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	B1	NR	B	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B2	B-	B	NP	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B1	B	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	B+	BB-	NR	B	B
Oman	A1	A-	NR	NR	A-2	NR
Qatar	Aa2	AA	AA	NR	A-1+	F1+
Republic of Congo	Ba3	B	B+	NR	B	B
Republic of Zambia	B1	B+	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	Aa3	AA-	AA	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B+	NR	NR	B
South Africa	Baa2	BBB-	BBB	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

Eurozone

11-05-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	B3	B+	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa2	CCC+	CCC	NP	C	C
Ireland	Baa1	A	A-	P-2	A-1	F1
Italy	Baa2	BBB- u	BBB+	P-2	A-3u	F2
Latvia	A3	A-	A-	NR	A-2	F1
Lithuania	A3	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BBu	BB+	NR	Bu	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Baa3	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

North and South America - Asia

11-05-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	Ca	Sdu	RD	NR	Sdu	RD
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+
BRAZIL	Baa2	BBB-	BBB	NR	A-3	F2
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
CHINA	Aa3	AA-	A+	NR	A-1+	F1
COLOMBIA	Baa2	BBB	BBB	NR	A-2	F2
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
JAPAN	A1	AA-u	A	NR	A-1+u	F1
MACAU	Aa2	NR	AA-	NR	NR	F1+
MEXICO	A3	BBB+	BBB+	WR	A-2	F2
SINGAPORE	Aaa	AAAu	AAA	NR	A-1+u	F1+
URUGUAY	Baa2	BBB-	BBB-	NR	A-3	F3
VENEZUELA	Caa3	CCC	CCC	NR	C	C
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

SEFA poised to foster private sector participation in renewable energy in Mozambique

The Sustainable Energy Fund for Africa (SEFA) has approved a USD 740,000 technical assistance grant to the Government of Mozambique to enhance the enabling environment for private investments in the country's promising renewable energy sector. Specifically, the new SEFA grant will support the implementation of the country's feed-in tariff regime for small/medium renewable energy projects, through the provision of standardized power purchase agreements, guidelines for grid connectivity and investor guidelines for prospective developers. The grant will additionally lay the foundations for a mini-grid regulatory framework, with special focus on designing a tariff structure and corresponding technical and environmental regulations, as well as providing capacity-building and awareness-raising activities for national and local representatives.

Abundant renewable energy sources in Mozambique still remain untapped in a country where only 33% of the population has access to electricity. The country's significant hydro potential, mainly along the Zambezi River, is estimated to be approximately five times the actual installed capacity; the largely untapped solar potential is promising across most of the territory; there is large biomass potential from agricultural waste, in particular from rice husk in Quelimane; there is considerable wind resource in the southern parts of the country; and geothermal energy has good prospects in the northern provinces given their proximity to the East African Rift Valley.

After the approval, Joao Duarte Cunha, SEFA Coordinator at the African Development Bank (AfDB), stated: "this SEFA project will play a key role in unlocking investments in small-scale renewables, particularly in rural areas where

needs are greatest. This will certainly improve energy access for households and businesses while reducing dependence from large-scale hydro and upcoming coal and gas projects".

This operation supports Government of Mozambique's long-term objective of increased energy access to 50% by 2024 and Sustainable Energy for All (SE4ALL) objectives focusing on universal access to modern energy services and doubling the share of renewable energy in the global energy mix by 2030. It is also aligned with the AfDB's Country Strategy Paper for Mozambique (2011-2015) focused on enhancing private sector competitiveness through infrastructure development and the Government's Poverty Reduction Strategy (PARP 2011–2014), the national Green Economy Action Plan (GEAP) and relevant strategies for the Energy Sector, including the National Strategy for Renewable Energy.

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

South Africa's Pick for AfDB President Seeks More Project Funds

Thomas Sakala, who has won the backing of South Africa to head up the African Development Bank, said governments must raise more domestic funding for infrastructure projects to spur economic growth. Sakala, a Zimbabwean national who has worked at the Abidjan-based bank for 31 years, is one of eight contenders to take over when Donald Kaberuka, 63, steps down as president at the end of his second five-year term in August. Infrastructure projects will be his main priority, Sakala, 60, said. The new management team will work to bring to fruition key projects, "which remain on the table despite being designated as priority over the years," Sakala said in an e-mailed response to questions.

The AfDB, as the bank is known, estimates that Africa needs to spend $93 billion each year until 2020 to try to close an infrastructure gap that deprives people of access to electricity and water, adequate transport and functional telephone and Internet networks. Sakala said a focus on mobilizing domestic funding for projects will help secure external loans.

"An Africa which can demonstrate its resolve for fundamental transformation through massive investment of domestically mobilized resources will be in a stronger position to attract higher, more diverse external resources to help close the crippling infrastructure gap," he said. The AfDB's governors, who include finance ministers and central bank chiefs from across the continent, will elect Kaberuka's successor on May 28 during the bank's annual meetings at its headquarters Abidjan, Ivory Coast's commercial capital. Akinwumi Adesina, Nigeria's outgoing minister of agriculture who is also a contender for the top post, said on April 14 he aims to increase private sector lending to curb widening inequality on the continent. Job growth hasn't kept pace with economic expansion that has averaged about 6 % in the past decade, swelling the ranks of unemployed youth and adding to political instability in the region, Adesina said. Other candidates vying for the presidency are three sitting finance ministers -- Ethiopia's Sufian Ahmed, Chad's Kordje Bedoumra and Cristina Duarte from Cape Verde -- as well as Jaloul Ayed, a former finance minister in Tunisia, Mali's Birama Boubacar Sidibe, a vice president of the Islamic Development Bank, and Sierra Leone's Foreign Minister Samura Kamara. *(Bloomberg)*

Investing to change lives: IFC and AfDB seek to boost private sector in Africa

Enhancing partnerships with a view to boosting private sector as the driving force for sustainable and inclusive growth in Africa is one of the main priorities for the African Development Bank's Private Sector Department (OPSD) and the International Finance Corporation (IFC).

For this reason, the African Development Bank hosted a high-level delegation from the IFC for two days of meetings on May 6 and 7, 2015 in Abidjan, to deepen relationships between the two institutions, and to develop initiatives to increase private sector investments in the region. The ultimate goal: to use investment to change lives in Africa.

Opened by AfDB Vice-President Solomon Asamoah, the meeting offered the opportunity to assess the experiences and lessons learned over the past few years of private sector financing to drive better results on the ground. The meeting also examined how the two institutions can better collaborate to bolster Africa's development by enabling sustainable private investment in a continent, which according to AfDB Private Sector Director Kodeidja Diallo, "is characterized by large and small projects funding gaps and challenges. "Africa is a huge market and we need to invest to change lives," she said, echoing Vice-President Asamoah, Vice-President, Operations, in charge of Infrastructure, Private Sector and Regional Integration.

The meeting particularly seeks how to increase the success factors for operations in fragile states, adequacy of business model for SME financing and advisory services. IFC Directors for Western and Central Africa, Saran Kebet-Koulibaly, and for East and Southern Africa, Cheikh O. Seydi, both of whom headed the delegation, expressed gratitude to the Bank for hosting the meeting, saying that it provided a golden opportunity to revamp the cooperation. "We believe in our partnership with the AfDB and the benefit of it is to sit down and take the partnership to the next level," Seydi

underscored. For his part, Asamoah emphasized the benefits of better leveraging of the resources and expertise of each institution for the benefit of Africa. "It is definitely a case of 1+1 potentially equalling 3," he said.

AfDB now supports 30 countries to advance on environment-smart projects with GEF: annual report

The African Development Bank (AfDB) is an implementing agency for the Global Environment Facility since 2008. The relatively young portfolio has 28 projects over 30 countries on the continent according to the 2014 AfDB and GEF annual report released on Monday, May 4. The portfolio size has been multiplied by 10 during the last five years and is now worth more than USD 200 million. The Bank's catalytic role in financing Africa's development contributes significantly to synergies and coordination among development partners and the private sector. The USD 218 million AfDB-GEF portfolio has leveraged more than USD 1.27 billion in co-financing. The AfDB has mobilized a minimum of USD 5 for each USD of GEF funding.

Investments have been made in all GEF focal areas, in particular developing approaches in private sector financing. The report highlights the diversity of the portfolio: around three-quarters of the total amount is focused on climate change mitigation projects with other projects in land degradation, biodiversity, international waters and others multisectoral. As a result of a diversified approach to combatting climate change and responding to environment challenges on the continent, the Bank has mobilized funding from three GEF managed trust funds: the GEF Trust Fund, the Least Developed Countries Fund (LDCF), and the Special Climate Change Fund (SCCF). With 50% of the resources funded by LDCF, AfDB is one of the lead agencies for this fund and therefore also demonstrates its capacity to mobilize external resources for climate change adaptation for the continent.

After the release of the report, Kurt Lonsway, Manager of Environment and Climate Change at the African Development Bank, said, "On a global scale, Africa is not flagged as a major emitter of the green house gases. However, the continent is becoming the most exposed region in the world to the impacts of climate change. The growing partnership between AfDB and GEF is poised to addressing the climate changes challenges on the continent."

To improve the efficiency of the AfDB and GEF project implementation, some challenges related to the length of the project preparation process, institutional arrangements, and sustainability or reporting were also identified in the report.

The report further highlights two key projects which started to be implemented in 2014: the African Climate Technology Finance Centre and Network and the African Renewable Energy Fund (AREF). The Centre and Network was funded with USD 14.4 million from the GEF. It is designed to support the development and transfer of climate technologies in African countries as a way to help reduce greenhouse gas emissions and vulnerability to climate change. The project provides a platform for disseminating knowledge and brings together key stakeholders to develop innovative climate change financing mechanisms. The USD 130 million AREF was launched in March 2014 with the Sustainable Energy Fund and the Global Environment Facility as lead sponsors, each contributing to equity investment. AREF has so far reviewed 131 deals for a potential renewable energy capacity of 4,000 MW.

INVESTMENTS

China gains importance as buyer and financier for Angola and Mozambique

China, as well as consolidating its position as a major buyer of Angolan oil and as a destination market for Mozambique's natural gas, is emerging as an increasingly important financier of both countries. The latest official data for Angolan oil exports, recently released, indicated that China bought more than 116 million barrels of oil last year, four times more than the second largest consumer, India.

The Economist Intelligence Unit said this data showed the "importance of the relationship with China," because it is based on an energy supply and is therefore strategic, at the same time as trade with the United States has been losing its importance as it bought only 7 million barrels of oil from Angola in 2014. The figures, according to the EIU also show a "shift to Asian markets" as customers for Angola. At a time when the Angolan authorities are struggling with lack of revenue due to persistently low oil prices, which caused a shortfall of US$14 billion in the state budget, emerging partners, particularly China, are also taking on an increasingly important role as financiers.

The same trend was also noted by the Angolan Economy Minister, Abraão Gourgel, in a recent interview with the Financial Times, in which he pointed to China as one of the preferred partners for new financing lines, after state oil company Sonangol had recently obtained a credit of US$2 billion from Chinese banks. "The main goals of Angola's foreign policy will be the consolidation of relations with key strategic partners," such as Portugal and China, and "diversification of access to international financing," said the EIU in its latest report on the Angolan economy. "Angola will continue to increase lines of credit and financing available from its partners, especially China and Brazil," along with trying to issue debt through Eurobonds of between US$1 billion and US$2 billion," Gourgel said.

The Financial Times recently reported that Angola had been granted a loan of US$500 million from the World Bank for the first time, and that it had been resisting the possibility of requesting funding from the International Monetary Fund (IMF).

As finance minister, the current governor of the National Bank of Angola, José Pedro Morais, was noted for resisting involvement with the IMF, preferring to establish credit lines of billions of dollars with China and Brazil, backed by oil exports, that were applied in infrastructure projects.

Given the current difficulties of the Brazilian economy, the probability of support coming from that country is more remote, so the importance of Beijing as a funding source is even greater. Also in the case of Mozambique, analysts expect a strengthening of ties with emerging countries, particularly China as a source of liquidity. “The investment by Brazil, India, Australia and China will strengthen ties with these countries,” and in the Chinese is also a “major donor to the Mozambican state,” said the EIU in its latest report on the Mozambican economy. “The large gas reserves will attract more foreign investors, especially among Asian gas importing countries on a large scale,” it added. *(Macauhub)*

Officials consider building new airport in Mbanza Congo, Angola

The director of infrastructure of Angolan airport management company Enana announced that preliminary studies were underway for construction of a new airport in Mbanza Congo, in Angola’s northern Zaire province.
Nataniel Domingos, did not say when the work may begin, but noted the airport would be located in the town of Nkiende II, 35 kilometres west of the city of Mbanza Congo. Once it opens the new airport in the capital of Zaire province will be equipped to receive Boeing-737 aircraft as well as Angolan Air Force IL-76 aircraft. The Enana official said the new airport terminal would be capable of dealing with 600 passengers at any one time and the apron will be able to receive two Boeing 737 and two other aircraft. The current airport in the centre of the city of Mbanza Congo stopped receiving medium-sized commercial aircraft because of safety issues and the fact that it is smaller than civil aviation rules require. *(Macauhub)*

US will support Guinea-Bissau in the improvement of the tax system

The Treasury Department of the United States of America, in the second half of this year, will support Guinea-Bissau in improving its national tax system, announced the Guinean Minister of Economy and Finance, Geraldo Martins.
“We talked to the US Treasury, which from the second half of this year will start giving support to Guinea-Bissau in improving its tax system, especially through the Directorate General of Taxation,” said Martins. Martins did not name the number of US financial experts that would be made available to Bissau by the Obama administration, but said the support was very important to the national economy.
He also said a min round table meeting may be organised in the next few months in Bissau involving many Middle Eastern countries and financial institutions from the region such as the Islamic Development Bank, the Arab Bank for Development in Africa (BADEA), the Saudi Arabia Fund, the Kuwait Fund and the Abu Dhabi Fund.
The minister said that this mini-conference would provide great opportunities to discuss specific development plans and other additional needs of the country. For now, Guinea-Bissau has received guarantees of a cash amount of US$6 million from the Saudi Arabia Fund for the water sector. With this funding, the national authorities can build wells and water tanks, allowing Guineans better access to drinking water, said Martins. The Guinean finance minister also said that the country would receive US$60 million from the so-called “fragile countries fund” recently set up by the World Bank, from which Guinea-Bissau will be the first “fragile” state to benefit. *(Macauhub)*

BANKING

Banks

Standard Bank’s BEE partners netted R10bn

Standard Bank said last week its black economic empowerment (BEE) scheme Tutuwa had created net wealth of more than R10.7bn over the past 10 years, benefiting a broad base of participants which included 6,100 of its present and former employees, 261 small black businesses and empowerment groups Safika and Shanduka.
The maturity of the deal and the value created allows its beneficiaries such as small-medium enterprises and empowerment groups Safika and Shanduka to leverage the value that has been created to expand their respective businesses or pay down whatever debt they may have incurred.
In 2004 Standard Bank concluded its BEE deal with about R4bn in funding being used to participate in that deal.
Tutuwa then bought 10% of Standard Bank’s South African operations. This was the equivalent of about 7.5% of the issued ordinary share capital of the Standard Bank Group20% stake in Standard Bank in 2008, Tutuwa sold 11-million shares to the Chinese financial institution. This resulted in a repayment of R986mpreference share funding owed to Standard Bank Group. When the deal matured Tutuwa owned abut 5.5% of the Standard Bank Group. Out of the R10.7bn in net value for all beneficiaries, about R3.4bn has been created for Shanduka and Safika.
About R3.1bn in net value was created for 6,100 existing and past Standard bank employees. About R880m in net value was generated for a community foundation and another R805m in net value was made for 261 small-, medium- and micro-enterprises, translating to an average of R2.6m per business. This means Safika and Shanduka owned 40% of Tutuwa, with the other 40% being owned by Standard Bank managers’ trusts. The remaining 20% belongs to the community-based participants. Tutuwa participants also benefited from about R2.5bn in cash distributions in the years before the deal matured. Standard Bank CEO Sim Tshabalala said the Standard Bank BEE deal had a positive effect on the South African economy, generating "no less than a R1bn" in taxes. "The contribution that it will have on the economy is massive," Mr Tshabalala said.
In terms of value creation the Standard Bank’s BEE deal is arguably the second best out of SA’s four major banks.

The FirstRand BEE deal, which also matured at the end of December 2014, delivered value of about R20bn after debt. The Nedbank deal has created about R8.2bn in value over its 10-year lifespan. In 2012, the Batho Bonke consortium, which was a empowerment partner at Absa (now Barclays Africa Group) sold its shares in the banking group for about R2.3bn after eight years. Mr Tshabalala said Standard Bank would continue driving transformation in areas such as empowerment financing, driving access to financial services and playing its role in building black industrialists. *(BDLive)*

Standard Bank aims for growth in Africa

Standard Bank is working on growing headline earnings in its personal and business banking division in the rest of Africa to just more than a R1bn in the next three years — it expects to achieve this through organic growth. This means over this period, Standard Bank's personal banking division will turn profitable, although business banking is expected to be the biggest earnings contributor in the rest-of-Africa personal and business banking division. "We are busy with our core banking (systems) replacement. We aim to complete all countries at the end of the first quarter or second quarter in 2017. Six countries are already on board. The total investment is just over R4bn across all countries for the core banking platform," he said. Mr Manyathi said Standard Bank was investing between R180m and R250m in advanced ATMs bulk-deposit takers and mobile banking applications to improve the quality of banking.

Standard Bank operates its personal and business banking division in 16 African countries. However, the entire Standard Bank Group has a presence in about 20 African countries, with corporate and business banking in the rest of Africa being the key earnings driver.

In the 2014 financial year, Standard Bank's entire rest-of-Africa operation posted R4.9bn in headline earnings. The Standard Bank Group posted total headline earnings of R17.3bn. Commenting on the personal and business banking approach in the rest of Africa, Mr Manyathi said: "Our strategy is to focus on what we call high-value segments, such as business banking, private banking and executive (middle income)." "The biggest part will come from business banking." *(BDLive)*

Atlas Mara announces potential acquisition of stake in Banque Populaire du Rwanda

Atlas Mara Limited announced that it is in exclusive discussions to invest approximately $22.5 million in Banque Populaire du Rwanda (BPR), which, if successfully concluded, will result in Atlas Mara owning 45% of BPR.Following this transaction, Atlas Mara intends to merge BPR with BRD Commercial Bank Ltd. (BRD Commercial), the Rwandan bank Atlas Mara acquired in 2014.

Atlas Mara will also purchase applicable secondary shares from local shareholders, resulting in the Company havinga controlling stake of over 70% in the combined entity. The combined institution will be Rwanda's largest bank by branch locations and second largest bank by assets with combined assets of approximately $305 million.

BPR enjoys strong customer loyalty, given its roots as a customer-owned bank and its forty-year history. As of 31 December 2014, BPR had approximately $227 million of assets, $155 million in loans, $181 million in deposits and $23 million of equity. It has 191 branch locations and approximately 1,370 employees.

Atlas Mara is committed to working closely with BPR's existing shareholders, including Rabobank and local shareholders, to maintain the bank's focus on under-banked sectors, such as small- and medium-sized enterprises ("SMEs") and farmers. Given Rabobank's agricultural lendingexpertise and broad network of investments and operations in Africaand Atlas Mara's operational expertise and sub-Saharan African ambitions, Atlas Mara and Rabobank are enthusiastic about the potential to work together in other markets, as well.

BRD Commercial, having been carved out of the Development Bank of Rwanda Limited ("BRD"), has attracted a talented senior management team, who have been focused on establishing BRD Commercial's operations and executing its strategy of creating a well-capitalised, innovative, nimble, corporate and retail bank. This proposed combination represents a unique opportunity to merge BRD Commercial with the second largest bank in Rwanda and accelerate Atlas Mara's strategy in both Rwanda and the East Africa Community, more broadly. The merger will provide Atlas Mara with a powerful platform to meet unmet demand for corporate credit, leverage mobile technology to provide differentiated product offerings to the retail segment and address the under-banked, and to effect economies of scale and scope through integration and resulting cost synergies.

John F. Vitalo, CEO of Atlas Mara said: "This is a very important transaction for Atlas Mara and I am excited by the prospect of our second acquisition in Rwanda. We will be the largest bank by branch locations and the second largest by assets in the country, which is one of sub-Saharan Africa's most dynamic economies. Combining BPR and BRD Commercial is a significant step for the development of Atlas Mara and consistent with our strategy of being a leading player in the markets in which we operate."

At a recent extraordinary shareholders' meeting, BPR's shareholders granted approval to BPR's Board of Directors to engage with Atlas Mara, on an exclusive basis, to negotiate the terms of the contemplated transactions. The completion of the transactions is subject to binding legal agreements and regulatory approvals and is expected in the third quarter of 2015. Atlas Mara intends to fund the transactions with cash on its balance sheet. *(African Markets)*

Markets

The role of stock exchanges in growing the African financial markets

Some of the most important areas of economic development that stock exchanges play a significant role in are as follows:

- Enabling companies to raise equity capital to fund growth requirements, existing projects and acquisition opportunities and/or reduce current gearing levels in the company;
- Providing companies with a currency, in the form of listed shares, that they can utilise to make acquisitions;
- Facilitating investment by the public into fast growing and high yielding economic sectors while offering investor protections via formal oversight and regulation of investments;
- Enabling small investors to participate in the growth and future wealth of profitable companies; and
- Providing governments with a platform to raise debt funding for developmental projects through the issue of bonds.

The bond and equity markets in Africa are still relatively underdeveloped in comparison to their European, American, Asian and Australian counterparts. Based on statistics provided by African Securities Exchanges Association ("ASEA"), the combined value of all of the equity securities traded in respect of the 21 ASEA member stock exchanges that were reviewed by KPMG ("Reviewed ASEA Members") during 2013 amounted to US$454 974.4 million of which US$41 920.50 million related to all of the ASEA member stock exchanges excluding the JSE Limited ("JSE"). The Reviewed ASEA Members with the next highest traded values of equity securities were the Egyptian Stock Exchange ("EGX") and the Casablanca Stock Exchange ("CSE"), with total values of equity securities traded during 2013 of US$23 331.2 million and US$5 956.6 million, respectively. The total market capitalisation of the Reviewed ASEA Members was US$1 611.80 billion to which the JSE contributes US$1 102.3 billion. Excluding the JSE, the Namibian Stock Exchange has the highest market capitalisation, amounting to US$134.1 billion, followed by the Nigerian Stock Exchange, with a market capitalisation of US$80.7 billion. The total number of listed companies on the 21 ASEA member stock exchanges was 1 413 as at 31 December 2013.

Based on the ASEA statistics provided in the ASEA 2014 Yearbook, the combined value of all of the listed bonds traded in respect of the Reviewed ASEA Members during 2013 amounted to US$2 080.6 billion of which US$13 634.06 million related to all of the ASEA member stock exchanges excluding the JSE. The Nairobi Stock Exchange in Kenya registered trade amounting to US$5 261.2 million in respect of listed bonds in 2013, followed by the EGX with a traded bond value of US$4 149.4 million and the Lusaka Stock Exchange, with a traded bond value of US$2 465.0 million in 2013. It is noted that not all government bonds trade on the local African stock exchanges.

The African stock exchanges have amongst the lowest liquidities in the world with only EGX, the JSE and the Khartoum Stock Exchange in Sudan, achieving anywhere close to average global liquidity, with liquidities (calculated as total values of equity securities traded during the year ended 31 December 2013 divided by the total market capitalisation of the stock exchange on 31 December 2013) of 37.9%, 37.5% and 32.5%, respectively.

The lack of liquidity on the African stock exchanges is due to a number of factors including the limited number of listed companies on the stock exchanges, the limited free float, the low numbers of retail investors, the significant and long-term holdings by pension funds and the high transaction costs. Prospective foreign investors have difficulty in finding a counterpart who is willing to sell their shares. In addition, it is difficult for prospective institutional investors to secure large enough quantities of the target securities to meet their investment criteria. *(KPMG Africa Blog)*

Tech and infrastructure to form bedrock for future African Capital Markets

African capital markets have grown significantly over the past decade, helping in no small way to strengthen economies across the continent. However, when compared with other emerging markets, the continent has a long way to go.

According to Ian Bessarabia, Business Development Manager, Sub-Sahara Africa, SWIFT, there has been a significant increase in securities-related SWIFT traffic in Africa, with growth outpacing rates seen in other regions. "Unfortunately, the lion's share of this traffic is related to foreign investors' transactions from offshore accounts into local custodian banks and does not reflect a growth of African investment into African markets. This means that off-shore investors, not African investors, are reaping the benefits of the continent's growth story."

The key, therefore, to growing African Capital Markets is based on three key elements: technology, innovation and robust infrastructure. Donna Oosthuyse and Ade Bajomo, who work for the two largest exchanges in Africa, the Johannesburg, Stock Exchange (JSE) and the Nigerian Stock Exchange (NSE) respectively, both share the same sentiment. They agree on the importance of technology in fostering the development of local stock markets. "There is a direct link between technology and levels of activity,"said Oosthuyse, Director of Capital Markets, Johannesburg, Stock Exchange. "When we implemented our new trading platforms, the value and volumes of trades multiplied significantly."

Bajomo, Executive Director, Market Operations and Technology at the NSE, also supports the infusion of technology, describing it as a "game changer" for financial markets. "It has fundamentally changed the way business is done and requires significant investment, which we are putting in. The exchange world now measures performance in nanoseconds, so robustness and capacity are very important for us."

The growth potentials of African Capital Markets have been widely discussed, but the continent has to ensure the money made from it stays at home to ensure development. As Nerina Visser, Exchange Traded Funds Strategist and Advisor, ETF South Africa said, money made on the continent is being recycled back as aid. There is, therefore, a need to put the right infrastructure and products to encourage intra-African investment. “Capital markets have the potential to give everyone the opportunity to benefit from the growth of their own continent,” said Visser. “So, the big issue we have to address is how do we enable people to participate in that growth – what tools and products do we have to develop in order to empower investors?” Visser also makes a case for stakeholders in the financial markets to ensure they find the best means of communicating with the people. It is the only way to attract retail investors, Visser notes. *(Ventures Africa)*

Fund

New York Pension Fund to Invest Billions in Africa

New York State Common Retirement Fund plans to invest up to 3% of its assets The New York State Common Retirement Fund, one of the largest U.S. Pension funds and worth about $180 billion, plans to invest as much as 3% of its assets in Africa in the next five years to diversify its portfolio and boost returns. The figure would be more than $5 billion based on the fund’s current valuation. African private-equity firms, venture capital, real estate and new infrastructure projects such as power plants are likely to receive funding, said Chief Investment Officer Vicki Fuller.

The New York pension fund has so far invested about $200 million in Africa, most of which was committed in the last 12 months to two private-equity firms: Helios Investment Partners and African Capital Alliance. The fund will prioritize local managers with offices in African nations, Ms. Fuller said. “I want to invest in the people who are local, understand the culture, understand on a very granular basis what’s happening,” Ms. Fuller said at a conference in London organized by the African Private-Equity and Venture Capital Association.

The fund will write checks of about $100 million for funds bigger than $500 million and invest in smaller firms and new funds through a fund of funds manager rather than directly. The New York pension manager is also prepared to team up with sovereign-wealth funds and other pension funds to invest in African infrastructure projects.

In response to a question about how to encourage more American public pension funds to invest in Africa, Ms. Fuller said it was important to brief trustees and overseers, such as New York State comptroller Thomas P. DiNapoli. “His only concerns are that we invest in countries that treat their citizens well. Now, on a given day, that’s not even the case in the U.S.,” Ms. Fuller said. “But you know that the law is on the side of the citizenry in the U.S.”

Africa is at the beginning of a process of being discovered by many major American investors, as was the case for Asia a few decades ago, Ms. Fuller said. “It took many years before investors really were on a wholehearted basis going into Asia, particularly China,” she said. *(Wall Street Journal)*

Helios funds invest $100m in Africa Oil Corp

Africa-focused Helios Investment Partners has agreed to pick up a 12.4 % stake in Africa Oil Corp for $100m.

Toronto- and Nasdaq Stockholm-listed Africa Oil is a Canadian oil and gas company with assets in Kenya, Ethiopia and Somalia. The Helios investment will help to fund its ongoing appraisal and development work programme in East Africa, Helios said in a statement. As a result of its investment, Helios will nominate one non-executive director to the board of Africa Oil. Helios oil and gas partner Andy Bartlett said the deal was a “flagship transaction” for Helios, and would enable it to “help develop Kenya’s nascent petroleum sector”. “The capital is being deployed to further this exciting project, which we consider to be world class in terms of potential,” he added. “It has all the right characteristics for the sector, in a lower-oil-price environment.”

Helios founding partner Babatunde Soyoye said the deal was the company’s fourth oil and gas platform transaction, “making us the most active private equity group” in the African oil and gas sector. “It combines both our oil and gas industry expertise, and our deep African knowledge. “Kenya is one of the fastest growing economies in Africa,and Helios is one of the largest foreign investors in the country.” The closing of the deal is subject to regulatory approval and other conditions. In January, Helios announced the pending close of its third African-focused fund, with a $1.1bn hard cap. Of this amount, 60 % was said to have been committed by existing investors, including sovereign wealth funds, corporate and public pension funds, endowments and foundations, funds of funds, family offices and development finance institutions across the US, Europe, Asia and Africa.

Helios closed its second fund on $900m in June 2011. At the time it was the largest vehicle ever to focus exclusively on investments in Africa. Founded in 2004 and still headed up by co-founding partners Tope Lawani and Babatunde Soyoye, Helios lays claim to being one of the largest investment firms focusing on Africa, as well as one of the few independent pan-African private equity investment firms to be founded and managed by Africans. It looks after investors out of offices on Charles II Street in Mayfair, London. *(Altassets)*

African Pensions Funds Invest in Infrastructure Projects

Until recently, funds had avoided investing in roads, railroads and ports. The fiber-optic cable that entrepreneur Funke Opeke laid along the Atlantic seabed from Europe has helped bring the Internet to nearly half of Nigeria’s 170 million people. It is also generating returns for the many thousands of African retirees whose money is invested in her

company, MainOne. “We’re putting their money to work,” Ms. Opeke said over the hum of server towers and air conditioners at the data center she built here to keep banks and big companies in Africa’s top economy online.

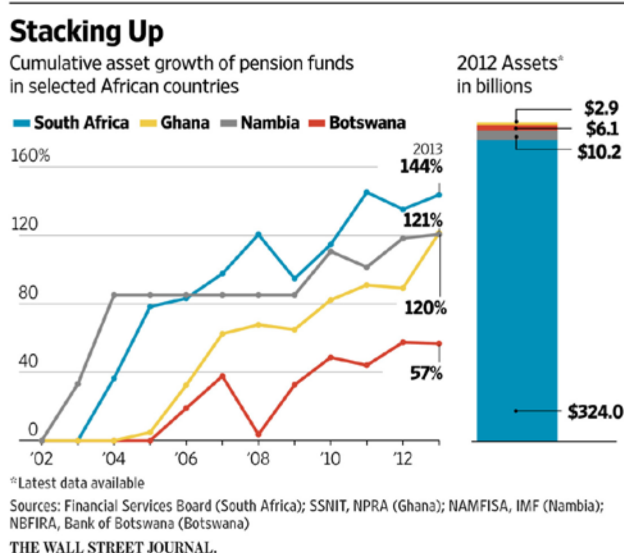
African pension funds are starting to invest in infrastructure projects on their underdeveloped continent. The African Development Bank hopes the deepening pool of homegrown savings can fill the $45 billion hole it sees in annual infrastructure financing needed in Africa. “It’s an unprecedented chance to make the investments in infrastructure and other sectors that the continent so desperately needs,” said David Ashiagbor, who runs a division of the bank devoted to developing financial markets in Africa.

Until recently, most pension funds in Africa were hesitant to invest in infrastructure such as roads, railroads and ports. Tying up cash in decadelong projects seemed unnecessarily risky while strong economic growth was driving up local stock markets. Africa’s economy has recently grown by about 5% annually thanks to strong oil and mineral output as well as the rise of a nascent consumer class.

The continent’s sovereign bonds were also generating strong returns because they are issued at a premium that reflects their riskiness relative to developed-market issuers like the U.S.

That strategy is still working—almost too well. African pension funds that focus on stocks and bonds in their home markets have swelled. Namibia’s government pension fund manages assets worth 80% of the southern African country’s gross domestic product. Botswana’s local stock-and-bond holdings equal 40% of the diamond-rich nation’s GDP.

Regulators and fund managers are starting to recognize that keeping all their assets at home can be risky, too. As a result, some African pension funds are spreading out, seeking similarly strong returns in the stocks and infrastructure projects of other countries on the continent. “We have to diversify,” said Sbu Luthuli, who oversees more than $10 billion in pension assets for South Africa’s state-backed power company.



Late last year Mr. Luthuli’s Eskom Pension and Provident Fund invested $30 million in infrastructure projects through Dubai-based Abraaj Group. In 2011, Eskom invested $5 million in a company that builds mobile-phone towers through London’s Helios Investment Partners LLP. Mr. Luthuli wants to put a total of more than $100 million into infrastructure projects outside South Africa. Other government-backed funds are mulling similar moves, opening nearly $30 billion in pension money to infrastructure projects, the African Development Bank estimates—as much as private-equity firms have invested in African infrastructure to date.

That is less than a tenth of pension holdings that have surpassed $370 billion as a middle class blooms across the continent. Some financiers say pension funds are too risk-averse to tackle the projects that could really change Africa’s developmental trajectory. Andrew Alli, chief executive of Lagos-based Africa Finance Corp., a multilateral lender with $2.8 billion invested in more than 20 countries, said pension funds are better suited to buy into proven projects that are rare on the continent. “The assets at the right stage of maturity don’t really exist,” he said.

But pension-fund managers say private-equity managers are beating down their doors to grab a piece of the action. “Private-equity funds are making the loudest noise,” said Dave Uduanu, managing director of Nigeria’s Pensions Alliance Ltd. One is Harith General Partners Ltd., a Johannesburg-based infrastructure fund invested in more than 70 African projects, including the MainOne fiber optic cable project in Nigeria.

A half dozen African pension funds invested in the $630 million fund that Harith tapped to inject $30 million into MainOne in 2009. In addition to Mr. Luthuli’s Eskom fund and Ghana’s public-sector fund, Harith’s backers include South Africa’s Government Employees Pension Fund, a $140 billion operation with 1.2 million members. Hemal Naran, the South African pension fund’s head of investment, said it contributed $250 million to Harith’s first fund because of the quality of the companies it was investing in. “We’re not a charity—we want to make a return,” Mr. Naran said. “We see great potential in Africa’s infrastructure bottlenecks.” That same potential drew Ms. Opeke home to Nigeria in 2005 after 24 years in the U.S. After helping South African mobile company MTN Group push into Nigeria, now its largest market, Ms. Opeke started a company devoted to one of Nigeria’s many development deficits. “I didn’t come back just to make money for MTN,” she said. “I wanted to add some fundamental value.” Ms. Opeke raised $240 million to bring the second undersea Internet cable in Nigeria, which made landfall in 2009. By the following July, it was piping more than 30 gigabytes per second to Nigerian Internet users. That has grown to more than

100 gigabytes per second flowing to the satellites and server towers at MainOne's data center here, two miles from the Atlantic.
Two hulking generators inside the walled compound roar to life during frequent power outages, at a cost of $5,000 a day. A team of technicians monitors a satellite-fed map of the Lagos coastline, so they can warn ships away from dropping anchor too close to their cable. These security measures have earned MainOne's data center "tier three" certification, signifying that it is 99.9% likely to stay up and running at all times. "We're the backbone of Internet access here," Ms. Opeke said. That's a critical selling point to the Nigerian banks and Internet start-ups Ms. Opeke is wooing to store their data here. She says it's an equally important assurance to the African pension funds that have parked some of their members' earnings in her company. "All those retirees in South Africa and Ghana," she said, "We've got to keep their money safe." *(Wall Street Journal)*

Tech

Africa has made 'significant progress' in integrating cross-border payments, says Kganyago

Regions in Africa have made significant progress in integrating their cross-border payment systems, says Reserve Bank governor Lesetja Kganyago. Speaking at the Society for Worldwide Interbank Financial Telecommunication (Swift) African regional conference in Cape Town, Mr Kganyago said this trend might have contributed to the global decline in correspondent banking relationships and, if so, was a welcome development.
In the past, cross-border financial payments in Africa had mostly been facilitated through correspondent banking arrangements with banking partners mostly located in the US or Europe. These relationships were still in use today but were being found to be inadequate and inefficient, Mr Kganyago said.
Across the continent regional arrangements had emerged in West, East and southern Africa to develop more efficient transaction mechanisms, which will hopefully lay a solid foundation for intra-African trade and investment. "The advantage of these mechanisms is that the transacting parties have more control over their payments within the region," the governor said. Mr Kganyago said the implementation of the integrated regional electronic settlement system by nine participating countries of the Southern African Development Community (Sadc) in July 2013 had resulted in 43% of all Sadc cross-border payments being settled by Sadc banks on the system, rather than through cross-border correspondent banking systems.
The challenge for the future was to get these regional payment systems interfacing with each other, the governor said.
About 400 delegates from 40 countries were attending the three-day Swift conference to discuss developments in the securities markets on the continent, as well as how the technological innovations could be used to support the financial services sector and the growth of the continent. Swift is a member-owned co-operative through which the financial world conducts its business operations. The organisation's membership includes more than 10,800 banking organisations, securities institutions and corporate customers in more than 200 countries. *(BDLive)*

How mobile money is saving Africa $2bn annually

Mobile phones have proven to be potential game-changers in boosting access to financial products and services to people in Africa. This is particularly true for those at the bottom of the socio-economic pyramid as seen in East Africa. It has often been appraised based on its contribution to 'banking the unbanked', but mobile money has achieved much more, it has saved the continent nearly $2 billion previously lost annually to inefficient money transfer.
UK-based think thank, Overseas Development Institute (ODI), in a 2014 report noted that Africans in diaspora pay an average of 12 % to money transmitters to send $200 home. This is a far-cry from the global average of 7.8 % and more than double the 5 % target set by the G8. "These excess fees cost the African continent $1.8 billion a year; enough money to pay for the primary school education of 14 million children in the region."

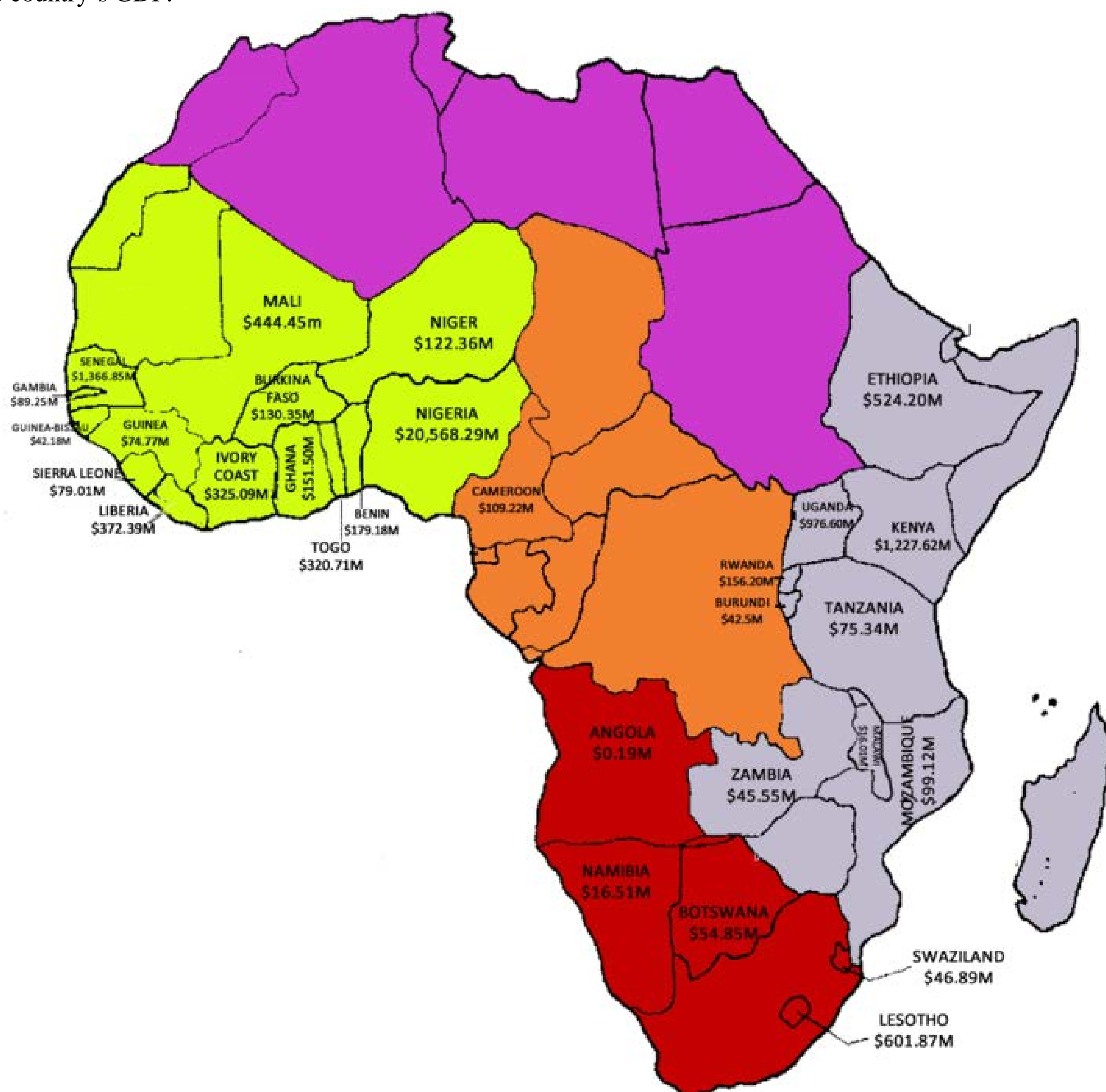
Why Africa pays so much

Weak competition, concentration of market power and flawed financial regulation all contribute to high remittance charges, according to ODI. Western Union and MoneyGram are the two leading money transfer operators (MTOs) that account for two-thirds of remittance transfers, and ODI estimates that both will account for $586 million of the loss associated with the remittance 'super tax', part of it through opaque foreign currency charges. 'Exclusivity agreements' between MTOs, their agents and banks also restrict competition and make prices jump.
However, WorldRemit, a UK-based company founded by a Somalian, is providing much-needed petition. "With fair and transparent prices, we are challenging the "Remittance Super Racket" of incumbent money transfer companies in Africa which continue their practices of agent-exclusivity arrangements and charging unreasonable fees. We are embracing mobile money as new technology that is set to revolutionise banking from the ground up and make money transfers more convenient for everyone," CEO & Founder of WorldRemit, Ismail Ahmed said in an interview. Ahmed, who founded the online money transfer service in 2010 aims to use technology to shake-up the industry, which he considers stagnant. "By taking the industry online and refusing to engage in anti-competitive practices, we are bringing fairer, lower cost remittances to Africa."
Years of experience working with a number of remittance businesses, as well as international policy makers has taught him that mobile money is a technology that addresses an important human need; access to financial services. With this at the back of his mind, he partnered with EcoCash and MTN to enable instant transfers to the telcos' mobile wallets.

The company is also close to launching instant mobile money transfers to EcoNet in Burundi. More than 50 % of Worldremit's transfers to Africa are currently received as Mobile Money or airtime top-ups.

Why is remittance important to Africa?

Money sent home by friends and relatives working abroad are critical to the survival of many in rural communities within Africa. Without a decent job or money-making trade, many rural dwellers depend on handouts to cater for domestic bills. This has made the innovative transfer service popular within Africa. The continent received $32 billion in 2013 and is expected to receive more than $40 billion by 2016. Somalia is heavily dependent on remittances. Money sent home by Somali Americans to Mogadishu is estimated to hit $215 million annually. This accounts for about 4 % of the country's GDP.

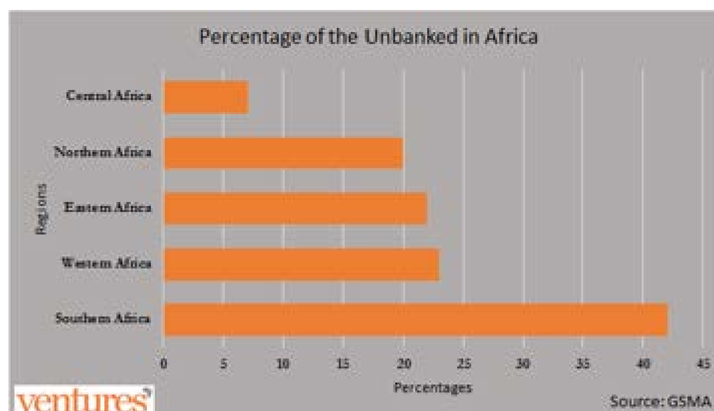


Remittance flows to sub-Saharan Africa
Data from World Bank Migration and Remittances Data

According to Jonathan Scanlon of Oxfam America, remittances to Somalia is the largest and most important financial flow going into the country. "It really is a lifeline for the country." Nigeria, Africa's largest economy also depends on remittances for foreign exchange. Money transfer, mainly from North America and Europe, makes up the country's second highest foreign exchange earner. The country is also Africa's top remittance recipient, accounting for around two-thirds of total remittance inflows to Sub-Saharan Africa. Remittance to Nigeria is recorded at $21 billion for 2014 alone.

While making a case for donor agencies to restructure the way aids are channelled for more efficiency, Hong Kong-based Ghanaian academic Adams Bodomo claimed that Africans living outside the continent send more money home than what traditional Western donors send as Official Development Assistance (ODA). Africans in the diaspora have recognised the importance of the money they send home to their families are. With mobile money proving to be a more effective means of transferring funds home, they are increasingly adopting the service. A GSMA report for 2014 highlights that "2014 saw a steep increase in the number of international remittances via mobile money, primarily driven by the introduction of a new model using mobile money as both the sending and receiving channel".

Banking the unbanked



Mobile money continues to expand the reach of financial services in highly unbanked Africa. According to Frans Prinsloo, Managing Director at Hollard International, South Africa's largest privately-owned insurance group, "The rapid uptake of mobile telephony, the introduction of smart phones and cloud computing, and the availability of affordable data have forever changed the financial services landscape."

The number of active Mobile Money accounts globally now exceeds 100 million and sub-Saharan Africa accounts for more than half (53 %). "Cash is increasingly becoming an obsolete technology as the developing world sprints ahead of the developed in its adoption of Mobile Money," Ahmed of WorldRemit further explains. Bill Gates recently made a big bet that by 2030, almost everyone will have a mobile money account. "Not having access to a range of cheap and easy financial services makes it much more difficult to be poor. "Traditional banks cannot afford to serve the poor because of their costs. That's why 2.5 billion adults don't currently have a bank account," Gates stressed. Mobile money is affording the poor access to more financial services everyday. From savings account to credit insurance, the technology is saving Africa, a continent where nearly 50 % of its population are resident in rural communities. However, there is still a long way to go to finally establish a robust cross-border transaction market using mobile technology. Although its potential to lower costs is undisputed, its use remains limited due to the regulatory burden related to combating money laundering and terrorist financing.*(Ventures Africa)*

INFRASTRUCTURE

Africa: Benefits of Adapting Africa's Infrastructure to Climate Change Outweigh the Costs

The impact of climate change on Africa's water and energy infrastructure will be costly, according to a new World Bank report, and immediate action is needed to reduce these risks. **Enhancing the Climate Resilience of Africa's Infrastructure** quantifies the impacts of climate change on hydropower and irrigation infrastructure and identifies adaptation options as well as recommendations for increasing climate resilience.

Understanding the causes, addressing the effects of climate change and building climate-resilient infrastructure are central to our efforts to end poverty in Africa," said **Makhtar Diop, World Bank Vice President of the Africa Region**.*"The reason is simple. If left unchecked, climate change could potentially overwhelm existing development efforts."*

Investment in infrastructure is fundamental to sustaining growth in Africa. In 2012, the Region's Heads of State and Government laid out a strategic program (PIDA) for closing Africa's infrastructure gap. Much of these investments will support the construction of hydropower dams, power stations, and irrigation canals, which will be vulnerable to the potentially harsher climate of the future.

"Climate change requires new approaches that will help make infrastructure investments in Africa more resilient to the uncertain climate of the future. No action is not an option," said Jamal Saghir, the World Bank's Senior Regional Adviser for Africa.

Launched during the **Africa Climate Resilient Infrastructure Summit** in Addis, the report uses for the first time, a consistent approach across river basins and power systems in Africa, and wide range of state-of-the-art climate projections to evaluate the risks posed by climate change to planned investments in Africa's water and power sectors. It further analyses how investment plans could be modified to minimize those risks; and it quantifies the corresponding benefits and costs.

In the driest weather scenario failure to integrate climate change in the planning and design of hydropower infrastructure could result in losses of revenues between 5% and 60% and consumer cost for energy could increase by three times as much as it is now. While ignoring climate change could result in planning and designing infrastructure unsuitable for future climates, the study points to a risk of adapting to climate change in the wrong way, which could be as significant to the damages when not adapting.

"The solution to this dilemma is to identify an adaptation strategy that balances the risk of inaction with the risk of wrong action, taking into account the preferences of decision makers and attitudes toward risks," said Raffaello Cervigni, the report's lead author. *"The time to act is now so that adaption to climate change in infrastructure is realized and becomes a component of all investment plans."*

Using the proposed approach to decision making under climate uncertainty, the report found that in hydropower, adaptation can cut the loss of revenue in half or the missed opportunity in the case of inaction. The analysis further suggests that the benefits in terms of reduced risks significantly exceed the cost of modifying current investment plans.

Decision-makers need information and tools to create adaptation plans responsive to their particular situations. The report provides actionable steps to increase resilience in Africa’s infrastructure. This includes providing technical guidelines on integrating climate change into planning and design of infrastructure. To bring down the cost of analysis needed to integrate climate considerations into infrastructure development, it suggests creating an open data repository. The report recommends a climate resilience project preparation facility to support plans for infrastructure investments, and training programs for professionals involved in planning and design. Finally, an observatory on climate-resilient infrastructure development would be helpful to retain visibility of technical work at the policy level. *(World Bank)*

China rail group signs $5.5bn in Africa deals

A Chinese state-owned rail company has signed $5.5bn worth of contracts in Africa, in the latest sign that the country’s “New Silk Road” strategy to build infrastructure around the developing world is showing tangible results. African units of China Railway Construction Corp will build a $3.5bn intercity rail line in Nigeria and a $1.9bn residential real estate project in Zimbabwe, the company said in exchange filings overnight. The latest deal follows a $12bn contract that CRCC reportedly signed for a separate rail line in Nigeria last November, days after Mexico cancelled a $3.6bn high-speed rail contract with a consortium led by CRCC.

China’s “One Road, One Belt” strategy includes plans to build roads, railways, ports, natural gas pipelines and other infrastructure stretching into south and Southeast Asia, the Middle East, and through central Asia to Europe to create demand for China’s industrial exports in the face of overcapacity at home. The 21st Century Maritime Silk Road and a land-based counterpart, the Silk Road Economic Belt, are expected to drive sales to Chinese trainmakers, port operators and electricity producers. China’s two other largest rail groups are also engaged in a merger aimed at creating a globally competitive giant.

CRCC said financing for its rail project had not been finalised but last week state media reported that China’s central bank would use the country’s foreign exchange reserves to inject $62bn in fresh capital into the country’s non-commercial “policy banks”, which are expected to play a key role in supporting the New Silk Road initiative. China Development Bank, the largest of China’s three policy banks, has granted more loans to Africa than the World Bank, the African Development Bank and the Asian Development Bank combined over the past six years, the official China Daily newspaper reported in December.

In addition to CDB, China has pledged to create a new $40bn Silk Road Fund to finance overseas investments. The China-led Asia Infrastructure Investment Bank, in which at least 47 countries will participate, could be another source of funding. Large Chinese investments in Africa have been controversial, however, in part because of concerns over transparency and corruption at Beijing’s largest state companies. The use of imported Chinese labour has also been a source of tension. CRCC is listed in Shanghai and Hong Kong but is majority-owned by China’s central government. Its Shanghai-listed shares were up more than 6 %. So-called concept stocks related to “One Road, One Belt” have performed especially well amid a broader China stock market boom that pushed the Shanghai Composite Index to a seven-year high. *(Financial Times)*

China agrees $2-bln infrastructure deal with Equatorial Guinea

China's biggest lender by assets, Industrial and Commercial Bank of China, said it had signed an infrastructure pact worth $2 billion with the oil-rich west African nation of Equatorial Guinea.

The agreement was signed following a meeting in Beijing between Chinese President Xi Jinping and Equatorial Guinea President Teodor Obiang Nguema, marking the latest Chinese investment in the continent and its resources. The deal will include providing "financial support" to Equatorial Guinea's government as well as Chinese enterprises there, ICBC said in a statement.

China has sought to broaden financial support for its companies investing abroad as part of a policy drive known as "going out". "There are growing numbers of cooperation areas between our two countries, and the prospects are very bright," Chinese Premier Li Keqiang told Obiang, according to a government statement. The two countries should deepen their "traditional friendship", Li added. ICBC called Africa the "strategic and developmental heart of 'going out'" for firms the bank supports. "Equatorial Guinea is a central African country that has developed relatively well," the government said. "The government in recent years has supported expanded investment into infrastructure development, and the need for infrastructure projects is enormous." Many Chinese development and aid projects have drawn condemnation from rights groups for their support of governments with poor rights records and lack of transparency, including Zimbabwe, Sudan and Angola. China has said it will not follow the path of "Western colonists" in Africa by sacrificing countries' long-term interests or environments. Beijing says it follows a policy of non-interference in other countries' domestic politics that is welcomed in Africa. Equatorial Guinea, a tiny Sub-Saharan African nation, boasts the highest GDP per capita in Africa, thanks to a hydrocarbon boom. But it is also notorious for corruption and ranked 144 of 187 states on the U.N.'s 2014 Human Development Index.

A 2004 U.S. Senate probe showed millions of dollars channeled by Obiang and relatives into the disgraced Riggs Bank. Obiang, in power since 1979, is Africa's longest-serving head of state. Rights groups say he has enriched himself and his family while many of his people go hungry. China is Africa's biggest trade partner, and has sought to tap the continent's rich resources to fuel its economic boom. Critics, including some African leaders, have said Chinese projects bring little benefit to Africans, with materials and workers brought in from China. *(Reuters)*

East African transport corridors to adopt the Japanese Michi-no-Eki (Road Side Stations) concept

The Northern Transport Corridor in East Africa, extending from the port of Mombasa in Kenya and serving the hinterland countries of Uganda, Rwanda, Burundi, Eastern Democratic Republic of Congo (DRC) and South Sudan, is the busiest trade and transport corridor in East Africa handling the bulk of the region's regional and international trade. While there have been major improvements in transport infrastructure for the corridor, it still faces challenges of road accidents due to long driving distances. Being a busy transit corridor, it is also prone to externalities and risks such as the spread of HIV/AIDS and other illicit activities. The other major transit corridor in East Africa, the Central Corridor, faces similar challenges. To address these challenges, among others, the countries of the region have adopted the Japanese Michi-no-Eki (Road Side Stations) concept. The Road Side Stations (RSS) will provide four clusters of services: rest space for drivers and passengers alike (hotels, restaurants, recreation); information space (ICT services, banking, money transfer, etc.); specialized services (medical, wellness, counselling, training, safety education, etc.); and linkages into local economies (to support small business development).

The study carried out by the Spanish Consulting firm, TYPSA, identified 144 potential RSS sites along the Northern Corridor out of which 67 are deemed viable. The key Northern Corridor road route covers a distance of about 2,000 kilometres from Kenya through Uganda, Rwanda and Burundi. But the Corridor also has extensions to Eastern DRC and South Sudan. Of the 67 RSS's, 22 are in Kenya, 27 in Uganda, seven in Rwanda, seven in DRC and two each in Burundi and South Sudan (www.roadsidestations.org). Donat Bagula, the Executive Secretary of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA), commended Northern Corridor countries for embracing the concept and also thanked Japanese International Cooperation Agency (JICA) and Trade Mark East Africa (TMEA), who funded the study for their support. He informed the gathering that the objective of the Forum, organized by the NCTTCA, was to introduce the concept to potential investors in the region who could invest directly or through public-private partnerships (PPPs).

Speaking at the RSS Investor Conference, held in Nairobi, Kenya, on April 28, 2015, the Vice-President of Kenya, William Ruto, informed the RSS Investor Forum that Kenya has the necessary PPP framework and laws in place to support the RSS and challenged the private sector to contribute to the improvement and safety of the Northern Corridor by investing in the RSS infrastructure. In response, Hideo Eguchi, the Chief Representative of the Japan International Cooperation Agency (JICA) based in Kenya, said, "The Michi-no-Eki's have been very successful in Japan in improving road safety and driver and passenger welfare and Japan is ready to share experiences with East Africa".

Gabriel Negatu, the Regional Director of the African Development Bank's (AfDB) Eastern Africa Regional Office based in Nairobi, informed the Forum that the AfDB was a key player in investing in infrastructure in the region and that the Bank has a number of financing instruments such as the Private Sector Window; Africa50; Africa Growing Together Fund (AGTF), a joint fund with China; as well as risk mitigation instruments such as Partial Risk Guarantees (PRGs), which the private sector could tap into to make the RSS's a reality. Philip Wambugu, Director of Infrastructure at the East African Community (EAC) Secretariat, said, "The EAC fully embraces the RSS as it is aligned to the goal of having efficient but safe transport services in the region". This is certainly a welcome addition to Africa's transport infrastructure development, which is certain to have the much-needed economic linkages into local economies traversed by the major transport corridors. *(AFDB)*

ENERGY

Africa: Benefits of Adapting Africa's Infrastructure to Climate Change Outweigh the Costs

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A Brighter Future for Morocco’s Interior Powered by the Sun

- An inadequate supply of electricity affects the daily lives of tens of thousands of Moroccans in the interior of the country.
- A World Bank supported project to build the first utility size photovoltaic plants will harness the region’s plentiful sunshine to address its energy needs.
- The project is part of Morocco’s national strategy to install enough, different clean-energy plants to meet 42% of its national demand for power, including 14% from solar, by 2020.

About 120,000 people living in and around three remote towns at the foot of the Atlas mountains—Erfoud, Missour, and Zagora—will have a more reliable supply of power when a project to install solar photovoltaic (PV) plants moves ahead in the stretches of stony desert that surround them. Located far from Morocco’s main power stations on the Atlantic and Mediterranean coasts, voltage in this region is often so low and unstable that light bulbs dim, computer screens flicker, and hospital equipment malfunctions. This new—and clean—supply of power will be able to add generation capacity, while preventing sharp drops in voltage, as well as power outages.
These will be Morocco’s first mid-size, decentralized solar PV plants. Solar PV modules convert solar irradiation into direct currents of electrical power. Although cheaper to install than Concentrated Solar Power (CSP) plants, the storage options for solar PV are much more expensive. Therefore, at utility level, PV plants do not usually store power for later—for example, for use at night or on cloudy days. So because of the way it works, and because of the short time between generating and distributing the electricity it creates, solar PV is most often used to generate power close to where it is needed.
Globally, in terms of installed capacity, solar PV is now, after hydro- (water) and wind power, the third most important source of renewable energy. However, Morocco has only 20 megawatts (MW) of solar power in operation from a hybrid plant in Ain Beni Mathar in eastern Morocco, which uses combined energy generated by both solar and natural gas. A 160 MW CSP plant is also in an advanced stage of construction, and another project is being finalized for a 350 MW CSP plant. These CSP projects have all been funded by the World Bank, in collaboration with the Global Environment Fund for the Ain Beni Mathar hybrid plant, and with the Clean Technology Fund for the two CSP plants.
Along with CSP, Morocco’s state-owned electricity and water company, Office National de l’Electricite et de l’Eau Potable (ONEE), is committed to installing 400 MW of solar PV as part of its national goal of generating 2,000 MW from renewable energy by 2020. The current PV project, also funded by the World Bank, will contribute 75 MW to that goal.
Why, though, is Morocco turning to solar PV when up until now it has focused on expanding CSP? “The two technologies complement each other,” said World Bank Energy Specialist, Roger Coma-Cunill. “While CSP responded to a need to cover the evening peak demand when people come back from work, in this case there was the need to address a new daytime peak. This is a new phenomenon in Morocco, essentially driven by economic activity and compounded by a rise in the use of air conditioning, mostly during the day in spring and summer, and particularly in very hot, remote areas of Morocco.”
Erfoud, Missour, and Zagora are already connected to the national grid, but suffer from a lower quality power than towns closer to Morocco’s coasts, because the power transmission lines reaching them are hundreds of miles long. Installing local power plants much closer by will boost their voltage and reduce blackouts. A social study, conducted as part of the project, highlighted local issues related to the poor power supply. In each of the three regions, the unreliable power supply was affecting medical equipment, including X-ray machines and equipment in operating rooms, delivery rooms, and intensive care. In Missour, hemodialysis machines (used for renal failure) could not work all the time

without the back-up of expensive diesel generators bought especially for the purpose. While not specifically designed for the health centers, the solar PV project will be of help to them and, also, to local schools, where poor power sometimes leaves children exposed to severe winter cold and summer heat, as well as making it impossible for them to use school computers as often as they'd like.

To date, limits to the main power supply has meant ONEE's local branches have had to turn down requests to provide extra electricity to local business people working in agriculture, tourism and crafts. This has hindered local economic development. The three towns have been included in national cross-sector projects, such as the National Initiative for Human Development and the Green Morocco Plan (*Plan Maroc Vert*), which aims to increase agricultural productivity and agricultural employment. An improved energy supply will be essential to helping meet their goals. Besides supplying the towns close by, the solar PV plants will reduce ONEE's losses of electricity. "If there is less need for transporting electrons a long way along some power lines," added Coma-Cunill, "you save energy. This improves the overall efficiency of the system." Developing solar makes Morocco less reliant on the fluctuating price of the fossil fuels it imports, too. "There is a very strategic sense in Morocco of diversifying energy sources," said Coma-Cunill, "and a clear sense, with all these targets to reach by 2020, of adding to a green growth plan and being a model for Africa. Morocco is trying to be a gateway to Africa. That's part of this endeavor." *(World Bank)*

Hydropower Fault Plunges Zambia, Much of Zimbabwe Into Darkness

A fault at Zambia's Kariba North hydropower station caused a blackout across most of Africa's second largest copper producer and cut supplies to large parts of Zimbabwe.

The Zambian fault knocked out Zimbabwe's Kariba South hydro-electric plant and its Hwange thermal power plant, Fullard Gwasira, spokesman for state-owned power utility, Zesa Holdings (Pvt) Ltd., said in an interview in Bulawayo, Zimbabwe's second biggest city. Electrical transmission in most of southern Africa is inter-connected through the Southern African Power Pool. A "disturbance" led to a shutdown of generators, while restoration started, Zambia Electricity Supply Corp. spokesman Henry Kapata said. The fault had "serious safety implications," Jackson Sikamo, president of the Zambian Chamber of Mines, said in an e-mailed response to questions. "We're concerned about these power cuts since yesterday," Zimbabwe Chamber of Mines Chief Executive Office Isaac Kwesu said in Bulawayo. "Even right now there's no power and we're concerned that some employees may be underground since yesterday." Eight of Zambia's 10 provinces were without electricity, while Zimbabwe's capital, Harare and most of the country's northern regions lost power. "Kariba South is back on line, but Hwange takes a bit longer to bring back," Zesa's Gwasira said.

Power Rationed

Zimbabwe rations power daily, producing and importing about 1,300 megawatts of power against demand of about 2,200 megawatts. Zambia's power-generation capacity is 2,310 megawatts, former President Michael Sata said in September. Zambia's mining industry, which uses about half the nation's electricity, produces more copper than any other African country after the Democratic Republic of Congo. "There will obviously be serious safety implications related to potential flooding and loss of ventilation for the underground mines and massive loss of production all round with possible damage to electrical infrastructure in some cases," said the Zambian mines chamber's Sikamo. The group represents companies including First Quantum Minerals Ltd. and Vedanta Resources Plc's Konkola unit. Zesco is investigating the cause of the outage, Kapata said. *(Bloomberg)*

Lake Turkana Wind Farm Project in Kenya Battles Headwinds

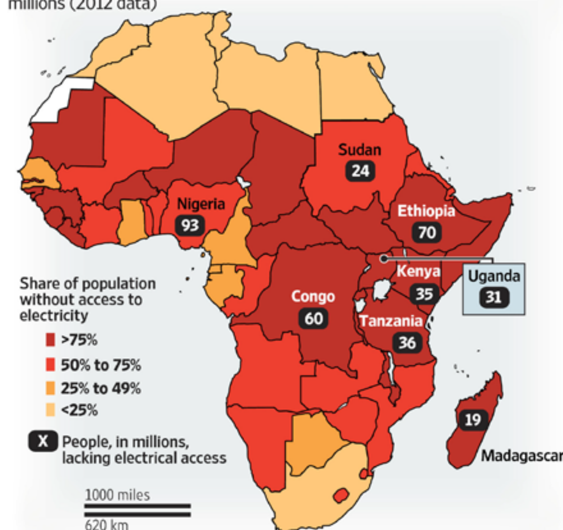
A $1 billion project in Africa must overcome political, financial and terrestrial obstacles

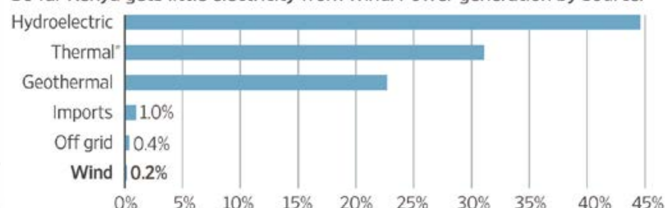
Fly over Africa at night—there are no lights," laments Carlo Van Wageningen, an energy executive who for two decades has worked on infrastructure projects in East Africa. Mr. Van Wageningen's dream of lighting up the African night is starting to materialize: The biggest wind farm in sub-Saharan Africa has broken ground on the east side of Kenya's glistening Lake Turkana and is scheduled for completion in 2017.

The nearly $1 billion private- and public-sector joint-venture project, of which Mr. Van Wageningen is the director, is just the kind of mega-infrastructure that international organizations say Africa needs for the continent to unleash its vast economic potential. Sub-Saharan Africa's economies have recorded annual growth averaging 5% in the past decade, according to the World Bank. Ramped-up energy production would boost growth even more, the World Bank and other organizations say. Yet, first imagined in the late 1990s, Lake Turkana Wind Power also shows why few big energy infrastructure projects in Africa ever get off the drawing board.

Fateful fishing trip

Mr. Van Wageningen says he first thought about a large-scale wind farm on Lake Turkana, the world's largest desert lake, while on a fishing trip there in 1998. "The wind blew like nowhere I'd ever seen," he says. In the intervening years, however, Kenya has had three presidents, a series of corruption scandals and an outbreak of violence that left more than 1,000 people dead after a contested election in 2007. Following those attacks, President Uhuru Kenyatta and Deputy President William Ruto were charged with crimes against humanity in the International Criminal Court in The Hague. Charges against Mr. Kenyatta were dropped last year.





Kwame Parker, East Africa head of power and infrastructure at Standard Bank of South Africa Ltd., which helped arrange funding for the Turkana power plant, emphasizes how difficult the project has been.

"At Turkana you get literally one of the best winds you can get in the world, but almost everything else is hard," he says. After years of drawing up engineering plans and political support, the project suffered a major blow in 2012 when the World Bank decided to withdraw. Bank officials feared the output of electricity would overshoot demand, according to Lake Turkana Wind Power executives and officials at the World Bank.

In the vacuum that followed, the African Development Bank, Africa's equivalent of the World Bank and a rising player in African infrastructure financing, stepped in to lead the funding. The African bank, which invests in projects to foster economic growth and alleviate poverty across the continent, is now the biggest investor, joined by the European Investment Bank (a European Union institution), the development agencies of Finland and a handful of other European countries, and Standard Bank.

The catalyst for the financing, Mr. Parker says, was a letter of support from the Kenyan government stating that it will be liable for any cost overruns that result from interruptions to the project linked to politics. "This is the linchpin of these transactions," Mr. Parker says. "In its basic form, the letter says that if there are any political problems that affect the project itself or the Kenyan power company's ability to buy the energy from the project, the government is on the hook."

Road to somewhere

Ground finally was broken late last year. But as construction got under way, the lack of supporting infrastructure made clear how much work still needs to be done. For starters, a road still needs to be built over which 365 Danish-made wind turbines will travel from the port of Mombasa, about 800 miles away. Lake Turkana Wind Power is now building that road.

"You are at a huge distance from civilization," Mr. Parker says. "The local communities are so disconnected from the rest of the country that they struggle for resources. It is definitely a challenging choice of location."

The company has opened an airstrip to take staff to the project site, which last month was flooded at the onset of rainy season. For most of the year, it is arid and temperatures hover around 110 degrees Fahrenheit.

"It looks like the surface of the moon," says Mr. Van Wageningen.

In another challenge, planners learned that the roughly 87-yard turbines in the original design would be too big for Mombasa's port to handle. Now turbines about half as big will be used.

The turbines are to be installed later this year and by 2017 are expected to start adding 300 megawatts of output to Kenya's grid, a quarter of the current capacity—a turbocharge for an already fast-paced economy.

Oil risk

One risk that remains: a further decline in oil prices. Key African oil exporters such as Nigeria and Angola have been hurt by the global plunge of oil prices. Kenya, however, a net importer of energy, is benefiting, according to the World Bank.

Hence, the risk to the Lake Turkana project is that if oil prices continue to fall, energy produced by the wind farm could end up costing more than electricity produced using oil.

"No one believes these [low oil] prices will last forever" says Mr. Van Wageningen, when asked whether it makes sense to build big renewable-energy projects at a time of historically low energy prices. The director says he expects Lake Turkana's pricing to be competitive as long as crude doesn't go below $40 a barrel.

Despite all of the difficulties, he expects the wind farm to be profitable. "In Africa you don't get government subsidies to build renewable-energy projects like you do in Europe," he says. "Here you can only do it because it makes financial sense." *(Wall Street Journal)*

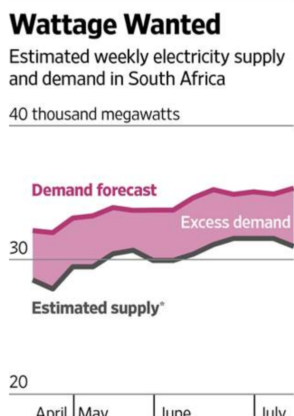
Power Outages Mar South Africa's Economic Expansion

Struggling utility can't meet rising demand from power-hungry industries, forcing them to cut back

It takes a lot of power to extract traces of gold from the 60,000 tons of sludge DRDGOLD Ltd. sends through its machinery here each day. That is something that the Johannesburg-based company hasn't been able to count on recently. "It's a worrying thing that you've got to watch all the time," said Niël Pretorius,DRDGOLD's chief executive. South Africa used to be one of the few countries on the continent where most people had reliable access to electricity. But a lack of maintenance and investment has pushed state-run power provider Eskom Holdings Ltd. into a daily crisis as it struggles to meet demand. Blackouts are threatening to drive Africa's second-largest economy off a cliff, as mines and factories lose output and foreign investors pull back."This company won't survive a complete collapse of Eskom," Mr. Pretorius said.

The utility generates nearly all of the power in South Africa and nearly half of the electricity on the continent, where hundreds of millions of people still live off the grid. But Eskom has been hobbled by mismanagement and an unreliable fleet of aging power plants and transmission lines. Medupi Power Station, the first new power station South Africa has built in two decades, has been beset by delays. Slated to come online in 2011, it is now expected to be completed in 2018 or 2019.

In March, Eskom's chairman stepped down following the suspension of four executives including CEO Tshediso Matona, while the board carried out an independent inquiry into Eskom's poor performance, delays, high costs and cash-flow challenges. The government recently named Brian Molefe, the respected chief executive of South Africa's state rail and port company, as Eskom's acting CEO.



South African officials acknowledge that there is no quick fix to Eskom's woes. After the end of white-minority rule in 1994, the government spent billions of dollars on popular programs to provide houses and welfare stipends to poor South Africans while neglecting to build new power plants. At the same time, they connected virtually every South African to the grid, up from less than two-thirds in the 1980s. Now accidents and overdue tuneups regularly push Eskom's generating capacity below South Africa's daily demand.

Power outages lasting 12 hours and more have become a constant hassle. Every day, Eskom updates a schedule online, denoting what areas will have power outages and when, depending on the severity of the overloading of the grid.

The company has also entered into individual agreements with some heavy electricity users, like miners, which can't afford to have their electricity turned off suddenly. Instead, the miners agree to reduce their power usage by a certain pre-negotiated amount on an hour-or-so notice from the utility.

"The power grid has to be sorted out," Goldman Sachs Group Inc. Chief Executive Lloyd Blankfein said at a forum in Johannesburg last month. A few minutes later, the lights at the business school auditorium where was speaking flickered out. "There's that infrastructure," he said.

South Africa's finance ministry says the power crunch is the top constraint on an economy that has fallen behind rapid growth elsewhere in Africa. While the lights flicker on and off, factories are making less, consumers are staying home and foreign investors are shying away, the ministry says. Annual economic growth could fall short of 2% for a second year, economists say. The government has plans to inject 23 billion rand ($1.95 billion) in cash into the beleaguered state power provide this year, but Mr. Molefe, Eskom's acting chief executive, said last week that blackouts will continue at least through the end of this year. Eskom's "almost daily" pleas for major manufacturers to dial back power usage are costing steel giant ArcelorMittal SA up to $130,000 an hour, said Paul O'Flaherty, chief executive of the company's South African arm.

The mining industry, which uses 15% of the country's electricity to drill deep into the earth and extract minerals that make up almost 60% of South Africa's exports, has been acutely affected by the blackouts. DRDGOLD only recovers 0.197 gram of gold from each ton of decades-old mining waste that it processes, so volume is essential to turning a profit. Increasingly frequent power outages have made it hard for miners to keep up, at a time when strikes and tumbling metal prices are also weighing on the sector that made Johannesburg into the City of Gold 130 years ago.

To keep up production, miners large and small are negotiating with Eskom to ensure the beleaguered state company won't unexpectedly shut off the electricity completely. Thokozani Dladla and Sonnyboy Mahlangu spend their eight-hour shifts at DRDGOLD's plant an hour south of Johannesburg making sure usage doesn't surge past the level they've told Eskom they'll use. Eskom asked the plant to curb usage by a 10th that day in order to ease some of the pressure on the grid. "If it's over that, Eskom can take all the power away," Mr. Mahlangu said, as he tracked the plant's power usage on a colorful screen. DRDGOLD's gold production dropped 3% in the last three months of 2014

from the previous quarter because of power outages. Last month, the company reported a 2% uptick in output during the first three months of 2015, thanks to closer coordination with Eskom about when and how much power it will use.
DRDGOLD is also planning to convert some of its equipment to run on natural gas, which is cheaper than the diesel used to power most generators.
Other miners are also making plans for an extended power crunch. AngloGold Ashanti Ltd., the world's No. 3 gold producer, said it is considering a shift to shallower shafts that don't require so much power to drill. "We'll start prioritizing which gold mines give us the best margins," said the Johannesburg-based firm's chief executive, Srinivasan Venkatakrishnan. He acknowledged that shuttering operations is a slow process that can have its own side effects. "It's like a cruise ship: It takes time to start up. It takes time to shut down," he said.
Vancouver-based Platinum Group Metals Ltd., which is preparing to open its first platinum mine in South Africa, thinks the power shortages could work to the advantage of their shallow, greenfield project. "We are expecting to see a number of deeper mines closing," said Michael Jones, the company's chief executive. "The deep mines are much more power intensive. That's where we think we're very well positioned." Meanwhile, DRDGOLD is reducing its power usage by pumping less water and periodically turning off one of its three kilns—but the constant switching on and off of sensitive machinery also causes wear and tear. "If the power just goes off, it's a right royal mess," Mr. Pretorius said. *(Wall Street Journal)*

MINING

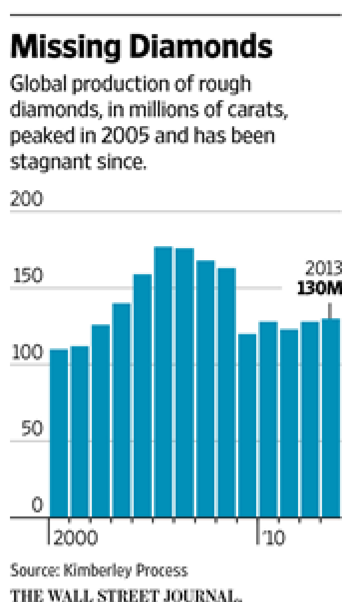
Angolan company Angostone seeks to diversify export markets

Angolan ornamental stone quarrying company Angostone has invested over US$55 million in the last 15 years on purchasing equipment for its quarries and on opening two concrete production plants, the company's chairman said in the city of Lubango. Carlos Alberto Gonçalves added that the investment was also used to acquire power generators, transport, working equipment for workers operating in its eight quarries, located in the provinces of Huila, Namibe and Cunene. He said that in this period Angostone also managed open in Lubango and Namibe two concrete production plants, which have been supplying concrete to construction companies conducting, mainly public, works in the region. Even with the investments made, Carlos Alberto Gonçalves told Angolan news agency Angop that the company was producing only 4,000 cubic metres of granite per month, against the previous 12,000 cubic metres, due to a weak output to its two main markets, Europe and Asia. Focusing its activity on Angola Classic, Silver, Gold, Oklahoma and Blue Marron granites, the board of Angostone is initiating contacts in Vietnam, Poland, Brazil and Indonesia with a view to exporting Angolan granite to these countries, as the European market (Portugal, Spain and Italy) is currently of little interest due to low trading prices. Angostone was established in 2000 and explores granite in the provinces of Huila, Namibe and Cunene, and is also present in Brazil and Portugal. *(Macauhub)*

For De Beers, There's a Diamond in the Mining Waste

More miners are processing former waste rock as new deposits become harder to find. Every day De Beers sends trucks of waste rock through this celebrated mining town, part of its effort to squeeze the remaining diamonds out of the deposit that started the company in 1888. De Beers, a unit of Anglo American PLC, is still the world's biggest diamond miner, with operations in Namibia, Botswana, Canada and South Africa. The company stopped mining in Kimberley nine years ago, but as new deposits of the scarce mineral grows even harder to find, exploiting waste pits now represents a lucrative niche—and one that more miners are trying to tap.
Mining companies say processing tailings, as former waste rock is known, is increasingly becoming an economic imperative. As miners have already plumbed some of the world's richest deposits, grades of most metals and minerals have declined. That means processing already-mined tailings can be a more attractive proposition than traditional mining. "Over the past century, the average copper grade has fallen to 1% from 4%, and production has gone up 16-fold," says Ruban Yogarajah, a spokesman for BHP Billiton, the world's biggest mining company. "So every year, it gets harder and harder."
Companies don't always disclose how much revenue they derive from tailings, and quantities mined vary greatly depending on price. But Mr. Yogarajah, echoing others, says it "will increasingly be an important part of our business."
There are currently around 75 major tailings mining projects globally, according to research done by Magnus Ericsson, a professor of mineral economics at the Luleå University of Technology in Sweden. Projects include iron ore in Minnesota, copper in the Democratic Republic of the Congo—and, pretty much everywhere, gold. Gold is present in slivers that couldn't be collected 50 years ago, but can now be retrieved thanks to leaching technology, making it a byproduct in many copper mines.
In Canada, Goldcorp Inc., the world's largest gold miner by market capitalization, has taken its quest to reclaim lost gold to downtown Timmins, Ontario, the historic heart of the country's mining industry. It recently began a project to sift through the grounds of an old mine that operated from 1910 to 1968 in what is now close to the center of the city of 40,000 people. By year-end, Goldcorp says the operation should produce 50,000 ounces of gold and 100,000 ounces annually for the next five years. "Decades ago, those miners took the high-grade stuff they could make money from," and left the rest, says George Burns, Goldcorp's chief operating officer.

To be sure, mining tailings is fraught with potential problems. Old waste piles, for instance, are a tempting prize for illegal miners. Extracting the minerals also can be complicated, and, if prices fall, not worth it. Acid and other chemicals used to extract the valuable mineral are sometimes present in the waste rock. Tailings, if they're in liquid form, can spill, sometimes with disastrous consequences for local population and water supplies.
A series of spills and the fear of further damage have restricted tailings mining in developed countries. In the U.S., companies are responsible for the environmental impact of tailings sites they take over, which has curtailed most U.S. plans to mine waste rock.
Diamond tailings hold particular promise, in part because there have been no major new diamond deposits discovered since the 1990s. Only 1% of the 7,000 volcanic formations known as kimberlites, named after the town where De Beers got its start, contain diamonds. De Beers still controls around one-third of global rough diamond sales, on par with Russia's Alrosa and far ahead of rivals like Rio Tinto PLC, which sells about 10%.



As diamond finds dried up and old deposits were mined out, De Beers came up with its first plan to exploit tailings in the 1970s. It employed a rudimentary system of screens and crushers.
In 2001, it began work on its current processing plant in Kimberley, built at a cost of $100 million. Since selling its remaining mines in and around the town in 2006, the only thing it still mines here is waste rock. In the middle of town is the Big Hole, an eye-popping cavity around 700 feet deep and 1,500 feet wide that miners dug with pick axes a century ago, extracting 6,000 pounds of diamonds in the process.
After trucks transport the waste rock from a half-dozen sites, between a few decades and a century old, it's crushed, sieved, and mixed with heavy ferrosilicon. The diamonds and heavy materials are denser materials, so they sink to the bottom. This concentrate is moved to a high security part of the plant, and placed on a grease belt. The diamonds, because of their chemical properties, stick to the grease. They also fluoresce under an X-ray machine, which allows sorters to hand pick them out The tailings plant processes 800,000 carats of diamonds a year, making it a significant source. Global production of diamonds last year amounted to roughly 135 million carats. A major challenge for De Beers in Kimberley and other miners are illegal diggers like Petrus Barends.
On a recent day, across the street from the De Beers tailing processing plant, Mr. Barends, 34 years old, and his crew of a dozen men dug through an old waste pile. Mr. Barends, who agreed to have his name published, shovels piles of rock into a wheelbarrow. A fellow traveler then uses a rock the size of a baseball to grind clumps down to a fine sand that can be sifted for diamonds. The men recover a small one-carat diamond, worth a couple thousand dollars on the black market, "every two or three weeks," enough to maintain their hand-to-mouth lifestyle, he says. "Why should these lands automatically belong to De Beers? They're done mining here." Mr. Barends's quarry comes from De Beers tailings, and could one day be mined by the company, but it belongs to the town. Sello Matsie, a local government spokesman, says that "illegal mining pose a serious environmental and safety risk" which can lead to fatalities, and that miners should apply for permits first. Under its recommendation, the police regularly arrest illegal miners. De Beers says it systematically reports illegal miners caught on its land to the police. "We take pride in defending the legal right to mine here," says spokesman Tom Tweedy. "We are not done with Kimberley." *(Wall Street Journal)*

New mining projects begin in Angola in 2016

Angola's minister of Geology and Mining, Francisco Queiroz, said in Luanda that the sector will 16 new mining projects coming into execution in 2016. Queiroz said during the opening of the fourth Consultative Council of Geology and Mines that by the end of 2015 the geophysical aerial survey of Angola's entire territory would be concluded.
The minister also revealed that in 2016 16 new mining projects would be launched that will create more than 3,500 new jobs. Francisco Queiroz said that there are five projects for diamonds, four for gold, two for phosphates, one in Cabinda and another in Zaire, two copper projects and two iron projects, on in Cassinga and one in Andulo. *(Macauhub)*

Gold Fields on the prowl for new mines

JSE-listed gold miner, Gold Fields, was looking to acquire new mines in the not too distant future, CEO Nick Holland said. This was regardless of the slipping price of gold in recent months, he added. He made these comments as the company, which is Africa's second biggest gold miner, posted a quarterly loss in profits. This saw the company's share price take a serious battering on the JSE during intraday trading, sagging 9.3 %. Gold Fields posted an earnings loss of $13 million, dropping from $17 million in the previous quarter. "But we would love to add another mine or two to the portfolio so it's still a key focus for the group," Holland told Reuters.
In March this year, another JSE-listed gold miner, AngloGold Ashanti, said it had been approached by a party that wanted to acquire its shareholding in two mines in Mali. It did not name the party at the time. AngloGold Ashanti also added that it was searching for an associate or acquirer of its US mine assets. "There are operations in countries that we

operate in or countries that are close to us that might fit into our portfolio," Holland said in what appeared to be an apparent reference to the AngloGold Ashanti's assets. Gold Fields has two mine operations in Ghana, where AngloGold Ashanti also has mines. Production at Gold Fields' prized South Deep mine in South Africa sagged 25 % because of the Christmas holidays and a four-month work safety halt. The mine is likely to break even by the close of next year, Holland said. *(Ventures Africa)*

Mozambique plans to carry out cartographic survey of Zambezi valley

The Zambezi valley will be subject to a cartographic survey in order to collect data on mineral resources in that region of Mozambique, officials said at a meeting of the provincial government. The valley, which covers 34 districts across four provinces of Mozambique, has high potential for agricultural development of agriculture as well as for mining and power production. The spokesman for the meeting of the provincial government, Hélcio Canda, told Mozambican daily newspaper Notícias that the survey would cover the provinces of Sofala, Manica, Tete and Zambézia and that the work would be entrusted to the National Cartography Centre, of the Ministry for Land, Forestry and Rural Development. This initiative is expected to cost US$4.5 million donated by the South Korean government , which includes the cost of training people selected to work on the survey. "The cartographic survey, to be carried out along the valley, will serve the implementation of public infrastructure such as roads, areas for agricultural production and areas for resettlement of the population," Canda explained. The Zambezi valley has the largest reserves of water, sources of renewable energy and coking coal in the whole of Southern Africa. *(Macauhub)*

Montepuez Ruby Mining holds fourth auction of rubies mined in Mozambique

Montepuez Ruby Mining is due in June in Singapore to hold its fourth auction of rubies in the rough mined in Mozambique, company director Rami Raimundo Pachinuapa said cited by Mozambican daily newspaper Notícias.
Pachinuapa said this auction would provide revenue of US$50 million, after a previous auction held in Jaipur, India of low quality rubies yielded US$15 million. The company was recently considered the largest taxpayer in Cabo Delgado province after it paid 320 million meticais in taxes as a result of two ruby auctions it carried out. The contribution of Montepuez Ruby Mining allowed the Mozambique Tax Authority in 2014 to collect total taxes of just over 1.6 billion meticais throughout the province, which this year increase to over 1.8 billion meticais, said provincial delegate João Pereira. Montepuez Ruby Mining, which is 75 % owned by British group Gemfields and t25 % by Mozambican company Mwiriti Limitada, has two 25-year mining licenses in the province of Cabo Delgado. It started operating in the area in November 2012 and held its first auction in Singapore in June 2014. *(Macauhub)*

OIL & GAS

Sub-Saharan Africa growth faces headwinds – IMF

While sub-Saharan Africa is, overall, poised for a year of solid economic growth, policymakers need to be cognisant of risks that could still cloud the outlook amid mixed growth expectations for the continent's countries. The region was expected to grow by 4.5% in 2015, but the impact of the sharp decline of oil and commodity prices over the last six months would restrain growth for some African countries, pushing them towards the lower end of the expansion experienced in recent years, the International Monetary Fund (IMF) said. Releasing its April 2015 IMF Regional Economic Outlook: sub-Saharan Africa report, IMF Africa director Antoinette Sayeh said: "Sub-Saharan Africa's oil exporters have been hard hit by the price decline and their average growth in 2015 is expected to be about 1.25 percentage points lower than in 2014." While some countries basked in the benefits of lower oil import bills, others battled low prices for their non-oil commodity exports. "For the region's eight oil exporting countries, fiscal adjustment is a priority. Policymakers should support an adjustment by allowing exchange rates to depreciate, where flexible exchange rate mechanisms are in place," she explained. Non-oil exporting countries should leverage lower oil prices to eliminate fuel subsidies, while establishing "flexible energy pricing mechanisms", which Sayeh believed would unlock education and infrastructure spending. "The current circumstances also highlight the urgent need for policies that favour structural transformation to diversify sub-Saharan Africa's production base and promote greater integration into global trading networks." This was particularly critical as, by 2030, the number of working-age citizens in Africa would surpass that of the rest of the world combined, offering the region a "tremendous opportunity" to create a powerful engine for long-term growth. "This will help the region create jobs for the rapidly growing young population as the region is set to experience a significant demographic transition in the next decades," Sayeh concluded. *(Engineering News)*

Nigerian Oil Audit Shows $19B Never Made it to Government Accounts

Nigerian Oil-Revenue Audit Report Published, PricewaterhouseCoopers report explains how $19 billion in revenue was never deposited to government accounts

An audit ordered by Nigeria's outgoing president was published, seeking to explain why $19 billion in oil revenue never made it into the government's bank accounts. The report caps a year-long political debate over how Africa's top oil exporter manages its revenue, a debate that helped lead to President Goodluck Jonathan's ouster last month.

PricewaterhouseCoopers, which conducted the audit, said Nigeria's state-owned oil company, Nigerian National Petroleum, deposited $19 billion less than expected from January 2012 to July 2013. According to the report, $10 billion went to kerosene and motor fuel subsidies. The remainder went to operations itemized by the audit, such as $2 billion spent financing the growing debt of the company. The oil company spends so much money on fuel subsidies and other operations that it may operate close to a loss this year, barring an overhaul or a rise in oil prices, the report said. "The procedures we performed did not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards," it said.
Nigeria's state oil company spends so much money on fuel subsidies and other operations that it may operate close to a loss this year, barring an overhaul or a rise in oil prices, the report said. The oil company spends so much money on fuel subsidies and other operations that it may operate close to a loss this year, barring an overhaul or a rise in oil prices, the report said. A spokesman for the state oil firm declined to comment. A spokesman for Mr. Jonathan couldn't be reached. About 75% of Nigeria's government revenue comes from the sale of crude oil, the price of which has dropped by more than half in the past nine months. Africa's largest economy depends on oil revenue to service its 177 million people and its population is growing by about 11,000 people a day. But even as the price of oil falls, the costs of subsidies of the petroleum products Nigerians use daily haven't fallen as quickly, a senior official for the company said. "It doesn't work that way," the official said, citing transportation and bureaucratic expenses, as well as the cost of repairs to Nigeria's frequently damaged pipelines. Asked if the company would struggle to make a profit this year, as the report suggested, he said: "It's a fact." Mr. Jonathan ordered the audit last year, after the country's central bank accused the oil company of short changing the government by up to $21 billion. The company denied that; Mr. Jonathan proceeded to change the leadership of the central bank. In national elections last month, voters cited the allegations against the national oil company among the top reasons they voted to remove Mr. Jonathan last month. He is scheduled to leave office in May. *(Wall Street Journal)*

Nigerian billionaire sets sights on developing gas pipeline

ALIKO Dangote, Africa's richest man, plans to quadruple the supply of gas to Nigeria by building pipelines that may be backed by Carlyle and Blackstone the world's two biggest private-equity firms. Mr Dangote, who has a net worth of $15bn according to the Bloomberg Billionaires index, will invest $2.2bn to $2.5bn in two sub-sea 550km pipelines running from Nigeria's oil and gas-producing Niger River delta region to the commercial hub of Lagos, Dangote said in an interview on April 25. The pipes would increase the amount of gas available in Africa's biggest economy to 4-billion standard cubic feet (SCF) per day from 1-billion, he said.
While Nigeria has gas reserves of about 180-trillion cubic feet, more than any other African country, most of what is produced is flared or exported because of a lack of infrastructure to transport it to local companies and households. Boosting domestic supply would help increase electricity generation in a country where power cuts were common and about 70% of electricity plants were fuelled by gas, Mr Dangote said. "Having an additional 3-billion SCF will sort out all the gas issues we have today in Nigeria," he said in the lounge of his house in the Victoria Island district of Lagos. "It's badly needed." Mr Dangote, who has interests ranging from cement to sugar and oil refineries, planned to start laying the pipelines before the end of the year, he said. The first one should be ready by mid-2017.

Private equity

The International Finance Corporation (IFC) was considering an investment in the pipelines as were Blackstone and Carlyle, Mr Dangote said. Neither buyout firm responded to e-mails requesting comment. Desmond Dodd, a Johannesburg-based spokesman for the International Finance Corporation, declined to comment by e-mail.
"We have a lot of companies that are very interested in participating," Mr Dangote said. Blackstone and Carlyle said in August they would partner Dangote Industries, the holding company for the billionaire's operations, to invest in sub-Saharan Africa. Blackstone said its Johannesburg-based partner, Black Rhino, would jointly invest $5bn with the company on energy and other infrastructure in the region. The pipelines could be used by oil producers in Nigeria that currently had little incentive to sell gas from their fields in the country, including Royal Dutch Shell and Exxon Mobil, Mr Dangote said.

No infrastructure

"If today they process that gas, there's no infrastructure to remove it, there's no pipeline," he said. "We're trying to build that infrastructure." Nigeria's economy, which gets 90% of export earnings and two-thirds of government revenue from oil, has been hit by the 40% fall in Brent crude prices since June. The naira has weakened by 18% against the dollar in that period, while the Nigerian Stock Exchange's all share index is down 19%. Mr Dangote, who controls Dangote Cement, Nigeria's largest listed company, has seen his wealth fall by $3.4bn this year, more than anybody else aside from Warren Buffett, according to the Billionaires index.
His investments in oil and gas include a $9bn refinery near Lagos, which will be able to process 650,000 barrels a day when completed. The company got a licence from the government earlier this year and would export refined fuel to the rest of sub-Saharan Africa as well as sell it locally, Mr Dangote said. "We will be in the market with our petroleum products by the first quarter of 2018," he said.

Investors' concerns

Dangote Cement, which has a market value of $15bn and a free float of 7% in Lagos, would be ready to list its shares in London by the end of 2016, Mr Dangote said. It was addressing investors' concerns in the meantime about the composition of its board and other corporate governance issues, he said. "There are a lot of criteria we've met," he said. "Our aim is to create a world-class company. That's why we're going to London. It's not purely because we're looking for money."
Dangote Cement shares were unchanged at 175 naira by the close in Lagos. The stock is down 13% this year, more than the Nigerian stock index, which has fallen 1%. Profit declined 21% last year after a higher tax bill and prolonged rainy season in its home market, the company said in March. Mr Dangote's companies would increasingly focus on exports from Nigeria, including of cement, fertilizer, petrochemicals and refined fuel. "But 2018, in the worst case, the Dangote Group will be able to export about $8bn-$10bn worth of goods," he said. "We are totally transforming the business to be export-orientated."*(BDLive)*

Angola Further fuel subsidy reductions see pump price

The government has cut fuel subsidies for the third time in seven months.
Following the latest adjustment, announced late on April 30th-the eve of the Labour Day public holiday-a litre of petrol now costs Kz115 (US$1.05), up from Kz90 and effectively free from subsidy. The price of a litre of diesel has risen from Kz60 to Kz75, while that of domestic gas has increased from Kz45 to Kz55 and kerosene from Kz35 to Kz45. These increases follow on from 20% rises introduced in September 2014 and January 2015.
There is little doubt that the subsidy cuts were needed-prior to the reductions, Angola had some of the lowest petrol prices in the world, and the government was spending around 4% of GDP on fuel subsidies. This was equivalent to one-third of total public investment, and half the sum it allocated in total to health and education. What is more, according to IMF calculations, 80% of refined fuel was being consumed by the richest 40% of the population, and only 7% by the poorest 40%. However, increasing the cost of diesel, which is used to power generators-the main source of electricity for homes and many businesses-will put pressure on efforts to stimulate growth in the private sector and highlights the urgent need for improved power grid connections.
The government has described the subsidy reduction as a key step towards fiscal and national stability that will free up money to spend elsewhere in the budget, in theory reaching those most in need. State media reports claim, somewhat improbably, that motorists have "praised" the price increases for this very reason. However, although there have been many grumbles on social media platforms about the hike, which comes amid creeping inflation, demonstrations about these fuel increases are unlikely-Angolans rarely take to the streets to protest against the government even when price rises are introduced overnight. All the same, the move will only add to discontent among the country's impoverished majority, who are increasingly frustrated about widening inequality and the lack of peace dividend despite Angola's years of post-war economic boom. Such frustration will increase should the money saved from reducing subsidies get lost in Angola's notoriously leaky financial management system or be wasted on vanity projects. *(Economist Intelligence Unit)*

Tanzania to finalise land acquisition for LNG project

Tanzania plans to spend 12 billion shillings ($6 million) in the next fiscal year to buy land for the planned construction of a liquefied natural gas (LNG) terminal, raising hopes it is speeding up progress of the long-delayed project. The two-train onshore LNG export terminal, which the government says could cost up to $30 billion, has run into delays mainly due to complex land acquisition procedures and an uncertain legal and regulatory framework. Along with neighbouring Mozambique, Tanzania is in a race with Russia, Australia, the United States and Canada to build LNG export plants, aiming to exploit a gap in global supply that is expected to open up by 2020. "The government has set aside 12 billion shillings in 2015/16 for assessment and compensation of 450 people ... where the (LNG) terminal will be built," the government's planning commission said in a report seen by Reuters.
The terminal would be built in the small southern town of Lindi, located close to an offshore deep-sea region where huge natural gas discoveries have been made.
Tanzania is estimated to have more than 53.2 trillion cubic feet (tcf) of gas reserves off its southern coast, but its energy sector has long been dogged by allegations of graft and other problems. Tanzania's parliament last year accused senior government officials of fraudulently authorising the transfer of at least $122 million of public funds to a private energy company. Three cabinet officials, including the energy minister, lost their jobs.
Analysts said the graft accusations, coupled with delays in passing new gas legislation, are holding back the development of the sector. British gas company BG Group, together with partners Statoil, Exxon Mobil and Ophir Energy, plans to build an LNG export terminal, expected to start operating in the early 2020s, but a final investment decision is only set for 2016. Royal Dutch Shell agreed to buy BG Group last month for $70 billion in the first large oil merger in more than a decade, giving the Anglo-Dutch company access to BG's multi-billion dollar projects in Tanzania. ($1 = 1,980.0000 Tanzanian shillings). *(Reuters)*

RETAIL

International retailers eyeing East Africa should not underestimate local players

International retailers are increasingly expanding into Africa, angling for a piece of the continent's growing retail and consumer industries. By 2030 Africa's top 18 cities will have a total spending power of US$1.3tr, according to estimates from global consulting firm McKinsey & Company Many have launched in South Africa with the hopes of using the rainbow nation as a springboard for pan-African growth. These include Australian fashion retailer Cotton On, British retailers H&M and Topshop, US fashion brand Forever 21, and Spanish fashion house Zara. "The middle class is obviously driving the formal retail sector. These guys want better everything – better shops, better brands, better pricing, and they want choice," says Malcolm Horne, CEO of commercial property services group, Broll Property.

Local vs foreign

With rising income levels, rapid urbanisation and fast-growing economies, the opportunities in most of Africa are obvious. But Horne warns international retailers eyeing the continent not to "underestimate local retailers". "I don't think local retailers by any means are just going to accept these brands coming in. They are going to give them a good run for their money." Speaking at the recent East Africa Property Investment Summit in Nairobi, Horne shared insights on the region's retail sector. Contrasting East Africa with the rest of the continent, Horne observed that in the South and West Africa there is a greater presence of international retailers. Leading brands Levi's, Mango, Nike and Swatch operate stores at the Palms Shopping Mall in Lagos, while in Ghana's Accra Mall retailers Mango, Puma and Nike have set up shop. "[There is] great brand presence sitting in West Africa… because the consumers in West Africa like the glitter and the glamour. They like the showiness, so they will go and shop at these brands… and we are seeing more brands entering that market," says Horne.

But he observes that East Africa has "a strong base of regional retailers that have built their businesses up over time". The retail sector is dominated by mostly Kenyan retailers, led by Nakumatt Holdings which makes $700m in annual gross revenue and plans to become a $1bn a year company by 2017. "[When] I walk through the Kenyan shopping centres at the moment I see a lot of branded goods, but they are obviously being imported and sold in the shops via that channel. I am not seeing a lot of branded global stores operating in this market." The world's second largest retailer Carrefour is set to launch in Kenya later this year. The French retailer has signed up for space in two malls currently under construction in Nairobi.

Promoting Africa's retail market

But even with the increasing number of global retailers coming to Africa, Horne says investors and developers need to do more to promote the continent's retail market to global brands. According to 2015 statistics of a survey conducted by global commercial real estate firm CBRE Group, Africa does not feature prominently in the expansion plans of global retailers. Some 40% of 350 global retailers interviewed cited Germany as their number one target market for expansion in 2015. To attract more international retailers Africa needs quality, high-class and large-sized shopping malls. With the exception of South Africa, Horne says most countries across Africa do not have sufficient modern retail space and this presents an immense opportunity for property developers. "There is a compelling story to build brick and mortar across Africa."*(How we made it in Africa)*

Angolan government wants large public consumers to buy goods "Made in Angola"

The government of Angola wants large public consumers to acquire the goods and services they need for their businesses in the local market, an advisor to the Economy Minister said in Luanda.

Licinio de Freitas Vaz Contreiras, who was speaking during a meeting with heads of public institutions to address questions about the duty of ministries to buy national products and obtain services in the country, pointed out that there were already 64 domestic producers that could supply goods to public services .

Vaz Contreiras also said that large commercial consumers, especially the Ministries of Defence, Health, Education, Social Welfare and Prison Services, would share a database with the Economy Ministry listing domestic suppliers in order to guide them in the procurement process and facilitate the purchase of products.

Cited by Angolan news agency Angop, the advisor to the Economy Ministry said there was a list of around 500 products made in Angola with enough quality to be consumed by the country's public services. Vaz Contreiras said the meeting with representatives of ministries, local governments and other public entities followed a similar meeting with suppliers, in which complaints were submitted about the regularity of supply, as well as the quality and quantity of products. The advisor said the main aim of the meeting was to make large public consumers give priority to domestic products, thus supporting producers in the sale of domestic production and avoiding the outflow of currency in order to import similar products to those already available in Angola .*(Macauhub)*

Businesses Seek Out New African Frontiers

Uncertainties in South Africa, Nigeria prompt firms to explore growth elsewhere

Shoprite Holdings Ltd. sold more Guinness stout at its 11 stores in Angola and Nigeria last year than at home in South Africa, where it has 10 times as many outlets. But Africa's biggest retailer is also contending with an Islamic insurgency in Nigeria, where Boko Haram militants have staged attacks near its shops—and the effects of wilting currencies both there and in Angola. The challenges are increasingly common ones for Africa's largest companies,

serving customers embattled by insecurity and economic turmoil. “These are still relatively high-growth countries, and these experiences can be a long-term gain,” said Corneleo Keevy of Ashburton Investments, an arm of Johannesburg-based banking group FirstRand. “Expanding in Africa isn’t an overnight play.”

Anemic growth in the continent’s most advanced economy, South Africa, and instability in its largest, Nigeria, have buffeted the continent’s biggest companies, complicating efforts to burrow into the global economy’s newest frontier before their foreign competitors.

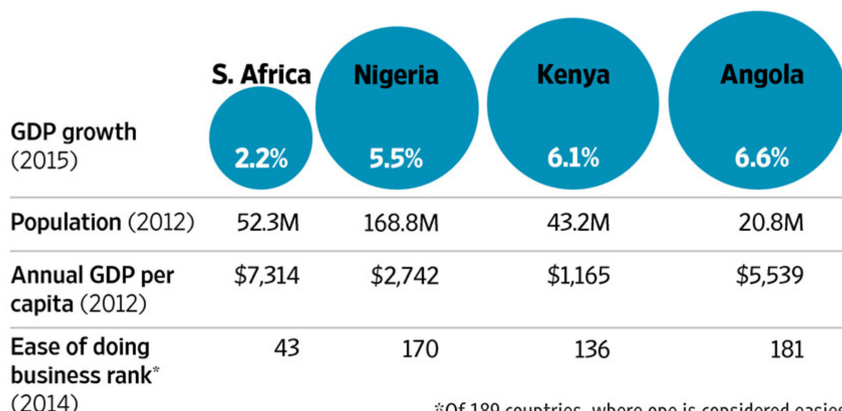
Their home market, South Africa, is racked by joblessness and power blackouts. The economy that gave rise to major banks and telecom firms like Standard Bank Ltd. and MTN Group is now growing less than 2% annually.

They and their peers have pinned their hopes on Africa’s ascendant giant, Nigeria. But that country of some 170 million people is now wrestling with a tanking currency and Boko Haram. These are serious obstacles to its growth in the immediate future that the newly elected government of Muhammadu Buhari will have to deal with after his swearing in.

The troubles in Africa’s two top economies have left executives juggling cost-cutting and aggressive marketing pushes there, while plotting to boost their business in smaller but promising African countries like Angola and Kenya. “These are risky markets but it would be riskier not to be there,” said Konrad Reuss, Standard & Poor’s Ratings Services’ managing director for sub-Saharan Africa. He acknowledges, though, that “there might be less money to go around for a while.”

Pick and Choose

Currency turmoil in Nigeria and slow growth in South Africa push big African businesses to explore the rest of the continent.



	S. Africa	Nigeria	Kenya	Angola
GDP growth (2015)	2.2%	5.5%	6.1%	6.6%
Population (2012)	52.3M	168.8M	43.2M	20.8M
Annual GDP per capita (2012)	$7,314	$2,742	$1,165	$5,539
Ease of doing business rank* (2014)	43	170	136	181

*Of 189 countries, where one is considered easiest

Sources: South Africa Reserve Bank (South Africa’s GDP); Nigeria Finance Ministry (Nigeria’s GDP); Angola Finance Ministry (Angola’s GDP); World Bank (Kenya’s GDP, population, GDP per capita, ease of doing business)

THE WALL STREET JOURNAL.

Indeed, analysts say companies determined to tap Africa’s growing middle classes cannot ignore Nigeria. “There’ve been a lot of negatives but these hopefully are short-term,” Shoprite Chief Executive Whitey Basson told South Africa’s Sunday Times newspaper in March. “We really treat it as something we must cope with and learn how to deal with.” And it will take decades before people in most of Africa amass the spending power of South Africans, so both countries remain central to African corporate strategy. But the current fragilities of these two African giants show that setting up shop in the rest of the continent is critical in hedging bets. Africa as a whole is growing at 5%, not far behind other billion-person emerging economies, China and India.

Nigeria overtook South Africa last year to become the continent’s biggest economy, but its dependence on oil has sent its currency tanking as global oil prices have dropped. Boko Haram’s attacks in the northeast mean a swath of the country is a no-go zone.

The Nigerian experience of South Africa’s MTN Group shows both the risks and rewards of these continental forays. Revenue at the continent’s biggest telecom company shrank 3.9% last year. In Nigeria, MTN’s biggest market and where it hopes to aggressively boost income, revenue only rose 3.4%, well below expectations. Nigeria had been a key source of profits for MTN in previous years, doing so well that the local competition authority had to put restrictions on it because it was deemed a “dominant player,” controlling half the market, in 2013. For now, analysts say MTN and other South African companies could struggle to pull profits out of Nigeria while the naira lingers at record lows and the central bank restricts access to U.S. dollars. For MTN, weathering the storm means expanding across Africa and the Middle East, including in some sanctioned states like Syria, Iran and Sudan.

Sim Tshabalala, co-chief executive of Standard Bank Group, the continent’s biggest lender by assets, sees opportunities in the rest of the continent. Standard Bank Ltd. recently reported that almost a third of its revenue in 2014 came from sub-Saharan Africa excluding South Africa—up 41% from the previous year. “As the continent gets wealthier and enters the middle class, it needs banking services,” Mr. Tshabalala said in an interview, singling out East

Africa and especially Kenya as big sources of future revenue. The region was the fastest-growing for Standard Bank in 2014, he said. Still, illustrating the bank's current conundrum, South Africa in the short term remains crucial: "Banking penetration and financial deepening in those markets is shallow compared with South Africa," he said, meaning the proportion of Africans that use banks is still small. Smaller South African firms are also embarking on pan-African adventures to shield their bottom lines. Packaging company Nampak Ltd. recently purchased a $300 million can factory in Nigeria, and is finishing construction on a second $180 million can factory in Angola. "Some impact on the consumer's pocket is probably unavoidable," as a result of the oil-price and currency drops, Nampak Chief Executive André de Ruyter said. But in the long term, he said, his firm's future depends on growth outside South Africa, where power outages and labor strikes have crimped economic growth. "We cannot rely on GDP growth here to give us the volume growth we need to drive increased profitability," he said.*(Wall Street Journal)*

Botswana's Choppies to raise $48 mln in South African listing

Botswana grocer Choppies plans to raise $48 million in a secondary listing on the Johannesburg bourse, it said, seeking to boost its profile among investors in Africa's largest and most liquid stock market. Choppies, which runs 125 stores in its home market, South Africa and Zimbabwe, will list the shares on May 27. Under the offering to selected institutional investors in South Africa and Botswana, Choppies will sell 117.4 million new shares along with 160 million from existing shareholders.

The offer price for each share will be determined in a bookbuild process run by FirstRand's investment bank unit Rand Merchant Bank, it said. "The listing will allow us to fast-track the continued roll-out of new stores, unlock opportunities in new markets and fund acquisitions," CEO Ramachandran Ottapathu said.

The $482 million company, which already trades on the Botswana Stock Exchange, plans to nearly double its store numbers in existing markets and enter new countries such as Zambia, Tanzania and Kenya.

Ottapathu said the company's seven distribution warehouses in the region could support 250 stores in South Africa, Botswana and Zimbabwe. "We are on track to have over 200 stores by the end of next year and we will be opening our first stores in Zambia and Tanzania by mid-2015," he said.

Further expansion into the rest of Africa, where sales growth is about three times the rate in matured, saturated South Africa, would pit the Gaborone-based company against dominant South African retailers such as Shoprite and Spar Group. Choppies, which had a total debt of 590 million Botswana pula ($60.2 million) at end of last year, said some of the money would be also used to pay down debt. The company's sales totalled 5 billion pula last year, while its earnings before interest, tax, depreciation and amortisation, or core profit, was 352 million pula. ($1 = 11.9271 rand) ($1 = 9.8039 pulas) *(Reuters)*

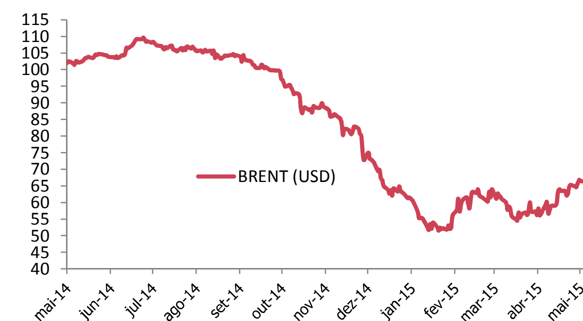
MARKET INDICATORS
11-05-2015

STOCK EXCHANGES		
Index Name (Country)	**11-05-2015**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	10.323,09	8,65%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	260,94	1,11%
Case 30 Index (Egypt)	8.691,85	-2,63%
FTSE NSE Kenya 15 Index (Kenya)	224,37	4,12%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	21.006,86	3,81%
Nigerian Stock Exchange All Share Index (Nigeria)	34.250,29	21,98%
FTSE/JSE Africa All Shares Index (South Africa)	54.035,02	8,57%
Tunindex (Tunisia)	5.580,91	9,64%

Source: Bloomberg and Eaglestone Securities

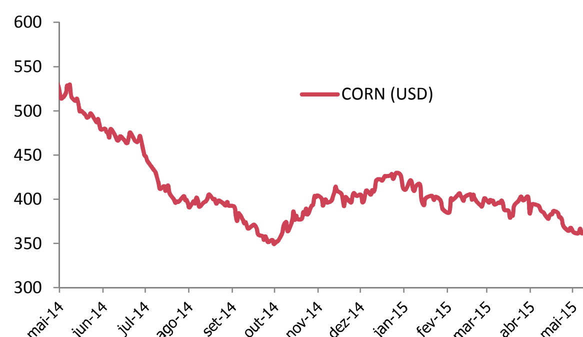
METALS		
	Spot	**YTD % Change**
Gold	1.191	0,48%
Silver	17	5,17%
Platinum	1.135	-6,08%
Copper $/mt	6.388	1,39%

Source: Bloomberg and Eaglestone Securities



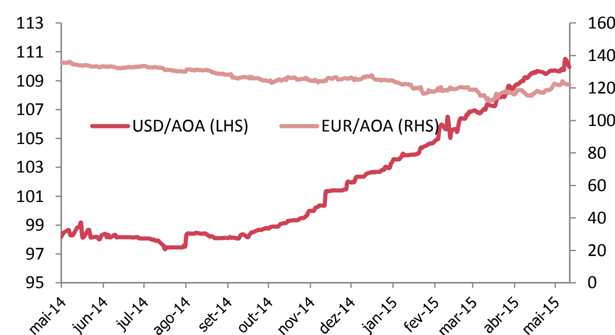
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	59,3	9,21%
ICE Brent (USD/barril)	64,8	9,51%
ICE Gasoil (USD/cents per tonne)	593,0	11,94%

Source: Bloomberg and Eaglestone Securities



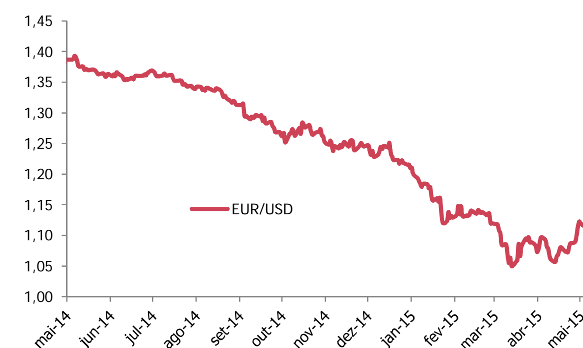
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	362,3	-9,61%
Wheat cents/bu.	479,8	-19,30%
Coffee (KC) c/lb	134,3	-20,70%
Sugar#11 c/lb	13,5	-9,25%
Cocoa $/mt	2976,0	2,90%
Cotton cents/lb	65,0	6,35%
Soybeans c/bsh	978,0	-5,09%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	109,450
EUR	121,957
GBP	169,744
ZAR	9,134
BRL	36,569
NEW MOZAMBIQUE METICAL	
USD	35,829
EUR	39,729
GBP	55,297
ZAR	2,975
SOUTH AFRICAN RAND SPOT	
USD	11,985
EUR	13,355
GBP	18,589
BRL	4,000
EUROZONE	
USD	1,11
GBP	0,72
CHF	1,04
JPY	133,54
GBP / USD	1,55

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

AFRICAN UTILITY WEEK - CLEAN POWER 12-14 May CTICC, Cape Town, South Africa
The 15th annual African Utility Week and Clean Power Africa is the only global meeting place, conference and trade exhibition for African power and water utility professionals and offers a unique networking opportunity for engineers, stakeholders and solution providers alike. *http://www.african-utility-week.com/Registrations/Step1/12997*

AFRICAN BANKER AWARDS 2015 – 27th May 2015 *http://ic-events.net/event/african-banker-awards-2015/*

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

The Bank's 50th Annual Meeting will take place in Abidjan, Côte d'Ivoire, from May 25-29, 2015. The Meetings will see the election of a new Bank President, one of the most important decisions for the institution and the continent. The 50th anniversary of the Bank will also be marked.

Washington: Discussion on Doing the Deal in Africa: 28 May 2015
http://www.africatlf.com/public/conference-on-doing-the-deal-in-africa-2.cfm

World Economic Forum on Africa 2015, Cape Town, South Africa 3-5 June 2015
Then and Now: Reimagining Africa's Future
In 2015, the World Economic Forum on Africa will mark 25 years of change in Africa. Over the past decade and a half, Africa has demonstrated a remarkable economic turnaround, growing two to three percentage points faster than global GDP. Regional growth is projected to remain stable above 5% in 2015, buoyed by rising foreign direct investment flows, particularly into the natural resources sector; increased public investment in infrastructure; and higher agricultural production. *http://www.weforum.org/events/world-economic-forum-africa-2015*

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

East African Power Industry Convention, 27 – 28 August 2015 KICC, Nairobi, Kenya Optimising East Africa's Power Supply Capabilities. *www.eapicforum.com*

New York Forum AFRICA, 28-30August Libreville, Gabon, the world's leading pan-African business summit
www.ny-forum-africa.com

AFRICA – JAPAN BUSINESS INVESTMENT FORUM 31st August - 2nd September 2015, Addis Ababa , Ethiopia - For information: Erika Atzori e.atzori@icpublications.com

South Africa: Super Investor Africa: 14 – 16 September 2015 - *http://www.superinvestorafrica.com/*

7th African Business Awards 20th September, New York, USA
Designed to celebrate excellence in African business, the African Business Awards gala cocktail will be held during the UNs General Assembly and in conjunction with the African Leadership Forum and the UN Private Sector Forum. *www.ic-events.net*

2nd African Leadership Forum (ALF) 21st September, New York, USA
The 2nd ALF will discuss the role of leadership in driving transformative growth and development in Africa. It will be held in conjunction with the African Business Awards and the UN Private Sector Forum. *www.ic-events.net*

London: East Africa Pensions and Sovereign Funds Investment Forum: 22 - 24 September 2015

Dubai: Super Return Middle East - The Largest Private Equity Event in the MENA Region: 4 - 7 October 2015

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

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

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Disclosures

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

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

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Services Authority. The first of its six Luxembourg based funds has received approval from la Commission de Surveillance du Secteur Financier.

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

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