INSIDE AFRICA

11 April 2016

Now is the time to invest in Africa

EAGLESTONE SECURITIES

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amount of US $183 million in 2016. Adesina who assumed the bank leadership in September 2015 also noted that cycles of drought and floods are natural phenomena integral to tropical weather and climate systems. “However, in recent years, droughts and floods have been occurring with increased severity, frequency and variability in many parts of the Africa. Currently, 14 countries in Eastern and Southern Africa are experiencing severe droughts that have disrupted crop and livestock production systems,” he added. The increased frequency and severity of droughts is linked to global warming due to greenhouse gas emissions. Adesina observed that Africa’s agriculture is nearly 95 % rain-fed thus making it highly vulnerable to fluctuations in rainfall patterns. He emphasised that there will be greater flexibility in the use of AfDB’s financial instruments, speeding up disbursements. *(Standard Media)*

West African Economic and Monetary Union

The Board of Directors of Africa50 is pleased to announce the appointment of Alain Ebobissé as Chief Executive Officer of Africa50, the Pan-African infrastructure investment platform capitalized by the African Development Bank and, so far, by 22 African countries with an initial capitalization of USD 830 million.

Ebobissé, a citizen of Cameroon, currently serves as the Global Head for the World Bank Group’s Global Infrastructure Project Development Fund (“IFC InfraVentures”) where he oversees a team of highly skilled and experienced infrastructure specialists and leads the development of and investment in several infrastructure projects in Africa, Asia, Europe and Latin America. Ebobissé has led the design, structuring and implementation of IFC InfraVentures from its inception. Ebobissé also serves as Chief Investment Officer in the Global Infrastructure and Natural Resources Department of the International Finance Corporation (IFC), the private-sector arm of the World Bank Group, based in Washington, DC. USA.

Prior to joining IFC in 1999, Ebobissé held several positions in the financial services industry in France, including as Deputy Head of Project and Structured Finance at Caisse des Depots et Consignations, based in Paris. Ebobissé holds a Master of Business Administration from the International School for Management Development (IMD).

“Mr. Ebobissé is well recognized global leader in the area of infrastructure finance and development. He has an impressive track record of global leadership in successful development of private, and public-private infrastructure development, structuring, financing and equity investment in emerging markets,” said Akinwumi Adesina, President of the African Development Bank and Chairman of the Board of Directors of Africa50.

“I am excited about the opportunity to lead Africa50 and serve Africa and to work with Government partners and private investors to develop and fund a large number of bankable infrastructure projects in the continent on the basis of strong commercial discipline and sound investment principles,” stated Ebobissé. “I look forward to working with the Board of Directors and to building a highly skilled and experienced team of infrastructure investment professionals that will enable us to help transform the African infrastructure landscape,” he added.

"I am delighted to welcome Mr. Ebobissé to Africa50. His extensive experience and recognized global leadership in infrastructure development will be critical as we build Africa50 into an effective and successful infrastructure investment house widely recognized as a leader in infrastructure project development and investment in Africa, with an excellent reputation and credibility within the continent and beyond,” said Akinwumi Adesina.

About Africa50: Africa50 is a specialized international financial institution established by the African Development Bank and African countries to help accelerate infrastructure development in Africa. Africa50 held its Constitutive General Assembly on the 29th of July 2015 in Casablanca, Morocco. The countries who have so far committed funds to Africa50 are: Benin, Burkina Faso, Cameroon, Congo, Côte d’Ivoire, Djibouti, Egypt, Gabon, Ghana, Kenya, Madagascar, Malawi, Mali, Mauritania, Morocco, Nigeria, Niger, Senegal, Sierra Leone, Sudan, The Gambia and Togo. While the first closing was available only to African countries, it is anticipated that the second and subsequent closings will be available not only to African countries that are yet to invest in Africa50, but also non-sovereign investors both in Africa and outside Africa with a target to raise USD 3 billion over the medium term to invest in commercially viable infrastructure projects across Africa. Africa50 is incorporated in Casablanca, Morocco and enjoys certain privileges and immunities. Africa50 is committed to the highest standards of corporate governance and ethical, environment and social responsibility.

AfDB and Zambia sign US $123 million in financing agreements

The African Development Bank Group and the Government of Zambia, on March 29, 2016 in Harare, signed three loan agreements totalling about US $123 million. The funding is for the Cashew Infrastructure Development Project (US $44.2 million), Skills Development and Entrepreneurship Project – Supporting Women and Youth (US $29 million) and the Lusaka Sanitation Program (US $50 million).

The Finance Minister, Alexander B. Chikwanda, signed for Zambia while AfDB Resident Representative in the country, Damoni Kitabire, signed for the institution. At the signing ceremony, Chikwanda encouraged sector and line ministries to seek more concessional financing from the Bank which is cheaper and has more attractive terms such as grace and repayment periods. He welcomed the Bank’s support to Zambia’s ambitious development agenda and highlighted the significance of the signing given that the country will host the upcoming AfDB Annual General Meetings in May 2016. He emphasised that the three projects would help Zambia diversify its economy from copper and improve Zambia’s economic growth rate required to reduce poverty.

In-depth:
Angola: Country Outlook

POLITICAL STABILITY: Angolans have traditionally been wary of the military and police reaction to protest, and a deep-seated stoicism, bred by decades of war, has also militated against a social uprising. The Economist Intelligence Unit does not expect unrest to present an existential threat to the government, but there is a danger of increasing protests given the country's continued fiscal difficulties in the current environment of low oil prices. In early March, for example, the Ministry of Finance acknowledged that only 73% of February national payroll obligations had been met. Delayed salary payments are not unheard of in Angola, but there is a clear risk of social upheaval if failure to deliver wages on time becomes a regular issue. Increased sensitivity to any potential threats to stability or its hegemony is likely to prompt the ruling Movimento Popular de Libertação de Angola (MPLA), via the security services, to engage in further crackdowns, pre-emptive arrests and the imposition of heavy jail terms on high-profile critics. However, this could backfire, as the growing crackdown on dissenting voices could act as a catalyst for more sustained instability, although a toppling of the government is unlikely.

ELECTION WATCH: The next legislative election is scheduled to take place in 2017. Opposition groups have thus far struggled to capitalise on growing public discontent with Angola's economic conditions. A lack of dynamism within the main opposition party, the União Nacional para a Independência Total de Angola (UNITA), is one factor, but much of this is because the MPLA in effect restricts the political space and exploits its grip on power.

Plans by the authorities to restrict social media could have a negative impact on opposition groupings that have made substantial use of such channels, in an attempt to circumvent MPLA domination of the traditional media.

INTERNATIONAL RELATIONS: Angola will continue to seek to consolidate relations with key strategic partners and to diversify access to international finance. The government is likely to continue to prioritise debt repayments to China so as to secure ongoing credit--although the economic slowdown in China presents a potential threat to such financial flows. Nonetheless, China will remain an important partner, as underscored by the February announcement that some US$5.3bn of previously agreed Chinese credit will be used to finance 155 public investment projects around the country. Angola will also continue to prioritise relations with the US--because of its global superpower status and the presence of US oil companies in Angola--Brazil and the former colonial power, Portugal.

POLICY TRENDS: A fundamental rebalancing of the economy is needed, but we are not confident that the government will be able to develop an appropriate policy response to Angola's financial difficulties, notwithstanding the announcement of a new "master plan" in February. This recommends a range of policies, including developing factories, mines and agriculture in order to create jobs and replace expensive imports with locally produced goods.

The document also calls for more efficiency regarding the spending of public money, as well as moves to boost non-oil tax revenue. All of these are sensible strategies, but are not new, and progress is likely to be slow. For example, raising tax bills when profits and turnover have fallen because of the wider economic slowdown could choke non-oil growth and undermine efforts to foster the development of medium-sized enterprises that can generate employment. The development of a dynamic private sector will also continue to be hindered by weak human capital, poor regulation, inefficient power supply, prevalent corruption and the crowding-out of private investment by the public sector.

ECONOMIC GROWTH: The government is projecting 2016 growth at just 3.3%--down from its revised official 2015 growth estimate of 4.4%. It expects non-oil growth to remain weak, although agriculture is forecast to expand by 4.6%. However, rapid agricultural expansion is unlikely given weak infrastructure and poor supply-chain management. The performance of the hydrocarbons sector will remain crucial, and official projections of a slowdown in growth in 2016 are largely explained by the authorities' expectation that local production will expand more slowly than previously forecast and that international prices of oil will remain relatively weak, at US$45/b. Given that we expect oil prices to average US$40.3/b in 2016, and increases in local production to remain below previous official expectations, we expect growth to slow sharply to just 1.1%, meaning that GDP per head will shrink for the third successive year. Slightly more solid government and private consumption growth as oil prices recover should see growth accelerate, to 3.8% in 2018, before a renewed dip in oil prices and more moderate local output increases lead growth to ease to 2.5% in 2020.

INFLATION: Inflation again increased sharply in February, with the year-on-year rate rising to 20.3%, from 17.3% the previous month. This reflects inflationary pressures arising from the successive reductions in fuel subsidies (since September 2014) and the kwanza's continued weakness against the US dollar, which continues to push up the cost of imported goods. As underscored by five interest-rate rises during 2015, and a 100-basis-point increase in February, we expect the monetary policy committee of the Banco Nacional de Angola (BNA, the central bank) to maintain a relatively tight policy stance, and the government has announced some measures to combat inflation, including the introduction of price controls on some goods. However, with inflationary pressures likely to be sustained by high government spending (particularly in the run-up to elections in 2017) and higher international commodity prices in 2017-18, we expect the annual rate to average 16.9% in 2016--up from 10.3% in 2015--and 8.1% in 2017-20.

EXCHANGE RATES: In January the BNA again devalued the kwanza. The 15% reduction of the official rate--to Kz156.39:US$1--was the third formal devaluation in seven months and was expected; it was, however, the largest single drop in the currency's value in more than a decade, and took the formal rate of the kwanza to an all-time low against the dollar. As of late March the official rate remained at around Kz159:US$1, but amid continued shortages of

US currency, the gap with the black-market rate is still substantial, with the latter running at around Kz400:US$1. Given the continued weakness of oil prices, dollar scarcity is likely to remain an issue in 2016.

EXTERNAL SECTOR: Angola is expected to run current-account deficits throughout 2016-20. Although oil prices will recover in 2017-18, before dipping again in 2019-20, the rebound will not be as substantial as after the 2009 price crash, meaning that the current account will not return to surplus. With oil prices remaining depressed by 2011-14 standards, total export earnings--dominated by oil--will shrink again in 2016, before bouncing back in line with prices in 2017-18. Imports will also shrink in 2016, reflecting a moderation of government-led capital investment owing to the oil price environment and the ongoing devaluation of the kwanza limiting consumer demand. However, the trade surplus as a percentage of GDP will remain low in 2016 by historical standards--at just over 11%--before recovering slightly to an annual average of some 19% in 2017-18 (as oil prices recover), and then deteriorating again in 2019-20, reflecting strong import growth and a renewed downturn in oil prices. Similarly, the services deficit will rise in 2017-18, averaging 15.9% of GDP, reflecting greater activity in the oil sector, before narrowing again in 2019-20 as oil prices moderate. The income deficit will average 5.7% of GDP a year in 2016-20, while the current transfers deficit will trend downwards, reaching 1.6% of GDP in 2020. Overall, the current-account deficit should rise from an estimated 8% of GDP in 2015 to 9.4% of GDP in 2016, because of depressed oil prices and only modest increases in oil export volumes. The deficit as a percentage of GDP will narrow in 2017-18, before widening again in 2019-20, as oil prices dip, ending the forecast period at 7.1% of GDP. *(Economist Intelligence Unit)*

Mozambique: Country Outlook

POLITICAL STABILITY: The long-standing ruling party, Frente de Libertação de Moçambique (Frelimo), is set to retain a firm grip on power in 2016-20, but internal power struggles will be a recurrent source of volatility. The president, Filipe Nyusi, will struggle to assert his political authority, while a hardline faction within the ruling party (allied to the former president, Armando Guebuza) will seek to retain influence. The likely emergence of two competing centres of power in Mozambican politics--Frelimo's Political Commission (PC, the party's most senior decision-making body) and Mr Nyusi's more moderate cabinet--will have negative consequences for government effectiveness and policy clarity. The Economist Intelligence Unit expects Mr Nyusi to remain in power, owing to the lack of an alternative that is acceptable to all factions, but tensions within Frelimo will stir political volatility. Political stability is further threatened by tensions between the government and the main opposition party, Resistência Nacional Moçambicana (Renamo), which harbours long-standing grievances over the centralisation of political power. Renamo will maintain its armed guerrilla force in a bid to retain influence, thereby sustaining elevated levels of security risk. A lack of discipline among the state security services exacerbates this. Social tensions, aggravated by rising inequality, also pose a threat to stability.

ELECTION WATCH: The next national elections are due in 2019. Under the continued leadership of Mr Nyusi, we expect Frelimo to secure its re-election, with party unity likely to prevail over factional divisions during the electoral period. Frelimo will also continue to benefit from a well-oiled party machine, a healthy financial position and influence over state institutions. Regional disparities in electoral politics will persist, with Frelimo dominant in southern provinces but opposition support stronger elsewhere. Should political negotiations between the government and Renamo fail to progress before 2019, a boycott of the elections is likely. However, since Frelimo is keen to be seen to be promoting democracy, we expect it to commit to enough reform to ensure Renamo's participation in the polls. With much of the political discourse centred on Frelimo and Renamo, it is unlikely that a third party will make a significant breakthrough in the 2019 elections.

INTERNATIONAL RELATIONS: Persistent outbreaks of political violence, allegations of human rights abuses and lacklustre efforts to improve fiscal transparency will strain relations with Mozambique's traditional development partners (most importantly the World Bank, the US and the EU), although we expect the government to take sufficient steps to preserve aid inflows.

Foreign policy will focus on reaching out to new partner countries, with the long-term aim of offsetting aid with trade and investment. However, these efforts will be somewhat undermined by recurrent outbreaks of insecurity and concerns among investors over the sovereign's creditworthiness.

Nevertheless, we expect the involvement in the Mozambican economy of companies from Brazil, India and China to strengthen ties with those countries. Links with Mozambique's main historical partner, Portugal, and its key trading partner, South Africa, are set to remain strong, underpinned by long-standing commercial and personal ties.

POLICY TRENDS: Following overly expansionary policies in recent years, the government's near-term priority is to preserve debt sustainability. Balance-of-payment pressures--which emerged in late 2015 as a result of rapid debt accumulation in 2013-14, a sharp drop in inward investment and a slump in international commodity prices--led the government to secure a US$286m stand-by credit facility (SCF) from the IMF. In exchange, the government committed to a strong package of corrective policies, which include tighter fiscal and monetary agendas and structural public finance reforms. The SCF will give the IMF greater leverage over the government's policy direction, and steadily rising export earnings will provide fiscal room for reform. However, there remains a risk of policy slippages (heightened by the deep-rooted systems of political patronage and patchy institutional capacity) and a concomitant risk of debt-repayment difficulties. Our core forecast is that the government will honour its debt obligations, although further

commodity price drops, operational disruptions to Mozambique's mining industry or sharper than expected depreciation of the metical would further exacerbate liquidity risks. The government's efforts to exchange its US$850m amortising Eurobond for fixed-rate securities will, however, relieve some near-term pressure on the balance of payments.

ECONOMIC GROWTH: Real GDP growth is forecast at 4.8% in 2016, the slowest rate of growth in 15 years. The anticipated slowdown reflects a further slump in government consumption, low inward investment and the negative impact on agricultural production of drought and flooding related to the El Niño weather phenomenon.

We have also revised down our medium-term growth forecast, to a yearly average of 5.8% in 2017-20 (from 6.8%), owing to the weaker outlook for commodities. Oversupply and sluggish demand in the global market will deter further capital investment into Mozambique's coal industry and stall the development of graphite, titanium and gold resources. However, owing to mines' lower operational costs and relatively robust demand in India (Mozambique's key export market), coal production is set to increase over the forecast period.

INFLATION: Inflationary pressure is forecast to accelerate in the near term, fuelled by the effects of rapid currency depreciation, the negative impact of drought on domestic food prices and further increases to state-regulated prices. For 2016 as a whole, we expect year-on-year inflation to average a five-year high of 12.9%. Inflation is forecast to ease gradually thereafter, with rising global prices for oil and food in 2017-18 offset by a normalisation of domestic food prices. Aided by a progressively smaller fiscal deficit and a more stable currency, we expect inflation to fall to an average of 5.1% in 2020.

EXCHANGE RATES: Having lost over 20% of its value against the US dollar in 2015, the metical will continue to depreciate throughout the forecast period on the back of Mozambique's sizeable current-account deficit. Downward pressure in 2016 will be exacerbated by low foreign-exchange reserves and subdued foreign direct investment (FDI) inflows, with the metical forecast to slide to an average of MT49.5:US$1, from MT40:US$1 in 2015. It will continue to depreciate thereafter, albeit at a progressively slower pace, to MT58.8:US$1 in 2020. Sharp bouts of volatility will, however, remain a risk throughout the forecast period.

EXTERNAL SECTOR: Export growth will be driven by coal, which is set to overtake aluminium as Mozambique's main export during the forecast period. The launch of the Nacala Logistics Corridor will ease transport bottlenecks, which, along with the weak metical, will improve the competitiveness of Mozambican coal. However, low international coal prices will slow down the pace at which mining companies ramp up production, and we do not expect significant export growth until 2017-18. Thereafter, the industry will remain vulnerable to several risks--most notably labour strikes, weather-related disruption to transport routes and a slump in demand. Goods imports are forecast to decline in 2016, on the back of tighter fiscal and monetary policies and an anticipated fall in global oil prices. Import growth will accelerate subsequently, driven by a rebound in domestic demand, higher international oil prices in 2017-18 and an increase in goods and services for the gas industry in 2019-20. Overall, the current-account deficit is forecast to contract in 2016, to 25.7% of GDP (from an estimated 32.3% of GDP in 2015), driven primarily by a drop in imports. Steady export growth will offset rising primary income debits in 2017 18, while financing constraints will continue to curtail growth in the import bill; the current-account deficit is therefore forecast to contract to 24.9% of GDP in 2017-18. The deficit will widen in 2019-20, to a yearly average of 29.3% of GDP, as the gas industry draws additional capital inputs and export growth is held back by a slump in global commodity prices. *(Economist Intelligence Unit)*

SOVEREIGN RATINGS

North and South America - Asia

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
11-04-2016	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	Ba2	BB	BB+	NR	B	B
Canada	Aaa	AAA	AAA	NR	A-1+	F1+
China	Aa3	AA-	A+	NR	A-1+	F1
Colombia	Baa2	BBB	BBB	NR	A-2	F2
Cuba	Caa2	NR	NR	NR	NR	NR
Hong Kong	Aa1	AAA	AA+	NR	A-1+	F1+
India	Baa3	BBB-u	BBB-	NR	A-3u	F3
Japan	A1	A+u	A	NR	A-1u	F1
Macau	Aa2	NR	AA-	NR	NR	F1+
Mexico	A3	BBB+	BBB+	WR	A-2	F2
Singapore	Aaa	AAAu	AAA	NR	A-1+u	F1+
Uruguay	Baa2	BBB	BBB-	NR	A-2	F3
Venezuela	Caa3	CCC	CCC	NR	C	C
United States	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Eurozone

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
11-04-2016	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	**B1**	BB-	B+	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AA+	NR	A-1+	F1+
France	Aa2	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	CCC	NP	B	C
Ireland	Baa1	A+	A	P-2	A-1	F1
Italy	Baa2	BBB- u	BBB+	P-2	A-3u	F2
Latvia	A3	A-	A-	NR	A-2	F1
Lithuania	A3	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AAAu	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BB+u	BB+	NR	Bu	B
Slovakia	A2	A+	A+	NR	A-1	F1
Slovenia	Baa3	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB+	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Region - Africa/Middle East

11-04-2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2*-	B	B+	NR	B	B
Bahrain	Ba1*-	BB	BBB-	NR	B	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Emirate of Abu Dhabi	Aa2 *-	AA	AA	NR	A-1+	F1+
Ethiopia	B1	B	B	NR	B	B
Gabon	Ba3 *-	NR	B+	NR	NR	B
Ghana	B3	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Iraq	NR	B-	B-	NR	B	B
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	Ba3	NR	B+	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2*-	AA	AA	NR	A-1+	F1+
Lebanon	B2	B-	B	NP	B	B
Lesotho	NR	NR	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	B3 * -	B-	B	NR	D	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3*-	B+	BB-	NR	B	B
Oman	A3*-	BBB-	NR	NR	A-3	NR
Qatar	Aa2*-	AA	AA	NR	A-1+	F1+
Republic of Congo	B1*-	B-	B	NR	B	B
Republic of Zambia	B2	B	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	Aa3*-	A-	AA	NR	A-2	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2*-	BBB-	BBB-	P-2*-	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B
United Arab Emirates	Aa2*-	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

AFDB extends Sh55 billion to drought stricken countries

The African Development Bank (AfDB) Group has announced a Sh55.449 billion relief package to support 14 countries grappling with severe drought in Eastern and Southern Africa (ESA). The Africa's premier development finance institution acknowledged the severe impact of the El Niño weather pattern that is associated with abnormally high temperatures. Announcing the financial assistance in Abidjan, Côte d'Ivoire, the bank President, Akinwumi Adesina confirmed that ESA region is experiencing the worst drought compared to past decades subjecting almost 36 million people to serious starvation. The situation calls for urgent supply of food in addition to other resources to help in building economic resilience. "The drought response package announced by the AfDB Group consists of US $5 million in emergency relief and US $361 million in short-to-long term support from various windows of the Bank's financial instruments. This amount represents new financial resources," said Dr. Adesina.

The bank he added will put in place a mechanism that would ensure faster disbursements of funds in ongoing projects, which were designed to build the affected countries' resilience to drought. This will make available an additional

Also speaking on the occasion, Kitabire applauded the momentous occasion that demonstrates the Bank's resolute commitment to support Zambia's economic diversification agenda towards meeting the Vision 2030 at national level, Agenda 2063 at continental level and United Nations Sustainable Development Goals at global level. He underscored that the roll out of the three projects marked the beginning of the translation of the AfDB's "High Fives", an enhanced pathway towards the implementation of the Bank's Ten Year Strategy to accelerate Zambia's development, a roadmap that builds on the historical cooperation that dates back to 1965, and has witnessed the financing of over 130 projects worth almost US $2.0 billion.
The Resident Representative also appealed to Government to accelerate the process of meeting conditions precedent to effectiveness and first disbursement for the three projects, so that project implementation can begin in earnest.

AfDB President pledged to increase financial support to Mozambique
The President of the African Development Bank Group (AfDB), Akinwumi Adesina, on April 5, 2016 had a one-day visit in Maputo, Mozambique, where he reaffirmed the commitment of the Bank to continue to support the growing Mozambican economy.
Leading a team of senior Bank staff, Adesina had a joint meeting with the Minister of Economy and Finance and Governor of the Bank Group, Adriano Maleiane; Energy and Mineral Resources Minister, Pedro Couto; Minister of Agriculture and Food Security, Jose Pacheco; as well as the Governor of the Bank of Mozambique and AfDB Alternate Governor, Ernesto Gove; and the Chairman of the electricity utility company (EDM), Mateus Magala. "We are in a process of revitalizing our economy and we focus on the following priority areas: agriculture, energy and infrastructure. We need a lot of investments and AfDB has a lot to give," the Minister of Economy and Finance said. The Bank's "High 5s", five priorities of development, respond to this request. "I'm very keen to tell you that we will increase the allocation of funds in the field of energy. We will give maximum support to Mozambique for the energy sector," the AfDB President said.
The AfDB plans to create an energy sector fund of US $12 billion over the next five years; and further mobilize about US $50 billion from the private sector, to ensure universal access to electricity in Africa by 2025."The Bank also plans to establish transformative partnerships for agriculture with the common goal of feeding Africa," Adesina added. With regard to infrastructure, he has encouraged the development of regional projects and transnational roads. Adesina was also received by President Filipe Jacinto Nyusi. The Bank President applauded his efforts to increase the country's economy and pledged to substantially increase the financial support of the Bank to the country, and to assist in the following areas: job creation for young people and the fight against floods and drought.
On Friday, April 1, the African Development Bank President announced a package of US $549 million in support of the 14 countries in Eastern and Southern Africa most affected by extreme drought. Six countries are severely impacted and require immediate assistance from the Bank's emergency resources. These include Ethiopia, Somalia, Lesotho, Malawi, Mozambique and Swaziland. The Bank will provide to Mozambique US $1 million of emergency support in 2016 and a further US $14 million for a wider drought-related plan in 2017.
Since the beginning of its operations in Mozambique in 1977, the AfDB Group has contributed approximately US $2 billion for 95 operations. These funds were allocated essentially to the transport, energy, agriculture sectors in addition to general budget support. The current portfolio of the AfDB in Mozambique consists of 19 projects both in the public and the private sectors totaling more than $600 million.

AfDB Group announces US $549-million drought response package for Eastern and Southern Africa
The African Development Bank (AfDB) Group President, Akinwumi Adesina, announced a relief package of US $549 million in support of 14 countries most affected by the ongoing drought in Eastern and Southern Africa. The AfDB acknowledged the severe impact of the El Niño weather pattern that is associated with abnormally high temperatures and the worst drought the region has seen in decades, leaving almost 36 million people in need of food assistance.
The drought response package announced by the AfDB Group consists of US $5 million in emergency relief and US $361 million in short-to-long term support from various windows of the Bank's financial instruments. This amount represents new financial resources. Also, the AfDB will put in place a mechanism that would ensure faster disbursements of funds in ongoing projects, which were designed to build the affected countries' resilience to drought. This will make available an additional amount of US $183 million in 2016.
The AfDB Group President also noted that cycles of drought and floods are natural phenomena integral to tropical weather and climate systems. However, in recent years, droughts and floods have been occurring with increased severity, frequency and variability in many parts of the Africa. Currently, Eastern and Southern Africa are experiencing severe droughts that have disrupted crop and livestock production systems in about 14 countries. The increased frequency and severity of droughts is linked to global warming due to greenhouse gas emissions. Adesina also said that African agriculture is nearly 95 % rain-fed – thus highly vulnerable to fluctuations in rainfall patterns.
Noting the urgency for this response, President Adesina emphasized that there will be greater flexibility in the use of AfDB's financial instruments, speeding up disbursements. The President travels to Mozambique and Malawi, two countries affected by extreme droughts, on April 4-5.

AfDB nominated for continental infrastructure awards

The African Development Bank (AfDB) has been shortlisted for the Africa investor (Ai) Infrastructure Project Developer Awards 2016. It has been nominated in the category of Ai African Project Development Financier of the Year. Other nominees in the same category include the World Bank, Industrial Development Corporation, American Capital Energy & Infrastructure, Overseas Private Investment Corporation, and Islamic Corporation for the Development of the Private Sector, among others. Now in their second year, the Awards recognise achievements across the main infrastructure sectors in Africa, including top infrastructure project developers, financiers, advisors and development partners per category operating in Africa. They reward institutions and personalities behind transactions or activities seeking to improve the continent's infrastructure investment climate. The awards are in 15 categories.

In 2015 the AfDB bagged the award for Ai Regional Infrastructure Investment Initiative of the Year. At the same time, the Lake Turkana Wind Power Project, supported largely by the Bank, received the Ai Power Deal of the Year Award. Located in Northern Kenya, the project is Africa's largest single wind power plant to be constructed. It aims to add 310 megawatts of reliable low cost wind power to the national grid, enough to power over two million households. The AfDB considers as key the development of essential infrastructure on the continent. It has over the last decade invested directly over US $30-billion in infrastructure, which has constituted over 50 % of its lending activities. The Ai Infrastructure Project Developer Awards 2016 will be held during the Ai CEO Infrastructure Project Developers Summit, expected to take place on May 9, 2016 in Johannesburg, South Africa.

AfDB mission to São Tomé and Príncipe to strengthen cooperation with the Government

A Bank mission, led by Acting Vice-President for Regional Operations, Janvier Litse, visited São Tomé and Príncipe (STP) from March 28-30, 2016, for a country dialogue. The progress made by the country's Government following an investors' conference held in London in October 2015, as well as the preparation of the Country Strategy Paper (CSP) 2017-2021, were at the heart of discussions. The mission recognized the progress and efforts made by the Government in implementing the recommendations of the London conference. The mission also seized the opportunity to launch two key projects considered as one of the country's priorities. The projects included the second phase of the Food Security Project (PRIASA II) worth UA 14.7 million; and the National Planning Scheme valued at UA 2 million. The visit also coincided with the appraisal mission of the Payment System Project estimated at UA 1.5 million. The mission visited Bank-financed projects, and called on São Tomé and Príncipe's President, Manuel Pinto da Costa, as well as key Government officials and was also warmly welcomed by Prime Minister Patrice Trovoada. During the discussion, the Government commended the Bank for its leadership role among development partners and its continued support. With regards to the implementation of the Bank's next strategy 2017-2021, the mission noted the Government's interest in the areas that fall under the AfDB's development priorities, including renewable energy, agriculture, and development of payment systems that includes e-governance.

INVESTMENTS

Renault and partners to invest $1 bln in Morocco

French carmaker Renault and component suppliers will invest 10 billion dirhams ($1.04 billion) in Morocco to build an "industry ecosystem", the country's industry minister said. Renault's ecosystem and its new plants will raise Renault's local sourcing of components to 65 % from 32 % and are projected to generate 20 billion dirhams in revenues, Moulay Hafid Elalamy told Reuters. Renault already has two car plants in the kingdom. It has a modern plant in Tangier producing cars and body pressings for export and anoher, older assembly plant in Casablanca. "Renault ecosystem means that around Renault plants in Tangier and Casablanca, many other companies are coming to invest and make the parts that will shape a Renault car," the minister said, though he declined to say to give an exact figure on Renault's investment in the project.

The director of the company's Africa, Middle East and India region, Bernard Cambier, also declined to give details but said that at least 15 component makers are commited to invest in the project. Cambio and Elalamy signed the deal inside the royal palace in Rabat. Renault's Tangier car factory, the biggest in North Africa, required initial investment of 600 million euros ($683.70 million) and is expected to reach an annual production capacity of 400,000 vehicles in the coming years. Morocco expects auto industry exports to reach 100 billion dirhams a year by 2020 as a result of PSA Peugeot Citroen's decision last year to build a 557 million euro factory in the country, slated to produce 200,000 vehicles a year. The kingdom has attracted a number of big auto and aerospace investors in recent years, including Delphi, Bombardier and Eaton Corp.Unlike many countries in the region, Morocco has managed to avoid a big drop in foreign investments in the wake of the global financial crisis and the Arab Spring uprisings of 2011, partly by marketing itself as an export base for Europe, the Middle East and Africa. ($1 = 9.5845 Moroccan dirham) ($1 = 0.8776 euros). *(Reuters)*

China's currency increasingly present in Africa

China is increasingly using its own currency, the renminbi, in trade with third countries and an increasing number of African countries, notably Angola, have started using the Chinese currency and included it in their baskets of currencies.

South Africa, Africa's largest economy and China's main trading partner in Africa, was the latest country to embrace the renminbi, during the visit of China's Foreign Minister, when the two countries launched the first exchange platform between the two currencies. The mechanism, officials said, will facilitate exchanges between the renminbi and the rand, which are now processed directly as previously the process was indirect, through the US or Hong Kong dollar.

Previously, Ghana, Nigeria, Mauritius and Zimbabwe started accepting renminbi payments and reserves and the Nigerian central bank already has 10 % of its foreign reserves in the Chinese currency. Speaking to website chinafrica.info, Chinese economist Qu Hongbin said "the increase of Chinese investment abroad – especially in Africa – is a key factor in the internationalization of the yuan." A Chinese diplomat cited by the same site said more and more countries choose the renminbi to "avoid exchange losses in trade with China" and the Chinese currency is presented as "a strong currency that is already used daily in transactions carried out in several countries." "In Africa, the more trade increases, the greater the demand for the Chinese currency," said the diplomat. A recent HSBC study predicts that by 2020, the renminbi will be used in half of the trade conducted by China abroad, compared to 20 % currently.

In August 2015 China and Angola signed an official agreement allowing reciprocity in the use of the currencies of both countries, which was interpreted by the Economist Intelligence Unit as a result of Angola's "hope" that greater use of the renminbi would reduce the need for dollars.

According to Portuguese bank BPI this agreement "makes up for the lack of dollars" needed to pay for imports, but the effect in foreign exchange terms is likely to be null.

Yao Jian, Deputy Director of the Central Government Liaison Office in Macau, said in January that the Special Administrative Region would have a role in African implementation of the renminbi with China's central government support to become a clearing house for Chinese currency between China and the Portuguese-speaking countries.

In an article recently published on the website of the Council on Foreign Relations, the financial expert on sub-Saharan Africa John Casey argues that "dollar dominance is no longer a certainty" in this region and that 2016 will be the year of "solidification of the role of the renminbi in Africa."

Another reason given by Casey for the Chinese currency's affirmation is the creation of the Asian Development Bank for Infrastructure and the New Development Bank (former BRICS bank), rival institutions of those based on the dollar (International Monetary Fund and World Bank) that "may soon become based on the renminbi."

The IMF, which had decided to include the renminbi in its basket of currencies, announced this month that from October the member countries of the institution may register as official reserves foreign assets denominated in the Chinese currency that are available to meet the financial needs of balance of payments. *(Macauhub)*

Saudi businessmen investing $4 billion in projects in Egypt

Saudi businessmen are investing $4 billion in projects including the Suez Canal, energy and agriculture, and have already deposited 10 % of that sum in Egyptian banks, the deputy head of the Saudi-Egyptian Business Council told Reuters, two days before Saudi Arabia's King Salman visits Cairo. Egypt has been struggling to attract foreign investors since an uprising in 2011 drove them away and left it short of the dollars that it relies on for imports of everything from food to medicines and petroleum products. "Ten % of the capital has been deposited in Egyptian banks, they will complete 25 % within three months," Abdallah bin Mahfouz said in an interview. He said there would also be investments in the medical sector. Bin Mahfouz said the government had been making efforts to resolve difficulties faced by nine Saudi-owned firms in securing official permits for their projects, and that he expected to see progress soon. "A positive meeting took place on April 2 with Investment Minister Dalia Khorshid and the Saudi commercial attache ... along with representatives of the companies facing hurdles," he said. Bin Mahfouz said the Egyptian market was an attractive one, and any short-term instability would not have a major effect on the sentiment of the new Saudi investors, whose investments were for the medium to long term. At the end of 2015, there were 3,302 Saudi-owned companies in Egypt, with a total capital of $27.9 billion, Bin Mahfouz said. Egypt's foreign currency reserves have fallen from $36 billion in 2011 to $16.56 billion last month. It says it is aiming for foreign direct investment of around $8-10 billion in 2015/16. On Thursday, during King Salman's visit, Saudi Arabia is expected to sign a $20 billion deal to finance Egypt's petroleum needs for the next five years and a $1.5 billion deal to develop its Sinai region, two Egyptian government sources told Reuters. *(Reuters)*

Ford Invests $167 Million in South Africa for Everest SUVs

Ford Motor Co. will invest 2.5 billion rand ($167 million) in the U.S. automaker's South African operations to start production of the Everest sport utility vehicle and create about 1,200 jobs. The company's plant in Pretoria, the capital, will have capacity to build 10,000 Everests a year and will be the fourth production hub for the SUV after factories in Thailand, India and China, Dearlove, Michigan-based Ford said in a statement The automaker plans to start producing the Everest in South Africa in the third quarter, and the vehicles will be sold across sub-Saharan Africa. "When your plant gets a new vehicle it's a big deal," Jim Farley, Ford's president of Europe, Middle East and Africa, said in a presentation at the factory. "Today we are demonstrating our commitment to South Africa and Africa as a long term strategic export base for the Ford Motor Company."

The South African government's automotive-incentive program has attracted companies including Ford, BMW AG, and Volkswagen AG to set up factories and create jobs in the country, where unemployment is almost 25 %. Exports of all

cars and commercial vehicles will probably reach a record of 376,000 units this year, according to the National Association of Automobile Manufacturers of South Africa, even as the local market declines. Automakers are also preparing for an expected rise in demand in sub-Saharan Africa, boosted by improved road conditions and young populations with disposable income.

New Models

"Ford will start manufacturing 30 new vehicle models by 2020 in African countries, including South Africa, Morocco, Nigeria, Gambia, Ghana and Kenya," said Jim Benintende, Ford's president of Middle East and Africa. Transport equipment exports from South Africa last year were valued at $8.7 billion, 24 % higher than 2014, according to South African Revenue Service data. The category was the third-largest by value of exports, after mineral products and precious stones. In South Africa, Ford produces the Ranger in Pretoria and manufactures the Duratorq engine at a factory in Port Elizabeth. The $167 million will also include investment in Ranger production, which is running at full capacity, the company said. *(Bloomberg)*

Uber Expands in Africa as Users Seek Public Transit Substitutes

Uber Technologies Inc. plans to start operating in three new African countries by the end of June, extending its reach 2 1/2 years after introducing its ride-hailing service in the continent. The company is set to expand to Ghana, Uganda and Tanzania, Alon Lits, the general manager of Uber Africa, said in an interview. Last week, Uber started in Mombasa in Kenya and Abuja in Nigeria, after entering South Africa in 2013.

Uber is gaining users in Africa as travelers and commuters seek alternatives to often unreliable or non-existent public transport, Lits said. Uber, whose rivals in the continent of more than a billion people include smaller providers such as Taxify and Zapacab, is also benefiting from customers embracing pooled rides, which allows them to reduce the bill per person. "This is a smartphone-friendly continent and the lack of public-transport infrastructure means Uber is filling a gap in the market," said Lits, 31, in an interview in a Johannesburg suburb. "The global executives are very happy with the growth of Uber in the African market."

Uber began its African operations in the three South African cities of Johannesburg, Cape Town and Durban. The service has doubled its passenger numbers roughly every six months, even amid unclear regulations and opposition from drivers of traditional metered taxis. "In 2014, we had a million trips booked, during the first six months of 2015 two million trips were booked, and we have seen the trend continue," Lits said.

Successful entry to new markets is crucial for Uber as it seeks to justify a valuation that topped $60 billion in a recent funding round. The San Francisco-based company is accelerating its race to expand globally, and it's also branching beyond picking up and dropping off riders, testing services such as food and package delivery in some cities. *(Bloomberg)*

Companies from China awarded contracts in Angola worth US$56.7 billion

The accumulated value of contracts awarded to Chinese companies in Angola until the end of 2015, totals US%56.7 billion, the Chinese ambassador to Angola, Cui Aimin said in Luanda. The ambassador, speaking at the celebration of the 10th anniversary of the Angola-China Camber of Commerce (CAC), said that of that amount 90 % had been awarded to companies that were members of the chamber. Cui Aimin noted that for Chinese companies Angola was the second-largest contract market in Africa and China's third largest trading partner in Africa.

In the future, he said cited by Angolan news agency Angop, two-way cooperation will be focused on agriculture, industry, construction of railway and road infrastructure, hospitals and schools and power production and transmission. The members of the board of the new Angola-China Chamber of Commerce took office Thursday in Luanda at a ceremony attended by the Minister for Hotels and Tourism, Paulino Baptista and the MInister for War Veterans, Cândido Van-Dúnem.

CAC replaced the former Angola-China Friendship Association and Chamber of Commerce, which was created in 1995 and has a board made up of 27 Angolan and Chinese businesspeople. Manuel Arnaldo Calado, former president fo diamond company Endiama is the chairman of the board and António Paulo Cassoma, who used to be the president of the Angolan parliament and prime minister, is the president of the general meeting. *(Macauhub)*

General Motors East Africa to double truck output on construction boom

A construction boom in Kenya has fuelled a rise in commercial truck sales for market leader General Motors, which is investing $7.9 million in 2016 to upgrade its assembly plant in Nairobi and more than double output, a senior executive said on Thursday. GM East Africa Managing Director Rita Kavashe said 20,000 new vehicles were sold in Kenya last year, the highest on record, and 98 % of those were trucks and buses.

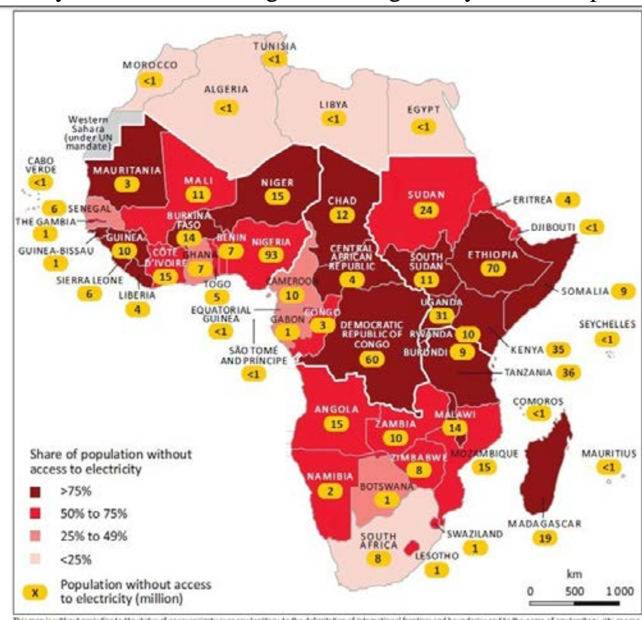
This reflected both the strong commercial sector as infrastructure projects take off, as well as the prevalence of second-hand passenger cars which dominate the clogged roads of the capital Nairobi. "Three years ago we were producing about 10 vehicles and following upgrades and improvements, creating efficiencies has moved our production to about 22 vehicles a day," she told Reuters in an interview. "We continue to improve our processes, so we should be able to comfortably get 25 vehicles a day by mid of next year."

The Nairobi plant, one of three GM manufacturing hubs in Africa, is geared towards the commercial bus and truck market and typically builds trucks weighing between 3.5 tonnes and 15 tonnes. GM also has a presence in South Africa

and Egypt. General Motors' total global vehicle sales were 9.8 million in 2015, up 0.2 % in a third consecutive year of record sales.
Eighty % of the vehicles sold in Kenya or around 80,000 cars a year are low-priced used vehicles. "We are advocating for the reduction of age limits for second-hand vehicles to get away from complete dumping," she said.
At the moment only Kenya has a law limiting the age of cars, up to eight years, that can be imported although none of its East African neighbours have a similar law. GM East Africa also sells its vehicle to markets in Tanzania, Uganda, Rwanda and Burundi - all members of trade bloc East African Community.
An excise duty of around $1,500 imposed by the government from the beginning of the year has helped curb some of the second-hand imports, but has also hurt the new vehicle market and was regarded as a "step backwards" as Kenya sought to become the main automotive hub for East Africa, she said.
Kavashe said the outlook for the market for this year has been tempered somewhat as higher interest rates hit consumers and government reprioritises project spending. "We are seeing a decline in the auto sector, with January to March already we've seen a decline of 14 % compared to last year," she said. *(Reuters)*

WTO draws up strategic tourism development plan for Mozambique
The World Tourism Organization (WTO) will draw up Mozambique's new strategic tourism development plan, a document that is intended to guide the development of the sector until 2024, reported trade newspaper Turisver. At the request of the Ministry of Tourism, with the support of the World Bank, the WTO will send a team of advisers to Mozambique in order to prepare the strategic plan in collaboration with ministry staff and other tourist agents. The document will chart the way forward for tourism in Mozambique so that the sector can be a catalyst for faster economic growth and the create jobs, aiming also to position Mozambique as a leading tourist destination in Africa over the next decade. The important aspects of this strategy, according to the WTO, include institutional development of the sector, marketing and brand development and business planning, human resource development, quality of hospitality and sustainable tourism development, especially in protected areas. *(Macauhub)*

Africa needs to trade with itself – here's how
Trade not aid. It's an idea we hear quite a bit in reference to Africa. Last summer, when Barack Obama addressed the African Union – the first US president to do so – he made sure to bring it up: “So many Africans have told me, we don't want just aid, we want trade that fuels progress.”
And yet, while trade might be the gateway to development, the statistics in Africa aren't too impressive, especially when it comes to one of the biggest opportunities for growth: trade among African countries. In 2014 in Europe, for example, 69% of exports were to other countries on the continent. In Asia, that figure stood at 52% and in North America at 50%. Africa had the lowest level of intra-regional trade, at just 18%.



Movement from political will to policy action as far as improving regional cooperation is ongoing but remains slow to materialize. Customs procedures are onerous, visa restrictions are high, while failure to produce value-added goods and to diversify from natural resources and goods different from neighbouring countries continues to stifle trade.
There is one way of boosting intra-regional trade, and with it economic growth and development: technology. But for technology to be able to transform trade in Africa, there are a few important steps we must first take.

Getting the right infrastructure
Infrastructure development is a top developmental priority in Africa, particular in two critical areas: electricity and transport. Access to electricity forms the basis of an industrialized economy and hence trade; yet less than 30% of Africans have access to electricity, compared to about 40% in similar low-income countries from other regions. Unless we can do something to tackle this issue, we have no hope of increasing intra-regional trade in Africa.
More progress is being made in another area: transport. Africa is huge – far bigger than you'd think from looking at a map. Connecting this vast continent is not without its challenges, but already great investments are being made in major carriage ways and regional railway projects, such as the Standard Gauge Railway that will connect Kenya, Uganda, Rwanda and South Sudan.

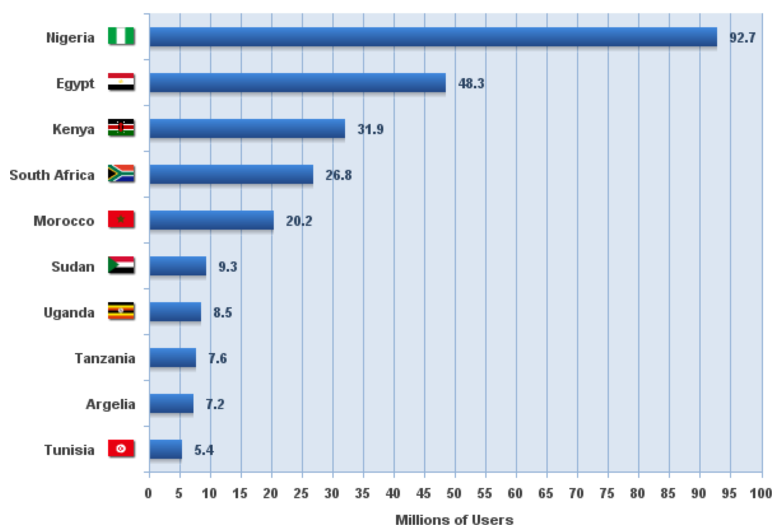
That's good but not good enough. In Africa, 90% of trade happens by sea, which means ports also need to be modernized, expanded and maintained so as to push greater trade volumes, enable government to collect more taxes and curb illegal activities.

Internet for all

It's not just with electricity access that Africa lags behind. It's also with one of the most powerful tools for boosting trade, opening up new economic opportunities and fostering innovation and entrepreneurialism: the internet.

Some countries are leading the way – Nigeria, Egypt and Kenya, for example – but most countries on the continent are still far behind when it comes to internet penetration rates. While the global average stands at almost 50%, penetration rates in Africa were just 28.6% at the end of 2015. It's such a priority issue that the Forum has launched an online conversation, #internetforall.

If we were able to connect more people on the continent, the boost to trade could be enormous. Apps such as M Farm, which connects buyers with farmers and enable farmers to sell goods at the correct market value, platforms such as Google's Africa Connected, which allows entrepreneurs to use Google products to build their businesses, or Konga, an ecommerce platform known as Nigeria's biggest online mall, are just two examples of how the internet could fuel trade.



But unlocking the power of the internet is about more than giving people a modem and letting them get on with it. The internet can only kickstart intra-regional trade if connection goes hand in hand with improved education and understanding of the numerous possibilities the internet can offer all levels of entrepreneurs.

There's a long-standing discussion in Africa and beyond about the importance of STEM subjects. That isn't the issue here. As we've seen in other regions, you don't need a PhD in computer sciences to make the most of everything the internet has to offer. Instead, what matters is giving people opportunities to learn, create and innovate through affordable and consistent internet access, thereby fostering an entrepreneurial ecosystem. Africans need to go from being consumers of online content to being mass producers of it. Governments must promote competition in the telecommunications sector, harmonize regional laws to ensure digital payments can be made across borders, and facilitate the movement, release and clearance of goods across borders. Technological solutions such as drones might be one way to go.

Trade that fuels progress

We know all too well the opportunities trade can offer for development and growth. Africa is in a unique position in that it has the chance to trade with an untapped market: itself. Nobody is saying that will be easy. But technology will go a long way to making this ambition a reality. *(World Economic Forum)*

BANKING

Banks

Ecobank rules out lending cuts over defaults in loans repayment

Ecobank says it does not intend to cut lending this year despite difficulties with getting back loans advanced to some of its customers. Ecobank, like other banks, ended last year with over 200% jump in loans it fears might go bad. According to the Bank of Ghana, defaults in bank loans increased more than 300% to 4.2 billion Ghana cedis for 2015, prompting decision by some banks to cut lending aggressively. But speaking to Joy Business on its 2015 financials, Chief finance officer of Ecobank, Edward Botchwey says his bank will not cut lending. "At the end of the day it comes down to a particular client and the business case for a particular loan need," he said. Ecobank ended last year with a 3% jump in profit before tax to reach 458 billion Ghana cedis, while revenue crossed the one billion Ghana cedi mark. The bank ended last year standing out as one of the banks in the country so far with the highest profits. *(Ghana Web)*

Access Bank posts growth

Access Bank Ghana has released results of its financial performance for the 2015 financial year which show growth. The Bank's performance is a "reflection of the general industry outlook for 2015, which, according to the Bank of Ghana's Financial Stability report, recorded a negative growth of 5.4%", Access Bank said in a statement. Unlike in previous years where the Bank's profits soared year-on-year, Access Bank's Profit Before Tax in 2015 remained at

Ghs123 million, matching the same figure recorded in 2014. The Bank's results, nonetheless, continued to show a positive and sustainable growth trajectory over the past seven years across its operations. Highlights of the 2015 financial performance include:
• An increase in the Bank's Total Assets by 41% from GHS 1.7 billion in 2014 to GHS 2.42 billion in 2015, which underscores its improved lending capacity to critical sectors of the economy.
•Significant growth in Total Deposits, increasing by 44% to GHS 1.726 billion in 2015 from GHS1.2 billion in 2014.
•Increased earning Capacity as Gross Earnings increased by 35% from GHS 312 million in 2014 to GHS 421 million in 2015.
•Reduction in the Non-Performing Loans ratio from 8.6% in 2014 to 5.4% in 2015.
Analysing the key performance indicators in the financial statement, industry players have commended Access Bank for recording a decent performance in the face of macro-economic instability, currency depreciation, the energy crisis and tight fiscal environment that characterised 2015. Commenting on the Bank's 2015 performance, the Managing Director, Mr. Dolapo Ogundimu noted: "We are pleased with the results, which have been achieved in the midst of a challenging economic environment. The lessons learned in the 2014 financial year for instance contributed in helping us make the right decisions and putting in place stringent measures that cushioned the Bank during the shock waves experienced by the Ghanaian economy". Mr Ogundimu further reiterated that the underlying trend in the Bank's results reflects the huge strides the Bank has made in improving its retail market share and becoming a key player as it deploys innovative products and services for specific segments of the market. "I'm confident about the potential of Access Bank and in achieving our objective to become one of Ghana's top banks. As our banking business continues to grow, we shall continuously renew our focus to improve our growth indices". Since its inception seven years ago, Access Bank has consistently demonstrated strong financial performance across key indicators earning it the recognition as one of the fastest growing banks in Ghana. With over 45 locations spread across the country, Access Bank Ghana is leveraging its geographical network to showcase its expertise in Trade Finance, Treasury and technology driven pay and receive solutions. The Bank is also leading the way with investments in key sectors of the economy including Telecommunications, energy, oil and gas, Manufacturing and Agriculture. *(Ghana Web)*

Zimbabwe minister says banks have credible plans to sell stakes to locals

Foreign banks operating in Zimbabwe have submitted credible plans on how they intend to transfer majority shares to locals, the country's finance minister said, reducing the chances the government could cancel their licences. Under an Indigenisation and Economic Empowerment Act all foreign companies operating in Zimbabwe were given a March 31 deadline to sell at least 51 % of their holdings or have their licences cancelled, part of President Robert Mugabe's black empowerment drive. Finance Minister Patrick Chinamasa said empowerment plans from Barclays Plc, Standard Chartered Plc, Old Mutual Plc and its two banking subsidiaries as well as South Africa's Standard Bank and African banking group Ecobank were consistent with the law. "I am pleased to advise that all the affected foreign-owned financial institutions operating in Zimbabwe have submitted credible indeginisation plans before the deadline of the 31st March 2016," Chinamasa said in a statement.
Chinamasa is leading efforts to end Zimbabwe's isolation from the West and trying to woo the International Monetary Fund, which has previously said the government should ease up its economic empowerment law to attract investment. His comments come two days after another cabinet minister said most foreign banks and mining companies in Zimbabwe had not complied with Thursday's deadline to transfer majority shares to locals. Under the empowerment rules, foreign-owned financial services companies will have to sell at least 20 % of shares directly to locals, while empowerment credits, such as funding for agriculture and youth and women programmes, make up the balance. Mugabe's black economic empowerment drive has unsettled foreign investors, some of whom fear that Harare could grab their assets in the same way that the government has seized more than 6,000 farms from white commercial farmers since 2000. *(Reuters)*

Big firms eye Africa's untapped insurance market

Africa's insurance markets have long been neglected by Western companies, but major insurance firms are beginning to pay attention to the increasingly attractive sub-Saharan African insurance industry.
Most insurance markets in the developed world are highly mature. Intense competition is commonplace, making forays into Africa's dynamic, underserved markets increasingly alluring. Low commodity prices and China's slowdown will contribute to a more uncertain economic environment in Africa. Nevertheless the relatively unexplored insurance industry is expected to be resilient thanks to consistent GDP growth, rapid urbanisation and increases in the working aged population across the continent. South Africa, one of the region's most advanced, if currently troubled, economies, unsurprisingly accounted for almost 75 %, or $51.6bn, of all insurance premiums on the continent in 2013 according to global reinsurance firm Swiss Re.
However South Africa's dominance is set to be challenged by a number of promising countries. Nigeria tops the list.
"Nigeria is Africa's largest country by gross domestic product and has a mere 0.6 % insurance penetration," says to Delphine Maïdou, CEO of Allianz Global Corporate & Specialty Africa. "It has all the ingredients for a thriving insurance industry because of its vast population of 170 million and active economy."

Ms Maïdou also points to Kenya and Ethiopia as significant up-and-coming insurance markets, "especially due to the size of their population and growing middle class". Although the penetration rate for insurance in Kenya stood at only 2.75 % in 2013, the market has grown by just over 15 % each year from 2010 to 2013. Premiums reached $1.5bn. The recent $350m investment partnership between Prudential Financial and LeapFrog Investments, which targets high-growth insurance markets in Africa, is a clear sign that global companies are keen to tap this potential.

New revenue streams

High mobile internet penetration rates across sub-Saharan Africa, forecasted to rise to 37 % by 2020, are giving insurance firms new avenues to reach consumers.

In February, France's largest insurer AXA announced plans to invest €75m ($87.27m) in Africa Internet Group in order to "become the exclusive provider of insurance products and services through Jumia and other AIG platforms across Africa", according to AXA Group. Jumia is a Nigerian online retailer with warehouses across the region. Africa's insurance penetration rate only totalled 3.5 % in 2013, according to reinsurer Swiss Re. Digital insurance platforms are well positioned to reach uninsured consumers.

But international insurance companies must be aware of each African market's unique needs, experts say. Simply transplanting products from other regions will not necessarily work. "Products from London do not work in Luanda, so foreign investors will need to quickly identify how best to adapt their core capabilities to find success on African soil," explains Peter Gross, marketing director at MicroEnsure.

Even with the proliferation of digital methods to purchase insurance solutions, the significance of personal contact should not be discounted. Many African consumers are happy to complete financial transactions online, but some still want the security of buying face-to-face from a reputable provider.

Insurers are now lobbying through trade associations to make insurance mandatory for a number of assets from cars to houses. Insurance policies for such property are required by law in many Western countries, but African governments are slow to sign similar regulations into law. Issues around affordability remain the main reason for opposition to such mandatory insurance laws, with poorer populations unlikely to welcome costly new regulations. Enforcement of compulsory insurance may also prove difficult in countries with lacklustre government infrastructure. The shortage of verified insurance outlets also making it hard for Africans to purchase sufficient coverage. The Nigerian Insurers Association (NIA) restated their support for compulsory insurance policy measures earlier this year, after a series of fires caused widespread damage across markets in Nigeria.

Despite the fact that there are few laws ordering citizens of African countries to purchase insurance, the sector as a whole would expand rapidly if even minor progress was made in this area. "Market growth has been boosted by government reforms such as mandatory motor and group life insurance," adds Jean-Baptiste Mounier, media relations officer at AXA Group.

Challenges ahead

While Africa's insurance penetration rates show a major opportunity, there are still unique obstacles to be overcome. "It can be challenging for insurers to explain their relevance and the importance of the insurance product directly to African consumers," says Cameron Murray, Lloyd's head of Middle East and Africa. He notes that the industry is hampered by "a lack of trust in institutions, reliance on the informal economy, underdeveloped financial markets and poorly capitalised domestic insurers". A less discussed, yet nonetheless important, factor that could pose a risk to growth in the African insurance market is the region's lack of skilled actuarials. Effective risk management, alongside a tailored product offering, are vital to bringing more Africans into this market, but unless more focus is given to training up new actuaries, insurance firms will struggle to meet consumers needs. Despite these challenges, insurance professionals are starting to set their sights on Africa's potentially lucrative markets. "In Africa you find some of the fastest growing economies worldwide, dynamic demographics and a very low penetration rate for the insurance industry. This is a land of opportunities for the insurance sector," says Mr Mounier. *(This is Africa)*

Markets

South Africa's dollar bond oversubscribed despite political cloud

South Africa has successfully issued a dollar bond overseas to help finance its medium-term foreign currency commitments, the Treasury said, touting this as a sign of investor confidence despite political upheaval. Finance Minister Pravin Gordhan has been anxious to reassure investors about continuity in fiscal policy after President Jacob Zuma changed finance ministers twice in less than a week in December, triggering a panic run on the rand.

The Treasury said its $1.25 billion 10-year bond, with a coupon of 4.875 %, had been more than two times oversubscribed, mostly by investors based in Europe and the United States. "The South African government sees the success of the transaction as an expression of investor confidence in the country's sound macro-economic policy framework and prudent fiscal management," it said. Zuma, who has been dogged by controversy over the past decade, is under mounting pressure to quit after the Constitutional Court found he flouted the law by not heeding a directive to make payments for upgrades to his personal home.

Ratings agencies, most recently Standard & Poor's, have warned they might downgrade South Africa if political issues divert the government's attention from properly implementing policy.

S&P and Fitch both rate South African credit just one notch above junk, while Moody's is two notches over sub-investment grade. Analysts said South Africa had benefited from a general rise in demand for high-yielding emerging

market assets after the U.S. Federal Open Market Committee (FOMC) signalled it might be a while before U.S. rates rise. "There was clearly a window here for them to issue after the FOMC reprice and before a wall of downgrades from the ratings agencies," Nomura analyst Peter Attard Montalto said. "They have significant forex deposits already so they can probably wait until next year for the next issuance." The rand extended gains against the dollar after the Treasury's statement, climbing to a session high of 15.0155, up 1.5 % for Thursday's (07-04-16) close. Government bond prices also rose, sending the yield on the benchmark bond due in 2026 down 8.5 basis points to 9.19 %. The Treasury said the new foreign bond formed part of South Africa's 2016/17 financing programme and would partly finance foreign currency commitments of $6.4 billion over the medium term.
The coupon for the bond represents a spread of 335 basis points (bps) above the 10-year U.S. Treasury benchmark, which analysts said was in line with South Africa's current funding rate. "I don't think it's too expensive," said Rand Merchant Bank trader Gordon Kerr. The price compares to initial thoughts of plus 350 bps and guidance of plus 335 bps, plus or minus 5 bps. "There is always demand for our paper and there will always be demand for EM in general because of the nice yields that it provides," Rand Merchant Bank trader Gordon Kerr said. *(Reuters)*

Africa watches as Kenya prepares to test Eurobond waters
Kenya could become the first African country to tap global debt markets this year as it begins a bond roadshow this week, but Eurobond financing is likely to remain out of reach for most of its peers on the continent. Bond sales from sub-Saharan Africa, which had previously been booming, are yet to start in 2016 after a stormy start to the year for commodities and currencies that has left some countries on the brink of crisis. Despite the difficulties, some African Eurobonds have been outperforming, thanks in part to the bounce in oil and metals but also on the back of some potential turnaround stories, something all investors love. Back in January investors were demanding record premiums of 620 basis points to hold African bonds rather than U.S. debt. That has now fallen back to 550 bps, with oil importers Kenya and Ivory Coast topping the list of winners. An investor-friendly debt swap by Mozambique's state-run fishing firm has also helped sentiment, as has struggling metal miner Zambia starting talks with the International Monetary Fund. Now some countries could leverage the improved mood. Kenya's presentation, led by finance minister Henry Rotich, is billed as a 'non-deal' roadshow but it is likely to be at least a test of the waters. "(Kenya) could probably issue. Aside from the 8 % budget deficit, it's a pretty good story," said Kevin Daly, a portfolio manager at Aberdeen Asset Management. "The currency is stable, domestic rates are coming down, inflation is starting to fall and growth is in the 5-6 % range."
The World Bank this year singled out Kenya as an African bright spot, with economic growth accelerating thanks to cheaper oil, a solid agriculture sector, and infrastructure investment. The yield on its existing 2024 dollar bond is down to around 7.75 % from it 9.8 % January high. But to warrant the extra cash, any new 10-year bond will need to have a premium of up to 50 basis points on that, investors say. But other African countries will have to pay much more. Countries such as Ghana, which is also holding a roadshow next week, could find itself having to pay double-digit percentage coupons. Once considered a rising star on the continent, the commodity-reliant west African nation is dogged by inflation of almost 20 %, slowing growth and public debt of 80 % of GDP. Desperate for cash, it paid 10.75 % last October to raise $1 billion. That bond even came with a partial World Bank guarantee. It is now at just over 11 % The government has got its eyes on another $1 billion bond this year, but investors are likely to want another World Bank guarantee at the very least. "At 12 %, Ghana should not be coming to market, they should be doing more to convince people they are serious about reform," Exotix head of research Stuart Culverhouse said. Such yields can easily deter countries - Ivory Coast has said it will not sell Eurobonds this year - and Aberdeen's Daly predicts sub-Saharan African issuance could effectively halve to $3.0 billion-$4.0 billion this year.
Angola, which has turned to the World Bank for assistance, and Nigeria could also try their luck. The latter has budgeted for a $1 billion Eurobond. But the oil collapse had left these countries with big budget deficits and economies growing at less than 3 %. Their currencies are also seen as overvalued, with black market rates significantly weaker than official exchange rates. Nigeria especially has steadfastly refused to devalue and Reuters reported it recently dropped bond roadshow plans and would turn instead to China for cash. *(Reuters)*

Angola secures financing in Japan for submarine cable project
Banco de Desenvolvimento de Angola (BDA) has contracted a loan of US$109.79 million from two Japanese banks to buy submarine fibre optic cables, the Angolan bank said in a statement institution released Thursday in Luanda.
The BDA also said that the loan from the Japan Bank for International Cooperation (JBIC) and the Sumitomo Mitsui Banking Corporation (SMBC) has coverage from the Nippon Export and Investment Insurance (NEXI), has a sovereign guarantee from the Republic of Angola and is intended to finance the project of the South Atlantic submarine cable of the Angola Cables company.
Angola Cables's submarine cable project will link Angola to Brazil. The company was created by five major Angolan telecommunications operators and which are currently part of its shareholder structure, and state company Angola Telecom has a majority stake. Angola Cables has been member of the West Africa Cable System (WACS) since 2009, which is the owner of the undersea fibre optic cable connecting South Africa to the UK through several stations along the West African and Portuguese coast. The BDA said in the statement that this deal starts a new phase in the bank's

operations, focused on raising funds in financial markets and international capital to apply them in the economy by funding structural projects. *(Macauhub)*

Angola places Treasury Bills at a rate of almost 18 %

Last week the Angolan state raised funds at a rate of almost 18 %, when the National Bank of Angola (BNA) placed 63.8 billion kwanzas of treasury bills with maturities of 91, 82 and 364 days, the central bank said. BNA, as the State of the operator, issued that amount of Treasury bills with maturities of 91, 182 and 364 days at average interest rates of 14.97 %, 16.99 % and 17.85 %, respectively. The central bank also placed 14.5 billion kwanzas in treasury bonds, with maturities of 2, 3, 4, and 5 years at rates of 7.00 %, 7.25 %, 7.50 % and 7.75 %, respectively. In direct sales to the public sector, BNA placed 3.6 billion kwanzas in treasury bills with maturities of 91 and 182 days, with average interest rates of 14.98 % and 17.00 %, respectively. In the same week, the central bank sold 110 million euros to commercial banks, 90 million euros at an auction to cover general import needs of companies providing services to the oil sector and 20 million euros for private operations. . *(Macauhub)*

Angolan central bank head promises new forex measures

Angola's new central bank governor, Valter Filipe da Silva, said on Monday that the bank would this week introduce unspecified measures aimed at the foreign exchange market. Da Silva's remarks come as Africa's second-biggest oil producer grapples with slumping crude prices, forcing the government into talks with the World Bank and International Monetary Fund about possible financial assistance. Da Silva told journalists that the bank would this week "release a series of necessary measures to create better macro-economic conditions to improve control of monetary and foreign exchange policies". He did not elaborate. Da Silva was little-known in financial circles before his appointment last month, and had been working as a lawyer in the vice-president's office. He faces a number of challenges including a slide in the kwanza currency, which has lost more than a third of its value against the dollar since the start of 2015. *(Reuters)*

Angola to Seek IMF Aid to Cope with Looming Financial Crisis

Oil-dependent Angola joins growing list of African countries needing help due to plunge in commodity prices

Angola will turn to the International Monetary Fund for a bailout to help cope with the oil-price rout that has hit its economy hard, joining a growing list of commodity-dependent African economies seeking assistance from the institution to weather the adverse economic climate.

The announcement represents an about-face for a government that had previously rejected the idea of seeking IMF assistance and ends months of speculation over how the West African country will cope with a looming financial crisis on the back of record-low oil prices.

The move could also have consequences for Portugal, one of the Eurozone’s most fragile economies whose companies have invested heavily in Angola in recent years amid an economic crisis at home. Portugal itself requested a three-year bailout from the IMF and European Union peers exactly five years ago. Angola, a former Portuguese colony, is Portugal’s fourth-largest export market.

These companies are suffering from a fall in consumption in Angola and from dollar shortages. Portuguese banks are also being squeezed. Shares of Banco BPI SA, which owns 50.1% of Angola’s largest private lender, closed down 6% Wednesday. The bank is trying to reduce its exposure to Angola under orders from the European Central Bank. Angola represented more than half of BPI’s profit in 2015.

Capital Economics estimates the size of Angola’s bailout could be hefty as the country’s financing requirements this year could amount to $8 billion, or 9% of gross domestic product. The aid “should reduce the risk of a messy balance-of-payments crisis. But the fiscal austerity that is likely to accompany any deal supports our view that growth will be painful,” Capital Economics economist John Ashbourne said.

Late last year, in the midst of severe dollar shortages, Angola opted to raise $1.5 billion to plug foreign currency into the economy through the issuance of a 10-year Eurobond. But at 9.5% yield, it paid a dear price for it.

Oil shipments account for 95% of export earnings and more than half of government revenue, a reliance the government admitted is too high. The country has also benefited greatly from Chinese largess in Africa, now retrenching as China’s economy slows. “The government of Angola is aware that the high reliance on the oil sector represents a vulnerability to the public finances and the economy more broadly,” the finance ministry said in a statement. “The government will work with the IMF to design and implement policies and structural reforms aimed at improving macroeconomic and financial stability, including through fiscal discipline,” it added. The statement said discussions over the program would begin next week at the IMF and World Bank spring meetings in Washington, D.C. “The IMF stands ready to help Angola address the economic challenges it is currently facing by supporting a comprehensive policy package to accelerate the diversification of the economy, while safeguarding macroeconomic and financial stability,” Min Zhu, IMF deputy managing director, said in a statement.

A key criticism of Angola’s economy is that too much control is exerted by longtime President José Eduardo dos Santos, who has ruled since 1979. While the World Bank estimates that nearly half of the nation’s 24 million people survive on less than $1.25 a day, Mr. dos Santos’ daughter, Isabel dos Santos, is Africa’s richest woman, a contrast that has ignited questions over the source of her wealth. In a recent interview with The Wall Street Journal, Ms. dos Santos

rejected claims she has enriched herself through the use of state money. "I'm not financed by any state money or any public funds," she said. "I don't do that." The IMF's assistance may spell the end of opaqueness in government finances as the institution is known for diving deep into state accounts in the countries it assists.
In its statement, the Angolan government acknowledged the issue. "The government is committed to improving transparency in the public finances and the banking sector" it said. "There is a strong belief within the government that the continued drive toward enhanced transparency can be accelerated by partnering with an institution like the IMF." *(Wall Street Journal)*

Kenya to Borrow $600M From Bilateral Creditor: IMF
Kenya's government plans to borrow $600 million from a bilateral creditor this year in addition to a $750 million loan it took at the end of 2015 when the cost of domestic credit became expensive, the International Monetary Fund said. East Africa's biggest economy expects to cut domestic loans by as much as a quarter to 170 billion shillings ($1.7 billion) from the 221 billion shillings it had originally budgeted, Treasury Secretary Henry Rotich told lawmakers on March 21.
In November, the Treasury took out a two-year $750 million syndicated facility at about 8 % effective cost, the IMF said in an e-mailed statement. Kenya has said it may offer more Eurobonds after selling $2.82 billion bonds in 2014 in its international market debut. The government is also working on regulations needed to issue Islamic bonds and the Treasury has mooted yen-denominated Samurai securities.
Kenya proposes to reduce its net spending in the current fiscal year ending June 31 after its revenue fell short of targets and domestic interest rates shot up when the central bank raised its benchmark rate to support the shilling, according to a supplementary budget presented to parliament last week. The total budget, however, will go up by 2.3 %, reflecting donor funding for development projects.
The IMF expects Kenya's GDP to expand by 6 % this year, slower than the 6.8 % it had earlier projected, with volatile capital flows presenting the strongest risk to growth. The $55 billion economy grew an estimated 5.6 % in 2015. *(Bloomberg)*

Could Nigeria be kicked out of the MSCI Frontier Markets Index?
MSCI have announced they are considering removing Nigeria from the MSCI Frontier Markets Index given restrictions on currency trading and the resulting deterioration of FX liquidity impacting investors' ability to repatriate capital. This is a risk we've been highlighting for the last six months or so (see below) so shouldn't come as a complete surprise, and JPMorgan and Barclays have already removed Nigeria from their respective local currency emerging market bond indices.
MSCI plans to announce its decision on or before 29 April – and in the meantime is seeking feedback from investors.
There are four similar examples that spring to mind – Malaysia (1998), Egypt (2013), Greece (2015) and Ukraine (2015):
In Malaysia and Ukraine, MSCI did take action:

- **Malaysia** – on 4 September 1998, MSCI announced that Malaysia (which was, unusually, included in both MSCI World and MSCI Emerging Markets at the time) would be removed from MSCI World effective 30 September, following the introduction of drastic repatriation restrictions on 1 September. In addition, on 28 September, MSCI announced that Malaysia would also be removed from the MSCI Emerging Markets Index as of the close of 30 November. Following the lifting of capital controls, Malaysia was re-introduced to the MSCI Emerging Markets Index (only) on 1 June 2000.
- **Ukraine** – on 28 May 28 2015, MSCI announced that the Ukraine would be excluded from the MSCI Frontier Markets Index following the introduction on 3 March by the National Bank of Ukraine of restrictions on capital flows prohibiting the repatriation of funds received from equity sales and dividends. The reclassification was implemented as part of the August 2015 Quarterly Index Review.

In Egypt and Greece, MSCI took no action:

- **Greece** – which imposed capital controls (and closed the stock market) in late June. MSCI guided that a closure of less than 40 consecutive business days would not lead to any action. The market reopened within that time frame, and Greece remains part of the MSCI Emerging Markets Index.
- **Egypt** – where in mid-2013, MSCI highlighted the shortage of foreign currency on the domestic foreign exchange market, and the potential launch of a public consultation with investors on a potential exclusion of Egypt from the MSCI Emerging Markets Index should the situation worsen, resulting in the inability of international investors to repatriate their funds. In mid-2014, MSCI announced that they were no longer considering launching such a consultation given the increase in Egypt's reserves and improvements in foreign investors' ability to repatriate capital, and Egypt remains part of the MSCI Emerging Markets Index.

The Malaysia and Ukraine examples suggest that broad, formalized capital controls can lead to markets being removed from the MSCI Frontier Markets Index. However, this need not be the case in the case of temporary capital restrictions (taking the example of Egypt in 2013, or Greece in 2015).
MSCI's methodology simply states that an MSCI Frontier Markets Index member must have "at least partial" ease of capital inflows/outflows. It is possible that MSCI could consider Nigeria's restrictions as temporary, particularly if the country elaborates an effective Egyptian style queue mechanism or system to guarantee foreign investors ability to

repatriate. The risk is that with severe energy shortages right now, the Nigerian authorities may have other, more pressing issues to deal with.

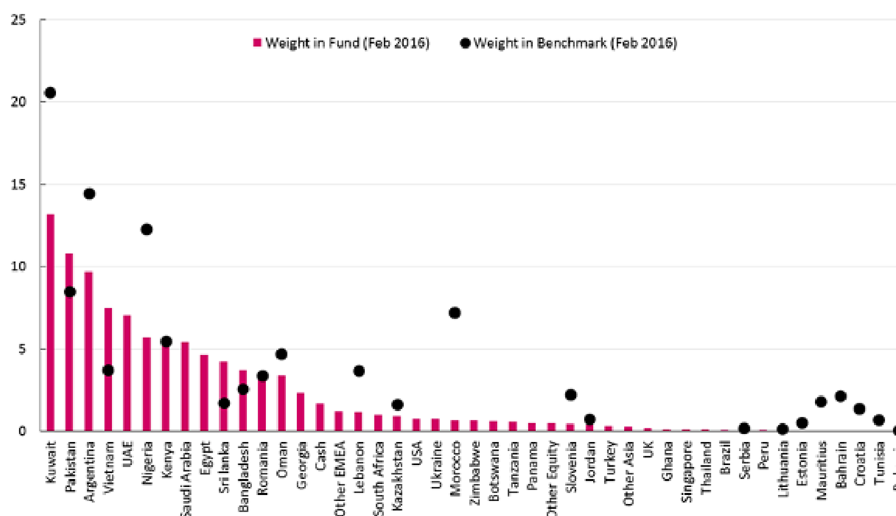
Would it matter?

Frontier equity investors tell us that they are much more index agnostic than their emerging market peers – and frontier funds allocations typically differ significantly from the index (including off index allocations). However the fact is that investors who are currently underweight Nigeria would find themselves overweight if Nigeria was to be removed from the index.

US$480m of MSCI benchmarked money in Nigeria. The latest data tells us that the asset-weighted aggregate MSCI Frontier Markets benchmarked fund is currently underweight Nigeria (6.5% allocation versus 12.3% index weight using end-February data, the latest available); if they were to sell their entire remaining holdings in Nigeria, this would account for $410m of foreign equity selling.

Global frontier equity ETFs are still tiny, with just $570m of passive money benchmarked to MSCI, of which only $70m is in Nigeria. So, a potential of $480m to be sold, but given the illiquidity of naira foreign exchange markets, it is unlikely that this amount could be sold.

MSCI Benchmarked Active Frontier Funds country weights vs index



At the end of the day, in frontier markets, indices matter less. But a clearing exchange rate and ability to repatriate is vitally important, and equity investors (and bond market investors) will be unlikely to return to Nigeria in to a currency which is still vulnerable to weakening, and where the main policy option available to avoid weakening the currency is capital restrictions. This is particularly the case when emerging and frontier funds alike have been experiencing redemptions and may be required to return dollars to fund holders. *(This is Africa)*

Nigeria eyes China's panda bond market to help plug $11bn deficit

Nigeria is considering selling a Chinese panda bond to help finance a budget deficit of about $11bn, its finance minister has said. "The opportunity now, with the renminbi being a reserve currency, we are looking obviously at the lowest cost of funds to fund our budget deficit. Initially we were looking simply at the eurobond but then we began to explore opportunities in the renminbi market so there is a possibility of issuing a panda bond," Kemi Adeosun told the Financial Times and Reuters in an interview. Panda bonds are renminbi-denominated debt sold by foreigners into China's bond markets.

The priority, Ms Adeosun said, is to borrow "the cheapest possible money" — a total of 1.8tn naira ($9bn) from international and Nigerian markets. She said it seemed that a renminbi-denominated bond would be cheaper than issuing a eurobond. She also said that, given Japan's negative interest rates, "there's the possibility of doing a Samurai [yen-denominated bond] which is also an option we'll look at. We're simply shopping around for the best deals."

President Muhammadu Buhari, elected last year, is visiting China in the coming week for a visit "aimed at securing greater support from Beijing for the development of Nigeria's infrastructure, especially in the power, roads, railways, aviation, water supply and housing sectors", the presidency said in a statement.

Ms Adeosun told the FT in January that Nigeria planned to tap the eurobond market to plug the deficit. Nigeria started talks in January with the World Bank and the African Development Bank for loans of $3.5bn to plug the deficit.

Nigeria is continuing talks started earlier in the year with the World Bank over a budget support loan, Ms Adeosun said in the interview. She is set to travel to Washington this weekend for the World Bank's spring meetings in the coming week.

Ms Adeosun said Nigeria has already begun implementing a "whole policy framework" to "support" the World Bank loan under discussion. She said Nigeria and the World Bank are "within the process" to obtain the loan and expect to complete that process "within the second quarter", by August at the latest, she said.

She said aspects of this policy framework include “fiscal housekeeping, improving [non-oil] revenues, controlling costs” and reform of the state-owned oil company.

Mr Buhari proposed record spending of 6.06tn naira in a budget that was delayed by political wrangling but approved by parliament last month. Financing of the deficit from international lenders and markets has been held back due to the delay in passing the budget, Ms Adeosun said.

Ms Adeosun said Nigeria needs an expansionary budget to jump-start an economy that has suffered a dramatic slow down due to the global oil price crash. Nigeria is Africa’s top oil exporter. Spending on infrastructure such as power and roads is “really what is needed to get the economy out of where it is now”, she said, adding that the government plans to run a deficit for the next two to three years. The 2016 deficit of 2.2tn naira is 2.2 per cent of GDP, she said.

The International Monetary Fund forecasts growth will slow to 2.3 per cent this year, its lowest rate in more than 15 years. The minister said the administration understands that life is very difficult for the majority of citizens in the country of more than 180m, but says the changes the government is implementing will see the country turn a corner. Despite benefiting from years of oil prices over $100 per barrel, Mr Buhari said state coffers were barren when he took office last May — a discrepancy he blamed on pervasive corruption in government.

Ms Adeosun said the push to develop infrastructure outlined in the budget was essential to help Nigeria diversify away from oil in the longer term. Though the government intends to pay for some of these projects through the budget, it is also looking abroad, namely to China, for funding for them. *(Financial Times)*

Selected Sovereign African Eurobond Data for April 7

Southern Africa	07-04-2016	06-04-2016	05-04-2016	04-04-2016	01-04-2016	31-03-2016	30-03-2016
Angola							
7.000%; 08/16/2019	98,187	98,125	96,156	96,750	97,125	97,458	97,625
Yld	7,768%	7,788%	8,444%	8,259%	8,098%	7,981%	7,935%
Moody's rating	Ba2/*-						
S&P rating	B						
Namibia							
5.500%; 11/03/2021	104,569	104,532	104,374	104,542	104,542	104,250	104,369
Yld	4,646%	4,654%	4,676%	4,659%	4,659%	4,718%	4,709%
Moody's rating	Baa3						
Fitch rating	BBB-						
Republic of Congo							
4.000%; 06/30/2029	73,500	73,611	73,500	74,000	74,500	74,500	74,500
Yld	9,450%	9,405%	9,445%	9,362%	9,279%	9,278%	9,275%
Fitch rating	B						
South Africa							
5.875%; 09/16/2025	107,942	108,702	109,075	109,467	109,425	109,070	107,825
Yld	4,865%	4,764%	4,717%	4,667%	4,678%	4,723%	4,881%
Moody's rating	Baa2/*-						
S&P rating	BBB-						
Fitch rating	BBB -						
Zambia							
8.500%; 04/14/2024	82,477	82,443	82,273	83,750	84,136	83,273	83,216
Yld	12,081%	12,085%	12,131%	11,784%	11,713%	11,883%	11,885%
Fitch rating	B						
S&P rating	B						
East Africa	07-04-2016	06-04-2016	05-04-2016	04-04-2016	01-04-2016	31-03-2016	30-03-2016
Ethiopia							
6.625%; 12/11/2024	91,784	94,458	93,667	94,208	94,542	94,977	95,000
Yld	8,029%	7,871%	8,010%	7,929%	7,856%	7,799%	7,776%
Moody's rating	B1						
S&P rating	B						
Fitch rating	B						
Kenya							
6.875%; 06/24/2024	93.250	93.167	92.136	92.182	92.292	92.963	93.021
Yld	8,050%	8,064%	8,264%	8,243%	8,205%	8,050%	8,050%
Fitch rating	B+						
S&P rating	B+						
Rwanda							
6.625%; 05/02/2023	96,750	96,818	96,591	97,273	97,409	97,227	96,944
Yld	7,322%	7,308%	7,368%	7,223%	7,197%	7,231%	7,306%
Fitch rating	B+						
S&P rating	B+						
Seychelles							
7.000%; 01/01/2026	95,522	97,405	95,521	95,190	95,354	n/a	n/a
Yld	8,983%	8,453%	8,981%	9,062%	9,103%	n/a	n/a
Fitch rating	BB-						
West Africa	07-04-2016	06-04-2016	05-04-2016	04-04-2016	01-04-2016	31-03-2016	30-03-2016
Gabon							
6.375%; 12/12/2024	82,833	82,792	81,333	82,333	82,909	83,591	83,750
Yld	9,388%	9,394%	9,679%	9,474%	9,391%	9,259%	9,213%
Fitch rating	B+						
S&P rating	NR						
Ghana							
7.875%; 08/07/2023	76,729	76,988	76,646	77,917	79,208	79,708	79,708
Yld	12,993%	12,931%	13,009%	12,690%	12,357%	12,233%	12,229%
Moody's rating	B3						
S&P rating	B						
Fitch rating	B-						
Ivory Coast							
6.375%; 03/03/2028	94,854	94,771	94,083	94,542	94,792	94,542	94,375
Yld	7,081%	7,092%	7,185%	7,125%	7,092%	7,124%	7,140%
Moody's rating	Ba3						
Fitch rating	B+						
Nigeria							
6.375%; 07/12/2023	91,635	92.186,000	91,774	92,416	92,656	92,477	92,423
Yld	7,993%	7,894%	7,974%	7,858%	7,812%	7,846%	7,856%
Fitch rating	BB-						
S&P rating	B+						
Senegal							
6.250%; 07/30/2024	92,875	93,258	93,167	93,795	93,864	93,000	92,958
Yld	7,504%	7,424%	7,441%	7,351%	7,339%	7,474%	7,474%
Moody's rating	B1						
S&P rating	B+						

NOTE: Angola in 2012 sold $1 billion of 7 percent securities due August 2019 to selected investors in an agreement brokered by Moscow-based VTB Bank OJSC.

Pricing source is the Composite Bloomberg Bond Trader (CBBT)

Yld = Bid Yield to Maturity.

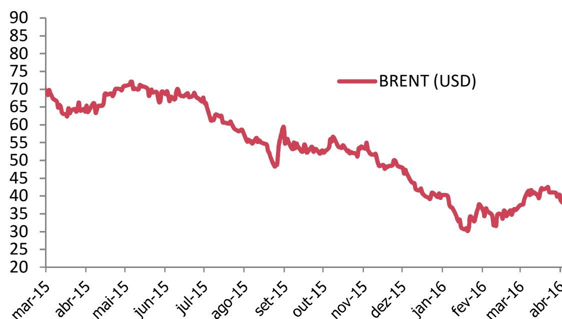
MARKET INDICATORS
11-04-2016

STOCK EXCHANGES		
Index Name (Country)	**11-04-2016**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	10.276,40	-3,07%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	312,37	2,78%
Case 30 Index (Egypt)	7.342,46	4,80%
FTSE NSE Kenya 15 Index (Kenya)	184,01	-1,41%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.924,46	4,86%
Nigerian Stock Exchange All Share Index (Nigeria)	24.698,58	-13,77%
FTSE/JSE Africa All Shares Index (South Africa)	51.379,45	1,35%
Tunindex (Tunisia)	5.414,43	7,38%

Source: Bloomberg and Eaglestone Securities

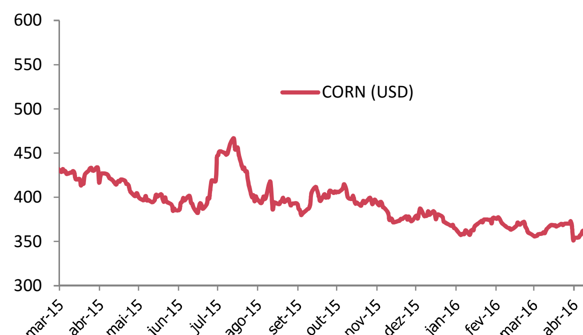
METALS		
	Spot	**YTD % Change**
Gold	1.252	17,94%
Silver	16	13,53%
Platinum	983	10,02%
Copper $/mt	4.650	-1,17%

Source: Bloomberg and Eaglestone Securities



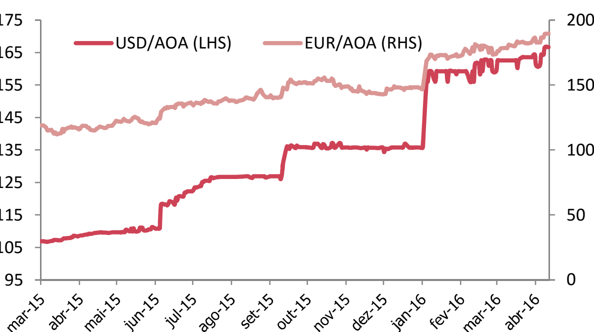
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	40,0	7,99%
ICE Brent (USD/barril)	42,3	13,33%
ICE Gasoil (USD/cents per tonne)	357,8	7,03%

Source: Bloomberg and Eaglestone Securities



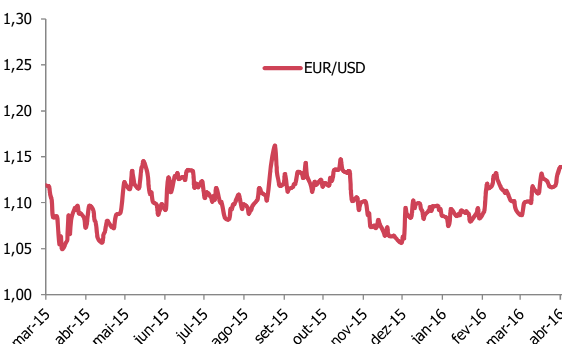
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	359,5	0,21%
Wheat cents/bu.	454,0	-3,40%
Coffee (KC) c/lb	122,1	-3,63%
Sugar#11 c/lb	14,5	-4,99%
Cocoa $/mt	2927,0	-8,84%
Cotton cents/lb	60,5	-4,38%
Soybeans c/bsh	919,8	6,42%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	166,162
EUR	189,664
GBP	236,728
ZAR	11,311
BRL	46,703
NEW MOZAMBIQUE METICAL	
USD	53,500
EUR	58,526
GBP	76,216
ZAR	3,642
SOUTH AFRICAN RAND SPOT	
USD	14,689
EUR	16,769
GBP	20,931
BRL	4,129
EUROZONE	
USD	1,14
GBP	0,80
CHF	1,09
JPY	123,39
GBP / USD	1,42

Source: Bloomberg and Eaglestone Securities



Tech

Moody's: Africa's mobile phone banking boom to support economic growth and banks' expansion

The fast growth of mobile phone banking across Africa has driven an increase in access to financial services and has the potential, with time, to boost economic growth and create opportunities for banks to expand across the continent, Moody's Investors Service said in a report today.

The report, entitled "Mobile Phone Banking Supportive of Economic Growth and Banking Sector Prospects", is now available on www.moodys.com.

Moody's subscribers can access this report via the link at the end of this press release. The research is an update to the markets and does not constitute a rating action.

"Mobile phone banking technology is helping to include more and more people in Sub Saharan Africa into the formal financial sector and the economy more broadly. This has the potential to support sovereign credit quality in the region, whether the result of a more financially resilient population who are able to maintain a steady contribution to domestic demand and economic growth, or a healthier, more profitable banking system," said Rita Babihuga, a Moody's AVP -- Analyst and co-author of the report. "Low levels of economic development are a key constraint on credit ratings in Sub-Saharan Africa."

Sub-Saharan Africa is experiencing the world's fastest rise in new bank accounts, fuelled by the growth in mobile banking. Some 12% of adults in the region had a mobile money account at the end of 2014, compared to just 2% globally, according to World Bank figures. Kenya has led Africa's mobile banking revolution, with 58% of the adult population having a mobile account.

Over time, increased access to formal financial services, including mobile bank accounts, has the potential to boost economic growth and diversification -- by increasing productivity and facilitating investment in small and medium sized enterprises -- and reduce poverty, according to several academic studies. Together with a more profitable banking system these are all important factors that support a sovereign's creditworthiness.

For banks, a stronger macroeconomic environment offers greater opportunities for growth. "Mobile phone technology also allows banks to target new customers directly with minimal transaction and overhead costs and without an extensive network of branches" said Constantinos Kypreos, a Moody's Vice President -- Senior Credit Officer and co-author of the report. Banks are also able to boost their revenues by offering users access to a wider array of banking products on the mobile platform. *(Moodys)*

Fund – Private Equity

aBi Finance Plans to Sell $30m of Bonds

The investment arm of Danish/Ugandan partnership the Agricultural Business Initiative plans to sell debt through the aBi Agriculture Bond Co., according to a statement issued in the Kampala-based New Vision newspaper.

The bonds will be offered in tranches of $5 million to $10 million with a tenor ranging from 5 to 7 years. Funds will be loaned to the agribusiness sector in Uganda.

The bond will be listed on Uganda Securities Exchange to deepen the nation's capital markets, the trust said in the statement, without providing a listing date. African Alliance Uganda were named as the transaction advisers. *(Bloomberg)*

EIB Considers African, Greek Mid-Market Funds

The European Investment Bank and the IFC are each considering 20 million euro ($22.5 million) investments in Adenia Capital IV, a private equity fund that will invest in small and midsize companies in Africa, primarily in Ghana, Ivory Coast, Mauritius and Madagascar, according to a posting on the bank's website and a notice on the IFC's website.

The fund, which has a 200 million euro target, will focus on financial services, agro-industry/consumer goods, infrastructure and utilities, business services and telecoms. *(Bloomberg)*

South Africa's Adcock Ingram sells Indian unit for $22 mln

South African drugmaker Adcock Ingram said on Wednesday it sold its Indian unit for 336 million rand ($22 million) to a private equity firm, after the Bangalore-based business suffered two write downs since 2013.

Adcock said in August it would sell the loss-making Indian unit Cosme Farma Laboratories to focus on its South African home market, saying significant additional investment was needed to compete in the pharmaceutical market in India. The cash sale to Samara Capital Partners Fund would include Adcock Healthcare, a manufacturer and distributor of pharmaceuticals in India, which runs Cosme Farma Laboratories, South Africa's Adcock said in a statement. "The Indian pharmaceutical marketing and selling business does not meet the company's current investment criteria and as a result the company has decided to exit this business," Adcock said in a statement.

The Indian unit posted a net profit of 2.1 million rand in the six months to end-December and reported net assets worth 701.3 million rand during the period. The South African firm bought Cosme Farma Laboratories for 822 million rand in 2013 but had to write down its value by 278 million rand in 2014 and a further 74.4 million rand last year.

South Africa's Adcock would retain Adcock Healthcare's division that handles back office support services, quality control and assurance, among others, the firm said. The sale is subject to approval by the India's Foreign Investment Promotion Board. ($1 = 15.2208 rand). *(Reuters)*

ENERGY

Kenya to tap into Rift Valley geothermal resources and strengthen private sector investment in renewable energy

With African Development Bank (AfDB) support, Kenya has received approval from the Climate Investment Funds' Clean Technology Fund (CIF-CTF) for a US $29.65-million concessional loan to co-finance up to two geothermal projects to increase the country's power capacity, particularly drawing on untapped geothermal resources in the Rift Valley. The programme will build on the energy advancements already underway in the successful development of the country's showcase Menengai Geothermal Field.

The CTF funds will create a concessional lending program designed to enhance the projects' financial viability and commercial bankability by shoring up conventional financing and breaking down barriers to private investment. The program will support up to two private-sector led geothermal generation projects structured as Independent Power Producers (IPPs), and will be implemented with AfDB support. "Kenya is already demonstrating its ability to reshape its energy future by developing its vast geothermal resources through Menengai," said Joao Duarte Cunha, AfDB's Coordinator for CTF. "But it still faces market barriers to full deployment of its renewables. This infusion of capital will thus serve to build investor confidence and improve bankability of these vital resources. Furthermore, the success of the IPPs developed in this program can serve as a beacon for other countries looking to achieve similar green energy goals."

Transformation of the geothermal energy sector is a core part of Kenya's economic growth plan for its expanding and increasingly urbanizing population. In its "Vision 2030" the country identified energy and electricity as a key element of its economic transformation, with geothermal as the lead technology. It is estimated that by 2020 the country's projected installed energy capacity will triple from 2,177 MW to 6,766 MW, with geothermal contributing around 2,000 MW.

To create this sustainable energy future, the government recognizes that it must sustain a stable investment climate for private sector participation in the energy sector, expanding transmission and distribution networks to deliver power to customers, maintaining a creditworthy off-taker and cost-reflective tariffs, and reducing inefficiency in the sector to support more affordable end-user tariffs. A key government measure in this regard is to promote IPP schemes selected through international competitive bidding processes to enhance investment flows from the private sector into the power sector.

In a market where electrification is only 23% and private investment remains modest, the CTF-supported program will play a vital role by:

- Creating a demonstration effect showing that the structure is economically viable for private investors;
- Providing support and building a track record in a nascent market; and
- Reducing the country's dependence on hydro and thermal power sources by contributing to deployment of up to 70 MW of clean, reliable and base-load renewable power.

The program is part of the CTF's Dedicated Private Sector Program (DPSP), designed to finance programs that can deliver development results, impact, private sector leverage and investment at scale andcan be deployed rapidly and efficiently. The country's CTF DPSPII program will complement its CIF Investment Plan already in place under the CIF's Program to Scale Up Renewable Energy in Low Income Countries (SREP), through which Kenya has undertaken its game-changing Menengai Geothermal Program, a showcase of the CIF's worldwide mitigation activities. *(AFDB)*

INFRASTRUCTURE

Saudi Arabia, Egypt to Partner on Bridge in Southern Sinai

Revival of project linking countries part of Saudi agreement to boost Egyptian economy

Saudi Arabia will partner with Egypt to build a bridge connecting the Sinai Peninsula to the Gulf kingdom, part of a cash injection into Egypt's economy agreed upon during a visit by Saudi King Salman.

The causeway proposal revives an initiative between the two nations that former Egyptian President Hosni Mubarak abandoned in 2005 over environmental concerns about damaging the Red Sea coral reefs, as well as for security concerns. Northern Sinai today is a base of Islamist insurgents who have pledged allegiance to Islamic State.

The cost has been estimated between $3 billion and $4 billion. The original idea was to boost the Egyptian economy through trade and tourism and open a new route for pilgrims visiting Muslim holy sites in Saudi Arabia. One earlier plan was for a span of about 20 miles from the Red Sea resort of Sharm El Sheikh in southern Sinai to Ras Hamid in northern Saudi Arabia.

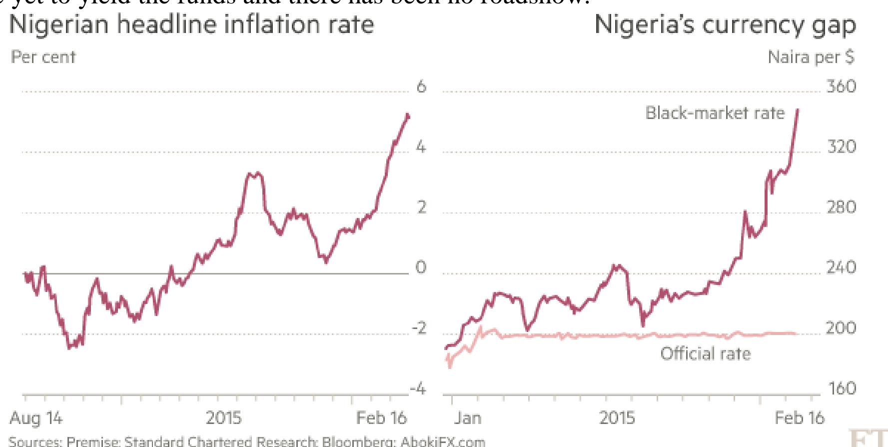
During the king's visit this week, the Saudi monarch and President Abdel Fattah Al Sisi oversaw the signing of a number of agreements pledging Saudi support for Egypt's energy and agricultural sectors and development of the Sinai region. State media said the deals totaled more than $20 billion.

Saudi donations have helped prop up Egypt's struggling economy since Mr. Sisi came to power in 2013. The Sunni Muslim monarchy is pursuing a more aggressive foreign policy, striving to contain the influence of Iran, its Shiite rival for regional power, while reassessing economic aid to allies in the face of dramatically reduced oil prices.

Saudi Arabia has typically used aid to curry favor among regional allies. But in February, it suspended $3 billion in military aid to Lebanon in response to what is described as Shiite militant group Hezbollah's domination of the government. Hezbollah is an important backer of Syrian President Bashar al-Assad.
The Saudi leader and Mr. Sisi announced the bridge at a joint ceremony and Mr. Sisi said it would be named after King Salman. "The bridge will be an international port for the promising projects of both countries," the king said, according to the official Saudi Press Agency. "It will be essential for travelers, pilgrims, Umrah [pilgrimage] performers, and tourists. It will also create more employment opportunities for the people of the region."
The Saudi investment is a political boost for Mr. Sisi, as an Islamic State insurgency in the north Sinai has all but stopped tourism, which is an important source of hard currency, and as economic woes diminish his popularity.
Egyptian officials have said the Saudis will provide the new funds with expectations of significant economic returns, a departure from previous transactions with Mr. Sisi's government that amounted to donations. "The fresh investments and their stipulations indicate that the king sees Egypt as a serious partner and not a welfare recipient," an Egyptian official said. Saud al-Tamamy, a professor at Riyadh's King Saud University, said the kingdom was focused on development projects as a way to reach out to Egypt's leaders as well as its people. Riyadh wants to push Egypt's regional policy to align more closely with its own, particularly on Iran, he said. "Egypt should send a message to Iran saying, 'We stand by Saudi Arabia and the Arab world is united.' The political message is important," he said. Mr. Sisi has in recent months weathered criticism in Egyptian media from formerly ardent supporters over rising food and energy prices amid embarrassing public scandals. The February death-by-torture of Italian researcher Giulio Regeni has soured Egypt's close ties with Italy. That case remains unresolved. *(Wall Street Journal)*

Nigeria seeks 'cheapest possible money' to finance infrastructure

Nigeria is embarking on a borrowing spree to pay for infrastructure projects its government believes are key to reviving an economy hit by the collapse in oil prices.
In an interview with the Financial Times and Reuters, Kemi Adeosun, Nigeria's finance minister, said she is widening the search for the "cheapest possible money" to finance projects and plug an $11bn budget deficit. She is now considering tapping the Chinese and Japanese bond markets. Separately Muhammadu Buhari, the president, is in Beijing this week drumming up direct Chinese financial support for his infrastructure plans.
The crash in oil prices has hammered Africa's top exporter, slowing growth to its lowest level in 15 years and exposing again the fragility of an economy that derives 90 per cent of its export earnings from crude.
Mr Buhari, the austere former military ruler elected last year on a wave of optimism and hope for change, inherited state coffers drained by what he said was rampant corruption on his predecessor's watch. A year on, he is facing growing criticism for holding tight to exchange rate policies that have compounded the challenges facing businesses and contributed to severe fuel shortages.
Ms Adeosun, like Mr Buhari, argues that Nigeria cannot rely on a rebound in oil prices and must use this difficult time to diversify the economy — something she says successive Nigerian governments have talked about but failed to act. Improving electricity supplies, road and rail networks is the first step, she said, arguing that agriculture and manufacturing will not take off before infrastructure is built.
To do this, Nigeria will run a budget deficit for the next two to three years, she said, and will require a consistent stream of "bulk money" to ensure funding does not dry up and halt work.
Ms Adeosun wants to borrow 1.8tn naira ($9bn) of the record 2.2tn naira ($11bn) deficit from international and local markets. She has also begun talks with the World Bank and the African Development Bank over $3.5bn in loans.
Those efforts have yet to yield the funds and there has been no roadshow.



In an interview, Ms Adeosun said that although the Eurobond market was still an option, the Chinese and Japanese markets were looking cheaper and more appealing. "We were looking, originally, at doing about a billion dollars on the Eurobond market so we may split that between the Renminbi and the Eurobond," she said.

The delayed passage of the budget — approved by parliament last month — had slowed the process but Nigeria was still on track to be in the market by the third quarter, she added.
A stickier issue may be the budget support loans the minister hopes to receive from multilateral lenders to plug the rest of the deficit. The minister says the World Bank has approved the government's "policy framework" aimed at boosting tax collection and improving oversight of government spending.
But it remains unclear whether the exchange rate policy will get in the way. The International Monetary Fund has made plain its concerns and said in its recent annual review that restrictions had "adversely impacted economic activity". It also questioned the government's commitment to containing inflation, which jumped to 9.6 per cent in January, up from 7.9 per cent in December.
The minister said there was no dispute with the IMF and stressed that despite not yet locking down borrowing requirements, "we're not desperate, there are options".
The projected deficit figure requires Nigeria to substantially increase non-oil revenues this year to account for the shortfall caused by the crude price crash. Ms Adeosun says this is possible by implementing basic measures that should have been in place for years. Ministry payrolls are being cleaned up and ghost workers removed. Government agencies are being forced to account for their earnings and expenditures. She also has a back-up plan if she is unable to raise sufficient non-oil revenues: in a pinch, the government would withhold up to $5bn in "cash calls" budgeted this year to finance its share of costs in joint ventures with international oil companies.
This would force the oil majors to make up some of the difference by providing bigger loans to the state-run NNPC — a move that would likely frustrate the industry and hurt output. The NNPC already owes at least $4bn to the majors and analysts have warned that unless funding issues are resolved the country's 2.1m bpd oil output will drop. *(Financial Times)*

NEC Corp. begins construction of the Angola Cables submarine cable
NEC Corp. of Japan is due to start building the "South Atlantic Cable System" (SACS), the first submarine fiber optic cable connecting Africa to South America, according to statements published Wednesday in Luanda and Tokyo. SACS, which should become operational in mid-2018, is a project of the Angola Cables company with an estimated cost of US$160 million. It will be partially financed with loans taken on by the Angola Development Bank from the Japanese Bank for International Cooperation (JBIC) and Sumitomo Mitsui Banking Corporation (SMBC).
The system will link Luanda, Angola to Fortaleza, Brazil, cities that are about 6,200 kilometres apart. From the Brazilian city another cable system goes on to Miami, in the United States, thus allowing direct links between Africa through Angola, and North America, through the United States. Angola Cables was created by five major Angolan telecommunications operators that are currently part of its shareholder structure. State-owned Angola Telecom holds a majority stake. *(Macauhub)*

EU pays to repair bridges in Mozambique
The European Union (EU) will pay 16 million euros to repair the Milange-Mocuba road in Zambézia province, central Mozambique, the Ministry of Foreign Affairs and Cooperation of Mozambique said in a statement. The statement said that the project's financing agreement will be signed by the deputy minister of Foreign Affairs and Cooperation of Mozambique, Nyeleti Mondlane and the head of the EU delegation in Mozambique, Sven Kühn von Burgsdorff. The document will be signed as part of a working visit by Mondlane to Zambezia province. the funding will be used to finance emergency repairs to bridges damaged by rain in 2015. The visit by the Deputy Minister of Foreign Affairs and Cooperation of Mozambique aims to identify rural development programmes and projects to be financed by the European Union under bilateral cooperation. . *(Macauhub)*

Africa's $30 Billion Rail Renaissance Holds Ticket for Trade
On a sweltering Kenyan morning on the outskirts of a national wildlife park, Chinese and local workers maneuver a massive concrete rail-bridge structure onto towering support piers. In the distance, trucks loaded with shipping containers rumble down a highway.
The bridge at Voi, northwest of the port of Mombasa, is the latest construction frontline for the initial 327 billion-shilling ($3.2 billion) stretch of an ambitious railway project to link the East African country with landlocked neighbors including Rwanda and Uganda. As a faster alternative to the trucks clogging the only road running inland to the capital, the Chinese-built and -financed standard-gauge railway, known as the SGR, has the potential to transform trade in the region.
Kenya's rail line, the country's biggest investment since independence in 1963, is among the most advanced of the more than $30 billion of African rail projects planned or under way. Together, they span more than 11,000 kilometers (6,835 miles), enough to connect Cape Town to Copenhagen. It's one of the bright spots on the world's least developed continent, where governments are wrestling with drought-induced food shortages, weakened currencies and shrinking budgets following the plunge in commodity prices.
Held Back
"Infrastructure constraints are one of the major things holding back Africa and this standard-gauge railway will make a big difference," said Mark Bohlund, an Africa and Middle East economist with Bloomberg Intelligence.

Not all the projects will be built on time, if at all, especially with the commodity-price slump weighing on those designed to move raw materials from mines to ports. And with Chinese growth slowing, the nation's central role in African infrastructure development may diminish. Countries including Kenya and Ethiopia are also borrowing heavily to fund projects.

Already, though, U.S. and European and companies such as General Electric Co., Alstom SA and LafargeHolcim Ltd. are poised to benefit, along with Chinese builders and African suppliers such as Transnet SOC Ltd. GE is investigating opportunities in countries including Kenya, Ethiopia and Nigeria and will have almost tripled its number of service personnel on the continent from 2015 to the end of this year.

West Africa

"The overall bed of opportunities around the region remains strong, at least 50 % higher than it was 10 years ago," said Thomas Konditi, GE's head of transportation for Africa. "Those opportunities are still going to be strong for another five to 10 years." Besides the East African line, others on the continent include Bollore SA's plan to develop a 2,700-kilometer West African rail corridor. The project, which has faced legal challenges from rival developers, would link Ivory Coast, Burkina Faso, Niger and Benin. Also in West Africa, Senegal signed an agreement in December with China Railway Construction for the renovation of 645 kilometers of railroads. Projects are also planned in Tanzania, Mali and Egypt, while Ethiopia recently completed a line connecting Addis Ababa to Djibouti and has another 4,000 kilometers of projects planned.

Economic Growth

Rail infrastructure is vital to improve trade between African countries, which stood at just 13 % of the total last year, according to the African Union. Kenya, which moves about five % of freight by rail, predicts the new project will add to economic growth. The government sealed agreements in March with Chinese partners to build the rest of the track up to the border with Uganda, which itself has signed construction agreements for the first phase. Kenya's initial stretch, from Mombasa to Nairobi, will be ready to start operating by June 2017, Kenya Railways Corp. Managing Director Atanas Maina said in an interview at the Voi bridge. The line will have daily capacity for eight freight trains in each direction, each with the ability to carry the equivalent of more than 100 containers. It'll also run as many as two daily passenger trains each way.

Colonial Tracks

Besides the often-clotted Mombasa-Nairobi road, the only other land transportation option is the century-old railway completed by the British colonial authorities in 1901. The line operates at a leisurely pace of about 30 kilometers per hour, compared with 120 kilometers per hour for passengers and 80 kilometers per hour for freight that Kenya Railways is predicting for the SGR. The railway design also accounts for local wildlife movements, said Kenya Railways social environmentalist James Chimera. Kenya Wildlife Service provided locations of animal-crossing corridors so elevated overpasses could allow elephants and giraffes to pass underneath safely, he said. The Export-Import Bank of China has agreed to fund 90 % and 85 % respectively of the first two phases of Kenya's project, with the government covering the rest.

Chinese History

China has a history of successful railway projects in Africa. The 1,870-kilometer Tazara railway, which linked landlocked Zambia to Tanzania's Dar es Salaam port, was funded and built by China in the 1970s. Nigerian President Muhammadu Buhari plans to visit China to get funding for railway projects, Vice President Yemi Osinbajo said this week. Nigeria will struggle to meet its agricultural development targets and improve fuel distribution without "robust" rail infrastructure, Osinbajo said. Some African mine-related freight rail and port projects have been delayed because of low commodity prices and there has been evidence of a shift towards investing in passenger rail instead, said Maria Leenen, CEO at Hamburg-based transportation consultancy SCI Verkehr.

Transnet, the South African rail and port operator marketing its train equipment and expertise across the continent as well as investing in rail at home, has seen pressure on its order book from the decline in commodity prices. However, the company continues to see opportunities, according to the head of its engineering and manufacturing unit, Thamsanqa Jiyane. Contracts the company is working on include supplying wagons to Swaziland and passenger coaches to Botswana.

For some African governments, the tougher economic conditions are requiring more imagination for funding rail investments, GE's Konditi said. "I'm seeing more interest in creative financing -- leasing -- and I've seen more interest in letting the private sector drive some of the maintenance and service of the rail companies," he said. "This environment is actually helping people to see things more creatively, in a very modern way." *(Bloomberg)*

MINING

Zambian government in talks with mining firms over power prices

Zambia's government is talking to mining companies to try to resolve a dispute about higher electricity prices introduced at the start of the year, an industry official said on Wednesday.

Zambia increased the price of electricity for miners by 26 % on Jan. 1 as part of a bid by Africa's second biggest copper producer to attract more investment in power generation.

But the increase has been disputed by miners in Zambia - which include Glencore, Canada's First Quantum Minerals, Vedanta Resources and Barrick Gold - as they are already grappling with a slump in commodity prices.
The ministry of energy had told mining companies they would have to pay 10.35 U.S. cents per kilowatt hour from Jan. 1, up from 8.20 cents per kilowatt hour previously. Copperbelt Energy Corp. Managing Director Owen Silavwe told reporters the mining companies were still paying the old tariffs while talks with the government continued. Copperbelt Energy is the main power supplier to mines in Zambia and buys most of the electricity from state power firm Zesco Ltd. "The government is talking to the mining companies and all other stakeholders, including ourselves. Hopefully agreement will be reached soon," Silavwe said, without giving a timeframe. The World Bank has recommended Zambia charge mining companies higher electricity tariffs to attract investment in power generation. *(Reuters)*

Tcheji diamond mine in Angola expected to produce 3,000 carats of diamonds per month
Diamond mining company Sociedade Mineira do Tcheji, which will explore a diamond mine with the same name, expects initially to extract 3,000 carats of diamonds per month, with estimated revenues of US$1.5 million, Angolan news agency Angop reported. This project, whose mine is located in an area spread across the provinces of Lunda Norte and Lunda Sul, was formally inaugurated by teh ANgolan Minister for Geology and MInes, FRancisco Queiroz, in a ceremony held in the municipality of Lucapa, Lunda Norte province. Exploration work is being conducted in Lunda Norte, on a concession area of 635 square kilometres. The inauguration ofthe Tcheji project marks a new era in the development of Angola’s diamond industry and follows the signing of an exploration contract between Endiama, Oga and Aricon, as investors, and shareholders Ipergesta, Somia Yassacama and BK. The initial investment for this project is US$15 million and prospecting work began in 2011. In 2015 Angola produced over 9 million carats of diamonds and that level of production is expected to increase because of the launch of the Tcheji project. *(Macauhub)*

Brazil’s Vale says Mitsui & Co still interested in projects in Mozambique
Japanese group Mitsui & Co is still interested in investing in the Vale group’s projects in Mozambique despite impairment charges taken by Vale on such investments, the Brazilian group said in a statement to the market.
The group also said in the statement issued Thursday that Mitsui & Co continues to support negotiations with Nexi (Nippon Export and Investment Insurance) and JBIC (Japan Bank for International Cooperation) for the financing model, citing a statement released by the Japanese group. Coal mining in Moatize, in Mozambique’s Tete province, has been costing the Vale group a loss of US$500 million a year, according to the annual report released last February.
Impairments assumed by the group for Mozambique – US$2.4 billion – were the second highest included in the accounts, and the larger ones – US$3.46 billion – were for a nickel mining project in Canada.
Mitsui & Co group agreed in 2014 to pay US$763 million dollars for stakes in Vale’s projects in Mozambique – the Moatize coal mine and the Nacala port and railway – but to date there have been no further developments. . *(Macauhub)*

OIL & GAS

Dodsal to Seek About $250m for Tanzania Gas
Dubai-based Dodsal is in talks with international institutions to seek about $250 million from capital markets to develop a natural gas find in Tanzania, said chairman and president Rajen Kilachand at a news briefing. The company said it has discovered 2.7 trillion cubic feet of onshore natural gas in the East African country, which it values at $8 billion. The discovery is in the Mambakofi and Mtini and contains low-sulfur or sweet natural gas to be used domestically, with production to start in the first quarter of 2018. *(Bloomberg)*

US and Portuguese companies search for oil in Sao Tome and Principe in 2017
US company Kosmos Energy and Portugal’s Galp Energia in January 2017 are due to carry out seismic surveys in three oil blocks in the Exclusive Economic Zone (EEZ) of Sao Tome and Principe, announced Wednesday the director of the country’s National Oil Agency. Orlando Sousa Pontes made this announcement during the public presentation ceremony of an environmental impact study prepared jointly by Kosmos Energy, the operator of blocks 11 and 12 of the Sao Tome EEZ and Galp Energia, the operator of block 6 in the same area. “The 3D seismic survey of blocks 6, 11 and 12 is expected to begin in early January 2017 and to take six months,” said Sousa Pontes, who added the area covered by the operation totalled 12,799 square kilometres. The announcement of the start of the seismic survey comes six days after Kosmos Energy acquired 65 % of the rights Nigeria’a Equator Exploration held in block 12 of the Exclusive Economic Zone of Sao Tome and Principe, where Galp operates block 6 in partnership with Kosmos itself. In addition to the exclusive area, Sao Tome and Principe also has a joint exploration zone with Nigeria, under a political agreement signed in February 2011 establishing a 60/40 division of revenues to Nigeria and Sao Tome, respectively. *(Macauhub)*

Nigeria targets sale of 40 % of new state oil firm: draft bill
Nigeria plans to split state oil company NNPC into two to help ease a planned stake sale and wants to sell at least 40 % of a newly created National Petroleum Co (NPC) in coming years, according to a draft of a long-awaited oil bill seen by Reuters.

The bill envisages the sale of at least 10 % of NPC over five years and is targeting 40 % or more over 10 years, as Africa's top oil exporter seeks to fix a cash shortage that is hampering investment at NNPC and end graft. Parliament is to start debating within days the amended Petroleum Industry Bill, in the works for a decade and designed to change everything from taxes to environmental rules and revenue sharing, as well as overhauling NNPC. Lawmakers have not previously been able to agree on the 200-page bill, but President Muhammadu Buhari has made its passing a priority as he seeks to overhaul the oil and gas sector, which accounts for 70 % of state income. NNPC's output has been stagnant at around 2 million barrels a day for years as the company struggles with graft, bureaucracy and funding problems.
To accelerate the reform process, the West African nation is breaking up the bill, with the first part dealing with the reform of NNPC, a pet project of Buhari. "Divestment of shares ... may include the sale or transfer of shares to institutional or strategic investors," the draft said, without giving more details. A sale of at least a 10 % stake in NPC is to take place within five years, with the rest to happen within 10 years, the bill says. The previous draft had called for a 30 % sale within six years.
It gave no reason for the longer timeframe but a source involved in the draft said selling a larger stake was intended to raise more funds and help minimize the risk of corruption, because of the greater influence of outside investors and private firms. "Bidding is open to international investors," the source said. Part of Nigeria's output comes from joint ventures with foreign and local companies in which NNPC holds the majority stake. However, NNPC is always behind on covering its share of costs owing to the slow pace of government approvals, explaining the need for outside funding.
The act that created NNPC decades ago contained legal gray areas which allowed mismanagement to go unchecked and billions of dollars in revenue to go seemingly unaccounted for. NPC will look after joint ventures mainly with oil majors, while the second company to be created from NNPC, dubbed NPAM, will manage all production-sharing contracts and service agreements, a second source involved in drafting the bill said. The draft bill already lists 26 licences but the source said there would be many more. The second source involved in the drafting also said that the other bills which would be part of the overall reform of the energy sector have not yet been finalized. *(Reuters)*

RETAIL

South Africa Takes Harder Look at AB InBev-SABMiller Deal

Competition Commission says proposed takeover raises concerns that need to be resolved

South Africa’s antitrust regulators have requested an extension for their review of Anheuser-Busch InBev NV’s proposed takeover of rival brewer SABMiller PLC, saying the deal raises concerns that need to be resolved. A spokesman for South Africa’s Competition Commission, which is reviewing the deal, said the regulator had “communicated the concerns to the merging parties and needs more time to engage with the parties in order to find solutions to the said concerns.” He didn’t clarify what those concerns were or provide insight into how AB InBev and SABMiller might address them. He said the commission is still discussing the extension with the brewers. An AB InBev spokeswoman said the company agreed to the extension. "We are confident that the Competition Commission is as committed as we are to ensuring that South Africa does not delay the global timetable for clearing the combination,” she said. The company expects to close the deal in the second half of the year.
In addition to the regulatory review in South Africa, AB InBev needs regulatory approval in the U.S., Europe and other markets. Those processes are continuing.
South Africa’s Competition Commission antitrust laws allow the commission to extend its review period if necessary. Requesting one or two extensions is relatively common, according to Heather Irvine, an antitrust attorney at Norton Rose Fulbright South Africa who isn’t involved in the deal. AB InBev submitted paperwork in December to South Africa’s competition commission and said the deal wouldn’t result in layoffs. However, the Congress of South African Trade Union, which represents workers across the country, has raised concerns about the deal.
South Africa’s regulatory process requires weighing a deal’s impact on so-called public interest, which includes unemployment. That consideration has contributed to lengthy review processes in some global mergers such as the soft-drink bottling tie-up among Gutsche Family Investments, Coca-Cola Co. and SABMiller. The deal was agreed to in Nov. 2014 but hasn’t been completed. AB InBev’s deal for SABMiller was driven in part by the opportunity to gain access to the African market, where SABMiller has a strong presence. Africa is one of the few global beer markets expected to grow in the coming years, with compound annual growth in volume of 3.7% through 2020, according industry tracker Plato Logic. *(Wall Street Journal)*

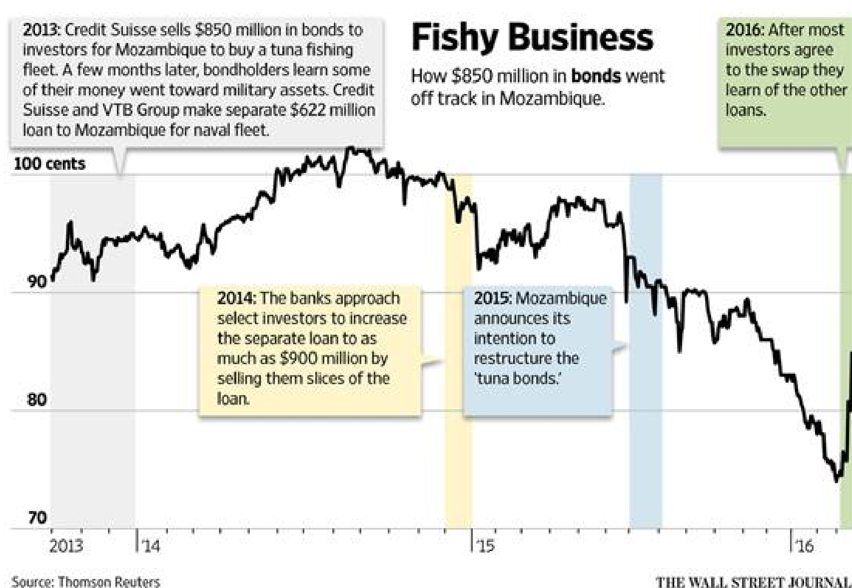
AGRIBUSINESS

Tuna and Gunships: How $850 Million in Bonds Went Bad in Mozambique

Debt deal highlights the hazards for investors looking for yield in some of the world’s riskiest markets

Mozambique is becoming a case study on the perils of rushing into markets at the edge of the world’s financial system. Global investors who in 2013 thought they were lending a state-owned company $850 million to buy a tuna fishing fleet learned within months that the funds had been diverted to buy ships for the navy. Two years later, they were told Mozambique intended to restructure the bonds, because the fishing company’s revenue wasn’t holding up.

Now, they are learning that Credit Suisse Group AG, which led the bond sale with a Russian bank, had made another sizable loan to Mozambique around the same time of the original bond sale.
The end result is that Mozambique is deeper in debt, paying higher interest on the new restructured bonds and weathering a downgrade of its credit rating to “selective default.” Investors are left with bonds that are likely worth less than they thought before learning about the other loans. And there still isn’t much to show in the way of tuna.
Buyers of the tuna bonds officially endorsed the restructuring, with about 85% voting to accept the deal. The restructuring replaced debt that had originally yielded 8.5% with new government bonds yielding 14.4%. Standard & Poor’s Ratings Services cut its credit rating of Mozambican debt to selective default status, calling the exchange “distressed.” The episode presents another mess for Credit Suisse CEO Tidjane Thiam as he attempts to reduce the bank’s reliance on investment banking in risky markets. The bank managed the restructuring, which helped tie off the problem of the rapid failure of the original bonds it helped sell.
But investors want to know why they weren’t told about the other loans until after they had cast their votes for the restructuring. The loans made by Credit Suisse and other lenders—at least $787 million worth—could diminish the value of the new bonds. “Why wasn’t it disclosed?” said Marcus Boeckmann, an emerging-market debt-fund manager at Candriam Investors Group in London, who participated in the bond exchange without knowing of the incremental loans. “That would clearly be a negative.”
While Credit Suisse didn’t inform bondholders of the existence of the loan until many had agreed to the restructuring late in March, it had included the debt in the calculation of Mozambique’s consolidated public debt that it provided to investors during the exchange, a person familiar with the offering said.
Between the bonds and loans, Credit Suisse and other banks helped Mozambique borrow at least $1.47 billion in 2013 alone, representing a 25% increase on the roughly $6 billion national debt reported at the end of 2012. The debt has become all the more onerous over the past year as Mozambique’s currency depreciated 29%. The government obtained a $289 million rescue loan from the International Monetary Fund in October to bolster its finances.
Investors chasing higher yields and the commodities boom rushed into Africa in recent years. When Mozambique, a country with rich offshore natural-gas deposits, proposed in 2013 to sell $850 million in government-guaranteed bonds for a new state-owned tuna fishing company, Credit Suisse and Russian bank VTB Group easily sold the debt to buyers that included big money managers like AllianceBernstein LP, Aberdeen Asset Management PLC and Franklin Templeton Investments.
The bonds were sold by a company called Empresa Mocambicana de Atum, or Ematum, over several months in 2013 ending in September. A preliminary offering document for the bonds gave a short description of how the proceeds would be used—for “the fishery activity of tuna and other fish resources”—and included no financial projections, according to a copy of the document reviewed by The Wall Street Journal. Fund managers said they invested in the deal without much knowledge of how the fishing company would operate because they trusted in the government guarantee backing the bonds.



Later in September, however, the contractor to build the tuna boats announced it also would be building expensive military speedboats. In public budgetary documents, the government said it had decided to split the funds into commercial and noncommercial uses.
The news shocked investors. “We had a lot of questions from clients who had corporate governance concerns,” said Kevin Daly, a portfolio manager on the emerging-market fixed-income team at Aberdeen Asset Management. “There was a lot of stigma attached to this bond.”
Attempts to reach Mozambique’s finance ministry and Ematum were unsuccessful. Investors who spoke with the finance minister said they were told the country always thought the proceeds could be used for equipment to protect the tuna fleet.
Meanwhile, Ematum was pulling in at most 5% of the tuna it had expected, according to bond investor Marco Ruijer, who reviewed the company’s financial statements. In June 2015, the government announced plans to restructure the debt.

Mr. Ruijer manages $5 billion in emerging-market debt at NN Investment Partners. He traveled to Mozambique in September to meet with the finance minister to get more information on the restructuring. At the last minute, the meeting was canceled.
“It was a big mess,” he said.
By February the bond’s price had fallen to 74 cents on the dollar, reflecting fears that Mozambique would miss a principal payment due March 11. The government made the payment, then offered to swap holders of the remaining bonds into more traditional government bonds. Investors would have to hold the bonds for years longer than the original debt, but would get much higher interest.
What the investors didn’t know is that in 2013, Credit Suisse and VTB had lent $622 million to another state-owned company called Proindicus SA to fund the purchases of navy ships and radar installations to protect against piracy, a person familiar with the loans said. The following year, the bank approached investors about expanding the loan to as much as $900 million, the person said.
Credit Suisse didn’t tell the tuna bondholders about the loans until March 24, a day after the bulk of them had approved the restructuring in an early vote, people familiar with the matter said. The disclosure was triggered by a downgrade from S&P on March 15 that tripped a clause making the loans immediately repayable, one of the people said.
Unless they are also restructured, the Proindicus loans are scheduled to be fully repaid by 2021, two years before the new bonds fall due, according to a person familiar with the matter. In the event Mozambique defaults on its debts, the existence of the additional loans could reduce recoveries for bondholders, investors said. *(Wall Street Journal)*

Angola has 20,000 registered agro-livestock cooperatives
About 20,000 agricultural and livestock cooperatives are registered in Angola, said Wednesday in Luanda the minister of Economy, Abraão Gourgel, citing recent data from the Confederation of Rural Worker Associations and Agro-livestock Cooperatives of Angola (Unaca).
The minister, who was speaking at the opening ceremony of the National Conference on Cooperatives, said that beyond these agricultural sector cooperatives there are others cooperatives such as credit, housing, civil servants, fisheries and transport, although in insignificant numbers.
Gourgel noted that constraints on developing the cooperative sector and the prosperity of its members included access to credit, training, education and markets, cooperative management failure, and time consuming and expensive set up costs. The minister recalled the support given by the government to the sector and mentioned the Law of Cooperatives, of 31 August 2015. This Law was approved by parliament based on a bill that filled a gap in Angolan law bu establishing the general principles and setting the basis for cooperative activity. (macauhub/AO)

Illovo Sugar Rises Most in Two Decades as AB Foods Lifts Offer
Illovo Sugar Ltd. surged the most since 1994 after Associated British Foods Plc increased its offer to buy a stake that it doesn’t already own in the African producer for 5.6 billion rand ($370 million) to expand the U.K. company’s agriculture business. AB Foods, which holds a 51 % stake of Mount Edgecombe, South Africa-based Illovo, offered 25 rand a share to minority shareholders, valuing the company at 11.5 billion rand ($757 million), the companies said in a statement. The London-based owner of Kingsmill bread and discount clothing retailer Primark offered 20 rand a share in February.
A buyout of Illovo would bolster AB Foods’ portfolio of sugar businesses, which include operations in the U.K., Spain and China. Over the past two years, the company’s profits from the commodity have dwindled as prices fell. “Africa is a growth market for sugar, driven by increasing populations and rising incomes,” the companies said. “Illovo is well-positioned to capitalize on this growth. Full ownership will accelerate Illovo’s progress in these areas.”
Shares in the South African company surged as much as 18 %, the most since August 1994, and were 16 % higher at 23.80 rand by 9:29 a.m. on the Johannesburg Stock Exchange, the highest since April last year. AB Foods gained 0.5 % to 3,405 pence in London. The countries where Illovo operates include South Africa, Malawi, Zambia and Mozambique on a continent that consumes more of the sweetener than it produces. AB Foods aims to generate a pretax return on its Illovo investment of more than 10 % over the next few years, the company said in February. “Shareholders representing a majority of the Illovo shares not owned by ABF have provided undertakings to vote, or to recommend to their clients to vote, in favor of the scheme,” ABF said in a separate statement. Illovo’s investors will vote on the offer in May, the company said. AB Foods’ earnings have largely stagnated since 2013, as plummeting net income in the company’s sugar-production business has offset the growth of Primark, which expanded into the U.S. last year, and other units. The company said in January that profit in the year through September will show a “modest decline,” as the weakness of emerging market currencies weigh on the business. *(Bloomberg)*

South Africa increases wheat import duty by 34 %
South Africa's finance ministry said on it had approved a 34 % increase in the tariff on wheat imports to 1,224.31 rand per tonne from 911.20 rand per tonne.

"The Ministry of Finance is particularly concerned about the impact of the higher import duty on wheat on the price of bread and other staple food, but also mindful of the need to ensure policy certainty, food security and the financial health of the farming industry," it said in a statement.
Food prices especially for the staple maize crop have been accelerating because of a severe drought, pushing inflation higher, but analysts say the impact of the tariff hike on consumers will be minimal. "A loaf of bread on average in South Africa costs 11.80 rand and the wheat component of that is 15 to 20 %," said Wandile Sihlobo, an economist at Grain SA, a producer group. "The reason they are increasing it is because of the fall in global wheat prices and the depreciation of the rand. It levels the domestic price so that prices here do not fall to the levels where it is not sustainable to produce wheat in South Africa." Africa's most industrialised economy typically imports about 60 % of the wheat it consumes and Grain SA expects South Africa will import 2 million tonnes in the 2015/2016 marketing year which ends on September 30. Wheat is a winter crop in South Africa and farmers will begin planting the grain soon. *(Reuters)*

UPCOMING EVENTS

Africa Digital Banking Summit: 13–14 April 2016 at the Julius Nyerere International Convention Centre, Dar es Salaam, Tanzania
www.africadbs.com

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

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

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

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

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

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Disclosures

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

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

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

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

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