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In-depth:
Angola economy: Moves to boost non-oil sector

Angola is trying hard to play down the negative impact of low oil prices and insists this constitutes an "opportunity" to develop its non-oil economy, which accounts for just over half of GDP but barely 10% of government revenue. The long-awaited revisions to the Lei do Investimento Privado (private investment law) and the planned fine-tuning of a credit scheme for local businesses should help, but these gains risk being offset by delayed government payments and a poor business environment riddled with inefficiency and corruption.

The Lei do Investimento Privado was revised in 2011, and in a bid to offer better incentives to larger projects set a minimum investment level of US$1m before companies could receive incentives such as tax breaks. In addition, repatriation of profits by foreign firms investing less than US$1bn was prohibited, a move aimed at concentrating business activity within local banks and moving away from a foreign investor and foreign profit model. However, the legislation-which came to be dubbed "lei do milhão" (million law)-was unpopular from its inception, even prompting a rare protest vote in parliament from members of the ruling Movimento Popular de Libertação de Angola (MPLA), although this did not prevent passage of the legislation. One of the main complaints was that the lack of tax breaks for businesses investing less than US$1m would hinder job creation.

Investment law goes back to parliament

After over a year of consultations with private-sector and other stakeholders, a revised version of the legislation is due to go back before the National Assembly in the coming weeks. As well as reducing the minimum level for tax incentives, investments will no longer be considered generically, but classified into different sectors, such as telecommunications, tourism, logistics, transport and energy, and so on.

This should help the government attract money to where it is needed. All project applications over US$10m will be vetted by the relevant government ministries-an important safeguard to ensure project viability, which has been lacking in the past, and which has led to white elephant schemes, especially in the agricultural and manufacturing sectors.

Local partners required

According to local media reports, all foreign investors will require a local partner to hold no less than 35% of new companies. Currently, the rules on local ownership are flexible, although typically Angolan partners will seek 51% of all joint ventures (JVs), and this can create compliance headaches, especially for those firms answerable to shareholders.

Operating in Angola is not easy-the country is ranked 181st out of 189 countries in the World Bank's 2015 Doing Business report-and moves to revise investment and credit legislation could help stimulate growth and create badly needed jobs and economic diversification. The recently revised 2015 budget forecasts GDP growth of 6.6%, down from an initial forecast of 9.7%, although The Economist Intelligence Unit believes that a figure of 3.5% is more likely given the serious economic impact of low oil prices.

Credit legislation revised

Another move by the government to bolster its non-oil sector is the revision to the Angola Investe, a credit and incentive scheme for small and medium-sized businesses. Launched to great fanfare in 2012 and billed as the answer to the economy's problems, in application the programme has been less successful. One of the main issues has been reluctance on behalf of commercial banks to offer credit to businesses, despite government guarantees. Wary of the already high level of non-performing loans in the country, banks have, according to the government, been overly stringent about application criteria. In their defence, banks say that many business plans are poorly developed and lack viability. Ministry of Economy figures show that as of end-2014, only 362 projects had been approved under Angola Investe, creating just 55,000 jobs, compared with the 300,000 forecast by the government at the scheme's launch.

Samora Kitumba, the director of the Instituto Nacional de Apoio às Micro, Pequenas e Médias Empresas (INAPEM), has admitted that the government was overly ambitious, and says that the programme will be fine-tuned to ensure greater success in 2015. Ideas include allowing loans for the leasing of equipment for factories and production lines, as opposed to requiring large up-front capital investments, and more training for small businesses to improve their planning and forecasting.

Investment confidence remains low

Moves to create easier access to credit and streamline investment are welcome, and some protection-as in the 2014 introduction of a strict new customs regime aimed at reducing the country's reliance on imports and promoting local production-may help the domestic industry grow. However, such efforts rely on liquidity and investment confidence, two things that are currently in short supply in Angola. Owing to the pressures on the kwanza-the official central bank rate is at a record low of Kz108.5:US$1, compared with Kz98.5:US$1 just seven months ago, and informally the rate has soared to Kz140-150:US$1-there have been restrictions on foreign-exchange withdrawals and transfers, creating headaches for overseas firms, in particular.

Moreover, in recent weeks it has emerged that the government, whose revenue has been severely dented by low oil prices, has been stalling on payments to contractors, with some firms claiming to have received no money since September 2014. This is not the first time that the Angolan government has run up arrears. At the height of the 2008-09 crisis-also caused by plummeting oil prices, but compounded by the global recession--it owed more than US$7bn to

companies, mostly overseas construction firms, and in 2013, the finance minister, Carlos Alberto Lopes, was fired over unpaid bills blamed on poor administration and oversight.
Another round of arrears will not help Angola build the business confidence it needs if it is going to keep private and overseas investors onside. According to local media reports, firms wishing to have their bills settled are being encouraged to "incentivise" officials within ministries. True or not, this will do nothing to help Angola shake off its poor reputation when it comes to corruption. *(Economist Intelligence Unit)*

Uganda: Economic Overviews

Political Stability: The Economist Intelligence Unit expects political stability to be maintained over the forecast period, although regional tensions in parts of the country will spark occasional protests and outbreaks of violence. With just over ten months to go until the next elections, the president, Yoweri Museveni--who heads the ruling National Resistance Movement (NRM)--appears to be firmly on track to secure another five-year term, helped by the NRM's continuing political dominance and his success in quashing potential challenges to his authority from within the party. Mass protests over poor economic and social conditions are possible, but they are unlikely to lead to widespread instability, because the opposition lacks the tactical skill and organisation to scale them up into a viable mass movement for political change. Mr Museveni has total control of the Ugandan police force and military, also making wider instability unlikely.

Election Watch: The next presidential and parliamentary elections are due in February 2016, and the president has indicated that he intends to stand again. As it seeks to build momentum in order to present a more coherent challenge in 2016, the opposition will focus on recruiting charismatic personalities and attacking the government's record rather than on offering alternative policies. The main opposition leaders have announced plans to nominate a joint candidate to contest the presidential election in 2016.
However, it is unlikely that the opposition's early good intentions will trump personal ambition when the time comes for party leaders to stand aside, and we expect the opposition vote to be split.

International Relations: The situation in South Sudan will continue to have a negative impact on the Ugandan economy, damaging regional trade and remittances. Ugandan military support has been indispensable for the government of Salva Kiir; despite the costs involved for Uganda, Mr Museveni is concerned about the example of a rebellion against an established president and does not wish to see this replicated at home.

Policy Trends: The focus of public spending will be on tackling bottlenecks in transport and energy infrastructure in order to boost employment and reduce poverty. The government will need to address the gross inefficiencies that beset public infrastructure projects to ensure that the money is spent productively, which is far from guaranteed. Although progress has been slower than originally envisaged, the government is pressing ahead with its plans for development of the oil sector. In February officials announced that they would shortly be inviting bids for six blocks in the Albertine Graben. The government also intends to build an oil refinery, an oil-distribution network and several hydroelectric power plants that would increase capacity by 3,500 mw in the next decade, from its current level of around 600 mw.
The advent of oil revenue will transform economic policymaking. However, the full impact will not be felt until commercial oil production begins; because of the sharp drop in the world price of oil, we are now expecting further delays in the development of Uganda's oilfields--with the result that it will be 2020 at the earliest before oil starts to come on stream in significant volumes. The government generally adopts a free-market approach to policymaking, and we expect economic policy to remain relatively liberal and direct government intervention to remain rare. The government agreed a three-year unfunded policy support instrument with the IMF in 2013, and ties with the Fund are expected to remain warm, albeit prone to periodic lapses.

Economic Growth: We forecast that real GDP growth will accelerate from an estimated 4% in 2014 to 6% in 2015. The increase will be driven partly by strengthening private consumption--supported, in turn, by rising credit growth (which increased to 13.7% in 2014, double the rate in the previous year) and falling average inflation. Investment in the energy sector will also continue to grow, although the pace of development will slow in the near term on the back of lower global oil prices. We expect economic growth to average 6.6% in 2016-17, before accelerating to an average of 7.2% in 2018-19, as energy companies revive their investment plans on the back of a renewed upturn in global oil prices.
Growth will also be supported by activity in construction, transport, telecommunications and financial services. The performance of agriculture, which accounts for a declining proportion of GDP but employs around 70% of the labour force, will depend on variable weather conditions.

Inflation: After dipping to a five-year low of 1.3% year on year in January, headline inflation has subsequently picked up, rising to 1.9% in March. The acceleration has been driven almost entirely by higher core inflation, which comes on the back of the recent depreciation of the Uganda shilling. However, food prices are continuing to fall, prompted by a favourable domestic harvest. Helped also by lower global food and energy prices, we expect inflation to moderate to an average of 4% in 2015, despite continued exchange-rate depreciation. Inflation will then accelerate to 11.9% in 2016, on the back of strengthening domestic demand--boosted by higher pre-election spending--sustained currency weakness and a renewed pick-up in global oil and food prices. Inflation should then ease in 2017-19, as the fiscal deficit narrows and monetary policy becomes more restrictive--paving the way also to a slower pace of exchange-rate depreciation.

However, there is a risk that inflation could be higher than under our baseline scenario if a reoccurrence of drought leads to a spike in domestic food prices.

Exchange Rates: On the back of a large trade deficit and strong dollar, the shilling fell by around 9% against the US currency in 2014 and depreciated by a further 7% in first three months of 2015. The slide in the currency against the dollar partly reflects the gradual retraction by the Federal Reserve (the US central bank) of its quantitative easing programme, which has dragged down a number of other emerging-market currencies.

However, political uncertainty ahead of the election in 2016 will also add to the near-term downward pressure on the shilling. The twin fiscal and current-account deficits are expected to outweigh the impact of steady economic growth and robust foreign investment, causing the currency to continue to depreciate over the whole of the forecast period--albeit at a slower pace in 2017-19, as the authorities shift to a less expansionary fiscal stance. Against this backdrop, we forecast that the average exchange rate will weaken from USh3,009:US$1 in 2015 to USh3,617:US$1 in 2019.

External Sector: Although it will decline in 2015 as a result of lower expenditure on oil imports, the current account will remain firmly in deficit in 2015-19, owing primarily to a large trade deficit. Export growth will be supported by regional trade, although the political instability in a crucial trade partner, South Sudan, will dampen this growth. Imports will increase, owing to demand for capital imports for infrastructure projects, notably in the energy sector. The services deficit will widen because of growth in imported services for the hydrocarbons sector. The income account will remain in deficit, reflecting a growing interest bill. The current transfers balance will post a large surplus as most donors remain engaged. We forecast that the current-account deficit will narrow to 6.5% of GDP in 2015, owing to lower oil prices, before widening to 9.2% of GDP in 2019. This is higher than our previous projection and reflects our assumption that the onset of significant commercial oil production and exports will be delayed until after 2019. The deficit will be financed by foreign direct investment and increased recourse to non-concessional borrowing. *(Economist Intelligence Unit)*

Equatorial Guinea: Economic Overviews

Political Stability: The president, Teodoro Obiang Nguema Mbasogo--who has been in office for over 35 years--and his family will retain their tight grip on the government, the legislature, the judiciary and the military. Repression by the security services, including harassment of opposition leaders, will prevent the extra-parliamentary opposition from mobilising popular support. Continued crackdowns on dissent, including recurrent arrests of prominent human rights and political activists, are indicative of official determination to prevent the opposition from making its voice heard by a wider audience. The organisation of a national political dialogue in November 2014--during which some minor political reforms were agreed--will not lead to any major political liberalisation. It was primarily an attempt by the regime to be seen as engaging with the opposition rather than a sincere effort to address its concerns. Indeed, most genuine opposition forces boycotted the talks. Despite the repressive political environment, The Economist Intelligence Unit deems a popular revolution of the sort witnessed in North Africa in recent years or in Burkina Faso in 2014 to be unlikely. Low population density, the lack of a large, frustrated middle class and the apparent loyalty of the armed forces to the regime all militate against the occurrence of such an uprising.

Election Watch: Elections in Equatorial Guinea are flawed to the point of being meaningless. The next presidential poll is due in November 2016, and whether Mr Obiang Nguema decides to stand or hand over to his eldest son, "Teodorín" Nguema Obiang Mangue, will depend partly on the president's health, as well as on how his son performs in his current role as second vice-president.

The regime controls all aspects of the electoral process, and given the high levels of political repression and the judiciary's lack of independence, upcoming elections are unlikely to be any fairer or more credible than previous ones.

International Relations: Although US companies still dominate the country's hydrocarbons sector, the shale oil and gas boom in the US has reduced that country's energy import needs and its importance as a trade partner has declined. Meanwhile, firms from Russia, China and Nigeria are expanding their presence, although low oil prices will limit the interest from firms based in these countries too. China has become an important ally, and its policy of "non-interference" in domestic political affairs, as well as its provision of significant credit lines, has enabled it to secure contracts for its companies in the hydrocarbons and construction sectors. Spain will maintain its historical political and economic links, with Spanish firms executing many public investment projects. In response to the opening in 2014 of a formal investigation by the French judicial authorities into alleged money-laundering by Teodorín, the EquatoGuinean government has accused France of trying to destabilise the country. As a result, political links between the two countries are likely to remain tense. Despite efforts to improve the regime's image abroad, a poor human rights record and repeated corruption allegations against senior officials will continue to act as barriers to the acceptance of Mr Obiang Nguema and his regime in Western diplomatic circles.

Policy Trends: Policy in 2015-19 will be guided in principle by the government's medium-term strategy paper, the National Economic Development Plan: Horizon 2020, which targets economic diversification and poverty reduction. In 2014 the authorities announced that they would allocate US$1bn over three years to a co-investment fund aimed at supporting foreign investments in non-hydrocarbons sectors, but current low oil prices are likely to force the authorities to reduce this amount significantly.

Improvements in the country's infrastructure in recent years, including a sharp increase in power-generation capacity, should help to attract some investors. Yet, despite government support and repeated promises to make the country more

attractive to foreign investors, progress on diversification is expected to remain slow. The difficult business environment, which constrains private-sector investment, is expected to persist. In particular, red tape and corruption among officials will remain rampant.

Given this deterrent to private investment, the government will seek to drive economic diversification by investing state funds in sectors such as fisheries, agriculture, non-oil industries and eco-tourism. However, in addition to the unappealing business environment, other factors will hamper efforts to diversify the economy, including the tiny size of the domestic market, weak administrative capacity, the lack of an independent judiciary, regulatory uncertainty, skills shortages, a tightening fiscal position and resistance to reform among senior officials who profit from the status quo.

Economic Growth: In the absence of major new discoveries, oil production will continue to fall throughout the outlook period as the productivity of older fields falls, offsetting increases from some smaller new fields coming on stream. Government spending on large infrastructure projects will fall--despite the construction of a new capital city on the mainland--as the fiscal room for large public investment projects shrinks in line with decreasing oil revenue. This will lead to a contraction in the construction sector during most of the outlook period. The services sector will grow at a robust pace (albeit from a low level), helped by the modernisation of the country's ports and expansion in telecommunications. The authorities are seeking to develop the downstream hydrocarbons sector--there are plans to build petrochemicals and fertiliser plants and a refinery--as well as the local mining and industry sectors, but despite ambitious plans, weak administrative capacity, a lack of financing and the difficult investment climate mean that progress is likely to be slow. Overall, we expect that, after contracting by an estimated 2.3% in 2014, the economy will shrink further by 5.5% in 2015 and 1.9% in 2016, in line with falling oil output and public investment. Growth will pick up slightly towards the end of the outlook period on the back of a recovery in natural gas output and continued expansion in the services sector and as the authorities' economic diversification efforts begin to have some effect.

Inflation: Inflation has been consistently higher in Equatorial Guinea than in other Franc Zone countries over the past ten years, as the oil boom generated Dutch-disease effects, including substantial increases in labour costs and prices for non-tradeables (services and real estate). As a result of domestic production capacity constraints, this trend is set to continue, although negative economic growth will dampen demand pressures throughout the outlook period. Moreover, in 2015 a slump in world oil prices (the country imports refined fuel products), a moderation in food prices and easing public-sector demand will cause average inflation to fall from an estimated 6.1% in 2014 to 4.9%. As prices for food and other commodities rise, only partly offset by a gradually tightening fiscal policy and an appreciating currency (in 2017-19), inflation will pick up slightly, to an average of 5.7% in 2016-19.

Exchange Rates: The CFA franc is pegged to the euro at CFAfr655.96:EUR1 and therefore fluctuates in line with euro:dollar movements. We expect the euro to weaken significantly against the US dollar in 2015-16 as the European Central Bank maintains a loose monetary policy and the Federal Reserve (the US central bank) tightens its monetary stance. As a result, the CFA franc will depreciate from an average of CFAfr494:US$1 in 2014 to CFAfr661:US$1 in 2016. In line with the euro's movements against the dollar, the franc will strengthen over the remainder of the outlook period, reaching CFAfr548:US$1 in 2019. The exit from the euro of a member country (we assign a 40% probability to the likelihood of this happening) would prompt significant volatility.

External Sector: As oil and gas make up the bulk of merchandise exports, the trade balance will be influenced strongly by hydrocarbons prices and production. A sharp drop in global oil prices, coupled with falling output, will cause exports to tumble in 2015. Oil prices will rise thereafter, although not to the levels seen in recent years. Moreover, continued falls in output throughout the outlook period will moderate export growth in 2016-19. An uptick in gas production later in the forecast period will give only a modest boost to exports. Non-hydrocarbons exports will remain tiny despite the authorities' efforts to diversify the economy. The import bill will decline in the early part of the outlook period, reflecting lower oil prices, falling public investment and weak domestic demand, before rising again from 2017 onwards as growing hydrocarbons exploration sucks in capital imports and commodity prices rise. *(Economist Intelligence Unit)*

New IMF programme sets ambitious consolidation

The executive board of the IMF has formally approved a US$918m extended credit facility (ECF) programme with Ghana.

As expected, the programme commits the government to an ambitious fiscal consolidation in the next three years aimed at restoring macroeconomic stability and ensuring debt sustainability. The targets include a sharp contraction of the fiscal deficit from over 9% of GDP in 2014 to 3.7% of GDP in 2017, which will help to bring down the country's debt burden from almost 70% to 62.6% of GDP during the same period. The Fund forecasts inflation returning to single digits in late 2016, with economic growth improving to 6.4% in 2016 and 9.2% in 2017.

Both the president, John Mahama, and the finance minister, Seth Terkper, have pledged publicly to abide by the targets in a bid to reassure donors and investors about the government's commitment to fiscal rectitude. Indeed, the decision to turn to the IMF for assistance in August 2014 had been motivated in large part by the desire to revamp financial relations with donors. The Fund's projections show that donors will increase their support to the government from an average of 2.5% of GDP in 2012-14 to 2.8% of GDP in 2015-17.

The goals of the programme seem appropriate to address Ghana's economic ills, but they are also incredibly challenging. We maintain our view that, although policymaking will be generally strengthened under the ECF,

implementation of the programme will be fraught with setbacks and deviations. The IMF's expectation of a high level of expenditure restraint, especially in relation to wages and subsidies, is not likely to be met in the pre-election political climate that beckons in 2016. We see a likelihood that public-sector unions will demand a resolution to outstanding wage allowance issues over the next two years, and we expect that the government will take a cautious and hesitant approach to the abolition of energy subsidies. External sector risks, mainly in the form of weak international commodity prices, which may not recover for some time, will also hinder revenue mobilisation and cause borrowing limits to be breached. *(Economist Intelligence Unit)*

SOVEREIGN RATINGS

Eurozone

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
13-04-2015	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	B3	B+	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa1-	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
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BBu	BB+	NR	Bu	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Baa3	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

North and South America - Asia

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
13-04-2015	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	Ca	Sdu	RD	NR	Sdu	RD
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+
BRAZIL	Baa2	BBB-	BBB	NR	A-3	F2
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
COLOMBIA	Baa2	BBB	BBB	NR	A-2	F2
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
JAPAN	A1	AA-u	A+	NR	A-1+u	F1+
MACAU	Aa2	NR	AA-	NR	NR	F1+
MEXICO	A3	BBB+	BBB+	WR	A-2	F2
SINGAPORE	Aaa	AAAu	AAA	NR	A-1+u	F1+
URUGUAY	Baa2	BBB-	BBB-	NR	A-3	F3
VENEZUELA	Caa3	CCC	CCC	NR	C	C
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Region - Africa/Middle East

13-04-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	B+	BB-	NR	B	B
Bahrain	Baa2	BBB-	BBB	NR	A-3	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Ethiopia	B1	B	B	NR	B	B
Gabon	Ba3	B+	BB-	NR	B	B
Ghana	B3	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	B1	NR	B	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B2	B-	B	NP	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B1	B	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	B+	BB-	NR	B	B
Oman	A1	A-	NR	NR	A-2	NR
Qatar	Aa2	AA	AA	NR	A-1+	F1+
Republic of Congo	Ba3	B	B+	NR	B	B
Republic of Zambia	B1	B+	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	Aa3	AA-	AA	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B+	NR	NR	B
South Africa	Baa2	BBB-	BBB	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings below these

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

AfDB Board approves US $123.77 million for Angola Urban Water Project

The Board of Directors of the African Development Bank Group (AfDB) on Wednesday, April 1, 2015 approved a US $123.77-million loan to the Republic of Angola to finance the country's Institutional and Sustainability Support to Urban Water Supply and Sanitation Service Delivery Project.

The project aims to improve water sector governance, strengthen institutional capacity and efficiency in the water and sanitation sector institutions at central and provincial level, and improve access to sustainable water supply and sanitation services. The project's main outcomes include (i) the establishment and effective functioning of seven Provincial Water Supply and Sanitation Utilities, which are autonomous; (ii) enhanced capacity for service provision at the central and provincial levels; and (iii) expanded access to water supply and sanitation. The project is planned to be implemented over a 60-month period at a cost of US $154.71 million of total budget.

It is located in seven provinces namely: Cabinda, Cunene, Lunda Norte, Lunda Sul, Namibe, Bengo, and Cuanza Sul. Access stands at 54% for water supply and 60% for sanitation nationally as at 2012. The majority (85% or six out of the seven provinces) has coverage below the national average (ranging from 7% to 56%).

The Project will directly benefit 922,000 people and ultimately the 2.3-million urban population of the seven provinces through improved management and service delivery. It will increase access to water supply for an additional 338,000 people in peri-urban areas of the provincial capitals and an additional 75,000 people who would have access to safe wastewater infrastructure.
Angola has been investing heavily in infrastructure following three decades of conflict and has made progress in many areas including water supply and sanitation services. However, the investment in physical infrastructure has not been matched with adequate emphasis in the institutional and capacity domains. Lack of capacity and appropriate institutional mechanisms has negatively impacted the sustainability of existing investment. Service delivery is erratic and inefficient and highly subsidized with no cost recovery mechanisms in place. As a result of inefficient service delivery, the poor and vulnerable are the most affected in the peri-urban areas. Recognizing these needs, the government through its National Strategic Program for Water (2013-2017) and the Energy and Water Action Plan (2013-2017) in putting emphasis on the improvement of sector governance (establishing a water regulator and asset management entity) and professionalizing service delivery (establishing corporatized and autonomous utilities) along with critical investment to further expand access to services.
The Bank's intervention will leverage investments made by the government and other partners. Its holistic approach combining investment with developing capacity and strengthening institutions would enhance sustainability. The synergetic value addition for reforms and capacity building through the recently approved Bank's Power Sector Reform Support Program is significantly high and would promote the momentum for change. *(AFDB)*

World Bank loan of US$500 million to Angola agreed in May
Delegations from the World Bank and the Angolan government are due on 13th of April to begin final negotiations for a loan of US$ 500 million to Angola, which will be agreed in May, a World Bank spokesperson said Friday in Luanda.
The World Bank spokesperson said that the finance agreement would be signed on 14 May, a new date after the previous date was missed, depending on the conclusion of the negotiations and the availability of the bank's board.
This information follows a visit to Luanda last week by a World Bank mission, led by the Director for Angola and Cameroon, Souleyman Koulibaly, involving meetings with several members of the Angolan government of Angola, according to Portuguese news agency Lusa .
The weight of oil tax revenues is expected to fall from 70 percent in 2014 to 36.5 percent this year, which has led the Angolan government to seek various sources of external financing, including the World Bank, for operations in the agriculture and water sectors, development of the financial sector and improvement of the business climate in the country. *(Macauhub)*

AfDB approves US $100-million Risk Participation Facility for FirstRand Bank S.A. to boost trade finance in Africa
The Board of Directors of the African Development Bank (AfDB) approved on Wednesday, April 1, 2015 a US $100-million unfunded Risk Participation Agreement (RPA) for FirstRand Bank Limited South Africa (FRB), under which the two banks will share the default risk on a portfolio of trade transactions originated by issuing banks in Africa and confirmed by FRB. This facility will help address critical market demand for trade finance in Africa by working through financial institutions to provide support across vital economic sectors such as industry, services, agribusiness and manufacturing. It will foster financial sector development and deepen regional integration.
The facility will help enhance FRB's risk-bearing capacity and hence its ability to provide risk mitigation support for trade-related transactions originated by issuing banks across Africa. The RPA will enable FRB to increase its visibility as a established confirming bank for trade transactions originated by African issuing banks. This 3-year facility is a 50/50 risk sharing arrangement that will enable FRB to match AfDB's undertaking in every transaction and at its peak, will have a portfolio size of US $200 million. At full utilization and counting roll-overs the facility is expected to support over US $1 billion of trade in equipment, raw materials, intermediate and finished goods over the 3-year period.
Most African banks confront major hurdles in obtaining credit support from international confirming banks to undertake sizeable transactions largely due to their relatively small capital bases. AfDB's additionality lies in the use of its "AAA" rating to share trade risk and enhance the trade finance capacity of banks in Africa, thereby expanding trade and strengthening regional integration.
This project is fully aligned with the African Development Bank's Ten Year Strategy and core operational priorities of regional integration, financial and private sector development as well as its Regional Member Countries' priorities to promote trade as was reaffirmed by the African Union at its 18th Ordinary Session in January 2012. It will boost intra-Africa trade and promote regional integration, thereby contributing to the reduction of the trade finance gap in Africa.
Given FRB's position as an active provider of trade finance in Africa and its commitment to supporting Africa's economic diversification, export growth and deepening of trade value chains, this facility will support trade related activity in at least 35 countries and provide financing to more than 100 financial institutions, supporting over US $1 billion of trade in Africa over a 3-year period, thereby helping to deepen the financial sector and promote private sector development.

About FRB:
FRB is a wholly-owned subsidiary of FirstRand Limited, the largest financial institution in Africa by market capitalization. Through its portfolio of leading financial services franchises; First National Bank (FNB), the retail and commercial bank; Rand Merchant Bank (RMB), the corporate and investment bank; WesBank, an instalment finance provider; and Ashburton Investments, the Group's recently-established investment management business, the group provides banking, insurance and investment products and services to retail, commercial, corporate and public sector customers. In addition to South Africa, the group operates in eight key African territories, namely, Botswana, Namibia, Swaziland, Lesotho, Zambia, Mozambique, Tanzania and Nigeria. FirstRand Bank has branches in London and India. http://www.firstrand.co.za *(AFDB)*

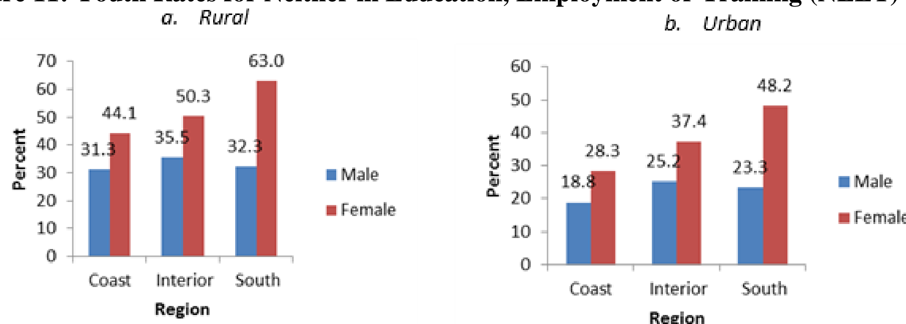
It's Time to Support Tunisia… And to Focus on the Economy!
I was in Tunisia a few weeks ago and lived with the Tunisian people the shocking terrorist attack that occurred at the Bardo Museum on Wednesday March 18. It was a tragic day for Tunisia, for the Middle East and North Africa (MENA) region and for the world at large. It was yet another demonstration of the fragility that not only hampers growth in the region but also threatens global stability and prosperity. Violence and conflict feed the vicious circle leading to economic stagnation and social exclusion that, in turn, lead to even more violence. Today, more than ever, we should all unite to support Tunisia so that it can break this cycle.
Tunisians have demonstrated political courage and determination in the pursuit of a more democratic and inclusive society. The crucible of the Arab Spring, Tunisia has managed to chart a path based on consensus and compromise. It is what sustained a remarkable transition that included the adoption of a historic constitution and culminated in free and fair presidential and parliamentary elections at the end of 2014.
Since 2010, economic activity has remained slow, and even deteriorated along with the social situation. Tunisia's economy is marked by anemic growth, high fiscal deficits, low investment and rising youth unemployment. In 2014, growth stagnated at 2.3%, and large fiscal and current account imbalances have increased since 2010 to reach respectively -6.4% and -7.9% of GDP. With only moderate rebound in growth expected in 2015, the sizeable fiscal gaps threaten macro-stability and the medium-term scenario remains uncertain, hampered by the fragile security situation and consequent negative impact on investors' confidence.

TABLE: TUNISIA/SELECTED ECONOMIC INDICATORS, 2010–14

	2010	2011	2012	2013	2014e
Real GDP growth (in percent)	2.6	-1.9	3.7	2.3	2.4
Consumer price index (CPI), (period average, in percent)	4.4	3.5	5.6	6.1	5.6
Current account (percent of GDP)	-4.8	-7.4	-8.2	-8.3	-7.9
Central government balance (percent of GDP)	-0.6	-3.5	-5.7	-6.2	-6.4
Gross official reserves (months of next year's imports)	4.4	3.4	3.9	3.4	3.4

Source: Tunisian authorities; IMF staff estimates
Unemployment remains the major source of concern, in particular youth unemployment which has continued to increase from 28.3% to 31.2% between 2008 and 2013. While the formal private sector did not grow fast enough to absorb the large number of educated young people entering the job market, informal employment soared.
Informality, with its lack of guarantees and regulations, has proved especially inhospitable to women. The female labor force participation rate in Tunisia is less than 25 percent. Along with rising informality, the country has witnessed rising poverty and regional disparities with poverty rates ranging from 8-9% in the Center East region and Grand Tunis to a high of 26 and 32% in the North West and Center West regions.

Figure 11: Youth Rates for Neither in Education, Employment or Training (NEET) by Region



Unemployment rates are strikingly high among college graduates, underlying the growing mismatch between skills and employment. Each year, only 35,000 jobs are created while at the same time, 60,000 graduates enter the labor market. Of equal concern are the number of young people between the ages of 15 and 29 who are permanently stalled between school and work. As figures above show, the rates for youth who are neither working nor in education or training are high everywhere, but especially pronounced in rural areas, where they climb to 63% for women.

This is not only a waste of precious human resources but a major risk for the future of Tunisia. Without an economic stake in the future of the country, an entire generation of frustrated youth will feel increasingly alienated from society; some of whom may be tempted by extremist ideologies.
The Bardo museum attack, through its probable impact on tourism, will make the task of growing the economy and creating greater opportunities more difficult. The tourism industry accounts for more than 12% of Tunisia's GDP, with one in ten Tunisians employed in the tourism industry and one in five relying on it to make a living. Since 2011, Tunisia witnessed a dramatic dip, with only 6 million tourists in 2014. This is3% less than in 2013 and 12% less than in 2010.
While there were signs of recovery in early 2015 (with a 24% increase in tourism income compared to 2010), the terrorist attack is likely to take a toll on the entire 2015 summer season. On March 19, the local stock exchange dropped by 2.5% percent and tour operators and cruise companies started cancelling trips to and stops in Tunisia. The launch of an international campaign titled "I will go to Tunisia" is an encouraging reaction. But will it suffice to mitigate the impact on the economy?
Now is the time to support Tunisia and help it to rebuild its economy and create more and better opportunities. Strengthening the economy is fundamental to lift people out of poverty, open a new front against extremism and ultimately fight terrorism. With the Bardo museum reopened, millions continue to look at Tunisia as a beacon of openness and tolerance in the Arab world. The time has now come to put special focus on economic and social reforms that will foster inclusive growth.
The international community has on several occasions committed itself to providing full support to the government and the people of Tunisia. It is time to make good on those promises to encourage economic and social development and ensure that the political transition is accompanied by an economic transition towards shared prosperity. *(IMF)*

World Bank supports Mozambique improve access to all-season roads through greater maintenance, rehabilitation and upgrading

Washington, March 31, 2015 — The World Bank Board of Executive Directors approved an additional financing in the amount of US$73.6 million to support the implementation of the Government of Mozambique's Second Phase of the Roads and Bridges Management and Maintenance Program.
Due to its geography, Mozambique faces continuous and increasing vulnerability to severe weather events and floods that cause widespread losses and damage to infrastructure. This third additional financing credit to the Roads and Bridges Management and Maintenance Program fills a financing gap for flood-related road rehabilitation works in southern Gaza Province following severe flooding in the lower Limpopo River basin in 2013.
"Damages inflicted by recurrent floods to the road network isolate many rural communities, preventing them access to basic services, markets and transports," said **Mark Lundell, World Bank Country Director for Mozambique, Madagascar, Mauritius, Seychelles, and Comoros**. **"***We are pleased to support the Government of Mozambique in its efforts to improve access of the population to all-season roads through greater maintenance, rehabilitation and upgrading of the classified road network."*
The majority of Gaza Province's road network is located in the Limpopo River basin and is prone to inland flooding. Over 70 percent of the provincial road network – about 2,200 km of roads – sustained damage in the 2013 floods. The Government of Mozambique estimated the required road network rehabilitation would cost approximately US$183.0 million. To mitigate the vulnerability of those affected by the floods, in December of 2013, the World Bank provided additional financing to the Program equivalent to US$70.15 million for road rehabilitation and enhanced flood resilience. The immediate emergency repairs were completed in 2014. This third additional financing of US$73.6 million funds the planned road sector recovery efforts in Gaza province.
"We believe that improved market access for food products, which constitute a substantial share of the household expenditures of poor households, combined with lower transportation costs resulting from rehabilitated roads, will help curb poverty down at the community level and lower inflation risk," said **Kulwinder Singh Rao, Sr. Highway Engineer and Team Leader for the project.**
The primary objective of the Roads and Bridges Management and Maintenance Program is to stimulate growth and contribute to poverty reduction through improved road infrastructure, better sector policies, and enhanced roads sector management. This project is aligned with the Government's priorities for the sector as well as its poverty reduction strategy, and is consistent with the Bank's Country Partnership Strategy with Mozambique. *(World Bank)*

Fadama Project Turns Nigerian Farmers into Agro-preneurs

- Additional financing for the National Fadama Development Project III is helping Nigeria's farmers to turn their agriculture skills into income-generating businesses
- The additional funding comes on the heels of three successful phases of agriculture and rural development in states
- The project financing also supports the country's Agricultural Transformation Agenda

Abuja, April 2, 2015 – Since 1993, the World Bank funded-National Fadama Development Project has been supporting Nigeria's farmers by helping to empower communities and strengthen agriculture development in states throughout the

country. Now, with additional funding recently added to the third phase of the project, farmers are poised to turn subsistence farming into for-profit businesses.
With financing of $200 million, new generations of business-oriented agro-preneurs are emerging, giving farmers a new way to feed their families and earn an income.
With the success of the completed Fadama projects I, II and II, the Nigerian government wanted to expand the success to the Agricultural Transformation Agenda, which led to the additional financing. The project, which started this year, will focus on support to value chains of cassava, rice, sorghum and horticulture in six states; Kogi, Niger, Kano, Lagos, Anambra and Enugu. The six states will serve as hubs of Staple Crops Processing Zones (SCPZs), while surrounding states will serve as catchment areas to feed the processing zones.
"The Third National Fadama Development Project Additional Financing is a unique opportunity to demonstrate how the World Bank Group can support Nigeria to drive its Agricultural Transformation Agenda (ATA)," said Adetunji Oredipe, task team leader for the project. "It is therefore not surprising to see the high level of commitment and political support availed the project by the federal government."
The additional financing will also be used to increase the income for users of rural lands and water resources within the Fadama areas in a sustainable manner throughout the territory. This time around, the project is not just focusing on production, but also concentrating on aggregating and processing for marketing. This is upping the scale from subsistence agriculture to making agriculture a business. This why it is being aligned to the Agricultural Transformation Agenda (ATA) of the government, as well as other WBG-supported projects such as Transforming Irrigation Management in Nigeria in Project (TRIMING) and SCPZs, the Rural Access and Mobility Project (RAMP).
Critical production activities will also be scaled up, along with organizing of farmers into clusters of out-grower groups in the participating states. The project will also build a culture of Public Private Partnerships (PPP) to link the FCAs to markets and private sector investors, as well as develop their capacity to negotiate marketing arrangements and contracts. "The Additional Financing will help the Government to transform our state with agriculture as well as eradicate poverty," Said Mr. Yomi Awoniyi, Deputy Governor of Kogi State.
Investors and Partners such as Cargill, Dangote and others have already keyed into the program by establishing farms and processing plants as up-takers for the Fadama products.
Bukar Bukata Bayero, the commissioner for agriculture in Bauchi state, expressed his support for the project.
"We don't joke with agriculture here," he said. "We are ready to partner with the World Bank to see that priority is given to agriculture in the state."
The project's target population is the smallholder households of Fadama farmers engaged in the production of selected value chains such as cassava, rice, sorghum and horticulture, on operational holdings of 0.25ha – 2 ha, and young farmers – the agro-preneurs and processors who are new entrants into agricultural enterprise.
To participate in the program, farmers are expected to join cluster groups through Fadama Offices in the participating states. The project is expected to reach about 317,000 direct beneficiary households and 1.4 million indirect beneficiary households. *(World Bank)*

IMF Executive Board Approves US$10.8 Million Disbursement Under the Rapid Credit Facility for The Gambia

The Executive Board of the International Monetary Fund (IMF) approved emergency financial assistance under the Rapid Credit Facility (RCF) [1] in the amount equivalent to SDR7.775 million (about US$10.8 million) for The Gambia to enable the authorities to meet their urgent balance of payment and fiscal needs.
The Executive Board noted the authorities' cancellation of the Extended Credit Facility (ECF) arrangement for The Gambia that was approved on May 25, 2012 to support the government's economic program (see Press Release No. 12/191). In addition, the Board was informed about the IMF Managing Director's approval of a one-year staff-monitored program (SMP)[2] to guide policy implementation.
Though The Gambia remains completely free of Ebola, the crisis has caused a deep decline in tourism related activities, the economy's principal foreign currency earner. A projected decline of about 60 percent in tourism, The Gambia's principal export, will strain the country's balance of payments. The shocks, coming in the wake of an extended period of weak policy implementation have exacerbated an already fragile macroeconomic situation. To address their difficulties, the Gambian authorities have taken bold steps in their 2015 budget, developed an ambitious reform agenda for public enterprises in the energy and telecommunication sectors, and made strong efforts to secure donor support.
The IMF financial assistance is intended to address urgent balance of payments needs that have arisen on account of the shock. It will help fill budgetary gaps while the authorities implement economic and structural policies aimed at restoring macroeconomic stability, and reducing poverty. The Executive Board's approval of the RCF disbursement will also enable the authorities to engage in further discussions with the donor community regarding assistance to meet their remaining financing needs. The Board's approval enables the immediate disbursement of the full amount of the RCF loan, which is equivalent to 25 percent of The Gambia's quota in the IMF.
Following the Executive Board discussion, Mr. Min Zhu, Deputy Managing Director and Acting Chair, issued the following statement:

"The Gambia is facing urgent balance of payments needs triggered mostly by the impact of the regional Ebola outbreak on tourism. Although the country remains free of Ebola, the regional outbreak is expected to cut by more than half tourism receipts for the 2014/15 season, giving rise to an urgent balance of payments need. At the same time, the delayed summer rain has led to a significant drop in agricultural production with serious implications for growth in 2014 and food security. Policy slippages and persistent financial difficulties in public enterprises have exacerbated the problems and pushed The Gambia's Extended Credit Facility (ECF) arrangement off track.

"The authorities have taken a number of upfront policy actions. The 2015 budget envisages lowering net domestic borrowing, anchored by revenue and expenditure measures, and complemented by stepped-up budget support from external donors. The authorities have taken steps to begin resolving the financial problems of key public enterprises and intend to take measures to secure their medium-term fiscal consolidation and poverty reduction objectives.

"The envisaged adjustment and structural reforms, if properly implemented, would contribute significantly to addressing The Gambia's present difficulties and achieving the targets envisaged in the Programme for Accelerated Growth and Employment. Such measures should also help lower domestic interest rates and thus alleviate medium-term spending pressures associated with the currently very high level of domestic interest costs. In light of the large fiscal cost of poor performing public enterprises in 2014, the authorities should promptly identify contingency plans to protect budgetary outcomes in 2015 from unexpected shocks. They should also meet their external debt obligations in a timely manner. Further measures, beyond those incorporated in the 2015 budget, are also required to undertake a deeper restructuring of the budget and public enterprises to put the medium-term fiscal position on a sound footing.

"Determined and strong policy implementation under the Rapid Credit Facility is critical to restore macroeconomic stability and to catalyze the critical donor financing. The Staff-Monitored Program will help enhance policy implementation and establish a good track record, which remain fundamental for a possible future Fund-supported program."

[1] The RCF provides rapid financial support in a single, up-front payout for low-income countries facing urgent financing needs. Financial assistance under the RCF is provided as an outright disbursement to Poverty Reduction and Growth Trust (PRGT)-eligible members that face an urgent balance of payments need, and where a full-fledged economic program is either not necessary or not feasible.

[2] An SMP is an informal agreement between country authorities and Fund staff to monitor the implementation of the authorities' economic program. SMPs do not entail financial assistance or endorsement by the IMF Executive Board. *(IMF)*

Seychelles: AfDB Approves US$ 26 million for Mahe Water Project

The African Development Bank Group (AfDB) has allocated a loan and a grant amounting to US$ 25.995 million dollars to finance a water project in Mahe in the Seychelles.

The Mahe Sustainable Water Augmentation Project (MSWAP) approved by the AfDB Board on Wednesday, 1 April 2015, in Abidjan, seeks to promote the country's economic development by improving water supply capacity and resilience against climate change.

The project aims at achieving the Seychelles 2008-2030 Water Development Plan (SWDP) target supported by the African Water Facility (AWF), which is hosted and managed by AfDB. Currently, the country can only meet about 60% of its potable water needs due to limited storage capacity, increased demand for housing construction, and water losses along the network.

Water shortages are common in Mahe, the Seychelles' largest island, especially during the dry seasons when water rationing is enforced. The project would: (a) Improve water supply services through reduction of the number of days when water is rationed; and (b) Increase water production capacity to cover areas in the island's northern region.

The project is anchored in the country's Medium Term National Development Strategy 2013-2017 (MTNDS). The strategy focuses on strengthening the foundations of economic growth; improving the quality of life; and ensuring environmental sustainability.

It is in line with the Bank's adjusted Seychelles 2011-2015 Country Strategy Paper (CSP), which focuses on infrastructure development, concentrating solely on the water infrastructure sub-sector. The CSP is keen on enhancing the country's water storage capacity, allowing it to better respond to climatic variability and the increasing water demand. It will also help to promote economic growth by reducing overreliance on desalination and improving social development by increasing access to water and sanitation. The Bank's intervention will also contribute to greater diversification and competitiveness of the Seychelles economy.

Direct beneficiaries of the project are the water users on the island of Mahe whose demand is projected to increase by 130% by 2030. Domestic, industrial and touristic use, which currently accounts for 36%, 11 % and 5% of the total water demand, are expected to increase by 140%, 400% and 190% respectively. The main impact of the project will be the improvement in quality of life and reliability of water services for household, industrial, commercial activities and tourism, especially in the dry seasons.

The funding comprises US$ 20.60 million ADB loan and US$ 1.40 million grant from the Middle Income Country Technical Assistance Fund. The Seychelles government will provide the remaining US$ 3.995 million. *(AFDB)*

AfTra and CBI join forces in spreading market information for African exporters on 25 EU sectors
The Africa Trade Fund (AfTra) will support the Centre for the Promotion of Imports from developing countries (CBI), in providing and disseminating critical European market information to African exporters. The market information, which is produced and periodically updated by CBI makes it easier for African exporters and Business Support Organizations to identify business opportunities in more than 25 European market sectors.

Business opportunities in Europe
Europe offers many opportunities for SMEs from Africa. On its website, CBI offers market information that helps companies seize these opportunities. The market information covers over 25 sectors, such as fresh fruit and vegetables, coffee, oilseeds, apparel, tourism, home textiles and automotive parts and components.
On a yearly basis, CBI publishes over 250 market studies. The studies highlight which European markets offer most opportunities for exports of specific products. CBI also publishes studies about dealing with buyer requirements and European legislation, about the best channels to get products on the European market and about important trends. Elements such as trade direction, market demand and supply, competition, consumption trends (current and projected), requirements on labelling, packaging and certifications are included on the platform.

Actionable information
Moono Mupotola, Manager of the Bank's NEPAD, Regional Integration and Trade Division, spearheaded the partnership. She noted that "the platform is highly interactive and user-friendly and the information and studies are presented in a concise, light and logical format. In today's -aced environment where decision-makers must act quickly, it makes all the difference."

Objective of the partnership
Through the partnership, AfTra will help spread CBI's market information by giving visitors to its website (www.africatradefund.org) under the Knowledge & Resources section, direct access to CBI's databases and market studies. Plans are also underway to work with CBI to extend the coverage of the platform and further raise its visibility in Africa.
Janneke Vereijken, Team Coordinator Market Intelligence at CBI, sees cooperating with the Africa Trade Fund as an important step. "Our market studies focus on export opportunities in Europe for many products that are on offer in Africa. Joining forces with the Africa Trade Fund will help us make sure our market studies reach the African companies that can use them to expand their business."

About AfTra
AfTra is a trade-related technical assistance fund with the specific objective of improving the trade performance of African countries. Its primary focus is on modernizing Africa's custom systems, developing products and markets and strengthening the capacities of trade support institutions.

About CBI
CBI, the Centre for the Promotion of Imports from developing countries, stimulates sustainable economic development in developing countries through the expansion of exports from these countries. The organization offers coaching programmes for exporters, works on improving the export enabling environment, activates importers and informs and influences policy-makers. CBI is part of the Netherlands Enterprise Agency and is funded by the Dutch Ministry of Foreign Affairs.
Exporters, business support organizations and others interested in exporting to Europe can access the market information through the website of the Africa Trade Fund or through the CBI website www.cbi.eu.

INVESTMENTS

Portugal opens credit line to support Portuguese companies in Angola
The government of Portugal has opened a credit line of 500 million euros to help national companies operating in Angola and has experience problems due to foreign exchange restrictions, the Portuguese press reported.
This credit line can only be used by companies that prove they are experiencing payment difficulties in Angola and will operate differently from traditional lines of credit to small and medium enterprises. Portuguese Prime Minister Pedro Passos Coelho announced last week that his government was studying solutions to support Portuguese companies that export or have a presence in Angola.
Economic and trade relations between the two countries already benefit from three Portuguese credit lines established in Luanda in 2006, when former Prime Minister José Sócrates visited Angola. The first credit line was for 100 million euros, the second, guaranteed by insurance company Cosec, already existed and in 2006 increased from 300 to 500 million euros. The third line of credit is commercial, from Portuguese state bank CGD, in the amount of 500 million euros. *(Macauhub)*

New São Tomé and Príncipe Investor Code includes business tax exemption
The new São Tomé and Príncipe Investor Code provides for exemption of tax on corporate income in specific cases, said Tuesday in Lisbon the Sao Tome Minister of the Presidency and Parliamentary Affairs.

Minister Afonso Varela, who was speaking on the sidelines of a seminar organised by the Business Association of São Tomé, said the new Code includes a lower rate of corporate tax to between 15 and 20 percent. “We are working on the development of an investors code where the investment opportunities are identified. In the tax area we will reduce the tax on business income, currently 25 percent to between 15 and 20 percent, but in specific sectors that rate will be much reduced or even zero,” said Varela, cited by Portuguese news agency Lusa. In addition to lowering the tax rate, the minister said that the government of São Tomé and Príncipe plans to “strengthen the guarantees that are given in registering properties and reform of the courts.” *(Macauhub)*

Special Economic Zone of Nacala, Mozambique, receives new projects

The Office for Economic Areas with Accelerated Development (Gazeda) of Mozambique in 2014 reviewed and approved, through its Northern Regional Office, 27 new investment projects, Mozambican daily newspaper Notícias reported. The newspaper cited the spokesman of the regional delegation, Américo José, as saying that the projects in the industry, trade, services, tourism and construction sectors, would all be located in the Special Economic Zone of Nacala (ZEEN). José said the approved projects represent a joint investment of US$353 million, an increase of 9.2 percent over the figure recorded in 2013.

The regional delegation spokesman said some of the challenges to growth of the ZEEN included a lack of water for domestic and industrial consumption, the poor quality of electricity, poor inter-institutional coordination, poor quality of roads and a shortage of skilled labour. He said challenges for this year include improvement of access roads, construction of basic infrastructure, especially for water supply, electricity and telecommunications in the Locone and Munheuhene Duty-Free Zones as well as improvements in conjunction with the different partners operating in the Special Economic Zone of Nacala. The director of Gazeda, Danilo Nalá, told Mozambican newspaper O País there were investors dropping out of projects in the special economic zone, due to the poor quality of electricity, water scarcity and precariousness of local roads. *(Macauhub)*

Dangote cements victory in African market with new plant in Senegal

Dangote Cement may well be on the path to dominate African markets as the largest manufacturer of cement on the continent having overcome initial challenges in West Africa.

The firm is making great advances towards its goal of achieving an annual output of 50 million metric tonnes by 2016 with the recent opening of a 1.5MPTA green field cement plant in Pout, Senegal. The development is not only notable for being one of the largest foreign investments in the history of the country, but also for being a project funding by funding sourced from another African country

With the new plant in Senegal, the group hopes to improve the cement production capacity whilst serving the Mali export market simultaneously. The site also generates 15mW of power and has therefore been able to effectively address environmental concerns with new machines and processes through lowering its carbon emissions.

Dangote Cement was founded in 1992 and now has cement manufacturing plants in Zambia, Tanzania, Nigeria, South Africa, Congo (Brazzaville), Ethiopia, Sierra Leone, Ivory Coast, Liberia, Senegal, and Ghana.

Senegal’s Country Head Luk Haelterman said, “The last few years have seen the company overcome a lot challenges in the country, especially those related to the smear campaign on environmental impact of the factory in the country. It’s a saturated market with Dangote being the third entrant in the market after two other cement manufacturers. What has kept us going is the competitive edge that our 42.5 grade of cement has given us in offering consumers fine quality of cement.”

The growth of Dangote cement is perhaps one of the most encouraging on the continent; an African-owned business addressing the construction and employment needs of its country, sharing its success with the rest of Africa. If there were more companies that could harness the same spirit as Dangote, then there would not only be more people reaching billionaire status, but the whole business landscape on the continent could change for the good. *(African Business Review)*

Fastjet expands operations in Africa

Fastjet, an African budget airliner, has raised gross proceeds of about $75 million through a share issue to fund expansion and acquire aircraft in a move that will extend and improve its service on the continent.

The funds raised from the share offering represent roughly 75 percent of the company’s enlarged share capital and will enable Fastjet to create new routes internationally, as well as expand in Kenya, South Africa, Uganda, Zambia and Zimbabwe. The company is aspiring to be the first low cost carrier serving the African continent. Furthermore, Fastjet is to acquire used Airbus A319 aircraft as part of their broader expansion.

On Wednesday, the company’s share price (listed on the London Stock Exchange) slumped by almost 13 percent to 1p per share; this will be the price at which their offering of 5 billion new shares will be set.

Haji-Ioannou’s investment vehicle EasyGroup bought stock worth £5 million. The new buyer, commonly known as Stelios, founded low-cost carrier easyJet Plc in 1995 and started Fastjet in 2012. It had a 10.8 percent stake in Fastjet.

There was also much attention from first time investors such as Prudential, UK equity fund manager Hexam Capital Partners, investment manager J O Hambro Capital Management and the investment wing of South African insurance provider Old Mutual.

Fastjet's plans to expand across the continent could endow the airliner with a customer base of up to 210 million people, or roughly one fifth of the total African population. In order to achieve coverage of this scale the company would have to increase its fleet by thirty. *(African Business Review)*

Government of Angola plans to focus on hubs to develop industry

Companies interested in buying areas in the Industrial Development Hub of Porto Amboim, in Angola's Kwanza Sul province, can register immediately, coordinator Rui Miguel said in Porto Amboim.

The coordinator, who gave a presentation about the industrial development hub to future investors, said conditions were being created for the people concerned to buy up spaces and invest in the project. He said the hub would be built on over 1,000 hectares and located on national highway number 100, between Porto Amboim and the River Longa. The Porto Amboim Industrial Development Hub is the first of its kind in Kwanza Sul province. On Friday 17th April, the Minister of Industry, Bernarda Gonçalves Martins, will lead the ceremony to lay the first stone of the Caala Industrial Development Hub, in Huambo province. This hub will occupy an area of 1,129 hectares and is part of a total of 20 hubs that are being built in the country to promote industrial development and competitiveness. The Ministry of Industry has so far received 50 applications for this development hub, with the promoters of 17 of them expressing interest in starting their projects immediately. *(Macauhub)*

Zimbabwe's Mugabe Seeks Investment From South Africa

Leader looking for help to tap country's mineral wealth

Zimbabwe's President Robert Mugabe urged South Africa to invest in his beleaguered economy during his first state visit here in two decades, as the 91-year-old autocrat attempts to burnish ties with power brokers across Africa and beyond. "We have all these natural resources, but they are yet undeveloped," Mr. Mugabe said during a news conference with South African President Jacob Zuma. "Our relations must be strengthened as much as possible."

Mr. Mugabe has ruled since Zimbabwe's independence from the U.K. in 1980. After decades of strong growth, Mr. Mugabe's campaign early this century to repossess white-owned farmland sparked capital flight and hyperinflation that wrecked the economy.

Zimbabwe abandoned its own currency for the U.S. dollar in 2009, a move that halted inflation but has since fueled a chronic shortage of cash. Government proposals to take over more than half of companies operating in the country have also scared off new investment. "If you take 49% of a billion it's still a huge amount," Mr. Mugabe said in defense of the policy.

Many foreign companies remain skeptical. "The overwhelming perception is that the country is hostile to investors," said Charles Laurie, head of Africa research at the U.K-based consultancy Verisk Maplecroft. Mr. Mugabe's attempts to rehabilitate a tarnished international reputation got a jolt in January when African leaders appointed him chairman of the pan-continental African Union. Last year he also took over the chairmanship of a southern African trade bloc dominated by South Africa.

The positions are largely ceremonial, but they put him in close contact with Nkosazana Dlamini-Zuma, head of the AU's more-powerful executive arm and an ally of Mr. Zuma, to whom she was once married.

Zimbabwe and South Africa have a close but complex relationship. Mr. Zuma's predecessor, Thabo Mbeki, was criticized for doing little to halt Zimbabwe's slide toward economic ruin, even as more than a million Zimbabweans fled into South Africa.

Mr. Zuma has maintained tight ties with Mr. Mugabe even as the international community turned against him. He congratulated Mr. Mugabe on his 2013 re-election even though many European governments said the vote was marred by fraud and manipulation.

And when Mr. Mugabe's wife, Grace, was denied a Belgian visa last year ahead of an Africa-European Union summit, Mr. Zuma stayed home, too. He said he wouldn't allow his continent's leaders to be "looked on as subjects."

On Wednesday, Mr. Zuma celebrated South Africa's "historic fraternal relations" with Zimbabwe.

During halting, rambling and occasionally fiery remarks, Mr. Mugabe jokingly thanked reporters for "the focus you have given me as a real dictator" and waded into a debate here over the legacy of Cecil Rhodes, the 19th-century mining magnate who worked to put the southern African country under British colonial rule.

Many South Africans are lobbying to remove statues of Mr. Rhodes and other colonial-era leaders from South African squares and universities. "What should we do, dig him up?" Mr. Mugabe said of Mr. Rhodes, whose body is buried in Zimbabwe. "Perhaps his spirit would rise again. I say to my people, 'listen, leave him down, down there.'"

Speculation about Mr. Mugabe's declining health have swirled for years, but he was re-elected to a fresh five-year term as president in 2013 and reappointed head of Zimbabwe's ruling party in December.

Mr. Mugabe said he had also asked South Africa for help developing Zimbabwe's diamond mines and improving output of key agricultural exports like tobacco. "We don't smoke much of it. The Chinese smoke most of it," Mr. Mugabe said, to raucous laughter from Mr. Zuma and the phalanx of ministers from both governments gathered at South Africa's presidential offices. "My health minister advises against smoking, but he doesn't advise against growing." *(Wall Street Journal)*

BANKING

Banks

Bob Diamond's African Banking Venture Runs Into Problems

Former Barclays CEO's Atlas Mara vehicle questioned over pay, conflict of interest

Just over a year after Bob Diamond founded Atlas Mara Ltd to build an African banking empire, problems are cropping up.

Some investors are questioning the lavish pay doled out to managers at the investment vehicle set up by the ex-Barclays chief executive. Local regulators have delayed a key Atlas Mara hire. The vehicle's publicly traded shares have nose dived. And corporate-governance experts are criticizing a personal shareholding by Mr. Diamond in one of Atlas Mara's acquisition targets, which wasn't fully disclosed until months after Atlas Mara offered to buy it. Atlas Mara executives say they aren't daunted

"Our thesis is 100% intact," CEO John Vitalo said in an interview. "We're building the premier sub-Saharan African financial institution by making a number of acquisitions to establish our geographic footprint, then will integrate and grow those acquisitions." A spokesman for Mr. Diamond said he wasn't available to comment but that he had adhered to all regulatory requirements.

Regulators forced Mr. Diamond out of the chief executive job at Barclays in July 2012 after a series of clashes with U.K. authorities. A year later, the American investment banker resurfaced with a new plan: build a bank to cater to Africa's fast-growing companies and its large population without bank accounts.

Mr. Diamond and a young Dubai-based entrepreneur incorporated Atlas Mara in the British Virgin Islands. That location means Atlas Mara's holding company's operations aren't supervised by any financial regulator and it isn't subject to many of the U.K. rules that apply to British companies. However the banks in which it is invested are supervised by local regulators. The vehicle, listed on the London Stock Exchange, has raised a total of $625 million from investors, including big names such as Janus Capital Management LLC and Wellington Management Co. Atlas Mara has a "standard" listing in London, which is subject to fewer rules and disclosure than marquee companies.

Today, Atlas Mara has interests in banks operating in Nigeria, Botswana, Zimbabwe, Tanzania, Zambia, Mozambique and Rwanda. The group controls total assets of about $2.6 billion.

African Adventure

Atlas Mara share price since December 2013 and the banks it invested in

	BancABC	Union Bank of Nigeria	BRD Commercial
Purchase price	$210m	$257m	$10.2m*
Stake	100%	30%†	100%
Number of countries	5	3	1
Number of branches	65	340	1

*Approximate. As of May 2014. Consideration excludes regulatory equity capital injection.
†Includes ADC's stake in UBN.

Sources: Thomson Reuters (share price); the company THE WALL STREET JOURNAL.

Mr. Diamond has a 3.76% stake in Atlas Mara and sits on its board. He doesn't have an executive role, but he helps the vehicle raise money, meets with investors and advises on strategy, according to Atlas Mara officials. Last week, when Atlas Mara reported its first annual results, Mr. Diamond was in New York to discuss the numbers with investors.

Atlas Mara's strategy is a work in progress. "His business instincts are in the right place," said Léonce Ndikumana, a professor of economics at the University of Massachusetts. "Banking is consistently one of the most profitable service sectors in Africa."

In one of his first forays into Africa, Mr. Diamond in July 2013 invested €8.2 million ($8.8 million) in a Frankfurt-listed company called ADC African Development Corp., according to regulatory disclosures. It aspired to create a sub-Saharan banking franchise and already held stakes in a couple of African banks. The investment was made via a Cayman Islands vehicle, REDWM (Cayman) L.P. that Mr. Diamond ran, according to regulatory disclosures.

Less than a year later, in early 2014, Atlas Mara inked its first acquisition: ADC. Atlas Mara paid a 15% premium over ADC's share price at the time, netting Mr. Diamond a quick gain on REDWM's investment. Mr. Diamond's investment wasn't fully disclosed to ADC shareholders or to Atlas Mara shareholders until July.
An Atlas Mara spokesman said the arrangement wasn't a conflict of interest and that the disclosure of Mr. Diamond's stake complied with rules. Mr. Diamond didn't vote on the ADC transaction, and his shares in ADC were swapped for more shares in Atlas Mara. "As far as best practice goes, I don't think that this was a good idea," said Charles Elson, chairman of corporate governance at the University of Delaware. "From a governance standpoint, having the investor on both sides of the transaction is problematic and obviously raises some questions about the transaction." Atlas Mara's share price has sunk 28% from its $10 listing price in December 2013. High costs and poor economic conditions in some key countries dragged Atlas Mara to a $63 million net loss last year.
Mr. Vitalo said 2014 expenses were unusually high because of startup costs. He said he and the rest of the management team are motivated to improve the company's share price because they have significant amounts of their personal net worth in Atlas Mara shares.
Executives are being paid handsomely, raising concerns from some investors about the company's cost base on a recent earnings call and in private interviews. Mr. Vitalo, a former Barclays executive, was guaranteed a $1 million bonus for his first six months. He was given 300,000 shares, worth $2.1 million at current prices, on top of about $1.55 million in annual pay and various allowances. By contrast, Barclays paid Mr. Diamond's replacement, Antony Jenkins, £5.5 million ($8.2 million) last year for running a company whose market capitalization is about 100 times that of Atlas Mara. "The question is, how long will it take [Atlas Mara] to build a bank big enough to justify that cost base?" said Frances Daniels, an analyst at Anibok Investment Research Partners Ltd., based in South Africa.
Mr. Vitalo told analysts last week that incentive payouts ensured executives' interests were "completely in line" with those of shareholders. One reason behind Atlas Mara's bumpy ride is its ownership of BancABC, a retail bank with operations in Zimbabwe and elsewhere. "Every other week we had someone saying they wanted to buy us," said Howard Buttery, who was chairman of BancABC until December. But he said local banks were reluctant to invest because of the bank's exposure to Zimbabwe.
Atlas Mara bought BancABC last August for about $210 million. Then the trouble started. Bad loans rose as Zimbabwe's economy further deteriorated. The bank's Tanzanian unit temporarily fell below minimum capital requirements. In December, BancABC's top management team, including CEO Douglas Munatsi, left in part because they were unhappy with what they saw as bureaucratic processes imposed by Atlas Mara, according to a person familiar with the matter. Atlas Mara agreed to pay $17 million to buy their Atlas Mara shares received in the BancABC buyout, according to filings.
A former Standard Bank executive appointed in December 2014 by Atlas Mara to be BancABC's new CEO is still awaiting approval from local regulators. The executive has received regulatory approval to take on the role of BancABC's chief operating officer. A person close to Atlas Mara said regulators had concerns about the bank's Dubai-based management being too far removed from day-to-day operations. The Atlas Mara spokesman said it has good relations with its regulators. *(Wall Street Journal)*

Kenya's Equity Bank plans $2bn expansion to 10 African countries
Kenyan lender, Equity Bank has concluded plans to expand to 10 countries in Africa over the next five years. The expansion will cost Sh200 billion ($2.2 billion).
The bank has already entered into loan deals for Sh36 billion ($400 million). It also created additional shares worth Sh20 billion. The rest will be raised through a rights issue or an IPO, as it seeks to extend its operations. Equity Bank says its expansion plans will be achieved through acquisitions and new investments. "For acquisition we will give shares in Equity Bank instead of cash […]," said James Mwangi, chief executive of the company. "In some countries it is difficult to start from scratch because they are too big so we will enter by acquiring a medium-tier bank and upscale it." Equity Bank already operates in four countries within East Africa, but its new plan will venture west to Nigeria, Ghana and Cameroon. It will also open up branches in Malawi, Zimbabwe, Zambia and Mozambique in the South.
The lender, however, intends to start with East Africa, the region where it has consolidated its brand. The five-year plan will start with Ethiopia, Burundi and the Democratic Republic of Congo over the next two years before it expands further to the rest of Africa. Although in 2012 Ethiopia locked out private investors from its financial sector to boost home-grown investment, Equity Banks believes the fast growing economy would finally join the World Trade Organisation (WTO) and will be forced to open up its market. Its parent company, Equity Group Holdings Limited, has a customer base exceeding nine million within the region, making it the largest commercial bank by number of customers. *(Ventures Africa)*

Barclays Africa CEO's Pay Drops After Introduction of U.K. Rules
Barclays Africa Group Ltd. decreased Chief Executive Officer Maria Ramos's pay by 0.3 percent after South Africa's third-largest lender conformed with U.K. regulatory requirements on compensation.
Ramos, 55, was paid 28.57 million rand ($2.38 million) for 2014, the Johannesburg-based lender's annual report published. Ramos was paid 28.66 million rand in 2013. "As an entity subject to U.K. regulatory requirements we are

subject to the Prudential Regulation Authority's requirement on remuneration clawback, which exceeds what is required under the European Union Capital Requirements," the bank said in the report. "We are concerned by the challenge in attracting and retaining key employees needed to operate the group and deliver the strategy." Ramos's pay for 2014 includes fixed compensation of 7.67 million rand, role-based pay of 6.5 million rand -- the first 1.3 million rand of which is due in shares next year, and cash and share incentives of 14.4 million rand.
Barclays Africa, which is controlled by London-based Barclays Plc, said in February full-year profit rose 10 percent to 13.2 billion rand. Earnings per share excluding one-time items missed the median estimate of 14 analysts surveyed by Bloomberg. The lender is expanding this year in Nigeria and may buy its parent's Zimbabwean and Egyptian operations. Nedbank Group Ltd., the South African lender that beat analysts' profit expectations for a second year, said it increased Chief Executive Officer Mike Brown's pay by 7.7 percent to 35.05 million rand. Nedbank is the country's fourth-largest lender. *(Bloomberg)*

RBS Sells More Than $800 Million of Loans Amid Exit From Mideast
Royal Bank of Scotland Group Plc sold more than $800 million of corporate loans to Commercial Bank of Dubai PSC as the U.K.'s largest taxpayer-owned lender exits its business in the Middle East and Africa.
RBS sold 3 billion dirhams ($817 million) of loans made to companies in the United Arab Emirates, Dubai-based CBD said in an e-mailed statement. CBD, which is 20 percent owned by the Dubai government, intends to expand the U.A.E. loan portfolio "significantly," it said, without naming the companies.
RBS is exiting its corporate loans and debt capital markets business in the Middle East and Africa as part of Chief Executive Officer Ross McEwan's decision to make the Edinburgh-based lender a smaller, simpler bank. McEwan has been cutting back investment-banking operations and focusing on domestic customers after seven straight annual losses.
The Dubai lender has developed its corporate and commercial banking divisions over the past year, including hiring senior staff, it said in the statement. In July it appointed Alain Renaud, who previously worked for HSBC Holdings Plc, to be general manager for corporate, commercial and investment banking. "We are extremely pleased to acquire a pool of high-quality corporate loans that aligns well with our strategic direction and further expands our customer base of large corporates," Peter Baltussen, CEO of CBD said in the statement. *(Bloomberg)*

Nigeria to limit amount individuals can spend abroad on debit cards
Nigeria's central bank plans to limit the amount commercial bank customers can spend using their debits cards while abroad, an industry group said, in the latest crackdown on dollar demand to save its dwindling foreign reserves.
The bank has been battling to prop up the naira after a sharp fall in the price of oil, Nigeria's main export, which triggered a sell-off in assets by foreign investors.
The Chief Executive of Union Bank, Emeka Emuwa, told reporters after a meeting between the central bank and commercial bank's representatives that "the limits would be reduced to more judicious levels." Currently, customers have an annual limit of $150,000, the regulator said after the meetings with the committee of lenders but did not disclose the new caps. *(Reuters)*

Markets

Uganda raises key lending rate to 12 pct to curb inflation
Uganda's central bank raised its benchmark lending rate for the first time since June 2014 to forestall a rise in core inflation caused by a weakening local currency and faster economic growth.
Bank of Uganda Governor Emmanuel Tumusiime-Mutebile told a news conference the bank had raised the rate to 12 percent from 11 percent and said core inflation was seen rising to around 5 percent by the middle of 2015, and to 7.9 percent by June 2016. "The depreciation of the exchange rate and faster real GDP growth will exert upward pressures on inflation over the medium term," Tumusiime-Mutebile said. He reiterated the bank's readiness to intervene in the foreign exchange markets, like it did in March, but said he would let the real exchange rate adjust smoothly to maintain external balance.
The central bank in March sought to reassure investors by saying it would be vigilant against inflation. Uganda's year-on-year headline inflation rose to 1.9 percent in March from 1.6 percent a month earlier while core inflation rose to 3.7 percent from 3.3 percent over the same period. The shilling was little changed after the bank raised interest rates, trading at 2,980/2,990 per dollar at 1017 GMT from 2,977/2,987 just before the announcement. *(Reuters)*

Delta International expands Mauritius Stock Exchange listings
Delta International, the first Africa-dedicated property fund listed on the JSE's AltX bourse, has been given permission to list up to 29-million additional ordinary shares on the Stock Exchange of Mauritius (SEM) as it looks to continue its growth across Morocco and Mozambique.
Delta International, which was listed in July last year, was formed by Delta Property Fund as a fund exclusively focused on owning African property assets not located in SA. It pays distributions in US dollars, making it a rand hedge play for investors.

Delta International's primary listing is on the SEM. It is in the process of moving its secondary listing to the JSE Main Board. On Tuesday the group's board said it was "pleased to announce that the listing executive committee of the SEM had approved the placing, issue and listing of up to 29-million additional ordinary shares of Delta International on the Official Market of SEM by way of private placement at the US$ price equivalent of R18 per share at the prevailing R/US$ at the time any such issue is announced". Delta International's strategy involves Morocco and Mozambique but CEO Louis Schnetler has said other countries in Africa are being studied for opportunities. The company owns shopping centres in Morocco and multi-tenanted offices in Mozambique. Its flagship is the 30,000m² Anfa Place shopping centre in Casablanca, the second-largest mall in Morocco. Meago Asset Management director Jay Padayachi said SA's property funds which had ventured into Africa had to be patient as they gained understanding of the legal and operating environment there. *(BDLive)*

Emira to become corporate Reit

JSE-listed Emira Property Fund on Wednesday announced its decision to convert into a company, to become a corporate Real Estate Investment Trust (Reit) to be called New Emira.

The introduction of Reit legislation meant that there was no advantage for Emira to remaining a Collective Investment Scheme in Property (CISP) and the fund's property manager Strategic Real Estate Managers (Strem) had determined that it would be beneficial for Emira to convert into a company.

Therefore, Emira intended to undertake steps to facilitate its restructure into a corporate Reit and to internalise the management function of Strem to better align the interests of Emira's management with those of its participatory interest (PI) holders. Emira was granted Reit status by the JSE in 2013 and, in terms of the Collective Investment Schemes Control Act 45 of 2002 (Cisca), it remained a portfolio created under a CISP but was recognised as a Reit for taxation purposes.

In March, the Registrar of Collective Investment Schemes issued a conversion notice setting out the procedure to be followed for the conversion of a CISP to a listed corporate Reit. The conversion notice was issued following the introduction of the Reit regime. As this resulted in the alignment of the fiscal consequences of investing in a CISP and a property loan stock company, the key rationale for Emira being established as a CISP no longer existed. There were various operational disadvantages to Emira remaining a CISP and these would be remedied through the conversion into a corporate Reit.

The conversion would allow the asset-management function currently provided by Strem to be internalised in the new corporate Reit Emira and would permit part ownership in unlisted property companies, which was prohibited under the Cisca. There was a strong preference for property investment entities to be structured as corporate Reits as they were better understood by institutional investors. Subject to the approval of PI holders, the transaction would be effected in accordance with the provisions of the conversion notice.

The corporate Reit Emira would internalise the asset management function currently performed by Strem by acquiring the entire issued share capital of and all shareholder claims against Strem from the shareholders of Strem for their nominal and face value of R2.2-million which would be payable in cash. In terms of the transaction and with effect from July 1, 2015, Emira would dispose of all of its assets to corporate Reit Emira in consideration for the assumption by New Emira of Emira's liabilities – including the payment of a distribution to PI holders in respect of Emira's financial year ended June 30, 2015, on or before October 31, 2015.

Further, New Emira would assume Emira's obligations under and relating to the domestic medium-term notes programme established on August 12, 2011. Further, from July 1, Emira would transfer by novation all rights, liabilities, duties and obligations of Emira in respect of all of the confirmations and other definitive documentation evidencing the interest rate swap agreements and currency swap agreements entered into by Emira. July 1 would also see the issuing of the shares in New Emira, directly to Emira PI holders on behalf of Emira in the ratio of one New Emira share for every one Emira PI held on the record date for the transaction – July 10, 2015.

Therefore, current PI holders in Emira would become direct shareholders in New Emira and would continue to be invested in the same base of assets in which they were currently invested through their holding of Emira PIs. Following PI holder approval of and subsequent implementation of the transaction, Emira would no longer hold any assets and liabilities and would no longer qualify for a listing on the JSE. Accordingly, the listing of Emira on the main board of the JSE would be terminated with effect from July 14, and Emira would be liquidated and wound-up. New Emira would be established as an internally managed corporate Reit, with its issued ordinary shares listed on the diversified Reits sector of the JSE from July 6, 2015. The transaction was subject to the fulfilment or waiver of set out conditions precedent, on or before May 8, 2015. *(Engineering News)*

Fund

Private-Equity Firm Helios Starts $300 Million African Oil Fund

Helios Investment Partners LLP plans to raise $300 million for the Africa-focused private-equity group's first oil fund as lower crude prices reduce company valuations, said three people familiar with the fundraising.

The company, led by Tope Lawani and Babatunde Soyoye, plans to use the unit to coinvest alongside its generalist funds, said the people, who asked not to be identified as talks with investors are private and the fundraising isn't complete.
Helios joins a rush among buyout firms to raise money to acquire energy companies after oil prices plunged to $50 a barrel from more than $100. The world's top-four private-equity groups, Carlyle Group LP, Apollo Global Management LP, Blackstone Group LP and KKR & Co., raised about $30 billion for energy deals in the past 18 months, according to data compiled by Bloomberg. Helios declined to comment on its fundraising.
The company, which recently stopped taking money for its largest fund after exceeding an initial $1 billion target, told potential investors it sees opportunities particularly in Nigerian-owned private energy businesses, the people said.
Nigerian companies in the past five years have bought oilfields from foreign groups including Royal Dutch Shell Plc, ConocoPhillips and Total SA with cheap loans from local banks. Some are now heavily indebted and bankers and industry executives anticipate a wave of consolidation in the next year to 18 months should oil prices remain low. London-listed Afren Plc last month reached a deal to hand control to creditors in exchange for a $300 million recapitalization. Helios also told investors it sees potential opportunities in Egypt and Gabon, the people said.
The group has already invested in African energy. In 2011, it allied with Vitol Group BV, the largest independent oil trader, to buy Shell's petrol-station network in Africa for $1 billion. Two years later it joined Grupo BTG Pactual and state- run Petroleo Brasileiro SA to form a $3 billion joint venture to explore for oil and gas in Angola, Benin, Gabon, Namibia, Nigeria and Tanzania. Helios is also the largest shareholder in Eland Oil & Gas Plc, a London-listed energy group active in West Africa. *(Bloomberg)*

Centum attracts East Africa's largest FDI from a Chinese corporation
Two Rivers Development belonging to East African private equity firm Centum Investments has gotten a funding of $70 million in equity from the Aviation Industry Corporation of China (AVIC). The investment is one of the largest foreign direct investments into any private enterprise in East Africa, by a Chinese corporation. It gives AVIC a 38.9 percent stake in the mixed property development.
The funding by AVIC is in addition to the $5 million in equity invested by the Industrial and Commercial Development Corporation of Kenya (ICDC). Another $80 million has been secured from the Co-operative Bank of Kenya. "The investments by AVIC and ICDC into Two Rivers is in line with Centum's objective to create investment grade assets and provide a channel through which investors access and build extraordinary enterprises in Africa," said James Mworia Centum CEO.
Mworia added that the multiple investments into a project promoted by Centum lays credence to the company's unique ability to create investment grade assets. "We are very pleased and able to create projects of scale which attract both local and international investors and will continue to do so." Two Rivers Development is a mixed use development consisting of retail, offices, hotels and apartments. The Two Rivers Lifestyle Mall, the flagship project of Two Rivers is at 670,000 square feet of lettable space and is one of the largest retail malls in Sub-Saharan Africa. The mall is set to open in October 2015. Other developments in the pipeline are 210,000 SQFT that will be complete in 2016 include a 3 star hotel; City Lodge Hotel, set to open in 2016 and over 100 luxury apartments that will go to market by May 2015. *(Ventures Africa)*

Kenya's Fanisi Capital invests $2.1 mln in food firm
Kenyan private equity house Fanisi Capital said it had invested $2.1 million in a mid-sized local food distribution and processing firm that sells pizzas, berries and fresh juice. With its $50 million fund, Fanisi is one of the emerging private equity groups focused on East Africa's fast-growing economies underpinned by consumer demand.
Fanisi said in a statement it had invested the cash in European Foods Africa Limited (EFAL) through debt and equity.
The company, which distributes its food products to retailers and restaurants in major Kenyan cities, said it will use the new cash to expand its business across the country.
Fanisi, whose fund is backed by the International Finance Corporation, Norfund, Proparco, Finfund, Soros economic development fund and Ludin of Canada, has also invested in a Kenyan meat processor and a Rwandan grain handling business. *(Reuters)*

ENERGY

Enel Gets $170 Million Loan for Wind Farm in South Africa
Enel Green Power SpA, the renewable-energy unit of Italy's biggest utility, received a loan of 2.1 billion rand ($170 million) to help pay for a wind farm it plans to build in South Africa's Eastern Cape province.
KfW IPEX Bank GmbH, the export finance unit of Germany's state-owned development lender KfW, provided the loan for Enel to construct the 111-megawatt Gibson Bay wind farm that will comprise 37 turbines of 3 megawatts each, Enel said by e-mail. Enel also has started an "academy" that will train South Africans to install and sell small solar-power projects such as on home rooftops. It expects to have trained at least 1,000 people by June, Enel said in the statement. *(Bloomberg)*

South Africa Power Crisis Paralyzes Investment, Risks Rating

South Africa's economy could have been 10 percent larger if power shortages hadn't stifled growth and investment and put the nation's debt at risk of being cut to junk, economists' estimates show. Eskom Holdings SOC Ltd., which supplies about 95 percent of the country's electricity, is rationing supply because it can't meet demand from aging plants following years of underinvestment. Its chairman stepped down last month after losing the board's support over a decision to suspend the chief executive officer and three other top managers, leaving it without permanent leadership.

South Africa's estimated economic expansion of 2 percent this year could have been at least 1 percentage point higher had it not been for the cuts, said Dawie Roodt, chief economist at Efficient Group Ltd. Rolling blackouts have curbed mining and manufacturing, both knocked by strikes that limited 2014 growth to the slowest pace since a 2009 recession, and prompted rating downgrades. "If we'd had enough electricity since 2007 and it was not a limiting factor, the economy could have been about 10 percent bigger than it actually was by the end of 2014," Pretoria-based Roodt said by phone on April 2. "That is more than 300 billion rand ($25.4 billion), or more than a million job opportunities."

Koeberg Bolt

The state-owned power utility's struggle to meet demand started as far back as December 2005, when a loose bolt damaged one of the generators at its Koeberg nuclear plant near Cape Town. Breakdowns and multiyear delays in bringing new generating facilities onto the national grid have since led to extended periods of scheduled blackouts. The utility is trying to build new facilities to avoid a repeat of 2008 cuts that forced mines and factories to halt production for five straight days. Eskom is struggling to plug a 225 billion-rand funding gap required to build new plants and maintain existing ones. Finance Minister Nhlanhla Nene said in February the utility will receive 10 billion rand in June, the first payment of a 23 billion-rand cash injection from the sale of state assets. The National Treasury is currently reviewing an application by the power company to increase its prices by 25 percent. Annual inflation was 3.9 percent in February.

Rating Effect

"The government previously was focused on maintaining the sovereign rating at all costs but now, they must also be concerned of the feedback from Eskom into the sovereign," Peter Attard Montalto, a London-based economist at Nomura International Plc, said in an e-mailed response to questions on March 31.

Standard & Poor's rates South African debt one level above junk and below the assessments of Fitch Ratings Ltd. and Moody's Investors Service. S&P cut its evaluation in June, while Fitch lowered the outlook on its reading to negative that month. "The woes of Eskom are putting huge strain on the creditworthiness of the sovereign" rating, Nicholas Spiro, managing director of London-based Spiro Sovereign Strategy, said in an e-mailed reply to questions on March 31. "South Africa is caught in a vicious circle in which the weakness of the economy, the dearth of reforms, the problems at Eskom and the vulnerability of the rand are all feeding on each other."

Manufacturing Decline

A government report on April 9 will probably show manufacturing production shrank 1.5 percent in February following a decrease of 2.3 percent in January. The industry's contribution to the country's gross domestic product declined to 13.3 percent last year from 16.3 percent in 2007, statistics office data show. "We do we see electricity as a very binding constraint on South African growth," Peter Worthington, an economist at Barclays Africa Group Ltd.'s Johannesburg-based investment-banking unit, told reporters Wednesday. Power cuts are "the manifestation of these constraints on growth," he said. Factory owners are wary of committing large sums of money in Africa's most industrialized economy because of erratic power supply, according to the Manufacturing Circle, whose members include the local unit of ArcelorMittal and cement maker PPC Ltd.

FDI Drop

"If you're going to spend a billion rand, you need to have some surety that there's going to be electricity available," Paul Curnow, an energy expert at the Manufacturing Circle, said by phone from Johannesburg on March 31. "People are just simply not building new projects right now."

Foreign direct investment into South Africa was 62 billion rand in 2014, down from 80.1 billion rand the previous year, Reserve Bank data show. The rand has weakened 41 percent against the dollar since the start of 2007. Frequent unplanned cuts and low plant availability will probably persist for the next three years, the National Treasury said in February. "The shortage of electricity to my mind is one of the key factors that investors look at," Axel Schimmelpfennig, representative of the International Monetary Fund in South Africa, said in Johannesburg on March 31. "Even if you think South Africa is an attractive destination, you can wait -- you can come in one year or two years when the power situation is hopefully more stable." *(Bloomberg)*

Acciona, Sener to Build 100-Megawatt Solar Plant in South Africa

Acciona SA and engineering company Sener Ingenieria y Sistemas SA will build a 100-megawatt solar-thermal power plant in South Africa for GDF Suez. The Spanish companies will build the facility at Kathu in Northern Cape province, they said in a joint statement.

The Kathu project is owned by a group of companies led by GDF Suez. It will start operating in 2018 and provide power for 80,000 homes, they said. Solar-thermal power plants, also known as concentrated solar, use mirrors that

focus sunlight to generate steam and power turbines. The Kathu park comes with a molten salt system to store energy for 4.5 hours after dark. *(Bloomberg)*

Norway's development fund to double power investments in Africa
Norway's state-owned development fund, Norfund, plans to double or even triple its investments in Sub-Saharan Africa's power sector by 2020, its managing director said.
Norfund is developing hydropower in sub-Saharan Africa in partnership with Norway's power group Statkraft, and has teamed up with Britain's development fund CDC to invest in Globeleq Africa, a power company with an ambition to add 5 000 MW of new capacity. "We expect to double or even to triple the capital invested in Africa by 2020, depending on the projects," Kjell Roland, managing director of Norfund, told a conference in Oslo, which included energy ministers from Ghana and Zambia. The fund, backed by the government of the oil-rich Nordic country, has invested more than two-billion Norwegian crowns ($248.85-million) in Africa so far, mainly in Sub-Saharan Africa.
The fund is seeking to develop power projects in partnership with private investors, like Kenya's 310 MW Lake Turkana wind power park, which will be the biggest wind park in Africa. "The project is on track to start producing power in 2016, and it should become a showcase for wind power in Africa," Mugo Kibati, a chairperson of the project company, told Reuters. Lack of access to electricity is holding back economic development in many African countries. "Power deficit is the biggest single issue for Ghana's economy," Ghana's Minister of Power Kwabena Donkor told the conference. Sub-Saharan countries will need to invest $490-billion in power generation to reach 80% of electrification in 25 years, a study by McKinsey&Company showed. To bring investment into the power sector, African countries need to have cost-reflective electricity tariffs, clear regulations and a political will, said Adam Kendall, McKinsey's head of power and gas in Africa. Currently only about a third of the population have access to electricity in Sub-Saharan Africa, and in some countries, like Zambia, only 5% of rural and 26% of the urban population have electricity. *(Engineering News)*

Japan finances improvements to electricity grid in northern Mozambique
The Japanese government will provide a grant of US$19 million to Mozambique to strengthen the electricity network in the Nacala Corridor, in Nampula province, under an agreement recently signed in Maputo.
The deputy minister of Foreign Affairs and Cooperation, Nyeleti Brooke Mondlane, who signed the document on behalf of Mozambique noted at the time that Japan has supported Mozambique in agricultural projects, technology transfer, removal of land mines and building infrastructure, including roads, bridges and schools.
The Japanese ambassador, Akira Mizutani said in turn that his country intends to continue to support the development of Mozambique and stressed that the electricity grid was a key infrastructure as, “there is great need for a stable supply of electricity in the north of the country.” The Japanese government is also involved in financing the Pro-Savana agricultural programme, involving three-way cooperation with Mozambique and Brazil for agricultural development along the Northern Corridor. *(Macauhub)*

INFRASTRUCTURE

Lekki seaport in Nigeria receives $1.5 billion funding
Lekki in Nigeria has received $1.5 billion to fund a deep seaport which is set to begin in April and be fully completed by 2018; the project has been financed by a consortium of investors and the Nigerian state.
The investors are led by Tolaram Group and include the African Development Bank (AfDB), the African Finance Corporation (AFC), European Investment Bank (EIB), Standard Chartered Bank, Rand Merchant Bank (RMB) and Standard Bank.
The construction will be carried out by China Harbour Engineering Company (CHEC) and will have a 200 metre long quay and a container yard with a 13,700 ground slot capacity that will be further expanded to 15,000.
The project is the product of a public-private partnership project between the Nigerian government, the Lagos State Government (LASG), and the private investors lead by Tolaram, in 18.5 per cent, 20 per cent and 61.5 per cent equity respectively It is estimated that the deep seaport project will yield up to $190 billion in revenues to the Nigerian state during the 25-year period of concession as part of a shareholders’ agreement signed between the Nigeria Ports Authority (NPA), the LASG and Tolaram Group to this effect. Construction of the port, which will have a total depth of 16.5 metres once completed, will begin with the building of 6 kilometre breakwaters expected to commence at the end of the year. Lekki is expected to 163,000 jobs generate directly and indirectly.
The speed at which the port is expected to handle significant volumes of containers does not simply suggest its utility, rather its absolute necessity: before the first quarter of the second year of operations Lekki is projected to handle over one million containers.
Over the next six to seven years, the port will operate at its full capacity of 2.5 million 20 foot equivalent units (TEUs) per year. The Nigerian economy has experienced unprecedented growth over the past few years and the construction of the deep water seaport at Lekki will facilitate the continued success of its economy. *(African Business Review)*

Benin, Niger finalise terms of Bollore's 1 bln euro rail link
Niger and Benin signed a deal to finalise the terms of the construction and operation of a railway linking Niamey with the port of Cotonou, expected to be finished in the middle of next year. French firm Bollore will cover the entire 1.07 billion euro cost of building the rail link, according to the terms of the deal. "We have created the conditions to guarantee the harmonious, diligent and efficient operation of this ambitious and historic project," said Niger's Planning Minister Amadou Boubacar Cisse.
Bollore will own a 40 percent stake in the operator BENI rail, in which the two countries will each own 10 percent. The remaining stake will be owned by private investors from Niger and Benin. "This contract is a strong guarantee that the railway will be completed and a guarantee of the finance that we are bringing," Bollore group president Vincent Bolloré told state television in Niger.
Work began in April 2014 on a 574 km railway to join Niamey to the eastern Benin town of Parakou, which has an existing rail link to Cotonou. The line is expected to carry mostly freight, with passengers accounting for only a fifth of its activity. At the inauguration of a commercial zone at the railway station in Niamey, President Mahamadou Issoufou said the company could be awarded a concession in the coming weeks to build a rail link from Niger to the capital of neighbouring Burkina Faso, Ouagadougou. The link would form part of a planned 2,800 km network joining up Ivory Coast, Benin, Burkina Faso, and Niger. ($1 = 606.4700 CFA francs) *(Reuters)*

City of Cape Town begins R24m road rehab project
The City of Cape Town enforced lane closures at the intersection of Strand and Adderley streets, as it began the R24-million rehabilitation of the intersection. Lane closures, owing to the major rehabilitation project, would be in effect until late August and the City warned of delays to and from the central business district (CBD) and along Strand and Adderley streets.
The 30-year-old asphalt road surface and base above the streets' concourse was cracked and brittle, leading to water leaks onto the concourse deck and into the pedestrian and retail space below. The City would remove the existing asphalt in the intersection above the concourse, to apply waterproofing and to replace the road surface with a new layer of asphalt. Cape Town MMC for transport Brett Herron said that, once completed, the quality of the road surface would be significantly improved and store owners could be assured that there would not be further leakages. The project would also ensure that future maintenance of this intersection would be delayed for at least another 12 years. One or two sections under construction would be closed at a time, with the project to be undertaken in stages. Parking and entrance to parking garages would not be affected by the construction. Pedestrians were also advised to make use of the concourse or pedestrian crossings further along Adderley and Strand streets as there would be no pedestrian crossings at this intersection. "We will try everything possible to limit the inconvenience to road users, but commuters must please try to avoid this area and find alternative routes into and from the CBD. Those road users who cannot avoid this intersection must expect significant traffic congestion and delays," said Herron. *(Engineering News)*

Mozambique's port and railway company sees average growth of 25 pct in the railway sector
Mozambican state port and rail management company CFM in the last six months experienced average growth of 25 percent in the rail sector and 22 percent in the port sector, the company's chairman said. Victor Gomes, speaking at the opening of the 19th meeting of the company's Board of Directors, said the operating result in 2014 totalled 2.625 billion meticais (US$75 million), representing an increase of 41 percent compared to 2013 .
The chairman of CFM also said that cargo handling in the terminals under the company's management – fuel, grains and aluminium – last year reached 5.8 million tons, an annual growth of 3 percent. The meeting was opened by the Permanent Secretary of the Ministry of Transport and Communications, Pedro Inglês, who after referring to the responsibilities the company had in the transport and processing of domestic goods and for the continent's landlocked countries, listed some of the expectations the Mozambican government Mozambican would like the Board of Directors to consider.
In the north, the government hopes soon to see the beginning of the railway operations linking Moatize to Nacala-a-Velha, through Malawi, and for repair to the Cuamba/Lichinga section of railway to be completed.
In the centre of the country the government is awaiting completion of repair work and increase to the capacity of the Sena and Machipanda lines, which is expected to boost the economy in that part of the country and increase trade between Mozambique and neighbouring Zimbabwe.
In the southern rail and port system the government is waiting for implementation of the project for Rehabilitation, Modernisation and Expansion of the Ressano Garcia Line, the Ports of Maputo and Matola, according to Inglês. *(Macauhub)*

Mozambique's Railways seek funding to expand network
Mozambican port and railway company Portos e Caminhos de Ferro de Moçambique (CFM) plans to raise US$2.3 billion to finance the integrated development plan of railways and port facilities, the chairman of the company said in Maputo.

On the sidelines of the closing ceremony of the 19th Meeting of the Board of Directors of CFM, Chairman Victor Gomes stated that with its own funds the company began repairing the Sena line, which connects the Moatize coal region to the port of Beira, according to daily newspaper Notícias.
Studies are underway to prepare the Project for Rehabilitation, Modernisation and Expansion of the Machipanda line, for drafting the project for modernisation and expansion of the Sena line, the Vila Nova da Fronteira branch line and the technical feasibility, economic and environmental studies for the expansion the Oil Terminal at the port of Beira.
Gomes stressed that a project to rebuild two bridges along the Ressano Garcia line was at an advanced level of implementation as well as construction of the Moatize to Nacala (via Malawi) railway line and the project to refurbish Nacala airport. For two days the leaders of CFM assessed the productive, economic and financial performance of the company in 2014 and analysed the performance report and the status of the major rail and port projects. *(Macauhub)*

MINING

Angola moves to diversify its mining sector
Two iron ore mining projects are due to begin development in the next 18 months, according to Angola's geology and mining minister, Francisco Queiroz. The mines, in Kwanza Norte and in Kuando Kubango, will create more than 4,000 jobs, the minister stated at end-March.
The investment into the Cerca project, in Zenza do Itombe, Kwanza Norte, is valued at US$285m, and the Cutato scheme in Kuando Kubango involves an investment of US$198m. No details were given about the firms behind the projects or what role the state-owned iron company, Ferrangol, would play; this reflects the general opacity surrounding large-scale industrial projects in Angola.
However, Ferrangol holds 30% equity stakes in two other iron ore sites (in Kassala-Kitungo in Kwanza Norte, and Cassinga in southern Huila province), in which a Singapore-registered joint venture involving a global trading house, Trafigura, and Angolan investors has majority stakes.
Angola is rich in iron ore deposits and in the 1960s, during Portuguese colonial rule, the country produced some 6m tonnes/year of iron ore concentrate. However, production stopped during the country's 1975-2002 civil war. Its relaunch has been in prospect for some time-indeed, it was supposed to have been under way already-but progress has been slow. The plan to develop the sector centres on the use of the country's three newly rehabilitated railways to transport iron ore from mine sites to Atlantic ports in Luanda, Lobito and Namibe. There are longer-term plans for an aluminum smelter to be built to process the raw product and add value.
Job creation and diversification away from oil are both badly needed in Angola, which is currently implementing stern austerity measures in a bid to manage the falling price of crude, the source of much of government revenue. However, the announcement of these latest investments was poorly timed, since it came as the price of iron ore fell below US$50/tonne for the first time in more than a decade. *(Economist Intelligence Unit)*

Mozambique increases cooperation with India for exploration of mineral resources
Mozambique and India will continue to cooperate in the exploration of mineral and hydrocarbon resources in the country, said in Maputo Mozambique’s Minister of Mineral Resources and Energy, Pedro Couto.
The assurance came during a meeting with India’s Minister of Oil and Gas, Dharmendra Pradhan, who is on a three-day working visit to Mozambique, in order to strengthen two-way cooperation. “The partnership between Mozambique and India remains strong and should continue to develop,” said the minister, who pointed out that Indian companies are already active in projects related to the exploitation of oil and mineral resources, especially the extraction of gas in the Rovuma basin.
In turn the Indian Oil and Gas Minister thanked the Mozambican government for it openness to investments by Indian companies and stressed that the memoranda previously signed between the two countries also provide for training human resources as a way to speed up the economic and social development of Mozambique. *(Macauhub)*

Australian company extracts 1,317 diamonds in concession in Angola
The exploitation of alluvial diamonds in Lulo, in the Angolan province of Lunda Norte, allowed the 1317 diamond mining since January, informed the Australian company Lucapa Diamond in a statement.
The diamonds extracted as a result of processing 12,912 cubic metres of rock, had a total mass of 1,335 carats, with an average of 1.01 carats, and the largest is 26.7 carats. Block 29 is the first area of alluvial diamonds mined in Lulo since the Australian diamond company and its partners last November signed a 35-year concession contract.
The company, whose Angolan partners in this project are state company Endiama and private group Rosas & Pétalas, has given assurances that with these results next June it will achieve positive cash flow from mining in Lulo.
During the prospecting phase, which lasted for six years, the company extracted 876.5 carats in the Lulo area, including a stone of 131.4 carats, the largest of all, which yielded US$6 million. The Lulo concession lies 150 kilometres from the Catoca diamond mine, which is the biggest in Angola and the fourth-largest of its kind in the world, and both are located in the same geological area. *(Macauhub)*

Norilsk Sees Africa Cutting Platinum Output on Spending

OAO GMK Norilsk Nickel sees South African output of platinum-group metals declining in the next several years as the Russian mining company leads investors in creating a $2 billion palladium fund.

"Investments in a vast amount of projects in South Africa were delayed and it's hard to expect an increase in output in the region," Anton Berlin, head of strategic marketing at Norilsk, said in an interview on Monday. "Most likely, it will even fall." This year, South African output will recover to match its 2013 level of 4.4 million ounces of platinum and 2.4 million ounces of palladium following a sharp decline caused by five months of strikes in 2014, he said.

Production of platinum and palladium, which are mined from the same deposits and used in automobile catalytic converters, has been lower than demand since at least 2012. Opaque stockpiles held by hedge funds have contributed to price volatility, according to Norilsk. More than 1 million ounces of potential output were lost during strikes in South Africa that ended in June, according to research by Johnson Matthey Plc.

The platinum market had a deficit of almost 1 million ounces last year, which should narrow to 500,000 ounces this year, according to Norilsk's estimates. South Africa's ore quality has declined over the past decade, and miners are having to seek reserves deeper underground, raising development costs, according to Berlin. Low metals prices make investments less attractive at the moment, he said.

Undisclosed Stockpiles

Platinum declined more than 18 percent in the past 12 months and traded at $1,167.25 per ounce in London. Palladium was little changed at $770.35 per ounce.

Price volatility has been intensified by undisclosed stockpiles of platinum-group metals, with hedge funds posing the biggest danger, Berlin said. It's only known that ETFs hold up to 2.8 million ounces of platinum and 2.9 million ounces of palladium but nobody really knows how much metals are with hedge funds or pledged under so-called metals accounts, he said. Norilsk seeks to bring some of those inventories into a more transparent structure by forming a $2 billion palladium fund that would buy the metal from the Russian central bank and some hedge funds, according to Berlin.

The investors are seeking to reach an agreement with hedge funds on purchases in the third or fourth quarter, according to Berlin. The Bank of Russia has agreed to sell palladium from its stockpiles, billionaire Norilsk co-owner and Chief Executive Officer Vladimir Potanin said last month.

Norilsk is ready to invest $200 million in the fund with an equal amount coming from Interros, Potanin's investment company. Another Norilsk investor, Roman Abramovich, may also participate, according to Potanin.

International Bank

The group agreed with an international bank on a loan for 80 percent of the potential fund, or $1.6 billion, he said, declining to name the bank. The metal will be used as collateral. Last year, Potanin said that Bank of America Corp. was interested in the deal. The bank's external service in Moscow declined to comment on Tuesday.

The fund will sell palladium only to industrial clients, Berlin said. "Demand is high and even all of Norilsk's output can't satisfy it." Russia Agrees to Sell Palladium to Norilsk-Led Investor Group Norilsk Sees Rebound in Nickel Price as Market Turns to Deficit. *(Bloomberg)*

Zambia cabinet to present changes to mining royalties on 13th April

Zambia's cabinet will table changes to mining royalties after the finance and mines ministers proposed the amendments, the president's spokesman said on Thursday.

Zambian President Edgar Lungu last month directed the finance and mining ministers to change royalties on mining firms by April 8, saying the copper-producer could consider temporarily reverting to the tax regime in 2014.

"The technical committee has finished looking at the proposals from the ministers of finance and mines. Cabinet will table the proposed changes on Monday," presidential spokesman Amos Chanda told Reuters.

The decision to increase royalties in January for open pit mines to 20 percent from 6 percent and those for underground mines to 8 percent from 6 percent has rattled foreign mining firms in Africa's second-largest copper producer.

Unions are also worried that jobs could be lost. Zambia's kwacha has gained lost ground against the dollar as the market anticipated changes to the existing tax regime in favour of mining companies. *(Reuters)*

Mwana Says $100 Million Needed to Revive Congo Diamond Mine

Mwana Africa Plc said it will cost almost $100 million to realize plans to raise production at its venture with the Democratic Republic of Congo's state-owned diamond miner more than 10-fold.

The Societe Miniere de Bakwanga, or Miba, has the potential to increase annual diamond output to as many as 8 million carats from 500,000 carats now, Mwana Chief Executive Officer Kalaa Mpinga said in an interview with Bloomberg TV Africa that will be broadcast Saturday. Mwana owns 20 percent of Miba, while the central African state's government controls the rest.

The operation "will have to change its production model significantly" to target deposits found in kimberlite rock, Mpinga said. "There's going to have to be a shift from alluvial mining," he said, referring to deposits found in gravel and sand. "We are confident that it has a large resource and that it can be done."

Mwana, which is based in London and also mines nickel, gold and diamonds in countries including Zimbabwe and South Africa, is in talks with Congo to recapitalize Miba, an asset that produced an average of 6 million carats of diamonds annually from 2002 to 2006, Mpinga said. Congo, the world's biggest cobalt producer, needs investment to help rebuild infrastructure damaged by two civil wars from 1996 to 2003. *(Bloomberg)*

North Americans lead chase to buy AngloGold mine

North American gold producers are leading the chase to buy an AngloGold Ashanti mine in the US, underlining their desire to retreat to home turf and cut exposure to riskier jurisdictions.

A sale of the Cripple Creek mine in Colorado would be one of the largest of a US gold asset since the price of the precious metal declined sharply in 2013. It could raise up to $1bn to help the South African group cut its debt after a plan for a rights issue failed last year.

Newmont Mining of the US and Canada's Kinross Gold are among a group of miners conducting second-round talks with AngloGold over a deal for part or all of Cripple Creek, according to people familiar with the sale process. Iamgold and Goldcorp, two other Canadian companies, have also shown interest.

A number of North American miners are expected to be keen to strengthen their holdings close to home to counterbalance riskier assets overseas. It would follow the example of Goldcorp, which only operates in the Americas and has become the world's largest miner by market capitalisation.

Kinross has fallen out of favour with investors because of its significant exposure to Russia, source of almost 30 per cent of its output, amid increased tension between President Vladimir Putin and the west.

Colorado-based Newmont was embroiled last year in a dispute with Indonesia's government over its copper and gold mine in the country. It has also run into fierce local opposition to a proposed mine in Peru.

Newmont said this month it would build a mine in Nevada and last year discussed a tie-up with Barrick Gold that would have refocused the merged company on their combined holdings in the US state, although the idea was shelved after extensive talks. Patrick Chidley, a mining analyst at HSBC in New York, said some miners were willing to pay more for assets in less risky jurisdictions. "Some companies have shown that they are not managing risks in emerging markets very well and some countries have been guilty of increasing their demands of miners, to the point where companies have started to say 'enough is enough'. So assets in places such as the US or Canada may attract higher valuations," Mr Chidley said.

AngloGold, the world's third-largest gold miner by output, would like to sell part or all of Cripple Creek and may try to retain operational control. Kinross and Newmont declined to comment on their interest in Cripple Creek.

AngloGold's willingness to sell comes after Srinivasan Venkatakrishnan, chief executive, last year abandoned a proposal to restructure the group into two separate companies. Investors were unhappy at the prospect of a $2.1bn rights issue that would have accompanied the restructuring.

Mr Venkatakrishnan has said AngloGold "will not act in haste" as it seeks to cut its $3.1bn of net debt by $1bn within the next three years. The company is in the final stages of an expansion at Cripple Creek to nearly double annual output. The mine has about 10m oz of gold resources. *(Financial Times)*

OIL & GAS

Oil-Price Drop Offers Petro-States Chance to Curb Domestic Demand

Middle East's voracious energy use, propped up by subsidies, is threatening exports; consumption is 'out of control'

The sharp drop in oil prices hasn't been kind to the world's petro-states, but it has provided an opening to address one of their most pressing economic problems: runaway domestic energy demand.

In the Middle East, the growth in demand is driven in part by expanding populations, as well as a deliberate move into energy-intensive industries such as aluminum and petrochemical production. But a big part stems from the region's ubiquitous energy subsidies.

Voracious energy use in countries such as Saudi Arabia and Iran is threatening exports from the most oil-rich region in the world. Failing to restrain this galloping demand could leave global markets more volatile, pressure domestic budgets and eventually nudge prices back up.

The 12 members of the Organization of the Petroleum Exporting Countries have increased domestic energy consumption tenfold in the past four decades, a period in which energy use in the rest of the world has a little more than doubled. Saudi Arabia has seen an eye-popping, more than 60-fold increase in consumption over that period.

As a group, OPEC members—mostly countries in the Middle East and Africa, plus Venezuela and Ecuador—now consume almost as much energy as China, with less than half its population. The Middle East, especially, is expected to account for a major chunk of future global demand growth. Saudi energy use is expected to grow at a 3.8% rate through 2020, according to the International Energy Agency. That's slower than the country's 5.7% annual average over the past six years, but well above the expected global average of 1.2%.

Consumption is "out of control," said Steve Griffiths, an executive director at the Masdar Institute, an energy think tank in Abu Dhabi.

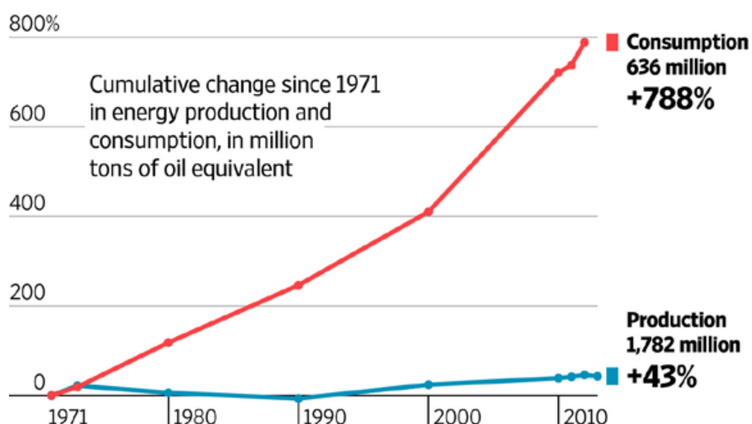
Nearly every country in the Middle East long ago embraced the notion that cheap fuel was essentially a birthright. As a result, energy is all but free in some places, such as Saudi Arabia, where a gallon of gasoline costs 45 cents. Governments pick up the rest of the tab, either paying for imports or forgoing income that could be earned by exporting domestic oil or gas rather than selling it for rock-bottom prices at home.

Most countries have realized that's not sustainable. Some countries, such as Iran, Nigeria and Venezuela, have already hit that wall: They are unable to maintain their spending on imports to meet demand or balance their budgets without the export revenue they are forgoing to satiate consumers' growing energy appetite. Iran has made some halting progress in raising prices closer to market levels; Nigeria and Venezuela haven't.

Slashing subsidies is never easy, with the risk of social turbulence from an unhappy citizenry. The good news: Economists and policy makers point out that the steep drop in oil prices presents a historic opportunity to reel back price supports with minimal or even no immediate adjustment to what consumers pay.

Governments could take the time offered by the reprieve to design policies to construct a stronger social safety net, aiming support at those who need it when prices rise rather than an across-the-board subsidy. Iran, facing runaway expenditures to import gasoline, has reduced subsidies (and thus raised prices at the pump) twice over the past five years, substituting direct cash payments to all consumers. Elsewhere, Indonesia and India have made similar moves more recently.

But there's been little progress in other quarters of the Persian Gulf, particularly Saudi Arabia, where the problem is particularly acute. The cost of artificially low prices there has ballooned from $5 billion in 2004 to $32 billion last year. Continued growth in Saudi energy use could make the country, now among the world's largest oil exporters, an importer by 2038, according to Chatham House, a U.K.-based think tank.



Long before that, Saudi Arabia's ability to hold back on pumping some of its oil—known as "spare capacity"—would disappear as domestic demand grows. That capacity, which can be switched on or off at the country's whim, is key to its role as king of the world's oil markets, and has been critical to its ability to smooth out what would otherwise have been some huge market swings.

Ballooning Saudi demand is "going to take away their ability to be the swing producer, to go up or down in production," according to Jim Krane, a fellow at Rice University's Baker Institute for Public Policy.

That might seem irrelevant today, when the globe is glutted with oil. But as demand catches up to supply—in no small part due to swelling demand growth among Middle Eastern petro-states—the global oil market could become significantly more volatile, he notes. Some big energy importers—such as Egypt, Indonesia and India—have managed to cut subsidies significantly to head off fiscal disasters. But the major petro-states, beyond Iran and Venezuela, have no budget pressures to focus officials' minds on overhauls.

Countries like Saudi Arabia, fearful of a social blowback, can tap huge reserves to maintain their subsidies and cover the loss of export revenues. They are focusing on improving energy efficiency and expanding their domestic energy supplies through nuclear power plants. But that only means energy use will continue to rise—and well above the rate new supply can be added. "Saudi is not a small energy consumer," said Laura El-Katiri, a research fellow with the Oxford Institute for Energy Studies. "What happens to demand there is important to the overall demand picture globally." *(Wall Street Journal)*

Equatorial Guinea ratifies exploration deal with ExxonMobil for offshore Oil Block

Oil rich Central African country,Equatorial Guinea has ratified its deal with US energy giant ExxonMobil for the exploration of its prolific offshore field. The oil field, titled Block EG-06, is located in Bioko Island, adjacent to the international border with Nigeria. The contract was signed on January 16, 2015 between ExxonMobil Exploration and Production Equatorial Guinea (Offshore) Limited, GEPetrol and the Government of the Republic of Equatorial Guinea, represented by the Ministry of Mines, Industry and Energy.

Equatorial Guinea is the third-largest oil producer in Sub-Saharan Africa. The country has a production of about 360,000 barrels per day. The Ratification instrument marks the commencement of the term of the Production Sharing Contract (PSC) between the partners and the start of operations for Block EG-06 and therefore its enforceability and

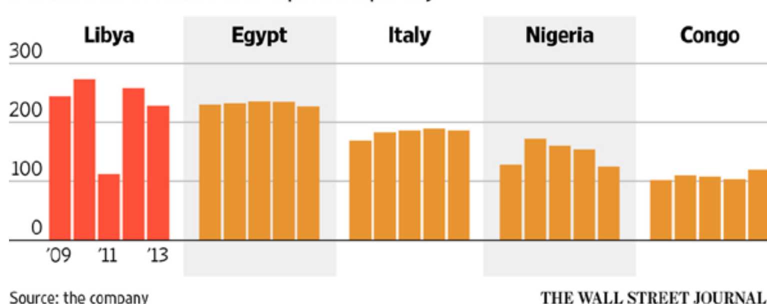
the start of operations. As part of the minimum work obligations for the PSC, ExxonMobil will acquire 750 square kilometers of new 3D seismic data and drill at least two wells during the five-year exploration period.
ExxonMobil has been active in Equatorial Guinea since 1995 as operator of offshore Block B, near Bioko Island. It holds a participating interest of 71.25 percent, GEPetrol has 23.75 percent and the Equatorial Guinea government holds the remaining 5 percent. The accumulated oil production of the Zafiro Field recently exceeded 1 billion barrels in December of 2014.
The Minister of Mines, Industry and Energy, Gabriel Mbaga OBIANG LIMA, said the ratification of the new PSC "signifies the start of a new adventure between old acquaintances and is expected to be as successful as the first one." "The agreement with a supermajor like ExxonMobil is a major vote of confidence in Equatorial Guinea, even as global commodity prices remain depressed. This is added proof that offshore Equatorial Guinea continues to be an appealing jurisdiction for the exploration of hydrocarbons," he added. *(Ventures Africa)*

African Oil Producers Seeks Production Cut, Start Initiative
The African Petroleum Producers Association, which represents oil and gas producers from Algeria to South Africa, called for a cut in oil output globally.
The group also includes the continent's biggest producers, Nigeria and Angola. It's starting an initiative, led by Angola and Algeria, to seek collaboration between members of OPEC and other oil producers to reduce output and stabilize oil prices, which have halved since the end of June.
APPA wants "to set up a platform of commitment at the international level from the producing countries," said Ousmane Doukoure, director of exploration and production at Ivory Coast's oil ministry, as he read out a statement on Friday at the end of an APPA meeting in Abidjan, Ivory Coast's commercial capital.
African countries from Angola to Nigeria to Equatorial Guinea have had to cut their budgets in recent months after the plunge in oil prices affected the amount of income they will get from their biggest exports. Countries, including the continent's biggest economy Nigeria, have slashed growth forecasts. "We are very concerned by the drop of the price," said Gabriel Lima Obiang, oil minister for Equatorial Guinea, after the meeting. "We are revising already our budget because of the price and we have been welcoming an initiative by Angola and Algeria to study a way we can work together to stabilize the price in the future."
'Drastic Reduction'
Of the African producers only Algeria, Libya, Nigeria and Angola are members of OPEC. While some members of OPEC have called for an output cut the biggest producer in the organization, Saudi Arabia, is opposing any reduction in output. "The current prices are unfair and are having an impact on the economies of African countries," Mashallah Zwai, oil minister for the Tripoli-based Islamist government in Libya, said through an interpreter. "We will ensure our voice is heard about this crisis so as to emerge from it as soon as possible." Zwai said Africa accounts for about 8 percent of global oil production.
Libya is split with a separate government, based in the eastern town of Tobruk, recognized by the United Nations. "It has been a drastic reduction" in the oil price, Obiang said. "What we need to do is think of new initiatives, for example the diversification of our economies, so as we don't depend on oil."
Nigeria, Africa's biggest oil producer, relies on the commodity for over 90 percent of its export income.
Brent crude oil traded at $54.95 a barrel on Thursday. Its lowest level since June was $46.59 on Jan. 13. *(Bloomberg)*

Gabon Considering Back Tax Penalties Against Royal Dutch Shell
Oil minister says audit could result in demand for about $100 million in back taxes from energy company
Gabon's oil minister said the country is considering levying tens of millions of dollars in tax penalties against giant energy company Royal Dutch Shell**,** prompting the U.K. government to contact the African government, according to people familiar with the matter. Gabon Oil Minister Etienne Ngoubou said the government was conducting an audit of the Anglo-Dutch company and considering demanding back taxes. He said the amount of back taxes the government would demand—if any—is likely under $100 million. "But the audit is not finished," he said in an interview. The audit prompted the U.K.'s Foreign and Commonwealth office to contact the Gabon government in late March and urge it to provide a transparent and attractive environment for British businesses, the people familiar with the matter said. Shell declined to comment. Mr. Ngoubou said he wasn't aware of any approach by the U.K. government to Gabon on behalf of Shell.
An FCO spokesman said the British government supports U.K. companies in Gabon and throughout the world. "We seek to encourage governments to improve the ease of doing business, to promote greater transparency and to boost the attractiveness of markets to investment by U.K. businesses," he said, without commenting on the specific approach. Shell declined to comment.
Gabon, a West African country of 1.7 million people, produces 239,000 barrels of oil a day. Shell, there since 1960, operates onshore and offshore oil and gas assets from which it gets 12,000 barrels a day of oil.
If Gabon seeks back taxes from Shell, it would be the latest in a series of tax disputes with foreign oil companies. In February 2014, Gabon demanded tax arrears of $805 million from France's Total, which it said was settled in November for an undisclosed amount. In its approach to the Gabonese government, the U.K. also mentioned the

African country's dispute with U.K.-listed oil explorer Tullow Oil. Tullow is locked in protracted talks to recover a stake in oil fields that had been expropriated by Gabon. Tullow said in February it hoped to get the asset back by the end of June. Mr. Ngoubou said "discussions are continuing." *(Wall Street Journal)*

Libya's War Rages but Eni Keeps Pumping Oil
With protection from Islamic militias, Italian oil giant's partners lift output as others exit
Italian energy giant Eni has emerged in recent weeks as the only international oil company still pumping near capacity in war-torn Libya, helped by protection from militias and tribes secured by its local partners.
Libya's security risks have crippled the efforts of rival oil companies such as Total SA of France, Repsol SA of Spain and Marathon Oil of the U.S., which have said they have suspended production onshore in the North African country.
The dangers have intensified in the past month with the rise of terrorist network Islamic State in Libya, a new risk in a nation that fractured after the 2011 ouster and death of dictator Moammar Gadhafi. Some of the country's oil fields were left in ruins by attacks last month by gunmen who have allied with Islamic State.
So far, Eni's operations through its partners have largely been spared in the fighting between an Islamist group of militias called Libya Dawn that controls the capital of Tripoli, and an internationally recognized government in the city of Baida, thanks to security arrangements struck on its behalf, according to people familiar with the matter.
In the nation's northwest corner, an Eni pipeline carrying around 10% of Italy's natural gas supplies sits near a jihadi training camp but is protected by a militia called Western Shield that is part of Libya Dawn, said Libyan officials and a Western security official.
At the Sahara outposts of Eni's local joint-venture, a local nomadic people called the Tubus have been hired to provide security, Libyan officials said.
And to help ensure smooth operations at the Wafa field in Libya's south, Eni's local partners have hired youths in Zintan, a city allied with Libya Dawn's rival in Baida, and militias drawn from the city are aiding with protection, according to a Libyan oil official and the Western security official. "Eni is holding the stick in the middle," said the Libyan official, using a rough translation for an Arab phrase about cultivating both sides.



An Eni spokesman said the company has no agreements with any militias in Libya. Eni declined to make an executive available for an interview. The company has said it has evacuated its staff from Libya's mainland.
Its operations there are run by Mellitah Oil & Gas, a 50-50 joint venture between Eni and Libya's National Oil Co. Bonatti, an oil-services company that works with Mellitah and has some of the last Western expatriates still working in Libya, helped secure some of the security arrangements, said people familiar with the matter.
Representatives for Mellitah and Bonatti declined to comment.
Doing business in high-risk countries has been part of Eni's portfolio since it emerged onto the international energy scene in the early 1950s when then-Chairman Enrico Mattei set the goal of ensuring Italian energy independence.
Eni, Italy's largest company by sales and market value, is among the 10 biggest oil-and-gas companies in the world by revenue and is the largest western producer in Africa. That size has made Eni a de facto arm of Italian foreign policy. CEO Claudio Descalzi earlier this year was part of an official Italian delegation sent to Cairo to discuss the situation in Libya.
The relationships have helped Eni produce 240,000 barrels a day of oil equivalent, which includes gas production, in Libya last year and 300,000 a day in early 2015, by far the most of any company there. Eni now accounts for about a third of Libya's oil-and-gas production compared with less than a fifth before Gadhafi's death, according to figures released by Eni and the Libyan government.
"Eni has been operating in Libya for more than 50 years, much more than the other European oil companies, and it is easy to imagine that in that time they have made the contacts that now make it possible to coexist with some of the militias," said Alberto Tonini, the head of the master's degree program in Mediterranean studies at the University of Florence.
Other companies have generally arranged for security directly through Libya's National Oil Co., Libyan officials said. Some of their fields, much of them in the central Sirte region, were the scene of devastating attacks last month.
Striking security deals with Libyan militias is a "risky strategy," said Geoffrey Howard, a Libya analyst at Control Risks, speaking generally. The membership of local militias changes often, and some could be accused later of human rights abuses or of being connected to terrorists, he said. "The proliferation of nonstate actors [in Libya] makes it

increasingly complex to do business," Mr. Howard said. Eni also has benefited from the fact that many of its operations are offshore, an area not yet touched by the violence roiling Libya.
Onshore fighting has targeted the oil industry. In March, militants attacked a remote field in the desert, decapitating eight Libyan guards and kidnapping nine foreigners. A similar attack in February led to the killing of 12 Libyan and foreign oil workers. Damage to oil facilities could take months to fix.
Mellitah's oil-and-gas complex in the northwest, where a crucial pipeline carries natural gas to Italy, underscores the dangers for Eni. It is about 7 miles east of a training camp of the Tunisian branch of jihadist group Ansar al-Shariah. The camp was initially for fighters joining Islamic State in Syria and is now focused on attacks in North Africa, according to a Western security official.
At the complex's dock on the Mediterranean Sea a boat stands ready to whisk workers to safety. "The assumption is that gun or mortar fire would be heard when an attack started at the gates to the plant and the workers would have time to run to the boat that would take them to safety," said a person briefed on the plans.
Eni declined to comment.
The unraveling of Libya has special resonance in Italy—just 315 miles away across the Mediterranean—because of the country's proximity and their long and intertwined past. Italy occupied its southern neighbor for 30 years at the beginning of the 20th century, and the countries' commercial relations go beyond oil and gas.
Salini Impregilo, Italy's largest general contractor, had to abandon seven commissions—including building a highway, airport and conference center—last year worth about $2 billion because of safety concerns. Finmeccanica, the Italian space and defense company, and Italy's aviation authority have suspended contracts there as well. *(Wall Street Journal)*

Zambia to Sell 30% Stake in Linde's Local Gases Unit This Year
Zambia will this year sell its 30 percent stake in the local unit of Germany's Linde AG, the biggest gases supplier in southern Africa, with the stock priced at a "deep discount" to benefit citizens, the government said.
Zambia's Industrial Development Corp. is leading the sale process, which will prioritize economic empowerment for citizens over raising funds for the government, Charles Mate, corporate affairs director at the state-owned IDC, said by phone. The sale may be completed by the end of June, he said.
"When you're doing a preferential offer whose objective is economic empowerment, your objective is not necessarily raising cash," Mate said from the capital, Lusaka. "We want to give Zambians the benefit of that discount."
The sale of the stake in Afrox Zambia Plc, as the Linde unit is known, becomes the first deal the IDC will undertake since then-President Michael Sata established it to spur development in January last year. While raising funds for the state isn't cited as the transaction's primary goal, it will add to coffers depleted by declining copper revenue for Africa's second-largest producer of the metal. The IDC's Mate wouldn't estimate what the 30 percent stake might be valued at and said managers have yet to be appointed to handle the sale.
First Quantum Minerals Ltd., Vedanta Resources Plc and Glencore Plc are among mining companies Afrox Zambia supplies with industrial gases. Linde owns 50.5 percent of Johannesburg-based African Oxygen Ltd., which in turn holds a 70 percent stake in Afrox Zambia. The Zambian company earned 37 million rand ($3.1 million) in 2014 on sales of 224 million rand, African Oxygen's financial statements show. It had total assets of 182 million rand at Dec. 31. *(Bloomberg)*

China aims to turn Mozambique into a centre for natural gas exploration
China aims to turn Mozambique into a centre for natural gas exploration, according to Portuguese researcher Gustavo Placido dos Santos, who notes the East African country has a lot to gain from Chinese involvement in natural gas exploitation.
Mozambique has one of the world's largest recently discovered natural gas reserves and is starting to receive the first investments at a time when the difficult economic situation in the raw materials market is leading to postponement of some projects, in addition to some political instability in the country.
In an analysis for the Portuguese Institute of International Relations, Gustavo Placido dos Santos argues that Mozambique is a central commitment for China, which makes the country's stability a concern.
"On the one hand natural gas exploration in Mozambique will have much to gain from China's involvement, and on the other, it is in Beijing's interest to secure new supplier markets, amongst which Mozambique is considered one of the most desirable," said the researcher. "The dynamic of Beijing's strategic shift in relation to Africa, and the need to defend its interests and investments, may be a key factor in ensuring stability," he said.
China ranks as one of the major future markets for Mozambican natural gas, with its state oil companies taking stakes in companies responsible for natural gas operations.
Sinopec has 20 percent of a concession in the Rovuma basin and the China National Offshore Oil Corporation (CNOOC) has been identified as interested in buying part of the same concession, operated by Italy's ENI.
ENI originally had a total 70 percent stake, but sold 20 percent to Sinopec, in order to drive investment resources and increase China's interest in natural gas production. Mozambique's government has estimated that to date over 75 trillion cubic feet of natural gas have been found in Area 4 and more than 95 trillion cubic feet of natural gas in Area 1.

Asia is now considered the only market capable of monetizing the investments already made and due to be made in future production of liquefied natural gas in Mozambique, in direct competition with Qatar and Russia.
Researcher Loro Horta said in a recent article that China is rapidly asserting itself "as the most important diplomatic and economic player in Mozambique," investing millions on a "no questions asked" basis. *(Macauhub)*

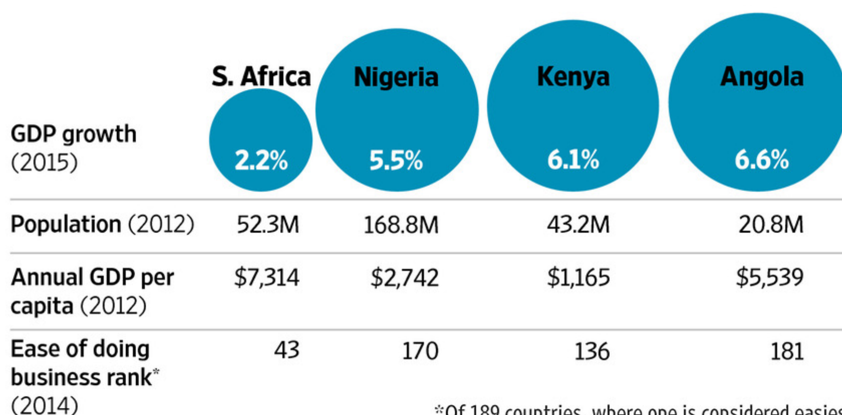
RETAIL

Businesses Seek Out New African Frontiers
Uncertainties in South Africa, Nigeria prompt firms to explore growth elsewhere

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

Pick and Choose

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



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

*Of 189 countries, where one is considered easiest

Sources: South Africa Reserve Bank (South Africa's GDP); Nigeria Finance Ministry (Nigeria's GDP); Angola Finance Ministry (Angola's GDP); World Bank (Kenya's GDP, population, GDP per capita, ease of doing business) THE WALL STREET JOURNAL.

"These are still relatively high-growth countries, and these experiences can be a long-term gain," said Corneleo Keevy of Ashburton Investments, an arm of Johannesburg-based banking group FirstRand. "Expanding in Africa isn't an overnight play." Anemic growth in the continent's most advanced economy, South Africa, and instability in its largest, Nigeria, have buffeted the continent's biggest companies, complicating efforts to burrow into the global economy's newest frontier before their foreign competitors.
Their home market, South Africa, is racked by joblessness and power blackouts. The economy that gave rise to major banks and telecom firms like Standard Bank Ltd. and MTN Group is now growing less than 2% annually.
They and their peers have pinned their hopes on Africa's ascendant giant, Nigeria. But that country of some 170 million people is now wrestling with a tanking currency and Boko Haram. These are serious obstacles to its growth in the immediate future that the newly elected government of Muhammadu Buhari will have to deal with after his swearing in.
The troubles in Africa's two top economies have left executives juggling cost-cutting and aggressive marketing pushes there, while plotting to boost their business in smaller but promising African countries like Angola and Kenya. "These are risky markets but it would be riskier not to be there," said Konrad Reuss, Standard & Poor's Ratings Services' managing director for sub-Saharan Africa. He acknowledges, though, that "there might be less money to go around for a while."
Indeed, analysts say companies determined to tap Africa's growing middle classes cannot ignore Nigeria. "There've been a lot of negatives but these hopefully are short-term," Shoprite Chief Executive Whitey Basson told South Africa's Sunday Times newspaper in March. "We really treat it as something we must cope with and learn how to deal with." And it will take decades before people in most of Africa amass the spending power of South Africans, so both countries remain central to African corporate strategy. But the current fragilities of these two African giants show that setting up shop in the rest of the continent is critical in hedging bets. Africa as a whole is growing at 5%, not far behind other billion-person emerging economies, China and India.

Nigeria overtook South Africa last year to become the continent's biggest economy, but its dependence on oil has sent its currency tanking as global oil prices have dropped. Boko Haram's attacks in the northeast mean a swath of the country is a no-go zone.
The Nigerian experience of South Africa's MTN Group shows both the risks and rewards of these continental forays. Revenue at the continent's biggest telecom company shrank 3.9% last year. In Nigeria, MTN's biggest market and where it hopes to aggressively boost income, revenue only rose 3.4%, well below expectations. Nigeria had been a key source of profits for MTN in previous years, doing so well that the local competition authority had to put restrictions on it because it was deemed a "dominant player," controlling half the market, in 2013.
For now, analysts say MTN and other South African companies could struggle to pull profits out of Nigeria while the naira lingers at record lows and the central bank restricts access to U.S. dollars.
For MTN, weathering the storm means expanding across Africa and the Middle East, including in some sanctioned states like Syria, Iran and Sudan.
Sim Tshabalala, co-chief executive of Standard Bank Group, the continent's biggest lender by assets, sees opportunities in the rest of the continent. Standard Bank Ltd. recently reported that almost a third of its revenue in 2014 came from sub-Saharan Africa excluding South Africa—up 41% from the previous year. "As the continent gets wealthier and enters the middle class, it needs banking services," Mr. Tshabalala said in an interview, singling out East Africa and especially Kenya as big sources of future revenue. The region was the fastest-growing for Standard Bank in 2014, he said.
Still, illustrating the bank's current conundrum, South Africa in the short term remains crucial: "Banking penetration and financial deepening in those markets is shallow compared with South Africa," he said, meaning the proportion of Africans that use banks is still small.
Smaller South African firms are also embarking on pan-African adventures to shield their bottom lines. Packaging company Nampak Ltd. recently purchased a $300 million can factory in Nigeria, and is finishing construction on a second $180 million can factory in Angola. "Some impact on the consumer's pocket is probably unavoidable," as a result of the oil-price and currency drops, Nampak Chief Executive André de Ruyter said. But in the long term, he said, his firm's future depends on growth outside South Africa, where power outages and labor strikes have crimped economic growth. "We cannot rely on GDP growth here to give us the volume growth we need to drive increased profitability," he said. *(Wall Street Journal)*

Pick n Pay expects to deliver 'strong financial performance'
PICK n Pay expects its full-year earnings to increase by as much as 30%, supported mainly by cost cuts. The retailer said that it expected to deliver a "strong financial performance" for the 2015 financial year. In the 52 weeks ended March 1 2015, diluted headline earnings per share were seen rising between 20% and 30% to a range between 80.56c and 87.27c. The group said this would be the fourth consecutive reporting period of growth.
"This result reflects progress over the past two years in achieving the first phase of the group's recovery plan — to stabilise the business by applying effective financial rigour to expenditure, making significant improvements to working capital management to reduce debt and interest charges, and beginning the task of driving greater efficiency through all operations," the company said.
Once a darling of investors and customers, Pick n Pay has lost ground to rivals such as market leader Shoprite Holdings in the last few years after failing to invest in new stores and supply chains and paying out much of its profit as dividends.
The company has been cutting costs, including shutting 40 stores under a turnaround strategy initiated two years ago when Richard Brasher, former UK head of Tesco, took over as CEO.
The retailer said it expected growth to have grown by 6.1% reflecting "the financial pressure on middle-income customers, combined with the impact of strategic actions which … impacted turnover in the reporting year". Year rolling, Pick n Pay Holdings' share price is up 6.55%, while Pick n Pay Stores has grown 4.55%. The muted sales growth highlights a downswing across the retail industry as a result of rising electricity prices, higher interest rates and high personal debt levels which have hit consumer spending.
Looking ahead, the group said having substantially completed the first stage of its strategic recovery plan, it was now a stronger business and better for customers. "The second stage of the plan — changing the trajectory of Pick n Pay — will deliver accelerated improvements in operating efficiency, investment and innovation in the customer offering, a further strengthening of the balance sheet and financial performance, and a dynamic approach to expansion," said the retailer *(BDLive)*

AGRIBUSINESS

Zambeef hatches new opportunities for Zambia's poultry industry
Zambia's poultry industry is set for major growth and enhanced development after the company announced its first broiler parent stock at its new state-of-the-art facility in Mpongwe. Poultry production accounted for almost ten percent

of Zambeef's revenue in the financial year ending in September 2014 and therefore represents a crucial growth industry for the company.
Zambeef is the country's largest commercial agriculture firm in the country and is involved in every stage of meat production and distribution. Its most recent poultry project is in collaboration with Rainbow Chicken, South Africa's largest poultry producer.
The new facility will be responsible for the provision of high quality day-old chicks using Zambeef's expansive supply chain which comprises of a nationwide network of farms. The combination of the new plant and the company's supply chain will ensure that receive the best chicks in a timely, coordinated fashion.
The operation has great potential to provide business opportunities for farmers, who will be able to buy these chicks at a low price, with access to a streamlined supply chain. Poultry feed from Zambeef's stockfeed division will be offered for sale with the chicks, providing a one-stop shop for poultry entrepreneurs. Zambeef CEO Francis Grogan said, "Zambeef is putting its money where its mouth is and will be relying on the Zamhatch day-old chicks to supply Zamchick, our broiler rearing division." This initiative will bring both direct and indirect employment opportunities for Zambians and will enable the country to reap the benefits of an advanced, efficient agricultural sector. *(African Business Review)*

Kenyan Tea Price Seen Falling on Expectation Rains to Boost Crop
Prices at the Kenyan tea auction in Mombasa have declined on speculation the approaching wet season will boost supplies of the leaves after a spell of dry weather, according to the East African Tea Trade Association.
The average price of African tea fell 6 percent to $2.44 a kilogram (2.2 pounds) to a five-week low at the Mombasa sale, which includes leaves from producers in Uganda, Tanzania, Rwanda, Burundi and Democratic Republic of Congo. Prices peaked this year at $2.64 per kilogram on March 10.
Tea buyers are delaying purchases "as they are anticipating an increase in supply at lower prices in the coming weeks," East African Tea Trade Association Managing Director Edward Mudibo said in an e-mailed response to questions. "The price decline could also be a price correction," he said. "The preceding steep price hikes could have been faster than anticipated. The prices are therefore stabilizing."
Kenya's long wet season, which usually runs March through May, is crucial for agricultural producers in a country that largely relies on rain-fed irrigation. The East African nation is the world's largest exporter of black tea, which is one of the country's biggest sources of foreign exchange. "The long rains are about to come, but what's happening is a correction in the market because prices rose too sharply last month," Peter Kimanga, director of Global Tea & Commodities, said by phone from the port city of Mombasa on Wednesday.
Even if the rains come as forecast, it may take six weeks to two months for tea volumes to catch up, said Tom Muchura, director of Mombasa-based Africa Tea Brokers Ltd., by phone.
Africa Tea Brokers said last month that poor weather including drought conditions and hot temperatures had affected tea-growing areas in and around Kenya's Rift Valley. "There is a price adjustment because of the sharp rise in the last two months," Muchura said. "There had to be a drop." *(Bloomberg)*

Factory funded by China inaugurated in Mozambique
A factory in the Chokué Agro-Industrial Complex, in Mozambique's Gaza province, is due to be inaugurated by President Filipe Jacinto Nyusi, the Mozambican state shareholding management office, Igepe, said in a statement. The Chokué Agro-Industrial Complex is a project expected to cost US$60 million, financed with a loan from the Export-Import Bank (Ex-Im) of China. The main aim is to find a solution to the cyclical problems of agricultural production that has been lost over successive seasons both in Chokué and nearby (Limpopo Valley) affecting the efforts of the farmers involved. The new factory, in addition to processing rice, cashew nuts and tomatoes, will have capacity to store more than 30,000 tons of agricultural products. *(Macauhub)*

TELECOM

South Africa's MTN to buy Nigeria's Visafone: sources
Africa's largest telecoms operator MTN Group is in talks to buy Nigeria's Visafone Communications to solidify its grip in the South African firm's most important market, sources familiar with the discussions said.
Wireless-network operator Visafone was set up eight years ago to deliver voice and broadband services through mobile and fixed telecom platforms after business tycoon Jim Ovia, who also founded Zenith Bank, acquired three operators. "The deal is done. We're almost putting ink to paper," a source close to the deal said. Another source said the talks would conclude "very soon".
Both sources did not say how much MTN would spend on the purchase and how big a stake in Visafone it would take up. MTN spokesman Chris Maroleng said the company did not comment on market speculation. Visafone officials were not immediately available to confirm whether the firm was involved in discussions. Visafone grew its subscriber base from 30,000 after the acquisitions in 2007, to 2.2 million at the end of 2014, data from the telecom's regulator showed.

But fixed wireless operators with CDMA technology platforms most suited for broadband and data services have faced stiff competition from more established rivals such as India's Bharti Airtel, Dubai-based Etisalat and MTN, hitting the industry's average revenue per user (ARPU). ARPU, a key gauge of telecoms firms' competitiveness as well as of consumer spending trends, has declined over the past three years to $5 from $8 as competition deepens. MTN had nearly 60 million users in Nigeria in 2014, about 27 percent of its entire subscriber base across 22 countries.
Africa's most populous country is also the biggest contributor to MTN's revenue, providing more than a third of overall turnover. MTN shares were down 0.4 percent and are flat so far this year. *(Reuters)*

Cell C to spend R8bn to build super-fast 4G network
CELL C unveiled its ambitious plan on Thursday to spend about R8bn over the next three years to build its super-fast long-term evolution (LTE) or 4G wireless networks. This will significantly improve user experience and spur data usage.
The company said it would finance its business plan from internally generated cash, equity committed by its shareholders and vendor-backed debt facilities. "The bulk of the facilities required for 2015 are already in place and the remaining facilities are currently under negotiation," it said. The company has more than 19-million customers.
With 4G/LTE, consumers can, for example, expect to download video and music downloads in a fraction of the time of traditional 3G services. "The significant investment in our network further confirms our shareholders' commitment to Cell C and confidence in our continued strong performance," CEO Jose Dos Santos said.
Early this year, there were reports that Cell C's parent company, Oger Telecom, was looking at selling the company. Although Cell C is growing its market share after years of stagnation, it is yet to make a net profit.
Oger chairman Mohammed Hariri told Reuters that the company had been approached by several interested parties but no decisions had been made. He declined to name the parties.
Mr Dos Santos said the company's LTE strategy would be "focused and strategic, targeting metropolitan areas where people work and live". The first targeted areas for LTE rollout will be in Gauteng, KwaZulu-Natal and the Western Cape. "Gated communities and high-density residential areas where there is a great demand for high-speed data will be one of our priorities," he said. Cell C already has LTE sites on air in Gauteng, KwaZulu-Natal and the Western Cape, with a select group of customers testing the service. The company has appointed Chinese firms Huawei and ZTE in the LTE rollout. It plans to launch commercially in the latter part of this year. Vodacom has spent almost R10bn since last year on its network, while MTN has spent R6bn and this year will increase its investment to R10bn.
Mobile network operators are focusing on mobile broadband data in an effort to achieve growth and offset the steady decline in voice revenue. But the rollout of the LTE/4G network is hampered by the lack of radio-frequency spectrum.
The move to digital terrestrial TV broadcasting from analogue will free up the spectrum that is expected to be allocated to the mobile industry.
Globally, broadband has been identified as a critical accelerator of economic and social development. A report from global firm Cisco states that 4G will account for up to 56.1% of total mobile data traffic in SA by 2019, compared with 15.7% at the end of last year, a compound annual growth rate of 110%. 4G connections in SA will grow 14-fold from last year to 2019 at a compound annual growth rate of 69%. The amount of traffic carried by 4G will be 46% by 2019, compared to 40% at the end of last year. *(BDLive)*

HTC picks South Africa for first regional launch of new One M9 Smartphone
Taiwanese mobile phone maker, HTC, said its new smartphone, One M9, will be sold in South Africa this June. South Africa will be the first African country to sell the new device. HTC said the One M9 smartphone will be sold by South African operators and that pre-orders will be made available starting next month. The One M9 smartphone was unleashed at the Mobile World Congress in Barcelona, Spain, last month. It follows the HTC's One M8 smartphone, which was considered a global success.
Neeraj Seth, HTC's head of marketing in the Middle East and Africa, notes that South Africa is one of their critical markets. "We are here to put the right infrastructure in place," TechCentral quoted Seth as having said.
He admitted that HTC had made mistakes with regard to the South African market, by ignoring the country as an important market. However, research has shown that these mistakes did not negatively affect sentiments on the brand among South African clients. "In research we have done in South Africa, HTC is one of the few brands consumers really love," Seth told TechCentral.
HTC first set foot in South Africa ten years ago after sealing a partnership deal with local distributor Leaf International. It later entered directly by opening its own offices in 2012. It then left the South African market again before appointing Ingram Micro as its local distributor. *(Ventures Africa)*

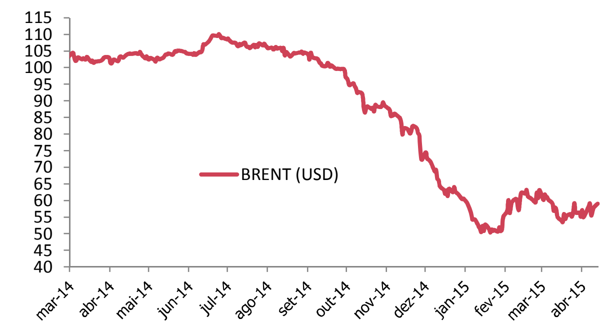
MARKET INDICATORS
13-04-2015

STOCK EXCHANGES		
Index Name (Country)	**13-04-2015**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.743,73	2,55%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	257,18	-0,35%
Case 30 Index (Egypt)	8.892,53	-0,38%
FTSE NSE Kenya 15 Index (Kenya)	226,69	5,20%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	21.028,90	3,92%
Nigerian Stock Exchange All Share Index (Nigeria)	34.930,02	24,40%
FTSE/JSE Africa All Shares Index (South Africa)	53.657,69	7,81%
Tunindex (Tunisia)	5.396,42	6,02%

Source: Bloomberg and Eaglestone Securities

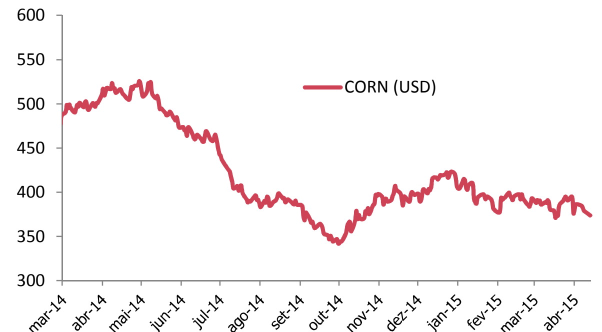
METALS		
	Spot	**YTD % Change**
Gold	1.200	1,26%
Silver	16	4,19%
Platinum	1.158	-4,11%
Copper $/mt	6.039	-4,14%

Source: Bloomberg and Eaglestone Securities



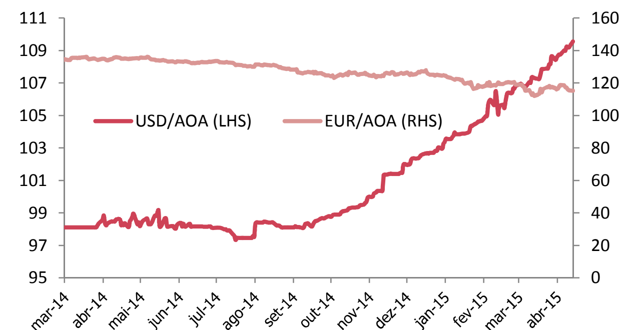
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	52,7	-2,95%
ICE Brent (USD/barril)	59,0	-0,27%
ICE Gasoil (USD/cents per tonne)	551,5	4,11%

Source: Bloomberg and Eaglestone Securities



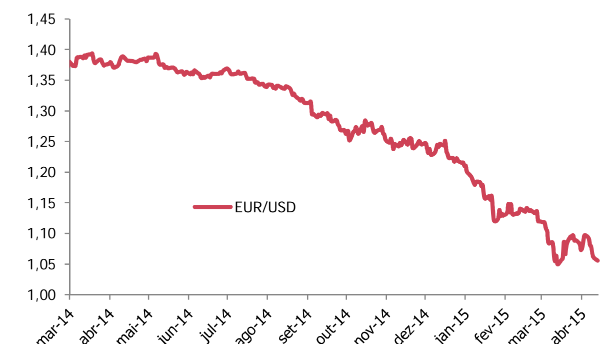
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	373,8	-6,74%
Wheat cents/bu.	512,3	-13,84%
Coffee (KC) c/lb	137,9	-18,58%
Sugar#11 c/lb	12,9	-13,47%
Cocoa $/mt	2782,0	-3,80%
Cotton cents/lb	65,1	6,53%
Soybeans c/bsh	949,8	-7,84%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	109,050
EUR	115,129
GBP	159,282
ZAR	8,964
BRL	35,449
NEW MOZAMBIQUE METICAL	
USD	36,000
EUR	38,200
GBP	52,845
ZAR	2,959
SOUTH AFRICAN RAND SPOT	
USD	12,167
EUR	12,843
GBP	17,771
BRL	3,955
EUROZONE	
USD	1,06
GBP	0,72
CHF	1,04
JPY	127,51
GBP / USD	1,46

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

5th Africa Debt Capital Markets (ADCM) Summit 16th April, Washington DC, USA
Held during the World Bank & IMF meetings, the S"' ADCM Summit will apprise on Africas capital markets, showcase investment opportunities, and convey its position within the global context of financial markets

AFRICAN BANKER AWARDS 2015 – 21st May 2015
http://www.ic-events.net/awards/african_banker_awards_2014/index.php

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

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

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

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

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

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

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

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Disclosures

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

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

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

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

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