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- Brazil's Vale CEO confident on lining up coal partner
- Mozambique would back Eni selling down gas field stake

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Mozambique

- Brazil's Vale CEO confident on lining up coal partner
- Mozambique would back Eni selling down gas field stake

Nigeria

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- Tanzania bourse presses state for privatisations

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In-depth:

Angola's sovereign wealth fund (SWF) has confirmed the appointment of its audit board

Launched in October 2012 to great fanfare, the Fundo Soberano de Angola (FSDEA)-chaired by José Filomeno dos Santos, a son of the long-serving president-has yet to make an investment. It has also missed several of its own self-appointed targets, including an audited annual report and a rating on the Linaburg-Maduell Transparency Index (which assesses the transparency of SWFs) by end-March 2014.
In a statement issued on April 8th, the fund did "confirm" the appointment of its audit board, although this information was announced in December. The three-person audit board is led by Ari Nelson Correia Brandão, an accountant and independent auditor, and also includes two senior staff members at the Ministry of Finance. The fund's advisory board, appointed at its launch, is led by the finance minister, Armando Manuel, who until last year was the chairman of the FSDEA, and includes the planning and
economy ministers.
The FSDEA makes much of the appointment of an audit board, saying that it demonstrates the fund's commitment to transparency and accountability. However, in a country like Angola, where there is little separation of power, it is hard to see how staff members of the finance ministry will be able to hold either the son of the president or ministers who are appointed by the president to account.
According to the statement, the fund's budget and programme were discussed at the Council of Ministers meeting held in February, although it gave little detail except to say that the FSDEA's first investments would take place in 2014. It added that the fund was "looking to allocate half of its initial endowment to fixed-income instruments, issued by sovereign agencies, global and emerging equities as well as further alternative investments around the globe".
It is disappointing to see so little progress from the FSDEA, which promised so much at its launch. The IMF has already expressed concern that the fund will not be able to buffer the economy against sudden oil price shocks, and is recommending that the FSDEA's investment policy should be clarified. *(Economist Intelligence Unit)*

Booming Business: Real Estate In Mozambique

Mozambique is currently experiencing a property boom. But are the locals being left behind as rand, euro and dollar-paying expats rapidly re-colonise the country?
Some 38 years after winning its fight for independence, Mozambique is still battling to get its property market in order. Today, it faces a new challenge: the return of Europeans to its cities and coastlines. Beachfront plots are being turned into holiday homes for wealthy foreigners while rents in the capital, Maputo, have increased from the influx of expats. Rising costs in Mozambique’s cities are starting to force out locals, and developers are exacerbating the problem by demolishing low-end homes and rebuilding them as high-end properties aimed at foreign buyers.
It is difficult to blame visitors for finding Mozambique so attractive. The Portuguese-speaking country has a tropical climate, 2,500 kilometres of mostly unspoilt coastline, excellent diving and strong economic growth. And thanks to Mozambique’s rapid development, says estate agent Pam Golding, foreign buyers can also expect access to international schools, modern supermarkets, malls and a highly efficient healthcare system – depending, of course, on where they buy.
Several big names in South Africa’s property market have expanded their business to Mozambique. As of November 2013, Remax was offering a holiday home in Xai-Xai for around $350,000, while Mozambique Properties had listed a lodge with a spa and gym for $1.5 million. Alongside upmarket homes in Maputo, South-African-run websites devoted to property in Mozambique offer full or part-ownership of holiday units in popular resorts like Ponta d’Oura and Inhambane. An up market, three-bedroom beach house can cost from $150,000 to $500,000.
Mozambique’s wealth of natural resources is the reason for the property market’s bright outlook. The minerals trade in particular has enlivened the property market as foreign corporations move into Maputo and Tete – the centre of the country’s coal boom – bringing with them expats who need housing. As the country’s economy booms, the promise of rising property values make this an excellent time for foreigners to acquire a holiday home or invest in a property to rent out.
Mozambique’s ascent, especially viewed alongside the economic slump in Europe, has brought many Portuguese to their former colony in search of a brisker economy and better employment prospects. An endogenous middle class has begun to flourish, too, as local entrepreneurs seize new career opportunities. According to Gonçalo Marques of Pam Golding Properties in Maputo, these factors have all fuelled the property price boom. “Every developer in town wants to develop high-end properties, which have the biggest margins of profit,” he says. “You can build for $1,000 per square metre and sell at $4,000 [per square metre].

A Bad Deal for Locals?

While, from a purely economic standpoint, the numbers sound promising, the rush to develop top-end properties and the overall increase in prices have started to push native Mozambicans in some cities out of their homes. Even boosters of

development have begun to notice the trend. In June this year, *The Economist* reported that in Maputo's residential suburb of Polana Caniço, almost all the single-story houses are owned or rented by Mozambican families. But that would soon change, *The Economist* predicted, as Maputo continued to expand and residential suburbs were bulldozed to make way for new high rise developments. In a foretaste of what awaits Polana Caniço, the neighborhood of Sommerschield to its south has already morphed into an expat community. Rent has soared and purchase prices doubled, leaving few Mozambicans able to afford to live there anymore.

"Maputo rentals have doubled or even trebled in the past couple of years," confirms Marques. "A three-bedroom apartment that's more than 40 years old costs $3,000 a month and a brand new three-bedroom apartment is $7,000 a month and most Mozambicans can't afford that." In this climate, Mozambicans without formal title to their homes face particular challenges. "In Maputo some locals have been moved off land where they were not legally supposed to be, to allow developers to take over the land to build high end products," says Marques, though he says that "the city council always makes an effort to relocate them and improve their lifestyle." For now, demand still outstrips supply, so the price of rentals will continue to climb.

Demand for housing is being fuelled not just by expatriate buyers but also by population growth and by migration from rural areas to the cities. Yet getting a foothold on the property ladder is nearly impossible, with bank interest rates of 16-20 % too high to make mortgages affordable. Marques hopes the lending conditions will ease in the near future. "18 months ago the rate was 26 %, so it's been coming down and the expectation is that it will continue to come down," he says. "At this stage it's a rental market, but if interest rates go down and new properties come in it will turn into a buying market because houses will be more affordable."

Building for the Middle Class

Developers have begun to realize that only a limited segment of people are able to afford top-end properties. A few are beginning to shift their focus to more affordable mid-end housing. "There are a couple of developments already in place but it's far from sufficient," says Marques. "Over the next couple of years we expect the market will change. There's not enough liquidity for everybody to buy high-end property and there is a rising middle class. We need low- to middle-end products." This shift in building patterns is already happening in Maputo, where the government is improving the infrastructure and where a new ring road will open up more areas for middle-class housing.

But even as the market for mid-range housing appears set to readjust, other issues are complicating Mozambique's property market. Laws for the rental market date back to 1961 and are in dire need of revision. A lack of data on housing in production is also a hindrance – without an accurate overview of who is building what, the market could grow more skewed. Many developers are still constructing office space when that market is probably heading for saturation, warns Marques. "Over the next couple of years 300,000 square metres are going up just in Maputo, so there will be an over-supply," he says. But, despite these problems, Marques believes this is a great time for foreigners looking to buy property in Mozambique. "You have sound returns and can make a lot of money," he says. A carefully chosen property bought to rent out could easily make a return of 10 to 12 % a year, he predicts.

Law of the Land

Some would-be investors in Mozambique are deterred by the country's property ownership laws, which state that all land belongs to the government. Developers can lease the land for 50 years, and the lease can theoretically be renewed in perpetuity. However, since the first leases were only drawn up after independence, none have come up for renewal yet to put that rule to the test.

Any property built on the leased land is owned by the license holder, who can retain the ownership or sell or rent the property to others without any restrictions. Since 2007 the law has allowed foreigners to build properties or buy property on land that the government has granted the right to use. Anybody buying property must make sure the developer holds all the necessary government approvals, which also serves to confirm that the developer has been vetted as a reputable operator.

In the recent past, South Africans were the main buyers of holiday homes, though in recent years demand has dwindled. Many buyers now come from Brazil, Portugal and Dubai, says Paul Preen, a South African who has been involved in the property market since 1996. Preen has seen several legal changes to them country's property laws, and although the rules have been fairly stable since 2008, he believes they are sometimes contradictory. Yet investing in property is safe if it is done correctly using a lawyer who understands the country's system of land rights, he says.

In some ways, says Preen, investing in Mozambique can be a particularly good deal because the investor does not pay for the land. He notes that for the price of one overseas holiday, an investor can buy part-ownership of a beach chalet and then get another 50 years usage plus capital appreciation. Nor is the buyer at risk of losing the land, as the buyer never owned it anyway. Repossession would require the government to buy any infrastructure the lessee has erected.

But dealing with the country's legal red tape requires a lot of patience and it is expensive to get the land rights put in place. "I would be hesitant to enter as a small developer today," says Preen. "I think that window of opportunity has passed." Preen believes the best opportunity for individuals now is to buy into a development constructed by one of the large developers.

One consequence of the country's slightly unusual land laws, Preen argues, is that development tends to happen only when it benefits the local population. "The first step to any development is approval from the community, and as long as there is something in it for them they are happy," he says. Larger developments in particular must put in place

schools, clinics or other public works that benefit the local people. One positive result of development has been an improvement in the country's roads and other infrastructure, though it may be done out of necessity rather than altruism. Anyone building in the more remote areas will at a minimum have to install an electricity generator and a borehole for water.

Luxury on the Coast

Preen's company, Casarei, sells part or whole ownership of units in several resorts. Its offerings include beach camps and homes priced from $15,000 and upwards in Maputo, Vilanculos and the islands further north around Pemba and Nacala. South Africans tend to prefer the southern coastline up to Vilanculos so that they can drive in, while Preen prefers the remoteness of Pomene and Cabo Sao Sebastiao. "The market has been slow since the global crunch but it's turning the corner again, with many well-priced opportunities," says Preen.

Conscious of the need to protect against over-development, the Mozambican government has banned private houses up to two kilometres inland along certain parts of the coast. That said, it has permitted the development of some enormous tourism resorts on the sea front. In some ways the global economic slump that Preen mentions has been more effective at protecting the coastline, where development has slowed over the past five years. Yet signs of wealth are everywhere still. Around Inhambane, Ponta do Oura, Vilanculos, Pemba and Bilene, the houses are typically priced in US dollars, ranging from $100,000 to $800,000 for a five-bedroom luxury villa. On exclusive Benguerra Island, beachfront villas start at $1.5 million. One website listing properties in Ponta do Ouro tells potential buyers that the area has "experienced a proliferation of residential construction" with eight new resorts, luxury guest houses, banking facilities, nightclubs and restaurants. Some people, including many expatriates, would recoil in horror at that vision of over-development. Yet foreign investors have no right to complain, since they are the ones driving this demand for a luxury lifestyle. *(Ventures Africa)*

SOVEREIGN RATINGS

Fitch Revises Outlook on Angola to Stable; Affirms at 'BB-'

Fitch Ratings has revised the Outlook on Angola's Long-term foreign and local currency Issuer Default Ratings (IDR) to Stable from Positive and affirmed the IDRs at 'BB-'. The agency has also affirmed the Short-term foreign currency IDR at 'B' and Country Ceiling at 'BB-'.

KEY RATING DRIVERS

The revision of Outlook of Angola's IDRs reflects the following key rating drivers and their relative weights:

Medium Expanding the hydrocarbon sector has proved more challenging, compared with what was expected when Fitch revised Angola's Outlook to Positive in May 2012. Over this period, SONANGOL's, the state-oil company, target of reaching 2mb/d has repeatedly been pushed back due to technical problems and high decline rates of 200,000b/d per year. Production averaged 1.725mb/d in 2013, still below the average production of 1.9mb/d reached in 2008, albeit up from 1.66mb/d in 2011. The new USD10bn liquefied natural gas facility due to come on stream in 2013 is also now only expected to reach full production by 2016.

Without substantial new investment, Angola's oil production will start to decline in 2016. The USD18bn Kaombo Project scheduled to start in 2017, producing 200,000 b/d is therefore important, but its approval by Total remains uncertain.

Angola's public finance outlook is less positive compared with when the Outlook was revised to Positive. Stagnant oil production and falling prices have pushed oil revenue as a %age of GDP down from 39% to 29% between 2011 and 2013. As a result, the budget moved to a 1.9% deficit in 2013 from a surplus of 5.1% of GDP in 2012. The budget is expected to remain in deficit over the forecast horizon, with oil revenue growth likely curtailed by lower oil prices, partially offsetting any modest gains in oil production. The authorities' commitment to improve the country's weak infrastructure is forecast to keep expenditure rising relative to GDP.

The expected deterioration in Angola's sovereign balance sheet does not undermine the current rating due to low debt (22.2% of GDP) and large deposits (12.3% of GDP), but limits Angola's upgrade potential. The USD5bn Sovereign Wealth Fund, due to begin investing during 2014, will receive no additional capital while the budget is in deficit.

Progress in addressing challenges facing the business environment has been slower than expected. Angola's %ile ranking in the World Bank's Doing Business Survey has fallen from a low 6.1 in 2012 to 3.9 in 2014. In 2013 the government announced plans to raise Angola's ranking by 10 points over the next five years, which is an unambitious target that would still leave Angola well short of even the 'B' median. The weak governance and business environment remain a major impediment to addressing Angola's development challenges and improving the rating from its current level.

Angola's 'BB-' IDRs also reflect the following key rating drivers:

Growth has picked up steadily from a low of 2.4% in 2009, rising above the 'BB' median of 3.6%. Fitch expects growth of 5.5% for 2014 supported by government-led initiatives, focusing on agriculture, increased spending on infrastructure, particularly roads and power, as well as additional generation capacity. The authorities forecast growth in excess of 9% for 2014, which seems over optimistic given that oil production is expected to expand only modestly. Inflation was 7.7% at end-December 2013 - the second consecutive year of single digit inflation - reflecting exchange-rate stability and tighter monetary policy.

Prudent economic policy has supported building up external and fiscal buffers, albeit not as quickly as expected. Government debt has declined since 2010, from 37% of GDP to 22.2% in 2013, well below the 'BB' median of 35.9% of GDP. Government deposits totalled USD15bn in 2013 - sufficient to fully fund projected fiscal deficits over the next three years. Reserve cover of current external payments (CXP) has risen to 6.4 months, up from a low of 3.3 months in 2009.

Arrears totalling USD6.07bn were accumulated between 2010 and 2012, largely by the Ministry of Construction. Arrears reflect poor administration, rather than cash shortages, with the authorities repaying USD4.44bn verified arrears by end-2013. Reforms to better account for arrears have been passed. The authorities continue to work towards the implementation of a medium-term fiscal framework, while the quasi-fiscal activities of SONANGOL were again included in the 2014 budget.

Social indicators and human capital are weak compared with peers according to the UN Human Development Index (HDI). Angola was ranked 148 in the 2013 UN HDI, the bottom 20th %ile of countries Fitch rates and well below the 'BB' median of 46.7%. The authorities have improved the HDI score to 0.51 in 2013 from a low 0.37 in 2008, above the sub-Saharan African median.

RATING SENSITIVITIES

The Stable Outlook reflects Fitch's assessment that upside and downside risks to the rating are currently well balanced.

The main factors that individually, or collectively, could trigger positive rating action include

- A steady rise in oil production, which supports a return to fiscal surpluses.
- A continued track record of improved economic management and further regulatory reforms being reflected in improvements in the business environment and per capita income as well as improvements in governance measures.
- Strengthening the non-oil revenue base.

The main factors that individually, or collectively, could trigger negative rating action include

- Further delays in raising oil production in the short term, or a deterioration in medium-term oil production potential.
- An adverse external shock that materially eroded external and fiscal buffers and failed to bring an effective policy response.
- A sustained weakening in public finances due to rapid increases in current expenditure, leading to large deficits and a sustained increase in debt.

KEY ASSUMPTIONS

The ratings and Outlooks are sensitive to a number of assumptions:

Fitch assumes Brent oil prices will remain high, at USD105/bl in 2014 and USD100/bl by 2015.

Fitch assumes a continuing stable political environment, with no significant challenge to the current ruling establishment.

North and South America - Asia

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
14-04-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	Caa1	CCC+u	CC	NR	Cu	C
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	Baa3	BBB	BBB	NR	A-2	F2
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
JAPAN	Aa3	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	Baa3	BBB-	BBB-	NR	A-3	F3
VENEZUELA	Caa1	B-	B	NR	B	B
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
14-04-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	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	Caa1	B-	B-	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B1	B	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B1	B-	B	NR	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	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
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	Baa1	BBB	BBB	P-2	A-2	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

	Eurozone					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
14-04-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	B-	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	B-	NP	B	B
Ireland	Baa3	BBB+	BBB+	P-3	A-2	F2
Italy	Baa2	BBB u	BBB+	NP	A-2	F2
Latvia	Baa2	BBB+	BBB+	NR	A-2	F2
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	Ba3	BB	BB+	NR	B	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB-	BBB	P-2	A-3	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

IMF

IMF downgrades SA outlook amid strengthening global recovery, robust African growth

The International Monetary Fund (IMF) has again lowered its growth outlook for the South African economy and has listed the country among those large emerging economies whose growth outlook has been downgraded as a result of domestic policy weaknesses, tighter domestic and external financial conditions and/or investment and supply constraints. The other countries grouped with South Africa in the IMF's latest World Economic Outlook (WEO) are Brazil, Russia and Turkey.

The IMF lowered its 2014 growth outlook for Africa's second biggest economy – after Nigeria' gross domestic product (GDP) rebasing – to 2.3%, having previously forecast that the economy would expand by 2.8%. Similarly, the 2015 outlook was lowered to 2.7% from over 3% – South Africa grew by only 1.9% in 2013.

South Africa continued to decelerate, the WEO stated, owing to "tense industrial relations in the mining sector, tight electricity supply, anemic private investment, and weak consumer and investor confidence".

In its 'Africa's Pulse' publication, which was published a day ahead of the IMF's report, the World Bank noted that South Africa's weak growth had also weighed on sub-Saharan Africa's overall expansion in 2013.

"Excluding South Africa, average output growth for the rest of the region was 6.1%, second only to developing Southeast Asia and Pacific at 7.2% and well above the global GDP growth rate at 2.4%," Africa's Pulse stated.

The IMF also noted that Nigerian growth had remained strong, owing to relatively high oil prices and despite security problems in the north and large-scale oil theft in the first half of 2013.

It also indicated that, while South Africa's growth should rise moderately, driven by improvements in external demand, the risks were to the downside.

The country was particularly exposed to a reversal of portfolio flows should global financial conditions tighten further.

"South Africa and the group of frontier market economies should prepare to weather further tightening of global financing conditions by preserving their budget flexibility and, where vulnerabilities are of particular importance, by tightening policies."

The IMF also suggests that South Africa should be ready to adjust its financing plans in a scenario of greatly reduced access to external funding, while allowing the rand to respond to changes in capital flows.

South Africa's weak outlook came against a backdrop of a global recovery that was expected to strengthen.

The IMF said the recovery would be led by advanced economies, with growth in emerging market and developing economies expected to pick up only modestly.

Global growth was projected to strengthen from 3% in 2013 to 3.6% in 2014 and to 3.9% in 2015, while growth in sub-Saharan Africa, which came in at 4.8% last year, was expected to remain strong. Sub-Saharan African GDP was anticipated to expand by 5.4% this year and rise to 5.5% in 2015.

In emerging market and developing economies, growth was projected to pick up gradually from 4.7% in 2013 to about 5% in 2014 and 5.25% in 2015.

IMF projects growth of 5.3 % for Angola in 2014

Angola's economy is expected to post growth of 5.3 % this year and 5.5 % in 2015, the International Monetary Fund (IMF) projected in its "World Economic Outlook."

The IMF's projections for the Angolan economy, which in 2013 posted growth of 4.1 %, are far being in line with those from the Angolan government, which for this ear expects economic growth of 8.8 %.

The IMF's growth projection for Angola is, in fact, the lowest for all of the oil exporting countries, with the exception of Equatorial Guinea, which is expected to remain in recession both this year and in 2015.

The World Economic Outlook was published less than a month after the IMF's analysis of Angola, in which it showed concern about Angola's return to a budget deficit and called for an end to fuel subsidies, replacing them with "transfers focused on more vulnerable sectors."

In the document the IMF said that given reduced levels of budget execution in 2013, GDP in that year grew by just 4.1 % or less than the 5.1 % expected by the government.

The lack of compliance with internal commitments, particularly delays to internal payments in 2010 and payments expected in 2011 are "a disappointment" to the IMF, which noted the Angolan legal system was factor that contributed to the situation.

Mozambique's economy to grow by 8.3 % in 2014, IMF says

Mozambique's gross domestic product (GDP) is expected to grow this year by 8.3 % and slow down in 2015 to 7.9 %, according to projections from the International Monetary Fund (IMF) in its World Economic Outlook.

The document did not provide an analysis for these figures, but in mid-March, at a joint conference with the IMF's programmatic evaluation mission, a revision of the State Budget following the IMF's recommendations was announced.

Noting the Mozambican government's need to contain the country's public debt, which has been rising due to increasing use of loans to build infrastructure, the head of the IMF mission, Doris Ross, noted some risks of the "expansionist model" of the 2014 State Budget.

"We expect the total deficit after donations to rise from 3 % of GDP, in 2013, to 9.5 % of GDP in 2014, after taking into account extraordinary revenues of 4 % of GDP in 2013, and of 2.9 % of GDP in 2014," Ross said.

"This level of deficit is not sustainable in the mid-term, particularly because it is not very likely that the extraordinary revenue will occur again," Ross said at the time. In 2013 Mozambique's economy posted growth of 7.1 %.

AFRICAN DEVELOPMENT BANK

Africa still rising, but needs economic discipline – AfDB

Sub-Saharan Africa's economy will grow more than 6% this year, the African Development Bank said on Tuesday, but its president urged governments to build resilience to capital outflows and commodity price shocks.

In an interview with Reuters, **Donald Kaberuka** rejected as "premature" suggestions the 'Africa Rising' narrative might have lost momentum as a slowing China economy depresses prices for commodities such as copper, and the run-down of the US Federal Reserve's bond-buying programme squeezes the flow of cheap capital into emerging markets.

"I still believe that sub-Saharan Africa will do 6.4% in 2014," Kaberuka said. This would be stronger than the 6.2% gross domestic product (GDP) growth the bank forecast in February and an estimated 5.8% for 2013.

Slowing stimulus from abroad has sharpened investors' focus on governance in Africa's biggest economies – South Africa and Nigeria – and in Ghana, long praised for its stability but now seen struggling to keep its debt and deficits under control after easy access to international financing. A decade after historic debt relief, Kaberuka, one of the biggest cheerleaders of Africa's growth story, saw these problems as "manageable" so long as governments exercised careful stewardship of their debts and budget deficits.

The AfDB president said the internal dynamics which had boosted Africa's surge over the last decade were still in play. "The internal consumer power is still there, the booming urban populations are still there," Kaberuka said.

Information technology advances were still "leapfrogging" across the continent at a rapid pace, and more governments were managing their economies better, he said.

"People should not rush to draw conclusions just because they see a macro-economic blip here and there," Kaberuka said. "It's a bump, no more than that."

BEWARE "GOOD TIMES, BAD POLICIES"

Some economists and analysts have warned of a "Eurobond curse" that could exacerbate the distorting "resource curse" on African economies. They point to Ghana, whose economy expanded 14.5% in 2011 as new oil finds swelled state revenues on top of income from cocoa and gold. The IMF forecasts slower growth for Ghana this year of 4.8% and highlights the government's inability to stop fiscal deficits widening, along with the current account gap which has weakened the cedi currency. "There is a saying, that sometimes good times can lead to bad policies," Kaberuka said, adding that cases like Ghana

reinforced the need for African leaders to aim unwaveringly at lower inflation, debt and deficits. It was by strengthening macro-economic fundamentals that many African states had buffered themselves in 2008 against the worst of the effects of the world financial crisis, the AfDB chief said. It was time again to deepen such efforts, he added.
"Countries took advantage of favourable markets to borrow – you can't blame them for that. But now, as the (US) tapering comes in, they will have to be more careful in how they borrow, they will have to strengthen domestic debt management, they will have to invest carefully," Kaberuka said. Speaking earlier at a business conference, Kaberuka said Africa also needed to build infrastructure to create a single market and make it easier for private sector business to grow. "Macro-economic stability, which was achieved in Africa by many years of sweat and tears, should not be frittered away," he said.

AfDB and EU Commission reinforce partnership for Africa's transformation

A joint commitment under the theme of "Investing in People, Prosperity and Peace" was at the centre of the African and European leaders meeting in Brussels. Earlier, the African Development Bank Group and the European Commission reinforced their existing partnership by signing a new Cooperation Arrangement.
The Arrangement – which builds on a 2005 Memorandum of Understanding between the Bank Group, the Commission and the European Investment Bank – aims to strengthen cooperation in development work, while pledging to make best possible use of finite development assistance funds by using innovative financial methods of leveraging existing resources, and unlocking new investments.
The Bank's First Vice-President and Chief Operating Officer, Emmanuel Mbi, who signed the Arrangement on behalf of President Donald Kaberuka, stated that "the partnership between the African Development Bank and the European Commission is already well established.
"In 2012 alone, the partnership took practical form in some 775 million euros (some US $1billion) of co-financing.
"Strategically, the Bank and the Commission have been closely aligned for some time. We see this not just in the Joint Africa-EU Strategy, but also in specific sector plans. The EU's new Agenda for Change on **fragile states**, for instance, mirrors the Bank's renewed framework for its support for fragile states: **Ending conflict and building peace in Africa: A call to action**.
"Financially, we are closely aligned too, with the EU's Multi-Year Financial Framework and the African Development Fund's 13th replenishment now secured," continued Mr Mbi. "So today's milestone achieves its real significance in deepening our intellectual and practical collaboration. It ushers us into a new era where development assistance – faced with scarce concessional resources – has to work harder and smarter to achieve its aims."
The EU Commissioner for Development, Andris Piebalgs, said: "Today's signature shows the EU's commitment to making sure that its aid has the greatest possible impact. This new Cooperation Arrangement will help us build on our existing relationship with the African Development Bank, to coordinate better our assistance, and to frame our collaboration going forward, so that it can only blossom further." Commissioner Piebalgs added that the thrust of the cooperation will be 'in the field', and that it must communicate the results of its development assistance.
The Cooperation Arrangement will deepen the joint Bank/Commission activities in priority areas, including in strengthening Africa's **energy** and other **infrastructure**, capacity building, work in fragile states, building climate resilience, strengthening the **private sector**, supporting public financial management and debt sustainability. It pledges to maximise the use of existing funding mechanisms – both European and African – and to create new ways of 'blending' concessional and non-concessional loans. The Arrangement also foresees greater sharing of information and analysis, and active collaboration in areas like monitoring. Cooperation on innovative financing is at the core of the Arrangement. While the Bank is participating in the EU Infrastructure Trust Fund, the Bank hopes that the European Commission will expand the scope of collaboration in other blending facilities, including the EU's Neighbourhood Investment Facility for North Africa, and its Infrastructure Investment Programme for Southern Africa. Meanwhile the Bank has established new instruments under the 13th African Development Fund which are better tailored to countries' needs. These include the Partial Credit Guarantee and the Private Sector Facility, which complement the existing Partial Risk Guarantee, and aim to attract and leverage more private sector financial resources for Africa's development. Mbi and Piebalgs also discussed EU support for pan-African initiatives, notably in the areas of producing continentwide agricultural statistics, knowledge work through the **African Economic Outlook**, and helping Governments to negotiate natural resource management contracts through the **African Legal Support Facility**.The Africa-EU Summit has been attended by some 80 EU and African Heads of State and Government. The themes highlighted in the conference have included: the importance of the benefits of strong African growth being properly shared among its poorest and most vulnerable people; the need to concentrate on the pockets of political and economic fragility which persist in Africa; the need for regional integration in Africa to create economies of scale and to promote trade; and the need for Africa to develop 'niches of productivity' within its economies. Mbi observed that, "The EU and Africa are partners in a common pursuit. We have much to learn from each other, not least in empowering our young people and equipping them for the job market. A trading Africa will be able to ignite Africa's transformation – the only sustainable path to prosperity."

INVESTMENTS

Angola's Private Investment Law under review

Angola's Private Investment Law is undergoing a review, the director of the National Private Investment Agency (ANIP), Luís Domingos said in Luanda.
The information was provided whilst answering a question from Switzerland's ambassador to Angola, Giancarlo Fenini, at the Angola-Switzerland Economic and Commercial Forum, in Luanda.
According to Domingos, the 2011 private investment law, which stipulates a limit of US$1 million, is being reconsidered, and technical work on the law has already been carried out. Speaking at the meeting's opening session, Fenini pointed out some challenges that Angola is still facing, including "weak growth of the number of jobs, unqualified workforce, weakness of regulatory frameworks, a lack of legal security and still incipient economic integration and intercontinental links."
Angola's Secretary of State for Cooperation of the Foreign Relations Ministry, Ângela Bragança, said that the Swiss ambassador's warnings were "pertinent" and noted that Angola needed foreign investment, Portuguese news agency Lusa reported.
Eighteen Swiss companies took part in the business contact meeting with a view to helping Angola diversify its economy. *(Macauhub)*

South African group Massmart to enter Angolan market in 2015

Massmart, one of South Africa's largest retail groups, plans to start operating in Angola in 2015 with two stores, the group's director for Africa, Mark Turner said in Johannesburg.
During the Africa Investment Summit, organised by financial news agency Reuters, Turner also said that one of the stores would open in the first quarter of 2015 and the other would open in the third quarter of the same year.
The group plans to open two more stores in Angola in 2017, Turner said. Massmart is 51 %-owned by US group Wal-Mart Stores Inc, and is present in 11 sub- Saharan African countries including Nigeria, Tanzania and Ghana. It has sought to expand its presence in Africa and is currently building its first store in Kenya. *(Macauhub)*

Massmart to enter Angola with two stores

Massmart, South Africa's number four retailers by market value, plans to enter oil-rich Angola with two stores by 2015, a senior executive said, as the unit of Wal-Mart expands on a continent that is still largely an informal retail market.
Speaking at the Reuters Africa Investment Summit in Johannesburg, **Mark Turner**, Massmart's Africa director, said one store would open in the first quarter of next year and the other in the third quarter.
"We've got two deals that are coming off the ground in Angola, which is a country on the southern part of Africa that we're not represented (in)," Turner told the summit.
Another two stores would be opened in Angola in 2017.
Massmart, which operates in 11 sub-Saharan countries such Nigeria, Tanzania and Ghana, has been pushing further into the rest of the continent that is forecast to be home to two-billion people by 2050, to offset slowing growth at home.
Turner also said the company - 51% owned by Wal-Mart Stores Inc - was building its first store in Kenya after failing to clinch unspecified acquisitions that would have given it a substantial footprint in east Africa's biggest economy.
The low-margin, high-volume retailer that sells everything from electronics products to food is also scanning French-speaking countries such as Senegal and Cameroon for opportunities.
Although lucrative, Ethiopia was out of the question because laws there do not allow for foreign retailers, Turner said.
Even though African per capita incomes are among the lowest in the world, a decade of robust economic growth and rapid population expansion has attracted the attention of retail and services executives around the world. Coupled with relative political stability, a rising middle class, rapid urbanisation, and slower growth in Europe and South Africa, the logic of setting up shop elsewhere in Africa is not in doubt – provided companies do their homework. "Going into Africa is not cookie cutter, if it was more cookie cutter we could roll out a lot quicker, but it's not," Turner said. "It's really getting into those markets and understanding them."
Massmart's rival Woolworths pulled the plug on its Nigerian business late last year, citing poor supply chain infrastructure, high rents and duties and the difficulty of marketing to consumers. Turner said it could take at least two months for imported goods to reach shelves in many east African countries, highlighting ports congestion, compared with up to eight days in southern African countries. Massmart imports about 80% of its products to Nigeria, which on Sunday surpassed South Africa as the continent's biggest economy after a rebasing calculation. *(Engineering News)*

Minor Hotel Group takes stake in three hotel projects in Mozambique

The Minor Hotel Group (MHG) has added the three hotel projects to its portfolio in Mozambique after acquiring 25 % of each unit from Rani Investment, of Dubai, the group said.
The names of the three projects will be changed to the Anantara and AVANI brands, which bring the number of MHG units in operation around the world to 108 with over 13,000 rooms.

According to the statement this investment is part of the group's strategy to increase its presence around the world and in Mozambique specifically, as part of its existing long term partnership with Rani Investment.
In August 2013 the two groups set up a partnership in Mozambique that took ownership of Indigo Bay Resort, whose name was changed in November to Anantara Bazaruto Island Resort & Spa.
The three properties involved in this deal are located in northern Mozambique.
On the mainland the Pemba Beach Hotel & Spa, with 185 rooms, will have its name changed to the AVANI Pemba Beach Hotel & Spa and in the Quirimbas archipelago luxury resorts Medjumbe Private Island amd Matemo Island will be renamed as Anantara resorts.
Rani Investment is controlled by the Aujan Group Holding, which has invested over US$300 million in the Middle East and Africa and the Minor Hotel Group is the owner, operator and manager of the Anantara, AVANI, Per AQUUM, Oaks, Elewana, Marriott, Four Seasons, St.Regis and Minor International hotel brands.*(Macauhub)*

Arab bank funds water supply project in Sao Tome and Principe

The Arab Bank for Economic Development in Africa (BADEA) will provide around US$7 million for a drinking water project in Sao Tome and Principe, the bank's local representative said.
Alkabidelair Omali, the BADEA representative in Sao Tome, said that environmental impact and economic feasibility studies were underway for the project which will collect water from the Abade River, in the district of Cantagalo, 12 kilometres from the capital of Sao Tome and Principe.
As well as a technical team from BADEA that is already in Sao Tome, the studies, which should take six months, will also be conducted by staff from state water and power company, said Aleixo Pires, the mayor of Cantagalo.
The project also includes sanitation work, campaigns to raise awareness and educate the population about efficient use of water, and installation of the water treatment system, Pires said. This water supply project is part of the national programme to combat poverty, which is funded by several development partners.
Despite having an overall capacity of 2.1 million cubic metres of water per square kilometre, water supply is deficient on the archipelago due to a lack of distribution networks. *(Macauhub)*

Angola wants investment from US companies

Angola's "doors are open" to investment from companies from the United States, Angola's Trade Minister, Rosa Pacavira said after signing the re-launch of a two-way Trade and Investment Framework Agreement (TIFA). Pacavira said that execution of the deal signed in 2010 and now re-launched, would allow Angola to become more competitive in its relationship with the United States and that conditions would be set up to improve its position in world trade.
"Angola signed [the agreement] in 2010 and, after a four-year pause, we felt that this was the right time to re-launch it," the minister said cited by Portuguese news agency Lusa.
The TIFA is intended to boost trade relations between the US and developing countries and similar agreements have been signed with several African countries such as South Africa, Nigeria, Mozambique, Ghana and Rwanda, and with economic blocks such as the West African Economic and Monetary Union (UEMOA), the Common Market for Eastern and Southern Africa (COMESA), and the East African Community (EAC).
In 2013 Angola exported products to the US worth around US$8.7 million and imported products from the US worth US$1.4 billion.*(Macauhub)*

Drugmaker GlaxoSmithKline plans to invest up to 130 million pounds ($216 million) in Africa over the next five years as chronic diseases become more common among the continent's swelling urban middle classes.

The decision reflects the draw for the pharmaceutical industry of the region's rapid economic growth and rising demand for treatments for non-communicable diseases (NCDs) like heart and lung disorders, diabetes and cancer. France's Sanofi has also highlighted Africa as a promising market. Sub-Saharan Africa currently accounts for only around 500 million pounds of GSK's annual sales, which totalled 26.5 billion pounds in 2013, but the group sees potential for much more as African economies grow. "If you're looking for a one- to two-year payback, then Africa is probably not the place to be," GSK Chief Executive Andrew Witty said in a telephone interview. "But if you want to build relationships for the long term, then I think Africa is becoming very interesting because it is going through an inflection point in terms of growth." NCDs are expected to account for 46 % of all deaths in sub-Saharan Africa by 2030, up from 28 % in 2008, according to the World Bank, which will change the nature of the African market and increase demand for new products beyond treatments for acute infections. Witty, who set out his firm's plans at a conference in Brussels, said up to 100 million pounds of the new money would be used to expand manufacturing in Nigeria and Kenya, and to build as many as five new factories. GSK, which currently makes drugs in Kenya, Nigeria and South Africa, is reviewing possible factory locations in countries including Rwanda, Ghana and Ethiopia. The first new plants could be up and running in around three years, Witty said.

In addition, Britain's biggest drugmaker will invest 25 million pounds to create the world's first open-access research and development (R&D) laboratory for NCDs in Africa. The overall investments will create at least 500 jobs - a substantial increase on the 1,500 currently employed by GSK in sub-Saharan Africa. The R&D centre will allow GSK scientists to work with outside researchers to investigate the specific needs of African patients with chronic diseases by

focusing on variations in the nature of certain illnesses on the continent. An above-average number of Africans with high blood pressure, for example, appear to be resistant to medical treatment, and there is also a high prevalence of aggressive breast cancer in younger women. The aim is to find new drugs to address the specific needs of such African patients. Additional funding will also be funnelled into establishing 25 academic chairs at African universities and increasing support for community health worker training. GSK has been stepping up its exposure to many of the world's emerging markets in recent years by increasing investment in local supply lines and sales forces, striking deals, and buying out minority shareholders in certain subsidiary businesses. Last week it took full control of its consumer healthcare unit in Indonesia after recently increasing its stake in local units in India.
Witty has made emerging markets a key growth platform for GSK. He has stuck with the strategy despite recent problems in China, where the company's sales have been hit by bribery allegations. ($1 = 0.6011 British Pounds) Drugmaker GlaxoSmithKline plans to invest up to 130 million pounds ($216 million) in Africa over the next five years as chronic diseases become more common among its swelling urban middle classes. *(Reuters)*

Varun Beverages To Invest $300m In Africa, Asia Expansion

Varun Beverages Limited, a subsidiary of PepsiCo has announced plans to invest about $300 million in expanding its existing business in Asia and Africa including India, Nepal, Sri Lanka, Morocco, Zambia and Mozambique over the next one year.
In doing this, the company said it will secure an $85 million loan from the International Finance Corporation (IFC), the private sector investment arm of the World Bank and other investors while considering listing its shares on the Stock Exchange Market. The project document with IFC shows that while IMF will provide $85 million equity, other funds will be raised through internal accruals, additional equity and debts.
The investment plan, which also involves acquisition of companies over the said period, will help Varun increase its employment strength from 4,200 to about 8,000 over the next few years across South Asia and Africa.
IFC said its involvement in the investment would bring discipline and credibility to the company as it prepares for a public listing. IFC’s investment in Varun is one of the largest equity investment made into an Indian firm. Controlled by Ravi Jaipuria, the largest independent third-party bottler and distributor of Pepsi in India, Varun Bottling Company operates under bottling and distribution franchise rights from PepsiCo for a number of territories across Africa, India, Nepal, and Sri Lanka. *(Ventures Africa)*

Protea Acquisition Elevates Marriott To Africa’s Largest Hotel Company

Marriott International has finalised its 2.02 billion rand ($191m) acquisition of South Africabased Protea Hospitality Group, scaling the number of its business in Middle East and Africa (MEA) to more than 160 hotels and 23,000 rooms while positioning it as the largest hotel company in Africa.
Marriott, which now operates and franchises over 4,000 hotels in 79 countries, first announced its plan to acquire Protea Hotels late last year.
The US-company has more than 65 new hotels and 14,300 rooms in the pipeline. Last year, it opened 26,000 new rooms in a record totalling 387 hotel deals. Marriott hopes that more investment will be made along this line till 2015.
“With the addition of Protea’s regional knowledge, expertise and infrastructure, we are incredibly well-positioned to continue growing in one of the fastest expanding economic markets in the world,” said Alex Kyriakidis, President and Managing director of Marriott International in the MEA.
As part of the agreement, Protea, which has a total of 116 properties and 10,148 rooms across three brands (Protea Hotel Fire & Ice, African Pride Hotels and Protea Hotels) in seven African countries will retain ownership of the hotels it currently owns and enter into long-term management and lease agreements with Marriott for these hotels.
As a result of this, Marriott will now manage approximately 45 % of Protea’s rooms, franchising approximately 39 % of the rooms, and leases approximately 16 % of the rooms.
Marriott International’s president and CEO, Arne Sorenson, said the hotelier “looks forward to integrating the superb Protea team into the Marriott International family, and together, to work toward new opportunities for growth and advancement throughout South Africa and the continent.” The Protea portfolio will be fully integrated into Marriott booking portfolio by the end of May, this year. Marriott however said it does not expect the Protea acquisition to have a material effect on its 2014 earnings *(Ventures Africa)*

African Land Investments eyeing malls in key markets across the continent

The expansion of international and regional retailers into emerging markets in Africa is fuelling a wave of the construction of modern shopping centres. Africa’s fast-growing cities are home to a growing middle class whose heightened appetite for quality goods and convenience is changing the retail business.
African retail brands including Kenya’s Nakumatt supermarket chain and South Africa’s Famous Brands, Woolworths, Pick n Pay and the Foschini Group are expanding to other parts of the continent, targeting the emerging middle class. Most of these brands are anchor tenants of new malls planned for, or under construction in countries such as Kenya, Nigeria and Ghana.

Real estate investment company African Land Investments (ALI) is seeking to buy shopping malls in "growing markets" in the continent. Established last year, ALI provides an exit option for individual developers and private equity funds which own shopping malls in the continent. ALI owns the US$140m Manda Hill Mall in Zambia's capital Lusaka. The 44,000m² mall is the biggest in sub-Saharan Africa, outside South Africa.
ALI CE Kevin Teeroovengadum says the firm intends to grow its portfolio to $500m in the next three years. He explains that the increasing number of malls under construction in Africa is testament to the continent's changing economic environment and its growing appeal to investors.
Speaking to *How we made it in Africa* on the sidelines of the recent East Africa Property Investment Summit in Nairobi, Teeroovengadum said ALI is eyeing high quality malls "in defensive locations and good catchment areas".
"Our strategy in the next two years is to go and find big defensive shopping malls that we can buy and grow our portfolio to half a billion US dollars." Teeroovengadum notes that in the markets ALI is eyeing, it is "expecting fair returns". "Given that we have bought in Lusaka we are going to be looking at other opportunities in Zambia, but there you have got limited opportunity because it is not a big market. We are going to be focusing on West Africa; we are very keen to get into the Nigerian market. In East Africa we are looking at the region as opposed to a single country… but we still need to be in Kenya. Nairobi is going to be an important market for us to look at."
Teeroovengadum says its South African shareholders are seeking passive income in high-growth economies. ALI is owned by Johannesburg Stock Exchange-listed property firms Hyprop (87%) and Attacq, previously Atterbury Investment (12.4%). "In the rest of Africa we can buy income producing assets in a growing market. In South Africa the economy is not growing that well… [about] 2.5% GDP growth, whilst in markets like Kenya and Nigeria you are talking about 6%-8%." He notes that there are not many malls up for purchase in most countries but this is likely to change over the next year.
"It is only in the last couple of years that we have seen private equity funds developing these malls. It's very limited opportunities, but on the other hand there are very few buyers who have got funding like we do to go and do those deals. We estimate in the next year or so you are going to have at least two or three assets per country that will be available for sale."

Diversifying against risk

One challenge ALI is likely to face as it purchases property in different countries is how to "get minimum tax leakages". "It's very easy to look at Africa and think all the countries are the same but the reality is they have got different tax regimes, different governments [and] different rules when it comes to ownership. Each country has its own specificities and I think that is what is challenging. That is also why it does take time to do deals. You need lots of hard work to make deals happen." The threat of terrorism will also be a major concern especially in high risk countries like Kenya and Nigeria. Last September's attack on the Westgate shopping mall in Nairobi in which 67 people were killed has ignited debate on safety in malls which host thousands of people at any given time.
In the aftermath of the attack hundreds of people have lost their jobs and business owners are still counting the losses. The damaged mall remains closed. To cushion itself from the effects of such an event, the ALI boss says the firm will diversify its portfolio across various countries and cities.
"There are countries and cities where you have higher risk. In Zambia we have got no risk of terrorism at all. If we buy in Nigeria we will probably look at Lagos and Abuja but not further up north [where Boko Haram attacks are frequent]. What we are hoping is that when we have a $500m portfolio, a mall in Nairobi will only represent maybe 20% of that so that if something happens it doesn't impact the whole portfolio." *(How we made it in Africa)*

BANKING

Banks

BNP Paribas Buys South Africa Loan Provider for $255 Million

BNP Paribas SA (BNP), **France**'s biggest bank, agreed to buy South African credit provider, RCS Investment Holdings Ltd., from **Standard Bank** Group Ltd. and Foschini Group Ltd. For 2.65 billion rand ($255 million).
BNP Paribas's Personal Finance unit will complete the cash transaction by September, Johannesburg-based Standard Bank said in a statement today. RCS had a net asset value of 1.7 billion rand at the end of September, the statement said. RCS, a joint venture between clothing retailer Foschini and Standard Bank, offers credit cards, personal loans and insurance to **South Africa**'s growing black middle class. BNP first expanded in the country when it bought a controlling stake in Cadiz Holdings Ltd.'s securities unit in 2011.
Foschini, which may make about 1.4 billion rand from its 55 % stake in RCS, will use the proceeds to repurchase its own shares, the Cape Town-based retailer said in a separate statement today. The company has wanted to reduce its shareholding in RCS to less than 50% since last year because a large portion of its debt is linked to RCS, it said.
Standard Bank, Africa's largest lender, said it plans to use the capital released from the sale to invest in its operations on the continent. "The proceeds will provide Standard Bank with leverage for growth opportunities and will help improve the group's return on equity," it said. BNP dropped 0.3 % to 56.75 euros as of 1:35 p.m. in Paris. Standard Bank fell 0.5 % to 139.32 rand while Foschini rose 1.7 % to 107.56 rand in Johannesburg trading. *(Bloomberg)*

Guaranty Trust Bank plc, the parent company of Guaranty Trust Bank (Ghana) Limited, has declared a profit before tax of N107.09 Billion (about USD650 million) for the financial year 2013.

The banks audited financial results for the year ended December 31, 2013 were announced at the Nigerian and London Stock Exchange. According to a release issued in Accra, a review of the results showed a strong and positive performance across all financial indices and also affirmed the bank's position as one of the most profitable financial service providers in Nigeria. In terms of value creation, GTBank maintained its top position in the industry with pre-tax return on equity (ROE) of 34.9 % and pre-tax return on asset (ROA) of 5.6 %. A glance through the numbers revealed a 28.6 % growth in loan book from ₦ 783.91bn (about USD4.7 Billion) in 2012 to ₦ 1.01tn (about USD6 Billion) in 2013 while customer's deposits grew by 24.3 % from ₦ 1.15tn (about USD7 billion) in 2012 to ₦ 1.43tn (about USD8.6 billion) in 2013. Consequently, the group closed the 2013 financial year with a balance sheet size in excess of ₦ 2 trillion (about USD12 billion) while shareholders' equity increased by 17.9 % from ₦ 281.83bn (about USD1.7 billion) in 2012 to ₦ 332.35bn (about USD2 billion) in the period under review. Risk management framework in the bank remains very strong as non-performing Loan (NPL) ratio decreased to 3.58 % in 2013 from 3.75 % in the comparative period of 2012. Commenting on the results, the release quoted Mr Segun Agbaje, the Managing Director and CEO of Guaranty Trust Bank plc, as saying that, "As a growing franchise and in spite of the regulatory headwinds, our Bank has posted respectable results that reaffirm our reputation as a market leader and a highly ethical financial institution". "We have maintained our cost-leadership position as typified by the cost-to-income ratio (2013: 43.5 %; 2012:43.1 %) among peers year-on-year", he added. He further stated that "with this performance, we will maintain our commitment to maximising shareholder value with a proposed 10 % increase in dividend pay-out over what was paid in 2012 and a share price appreciation of 17 % in 2013. Our acquisition of Fina Bank Limited, a Kenyan bank with significant business footprint in Rwanda and Uganda, gives us the opportunity to commence business in three East African countries via the acquisition of one bank. This will give us great mileage and an opportunity to leverage our brand equity. We hope to further tap into the growth potentials of emerging African economies thus bringing us closer to our philosophy of being 'A proudly African and truly international' financial brand". The Managing Director of Guaranty Trust Bank (Ghana) Limited, Mr Lekan Sanusi, stated, "Our group's performance is a reflection of the health of all subsidiaries adding that "Customers and other stakeholders are thus assured that they are dealing with a strong institution". *(Ghana Web)*

Angola's Banco Angolano de Investimentos adopts stricter loan policy

Angolan bank Banco Angolano de Investimentos (BAI) plans to adopt a stricter loan policy after in 2013 it was forced to write off loans in the amount of US$122 million, the bank's chief executive said.

During a conference on investment in Africa organised by financial news agency Reuters, João Fonseca said that writing off the unrecoverable loans and setting aside provisions to guarantee defaulted loans had cost the bank US$225 million.

Angola's largest bank by assets announced a 31 % drop in profits in 2013 to US$124 million, the third consecutive year in which its profits have fallen. "The target for this year is to increase the number of loans granted, but with stricter rules and it is also essential to recover defaulted loans," said Fonseca, who added that loans worth US$324 million had been wiped off the bank's loan book in the last four years. BAI's CEO also said that the bank's credit portfolio had been established in a period of high economic growth, "and we are now more aware of the credit risks and are boosting the process of loan recovery, and only going through the courts as a second resort."

Real estate and construction companies, which make up 36 % of BAI's credit portfolio, were significantly affected by the economic slowdown, and many of them have had difficulty paying off their loans.

"The projects take longer, cost more and demand has cooled, particularly in the highest segment," said Fonseca, noting that another negative factor was the government's delay in paying for projects it has awarded. *(Macauhub)*

Barclays Bank ended last year with a profit of GH¢202.5 million, representing a 35 % increase in earnings for 2013 from GH¢150 million recorded for 2012.

This makes Barclays the second most profitable bank after Standard Chartered Banks' GH¢208 million, according to the financial results released so far by commercial banks in the country. Speaking at the Bank's Annual General Meeting Luncheon, Managing Director, Patience Akyianu, said the bank will explore digital channels to grow their profits even more for this year. "We will also focus on some key thematic initiatives to drive the achievements of the bank's short-term plan, in our bid to become the 'go-to' bank in Ghana", she revealed. She adds that their impressive 2013 bottom line is the result of a progressive income growth, and not merely from impairment releases and savings in costs. She maintained that a renewed focus on business banking and recognizing that the SME sector remains the driving force of Ghana's economy has compelled the bank to be committed to developing excellence in that area. "This is a central strategic theme for the business. Total income grew by 31.2% in 2013, driven by significant growth in our total loan book and higher yields on Government bills and bonds. This was a result of dedication to growing the business", Patience Akyianu said. The bank's operating expenses inched up by 22.0% as a result of the general increases in inflation, utility and fuel prices experienced in the year.

Also, the bank's growth in impairment was partly attributed to the growth in loans and advances. The bank's balance sheet also grew quite well with total assets growing by 18.6% to end 2013 at GH¢2,343.0 million. Loans and advances grew significantly by 25% to GH¢993.8 million at the end of 2013. This was as a result of aggressive strategies embarked on in 2013 targeted at increasing the loan book balance in the face of intense competition. Customer deposits grew by 9.5% in a competitively challenging environment from GH¢1,454.3 million in 2012 to GH¢1,592.4 million at the end of 2013. Meanwhile, recent figures released by Guaranty Trust (Ghana) Limited also points a significant growth in its pre-tax profit of GH¢75 million for the financial year 2013 as against GH¢50 million recorded in 2012. The banks operating income rose to GH¢129 million in 2013 as compared to GH¢106 million in 2012 and profit after tax increased to GH¢53 million by end of 2013 from GH¢39 million recorded in 2012. *(Ghana Web)*

Bob Diamond-backed investment company Atlas Mara, said it would acquire sub-Saharan African bank ABC Holdings Limited (BancABC) and ADC African Development Corporation AG, for up to $265 million in cash and shares.

The acquisition comes as a first for former Barclay's boss Diamond, who was ousted from Barclays last year when the bank was fined $450 million for alleged manipulation of the Libor interbank lending rate. Atlas Mara, Diamond's London-listed shell company, said it would acquire BancABC's shares in excess of 50.1 % of total shares outstanding for $0.82 per share or the equivalent in Atlas Mara shares. The company also said it intends to make a public share-for-share takeover offer for ADC at an exchange ratio of 1.25 times Atlas Mara shares per ADC share. Atlas Mara said it expects to fund the acquisition via proceeds of its previously completed IPO and the issuance of shares. Diamond raised $325 million by Atlas Mara's London Stock Exchange listing in December, with Africa-focused billionaire entrepreneur Ashish Thakkar. Atlas Mara is formed of Atlas Merchant Capital LLC, set up by Diamond in New York, and Ashish Thakkar's Mara Group Holdings Limited. BancABC has been providing financial services in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe since the last 58 years. ADC is also an Africa-focused banking group with an indirect 47.1 % stake in BancABC. The scope for growth in Africa is significant. Barely a quarter of sub-Saharan Africans have a bank account, yet economic growth in the region is set to outpace the global average over the next three years, according to World Bank last year's figures. "Our objective is to build Africa's premier financial services group leveraging the access to capital, liquidity and funding that we at Atlas Mara can provide," Bob Diamond, director and co-founder of Atlas Mara said. Atlas Mara said its shares would be delisted from the LSE with immediate effect until the acquisition is completed post which it would seek re-admission to the exchange. *(Reuters)*

Diamond Plans African-Loan Securitization to Lure Investors

Robert Diamond, former head of **Barclays Plc (BARC)**, plans to sell corporate loans in sub-Saharan Africa to international investors through his new financial-services venture, **Atlas Mara Co-Nvest Ltd. (ATMA)** Securitizing loans will open up one of the fastest-growing regions in the world to institutional investors and provide capital to businesses operating there, Diamond, 62, said in an interview in Johannesburg .

"International investors have already crossed the Rubicon in that they're interested in Africa," he said. "Now it's a question of them getting educated on how they do it."

Diamond, who quit as Barclays CEO in July 2012 after the British bank was fined for manipulating benchmark interest rates, wants spur capital markets growth in a region where a third of the economies are expanding at more than 6 %, according to the World Bank. Atlas agreed to buy BancABC, which offers financial services in Botswana, Mozambique, Tanzania, Zambia and **Zimbabwe**, for as much as $265 million and will use the company as a springboard for further acquisitions. "We want to get lending into businesses," Diamond said. "If it's all just coming on our balance sheet, our growth will be limited and access to capital will be limited due to risk management. The more we can get it into institutional investors the better." Atlas Mara will have a capital markets platform with specialized lending and securitization units for packaging loans for institutional investors, Diamond said.

Bank Building

Diamond has a history of building a bank. As head of Barclays Capital, the London-based bank's securities unit, he expanded headcount and made the company a global leader in fixed income, foreign exchange and mergers and acquisitions. Profits increased more than 10-fold to 3 billion pounds ($5 billion) in 2011.

"Barclays Capital would be investment banking," Diamond said. "This is not that at all. This is much more retail and commercial banking where we'll try and bring some of the other things around it."

Most African banks invest customer deposits in local government debt and not in local companies, Diamond said. Securitizing loans would boost lending and help satiate global investor appetite for exposure to **Africa**, he said.

"They're looking for opportunities to invest but they need to be comfortable they're investing in the right things," Diamond said. "The more we can get ratings on the banks for example, the more we can raise money. The more we can get ratings on companies, the more international investors will be attracted."

Gordon Gekko

In the seven years to 2011, Diamond earned at least 120 million pounds in pay and bonuses according to Manifest Information Services Ltd., making him a poster-boy for banker bashing. He was labeled "the unacceptable face of banking" in 2010 by then U.K. Business Secretary Peter Mandelson and "The Real Life Gordon Gekko" by the

London-based Daily Mail. Atlas Mara, which raised $325 million in an initial public offering in December, plans to buy another bank with a "multi-country platform," high-quality management and good earnings at a reasonable valuation, Diamond said. Diamond, who put $20 million of his own money into the venture along with Ugandan entrepreneur Ashish Thakkar, said Nigeria and French-speaking countries in west Africa are "very interesting" to Atlas Mara. *(Bloomberg)*

The banking sector witnessed the biggest equity transaction since dollarisation when a high-profile foreign investor, Atlas Mara Co-Nvest, moved to inject US$210 million into ABC Holdings to acquire a majority stake in the banking group.

This is a strong sign of confidence in efforts by the Government to turnaround the economy. The investor immediately pledged to uphold the country's indigenisation law, proposing to sell part of its equity to ABC chief executive Doug Munatsi and his local partners. Market watchers say the deal will restore hope and confidence in Government's bid to attract investors at the same time showing the efforts of the new Government to turn around the economy. Zimbabwe has for more than a decade been hit by negative perception, which has affected its ability to attract investment. Under the transaction, Atlas Mara has secured agreements to acquire at least 50.1 % of the issued shares in ABC at a price per share of 82 cents, which translates to a premium of 90 %. At the transaction price, Atlas will acquire ABCH for US$210 million, the biggest equity transaction in the country since dollarisation. As part of its intended positive impact in the turnaround of the economy, Atlas Mara will assist with the injection of US$100 million in additional capital in ABC, US$40 million of which will be deployed in Zimbabwe. It will also mobiles credit lines and long term financing in excess of US$500 million in the next five years.

In a statement the group said it believed the proposed combination with BancABC and ADC is consistent with Atlas Mara's strategic objective of building the premier sub-Saharan financial services group. Particularly relevant are BancABC's strong brand and multi-country banking platform, its well-respected management team and exciting growth prospects, and ADC's pan-African vision and execution expertise. "Atlas Mara looks forward to empowering the existing management teams of both BancABC and ADC to drive future growth and expand across sub-Saharan Africa." Mr. Bob Diamond's Atlas Mara Co-Nvest will pay a total US$210 million to acquire a majority of ABC Holdings and make a voluntary public takeover offer (by way of an exchange offer) for all outstanding African Development Corporation shares bringing the total value of the deal to US$265 million. Of the initial amount, Zimbabwean shareholders will be paid US$40 million in cash and US$25 million Atlas Mara shares. Mr. Munatsi, upon completion of the transactions, will join the Atlas Mara Group Executive Committee. Atlas Mara is committed to, following completion of the transactions, provide up to $100 million of equity to BancABC within the first 100 days, to drive its growth going forward, as well as support BancABC's management in obtaining additional liquidity, including raising capital. "Atlas Mara's vision and strategy is to build a leading Pan-African banking platform by partnering with and investing in strong African Banks and African Entrepreneurs," said the statement. Atlas Mara was formed by Atlas Merchant Capital led by Mr. Bob Diamond who is a former CEO at Barclays plc and Mara Group Holdings founded by Mr. Ashish Thakkar, Africa's youngest billionaire. Atlas Mara listed on the main market of the London Stock Exchange in December 2013 after raising $325 million.

Atlas Mara said it was committed to complying with Zimbabwe's indigenisation laws and will soon be seeking approval for its indigenous plan. Under the plan, a certain percentage of shares in the local subsidiary will be acquired by Mr. Munatsi and his local partners. "Through this investment, (Atlas Mara) demonstrate that Zimbabwe is a safe and attractive investment destination to the international community and capital markets," said this firm as it pledged to ease Zimbabwe's liquidity challenges. Speaking at the annual results presentation last week, Mr. Munatsi said the group would raise tier I capital of $100 million and increase minimum capital in each subsidiary to between $50 million and $100 million by 2015. The group will also arrange credit lines of $200 million to $300 million. Finance Director Mr. Bheki Moyo noted that the banking group was well capitalised with Zambia and Zimbabwe meeting the stringent capital requirements while in Tanzania the capital adequacy ratio at 13,18 % was within the regulatory threshold of 12 %. The transactions are expected to be funded through proceeds of Atlas Mara's previously completed IPO and the issuance of Atlas Mara shares. Atlas Mara shares and warrants have been suspended from the London Stock Exchange with immediate effect. The combination of the three groups will create an entity with a highly scalable growth platform across the SADC region, an important growth region with annual GDP of over $640 billion, ranking it amongst the top 20 GDPs worldwide and a well-positioned banking group capable of offering a broad range of banking products, including corporate banking, treasury services, retail and SME banking, asset management and stock broking.

Mr. Diamond, Co-Founder and former CEO of Barclays plc, said: "When we founded Atlas Mara, we did so with the intention of identifying and partnering with exceptional multi-country African financial services companies. "Our objective is to build Africa's premier financial services group leveraging the access to capital, liquidity and funding that we at Atlas Mara can provide. I am delighted that we will be merging with such high quality organisations as BancABC and ADC." "Our future growth will be based on expanding on Dirk Harbecke's vision at ADC and on the foundation created by Munatsi and his team at BancABC, who have built a fast-growing, prudently-managed, African banking institution." Mr. Ashish J. Thakkar, Director and Co-Founder, said: "With this transaction, Atlas Mara is well-positioned to collaborate in a synergistic manner with other partners in sub-Saharan African countries and to expand the combined group's portfolio of banking products and value added services. With the combination of BancABC's

regional expertise, ADC's initial platform and Atlas Mara's global experience, we are confident we can build a true African financial services institution that addresses the needs of our people across the continent and creates a meaningful and lasting positive impact." In the short to medium term ABC will seek to grow market share to 5 %-10 % in all banking operations by 2015. Mr. Munatsi also said they are targeting cost to income ratio of under 50 % in all banking operations by 2015. The group declared a dividend of 2.1cents after posting a 49 % increase in profit to BWP198 million compared to BWP133 million. *(Herald)*

Markets

Zambia 12-Month Yields Rise to Four-Year High on Bank Measures

Borrowing costs on Zambia's benchmark Treasury bills rose to the highest in more than four years as the central bank's measures to cap liquidity among lenders curbed sales of the debt. The Bank of Zambia sold 268.2 million kwacha ($44 million) of the total 600 million kwacha of notes offered at yesterday's auction in Lusaka, the capital. Yields on 364-day securities rose 98 basis points, or 0.98 percentage point, to 16.48 %, the highest since October 2009.
The central bank in **Africa**'s second-biggest copper producer increased the minimum statutory reserve ratio for lenders to 14 % from 8 % and raised its key lending rate to a record high last month. The kwacha retreated 9.5 % this year, the worst among 24 African currencies tracked by Bloomberg after **Ghana**'s cedi. A weaker currency pushes up inflation in the land-locked country that imports items from fuel to groceries. "The central bank is seeking to help stabilize the Zambian kwacha in order to ensure that inflation is within its target rate," Mwiya Musokotwane, a Lusaka-based analyst at African Life Financial Services , said by e-mail today. "As liquidity generally rises again, banks are likely to migrate assets to **government securities**. This will likely lead to increased auction participation, given that yields are attractive."
At its two previous auctions, the central bank sold 186 million kwacha of the 1.2 billion kwacha offered. The currency weakened 0.2 % to 6.13 per dollar in Lusaka. Money raised in a planned Eurobond will probably help the government meet its funding requirements and reduced buying of local notes will only become problematic if tax revenues don't meet needs, said Musokotwane.
Standard & Poor's today affirmed Zambia's creditworthiness at B+/B with a negative outlook and **Fitch Ratings** on March 21 held its rating at B, five levels below investment grade. Officials from the **Finance Ministry** and Bank of Zambia are on a U.S. and European roadshow to market the country's second international debt sale, where it may seek as much as $1 billion.*(Bloomberg)*

World Bank Provides $300m Loan For SMEs In Egypt

World Bank has announced a $300 million loan for micro and small scale enterprises (MSEs) in remote and rural areas in Egypt, with the aim of boosting job opportunities in the private sector. "The project will reach out to remote, rural and underprivileged areas in Egypt, will provide people with economic opportunities and will contribute to improving their lives," Sahar Nasr, World Bank's lead economist and project team leader said.
The fund is specifically targeted at small businesses because they have become the major driver of Egypt's economy, increasing employment rate by 40 % and creating about 85 % of job opportunities in non-agricultural sector.
Nasr pointed out that the project will create income-generating opportunities for entrepreneurs and youths by reaching out to 130, 000 enterprises in five years, 37 % of which are owned by women.
Currently, the World Bank has made an investment of $4.6 billion and $190.2 million in projects and grants respectively in Egypt. *(Ventures Africa)*

Ghana Raises Bank Cash Limits to Boost Worst Africa Currency

Ghana's central bank kept its benchmark interest rate unchanged, while raising the cash reserve requirement for lenders to help curb inflation and bolster the worst-performing African currency this year.
The Monetary Policy Committee left the rate at 18 %, Governor Kofi Wampah told reporters today in the capital, Accra. That was in line with the forecasts of five out of nine economists surveyed by Bloomberg. The rest had predicted an increase of 1 to 2 % age points, following a 200 basis-point raise at an emergency meeting in February.
"The committee is of the view that the impulses of the recent monetary policy hike are still working through the system," Wampah said. "The reserve requirement is meant to achieve quicker results. It's not a tool we use often."
Ghana is struggling to curb **inflation** that's surged to a four-year high, fueled by a currency that lost a fifth of its value against the dollar last year and has already plunged 12 % since the beginning of January.
"The risk to inflation remains high," Wampah said. "We did discuss raising the rate, it was a very tough decision."
The rate increase on Feb. 6, which came a day after introducing currency controls, didn't stop Fitch Ratings from lowering Ghana's debt outlook last week to negative from stable, five months after downgrading the rating by one level to B, the fifth-highest non-investment grade.

Reserve Requirement

Consumer prices rose 14 % in February from a year earlier. The inflation rate probably won't drop into the central bank's target band of 9.5 %, plus or minus two % age points, until the end of the first half of 2015, Wampah said.

Policy makers today raised the amount of cash as a proportion of deposits that commercial lenders must hold in reserves to 11 % from 9 % to help curb liquidity and ease inflation.
The move will probably have more of an immediate effect on the cedi than raising the policy rate, Yvonne Mhango, an economist at Renaissance Capital in Johannesburg, said by phone. “They have still tightened but have opted not to use the policy rate,” she said. The new requirement “withdraws local currency from the market. In reducing the supply of the cedi it does help improve the value of the cedi.”*(Bloomberg)*

Protocol between supervisory agencies ensures greater transparency in Angola’s financial sector

Greater efficiency in using legal mechanisms in place to protect investors and greater transparency in supervision of the financial system is the aim of the protocol signed Wednesday in Luanda by the Capital Markets Commission (CMC) and by the Angolan Agency for Insurance Regulation and Supervision (Arseg).
At the end of the signing ceremony, Aguinaldo Jaime, the president of Arseg said that cooperation between the two institutions was born of a need to share information between insurance companies and the pension funds that provide a return on the capital they invest.
“CMC and Arseg have very close ties because when an insurance company invests its assets in the capital market that implies supervision by the agency for promotion of insurance and pension funds,” he said, cited by Angolan news agency Angop. Jaime said it was essential to coordinate with the CMC in order to make operators’ activities easier and added that, “by making procedures more efficient we will have a coordinated and supervised market that allows us to control existing links between the banking market, insurance companies, pension and capital funds.”
Meanwhile, speaking at the 1st Annual Forum of Capital Markets the Arseg president said that as of this year companies would have an alternative to high interest rates charged by banks, which have so far been the main financiers of Angola’s economy. “We welcome the diversification of the banking system because we have found that, often, investors have few alternatives beyond bank market applications,” he said. *(Macauhub)*

Deals

Kagiso Buys Into South African Banks, Despite Low Economic Growth

Investment management firm, Kagiso Asset Management defied South Africa’s low economic growth dynamics to invest in Standard Bank and FirstRand, acquiring 8 % and 7.9 % stakes respectively.
“The macro-headwinds that the economy is currently facing would ordinarily present an argument against holding banks,” Chief Investment Officer of Kagiso Asset Management, Gavin Wood said recently. He added however that the situation presents an opportunity, as prices of stocks are low. South Africa’s economy has been hardly hit over the past few years, with corruption and incessant union strikes in its critical mining sector dealing a big blow on investments.
The International Monetary Fund (IMF) believes the country’s economy will improve in 2014, according to a forecast in its World Economic Outlook (WEO) report. The growth is however not significant by South African standards. IMF predicts a 2.8 % GDP growth for the Southern African country, up from its 1.8 % in 2013.
Proving further that Kagiso made a wise investment, Wood noted that South Africa is currently facing a rising interest rate cycle, but regards it as a positive driver of return on equity (ROE) for the banks.“They get more in than they pay out, and the result is a ROE uplift for the banks – it’s a real earnings driver,” said Wood, who noted however that a sharp rise in interest rate might cause severe credit losses.
Explaining the investment firm’s choice of Standard Bank and FirstRand, Wood said the asset management firm likes Standard Bank for its strength in Africa and FirstRand for its operational momentum. He also expressed said African economies would be the fastest growing in the world for decades to come. *(Ventures Africa)*

Sanlam Plans To Increase Acquisitions In Africa

South Africa’s insurance company, Sanlam has said it plans to finalize three or four acquisitions in other African countries this year as a strategy to gain entrance into faster-growing economies. “I would hope to have one wrapped up either in Mozambique or in Angola. I would hope for one or two in east Africa,” Margaret Dawes, CEO Rest of Africa for Sanlam’s Emerging Markets said at Reuters Africa Summit.
This is in line with the company’s plan to expand into North Africa and Portugese-speaking nations since it already has operations in 10 English-speaking countries in Africa. It is also a strategy to hedge against maturing market Southern Africa including Namibia, Botswana and especially South Africa.
According to Dawes, Sanlam’s goal is to increase its profit from other African markets to 20% in five years, compared to the 9 % profit realized in 2013. A fund of $374 million has been earmarked for acquisitions in Africa and Asia, some of which include the buy-out of Malawi-based Nico’s insurance in four countries and an increase in the controlling shares of Kenya’s Pan Africa Insurance.
Although acceptance of insurance is still low in comparison to developed countries, Sanlam’s continued expansion into other markets is an indication that Africans are gradually becoming aware of the importance of insurance cover *(Ventures Africa)*

Funds

AFIG Funds To Invest $200m In African SMEs

The CEO of Funds at Advanced Finance and Investment Group (AFIG), Pope Madiaw Ndiaye, said his company will raise $200 million over the next two years as part of its commitment to support Small and Medium Enterprises (SMEs) in Africa. Ndiaye told Reuters at the Reuters Africa Investment Summit in Johannesburg, South Africa, that: “African entrepreneurs tend to be some of the loneliest people out there because they don’t have a tremendous amount of quality support services like in the U.S. or Europe, where you can call the likes of McKinsey or BCG (Boston Consulting Group).”

The private equity firm, which provides its corporate clients with expertise in management (account & auditing) and finance, argued that SMEs in Africa needs not just financing, they also need management and operational expertise to enable them to grow a regional footprint.

According to reports, although SMEs accounts for about 50 % of job creation and 33 % of gross domestic product (GDP) on the continent, the sector has a funding gap of more than $140 billion.

Ndiaye said the fund saw a gap in the market and decided to put together a private equity fund with a strong developmental angle that can address it.

The Mauritius-registered Fund, which has offices in Senegal and the United States, recently completed a second closing of its Atlantic Coast Regional Fund (ACRF), increasing it from $72 million in 2008 when it launched to $ 122 million.

ACRF said it had invested $45 million in seven companies that covers various sectors of the African economy including the opening of 3 subsidiary of the Pan African financial group, Ecobank *(Ventures Africa)*

Warburg Pincus Wagers on Mideast, Africa After Dubai Investment

Warburg Pincus LLC, the private-equity firm managing about $37 billion in assets, is considering investments in Africa and the **Middle East** as capital starts to flow back into **emerging markets**.

“We are looking beyond the core euro-zone markets into the rapidly growing emerging markets around **Europe** for investment opportunities,” Joseph Schull, head of Warburg Pincus in Europe, said in an interview yesterday. “Africa is the next big frontier in private equity and we are spending an increasing amount of time investigating opportunities in that region.”

Investors are seeking out acquisition opportunities in less-developed markets in the Middle East and Africa as economic growth accelerates and financial markets recover from the credit crisis. Money is also returning to emerging markets, with exchange-traded funds attracting $1.4 billion in the first three days of April, as countries take steps to stabilize their economies, according to data compiled by Bloomberg.

Standard Chartered Plc, the London-based bank present in Africa for more than 150 years, said in February it’s investing more money in private-equity deals there than in any other region in which it operates. **Robert Diamond**’s Atlas Mara Co-Nvest Ltd. this month agreed to buy a stake in state-owned **Development Bank** of **Rwanda**, while KKR & Co. is competing with Abraaj Group to buy a stake in Saudi Arabian restaurant business Kudu, two people familiar with the deal said in September.

Dubai Acquisition

New York-based Warburg Pincus made its first investment in the Middle East today, agreeing to acquire a controlling stake in Mercator, a Dubai aviation software-solutions company owned by Emirates’ Dnata unit. Mercator provides services to airlines including **United Airlines Inc. (UAL)** and British Airways Plc, the two companies said in a joint statement today, without disclosing financial details of the transaction.

“This is a growth equity investment for Warburg, our first in the Middle East, and there is no debt involved in the transaction,” Schull said. “This business can be a multiple of its current size.”

Warburg Pincus expects to double or triple its initial investment in Mercator in the coming years and is also exploring add-on acquisitions to expand the business, Schull said, without identifying potential targets. Mercator has more than 125 airline clients in 80 countries.

Warburg Pincus, founded in 1966, owns stakes in more than 120 businesses and last year hired former U.S. Treasury secretary **Timothy Geithner** as its president. In 2013, it agreed to sell luxury retailer Neiman Marcus Inc. to an investor group for $6 billion, and sold eye-care company Bausch & Lomb Holdings Inc. to Valeant Pharmaceuticals International Inc. in an $8.7 billion deal. The company has more than $9 billion in emerging-market investments. *(Bloomberg)*

JPMorgan, U.K. Government Invest in Fund for Africa Business

JPMorgan Chase & Co. and the U.K.’s Department for International Development will contribute a combined $20 million to a private-equity fund investing in startup businesses operating in East Africa.

DFID’s Impact Fund, which is managed by CDC Group, a development finance institution owned by the U.K. government, will provide $15 million to Novastar Ventures and JPMorgan the rest, the companies said today in an e-mailed statement. The money will finance health care, education, housing, energy and sanitation projects that are expected to reach as many as 2 million people over the next decade, they said.

“Private sector capital is crucial to economic growth in East Africa,” Peter Scher, head of corporate responsibility at JPMorgan Chase, said in an e-mailed reply to questions. “There is a recognition that governmental and aid organizations cannot do this alone.”
Investors should accelerate investments to build infrastructure in Africa and form public-private partnerships that will help improve economic and social conditions, Kenyan President Uhuru Kenyatta said on April 2.
It marks the first investment released from the 75 million-pound ($124 million) Impact Fund announced by the U.K. in 2012 to provide capital to companies and programs that will generate returns in sub-Saharan Africa and South Asia.
Social Good Novastar is focusing its investments on “early-stage businesses that offer massive social benefits to low-income households,” Managing Director Steve Beck said on April 5 by phone from Nairobi, the Kenyan capital.
“Novastar will accelerate the existing investment program of SpringHill Equity Partners, an informal investor circle that has been making venture investments in East Africa,” Beck said.
Novastar in March made its initial investment in Bridge International Academies, which has built more than 250 schools in Kenya, according to the statement. The Nairobi-based chain of nursery and primary schools charges students an average of $5 a month, according to its website.
“Market-based approaches, along with interested investors, can attract the private sector capital necessary to create change,” Scher said.
Private equity funds invested more than three times as much in sub-Saharan Africa last year as they did in 2012 as the number of deals during the period rose to 84 from 58, according to the 2014 East Africa Private Equity Confidence Survey released by Deloitte. In East Africa, the number of deals in Kenya last year was 12, five in Rwanda, and three each in Uganda and Tanzania, according to the report. *(Bloomberg)*

Tech

Electronic payment solutions moving informal retailers into 'cash-light' era

As South Africa follows the world into an increasingly cashless economy, small, medium-sized and microenterprises (SMME’s) and informal traders are getting a shot in the arm as business leverages innovative financial technologies to stimulate financial inclusion and bolster economic growth.
Smaller traders are increasingly being recognised for the critical role they play in the overall growth of the country and many larger companies are moving to empower township and rural traders, mom and pop stores and spaza shops.
While 90% of retail payments in Africa are in cash, with the remaining 10% using electronic payment systems, South Africa is in a transition phase towards a “cash-light” society, with about 30% to 35% of retail payments electronic and 60% to 65% cash payments, a Frontier Advisory report, ‘Toward the cashless economy in Africa’, reveals.
The increase in financial inclusion in Africa provides the “unbanked” with access to the formal financial system and services, such as savings, payments, transfers, credit and insurance, and presented spaza shops and other informal merchants and traders, particularly in townships and rural regions, the opportunity to adopt mobile forms of cashless payments.
Spaza shops and informal traders are often successful within the informal economy of South African townships, providing local access to everyday goods otherwise only available at distant supermarkets.
A paper by the Sustainable Livelihoods Foundation reveals that, while there is no precise data on the scale of South Africa’s spaza market, the market has grown steadily, on the back of higher levels of disposable income of historically poor communities, to claim about 2.7% of total retail trade.
Recent estimates indicate that there are more than 100 000 spaza enterprises with a collective turnover of more than R7-billion, but the Sustainable Livelihoods Foundation stated that the actual size and composition of the South African spaza market is poorly understood.
With about 50% of the economic activity in the informal sector believed to trade, spaza shops have emerged as important incubators of entrepreneurship, enabling the development and transfer of skills, and addressing unemployment and poverty.
“The informal economy in developing countries such as South Africa provides an entry point for persons otherwise excluded from the formal labour market due to a lack of education and skills to pursue business opportunities or gain employment,” the Sustainable Livelihoods Foundation says.
SpazaNews notes that the 100 000 spaza shops each employed between two and three people, meaning that this sector could be providing between 230 000 and 290 000 jobs and supporting more than a million people.
A microenterprise survey undertaken by the Sustainable Livelihoods Foundation in eight urban from 2010 to 2013 identified 1 130 spaza shops amid a combined population of about 325 000, representing 98 000 households and equating to about one spaza shop for every 86 households.
Statistics South Africa reiterates the importance of the small businesses sector, which plays a critical role in the economic and social development of a country.
While the informal sector businesses usually lack “formality” in terms of business licences, VAT registration, formal business premises, operating permits and accounting procedures, and most have a limited capital base and rudimentary technical or business skills among their operators, there remains potential for small businesses advancing into viable small businesses.
South Africa needs to foster entrepreneurship.

SALES TERMINALS

In light of this, Blue Label and Mastercard partnered to distribute 22 000 partly-subsidised low-cost point-of-sale (POS) terminals to allow merchants with profits of up to R25 000 access to electronic payment systems.

The project, aimed at boosting financial inclusion in underserved communities in South Africa, will equip small traders and rural shops in South Africa with credit card payment-enabled POS devices, opening up business for a predominantly cash-based market, Blue Label joint CEO **Mark Levy** says.

These will allow traders to accept chip and pin-based debit, cheque or credit cards issued by Standard Bank, Absa, Nedbank and the South African Social Security Agency (Sassa), as well as contactless payment cards for goods and services.

Mastercard notes that the Sassa Debit MasterCard card was cited as the main contributing factor to the 4% growth in the country's banked population from 63% in 2011 to 67% in 2012.

Since mid-2012, 7.5-million Sassa MasterCard cards had been issued to grant recipients – adding to the then-2.5-million recipients – which should further increase financial inclusion in South Africa.

The roll-out will comprise 7 000 existing – but upgraded – POS systems that were previously used for selling airtime and electricity prepaid vouchers and 15 000 new EMV-certified, contactless-ready POS terminals.

The units, which use connectivity such as ethernet, third-generation technologies and WiFi, are, in effect, "taking banking to the unbanked", Blue Label Distribution CEO **Werner van Reenen** says.

Van Reenen tells Engineering News that Blue Label is currently testing the concept with a handful of merchants in townships – a soft pilot that had produced pleasing results, including a small merchant that had increased the shops monthly turnover from R100 000 to about R600 000.

The official pilot is expected kick off at the end of the year, but no set date for full commercial roll-out has been cemented.

While the number of South Africans with access to formal banking products has increased significantly in the last year, the number of card acceptance locations - especially in rural and periurban areas - has not grown in tandem," says MasterCard division president **Philip Panaino**.

Cashless shopping provides many benefits to consumers, who will no longer have their shopping habits determined by whether or not they have cash in their wallets and will ease the safety concerns of carrying cash.

"Our collaboration with Blue Label is another step by MasterCard towards realising our vision of a world beyond cash by bringing new and innovative electronic payment solutions to a generation of customers who are mostly banked, but are currently underserved," he explained.

Blue Label Telecoms already provides thousands of non-EMV-approved POS terminals in South Africa, which are used to sell prepaid vouchers such as airtime and electricity, and other online products, such as a quick pick tickets or a Top TV voucher.

In October last year, the JSE-listed group committed to distributing about 10 000 partly subsidised low-cost POS online token terminals throughout South Africa's rural areas over the next two years, with joint Blue Label CEO **Brett Levy** previously saying the group will take the project as far into deep rural as possible.

The pilot-to-commercial project is currently being rolled-out in Polokwane and Mpumalanga, bringing monthly revenue of about R3-million to Blue Label from about 1 500 merchants now equipped with the terminals.

Van Reenen says "foot soldiers" are currently on the ground, at taxi and trains stations, besides others, to market the product, with all set-up registration activities undertaken in one day, including Rica, the set up of the terminal and bank accounts.

The company is gearing up for a nationwide roll-out within the next three months.

Currently, 87% of Blue Label's South African distribution revenue is generated from the informal sector.

The first month of the initiative saw 156 units distributed – significantly surpassing Blue Label's target of 20 – generating turnover of about R280 000 through prepaid airtime sales and R1.3-million in prepaid electricity sales.

Both of these forms of payment solutions are expected to assist merchants in reducing the amount of cash they currently handle, increase sales and improve cash flow.

"Through the introduction of these solutions [the EMV-approved units] that respond directly to the needs of merchants, MasterCard and Blue Label aim to increase the level of penetration of electronic payments in South Africa, and help stimulate economic growth," adds Panaino.

SMART AND SECURE

Nedbank last year became the first to launch its own secure EMV-certified mobile POS solution – the PocketPOS – enabling businesses to process chip- and pin-based debit and credit card transactions by using a smartphone connected to a secure card reader.

PocketPOS is suitable for businesses without access to a fixed data or a telephone line to accept card payments securely or where low frequency of card acceptance does not warrant the higher-rental cost of a traditional POS device.

Meanwhile, MTN also rolled out its own mobile initiatives, such as Mobile Mobile, and enabling financial inclusion for subscribers using mobile phones.

MTN South Africa chief enterprise business officer **Kanagaratnam Lambotharan** tells ***Engineering News*** that Mobile Money and financial services were increasingly important of its service offerings and in 2013, the group introduced numerous financial products such as various short-term insurance offerings, ATM withdrawals options and remote payments for airline tickets – through a smart phone.

In Uganda, MTN's mobile banking solution is close to surpassing the total banking industry in the economy, Frontier Advisory says.
However, while the company has witnessed a boom in the number of Mobile Money subscribers in a short space of time, there still is a heavy reliance on the banking system to facilitate deposits.
MTN partnered with Ecobank to enable Mobile Money users to withdraw cash from Ecobank ATMs and transfer money between their Mobile Money and Ecobank accounts across 12 countries.
Following a trial service in Ghana last month, the parties would extend the initiative to Benin, Cameroon, Ivory Coast, Guinea Bissau, Guinea, Liberia, Congo Brazzaville, Rwanda, South Sudan, Uganda and Zambia.
"We are extending our cooperation in Africa to expand the range of services provided, as well as to further explore the development of mobile financial services in these countries," says MTN chief commercial officer **Pieter Verkade**.
MTN, which boasted14.8-million Mobile Money users in 2013, and Ecobank were also looking to partner in developing a unique mobile savings offering within their countries of mutual presence.
Ecobank domestic banking group executive **Patrick Akinwuntan** says: "This roll-out further demonstrates our commitment to make branchless banking a reality by activating multiple service channels in every country in which we operate.
"Our unique panAfrican footprint will also enable us to be at the forefront of developing the market for cross-border mobile money services in Africa."
Frontier added that it may be difficult to abandon cash completely in Africa, but the use of cash may be minimised resulting in a less cash-dependent society.
However, different strategies and approaches are required for the different regions in Africa to facilitate financial inclusion.
This will further require collaborative action from traditional financial institutions and technology service providers.
"In essence, what is developing is a convergence of payments which are being initiated by different players in the financial services and the ICT space," the firm concluded. *(Engineering News)*

'Mobile money has moved from this new thing into an industry,' says MasterCard

Close to 70% of the world's active mobile money customers are in sub-Saharan Africa, according to Aaron Oliver, head of emerging payments for Middle East and Africa at MasterCard

"Mobile money has moved from this 'new thing' into an industry and really the heart of that industry is in sub-Saharan Africa," Oliver told *How we made it in Africa*. "Some of the stats that we have… there are 61m active mobile money customers [globally]… and 42m of those are in sub-Saharan Africa."
He added that 52% of the world's mobile money services are in sub-Saharan Africa and there are nine countries in the region that have more people with mobile money accounts than bank accounts.
Mobile money is a financial transaction service where money can be paid or transferred electronically via mobile phones, and has become popular among many of Africa's unbanked population.
"We are also seeing some great knock-on effects from mobile money, and that is the rise of bank accounts as well," continued Oliver. "So not only is mobile money this new financial services instrument that consumers want to be able to get their hands on because they see use and value in it, but then by interacting and engaging in financial services they then start to find value in other services that the banks were already traditionally providing. So I think it's quite an exciting time for mobile money."
However, while the great bulk of the world's active mobile money users are in sub-Saharan Africa, Oliver explained that the 42m active users who have made use of the industry's services in the past three months, translates into only 16% of the population. "Where mobile money was eight years ago; that is amazing. But imagine how much more there is to grow."

A better service

Oliver added that as mobile money starts to gain more traction and cheaper smartphones are manufactured, mobile money services will be better refined. "Right now mobile money is a bit off the grid; it's an independent service, it's very difficult for those services to become interoperable, it's very difficult to move money sometimes from your bank or lots of banks and collect remittances and things like that. So there is a lot of growing to do for mobile money," he explained.
However, in Egypt, "mobile money 2.0″ has been introduced which Oliver said can be described as the next version of the service.
"In Egypt what we have done is we have started with interoperability at the heart of it, and that is a new way to put the systems together, ensure that the pricing rules are in play so that any agent that you go to you can cash in for any service. For any service that you use, you can transfer and interact with those that are on the other services, and the rules and the protections that are there allow those customers to make those transactions transparently while it also helps the businesses to be able to settle and reconcile those transactions.
"So really in Egypt, what we are seeing is that next version of mobile money which then brings [users] closer to the other financial service players that are in the market and you start to really see customers getting the benefit of that."
Oliver thinks the next big step for mobile money will be merchant payments, with an estimated 85% of retail transactions still being conducted with cash on the continent today. "Right now mobile money for the most part is used

for cash in and cash out, person to person. Merchant transactions are the next big opportunity that this industry really has to work together to figure out," he highlighted. *(How we made it in Africa)*

ENERGY

European Bank Provides $2.74m Grant For Africa's Energy Sector

The African Trade Insurance Agency (ATI) will receive a $2.74 million grant as part of a strategic partnership with the European Investment Bank (EIB) to upgrade Africa's energy sector.

The first phase of the agreement, which was signed by EIB Deputy Director General Jean- Christophe Laloux at the sidelines of the 5th EU-Africa Summit, will see ATI employ specialist skills in originating and underwriting energy sector projects – this will help to improve key skills and understanding of energy investment which would in turn strengthen implementation of key energy projects.

African and European governments and business leaders gathered at the summit to map out an action plan aimed at strengthening cooperation in key areas including investments, climate change and security where they identified "capacity building" as an important aspect of the initiative.

The ATI/EIB investment into Africa's energy sector is coming at a time when more than half of Africa's populations do not have access to electricity, leaving them to rely on kerosene lamps and charcoal stoves.

A number of private companies and entrepreneurs are now investing more in clean energy as a viable option for socio-economic development and increased standard of living for millions in Africa.

Speaking on the new investment, European Investment Bank Vice President, Pim van Ballekom said the new cooperation complements the European Investment Bank's wider commitment to support energy investment, as demonstrated in East Africa Africa's largest ever investment in the Lake Turkana Wind Power Project.

After completing the first phase of the agreement, ATI is expected to become one of the key partners and members in Africa for the Africa Energy Guarantee Fund (AEGF), a body created by the EIB in response to the UN Sustainable Energy for All (SE4All) which aims to enhance access to proper risk mitigation and credit enhancement tools for energy sector projects in Africa. *(Ventures Africa)*

Chairman of REN group says investments in Mozambique will begin in 2017

The investments that power grid group Redes Energéticas Nacionais (REN) has planned for Mozambique "between Tete and South Africa," are likely to begin only in 2017, the outgoing chairman of the group, Rui Cartaxo, said.

According to Portuguese weekly newspaper Expresso, Cartaxo made the statement on the sidelines of a ceremony to sign a contract for 200 million euros provided by the Bank of China. The last large project carried out by REN in Mozambique was the acquisition, for 40 million euros, of a stake in the Cahora Bassa dam together with Mozambican company Companhia Eléctrica do Zambeze, which took several years to come to fruition. The Portuguese group now plans to focus on projects in Portugal and wait for the results of some international tenders. Cartaxo, who ahs already handed in his resignation and will leave the group after the General

Meeting scheduled for 3 April, said that in the three-year period "topographical survey, mapping and essentially engineering projects," will be carried out.

Of the total 1.14 billion euros REN has taken on in loans from three Chinese companies, "the 200 million-euro loan signed today with the Bank of china is the most competitive in terms of the interest rate applied and the maturity negotiated," the REN chairman said.

So far REN has taken on two loans of 400 million euros from the Development Bank of China, as well as a 140 million-euro loan from the Commercial and Industrial Bank of China. It has now added another loan of 200 million euros from the Bank of China. REN's net debt totals 2.4 billion euros and between 20 and 30 % of the total has been loaned by Chinese banks. The China State Grid group is REN's main shareholder with a stake of 25 %. *(Macauhub)*

MINING

Auroch seeks investors, SA's DTI injects R8m

Mozambique-focused Auroch Minerals requires funding of $7-million for the next year to advance the Manica gold project's Stage 1 definitive feasibility study (DFS) and initiate further exploration.

The ASX-listed company, which released an "investment opportunity memorandum" this week, invited expressions of interest to kick off further discussions for the funding,which would stretch until February 2015.

Auroch had secured a grant of R8-million – or 33% of the anticipated DFS cost – from South Africa's Department of Trade and Industry (DTI) to advance the study. "The funding provided by the DTI shows the support of the South African government and opens the possibility to obtain funding at the project level from South Africa, including the South African Export Credit Insurance Corporation (ECIC)," commented Auroch MD **Dean Cunningham**.

The company pointed out that the availability of ECIC cover enabled access to a "straightforward and tried and tested" route to obtain project funding. "Aureus, in Liberia, recently [secured] similar style financing using ECIC and Auroch would look to replicate that," Cunningham added.
The DTI grant would be paid directly to South Africa-based design, engineering, procurement and construction company Basil Read Matomo, which was undertaking the DFS on the Stage 1 project.
About 35% of the Stage 1 DFS had been completed to date and Auroch expected the remaining scope of work to be completed during the fourth quarter of 2014.
The proposed Stage 1 operation comprised a 30 000 t/m nonrefractory gold plant, which would create a "pathway to unlocking" a 2.82-million-ounce resource at Manica through stages 2 and 3. "A key objective of the Stage 1 development strategy is to ensure a robust internal rate of return, a positive net present value and an environmentally and economically sustainable standalone project," explained Cunningham.
The company also planned to use about $1.59-million of the funding to restructure a transaction agreement and buy back shares from its major shareholder Pan African Resources at A$0.088 a share, which represented a 17% discount on the current market price. Another $1.3-million would be used for further exploration around the gold project. *(Mining Weekly)*

Africa's natural resources no longer a curse?

The Hollywood blockbuster movie, *Blood Diamond*, tells a gripping story of how diamonds fuelled Sierra Leone's 11-year civil war, which erupted in 1991. It depicts kidnappings, use of child soldiers, amputations, rape, killings and destruction of bridges and hospitals, among other atrocities.

The movie brought world attention to the campaign against "blood diamonds", described as diamonds used to finance conflicts. Sadly, West and Central Africa have been fertile grounds for blood diamonds, notes the World Diamond Council, a body that represents the diamond traders.
One often hears that mineral resources are a curse rather than a blessing. That may be an exaggeration, but for the people of the Central African Republic, currently caught up in a war fuelled by diamond mercenaries, the statement rings true. Conflicts in the Democratic Republic of the Congo (DRC), Sudan and South Sudan have also been linked to the fight over control of mineral resources.
East Africa bureau chief of the *New York Times* Jeffrey Gettleman highlights the curse/blessing dichotomy. The DRC, he points out, has an "embarrassment of diamonds, gold, cobalt, copper, tin… trillions' worth of natural resources" including deposits of tantalum, an element used in computer microchips. "But because of never-ending war, it is one of the poorest and most traumatised nations in the world."
Other mineral-rich countries like Zambia, Mozambique, Mauritania and Guinea, while not at war, present an unnerving paradox of poverty amid plenty. Guinea has "some of the planet's most coveted mineral stocks", writes the *Financial Times*, including 40bn tons of bauxite, the world's largest reserve, over 20bn tons of iron ore, diamonds, gold and undetermined quantities of uranium. But 55% of Guinea's 11m people live on less than US$1.25 per day, states the African Development Bank (AfDB), while it ranks 178 out of 187 countries on the 2013 UNDP Human Development Index, which measures a country's living standards.

A mining vision

Guinea's mineral wealth and its socio-economic situation mirror that of the continent. UN Economic Commission for Africa (ECA) data show that the continent has 54% of the world's platinum, 78% of its diamonds, 40% of its chromium, 28% manganese, among others. "Nineteen out of 46 countries in sub-Saharan Africa have important reserves of hydrocarbons, oil, gas, coal or minerals and 13 countries are in the process of exploring additional reserves," notes UNDP. Yet the World Bank says Africa is the world's poorest continent. Carlos Lopes, ECA executive secretary, insists in a blog post that "Africa's natural resource is a blessing and not a curse", but wonders why "the continent continues to struggle with limited economic transformation, low or no resource rent and scarce employment". It should be a blessing, says AfDB – a rather polite way of saying the blessing has been slow in coming.
In 2009, African Union (AU) leaders adopted the African Mining Vision (AMV), a framework for developing mineral resources. The AMV makes a number of recommendations, including better negotiations of mining deals, more attention to the environment, value addition to natural resources and capacity training for Africans. Its goal is to ensure countries earn more from mineral resources to stimulate socio-economic growth. Mining earnings should be invested in roads, rails, ports, energy, water and telecoms and there should be more resource-processing local industries, a knowledge economy and an active service sector. The AMV envisages institutions strong enough to stem illicit financial flows.

Renegotiating mining deals

African leaders approved the AMV's action plan in 2011. Last December, the continent's ministers of mineral resources, civil society and other experts gathered in Maputo, Mozambique, to launch the African Minerals Development Centre (AMDC) to help implement the AMV plans. Participants at the Maputo conference spoke with unusual candour. Antonio Pedro, director of the ECA sub-regional office for Eastern Africa, told the ministers: "The continent is impatient, expectations are high and benefits are not equally felt." The buzzword was "reform", which is a word elastic enough to mean renegotiating, if need be, existing mining deals or increasing mining taxes. Fatima Denton, of ECA's Special Initiatives Division, underscored that contract negotiations must "reflect the true worth of our

resources", inferring that this hasn't been the case. She is probably right because an expert committee that reviewed 61 mining deals in the DRC announced in 2009 that they were all bad deals. It recommended cancelling 22 of those deals and renegotiating 39. Renegotiating deals can be problematic even if reasonable because companies want a generous return on their investments. Lopes argues that the "average net profits for the top 40 mining companies [in the world] grew by 156% in 2010", while earnings for governments "grew by 60%, most of which was accounted for by Australia and Canada".

Zambia's example

Zambia, the world's seventh largest copper producer, until recently had been making halfhearted attempts to amend mining deals. Facing pressure of legal threats from foreign investors for breaching agreements, former President Rupiah Banda decided against a review of existing contracts, to the disappointment of Zambians. In 2009, he removed a 25% windfall tax that had been introduced by his predecessor, Levy Mwanawasa, in 2008.

Current President Michael Sata appears to be taking a different approach. Since 2011, his government has been charging a 30% corporate tax on mining companies, up from 20%. This had the effect of doubling Zambia's mining receipts to $1.36bn in 2011 compared with 2010, although strong demand for copper from China and an uptick in prices have also been responsible for the higher earnings.

In the case of Mali, by contrast, reforms have been slow and tentative. The government introduced a mining code after the 2012 elections that addressed mainly environmental issues. Guinea's 2011 mining code is even more robust than Mali's, mandating mining companies to sign a code of conduct against corrupt practices and to provide training for local employees. It also sets a 35% government ownership threshold for mining projects. "The code gives a correction to the old one for Guinea's interest," says Guinea's mines minister, Lamine Fofana.

Some experts advise against changing the terms of existing agreements midstream. Ghana's national chamber of mines is fiercely pressuring government to abandon the increase in corporate tax from 25% to 35% and a 10% windfall tax. However, the chamber is at loggerheads with the National Coalition on Mining, a civil society group, which supports the tax hikes. The *African Agenda*, a Ghanaian publication, writes: "The mining companies [in Ghana] are now the only stakeholders… who maintain that the status quo be maintained to ensure they continue to reap super-normal profits." The publication urged President John Mahama to hold the line against lowering of taxes. "Be resolute… we will be with you every step of the way."

Like Zambia, Ghana's mining receipts rose sharply, from $210m in 2010 to $500m by 2011, according to the Extractive Industries Transparency Initiative (EITI), a coalition of governments and civil society working to improve transparency in the management of natural resources.

Helping hand from abroad

Due to special extenuating circumstances in individual countries, the Ghanaian and Zambian examples may not widely apply.

Nevertheless, Africa is receiving help from Canada, Australia and Chile – countries that have achieved success in mineral resources management. Canada recently established the Canadian International Institute for Extractive Industries and Development at the University of British Columbia to assist developing countries "to meet their respective needs for governing and managing the extractive industry sector". It plans to offer fellowships and scholarships for government personnel, academics and graduate students.

The Australian government also supports companies operating in Africa and provides capacity building and social infrastructure aid in Africa. China is assisting with rail, hospitals, road and ports in mineral-rich countries such as Angola, Zambia, Sierra Leone and Mali.

The AMV wants "transparency in the collection and use of mining revenues". Although commodity prices have dipped lately following a slowdown in the Chinese economy, according to the *Financial Times*, this could be cushioned by steady demand from India and Brazil. In addition, the European Union is ready for what it terms "raw materials diplomacy" to secure future supplies through an arrangement with the AU. The US National Research Council, a think tank, has advised its government to "understand the non-fuel minerals that are important to the nation's economy and functions".

Last year, Norway agreed to provide the AfDB $4.9m to assist the bank's Legal Support Facility negotiate better oil, gas and mining deals on behalf of African governments. Heikki Eidsvoll, Norway's minister of international development, says his country wants to "help turn Africa's 'resource curse' into a 'resource blessing'". And the World Bank, the IMF, the EITI and African civil society are on board the AMV bandwagon.

With 22 African countries (out of 32 worldwide) adopting EITI standards, which require all information on mining to be made available to the public, analysts believe there is more transparency in the sector than before. In Gabon, armed with necessary information, civil society organisations now vigorously debate revenue management, which never used to happen.

In Nigeria, there is an improvement in the "monitoring and management capacity of the relevant government agencies", says an EITI statement, adding that Cameroonian government officials and NGOs now understand taxation, accounting and audit. Nkosazana Dlamini-Zuma, the AU chairperson, says Africa's future "will be determined by the manner in which we utilise our natural resources". Such messages should spur African leaders and the mining companies to turn Africa's mineral resources into a blessing. *This article was first published by Africa Renewal.*

OIL & GAS

Angola LNG sells first shipments of condensates

Angola LNG ahs sold its first shipment of condensates to Angolan state fuel company Sociedade Nacional de Combustíveis de Angola (Sonangol), the company said in a statement. “With this shipment, the company has sold almost all of the products it sells – liquid natural gas, liquid petroleum gas, domestic butane and condensates,” said the president of Angola LNG Marketing, Artur Pereira.

Condensates are low-density hydrocarbons which are liquid at ambient temperature. The company, which in full production has capacity to supply 5.2 million tons of liquid natural gas (LNG) per year as well as butane, liquid petroleum gas (LPG) and condensates, in June 2013 sent its first shipment of LNG to Brazil’s Petrobras and in March 2014 sent its first shipment of butane to Sonangol. Angola LNG’s shareholders are Chevron (36.4 %), Sonangol (22.8 %) and BP, ENI (Italy) and Total (France), with a 13.6 % share each. *(Macauhub)*

Total goes ahead with $16 bln Angolan Kaombo oil project

- Decision made after costs cut from $20 bln
- Project to pump 230,000 barrels/day, start in 2017
- Project seen as key for Angola to replace older fields

France's Total TOTF.PA said it had decided to go ahead with the Kaombo oil project offshore Angola after reducing its cost by $4 billion to $16 billion, an advance that could help Angola keep up oil output over the long run.

The decision to invest in the ultra-deep sea project, which has been repeatedly delayed because of its cost, is seen as important for Africa's No. 2 oil producer to replace older fields and hit its production targets.

In recent years, a number of other large-scale projects around the world have fallen victim as oil companies have reduced global investment and returned cash to shareholders.

"Total has significantly optimized the project's design and contracting strategy in recent months. Kaombo illustrates both the group's capital discipline and objective to reduce capex," Yves-Louis Darricarrere, Total's president for upstream, said in a statement on Monday.

Half of the cuts came from a reassessment of the project's specifications, using a "'just good enough' approach rather than 'the best possible'," Arnaud Breuillac, the company's exploration and production chief, told Platts on Friday.

The company decided, for example, to build its two 115,000 barrels-per-day (bpd) floating production storage and offloading units by making alterations to two very large crude carriers (VLCCs) instead of building them from scratch, he added.

These units will have a shorter lifespan than purpose-built ones, which could last up to 35 years, but using the converted VLCCs and other less bespoke equipment could save $2 billion.

It is saving another $1 billion by agreeing with the government to cut the number of work hours done on the project locally, because the rates are more expensive in Angola than elsewhere.

The project in Block 32 is scheduled to start up in 2017, when it will have a production capacity of 230,000 bpd, the French oil company said.

"Globally, deep water costs are rising - this year by almost 20 percent, so the fact that Total could find slack in its capex to continue with its Angola project shows how investors view Angola's longer-term offshore prospects," said Rolake Akinkugbe, head of energy and natural resources coverage at FBN Capital.

"By and large, they are bullish."

In a similar move last year, Britain's BP BP.L scrapped bespoke plans to develop its Mad Dog 2 project in the Gulf of Mexico, opting instead for a repeatable model it had used before. BP said it thought the old model could recover 90 percent as much oil at a fraction of the cost.

Total is already the top operator in Angola, with equity production of 186,000 bpd, mainly due to its Girassol, Dalia and Pazflor deepwater fields in the huge Block 17. The blocks it operates produce a total of 600,000 bpd, over a third of the country's output.

Total also confirmed on Monday that it was on track to start output at the CLOV project in Block 17, which will have a production capacity of 160,000 bpd in mid-2014.

REPLACING OLDER FIELDS

"With the investments it is making in Blocks 17 and 32, it will be very difficult for any other oil company to overtake Total as the leading operator in Angola," said Jose de Oliveira, head of the Energy Nucleus at Luanda's Catholic University.

Angola wants to increase production to 2 million bpd next year from 1.73 million bpd in 2013 and then maintain that level for five years.

Still, analysts say the country's plans to ramp up production have proven more challenging than expected due to technical problems and declines at older fields.

Credit rating agency Fitch on Thursday revised Angola's outlook to stable from positive, citing challenges to the oil sector as one of the main drivers behind the decision.

"Kaombo is very important if Angola wants to put production at 2 million bpd, because output at some of the older fields, namely in blocks 14 and 15, is declining," Oliveira said.
Total and Angolan state-owned firm Sonangol each hold 30 percent stakes in Block 32, while Angolan-Chinese joint venture Sonangol Sinopec International has 20 percent, Exxon Mobil's XOM.N Esso unit 15 percent and Portugal's Galp GALP.LS 5 percent.
The Kaombo project is located about 260 km (162 miles) off Luanda in water depths of 1,400 to 1,900 metres (4,600-6,200 ft).*(Reuters)*

São Tomé and Príncipe to soon announce position on oil prospecting in Timor-Leste

The government of São Tomé and Príncipe will soon respond to the proposal from its counterpart in Timor-Leste (East Timor) to set up a Portuguese-speaking consortium to prospect for oil on land in its territory, São Tomé's press reports.
Timor-Leste's oil company, Timor Gap, recently announced that it was establishing contacts with members of the Community of Portuguese Language Countries (CPLP) to "mobilise the member states for oil prospecting in the terrestrial zone of Timor-Leste", mainly on the south coast.
The president of Timor Gap, Francisco Monteiro, said on the occasion that he had been in Portugal in 2013 to speak with the Galp Energia oil group and Portuguese authorities, and that last February he spoke with Mozambique and São Tomé and Príncipe.
Regarding Brazil, Cabo Verde (Cape Verde) and Angola, the president of Timor Gap said that Cabo Verde "has expressed willingness" and that he was awaiting Angola's response, while Brazil answered via Petrobras that it was "not in condition to take part in the consortium".
The consortium was suggested by the Prime Minister of Timor-Leste, Xanana Gusmão. The aim is to boost economic integration among the CPLP countries, whose rotating presidency will be assumed by Timor-Leste at the organisation's upcoming summit meeting in Dili. *(Macauhub)*

Sao Tome and Principe government may review oil exploration agreement with Nigeria

The government of Sao Tome and Principe is available to review the agreement it has with Nigeria that set up joint oil exploration, Prime Minister Gabriel Costa said.
The Prime Minister noted that there were some difficulties in the process and said he would consider renegotiating the agreement to set up the Joint Development Authority, which will manage oil exploration, according to Portuguese news agency Lusa. In response to a statement by Nigeria's Foreign affairs Minister, Mohammed Nuruddeen, who said the agreement was frustrating and considered it might be dismantled, Costa said that he was available to discuss "whatever is necessary in relation to the agreement" with the Nigerian government. The agreement was signed in February 2001 based on an optimistic forecast of US$100 million in revenues per year. According to the agreement any revenues would be split 60% for Nigeria and 40% for Sao Tome and Principe. *(Macauhub)*

China amongst main markets for Mozambique's natural gas

China is one of the main future markets for Mozambique's natural gas and its state oil companies are taking stakes in the consortiums responsible for its export.
After Sinopec took a 20 % stake in a concession in the Rovuma basin, now the China National Offshore Oil Corporation (CNOOC) is the main party interested in buying a portion of the same concession, operated by Italian group ENI, according to the Africa Monitor newsletter. The CNOOC is negotiating the acquisition of a 15 % of the 50 % ENI owns in one of the main concessions in the Rovuma basin for natural gas exploration, in competition with Chevron, Exxon-Mobil, Shell and Total. According to Africa Monitor, the CNOOC has the advantage as it also provides a market, making the future acquisition of natural gas by China easier.
ENI originally had a 70 % stake in the concession and Galp Energia, Korea Gas and Empresa Nacional de Hidrocarbonetos shared the remainder with 10 % each. The Italian group later sold 20 % to China's Sinopec as a way of raising funds to invest in the project and increasing China's interest in natural gas production in the area. After selling another portion of its stake it will keep a total of 35 %. ENI's chairman Paolo Scaroni informed the Mozambican authorities of the sale during a recent visit to Maputo, the newsletter said.
According to Mozambican natural resources minister, Esperança Bias, exploration of the natural gas discovered in the Rovuma basin, in northern Mozambique, may bring in annual revenues of over a US$10 billion. At the end of last year the minister said that so far over 75 trillion cubic feet of natural gas had been found in Area 4 and over 95 trillion cubic feet in Area 1.
The four natural gas processing units that are planned for the area will have a combined capacity of 20 million tons per year, which will also allow for additional gas liquefaction units to be set up as well as other industries that use natural gas.
US oil company Anadarko Petroleum is the operator of the Area 1 block in the Rovuma basin. The operators of both blocks have been working to find buyers for the gas that is due to be liquefied starting in 2018, Africa Monitor said.

As the US market has become practically self-sufficient by using shale gas, Asia is now considered to be the only market that will allow for a profit to be made on investments made in Mozambique, in direct competition with Qatar and Russia.
On a recent visit to Maputo, the chairman of Anadarko, Al Walker, told the Mozambican authorities that buyers – all of them Asian – had been secured for two thirds of production at the liquefaction unit that is under construction and that the remaining third would also be sold to Asia. As well as China, companies from India, Japan, Thailand and South Korea have also acquired stakes in the international consortiums set up for gas production in Mozambique. *(Macauhub)*

Ghana to Commence Gas Production

The management of Ghana Gas Company has announced that the country will commence gas processing for both industrial and domestic consumption at its Atuabo gas processing plant by the end of June in a bid to curb the frequent power outages the country is currently experiencing.
This decision is fuelled by Nigeria's inability to provide the required gas supply necessary to power the country's thermal plant. With a daily need of about 400 million cubic feet of gas, Nigeria is expected to supply a minimum of 120 million cubic feet of gas daily to augment what is being supplied by the Akosombo hydro-electric dam but has been unable to fulfil its part of the contract.
Although Ghana has consistently called the attention of the West African giant to its failure to fulfil its part, there have been no changes and the country might be forced to seek a legal action.
Meanwhile, it has decided to source for alternative supply of energy at its own Atuabo gas processing plant which will obtain gas from the Jubilee Fields to power the thermal plants.
About 80 % complete, the project has been ongoing for about two years three months and concerns are being expressed about the continued delay in completion.
Chief Executive Officer, Dr. George Sipa Yankey was however hopeful the gas project will be completed at the set deadline, attributing failure to meet past timelines to delayed release of funds by the Finance Ministry. Ghana's foray into gas processing will not only provide local employment and enable it meet rising demand for electricity, but may also lead to a surge in economic growth from export proceeds. *(Ventures Africa)*

Italy's ENI plans to reduce its stake in gas block in Mozambique

Italian group ENI has hired a bank to advise it on the sale of a 15 % portion of its 50 % stake in the Area 4 block of the Rovuma basin in northern Mozambique, financial news agency Reuters reported citing bank sources.
The 15 % portion may provide ENI with around US$5 billion after the sale of 20 % sold to the China National Petroleum Corporation raised US$4.2 billion.
Some sources cited mentioned that the China National Offshore Oil Corporation (CNOOC) is one of the parties potentially interested in acquiring the stake, as are other large oil groups such as ExxonMobil, Chevron, Shell and Total.
The Area 4 block is believed to contain over 85 trillion cubic feet of natural gas and is located in the basin where deposits of over 150 trillion cubic feet have been found.
In February of this year the chief executive of the Italian group, Paolo Scaroni, announced that the group may reduce its stake in the block from 50 % to 35 %, adding, "we are seeking a partner who is also a gas buyer."
The block, the concession on which was granted in February 2007, originally had as its partners the ENI group (70 %), Portugal's Galp Energia, Korea Gas and Mozambican state oil and gas company Empresa Nacional de Hidrocarbonetos (ENH), with 10 % each. *(Macauhub)*

Indian state company plans to refinance loan to conclude gas deal in Mozambique

Indian state company Oil India Ltd (OIL) plans to secure US$900 million on the international market to refinance a loan taken on to cover its part of the acquisition of a stake in a natural gas block in Mozambique, India's Economic Times reported.
In January, Oil and Natural Gas Corp (ONGC) and Oil India Ltd concluded their joint acquisition of a 10 % stake in the Area 1 block, in northern Mozambique, owned by Indian group Videocon Industries for US$2.475 billion.
The stake was initially split 60-40 between ONGC Videsh, the group's company for foreign business, and OIL but, after the former company bought an additional 10 % in the block, OIL took on 50 % of this deal.
At the time OIL took on a one-year loan for US$1.3 billion to fund its part of the acquisition, of which US$1.03 billion was to pay for the initial 40 % and the remainder for the additional 10 %. In order to protect the company from exchange rate volatility between the US dollar and the Indian rupee, the US$900 million will be made up of a basket of currencies and Citibank, Deutsche Bank, Hong Kong and Shanghai Banking Corp, Royal Bank of Scotland and Standard Chartered have been hired for the debt placement. *(Macauhub)*

Former BP Chiefs Join Forces to Drill for Oil in Angola

Tony Hayward And John Browne Are Reunited in Genel Energy Deal to Explore For Oil Off Africa

Genel Energy PLC said Thursday that it had bought stakes in two offshore exploration blocks in Angola in a $281 million deal that will reunite two former chief executives of BP PLC, Tony Hayward and John Browne.

Mr. Hayward is currently chief executive of Genel, a venture formed in 2011 to develop oil and gas projects in risky places such as Kurdistan and Somalia. Mr. Browne — whose British title is Lord Browne of Madingley—is chairman of White Rose Energy, a privately-held oil explorer with which Genel has agreed to buy 15% stakes in the Angolan blocks.
The two blocks cover 14,000 square kilometers off the coast of West Africa, between 1.5 and 2.5 kilometers deep, Genel said—adding that drilling should start in the second quarter of this year.
"This transaction provides a rare opportunity to enter into a low-risk, multibillion barrel resource play," Mr. Hayward said in a statement. "White Rose brings significant directly relevant technical experience," he added.
The two companies will buy the interest in the first block from China Sonangol for an upfront payment of $59 million and the stake in the second from Statoil ASA, the operator of both blocks, for $222 million. The stakes will be bought by a 50-50 joint venture company, with Genel funding its share of payment and drilling costs from existing cash balances.
Mr. Browne was BP's chief executive between 1995 and 2007, when he stepped down 17 months ahead of schedule after details about his private life were disclosed by U.K. newspapers. On his watch BP carried out the $62 billion takeover of Amoco Corp. in 1998, kick-starting a rash of megadeals which reshaped the energy industry in the 1990s.
Mr. Hayward succeeded Mr. Browne in 2007 but his tenure at BP was cut short in 2010 after the Deepwater Horizon oil spill in the Gulf of Mexico. He has since returned to the oil and gas sector with Genel, formed when Mr. Hayward led a reverse takeover of a Turkish energy company along with U.K. financier Nat Rothschild and former Goldman Sachs GS -0.71% banker Julian Metherell. *(Wall Street Journal)*

INFRASTRUCTURE

EU's African infrastructure focus shifts from aid to public-private partnerships

The recent Africa-European Union (EU) Summit, which took place in Brussels, Belgium, in early April, reinforced the ongoing shift in development assistance away from traditional aid packages in areas such as infrastructure, health and agricultural development. Instead, the bulk of the €28-billion that will be provided by the EU to Africa between 2014 and 2020 will be directed towards initiatives aimed at building peace and security, promoting good governance and democracy, as well as continental integration and investment promotion.
In a post-summit briefing, EU head of delegation to South Africa Ambassador **Roeland van de Geer** said the new approach is premised on greater cooperation between the EU and African governments in deciding on the aid solutions.
It did not signal a withdrawal of the EU's interest in African infrastructure development, with the bloc still aiming to mobilise up to €30-billion in investment, including for infrastructure. But infrastructure investments would be pursued through a blending of EU and private sector funding.
Van de Geer indicated that the recently launched €100-million programme designed to accelerate the preparation of social and economic infrastructure projects in South Africa and the broader region represented the new approach being taken.
Known as the Infrastructure Investment Programme for South Africa, the fund would be managed by the Development Bank of Southern Africa. It had been designed to move priority energy, transport, water, information and communications technology, education and health projects from "concept to bankability".
The blended finance model could, Van de Geer indicated, become an important model for the EU's engagement with other middle-income countries.
The official development assistance focus, on the other hand, would increasingly emphasise cooperation on institution building, human development, good governance and peace and security. "While infrastructure will be done, more and more, through investment banks and public-private partnerships."
The ambassador described the transition as a "healthy" development, as it ensured that investments were conducted "on a solid business basis and that we don't create, as civil servants, white elephants all over Africa".
Van de Geer also stressed that, while the EU had been "disappointed" by the failure of President **Jacob Zuma** to participate in the fourth Africa-EU Summit, and had been taken aback by Zuma's public questioning about the nature of invitees, he did not expect the President's no show "to affect relations in a direct sense".
"Let there be no misunderstanding, we very much wanted President Zuma to be there," the ambassador emphasised, noting that South Africa was the only country on the continent with which the EU currently had a Special Partnership Agreement.
But he also insisted that the EU did not view it as a "boycott", describing South Africa's participating in the summit, which was led by International Relations Minister **Maite Nkoana-Mashabane**, as "active" and of a "high quality".
Nevertheless, Zuma's withdrawal came against the backdrop of growing questioning from within Europe about the investment climate in South Africa, particularly in light of protracted strikes and the country's decision to terminate bilateral investment treaties with European countries.
"South Africa has, internationally, a fairly low level of foreign direct investment, but it is not declining. So we are not facing a situation of imminent disaster. But we are receiving quite a number of questions by investors about how we see the climate in South Africa." *(Engineering News)*

Fishing port of Beira, Mozambique, to be rebuilt

The Mozambican government has secured US$120 million in funding for reconstruction of the fishing port in Beira, which is in a poor state of repair, Mozambique's Fishing Minister, Victor Borges said.
The minister gave assurances that work on what used to be Mozambique's most important fishing port would begin in the second half of the year, according to Mozambican daily newspaper Notícias.
Borges announced that the port would be rebuilt at the opening of the 14th coordination council of the Fishing Ministry, where over two days a number of issues will be discussed, such as a rise in fish production, reducing post catch losses, promotion of aquaculture and the national development strategy that is being prepared.
The minister said that fish of a higher commercial value, such as shrimp, lobster and "kapenta" fish, had risen over the last few years mainly due to a rise in "kapenta" fishing as shrimp fishing fell in 2012 and 2013, which had also occurred in 2004. *(Macauhub)*

AGRIBUSINESS

Databank Invests In Africa's Agricultural Sector

Ghanaian investment firm Databank Financial Services has announced the launch of the Africa Agricultural Fund (AAF), a private equity fund established to finance the agricultural sectors of economies across Africa.
The fund is directed at small and medium scale entrepreneurs in agribusiness who have prospective businesses ideas and the required skill set. "Agriculture is important and we can do all that we want but if we don't tackle agric and add value, we stand the chance of losing out," Ken Ofori-Atta, Databank's chairman said.
With an initial capital investment of $30 million, the investment firm has now added $6 million to the fund with an average investment of $250,000 and $4 million in each country per time.
Although Databank has invested in a bakery in Nigeria, a fertilizer plant in Magadascar and a beverage company in Zambia, it is yet to channel part of the funds to any venture in its home country, Ghana.
This is a strategic decision by the bank who intends to first invest in countries around the continent before looking inwards to familiar territory. According to the Chairman, the reason for this is to "make the fund pan-African in character in line with its purpose." He added that it was important for people to know that the bank was not just indigenous, but pan-African. With more private-led investments in Africa's agricultural sector, there will be increased productivity in the agricultural value chain, which will ultimately improve the continent's revenue from the agribusiness both locally and internationally. *(Ventures Africa)*

Nigeria's Sugar Industry Poised For Promising Future With $2.6bn Investment

Key stakeholders in Nigeria's sugar industry are said to ramp up investment to the tune of $2.6 billion following a significant increase in demand. Sugar demand reached 2 million metric tonnes as at the end of 2013. This is 500,000 metric tonnes more than the 1.5 million metric tonnes requested in 2012, according to information by the National Sugar Development Council (NSDC). This has drawn significant interest from the industry's big players keen to exploit this growth for greater profit margin and increased market share. Dangote Sugar, one of Nigeria's leading providers, is pumping $2 billion following the acquisition of Savannah Sugar in Adamawa State, Northern Nigeria.
It aims to fund an expansion project that will raise output to 1.5 million metric tonnes by 2018. This will be achieved by increasing the capacity of its sugar plantation from 6,500 hectares to 21,000 which will boost production to a 100,000 tonnes of sugar annually. Another player, HoneyGold Group plans to invest $300 million in two sites in Adamawa with production capacity of 200,000 tonnes annually. Other investors are Confluence Sugar Company and Crystal Sugar Mills which are planning to invest $240 million and $30 million respectively.
These investments will reduce the country's dependence on sugar importation which has been costing the country millions of dollars. It will also encourage participation of local sugarcane farmers who have previously complained of low patronage thus boosting the nation's economic growth. *(Ventures Africa)*

Taiwan's aid to Sao Tome and Principe totals US$15 million in 2014

The 2014 cooperation programme between Taiwan and Sao Tome and Principe, signed in Sao Tome, is worth a total of US$15 million and will be used in the health, agriculture, education, trade and tourism sectors.
In the health sector Dr. Manuel Quaresma Dias da Graça Hospital in the city of Santo António will be refurbished and re-equipped and two large swamps will be drained in the capital of Principe island, according to Portuguese news agency Lusa. The launch of the third campaign to spray homes against malaria, due to be carried out this week and the acquisition of medication for hospital, is also on the health sector list. Sao Tome's minister for Foreign Affairs, Cooperation and the Community, Natália Umbelina, who signed the agreement, said that in the agriculture sector food safety projects would be the priority.
For Taiwan, the cooperation programme for 2014 was signed by the Taiwan representative to Sao Tome and Principe, , Jack Chan. *(Macauhub)*

MARKET INDICATORS

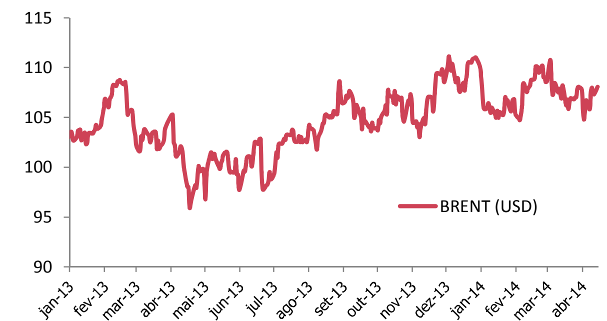
14-04-2014

STOCK EXCHANGES		
Index Name (Country)	14-04-2014	YTD % Change
Botswana Gaborone Domestic Index (Botswana)	8.983,94	19,62%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	239,03	43,49%
Case 30 Index (Egypt)	7.886,08	44,37%
FTSE NSE Kenya 15 Index (Kenya)	179,01	42,35%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.885,95	3,88%
Nigerian Stock Exchange All Share Index (Nigeria)	38.987,50	38,85%
FTSE/JSE Africa All Shares Index (South Africa)	48.131,78	22,63%
Tunindex (Tunisia)	4.577,04	-0,06%

Source: Bloomberg and Eaglestone Securities

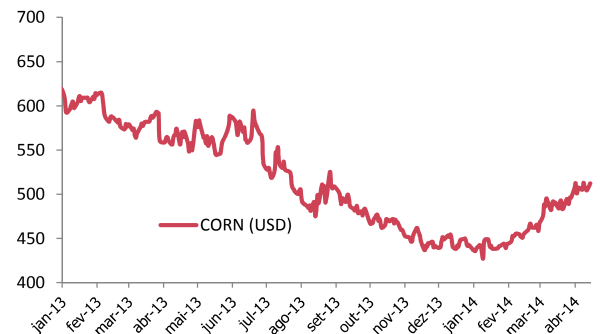
METALS		
	Spot	YTD % Change
Gold	1.328	-20,71%
Silver	20	-33,95%
Platinum	1.470	-4,56%
Copper $/mt	6.670	-15,90%

Source: Bloomberg and Eaglestone Securities



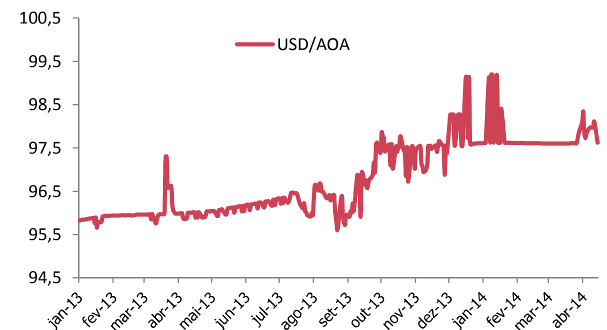
ENERGY		
	Spot	YTD % Change
NYMEX WTI Crude (USD/barril)	104,0	11,58%
ICE Brent (USD/barril)	108,1	-0,37%
ICE Gasoil (USD/cents per tonne)	910,8	-0,55%

Source: Bloomberg and Eaglestone Securities



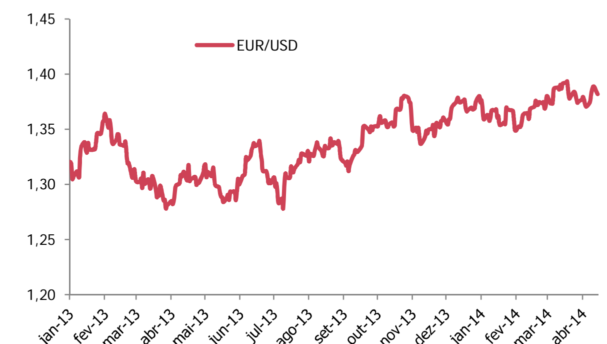
AGRICULTURE		
	Spot	YTD % Change
Corn cents/bu.	512,3	-26,85%
Wheat cents/bu.	692,5	-12,09%
Coffee (KC) c/lb	204,2	39,16%
Sugar#11 c/lb	17,5	-11,35%
Cocoa $/mt	2990,0	32,65%
Cotton cents/lb	92,0	21,30%
Soybeans c/bsh	1455,0	3,98%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	97,620
EUR	134,891
GBP	163,298
ZAR	9,302
BRL	44,165
NEW MOZAMBIQUE METICAL	
USD	31,450
EUR	43,458
GBP	52,609
ZAR	2,997
SOUTH AFRICAN RAND SPOT	
USD	10,498
EUR	14,507
GBP	17,563
BRL	4,749
EUROZONE	
USD	1,38
GBP	0,83
CHF	1,21
JPY	140,63
GBP / USD	1,67

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

Africa Agribusiness Forum 2014, 28-29 April, Vienna International Centre, Austria in partnership with UNIDO
(www.africaagribusinessforum.eventbrite.co.uk)

5th Eastern Africa Oil, Gas-LNG & Energy Conference 28 - 30 April 2014 Nairobi, Kenya
"Exploration, Development, And Production: Oil/Gas-LNG, New Ventures, Bid Rounds, Investment, Service/Supply"

Powering Africa Mozambique 8th -9th May 2014, Girassol Indy Congress Hotel & Spa Maputo
The **3rd Annual Powering Africa: Mozambique Meeting,** Under the Patronage of H.E. Salvador Namburete, Minister for Energy, Mozambique, will once again bring together the public and private sector in dynamic dialogue to reveal the latest investment opportunities, provide solutions to obstacles and set the agenda for policy development for the coming year. http://www.energynet.co.uk/event/powering-africa-mozambique-2014

The **2nd Annual Mozambique Real Estate Conference**, hosted by Pam Golding Mozambique, will take place on **May 21-22, 2014** at the **Indy Village Congress Hotel & Spa, Maputo**. http://www.pamgolding.co.mz/
For more information, or to make an early reservation, please contact **conference@pamgolding.com**.Dr. Andrew Golding, Group Chief Executive of Pam Golding, will be the Guest Keynote Speaker. Other speakers will include senior representatives from African Century, Couto, Graça & Associados, Dominio Capital, **Eaglestone**, ENH Logistics, Lonhro Group, PricewaterhouseCoopers, Prime Yield, Pylos Africa, RANI Investment, REC, SCP Africa, Standard Bank, the World Bank, and more.

Africa Rising: Building to the Future- The Government of Mozambique and the IMF will convene a high-level conference in May 2014 in Maputo to take stock of Africa's strong economic performance, its increased resilience to shocks, and the key ongoing economic policy challenges. http://www.africa-rising.org/
The Government of Mozambique and the IMF will convene a high-level conference in 2014 to take stock of Africa's strong economic performance, its increased resilience to shocks, and the key ongoing economic policy challenges. The Africa Rising conference will be held May 29-30, 2014, in Maputo. The conference will bring together policymakers from Africa and beyond, the private sector, civil society, academics, and private foundations with the goal of sustaining the current growth and sharing its benefits among African populations.

Africa Energy Forum, 18th -20th June 2014, Hilton Istanbul Bomonti Hotel & Conference Center Istanbul
The Africa Energy Forum (AEF) is the international gathering place where governments and power utilities of Africa meet with the global energy industry to focus on delivering power infrastructure projects in Africa.
All the players in the industry will gather under one roof to discuss the relevance of Africa's power sector on the global economy. As we see major African businesses standing shoulder to shoulder with international organisations, AEF provides a platform for international investors and African stakeholders to build partnerships and transform how business is done on the continent. http://africa-energy-forum.com/

Africa Debt Capital Markets, 26th June, Mandarin Oriental Hyde Park, London UK
Learn the current trends in Africa's debt capital markets in one day.
www.adcm.eventbrite.co.uk

2nd Brazil Africa Forum, Infrastructure, partnerships and development 28-29 August 2014 Fortaleza- Ceará
Business opportunities in the following opportunities: Power, agribusiness, construction, transport, water management, funding health ICT, capacity development, PPPartnerships. *www.forumbrasilafrica.com*

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Additional information is available upon request.

LONDON-28 Dover Street- T: +44 20 7038 6200

LUANDA-Rua Marechal Bros Tito n° 35/37 - 9th Floor B- Kinaxixi, Ingombotas-T: +244 222 441 362

LISBON-Av. da Liberdade , 131, 6th Floor- T: +351 21 121 44 00

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

MAPUTO-Rua dos Desportistas Edificio JAT 5, 4th Floor -T: +258 82 055 17 04

AMSTERDAM-Leidsegracht 10 1016 CK - T: +31 20 521 89 90

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 manage- ment and brokerage – and currently has offices in Amsterdam, New York, 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.

EAGLESTONE SECURITIES

Business Intelligence

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

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

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