INSIDE AFRICA

23 May 2016

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In-depth:

Mozambique: Country Outlook

POLITICAL STABILITY: The long-standing ruling party, the Frente de Libertação de Moçambique (Frelimo), is set to retain a firm grip on power in 2016-20, but internal power struggles will be a recurrent source of volatility. The president, Filipe Nyusi, will struggle to assert his political authority, while a hardline faction within the party (allied to the former president, Armando Guebuza) will seek to retain influence. The emergence of two centres of power in Mozambican politics--Frelimo's Political Commission (PC, the party's most senior decision-making body) and Mr Nyusi's more moderate cabinet--will have negative consequences for government effectiveness and policy clarity. The revelation of previously undisclosed public borrowing will further undermine confidence in Mr Nyusi's government, while calls from within the party for an investigation into alleged state corruption will exacerbate the divide between reformists and the old guard. The Economist Intelligence Unit expects Mr Nyusi to remain in power, owing to the lack of an alternative acceptable to all factions, but tensions within Frelimo will stir political volatility.

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

INTERNATIONAL RELATIONS: Persistent outbreaks of political violence, allegations of human rights abuses and a lack of fiscal transparency will strain relations with Mozambique's traditional development partners (most importantly the World Bank, the US and the EU). The suspension in April of the country's IMF programme, following the revelation of previously undisclosed borrowing in 2013, will exacerbate donors' concerns over the government's economic management. We expect several donors to withhold aid until a debt reconciliation process is complete; although--given the high poverty levels in Mozambique and the large aid-funded programmes that are already underway--donors are unlikely to pull out of the country entirely. Moreover, donors' pressure on the current administration will be tempered by the lack of a viable alternative: the opposition has no experience in government and, if the current president were removed, his replacement might well be even less accommodative of donors' concerns.

POLICY TRENDS: The government's near-term priority is to preserve debt sustainability. Balance-of-payments pressures--which emerged in late 2015 as a result of rapid debt accumulation in 2013-14--a sharp drop in inward investment and a slump in international commodity prices-led the government to secure a US$286m stand-by credit facility (SCF) from the IMF and to restructure an amortising US$850m Eurobond. However, the country's liquidity crunch is set to worsen following the revelation in April of previously undisclosed public borrowing. In an attempt to navigate macroeconomic risks and reinstate its IMF programme (which was officially suspended in April), we expect the government to re-commit to a strong package of corrective policies, including tighter fiscal and monetary agendas and structural reform to public financial management. Although there will remain a risk of policy slippages (stemming from the deep-rooted systems of political patronage in Mozambique and patchy institutional capacity), we expect the IMF funding to resume towards the end of 2016.

ECONOMIC GROWTH: Real GDP growth is forecast at 4.2% in 2016, the slowest rate of growth in 15 years. The anticipated slowdown reflects a further slump in government consumption, low inward investment and weather-related disruptions to agricultural production. Real GDP growth is forecast to accelerate gradually thereafter, to a yearly average of 5.3% in 2017-20, although this remains well below the average rate of growth in the preceding decade. Rising coal production will be a key driver of growth, spurred by relatively robust demand in India (Mozambique's key export market) and mining companies' efforts in 2015-16 to reduce operational costs. However, oversupply and sluggish demand in the global market will deter further capital investment into Mozambique's mining industry and stall the development of graphite, titanium and gold resources.

INFLATION: Inflationary pressure is forecast to accelerate in the near term, fuelled by the effects of rapid currency depreciation, the negative impact of drought on domestic food prices and further increases to state-regulated prices. For 2016 as a whole, we expect year-on-year inflation to average a five-year high of 13.1%. Inflation is forecast to ease gradually thereafter, with rising global prices for oil and food in 2017-18 offset by a normalisation of domestic food prices. Aided by a progressively smaller fiscal deficit and a more stable currency, inflation is forecast to fall to an average of 5.1% in 2020.

EXCHANGE RATES: The metical will remain under pressure throughout the forecast period. Market uncertainty over sovereign creditworthiness has spurred high dollar demand in recent weeks, pushing the metical to MT53:US$1 in mid-April (compared with an all-time low of MT55:US$1 in November 2015). Although we expect the metical to recover some lost ground as the market stabilises, downward pressure will continue to be exerted by low foreign-exchange reserves, low inflows of aid and investment, and Mozambique's sizeable twin deficits, with the metical forecast to average of MT51:US$1 in 2016 (from MT40:US$1 in 2015). It will continue to depreciate thereafter, albeit at a slower pace, to MT60:US$1 in 2020. Sharp bouts of volatility will, however, remain a risk throughout the forecast period.

EXTERNAL SECTOR: The current-account deficit is forecast to contract, albeit from a wide base (we have revised our 2015 estimate to reflect provisional data published by the BDM in April, which puts the deficit at US$6.1bn), to 28.6% of GDP in 2016, driven primarily by a sharp drop in imports. Export growth is forecast to offset rising primary income debits in 2017-18, while financing constraints will continue to curtail growth in the import bill; the current-account deficit is therefore forecast to contract to 21.9% of GDP in 2018. The deficit will widen in 2019-20, to a yearly average of 25.5% of GDP, as the gas industry draws capital inputs and export growth is held back by a slump in global commodity prices. The deficit will be financed by external borrowing, foreign direct investment inflows and, in 2020, by external borrowing by energy multinationals to fund their projects. *(Economist Intelligence Unit)*

Mozambique economy: Government reveals (unmanageable) debt repayments

Via a series of press conferences, the burden of Mozambique's debt-repayment schedule is gradually becoming clearer. Most pressingly, two state-owned companies, ProIndicus and Mozambique Asset Management (MAM), are scheduled to make their first payments in May, totalling US$148m, on state-guaranteed loans that were contracted in 2013.
Principal and interest repayments on external debt are expected to total US$460m in 2016, rising to over US$500m per year in 2017-19, with the debt-service ratio (due) set to climb from 1.5% in 2012 to over 10% in 2017.

External debt repayments (US$ m, unless otherwise indicated)			
	2016		**Beyond 2016**
	Principal repayments	Interest payments	
Official creditors (multilateral & bilateral)	70,00	76,00	Largely concessional (multilateral & 70.0 76.0 debt with a flat bilateral) repayment schedule over the medium-term. Interest only (US$78m per year) from 2017, bond (formerly 77.8 39.0 until a bullet Ematum) repayment of US$731m in 2023.
Sovereign bond (formerly Ematum)	77,80	39,00	
Public companies' debt guaranteed by the state			
ProIndicus	0	22,4	Annual principal repayments of US$119m (plus interest) until 2021.
MAM	134	41,7	Annual principal repayments of US$134m (plus interest) until 2020.
Total	281,8	179,1	External debt repayments (including interest) will reach US$551.7m in 2017, before declining gradually until 2023 (when the bullet repayment falls due)

Source: Economic Intelligence Unit forecasts, based on the details of the debt stock published by the Ministry of Finance

The principal repayments relate largely to two state-guaranteed commercial loans that were contracted by ProIndicus (US$622m; 3.75% interest) and MAM (US$535m loan; 7.8% interest) in 2013. Although the companies have some assets related to maritime security, neither has a revenue stream. According to the finance minister, Adriano Maleiano, ProIndicus and MAM were established to provide services to oil and gas companies operating in Mozambican waters, but-amid a slump in global prices-offshore activity has stalled. Given the companies' unlikely ability to cover the debt repayments, we expect the bulk to fall onto the public balance sheet.
The government will struggle to meet its debt obligations in 2016-17; the IMF has withheld balance-of-payments support and donors' have frozen aid disbursements, owing to the lack of transparency surrounding the borrowing, while foreign-exchange reserves have already dropped to US$1.8bn, according to the Banco de Moçambique (the central bank), from US$2.4bn at end-2015.
Since over 70% of external debt is US dollar-denominated, the state's repayment capacity is further undermined by the weak metical (which has sunk to around MT54:US$1, from MT34:US$1 a year earlier).
The government has already announced some spending cuts in response to the liquidity crunch-including a public-sector hiring freeze-but more drastic measures will be required. It seems likely that the government will attempt to sell off public assets (including in the maritime defence sector), and a visit to China by the president, Filipe Nyusi, (on May 16-20th) could yield some financial support. We nevertheless continue to expect some build-up of arrears in 2016, and a default cannot be ruled out. *(Economist Intelligence Unit)*

SOVEREIGN RATINGS

North and South America - Asia

23-05-2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Argentina	B3	B-	B	NP	B	B
Australia	Aaa	AAAu	AAA	NR	A-1+u	F1+
Brazil	Ba2	BB	BB	NR	B	F3
Canada	Aaa	AAA	AAA	NR	A-1+	F1+
China	Aa3	AA-	A+	NR	A-1+	F1
Colombia	Baa2	BBB	BBB	NR	A-2	F2
Cuba	Caa2	NR	NR	NR	NR	NR
Hong Kong	Aa1	AAA	AA+	NR	A-1+	F1+
India	Baa3	BBB-u	BBB-	NR	A-3u	F3
Japan	A1	A+u	A	NR	A-1u	F1
Macau	Aa2	NR	AA-	NR	NR	F1+
Mexico	A3	BBB+	BBB+	WR	A-2	F2
Singapore	Aaa	AAAu	AAA	NR	A-1+u	F1+
Uruguay	Baa2	BBB	BBB-	NR	A-2	F3
Venezuela	Caa3	CCC	CCC	NR	C	C
United States	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Eurozone

23-05-2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	**B1**	BB-	B+	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AA+	NR	A-1+	F1+
France	Aa2	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	CCC	NP	B	C
Ireland	A3	A+	A	P-2	A-1	F1
Italy	Baa2	BBB- u	BBB+	P-2	A-3u	F2
Latvia	A3	A-	A-	NR	A-2	F1
Lithuania	A3	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AAAu	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BB+u	BB+	NR	Bu	B
Slovakia	A2	A+	A+	NR	A-1	F1
Slovenia	Baa3	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB+	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Region - Africa/Middle East

23-05-2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	B1	B	B+	NR	B	B
Bahrain	Ba2	BB	BBB-	NR	B	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Ethiopia	B1	B	B	NR	B	B
Gabon	B1	NR	B+	NR	NR	B
Ghana	B3	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Iraq	NR	B-	B-	NR	B	B
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	Ba3	NR	B+	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B2	B-	B	NP	B	B
Lesotho	NR	NR	B+	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	Caa1*-	B-	CCC	NR	B	C
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	B1	B+	BB-	NR	B	B
Oman	Baa1	BBB-	NR	NR	A-3	NR
Qatar	Aa2	AA	AA	NR	A-1+	F1+
Republic of Congo	B2	B-	B	NR	B	B
Republic of Zambia	B3	B	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	A1	A-	AA-	NR	A-2	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2	BBB-	BBB-	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Selections from AfDB:

- SPN – Nigeria-Cameroon - Construction of a two-lane bridge over the cross river at the Cameroon-Nigeria Border (Ekok-Mfum) - Bamenda–Enugu Transport Facilitation Program
- Rwanda - Combined 2012-2016 Country Strategy Paper Mid-Term Review with Country Portfolio Performance Review
- EOI – Angola - Development of the project administrative, organizational, procurement and financial procedures manual
- GPN - Mozambique - Enabling Large Scale Gas and Power Investments in Mozambique – ELSGAPI
- Multinational - Project relating to the Promotion of Knowledge Exchange, Creation and Sharing between Africa and Asia in Support of Africa's Sustainable Development
- AOI – Zambia - The Improvement, to Climate Resilient Standards, of Strategic Roads in the Kafue River Basin – PPCR

Launch of the African Economic Outlook 2016

The African Development Bank (AfDB), the OECD Development Centre and the United Nations Development Programme (UNDP) will release their joint African Economic Outlook 2016. This yearly report contains country notes with projections and analysis on macroeconomic, finance, trade, social and human development trends and statistics for all 54 African countries. For the first time, the statistical annex includes data on gender, comparing indicators from the three partner organisations. The report will be launched on the first day of the 51st AfDB Annual Meetings, which will take place from May 23-27, 2016 in Lusaka, Zambia.

With its special theme on Sustainable Cities and Structural Transformation, the 2016 edition of the African Economic Outlook analyses the diversity and specific features of the continent's urbanisation process, how it is profoundly transforming African societies, and what opportunities it offers for structural transformation and sustainable growth.

The report will be launched by:

- Abebe Shimeles, Acting Director, Development Research, AfDB Group
- Mario Pezzini, Director, OECD Development Centre
- Abdoulaye Mar Dieye, Assistant Administrator and Regional Director, UNDP Africa

In the honourable presence of:

- Abdoulie Janneh, Executive Director, Mo Ibrahim Foundation
- Aisa Kirabo Kacyira, Deputy Executive Director, UN-Habitat
- Mamadou Biteye, Managing Director, Rockefeller Foundation

IMF technical team goes to Mozambique in June

A mission from the International Monetary Fund (IMF) is due to arrive in Maputo in June to discuss with the government of Mozambique the macroeconomic implications of undisclosed debts, said in Washington the IMF spokesman. Gerry Rice said that the mission was scheduled to take place in April but had to be postponed following the disclosure by the Government of Mozambique of a set of guarantees granted to State-owned enterprises in excess of US$1.4 billion. "The technical team will continue to gather facts and information, carry out investigations if necessary and assess the macroeconomic implications, in collaboration with the government of Mozambique," said the IMF spokesman. Mozambican tuna company Ematum was the first known case of a loan guaranteed by the State in 2013, without being registered in the public accounts.

At the end of April, the Mozambican government disclosed the existence of debts not included in public accounts totallling US$1.4 billion, which it justified based on security and the country's strategic infrastructure. The disclosure of loans with state guarantees, contracted between 2013 and 2014, led the IMF to suspend the second installment of a loan to Mozambique and the deployment of a mission to Maputo. *(Macauhub)*

IMF aid to Angola will be set in June

The financial assistance to be provided by the International Monetary Fund (IMF) to Angola will be set after talks in June in Luanda between an IMF mission and the Angolan government, said in Washington the IMF spokesman. "We do not have specific figures, but received a formal request from the Angolan authorities to start talks for a three-year financial support programme," said spokesman Gerry Rice. The financial aid application was made during the spring meetings of the IMF and the World Bank last April, with announcements at the time that the Fund intended to proceed with talks with the Angolan government to set the amount of aid under the Extended Fund Facility (EFF). The EFF is a financial instrument to grant a loan with conditions and targets that are supervised on a regular basis, which is intended to facilitate the adoption of structural reforms to diversify the economy and recalibrate the balance of payments. Negotiations in Luanda between the IMF mission and the government of Angola should continue until 14 June. *(Macauhub)*

World bank approves up to $5 billion loan to Tunisia

The World Bank approved a five-year plan to lend Tunisia up to $5 billion to support economic reforms aimed at reviving growth and creating jobs, the bank said. The North African country is struggling with lower tourism revenue after Islamist militant attacks last year, protests over unemployment and slow progress on economic reforms that have lagged political advances made since its 2011 uprising. Tunisia's parliament recently approved laws on banking and on strengthening central bank autonomy to shield its board from political interference, two reforms sought by the country's international lenders. "(The) new five-year strategy of support... will provide up to $5 billion in loans to Tunisia to restore economic growth and create jobs," the bank said in statement. The economy has faltered since the 2011 revolt against autocrat Zine El-Abidine Ben Ali, which sparked the Arab Spring revolutions across North Africa and the Middle East. Problems have been exacerbated by last year's attacks by militants who targeted the tourism industry, which accounts for about 7 %of gross domestic product. Gunmen killed foreign visitors at a museum in Tunis and a beach resort in Sousse, forcing tour companies to suspend some operations.

EU joins AfDB in operationalizing Nile Equatorial Lake Countries interconnection project

The African Development Bank announced on April 19, 2016 that it is helping operationalize studies financed by the European Union Africa Infrastructure Trust Fund (EU-AITF) which will provide professional advice on **a project to**

connect electricity grids across five Nile Equatorial Lake countries. AfDB is among the partners contributing to the Nile Equatorial Lakes Subsidiary Action Program (NELSAP) Interconnection of Electric Grids Project, which aims to construct 927 kilometers of transmission lines and 17 associated substations in Burundi, Democratic Republic of Congo, Kenya, Rwanda and Uganda to improve the region's access to affordable electricity.

The short-term studies are critical to ensuring and providing professional advice on the cross-border exchange of energy as well as on the safety, security and reliability of operating the interconnections as one integrated grid before the actual operationalization and commercialization of the project begins. The Interconnection of Electric Grids Project is currently under construction and various components are expected to be commissioned in 2016 and 2017.

Funds from the EU-AITF cover in particular the studies on "Operations and Commercialization Guidelines Development" and "Power System Analysis of the Interconnected Electric Grids System covering the Nile Equatorial Lakes Countries" being undertaken by Spanish firm AF Mercados EMI and Belgian firm Tractebel Engineering S.A., respectively.

Organized by NELSAP, the inception workshops were held from 5th to 7th April in Entebbe, Uganda. The workshops allowed the consulting firms to present findings and hold further consultations with representatives of the benefiting countries, as well as representatives of regional power initiatives, including the Eastern African Power Pool, East Africa Community, and Electricity of the Great Lakes.

The "Operations and Commercialization Guidelines Development" study focuses on the cross-border exchange of energy and the resulting regional electricity market. The study will develop guidelines and tools to facilitate energy trading, taking into consideration the existing status of electricity market liberalisation in the benefiting countries.

The "Power System Analysis" assesses current and future network behaviour of the planned interconnections and power generation plants in the region and will propose measures for optimal interconnected, synchronous operation of the NELSAP Interconnected Grid for the years 2016-2021. The study will provide information on the dynamic behaviour of the power system infrastructure when fully integrated into one system following a power system analysis to ensure stability, safety and security.

Funds for the project have been mobilized from the AfDB, European Union, Government of Germany/KfW (German Development Bank), Japanese International Cooperation Agency, Government of the Netherlands, and Swedish International Development Agency at a total cost of USD 415 million, including around USD 50 million in counter-funding from benefiting countries.

The grid interconnection project includes the:

- Uganda-Rwanda interconnection (172km at 220 kV) and associated substations;
- Kenya-Uganda interconnection (260km at 400 kV and 220 kV) and associated substations;
- Burundi, DRC and Rwanda interconnection (371km at 220 kV) and associated substations; and
- Burundi-Rwanda Interconnection (143 km at 220kV) and associated substations.

Planting the Seeds for Better Harvests in West Africa

- The West Africa Agricultural Productivity Program (WAAPP) is working with Côte d'Ivoire – and other countries in West Africa – to revive and strengthen seed systems that were previously decimated due to a lack of infrastructure and funding.
- Seeds from seed multiplication farms are better in quality, more resistant to pests, and can yield up to 50% more than traditional varieties.
- In Côte d'Ivoire alone, approximately 50,000 beneficiary producers farming on 100,000 hectares of land have improved their yields by 30 to 150 percent.

The intense midday heat hasn't slowed down work at Bilohf rice seed farm in Dimbokro town, south-central Côte d'Ivoire. Workers have been bagging several tons of high-quality rice seed since early morning. Soon to be loaded onto trucks, the seed will be sold to rice farmers around the country. Seeds are often taken for granted, but they can make or break a harvest. According to Bilhof CEO Faustin Louhori, "Seeds from seed multiplication farms are better in quality, more resistant to pests, and can yield up to 50% more than traditional varieties. Meanwhile, traditional seeds that are grown locally by farmers can be vulnerable to pests and moisture, sometimes causing farmers to lose their crops." Low quality seeds can yield harvest shortfalls, which can leave a dent in farmers' incomes as well as in the availability of staple foods in markets.

But what if quality seeds just aren't available? For a long time, this was the case in Côte d'Ivoire, where the seed development and distribution system was decimated by a lack of infrastructure and funding, as well as political instability. Seed banks were steadily depleted over the years. And as the national seed system collapsed, seed scientists struggled to find resources for developing and diversifying improved seed varieties. The lack of resources also prevented seed breeders from growing the available stock, and producing more seeds for greater numbers of farmers.

Faced with limited options, farmers were forced to rely on low-quality seeds that yielded less crops. So even as demand surged, less food was produced and delivered to markets. The availability of staple foods was hit. Rice, which is a huge part of the Ivorian diet with an average annual consumption of 70 kilograms per person, was no exception. Statistics show that the failing seed system impacted rice supply: In recent years, Côte d'Ivoire has imported around US$ 500 million worth of rice annually. Farmers need quality seeds in order to feed everyone, everywhere, every day.

This is why the World Bank's West Africa Agricultural Productivity Program (WAAPP) is working with Côte d'Ivoire –and other countries in West Africa--to revive and strengthen seed systems. "Côte d'Ivoire's experiences show the importance of engaging different stakeholders to grow and deliver quality seeds needed for boosting agricultural productivity and making more food available," says Pierre Laporte, World Bank Country Director for Côte d'Ivoire. "Over the past few years, the International Development Association has supported successful reforms that have both increased the competitiveness of the agriculture sector and enabled smallholder farmers to significantly improve their incomes, food security and well-being."

Throughout West Africa, WAAPP is supporting governments' efforts to prepare and implement seed system strategies, improve regional seed regulations and strengthen seed certification systems. A project of this scale requires collaboration so WAAPP is working with scientists, farmers, the private sector and others to make improved seeds for rice, plantain and other staple crops available to more people. In Côte d'Ivoire, the National Rice Development Office's (NRDO) seed improvement initiatives are positively impacting rice supply. The NRDO is laying the ground work for six seed centers around the country. It engages with farmers and seed entrepreneurs, collecting seeds, cleaning them, and then storing them in WAAPP-funded cocoon storage facilities which preserve their quality for longer periods. It also builds up distribution networks through farmer co-ops. The national seed system, which was disrupted in 1994 with the closing of the National Office for Seeds and Plants (NOSP), has been resurrected and is almost fully operational with the support of WAAPP. Since that crash, the cumulative production of quality and certified rice seeds financed by WAAPP has reached 6600 tons from 2012 to 2015. Around 50,000 beneficiary producers farming on 100,000 hectares of land have improved their yields by 30 to 150 percent. Credit for the huge jump in productivity goes to seed producers like Louhiri. Bilhof farm currently produces four varieties of rain-fed rice seeds on 100 hectares. But the Ivorian entrepreneur has big plans for the future, and hopes to eventually grow enough rice seeds to meet half of his country's demand. He encourages citizens in other West African countries to find their own ways to contribute to their seed systems. "I used to work in agricultural corporations, wear suits and fly first class. These days, I'm fighting snakes in the fields," he says. "But I'm feeling prouder of myself. I'm happier. What I'm doing has more impact on the lives of people—this is what matters the most."

World Bank: Smallholder Farmers in Senegal Receive Support to Improve Agricultural Productivity

The World Bank Board of Executive Directors today approved a US$20 million International Development Association (IDA)* credit to provide agricultural support to 150,000 smallholder farmers in Senegal. Today's approval is an additional funding to the second phase of the West Africa Agricultural Productivity Program (WAAPP-2A) which aims to strengthen the national certified seeds production and marketing system for groundnut. The project will scale-up the generation, dissemination and adoption of improved technologies in the Senegal's priority agricultural commodity areas, bringing the total number of project beneficiaries to 850,000, of which 40% are women. "Agriculture remains a key sector of Senegal's economy, as it accounts for two-thirds of export revenues and is the basis for food and livelihood for close to 70 %of the rural population. Within the agriculture sector, the groundnut value chain plays a key role in the country's economy. The commodity is grown by some 480,000 rural households or 65 %of the farming population", said Louise Cord, World Bank Country Director for Senegal. However, she added, "the productivity is weak, because the agricultural sector is contributing only about 17% to the GDP while more than 40% of the population is employed in the sector." "The World Bank Group wants to give a critical support to the country in order to rebuild competitiveness and successfully implement a difficult process to select new strategic investors for SUNEOR, the largest groundnut oil industry," Cord added.The project will further promote mutual accountability by using a participatory and pro-active decision-making approach, working closely with the inter-ministerial committee in charge of the SUNEOR restructuring to build consensus along the whole transaction process.

According to Aifa Fatimata Ndoye Niane, Senior Agriculture Economist and World Bank task team leader, "the project will support the Government of Senegal to design a new groundnut value chain development strategy as well as preparing a longer-term program aimed at diversifying economic activities of the groundnut producing areas." Niane added that the agricultural enterprises census including the agricultural organizations and cooperatives, will also be done with the additional financing.

* The World Bank's International Development Association (IDA), established in 1960, helps the world's poorest countries by providing grants and low to zero-interest loans for projects and programs that boost economic growth, reduce poverty, and improve poor people's lives. IDA is one of the largest sources of assistance for the world's 77 poorest countries, 39 of which are in Africa. Resources from IDA bring positive change to the 1.3 billion people who live in IDA countries. Since 1960, IDA has supported development work in 112 countries. Annual commitments have averaged about $19 billion over the last three years, with about 50 %going to Africa.

AfDB and the West Africa Power Pool sign US $1.9 million grant for Nigeria-Benin Interconnector Reinforcement Project

The West Africa Power Pool, a Specialized Institution of the Economic Community of West African States (ECOWAS), and the African Development Bank signed a grant agreement on May 23, 2016 worth US $1,992,721 to support the Nigeria-Benin Interconnector Reinforcement Project.

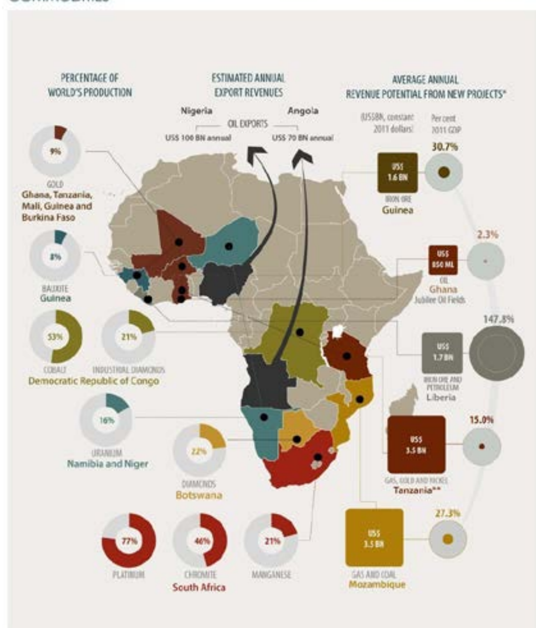
The grant will help the construction of a 330 kV double circuit high voltage transmission line from Erukan (Nigeria) to Sakete (Benin) and help meet the needs of the ECOWAS region in suppling reliable electricity supply at affordable cost.
AfDB Acting Vice-President, Operations, in charge of Infrastructure, Private Sector and Regional Integration, Stefan Nalletamby, signed for the Bank Group, while Secretary General, Siengui A. Ki signed signed for WAPP, in the sidelines of the AfDB Annual Meetings in Lusaka.
The Project, a WAPP key priority, will ensure stable integration of the national electricity networks in the ECOWAS Region and facilitate the accessibility to economic energy resources to all member states of the region.
Speaking at the signing event, AfDB Acting Vice-President Stefan Nalletamby said: “Energy is one of the most essential requirements for Africa’s development and a key pillar of the Bank’s High 5s vision. The project will allow inclusive economic growth needed to transform the lives and livelihoods of many in the West African region.”
The realisation of the 330 kV WAPP Nigeria–Benin Project will facilitate optimal power exchanges and trading between the Member States. It seeks to establish a robust transmission link from Côte d’Ivoire to Nigeria passing through Prestea, Aboadze, Volta in Ghana, Lomé in Togo, and Sakete in Benin. “The project will definitely advance WAPP’s goal to establish more secure, reliable transmission corridors for power exchange and help catalyse the development of energy resources, and the transfer of low-cost energy supply,” WAPP Secretary General said. “The increased volumes of power derived from the project, will boost the region’s economies and contribute to poverty reduction efforts,” he added.
The project, which would be executed in Nigeria and Benin shall result in the following among others:

- construction of approximately 200 km of 330 kV high voltage transmission line;
- extension of/or the construction of a new 330 kV high voltage substation in Erunkan (Nigeria)
- extension of/or the construction of a new 330 kV high voltage substation in Sakete (Benin) or environ;
- Installation of SCADA and Fibre Optic systems;

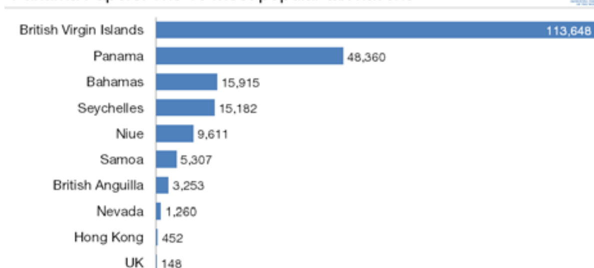
The Feasibility Study for the **Nigeria-Benin Interconnector Reinforcement Project** was carried out by NEPAD Infrastructure Project Preparation Facility, NEPAD-IPPF.
NEPAD-IPPF is a multi-donor Special Fund hosted by the AfDB, which supports African countries to prepare regional infrastructure projects in energy, transport, ICT and transboundary water. It is currently supported by a number of Donors who include, Canada, Germany, UK, Spain, Norway and Denmark. Over its ten year existence since 2005, NEPAD-IPPF has prepared over 60 regional infrastructure projects, half of which have reached financial closure resulting in investment financing of over US6 billion, thus, responding directly to Africa’s integration and development efforts.

Africa is rich in resources – but tax havens are keeping its people poor

The Panama Papers are not just about famous people who use offshore accounts to avoid paying tax. They have also lifted the veil on a secret world in which tax havens are used to shift billions out of the world’s poorest countries in Africa. Look at the Democratic Republic of Congo. DRC has enormous mineral wealth – especially cobalt, copper and diamonds. Yet it has some of the world’s worst malnutrition and child mortality, and millions of children who are not at school.



But mining concessions are being sold for much less than their market value, to middle people who resell them at vast profits. The money is hidden by being routed through complex networks of offshore companies, many in the British Virgin Islands – the tax haven that is home to half of the offshore accounts named in the Panama Papers.



In 2013, the Africa Progress Panel, chaired by Kofi Annan, and Global Witness examined five major sales of mining rights in DRC. Each deal involved firms registered in the British Virgin Islands. We estimated the gap between the

market value of the concessions and the price paid was at least $1.36 billion – almost double what the DRC spends each year on health and education combined.

Accounting and banking complexity and secrecy in the British Virgin Islands makes it impossible to work out who are beneficiaries of the companies. Our exercise captured what is likely to be a small share of the overall losses caused by underpricing. We covered only a small subset of deals for the period 2010-2012. Moreover, the pattern of selling mining assets to offshore shell companies has been a consistent theme in the privatization of state assets over more than a decade. We did not infer from our analysis any illegality on the part of political leaders, public officials or the companies involved in purchasing and selling the concessions. But the size of the losses means the transactions should be investigated to determine whether or not the mining assets sold were knowingly undervalued. Further investigation into the 11.5 million documents leaked from Panama law firm Mossack Fonseca may shed light on these deals.

In the case of the DRC deals we investigated, the complex structures of interlocking offshore companies, commercial secrecy on the part of major mining companies and limited reporting by state companies and government agencies to the DRC's legislators, creates what amounts to a secret world – a world in which vast fortunes appear to be accumulated at the expense of the DRC's people.

While the opaque practices of some foreign companies and the extensive use of offshore companies facilitate the diversion of public wealth into private bank accounts, weak national governance is also to blame. Poorly managed state-owned mining companies are part of the problem. All too often their operations are hidden behind opaque financial management systems, with limited legislative oversight, restricted auditing procedures and, in the worst cases, a comprehensive disregard for transparency and accountability. With this lack of transparency comes another concern: the potential for political leaders and public officials to benefit from secret deals made with foreign investors.

Not all offshore activity is harmful to Africa's interests. But the absence of transparency in some jurisdictions makes it difficult to work out what is legitimate and what is criminal. For African revenue authorities, tracking accounts that pass through jurisdictions such as the British Virgin Islands is almost impossible.

Effective taxation lies at the heart of the social contract between citizens and the state. It is a powerful instrument to reduce inequality, stimulate growth and enhance human development – for all countries. Tax evasion at any level destroys trust in public institutions. And aggressive tax avoidance does so too – even though it is not illegal.

For citizens everywhere, in Africa, in G20 countries and across the globe, current tax practices raise questions about fairness, social justice and citizenship. Such practices affect the grandma in Manchester as well as the mother in Mali – but they affect Africa more. What is emerging is a shared agenda, in which different parties have overlapping interests and similar goals.

But more needs to be done. This month UK Prime Minister David Cameron hosted an anti-corruption summit in London with other world leaders. The summit might be over, but now is the time to focus on making it count. Three areas are especially important.

First, country by country reporting is crucial to show where profits are shifted by spotting where there is a mismatch between where firms do business and where they are taxed.

Second, UK overseas territories and crown dependencies should follow what the UK has put in place, with a public registers of beneficial owners. This should be extended to trusts and foundations. Ultimately, there is no good reason not to know with whom you are doing business. This secrecy undermines both trust and the efficiency of markets.

Third, the IMF is making progress in supporting African countries to strengthen tax policy and administration, and enhancing tax information sharing among governments. The IMF could lead on agreeing on how to define, measure and better track illicit flows. The release of the Panama Papers is just the start. It is time for multinational companies to pay fair taxes to African governments; for African governments to be involved in discussions to reform the global tax system; and for the gap between what is legal and what is fair to be narrowed. Ultimately, we need global solutions, otherwise the issue is simply relocated rather than solved. Governments worldwide should commit to halt the practices that are effectively undermining progress and trapping millions in poverty. *(World Economic Forum)*

Board approves AfDB Group's Strategy for the New Deal on Energy for Africa 2016–2025

The Executive Boards of the African Development Bank Group (AfDB) took a significant step towards Africa's economic transformation in Abidjan, Côte d'Ivoire on May 18, 2016, with the approval of the Bank Group's 2016-2025 Strategy for the New Deal on Energy for Africa.

The Strategy sets out the priorities for the Bank's interventions in the energy sector from 2016 to 2025. It aims to spur the transformation of Africa's energy sector, promoting inclusive growth and the transition to green growth by increasing energy production, scaling-up energy access, improving affordability, reliability and energy efficiency as well as the sustainability of energy systems.

The New Deal on Energy for Africa is built on five inter-related and mutually reinforcing principles: raising aspirations to solve Africa's energy challenges; establishing a Transformative Partnership on Energy for Africa; mobilising domestic and international capital for innovative financing in Africa's energy sector; supporting African governments in strengthening energy policy, regulation and sector governance; and increasing the African Development Bank's investments in energy and climate financing.

With over 645 million people in Africa without access to electricity and some 730 million reliant on biomass for cooking, the New Deal proposes to be a game changer for the continent's energy sector. To tackle this deficit, the New Deal intends to focus on seven themes that are holding back the development of the energy sector.
These strategic themes are: (i) setting up the right enabling policy environment, (ii) enabling utility companies for success, (iii) dramatically increasing the number of bankable energy projects, (iv) increasing the funding pool to deliver new projects, (v) supporting 'bottom of the pyramid' energy access programmes, (vi) accelerating major regional projects and driving integration and (vii) rolling out waves of country-wide energy 'transformations'. The AfDB intends to address these themes through a series of flagship programmes such as: Independent Power Producers (IPP) procurement, renewable energy, energy efficiency, power utility transformation, early stage project support facility, bottom of the pyramid energy financing, regional project acceleration, energy efficiency, country wide energy sector turnarounds, and transformative partnerships.
Designed to support the implementation of the new strategic goals of the Bank, the High 5s, the New Deal is critical to achieving these goals because energy drives socioeconomic development. Feeding Africa, Industrialising Africa, Integrating Africa, and Improving the Quality of Life of Africans, will rely on Lighting up and Powering Africa. The Strategy is therefore designed to unlock productivity potentials across agribusiness zones and hubs as well as industrial value chains in all economic sectors in rural and urban areas with a focus on reaching the unserved populations across the continent.
The New Deal will contribute to achieving the Sustainable Development Goals (SDGs) in Africa. It will contribute directly to achieving in particular, SDG7 - on ensuring access to affordable, reliable, sustainable, modern energy for all; SDG 1 - on ending poverty in all forms; SDG 13 - on combating climate change and its impact; SDG 3 - on improving health and well-being; SDG 5 - on achieving gender equality and empower all women and girls; and SDG 10 - on reducing inequality within and among countries. In addition, by improving access to clean energy, the New Deal will have co-benefits for social, economic and environment sustainability in Africa. The New Deal will also assist African countries in achieving the COP21 Agreement on climate change, especially the Intended Nationally Determined Contributions (INDCs) of African countries. The AfDB has developed a significant energy sector portfolio in recent years with over 100 active projects. The volume of the Bank's energy sector approvals from 2006-2015 amounts to about USD 15 billion (UA 10 billion). At the end of 2015, the energy sector portfolio stood at over USD 12 billion (UA 8 billion). The New Deal is coupled with internal reforms, following the previous approval by the Board of the new Business Delivery Model, which envisages the creation of a Vice Presidency for Power, Energy, Climate, and Green Growth, making the AfDB the only Multilateral Development Bank to do so. *(AfDB)*

INVESTMENTS

Over 1.6 million tourists visit Mozambique in 2015

In 2015 Mozambique received over 1.6 million tourists who spent an estimated US$193 million in the country, President Filipe Nyusi said in Beijing. The President, who was speaking at the International Conference on the Development of Tourism, an event currently underway in the Chinese capital, said that in the same year tourism investment projects reached US$139 million, employing over 50,000 people either directly or indirectly. “These indicators, while representing a significant increase compared to previous years, fall far short of the potential that Mozambique offers,” he said, according to Mozambican news agency AIM. Saying the government is creating a more favourable climate for investment in tourism, Nyusi cited as examples “the simplification of procedures for licensing of economic activities and the allocation of more incentives for investors and users of existing facilities in Mozambique.”
“In a period of economic recession characterised by a fall in export prices of raw materials, combined with a slowdown of investment in minerals, tourism can serve as a valuable alternative,” said the President of Mozambique. *(Macauhub)*

China announces support for the industrialisation of Mozambique

China will support the industrialisation of Mozambique, according to a statement issued in Beijing at the end of negotiations between delegations headed by the Presidents of the two countries, the Mozambican press reported. Delegations led by Xi Jinping and Filipe Nyusi also agreed to establish a “global strategic partnership”, according to the announcement at the end of the meeting from the Chinese Vice Foreign Minister Zhang Ming. This partnership the deputy minister said, “should include cooperation in all areas, including political, security, economic, commercial and cultural.”
Under this partnership, the parties agreed to “intensify coordination of plans for bilateral cooperation and mutually beneficial policies, and to actively promote industrial links and cooperation in production capacity of materials.” This also involves a commitment to a ‘broad cooperation with mutual benefit in energy production, mining and manufacturing,” in order to “speed up the industrialisation and modernisation of Mozambique.” The Xinhua news agency reported that President Xi Jinping said the Chinese government would support Chinese companies to invest in natural gas exploration in Mozambique and in other sectors of economic activity. To this end, Chinese companies and financial institutions will be encouraged to form public-private partnerships (PPPs) or Build-Operate-Transfer (BOT) vehicles to “actively participate in the construction of infrastructure in Mozambique, such as railways, roads, airports

and power plants." The two countries also agreed to strengthen financial cooperation, encouraging "the establishment of subsidiaries of financial institutions in each country" and the use of the national currency of each country in the transactions between them. Zhang Ming, quoted by daily newspaper Notícias, said that China would like to strengthen cooperation on the maritime economy, under the 21st Century Maritime Silk Route, "given that Mozambique is a country with a big coastline." The Chinese Deputy Foreign Minister said China was prepared to help Mozambique to overcome the economic difficulties it is currently facing, although he did not mentioned what mechanisms would be put in place to achieve this aim. The delegation headed by the President of Mozambique is due to have courtesy meetings today with leaders of some Chinese public companies and meet with the Mozambican community in Beijing. *(Macauhub)*

Lafarge Africa to Acquire Additional 50% Equity Interest in Unicem

The Board of Directors at its meeting held on 12th May, 2016 and in line with shareholders' resolution at the 55th Annual General Meeting (AGM) of Lafarge Africa Plc held 9th July, 2014 has approved the acquisition of additional 50% equity interest in United Cement Company of Nigeria Limited (Unicem) on the same terms as the initial acquisition of 35%. This equity interest is currently held by Egyptian Cement Holdings B.V (ECH) an entity that is jointly owned by LafargeHolcim Group and Lafarge Africa Plc. LafargeHolcim's interest in ECH is held through Holcibel SA and it is from Holcibel that Lafarge Africa will be acquiring the shares. In compliance with the shareholders' resolution referred to above, the Board of Directors has also approved the issue of 413,175,709 ordinary shares of the Company as full consideration for the acquisition. At the conclusion of the transaction, Lafarge Africa Plc will now an indirect interest of 100% of the issued share capital of Unicem. This information is being provided in compliance with the Listing Rules of the Nigerian Stock Exchange. *(African Markets)*

BANKING

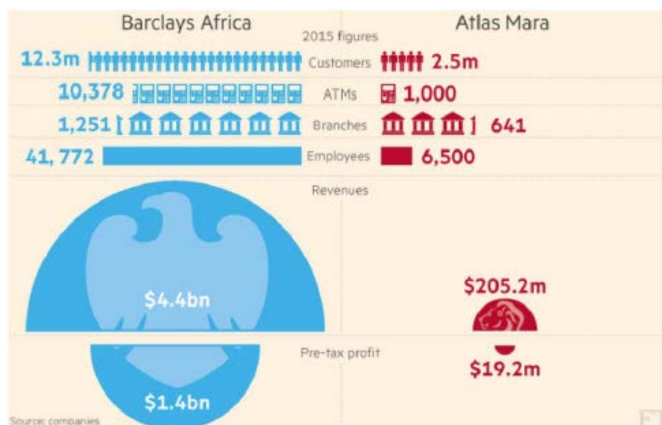
Banks

AfDB approves USD 120 million Line of Credit to Tanzania's CRDB Bank Plc

The Board of Directors of the African Development Bank Group (AfDB) through its private sector window has approved a USD 120-million line of credit (LOC) to CRDB Bank Plc ("CRDB") in Tanzania. CRDB, the largest commercial bank in Tanzania, was established in 1969 and listed on the Dar es Salaam Stock Exchange in 2002. CRDB has a wide geographical coverage of the Tanzanian market where it operates over 120 branches across the country and an additional 3 branches in Burundi. It supports various sectors such as power, manufacturing, agriculture and SMEs over the past years. In 2008, the AfDB provided a risk-sharing facility to promote SMEs in the agriculture sector, through which more than 270 SMEs have benefited. Since 2008, CRDB has expanded its SME loan portfolio and has partnered with more than 2,125 agents or non-banking intermediaries to widen its reach. The agency banking has enabled CRDB to provide services in far-flung areas where establishing branches may be uneconomical hence efficiently allowing the financially excluded to access banking services. The LOC will help finance infrastructure and SME projects in Tanzania. It will support infrastructure development which is a major constraint for Tanzania's economic growth. By leveraging CRDB's branch network and agents, it will also scale up lending to SMEs and women enterprises in both urban and rural areas to create more jobs and to promote inclusive growth for Tanzania's economy. The LOC will spur regional trade and promote regional integration through expanding capacity of the country's port and airport, which will also stimulate tourism and government revenues.

Bob Diamond faces a rough ride in Barclays Africa campaign

Bob Diamond's hopes of making a triumphant return to the banking big leagues by leading a consortium to buy the African arm of Barclays have taken a few knocks in the past week. The setbacks for the British lender's former chief executive, who now invests in assets sold by big banks, came as the process of determining who will own one of Africa's biggest financial institutions entered a crucial phase. Barclays announced it had sold a chunk of its 62 per cent stake in its South African-listed unit via a R13bn ($856m) placing with institutional investors. Demand was so strong for the placing of the 12 per cent stake that the UK bank expressed confidence it could sell the rest of its shares on the open market if it failed to receive a good enough offer from a strategic bidder.



Furthermore, a few days before the sale, a deputy governor of the South African Reserve Bank (SARB) said the central bank was uncomfortable with private equity companies taking stakes in the country's financial institutions. The deputy governor's comments came within hours of Mr Diamond meeting the central bank in Johannesburg to discuss a potential bid by the consortium he is leading with US private equity group Carlyle. The

central bank said later it did not have any particular bidder in mind, but it was widely seen as a brush-off for the former Barclays chief executive. Even before the events of the past week, Mr Diamond faced scepticism about his chances, particularly because his Atlas Merchant Capital and Atlas Mara vehicles have only raised a few hundred million dollars between them. That compares with the $7bn-plus market capitalisation of Barclays Africa. Yet Mr Diamond is a hard man to shake off. The 64-year-old American investment banker has told colleagues in recent days that he believes the consortium he has assembled is still well placed to acquire Barclays Africa.
Speaking to the Financial Times two weeks ago, Mr Diamond said: “One of the most important things is that long-term funding is in place for the potential combination with Barclays Africa. That is not private equity, it is permanent capital.” The consortium is expected to argue that its bid should not be considered private equity because it will be structured via an investment vehicle that will exist for a transitional period before shares in Barclays Africa are transferred to the vehicle’s ultimate investors. To muster the financial firepower for what would be one of the biggest banking deals since the financial crisis, Mr Diamond and Carlyle have lined up 10-15 large investors to back their bid.
Another hurdle for Mr Diamond is the awkward situation of Barclays, faced with a bid from its former boss — who was ousted over the Libor rate-rigging scandal — for what was until recently one of its four main divisions. As one banker put it: “I would love to be in the room when Barclays negotiates with Bob — that would just be excruciating.”
However, while it had almost four times as many orders for the shares it sold last week, Barclays kept the option of selling control of the African business to a strategic bidder by deliberately maintaining just over a 50 per cent stake. A banker who worked on last week’s share placement said Barclays’ board would have “a fiduciary duty” to consider any bid at a premium to the market value, especially if the alternative was to sell into the market at a discount of about 11 per cent to the weighted 30-day average share price, as it did with last week’s placement.
As for the regulator, much will hinge on whether Mr Diamond can convincingly argue that his consortium represents long-term investors, not private equity, despite the involvement of Carlyle. Lesetja Kganyago, governor of the SARB, told the Financial Times last week that he could not discuss specific bidders. He added: “We are very clear that a bank has to be held by shareholders, a bank is not a private equity play. That does not mean that you can’t have foreign investors coming into a bank. They can always come into a bank. We do not think that if a bank is a private equity play that it becomes a robust institution.”
The central bank is also likely to oppose any attempt to split the Absa branch network in South Africa from Barclays’ smaller operations in a dozen other countries, such as Kenya, Ghana, Tanzania, Mozambique and Uganda. This should not trouble Mr Diamond, who is already committed to building a pan-African banking group through his Atlas Mara joint venture and ultimately plans to merge its seven sub-Saharan lenders with Barclays Africa. In its circular to shareholders last month, Barclays warned that separating itself from its African subsidiary was “likely to be complex and time-consuming” particularly because of the difficulty in severing important ties, such as IT systems and branding.
After last week’s share placement, Barclays agreed not to sell any more shares for 90 days. Bankers say that gives the UK lender until after the summer to decide whether to opt for a strategic sale or to keep selling chunks into the market.
If Mr Diamond’s consortium is left empty-handed, he is still unlikely to give up on his dream. Indeed, his team is already running the ruler over Nedbank, another big South African bank whose majority owner Old Mutual has said it plans to cut its stake. *(Financial Times)*

Kenya's I&M to buy controlling stake in Burbidge Capital
Kenya's I&M Holdings, which owns I&M Bank, is buying Nairobi-based corporate advisory firm Burbidge Capital to expand its financial services, it said. I&M, which also has a bank in Rwanda, said its shareholders had backed the decision to acquire a controlling stake in Burbidge in a transaction whose value was not disclosed. The strategy "is to emerge as a one-stop centre for all the financial needs of our customers,” said Daniel Ndonye, chairman of the group, in a statement. Burbidge Capital, started by investment banker Edward Burbidge in 2010, focuses on corporate advisory services to firms in East Africa. Britain's CDC Group is in the process of acquiring shares in I&M Bank that were previously held by DEG and Proparco. *(Reuters)*

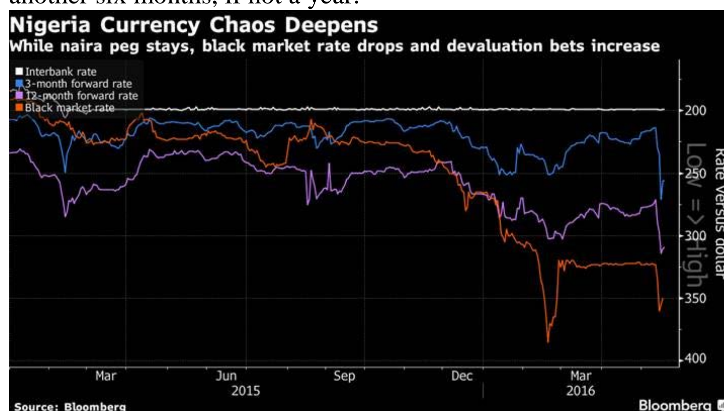
Angola authorises Bank of China to open a branch
The Angolan government has authorised the Bank of China to open a branch in Angola to develop the banking sector, according to an order signed by the President of Angola. The order dated 13 May said that the Chinese state bank will operate in the country under the name Bank of China – branch in Angola, according to Portuguese news agency Lusa.
In December 2012, the Bank of China announced it had been authorised by the government of Angola to open a representative office in the capital Luanda, “the first Chinese-owned bank approved by the National Bank of Angola.” The statement said the representative office in Angola was the Bank of China’s fourth in Africa, after opening branches in Zambia, South Africa and Kenya. At the time the Bank of China said it was opening the representative office following an increase in trade and economic relations between China and Angola, “which led to increased demand for financial services.” Founded in 1912, the Bank of China is the only Chinese bank to operate continuously for over a century and is also the most international and diversified commercial bank in China, present in Hong Kong, Macau, Taiwan and in 35 countries and territories. *(Macauhub)*

Markets

Nigeria's Currency Chaos Deepens as Bets on Devaluation Rise

Nigeria's currency chaos is deepening.

As investors increasingly bet the bottom will drop out of the naira and the vice president hints at a devaluation, the man who calls the shots -- President Muhammadu Buhari, who has resisted letting the currency weaken since coming to power a year ago, likening it to "murder" -- has kept quiet. "I won't believe it until I see presidential ownership of it," Alan Cameron, an economist at Exotix Partners LLP in London, said by phone. "The most likely scenario is still that they will run reserves down to a point where they have no choice but to make a decision. That will come, but not for another six months, if not a year."



Forward contracts suggest the currency will plunge 27 %in three months to 252 against the dollar, compared with 7.5 %a week ago. That follows a signal from regulators that some black-market trading will be tolerated. Nigeria's central bank has held the naira at 197-199 per dollar since March 2015, deepening the worst crisis this century in Africa's biggest economy. Investors from Alliance Bernstein LP to Morgan Stanley have sold naira stocks and bonds since Nigeria's central bank started pegging the currency and introducing capital controls, which included restrictions on foreign-exchange trading and imports. Naira-denominated government bonds have lost 8.8 %in dollar terms this year, making them the only ones aside from Egypt and Mexico not to have gained among 31 emerging markets tracked by Bloomberg. The nation's foreign reserves have dropped 29 %since mid-2014 to $26.7 billion as the central bank props up the currency while oil revenue and foreign investment dwindle. The naira was little changed at 199.05 per dollar by 2:36 p.m. in Lagos.

Dollar Scarcity

Vice President Yemi Osinbajo on May 11 announced a review of the currency regime that "may feature" a devaluation as a way of boosting inflows. Earlier that day, the state oil company raised gasoline prices 67 %and allowed fuel importers to buy foreign-exchange from any source, including the black market, on which the exchange rate is 350 to the dollar. Officials later said they used a rate of 285 per dollar to calculate the new gasoline price. These moves were "a deviation from the president's staunch stance against devaluation and the first time public officials had publicly offered a difference in opinion on devaluation," Lanre Buluro, a Lagos-based analyst with Primera Africa Securities Ltd., said in an e-mailed note. A devaluation may be "imminent," he said. Goldman Sachs Group Inc. predicts a more complicated outcome.

Multiple Rates

The decisions last week suggest the government will sanction a "multiple exchange-rate system" with importers and investors getting access to different rates according to their perceived importance, JF Ruhashyankiko, a London-based analyst at Goldman Sachs, said in a note. "It is less clear whether it will also lead to a gradual lifting of capital controls. The only way to resume capital inflows is to lift the capital controls." So far, the central bank is maintaining its stance that the official exchange rate is fair and that any devaluation would only boost inflation, which already accelerated to an almost six-year high of 13.7 %in April as the scarcity of foreign-exchange affected prices of imported goods. Speculation about a devaluation is a "false rumor," Isaac Okorafor, a spokesman for the Abuja-based central bank, said by phone. The central bank's Monetary Policy Committee meets from May 23-24. While it probably won't devalue the official rate, it may announce plans to allow more businesses and investors to use the unofficial market, according to Charlie Hampshire, head of trading for payments FX at INTL FCStone Ltd., which covers around 35 sub-Saharan African currencies. "It would be an unofficial devaluation, a devaluation through the back door," she said by phone from London. "If they want to endorse the secondary market, they need to say who can access it and tell the banks how they can use it." *(Bloomberg)*

Debt Woes at South Africa's Eqstra Send Bonds Tumbling

Borrowing costs for South Africa's Eqstra Holdings Ltd. climbed to a record in the two weeks since S&P Global Ratings cut the company's credit rating, citing refinancing risks. Yields on 100 million rand ($6.8 million) of securities due in April 2018 climbed 158 basis points since the start of the year to a record 13.34 %on May 4, before falling back

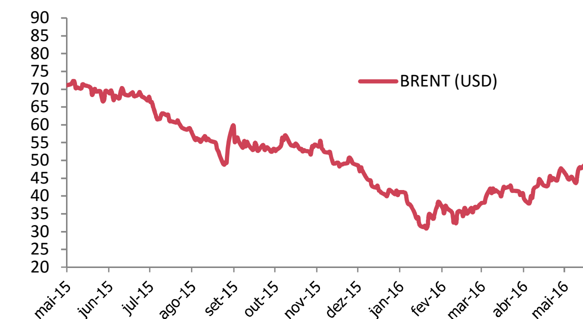
MARKET INDICATORS
23-05-2016

STOCK EXCHANGES		
Index Name (Country)	**23-05-2016**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	10.190,08	-3,89%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	313,76	3,23%
Case 30 Index (Egypt)	7.429,11	6,04%
FTSE NSE Kenya 15 Index (Kenya)	186,30	-0,18%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	21.066,92	10,87%
Nigerian Stock Exchange All Share Index (Nigeria)	26.949,77	-5,91%
FTSE/JSE Africa All Shares Index (South Africa)	52.268,49	3,11%
Tunindex (Tunisia)	5.530,49	9,68%

Source: Bloomberg and Eaglestone Securities

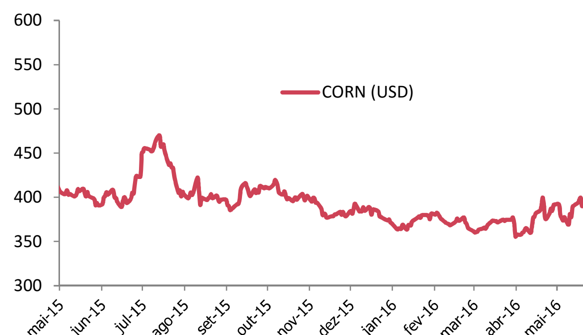
METALS		
	Spot	**YTD % Change**
Gold	1.249	17,68%
Silver	16	17,90%
Platinum	1.016	13,71%
Copper $/mt	4.578	-2,70%

Source: Bloomberg and Eaglestone Securities



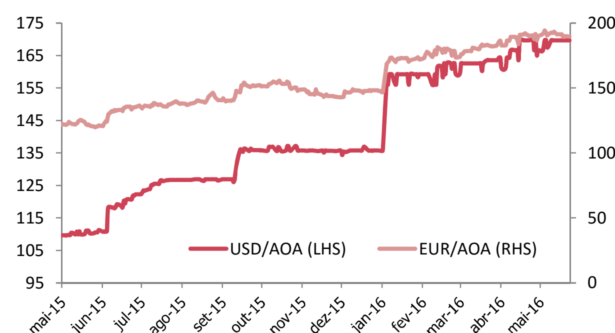
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	47,8	29,10%
ICE Brent (USD/barril)	48,2	29,29%
ICE Gasoil (USD/cents per tonne)	439,8	31,56%

Source: Bloomberg and Eaglestone Securities



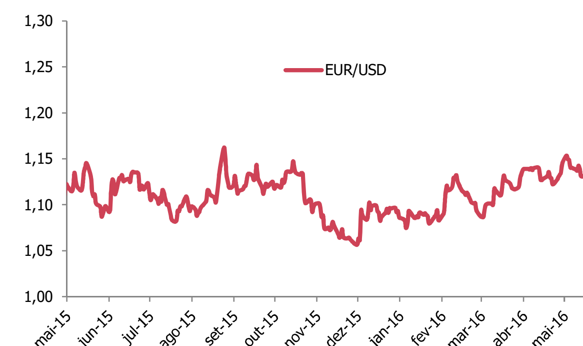
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	391,3	9,06%
Wheat cents/bu.	462,8	-1,54%
Coffee (KC) c/lb	124,3	-1,93%
Sugar#11 c/lb	17,1	12,14%
Cocoa $/mt	2940,0	-8,44%
Cotton cents/lb	61,4	-2,94%
Soybeans c/bsh	1063,3	23,03%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	169,210
EUR	189,697
GBP	244,868
ZAR	10,800
BRL	48,133
NEW MOZAMBIQUE METICAL	
USD	56,500
EUR	62,040
GBP	80,227
ZAR	3,606
SOUTH AFRICAN RAND SPOT	
USD	15,669
EUR	17,566
GBP	22,675
BRL	4,456
EUROZONE	
USD	1,12
GBP	0,77
CHF	1,11
JPY	122,67
GBP / USD	1,45

Source: Bloomberg and Eaglestone Securities



to 13.26 %on May 6. Johannesburg-based Eqstra, which imports and distributes industrial, construction and mining equipment, has 1.67 billion rand of bonds maturing in the next two-and-a-half years, according to the company. Total debt, including bank loans, reached 7.55 billion rand as of Dec. 31, the company said in a stock exchange statement on March 1. “The first priority is finalizing the refinancing of the bank debt and then obviously we’ll deal with the capital market maturities,” Group Treasurer Henk Lindeque said by phone from Johannesburg. “That’s a year away so there’s still a lot of things that can happen.” Eqstra faces “significant refinancing risks and liquidity challenges over the next 12 months due to limited free operational cash flows and access to debt capital markets,” S&P said on April 26, when it cut the company’s credit rating and placed it on a negative watch, signifying that more downgrades could follow. The company raised almost 450 million rand by selling fixed- and floating-rate bonds in 2013, and planned to use the money to pay down commercial paper and bank debt. Those bonds are due between November 2016 to October 2018. Capital-market debt constituted about 25 %of the company’s liabilities, with the rest made up of bank loans, Lindeque said. *(Bloomberg)*

Central Bank of Kenya to hold rates, cut next quarter

Kenya's central bank will wait a few more months before cutting its benchmark interest rate as inflation, while slowing, is still above target and so allows it room to wait, a Reuters poll found on 20/05. Eight of 12 analysts polled this week said rates would be left on hold on 16/05 at 11.5 %while two said they expect a 50 basis point cut. The other two expect cuts of 100 and 150 basis points. The central bank will lop off 75 basis points in the third quarter and another 25 in the fourth, according to median forecasts. "Inflation is slowing down and the currency is broadly stable, there are still a number of pressure points on the external front," said Gaimin Nonyane, chief economist at Ecobank Capital. Kenyan interest rates have been unchanged for almost a year while consumer inflation has gradually slowed from its peak in December of 8.01 percent. The central bank aims to keep inflation between 2.5 and 7.5 percent. "I definitely accept that there is a chance of a cut, but I expect that they will hold off and wait for another meeting to be sure that inflation has been anchored within the target range," said John Ashbourne, analyst at Capital Economics. Inflation in the East African economy is projected to slow in the next two years. Medians suggest it will be 6.3 %this year, 6.0 %next, and then slowing further to 5.3 %in 2018. Tight monetary policy has buoyed the shilling, making it one of the most resilient currencies in emerging markets during episodes of high risk aversion in the past six months. Still, the U.S. Federal Reserve said its economy could be ready for another interest rate increase in June, changing sentiment in emerging markets that was starting to think a hike next month was out of picture. "The main source of risk stems from continued uncertainty over the U.S. Fed interest rate cycle and falling tea prices," Nonyane said. Still, Kenya is shaping up to be Africa's best performing economy amid hardship for its peers created by the recent commodity slump. It outpaced Sub-Saharan Africa's average growth rate of 3.8 %in 2015, despite the tourist industry being hit by fears of militant attacks, by expanding 5.6 %last year. Growth in other parts of the continent has been stagnant -- hit by a lack of confidence in Africa's biggest economy, Nigeria, and South Africa, the region's most developed. "Kenya's economy is much less dependent on commodities than most of its African peers ... significant infrastructure investment is both adding to consumption and helping to boost productivity," Ashbourne said. "The Kenyan energy sector has been a real success in recent years, and the transportation sector is set for a real boost when the railway comes online." *(Reuters)*

Selected Sovereign African Eurobond Data for May 20

Southern Africa	20-05-2016	19-05-2016	18-05-2016	17-05-2016	16-05-2016	13-05-2016	12-05-2016
Angola							
7.000%; 08/16/2019	101,458	101,408	102,010	102,274	101,954	101,809	101,958
Yld	6,610%	6,637%	6,432%	6,344%	6,452%	6,502%	6,428%
Moody's rating	B1						
S&P rating	B						
Namibia							
5.500%; 11/03/2021	104,500	104,182	105,023	105,497	105,159	105,658	105,583
Yld	4,633%	4,706%	4,526%	4,439%	4,508%	4,398%	4,416%
Moody's rating	Baa3						
Fitch rating	BBB-						
Republic of Congo							
4.000%; 06/30/2029	71,929	71,857	72,469	72,469	72,281	72,192	72,281
Yld	9,672%	9,683%	9,593%	9,592%	9,622%	9,536%	9,620%
Fitch rating	B						
South Africa							
5.875%; 09/16/2025	106,725	106,690	107,582	108,685	108,277	108,859	108,790
Yld	5,007%	5,017%	4,898%	4,758%	4,810%	4,734%	4,741%
Moody's rating	Baa2						
S&P rating	BBB-						
Fitch rating	BBB -						
Zambia							
8.500%; 04/14/2024	81,583	81,249	82,548	83,318	82,592	82,703	82,167
Yld	12,311%	12,388%	12,087%	11,912%	12,070%	12,044%	12,171%
Fitch rating	B						
S&P rating	B						
East Africa	**20-05-2016**	**19-05-2016**	**18-05-2016**	**17-05-2016**	**16-05-2016**	**13-05-2016**	**12-05-2016**
Ethiopia							
6.625%; 12/11/2024	91,410	91,439	91,886	92,384	91,919	91,930	92,239
Yld	8,112%	8,112%	8,028%	7,947%	8,021%	8,018%	7,979%
Moody's rating	B1						
S&P rating	B						
Fitch rating	B						
Kenya							
6.875%; 06/24/2024	92,625	92,820	93,660	94,693	94,462	94,805	94,958
Yld	8,219%	8,182%	8,023%	7,839%	7,880%	7,820%	7,794%
Fitch rating	B+						
S&P rating	B+						
Rwanda							
6.625%; 05/02/2023	97,707	97,746	98,320	98,453	98,627	98,771	98,500
Yld	7,125%	7,142%	7,051%	7,009%	6,997%	6,925%	7,000%
Fitch rating	B+						
S&P rating	B+						
Seychelles							
7.000%; 01/01/2026	98,048	97,457	97,881	97,881	97,457	97,456	97,881
Yld	8,274%	8,465%	8,305%	8,305%	8,462%	8,462%	8,303%
Fitch rating	BB-						
West Africa	**20-05-2016**	**19-05-2016**	**18-05-2016**	**17-05-2016**	**16-05-2016**	**13-05-2016**	**12-05-2016**
Gabon							
6.375%; 12/12/2024	84,958	84,980	85,852	86,491	86,094	85,930	86,042
Yld	9,005%	8,999%	8,832%	8,713%	8,787%	8,816%	8,789%
Fitch rating	B+						
Ghana							
7.875%; 08/07/2023	82,625	82,706	83,614	84,638	83,770	83,886	83,958
Yld	11,588%	11,567%	11,351%	11,124%	11,323%	11,296%	11,278%
Moody's rating	B3						
S&P rating	B						
Fitch rating	B-						
Ivory Coast							
6.375%; 03/03/2028	94,542	94,545	95,410	95,628	95,410	95,749	95,896
Yld	7,124%	7,123%	7,003%	6,978%	7,006%	6,962%	6,944%
Moody's rating	Ba3						
Fitch rating	B+						
Nigeria							
6.375%; 07/12/2023	94,530	95,541	95,178	96,002	95,134	94,569	94,490
Yld	7,449%	7,453%	7,325%	7,178%	7,338%	7,443%	7,463%
Fitch rating	BB-						
S&P rating	B+						
Senegal							
6.250%; 07/30/2024	93,292	93,524	94,247	94,985	95,000	95,091	95,167
Yld	7,432%	7,392%	7,266%	7,140%	7,138%	7,122%	7,110%
Moody's rating	B1						
S&P rating	B+						

NOTE: Angola in 2012 sold $1 billion of 7 percent securities due August 2019 to selected investors in an agreement brokered by Moscow-based VTB Bank OJSC.
Pricing source is the Composite Bloomberg Bond Trader (CBBT)
Yld = Bid Yield to Maturity.

Fund / Private Equity

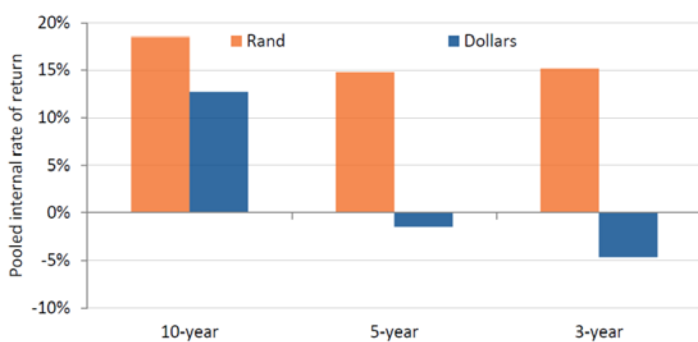
Private Equity Firms Bid Up Africa M&A Prices on Record Funds

The prices private equity firms pay for stakes in African companies are the highest in six years, driven by record fundraising and competition for the continent's expanding middle class. The median price for buyouts in 2015 increased to more than seven times the ratio of a company's value to its earnings before interest, depreciation, tax and amortization, compared with 5.4 times in 2012, Cape Town-based RisCura Solutions (Pty) Ltd. said in a report on the industry released May 4. "Industries serving consumer staples and discretionary spending fetch the highest prices because of favorable demographics in the growing middle class," Rory Ord, head of valuations at RisCura, said by phone. "High growth expectations, fierce competition and decreased risk perception contribute to higher sale amounts."

Private-equity companies amassed $4.3 billion for investments opportunities in Africa last year, the most in six years, with investors attracted to consumer facing companies as improvements in access to financial services and mobile technology open up markets.

The middle class in South Africa, the continent's most industrialized economy that accounted for 40 %of its private equity deals in 2015, is expected to grow by 12 %this year to 10.1 million people, according to the University of Cape Town. The number of middle-class households in 11 sub-Saharan African countries from Angola to Nigeria, who consume between $15 and $115 a day, tripled to 15 million between 2000 and 2014, and may balloon to 40 million by 2030, according to a 2014 study by Standard Bank Group Ltd. The trend of higher prices will probably continue for the next few years as large private equity firms such as Helios Investment Partners LLP, Actis LLP and Carlyle Group LP spend their investment pools, Ord said.

Five Africa-focused private equity funds have closed this year, raising a total of $575 million, including the $295 million Investec Asset Management Africa Frontier Private Equity Fund 2, according to Preqin Ltd. Ord said he couldn't provide examples of expensive deals because the information is private. African prices are on par with those in Latin America and southeast Asia excluding China, while the U.S. averages about nine times the ratio of enterprise value to earnings, and the deals contain more debt, he said. Asset costs in western Europe and China are also higher than Africa because of less risk, he said. Requests for comment on prices from investors who bought assets last year, including Abraaj Group Ltd., Investec Asset Management Ltd., Old Mutual Private Equity, Synergy Income Fund Ltd. and Fanisi Venture Capital SCA weren't answered or declined because the information is sensitive.



Fundraising will drop to $2 billion this year, less than half of 2015, because of economic headwinds, the potential downgrade of South African debt in June, and because the largest firms closed their funds last year, Ord said. A report by S&P Global Ratings saying that South African banks are adopting a more defensive continental strategy rather than expanding could make it more difficult for private equity companies to sell their stakes, he said. "The private equity industry would probably want the banks to be a bit more bullish on the rest of Africa to form an exit route for their investments," Ord said. "Of course they sometimes go through the hands of a few private equity firms as they grow." The chart shows the annual internal rate of return for South Africa private equity funds, split into duration of the end-to-end investment. The information is based on the report from RisCura and the South Africa Venture Capital Association mentioned in this article. *(Bloomberg)*

Swaziland secures US $63-million AfDB loan to finance smallholder irrigation project

Swaziland has secured a US $63 million (ZAR 2.01 billion) loan to finance the second phase of the Lower Usuthu Smallholder Irrigation Project (LUSIP II) in the southeastern part of the country. The LUSIP II, approved by the African Development Bank Board on May 5, 2016, is a follow-up project to the LUSIP-I which was completed in 2010. The project was a response to the Government's recognition that the natural resources potential of the Lower Usuthu River Basin provided an excellent opportunity for effective integration of poor smallholder farmers into the commercial agriculture sub-sector.

The project aims to divert part of the peak flow of the Usuthu River into a 155-million m³ capacity off-river storage reservoir to be used to irrigate 11,500 ha (in two phases) of downstream land to grow sugarcane. Its overall objective is to increase household income, enhance food security and improve access to social and health infrastructure for the rural population by creating the conditions for the transformation of subsistence level smallholder farmers into small-scale commercial farmers. The construction of the Main Conveyance System and the Secondary System; On-Farm Infrastructure Development as well as Project Management and Engineering Supervision, are the four main components of the project. It is expected to increase agricultural production, improve infrastructure, environmental and natural

resources conservation and build the beneficiaries' capacity in various aspects of agricultural production, environment and natural resources management and entrepreneurship.
In addition to other benefits, the project is expected to significantly increase the food and nutritional security and incomes of 2,259 rural households, 50% of the beneficiaries are women. It will transform about 5,217 hectares of land into diversified commercial cash and food cropping land. The project will substantially address the agricultural production constraints and development challenges faced by the rural communities identified in the AfDB's Swaziland Country Strategy Paper, 2014. These include limited irrigation infrastructure, which impedes the agricultural sector's growth and crop diversification, and sourcing water from some major rivers located outside the country, which necessitates negotiating its water rights with other countries, especially South Africa.
Finally, by introducing bananas, maize, and beans into its crops mix, in addition to sugar production, the project will help diversify the country's agricultural production and export base, in line with four components of the Bank's High 5 priorities (Feed Africa, Industrialise Africa, Integrate Africa (through regional sugar exports), and Improve the quality of life of the people of Africa (through increased cash incomes from sugar sales).
The total cost of LUSIP II is estimated at US $148 million (ZAR 2.01 billion).The AfDB will finance the Main Conveyance System (Component 1) of the project. Other contributors are, the European Investment Bank; Kuwait Fund and Arab Bank for Economic Development in Africa; and the Government of Swaziland. *1 UA = 20.08 ZAR (SZL) on 6 mai 2016 *(AfDB)*

Libya sovereign fund case vs SocGen back in UK court on May 19
A dispute between Libya's $67 billion sovereign wealth fund and Societe Generale over alleged bribes paid to the company of a middleman linked to the Gaddafi family will be back in London's High Court on May 19 for a pre-trial hearing. In the ongoing litigation, the Libyan Investment Authority (LIA) is pursuing Societe Generale for some $2.1 billion in relation to a series of disputed trades, including derivatives, entered into between late 2007 and 2009, before Colonel Muammar Gaddafi was ousted. The hearing may provide an update on the timing of the case, which was expected to go to trial in January 2017. SocGen is the second international bank to be pursued by the LIA in UK courts: it is also suing Goldman Sachs over advice given on $1 billion of trades made in 2008, claiming they were unsuitable and ultimately "worthless". Goldman Sachs has denied the LIA's allegations and is contesting the case. The LIA claims Societe Generale paid at least $58.5 million to a Panamanian-registered company called Lenaida for advisory services related to the disputed trades.
At the time, Lenaida was controlled by Libyan businessman Walid Giahmi, who is said to have been close to Gaddafi's son Saif. Giahmi is also named as a defendant in the suit. Giahmi's representatives did not respond to repeated requests for comment. Lenaida has no representation and could not be contacted.
The sovereign fund claims that neither Lenaida nor Giahmi provided any legitimate services to Societe Generale. Rather, it alleges that the payments were bribes with the aim of influencing the LIA's decision to enter into the trades. It cited no specific evidence but maintained that neither Lenaida or Giahmi had any discernible expertise in advising or structuring financial derivative transactions. The French bank declined to comment on these specific allegations. However, in its annual report published in March, it said it refutes the allegations, and "any claim tending to question the lawfulness of these investments". On April 8, 2014, the U.S. Department of Justice served Societe Generale with a subpoena requesting it produce documents relating to transactions with Libyan entities and individuals, including the LIA. Societe Generale said it was cooperating with the U.S. authorities. *(Reuters)*

Abraaj to spend $500 mln growing African hospital business
Dubai-based emerging market investment fund Abraaj will spend up to $500 million in start-up capital for a mid-tier hospital business in Africa, tapping into demand from the continent's emerging middle classes, an executive said. Abraaj partner Sev Vettivetpillai said the group was well on the way to securing land for a 350-bed multi-speciality hospital in the Nigerian commercial capital Lagos, as well as buying several hospitals in Nairobi to form a healthcare 'cluster'. Its other two target cities are Addis Ababa and Johannesburg. "We're looking to build from the ground up because the assets do not exist," Vettivetpillai told Reuters on the sidelines of the World Economic Forum on Africa in Rwanda. Besides its own cash, Abraaj was looking to attract a similar amount from other investors, meaning that the first four target cities were likely to absorb at least $1 billion between them in the next five years, he added. Even though most African countries have one or two high-end hospitals, governments are struggling to provide adequate healthcare for the vast majority of their citizens, despite a decade of rapid growth across the continent. *(Reuters)*

ENERGY

Zimbabwe Sees $5 Bln Hydro Project Producing by 2023
The $5 billion Batoka Gorge hydropower project Zambia and Zimbabwe plan to build on their shared border could start producing by 2023 and will generate electricity at a cheaper cost than solar or coal, Zimbabwean Energy Minister Samuel Undenge said. The two southern African nations will complete a feasibility study into the project by July, with construction due to start next year, he said in an interview in Maputo on May 5. Financing has yet to be finalized and

will form part of the tender process expected to start in the second half of 2016, he said. “We hope that there will be financiers that will come through because it’s a very viable project,” he said. “Hydropower is the cheapest form of power and we estimate that it will come out at about 5 cents per kilowatt hour when completed, which is far below solar energy and thermal power.” *(Bloomberg)*

Angola starts manufacturing electricity meters

Angola will stop importing electricity meters that it needs, under the terms of an investment contract signed in Luanda between the Technical Unit for Private Investment (UTIP) and Energitec – Contadores de Energia, Lda. The project signed with the PICU includes the design, construction and operation of a plant for the manufacture and assembly of electrical energy meters and represents an investment of US$15.35 million. The company, which will occupy an area of over 3,000 square meters in the Viana district, on the outskirts of Luanda, has two production lines, one for single-phase meters and another for three-phase meters, with an initial capacity to produce 1,000 meters a day .

António Papoila, chairman of the Portuguese company Janz – Contadores de Energia, which provides technological support to Energitec – Contadores de Energia, said the plant will start to be installed in August and should start operating six to nine months later. This investment project will create 500 direct jobs, of which 437 for Angolans and 63 for foreigners. *(Macauhub)*

Congo to select developer for Inga 3 hydropower plant by October

Democratic Republic of Congo will decide by October between a Chinese and Spanish consortium to develop the long-delayed Inga 3 hydroelectric project with construction expected to begin the following June, a government official said.

The $12-billion project along the Congo River will expand on two existing Inga hydroelectric dams and is part of an eight-stage Grand Inga project that would produce a record 44 000 MW at an estimated cost of $50-billion to $80-billion. Proponents of the project say that it could eventually power half of Africa, while critics say that the money would be better used supporting smaller local plants. The Chinese consortium is led by China Three Gorges Corporation while the Spanish one includes engineering giant Actividades de Construccion y Servicios SA, said Bruno Kapandji, the head of the Agency for the Development and Promotion of Grand Inga. "We are waiting for their bids in the month of July," Kapandji told Reuters. "We will choose the one that will be the best in terms of experience, capacity to mobilise funds, capacity to mobilise technology." Of Inga 3's 4 800 MW, 2 500 MW will be sold to South Africa and 1 300 MW is earmarked for Congo's mining sector. The remaining 1 000 MW will go toward meeting domestic demand in a country where less than 15% of the population has electricity. The start of construction has been repeatedly delayed by red tape and disagreements between Congo and its partners on the project, including the World Bank and African Development Bank, which have provided technical assistance. Kapandji said he expects construction to begin in June 2017 and last four to five years. Congo had originally promised South Africa power from Inga 3 by 2020. However, he said that the project still needed to secure additional financing. He declined to say how much money had already been mobilised but said that possible investors were attracted by the project's potential profitability. Kapandji also defended the controversial decision last October to move control of the project from the prime minister's office to an agency within the presidency, which has raised concerns about corruption and political interference. "It's the head of state who pilots this programme," he said. "First of all, that secures the project itself. Also, that reassures our partners and, above all, our clients." *(Engineering News)*

Limpopo receives R940m investment for renewable energy from US, Chinese companies

American and Chinese companies are set to invest R940-million in Limpopo to pursue renewable energy and ethanol profits, government and investors have announced. The United States’ Bio-Processing Innovation and the Beijing Singling Technology Centre said that they had discovered a market for sweet sorghum and related products in Asia. Representative for both companies, who are in partnership, Newton Baloyi said the two companies aimed to increase sweet sorghum despite recent drought conditions which saw the production of sorghum declining.

The project, which encompasses production for sugar and the alternative energy source of ethanol, covers both land and the plant which should be established from 15 000 ha within a feasible radius. “Therefore, the current raging drought should not be a major cause for concern for all those keen on injecting resources into sorghum production,” said Limpopo MEC for Agriculture and Rural Development Joy Matshokge. “Some of the benefits of the project include the production of clean and renewable energy, flexibility to produce ethanol or sugar and valuable by-products,” said Matshokge. She said the project, when completed, would unlock production and activate unproductive land into productive land. She appealed to investors to invest in local farmers by imparting sweet sorghum farming skills to them. Limpopo boasts an estimated 14 %of the country’s total grain sorghum production.

Last year 16 000 ha of the Limpopo province’s total production output yielded 17 600 tons. The area planted has increased from 14 000 ha in 2014, but the production output in 2015 was lower compared to 32 000 tons in 2014. Matshokge said the decrease in production output was attributed to the tight grip of a devastating drought plaguing both the country and province. However, she said she believed that the drought effects should not discourage investors. “The outlook and prospects for sorghum farming are positive, because of the historical track record prior to the drought,” she said. In the Sekhukhune District, the sorghum production covered close to 19 000 ha, in the Waterberg District an

estimated 3 410 ha were covered, while in the Capricorn District at least 2,900 ha were covered. The main production areas, Matshokge noted, were in Bela-Bela, Mookgopong, Elias Motsoaledi, Blouberg and Thabazimbi Local Municipality. Just like most grains, the warm-weather crop is grown mostly in areas which are deemed too dry for maize. Matshokge said that sorghum's rainfall requirements of a range of 300 millilitres to 750 millilitres was suitable with those of both the country and province as the annual average rainfall was 450 millilitres. The sorghum plant's versatility is well-known and it is also renowned for its resilient qualities. *(Engineering News)*

Russia to lend Egypt $25 billion to build nuclear power plant
Russia will loan Egypt $25 billion to finance building and operating a nuclear power plant in Egypt, the official gazette said. Egypt and Russia signed an agreement on Nov. 19 for Russia to build Egypt's first nuclear power plant in Egypt and to extend Egypt a loan to cover the cost of construction. It was not clear at the time what the deal was worth, but Egypt's president Abdel Fattah al-Sisi said the loan would be paid off over 35 years.
Egypt will pay an interest rate of 3 %annually, according to the country's official gazette. Instalment payments will begin on Oct. 15, 2029. "The loan will be used by the Egyptian side for a period of 13 years between 2016-2028 ... the Egyptian side will repay loan amounts used over 22 years in 43 instalments," the gazette said. The loan will finance 85 %of the value of each contract for the work, services and equipment shipping, the gazette said. Egypt will finance the remaining 15 percent. The plant will be built in Dabaa, a site in the north of the country that Egypt has been considering for a nuclear power plant on and off since the 1980s. It is due to be completed in 20022, and the first of its four reactors is expected to begin producing power in 2024. Egypt, with a population of 90 million and vast energy requirements, is seeking to diversify its energy sources. As well as a nuclear plant, Sisi has talked of building solar and wind energy facilities in the coming three years to generate around 4,300 megawatts of power. The country also recently discovered a large reserve of natural gas off the Mediterranean coast. *(Reuters)*

Russia's Rosatom seeks cooperation agreements for African nuclear expansion
Russia's state nuclear agency Rosatom plans to sign cooperation agreements with Kenya, Uganda and Zambia to lay the groundwork for an expanded presence in Sub-Saharan Africa beyond its planned bid to build nuclear power plants in South Africa. Rosatom has voiced confidence in its ability to see off competition from China, France and South Korea in a planned South African tender to build a 9,600 megawatts (MW) nuclear power fleet in the continent's most industrialised country. It sees scope, however, for more deals across the region, from the building of plants to supplying reactor fuel. The mooted framework cooperation agreements, adding to those already made with Nigeria and Ghana, would set out how the parties will cooperate on peaceful uses of nuclear science in the medical, agricultural and energy fields, among others. "This is the first step towards closer ties with Africa and closer cooperation with a view, of course, to someday building nuclear power plants," Victor Polikarpov, Rosatom's regional vice-president for Sub-Saharan Africa, said. "We want South Africa to become our springboard for the rest of Africa. We want to create a nuclear cluster, a group of companies here that can operate with us in Africa." President Jacob Zuma's government was checking the financial and commercial impact of its nuclear ambitions before it issues a tender. South Africa's 1,800 MW Koeberg station near Cape Town is the continent's only commercial nuclear power plant at present, though Rosatom is building a nuclear plant in Egypt that is expected to be completed by 2022. Meanwhile, South Africa's nuclear energy corporation Necsa is being encouraged by government to revive nuclear enrichment and conversion facilities to reduce dependence on imported reactor fuels. South Africa has some of the world's largest uranium deposits and the proposed nuclear fleet is likely to use 465 metric tonnes of enriched uranium a year by 2030, officials say. Rosatom's Polikarpov, however, said it might not be viable for South Africa to restart enrichment facilities dismantled before white minority rule ended in 1994. "Another solution is just to have fuel supplied from Russia. We can guarantee supply of fuel non-stop for the duration of operation of all power plants," he said. Nigeria, however, looks a more distant prospect as its economy contracts amid the global plunge in oil prices. "Given the extremely bad economic situation in Nigeria today, it might take a bit longer. But the government and the new president are still determined to go nuclear," Polikarpov said. *(Reuters)*

Call for more certainty on nuclear energy in South Africa
Nuclear experts are anxious to get to the request for proposals (RFP) stage in the nuclear build plan for South Africa. "Let's get this RFP to vendors to see what they can offer and what the costs will be. Over the past few years, we have got closer and closer to this point and are ready to take this on. It will take away some of the uncertainty over nuclear in South Africa," North West University Nuclear Engineering manager Anthonie Cilliers told delegates at the Nuclear Power Africa event, in Cape Town. He said the process would clear up some of the disagreement and debate in South Africa over the viability of the 9 600 MW nuclear build programme. "If there's disagreement in the country about cost, financing becomes more difficult. The bigger the uncertainty, the harder it is to get financing. That's why it is so important to move on the RFP. "Let's go out there and see what the market looks like and then we can make a determination on who our investors will be and where the financing will come from. We need to base this on real figures and if it turns out [to be] too expensive, then we need to make a plan," said Cilliers. The Department of Energy is expected to soon issue a RFP to test market appetite for a nuclear power fleet in South Africa. Russian energy

company Rosatom is widely expected to be the frontrunner for the project. Energy Minister Tina Joemat-Pettersson told Parliament last week that the RFP phase would ensure the country secures binding commercial and financial information to enable Cabinet to make a final decision on the best arrangement to implement the nuclear build programme. This would inform the price, affordability, pace and scale of the programme. Cilliers said he was confident costs would fall within the margins and that it would be possible to get government and investor support. He said a macro analysis of the 9 600 MW of power was being done to see how it would impact on various economic sectors. The analysis will show the kind of economic growth that can be generated as a result of the programme. KPMG director and Power – Infrastructure global sector head Anurag Gupta said the investment case for nuclear was tough. He said the size and complexity of the projects, as well as the cost uncertainty, were big risks. Overruns on budget were a major risk in nuclear projects, with a 10% overrun on a £10-billion pound project, for example, capable of crippling a company financially. Revenue certainty was essential. "These are highly intensive capital projects, which need a long time to pay back, so you need a high level of revenue certainty. Regulatory uncertainty, as well as changes in licensing, could also impact on costs, while money had to be set aside for decommissioning. Political risks were another factor. "If you are asking a company to undertake a massive investment in a country, then the political environment becomes very important. Nuclear is a politically exposed investment." Gupta said the role of government was critical. Investors needed to be very clear about government's role and required clear cross-party support for the programme. "The support for nuclear in the UK actually went up after the Fukushima disaster in Japan. All parties in the UK support the nuclear programme and government is extremely clear. This gives investors' confidence that, halfway through the programme, the government won't change its mind." *(Engineering News)*

SA targets solar and wind power to plug electricity shortages

SA will have connected 7,000MW of renewable power to its grid by mid-2016, Energy Minister Tina Joemat-Pettersson said, and reiterated that a planned nuclear expansion would be "corruption free". SA has turned to solar and wind power to plug electricity shortages and still plans to go ahead with its nuclear expansion plan, Ms Joemat-Pettersson told Parliament. She said the nuclear expansion would be "corruption free", following opposition parties' questions about whether the project will be affordable amid stagnating economic growth and whether the tender process will be above board. SA hopes to install 9,600MW of nuclear power in the next 15 years to address chronic electricity shortages, but the cost of the project, estimated at about $100bn, has raised budgetary concerns. "We will ensure that the process is above board and free of any potential for corruption," Ms Joemat-Pettersson said. The Department of Energy would issue a request for proposal to confirm market appetite for the fleet of nuclear plants and help secure the necessary commercial and financial information for government to make a final decision, she said. "We will only implement what our country can afford," Ms Joemat-Pettersson said. SA's growth forecasts have slumped to below 1% for 2016 as a global commodity slump drags on and rising inflation rates curb domestic spending. Ms Joemat-Pettersson said the country expected to announce the preferred bids for an additional 1,800MW in the second quarter of this year, as the fourth round of its independent renewable programme reaches closure. "We remain on track to meet our national commitment to transition to a low carbon economy with the target of 17,800MW of renewable energy power by 2030," she said. *(BDLive)*

INFRASTRUCTURE

Nigeria looks to sukuk for infrastructure funding needs

Nigeria hopes to use a proposed Islamic bonds issuance programme to help fund big infrastructure needs in Africa's biggest economy, aiming to tie the transaction to one of several projects, a Nigerian finance official told Reuters. Nigeria plans to borrow as much as $10 billion from debt markets, with about half of that coming from foreign sources, to help fund a budget deficit worsened by the slump in oil prices that has slashed revenues and weakened the naira. The federal government is working on a sovereign sukuk with details expected within the year as part of diversifying its funding sources, Alhaji Mahmoud Isa-Dutse, Nigeria's permanent secretary of finance, said. "We want to use debt more efficiently than we used to in the past. We are looking to borrow, but tied to infrastructure projects," Isa-Dutse said on the sidelines of the annual meeting of the Islamic Development Bank in Jakarta. The government wants to primarily access concessionary sources to fill its funding needs, but any shortfall would be covered through the capital markets, he added. "Out of those debt plans, hopefully sukuk will be one of the sources - either domestic or foreign," he said, adding sukuk could be linked to a wide range of projects, from power plants to railways. Issuance of a sovereign sukuk is part of a strategic plan developed by the country's debt management office to develop alternative sources of funding and to establish a benchmark curve for corporates to follow. In 2013, Nigeria's Osun State issued 10 billion naira ($62 million) of sukuk, but no other sukuk transactions have followed. *(Reuters)*

Steel makers push to be used in state's infrastructure plan

Steel industry players are pushing the government to designate local steel products for use in the state's R4-trillion infrastructure plan. This is one of the ways in which the industry, in crisis due to poor demand and low prices, is looking to keep its head above water.

At an industry event, Southern African Institute of Steel Construction (Saic) CEO Paolo Trinchero said: "We are almost there. The industry has to work together and balance downstream and upstream needs." But with the demise of Evraz Highveld Steel and Vanadium, among many other steel and related producers that have gone bust, it might be too late. Despite the government imposing 10% tariffs on some steel products, and possible safeguards against the flood of steel imports, the lack of designation for local structural steel cuts to the heart of the issues facing domestic primary and downstream steel producers. Tensions have simmered since Iscor, the erstwhile state-owned steel maker, was unbundled in 2001. This left ArcelorMittal SA, a unit of the global ArcelorMittal group, to become the dominant player in the country. The government has attempted to dilute the company's monopoly of about 70% of all South African steel output, but the steel maker is widely seen to have abused its position by overcharging for its product lines.
However, when it comes to the state itself, it has used little locally produced steel in major infrastructure projects, including for Eskom's giant Medupi and Kusile coal-fired power stations. "If you rely on the vagaries of what China is doing, then a year down the line you won't have an audience or an industry," acting ArcelorMittal SA CEO Dean Subramanian said.
However, he fended off accusations from downstream steel fabricators that ArcelorMittal SA had increased product prices four times this year. This came despite promises to the government that the company would levy "a fair price" for its products to support SA's manufacturing industry. He said it was not just China's slowing economy and cheap steel exports that had caused the crisis in the domestic steel industry, but also electricity shortages and rising input costs, including for electricity, natural gas, labour and Transnet's freight network. Parties to the sector including business, labour and the government, are unanimous that the country needs a primary steel industry. But the economy faces more turbulent years ahead, and will only grow 0.3%-0.4% in 2016, according to Ulrich Joubert, consulting economist for the Bureau for Economic Research. The steel industry needs 2% gross domestic product growth a year to be viable, according to Saic. *(BDLive)*

Zimbabwe Cement Industry Demands Dangote Face Import Tariffs
Zimbabwe's cement industry has called on the government to impose tariffs on imports from international manufacturers including Dangote Cement Plc of Nigeria, which it says is undercutting local makers of the building material and threatening jobs. The government should impose a tariff of $50 a metric ton on cement made at a lower cost in other countries and then sold in Zimbabwe, the Cement and Concrete Institute of Zimbabwe said in a presentation. Companies operating in the country have enough local capacity to meet demand, the institute said. Those include units of Switzerland's LafargeHolcim Ltd., the world's biggest cement maker, and Johannesburg-based PPC Ltd. Dangote Cement, Nigeria's biggest company by market value, is a major producer of cement imported to Zimbabwe, the institute said. It's been expanding rapidly across the continent to meet demand from governments investing in infrastructure projects, generating about a third of annual capacity from 12 African nations outside its home market. The Lagos-based company, controlled by Aliko Dangote, Africa's richest man, imports to Zimbabwe from plants in neighboring Zambia, according to the institute. "We don't sell cement in Zimbabwe," Dangote spokesman Anthony Chiejina said by phone from Lagos. "If at all we do, it is highly insignificant." Zimbabwe's trio of cement manufacturers, which also includes China's Sino Cement, have more than enough capacity to meet requirements without additional imports, the institute said. Zimbabwe demand is expected to grow by as much as 3 %to 1.17 million tons this year, compared with installed capacity of 1.85 million tons. The three companies have invested a combined $185 million in upgrades and cement facilities in Zimbabwe over the past five years, with PPC leading the way with spending of $133 million, according to the presentation. Cement makers in countries such as South Africa, Mozambique and Zambia are taking advantage of lower manufacturing costs partly caused by the weakening of local currencies against the U.S. dollar, the institute said. Zimbabwe has used the U.S. dollar since 2009, when its own currency was scrapped amid hyperinflation. The importers are also benefiting from cheaper energy and labor costs than in Zimbabwe, according to the presentation. *(Bloomberg)*

Tanzania to spend $2 bln on transport, construction in 2016/17
Tanzania's parliament has approved government plans to spend 4.89 trillion shillings ($2.24 billion), or 17 %of total spending, in the 2016/17 fiscal year, half of it on transport infrastructure. Tanzania, like its neighbour Kenya, wants to profit from its long coastline and upgrade rickety railways and roads to serve growing economies in the land-locked heart of Africa. Oil discoveries in Kenya and Uganda and gas finds in Tanzania have turned east Africa into an exploration hot spot for oil firms but transport infrastructure there has suffered from decades of under-investment. Tanzania's works, transport and communications minister, Makame Mbarawa, said in a presentation to parliament that 2.21 trillion shillings would be spent on infrastructure projects in the construction sector, 2.58 trillion on transport and 95.8 billion on communications. The projects include starting work on a 2,561-km (1,536-mile) railway connecting the port at the commercial capital Dar es Salaam to land-locked neighbours Democratic Republic of the Congo, Rwanda, Burundi and Uganda. Two additional railway lines would connect Dar es Salaam port to coal, iron ore and soda ash mining areas in the south and northern parts of the country, Mbarawa told parliament. The government also plans to invest in new roads, ports and airports. It said in April it would raise total spending by 31 %to 29.53 trillion shillings for

its overall budget to be presented on June 9 and plans to borrow 2.1 trillion to pay for infrastructure projects. ($1 = 2,184 Tanzanian shillings) *(Reuters)*

MINING

Angola plans to launch industrial gold mining

The industrial mining of gold in Angola is expected to begin in 2018 in the mines of Mpopo, Jamba municipality, southern Huila province, said the chairman of Angolan iron ore company Ferrangol, recently. Diamantino Azevedo told Angolan news agency Angop that the operation will be carried out by precious metals company Somepa, a 100 %Angolan public-private, which is part of Ferrangol. The chairman of Ferrangol said Somepa is preparing the technical and human resources to start the operation, while waiting for an operating license after prospecting work and preparation of economic feasibility and environmental impact have been completed. Azevedo also mentioned there were indications of gold occurrences in Chipindo, also in Huila province, where a survey is being conducted by Angolan company Lafech. The chairman of Ferrangol also said preparations were underway for approval of prospecting for five projects in Cabinda Province and some in the provinces of Kwanza Norte and Moxico. *(Macauhub)*

Mitsubishi coal-fired power plant in South Africa

MHI clarified that it booked asset transfer adjustments of ¥379.0bn related to a boiler project for a coal-fired power plant in South Africa under current assets. The order for this project was secured by Hitachi in 2007 before it spun off its power generation business acquired by MHI. Considering the project is expected to generate losses, MHI has estimated the associated revenues and expenditure and booked the transfer price claim to Hitachi under assets. We believe the move could involve risks of additional extraordinary losses if MHI’s estimate proves to be conservative or in case that the project requires additional expenses. *(Credit Suisse)*

Mining licence fees now SMS-enabled in forward-striding Tanzania

The Tanzanian online mining cadastre system now allows licence holders to request the total licence fees they owe via short message service (SMS). The addition of SMS extends the range of payment functionality that the Ministry of Energy and Minerals offers to its customers, the FlexiCadastre supplier Spatial Dimensions, headed by South African Bill Feast, reports. Users, already able to pay for their licensing fees and yearly rents using mobile money, point of sales terminals, National Microfinance Bank branches, electronic funds transfers and credit cards, now also have the SMS option in what is another example of the way Tanzania is striding out under the leadership of its new president, John Magufuli. The speed of reform in Tanzania under Magufuli has impressed Montero Mining & Exploration president Dr Tony Harwood, who told Creamer Media’s Mining Weekly Online in a video interview earlier this week that investors, including himself, were already responding. “You’ve got the man at the top saying, ‘great place this, come and invest, we’re going to clean our house out and make this an attractive destination',” he said. The TSX-V-listed Montero is already looking around for more projects in Tanzania, to add to the Wigu Hill rare earth element project it already has there. Reuters reported this week that half of the the 4.89-trillion shillings ($2.24-billion) that the Tanzanian Parliament had approved for the 2016/17 fiscal year would go on transport infrastructure. The news agency said the aim was for Tanzania to upgrade rickety railways and roads to serve growing economies in the land-locked heart of Africa. Spatial Dimension, which has sold its highly regarded cadastre system to many countries in Africa but not South Africa where it all began, has also announced Cameroon as its twentieth FlexiCadastre user. Cameroon recently went out on international tender for a modern mining cadastre system through the mining sector capacity building project called Precasem, to which the World Bank has given $30-million support. Cote d'Ivoire is another African country that has implemented Spatial Dimension’s modern mining cadastre system. *(Engineering News)*

Zimbabwe's platinum industry calls for $2.8 bln in new investment

Zimbabwe could double annual platinum production to more than 900,000 ounces in the next decade, making the metal the nation's top export earner but current producers need $2.8 billion in new investment to do so, an industry association said on Friday. The southern African nation holds the second largest known reserves of platinum after South Africa but mines have struggled with low prices, a black empowerment law forcing mines to sell more than 50 %of the business to locals, and power shortages. Zimbabwe Platinum Producers Association Chairman Winston Chitando told the annual meeting of the Chamber of Mines in the resort town of Victoria Falls that the industry needed new investment to raise annual production by existing producers from current levels of 458,000 ounces a year. "With vast platinum reserves, the sector has potential to increase production by the current producers from about 13 tonnes (458,562 ounces) to 20 tonnes (705,479 ounces) by 2020 and to 26 tonnes (917,123 ounces) by 2025," Chitando said.

Anglo American Platinum, Impala Platinum and Aquarius Platinum are the three companies currently operating platinum mines in Zimbabwe. He did not comment on the separate Russian-backed project which was announced by the two governments 20 months ago for the joint development of the Darwendale mine which was projected to be producing up to 800,000 ounces a year by 2024. Work on this project was still at the exploration stage, Zimbabwe's mining minister told Reuters in March.

Chitando said on Friday revenue from platinum, which is the third largest export earner after tobacco and gold, could become the biggest at $1.2 billion in the next four years if more money was invested. "The industry requires around $2.8 billion over the next five years to ramp up and sustain operations. Bottlenecks that undermine capital inflows include clarity on indigenisation," Chitando said. Under the Indigenisation and Economic Empowerment Act, which was passed in 2008, foreign-owned businesses are required to sell at least 51 %of their local operations to Zimbabwean investors. But on April 12 President Robert Mugabe said the empowerment policy was confusing potential investors and made it hard to compete for foreign investment. Noah Matimba, chairman of Zimbabwe Gold Producers Association said at the Chamber of Mines meeting that an investment of $600 million into existing gold mines would raise production to 50 tonnes.
The mining chamber projects gold output at 24 tonnes this year, up from 18.7 tonnes in 2015. Gold producers say weak prices and electricity shortages and high tariffs are the biggest threat to producers. Partson Mbiriri, the permanent secretary in the ministry of power and energy development, said the country would be self-sufficient in electricity generation by 2019 at the latest. Zimbabwe's power demand stands at 1,400 megawatts (MW) a day, while generating ranges from 1,000 MW to 1,200 MW. The deficit is met by imports from South Africa and Mozambique. *(Reuters)*

OIL & GAS

Angola becomes Africa's main oil producer
Angolan oil production increased again in April, overtaking Nigeria, according to secondary sources, said the monthly report on the oil market of the Organization of Petroleum Exporting Countries (OPEC). Based on these sources, Angola's daily output increased in April compared to March by 17,800 barrels of oil to reach 1.788 million barrels, while Nigerian production dropped by 56,800 barrels to 1.637 million barrels. However, according to direct communication, production in Angola dropped by 49,000 barrels per day to 1.733 million barrels, while Nigerian production increased by 282,800 barrels to 1.787 million, according to the same report. Nigeria's oil minister reported that oil production in the country had fallen nearly 40 %to 1.4 million barrels per day due to terrorist attacks against oil exploration facilities in the Delta region. Minister Emmanuel Ibe Kachikwu said the government would try to resolve the situation in that area of the country and recalled the amnesty signed in 2009 by President Muhammadu Buhari. *(Macauhub)*

Exxon Mobil looking to take 15% stake in Eni project in Mozambique
Exxon Mobil reportedly is looking at acquiring a 15% interest in the Area 4 gas field in Mozambique, in which Italian oil giant Eni holds a 50% controlling stake. Eni has said that it intends to divest of assets worth €7bn (approx. ¥890bn) by 2019. *(Credit Suisse)*

Eni takes stake in exploration project off Morocco
On 30 March (JST), Eni announced its acquisition of a stake in the Rabat deepwater exploration area, offshore Morocco in the Northern Atlantic. Eni is to take a 40% equity interest, joining Woodside (25%), Chariot (10%), and Morocco's Office National des Hydrocarbures et des Mines (ONHYM) (25%). Eni is steadily expanding its interests in Africa, having just a day earlier (on 29 March) announced the acquisition of a 42% stake in an exploration site offshore Ghana. *(Credit Suisse)*

South Africa moves to procure 600 MW gas-fired power project
Department of Energy (DoE) has confirmed plans to procure a new 600 MW gas-fired power generation project, to developed as a public-private partnership. It is envisaged that the private 'strategic partner' will work with the State-owned companies (SoCs) to implement the project, with private sector partners playing the lead role in developing, financing, operating and maintaining the facility. In a newspaper advert, the DoE indicated that market appetite for the initiative is to be tested through an expression of interest (EoI), with the Independent Power Producer (IPP) Office tasked with procuring the strategic equity partners. Responses to the EoI need to submitted by June 20, after which procurement documentation will be prepared. A similar public-private procurement model has also been unveiled for the creation of three new solar parks in the Northern Cape. Each park, which will be led by private developers in partnership with SoCs, will have a capacity of between 400 MW and 700 MW. Energy Minister Tina Joemat-Pettersson reports that she has directed the DoE to undertake more upfront development work for the procurement of imported gas to ensure bankability of the gas-to-power programme for investors, affordability for gas users and the minimum fiscal exposure for government. "We will make a preliminary information memorandum on the 3 125 MW gas-to-power programme available to the market in the second quarter of the 2016/17 financial year, prior to commencing with the formal procurement process later in the year," the Minister said in her Budget Vote. She also indicated that the EoI for the private sector to partner with our SoCs would be facilitated through the development of a "600 MW Additional Gas Determination".
The DoE will also insist that the gas-fired project be used to facilitate domestic manufacturing and service opportunities in the gas-to-power value chain. In fact, the Minister also indicates that the intention is to deploy government resources to support jobs, skills and downstream opportunities, while enhancing the possibility of upstream exploration and

production. Neither the gas source nor the location of the project is spelt out in the advert. However, it is understood that an assessment is under way for possible siting of liquefied natural gas (LNG) import capacity in Saldanha Bay, Coega and Richards Bay. The EoI coincides with the formation by the Department of Trade and Industry of the so-called 'Gas Industrialisation Unit (GIU)', an initiative designed to maximise the multiplier effects of natural gas for power generation in South Africa. The GIU includes senior officials from government departments, supported and advised by industry experts and civil society representatives to oversee the development and implementation of appropriate gas industrial policy for South Africa and the Southern African region. Trade and Industry Minister Dr Rob Davies has indicated that, working with the IPP Office and the DoE, the GIU will support the LNG-to-power procurement programme by assisting in driving the development of gas markets and non-IPP gas utilisation within the three ports identified for LNG importation. "It will also lead South Africa's outreach on a regional level focusing on a collaborative arrangement to ensure the development of initial onshore utilisation facilities such as power generation, gas-to-liquids and fertiliser plants," Davies adds. *(Engineering News)*

Minister outlines plans for gas-to-power programme

Introducing natural gas to SA's energy mix and economy requires upfront investment to demonstrate national commitment to the gas-to-power programme and instil confidence in investors, says Energy Minister Tina Joemat-Pettersson.

SA's gas-to-power programme seeks to add 3,126MW of capacity between 2019 and 2025 as the country moves to reduce its dependence on coal-fired power. The government is set to create a unit to import liquefied natural gas for power plants and says it is closely cooperating with key stakeholders on relevant legal, regulatory, infrastructural, environmental, societal, industrial and water-and energy-related aspects in the development of a gas policy. SA will need to build infrastructure to import, transport and burn the gas.

Speaking at an Oil and Gas Council meeting on the sidelines of the African Utility Week conference in Cape Town this week, Joemat-Pettersson said the department would make a preliminary information memorandum on the gas-to-power programme available to the market in the second quarter of the 2016-17 financial year, prior to commencing with the formal procurement process later in the year. "This will be an important development to stimulate our economy and promote investor confidence…. We envisage release to the market of a request for qualification for the supply of a floating storage and regasification unit, vessel-based bundled natural gas-to-power solution of up to 3,126MW in the third quarter of financial year 2016-17. Currently three potential ports are considered, namely the port of Ngqura (Coega), Richards Bay and Saldanha Bay." Joemat-Pettersson said the initial natural gas-to-power procurement programme would demonstrate national commitment to further the development of a natural gas industry for SA. The programme will be based on similar principles as the Renewable Energy Independent Power Producers Programme, which was implemented in 2011 and has seen the government partnering with the private sector in the provision of renewable energy. "Key guiding principles that will be followed include procurement transparency, competitive bidding, economic and socioeconomic development and localisation requirements while minimising the burden on the fiscus," said Joemat-Pettersson. The minister said natural gas would provide an opportunity to diversify from coal-fired generation, which would bring greater access to international sources of financing that are closed to coal-fired generation. In an interview on the sidelines of the African Utility Week conference, Sabine Dall'Omo, the CEO of Siemens SA — which is involved in energy generation, transmission and distribution solutions — said the country could quickly solve its power crisis with gas, which is much cleaner. She said a new combined-cycle gas-fired power station could be built in less than three years at a fraction of the cost of a coal-fired equivalent, including planning, permitting, construction and commissioning. This compared to eight to 10 years for coal and much longer for nuclear. An open-cycle gas-fired power station could be delivering energy to the grid in 18 months. Dall'Omo said it was technically and commercially feasible to rapidly start gas-fuelled power generation at Coega in the Eastern Cape, Saldanha in the Western Cape or Richards Bay in KwaZulu-Natal. She added that gas could be used as a less expensive alternative to diesel to meet peak demand or for baseload power. *(BDLive)*

Angola LNG restart and sales tender delayed-trade sources

Angola's liquefied natural gas (LNG) export plant is experiencing fresh delays in raising production and shipping a cargo, according to trade sources. The plant, shut since April 2014 following construction errors and difficulty in handling feed gas supplies, began the process of re-starting in January, a spokesman for the Chevron-led venture said at the time. A spokesman for Angola LNG declined to comment this week on the timing of production operations. Trade sources told Reuters that Angola LNG had told them to expect the first cargo to load on May 15, which was to be followed by a supply tender in June. Both have now been postponed, they said. The plant is expected to start-up production operations at the end of May and a first cargo should be shipped in June, one source close to the matter said. The Sonangol Sambizanga LNG tanker, currently moored at one Angola LNG jetty, is only conducting tests, not loading supply, the source added. After producing a limited number of cargoes, Angola LNG will then be shut down again for additional testing, sources said. Traders had initially expected the plant to produce and export a cargo in April. Chevron has a 36.4 % share in the plant, while Angolan state oil firm Sonangol has 22.8 percent. Other stakeholders include Total, BP and ENI. *(Reuters)*

TELECOM

Cameroon Signs Finance Deal to Extend Optic Fiber Cable Network

Cameroon's state-owned telecommunications provider Camtel said it agreed on a financing arrangement with U.S. lender William F Clark & Co. LLP to extend the country's optic fiber cable to 20,000 kilometers (12,427 miles), more than three times its current reach. The "extension will enable us to link up one million households and offices in urban areas with high-speed Internet," Camtel General Manager David Kotto Emane said in a release read on state radio. William F Clark will also finance the construction of two data centers, Emane said. Camtel, which holds a monopoly for the roll-out of optic fiber in Cameroon, has so far embedded 6,000 kilometers across the country as part of the Central African Backbone project. The government obtained a 24.47 billion francs ($4.2 billion) loan from the African Development Bank in September to lay 916 kilometers of fiber cables over four years, with connections to Nigeria, Chad, the Central African Republic and Republic of Congo. *(Bloomberg)*

South Africa's mobile firm MTN raises 2016 investment capital by 50 pct

South Africa's MTN Group said it had revised its capital spending in its home market up by 50 %to 12 billion rand ($756 million) in 2016 as the mobile operator aims to improve infrastructure and fund acquisitions. MTN had said in March while releasing its annual results that it would spend 8 billion rand in capital expenditure. The firm had spent 11 billion rand on capital expenditure in its South African in 2015. *(Reuters)*

Safaricom earnings lifted by mobile data and payment service

Kenya's mobile phone firm Safaricom said its full-year earnings before interest, taxation, depreciation and amortisation (EBITDA) rose 17 percent, lifted by revenue from its mobile data and M-Pesa mobile money service. The nation's top mobile operator, which is 40 %owned by Britain's Vodafone, said earnings were expected to climb 7 to 10 %this year. Full-year EBITDA to March 2016 was 83.1 billion shillings ($826.45 million), while the forecast for EBITDA in the year to March 2017 was for 89 billion shillings to 92 billion shillings, Chief Executive Officer Bob Collymore told an investor briefing. Capital expenditure for the year to March 2017 was forecast at between 32 billion and 33 billion shillings. For the year to March 2016, revenues from M-Pesa climbed 27 pct to 41.50 billion shillings as customers with even basic handsets use them to increasingly pay bills, send money and make other transactions. Mobile data revenue in the year to March 2016 climbed 43 %to 21.2 billion shillings, but voice revenues climbed more slowly, by just 4 %to 90.8 billion shillings. ($1 = 100.5500 Kenyan shillings) *(Reuters)*

South Africa targets 80 %mobile broadband coverage by 2019

South Africa aims to double its mobile broadband coverage to 80 %of the population by 2019, the telecoms minister said, adding that the government wanted to reduce the high cost of communications. According to a World Bank report released in February, South Africans paid around $14.10 for one gigabyte of data, the fourth highest out of 17 African countries, compared to lowest-rated Cameroon, where the same bundle cost around $2.10. Siyabonga Cwele, the telecoms minister, said that a new telecoms policy to be finalised in the next few months would aim to boost competition and increase growth in the industry. "It will reduce barriers to entry by moving away from monopolistic infrastructure based competition, to open access broadband networks," Cwele told parliament. Major telecoms firms in South Africa include the continent's top mobile phone operator MTN, Vodacom and unlisted Cell C. The five main firms in the wireless broadband market account for more than 70 %of the market. A new policy on spectrum would help consumers by increasing choice and reducing Internet costs, Cwele said. South Africa is rolling out free Wifi services across the country and it would could cost around 67 billion rand ($4.4 billion) to connect the entire country with broadband, he said. Cwele is also responsible for the cash-strapped state-owned South African Post Office (Sapo) which he said urgently required 3.7 billion rand. "I am confident that the CEO will soon finalise a domestic syndicated loan facility towards the required funding," he said. Sapo is focused on financial services and trying to develop e-commerce. Sapo's CEO Mark Barnes told reporters the firm had 1.8 billion rand of indications of interest out of the 2.7 billion rand of new debt, but no deal had been signed yet. "I would expect we are weeks away (from signing a deal)," Barnes said. In April, Barnes told Reuters in an interview that he expected the company to return to profit in 2018. Workers at Sapo staged a two-day strike and Friday over wages dating back to 2014. The workers have since suspended the industrial action and given the company more time to meet their demands. ($1 = 15.2116 rand) *(Reuters)*

RETAIL

South Africa's March retail sales slow to 2.8 pct

South Africa's retail sales grew below expectations by 2.8 %year-on-year in March as rising interest rates and weak economic growth hit consumer confidence and dampened the sector's prospects. Analysts polled by Reuters had forecast a 3.6 %year-on-year increase in March sales after a 4 %expansion in February, but a sharp slump in the sales of food, beverages, cosmetics, furniture and appliances strangled growth. "Real retail sales growth will slow. They had a nice period of low inflation last year which boosted sales because it boosted real disposable income," said household and consumer sector strategist at First National Bank John Loots. "But the economic signs are there that the growth was out of touch with reality." The South African Reserve Bank cut its growth forecast for 2016 to 0.8 %from 1.3

%previously, and has said it would have no choice to keep raising rates despite weak growth if inflation kept rising. On a month-on-month basis, sales inched up by 0.2 percent, and were up 3.4 %in the three months to March compared with the same period last year, Statistics South Africa said. While consumer prices slowed in April, to 6.2 percent, analysts said the lower inflation may lead only to a temporary pause in the central bank's tightening cycle that has seen it raise rates 100 basis points in its last three meetings. "My expectation is that the retail sector should grow slower. We're expecting GDP in the region of 0.5 percent, so you cannot realistically expect retail sector to keep growing around 4 percent," FNB economist Loots said. The economy of Africa's most industrialised country has been hobbled by low commodity prices, drought and political ructions that have unnerved investors. *(Reuters)*

Opening of hypermarket in Angola helps develop economy
The Candando hypermarket will help develop the food and non-food sector in Angola said in Luanda the minister of Trade, Fiel Domingos Constantino, speaking at the opening ceremony. The minister also said that opening of another commercial establishment shows that "there is still much to do in Angola in terms of setting up a modern commercial distribution chain." This hypermarket is the first of a network of 10 units to be built over the next five years with an estimated investment of US$400 million, which will focus on local, Angolan production. For this first store, the group has signed contracts with 15 domestic producers, which will provide 90 %of vegetables and and more than 40 %of fruit, totalling some 300 tons per month. In total, the group estimates it will purchase 225 tons of Angolan products per week from all provinces, such as fresh fish purchased almost entirely at the beaches between Ambriz and Porto Amboim. The first store of the Contidis distribution group, which is inside the Shopping Avenida shopping centre, is wholly owned by businesswoman Isabel dos Santos, it was inaugurated in the presence of five Angolan ministers (Trade, Industry, Fisheries, Agriculture and Economics) and occupies an area of 10,000 square metres. *(Macauhub)*

Spar of South Africa Profit Growth Slows Amid Weak Economy
Spar Group Ltd. said first-half profit growth slowed as the South African food and liquor retailer expanded in international markets and refurbished stores to counter weak consumer spending in its home market. Net income rose 5.3 %to 825.4 million rand ($52.6 million) in the six months through March, Durban-based Spar said in a statement. Revenue gained 17 %to 42.5 billion rand. Profit advanced by 22 %in the same period in 2015. "In South Africa, trading is expected to remain under pressure with constrained consumer spending and persistent high levels of unemployment," the company said. The shares declined 3.1 %to 204.70 rand as of 11:56 a.m. in Johannesburg, on track for the lowest closing price since April 1. That pared 2016 gains to 11 percent, valuing the company at 38 billion rand. Spar has been expanding outside South Africa to counter slower economic growth in its home market, which is weighed down by weak commodity prices and rising unemployment. The grocer agreed in March to buy a majority stake in the company that owns the Spar brand in Switzerland, after acquiring the equivalent chain in Ireland and southwest England two years ago. International acquisitions generate revenue in currencies other than the rand, which has weakened 24 %against the dollar in the past 12 months. "The Southern African region is still our primary focus -- we are seeing good returns in Botswana, Zambia and Mozambique," Chief Executive Officer Graham O'Connor said in a phone interview. "Foreign exchange volatility has not impacted us much, our timing was spot on with our international acquisitions." In Europe, the acquisition of Spar Switzerland will make a positive contribution to performance this fiscal year, the company said. A continued Irish economic recovery will also help deliver growth for the grocer, it said. The company upgraded 66 stores in the six-month period, more than in the same period a year earlier, and the refurbishment program is set to continue in the second half, O'Connor said. "We are very positive about the sales outlook for the next six months," the CEO said. "Our focus on organic growth is the order of the day for Spar in Southern Africa." *(Bloomberg)*

Coca-Cola HBC would consider expanding in Africa
Coca-Cola HBC, a bottler of Coca-Cola drinks, is open to further acquisitions in Africa if the right opportunity became available, its chief executive said. Coca-Cola and brewer SABMiller are combining their African soft drink bottling operations, but the future ownership could change, since SABMiller is in the process of being bought by Anheuser-Busch InBev. The chief executive of Coca-Cola HBC, which has extensive experience operating in Nigeria, said it was too early to comment on the impact of those deals, but in response to a question added that if "the right strategic opportunity" were to come along, it would "certainly (be) something we would consider".*(Reuters)*

South Africa approves SABMiller, Coke bottling deal with conditions
South Africa's Competition Tribunal conditionally approved a SABMiller and Coca-Cola deal to combine their African soft drink operations into what would be the continent's biggest Coke drinks bottler.
In a bid to fast-track the antitrust probe, SABMiller and Coca-Cola struck a deal with the South African government earlier this month that included an R800-million ($53-million) investment to support small businesses and a three-year freeze on layoffs. The Competition Tribunal said the deal can go ahead subject to several conditions. These include the enlarged group limiting job cuts to 250, providing business skills to 25 000 black retailers and ensuring it purchases cans, glass, sugar, fruits and crates from local suppliers. Brewer SABMiller, which is in the process of being taken over by Anheuser-Busch InBev, agreed in November 2014 to team up with Coke and the South African owners of local bottler Coca-Cola Sabco to create Coca-Cola Beverages Africa.
Coca-Cola Beverages Africa, which will account for 40% of all Coke volumes sold in Africa, will be headquartered in South Africa, its largest market. It will have annual sales of $2.9-billion and operations in 12 markets across Southern and East Africa. The bottling deal was given a preliminary approval in December by South Africa's Competition Commission. The green light from the Tribunal removes the final hurdle in a drawn-out antitrust investigation. South Africa has a history of taking its time over approving deals, partly because regulators have a public interest mandate to safeguard jobs in addition to ensuring there is competition. The South African Competition Commission investigates deals for any antitrust issues and recommends remedies to the Competition Tribunal, which makes a final ruling. Upon completion of the all-equity deal, Coke will own 11.3% of the venture, the Gutsche family that owns Coke Sabco 31.7% and SABMiller 57%. Coke has the right to buy SABMiller's stake in the new venture in the event of a change of control at the brewer, sources have told Reuters. This could be triggered by the expected takeover of SABMiller by AB InBev. *(Engineering News)*

SABMiller Profit Drops on Charges, Currencies - Brewer in middle of takeover by larger rival AB InBev
SABMiller PLC reported an 18% fall in fiscal-year net profit following a one-time charge and currency volatility though beer volumes climbed. The company, in the middle of a roughly $108 billion takeover by bigger rival Anheuser-Busch InBev NV, said that the deal is unlikely to close before the full-year dividend is paid out, welcome news for SABMiller’s shareholders. Net profit fell to $2.7 billion in the year to end-March from $3.3 billion the previous fiscal year while pretax profit fell 16% to $4.07 billion. SABMiller logged a $721 million one-time charge related to investments in Angola and South Sudan and costs tied to the AB InBev deal. Revenue fell 10% to $19.83 billion. Net producer revenue—a measure which strips out excises duties and similar taxes as well as SABMiller’s share of associate companies’ and joint-venture revenues—rose 5% on an organic, constant-currency basis. Beverage volumes for the year rose 2%, with beer volumes up 1%, and soft-drinks volumes up 6%. Chief Executive Alan Clark said the company’s staff turnover has been “very low” following the AB InBev announcement, citing a retention plan the brewer has put in place. Staff costs and investment-banking fees contributed to a one-time $160 million charge that SABMiller logged tied to the AB InBev merger, which when completed will create the world’s biggest beer group with about 30% of the global beer market.
SABMiller also logged $491 million in one-time charges for its Angola business after devaluation of the local currency against the dollar forced it to scale down operations there, in addition to a $317 million charge in South Sudan where it has closed operations for the same reason. The company declared a final dividend of 93.75 cents a share, making a total payout for the year of 122 cents, compared with 113 cents for the year ended March 31, 2015. SABMiller said its cost-cutting program is on track to achieve savings of $1.05 billion in 2020. Analysts at Exane said SABMiller had delivered a good second half, adding that “SABMiller cannot be accused of slacking” ahead of the AB InBev deal’s closure.
While AB InBev’s shares have climbed since the brewer announced its deal with SABMiller, Mr. Clark said he had not been approached by any investors showing interest in the so-called partial share alternative, which he attributed to volatility in share prices. AB InBev has offered the partial-share alternative, essentially a combination of cash and unlisted stock, for 41.6% of SABMiller stock, an option that was designed for SABMiller’s largest shareholders: cigarette giant Altria Group Inc., and the BevCo Ltd. investment vehicle of Colombia’s Santo Domingo family.
However as AB InBev’s stock has climbed, the value of the share component of the deal has risen leading some to speculate that more SABMiller shareholders might opt for this possibility, reducing the shares available for Altria and the Santo Domingos. “At the moment we have no feedback from investors about it,” said Mr. Clark. “I think that is largely because of the volatility in the prices and there is no certainty.” *(Wall Street Journal)*

AGRIBUSINESS

Tanzania to start building $3bn fertiliser plant this year
Tanzania plans to start work this year on a $3-billion fertiliser plant, which it said on Friday will be Africa's largest, as part of an effort to increase its agricultural production.
The factory, which Tanzania is building along with a consortium from Germany, Denmark and Pakistan, will use natural gas to produce fertiliser, the president's office said. "The plant, which will become Africa's biggest fertiliser producer, will have a capacity of producing 3 800 tonnes per day," it said in a statement. "The factory is expected to create more than 5 000 jobs and its investment will cost $3-billion." the statement said. Tanzania currently imports most

of its fertiliser for crops including coffee, sugar and maize. Officials said the state-run Tanzania Petroleum Development Corporation (TPDC) has signed a joint venture agreement with German firm Ferrostaal Industrial Projects, Danish industrial catalysts producer Haldor Topsoe and Pakistan's Fauji Fertilizer Company to develop the plant. Carsten Schneider, Ferrostaal's leader of the project, confirmed the company will proceed with the project and that the plant will be operational in 2021. It will be built in southern Tanzania near big offshore gas finds and is expected to be commissioned in 2020. Natural gas can be used for the industrial production of ammonia, a key fertiliser ingredient. The east African country said in February an additional 2.17-trillion cubic feet (tcf) of possible natural gas deposits has been discovered in an onshore field, raising its total estimated recoverable natural gas reserves to more than 57 tcf. Fertiliser produced by the plant will be used to boost agriculture output in Tanzania, while surplus capacity will be exported to foreign markets. Agriculture contributes more than a quarter of Tanzania's gross domestic product (GDP) and employs around 75 %of the labour force, but growth is stifled by low crop yields. *(Engineering News)*

Tongaat Hulett results, output hit by southern African drought

South African sugar producer Tongaat Hulett flagged on Friday an 18 %drop in full-year profit due to drought, which hit its main sugar growing regions. Headline earnings per share (EPS) for the year ended March are expected to have fallen 17.9 %to 678 cents, Africa's second biggest sugar producer said in a statement. An El Nino-induced drought in southern Africa has crippled production of maize, sugar and other agricultural products. Tongaat Hulett said its total annual sugar production was expected to have fallen 291,000 tonnes to 1,023 million as the drought scorched sugar cane fields, with the biggest drop coming from South Africa which saw a 40 %drop in output. Illovo Sugar last week warned its full-year profit could decline as much as 70 %due to drought conditions. *(Reuters)*

Ivory Coast cocoa sector reserve fund up 58 pct June 2015-Jan 2016

Ivory Coast's cocoa sector reserve fund rose 58 %to 120 billion CFA francs ($206.47 million) between June 2015 and January 2016, according to a document from the government Coffee and Cocoa Council (CCC) seen by Reuters. The figure represents the highest level since the fund was established in 2012 to protect against a drop in the global cocoa price or in the event that a cocoa operator goes out of business. Cocoa beans and products in Ivory Coast, the world's top cocoa producer, were down 2 %at the end of the main crop season compared with the same period last season, the document said. The sale of export contracts for the 2016/17 season has dropped from 10,000 tonnes per day to 600 tonnes per day between the end of April and now, a CCC source and a finance ministry source said. This is a sign that almost all the 1 million tonnes forecast for next season's production, which starts in October, have been sold, the source said. The CCC puts export contracts for the coming season up for sale every day in two sessions. At the end of April, CCC reached 1 million tonnes of export sales contracts for next season. "There isn't much to sell between now and the end of September," the CCC source said. ($1 = 581.2100 CFA francs). *(Reuters)*

Mauritius 2016 sugar output seen up 9 pct due to better weather

Mauritius sugar production is expected to rise 9 %to 400,000 tonnes this year, helped by better weather conditions, the Indian Ocean island's Chamber of Agriculture said. Sugar output was 366,070 tonnes last year, the chamber said. In 2015, the extraction rate – the amount of sugar taken from the cane – was 9.14 percent, which the chamber said was the lowest since 1947. Rates of 10 %or more are generally expected. "Overall, the climatic conditions have been favourable for the growth of the sugar cane plant," the chamber said referring to this year's projected output. Sugar accounts for roughly 1.2 %of Mauritius' $10 billion gross domestic product. The 2016 harvest season will start on May 23 and run until end of December, the chamber said. *(Reuters)*

Angola’s International Fisheries and Aquaculture Fair 2016 runs from 24 to 27 November

The 2016 edition of the International Fisheries and Aquaculture Fair will take place from 24 to 26 November at the Luanda International Fair (Filda), Angola’s Secretary of State for Fisheries said in Namibe. Maria Antonio Nelumba, who was visiting the region, also told Angolan news agency Angop that the third edition of the fair will be held under the theme “Fisheries and Aquaculture contributing to national wealth.” “We decided to continue to host the fair not only because of the success of previous editions but also to facilitate the establishment of partnerships and business in various sectors of the industry,” said the secretary of state. She said the fair is intended to bring greater creativity and dynamism to the industry to make it stronger and added that both domestic and foreign exhibitors had confirmed attendance. *(Macauhub)*

Farmers need to boost output of white maize, says Senwes

South African farmers need to boost output of white maize to help lower the price of the staple to more sustainable levels after a drought, agribusiness Senwes said this week. While maize prices could stay high for now even if it rained, they were likely to fall later, group CE Francois Strydom said. Prices reached a record high in January. "It’s not good for the farmer," said Strydom. "In the short term, he likes it, but long term the consumer will move away from his product. It’s just too expensive. We cannot sustain the prices at this level, we need to normalise the prices through production." The price of white maize has more than doubled since the start of 2015 as drought caused by the global El

Nino weather pattern led to the least rainfall in the country since 1904. The rand's weakness also raises prices for imports. SA may need to import 3.8-million tonnes of yellow and white maize this year to bolster domestic supplies, according to industry association Grain SA. The country imported 1.96-million tonnes in the marketing year ended April 29, the Grain Information Service said earlier. That made the nation a net importer for the first time since 2008. White maize rose for a fourth day in Johannesburg, adding 0.9% to R5,083 a tonne by midday, the highest since March 2. *(BDLive)*

UPCOMING EVENTS

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

The 3rd Annual Egypt Power Infrastructure & New Energy Investment Conference May 31 and June 1, 2016 in Cairo
administration@euroconventionglobal.com

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

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

Africa Oil & Power: 6–7 June 2016, Cape Town – South Africa - The Westin Cape Town
Register: register@africaoilandpower.com
www.africaoilandpower.com

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

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

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

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Disclosures

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

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

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