INSIDE AFRICA

29 February 2016

Now is the time to invest in Africa

EAGLESTONE SECURITIES

CONTENTS

In-Depth:

- Why Africa's banks are racing to embrace fintech 2
- Mining seen as option to cut Angola's oil dependence 3

IMF, WORLD BANK& AFDB 6

INVESTMENTS 8

BANKING

Banks 11

Markets 12

Fund-Private Equity 16

ENERGY 16

INFRASTRUCTURE 18

MINING 18

OIL & GAS 22

TELECOM 22

RETAIL 23

AGRIBUSINESS 25

UPCOMING EVENTS 29

....

BRIEFS

Africa

- West Africa oil projects face yet longer delays than rivals as prices languish
- Barclays Africa plays down impact of possible parent company exit
- Absa says Barclays Africa remains committed to the continent
- African IPOs undeterred by commodities rout: law firm
- Diamond Sees African Turmoil as Investor Entry Point
- West African gold miners Perseus and Amara propose £68m deal

Angola

- Angola taken off money laundering blacklist
- Angola produces more oil in 2015 but revenues fall 34 pct
- Angola regulates law on merchant navy and ports
- Government of Angola to exercise greater control over forests and wildlife
- Company from the Netherlands supports potato production in Angola

Cabo Verde

- Bank of Cabo Verde rejects sale of Banco Internacional de Cabo Verde
- AFC takes controlling stake in Cape Verde wind farm
- Cabo Verde takes on loan in France to modernise Sal power station

Kenya

- Kenya reviews Islamic Finance laws ahead of debut sukuk
- Kenya's inflation falls to 6.84 pct in year to February

Mozambique

- Luxembourg company will dredge the port of Maputo, Mozambique
- Mozambique approves plan of Italian group ENI for natural gas
- IMF recommends reform of the Mozambican fuel import and subsidies system
- Sumitomo Corp builds power station in Mozambique

South Africa

- South Africa seeks $250 mln from BRICS bank to build power transmission lines
- Kumba Iron Ore to oppose $340 mln South African tax claim
- South African government bonds extend losses on minister row, rand firms

Zambia

- Zambia's 2016, 2017 copper output seen flat at 700,000 tonnes
- Zambia approves price-based royalties for copper mines
- Turkish ship supplies power to northern Mozambique and Zambia

Zimbabwe

- Zimbabwe's main hydropower dam running out of water after drought

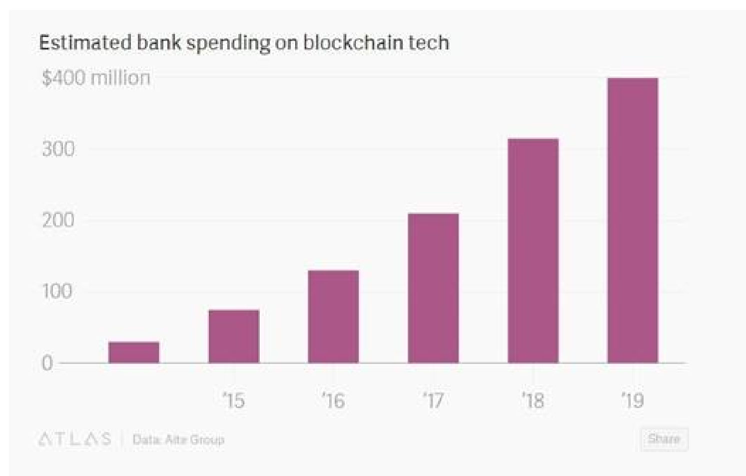
In-depth:
Why Africa's banks are racing to embrace fintech

African banks have been late to the fintech party, but after leaving huge swaths of the population to get their financial services from telcos(most famously Safaricom's M-Pesa in Kenya), banks here are increasingly seeing the continent as a testing ground for new financial technologies like bitcoin and the blockchain. "You have a headwind from Silicon Valley and Europe blowing into Africa now around the disruption in fintech. The banks are really nervous and they want to get ahead of this," says Mbwana Alliy, managing partner at African technology venture firm, the Savannah Fund.

Blockchain is the hot topic at shiny new fintech innovation hubs like Rand Merchant's AlphaCode in Johannesburg, which hosted the Afrikoin conference last December and is running a fintech acceleratorthis year, and Barclays Rise in Cape Town, which is hosting Fintech Africa's blockchain conference on Feb. 25. Blockchain is the "distributed ledger" that keeps track of bitcoin trades around the world. In the simplest of terms, the promise of blockchain is the tracking and transparency of all transactions, tamper-proof because no one transaction is kept in any one place, but stored on computers all around the world.

There's good reason for banks to be afraid, says Vinny Lingham, a South African serial entrepreneur whose current blockchain startup, Civic, is based in Silicon Valley. "I think the banking sector in Africa is going to be disrupted faster than anywhere else in the world. What you have with bitcoin and blockchain is a trustless method of operating. You don't need third parties like banks operating as trust brokers anymore. It's all built into the code. The way mobile leapfrogged fixed lines communications in Africa, blockchain will leapfrog a lot of the financial infrastructure that exists today."

In order to get ahead of that, Barclays opened the first African branch of Rise, its global network of innovation spaces, in December 2015. The goal is to work with fintech entrepreneurs who would otherwise be beyond the banking behemoth's grasp. "People in Africa do banking on their mobile phones, but our talent base is all built on bricks and mortar banking," says Barclays' Head of Open Innovation Arian Lewis. "So we're thinking, are we actually a tech company? To make that shift, you have to approach talent that sits at the front end of that change curve."



The 300-year old startup

Barclays Africa, which is 62% owned by UK-based Barclays Plc, operates in 13 African countries, hopes that a beautiful work space, an accelerator run by the US chain TechStars, and access to its customers will bring in new ways of thinking that the 300 year-old bank can't conceive of on its own. "Startups can build quicker, they can find ways around problems which banks can't, they don't have all the red tape, and they have a wider vision of the world," says Warren Squires, head of Barclays Africa's VC arm, the Seeker Fund. A couple walks past a Barclays logo in Johannesburg (Reuters/Siphiwe Sibeko)

One of Barclays' first blockchain collaborations in Africa is with Consent, a startup who went through the bank's pilot accelerator in Cape Town in late 2015. "Barclays is trying to define what they become in the future. It's like they're going through a midlife crisis," says Consent co-founder Shaun Conway, a medical doctor previously focused on m-health.

While Consent originally used blockchain to improve fidelity with individual medical records across different databases, Conway saw how Barclays could use his system to help comply with Know Your Customer (KYC) regulations in the short term, and safeguard customer identities in the long term.

After the accelerator, Consent won a year-long contract to build a proof of concept for the bank worth more than half a million dollars. Barclays is working with several blockchain startups across the globe but sees special application in Africa. "Blockchain could be the most significant social and political innovation to impact Africa in 100 years," says Lewis. A digital economy based on blockchain and bitcoin could hold African leaders to a new level of accountability. "If digital currencies become adopted in African nations, it could significantly reduce corruption from government, it could provide transparency and control to every day citizens."

But the recent thinking that blockchain has a much wider application as a general purpose ledger beyond cryptocurrencies is up for debate. In a recent post "Beyond the Blockchain," Marcus Swanepoel, the CEO of South African-born bitcoin startup BitX, argues the blockchain itself isn't the magic ray of sunlight people are looking for. "People think that if you put something on the blockchain all of the sudden the counterparty risk disappears,"says Swanepoel. "Take deeds or diamonds or shares. You're effectively tokenizing something. But you still have to trust that

the person who made the token for that asset actually holds that asset. The fraud happens when people load things onto the system, not within the system itself." A digital economy based on blockchain and bitcoin could hold African leaders to a new level of accountability. Bitcoin itself, he contends, which has inherent and tradeable value, has no counterparty risk, making it especially appealing in Africa. While BitX currently sees more uptake in Southeast Asia than Africa (where it sees only South Africa and Nigeria as viable markets), BitX actually owes its origins to an African bank. Its first incarnation as Switchless piloted a bitcoin system for Standard Bank in 2013. It was never released to the public, but used its proof of concept to gain tractioninternationally, eventually raising a Series A round of financing from South African media and e-commerce conglomerate Naspers in late 2015. Now it is developing use cases for online content monetization and cross-border e-commerce, two key areas for Naspers. Standard Chartered, is getting into the game. In mid-2015, its chief innovation officer posted on the potential for blockchain as a "force for good," positing that blockchain could dramatically cut costs on financial services like remittances, credit cards and money transfers, thereby opening them up to those who can't currently afford them (aka most Africans). On a continent with 54 countries, using bitcoin as the interoperable system currency to convert between, say Kenyan shillings and naira or rand could make cross-border trade infinitely easier.

The Savannah Fund invested in Zimbabwean bitcoin startup BitFinance to test that thesis, as detailed in a just-released Stanford Business School case study. The collapse of the country's national currency has given rise to several currencies in circulation, including US dollars and now the Chinese yuan, making it an ideal country to pilot bitcoin as a back-end trading currency. But just as important to Alliy was the locally-founded team's close relationship with the central bank. "Our approach is very tactful. We're working with the central bank to figure out how bitcoin can fit into Zimbabwe's ecosystem. We're not just going in on a Silicon Valley-style disrupt model."

The regulatory challenge

The value of working with established players shouldn't be underestimated, says Alliy. Fintech startups have uphill battles in Africa. They need to comply with complex regulations and navigate through political power constellations that vary by country; the tech to handle people's money requires bank-grade security; fintech talent is highly specialized and expensive. "Can you raise enough to survive as long as it takes? To build trust and a brand, that can take a lot of money."

Lots of cash can be hard to come by in Africa. Venture capitalists are still relatively scarce, and often require more proof of traction than a young fintech startup can show. As banks step into that early-stage void, they hope to marry their lumbering corporate cultures to the agile but fragile early stage startups they're working with. Consent's Conway says getting things done has been painful. "Even with support from top level executives, the institution is just not geared toward working as fast as we do."

That prospect hasn't stopped 454 fintech companies from applying to Barclays' TechStars accelerator in Cape Town, which starts Mar. 29. But experienced entrepreneurs like Lingham are dubious that any of these will be game changers. "I applaud what they're doing but I've yet to see a corporate-sponsored VC fund, accelerator or incubator ever create a business that disrupts an industry. They come out of the places you'd least expect them to," says Lingham. Lingham often invests in African startups, but stays away from financial services. "It's not a quick win and it's not gonna happen overnight. I'd say 5-10 years and then it will start accelerating. There's just too much drag." Even the more optimistic acknowledge it's a long road. "10 years," says Barclays' Lewis. "It's not the blockchain, it's the internet. I chatted with (internet pioneer) Tim Berners Lee a few months ago, he estimated that in 10 years everyone in the world will have full access to the internet anywhere. That's what it'll take to enable a digital currency economy." *(World Economic Forum)*

Mining seen as option to cut Angola's oil dependence

The West African country of Angola has been badly hit by the decline in oil prices. In 2012, according to the US Geological Survey (USGS), Angola was responsible for 2% of global oil output and oil accounted for 90% of the country's exports, 80% of government revenues and 47% of its gross domestic product. From June to December 2014, the price of oil fell by about 50% and, during 2015, the price of oil oscillated between $45/bl and $60/bl. While the Angolan economy grew at an average annual rate of 9.8% from 2003 to 2008, the Great Recession and subsequent oil price declines saw this decelerate to an annual average of 4% from 2010 to 2014. However, no significant improvement over this level is expected for the next few years – the International Monetary Fund forecasts that Angola's annual average growth rate will be between 3% and 5% from 2015 to 2020.

One consequence has been a significant decline in the country's international liquid reserves, which, in turn, caused the Angolan National Bank (the country's central bank) to reduce its sales of foreign currency to the country's commercial banks by 30% during the first five months of last year, compared with the same period in 2014. This created a currency crisis in the country which, in turn, affected business operations. Last June, the bank dramatically increased its sales of foreign currency to local banks, beginning a gradual devaluation of the Angolan currency, the kwanza. By September, compared with January last year, the kwanza had been devalued by 30% on the official markets and by more than 50% on the informal markets.

All this has taken place in a country which, in 2014 and according to the African Development Bank, had 36.6% of its people living in poverty, an unemployment rate of 26% (and higher among the youth) and high income inequality (a

Gini coefficient of 55.3, although that is actually significantly better than the figure for South Africa, which was 63.4 in 2011).

Little wonder then that Angola is looking to diversify its economy. In 2011, it adopted a new mining code intended to attract foreign investors. The 2011 code modernised, clarified and simplified the regulations governing the award of concessions. It brought in a single mining investment contract, which covers both exploration and mining. With all mineral and metal resources belonging to the State, it requires a minimum 10% share in any project through a State-owned company (or participation in kind in the minerals or metals produced). Other requirements include the training of local workers and technicians. Last February, at an Angola-Canada Investment Seminar, held on the eve of Mining Indaba 2015, Angolan Geology and Mines Minister Francisco Queiroz highlighted that the mining sector was clearly one of the options for the diversification of the country's economy and could be a major source of revenue for the government. To this end, the government developed a strategy for mining which was seen as correct and sustainable and which would produce results.

Further, in April last year, it was announced that the Sovereign Fund of Angola would create an investment fund specifically for the mining sector, which was granted $250-million for investment in mining, including exploration, expansion and modernisation. Although projects in sub-Saharan Africa outside Angola can be considered, understandably the principle focus is on projects in Angola. To deal with the problem of illegal artisanal mining, in November 2014, government announced its intention to help organise artisanal miners into cooperatives, which would then be granted mining rights, thereby legalising their activities. Granting rights to individual miners had proven to be too difficult. By September last year, two such cooperatives had been set up and licensed and two more were in the process of being licensed and should have received their licences before the end of that year.

Regarding industrial mining, the country issued 33 licences last year. These included 21 for the production of ornamental stones and aggregates, three for diamonds and one for gold.

Sparkling Sector

According to the USGS, in its publication 2012 Minerals Yearbook: Angola (the most recent available), in 2012, the African country produced cement, diamonds, gold (produced by artisanal miners), granite, gypsum, marble and salt. There were also other mineral resources which had not yet been developed. These included beryllium, clay, copper, iron-ore, lead, lignite, manganese, mica, nickel, peat, phosphate rock, quartz, silver, tungsten, uranium, vanadium and zinc. But, just as the Angolan economy as a whole is dominated by one commodity – oil – so, currently, is the country's mining sector dominated by one product: diamonds.

Angola is the world's number five diamond producer and, in 2012, accounted for 6.5% of global rough diamond production, bringing government reve- nues of $1.1-billion in that year. The precious stones are the country's second-most important export. Angola produces diamonds from both kimberlites and alluvial deposits. The country has more than 600 kimberlite pipes, but only a few have so far been confirmed to hold diamonds in sufficient quantity and quality to be commercially viable. The country achieved record diamond production of 8 837 000 ct in 2015, which earned the country just over $1.1-billion. Unfortunately, the fall in diamond prices meant that the revenues from diamonds last year were lower than those realised in 2014, which had come to a little more than $1.3-billion. "Nevertheless, we are satisfied, because we reached a very good production mark, which amounts to 103% of what was foreseen in the revised National Development Plan," affirmed Queiroz. Angola's diamond production this year is forecast to be 8 960 000 ct, of which 8 100 000 ct will come from the industrial sector and 860 000 ct from the artisanal sector.

The industry is dominated by national State-owned group Empresa Nacional de Diamantes de Angola, better known by its acronym of Endiama. This is not surprising, given that it holds exclusive rights over the country's diamond sector. Founded in 1981, it undertakes exploration, mining, polishing and trading. Exploration, research and mining fall under Endiama Mining (set up in 2012). However, the group is happy to enter into partnerships on projects with other companies, including foreign enterprises. Indeed, it is eager to encourage such investments. The development of strategic partnerships with well-known foreign miners and attracting national private-sector investment are two of its strategic objectives. On its website (which has an English version), it reports no fewer than 108 prospecting concessions open to investors. Endiama does not require a majority share in joint projects. In February 2014, it set up a 50:50 joint venture (JV), reportedly named Kimangue, with Russia's Alrosa to explore for diamonds in kimberlites in Angola. The two companies were already well-established partners in the Catoca Mining Company, which owns and operates the Catoca diamond mine, in Lunda Sul province, which is by far the biggest diamond mine in the African country, with an annual production of about six-million carats. Endiama and Alrosa each hold 32.8% of Catoca Mining. The other shareholders in Catoca Mining are Brazil's Odebrecht and China's LLV. Catoca Mining also holds a majority shareholding in a number of other diamond concessions in the country. Last year, Alrosa announced that it would invest $1.2-billion in two new joint diamond projects with Endiama. Of this, $1-billion would go to the Luaxe project, which should, when developed, have an annual production of ten-million carats and is expected to have a life of 35 years. (The development of Luaxe may require another partner or partners.) The remaining $200- million will be for the Tchuizo project, which is forecast to have an annual production of 2.5- million carats. Successful implementation of these projects will more than double Angola's diamond production.

Endiama is also a partner with Odebrecht in Sociedade de Desenvolvimento Mineiro de Angola (SDM – Mining Development Company of Angola). This is another 50:50 JV, which exploits alluvial diamonds in the Luzamba region

along the Cuango river. And, in 2014, the biggest and best known diamond company of them all, De Beers, restarted exploration in Angola. The company had undertaken exploration activities in the country from 2005 to 2012, without finding any commercially viable deposits. Endiama itself is undertaking the Cangandala, Milando and Chinguvo alluvial diamonds prospecting campaigns and the Gambo, Gango, Luangue, Quitubia, Tchegi, Tchiafua and Vulege kimberlite exploration projects. And in February last year the group re-opened a diamond polishing facility near Luanda, after it had been upgraded at a cost of $7-million. Previously, it could polish 40% of a diamond but now it can do 100% of the polishing. It has a capacity of 5 000 carats/month.

Last month it was announced that Portuguese State-owned company Sociedade Portuguesa de Empreendimentos (SPE – Portuguese Enterprises Company) was to transfer to Angola a geological archive containing more than 100 years of data about diamond prospecting in the African country, as part of a settlement of a dispute between SPE and Endiama, who had been partners in three projects in Angola. SPE also transferred its shares in these projects to Endiama. In return, the Portuguese company received $130-million. Endiama sees the securing of this archive as a win for the company and country. However, the fall in diamond prices is a concern. In real terms, the prices of high quality gem diamonds have fallen by 80% over the past 30 years. (Real term prices actually reached their peak in 1980.) Last month Endiama's Chief Executive, António Carlos Sumbula, revealed that his group and other diamond miners would be launching an international unit to promote diamonds. A Las Vegas-based US company would implement a publicity campaign for the precious stones, while diamond producing countries would cut their output.

Diversifying while Beneficiating

In 2012, according to the USGS, Angola's only other significant mineral products were cement (1.6-million tons produced in that year), gypsum (200 000 t), salt (40 000 t) and granite (80 000 m3). In 2015, the country also produced 39 500 m3 of ornamental stone, worth $8.3-million, and 4 500 000 m3 of aggregates.

This is a situation the country is seeking to change. The country has a Mining Industry Diversification Programme which will run until next year (if it is not extended). On its website, the Instítuto Geológico de Angola (Angola Geological Institute) points out that the country used to be a major producer of copper, gold and iron ore. At the Angola-Canada seminar early last year, it was pointed out that Angola again has major iron-ore, gold and copper projects, as well as quartz and ornamental stone projects. The counterpart to Endiama in the nondiamond mining sector is the Empresa Nacional de Ferro de Angola (Ferrangol); although this State-owned company's name translates as Angola National Iron Company, it now serves as the national representative partner company for most metals and minerals other than diamonds and it also involved in the energy and steel sectors.

And, perhaps, the most ambitious project under way at the moment is in the iron and steel sector. This is the Cuchi pig iron project, in Cuando Cubango province, which is a JV between Ferrangol, the Sociedade Mineira do Cuando Cubango (Cuando Cubango Mining Company) and Brazilian group Modulax. This will see the mining of iron-ore at Cutato (where iron-ore mines have lain idle since the 1970s), which will then be used to produce pig iron at nearby Cuchi. Phase 1, now well advanced, will cost $199.5-million and involves the construction of a blast furnace, a crushing plant and charcoal production plants. It will have a capacity of 96 000 t/y and production of the pig iron will start in May. The JV is called the Companhia Siderúrgica do Cuchi (CSC – Cuchi Iron & Steel Company) and it will export its pig iron along the Moçâmedes railway line and through the Port of Namibe. CSC's Phase 2 will cost an estimated $94-million and will add two more blast furnaces, bigger crushing plants, a concentration plant and a sintering plant. This will increase production capacity to 420 000 t/y. By the time Phase 2 is completed, CSC should have created more than 3 000 direct jobs. Another project aimed at both mining and beneficiating a mineral resource is a phosphates project in Zaire province.

Last October, Minister Queiroz signed at memorandum of understanding with private-sector company Vale Fértil (literally, Fertile Valley, and a subsidiary of Israel's LR Group; the Angolan company should not be confused with a totally unrelated Brazilian company of the same name), which opens the way for the start of phosphates mining in the Lukunga district and their processing into fertilisers in the Soyo industrial zone. Vale Fértil started prospecting for phosphates in the area in 2008 and invested some $8-million in the search. The additional investment to bring Phase 1 of the project into operation is about $100 000. Production should start next year and production capacity will be 450 000 t/y, with output aimed at both the domestic and export markets. The project will also serve as the anchor tenant for the Soyo Zone and should create 500 jobs. Phase 2 will need an investment of $1-million and would produce high-quality value-added fertilisers for export. There is no timetable for Phase 2 yet. Regarding precious metals, Ferrangol has a JV with Australian junior Rift Valley Resources – through its Angolan subsidiary, Ozango Minerais (Ozango Minerals) – to explore for precious metals. Currently, the focus is on copper/gold, gold and rare earths targets. Ferrangol has a 30% share in the project. Meanwhile, exploration by the Ministry of Geology and Mines had, it was reported last year, revealed deposits of the semiprecious stone tourmaline in the Chinguar district of Bié province. According to Angolan news agency Angop's report last August, this tourmaline "could" be mined "by a State-owned company". *(Engineering News)*

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Boosting Affordable Housing in Africa: AfDB approves US $8.2-million equity participation in Shelter Afrique

The Board of Directors of the African Development Bank (AfDB) approved on Thursday, February 18, 2016 a US $8.2-million equity investment in Africa's housing and habitat company, Shelter Afrique, to strengthen its balance sheet and help it achieve its objective of providing quality affordable housing in Africa. This marks an important step towards addressing the acute shortage of housing in most African countries, while creating jobs and enhancing income in Africa.

Africa's economic landscape remains positive with promising scope for growth; Gross Domestic Product growth remains robust supported by multiple factors. The continent's growing population, a growing middle class and the fastest urbanization rate in the world are some of the factors driving increased demand for affordable houses and housing finance. The construction sector in Africa is growing at 20% per annum, but this cannot sufficiently address the rising demand for housing due to various technical and physical constraints including: (i) lack of accessible and well-priced housing finance; (ii) complex land tenure systems; (iii) high costs of land registration and titling (iv) cumbersome registration processes; and (iv) availability of reputable developer with sufficient capacity.

Shelter Afrique is the only pan-African organization devoted to financing the development of proper housing and human settlements in Africa. Created in 1982 and headquartered in Nairobi, Kenya, Shelter Afrique is a pan-African housing finance and development institution that helps to address the acute shortage of housing by providing financial and technical resources for sustainable housing and urban development. Shelter Afrique's current shareholding comprises 44 African countries, the African Development Bank (AfDB) and Africa Re. AfDB played a key role in the establishment of Shelter Afrique as the vehicle for supporting sustainable housing and urban development in Africa.

The AfDB's equity participation is part of an ongoing capital increase by Shelter Afrique's shareholders. It will support Shelter Afrique to implement its revamped Strategic Plan which is focused on modeling Shelter Afrique as a Pan-African DFI with the capacity to respond to the growing demand for affordable housing and related infrastructure services. It will further enhance Shelter Afrique's capital base and help solve Africa's housing finance challenges. Through this contribution, AfDB would leverage Shelter Afrique's technical capabilities, field presence and local knowledge of the regional housing market and help alleviate some of the structural financing inefficiencies encumbering Africa's real estate growth. The investment will enhance inclusive growth and private sector development through the much needed boost to the availability of affordable housing in Africa. This investment is well aligned to AfDB's Ten Year Strategy, 2013-2022, as well as one of the Bank's High 5 strategic priorities of improving the living conditions of Africans.

World Bank provides funding of US$50 million to Mozambique

The World Bank has approved the release of US$50 million to be spent on the Productive Social Action Programme (PASP) in 40 rural districts of Mozambique, said the director of the National Institute of Social Action (INAS). Luisa Cumba, who was speaking during a visit to an administrative post in the Moatize district, Tete province, said the programme, which began this year, will be implemented by 2018 by INAS and until that date will benefit more than 100,000 households.

The project manager of the World Bank, Eric Zapatero said a decision had been made to finance the PASP project in order to reduce levels of poverty in the 40 districts covered in Mozambique.

Beneficiaries of PASP receive 650 meticais (about US$13.5) to work for four hours a day, four days a week, said the director of INAS, who believes that the project will have a positive impact on households identified as being the poorest in the communities. In addition to repairing access roads, beneficiaries may decide to set up businesses that generate family income, said Cumba, adding that the central government would implement the same programme in another 45 districts. *(Macauhub)*

Tunisia, IMF hold talks on credit, economic reforms

The IMF began talks with Tunisia over a new credit programme, tied to measures to strengthen its economy and finances and likely to be worth at least $1.7 billion over four years, a central bank official told Reuters.

Tunisia's economy has struggled since the 2011 uprising against autocrat Zine El-Abidine Ben Ali that sparked the Arab Spring revolutions across North Africa. Two attacks last year by Islamist militants hurt its tourism industry. Protests to demand work last month turned violent, underscoring the fragility of the economic growth that Tunisia needs to underpin its democratic transition. Amine Mati, the head of the IMF delegation in Tunisia, met the Central Bank Governor Chedli Ayari to discuss the details of the credit programme. "The programme will be in accordance with new economic reforms in Tunisia this year and during the three next years," a central bank official told Reuters after the meeting. Mati will also meet the prime minister's adviser in charge of economic reforms.

Tunisia is about to get a loan of 500 million euros ($550 million) from the European Union to support the economy, and former colonial ruler France last month pledged 1 billion euros in aid over five years. The new IMF programme will follow on from a two-year deal totalling about $1.74 billion that was agreed in 2013 and extended last year by seven months to buy time for Tunisia to put banking and fiscal reforms in place. Under the programme, Tunisia also agreed to keep its budget deficit under control and make the foreign exchange market more flexible. ($1 = 0.9023 euros). *(Reuters)*

First meeting of insurance bodies urges closer cooperation to boost investments in Africa

Over 30 participants from 18 institutions that provide guarantees and insurance in Africa gathered in Abidjan, Côte d'Ivoire, from February 15 to 16, 2016 for the Abidjan Union, the first pan-African meeting of export credit and investments insurers in Africa.

Organised by the Private Sector and Treasury Departments of the African Development Bank (AfDB), with the sponsorship of the Initiative for Risk Mitigation in Africa funded by the Government of Italy, the meeting aimed to facilitate the creation of an information exchange network for providers of export credit and investment insurance in Africa.

In his opening remarks, AfDB's Acting First Vice-President and Chief Operating Officer Charles Boamah highlighted the Bank's new strategic plan. He outlined its five core priorities (High 5s), which seek to achieve inclusive, green and sustainable growth on the continent. They are: Light up and power Africa; Feed Africa; Integrate Africa; Industrialise Africa; Improve the quality of life for the African people. "Financing Africa's transformation will require a robust private sector in order to move from 'billions' in Official Development Assistance to 'trillions' in investments," said Boamah. "The mobilisation of additional resources will be the key to achieving the Bank's ambitious plan."

Cooperation among partners was cited as crucial in realizing the full potential of investment in Africa. Alfonso Di Riso, Italy's Ambassador to the Republic of Côte d'Ivoire, said, "Resource mobilisation will need to rely on greater cooperation among all institutions providing risk mitigation on the continent." He affirmed his country's support saying, "This is a need that the Italian Government has recognised and has committed to help address together with AfDB through the establishment of the Initiative for Risk Mitigation in Africa (IRMA). The initiative was founded in 2010."

Institutions represented at the meeting included the AfDB, Agence Française de Développement, African Export-Import Bank, African Guarantee Fund, the International Bank for Reconstruction and Development, and the International Finance Corporation. In addition to these were the Berne Union, Export Credit Insurance Corporation of South Africa, Export Guarantee Company of Egypt, Finnvera plc, and Guarantco, among others.

Participants presented the different guarantees and insurance products and services offered by their respective bodies in order to overcome the financial gap for development projects in Africa. Break-out sessions served as innovation labs where the delegates discussed and explored new mechanisms to support trade and project finance in Africa.

Topi Vesteri, President of the Berne Union, lauded the gathering, which came to be known as Abidjan Union. He said: "The Abidjan Union meeting is an excellent example of bringing together African and non-African risk experts for knowledge- and risk-sharing, thus laying foundations to contribute to stability and growth for trade and investment." He stated the importance of identifying possible gaps and finding ways to bridge them, adding, "This requires a more regular exchange of ideas by institutions with capacity to assume trade and investment risks." The second Abidjan Union meeting is planned for 2017.

AfDB and World Bank meet to discuss way forward for Africa Hydromet Program

Faced with drought, flooding, and climate-resilient infrastructure, adequate hydro-meteorological services are necessary to support resilient growth across a range of sectors in Sub-Saharan Africa. But given 80 % of such services on the continent are under-funded, have weak capacity and deteriorated infrastructure, collaboration is seen as the only viable solution to help turn the situation around.

Launched in June 2015 by the African Development Bank, the World Bank Group, and the World Meteorological Organization, the Africa Hydromet Program offers an Africa-driven collaborative platform for development partners to strengthen the capacity of African countries to improve weather, climate and hydrological services and produce timely, accurate forecasts, contributing to climate resilience, economic development and disaster risk management.

The program intends to do this by helping strengthen national hydro-meteorological systems; modernize regional centres; and facilitate regional system integration and global knowledge exchange.

January's meetings were the first formal move toward implementing the program since its launch last year. Representatives from the AfDB and the World Bank met to discuss the operationalization of its activities which focus on investment, technical assistance and capacity-building, possible synergies and available sources of financing.

Both teams exchanged information on Hydromet projects currently under implementation, preparation, and consideration. In an effort to streamline their approach, it was agreed that a comprehensive strategy and master plan tailored to individual country contexts would guide the process in the future.

Given the important role of Hydromet services in agriculture production, food security, water resource management, air and road safety and disaster management, the mission further highlighted the potential of mainstreaming substantial Hydromet components in regular agriculture and water projects.

Having agreed upon the program's objective, rational and approach, the next step will be formalizing the partnership in writing as discussion begins on the organization of a regional workshop.

"Given the scope of the challenge, the Africa Hydromet Program will require a joint effort to mobilize sufficient resources to maximize its transformational impact," said ClimDev Africa Special Fund (CDSF) Coordinator Justus Kabyemera. "Once the formal agreement has been finalized, a resource mobilization strategy will be developed."

The AfDB estimates as much as USD 1 billion is required to improve hydro-meteorological services in Africa with a minimum of USD 100 million to 150 million per year needed to modernize regional systems.

The Africa Hydromet Program has four unique features. It leverages partnerships and fosters interagency coordination; is aligned with the Global Framework for Climate Services and the Integrated African Strategy on Meteorology; champions better hydromet services as a public good for resilient development and poverty reduction; and encourages sustainability by blending scaled-up investment financing from development partners with corresponding operational financing from host governments.

African Development Bank approves $1.1 billion in loans to Tanzania

The African Development Bank (AfDB) has approved a loan package worth $1.1 billion to Tanzania to be paid out over five years to fund infrastructure projects and improve public sector governance, it said.
The line of credit will be used primarily to support the transport and energy sectors and improve the business environment in east Africa's second-biggest economy. The loans would support "transport and energy to promote domestic and regional transport connectivity and improve access to reliable, affordable and sustainable electricity," AfDB said in a statement late. "The second pillar prioritises strengthening of financial management and improving the enabling environment for private sector investment and finance for sustainable job creation."
The government plans to spend $14.2 billion to construct a new standard gauge rail network in the next five years financed with external loans. It also plans to build a new $10 billion port at Bagamoyo, expand existing airports and invest in new roads. Tanzania, like its neighbour Kenya, wants to profit from its long coastline and upgrade existing rickety railways and roads to serve growing economies in the land-locked heart of Africa. Tanzania boasts economic growth of 7 % a year, yet it is largely driven by state investment and poverty remains stubbornly high. It also has natural gas reserves that are estimated at more than 57 trillion cubic feet (tcf) and the central bank believes 2 percentage points would be added to its annual economic growth simply by starting work on a plant to process that would draw in billions of dollars of investment. "Board members underscored the need for Tanzanian authorities to ensure that the country’s high GDP growth delivers robust economic transformation, poverty reduction and improved livelihoods," AfDB said. *(Reuters)*

INVESTMENTS

Portugal finances projects in Mozambique

Portugal’s development agency Sociedade para o Financiamento do Desenvolvimento (Sofid) will support the expansion and modernisation of companies in Mozambique through a Financing Memorandum signed with Banco Terra Moçambique (BTM), the bank said. The agreement signed in Maputo by the chairmen of BTM, Almeida Porto and Sofid, Paulo Lopes, covers all key sectors of the Mozambican economy, with particular focus on renewable energy, environment, infrastructure and tourism. Sofid is a finance company that is 64.3 % owned by the Portuguese State that supports the internationalisation of Portuguese companies and in Mozambique, where it operates through the InvestimoZ Fund finances public or private investment projects promoted by Portuguese companies or Luso-Mozambican partnerships. BTM’s shareholders are Rabobank Development, which is part of Rabobank Group of the Netherlands, Montepio Holding, part of Montepio Geral – Associação Mutualista, which was established in 1840, Norfund, a financial entity to support development controlled by the Norwegian State and GAPI, a financial institution for development based on a Mozambican public-private partnership. *(Macauhub)*

Cabo Verde receives 569,000 tourists in 2015

Cabo Verde (Cape Verde) in 2015 received over 569,000 tourists, a figure which represents an annual increase of 5.5 %, the National Institute of Statistics of the archipelago reported. These same tourists accounted last year for more than 3.7 million overnight stays, an increase of 8.6 % year on year, with the UK being the main country of origin of tourists and whose nationals remained in Cabo Verde longest, with an average of 8.9 nights. The island of Sal remained the most popular, with 43.2 % of all entries, followed by the island of Boa Vista, with 31.9 % and Santiago with 12.3 %, with the same order for the number of overnight stays. After the UK, the main sources of tourists were Germany, with 13.4 %, Portugal with 10.9 % and the Netherlands with 10.6 %. *(Macauhub)*

Cabo Verde seeks investment to attract retired Europeans

Cabo Verde (Cape Verde) wants to attract European pensioners seeking sunnier climes to spend their retirement, said Prime Minister José Maria Neves, on presenting the Afro-Verde 1 investment fund in Luxembourg. The fund, which will be headquartered in Luxembourg and has been presented at a meeting held in the Luxembourg Chamber of Commerce, aims to attract an investment of around 100 million euros for six tourism and real estate sector projects in Cabo Verde, two of which are aimed at pensioners. The Cape Verdean prime minister, cited by weekly newspaper A Semana, said one of the government’s focuses was to diversify demand for tourism, taking advantage of the security and the privileged climate of the country. Neves recalled that Cabo Verde already annually receives 600,000 tourists, and with these new projects the government hopes to “have tourists of all ages and segments and we can achieve in 2020 or 2021 our goal of 1.2 million people.” Besides the two hotel projects geared towards the elderly, the investment fund that will be managed by the company Afroverde Capital Partners, established in Cab Verde, wants to raise

investment for four hotel projects on the islands of Santo Antão and São Nicolau. Neves is due to meet with his Luxembourg counterpart, Xavier Bettel, then will travel on to Paris and Lisbon, where he will stay between 17 and 21 February for meetings with the Cape Verdean community and contacts with the various local authorities. *(Macauhub)*

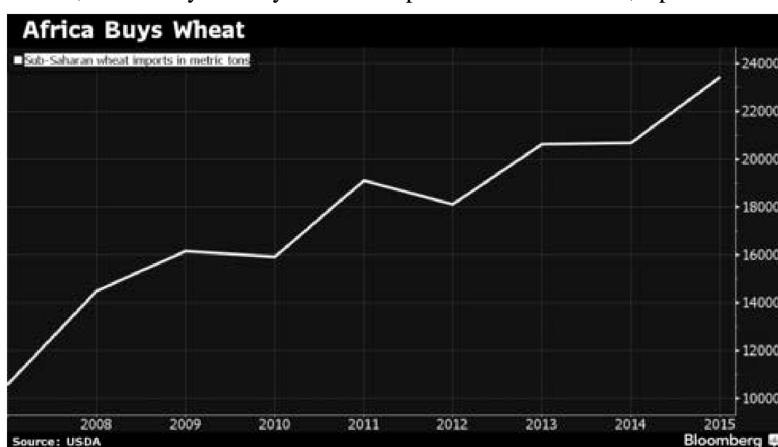
French Bakers Rush to Africa as the Wealthy Seek Fresh Goods

Several times a week Ivorian computer engineer Paul Tahi stops by Le Roi du Pain bakery in northern Abidjan to buy six freshly-baked baguettes for his three children. "My children love bread -- for breakfast in the morning or for snacks at school," said Tahi, 42, while carrying a bag of the French bread loaves. "At home, we eat more bread than rice."

Le Roi du Pain, translated as The King of Bread, was opened in the city's Deux-Plateaux neighborhood in July by Mohamed Shour, a 32-year-old Lebanese baker's son who was born and brought up in Abidjan. The brightly-lit, 24-hour eatery is just one of a growing number of bakeries -- local, Lebanese and French -- to spring up in Ivory Coast's economic capital in recent months. Its competitors include La Brioche Doree, owned by Groupe Le Duff SA, based in Rennes, France, and fellow French chains PAUL and Eric Kayser. "The demand is huge and the growth in the consumption of bread is exponential," said Remi Depoix, head of Paris-based Cerealis SAS, which exports wheat to west and central Africa. The company plans to double annual sales to 2-million metric tons over the next decade to meet rising demand in Africa, which accounts for 60 % of shipments. Annual wheat imports to sub-Saharan Africa have risen over the past 1O years to 23 million tons, according to the U.S. Department of Agriculture.

Increasing urbanization and a growing middle class in sub-Saharan Africa are boosting demand for higher-quality baked goods, including viennoiseries and pastries, Depoix said. The number of middle-class households, or those consuming $15 to $115 a day, in the region has tripled since 2000, according to Johannesburg-based Standard Bank Group Ltd. An ordinary baguette at PAUL in Abidjan costs 300 francs, compared with 150 francs at a local bakery. That's motivated French bakery chains to start investing in Africa -- and not only in Francophone countries.

PAUL, owned by closely held Groupe Holder of France, opened its second shop in Abidjan last month on Rue Des Jardins, a busy commercial street. The cafe-bakery is also expanding in South Africa, where Johannesburg-based Famous Brands Ltd. has the right to open about 30 outlets across the country, before targeting other sub-Saharan African nations.



La Brioche Doree plans to open 30 restaurants in six countries by 2025, after its first Abidjan bakery started selling goods in December. The Parisian artisan baker Eric Kayser is considering Abidjan for its third African store this year, adding to outlets in Senegal and the Democratic Republic of Congo.

Industrial Bakeries

Carrefour SA, France's largest retailer, is opening supermarkets in African countries including Ivory Coast, creating a market for bakeries specializing in mass production, according to Raymond Nogael, marketing director at Mecatherm SA., the French maker of baking equipment including ovens. "The population grows and will have increasing needs," he said. There will be "more industrial bakeries." But some continue to believe in the appeal of handmade bread. In Abidjan, Hussein Taan has earned a reputation as one of the city's best bakers. After studying baking at Ferrandi culinary arts school in Paris, the Lebanese-Ivorian opened Des Gâteaux et du Pain in 2008. Taan, 30, now runs three outlets and sells more than 2,000 bread and croissant products daily. One of the bakery's most popular creations is the Gagnoa, a chocolate mousse cake named after a town in the country's most fertile cocoa region. "We have more and more customers and potential customers," Taan said in his main shop located near PAUL on Rue Des Jardins. "People got to know a new way of making bread, a new range of cakes and they've acquired new habits," he said. *(Bloomberg)*

Emira eyes asset base expansion, R2.5bn investment in potential projects

Emira Property Fund is mulling the injection of R2.5-billion in capital expenditure (capex) for projects-in-planning across its portfolio after several successful redevelopment, expansion and improvement projects, as well as acquisitions and disposals, boosted the JSE-listed real estate investment trust's (Reit's) portfolio value. Emira's local investment property value across 146 properties increased 4.2% to R13-billion in the six months to December 31, with some R515.1-million in capex spread across 13 property redevelopment and extension projects that were currently under way. The modernisation, extension and redevelopment programme included the R69.4-million upgrade and refurbishment of the 19 342 m2 Kramerville Corner, in Marlboro, which would be completed by March. Another significant project was the R795-million three-phase redevelopment of the Knightsbridge Manor office park, in Bryanston, from a 10 000 m2 B-grade office park to a 29 352 m² P-grade, seven-building, 4-Star Green Star SA-rated office park. The R368-million, 13 500 m2 first phase, on which work started in November last year, was scheduled for completion in May 2017. The

rest of the project would be developed in line with tenant and market demand, with expectations that phases two and three would be completed in April 2019, said CEO Geoff Jennett.
The group was also extending its 60%-owned Ben Fleur centre, in eMalahleni, at a cost of R19.9-million and revamping its 9 Long Street, Wonderpark and Bradenham Hall assets, in Cape Town, Pretoria and Rivonia respectively, at an aggregate cost of R28.7-million. These projects were set to be completed this year. “The number of projects under way reflects the fund’s strategy to continually upgrade the portfolio and extract value from existing bulk,” Jennett said, pointing out that the yield of the top six projects would be, upon completion, above 7.8%, while the yield on all 13 projects would be 7.7%.
Speaking at Emira’s interim results presentation, in Sandton, he noted that, if the market could absorb it, Emira would gradually realise about R2.5-billion worth of projects that were in planning. The potential projects being considered included a R730-million residential/office development at the 12 Baker street and 2 Sturdee road Rosebank properties; the R550-million development of Harbour Place, in Cape Town; the development of the Southern Sentrum, in Bloemfontein; Podium Phase 2, in Menlyn; Quagga Centre Phase 1, in Pretoria; and Ben Fleur Phase 3, in eMalahleni.

DISPOSALS AND ACQUISITIONS

During the six months to December, Emira entered into agreements to dispose of R421-million worth of properties and had acquired properties to the value of R240-million. It bought a 50% undivided share in Mitchells Plain shopping centre, in Cape Town, for R75.3-million at an initial yield of 9.3%, in addition to a 50% undivided share in Summit Place, Menlyn, for R403-million at an average yield of 8.14%. The first two completed buildings, Summit Place 1 and Summit Place 2, had been transferred to Emira in December at a cost of R86.4-million. The remaining three buildings, which included both office and retail space, would be developed by Emira and completed by January 2017. By December 31, R110-million had been paid for the land and development costs to date for Summit Place 3 and Summit Place 4.
The company was also in negotiations to buy the remaining 40% in the Ben Fleur centre. Further, Emira was acquiring, for R70-million, the vacant 1 West 21 000 m2 property, in Centurion – one of its projects-in-planning. The company was considering embarking on a R561-million commercial development on the site. Emira continued its “recycling of capital” with strategic noncore property disposals and reinvesting the proceeds in strategic acquisitions, developments and upgrades. The Reit had sold two buildings during the first half of the financial year, with the transfer of Brandwag shopping centre and Kosmos flats, in Bloemfontein, concluded in September for R250-million. One disposal was concluded post the close of the half-year, while the remaining three transfers would be completed within the next three months after agreements were entered into for the sale of the noncore offices in Bloemfontein for R171.2-million. “The successful execution of the fund’s disposal strategy is nearing completion with very few noncore properties remaining on its disposals list,” Jennett noted.

ASSET BASE EXPANSION

Emira planned to increase its asset base of office, retail and industrial properties to R20-billion within the next two-and-a-half years and cautiously increase its exposure to offshore Reit holdings to about 10% in the next 12 to 18 months. The group’s international diversification was being undertaken through a 4.9% direct holding in ASX-listed Growthpoint Australia (GOZ), at a value of R942.7-million, which brought Emira’s total current asset value to R14-billion. Income from Emira’s 27.2-million-unit investment in GOZ increased by 21.8% as a result of increased distributions and the rand’s depreciation against the Australian dollar. In line with this, the group planned to build up the skills and capacity to become comfortable enough to pursue direct investments in an offshore jurisdiction at a low risk.

FINANCIAL RESULTS

During the first half of the year, Emira delivered an 8.8% increase in distributions a share to 70.34c, owing to the increased income from the GOZ investment, an improved portfolio occupancy, acquisitive growth and contractual escalations on most of its portfolio. CFO Greg Booyens said the company had generated revenue of R883-million in the first half of the year, a 5.4% rise on the prior corresponding period, while the company’s property expenses were well contained with the gross cost-to-income ratio marginally higher at 35.7%. Municipal expenses, maintenance costs and bad debt provision had resulted in a 11.4% increase in property expenses to R323.7-million. Management and administration expenses remained stable at R43-million during the half-year under review. Emira’s net asset value increased 2.9% from R17.51 a share as at June 30, 2015, to R18.01 a share as at December 31 – taking the Reit’s net asset value growth over the past five years to 12.4% compounded a year – following the revaluation of investment properties and the investment in GOZ, as well as the acquisition and development of further properties. Emira recorded a continued low vacancy rate of 4.7% and high tenant retention of 82%. *(Engineering News)*

Standard Bank Sees Full-Year Earnings Rising as Much as 35%

Standard Bank Group Ltd., Africa’s largest lender by assets, said it expects to report that 2015 profit increased by as much as 35 % because of reduced losses at its international operations. Earnings per share excluding one-time items will range from 13.52 rand ($0.89) to 14.60 rand a share from 10.81 rand in 2014 when using international financial reporting standards, the Johannesburg-based company said in a statement. In 2014 Standard Bank incurred losses of 3.7 billion rand linked to its operations outside Africa. The bank last year completed the sale of its Brazilian unit and also

sold a 60 % stake in its U.K. operations to Industrial and Commercial Bank of China Ltd. "Headline earnings in the comparable period included the impact of losses incurred in the outside Africa discontinued operation of R3.7 billion," the bank said. "Losses have reduced meaningfully in 2015." Standard Bank rose as much as 7.9 % and was 4.9 % higher at 114.12 rand as of 9:30 a.m. in Johannesburg. *(Bloomberg)*

BANKING
Banks

Algeria, Angola, Panama Removed from FATF Blacklist

The Financial Action Task Force, an international body that sets standards for anti-money laundering and combating terrorist financing, said Algeria, Angola and Panama are no longer on its blacklist. The FATF, in a statement released following a plenary meeting this week, congratulated the three countries for "significant progress" made in addressing deficiencies in their anti-money laundering legal frameworks. As a result of their removal from the blacklist, the statement said, the countries are no longer subject to monitoring by the FATF and they'll work with regional bodies on their compliance. Panama's President Juan Carlos Varela tweeted his pleasure about the development, saying: I am pleased to announce that Panama has come off the FATF gray list thanks to the new era of transparency we are living." Countries that fail to implement FATF's standards on anti-money laundering and counter-terrorist financing policy run the risk of being labeled as high-risk or uncooperative jurisdictions, making it more costly and difficult for those nations to transact with the banking systems of FATF member states.

In addition, the FATF added Israel as an observer and Malaysia as a member, saying Malaysia was evaluated last year and has since developed an action plan for addressing issues the exam found. The FATF said it "remains particularly and exceptionally concerned" about Iran's failures to address terrorism financing, and concerned with North Korea's failures to address its "significant deficiencies" in its anti-money laundering regime. Vanuatu, which the FATF called out in October, "made a high-level commitment" this month to work with the FATF and a regional group to address its deficiencies, the FATF said. Also, Myanmar addressed its action plan at the technical level, the FATF said. The FATF said terrorism financing remains the body's top priority, and it adopted a "consolidated strategy" for fighting it. The strategy document comes days after the FATF released a communiqué from its meeting with the Counter ISIL Finance Group. *(Wall Street Journal)*

US Exim Bank in Angola to promote US products

A representative of the United States Export-Import Bank (ExIm) of the United States will meet with major banks operating in Angola and with government officials to provide information about its funding programs, the bank said in a statement. Cited by Angolan news agency Angop, the statement said that the Director of Global Business Development for Africa, Rick Angiuoni, would provide information concerning the financing mechanisms to support trade between the United States and other countries, including Angola. In 2014 the US ExIm Bank signed a memorandum of understanding with the government of Angola to finance trade and infrastructure, using the financing tools at its disposal. This memo identified several economic sectors, including energy, infrastructure, railways, roads, mining, telecommunications, agriculture and supply of construction equipment, the environment and, water and sanitation projects. Since the memorandum was signed, the Exim Bank has provided financial support to Angola for the purchase of Boeing aircraft by Angola's airline TAAG and the acquisition by the country's national aviation company ENANA of two fire trucks manufactured by US company Oshkosh Corp. *(Macauhub)*

Angolan bank announces stake in Portuguese bank BPI

Angolan bank Banco BIC has a share of 2,.28 % in Portuguese bank Banco BPI and respective voting rights, the bank said in a statement institution through the Portuguese Securities and Exchange Commission, CMVM. The stake is divided into 1.90 held directly by BIC and 0.38 % held by the chairman of the board of directors, Fernando Teles and administrator Fernando Duarte. The shareholder structure of Banco BIC, as of 31 December, 2014, included SGPS Santoro, with 25 %, and Finisantoro, with 17.5 %, both controlled by Angolan businesswoman Isabel dos Santos. The Angolan businesswoman and Teles control 80 % of Banco BIC, the former with a share of 42.5 % and the latter 37.5 %. This stake is not new, and the market regulator forced BIC and its tow directors and shareholders to announce that, together, they control 2.28 % of BPI. Banco BIC (1.9 %) and the two directors (0.38 %) have held the shares in BPI for a long time, but as they were acquired separately, avoided having to communicate the stake to the market, which is required when it reaches 2 %. *(Macauhub)*

Kenya's remittances rise 8.4 pct in 2015 to record $1.54 billion

Kenyans living abroad sent home 8.4 % more money last year, increasing their remittances to a record $1.54 billion, the central bank said. Cash from abroad is a major source of foreign exchange for the import-dependent economy, along with earnings from tea, tourism and horticulture. Kenyans abroad typically send money to help their families and for investments such as real estate. Last year's remittances offered much-needed support to the Kenyan shilling, which fell close to its record low of 107 per dollar last September before stabilising. The shilling is up 0.5 % against the dollar this

year, bucking the trend among other major African currencies, which have been hit by a rout in global commodities markets. *(Reuters)*

Bank of Cabo Verde rejects sale of Banco Internacional de Cabo Verde

The Bank of Cabo Verde (BCV) has rejected the purchase of 100 % of the capital of Banco Internacional de Cabo Verde (BICV) by Groupe Norwich, according to a statement released in Praia. The basis for the refusal is “the lack of information” about the group owned by Portuguese businessman Jose Veiga, whom the Bank of Cabo Verde had already denied an application for the establishment of a bank “of a similar nature due to not meeting legal requirements.” The BCV also explained the decision with the “absence (…) of properly certified financial statements of Groupe Norwich or any information about the financing of the acquisition, especially on the use of capital and the origin of such funds.” The lack of financial information on António José da Silva Veiga as the “person at the top of the chain of interests” was a major consideration in the decision of the Cape Verdean banking supervisory authority. Bank of Portugal announced in a statement it had vetoed the sale of BICV to businessman Jose Veiga following the investigations related to the operation, “with a view to protecting the reputation of Novo Banco.” The businessman has been in custody since 8 February on suspicion of crimes of corruption, influence peddling and participation in business, among other crimes. *(Macauhub)*

Absa says Barclays Africa remains committed to the continent

ABSA attempted to assuage South Africans following reports about its imminent sale, by saying Barclays Africa Group has reiterated that it "remains committed to Africa". Absa said it continued to "be optimistic about our growth prospects, and to operate in the normal course of business". This came after the Financial Times reported that London-based Barclays had decided to offload its African operations, which includes the Absa Group. CEO Jess Staley had allegedly appointed a subcommittee to study the sale process. Barclays Africa shares fell as much as 6% as markets opened and was trading 4.8% lower at R137.90 by 9.50am. Barclays Africa Group said that any announcement by its London-listed parent company would not affect the shareholding and ownership of operations in individual African countries. The news is expected to be formally announced when Barclays plc and Barclays Africa Group announce their 2015 financial results. The sale is reported to be part of Barclays plans to focus on US and UK markets. "UK-based Barclays plc, which owns 62.3% of Barclays Africa, said it continues to evaluate its strategic options in relation to its shareholding in Barclays Africa Group Limited," statement read. Maria Ramos, Barclays Africa Group CEO, said: "We continue to offer a full and integrated range of products and services to more than 12-million customers in 12 countries across Africa, and our customers can be just as confident doing business with us today as they have always been. "With an independent board and a separate listing on the JSE we are deeply rooted in Africa and remain firmly in control of our future. "We continue to be optimistic about our prospects in Africa, where we have a strong franchise with assets of over R1-trillion. We are deeply committed to the success of our continent. Our destiny is in Africa." Fund manager Korner Perspective director Graeme Korner said there was little appetite in the market for a major banking transaction and that finding a new buyer with a good balance sheet was going to be challenging. "Unless there is a really powerful player that has a deep balance sheet and can add strategic value to Barclays Africa, it’s not in the interest of minority shareholders to see it passed on to somebody else," he said. The Public Investment Corporation told Business Day last month it was keen to increase its stake in Barclays Africa if the group’s parent in London were to sell down. *(BDLive)*

Markets

African Development Bank sets coupon rate of $1 bln bond at 1.125 pct

The African Development Bank has priced a three-year $1 billion global benchmark due on 4 March 2019 at a coupon of 1.125 %, the AFDB said. The lead managers of the bank's first USD global benchmark for 2016 are BNP Paribas, HSBC, JP Morgan and Nomura, the AFDB said in a statement. *(Reuters)*

Bank of Mozambique increases benchmark interest rates

The Bank of Mozambique has decided to increase key interest rates, and the marginal lending facility was increased by 100 basis points to 10.75 % and the deposit facility by 50 basis points to 4.25 %, the central bank said. In a statement, the Bank of Mozambique, announcing the major decisions of the Monetary Policy Committee said reserve requirements remained at 10.5 % and there would be an intervention in the interbank market in order to ensure the money supply in February would not exceed 68.163 billion meticais. The same statement said that at the end of January the exchange rate of the metical against the dollar was 46.06 meticais, equivalent to a monthly depreciation of the metical of 2.47 %, with annual depreciation slowing slightly to 42.25 %. At the end of January, the balance of net international reserves had been reduced by US$124.5 million to US$1.869 billion, mainly reflecting the effect of net sales by the Bank of Mozambique in the interbank foreign exchange market worth US$130 million. *(Macauhub)*

Kenya's Treasury to cut 2015/16 local borrowing by a quarter

Kenya will cut its planned domestic borrowing for the 2015/16 (July-June) fiscal year by about a quarter to 168 billion shillings ($1.65 billion), on the back of expenditure cuts of 1 % of GDP, its finance minister said. The plan, contained in

a supplementary budget that is yet to be approved by the cabinet and the national assembly, will reduce the budget deficit to just under 7 % of the gross domestic product, from the initial target of 8.7 %, Henry Rotich told Reuters. "It (deficit) is coming down from about 8.5 % to about 6.9 %," he said. The expenditure cuts, which amount to 50-60 billion shillings, had been considered carefully to ensure they do not hurt the country's economic prospects. "We have done very careful cuts so it doesn't impact on the growth," Rotich said. ($1 = 101.7000 Kenyan shillings) *(Reuters)*

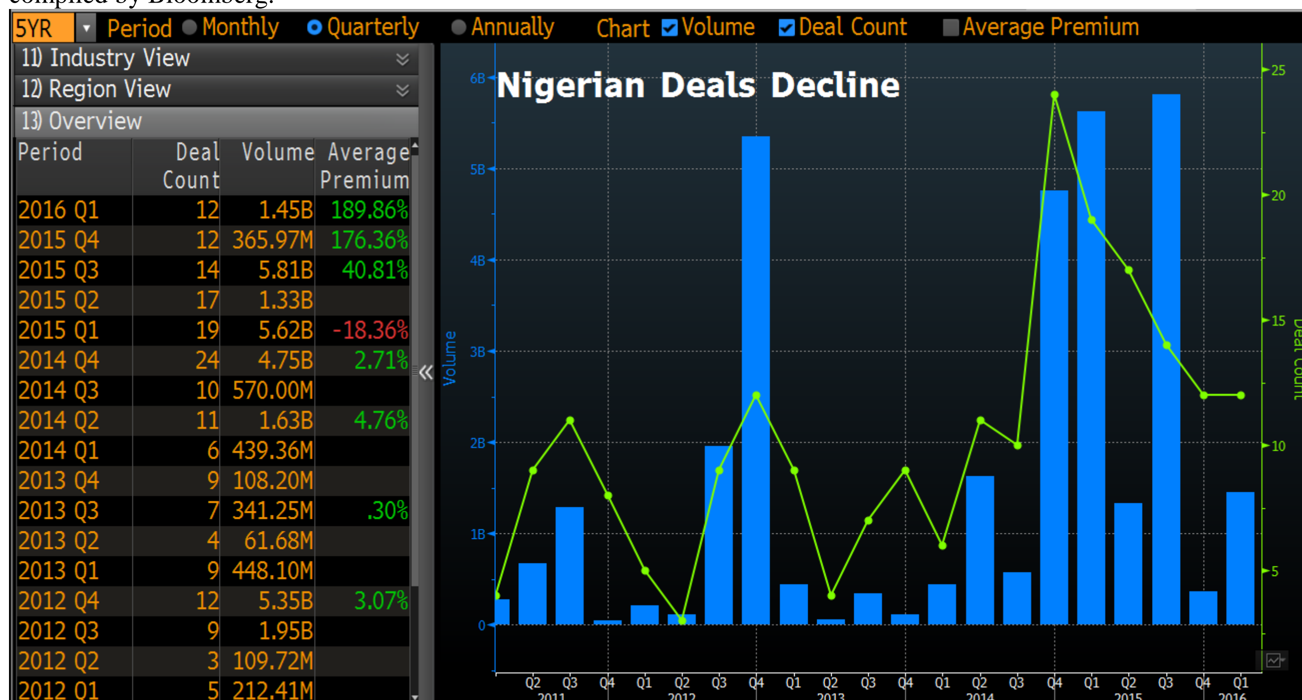
Tunisia to issue 750 mln to 1 bln euros of bonds soon, official says
Tunisia is preparing to issue Euro-denominated bonds worth 750 million euros to 1 billion euros ($833.48 million to $1 billion) within a few weeks, a government official told Reuters. "We will go to the international market in few weeks ... it should be between mid-March and May 2016, for between 750 million euros and 1 billion euros," the official said. Tunisia last went to the international market a year ago when it issued a $1 billion bond. ($1 = 0.8998 euros) *(Reuters)*

South Africa Cuts Borrowing as Debt Ratio Climbs Above 50%
South Africa plans to reduce borrowing to the lowest level since 2012 as a weakening rand and slowing economy pushes government debt to more than 50 % of gross domestic product. Domestic bond sales will fall in each of the next three fiscal years, even as debt ratios rise higher than previously projected, the National Treasury said in its annual Budget Review. Moody’s Investors Service and Standard & Poor’s cited rising debt levels as a key risk when they cut the nation’s credit-rating outlook to negative in December. S&P rates South African debt at BBB-, one level above junk. “We know there are certain levels that people say the rating agencies look at, but we don’t target a level for debt,” Tshepiso Moahloli, chief director of liability management in the Treasury, said in an interview. “We want debt to stabilize, and you do see that stabilization. It may be slow but it is happening.” Gross government debt is set to climb to 50.5 % of GDP in the year through March from 46.8 % in the previous 12 months, and reach 50.9 % next year. The ratio is forecast to stabilize at 50.5 % in 2018-19, compared with October’s forecast of 49.4 %. A downgrade would boost borrowing costs at a time when the prospect of more interest-rate increases in the U.S. is drawing money away from emerging markets, the Treasury said.
Other details related to borrowing include:
* The net borrowing requirement -- the amount needed to fund the budget deficit -- will fall to 156.3 billion rand ($10.3 billion) in the next fiscal year, from 172.8 billion rand. The borrowing requirement will be 151.3 billion rand in 2018-19.
* Domestic-bond sales are forecast to drop to 174 billion rand in the next fiscal year from 175 billion this year, while redemptions increase. The government will offer 165.5 billion rand of the securities the following year and 160.5 billion rand in 2018-19, the Treasury said. *(Bloomberg)*

South Africa to borrow $4.5 bln from global markets over medium term: Treasury
South Africa's government plans to borrow $4.5 billion from global markets over the next three years, with $1 billion worth of paper planned for the current fiscal year ending March if conditions allow, the National Treasury said.In its budget review outlining spending plans for the next three financial years, the Treasury however acknowledged that perceptions of risks associated with lending or investing in South Africa had increased over the last few months, raising borrowing costs. As a result, debt service costs were seen rising by 15.3 billion rand over the next two years, the country’s fastest growing item of expenditure. “The borrowing rate is trending on a higher plateau,” it said. "Over the medium term, government’s borrowing strategy focuses on reducing the risks presented by the sharp increase in loan repayments beginning in 2016/17." New issuances in domestic capital market would decrease marginally to 160.5 billion rand ($10.47 billion) by 2018/19 from 175 billion rand in 2015/16, in line with an improved budget balance. This would constitute the lowest bond issuance in the domestic market since 2011/12. The Treasury singled out the main risks to government’s borrowing programme as rising interest rates and bond yields, following 100 basic points in the benchmark repo rate since July 2015 as the central bank grappled with rising inflation. Bond issuance would be concentrated in longer maturities and fixed-rate bonds, with only about 20 % of issuance in inflation-linked bonds. ($1 = 15.3348 rand) *(Bloomberg)*

Citigroup Sees Vanishing Nigerian Deals on Naira Risk
Citigroup Inc. said deals in Nigeria, Africa’s biggest oil producer, have plummeted because investors are too scared to spend money when it’s expected that the naira will have to be devalued. “I see this as a year of pause,” Miguel Melo Azevedo, Citigroup’s head of investment banking for Africa, who helped sell dollar debt for countries including Nigeria and Morocco, said in an interview in Cape Town. “You will look very stupid if you buy something in Nigeria and tomorrow it gets devalued. There’s an embarrassment factor.”
Nigeria’s government is shielding the naira after the 42 % decline in the price of Brent crude in the past year has decimated state revenues. The currency has been pegged at 197-199 per dollar since March last year, while in the unofficial parallel market, the naira is 34 % weaker, and traded at about 300 per dollar.

The number and the size of mergers and acquisitions is showing the strain. So far this year there have been 12 deals valued at $1.45 billion compared with a year ago when there were 19 deals worth $5.62 billion, according to data compiled by Bloomberg.



Period	Deal Count	Volume	Average Premium
2016 Q1	12	1.45B	189.86%
2015 Q4	12	365.97M	176.36%
2015 Q3	14	5.81B	40.81%
2015 Q2	17	1.33B	
2015 Q1	19	5.62B	-18.36%
2014 Q4	24	4.75B	2.71%
2014 Q3	10	570.00M	
2014 Q2	11	1.63B	4.76%
2014 Q1	6	439.36M	
2013 Q4	9	108.20M	
2013 Q3	7	341.25M	.30%
2013 Q2	4	61.68M	
2013 Q1	9	448.10M	
2012 Q4	12	5.35B	3.07%
2012 Q3	9	1.95B	
2012 Q2	3	109.72M	
2012 Q1	5	212.41M	

"The drop-off in mergers and acquisitions could get worse," said Ronak Gadhia, a research analyst at London-based Exotix Partners LLP. "The level of foreign direct investment has also dropped off a cliff and it's not going to recover any time soon until policies around the naira change." Nigerian President Muhammadu Buhari came to power in May last year, promising to fight corruption, fix the economy and tackle terrorism. What he couldn't give assurance on was the oil price. Economic growth last year eased to it's lowest pace in more than a decade and the benchmark Nigerian Stock Exchange All Share Index has fallen 17 % this year, the worst performer in sub-Saharan Africa. Nonetheless, Buhari remains opposed to devaluing the currency, arguing that it would result in higher inflation and hurt the poorest citizens. The drop in asset values "opens a buying opportunity," said Azevedo, who joined Citigroup in 2010 from Bank of America Merrill Lynch and was involved in Bob Diamond's initial public offering for Atlas Mara Ltd. Nigeria will likely be forced to devalue its currency and "those that have a longer-term perspective can take advantage of this. 2017, if oil comes back even to $50, I can see some resumption of normal levels of activity," he said.

With far fewer dollars circulating in Nigeria, the country's banks are struggling to access enough foreign exchange to facilitate imports, settle accounts with correspondent banks, keep up with customers' use of credit cards internationally and meet maturing debt obligations, according to Adesoji Solanke, Renaissance Capital's head of research in Nigeria. The biggest lenders have about 3.4 billion euros ($3.7 billion) in bonds and are faced with coupon payments of 1.5 billion euros this year, Solanke said in a Dec. 21 report. "It will become increasingly difficult to source enough forex to service debt repayments and a default will trigger a banking crisis," said Robert Besseling, a Johannesburg-based executive director at business risk consultancy Exx Africa. "If a default is going to happen, it will probably happen this year. It only takes one bank to hit the wall to create panic." Nigeria remains Africa's most populous country and its biggest economy. Even though its growth has slowed, the economy may expand 3.2 % this year and 4.9 % in 2017 if infrastructure investment is prioritized by the government, the International Monetary Fund said. Investors may be reconsidering their presence in Nigeria, but those with a longer-term view won't withdraw completely, Besseling said.

'Pitiful Valuations'

"Looking from the outside it's a highly under-penetrated market and valuations on assets like the banks are pitiful -- they're so cheap you could buy them without having to get board approval," Gadhia said. "But it boils down to a need for clarity. So far Buhari seems to have ad-hoc policies and you would need a lot more clarity before

investors gain confidence again." The IMF called on Nigeria to stop pegging its currency and to remove curbs on access to foreign exchange. To try and conserve declining reserves and boost local manufacturing, the central bank last year imposed restrictions on access to foreign currency, but businesses dependent on imports suffered and foreign portfolio inflows waned. Adding to the pain is inflation at 9.6 % in January, which is above the central bank's 6-9 % target range. "There's only a short list of people willing to take the risk of investing in Nigeria who have both the cash and the political backing," Besseling said. "It's very likely China will use this as an opportunity for its state banks to buy assets. It's also an opportunity for sovereign wealth funds in the Middle East." *(Bloomberg)*

In Nigeria, a Hunger for Dollars—but Hold the Fries
Central bank's clampdown on currency purchases in bid to tackle currency crisis puts businesses in a bind; KFC switches to rice

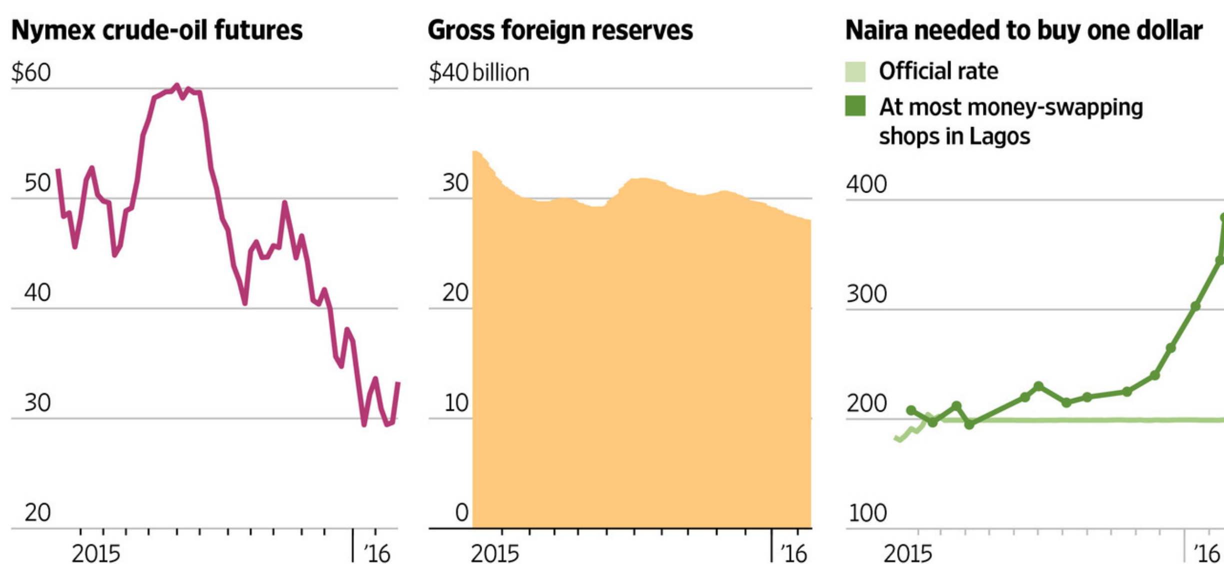
A currency crunch in Africa's top economy is escalating into a French fry shortage. U.S. dollars have become increasingly scarce over the past 18 months as global oil prices crashed, depriving Nigeria of most of its export revenue. So the central bank has toughened rules governing how easily businesses can purchase them. That helped the central bank freeze its reserves at about $28 billion, down around 20% from a year ago. But commerce is paying the price.

Unplugged from the global economy, factories and retailers can't get the foreign currency to pay suppliers abroad. KFC and other restaurants have yanked French fries from menus in recent days here because they can't get enough dollars to import potatoes. "So we offer rice," said Aditya Chellaram of Chellarams PLC, Nigeria's KFC franchisee. Mr. Chellaram has trained cashiers to explain foreign-exchange restrictions to irate customers. Nigeria doesn't have enough commercial potato farmers or processing plants to make up the difference. "It will take years," he said. The worsening currency crunch has derailed one of the world's biggest frontier markets, a nation with 184 million people and average economic growth of 7% since 2004. But that rate will drop to about 4.1% this year, the International Monetary Fund says, as demand for Nigeria's oil dries up. Some big businesses still see the long-term promise of a market that adds 13,000 people a day: Coca-Cola Co. in January spent an estimated $400 million on a large stake in a Nigerian juice factory.

But many companies are scaling back. Roughly two-thirds of government revenue comes from oil. As crude prices tanked, the central bank faced a tough choice: let its naira currency depreciate, or spend the money and investor credibility to keep it afloat.

So far, the bank has chosen the latter path. Since February 2015, the bank has pegged the naira at around 198 to the dollar. Importers are barred from getting dollars to buy a range of items including toothpicks and soap, because the bank says they can be purchased from local manufacturers instead.

Some companies are resorting to hauling sacks of naira notes to tin-roofed money-changing stalls near the international airport here, where Muslim businessmen with cash stacks tucked into their ankle-length robes sell a dollar for as much as 385 naira, a 94% markup.



Now even those shacks are running out of dollars. “If I sell one naira, I thank God,” said Dicko Ibrahim, a local currency trader who normally keeps about $30,000 on hand. One recent morning, he was down to a single $100 bill.
The central bank says its policies are meant to spur local production, and create factory jobs in a country where most people aren’t formally employed. The short-term pain is an acceptable trade-off to help industrialize the country, central bank Governor Godwin Emefiele has said. In time, that could free Nigeria from its dependence on oil. “There is wide room for optimism about the medium- to long-term macroeconomic prospects,” he said at January’s monetary-policy committee meeting, where many economists had expected Mr. Emefiele to announce a naira devaluation.
But manufacturers say his approach is fraught with problems. For example, the central bank won’t sell pharmaceutical factories dollars to import bottles, because it wants them to buy from local glass manufacturers. The catch: Local glass factories don’t produce the kinds of bottles pharmaceutical companies need, said Muda Yusuf, director-general of the Lagos Chamber of Commerce and Industry. Glass manufacturers say there aren’t enough pharmaceutical companies in Nigeria to justify making them, either. “They are all complaining bitterly,” he said. Cable manufacturers have the same dilemma. The central bank has asked them to buy steel coating from Nigerian mills. But those plants don’t make the grades cable makers need. That means decades-old electrical lines will keep corroding, worsening the daily blackouts that stop assembly lines. Food makers, meanwhile, have been told to buy palm oil from local farmers. But Nigeria doesn’t produce even half the palm oil its packaged-food factories require. That doesn’t seem likely to soon change: “Palm trees take years to grow,” Mr. Yusuf said. The bank said it would review the impact of its policies before the next monetary-policy meeting in May.
Meanwhile, the consequences are adding up. Local airlines complain that they sell tickets in naira they can’t trade for the dollars they need to buy spare parts. Nigeria’s Customs Service says revenue at its ports fell $1.2 billion last year because so many importers can’t get dollars, either. Clearing agents say warehouses are sitting empty. “The cargo is not flowing in at all,” said clearing agent Adebola Ibirogba, who is handling just 10% of his normal workload. “We just have to relax. There is nothing to do.”
Nigeria’s stock market has plummeted 14% this year, making it one of the world’s worst-performing exchanges. Brokers say they are tired of hassling bankers to get the dollars they need to conduct international trades. “You have to keep going back to your bank: ‘Is it ready, is it ready, do you have the dollars, do you have the dollars?’” said Esili Eigbe, head of West Africa research at brokerage firm Exotix Partners LLP. “We’re now looking at other markets: Bangladesh, Pakistan, East Africa. They’re a lot more interesting.” *(Wall Street Journal)*

Fund – Private Equity

Real estate fund acquires warehouses in Pemba, Mozambique

Delta Africa acquired a warehouse complex in Pemba, the capital of Cabo Delgado province, northern Mozambique, announced the management company of the pan-African real estate investment fund. The company said in a statement that the warehouse complex now acquired by the fund was regarded as “an opportunity to expand the presence of Delta Africa in Mozambique.” In a statement, the fund management company said that future exploration of natural gas discovered in the Rovuma basin would lead to Pemba receiving a lot of investment both by companies that are involved in hydrocarbon exploration and by the Mozambican government. Delta Africa, which is finalising the purchase of the complex from various entities, will spend US$ 8.5 million overall. This fund already has two buildings in Mozambique in its portfolio, specifically in the capital, Maputo. One of the buildings has six storeys and is home to the offices of the Mozambican subsidiary of US group Anadarko Petroleum and other anchor tenants are KPMG, BP and Hollard Insurance. *(Macauhub)*

ENERGY

Cabo Verde takes on loan in France to modernise Sal power station

The government of Cabo Verde (Cape Verde) has approved taking on a loan of 26 million euros to be granted by the French Development Agency to finance the modernisation works of the power plant of Palmeira, on Sal Island, reported Cape Verdean weekly newspaper A Semana. The loan provided by the French Development Agency (Agence Française de Développement, AFD) will be paid back over a period of 15 years, after a five-year grace period, in 30 consecutive half-yearly installments. The works in question are intended to increase power production capacity and improve integration of renewable energy into the island’s system. The project’s tender document outlines, for example, that the current thermal power plant cannot meet demand, as some of its generators are obsolete, as well as the fact that the high proportion of renewable energy – 35 % of the total in 2013 – causes to stability problems in the grid. According to the newspaper, the works include, the purchase and installation of three 3.5 megawatt generators, modernisation of some facilities such as the waste oil incinerator, the fire prevention system and fuel park . *(Macauhub)*

Mozambique President inaugurates 120 MW gas-fired power station

Mozambique President Filipe Nyusi inaugurated the 120 MW Gigawatt Park gas-fired power station, in Ressano Garcia. The project, which took 18 months to complete, was developed by South African investment group and majority shareholder in the project Gigajoule International. CEO Johan de Vos told Engineering News Online that the

plant had an installed capacity of about 120 MW. The plant's 13 generators of 9.3 MW each were manufactured by multinational corporation ABB and powered by Rolls-Royce engines. Gigawatt chairperson Castigo Langa added that the electricity generated by the power station was supplied to power utility Electricidade de Moçambique under a long-term power purchase agreement, both for use within Mozambique, as well as for sale to the regional Southern African Power Pool network. "The capacity of this power station represents about 24% of the needs of southern Mozambique, excluding that of the MOZAL aluminium smelter. Without a doubt, this is a noteworthy contribution to reducing the country's energy deficit," he said. Matola Gas Company supplied the natural gas to power the Gigawatt Park plant from a pipeline that branched off the main pipeline from Pande, Mozambique, to South Africa. About $200-million was invested in developing the project. The turnkey contract was implemented by a consortium comprising engineering firms WBHO and PB Power and solar thermal power company TSK as the main subcontractor. "Since there is insufficient gas available to sustain a long-term contract of this order of magnitude, we have subcontracted Aggreko to produce energy using power stations that can be dismantled to satisfy short-term commercial agreements of between two and four years," Castiga noted. He stated that Gigawatt remained committed to seeking better paths for expanding the capacity of the power station until it reached what was set out in its concession licence. "The concession that was awarded to Gigawatt was 350 MW and we have secured additional gas to increase the plant's capacity by another 40 MW," he said. *(Engineering News)*

Sumitomo Corp builds power station in Mozambique
The Sumitomo Corporation has joined another Japanese heavy industry company IHI to build a natural gas-fired power plant in Mozambique, reported Japanese newspaper Nihon Keizai Shimbun (Nikkei). Construction of the thermal power plant, under a contract awarded by state-owned power company Electricidade de Moçambique (EdM), has an estimated cost of US$149 million and will be built in Maputo province in the south of Mozambique. The plant, with a production capacity of 110 megawatts of electricity, or about one-fifth of the country's consumption should start to be built soon and is expected to come into operation in the summer of 2018. This project in Mozambique is the first in sub-Saharan Africa south by the IHI group, which under the contract will provide the electricity production equipment. The Japanese group is also involved in building a similar plant on the outskirts of Dar es Salaam, Tanzania, costing US$308 million and a 240 megawatt production capacity, which will be the largest in the country. *(Macauhub)*

Turkish ship supplies power to northern Mozambique and Zambia
A power station installed on board a ship moored in Nacala should start operating in March, and will supply electricity to northern Mozambique and neighboring Zambia, the Mozambican press reported. The ship MV Karadeniz PowerShip Irem Sultan, registered in Liberia, which docked at the port of Nacala on 18 February is a power station owned and operated by a company based in Istanbul, Karadeniz PowerShip Co. The first floating power plant to operate in Mozambique, where it will remain for two years, follows an agreement between the governments of Mozambique and Zambia, whose countries will benefit from the production, and the Turkish, which is responsible for the maintenance of the facility. With an installed capacity of 110 megawatts, this ship will produce vital electricity to supply the northern region of Mozambique, the provinces of Nampula, Cabo Delgado and Niassa, and the energy to be sold to Zambia will be sent there from the Cahora Bassa dam, which is closer to the country. *(Macauhub)*

Power distributor Kenya Power says H1 pretax profit down 17 pct
Kenya Power posted a 17 % drop in first-half profit, with higher power purchase, transmission and distribution costs offsetting a rise in electricity sales. The country's sole power distributor said pretax profit fell to 5.74 billion shillings ($56.5 million) in the six months ending December 2015, from 6.88 billion shillings in the same period in 2014. Electricity sales rose nearly 11 % to 41.67 billion shillings, it said in a statement. Non-fuel power purchase costs rose by 4.91 billion shillings to 24.95 billion shillings due to capacity charges for new power plants, while transmission and distribution costs rose by 2.61 billion shillings due to increased grid maintenance, Kenya Power said. Kenya relies heavily on renewables such as geothermal and hydro power, and aims to expand its installed generation capacity to about 6,700 MW by 2017, from about 2,500 MW now. East Africa's biggest economy also aims to halve bills from around $0.17-0.18 per kWh in three to four years from now by relying more on renewables than diesel-fired power plants. Kenya uses costly diesel plants to cover supply shortfalls. Demand for electricity from firms and homes outstrips Kenya's installed generation capacity, which means frequent blackouts disrupt businesses and force them to spend extra to install and run generators. Kenya Power said its earnings per share fell to 1.93 shillings from 2.31 in the first half ending December 2014. The firm said it would pay an interim dividend of 0.20 shillings per share, unchanged from the same period last year. ($1 = 101.6500 Kenyan shillings) *(Reuters)*

AFC takes controlling stake in Cape Verde wind farm
Africa Finance Corporation (AFC) has bought early-stage development capital provider InfraCo Africa's stake in the 25.5 MW, €65-million Cabeólica wind farm, in Cape Verde, for an undisclosed amount. The deal followed a share purchase agreement signed in May last year, in which AFC agreed to buy InfraCo Africa's stake in the project. Operating across four of Cape Verde's islands – Boa Vista, Sao Vincente, Sal and Santiago – and comprising over 30

wind turbines, Cabeólica provided around 20% of the islands' energy needs. To date, Cabeólica had generated over 300 000 MWh of clean wind power. Prior to the wind farm's development, the islands suffered from chronic power shortages and were heavily dependent on imported oil. "We are very excited to take a larger part in this groundbreaking project. Cabeólica provides access to electricity for 360 000 people, which is about 72% of the Cape Verde population. The project is staffed entirely by skilled Cape Verdean employees and, with sustainability at its core, it has avoided an estimated 55 000 t/y of carbon emissions and averted the need to import 15-million litres of diesel a year," AFC CEO Andrew Alli said. The sale would enable InfraCo Africa to recoup the early-stage development costs it had invested into Cabeólica and recycle these funds into developing other sub-Saharan African infrastructure projects. "The sale of InfraCo Africa's remaining stake in Cabeólica is the culmination of many years of hard work by our team and the government of Cape Verde. We are pleased to be working with AFC, once again, and hope to replicate the success of this project by reinvesting the sales proceeds into developing more projects, InfraCo Africa chairperson Brian Count said. *(Engineering News)*

Zimbabwe's main hydropower dam running out of water after drought

Zimbabwe's main hydropower dam could stop producing electricity in six months if water levels keep falling after the nation's worst drought in more than two decades, an official said. Zimbabwe and neighbouring Zambia both rely heavily on the Kariba dam for electricity, and falling dam levels at the plant raises the threat of deeper power cuts in the two countries which are already faced with frequent power shortages. Kenneth Maswera, Kariba Power Station's general manager told reporters that dam levels were at 12% of capacity, a level last recorded in 1992 during a severe drought. "We've not received any significant inflows, basically the level is going to continue going down if we don't get any flows into the lake," said Maswera in Kariba town, 390 km (242 miles) northwest of the capital Harare. Without any new inflows, the dam would only generate power for the next 165 days, Maswera said. Supplies from Kariba, which has an installed generating capacity of 750 MW, were at 285 MW now, he said. Zimbabwe is importing 300 MW of electricity from South Africa's power utility Eskom and another 40 MW from Mozambique, which has eased the power cuts, officials say. The drought has left three-million people in need of food aid in Zimbabwe, and farmers in Zimbabwe have lost cattle and crops to drought but fear the worst is yet to come. *(Engineering News)*

INFRASTRUCTURE

Angola regulates law on merchant navy and ports

The government of Angola has approved a set of regulations to regulate the law on the merchant navy, ports and related activities, said in Luanda the minister of Transport, Augusto Tomás. Specifically, the government approved the regulations of the National Integrated System for Maritime Traffic Control, Piloting at National Ports, Sea Search and Rescue System, Maritime Staff, as well as the regulation on the Safe Capacity of Ships and Vessels. After the cabinet meeting, Augusto Tomás justified the approval of those legal instruments based on the fact that current legislation is out of step with reality. The minister recalled that Angola has acceded to United Nations' international conventions on the Law of the Sea and on Search and Rescue, and that these conventions now need to be incorporated into national legislation. On the whole, Tomás said cited by Angolan news agency Angop, the new regulations are intended to safeguard human life at sea, the management of maritime traffic along the national coast, contributing to the fight against illegal immigration and illegal fishing on the Angolan coast. *(Macauhub)*

Luxembourg company will dredge the port of Maputo, Mozambique

Luxembourg-based company Jan de Nul, next May will start dredging the Maputo harbour channel to allow navigation of ships of up to 80,000 gross tons, the company managing the port said in a statement. This project, which will deepen the port channel from -11 metres currently to -14.2 metres, has an estimated cost of US$115 million, an amount that will be financed by banks operating in Mozambique. "Dredging the access channel to the port is a strategic decision that will not only help to achieve the set target of handling 40 million tons by the end of the concession, but also have long-term benefits for the Mozambican economy," said the chief executive of the Maputo Port Development Company (MPDC), Osório Lucas. This is the second dredging of the port access channel, after in 2010/2011 the channel was dredged to -9.4 m (the depth the channel was designed for) to -11 metres, which contributed to an increase in handled cargo from 12 million tons in 2011 to over 19 million in 2014. The MPDC is a partnership between state port and rail company CFM and Portus Indico, a partnership of Grindrod of South Africa, DP World UAE and Mozambican company Mozambique Gestores. *(Macauhub)*

MINING

Australian company discovers largest ever diamond in Angola

Australia's Lucapa Diamond Company has discovered a 404-carat diamond (80.8 grams) in Angola, the largest ever found in the country and the 27th globally, the company said in a statement released. Stephen Wetherall, CEO of the company, noted the special nature that the Lulo diamond concession had for the Lucapa Diamond Company, adding

that “this discovery, in addition to other diamonds of more than 100 carats found, is the biggest proof of that.” The previous record belonged to a diamond with 217.4 carats (43.48 grams), discovered in 2007 and which was named “Star of Angola”. The largest diamond ever discovered, “Cullinan”, was 3,106 carats (621.2 grams) and was found in South Africa in 1905 and was later embedded in the royal sceptre of the British Crown. The Lucapa Diamond Company’s Angolan partners in this project are state company Empresa Nacional de Angola Diamonds (Endiama) and private group Rosas & Pétalas. The Lulo concession area is 150 kilometres from the Catoca diamond mine, which has the largest kimberlite in Angola and the fourth largest in the world, both of which are located in the same geological area. *(Macauhub)*

South32 considering buyout of Anglo American manganese unit

South32 could be among the first to buy assets placed on the block this week by South Africa's Anglo American, with the Australian company saying it was interested in its manganese unit. The two companies share a manganese mining and smelting business located in Australia and South Africa, with Anglo American owning 40 % of the division.

RBC last year valued South32's stake in manganese at around $1.8 billion, though that was before the metal halved in price. "As a JV partner with a deep understanding of their value, we would be a buyer if the price is right," a South32 spokeswoman said in an emailed statement, confirming a report in the Sydney Morning Herald newspaper website.

News of the interest from South32, the diversified minerals group spun out of BHP Billiton last year, comes as Anglo American turns to widespread divestment to shore up a heavily indebted balance sheet.

South32 indicated negotiations had already started to acquire Anglo American's manganese business. "We have a good relationship with our joint venture partner and they’ve communicated their intentions," the statement said.

Manganese can be found in drink cans to improve resistance to corrosion. Ahead of Anglo American unveiling plans this week to cut net debt in half, South32 had been mentioned as a potential buyer of Anglo American's niobium business. Anglo American on Feb. 16 detailed a drastic plan to hack and slash its sprawling empire of mining assets, paring it back to diamonds, copper and platinum. Any acquisition, though, would come at a tough time for manganese producers. Weak prices for the metal have already led South32 to suspend mining at its Hotazel mining division in South Africa This has removed around 700,000 tonnes of manganese ore production from the global supply chain. South32 shares were nearly 5 % higher at A$1.26 in late trading, double the gains of the wider market. But the stock has still lost nearly half its value since listing in May. *(Reuters)*

Zambia approves price-based royalties for copper mines

Zambia's cabinet has approved a new royalty system that varies depending on the copper price as Africa's second-biggest producer seeks to keep struggling mines open and limit job losses, government said. Mining companies operating in Zambia including Vedanta Resources and Glencore have cut thousands of jobs and closed copper shafts in recent months with prices near six-year lows. Mining lobbies had asked for a price-based royalty structure to ease the tax burden during a period of depressed prices. "Cabinet approved the proposed tax measures which are aimed at sustaining operations in the mining industry, securing jobs for citizens as well as collecting more tax revenue in times of relatively high copper prices," government spokesman Chishimba Kambwili said in a statement. The cabinet also approved the suspension of the 10 % export duty on ores and concentrates for which there are no processing facilities in Zambia and to remove the variable profit tax on income from mining operations. The government will maintain the corporate income tax for mining companies at 30 % while a flat mineral royalty rate of 6 % would be introduced for precious metals and gems, Kambwili said. For minerals and base metals other than copper, royalties will be fixed at 5 %. ($1 = 741.2100 kwacha) *(Reuters)*

West African gold miners Perseus and Amara propose £68m deal

ASX- and TSX-listed gold miner Perseus Mining announced a £68.3-million proposed combination with Aim-listed Amara Mining. The transaction would give Perseus access to Amara’s Yaourne gold project, in Cote d’Ivoire, and its Baomahun gold project, in Sierra Leone. Under the proposed transaction, Amara shareholders would receive 0.68 new Perseus shares and 0.34 unlisted warrants for every Amara share held. The warrants would allow Amara shareholders to subscribe for one Perseus shares at a price of 44c each for a period of 36 months. The offer represented a premium of 42.2% to Amara’s mid-market closing price on February 26. Following the completion of the transaction, the enlarged company would be held 64.9% by existing Perseus shareholders, with Amara shareholders owning the remaining 35.1%. “If approved by Amara’s shareholders, the proposal will potentially transform Perseus into a leading mid-tier West African gold producer, delivering significant benefits to shareholders of both Perseus and Amara,” said Perseus CEO Jeff Quatermaine. “The opportunity to merge Perseus with Amara represents an outstanding opportunity to build strength through diversification. Amara’s Yaoure gold project is, in our opinion, one of the best undeveloped gold deposits in West Africa and will complement the other mines and projects under our management, which includes Edikan and the development-ready Sissingue gold project, in Cote d’Ivoire.” Quartermaine said that the future of the combined group was exiting, as Perseus was confident that by deploying its experienced human and financial resource to develop Amara’s projects, the company would create an entity with considerable market presence, capable of generating material benefits for both sets of shareholders. Amara chairperson and CEO John McGloin said that a combination with Perseus would unlock the value of the Yaoure project, and deliver the optimal outcome for the

project, and Amara's shareholders. "Perseus has the strong balance sheet to move Yaoure into production and an experienced operating team. This deal, therefore, addresses two of the major risks facing a junior developer, namely financing risk and the move from developer to producer, and I see this as a win-win for both companies." The transaction was subject to a number of conditions, including Amara shareholder and court approvals. *(Mining Weekly)*

Randgold's grand plans for DRC

In contrast to the prevailing mood in the mining sector, Randgold Resources founder and CEO Mark Bristow was upbeat at this year's Mining Indaba in Cape Town. During the annual industry jamboree, the London listed FTSE 100 gold miner released 2015 results revealing a $572m profit. Mr Bristow's mines in west Africa and the Democratic Republic of Congo had produced a record 1.21m ounces of gold. Randgold has managed to remain low cost and debt free, even as higher cost mines and established players have hemorrhaged money due to the rout in commodity prices.

Perhaps most significant were the numbers from Kibali, a joint venture with AngloGold Ashanti in northeast DRC. In this resource rich yet chronically underdeveloped country, Kibali's production topped 600,000 ounces for the first time with a total cash cost of just over $600 per ounce. DRC's gold production jumped 30 % in 2015, in large part due to Kibali's better than expected results, from near zero in 2011. The gold price's recent jump to about $1,200 an ounce from a near seven year low of around $1,050 at the end of 2015 is doubtless putting an additional spring in Mr Bristow's step. Kibali and the DRC figure heavily in Mr Bristow's plans. Randgold and AngloGold acquired Kibali in 2009 and spent $2.5bn building a gold mine in an area which until recently had been a war zone. First gold was poured in September 2013, a full two years after the commodity started its precipitous decline from a peak of over $1,900 an ounce. Despite the weakness of the gold price during Kibali's short life, Mr Bristow is optimistic about the region's prospects. Mr Bristow says gold would have to go "very low" for Kibali to cease to be profitable. Randgold's five year plan for the mine shows total cash costs per ounce heading consistently downwards towards $520 while the grade of its gold rises.

Power solutions

In most of DRC, acute power shortages are debilitating for the mining sector. Randgold's do-it-yourself energy solutions are a key to Kibali's competitive costs. Hydropower currently accounts for about 65 % of the mine's annual needs. The aim, according to Mr Bristow, is to get it up to 80 %. "The difference is 45 cents per kilowatt hour [for 100 % diesel] compared to 10 cents," he tells This is Africa. "When we looked at the viability of Kibali, the key driver in the returns was power costs." Whereas Mr Bristow's counterparts in the Congolese mining heartland of Katanga were fed false promises of reliable supply from the national grid, that option was never available in the remote northeast.

Faced with the expense of running diesel generators, Randgold turned to one of the DRC's many natural resources: water. The company has rehabilitated one hydropower facility, built another, and is about to commission a third. A fourth is in the pipeline. Kibali has only one competitor in the area, Canadian miner Banro. It has yet to complete its planned hydro plant to feed operations. Kibali is only the start for Randgold in DRC, according to Mr Bristow. He is excited by the area's geology, and has ambitions to "open up that part of the world and discover at least one, if not two or three more gold mines".

Randgold has another exploration joint venture near Kibali and in signed three more in January with juniors in possession of exploration rights. The deals more than double the area Randgold has under licence. Bristow has also made no secret of his desire to buy a project adjacent to Kibali currently owned by Dan Gertler's controversial Fleurette Group. Mr Gertler, an Israeli businessman, has been frequently criticised for the manner in which he secured national assets in DRC and sold them on for sizeable profits. According to the Mail & Guardian, Mr Gertler's name "has become synonymous with "grabbing and flipping"'. Any eventual acquisition by Randgold will inevitably attract similar criticism from anti-corruption campaigners. Mr Bristow is unfazed. He insists that Gertler won the asset "fair and square", and that Randgold "complies with every bit of corporate governance".

Mining code changes on hold

There was more good news for Randgold during the Indaba. Martin Kabwelulu, DRC's mines minister, announced he would withdraw his long-vaunted plan to revise the Congolese mining code and make the fiscal regime more rigorous. Mr Bristow has been a vocal opponent of Mr Kabwelulu's efforts, and is pleased. "We built Kibali in under two years in the most challenging environment, and we never once asked for a favour because we built it under the code," he claims. Various officials have since scrambled to clarify that the minister did not mean to rule out any future redesign, but it seems to be off the table for now – especially while commodity prices are in a trough. The current law was enacted in 2002. Mr Bristow believes it is "balanced, well written, aggressive and not a darling code for investors". He praises DRC president Joseph Kabila for backing away from the rewrite. It "takes a great man to withdraw from something he initiated", says Mr Bristow, claiming that the proposed code "would have destroyed the mining industry" – though he takes care to maintain that Kibali would have remained profitable regardless. This view is not universal, however. Transparency watchdog Global Witness condemns the DRC government for having "caved in to industry pressure to maintain the cosy fiscal terms and lax regulations".

On the political front, there are dangers on the horizon. President Kabila is constitutionally required to step down in December 2016. However, many fear he is now undermining the organisation of elections in order to stay in office. Violent protests have rocked DRC's major towns and cities in recent months. Dozens have died. Thomas Perriello, the US special envoy to the Great Lakes region, recently told Congress that "a political crisis is building as the DRC

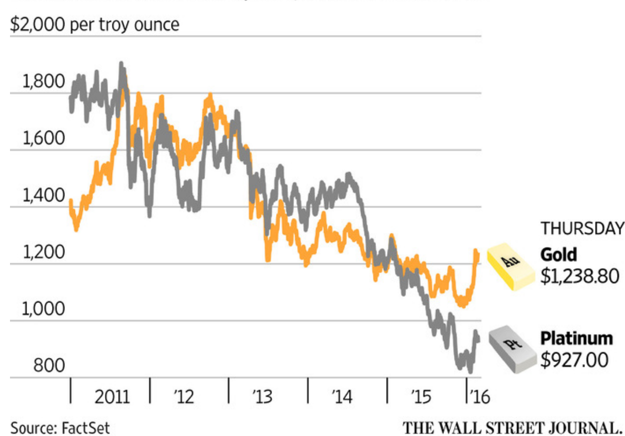
prepares, or rather fails to prepare, for upcoming, historic elections". Mr Bristow admits he is "anxious", but claims to be optimistic that politicians will bear the interests of the private sector in mind: "I trust that any new or transformed political dispensation requires a healthy economy, of which we are an integral part, so they will not hold that to ransom". The gold price might be volatile, but Mr Bristow sees a long and profitable future for Randgold in the DRC. He hopes his company will grow to dominate the gold mining sector. "I have always said that if you want to hunt elephants, go to elephant country, and this is elephant country," he says. *(This is Africa)*

Gold Miner Bets on Platinum's Comeback

South Africa's Sibanye is buying platinum deposits on the cheap, trying to replicate a strategy that paid off with gold

Sibanye Gold Ltd. is buying many of South Africa's aging platinum deposits on the cheap, betting it can replicate a strategy that helped turn a handful of struggling old mines into one of the world's top gold producers. Platinum prices recently trawled near seven-year lows, making Sibanye's pivot from gold to the white metal counterintuitive for an industry in the teeth of a jarring metamorphosis. If it succeeds, it could set a precedent for other miners to diversify beyond their core commodities at a time when assets can be snapped up for a pittance. "The mining of platinum is not too different to gold," said Neal Froneman, the South African company's chief executive. "Of course it can go lower and it has gone lower since we made our move, but we do not believe that these low prices will continue." Platinum, which until about five years ago used to be more expensive than gold, was trading around $927 an ounce, down 21% over the past year.Executives attending an annual mining conference in Cape Town earlier this month expressed optimism for gold prices this year, as the safe-haven investment climbed back to $1,238.80 an ounce, up 2.4% over the past 12 months. Positivity on platinum prices was in shorter supply. "A year ago, if you had told me $900 an ounce [platinum price], I would have screamed at you," Ben Magara, chief executive of Lonmin PLC, the world's No. 3 platinum producer, said on the sidelines of the conference. "Today, $920 is a good price." Sibanye has a storied history in the mining industry. It was spun off in 2013 from three aging South African mines held by Gold Fields Ltd., a company founded by colonial legend Cecil John Rhodes. Mr. Froneman has led Sibanye to pay a dividend in each year since, and has increased its proven mineral reserves—classified as valuable as well as legally, economically and technically feasible to extract—by 9% between Dec. 2014 and Dec. 2015. Mr. Froneman navigated this turnaround by reducing inefficiencies, which included cutting jobs and restructuring management, as well as changing the culture at the mines, which reduced costs significantly even as gold prices fell. But some analysts doubt he can repeat the feat, at least while platinum prices remain so depressed.

"At these levels now I don't think you're going to be able to show growth," said Adrian Hammond, an analyst at SBG Securities Ltd. Yet Mr. Froneman is charging ahead. Sibanye, which means "we are one" in Nelson Mandela's native Xhosa language, agreed in September to pay at least 4.5 billion South African rand ($288.5 million) for an old mine in the platinum town of Rustenburg. The mine—which is owned by Anglo American Platinum Ltd., or Amplats, a majority-owned unit of beleaguered miner Anglo American PLC—is one of Amplats's most labor-intensive assets.



Amplats, the world's biggest platinum producer, will receive an upfront payment in cash or Sibanye shares worth 1.5 billion rand and a deferred payment that would equal 35% of free cash flow generated from Rustenburg's operations over six years, or a minimum of 3 billion rand, starting in 2017. Amplats agreed to deduct up to 801 million rand from that total if the operations fail to generate cash between 2016 and 2018. The deal is forecast to close in mid-2016.

Less than a month after announcing its Rustenburg purchase, Sibanye offered $294 million for nearby mines owned by Australia's Aquarius Platinum Ltd., which has operations in South Africa and Zimbabwe. The two deals would turn South Africa's largest gold producer by output into one the world's top five platinum producers as well. The latter deal gives Sibanye a foothold in Zimbabwe, home of the world's second-largest platinum reserves after South Africa.

But the platinum mines Sibanye is purchasing, like most of the industry, are struggling. "2015 felt pretty miserable, but we are already lower than that," said Amplats Chief Executive Chris Griffith on the sidelines of the conference.

Aquarius reported a net loss of $76.1 million in the six months ended Dec. 31, compared with a net loss of $56.8 million in the same period a year earlier, due to a 31% drop in revenue, as prices for platinum group of metals—which include platinum, palladium, rhodium and others—fell to levels last recorded in 2006. Amplats's Rustenburg assets generated an after-tax loss of 500 million rand in the first half of 2015. The assets are now cash-flow positive as a result

of a continuing restructuring led by Amplats. Mr. Froneman said Sibanye, which reported a profit of $56.2 million for the year ended Dec. 31, down 61% from 2014, continues to look at making additional acquisitions. “We’re not desperate to grow, but if there are opportunities, we will,” he said. *(Wall Street Journal)*

OIL & GAS

Australian company is prospecting for oil in the Guinea-Bissau/Senegal joint area

The Senegalese subsidiary of Australian company Woodside Energy has acquired a stake in an oil exploration block in the joint development zone between Senegal and Guinea-Bissau, the company said in a statement. The statement said that the 65 % stake acquired by subsidiary Woodside Energy (Senegal) resulted from a production sharing agreement signed with British company Impact Oil & Gas Ltd. The block covers approximately 6,700 square kilometers in an area with a depth that ranges between 1,400 and 3,700 metres. Impact Oil & Gas Ltd. will retain a 20 % stake and Enterprise AGC, a company controlled by Senegal and Guinea-Bissau under the joint development zone, the remaining 15 %. Woodside Energy (Senegal) will act as operator of the block, and the chairman of the Australian company, Peter Coleman, said the signed agreement now allows the company to have access to an area of ”high quality.” *(Macauhub)*

Tata Chemicals gives up on biofuel business in Mozambique

Indian company Tata Chemicals has called off a deal on biofuels in Mozambique, where it has operated for the last eight years, the company said in a statement to the stock market cited by the Times of India. The withdrawal follows the sale of a 95 % stake in Grown Energy Zambeze Limited, through its subsidiary in Mauritius, to another partner, businessman Rademan Janse van Rensberg for nearly US$6 million. Rensberg, who holds the remaining 5 % of the company that has lost money since its establishment, will pay the agreed amount over the next five years by 31 December, 2020. In accounts for the 2015 fiscal year, Tata Chemicals included losses related to this investment in biofuels in Mozambique. The Times of India added that the CEO of Tata Chemicals R Mukundan has been divesting some projects in order to reduce costs and increase profit, and some time ago, for example, cancelled an investment in a fertilizer production project in Gabon . Tata Chemicals, which gets about 40 % of its revenue from foreign operations, is present in the United States, Europe and Kenya. *(Macauhub)*

Angola produces more oil in 2015 but revenues fall 34 pct

In 2015 Angola produced over 649 million barrels of oil, a 6 % increase year on year and a daily average of 1.779 million barrels, Angolan state oil company Sonangol said in a statement. Natural gas production in turn fell 8 % to 507,000 tons, in a year in which the natural gas processing plant in Soyo, in the north, remained at a standstill. Sonangol posted income of 2.29 trillion kwanzas (US$14.38 billion), “lower by about 34 % against total revenue in 2014,” a drop that was partially offset by higher income from refining operations, distribution and sale of fuels. “The increase in fuel prices in January and April 2015 was decisive for this partial equilibrium in the company’s revenue,” the statement said. EBITDA (earnings before interest, tax, depreciation and amortization) registered by Sonangol in 2015 fell 45 % to 1.24 billion kwanzas (US$7.08 billion) and net profit fell 68.27 % to 44.148 billion kwanzas (US$276 million). Sonangol said that the main factors that negatively affected net income were the reduction in oil prices, as well as impairment charges on oil assets in production, dry wells and no commercial discoveries. *(Macauhub)*

Mozambique approves plan of Italian group ENI for natural gas

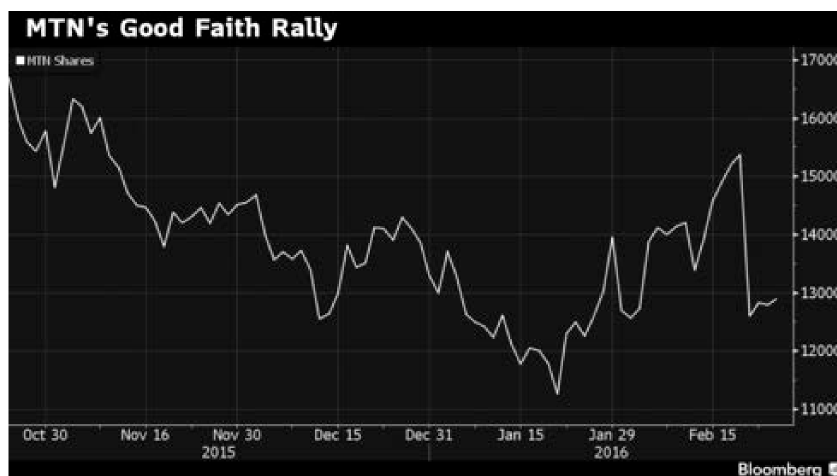
The government of Mozambique has approved the floating platform development plan of the Coral Sul field, to be explored by Italian oil company ENI, in the Rovuma basin, north of the country, said a statement issued after a cabinet meeting. The Italian group said in a statement the development plan for the Coral field had received approval from the government of Mozambique and added that this approval relates to the first phase of development of the project for exploration of 5 trillion cubic feet of natural gas in that field, located in the Area 4 concession. The discovery, made in May 2012 and set out in detail in 2013, proved the existence of 16 trillion cubic feet of high quality natural gas at a depth of over 2,000 metres and at a distance of 80 kilometers from Palma Bay, in the province of Cabo Delgado. The development plan includes drilling six wells and construction and installation of a floating platform for processing natural gas, which will have a capacity of 3.4 million tons per year. ENI is the Area 4 block operator with an indirect stake of 50 % through ENI East Africa, which controls 70 % of the block, the remaining partners are Portugal’s Galp Energia and South Korean group Kogas and Mozambique’s state oil and gas company ENH all with 10 % each and the China National Petroleum Corporation with an indirect stake of 20 %. *(Macauhub)*

TELECOM

MTN Pays $251 Million Toward Record Nigeria Phone Penalty

MTN Group Ltd., Africa’s largest mobile-phone company, paid 50 billion naira ($251 million) toward a record $3.9 billion fine in Nigeria for missing a deadline to disconnect subscribers and will continue negotiations with the regulator.

The payment to the Nigerian government was made "on the basis that this will be applied toward a settlement, where one is eventually, hopefully arrived at," the Johannesburg-based company said in a statement. MTN also agreed to withdraw the matter from the High Court in Lagos as part of efforts to reach a settlement, the company said. "This is a most encouraging development," MTN Nigeria Chief Executive Officer Ferdi Moolman said in an e-mailed statement. "It demonstrates a willingness and sincerity by both parties to work together toward a positive outcome."



MTN was hit with the penalty after failing to comply on time with an order to disconnect 5.1 million customers deemed by the regulator to be unregistered in Africa's most populous country. Nigeria has sought to cut off service to some users as they fight crime and in a country with poor identity records. The insurgent group Boko Haram's campaign to establish its version of Islamic law in Nigeria has left thousands of people dead since 2009.

While the payment is about 6 % of the total fine, it's still "a ton of money," Sasha Naryshkina, a director of Johannesburg-based money-manager Vestact, said by phone. The outlay represents about 27 % of MTN's annual earnings before interest, depreciation, taxes and amortization in Nigeria, the company's biggest market, he said. MTN shares erased declines and rose as much 3.2 % in Johannesburg, trading 1.7 % higher at 130.09 rand as of 3:24 p.m. local time. The stock has declined 32 % since the fine, originally set at $5.2 billion, was made public on Oct. 26. Executive Chairman Phuthuma Nhleko is in Nigeria and continuing to lead the negotiations with the regulator, the company said. MTN is also in talks with the Nigerian Communications Commission over the lifting of sanctions imposed on the company for failing to meet phone-service quality standards. *(Bloomberg)*

RETAIL

Pizza Hut wants to replicate KFC's success in Africa

American restaurant chain Pizza Hut is seeking to further expand its presence in Africa following on the success of its sister brand KFC, which has over 1,000 outlets in more than a dozen countries across the continent. Pizza Hut launched two stores in Kenya and is set to open another in Mozambique this week. Randall Blackford, general manager of Pizza Hut's operations in Africa says Rwanda, Tanzania and Uganda are next in line, with plans to open branches next month. Pizza Hut is already operational in South Africa, Zambia, Angola, Morocco, Egypt, Mauritius and at a US military base in Djibouti.

Pizza Hut is owned by US restaurant group Yum! Brands, which is also the company behind KFC and Taco Bell. Expansion in the continent began with re-entry into the South African market in 2014. Until then it only had a presence in three countries – Egypt, Morocco and Mauritius. "Africa has just been a great market for [Pizza Hut]," says Blackford. "South Africa has been good but we opened up Zambia over a year ago and it is just a really pointed difference that we see. Consumers [in Zambia] are really hungry and ready for international brands and want more variety than maybe they have been able to enjoy before. So Zambia is going great, Angola is going incredibly well and Kenya is off to a really fast start."

Feast Limited, the Kenya franchisee of Pizza Hut, made an investment of over US$1m in two stores located in Nairobi's central business district and at the renovated Westgate Mall. It intends to open additional Pizza Hut outlets in Kenya later in the year. "It has been a really exciting opening for both stores," says Blackford. "We were surprised at how much people love the stuffed-crust pizza. That pizza sold out in the first couple of weeks and we had to do an emergency air shipment of more cheese for that."

Menus 'tweaked'

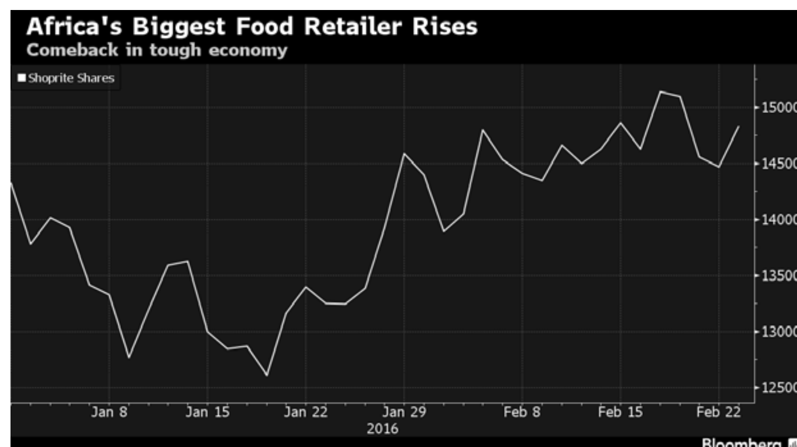
As it grows its geographical reach, Blackford says Pizza Hut is keen to understand and adapt to local tastes. "[In Kenya, for example], we learned really quickly how much people love meat. We were totally floored by how much beef we were selling. Another exciting observation is the popularity of Indian flavours, so we brought in Indian sauce as a substitute for tomato sauce on top of the pizza, and they are selling really well."

Across the continent Blackford notes that Pizza Hut has tweaked its menu in line with local tastes. In Mauritius it introduced a chocolate pizza that has been rolled out to other outlets in Africa. "It is now one of our best-selling desserts," says Blackford. "In every market we want to have a lot of global favourites on the menu, but then find local things that are exciting."

Competition

In Kenya's capital Nairobi, Pizza Hut will face off with a number of other restaurants such as Naked Pizza, Domino's Pizza, Pizza Inn and Debonairs Pizza. But Blackford adds the market is big enough to support "lots of brands". "We really feel good about going head-to-head with any other pizza [brands] in the country."*(How we made it in Africa)*

Shoprite Profit Climbs as Grocer Limits Food Price Increases
Shoprite Holdings Ltd. said first-half profit growth accelerated as Africa's largest food retailer kept price increases below a soaring inflation rate, boosting sales to cash-strapped shoppers. Shoprite's so-called internal food inflation was 2.2 % in the period, compared with 5.2 % a year earlier and national food inflation of 5.8 % in December, the Cape Town-based company said in a statement. Net income advanced 12 % to 2.2 billion rand ($146 million) in the six months through December, compared with a 9 % increase a year earlier. The pricing policy helped the South African supermarket chain grow revenue even as retailers and consumers face higher food prices caused by the country's worst drought in more than a century. A weakening rand also prompted the central bank to raise interest rates by half a percentage point last month, increasing repayment costs for those with loans or mortgages. "Volume growth picked up as price hikes were kept below the official inflation rate," said Bloomberg Intelligence analysts Charles Allen. "The company has the levers to reduce its operating expenses and remain a low-cost operator to drive sales and margin." Shoprite shares rose 2.6 % to 148.5 rand as of 1:18 p.m. in Johannesburg, extending the year's increase to 3.7 % and valuing the grocer at 85 billion rand. The company also raised its half-year dividend by 9 % to 1.56 rand.



Shoprite "has continued to subsidize basic food stuffs such a bread, milk and rice, putting money back in the pockets of consumers while also driving volume growth in those product categories," Chief Executive Officer Whitey Basson said. Outside of its home country, Shoprite is opening its 200th supermarket this month. The company gets 17.5 % of its retail sales from markets on the continent outside South Africa, Basson said in a presentation in Cape Town. Nigeria showed healthy sales growth despite a slump in the price of crude oil and foreign exchange controls, Basson said. The retailer plans to open six Nigerian stores by December, adding to the 16 currently trading, and will also set up a distribution center in Lagos in the next couple of months to improve product availability. *(Bloomberg)*

Wal-Mart's Massmart Cuts Dividend Amid Weaker Retail Outlook
Massmart Holdings Ltd., the South African food and general goods retailer controlled by Wal-Mart Stores Inc., cut its full-year dividend by 39 % and said the outlook for consumers is weakening amid rising interest rates and inflation. The retailer cut the dividend to 2.58 rand a share from 4.21 rand a share to invest in African property expansion and to be more conservative "in the context of the economic environment," the Johannesburg-based company said in a statement. Operating profit rose 14 % to 2.3 billion rand ($147 million) in the year through December. "The outlook has weakened considerably and we anticipate further negative pressures, including poor economic growth, higher inflation from the weaker rand, and higher interest rates," Chief Executive Officer Guy Hayward said in the statement. "As with most local retailers, Massmart's sales growth slowed in the latter period to December 2015." The stock declined 5.6 % in early trade and was little changed at 99.01 rand as of 9:29 a.m. in Johannesburg. The shares have fallen 1 % this year, valuing the company at 21 billion rand.
South African retailers and consumers are under pressure as the country's worst drought in more than a century pushes prices higher, with December food inflation climbing to 5.8 %. Meanwhile, a weakening rand prompted the central bank to raise interest rates by half a percentage point last month, increasing repayment costs for those with loans or mortgages.
African Boost
Massmart sales climbed 8.4 % to 84.7 billion rand in the 52 weeks ended Dec. 27. Sales for the subsequent eight weeks through Feb. 21 climbed 8.9 %. Outside of its home market, sales in Africa climbed 14 %, boosted by a 50 % gain in its home improvement unit that continues to "exceed expectations." The Game department-store chain, which has been battling price competition and pressures on profit margin, showed an initial recovery. Trading profit at Game South Africa, which sells goods ranging from washing machines to food, rose 30 %. Wal-Mart, based in Bentonville, Arkansas and the world's largest retailer, bought a controlling stake in Massmart in 2011 to take advantage of African growth. *(Bloomberg)*

AGRIBUSINESS

Angolan dairy company invests to increase production

Angolan dairy company Lactiangol will invest 304 million kwanzas (US$1.9 million) in modernisation and expansion of its production capacity under a contract recently signed with the Technical Unit for Private Investment (UTIP). The contract, signed by the Director-General of the UTIP, Norberto Garcia, and the president of Lactiangol, José César Macedo, will allow the company to improve technological efficiency and logistics, to increase production capacity and the resources used to collect milk as well as carry out a refurbishment without stopping the production line. With this investment, according to a statement from the UTIP, Lactiangol has annual production capacity of more than 7 million litres of UHT milk, 10 million solid yoghurt units, as well as yoghurt drinks by the glass, butter, chocolate milk, juice, blocks of cheese, condensed milk and dairy desserts. Macedo, after acknowledging that some of the company's equipment is outdated and urgently in need of replacement, said this investment would allow the company to operate two milk production lines, increasing production from 6,500 litres to 13,000 per hour. Lactiangol was inaugurated in 1994 and currently has about 250 employees, including administrative, technical staff and specialists. *(Macauhub)*

Company from the Netherlands supports potato production in Angola

An agricultural sector company from the Netherlands will support farmers in the irrigated area of Matala, in Angola's Huila province, in the production of potatoes on a large scale, said the president of the 1 de Maio Cooperative.

Victor Fernandes also told Angolan news agency Angop that this was a private initiative, and for the first phase over 100 hectares would be prepared for potato production. The company, which Fernandes did not identify, is currently doing a survey of equipment for potato production, especially of irrigation equipment that is obsolete and must be replaced. The president of the cooperative also said that the European company would provide seed and fertilizers and support the marketing of the final product both in Angola and abroad. The 1 Maio cooperative explores more than 7,000 hectares of irrigated area in Matala, which produces more than 150,000 tons of food per year, including vegetables, tubers and cereals. *(Macauhub)*

South Africa maize crop seen down 27 pct to 7.255 mln T on drought

South Africa will likely harvest 7.255 million tonnes of maize in 2016, 27 % less than the 9.95 million tonnes reaped last year because of a scorching drought and late plantings, a government agency said. The forecast harvest, which the Crop Estimates Committee (CEC) said would be the smallest crop since 2007, was 5.6 higher than market expectations of 6.87 million tonnes, according to a Reuters' poll of traders. It was 2.5 % lower than the CEC's previous estimate of 7.44 million tonnes. The crop will comprise an estimated 3.195 million tonnes of white maize and almost 4.1 million tonnes of yellow, the CEC said in its second 2016 maize forecast. Domestic maize prices have been scaling all-time peaks as drought concerns have mounted after South Africa last year recorded its lowest rainfall levels since records began in 1904. Late rains have brought some hope to parts of the maize belt but much of the crop was planted months later than usual so yields are expected to be poor. The situation is especially worrying for the white variety of maize, which is the staple source of calories for many households and is not widely grown outside of the region. Yellow maize, used for livestock, can be easily sourced elsewhere. An El Nino weather pattern is forecast to keep much of the maize belt hot and dry until the end of the growing season in April and record-high temperatures were posted in many parts of South Africa in January. South African maize farmers are also estimated to have planted 1.965 million hectares for the 2016 season, down 26 % from the 2.65 million hectares they seeded last year, the CEC said. The CEC also gave its final estimate for the 2015 winter wheat crop, which it pegged at 1.457 million tonnes, down 16.7 % from 2014 and the smallest harvest since 2010. *(Reuters)*

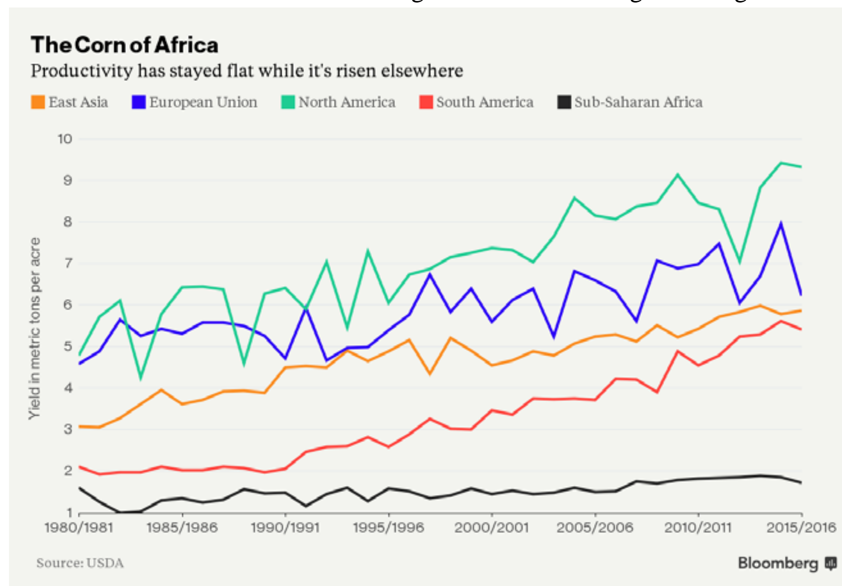
Burundi annual tea revenue jumps by 52 pct

Burundi's tea export revenues jumped 52 % in 2015 from a year earlier, thanks to a fall in output of regional rival Kenya, a tea board official said. Tea output in Kenya, the world's leading exporter of black tea, fell by 10 % last year, mainly because of dry weather conditions in East Africa's biggest economy. "The decline of Kenya's tea production largely contributed to drive up prices and earnings for Burundi's tea," Joseph Marc Ndahigeze, the head of exports for the Burundi tea board (OTB), told Reuters. The average export price per kilogram climbed to $3.09, against $2.17 in 2014, state-run OTB said in a report. Tea is Burundi's second-largest earner of hard currency behind coffee and supports 300,000 farmers in a nation of 10 million people. OTB, which exports 80 % of its tea through a regional weekly auction held in the Kenyan port city of Mombasa, said tea export revenue totalled $32.4 million last year, up from $21.3 million in 2014, with export volumes rising by 6.6 % to 10,495 tonnes. The rise in Burundi tea exports has come despite nine months of political chaos that has resulted in 400-plus deaths, pushed 240,000 people into exile and hampered many elements of the nation's fragile economy. *(Reuters)*

Grain Millers Oppose South African Corn-Import Tariff Review

South Africa's grain-milling body is opposing a request by the nation's biggest corn-farmers' lobby to review a tariff on imports of the country's staple food as this will lead to higher prices that will burden consumers. Grain SA asked the country's International Trade Administration Commission, or ITAC, in August to revise the current formula for the

duty that gives local farmers protection, Chief Executive Officer Jannie de Villiers said. With the current calculation, the tariff would be applied to each ton imported should the benchmark corn price in Chicago fall below $110 (1,700 rand) a ton, which last happened in October 2006. If a new duty comes in, it would raise local milling and production costs, National Chamber of Milling Executive Director Boikanyo Mokgatle said. The price of corn in the U.S., the biggest producer, has more than halved from records in 2012 because of a glut in supply to a current price that's equivalent to $145 a ton. In South Africa, it has more than doubled since the start of last year to an all-time high equal to $348 last month as the worst drought since records began damages the harvest, driving the cost of food higher and prompting the need for imports by the country that is traditionally a net exporter. The white variety is used to make a staple porridge known as pap while the yellow type is fed to animals. "We are vehemently opposed to instituting any attempt to put in a tariff," Mokgatle said in an interview at Bloomberg's Johannesburg office. "Why do we need protection with a commodity that we are so self-sufficient with? We cannot shy away from the fact that it could actually end up being a cost to the consumer." The chamber represents small and big milling companies, including Tiger Brands Ltd., Premier Foods Ltd. and RCL Foods Ltd. The ITAC received Grain SA's application in December, it said in an e-mailed response to questions.



Subsidies Common

"Almost all the big maize-exporting countries' governments are subsidizing their farmers, it is common knowledge," Grain SA's De Villiers said in an e-mailed response to questions, using another term for corn. "South African farmers get almost no assistance from government and we have requested that we get protection against these governments." The nation will probably reap the smallest harvest since 2007 this year the global El Nino weather pattern curbed rains. "It remains government's responsibility to balance the interest of consumers and producers, all of us are just subjective," De Viliers said. Local prices for white corn rose to a record Jan. 21. The contract for July delivery climbed 1.7 % to 4,930 rand a ton by midday in Johannesburg. South Africa will probably need to import about 970,000 tons of corn in the year to April and a further 3.8 million tons in the following 12 months, Wandile Sihlobo, an economist Grain SA, said Jan. 28. *(Bloomberg)*

African Farmers Struggle to Feed Continent's Booming Population

Josephine Mbinya bends from the waist to pluck beans from the black soil on her smallholding south of Nairobi, Kenya's capital. She throws them in a heap on the side of the field. "We depend on the farm for all our needs," said Mbinya, 52, a widow who also farms tomatoes, corn and livestock to support her two sons, two daughters and a grandson. "When the harvest is not good, there is no food sometimes. The only way to survive is selling one of the animals."

Like many of the 80 % of Africa's farmers who operate on less than two hectares (five acres) of land, Mbinya struggles with a lack of financing, proper irrigation, fertilizer and machinery. Land-ownership restrictions in some countries also discourages large and small-scale farming alike. With food production in other parts of the world approaching its limits, overcoming those constraints will prove critical to feeding a global population that the United Nations anticipates will balloon to 9.7 billion by 2050, from 7.3 billion.

While World Bank data shows agricultural production on the continent expanded 4.2 % in 2014, up from an average of 2.3 % a year in the 1980s, that's still shy of a 6 % annual growth target set by African leaders in 2003. Average crop yields in Africa remain less than half of the global average. In the case of corn, productivity gains have been marginal, lagging other continents.

Despite having about 60 % of the world's uncultivated arable land, the continent spends about $40 billion annually on food imports, according to the Alliance for a Green Revolution in Africa, or Agra, a Nairobi-based non-profit that assists small farmers. "Political will to improve agricultural development is increasing, but not yet at the needed levels,'' Joachim von Braun, an agricultural economist at the University of Bonn, who sits on Agra's board, said by e-mail. African countries will need to increase mechanization, spend more on rural roads and other infrastructure and improve farmers' access to financing, training and land rights, he said. Even with increased access to fertilizer and

irrigation, there are limits to what small farmers will be able to grow, and African countries will need to lure more foreign investment to ramp up mechanized food production, according to Ernst Janovsky, the head of agribusiness at Barclays Africa. He sees curbs on foreign land ownership in many countries as the biggest deterrent to attracting foreign capital. "Although Africa has great potential to farm and you can make a lot of money, you can't secure your investment or raise financing against the land,'' he said from Johannesburg. "It's also difficult to secure lease agreements that are tradable if you want to get out or that are long enough to deliver a decent return on your investment. Some farm projects can take as long as 10 years to get your money back.'' Duncan Vink, the joint managing director of UFF Agri Asset Management, which advises insurer Old Mutual Plc on its agricultural investment funds in Africa, still sees the continent as alive with potential. UFF targets annual returns that are 10 % more than the inflation rate on farms the funds buy and lease out. "There are 54 countries in Africa so you are spoiled for choice," he said from Cape Town. "Governments are increasingly open to investment. The main problem we face in expanding is persuading foreign investors to come on board."

Brazil Reforms

African countries can learn lessons from Brazil, which has a similar climate, topography and soil as parts of Africa. It turned itself into a farming superpower over more than four decades by implementing an integrated plan to raise productivity, according to PricewaterhouseCoopers LLP. Key to its success was the enactment of government reforms that improved the investment climate and allowed the private sector to flourish, the accounting firm said in a report released in December last year. Nick Vink, a professor of agricultural economics at the University of Stellenbosch near Cape Town, said rising food demand is already spurring increased investment and the adoption of more efficient farming methods. "Since 1984 output per person in Africa has been increasing," he said by phone. "It started off from a very low base. It takes two or three decades for the momentum to build up and that's now happened."

Water Issues

One perennial problem is set to dog African farmers regardless of policy or technological advances: having too much or too little water. Early last year, tens of thousands of hectares of farmland across Malawi, Mozambique, Madagascar, Zimbabwe and Zambia were swamped by floods caused by torrential rains. Now the worst drought in more than a century is devastating crops across southern and eastern Africa, leaving millions of people at risk of of going hungry. Zimbabwe, South Africa, Somalia and Ethiopia are among the worst-affected countries. For Mbinya, whose smallholding yields 13 crates of tomatoes, 1.4 metric tons of corn and nine sacks of beans in good years, favorable weather is the key to feeding her family. "When there is enough rain we are happy because we know we will get a good harvest," she said. *(Bloomberg)*

Agriculture as a business: Approaching agriculture as an investment opportunity

African smallholders are the private sector – the largest segment on the continent. By seeing agriculture as business, smallholders as customers and entrepreneurs, and companies as organisations that want smallholders as customers and suppliers, policymakers and investors can leverage the continent's existing assets to catalyse economic transformation rather than trying to create it from whole cloth.

I was recently appointed president of the African Development Bank. A development bank is not necessarily an intuitive concept; most banks don't exist to serve explicitly social purposes. But what defines a bank is the way it conducts business, whatever that business may be.

This is why I say I wear my banker hat, and not my development hat, when I speak about agriculture. Agriculture is not a way of life. It is not a social sector or a development activity, despite what people may claim. Agriculture is a business. And the more we treat it as a business, as a way to create wealth, the more it will promote development and improve people's lives to boot.

One way to treat agriculture like a business is to get the private sector more involved in it. When I was Nigeria's minister of agriculture, the most important thing I had to understand was that government can't create agricultural transformation; it can only enable it by making more room for businesses to intervene. We could do this by putting the right policies and regulations in place, by creating strong institutions, and by building sufficient infrastructure. But there is not much else government can do with a reasonable measure of efficiency. Agricultural transformation has to be led by the private sector.

The problem in Nigeria was that the private sector was largely non-existent in agriculture. Take fertiliser and seeds. For 40 years, the federal government had been procuring these inputs and filtering them down through layers and layers of state and local governments until, in theory, they got to the smallholder farmers who needed them. Except the theory rarely played out in practice. Our data indicated that only 11% of the fertiliser procured by the government got to farmers in the end. Since the seeds also rarely got to where they were going, some suppliers started selling the government grain instead – counterfeit seed. In fact, the system existed to serve the rent-seekers attached to it, not the smallholders who were supposed to benefit from it.

With corruption and inefficiency like this, it wasn't hard to explain why a country with 84 million hectares imported almost all of its food. We decided to try to replace government-run agriculture with a set of small and medium enterprises that ran the gamut from providing inputs to smallholder farmers to transporting, processing, and selling

food. These businesses would bypass government bureaucracies and build supply chains directly into rural communities, generating – we hoped – significant ripple effects.

We dismantled the public procurement system in less than 100 days. Over the next two years, the number of seed companies operating in Nigeria increased from just 11 to more than 100. The new fertiliser market mobilised ₦5bn from private investors over the same span. Major players like Syngenta, which had stopped doing business in Nigeria because of the corruption, re-entered the market. We now have more than 5,000 mom-and-pop shops selling these companies' products – and providing informal agricultural training – directly to farmers.

I don't mean to make it sound so simple. Merely removing the government from the fertiliser and seed business doesn't guarantee that the private sector will step into the breach. We needed to demonstrate that there was a market opportunity – that farmers wanted to buy these products. But without a ready supply, it was challenging for farmers to express their demand. It was a classic bootstrapping problem.

On the demand side, the key was making fertiliser and seeds affordable enough for smallholders to try. So we instituted a 50% subsidy, with the idea that farmers would fund more and more of their purchases over time. Subsidies are not new or radical, but we innovated by creating a new and radical delivery mechanism: the eWallet program. We knew that there were 130 or 140 million mobile phones in Nigeria, so phones seemed like the most efficient way to reach millions of farmers. As a side benefit, the eWallet program helped us make contact with farmers, which not only gave us more information about the population we meant to serve but also gave them a means to communicate back to us over time. Yes, eWallet was about delivering fertiliser and seed vouchers, but it was also about building a platform for interacting with millions of once-inaccessible smallholders in the future. Recently, we started using the eWallet platform to deliver other benefits, including vouchers for nutritional supplements.

Some critics said we were crazy for using mobile phones to try to transact business with people who could barely read or write. But we knew that they were already using their phones to arrange for remittances from relatives in the cities, which told us that they trusted mobile communication more than most government institutions. Our priority was to make sure that the mobile phone interface is translated into local languages. Now, eWallet has 15 million subscribers. I am especially proud of the fact that several million of those subscribers are women farmers, who have historically been neglected by agricultural programmes.

The eWallet program helped with demand. If farmers were going to start purchasing fertiliser and seed in large numbers, though, we needed to make sure the fertiliser and seed was available, so it was critical to address the supply side, too. The problem was the lack of capital for agricultural start-ups; the solution we hit upon was easier credit. The ministry of agriculture collaborated with the Central Bank of Nigeria to create a new initiative to share risk with banks and encourage them to make more loans to agricultural businesses. With a little more assurance, banks have increased their lending to the agriculture sector from roughly ₦10bn annually to in excess of ₦40bn.

***

I recount this history from Nigeria because it demonstrates four key principles that are guiding me as I take on my new role at the African Development Bank. First, smallholder farmers can be customers. Second, companies are interested in serving them if the conditions are right. Third, mobile phones can facilitate transactions that used to be prohibitively expensive. Fourth, scale. Africa is the fastest-growing continent in the world, with a population that already surpasses one billion. The majority of those people earn their living by farming small plots of land. So any institution that is dedicated to inclusive growth for Africa must stand for reaching all African smallholders.

There have been more successful pilots in agriculture than I can count. Sometimes, I joke that we have too many pilots and not enough planes for them to fly. Beyond pilots, we have the accumulated experiences of more than 50 African countries to draw from. Kenya has taught us how to build a thriving horticulture sector. Ethiopia has taught us how to improve extension. Tanzania succeeded in creating growth corridors. Rwanda figured out land registration and titling. Mozambique and Ghana discovered innovative ways to finance agricultural development. We need to take those lessons and apply them on a grand scale.

The African Development Bank is poised to do this because we have resources and relationships with every country on the continent. Currently, about 8% of the portfolio is in agriculture (I plan to increase that number), but almost everything we do impacts agriculture in one way or another, because we focus on infrastructure investment. Our work to build roads, to provide energy, and to create telecommunications networks will help farmers as much as anyone else as long as we do it properly. We aim to think holistically about our infrastructure investments, so that they form a core of a strategy to link smallholders to the burgeoning formal economy.

The truth, however, is that the African Development Bank is very small relative to the need for investment in African agriculture. Like every business, we need leverage. Building on the lessons I learned in Nigeria, I hope to use our balance sheet to share some of the credit risk of agriculture sector lending across the continent.

Agriculture is seen by banks as a huge risk. It doesn't have to be. If we use our resources to guarantee some loans and help banks get more comfortable with lending in the sector, then we believe we can unlock the many billions of dollars needed to spur new businesses and help the sector function properly. There is no shortage of entrepreneurs who want to serve farmers' needs. There is only a shortage of capital. If entrepreneurs have the resources they need, then we can get a lot closer to agriculture as it should be – as a business.

***

It is easy to forget that the largest private sector group in African agriculture is the smallholder farmers themselves. For decades, farming was viewed as a subsistence activity whose loftiest goal was food security for individual households. But life is about more than having enough food to survive. Farmers want to eat nutritious food that helps them thrive. Beyond food, they want education, health, and housing – comfort and a promising future – and they will invest on those things if given the opportunity.

When I was a boy in a village school, every classroom was full when the harvest was good. But when the rain failed and the crop was meager, families had to pull their children out of school to work. Many classmates who were just as smart as I was had to drop out so their families wouldn't starve.

Sending children to school when there's enough food to go around is a business decision, and so, unfortunately, is taking children out of school when their labour is needed to keep the household functioning. If the development sector starts treating agriculture as a business, then the hundreds of millions of small business owners operating farms will have better options from which to choose.

My father, who grew up farming, used to tell me that "agriculture doesn't pay." And when farmers have no access to finance, inputs, information, or markets, it doesn't. But there is so much value inherent in agriculture, and we need to unlock it.

Agriculture can pay. Hundreds of millions of small farmers, thousands of local agribusinesses, and hundreds of seed and food companies will make it pay, as long as the development community and governments are willing to try something new.

And when I say pay, I mean it in the broadest sense of that word. Yes, pay in terms of incomes for smallholders, and yes, pay in terms of profit for the business people engaged in the sector. But also pay in terms of a healthier and happier life for hundreds of millions of Africans, and a stronger Africa.

Akinwumi Adesina is president of the African Development Bank. This article was originally published in Foreign Affairs. *(How we made it in Africa)*

UPCOMING EVENTS

The Nigeria Summit 7-8 March 2016 InterContinental Lagos - Lagos, Nigeria
Over the years, The Economist Events' Nigeria Summit has charted a country in the process of great transition. emeaevents@economist.com ; www.nigeriasummit.economist.com

Tanzania International Forum for Investments 9-11 March 2016, Julius Nyerere International Convention Centre, Dar Es Salaam, United Republic of Tanzania. registration@tziforum.com
www.tziforum.com

First meeting of the 14th Replenishment of the African Development Fund (ADF-14), March 17 and 18, 2016 in Abidjan, Côte d'Ivoire
https://frmb.afdb.org/?page=adf&subpage=adf-14-rep

Bonds & Loans Africa 14-15 March 2016 Westin Cape Town
Bonds, Loans & Sukuk Africa is the continent's only Pan-Africa debt event, bringing together African issuers and borrowers looking to raise capital with nanciers and investors. registrations@GFCconferences.com
www.bondsloansafrica.com

The Africa CEO Forum: 21–22 March 2016, Abidjan – Côte d'Ivoire (Ivory Coast) Hotel Sofitel Ivoire
www.theafricaceoforum.com

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

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

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

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

Disclaimer

This document has been prepared by Eaglestone Advisory Limited which is authorised and regulated by the Financial Conduct Authority of the United Kingdom and its affiliates ("Eaglestone"), and is provided for information purposes only.

The information and opinions in this document are published for the assistance of the recipients, are for information purposes only, and have been compiled by Eaglestone in good faith using sources of public information considered reliable. Although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading we make no representation regarding its accuracy or completeness, it should not be relied upon as authoritative or definitive, and should not be taken into account in the exercise of judgments by any recipient. Accordingly, with the exception of information about Eaglestone, Eaglestone makes no representation as to the accuracy or completeness of such information.

This document does not have regard to specific investment objectives, financial situation and the particular needs of any specific recipient. Recipients should seek financial advice regarding the appropriateness of investment strategies discussed or recommended in this document and should understand that the statements regarding future prospects may not be realised. Unless otherwise stated, all views (including estimates, forecasts, assumptions or perspectives) herein contained are solely expression Eaglestone's research department.

This document must not be considered as an offer to sell or a solicitation to buy any investment instrument and distribution of this document does not oblige Eaglestone to enter into any transaction. Nothing in this document constitutes investment, legal, tax or accounting advice. The opinions expressed herein reflect Eaglestone's point of view as of the date of its publication and may be subject to change without prior notice

This document is intended for is made to and directed at (i) existing clients of Eaglestone and/or (ii) persons who would be classified as a professional client or eligible counterparty under the FCA Handbook of Rules and Guidance if taken on as clients by Eaglestone and/or (iii) persons who would come within Article 19 (investment professionals) or Article 49 (high net worth companies, trusts and associations) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 and/or (iv) persons to whom this communication could otherwise be lawfully made in the United Kingdom or by respective home jurisdictions regulators for non UK countries. None of the investments or investment services mentioned or described herein are available to "private customers" as defined by the rules of the Financial Conduct Authority ("FCA"). It should not be disclosed to retail clients (or equivalent) and should not be distributed to others or replicated without the consent of Eaglestone. Eaglestone name and the eagle logo are registered trademarks.

Additional information is available upon request.

AMSTERDAM - Herengracht 450-454 1017 CA - T: +31 20 240 31 60

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

JOHANNESBURG -Unit 4, Upper Ground, Katherine & West 114 West Street, Sandton – T: +27 11 326 6644

LISBON - Av. da Liberdade, 105, 3rd Esq. - T: +351 21 121 44 00

LONDON - 48 Dover Street - T: +44 20 7038 6200

LUANDA - Rua Marechal Brós Tito n° 35/37 - 13th Floor A - Kinaxixi, Ingombotas - T: +244 222 441 362

MAPUTO – Avenida Vladimir Lenine – Edifício Millennium Park, Torre A, nº 174, 4º andar S - T: +258 21 342 811

Disclosures

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

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

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

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

EAGLESTONE SECURITIES

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

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

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