INSIDE AFRICA

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29 September 2014

EAGLESTONE SECURITIES

BRIEFS

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In-depth:

Ebola: Economic Impact Already Serious; Could Be "Catastrophic" Without Swift Response

A World Bank Group analysis of the Ebola epidemic released finds that if the virus continues to surge in the three worst-affected countries – Guinea, Liberia, and Sierra Leone – its economic impact could grow eight-fold, dealing a potentially catastrophic blow to the already fragile states.

However, the analysis finds that economic costs can be limited if swift national and international responses succeed in containing the epidemic and mitigating "aversion behavior" – a fear factor resulting from peoples' concerns about contagion, which is fueling the economic impact.

World Bank Group President Jim Yong Kim said, "The primary cost of this tragic outbreak is in human lives and suffering, which has already been terribly difficult to bear. But our findings make clear that the sooner we get an adequate containment response and decrease the level of fear and uncertainty, the faster we can blunt Ebola's economic impact." "We have seen in recent days a serious scaling up on the part of international donors to contain the Ebola epidemic. Today's report underscores the huge potential costs of the epidemic if we don't ramp up our efforts to stop it now," said Kim.

The analysis uses two alternative scenarios to estimate the medium-term impact of the epidemic to the end of calendar year 2015. A "Low Ebola" scenario envisions rapid containment within the three core countries, while "High Ebola" corresponds to the upper ranges of current epidemiological estimates.

Estimates of impacts on output individually and in aggregate, in the short term (2014) and medium term (2015)

	Short Term Impact 2014	Medium-term impact (2015 - Low Ebola)	Medium-term impact (2015 - High Ebola)
Guinea	$130 million (2.1 pp)	- $43 million (1.0 pp)	$142 million (2.3 pp)
Liberia	$66 million (3.4 pp)	$82 million (4.2 pp)	$228 million (11.7 pp)
Sierra Leone	$163 million (3.3 pp)	$59 million (1.2 pp)	$439 million (8.9 pp)
Core Three Countries	$359 million	$97 million	$809 million

Entries are in current US dollars (with %age points of GDP in brackets where appropriate).

The analysis estimates the short-term impact on output to be 2.1 percentage points of GDP in Guinea (reducing growth from 4.5 % to 2.4 %); 3.4 percentage points in Liberia (reducing growth from 5.9 % to 2.5 %); and 3.3 percentage points in Sierra Leone (reducing growth from 11.3 % to 8 %). This forgone output corresponds to $359 million in 2014 prices. However, if Ebola is not contained, these estimates rise to $809 million in the three countries alone. In Liberia, the hardest hit country, the High Ebola scenario sees output hit 11.7 percentage points in 2015 (reducing growth from 6.8 % to -4.9 %).

The short-term fiscal impacts are also large, at $93 million for Liberia (4.7 % of GDP); $79 million for Sierra Leone (1.8 % of GDP); and $120 million for Guinea (1.8 % of GDP). Slow containment gaps would almost certainly lead to even greater financing gaps in 2015, the analysis finds.

Inflation and food prices were initially contained but are now rising in response to shortages, panic buying, and speculation. Those families already vulnerable to food price shocks are becoming increasingly exposed. Exchange rate volatility has increased in all three countries, particularly since June, fueled by uncertainty and some capital flight.

The analysis finds that the largest economic effects of the crisis are not as a result of the direct costs (mortality, morbidity, caregiving, and the associated losses to working days) but rather those resulting from aversion behavior driven by fear of contagion. This in turn leads to a fear of association with others and reduces labor force participation, closes places of employment, disrupts transportation, and motivates some government and private decision-makers to close sea ports and airports. In the recent history of infectious disease outbreaks such as the SARS epidemic of 2002-2004 and the H1N1 flu epidemic of 2009, the analysis notes that behavioral effects have been responsible for as much as 80 – 90 % of the total economic impact of the epidemics.

The findings of the analysis underline the need for a concerted international response. External financing is clearly needed in the three core countries, and the impact estimates suggest that containment and mitigation expenditures as high as several billion dollars would be cost-effective if they successfully avert the worse scenario.

The analysis describes four related activities such a response should include:

•Humanitarian support: Such as desperately needed personal protective equipment and hazard pay for health workers, emergency treatment units, standardized and universally applied protocols for care, etc.

•Fiscal support: The fiscal gap, just for 2014, is estimated at around $290 million. Increased injections of external support can strengthen growth in these fragile economies.

•Screening facilities at airports and seaports: Policies are required that will enable the flow of relief and encourage commercial exchange with the affected countries.

•Strengthening the surveillance, detection, and treatment capacity of African health systems: Weak health sectors in Africa are a threat not only to their own citizens but also to their trading partners and the world at large. The enormous economic cost of the current outbreak could be avoided by prudent ongoing investment in health system strengthening.

The World Bank Group's Ebola Response To-Date

The World Bank Group is mobilizing a $230 million financing package for the three countries hardest hit by the Ebola crisis, which will help contain the spread of infections, help communities cope with the economic impact of the crisis, and improve public health systems throughout West Africa. The WBG is supporting country responses in line with the WHO Roadmap, and is coordinating assistance closely with the UN and other international and country partners. As of mid-September 2014, of the pledged $230 million, the WBG has mobilized $117 million for the emergency response, which includes IDA* grants of $58 million for Liberia, $34 million for Sierra Leone, and $25 million for Guinea. These funds are paying for essential supplies and drugs, personal protective equipment and infection prevention control materials, health workers training, hazard pay and death benefits to Ebola health workers and volunteers, contact tracing, vehicles, data management equipment and door-to-door public health education outreach. Additional support will help strengthen countries' health systems and capacity to delivery essential health services, along with disease surveillance and laboratory networks to guard against future outbreaks. *(Reuters)*

Making the Most of Opportunities

Agostinho Neto University, Luanda, Angola

Speech by Naoyuki Shinohara, IMF Deputy Managing Director

Honorable Minister Manuel, ladies and gentlemen. Good afternoon. Boa tarde. And thank you for the kind introduction. It is a great pleasure to be here in Luanda.

In my remarks, I will first discuss the outlook for the global economy, and then review the prospects and main policy priorities for sub-Saharan Africa and Angola. My message is that there has been considerable progress over the past decade. And with the right policies, Angola can build on its achievements and turn difficult challenges into continued economic success.

The Global Outlook

Allow me to begin with the global economy. We have come a long way from the crisis and recession of 2009. So our latest projections see global growth at about 3½ % this year and 4 % in 2015, although global growth moderated more than expected in the first quarter of 2014—we are updating these projections to be published in our World Economic Outlook in October. But the global recovery remains uneven and is proving weaker than expected in some regions.

Growth in the advanced economies is projected to reach about 2 %, with the strongest growth in the United States. The fiscal consolidation of recent years is being reduced, except in Japan, and monetary policy remains accommodative. However, the euro area has faltered: the countries on the periphery of Europe face high debt and financial sector difficulties, and growth has faltered in the core economies.

More than two-thirds of global growth is coming from emerging and developing economies, with growth of about 4½% in 2014 expected to surpass 5% in 2015. These economies are being helped by stronger import demand from the advanced economies, but tighter financial conditions are dampening domestic demand. In China, growth is projected to remain at about 7½% in 2014 and expected to slow to about 7% in 2015 as the government reins in credit and moves to achieve a more balanced growth path.

But significant downside risks remain.

•Recent developments, particularly in Eastern Europe and the Middle East, have significantly increased geopolitical risks, including the possibility of disruptions to trade and finance from intensified sanctions and counter-sanctions related to Ukraine.

•In the advanced economies, persistently low inflation and stagnation in the medium term remains a serious risk. This is especially true in the euro area, where growth is not strong enough to rapidly reduce output gaps.

•Emerging market economies—particularly those with domestic and external weaknesses—may face a sudden tightening of global liquidity, a reversal in capital flows, and asset price volatility as a result of higher global interest rates and shifting market sentiment.

Let me briefly mention a matter of concern to this audience. Oil prices have been relatively high, reflecting the geopolitical tensions. Barring any further deterioration, we expect oil prices to soften by year end and to fall 6 % next year. The longer term prognosis is for oil prices to soften more as new oil and gas resources are exploited, most notably in the U.S. By the end of the decade the IMF expects oil prices to fall below 90 dollars a barrel.

Sub-Saharan Africa

Let me now turn to the outlook for sub-Saharan Africa. Like the rest of the world, we are deeply concerned about the Ebola epidemic in western Africa—especially Guinea, Liberia, and Sierra Leone. The epidemic is larger than previous outbreaks, and by some estimates could take six to nine months to bring under control with significant loss of life and severe disruption to economic activity in these countries. The IMF is working closely with the affected countries to assess the economic impact, and our Executive Board will shortly discuss additional financial support.

Despite the Ebola crisis, there is an increasing recognition that Africa is rising. This was the theme of an IMF and Government of Mozambique conference held in Maputo earlier this year. The region's growth has been strong for nearly two decades, and showed remarkable resilience during the global crisis. We expect growth to be around 5½ % in 2014, edging toward 6 % in 2015.

While demand for Africa's natural resources, especially from emerging economies, has helped spur this growth, Africa's progress is not just due to a commodities boom. Other factors are at work.

Most important is political stability. This has enabled countries to use their resources to build the institutions needed to address challenges and enable their people to plan and invest in their futures.

Out of this have come **two important trends:**

The first is policies to restore macroeconomic stability and support sustained growth. By the middle of the last decade, many countries had made considerable progress: cutting fiscal deficits and public debt, reducing inflation to single digits, and building foreign exchange reserves. So when the global crisis hit, they had the policy room—"policy buffers"—to respond. They could undertake expansionary policies, for example by maintaining, or even increasing the social spending that provided a safety net for the most vulnerable.

The second trend is the recognition that market forces have to play a larger role in development. This has been a difficult challenge, requiring an environment friendly to business. It has produced an overhaul of legal, regulatory and administrative frameworks, and some vested interests have been addressed. As a result, Africa is attracting more investments from advanced and emerging economies—with a record $80 billion expected this year.

I just said that Africa is rising. But risks are increasing, from both domestic and external conditions. These include the threat of Ebola spreading; a further deterioration of the security situation in some African countries; tighter global financial conditions; and a significant slowdown of emerging market growth. These challenges may need to be addressed and, in some countries, policy buffers have been depleted, so the policy response will be more difficult.

There are several longer term challenges.

First is infrastructure. Investment in this area is essential for growth. But there is a huge financing gap; projects are large and scope for inefficiency is equally big. Projects need to be carefully selected and implemented. And countries need to be wary of financing these investments with debt that could prove unsustainable.

The second is to build institutions to effectively manage natural resource revenues. Africa has perhaps one-third of the world's known mineral reserves. These enormous, but finite, resources can benefit current and future generations—if managed properly. They cannot be wasted, nor used to benefit the few. Strong governance, transparency, and accountability are crucial. But there is also a need for a medium-term fiscal framework to guide decisions about current spending, investments to boost productive capacity, and savings for the future. This fiscal framework needs to be part of a strong public financial management system, so that spending goes where it is needed and can have the greatest impact.

Third and perhaps most important, Africa needs to develop its people. By 2040, the region's labor force will probably be larger than China's and India's combined. But realizing Africa's potential requires a labor force that is educated, healthy and employed. So growth must be inclusive. Poverty has declined in recent years, but it remains high. A concerted effort is required.

Angola

Let me now turn to Angola. Growth since the end of the civil war has been extraordinary. Over the last decade, output in real terms has more than doubled, and output per capita has increased more than half.

Angola's recovery from the global crisis was also impressive. The country faced a balance of payments crisis when oil prices collapsed in 2009. But it soon returned to strong growth with support from an IMF program and higher oil prices. A stable exchange rate helped bring inflation down to historically low single digits, and foreign reserves are adequate. Non-oil sector growth has averaged over 8 % a year since 2009.

Economic prospects remain positive. While oil will shape Angola's future, the Government's medium-term development plan has shifted the focus toward a large program of public investment in infrastructure, which is expected to support non-oil sector growth of around 7½ % and overall growth at about 6 %.

That said, **many challenges remain**, many mirroring those facing the region. Let me highlight what I think are the most pressing issues.

The first is to develop the framework and institutions to manage oil wealth.

Key steps have been taken, but more can be done. Angola needs to make important decisions over the allocation of oil revenues similar to those I described for Africa's resource producers. These need to be guided by a medium-term macroeconomic framework anchored on structural fiscal surpluses—by which I mean that when oil prices at a "normal level" then the budget should be in surplus—to save some of the oil wealth for future generations while still allowing space for priority spending. This framework should be supported by a stabilization fund based on clear rules for transfers from the fund to the annual budget when oil prices are lower than projected, and vice-versa. Such an institutional arrangement is employed in many other resource-rich economies as a way of insulating the budget and current year expenditures for short-term fluctuations in commodity prices. This framework proved successful in allowing those countries to respond to the global financial crisis of 2008-09, with limited exposure of the fiscal accounts and a moderate adverse impact on growth. Angola can follow this good practice, and I know discussions are ongoing in this area.

The second challenge is to make growth more inclusive.
Angola's impressive growth has not been as inclusive as it could be. Poverty remains high, and income inequality is a visible problem. The country's stability and long-term development require the benefits of growth to be shared more evenly. More public spending should be directed toward the poor. One option is to gradually phase out the costly and regressive fuel subsidies and replacing them with, for example, well-targeted conditional cash transfers to the needy.
Angola is one of the largest fuel price subsidizers in the world. The gasoline (pump) price in Angola is about US$2.35 per gallon, situating it amongst the lowest decile of the distribution of gasoline world prices. Currently, spending on fuel subsidies amounts to 4 % of GDP. This represents half of the spending in health and education, one-third of the spending in public investment, or 16 times the sum of all spending in the country's social safety net programs. Rationalizing fuel subsidies would not only generate resources to expand the social safety net, but could also help to strengthen the fiscal position over the medium term
The third challenge is to continue diversifying the economy.
Infrastructure investments will help with diversification in the medium term, and rebuilding human capital will take longer. But a difficult business environment is hampering efforts in this area. Angola ranked 179 out of 189 economies in 2014 in the World Bank's "Ease of Doing Business" Index. Other indicators, such as the World Economic Forum's Global Competitiveness Index, show broadly the same result.
The Government's reform agenda tackles a number of critical constraints for doing business in Angola, including improving access to credit and training, and streamlining of licensing procedures and reducing their cost. Implementation of these initiatives, together with infrastructure improvements, is critical to improve competitiveness. But more needs to be done, including in the areas of improving the framework for enforcing contracts, resolving controversies, starting new businesses, and facilitating cross-border trade.
The final challenge is to improve governance.
There is still much that Angola and other African countries can do to improve governance—a situation that is detrimental to development. This generation needs to build strong institutions capable of formulating and implementing policies that address this problem.
When we talk about good governance we refer to a process of policy making and implementation that has clear and transparent rules. This would then enable the public to actively participate in the decisions that affect their daily lives, and to monitor the implementation of policies. Good governance matters because, without it, vested interest groups are able to influence and distort public policies and their implementation for their own private benefit and at the expense of the public at large.
In this connection, the recent increases in import tariffs aimed to promote production in the nonoil sector should be kept under periodic review and should be removed within a specified timeframe, before these systems become inefficient.
In facing all of these challenges, one priority will be to maintain policy buffers so that the government can respond to shocks without derailing its agenda. Angola felt the effects of the global crisis partly because it lacked sufficient policy space to respond. Some of the buffers have since been rebuilt, but fiscal space has been eroded. This year the budget is expected to move into a deficit equivalent to about 4 % of GDP, and deficits of this magnitude are projected through the medium term. This needs to be gradually reversed to protect Angola against another shock—domestic or external. To achieve this will require mobilizing additional nonoil tax revenue, improving the efficiency of public investment, and reducing current spending, including by phasing out the costly and regressive fuel subsidies—while mitigating the impact on the poor through well-targeted social assistance.
Conclusion
All considered, this is a challenging reform agenda. But other countries are addressing similar problems.
The IMF works with each of its 188 member countries to deal with exactly these kinds of challenges in order to help them achieve strong, sustainable and inclusive growth. One way we do this is by providing technical assistance and training in many of the areas I have discussed today. We attach great importance to our relationship with Angola, and we appreciate the cooperation that we have received from President José Eduardo dos Santos and his government. The IMF is ready to work with Angola to turn these challenges into opportunities to achieve prosperity.
Thank you. Muito obrigado.

SOVEREIGN RATINGS

	Eurozone					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
29-09-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	B	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa1	B	B	NP	B	B
Ireland	Baa1	A-	A-	P-2	A-2	F1
Italy	Baa2	BBB u	BBB+	P-2	A-2	F2
Latvia	Baa1	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BBu	BB+	NR	Bu	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

	North and South America - Asia					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
29-09-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	Ca	Sdu	RD	NR	Sdu	RD
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+
BRAZIL	Baa2	BBB-	BBB	NR	A-3	F2
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
COLOMBIA	Baa2	BBB	BBB	NR	A-2	F2
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
JAPAN	Aa3	AA-u	A+	NR	A-1+u	F1+
MACAU	Aa2	NR	AA-	NR	NR	F1+
MEXICO	A3	BBB+	BBB+	WR	A-2	F2
SINGAPORE	Aaa	AAAu	AAA	NR	A-1+u	F1+
URUGUAY	Baa2	BBB-	BBB-	NR	A-3	F3
VENEZUELA	Caa1	CCC+	B	NR	C	B
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
29-09-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	Caa1	B-	B-	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B2	B	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	B1	NR	B	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B1	B-	B	NR	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B1	B	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Congo	Ba3	B+	B+	NR	B	B
Republic of Zambia	B1	B+	B	NR	B	B
Rwanda	NR	B	B+	NR	B	B
Saudi Arabia	Aa3	AA-	AA	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B+	NR	NR	B
South Africa	Baa1	BBB-	BBB	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

AFRICAN DEVELOPMENT BANK

Angola - The AfDB approves a US $25 million loan to support institutional capacity building in the private sector

Abidjan, Côte d'Ivoire - At its meeting on 17 September 2014, the Board of Directors of the African Development Bank Group (AfDB) approved a request for a US $24.85 million loan to Angola. The loan will support the country's efforts to diversify its economy, develop the private sector, create jobs and, ultimately, deliver more inclusive economic growth.

The project has three components: (i) boosting business competitiveness and entrepreneurship; (ii) supporting the development of the Initiative pour la Promotion des Coopératives (cooperatives promotion initiative, IPC); and (iii) project management, monitoring and evaluation. The project also includes plans to create a new competitive intelligence unit, set up an entrepreneurship academy and introduce a regulatory framework governing cooperatives. The AfDB loan will act as a catalyst, helping to deliver substantial improvements to the capacities of private-sector assistance institutions.

Given the sheer scale of public funding channelled into private-sector development, the project places a particular emphasis on transforming resources into results. In this regard, the project includes plans to introduce an information system, which will be used to assess the performance of national private-sector development programmes implemented by the public sector.

The project is deliberately cross-disciplinary in nature, covering issues such as private-sector development, qualifications, governance, agriculture and gender. In terms of private-sector development and gender, the project will involve the creation of a dedicated academy to help boost entrepreneurship, and will encourage positive discrimination by prioritising women and female-led businesses. In terms of qualifications, the project includes a range of activities to give young Angolans the skills they need to join the productive workforce. These will include small business creation and management skills.

The expected outcomes of the project are as follows: (i) research into export and international trade options, enhanced project development support for large companies, and the dissemination of company information; (ii) the creation of an entrepreneurship academy and the delivery of training to 42,500 people, including 24,250 women; (iii) the introduction of a regulatory framework for cooperatives, and (iv) research into the dissemination of information about cooperatives.

AfDB Approves US$ 29.36 million for Mozambique's Economic Governance and Inclusive Growth Program

Abidjan, Cote d'Ivoire – The Board of Directors of the African Development Bank Group (AfDB) on Friday, 19 September 2014 approved a US$ 29.36 million budget support grant to finance the first phase of Mozambique's Economic Governance and Inclusive Growth Program (EGIGP).

The EGIGP is the first of three consecutive programmatic general budget support operations covering fiscal years 2014, 2015, and 2016, with a total indicative financing envelope of US$59.73 million.

The program aims to promote inclusive and sustainable growth by Consolidating Transparent and Accountable Public Financial Management and Natural Resource Management Frameworks; and Improving the Enabling Environment for Private Sector Development in the country.

The EGIGP phases are therefore expected to deliver (i) improved efficiency and transparency in the management of public and natural resources (including improved governance and more effective spending in priority sectors), and (ii) expanded opportunities for business creation, growth, and employment.

The focus on inclusive growth is reflected in the EGIGP's emphasis on demand-side governance, transparency and participatory natural resource management, and job creation in particular through micro-, small and medium enterprises (MSMEs).

The EGIGP is fully aligned with the Country Strategy Paper (CSP) 2011-2015 for Mozambique; the Bank's Ten Year Strategy as well as its governance and gender strategies.

As the Bank's sixth general budget support operation in Mozambique, the EGIGP responds to expressed needs of the government's reform agenda laid down in its Poverty Reduction Action Plan (PARP, 2011-2014, recently extended to 2015); the Medium-Term Fiscal Framework (MTFF) 2014-2016 and its longer term private sector development strategies.

The EGIGP underscores the fact that Mozambique needs to translate the high economic growth rates experienced in the past two decades into inclusive and sustainable dividends.

Thus, reform-oriented public institutions such as the administrative tribunal; the general inspectorate of finance; private sector entities, in particular MSMEs (estimated at 4.5 million); will be direct beneficiaries of EGIGP in the form of increased access to finance and lower market entry barriers.

The Indirect beneficiaries include the entire public administration through greater public sector efficiency; and the entire Mozambican population (especially women, youth, and rural communities) through the promotion of inclusive growth, improved natural resource management and a friendlier business environment.

INVESTMENTS

Largest real estate project in Angola completed in 2015

Commandante Gika, Angola's biggest building project ever and one of the largest in Africa, is expected to be inaugurated within six months, said manager Sónia Campos, cited by Angolan daily newspaper O País.

Representing an investment of over US$800 million the project includes two office tower blocks, two apartment blocks, a large shopping centre and a five-star hotel.

Located in Luanda, in the Alvalade neighbourhood, the project occupies a whole block and has a construction area of 483,600 square metres. It is expected to attract 1 million visitors per month.

With one of the office towers already in operation, the apartments in the first residential block will be delivered later this month and after following the opening of the 10,000 square-metre Kero hypermarket, the remainder of the Comandante Gika project's buildings are scheduled for conclusion.

The project also includes a business centre, the "Garde Towers," Alvalade Residence, a housing area with 136 apartments, Hotel Vip Grand Luanda, a five-star hotel with an area of 72,500 square metres and 370 rooms and finally

Luanda Shopping mall which, with an area of 276,400 square metres, will be the largest shopping centre in Luanda, with six floors and three car parks.
The Comandante Gika project is the result of a partnership between the shareholders of Afripom, representing the Angolan investors, and Arrow Invest, which brings together international investors. *(Macauhub)*

Belgian group builds shopping centres in Mozambique

Pylos Mozambique, a real estate promotion and development company of Belgian group Pylos, has begun construction in the city of Tete of the first of 15 shopping centres planned for the next five years, according to a statement from the group.
Jacky d'Almeida, operations director of Pylos Mozambique, said the company's strategy involved focusing on the provinces as prime investment destinations, and so "we started on 1 September to build the first shopping centre in the city of Tete. "Construction of the second unit will start later this year in the province of Nampula, which may be followed, also in 2014, by a third unit in the province of Inhambane.
"Pylos set out an investment strategy making use of its own equity, which allows a greater freedom of choice and greater speed in delivering investments of estimated at over US$150 million," said José Carlos Pinheiro, CEO of Pylos Mozambique.
The Pylos group operates across three continents, and has a portfolio of real estate projects in Belgium, Luxembourg, France and Brazil valued at over US$800 million. Pylos Mozambique is the group's first investment in Africa and will be followed by the opening of Pylos Zambia in October 2014. *(Macauhub)*

Angola invests US$3.9 billion in logistics platforms

Angola plans to build 44 logistics platforms to foster regional and national development, linking transport networks in Angola to the rest of the African continent, according to a study by the Ministry of Transport.
The future National Network of Logistic Platforms, with an estimated cost of US$s,3.9 billion dollars, include five logistics hubs, ten road and rail transport centres, and five air cargo centres and other goods and logistics support facilities.
The project is already underway and this stage involves the acquisition of the land needed in the various provinces, along with development of technical, environmental impact and economic viability studies.
Already under construction are the platforms in the provinces of Malanje, Moxico, Huila and Kwando Kubango, in addition to a logistics centre in Soyo (Zaire province).
Interconnection between these platforms and the national rail network, based on the Luanda, Benguela and Namibe (Moçâmedes) railroads is also planned, covering the areas of greatest industrial, mining and agricultural activity, to transport goods and optimise domestic production. *(Macauhub)*

Sumol+Compal Group increases investment in Angola

The Angolan subsidiary of Portuguese group Sumol+Compal plans to increase its investment in building a factory in Angola by by US$51 million, as part of a project launched in 2013, according to Portuguese news agency Lusa.
The project, which initially involved investment of US$28 million, was approved by the government of Angola in September 2013, included construction of a factory in Angola for bottling juices and soft drinks of the group's brands.
For the project, the Portuguese group joined Angolan partners to form Sumol+Compal Angola Invest, in which it holds a stake of 50.1 %.
The value of the investment agreement signed with the Angolan National Private Investment Agency (ANIP) has now been increased by US$51 million, "an amount that has already been applied by transferring funds from abroad," according to an addendum approved by presidential decree.
The increased investment is explained by a "need to acquire infrastructure in Luanda for the implementation of the project." *(Macauhub)*

Technical group set up to study production of construction materials in Angola

Angola's ability to provide building materials for construction projects in the country will be evaluated by a technical group set up by Angolan construction sector businessmen, according to Angolan state newspaper Jornal de Angola.
The decision was made at a meeting with the Minister for Industry, Bernarda Martins, which also served to look at the possibilities of creating the Association of Building Materials Entrepreneurs.
At the meeting the Director of the Industrial Development Institute of Angola, António Dias da Silva, considered it necessary to invest more in production of construction materials, which still fall short of meeting the country's needs.
António Dias da Silva noted that "these industries must continue to work and to invest, particularly in innovation and the quality of their products, so that the market can absorb all that they produce."
According to Jornal de Angola, the aim of the meeting was interaction with entrepreneurs involved in the production of building materials, as well as to inform about the opportunities that the public sector is creating for national industries. *(Macauhub)*

Mozambique Automaker's First Cars Leave Assembly Line

Matchedje Motors Ltd., Mozambique's three-year-old domestic automaker, put its first car on the market this week -- a four-wheel-drive pick-up that will be marketed at 720,000 meticais ($23,700).

Matchedje, set up through an investment by Shanghai-based China Tongjian Investment Co., plans to build 30,000 vehicles in its initial year of production, the company said in a statement posted on its website. Those units will include buses and electric motorcycles, along with the 2.8-liter (0.7 gallon) engine off-roader that went on sale this week. Matchedje, based in Matola near the capital, Maputo, employs about 80 people. In a second phase of development in 2016 and 2017, the company intends to expand its production to 100,000 vehicles a year, and to 500,000 by 2020. Matchedje may add as many as 500 employees in its second phase, local daily o Pais reported this week.

Matchedje intends to build a pan-African sales network and develop a Mozambique automotive industry, the company said. It plans to train local employees in mechanical, chemical, electronic and automobile engineering, Sales Director Carlo Nizia told reporters in Matola on Sept. 23. *(Bloomberg)*

Where to invest in Africa

Retailers looking to invest in Africa should look to Nigeria, Egypt and Ethiopia, which offer some of the best opportunities at present. The Democratic Republic of Congo and Libya rank fourth and fifth and South Africa 15th, Rand Merchant Bank, the Johannesburg-based investment banking unit of FirstRand, reported.

Being Africa's most populous nation and with the continent's biggest economy, Nigeria could be one of the world's top 20 economies by 2030, with a consumer base exceeding the current populations of France and Germany.

Disposable income in Africa will probably grow at an average rate of 5.5% a year until 2030. By then, the continent's highest-performing cities will have a combined purchasing power of $1.3 trillion, compared with $750bn currently.

While population trends are a key driver of opportunities for retailers, large-scale urbanisation poses risks in terms of social problems and unemployment.

However, Africa has the youngest population in the world, which would be create productivity, if there was employment for them.

Other negative short-term factors for African markets include political risks, vulnerability to changes in commodity prices, income inequality, weak institutions and gaps in infrastructure. Low government spending on education and skills are among key risks for the continent's future.

While South Africa ranks outside the top 10 as a prospect for retailers, Africa's second-largest economy remains the mostattractive country for overall investment. *(African Business)*

Nestlé To Boost South African Business With $200m Investment

Nestlé will invest $200 million to boost its business in South Africa over the next five years, CEO of the food and beverage company in the country, Ian Donald has said.

The five-year investment plan is line with the existing plan in contributing towards rural development and capacity efficiency. Donald who will succeed Sullivan O'Carroll at the end of September says the new investment will see Nestle put in funds for capacity building and general renovation; including converting Nestlé's Mossel Bay dairy factory to a water neutral one.

Its coffee factory in Kwa-Zulu Natal is also one of its investment targets, as Nestle intends to make South Africa its coffee export hub for the African region.

Although Nestlé already has about five hundred factories, including nine in South Africa; Donald says his company is hoping to build new factories in other African nation including Mozambique and Ethiopia.

The company already makes 4 % of its sale in Africa but hopes to increase it to about 10 %. "We're being realistic with sub-Saharan Africa. We realise that we are going to have to walk before we run, so, we are still building businesses that should contribute significantly to group revenue in the future," he said. Donald, who prior to his appointment, was the Market Head for Nestlé in the Equatorial African Region "brings back to the country a wealth of experience in emerging markets," Nestle said in a statement. The South African returns home, where his career with Nestlé began in 1972, before going on to work in various countries including Philippines, Pakistan and Malaysia. *(Ventures Africa)*

Cooperating across international borders

Seychelles: The island nation signed a Memorandum of Understanding with Sri Lanka to promote investment and business opportunities.

South Africa: Global photovoltaic (PV) manufacturer Wuxi Suntech established a subsidiary company, Suntech Power South Africa, expanding the group's presence in the country and boosting the provision of PV modules to gateway markets in the region.

Angola: China CAMC Engineering Co (CAMCE) has ventured into an agro-industrial project in Angola's Zaire province in the production of largescale cereal, especially rice and maize. Space not used for planting will be used to build factories to process cereals and for other support infrastructures.

Zimbabwe: The government has formed a joint venture with Iran in technology transfer aimed at boosting the country's agricultural production. Iran has developed technologies to boost production of potatoes, mushroom, cereals and the manufacturing of farming implements, also organically produced fertiliser.
South Africa: The government has signed and adopted the new Benguela Current Commission with Angola and Namibia, to work together in marine conservation. The agreement is a five-year strategic plan that aims to promote the long-term conservation and protection of the Benguela Current Large Marine Ecosystem.
Zimbabwe: The country plans to sign an agreement with Russian partners OOO VI Holding and state corporations Rostec and Vnesheconombank to develop a mine on a platinum deposit requiring total investment of about $1.6bn.
The Darwendale project will be developed in phases, the first of which will be the construction of a mine, without a smelter, at a cost of $400m to $500m. *(African Business)*

Odebrecht Angola to be managed by Angolan staff in future

Odebrecht Angola, a subsidiary of Brazilian group Odebrecht, will be managed by Angolan staff within five years, the group's chairman, Emilio Odebrecht, said in Luanda cited by Radio Nacional de Angola.
"Our goal for the next five years is to have our company in Angola led and directed by Angolans, who are currently being trained for this mission," said Emilio Odebrecht at the end of an audience granted by the President of Angola. Referring to the meeting with José Eduardo dos Santos, the chairman of the Brazilian group said it had submitted a report on activities conducted last year and provided information about the Angolan subsidiary's projects for the next 12 months. Odebrecht Angola has been in Angola for 30 years and is the largest Brazilian-owned company in the country, where it started operating by building the Capanda dam in Malanje province.
Odebrecht Angola is the largest private employer in the country and employs around 24,000 people. It has a project portfolio worth over US$5 billion and is involved in construction as well as agriculture and processing of agricultural products and even in the mining industry. *(Macauhub)*

BANKING

Banks

Assets of banks operating in Angola rise 12% in 2013

The value of assets of banks operating in Angola in 2013 stood at 6.621 billion kwanza (US$67 billion), an increase of 12 % compared to 2012, according to a study by auditing and consulting firm Deloitte.
According to the study presented by Deloitte Friday in Luanda, which was the result of compilation of public information disclosed by banks operating in the market and by the National Bank of Angola, the relative position between banks remained unchanged.
By assets the list is led by Banco Angolano de Investimento (BAI) with 15.7 % of the total, followed by Banco de Poupança e Crédito (14.9%) and Banco de Fomento Angola (13.1%).
The analysis noted an increase in the weight of the smaller banks, which confirms the downward concentration trend recorded in 2009, according to the study cited by Angolan news agency Angop.
In terms of electronic means of payment, the document said they continued to grow in the Angolan market, and the number of credit and debit cards increased by 37% in 2013, as did valid cards that recorded growth of 19 %.
With regard to the automatic terminal network, the number of automatic teller machines (ATMs) and Automatic Payment Terminals (TPA) grew by 11 % and 35 % to 2,234 and 31,716 units, respectively.
Banking under Analysis is a study of the Angolan financial system that Deloitte has conducted since 2006 and it compares the banks by size, profitability and efficiency, combining global economic studies and interviews with key players. *(Macauhub)*

Ghana: Bank lending likely to tighten further in Q4

As Ghana's economy remains weak, overall bank lending is likely to tighten in Q4 2014 on account of high lending rates and rising obligor risks. Most affected will be lending to small and medium-sized enterprises (SMEs) and large corporates (wholesale lending), where demand is already tipping downwards.
Demand for consumer lending, too, is already weak, since households see the prevailing lending rates as prohibitive; however, consumer lending accounts for only 17% of total credit. Banks are also becoming increasingly cautious about consumer lending on account of surging obligor risks as the high cost of living continues to eat into households' disposable income.
As for wholesale lending, we expect a rise in demand for debt restructuring and working capital financing as corporate employ strict liquidity conservation measures in the face of growing uncertainties.
Ecobank expect banks to face significant challenges in funding their balance sheets, especially in meeting foreign currency (FCY) loan requests. *(Ecobank)*

Western Union, Angola Post Office Sign Money Transfer Agreement

The Western Union Company and the Angola Post Office have signed a deal to provide money transfer services to consumers in the Southern African country.

The leading global payment services provider, whose money transfer services is to be offered in Angola for the first time, will work with the government-owned agency, which provides both postal and financial services, to make money transfer more accessible to customers. “The Postal Service in this country looks forward to being part of the continued economic development of the country,” said Maria Luisa Andrade, Board president of the Post office.

According to her, offering Western Union services is a way of enhancing connectivity across Angola, “keeping our services relevant for years to come.”

While the deal helps Western Union expand its business and product offering in the oil-rich country, it will also enable Angola Post Office facilitate its services in providing financial payment in different parts of the country, through its sixty subsidiaries. We are delighted to start this collaboration with the Angola Post Office and are confident this We encourage investment in the country and remain positive that Angola will continue to prosper with the help of the international community,” said Richard Malcom Regional Vice President for Southern and East Africa at Western Union, Richard Malcolm expressed delight at the new partnership, saying it will expand the network offering of Western Union services. He added that the payment services company remains positive that Angola will continue to grow with the help of the international community.

According to a Universal Postal Union study, about 80 % of post offices in Sub-Saharan Africa are located outside the three largest cities -providing unique outreach to unbanked citizens and migrants. *(Ventures Africa)*

IFC, AXA Agree to Boost Insurance Coverage in Emerging Markets

IFC, a member of the World Bank Group, and AXA Group, a worldwide leader in insurance, signed an agreement today to help expand insurance coverage, improve safety, and foster economic growth in emerging markets.

The five areas of cooperation are: co-investments, with an initial focus on Africa and Latin America; improving road safety; increasing insurance coverage for women; infrastructure development; and sustainability and responsible investments. The signing took place at the conclusion of AXA’s Women Forum, which focused on the expansion of access to insurance for women. “There is a significant demand for financial services in emerging countries as people want to achieve security for their families and businesses, and relative to other sub-segments of the financial sector, the insurance industry remains underdeveloped,” said Denis Duverne, Deputy Chief Executive Officer of AXA. “One of the key pillars of our strategic plan is the acceleration of our activities in these high-growth markets, and we are very enthusiastic to be working with IFC to contribute to developing insurance coverage and capacity.”

Dimitris Tsitsiragos, IFC Vice President, said: “Insurance is vital for managing risks and helping to promote growth and foster a well-managed economy in developing countries. Partnering with a global insurance leader like AXA will help us catalyze the positive developmental role of insurance, which will ultimately contribute to eradicating poverty and boosting shared prosperity.”

The agreement leverages the expertise and leadership of both IFC and AXA to improve global access to insurance products. Increasing insurance coverage is key to promoting sustainable economic development and private sector growth. Insurance also plays an important role in mitigating risks in emerging markets, helping to cushion individuals and businesses against the adverse effects of natural disasters, fires, droughts, and other unforeseen events. Expanding insurance coverage for women will also encourage women-owned businesses and entrepreneurs to take more risks and create greater economic opportunities. *(IFC)*

Markets

AfDB issues its debut 7-year US dollar global benchmark

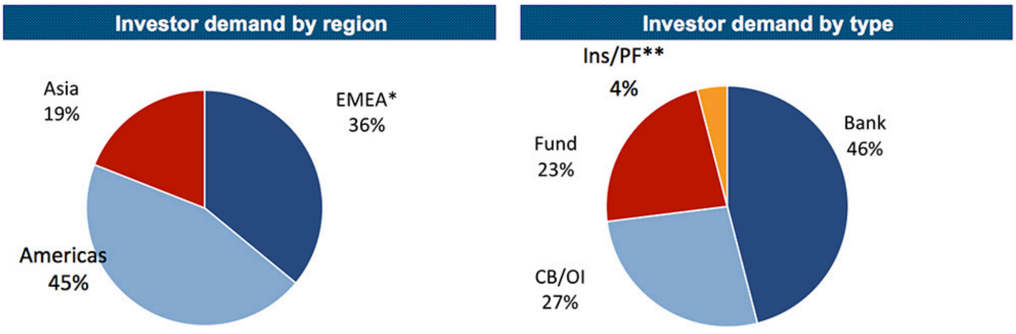
On Tuesday, September 16, 2014, the African Development Bank (“AfDB”) successfully issued a new a 1 billion 7-year US dollar global benchmark due September 23, 2021. This is the AfDB’s second US dollar global benchmark of the year, following a successful 3-year benchmark transaction executed in March. This transaction represents the first-ever 7-year benchmark from the AfDB and the longest point on the Bank’s liquid global benchmark curve.

The transaction was announced on Monday, September 15, 2014 shortly after 10 a.m. London time for potential execution the following day, subject to market conditions. Initial price thoughts of midswaps plus 7 basis points area were released thereafter at the opening of the New York markets.

The order book grew extremely quickly with indications of interest in excess of USD 1.7 billion before books officially opened, a clear demonstration of the high level of attention the transaction was drawing in the market. Given the great reception of the transaction and the quality of the order book, the spread was set at midswaps plus 5 basis points as books formally opened on Tuesday, September 16, 2014 at 8 a.m. London time.

With no spread sensitivity from investors, the book continued to grow after the official open. Given the Bank’s strong liquidity position, the deal size was capped at a maximum of USD 1 billion from the outset. Books closed at 9 a.m. London time after only an hour of book-building, capturing orders in excess of USD 2 billion.

The strength of the order book and level of oversubscription allowed the Bank to price its new benchmark at midswaps plus 5 basis points, 2 basis points inside the initial price thoughts. At midswaps plus 5 basis points, the deal is the tightest of the year to date at this tenor in the sovereign, supranational and agency sector.
More than 50 investors participated in the transaction. Final distribution figures highlight the AfDB's strong penetration across regions. The order book was well diversified geographically with high quality orders from bank treasuries, central banks, official institutions, and asset managers.



** Europe, Middle East, and Africa*
*** Insurance and Pension Funds*

Joint Lead Managers on the transaction were BNP Paribas, Citi, Goldman Sachs International, and Nomura.
The AfDB is rated triple-A by all major credit rating agencies including Fitch, Japan Credit Rating Agency, Moody's, and Standard & Poor's. The new USD 1 billion global benchmark transaction demonstrates the loyal following the Bank benefits from in the international capital markets.

Tanzania still aiming for Eurobond issuance

The government has confirmed that it is still hoping to issue a US$700m Eurobond by December.
According to officials, the bond will be issued once the country receives an international credit rating, which is expected by December. The government intends to use the funds primarily to support infrastructure development, including the construction of gas pipelines, the Bagamoyo port project and an expansion of the country's road and rail network.
Tanzania has been preparing to issue a Eurobond since 2008, but the process has been delayed several times-initially because of reduced foreign investor interest in the wake of the global financial crisis. However, in April this year the president, Jakaya Kikwete, announced that the government was keen to forge ahead with its plans for an inaugural US$700m Eurobond issue-although he added that the precise timing of the bond offer, as well as the amount to be raised, would depend on prevailing market conditions. Since then government officials will have been encouraged by Kenya's successful bond issuance, which appears to indicate a strong investor appetite for East African debt. In its debut Eurobond launch on June 16th, Kenya raised US$2bn in an issue that was more than four times oversubscribed.
Although the Tanzanian government has a poor track record of project implementation, the country's long-term prospects have been boosted by the recent discovery of large natural gas reserves (estimated at 46.5trn cu ft). Prospective bond investors will also take comfort from the fact that the government reached agreement with the IMF in July on a new three-year unfunded policy support instrument-providing the basis for continued Fund monitoring beyond the October 2015 elections. In the meantime, the authorities are taking steps to boost inflows of portfolio investment. On September 19th the Capital Markets and Securities Authority confirmed that foreign investors, who had previously been restricted to owning a maximum of 60% of companies listed on the Dar es Salaam stock exchange, would no longer be subject to any cap. *(Economist Intelligence Unit)*

Eskom to Use South Africa Sukuk as 'Barometer' for Funding Plans

Eskom Holdings SOC Ltd., the state-owned utility that provides more than 95 % of South Africa's power, said it will watch the government's debut Shariah-compliant bonds as an indicator for funding options.
Africa's second-biggest economy sold sukuk yesterday at a record low borrowing cost for dollar debt. The issuance may open the way for state-owned companies to tap a growing Muslim investor base and give Eskom more options to plug a 225 billion-rand ($20 billion) funding shortfall.
"Eskom will follow the printing of the government sukuk funding as a barometer for its future funding plans," the utility, based in Johannesburg, said in an e-mailed response to questions today. "Given the quantum of Eskom's funding plans, there is certainly value in sukuk funding to diversify its funding sources."
Eskom is trying to ward off a downgrade threat by Standard & Poor's and is racing to build new facilities to avoid a repeat of 2008 when blackouts cut industrial production for five days. South Africa has already faced power cuts this year as outages at aging plants curbed electricity supplies.

Changes to the tax law, which currently "detracts from the value of issuing such instruments," are being considered, according to Eskom. "We would require amendments to the tax policy to allow Eskom to tap this market."
South Africa's $500 million of 5.75-year securities were priced with a coupon of 3.9 %, at the bottom end of the range marketed to asset managers, according to a statement yesterday from the National Treasury. Yields on Eskom's dollar debt due August 2023 were little changed at 5.89 % in Johannesburg.
"Some of the pertinent issues for Eskom when exploring the sukuk markets would be the cost, volume and tenors of such funding," compared with a Eurobond, the company said. *(Bloomberg)*

Marcus to Step Down as South African Central Bank Governor

South African central bank Governor Gill Marcus said she will step down from her post when her five-year term ends in November, leaving room for one of her deputies to succeed her.
Marcus, who turned 65 on Aug. 10, said she informed President Jacob Zuma that she won't resume her post when her contract expires on Nov. 8. The surprise announcement, which was made in response to a question at a scheduled press conference after she said the benchmark interest rate will remain unchanged at 5.75 %, caused the rand to temporarily weaken against the dollar. Zuma hasn't decided on her replacement yet, his spokesman Mac Maharaj said by phone. "I have advised the president some time ago that I will not be available," she told reporters in Pretoria. "I think the bank has an outstanding team of leadership, both in the executive monetary policy leadership and management of the bank."
Marcus, a former deputy finance minister and chairwoman of Barclays Plc's South African unit, took office in 2009 after the global financial crisis hit, which had dragged the local economy into its first recession in 17 years and pushed up inflation. Her move opens the way for one of her experienced deputies, Daniel Mminele or Lesetja Kganyago, to take up the top post at the bank, according to economists, including Goolam Ballim at Standard Bank Group Ltd., Africa's biggest lender. "Its sad to see her leave but there is depth of talent in the Monetary Policy Committee and the likes of Mminele or Kganyago may succeed her," he said by phone from Johannesburg.

Weak Growth

Stability has been a hallmark of Marcus's tenure. During the time that she's led the MPC, the benchmark rate has been adjusted just six times compared with 17 in the previous five years.
The next governor will be tasked with curbing an inflation rate that's exceeded the 3 % to 6 % target for the past five months, while supporting an economy set to expand at its slowest pace since a 2009 recession. Inflation probably peaked at an average 6.5% in the second quarter and will average 6.2% this year, down from a previous forecast of 6.3%, Marcus said in the MPC statement today. "She has been a very good governor," Rian le Roux, chief economist of Old Mutual Investment Group, which has about $53 billion under management, said by phone from Cape Town. "Her communication skills have been particularly good. You probably can't fault what the bank has done over time." Le Roux added that he expects her successor to be either Mminele or Kganyago, if Zuma decides to appoint someone from within the bank.

Rand's Slide

Policy makers paused after raising borrowing costs by 75 basis points this year to help bolster an economy battered by strikes and to support investor confidence as the country faces the threat of credit-rating downgrades. The MPC today cut its growth forecast for this year to 1.5 % from 1.7 %.
The rand's slide below 11 to the dollar last week, the weakest level in seven months, is complicating the job of policy makers as pressure on inflation increases. The currency fell to as low as 11.1013 against the dollar after Marcus said she will step down and was trading at 11.0386 as of 4:54 p.m. in Johannesburg.
"The markets didn't react very favorably on the announcement of that, but I think if it is announced that it's Lesetja Kganyago, I think the markets will take to it quite favorably," Gina Schoeman, an economist at Citigroup Inc. in Johannesburg, said by phone. "Not only is he very well-respected and he did a very good job while he was at National Treasury, but also many people have met him, many people know him and he's seen as prudently hawkish." Kganyago, 48, joined the central bank in May 2011 from the National Treasury where he had been director-general for more than seven years. Mminele, 49, has been with the Reserve Bank since 1999 and was appointed for a second five-year term as deputy governor on July 1. *(Bloomberg)*

Bank of Ghana Keeps Benchmark Rate at 19% as Cedi Stabilizes

Ghana's central bank kept its benchmark interest rate unchanged after the government sold $1 billion in Eurobonds and began talks with the International Monetary Fund, helping to revive confidence in the economy.
The Monetary Policy Committee maintained the rate at a decade-high of 19 %, Governor Kofi Wampah told reporters today in the capital, Accra. That matched the forecasts of eight of 10 economists surveyed by Bloomberg. Two analysts predicted an increase of 50 basis points to 100 basis points.
Ghana is struggling to contain an economic crisis that's pushed inflation to 16 % in August and caused the currency to lose a third of its value against the dollar this year, the worst-performing currency in sub-Saharan Africa. The cedi has gained 9.2 % in the past month after the government said it will seek support from the IMF.
"The key test will be whether the recent performance of the Ghana cedi can be sustained," Razia Khan, head of Africa economic research at Standard Chartered Plc in London, said in an e-mail. "We expect inflation to continue to rise as

the impact of earlier currency weakness is still felt." The bank may raise the benchmark rate by 100 basis points in November, she said.
Proceeds from the Eurobond sale this month may also help to bolster foreign-currency reserves, which stood at $4.2 billion at the end of August, covering 2.4 months of import needs, Wampah said. The bank has a target of four months of import coverage, he said.

Inflation Peak

The cedi gained 1 % to 3.5528 against the dollar in Accra. Yields on the Eurobond sold last week fell two basis points, or 0.02 percentage point, to 8.12 %.
There is currently a discrepancy between the exchange rate advertised by banks and that of the central bank, Wampah said. The gap, which is due to a shortage of dollars to banks, will narrow as proceeds from the Eurobond and $1.7 billion in cocoa loans flow in, he said. "The government's fiscal consolidation efforts are expected to be strengthened under the IMF program, which will also provide additional balance-of-payments support," Wampah said.
The Bank of Ghana has increased the key rate by 3 percentage points since January to halt inflation and support the economy. Inflation will probably peak in the "near term," remaining slightly above the upper band of the central bank's revised target for 2014 of 13 %, plus or minus 2 percentage points, Wampah said.
Concern that the government's budget gap will exceed 10 % of gross domestic product for a third consecutive year prompted Moody's Investors Service to lower Ghana's credit rating in June to B2, five levels below investment grade.
The budget deficit in the first seven months of the year was 5.3 % of GDP, compared with a target of 5.1 %, Wampah said.
"The growth outlook is generally positive based on expected higher cocoa and oil output," he said. A recovery in the economy as production from new oil fields come onstream, a better cocoa crop and output from gas projects, may help support a credit-rating upgrade in the medium term, he said. *(Bloomberg)*

Angola creates securities market academy

The Angolan Capital Market Commission (CMC) is due in October to open the Securities Market Academy (AMVM) to train technicians for businesses operating in the financial system, the director of the AMVM told Angolan state newspaper Jornal de Angola. Chuvica Nelson said the Academy was the unit that would train brokers, for example, so that "transfer of the funds generated by individuals' savings is conducted according to the rules of the Capital Market Commission."
The Director of AMVM also said that in August the Academy signed a protocol of cooperation with the Catholic Business School Alliance and the Centre for the Study of Legal, Economic and Social Sciences of the Faculty of Law of Agostinho Neto University and maintains partnership agreements with the universities of Porto and Lisbon in Portugal.
However, the Portuguese press reported that non-regulated market management company Opex – Sociedade Gestora de Mercado de Valores Mobiliários não-Regulamentados was hired to put Angola's future Stock Exchange (Bodiva) into operation. The Angola Stock exchange is due to open on 30 November. The chairman of Opex said the company would set up the trading, settlement and custody system, train local teams as well as designing rules and regulations for all of Angola's regulated markets. The Angolan stock market is expected to be launched with most commercial banks and with big companies like Movicel Telecommunications, Unitel and Refriango. *(Macauhub)*

London Stock Exchange to pursue African company listings

The London Stock Exchange is launching an aggressive attempt to increase the number of listings of African companies in the UK, following strong interest from institutional investors in a recent wave of initial public offerings from the region.
The LSE is working on partnerships with exchanges in Morocco, Egypt, Nigeria and Kenya for dual listings, in an effort to attract African blue-chips to list in London. In effect the LSE is trying to repeat its strategy of dual London-Johannesburg listings with Casablanca, Lagos, Nairobi and Cairo.
"There is a big push for Africa, particularly creating a partnership with local exchanges," Ibukun Adebayo, co-head of emerging markets at the LSE, said in an interview. "We are working to bring collaboration with local markets," he added.
The stock exchange's campaign comes just weeks after Nigeria-focused oil explorer Afren suspended its chief executive pending an investigation into "unauthorised payments", stoking concerns about corporate governance at African companies that are raising capital in London.
The city has historically been a hub for the natural resources industry, financing mining and energy groups operating in Africa. But Mr Adebayo said the LSE was courting "indigenous companies" in the consumer and financial sectors.
The LSE's efforts pitch it against Dubai and Singapore, which are also battling to attract African companies to their exchanges. They come as African tycoons look for new sources of capital to expand their businesses.
The Johannesburg stock exchange is also trying to convince companies from all over the region to list in South Africa.
Over the past five years, 55 African companies have listed in London, compared with 33 in the previous five years. Recent listings include Atlas Mara, the investment vehicle of Bob Diamond, former chief executive of Barclays, and Nigerian oil group Seplat, the first Lagos-London dual listing.

Seplat in April raised $500m and Atlas Mara initially secured $325m in December, but later failed to reach a $400m target for a second fundraising. Mota-Engil, Portugal's largest construction group, said in June it would list its Africa subsidiary in London, but withdrew the offer later after tepid demand. Bidvest, one of South Africa's largest conglomerates, in September hired bankers as it considers listing its food services business in London to help fund acquisitions and growth.

The LSE could face several obstacles in attracting more African companies.

The first is governance, as investors worry about the repetition of several contentious deals during the past decade, particularly in the commodities sector. The flotations of ENRC of Kazakhstan and Bumi of Indonesia in the 2000s tarnished the reputation of the City of London. Controlled by foreign tycoons and lured to London by persuasive bankers, each was allowed to list despite a poor record in regard to corporate governance. Since then, the UK Listing Authority, which acts as the gatekeeper for the London Stock Exchange, has tightened rules. Mr Adebayo admitted that some UK-based institutional investors remain concerned. "Governance issues are still out there," he said, adding that he pipeline of potential listings was "not as big as it should be", in part because of governance concerns.

The second obstacle is the credit market, which has opened up for African companies, allowing them to raise capital through bonds and syndicated loans, thus bypassing the equity market. "The biggest rival for us is the debt market," said Mr Adebayo, who recognised that African companies could tap a larger pool of sources of capital today than five or ten years ago. *(Financial Times)*

Private Equity

Vital Capital Closes Financing for Luanda Medical Center with U.S. Government's Overseas Private Investment Corporation

Vital Capital Fund (www.vital-capital.com) is pleased to announce that the Overseas Private Investment Corporation (OPIC) recently closed a USD $9.8 million loan to support the Luanda Medical Center, a world class medical clinic designed to provide high quality healthcare and diagnostic services for the local population of Angola. The Luanda Medical Center (LMC) will provide same-day ambulatory and cardiology procedures, as well as advanced diagnostic capabilities such as MRI, CT, ultra sound and X-Ray.

The OPIC loan is made in conjunction with a USD $16.6 million equity investment by Vital Capital Fund, one of the world's largest impact investment funds focused on sub-Saharan markets.

LMC will address pan-African challenges of high costs and inaccessibility to quality health care by delivering world-class health care, in modern facilities, at affordable prices for the local population. It will also have an extensive outreach program to provide access to its medical professionals and capabilities to rural areas throughout the country. LMC will begin serving patients in the 4th quarter of 2014.

"Vital Capital's investments in high-impact sectors across the African continent align excellently with OPIC's own development finance goals. Their investment in the Luanda Medical Center will enable middle and lower income families to access quality healthcare, improving the quality of life of local populations in Angola. This shows how investing with impact can spur tangible social improvements while also generating returns for investors and lenders," said OPIC President and CEO Elizabeth Littlefield. US-based CURE Healthcare Management Services (CHMS) will support the operations of LMC under a long-term professional services agreement.

About OPIC

OPIC is the U.S. Government's development finance institution. It mobilizes private capital to help solve critical development challenges and in doing so, advances U.S. foreign policy. Because OPIC works with the U.S. private sector, it helps U.S. businesses gain footholds in emerging markets catalyzing revenues, jobs and growth opportunities both at home and abroad. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds.

Established as an agency of the U.S. Government in 1971, OPIC operates on a self-sustaining basis at no net cost to American taxpayers. OPIC services are available for new and expanding business enterprises in more than 150 countries worldwide. To date, OPIC has supported more than $200 billion of investment in over 4,000 projects, generated an estimated $76 billion in U.S. exports and supported more than 278,000 American jobs. Visit http://www.opic.gov for more information.

About Vital Capital

Vital Capital Fund is a $350 million private equity fund that invests in opportunities which enhance the quality of life of communities in rapidly developing nations, primarily in sub-Saharan Africa, while also delivering attractive financial returns for investors. Vital's primary investment interest is the development of vibrant communities across sub-Saharan Africa, including housing, agriculture, clean energy, water, education and healthcare. *(Financial Mirror)*

In Africa's oil capital, an empire built on sugar

As Africa's global business prominence continues to surge, so too does Aliko Dangote's profile as one of the region's most recognised entrepreneurs.

The Nigerian business mogul was in the headlines most recently announcing deals that aim to tackle Africa's power deficit. Speaking at August's US-Africa Leaders'Summit in Washington, DC, Dangote announced $6bn in joint ventures with US private equity firms Blackstone and Carlyle.

These two deals alone represent a massive jump in private equity financing for the continent. Total private equity financing for sub-Saharan Africa for 2013 was only $1.4bn, according to Emerging Markets Private Equity Association (EMPEA) figures.

Current power consumption on the continent averages 124 kilowatt hours per year and falling, according to the World Bank. This is less than a tenth of the consumption found elsewhere in the developing world. These numbers indicate how far behind the region lags in terms of power infrastructure. This deficit hinders productivity, limits manufacturing and increases businesses' reliance on expensive, inefficient generators.

The son of a prominent Muslim family from northern Nigeria, Dangote entered business in 1978. He established a trading firm with a loan from his late grandfather. In a country built on oil revenues, Mr Dangote plotted his path to profit in soft commodities, starting with sugar. When Nigeria reduced import license requirements and tariffs in 1986, his business was well positioned to benefit. It became Africa's most populous country's leading bulk dealer of sugar, rice, frozen fish, and cement.

Over the course of the next three decades, Mr Dangote's small trading firm would become the Dangote Group, a pan-African conglomerate with a 2014 market cap of $24bn. Mr Dangote, in turn, became the continent's richest man.

A shift toward energy and private equity

Mr Dangote's turn towards Nigeria's energy sector began before the private equity deals with Blackstone and Carlyle. In 2013, the entrepreneur invested $9bn into refinery infrastructure in Nigeria. Though the country is Africa's top producer of crude oil, deficient refining capabilities force Nigeria to import 70 % of its fuel.

Mr Dangote's new energy private equity ventures will consolidate his interests in the sector. The first, with Carlyle, will finance $1bn in petroleum refining, agriculture and financial services. The second, with the Blackstone Group, will invest $5bn in power infrastructure.

At the US-Africa Leaders' Summit, Mr Dangote spoke of how Africa's energy deficit could be holding the region back from its full potential - given its impressive growth without adequate power supply.

"We've had 5.5 % growth in Africa…and this 5.5 % growth is actually [largely] without power," he said.

Power upgrades have the potential for unleashing vast economic potential, considering how much has been achieved without them. However, productivity hits a ceiling if the necessary infrastructure is not in place. This, Mr Dangote claims, is the impetus behind the Blackstone partnership. "We really want to make sure we bridge this power gap," he emphasises.

The projects will look at "taking up things like gas pipelines, to…unleash the potential of power generation, especially in Nigeria. We want to also look at…mining to generate power by coal. And to look at the electricity transmission lines and distribution across sub-Saharan Africa," he says.

The Blackstone fund will operate through a 50/50 joint venture, dispersed across energy projects throughout the continent, and managed primarily through Blackstone Africa affiliate Black Rhino.

Going global

Going forward, Mr Dangote is also looking outside his home region. He envisions a future where African entrepreneurs such as himself could pioneer investing in large ventures outside the continent.

"Twenty years ago nobody would have imagined Indian companies would be taking over huge corporations, like the Arcelor deal or Tata's deal with Jaguar. It is a matter of time," he says.

In 2006, Indian steel magnate Lakshmi Mittal merged his company with Luxembourg's Acelor for $36.6bn. Luxury car brand Jaguar, formerly owned by Ford, was bought by India's Tata for $2.3bn in 2008. According to Mr Dangote, Africa's entrepreneurs could be the next wave of big ticket dealmakers.

"Right now we are making waves that we were not before. Africa's coming of age, and we are going to do quite a lot going forward."

And while the number of investors courting opportunities in Africa has increased as the continent's economic fortunes have risen, Mr Dangote is keen to enumerate the advantages of partnerships with the US public and private sectors.

"With the US, it is not only a matter of putting money on the table. They bring a lot of other things to the table too. They will bring innovation, training, and technology transfer. They will not likely just come to take our raw materials out," he claims.

US companies have long been involved in oil, gas and mining on the continent for decade, led by the likes of Shell Petroleum, Chevron and Newmont Mining Corporation. However, US trade and investment links with Africa have fallen far behind the likes of China, which surpassed the US as the continent's leading trade partner in 2009. At $198.5bn for 2012, China-Africa trade nearly doubled trade with the US.

Yet Mr Dangote is quick to point out the advantages to US partnerships in terms of fostering human capacity and management. "The Americans are more likely to train our people, and they will learn a lot – which will help to sustain our growth and make it more inclusive. This will also strengthen corporate governance," he says.

These practices stands in contrast to perceptions of Chinese investments into the continent, which have been criticized for being too focused on extracting commodities without providing benefits to local populations.

The new philanthropists

In parallel with his business interests, Mr Dangote is also becoming recognised as one of Africa’s new philanthropists. In 2014, he endowed the Foundation wing of the Dangote Group - which oversees the company’s corporate social responsibility initiatives - with a gift of $1.2bn. The organisation supports a number of charitable initiatives related to education, health, and youth empowerment.

Mr Dangote’s endeavors, along with philanthropic ventures of wealthy African businessmen including Tony Elumelu, Strive Masiyiwa, and Mo Ibrahim, have led some to speculate that Africa’s own breed of Rockefeller and Gates-like figures - referring to the wealthy endowers of two US-based mega-charities - are emerging. Mr Dangote is watching this trend with interest.

“Big philanthropy driven by Africans is relatively new. It has been going on in America for decades. But I did set up my foundation in 1993, so this is not entirely new to me,” Mr Dangote says.

“We’ve been developing it gradually and we spend an average of $100m annually now. I think a lot of other successful Africans are going to do the same with charity, maybe even better.”

Mr Dangote believes it is an important step for Africans to be involved in the philanthropic activities directed at their region, and predicts greater collaboration between foreign and local charitable actors. “It is very symbolic for Americans and the world to see this,” Mr Dangote comments.

“We have a lot of people coming to Africa for philanthropic activities...They will need good partners – locals on the ground, people who know the terrain and how to do things – so that they can really impact society.”

Inter-African Competition Will Drive Down Corruption

As a businessman with extensive experience operating in Nigeria, Mr. Dangote often gets asked about reducing corruption and increasing investor confidence in his home country.

“In terms of corruption, the government in Nigeria is trying very hard to fight it,” he says. “Things are changing. We are not where we were 10 years ago. One of the issues we have in Africa is that we have weak institutions. By strengthening these institutions they will work harder to fight corruption.”

Nigeria surpassed South Africa as the continent’s largest economy in April, but the country is having trouble shaking off a longstanding reputation for shady business dealings and graft. An independent audit by PwC is still investigating a March 2014 whistle blowing scandal spurred by allegations that $20bn in state oil money had gone missing. The charges were levelled by the country’s former central bank governor, Lamido Sanusi.

However, Mr Dangote also believes that investors should not wait for the perfect business climate before deciding to invest. “We do not expect that nobody will invest until corruption is zero. There is no country on earth that has zero corruption,” he points out.

Nevertheless, he acknowledges that there is room for improvement, and looks to other models on the continent for examples where reducing corruption has spurred economic activity.

“Some countries in Africa, like Ethiopia, have done very well, where corruption is at a minimum,” he says. “We also want to push Nigeria to be at that minimum, which will give a lot of comfort to any foreign investor to come and invest.”

As Mr Dangote sees it, greater business competition among African nations will serve as a force to reduce corruption and tackle the continent’s longstanding challenges. “Things are improving day by day,” he says.

Overall, Mr Dangote remains optimistic that the narrative of Africa’s ‘rise’ has not peaked yet. He is keen to compare the region’s trajectory to Asia’s fast-paced development through the 1990s. “Over the next several years, we will end up being in competition with ourselves within Africa - just like what you have seen with the fierce competition among the Asian Tigers - to build the highest buildings, or create the best investment climate. That is where I expect Africa to be in the next five to ten years.”*(How we made it in Africa)*

Tech

IFC and Airtel Money to Expand Access to Mobile Financial Services in Uganda

IFC, a member of the World Bank Group, today announced an advisory services agreement, valued at $3.9 million, with Airtel Uganda to expand access to mobile financial services to strengthen financial inclusion.

In Uganda, just over half of the adult population has access to formal financial services, leaving the other half no choice but to rely only on cash and informal practices for transactions, savings and credit, which is costly and risky.

The aim of the three-year project is to assist Airtel Money Uganda in strengthening its mobile money operation to increase the number of its active customers. These customers will include rural and underserved communities and women. IFC will provide advisory services on agent network management and product development, funded by the Bill & Melinda Gates Foundation.

Chidi Okpala, Director and Head of Airtel Money Africa, said, "We are quite pleased with this support from IFC and the Bill & Melinda Gates Foundation. It will help us to further strengthen our distribution capability and involvement in deepening access to financial services and the creation of cashless ecosystems in Uganda.”

The implementation of mobile financial services has shown to be a successful way of increasing access to financial services, and thus an important tool in the fight against poverty and the promotion of inclusive economic growth. In

Tanzania, recent FinScope data show that the use of mobile money services has helped increase the rate of financial inclusion from 15.8 to 57.4 % in just four years.
Greta Bull, IFC Head of Micro Retail Advisory Services in Sub-Saharan Africa, said, “The lack of access to formal financial services means many Ugandans have no safe or sustainable way of saving or transacting money. Mobile money offers great potential in extending formal financial services also to the low-income market, and our partnership with Airtel Uganda will further that cause.” *(IFC)*

Zimpost Extends Payment Service To Botswana

Zimbabwe Postal Company (ZimPost), which recently ventured into money transfer business through its ZipCash brand, has extended this service to the neighbouring Botswana, as it seeks to cash in on a promising regional market.
ZipCash is a money transfer service that sits on an electronic platform, International Financial System developed by the Universal Postal Union.
In an official statement, the company said “ZipCash customers can now send or receive money to and from Botswana and plans to extend the sameservice to South Africa were at an advanced stage.”
Recently ZimPost admitted that technology advancement has affected their operations as few Zimbabweans are still using their mail services. ZimPost MD Douglas Zimbango revealed that as 2000 ZimPost was handling around 100 million mail pieces a year. But now they are now handling just 14 million mail pieces a year. This is an alarming 86 % reduction. He added that mail used to contribute 80 % of the company’s revenue; it now only contributes just 20 %, representing a 60 % drop.
The parastatal however said it has embarked on projects to automate its systems to allow it to carry out more e-based services for both the government and the private sector such as e commerce, money transfers and government services. It will also allow for Zimpost to act as an agent for other companies using its postal network. *(Ventures Africa)*

Banking on the move

Kenya: Microsoft has partnered with Safaricom to introduce a service that allows customers to buy mobile phone applications using their airtime.
Zimbabwe: Telecel Zimbabwe has become the first mobile phone operator to issue debit cards for its Telecash subscribers after it introduced a debit card which can be used to pay for goods or for withdrawals.
Zambia: IFC, a member of the World Bank Group, today announced an advisory services agreement, valued at $1m, with Airtel Zambia to increase access to mobile financial services in the Zambian market.
Ghana: GCB Bank Ghana to go live with mobile commerce platform goSwiff, a global innovator in mobile commerce and marketing services.
Nigeria: Major telecoms service provider Globacom is set to launch a Mobile Money Agent Network, Glo Xchange, in partnership with mobile money operators, Firstmonie, Ecobank and Stanbic IBTC. *(African Business)*

Financial Inclusion: Ecobank, MasterCard Enter New Card Deal

Sequel to a multi-country licensing agreement made between MasterCard and Ecobank in January, both institutions have signed another deal that will see the use of MasterCard prepaid, debit and credit cards at Ecobank’s Automated Teller Machines (ATMs) and Point of Sale (PoS) terminals in 28 African countries.
Both institutions are excited about this new opportunity which allows cardholders from the former to transact with some 2,500 ATMs and also make purchases in over 20,000 outlets across Africa including shops, hotels, and restaurants.
In a statement, MasterCard said: “Expanding MasterCard’s acceptance in 28 countries across Ecobank’s network is a significant milestone for us as we work together to accelerate the adoption of electronic payments and create a cashless society in Africa. This partnership has combined MasterCard’s global payment technology with Ecobank’s unrivalled pan-African footprint to give their cardholders more convenient, secure and reliable ways to pay.
Listing the 28 countries where this partnership was valid, the statement added: “With this partnership, Ecobank subsidiaries now accept MasterCard-branded cards in Benin, Burkina Faso, Burundi, Cameroon, Central African Republic (CAR), Chad, Congo, Côte d’Ivoire, Democratic Republic of Congo (DRC), Gabon, The Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Liberia, Malawi, Mali, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Uganda, Zambia and Zimbabwe.”
Ecobank’s Group Executive/Head of Domestic Bank, Mr. Patrick Akinwuntan, accepted the new partnership as a timely deal given the increasing affinity for card usage all over the continent as more governments see the benefits in a cashless economy.
“This partnership forms part of our broader retail banking strategy of providing Ecobank customers with enhanced service levels, which exceed their expectations. Our unique platform gives our customers easy access to their Ecobank accounts when travelling, be it on business or for pleasure, without the need for carrying cash,” he said.
“The combination of a rapidly expanding middle class and steadily improving financial literacy, supported by robust technology, is increasing the appetite for card usage in Africa. Governments are rapidly driving the conversion from cash to electronic payments as they too realize the benefits of a cashless society, namely increased transparency, cost

effectiveness, financial inclusion, foreign investment and economic growth. This is especially important in many African countries where cash has been the prevalent or only payment option", he added.
A further four African markets may be added to this first batch once additional business development opportunities are harvested, they include Equatorial Guinea, Mozambique, São Tomé and Principe and South Sudan. *(Ventures Africa)*

ENERGY

Electricity In Africa: Is The Real Problem Payment?

In August 2014, US president Barack Obama announced a renewed commitment to Power Africa, a private sector-led initiative aimed at doubling electricity access in sub-Saharan Africa, where an estimated 600 million people are without reliable access to power. He raised the bar, pledging to add 30,000MW of energy (triple last year's goal of 10,000MW) and create new connections for at least 60 million households and businesses. He also pledged $300 million in grant assistance per year to expand Power Africa's reach across the continent.
Installing prepaid meters is a big part of the solution, and will play a huge role in protecting electricity suppliers' revenues, enabling them to provide sustainable power for the long term. These meters are already having an impact in a number of countries including Kenya, Nigeria, Uganda and Zambia, and the potential for growth is huge. In Nigeria alone, the prepaid electricity market is worth an estimated NGN150 billion, with 50 % of the market yet to receive prepaid meters. We are finally starting to see some real progress in lighting up the continent! But very soon, infrastructure won't be the biggest obstacle, payment will be.
While prepaid meters go halfway to solving the problem, making payment points widely available for people to purchase prepaid electricity vouchers is just as important. Unfortunately, it's proving difficult in areas where retail is primarily informal, and where household incomes are so low that people can often only afford to purchase a couple of dollars' worth of electricity at a time.
In Zimbabwe for example, rolling out prepaid meters has been quite successful, with over 400,000 installed since August 2012. However, many Zimbabweans with meters are still without electricity because, in order to purchase prepaid vouchers, they are forced to travel to banking halls and queue for hours – something that could take the better part of a day for someone who lives in a very remote area.
In Africa, where people have high levels of mobile access compared to other basic services (like in Tanzania for example, where over 60 % of the population use a mobile phone, but only 12 % have access to electricity), mobile seems to be the best way to distribute prepaid vouchers. It is important to consider however, that although mobile is growing, cash is still king in a lot of informal markets where many people are unbanked (and lack access to online or mobile banking).
Perhaps the best solution to Africa's electricity payment challenge is to empower informal vendors such as taxi drivers, local shop owners and micro entrepreneurs to use mobile technology to buy prepaid electricity vouchers, which they can then sell for cash. This replicates the success of mobile airtime distribution and enables electricity providers to ensure that even unbanked, unconnected people in the remotest of areas can access and pay for electricity conveniently. And they'll be empowering local entrepreneurs in the process! *(Ventures Africa)*

Nigeria Plans 20,000MW Generation From Renewable Sources

The Nigerian Federal Government has presented a draft of its Renewable Energy and Efficiency Policy to stakeholders, a successful Implementation of which will see the addition of 2,483 megawatts (MW) of electricity to the national grid by 2015.
This was revealed by Mr Abayomi Adebisi, Director of the Electrical Inspectorate Services (EIS) of the Ministry of Power during a presentation of the draft policy which will be appraised by stakeholders before it will be escalated to the Federal Executive Council. Apart from the 2,483MW target for 2015, there are broader goals: 8,188MW for 2020 and 23,134MW for 2030.
Therefore, renewable sources will contribute about 1.3 % of Nigeria's energy mix by 2015, with further projections of 8% for 2020 and 16 % for 2030. He further explained that large and small hydro power plants would be contributing as much as 2,121MW and 140MW by 2015, while solar power projects will be adding 117MW.
The policy has been developed with a grant and technical support from the German enterprise GIZ. "We sourced for grants from GIZ, then we pooled over 30 documents from people who had once done something on renewable energy. We got a committee of experts to develop the policy, and the draft was approved by the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREE) in May 2013," Mr Adebisi said. He, however, issued a disclaimer saying that the ministry's effort were not conflicting with that of the Energy Commission of Nigeria (ECN) which had started developing a National Energy Policy (NEP) document last year. "We are not trying to be a rival with ECN since they are working on NEP, but we are trying to move the sector forward with the national renewable energy and energy efficiency policy." A number of incentives have been suggested in the draft and more should be underway as a call has been made from the Ministry of Power urging participating stakeholders to contribute viable ideas that will make the policy attractive to investors.

In its current form, the draft policy proposes a 5-year tax holiday to be granted to manufacturers of renewable energy equipment and accessories, while soft loans accompanied with low interest rates and two years free custom duties can be used to stimulate domestic investments in the sector. *(Ventures Africa)*

MINING

Vale Moçambique launches second phase of coal exploration project

Vale Moçambique, a subsidiary of Brazilian group Vale plans to launch the second phase of its coal mining project in Moatize, Tete province, Mozambican daily newspaper Notícias reported.
The newspaper added that at the beginning of the new phase the mining group plans to double production to about 17 million tons of metallurgical coal and 5 million tons of thermal coal over the next two years.
Noting that the city of **Maputo on 28-30 October will host the 4th Annual Conference on Coal**, Notícias also reported that the director of Vale Moçambique, Pedro Gutemberg, is expected to announce the beginning of the second phase of the project as well as initiatives that the company intends to develop to ensure the sustainability of coal mining in Mozambique.
Gutemberg is also expected to analyse export market behaviour and talk about ways to overcome the challenges associated with lack of logistics infrastructure.
The Vale group is engaged in the construction of a railway line as an alternative to the Sena Railroad, which will allow coal to be carried from Tete to the deepwater port of Nacala, in Nampula province. *(Macauhub)*

Iluka Resources offers US$780 million for heavy minerals mine in Mozambique

Australia's Iluka Resources has made an offer of US$780 million to buy Irish company Kenmare Resources, whose main asset is the Moma heavy sands mine in Nampula, Mozambique, the Australian company said recently.
The Moma mine has an expected lifetime of over 100 years and currently produces more than 900 tons of heavy mineral ore, mostly ilmenite and zircon. "The potential transaction involving Kenmare Resources is compatible with the Iluka Resources mineral sands exploration strategy," said the statement from Iluka, which noted it was not certain that "any transaction will be made."
Kenmare Resources last August announced an operating loss of US$17.9 million in the first half, after a profit of US$6.9 million in the same period of 2013.
The losses incurred were, according to Michael Carvill, CEO of the Irish firm, due to prices in the international markets for the minerals extracted by the company falling 23 % for ilmenite and 7 % for primary zircon.
Listed on the Australian Stock Exchange, Iluka Resources is the world's largest producer of zircon and one of the largestproducers of titanium dioxide, with mining operations in Australia and the state of Virginia, in the United States of America. *(Macauhub)*

OIL & GAS

ENI group discovers 300 million barrels of oil in Angola

Italian oil group ENI has made a new oil discovery in Angola, at the Ochigufu well, which has an estimated reserve of 300 million barrels, the group announced Wednesday in a statement issued in Milan.
The discovery, according to the Italian oil group, which is the operator of block 15/06 with a 35 % share, was made at a depth 4,470 metres and the well is expected to be put into production in record time.
In a statement, the ENI group also said the new discovery at the Oghigufu well is the tenth commercial discovery made in that block. As well as ENI, the other partners in block 15/06 are Sonangol Pesquisa e Produção (30 %), SSI Fifteen (25 %), Falcon Oil (5 %) and Statoil (5 %). The Italian oil group has worked in Angola for 34 years, "a key country in the organic growth strategy of the group," and in 2013 had daily production of about 90,000 barrels of oil.
ENI also has ongoing studies to bring forward the start of production in another field of Block 15/06 by the end of this year, where it expects to produce 100,000 barrels of oil per day. *(Macauhub)*

Mozambican oil and gas company posts profit of US$37.8 million

Mozambican state oil and gas company Companhia Moçambicana de Hidrocarbonetos (CMH) in 2013 posted a profit of US$37.8 million, a year on year increase of 29 %, according to the company's report and accounts for last year.
Also according to the CMH report cited by the Mozambican press, in 2013 the company posted revenues of US$94 million, 25.6 % more than the US$74.8 million recorded the previous year.
The company's assets increased from US$341 million to US$375.7 million, liabilities rose from US$178.7 million to US$187.4 million and shareholder equity grew from US$162.4 million to US$188.3 million.
The board of CMH, a public company responsible for Mozambique's oil and gas interests, said that the results were satisfactory as the company had been able to pay dividends to shareholders totalling US$11.95 million.

"Our shareholders are beginning to receive adequate amounts of dividends, in accordance with good levels of financial performance," said the annual report and accounts.
According to the document, one of the factors that led to the "good results achieved," was that in 2013 the company completed negotiations to sell about 27 million gigajoules of gas for the domestic market and the beginning of the provision of that gas, resulting in "higher volumes of gas supplied to the domestic market." *(Macauhub)*

Indian oil group invests US$2.135 billion in Mozambique and Brazil

Bharat Petroleum Corp. Ltd (BPCL) plans to invest US$2.135 billion in exploration and production of energy resources in Mozambique and Brazil over the next four years, said the chairman of the Indian group. This investment in the two countries is twice the amount the group spent in the last 10 years on exploration and production activities and is less than half the total US$5.75 billion earmarked for investment over the next four year. S. Varadarajan, the group's chairman, said on the sidelines of a press conference last Thursday in Mumbai that the investment had been planned so that assets in Mozambique and Brazil could enter the production phase at the end of the 2019 financial year.
"These two assets, in Mozambique and Brazil, are where most of the planned investments will be channelled," said D. Rajkumar, the CEO of subsidiary Bharat PetroResources Ltd (BPRL), according to the Wall Street Journal.
This company, which is 100-% owned by BPCL group has a 20 % stake in an oil block operated by Petrobras in Brazil in partnership with Videocon Industries Ltd., also of India. In Mozambique it owns 10 % of the Area 1 block, operated by US group Anadarko Petroleum, where large deposits of natural gas have been discovered. *(Macauhub)*

Angola's oil production totals 1.6 million barrels per day

Oil production in Angola currently stands at an average of 1.6 million barrels per day, at a time when the price per barrel on the international markets is around US$98, Angola's Oil Minister in Luanda.
José Maria Botelho de Vasconcelos, speaking at the end of the Committee for the Real Economy of the Council of Ministers and cited by Angolan news agency Angop said that the price of Angola's main export had been falling since August.
The minister also said that according to projections by December the price per barrel on the international market will remain close to US$98 and taking into account the average price from January to August the annual average should be around US$105.
The 2014 State Budget an average price per barrel of crude oil of US$96, up by nearly US$20 compared to the US$77 figure included in the previous budget. *(Macauhub)*

Cote d'ivoire

Ivory Coast's Foxtrot International expects to secure natural gas production for the next decade with a series of new offshore wells it will begin drilling next year, company officials said on Wednesday. Ivory Coast, French-speaking West Africa's largest economy, is in the midst of a revival following years of turmoil and civil war. It has invested heavily to boost power production in order to keep up with rapid GDP growth. The country relies on thermal power stations fuelled by natural gas, however, and there is concern that it could soon face a supply crunch. "The drilling will start in July and will last 400 days," Christian Sage, Foxtrot's managing director, told Reuters. "We are currently producing 140 million cubic feet per day. With this investment, we will secure production for at least 10 years." Foxtrot is partly owned by the French industrial group Bouygues . Along with partners GDF Suez and Ivory Coast's national oil company, Petroci, it will invest around $1 billion to boost offshore production, the company said. "We have large investments that will start to materialise in Ivory Coast, for which we will bring in platforms that will begin to arrive in November," said Bouygues Deputy CEO Olivier Bouygues. The investments will go towards drilling seven new wells and build a new gas platform in Foxtrot's Marlin gas field, which is expected to go on-line next year. Ivory Coast's gas output was around 220 million cubic feet of gas per day last year. The government is targeting production of around 250 million cubic feet per day this year. Three other operators - CNR, London-listed Afren and Petroci - also produce gas. Nearly 70 percent of output is used for electricity production. Ivory Coast aims to boost power output by 80 percent over six years to satisfy growing domestic and regional demand. It exports electricity to Ghana, Burkina Faso, Benin, Togo and Mali and has plans to connect Liberia, Guinea and Sierra Leone to its grid as well. *(Reuters)*

INFRASTRUCTURE

The Nacala port is also being upgraded with a new coal terminal to handle products that will come its way once the railway is finished

Lesetja Kganyago and Daniel Mminele emerged as the frontrunners to succeed South African central bank Governor Gill Marcus, who yesterday said she will step down from her post in November after one term.
"There is no obvious successor, other than Daniel Mminele and Lesetja Kganyago," Azar Jammine, chief economist of Johannesburg-based advisory service Econometrix, said by phone. "I don't think initially there will be too much concern about the continuation of monetary policy."

Marcus, who turned 65 on Aug. 10, made the surprise announcement in response to a question after a meeting of the bank’s Monetary Policy Committee, which decided to keep the benchmark interest rate unchanged at 5.75 %. While President Jacob Zuma hasn’t appointed her replacement yet, Marcus indicated he may pick a successor from within the bank.

“I think the advantage that he has, is he has a very strong talent pool from which to choose inside the bank and I’m sure that he will recognize that,” Marcus told reporters yesterday in Pretoria. “What we have been able to do is to build the current pool.”

The new governor faces the task of reining in inflation, which has exceeded the bank’s 3 % to 6 % target for the past five months, while supporting an economy poised to grow at its slowest pace since a 2009 recession.

Kganyago, 48, joined the central bank in May 2011 after being in charge of the National Treasury for more than seven years as director-general. Educated at the University of London and London School of Economics, he also spent time in his early career at the Congress of South African Trade Unions, the country’s largest labor federation, and the ruling African National Congress.

MPC Members

At the Reserve Bank, he has overseen the banking supervision, financial stability and exchange-control regulation departments, as well as its risk and compliance units.

Mminele, 49, who was schooled in Germany and at the London Guildhall University, worked at African Merchant Bank Ltd. as deputy head of special projects, and at Commerzbank AG in Johannesburg, prior to joining the Reserve Bank in 1999. He was named a deputy governor in 2009, and headed the bank’s financial markets and international-banking departments.

Both serve on the bank’s seven-member Monetary Policy Committee.

Kganyago may have an advantage because he has worked closely with Finance Minister Nhlanhla Nene, who will be consulted by Zuma before the appointment is made, said Gina Schoeman, an economist at Citigroup Inc. in Johannesburg.

Financial Crisis

“He is well-respected and he did a very good job while he was at the National Treasury,” she said. “Many people know him and he’s seen as prudently hawkish. So he’s not willing to kill the economy with too many rate hikes, but he is willing to retain credibility by being tough on inflation.”

Marcus, a former deputy finance minister and chairwoman of Barclays Plc (BARC)’s South African unit, took office in 2009 after the global financial crisis hit, which dragged the local economy into its first recession in 17 years and pushed up inflation.

Stability has been a hallmark of Marcus’s tenure. During the time that she’s led the MPC, the benchmark rate has been adjusted just six times compared with 17 in the previous five years.

“She has done well during a very tough time,” Craig Parker, economic analyst at Frost & Sullivan in Cape Town, said by phone yesterday. “She got dealt quite a difficult hand and I think she has made the best of it. I do think the decision for her to step down comes maybe as a bit of a shock.”

Rand Weakness

Marcus is only the second Reserve Bank governor to serve a single term after Gerhard Rissik, who was in charge from 1962 to 1967, according to Jannie Rossouw, a former secretary of the bank and now head of the school of economic and business science at the University of Witwatersrand in Johannesburg.

The rand weakened after Marcus said she will step down. It dropped as low as 11.1128 against the dollar today and was trading at 11.0980 as of 8:43 p.m. in Johannesburg.

Policy makers paused yesterday after raising borrowing costs by 75 basis points this year to help bolster an economy battered by strikes and support investor confidence as the threat of credit-rating downgrades loom. The MPC cut its growth forecast for this year to 1.5 % from 1.7 %.

“The market is likely to take the governor’s decision in its stride,” Goolam Ballim, chief economist at Standard Bank Group Ltd., Africa’s largest lender, said by phone from Johannesburg. “It’s sad to see her leave, but there is a depth of talent in the monetary policy committee and the likes of Mminele or Kganyago may succeed her or even someone less apparent.” *(Bloomberg)*

Japan committed to work closely with AfDB, Africa50 and RECs to develop regional infrastructure in Africa

On the margins of the Climate Summit in New York, the Japanese government convened the second roundtable with African Regional Economic Communities (RECs), chaired by Japanese Prime Minister Shinzo Abe, to underline the importance of regional infrastructure as an essential requisite to Africa's growth. Participants included Hailemariam Desalegn, Prime Minister of Ethiopia and Chairman of Intergovernmental Authority on Development (IGAD), John Dramani Mahama, President of Ghana and Chairman of the Economic Community of West African States, Erastus Mwencha, Deputy Chairperson of the African Union Commission, as well as the Chief Executive Officers of the East African Community (EAC) and the Southern African Development Community.

Partnering with RECs and with the Programme for Infrastructure Development for Africa (PIDA) is important in the move toward a transnational approach for infrastructure development. Shinzo Abe insisted that "RECs are the cornerstone for regional integration. Let's work on strengthening the cooperation between Japan and the economic communities in Africa".

The representatives of the RECs agreed that the lack of infrastructure is a major bottleneck for trade and investment and called for more financing on the continent, especially with Public Private Partnerships. With more than two-third of its operations in infrastructure, the African Development Bank (AfDB) was mentioned as the key player in this sector with the new **Africa50 infrastructure fund**.

Speaking on behalf of the EAC, Michel Kamau, Minister for Transport and Infrastructure in Kenya, specifically welcomed the operationalization of this fund. He was supported by the Chad representative, speaking for the Central African States, and by the President of the Japanese International Cooperation Agency (JICA).

AfDB supports successful regional infrastructure projects such as the multi-sectoral Maputo Corridor, the Mombasa-Nairobi-Addis Ababa Road Corridor, or projects identified in the **PIDA energy priority action plan** such as **Inga III** or **Rusumo Falls**.

The AfDB already partners with Japan through the **Enhanced Private Sector Assistance (EPSA)** initiative for Africa. Japan has provided generous financial support since its launch in 2005 at the Gleneagles G8 Summit. Under the first phase of the EPSA Initiative, completed in 2011, Japan provided US $1 billion for a wide range of investment and technical assistance projects, some 75 in total, focusing particularly on the energy, communications, transportation and financial sectors, i.e., building the foundations for private sector growth and development. Under the second phase of EPSA, launched in 2012, Japan has doubled its commitment to US $2 billion (2012-2017), a substantial portion of which will support PIDA priority regional infrastructure projects. *(AFDB)*

Luanda Railway Company, in Angola, takes delivery of rolling stock

The Angolan government has approved the purchase of 10 railcars to strengthen the passenger rail system in the city of Luanda, according to a statement from the Council of Ministers.

The statement, which does not mention the amounts involved in this purchase, said “several contracts for the purchase of ten railcars for rail passengers” were approved and the decision was part of the Angolan capital’s transport master plan.

After the meeting, the Minister of Transport said the delivery of the railcars and carriages should happen within 24 months and aimed to “meet demand” for rail transport in Luanda. Augusto da Silva Tomás noted that these new trains would be used on the rail link to the future Luanda international airport, which is under construction on the outskirts of the city.

In addition to these acquisitions, construction of four flyovers along the railway line in Luanda was also approved as well as specific workshops for rail equipment maintenance.

Railway company Caminhos de Ferro de Luanda (CFL) carries 12,000 passengers on a daily basis on its suburban routes in the capital, according to figures from the board of the Angolan state company.

The reconstruction programme for the Luanda railway system – which crosses the provinces of Luanda, Kwanza Norte and Malanje – began in February 2005, with work carried out by Chinese companies, including the China Railway 20 Bureau Group Corporation. *(Macauhub)*

Uganda to seek $8 bln China loan to fund railway construction

Uganda is hoping to secure an $8 billion loan from China to build a railway network to revamp the country's transport infrastructure as it prepares to start oil production. As in other areas of Sub-Saharan Africa, China has become a major investor in Uganda. It has mostly channelled funds into roads, hydropower dams, fibre optic cable networks and other infrastructure, usually offering cheap loans. "This is a huge project and we'll need cheap money and I don't think we can get it from anywhere else," Keith Muhakanizi, permanent secretary, ministry of finance, told Reuters on Thursday. "We hope China will agree to fund the railway project ... negotiations will start soon." Uganda signed a memorandum of understanding with China Harbour Engineering Corporation (CHEC) in late August to start a feasibility study on the new project.

East African leaders and China formally signed agreements in May related to the construction of a new multi-billion dollar, standard gauge railway to run from the Kenyan port of Mombasa to Nairobi and on to neighbouring states, including Uganda. Uganda hopes China can fund the portion of the railway line from its border with Kenya to its capital Kampala, and north to the border with South Sudan as well as the oil-rich West Nile region that borders Democratic Republic of Congo. Uganda plans to start pumping its crude, estimated at 6.5 billion barrels in reserves in 2017, and requires railways to transport heavy drilling equipment. In July last year, Uganda said it wanted China to take up and finance all major infrastructure projects in the country and that it would pay later with oil money. Lack of maintenance of tracks and trains on the existing line in Uganda has left a dilapidated railway network, and much of the freight from Mombasa is moved around by road. *(Reuters)*

TELECOM

Portugal Telecom’s shareholdings in Africa expected to stay in Angola

Brazilian group Oi, which now controls Portugal Telecom (PT), has decided to sell PT’s African assets, including a stake in Angola’s Unitel, whose value may reach 1.4 billion euros.

Valued by different investment banks at between 989 million euros and 1.4 billion euros, the 25 % stake in mobile operator Unitel is the “jewel in the crown” of Africatel, which the shareholders of Oi have now decided to sell, and which also include stakes in carriers in Cabo Verde (Cape Verde), Sao Tome and Principe and Namibia. Financial news agency Bloomberg, citing sources close to the process, said Isabel dos Santos and other shareholders of Unitel and oil company Sonangol are amongst potential buyers. These Angolan Unitel shareholders have the right of first refusal if the Portugal Telecom stake changes hands and they have said they consider that PT’s transfer to Oi has triggered this clause.

The transfer of ownership has also been an argument for non-payment to PT of 230 million euros in Unitel dividends.

Now chaired by a Portuguese, Zeinal Bava, Oi disposing of some of its assets, including shareholdings and infrastructure as a way of reducing its high levels of debt.

When the PT/Oi merger was carried out Africatel was valued at 3 billion reals, or around 990 million euros.

In its financial report, Oi attached a fair market price to Unitel of about 4 billion reals (US$1.8 billion), more than five times the estimated market value at the end of last year. Isabel dos Santos, who had PT as a technology partner in the process of founding Unitel in 2007, eventually acquired a stake in a Portuguese competitor, Zon, which recently merged with another carrier, Optimus, giving rise to Nos. Dos Santos has also boosted the presence of Unitel in African countries where Portugal Telecom is present, most recently in Cabo Verde.

According to a recent issue of the Africa Monitor Intelligence newsletter, Cabo Verde company CV Telecom, owned by the state and Portugal Telecom is in the process of losing a market leading position to Unitel T +. With its aggressive campaign to conquer the market, Unitel T +, controlled by Angolan businesswoman Isabel dos Santos, is causing the market leader problems, even in terms of profitability, Africa Monitor said.

Unitel’s entry into the market happened by absorbing a small local company, T +, as was also the case Sao Tome and Principe and was enhanced with trips to both countries by its main shareholder, Isabel dos Santos, who was received by the highest authorities.

In Angola, over the next 10 years Unitel plans to invest more than 1.5 billion euros to install and expand next generation fibre optic networks and mobile communications as part of an investment contract between the operator and the National Private Investment Agency (ANIP). *(Macauhub)*

Unitel of Angola invests in expansion and modernization of the mobile network

Angolan telecommunications operator Unitel plans to invest over US$1.9 billion in the installation and expansion of next-generation fibre optic and mobile communications networks over the next 10 year, according to an investment contract. The contract signed with the National Private Investment Agency (ANIP) covers the “installation and expansion” of fibre optic and “Long Term Evolution” networks, or next-generation mobile networks known as 4GLTE, “throughout the national territory.” The contract, with duration of ten years, guarantees that Unitel will receive “incentives and benefits,” which are not quantified in the document.

The contract between Unitel and ANIP, which was previously authorised by presidential decree on 18 September, outlined that this investment will make it possible to maintain 2,198 direct jobs in the Angolan mobile operator as well as the creation of 850 direct jobs and 11,465 indirect jobs, “with a focus on continuing vocational training.” In the presidential decree, approval of the contract (with ANIP) is justified by the country’s “development efforts,” “improving the wellbeing of the people,” boosting employment and the “promotion of Angolan business,” according to Portuguese news agency Lusa. Following the proposed merger of telecom operators Portugal Telecom and Brazil’s Oi, the latter now owns 25% of Unitel, through a stake in Africatel, the company that controlled Portugal Telecom’s African interests. *(Macauhub)*

Angola's leading mobile-phone operator has announced an investment of US$1.9bn in 4G infrastructure

Unitel, the larger of the two mobile-phone companies operating in Angola, has signed a US$1.9bn contract with the government's investment agency, the Agência Nacional para o Investimento Privado (ANIP). The deal locks in investment over the next ten years to install and expand fibre-optic and 4G Long-Term Evolution (LTE) networks across the country. Unitel's direct competitor, the previously state-owned Movicel, launched a 4G service in 2012 via its Chinese partners Huawei and ZTE, targeting international energy companies in the oil-rich northern enclave of Cabinda. In contrast, Unitel plans to extend 4G services countrywide, and according to state media reports, its investment will generate 850 direct jobs and over 11,000 indirect jobs.

As well as creating much-needed employment, improving Angola's communications network should help the country to become more competitive. It currently languishes at the bottom of global ease of business rankings and its private sector is weak and uncompetitive. Better connectivity would open up opportunities for faster and more efficient information exchange, important tools for local and international companies. However, the development of a dynamic private sector will be hindered further by low human capital, poor regulation, inefficient power supply and high levels of corruption.

Unitel is one of Angola's most successful private companies and is one of a handful of firms with adequate governance standards to list on the country's stock exchange, when and if it finally opens. However, it is also controversial because Isabel dos Santos, the eldest daughter of Angola's long-serving president, José Eduardo dos Santos, holds a 25% stake in the company. The firm's service expansion and innovation has been impressive, and it recently acquired T+, a Cabo Verdean mobile operator.
The commitment to a nationwide 4G rollout comes in the wake of the government's launch of Angola Online, a project to provide free Internet access in public places. The scheme, being implemented by the Centro Nacional das Tecnologias de Informação (CNTI) at the Ministry of Telecommunications and Information Technology, seems like an unusual policy choice by the government, which has often favoured private deals that benefit politically connected companies. Indeed, if well-managed, the project could potentially open up new opportunities for Angolans, be it for personal or professional purposes. *(Economist Intelligence Unit)*

AGRIBUSINESS

Côte d'Ivoire: West Africa's palm oil giant

Côte d'Ivoire has emerged as one of the leading producers and exporters of palm oil in West Africa, buoyed by strong regional demand. Production of crude palm oil (CPO) has grown by 41% since 2008, reaching an estimated 425,000 MT in 2013 and increasing the country's share of regional CPO production to 19%. Côte d'Ivoire is the only country in West Africa with a substantial palm oil surplus, resulting in estimated exports of 275,000 MT in 2013. Côte d'Ivoire exports three quarters of its palm oil to West Africa, with Francophone West Africa taking almost 60%, and the remainder going to the rest of the region. The Ivorian palm oil sector consists primarily of local companies, with Palmci, the subsidiary of Ivorian agribusiness conglomerate, Sifca, accounting for two thirds of CPO output. Despite strong fundamentals, Côte d'Ivoire's palm oil sector is hobbled by high production costs and chronic shortages of feedstock, which result in mills' low capacity utilisation rates. Surging imports of cheap CPO from South-East Asia, along with up to 80,000 MT per year of black market imports, are also undermining the competiveness of the sector. *(Ecobank)*

World Bank finances fishing in Mozambique

The World Bank is providing Mozambique with US$57.9 million to increase fishing production in the country over the next six years, Mozambican newspaper Correio da Manha reported.
The World Bank funding, which involves the French Development Agency (AFD), is part of the SWIOFish programme ("South West Indian Ocean Fisheries") underway in the southwest Indian Ocean.
The funding will be directed to increasing fisheries productivity, job creation through targeted interventions to boost small producers and drive economic growth and job creation through fishing and its associated value chain.
Other components of the programme are related to the refurbishment or modernisation of fishing ports, landing sites, fish markets, laboratories and research facilities, the Ministry of Fisheries said.
In late August Mozambique, Tanzania and Kenya signed the Maputo Declaration, an instrument establishing minimum terms and conditions for fisheries agreements in the southwest Indian Ocean, with a focus on tuna fishing. *(Macauhub)*

Ghanaian Rice Farmers Offered Fresh $75m Finance

Rice farmers in three northern regions of Ghana will now have access to additional funding, thanks to the newly launched $75 million fund secured by the SNV Netherland Development Organisation.
The $75million fund which SNV acquired from the United States Agency for International Development (USAID) and Financing Ghanaian Agriculture Project (FinGAP) will help to boost commercial rice production locally. FinGAP is a five-year funding intervention programme set up by the USAID to facilitate support for rice, maize and soya production. It was created to address constraints that restrict the development of commercial agriculture. Since it launched, it has provided funding for 1,700 farmers and processors, with rice manufacturers the major benefactors. *(Ventures Africa)*

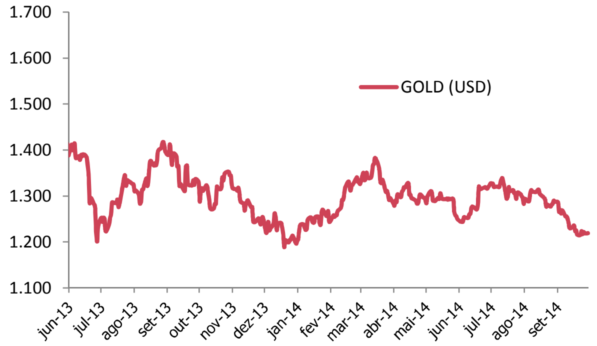
Al-Amoudi to Spend $500 Million on Ethiopia Coffee, Oranges

Horizon Plantations Ethiopia Plc, majority-owned by Saudi billionaire Mohamed al-Amoudi, plans to almost double annual revenue within three years by investing at least $500 million in coffee and orange projects.
The agriculture company will train workers, improve roads and replace washing units at the Limmu and Bebeka coffee plantations, which together have over 18,000 hectares (44,479 acres) under coffee, General Operations Director Kemal Mohammed said in a Sept. 17 interview in Addis Ababa, Ethiopia's capital. The development is part of a five-year program to invest in projects that also include Upper Awash Agro-Industry Enterprise, the country's largest orange grower with 1,200 hectares of citrus, he said.
"We are sure because of the initiatives we have now, because of the inputs and techniques we're applying, the productivity will increase to the maximum at the end of the five years," Kemal said.

MARKET INDICATORS
29-09-2014

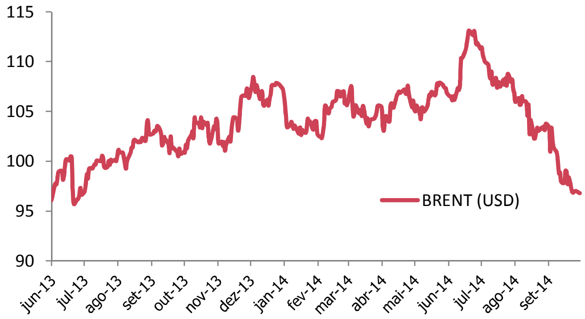
STOCK EXCHANGES		
Index Name (Country)	**29-09-2014**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.439,95	25,69%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	255,49	53,37%
Case 30 Index (Egypt)	9.779,95	79,04%
FTSE NSE Kenya 15 Index (Kenya)	216,06	71,82%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	20.819,01	8,75%
Nigerian Stock Exchange All Share Index (Nigeria)	41.105,38	46,39%
FTSE/JSE Africa All Shares Index (South Africa)	49.347,88	25,73%
Tunindex (Tunisia)	4.584,74	0,11%

Source: Bloomberg and Eaglestone Securities



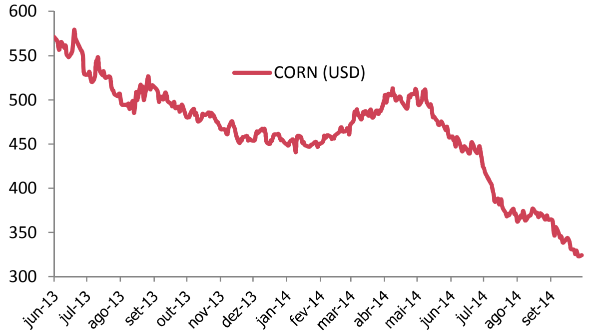
METALS		
	Spot	**YTD % Change**
Gold	1.219	-27,24%
Silver	18	-42,06%
Platinum	1.307	-15,15%
Copper $/mt	6.718	-15,29%

Source: Bloomberg and Eaglestone Securities



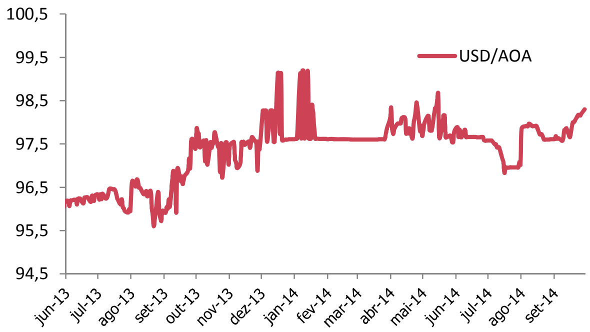
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	93,6	0,46%
ICE Brent (USD/barril)	96,8	-10,78%
ICE Gasoil (USD/cents per tonne)	818,3	-10,65%

Source: Bloomberg and Eaglestone Securities



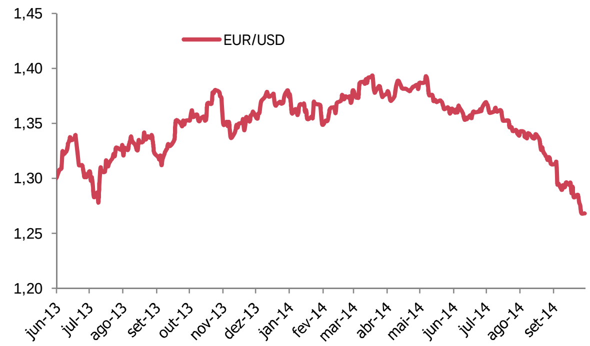
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	324,3	-53,70%
Wheat cents/bu.	475,5	-39,64%
Coffee (KC) c/lb	190,7	29,99%
Sugar#11 c/lb	16,4	-16,82%
Cocoa $/mt	3288,0	45,87%
Cotton cents/lb	62,0	-18,34%
Soybeans c/bsh	914,3	-34,66%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	98,300
EUR	124,618
GBP	159,563
ZAR	8,717
BRL	40,147
NEW MOZAMBIQUE METICAL	
USD	31,150
EUR	39,375
GBP	50,409
ZAR	2,754
SOUTH AFRICAN RAND SPOT	
USD	11,276
EUR	14,300
GBP	18,305
BRL	4,605
EUROZONE	
USD	1,27
GBP	0,78
CHF	1,21
JPY	138,70
GBP / USD	1,62

Source: Bloomberg and Eaglestone Securities



Ethiopia, Africa's biggest coffee producer, may see earnings from shipments of Arabica coffee rise 25 % to about $900 million in 2014-2015 as prices rise because of shortage caused by a drought in Brazil, an exporters' association said last month. Horizon bought the two coffee farms for 1.6 billion birr ($80 million) last year from the Ethiopian government, which is seeking investment in projects that process agricultural products.

Horizon has a sales target of 500 million Ethiopian birr by 2017, Kemal said. The company also produces organic fruit and vegetables. Bebeka, in southwest Ethiopia, is the world's biggest unfragmented coffee estate with 10,030 hectares under plantation, according to the company's website. Limmu, 350 kilometers (218 miles) southwest of Addis Ababa in the Oromia region, has 8,000 hectares under coffee and produces 5,000 tons a year of the beans.

Foreign Investor

Al-Amoudi, born in Ethiopia in 1946 to an Ethiopian mother and Saudi father, is one of the country's largest foreign investors and operates its biggest cement factory and only large-scale gold mine. He also runs construction and oil operations in Saudi Arabia, Sweden and Morocco and is the 143rd richest person in the world with a net worth of $8.6 billion, according to the Bloomberg Billionaires Index.

Investment in Limmu may help double production to about 1.5 tons a hectare by 2018, Kemal said.

Bebeka Coffee Estate doubled production to about 1.4 tons of coffee last year, according to Kemal. Around 90 % of the company's coffee last year was directly sold to buyers in countries including the U.S., Germany, South Korea and Japan, Kemal said. Horizon, which is part of al-Amoudi's Midroc group of companies, is looking for a foreign partner to invest in the Coffee Processing and Warehouse Enterprise on the outskirts of the capital. The plant was bought from the government last year for 228 million birr, Kemal said. "We need very good, genuine partners who can work with us and support us" to make competitive processed and packaged coffee, he said. "To penetrate the foreign markets is not an easy task." *(Bloomberg)*

UPCOMING EVENTS

Nordic business mission to Angola - 22. - 26. September, 2014. The business mission will serve as an introduction to doing business in Angola. Eivind Fjeldstad: ef@norwegianafrican.no to get more information and a tentative program.

Angola International Mining Fair 5ª Edition- 2 to 5 October, Luanda Angola, Organized by the Mining Minister feiras@fil-angola.co.ao

Rabat to Host 2nd Ministerial Forum on Science, Technology and Innovation in Africa

The African Development Bank and its partners will organise the second Ministerial Forum on Science, Technology and Innovation (STI) in Africa. The forum will convene at the Hassan II Academy of Science and Technology **in Rabat, Morocco from 14-17 October 2014.**

Hosted by the Government of Morocco, and organised by the African Development Bank (AfDB) and the Government of Finland, this Forum will consist of a pre-forum (October 14), two technical conference days (October 15-16) and a Ministerial Forum (October 17). It aims at engaging African Ministers in charge of Higher Education, Science and Technology as well as Industry in a dialogue with the private sector, academia, diaspora, civil society and scientific communities globally on how to promote inclusive and green growth through scientific and technological innovation in Africa.

http://www.afdb.org/en/news-and-events/article/rabat-to-host-2nd-ministerial-forum-on-science-technology-and-innovation-in-africa-13358/

Africa Agri Forum – October 13-14 – Abidjan

Placed under the theme "Which green revolution for the African continent", the meeting will be the opportunity to private and public actors of the sector to evoke the questions related to the role of the African governments in the development and the promotion of agriculture.

http://www.i-conferences.org/africa-agri-forum/

Private Equity in Emerging Markets | EM PE Week in London

14 October 2014 | Intercontinental Park Lane, London. Organised by The Financial Times and EMPEA

This one-day conference engages industry thought leaders in discussions about the latest developments in the asset class and emerging economies, leveraging the expertise of the Financial Times's global markets coverage and EMPEA's insight into long-term, growth capital investments. Join your industry peers and a host of expert speakers to gain practical insight into some of private equity's most dynamic markets

http://empea.org/events-education/conferences/private-equity-in-emerging-markets-em-pe-week-in-london/

Private Equity in Africa | EM PE Week in London

15 October 2014 | Intercontinental Park Lane, London. Organised by The Financial Times and EMPEA

This leadership summit considers the role that the private equity industry – which has been amongst the most active in responding to Africa's commercial opportunity – can play in harnessing Africa's growth for economic transformation. *http://empea.org/events-education/conferences/private-equity-in-africa-em-pe-week-in-london/*

UNECA Ninth African Development Forum 12th-16th October Marrakech, Morocco. Theme: Innovative Financing for Africa's transformation. It wil offer a platform for prominent African stakeholders to share key information and participate in focused and in-depth discussions on issues relating to innovative financing mechanisms.
Info: www.adf9.org

EMPEA Fundraising Masterclass | EM PE Week in London - 16 October 2014
The EMPEA Fundraising Masterclass will return to London on 16 October 2014, bringing our expert faculty of senior DFI representatives and industry experts to arm fund managers with tools and best practices for raising funds for private equity investment in emerging economies.
http://empea.org/events-education/conferences/empea-fundraising-masterclass-em-pe-week-in-london-1/

The Global African Investment Summit – 20th -21st October in London, runs in partnership with 5 African state houses. It brings together public and private sectors to discuss specific transactions, access to finance, and over 30 bankable projects in sub-saharan Africa needing investment and technology transfer.

Norwegian African Business Summit 2014 – Mapping The African Infrastructure Landscape – 30th Oct, Radisson Blu Scandinavia Hotel Oslo, Norway. *www.norwegianafrican.no*

African Economic Conference 2014: "Knowledge and Innovation for Africa's Transformation"
The 9th edition of the African Economic Conference will take place in **Abidjan, Côte d'Ivoire, on November 1-3, 2014** on the theme "Knowledge and Innovation for Africa's Transformation".
The Conference, which is co-organized each year by the African Development Bank (AfDB), United Nations Economic Commission for Africa (ECA) and United Nations Development Programme (UNDP), will provide a unique opportunity for researchers, policy-makers and development practitioners from Africa and elsewhere, to explore Africa's existing knowledge generation approaches and frameworks, the efficacy of its knowledge and innovation institutions in developing needed skills, technology and innovation capacities. It will look at the policies required in the areas of knowledge generation and innovation to achieve Africa's transformation agenda. http://www.afdb.org/en/news-and-events/article/african-economic-conference-2014-knowledge-and-innovation-for-africas-transformation-13380/

Angola International Sea, Aquaculture and Fishing Fair - 27 to 30 November at Luanda International Fair (FIL)
Organised in partnership with FIL, companies from more than 16 countries, including the United States, Germany, Brazil and Norway, with "confirmed experience in the fishing and aquaculture sectors," have confirmed their presence.
Over four days the fair will exhibit fishing equipment and materials such as motors, probes and safety devices, as well as sea resources with a view to ensuring access to biological resources and to introduce new techniques and technologies that can be adapted to the fishing process. Angola's coastline is 1,650 kilometres long and until 1972 the country was one of the world's main producers of fish meal. The sector's current activity is based on industrial, semi-industrial and artisanal fishing.

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Disclosures

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

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

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

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

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