INSIDE AFRICA

Now is the time to invest in Africa

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EAGLESTONE

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In-depth:

Africa is ready for long-term investment. Here's why

Africa is ready for long-term investment. Here's why

For decades, risk, or at least the perception of it, has been a major impediment to Africa's efforts to attract foreign investment. But rapid economic growth and a much-improved business environment are changing how investors view the continent.

For any investor interested in Africa, there is only one place to be this week: Johannesburg. When the three-day Africa Investment Forum opens on November 7, a total of 61 deals with an estimated value of more than $40 billion will be featured in "Boardroom Sessions," while another $28 billion will be showcased to investors at the "Gallery Walk" marketplace.

The deals are curated from a total of 230 projects worth over $208 billion, spanning sectors such as energy, infrastructure, transport and utilities, industry, agriculture, information and communications technology, telecoms, water and sanitation, financial services, health, education, hospitality and tourism, housing, and aviation.

Risk, or at least the perception of it, has long been a major impediment to attracting foreign direct investment in Africa. But the African Development Bank(AfDB) is tackling this problem head-on by removing barriers that have stemmed the flow of investment finance into the continent. The transaction-based Africa Investment Forum is the most important step in this process.

By bringing together multilateral financial institutions, pension funds, sovereign wealth funds, and private investors, the AfDB aims to create a mechanism to reduce market, political, and financial risks, and in the process improve the ease of doing business. As part of this effort, the investment forum will prioritize public-private partnerships and private-sector deals. The message we aim to deliver is simple: Africa is open for business.

African economies offer tremendous opportunities, especially in energy; infrastructure such as roads, railways, and ports; and agriculture, minerals, oil, and gas. But Africa must turn this potential into streams of wealth for greater prosperity on the continent.

Achieving that requires supportive government policies. In every country, the AfDB is engaging with policymakers to improve the legal and regulatory environment and create a more predictable business climate.

These efforts are already paying off. For example, interest in $50 billion worth of investment-ready projects that we made available for pre-Forum screening has been higher than anticipated.

We are delighted that several multilateral financial institutions – including the International Finance Corporation, the World Bank, the Asian Infrastructure Investment Bank, the Islamic Development Bank, the European Investment Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank – are cooperating with the AfDB on this effort. Many major financial institutions within Africa – including the Afrexim Bank, the Africa Finance Corporation, the Trade and Development Bank, Africa50, and the Development Bank of Southern Africa – are also involved. For the first time, these major global and regional financial institutions are cooperating to help de-risk investment projects at scale.

Of course, pledges of partnership are not the only reason for optimism; economic trends are also strong. For starters, real GDP growth is forecast to be 3.5% this year and 4% in 2019. Today, Africa includes five of the world's ten fastest-growing economies.

Africa has also become the world's second-most attractive investment destination. According to the United Nations Conference on Trade and Development, inward foreign direct investment (FDI) is expected to increase by about 20% this year, to $50 billion, from $42 billion in 2017.

Finally, Africa's pension funds, insurance funds, and sovereign wealth funds are collectively valued at more than $1 trillion dollars. If Africa could leverage this wealth to attract just 1% of all global assets under management, estimated to total more than $131 trillion, the continent's need for $130-170 billion in annual infrastructure investment could be met. As matters currently stand, Africa faces an annual financing gap of $68-108 billion.

Africa has a huge population to drive consumer demand, a rising middle class, a dynamic youth population, and rapidly reforming governments that are keen to attract these investments. The Africa Investment Forum will provide what has been missing so far: a safe, stable marketplace to accelerate deals.

As anyone traveling to Johannesburg this week will see, Africa is doing its part to transform the investment landscape. The Africa Investment Forum's goal is simple: provide a smooth runway for investments in Africa. What we need now are investors who are ready to seize the tremendous opportunities in Africa – and at the continent's premier investment marketplace. (World Economic Forum)

Mozambique Economic Update: Less Poverty, but More Inequality

- *The latest economic update shows that while there have been economic gains, inequality has increased*
- *The economy is showing signs of recovery, but the country's growth capacity is low, according to the report*
- *To move toward shared growth, the report recommends broadening the agriculture sector, which continues to have the highest employment potential*

As Mozambique begins to emerge from a two-year economic downturn, a new World Bank report warns that the country's fiscal outlook remains fragile.

Buoyed by a drop in inflation and the advancement of one of two major gas projects, the Mozambique Economic Update (MEU): Shifting to Inclusive Growth notes that the country is more stable since the 2016 debt crisis triggered the economic slump, but growth prospects are limited. Gross domestic product (GDP) growth was an average 3.8% in 2016 and 2017 and is expected to reach a slightly lower rate of 3.3% in 2018. Services such as tourism, transport and finance—all hardest hit by the crisis—have shown a modest increase in growth, the report says, however these gains were offset by slowed growth in the extractives sector.

Mozambique's growth opportunities also hinge on the recovery of consumer spending, especially in services, which had been the largest driver of growth before 2016, the report notes.

"This trend reflects the reduction in consumer purchasing power, especially for households that have seen costs go up and their incomes stay the same," said Shireen Mahdi, World Bank Senior Country Economist for Mozambique and lead author of the report. "It also signals the private sector's reduced capacity for growth, and the capability of the economy to generate a sufficient volume of jobs."

A strong policy focused on reducing macroeconomic uncertainty and enhancing investment would help lay the foundation for complete recovery and more inclusive growth, the report says.

Toward Broadly Shared Growth

While poverty has been reduced, the MEU notes that there is more inequality as economic progress increasingly becomes less inclusive. The analysis notes several positive developments, including an acceleration in the rate of poverty reduction between 2008 and 2014, bringing poverty down from 59% of the population to 48%.

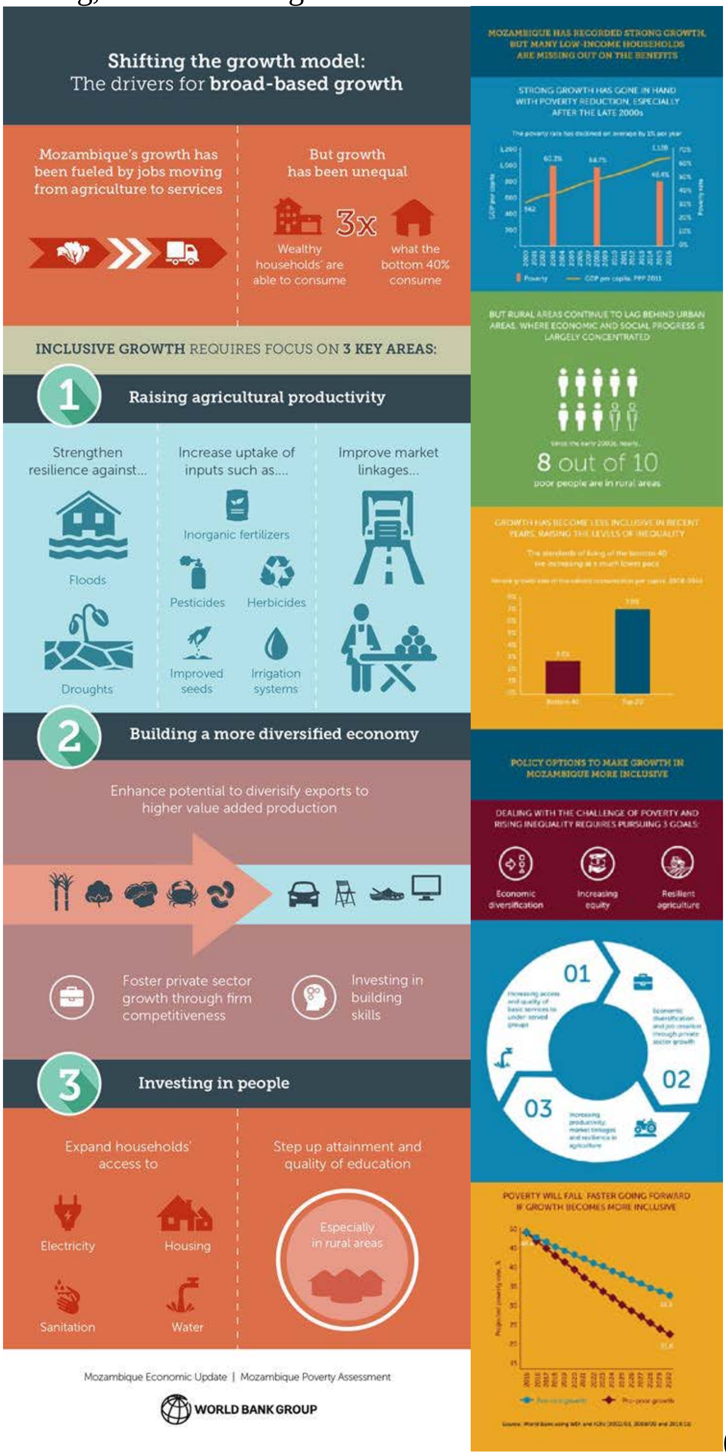
However, these gains were accompanied by a widening gap between the better-off and the poor, the report says, hindering Mozambique's progress in achieving shared prosperity and making it now among the most unequal countries in Sub-Saharan Africa. At the same time, the rate of the economy's labor productivity growth declined as people moved away from agricultural jobs to services such as catering and retail, the report notes.

"When looking back, it is clear the Mozambique's high growth period yielded important progress for poverty reduction," Mahdi said. "But in looking ahead at the future drivers of growth, it is even clearer that it is the quality, not just the quantity, of growth that will matter for making economic progress more inclusive."

The report recommends broadening the country's drivers of growth and raising productivity in sectors with the highest employment potential, which, given its size, continues to be the agricultural sector.

Additional recommendations include:

- A long-term multifaceted policy package that strengthens Mozambican firms' competitiveness, and increases their capacity to export and invests in building skills;
- A stable and appropriate macroeconomic framework that will facilitate the advancement of this goal– including a reduction of private sector crowding out and more accessible financing instruments;
- A focus on building broad-based firm, labor and institutional capacities to create opportunities, increase productivity and sophistication across several sectors, including manufacturing, services and agriculture



(World Bank)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

South Africa: Staff Concluding Statement of an IMF Staff Visit

A Concluding Statement describes the preliminary findings of IMF staff at the end of an official staff visit (or 'mission'), in most cases to a member country. Missions are undertaken as part of regular (usually annual) consultations under Article IV of the IMF's Articles of Agreement, in the context of a request to use IMF resources (borrow from the IMF), as part of discussions of staff monitored programs, or as part of other staff monitoring of economic developments.

The authorities have consented to the publication of this statement. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF Executive Board for discussion and decision.

1. **Following the leadership transition, the government stepped up its efforts to improve governance and enhance the dialogue with the private sector, but reform implementation has faced headwinds**. Markets reacted favorably to the government's efforts aimed at fostering an environment more conducive to private investment, growth, job creation, and social inclusion. However, some of the initial optimism has dissipated as growth remains stuck in low gear and reform implementation has faced constraints. Economic reforms in a number of areas, in particular, strengthening the finances of state-owned enterprises (SOEs), reducing the cost of doing business, and increasing competition are proceeding, albeit slowly. The recent investment conference between government and businesses —domestic and international—on unlocking the vast investment opportunities is welcome.

2. **Some of the negative effects of the changing external environment are already being felt in South Africa despite its economic resilience**. Amid deepening global trade tensions and capital outflows from most emerging markets, nonresident investors have been selling South African assets, more than reversing the large inflows that followed the change in government, although the country has not been as badly hit as some emerging markets. The rand has depreciated, and its volatility increased. Bond yields have risen, lifting the government's financing costs. Despite important mitigating factors, such as the freely floating exchange rate, sophisticated financial and corporate sectors, and favorable currency and maturity profiles of the sovereign debt, there is no room for complacency.

3. **Against this backdrop, growth continues to lag, and economic vulnerabilities are rising**. As acknowledged in the 2018 Medium-Term Budget Policy Statement (MTBPS), on current policies, growth will likely be insufficient to increase per-capita income and make a meaningful dent in poverty and inequality. Public debt and contingent liabilities are expected to continue rising in line with expenditure trends on wages and the interest bill and the fragile financial positions of several SOEs, particularly Eskom. Weak growth and deteriorating public finances could trigger additional capital outflows, potentially creating adverse spillovers through the interconnected financial system. Space for continuing monetary policy support is narrowing, as inflation expectations get closer to the upper end of the 3 to 6 % target band and U.S. monetary policy tightens. Rising unemployment and inequalities could accelerate calls for populist initiatives.

4. **This is therefore a critical time to implement stalled reforms to restore confidence, attract investment, support growth, and rebuild buffers to deal with a challenging environment by**:

- ***Addressing remaining governance issues and improving the business models of SOEs***. Enforcement of existing good laws and regulations needs to be stepped up and effectiveness of anti-corruption institutions bolstered. Well-defined participation of the private sector in key segments of the economy should be secured, with the modalities carefully assessed to maximize benefits for the population. More efficient service provision by SOEs would lower input costs for households and businesses, and reduce fiscal risks.
- ***Revisiting labor market practices to help unlock job creation and reduce the cost of doing business***. Wage negotiations should ensure that salary increases are aligned with

productivity gains. Small and medium-sized enterprises (SMEs) should not be subject to the outcomes of centralized negotiations that may negatively affect their cost structure and competitiveness. There is need to further reduce hiring and firing restrictions and facilitate the settlement of labor lawsuits. To reduce skills mismatches, basic education outcomes and vocational training need to be improved over time. Considerations should be given to easing visa restrictions to help mitigate skill shortages and support the tourism industry.

- ***Promoting competition in all sectors of the economy to boost business opportunities***. For instance, a competitive regulatory framework is needed to enhance South Africa's attractiveness as a viable mining investment destination. While the revised Mining Charter represents an improvement from a previous version, costs and barriers for investors remain above those in competing destinations. The process of allocating broadband spectrum should be executed expeditiously to promote an efficient and competitive telecommunications sector with significant positive spillovers for the rest of the economy.
- ***Reducing uncertainty by clarifying some recent policy proposals***. Guided by lessons from international experience, land reform should focus on enhancing agricultural productivity and strengthening tenure security, including in urban areas where most South Africans live. At the same time, potential negative effects of land reform should be mitigated, particularly those related to the security of property rights and the health of bank balance sheets. Similarly, the proposals to nationalize the South African Reserve Bank (SARB) should be reconsidered, especially at this juncture, as they represent an unnecessary distraction with a potentially sizable fiscal cost.

5. **The authorities need to continue implementing sound macroeconomic policies to complement the reform efforts**.

- ***With the fiscal space being limited and public debt reaching uncomfortable levels, fiscal policy needs to be gradually tightened.*** The 2018 Medium-Term Budget Policy Statement (MTBPS) candidly acknowledged the difficult growth outlook, but by keeping nominal primary expenditure ceilings unchanged this implies a further increase in public debt. The 2019 main budget provides an opportunity to signal the government's commitment to debt sustainability while improving the efficiency of spending. Expenditure should be gradually rationalized by containing wages, targeting education subsidies to the most vulnerable, and reducing transfers to state-owned enterprises and entities. The impact of public infrastructure investment on growth should be enhanced by improving project selection and implementation capacity within the budget framework, while avoiding the creation of new extra-budgetary funds. Equally important, tax administration needs to be bolstered by enhancing the South African Revenue Services' (SARS) capacity to collect taxes especially from large businesses. A debt anchor could be usefully introduced in the fiscal framework to signal the government's commitment to debt reduction, and complement the existing nominal expenditure ceiling—a tool with favorable cyclical properties but with weak debt stabilization characteristics.
- ***Monetary policy should focus on anchoring inflation expectations at the mid-point of the target band to help preserve price stability and central bank credibility***. Monetary policy is not an effective tool to address structurally-induced low economic activity. With inflation expectations remaining close to the upper end of the target band, the accommodative monetary policy stance is running out of space, risking the central bank falling behind the curve.
- ***Financial sector policy should continue to be mindful of pockets of vulnerability and of the need to improve financial inclusion***. The introduction of a new financial sector regulatory model promises a welcome overhaul of the regulatory framework. Vulnerabilities in the banking system should continue to be monitored closely, including by further upgrading stress-testing capabilities, paying greater attention to governance issues and oversight of external auditors, and responding proactively to early distress signals. Efforts to

enhance financial inclusion should also continue, for instance, by promoting banking competition, including through Fintech solutions.

6. **Stepping up reform implementation would help reduce policy uncertainty**, **supporting a recovery in confidence and investment which is critical in the challenging external environment**. Absent reform, macro-fiscal risks will continue to grow, making subsequent adjustments larger and more difficult. Growth could be severely compromised over the medium term, with attendant further increases in unemployment. Confidence is likely to return quickly if policies provide opportunities for entrepreneurs and innovators to generate new value and boost jobs. The economy has enormous potential supported by its diversified structure, abundant natural resources, deep capital markets and sophisticated financial system, and strong economic institutions. Renewed investment and job creation would increase living standards for all and foster greater social inclusion.

EIB and UNIDO join forces to boost sustainable and inclusive industrialisation across Africa

The European Investment Bank (EIB) and the United Nations Industrial Development Organization (UNIDO) are hosting the **Africa Day on 22 November in Addis Ababa, Ethiopia**.

Senior members of the Ethiopian government will join experts and policymakers from across Africa and Europe to lead discussions on opportunities for growth and diversification. They will explore ways to break down barriers and support the inclusive industrialisation of Africa.

At the core of the Africa Day agenda is how industry in Africa can further attract investment and more diverse markets in Europe and Africa itself. Key to the discussions will be how to offer more job creating opportunities for young people and women – particularly in the field of entrepreneurship.

The event will gather chief executives, financial officers, government representatives, entrepreneurs, academics, nongovernmental groups and civil society leaders from Africa and Europe and offer them a platform to build new partnerships, reinforce old ones and find new ways to help the continent.

Ahead of the EIB Africa Day, EIB President Werner Hoyer – who will be signing new agreements and loans in Addis to support job creating initiatives - said: *"Africa is transforming itself. It is a continent with some of the world's fastest growing economies, with the youngest population of any continent, hugely dynamic and full of potential. Africa also has the unique opportunity of leapfrogging many developed economies in the use of modern technology, like mobile payment or the use of off-grid renewable energy solutions. Alongside our African and international partners such as UNIDO, at the EIB – as the Bank of the EU- we want to foster financial inclusion and support growth of the private sector, from the micro and small businesses to the larger ones. African companies are often underserved by financial markets. We want to improve their access to finance, promote the use of sustainable energy sources and improve the infrastructure that companies need to thrive, thereby helping to create jobs and business opportunities, namely for women and young entrepreneurs. This will reduce poverty and generate lasting benefits for the population."*

UNIDO Director General LI Yong said: *"Africa's manufacturing has been expanding in absolute terms and growing faster than the world average. Accelerating the achievement of inclusive and sustainable industrial development requires a move from business as usual to innovative and audacious business models and approaches. Enhancing partnerships remains essential to further advance industrialization in Africa and make the most of the many opportunities on the continent. UNIDO is deepening cooperation with partners such as EIB to enhance the synergies of resources and knowledge in key areas. A vibrant global partnership will not only ensure the successful operationalization of IDDA III but will also enable the region to draw on the benefits from the timely implementation of the African Continental Free Trade Area."*

The EIB and UNIDO have enhanced cooperation to share good practices and expertise in relevant sectors, most notably resilient infrastructure, sustainable industrialisation and innovation. Both institutions are working together to help achieve several of the United Nations Sustainable Development Goals (SDGs), to end poverty, support decent work and economic growth, as well as climate action.

Cameroon: African Development Bank approves €17.96 million Ring-Road project to improve socio-economic growth in the North-West province

The African Development Bank has approved a €17.96 million loan to the Republic of Cameroon to finance the construction of a Ring-Road Project in the North-West Province of the country.

The Ring Road project, which falls under phase three of the country's Transport Sector Support Programme, aims to improve the movement of goods and people. It will also strengthen the foundations for strong and sustainable growth by promoting domestic and regional trade.

The loan for the 365 km Ring Road is the Bank's third intervention in the implementation of this important road network rehabilitation and upgrading project. The loop road crosses five of Cameroon's seven divisions of the North West Region and includes several links to the Nigerian border.

The project will also include institutional support for the transport sector and related works such as the development of rural roads, the rehabilitation of socio-economic infrastructure for improving women and youth living conditions.

The road project is line with the government's Growth and Employment Strategy Paper (GESP) 2010-2020, to build an integrated and efficient transport network at low-cost that covers the entire country opening the country to neighbouring countries to effectively enhance economic growth and reduce poverty.

The Transport Sector Support programme under which the project falls is also consistent with Pillar I of the Country Strategy Paper (CSP) 2016-2020 for Cameroon, which focuses on strengthening infrastructure to support agricultural value chains for inclusive growth and aligns with the Bank's High 5 priorities.

Cameroon's northwestern region has enormous economic potential, particularly in agriculture, which stands to benefit from the road. Other lucrative sectors include livestock and fisheries; tourism, particularly the spectacular natural landscapes such as the Menchum Falls, Lakes Awing, Oku and Nyos, the Mbengwi Caves.

The project is also expected to have a positive impact on transportation - greatly reducing travel time ; increase in traffic of passenger and goods; foster job creation for women and lead to work for 30,000 youths. The road will result in savings on vehicle operating costs; increase in household income and reduction in post-harvest losses.

The total cost of phase one of the Transport Sector Support Programme is estimated at €255 million (XAF 167.270 billion). It will be implemented from December 2018 to June 2024, with the Bank's co-financing loan of €179.60 million, an Africa Growing Together Fund (AGTF) loan of €42 million and the Government's counterpart funding of €32.84 million.

At the end of August 2018, the Bank's portfolio in Cameroon comprised 24 operations (18 national and five multinational operations) for total net commitments of €1,369.02 million. The public sector accounts for €1,218.03 million for 19 operations, while the private sector accounts for four projects valued at €150.99 million. (Transport and ICT sectors account for 63% of the portfolio).

Since 1972, when the Bank started operations in Cameroon, it has participated in financing 28 transport sector operations.

The African Development Bank and Africa Growing Together Fund to Provide US$ 200 Million in Joint Financing to support the Nigeria Electrification Project

The Board of Directors of the African Development Bank Group has approved a US$150 million sovereign loan to the Federal Government of Nigeria to finance the Nigeria Electrification Project (NEP). The financing will support rural electrification efforts in Nigeria by facilitating private sector development and rollout of off-grid solutions, as well as the installation of dedicated power systems for Federal Universities. The Africa Growing Together Fund (AGTF), a US$2 billion facility sponsored by the People's Bank of China and administered by the African Development Bank, has also approved a US$ 50 Million Loan to the Federal Government of Nigeria to co-finance the project.

The joint financing from the Bank and AGTF will support the Federal Government of Nigeria's efforts to address critical energy access deficit in the country, and catalyze achievement of universal energy access by 2030 targets. The NEP, which will be implemented by the Rural Electrification Agency (REA), presents an innovative approach to address the energy access deficit by channeling private sector investments into commercially viable mini grid and off-grid solutions.

The Bank's Vice President for Power, Energy, Climate Change and Green Growth, Amadou Hott, welcomed the Board's approval of NEP, underscoring the importance of projects that leverage private sector investment into energy access solutions. *"Given the limited amount of public financing available, projects that catalyze private sector investment are critical in enabling the Bank and its Regional Member Countries meet their shared objective of electrifying the continent within the next decade."*

The NEP is aligned with the **African Development Bank's New Deal on Energy for Africa**, the **High 5 priorities**, as well as with the Bank's Climate Change Action Plan. The project is further aligned with the Federal Government of Nigeria's Rural Electrification Strategy and Implementation Plan (RESIP), and the Power Sector Recovery Programme whose objective is to increase private investments into the energy sector.

One of the key objectives of NEP is to de-risk and scale up private sector investment in the off-grid sector. The African Development Bank, operating both within the framework of NEP and in the context of its other initiatives in the country's energy sector, will work with public and private sector stakeholders to encourage the development of an ecosystem that is conducive to facilitating the rapid, effective and commercially viable electrification of Nigeria's off-grid communities.

Also at the Board, the Bank's Nigeria Country office Director, Ebrima Faal, celebrated the approval in light of recent reforms undertaken by the Federal Government of Nigeria to facilitate private sector development of the off-grid sector: *"Nigeria has already implemented one of the most comprehensive regulatory frameworks for off-grid development in Africa and has attracted preliminary interest from both large international companies and local firms. NEP will provide the spark that is needed to convert private sector interest into action.*

NEP will also create jobs, and impact the Federal Government of Nigeria's broader education sector goals by increasing access to affordable electricity at Federal Universities through hybrid power plants that reduce heavy reliance on diesel generators.

Speaking after the Board approval, the Managing Director of the Rural Electrification Agency, Damilola Ogunbiyi, noted: *"We are extremely pleased with the African Development Bank's decision to support NEP. By supporting the electrification of unconnected and underserved communities, NEP will contribute materially to their economic development. Access to reliable, affordable and clean electricity will result in savings for households and businesses, which can be deployed to other uses. NEP will also train and employ thousands of Nigerians with particular focus on women and young people."*

Kenya: African Development Bank Group approves US$18.17 million for the Kopere Solar Project in Kenya

The African Development Bank Group has approved a US$ 18.17 million senior loan to the 40 MWac (50MWp) Kopere Solar Power Project owned by Voltalia, an international player in the renewable energy sector listed on the Paris stock exchange.

The Bank is also in the process of securing a US$ 11.6 million concessional loan from the Climate Investment Fund's Scaling-up Renewable Energy Program (SREP).

The Kopere project, which falls under Kenya's Renewable Energy Feed-in-Tariff (FiT) policy, encompasses the design, construction and operation of a 40 MWac (50MWp) solar PV power project in Nandi County. The project also involves the construction of a 33/132 kV substation, and a 1.8 km T-line to evacuate the electricity to the national grid.

Commenting on the project, Amadou Hott, the Bank's Vice-President for Power, Energy, Climate Change and Green Growth said: "This project could potentially be Kenya's first utility-scale solar PV project under the Feed in-Tariff (FiT) Policy. We are confident that the provision of long-term and concessional financing to support the project with terms that are unavailable from commercial sources will have an important demonstration effect in attracting more investors to engage with Kenya's vast solar opportunities."

The project is expected to generate around 106 GWh per year, and effectively supply electricity to approximately 600,000 people through the grid. It will also save 1,081 kt CO2eq in GHG emissions annually throughout the project operation. "Kenya's Vision 2030, and the 'Big 4' agenda ambitions come with a renewed urgency for affordable electricity, while pursuing a low carbon development pathway. By providing access to quality energy at a cost below the current generation costs in Kenya, the Kopere project will diversify Kenya's energy mix, and ultimately contribute to reduced dependence on fossil fuels," said Wale Shonibare, the Bank's Director for Energy Financial Solutions, Policy & Regulation.

The project is aligned with the Bank's New Deal on Energy, the High Five priority to 'Light up and Power Africa', and the Bank's country strategy for Kenya. It is also aligned with Kenya's FiT policy, Vision 2030 Initiative, and with Kenya's Intended Nationally Determined Contributions (INDC) for climate resilient growth.

The Kopere project will enhance energy access, infrastructure development, and private sector participation in the renewable energy sector while contributing to green growth, and job creation. Implementation of the project will commence in 2019.

INVESTMENTS

Tax benefits for investments in Angola increase with new law

Angola's Private Investment Law (LIP) regulation, which entered into force on 30 October, increases tax benefits for investors, at a time when the country intends to stimulate its non-oil economy and the export sector.

The new regulation approves the legal procedures for capital injections carried out under the new Private Investment Law of May 2018, applicable to projects started after 30 October, and provision is made for a transitional regime for other projects already underway, according to the regional coordination of the Legis-PALOP+TL legal database.

For investment projects started before 30 October, which are still governed by the regulations of the previous Law, interested parties should request the application of Presidential Decree No. 250/18, "an essential step if they also wish to benefit from the new more favourable regime."

This regime, he added, includes, among other things, "the new automatic tax benefits for the holders of Private Registration Certificate (CRIP), assigned by the new competent entity, the Private Investment and Export Promotion Agency (Aipex)."

For investment projects approved before 26 June, the private investors concerned may also expressly request to fall under the scheme established in the new LIP and its regulations.

The most favourable benefits include reductions in Sisa Tax, Urban Property Tax, Industrial Tax and Capital Expenditure Tax set out in the special regime for the new A, B, C and D Zones in Law No. 10/18.

Other advantages, according to the same source, are the exemption of payment to Apiex for a year, namely the costs of filing the request, of issuing the CRIP, for a 2nd copy of or changes to the CRIP, for issuing statements and for reinvestment, ranging from about US$100 to US$3,000 (40,000 to 1 million kwanzas).

The economic activities covered by the priority sectors of activity that benefit from the new special regime are listed in detail in Presidential Decree No. 250/18, "corresponding to the market segments

identifying the potential of import substitution or of promotion and diversification of the economy, including exports."
The same source said "the benefits and other facilities already granted under previous investment laws and regulations shall remain in force for the time periods originally set, and no extension thereof shall be permitted."
The president of Aipex, Licínio Vaz Contreiras, recently announced that since the approval of the new law in May 2018, the agency has received 57 investment proposals totaling US$502 million.
Of these proposals, 30% are related to foreign investment and the remaining 70% to national investment. (Macauhub)

Customs Tariff to be adjusted to protect domestic production
The new Customs Tariff in force since August will be under some adjustments, after evaluating internal production capacities said the Finance Minister Archer Mangueira.
The readjustment in the Customs Tariff, he added, will be done whenever and when it is observed that the domestic production already satisfies or at least contributes (the production), significantly for the reduction of the imports. He recalled that the General State Budget Draft Law 2018 included certain rules in order to allow the Head of State to make specific adjustments to the Customs Tariff 2017. As for the financing facilities, one of the concerns raised by some businesspeople and producers, said the Government has been " creating " financing aids for later being passed on to the productive sector. He said that negotiations with international financial institutions interested in financing the productive sector are under way. (Angop)

Privatizations provide 15% of consulting revenues
At least 15% of revenues to be collected with the privatization of more than 50 companies via stock exchange, a process that begins at the end of this year and beginning of 2019, will serve to pay for consulting and services delivery.
For the first phase, privatization processes are under way for more than 50 companies in the mineral, oil, agriculture, banking, telecommunications and other sectors, a process that starts in 2019, according to the president of the Brazilian Institute of Asset Management and State Participation (IGAPE), Valter Barros.
"Some companies are in good condition, others have to be restructured, a process that has already begun," said the manager who spoke in Luanda at the second edition of the Capital Markets Forum.
According to the official, one of the priorities of the State in this process of privatizations should also focus on banking where the state has partial participation.
At this stage, companies in the water and energy sectors should not be included in the list of privatizations, taking into account the public social services provided to society.
Other public enterprises and with the participation of the State are being evaluated, to be privatized in the first or subsequent stages of the process. (Angop)

Angolan investment agency has received 57 proposals since May 2018
Angola's private investment and export promotion agency, Aipex has received at least 57 private investment proposals since May last year worth a total of US$502 million, the president of the institution said in Luanda.
Licínio Vaz Contreiras also said that of the proposals submitted since May, the month in which the new Private Investment Law came into force, 30% were related to foreign investment and the remaining 70% to national investment, according to the Angop news agency.
The president of Aipex, speaking at a meeting to present the law to Angolan consultants and businesspeople, also said that the agency would analyse the proposals as soon as possible "so that they contribute to the increase of production and the promotion of exports."

The Secretary of State for the Economy, Sérgio dos Santos, said that the new law, in addition to breaking the limit for investment and reducing red tape, will attract more investment to the interior of the country, boost employment, and promote diversification of the economy.
The Law published in the Diário da República official gazette splits the country into four investment zones, zone "A" made up of Luanda, and the municipalities that are the capitals of Benguela and Huíla provinces.
Zone B includes Bié, Bengo, Kwanza Norte, Kwanza Sul, Huambo, Namibe and the other municipalities of Benguela and Huíla, the provinces of Kuando Kubango, Cunene, Lunda Norte, Lunda Sul, Moxico, Uíge and Zaire belong to Zone C, while Zone D comprises the province of Cabinda. (Macauhub)

Angola favours granting credit to projects using domestic raw materials
Angola's future investment credit lines will focus on productive sector projects that make use of the country's raw materials, a senior official at the Ministry of Economy and Planning recently said.
Laércio Cândido gave the information at a round table on the "Industry financing mechanism" at Expo-Indústria e Projekta, held at the Luanda/Bengo Special Economic Zone (ZEE), according to the Angop news agency.
The official said that the Angola Investe program, which has been cancelled, will be replaced by a more targeted and specific one, focused on correcting some of the previous failings, such as the demand for a large amount of foreign currency.
In the current scenario, given the scarcity of foreign currency, the central focus of the future programme will be changed, particularly in view of the specific financing needs of each sector.
Candido said that in the current context the priority is also to close off the productive chains and the greater use of national content, thus avoiding projects that require more foreign currency.
The representative of Banco de Desenvolvimento de Angola (BDA), Mário de Alcântara Monteiro, said that the bank had financed 855 projects, some of which ended up failing because of lack of commitment from the producers and also due to some insufficiency of the bank itself. (Macauhub)

China available to invest in development of Angola's industrial sector
The government of China is willing to invest in the development of Angola's industrial sector, taking advantage of the country's agricultural and livestock potential, said ambassador Cui Aimin in the city of Huambo. China's ambassador to Angola was soeaking at the end of a visit to projects developed under bilateral cooperation and by Chinese companies.
Cui Aimin also said that the aim, under the cooperation agreements signed between the two governments, is to support the industrialisation of Angola related to the agricultural sector.
The ambassador recalled that an agricultural project in an area of 2,000 hectares is being developed in the municipality of Chicala-Cholohanga, Huambo province, based on funding of US$15 million.
This project, currently in its initial phase, is being implemented by Jiangsu Jiangzhou Agricultural Science & Technology Development Co. which has already planted 800 hectares of maize, 200 of soybeans, 25 of rice and two of sisal, and the next phase, the date of which has yet to be announced, will be the livestock component.
Cui Aimin noted that the province of Huambo could achieve many advantages from the implementation of cooperation agreements between the two countries, because of its agricultural, livestock and industrial potential. (Macauhub)

Angola's President concludes state visit to Portugal with the signing of 13 agreements
The Angolan president returned to Luanda, after a three-day state visit to Portugal in which the two countries signed a set of 13 cooperation agreements, the Portuguese press reported.
The agreements signed between Angola and Portugal cover areas such as justice, teacher training, engineering, tourism, culture, social reintegration, forensic medicine, health, science, innovation and the environment.

In the final statement, the government delegations of Angola and Portugal considered that the visit by President João Lourenço to Portugal was of high political significance, which was clear in the meetings between the heads of state of the two countries.
In a press conference held in Lisbon, Lourenço said he had "reassured" officials from Portuguese bank Banco Comercial Português (BCP) about the possibility of the Sonangol ceasing to be a shareholder of the bank, in which it has a stake of 19.49%. The Angolan president also said, "it is very unlikely" that Sonangol would be interested in keeping its stake in the Galp Energia group.
Sonangol controls 60% of SGPS Esperanza, which in turn holds 45% of SGPS Amorim Energia, which in turn is the largest shareholder of the Galp Energia group, with a 33.34% stake. Lourenço was also given a guarantee by Prime Minister António Costa that Portugal will "provide all the cooperation needed so that the money that belongs to Angola, Angola is accounted for."
President Lourenço invited his Portuguese counterpart from Portugal to visit Angola in 2019, an "invitation that has already been accepted" and in the first half of 2019 a "new round of political consultations at the level of senior officials" will be held in Luanda as well as a meeting to assess the implementation of the Bilateral Protocol on Visa Facilitation. (Macauhub)

Anglo-Angolan partnership opens factory for distilled spirits in Angola
Angolan company Refriango and British group Diageo have teamed up to invest US$6.2 million in Angola in a distilled spirits factory, the local press reported.
The factory was built at the Refriango Industrial Complex in Kikuxi, and has daily capacity to produce 3,000 boxes of 12 bottles of 0.75 litres or 27,000 litres.
The Director-General of Diref (the name given to the equal partnership) Edgar Sousa, said that 75% of the raw material for the production of spirits will be purchased in Angola, the remaining 25% being imported, and it is expected that within three years Angolan participation will increase to 90%. He added that the factory's production will be for local consumption, with no exports planned, as Diageo already distributes its brands in more than 40 African countries, notably in the Democratic Republic of Congo, Zambia, Namibia, Gabon and Ghana.
In the first phase of production the new factory will produce some of Diageo's international brands, distributed in Angola by Refriango, such as Smirnoff vodka, Gordons gin and Black & White whiskey, in glass, PET (recyclable plastic bottles), cans and other more innovative formats. (Macauhub)

S&P keeps South Africa credit ratings below investment grade
S&P Global Ratings kept South Africa's foreign-currency and local-currency credit ratings at below investment grade. "Anaemic economic growth in 2018 and sizable contingent liabilities continue to weigh on South Africa's fiscal prospects and debt burden," S&P said, adding that it had a "stable" outlook on the ratings. The long-term foreign-currency rating stayed at 'BB', while the local-currency rating stayed at 'BB+'. S&P and Fitch rate South Africa in "junk" status, driving its cost of borrowing higher. (By Alexander Winning, Reuters)

BANKING
Banks

Advans Côte d'Ivoire, an Ivorian microfinance institution, wins the European Microfinance Award for "Financial Inclusion through Technology"
The €100,000 prize, awarded for the 9th time by the Luxembourg Ministry of Foreign and European Affairs, was given this year to Advans Côte d'Ivoire (CI) at a ceremony hosted by the European Investment Bank in Luxembourg.
The 2018 Award recognises a financial services provider that uses technology, transparently and securely, to offer microfinance clients new possibilities for loans, savings, insurances and fund transfers and to ensure the efficiency of its back-office procedures.

The technology solutions provided by Advans Côte d'Ivoire are designed to serve cocoa farmers and promote the school enrolment of their children. In effect, digitalised money transfer services respond to the traceability and safety issues faced by cooperatives paying member cocoa farmers while the school bridging loans, based on an algorithm reflecting farmers' cash flows, enable the farmers to pay their children's school enrolment fees on time.

The social and economic aspects and their concrete effects for low-income families drew the jury's attention, as pointed out by the Luxembourg Minister for Development Cooperation and Humanitarian Affairs, Mr. Romain Schneider, Chairman of the High Jury: "Advans CI has been able to understand the needs of Ivorian cocoa farmers, and offers technological solutions adapted to their needs, be it in terms of savings, and transactions for cocoa, as well as credits allowing children of customers to go to school even before the harvest season."

For its part, the European Investment Bank - the European Union's financial arm - strongly believes that innovation is a game changer also for microfinance. EIB President, Dr Werner Hoyer stated: "Financial technology has tremendous potential. It offers the opportunity to take financial inclusion to the next level. The three finalists, and in particular Advans CI, give us food for thought on how impact finance could successfully embrace fintech opportunities."

European Microfinance Award

The only one of its kind in the world, the European Microfinance Award was launched in October 2005 by the Directorate for Development Cooperation and Humanitarian Affairs of the Luxembourg Ministry of Foreign and European Affairs to nurture innovative microfinance initiatives. It is jointly organised by the Ministry of Foreign and European Affairs, the European Microfinance Platform (e-MFP) and the Inclusive Finance Network Luxembourg (InFiNe.lu) with the support of the European Investment bank (EIB).

FirstRand's FNB Targets South Africa Townships with Fintech Deal

FirstRand Ltd.'s First National Bank and a startup financial-technology company in South Africa are partnering to connect informal traders in townships with fast-moving consumer-goods companies.

FNB is seeking to tap into a market that it estimates could consist of as many as 1 million enterprises that have largely been ignored and falls into the "unseen economy," the Johannesburg-based lender said in an emailed statement. Townships were created during apartheid on the outskirts of urban areas to separate blacks from whites until racial segregation ended in 1994.

"With 50 % of South Africa's urban population living in townships, the ecosystem supporting these communities warrants significantly greater focus from the banking sector," Michael Vacy-Lyle, the chief executive officer of FNB Business, said in the statement. The lender estimates that about 300,000 of these traders are "survivalist" in nature, employing three or more people, and relying on cash payments, he said.

The company has partnered with Selpal Pty Ltd., which connects informal merchants ranging from bars and grocery stores to hairdressers and micro-manufacturers, according to the statement. The traders are provided with a point-of-sale device to enable payments "that lets them view, order, pay for and sell stock and value-added services without the store owners ever needing to leave their shop, and unlocks extra revenue for them," said Selpal CEO Stephen Goldberg.

"It also changes the way that their customers buy from them, extending the benefits and extra value to the end consumer," he said. "Our partnership with FNB Business will help expand our network and supercharge our growth." (By Vernon Wessels, Bloomberg)

Spain's CaixaBank wants to reduce stake in Banco de Fomento Angola

Spain'sCaixaBank plans to reduce its 48.1% stake in Banco de Fomento Angola (BFA), the bank's chief executive said in a statement.

Gonzalo Gortázar, presenting the 2019-2021 Strategic Plan for the Iberian banking group, said that CaixaBank wants to reduce its stake, “because it is high and does not correspond to our involvement in management, which is nothing.”
Gortázar, quoted by the Portuguese press, expressed his satisfaction with the “profitable and efficient” way in which the Angolan bank is managed, adding that the country is also taking economic policy measures that are “going in the right direction.”
CaixaBank’s stake in Banco de Fomento Angola is indirectly held through Portugal’s Banco BPI, in which it now owns 94.949% of the share capital after a Public Tender Offer.
Banco BPI has held 48.1% of BFA since the beginning of 2017, when it sold 2.0% of the Angolan bank to Angolan telecommunications operator Unitel due to a requirement of the European Central Bank to reduce exposure to the Angolan economy.
Last April, Banco BPI chief executive Pablo Forero said that the bank was preparing a public offering to sell its 48.1% stake in Banco de Fomento Angola.
Since the beginning of 2017 BFA has been controlled by Unitel, the largest telecommunications operator in Angola, in which Isabel dos Santos owns 25% of the capital, when BPI fulfilled an ECB requirement to reduce its operation in Angola through the sale of 2% of its stake in Unitel (for 28 million euros). (Macauhub)

Authorisation request by Banco Sino-Atlântico yet to be analysed as it is not complete
The authorisation process of Banco Sino-Atlântico, of Macau businessman David Chow, has yet to be analysed and decided upon due to the fact that it is incomplete, the Bank of Cabo Verde (BCV) said in a statement.
The Cape Verdean central bank reacted to news published in the press that “the BCV is at present making itself an insurmountable obstacle to the founding of the Banco Sino-Atlântico.”
“Unlike what was said in the report, the authorisation process of Banco Sino-Atlântico is incomplete, as it does not contain all the legally required elements, which is why, to date, it has not been possible to analyse it and for a decision to by made by the Banco de Cabo Verde,” the statement said.
The BCV said that the original application was submitted by the promoter on 16 February, 2017, with numerous official and material shortcomings and that, after a quick examination, he replied to the interested party on 2 March, informing them of the incompleteness of the documentation.
“The shortcomings of a strategic, economic, operational and prudential nature that do not make it possible to assess the sustainability of Banco Sino-Atlântico project were pointed out,” the central bank said.
About five months later, the promoter provided some of the missing elements, pledging later to add the others, which are essential for the conclusion of the analysis. This never occurred, despite the BCV reiterating the need to send the missing items in November 2017.
“This is not an issue of any obstacle, as Bank of Cabo Verde is simply carrying out its responsibilities and functions as a regulator and supervisor,” it said.
The statement further clarified that the BCV reserves the right to refuse authorisation when an extensive set of requirements is not met, particularly when the application for authorisation is not accompanied by all necessary information and documents. (Macauhub)

Companies can repatriate up to USD 5 million without Central Bank's permit
Foreign companies operating in the Republic of Angola are allowed to repatriate to their countries of origin up to USD 5 million from their incomes, which result from activities in Angola, without the permit of this country's Central Bank (BNA).
This was announced last Thursday 29th November, in Luanda, by the governor of the National Bank of Angola (BNA) – the country’s Central Bank - José de Lima Massano, at a press conference that served for the presentation of the assessment report on the implementation of the Macroeconomic Stabilisation Programme for the third quarter of the present year.

The BNA Governor revealed that despite the improvements recorded in foreign exchange operations involving business firms, commercial banks and the Central Bank, the BNA has been reviewing the norms with the aim of bringing about greater security in such operations.
He went on to explain that the BNA has been monitoring, with rigour, the activity of commercial banks in regard to how they make available foreign exchange for the economic agents.
Meanwhile, in the same press conference, Finance minister Archer Mangueira said that the government has been considering making some changes to the Customs Tariffs Chart that came into force last August, with the goal of protecting national production and stimulating exports.
On his turn, the State minister for Economic and Social Development, Manuel Nunes Júnior, reminded that between 2016 and 2017 the country recorded a recession with negative indexes of around two per cent.
For this year, he said, it is predicted a slight recovery of the Angolan economy with a negative index of about -0.1 or -1.1 per cent, while for 2019 it is predicted a better recovery and a growth of 2.8 per cent. (Angop)

Markets

Stock market in Angola expected to launch in 2019

The stock market in Angola is expected to be launched in 2019, boosted by the privatisation programme on the stock exchange, the chairman of the country's Capital Markets Commission (CMC) said in Luanda.
Mário Gavião, who was speaking at the Second Capital Markets Forum, recalled that the privatisation programme was due to be approved soon and that it will follow a specific timetable, which he said, "will be a major boost to the share market."
"If we have, as expected, the approval of the privatisation programme, there is a timetable that will be set out and then it is a matter of execution," he was quoted as saying by local media.
The president of the CMC pointed out the need for the country's "macroeconomic stabilisation" as a "pull factor" for the incipient capital market of Angola, a country "with a weak culture of savings and investments."
The second Capital Markets Forum, held in the Talatona district, south of Luanda, was promoted by Media Rumo, with the support of Angola's Capital Markets Commission (CMC). (Macauhub)

Sale of foreign currency in Angola has new rules

Foreign exchange offices and payment service companies that intermediate cash remittances should, whenever they wish to buy foreign currency, put in a request to the banks with which they have commercial relations, the National Bank of Angola has instructed.
Instruction no. 15/2018, dated 19 November, of the National Bank of Angola (BNA), also establishes that the total requested amount per week by each of those entities to commercial banks should not exceed their own funds.
"The BNA sells foreign currency to commercial banks in accordance with the provisions of the Instruction that governs the procedures of the auctions, and commercial banks must assign the foreign currency to their clients, exchange offices and remittance companies, on the same terms as to their other clients reflected in the needs map," the document said.
As regards the conditions of sale by banks to exchange offices and remittance companies, they may only make foreign currency available in physical notes to the exchange offices and must, at the time of sale, debit the national currency account of those institutions against delivery of physical notes.
Banks may only make currency available to remittance companies, which can only be used for transfer to their foreign counterparts with which they work, to cover remittances executed at the request of their clients.
In the sale of foreign currency to bureaux de change and remittance companies, banks may charge a margin of up to 2.0% on the reference exchange rate published on the institutional website of the National Bank of Angola. (Macauhub)

African renewables IPP to list on Mauritian Stock Exchange

Independent power producer (IPP) Africa Clean Energy Solutions (Aces) will list on the Mauritian Stock Exchange on December 14.

The company will issue up to 600 000 new shares prior to the initial listing date.

The listing sets up a transparent capital raising platform that will allow the company to engage a new international investor base and bring financial close to its key projects, the company explained in a release issued.

Within the first year following the listing, Aces is expected to acquire the business of South Africa Clean Energy (Sace) Solutions, which has received the approval of the Exchange Authority of the South African Reserve Bank to implement the acquisition.

This consolidation will bring together the work and experience of the broader management team in combining Sace-developed South African and Namibian assets into one Pan-African renewable energy producer.

Sace has developed and has partial ownership in a Namibian solar project and two projects in South Africa.

Through its subsidiary companies, Aces focusses on the proven technologies of solar and biomass in select African countries where, working with local partners, the company takes a project from inception through to grid connection.

Specialising in projects that will generate between 3 MW and 50 MW of power, with stable long-term offtake agreements and in politically stable jurisdictions across the continent, Aces, over the long-term, aims to own and operate a combined generating capacity of 500 MW by 2023.

Currently, Aces has five greenfield projects, of which three will progress to construction over the next 12 months. The first will be commercially generating in 2019, and the remainder by 2021.

Aces CEO Dave Kruger cited the listing as “an exciting milestone” and noted that it was the culmination of all the commitments made at the beginning of the journey.

“The projects are required to meet the group’s post-tax dollar internal rate of return of 14% and, over time, will generate material dividends to Aces. The fragmented energy market across Africa will continue to allow Aces to build a diversified portfolio of power generating investments,” he explained.

Commenting on the group’s wider impacts, group chairperson Gaetan Siew said the broader impact that is being felt is the empowering and social upliftment of the local communities that Aces works with. (By Simone Liedtke, Engineering News)

Tech

Angola to have mobile payment system in 2019

The National Bank of Angola (BNA) intends to introduce payments through mobile telephony, and plans to put forward new legislation in 2019 to that effect, said BNA director Pedro de Castro e Silva in Luanda.

The director, quoted by Angolan state news agency Angop, also said that the BNA started working with the World Bank last March to introduce legislation to make way for mobile payments.

With a mobile phone contact, citizens can make purchases or payments and money transfers in formal and informal markets, even without having a bank account or link to a bank, said Castro e Silva.

The director of the BNA also said that Angola does not already have a mobile payment system as the central bank has preferred to focus on other electronic payment systems, such as ATMs and automatic payment terminals.

The statements by the BNA director were made on the sidelines of the 8th Meeting of Payment Systems of the Central Banks of the Community of Portuguese Speaking Countries (CPLP), hosted by the BNA in Luanda.

The central banks of the CPLP meet periodically to discuss various issues related to banking, and this year addressed treasury and statistics matters, and is now debating payment systems.

Representatives from the central banks of Angola, Cabo Verde (Cape Verde), Mozambique, Portugal, Sao Tome and Principe and Timor-Leste (East Timor) and the Macau Monetary Authority are taking part in the meeting. (Macauhub)

ENERGY

Mozambique connects all 152 district capitals to the national grid

The electrification of the 152 district capitals of Mozambique was completed with the connection of Luabo, in the central province of Zambézia, to the national electricity grid, an official from state-owned Electricidade de Moçambique (EdM) reported.

Cláudio Dambe, who is responsible for the rural electrification project, told daily newspaper Noticias that the capital of the district of Doa had been connected to the national electricity grid.

The connection to Doa in Tete province, Dambe said, involved the construction of a 160-kilometre power transmission line from the mining town of Moatize in Tete province.

In the case of Luabo, 76 kilometres of high-voltage transmission line were built from the district of Mopeia.

The electrification of all district capitals was a project of the former government of President Armando Guebuza, and was practically completed by the end of his second term in 2014.

However, the Mozambican parliament approved a proposed law with a new administrative division adding another 14 districts, bringing the total number to the current 152.

Some of the new districts were already electrified, but Derre, Mulevale, Luabo and Doa were not, so Electricidade de Moçambique had to draw up a new project to cover the new districts. (Macauhub)

Angola and Namibia sign memo on electrical power

Ondjiva - The Angolan and Namibian governments signed a memorandum of understanding in the energy sector in the village of Calueque, southern Cunene Province.

The memorandum could pave the way for the construction of the Baines dam with a 600-megawatt production capacity in the near future.

The document was signed by the minister of Energy and Water, João Baptista Borges, and on the Namibian side by the minister of Agriculture, Water and Forestry, Alpheus Naruseb.

In a statement to the press, minister João Baptista Borges stressed the importance of the memorandum, which will allow the preparation of studies to interconnect the two countries in the field of electricity and the construction of an energy venture in the region of Ruacaná.

The project starts running in 2021 and will last four and a half years. Each country will benefit from 300 megawatts of the Baines hydroelectric dam. (Angop)

Electrification of district capitals concluded

The electrification of all 152 district capitals in Mozambique was completed with the connection of Luabo, in the central province of Zambezia, to the national grid.

The previous day Doa district, in Tete province, was connected.

Claudio Dambe, the head of rural electrification in the publicly owned electricity company EDM, interviewed in Saturday’s issue of the Maputo daily “Noticias”, confirmed that these last two districts had been connected. Connecting Doa to the grid, he said, involved building 160 kilometre long electricity transmission line from the mining town of Moatize.

20 kilometres of medium voltage line and 16 transformer posts were also installed. The cost of this work was slightly more than 219 million meticais (about 3.65 million US dollars, at current exchange rates).

In the case of Luabo, 76 kilometres of high voltage transmission line were erected, running south from Mopeia district. 14 transformer posts and 20 kilometres of medium tension line were also installed.

For the Doa transmission line, wooden pylons were used, but EDM installed metallic pylons along the Mopeia-Luabo line – which is why it was much more expensive, at 274 million meticais.
The electrification of all district capitals was a project of the previous government, under President Armando Guebuza, and was almost completed by the end of Guebuza's second term of office in 2014. But then the country's parliament, the Assembly of the Republic, approved a government bill, with a new administrative division, splitting some districts into two.
14 new districts were created, raising the total number from 128 to 152. Some of these were already electrified, but Derre, Mulevala, Luabo and Doa were not, and so EDM had to draw up a further programme of electrification to cover the new districts. (Club of Mozambique)

Kenya Power gets tough on late bill payers after profit plunges
Kenya Power Co said it will be much tougher on chasing unpaid bills after its provisions for bad debts surged in the financial year through June, sending its full-year profit down 60 %.
Kenya's main power distributor said it increased its bad debt provisions seven-fold to 6.08 billion shillings ($59 million) in the financial year that ended June 30 after it adopted a new accounting standard. Its shares fell nearly 6 % after its full-year results. Its performance was also hurt by rising costs linked to its growing transmission and distribution network, and higher financing costs that offset modest electricity sales.
The state-controlled company will now make provisions for debts due for longer than 30 days, down from its previous practice of providing for debt that is due for longer than 58 days, said acting CEO Jared Othieno. "We are going to engage in a more aggressive collection policy, where we are not only going to start collecting those which are due, but also internally," Othieno told reporters. "We are going to ensure that the moment we bill you, then we shall come for our debt." Kenya Power faced a crisis in July after its chief executive and several senior executives were arrested and charged with a conspiracy to commit economic crimes and abuse of office. The company delayed the issuance of its financial results and issued a profit warning at the time. "It had an impact... in trying to ensure that the succession plan that was in place was able to bring out the skills that were required," said Othieno, adding the company had recovered from that phase. It has begun the search for a new CEO. The company has more than 6.8 million customers connected to its grid, and says it gets about 60 % of its revenue from industrial consumers in Nairobi and the neighbouring town of Thika. ($1 = 102.3000 Kenyan shillings) (By George Obulutsa, Reuters)

Zambia targets 200 MW of solar power to reduce hydro dependency
Zambia is seeking proposals from potential developers of solar power projects with a combined 200 megawatt (MW) capacity as it tries to diversify its energy mix away from hydroelectric power. Energy Minister Matthew Nkhuwa said in a statement at an investment conference that the 200 MW would be split into small projects, each with a maximum size of 20 MW. Zambia is heavily dependent on hydropower and faced electricity shortages following a drought in 2016, forcing Africa's No.2 copper producer to ration power to its mines. Enel Green Power's head of Africa, Asia and Oceania Lamberto Dai Pra told Reuters at the same conference that African countries should invest in technologies other than hydropower. Dai Pra said Enel Green Power had started building five wind power projects in South Africa, which would add 700 MW of electricity to its output when completed in the next few years. (By Chris Mfula, Reuters)

INFRASTRUCTURE

Mozambique bridge tolls quietly go up 25 to 400 %
The government has increased the toll rates for crossing the main bridges in Mozambique by 25% to 400%, and also introduced tolls on the Lucite, Goba, Licungo, Ligonha, Lúrio and Púngoè Sul bridges where crossing was previously free.
The Council of Ministers quietly approved the new regulations on 11 September.

Tabela II - Taxas de Portagem na Ponte Armando Emílio Guebuza sobre o Rio Zambeze em Sofala e Zambézia

Classe de Veículos	Taxas em Vigor (MT)	Taxas Propostas (MT)	% de Incremento
1.Taxa normal para único sentido			
Classe 1	80	100	25%
Classe 2	100	150	50%
Classe 3	400	500	25%
Classe 4	800	1000	25%
2.Taxas Mensais para Residentes Locais			
Classe I	100	500	400%
Classe II (Veículos de transporte urbano semi-colectivo de passageiros)	N/A	1000	N/A

The largest increase is for those crossing the Armando Emílio Guebuza bridge. The new tariff for crossing the Zambezi River between the provinces of Sofala and Zambézia have been in force since 1 November, A Verdade discovered via the Bulletin of the Republic, Number 213 of the First Series.

Light vehicles now paying 80 meticais will pay 100, medium heavy duty vehicles now paying 100 pay 150 meticais. Large heavy duty vehicles saw rates increased from 400 to 500 meticais, while heavy goods vehicles with five or more axes pay now 1,000 meticais, against the previous 800.

However, A Verdade found that the highest percentage increase applied to the monthly rate of 100 meticais that local residents pay for car crossing, which increased 400% to 500 meticais. Semi-public passenger transport vehicles will now pay 1,000 meticais per month.

Motorists crossing the Xai-Xai, Guijá, Moamba, Save, Lugela and Ilha de Moçambique bridges are seeing increases varying between 100 and 275%. Light vehicles start paying 25 meticais, medium heavy vehicles 50 meticais, large heavy trucks 150 meticais and large heavy vehicles with five or more axles 200 meticais. Local residents with light cars pay 150 meticais per month and semi-collective urban passenger cars pay 300 meticais per month.

Tabela III - Taxas de Portagem nas Pontes de Xai-Xai, Guijá, Moamba, Save, Lugela, Ilha de Moçambique

Classe de Veículos	Taxas em Vigor (MT)	Taxas Propostas (MT)	% de Incremento
1.Taxa normal para único sentido			
Classe 1	10	25	150%
Classe 2	20	50	150%
Classe 3	40	150	275%
Classe 4	100	200	100%
2.Taxas Mensais para Residentes Locais			
Classe I	100	150	50%
Classe II (Veículos de transporte urbano semi-colectivo de passageiros)	0	300	N/A

Fine for infractions is 20 times the value of the respective toll rate

A Verdade also reports that the government has decided to introduce tolls on the Lucite, Goba, Licungo, Ligonha, Lúrio and Púngoè Sul bridges. Tolls there will be 25 meticais for light vehicles, 50 for medium heavy cars, 150 meticais for heavy goods vehicles and 200 meticais for large lorries with five or more axles. Local residents' light vehicles attract a monthly fee of 150 meticais, while semi-collective urban passenger cars pay 300 meticais per month.

These new rates were approved before the introduction of the toll in the mega-project Maputo-KaTembe bridge, where light cars pay 160 meticais, average heavy goods vehicles 320 meticais, large heavy goods vehicles 750 meticais and heavy goods vehicles with five or more axles, 1,200 meticais. The toll structure exempts that the vehicle of the President of the Republic and his entourage, the provincial governor and entourage, military and police cars, ambulances and emergency services vehicles. Failure to pay the toll rate, damage to the toll infrastructure, unauthorised opening of a toll gate, trespassing on a toll bridge and driving into oncoming traffic are punishable by a fine corresponding to "20 times the value of the respective toll rate". A Verdade has established that toll fees contribute an insignificant 1% of overall Roads Fund revenue, which has as its main source of revenue external credits and the fuel tax that all motorists pay whenever they fill their cars. (Club of Mozambique)

Concession holder invests in capacity increase at Beira port in Mozambique

The Mozambican government has approved an additional investment of US$290 million in the port of Be by concession holder Cornelder de Moçambique (CdM), the China-Lusophone Brief (CLBrief) reported. The decree approves the terms of the addendum to the concession agreement signed in 1998 between Cornelder de Moçambique, a partnership between Cornelder Holding BV of the Netherlands and the state-owned Portos e Caminhos-de-Ferro de Moçambique (CFM). CLBrief, a news service on China and the Portuguese-speaking countries, also wrote that the government, in order to allow the concession holder to recover its additional investment, had decided to extend the concession period of 15 years, until 15 July 2038, by a further 15 years. Under the new investment, CdM intends to strengthen the port's cargo processing capacity, which involves adding additional berths and parks, terminals, warehouses and other facilities directly related to the operation of the facility. The investment made by CdM will allow the port of Beira to process 700,000 containers per year, almost doubling current capacity. The decision of the Council of Ministers consists of a decree that came into force on 9 October provided to CLBrief by the Regional Coordination of the legislative database LegisPALOP+TL. (Macauhub)

Angola/Namibia Cross-border water supply project kicks off in Calueque

Angolan and Namibian governments inaugurated in Caluquele village, Ombadja Municipality, in the southern Cunene Province, a cross-border water supply project.

The inauguration ceremony was conducted by the Angolan minister of Energy and Waters, João Baptista Borges, witnessed by senior staff of his ministry and the vice governor for Technical Services and Infrastructures, Salomão Himulova. The minister was also expected to sign an inter-governmental memorandum of agreement between Angola and Namibia concerning the cooperation on the unveiled cross border water supply project. The project encompasses a distribution network of roughly 14km to provide 1,400 household connections, in which 330 are to be done in the first stage of the project, estimated at 7. 5 million Euros financed by the German government. (Anggop)

MINING

New Barrick CEO eyes miners' alliance to fix Tanzania tax row

Barrick Gold's incoming chief executive said he wants to pull together Tanzania's mining industry to tackle a "desperate" tax dispute that has snared several companies, including the firm's Acacia Mining unit.

In an increasingly acrimonious conflict that has lasted almost two years, the government has torn up mining contracts, hiked taxes and royalties, and banned raw minerals exports.

President John Magufuli, nicknamed "The Bulldozer", swept to power in 2015 pledging to secure a bigger share of resource wealth and cut corruption. Acacia was later handed a $190 billion tax bill - about four times the country's gross domestic product - for underreporting output.

The miner, 63.9 % owned by Barrick, now faces dozens of criminal charges, from tax evasion to money laundering, with three employees arrested on related accusations

Randgold founder Mark Bristow, Barrick's new CEO after its $6.1 billion acquisition of Randgold closes on Jan. 1, says fixing Barrick's mounting problem in Tanzania could require a collective strategy that has not been used there before. "Tanzania has got a broader (mining) industry and the importance of the industry itself getting together with government is not a bad idea," Bristow told Reuters in an interview earlier this month.

While there is as yet no agreement to coordinate, "I don't think it's a bad place to start", he said.

Mining accounted for 4.8 % of Tanzania's GDP in 2016, the last year for which figures are available. Acacia dominates the industry, followed by AngloGold Ashanti, Petra Diamonds and Shanta Gold.

AngloGold said it would consider allying with Acacia on the issue. A source at another mining company, who did not want to speak publicly, said it may be challenging to unite Tanzania's mining industry, which may "not want to inherit" Acacia's issues.

The collective approach is not assured to succeed.

A new code in the Democratic Republic of Congo, which scrapped a stability agreement while hiking royalties and taxes, was enacted despite vigorous opposition from miners led by Randgold and Glencore.

But Bristow, who says he plans to intervene in Tanzania before the takeover closes, is confident he can break the impasse. "Barrick is concerned about the situation in country at the moment. It's desperate," he said.

Executive Chairman John Thornton, who last October struck a framework deal with the government that is still not enacted, said Bristow has "great standing" in Tanzania.
Under the October deal, Acacia was to pay the government $300 million, give it 16 % ownership and split the economic benefits of its mines.
Acacia, which has lost more than two-thirds of its value since early 2017, was blindsided by the deal, a source said. The biggest hurdle to its enactment is disagreement over the $300 million pay-out schedule and whether it settles the long-standing tax dispute, the source said.
One of Barrick's two lead negotiators, special envoy to Tanzania and former chief operating officer Richard Williams, recently left the company.
Barrick's head of strategy Kevin Thomson will now work on the matter with Barrick's new Africa and Middle East COO Willem Jacobs, who will take up Williams' responsibilities.
Jacobs, formerly Randgold's head of Central and East African operations, ran talks for the miner in Congo. (By Zandi Shabalala, Susan Taylor, Reuters)

Jobs fillip for mineworkers as Mozambique gears for $50bn in LNG projects
Labour recruitment company, TEBA, is to open up its 1.3 million-strong item database in order to identify potential employees for Mozambique's liquified natural gas (LNG) industry which has investment of $50bn on the cards.
In a joint venture with RBR Group, which also deals in labour hire specialising in Mozambique, the intention is to find skills to supply an estimated 50,000 job opportunities that will be opened on the back of investments by oil giants Anadarko and ExxonMobile, both of which are leading consortiums investing in some $50bn of LNG development.
The consortiums are expected to deliver their Final Investment Decisions to their respective boards during the course of 2019, said RBR Group in an announcement. "TEBA holds the single largest database of mineworker information in Southern Africa, with 1.3 million electronic records dating back to 1983," said RBR Group in an announcement. "These electronic records include more than 139,000 Mozambican citizens who are, or have been, employed in the formal mining industry in South Africa," it said.
RBR, too, has an extensive database of over 110,000 Mozambican job-seekers. Candidates will be sourced from both the RBR and TEBA databases to meet employment requirements, it added. "This alliance with RBR provides Mozambiquan citizens with opportunities to actively participate in the development of the country, its people and the communities," said Graham Herbert, MD of TEBA.
RBR Group and TEBA have captured the initiative in an alliance the terms of which states that all contractual arrangements with clients and third parties in Mozambique will be with RBR Group and its local subsidiaries. However, TEBA will earn fees for each successfully placed worker sourced from TEBA's database, and for all add-on services provided by TEBA to RBR and its clients.
RBR, too, has an extensive database of over 110,000 Mozambican job-seekers. Candidates will be sourced from both the RBR and TEBA databases to meet employment requirements, the companies said.
TEBA, the former gold and platinum-sponsored recruitment agency, was taken private by former trade unionist, James Motlatsi, in 2005. It has been chasing down R5bn in unpaid provident and pensions benefits owned to mineworkers that TEBA once hired including silicosis sufferers that are due restitution.
Teba also has 100-odd offices in labour sending areas and on all the mines representing about 350,000 current mine workers. (Club of Mozambique)

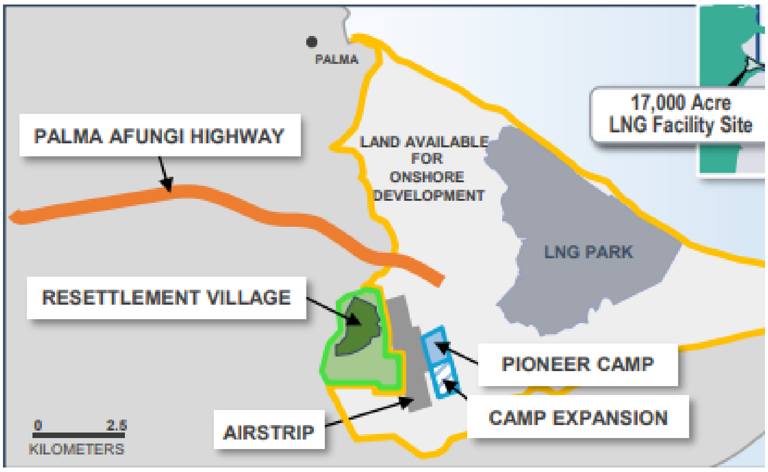
Russia's Alrosa sells stake in Botswana diamond joint venture
Botswana Diamonds said it had bought joint venture partner Alrosa out of Sunland Minerals and was in talks about selling a stake in the project to another partner. "The company anticipates the new partner stepping into the exploration shoes of Alrosa and, once the deal is finalised, work could begin in the first half of 2019," it said.

Botswana Diamonds, which previously held 50 % in company exploring for diamonds in Botswana's Central Kalahari Game Reserve, did not disclose the amount paid to Russia's Alrosa or the name of the "large diamond producer with new ideas" that was close to acquiring the stake. "New investment into Sunland could not be formalised until Botswana Diamonds took title to the Sunland shares," Botswana Diamonds said in a statement. The joint venture was established in 2014 to test Alrosa's exploration technology to identify new diamond-bearing kimberlites under the Kalahari sands. (Reuters)

Ncondezi Energy's thermal plant in Mozambique expected to start operating in 2023
Ncondezi Energy intends to start commercial exploration of a 300-megawatt coal-fired power station and coal project in Tete province, central Mozambique, in the first half of 2023, the company said in a statement. "This date is part of a new schedule and work programe that has now been finalised with potential strategic partners," such as the Ministry of Mineral Resources and Energy and state power company Electricidade de Moçambique (EdM), the document said. The new schedule outlines that construction contracts will be awarded in the first quarter of 2019, that sales contracts will be signed in the first quarter of 2020 and the financial package will be signed off in the first half of 2020. The statement said that the Mozambican government intends to ensure that by 2030 the entire population of the country has access to electricity, an objective that includes the production of 1,350 megawatts of power in coal-fired power stations. (Macauhub)

OIL & GAS

Anadarko plans $200m spend on Mozambique LNG
US independent Anadarko Petroleum aims to spend about $200 million on its planned Mozambique liquefied natural gas (LNG) export project in 2019 as it is looking to make a final investment decision.



Anadarko said revealing the company's 2019 capital investment that the investment will be allocated toward Anadarko's portion of the costs associated with ongoing site preparation for the shared Mozambique LNG onshore facilities. Anadarko said it remains on track for the project's FID consideration in the first half of next year, adding that it plans to adjust its capital-investment expectations associated with the Mozambique LNG project at the time of project sanction. Anadarko and its partners have discovered more than 75 Tcf of natural gas resources in the Prosperidade and Golfinho/Atum complexes in Mozambique's Offshore Area 1, which will be used to feed an onshore LNG terminal on the Afungi peninsula in Cabo Delgado province. The discovered reserves in Mozambique are sufficient to support two initial LNG trains, as well as to accommodate expansions, including additional trains capable of producing about 50 mtpa, according to Anadarko. Besides Anadarko, partners in the Mozambique LNG project are Empresa Nacional de Hidrocarbonetos (ENH), Mitsui E&P Mozambique Area1, ONGC Videsh, Bharat PetroResources, PTT Exploration & Production and Oil India. (Club of Mozambique)

PTTEP plans to decide on Mozambique LNG plant
SET-listed oil and gas drilling firm PTT Exploration and Production Plc (PTTEP) plans to make a final investment decision in 2019 to develop a liquefied natural gas (LNG) production plant in

Mozambique's Rovuma Offshore Area 1 project. The investors in the Rovuma project have postponed deciding on this project several times, although it has already been approved by the Mozambique government. Subsidiary PTTEP Mozambique Area 1 Ltd has an 8.5% stake in several oil and gas drilling companies.

In June, the company signed an LNG heads of agreement for 2.6 million tonnes per year (MTPY) with Tokyo Gas Co and Centrica LNG Co. The project also expedites the finalisation of other LNG sale and purchase agreements. Kanchanan Pananananda, vice-president for capital and investor relations, said the Rovuma decision will be made in the first half of 2019. "PTTEP will also decide on two other petroleum fields — Algeria HBR in Southwest Vietnam and Ubon Contract 4 in the Gulf of Thailand — at the same time," she said. "All projects are part of our business plan to expand oil and gas reserves and production volume."

The partners in the Mozambique Rovuma Offshore Area 1 project earlier entered into a long-term sale and purchase agreement with Electricite de France SA, an integrated electricity company headquartered in France. The offtake agreement calls for 1.2 MTPY supplied over a term of 15 years.

The project will be Mozambique's first onshore LNG development, initially consisting of two LNG trains with total nameplate capacity of 12.88 MTPY to support the development of the Golfinho/Atum fields located entirely within Offshore Area 1.

Rovuma is a large gas project located in offshore Mozambique containing substantial recoverable natural gas resources of 75 trillion cubic feet, giving it the potential to become one of the world's largest emerging LNG supply hubs.

Ms Kanchanan said PTTEP is also looking for asset acquisitions of oil and gas blocks in Southeast Asia and the Middle East, focusing on projects starting production. Each project is likely to be worth US$500 million (16.4 billion baht) to copy billion. She said purchase deals will be concluded sometime in 2019. PTTEP reported revenue of $3.96 billion in the first nine months of this year, up 22% from $3.25 billion last year. Net profit jumped to $851 million for the period, up from $305 million. The sales volume for the period stood at an average of 300 kilobarrels of oil equivalent per day (KBOED), up 2% from 294.5 KBOED, priced according to Dubai crude oil at $72 per barrel.

The average price of petroleum during January to September stood at $46.25 per barrel, up 21% from $38.30. (Club of Mozambique)

João Ferreira dos Santos Group builds cooking oil refinery in Mozambique

Construction work on a cooking oil refinery in the city of Cuamba, in Niassa province, northern Mozambique, of the João Ferreira dos Santos Group, is due to begin in February 2019, said one of the group's officials.

Manuel Delgado, managing director of Sociedade Algodoeira do Niassa (Niassa Cotton Company), told daily newspaper Noticias that equipment for the cooking oil refinery, which will make oil from a mixture of cotton seed, soybeans and sunflower seeds, was commissioned in India.

Assembling the equipment in the factory, together an investment of 90 million meticais or about US$1.5 million, will begin after the completion of the construction work, and should not take more than three months.

The local market and the provinces of Niassa and neighbouring Nampula and Zambézia, because of their location, are the main markets for the cooking oil. A specialised laboratory will be installed inside the refinery to analyse the oil and establish if it is fit for human consumption.

Noticias also reported that the initiative of the João Ferreira dos Santos Group to set up a cooking oil refinery in the city of Cuamba will reduce pressure on the central bank to provide foreign currency to business people to cover import operations of that basic product. (Macauhub)

Angola's natural gas reserves estimated at 4 trillion cubic feet

Angola's proven natural gas reserves are around 4.0 trillion cubic feet (113.267 billion cubic metres), a technical official at Angola's national oil and gas company Sonangol said in Luanda.

Sonangol engineer Sandra Moreira, speaking about "Investment in natural gas" at the 4th International Oil Conference, which ended in the capital city, also drew attention to potential reserves in oil exploration projects that are considered marginal. The only project to explore natural gas deposits in the country is that of Angola LNG, in block 14, which began operating in 2013 with a 30-year operating horizon. Angola LNG is an integrated project for making use of natural gas, with a processing unit, a maritime terminal and loading facilities, as well as the possibility of developing non-associated gas. Angola LNG's natural gas processing and liquefaction plant is located in Soyo, Cabinda province, with an installed capacity of 5.2 million tons per year. This project is led by the US group Chevron (36.4%), with Sonangol, with 22.8% and BP, Italy's ENI and France's Total, with 13.6% each, as the remaining partners. (Macauhub)

Angola Oil & Gas 2019 aims to attract investors to the oil sector

The Angola Oil & Gas 2019 conference and exhibition, sponsored by the Ministry of Mineral Resources and OIl, aims to promote new investments in the Angolan oil industry, Africa Oil & Power reported.

The organiser also said the event will also serve to highlight ongoing reforms of the oil sector in Angola, which seek to significantly increase the country's competitiveness, whilst also being an indicator of the resurgence of the sector.

The conference will be a platform for the government to disclose new opportunities for the oil industry in Angola, including the licensing of new oil blocks, to unveil new legislation for gas exploration and investment, exploration of marginal oil fields, onshore exploration and investments in all areas of the oil chain. "Angola Oil & Gas 2019 will be the prime location for the presentation of oil and gas projects, ongoing exploration, mergers and acquisitions and presentation of companies operating in Africa's second largest oil producer, with 1.5 million of barrels per day," the statement said.

A report on the Angolan energy sector, entitled Africa Energy Series Angola 2019, will also be produced alongside the conference, which will be an official investment tool for the Angolan energy industry. The conference and exhibition will take place from 3 to 7 June 2019 in Luanda. (Macauhub)

Fuel distribution companies in Angola are now able to import oil products

Angolan companies operating in the fuel distribution and sales market will soon be able to import oil products, the Secretary of State for Mineral Resources and Oil announced in Luanda. Paulino Jerónimo, who was speaking at the opening of the 1st International Conference on Oil promoted by the Catholic University of Angola, said that specific legislation was in preparation for submission to the government by the end of the year. "We want to open the market so that the companies (…) can import the fuel directly, without having to depend on the Sonangol concessionaire," he said, adding that besides Sonangol Distribuição, Pumangol and Sonagalp also operate in the market.

The secretary of state, quoted by daily newspaper Jornal de Angola, recalled that the country has just one refinery with a production capacity of only 20% of the country's needs, the remaining 80% being imported. "The strategy adopted by the government was to go back to the project to build a refinery in Lobito with capacity for 200,000 barrels of oil per day and another in Cabinda with a capacity of 50 to 60 thousand barrels a day," he said.

These measures are part of a set of government projects on the new model of operation of the oil industry in Angola, which includes the creation of the National Oil and Gas Agency (ANPG), which will take on the role of national concessionaire, as well as the restructuring of the Sonangol group. (Macauhub)

Angola's Sonangol launches business restructuring programme

Angola's national oil and gas company (Sonangol) by 2021 will have reduced its structure but will be "more agile and financially robust," the group's president said in Luanda.

Carlos Saturnino, who presented the group's so-called regeneration programme, said that it will cost an estimated 40 million euros, its implementation will take two to three years in three phases and aims to transform Sonangol into a true oil prospecting, exploration and distribution company.
The first phase, called Zero, which began and will last six weeks, will cover the preparation and start of the programme, followed by a Phase 1 taking five months, which will execute actions with short-term results and define the roadmap for operational improvements and structuring measures. "Phase 2" is the execution of the roadmap for operational improvements and structuring measures and will be implemented over 24 months, Saturnino said, quoted by the Angop news agency.
The regeneration programme covers the entire Sonangol value chain and business and involves analysis and organisational, strategic, processes and investments, among others.
The president of Sonangol said that all activities related to oil prospecting will be brought together in one entity and added that the borad had drawn up and already handed in to the government a list of companies in which it intends to sell its stake.
Sonangol will also decentralise the subsidiaries and set up management models that make it possible to hold the respective boards accountable, and the chairman of the group's Board of Directors will cease to be the president of all 19 subsidiaries. (Macauhub)

Angola's Sonangol to sell subsidiaries and non-core stakes
The non-core subsidiaries and non-core stakes of Angolan state oil and gas company Sonangol will be part of the first and second phases of the country's privatisation programme, an official said in Luanda.
The president of the Institute of Management of Assets and State Participation (IGAPE), Valter Barros, said that the sale of those Sonangol companies, between the last quarter of this year and 2020, will be followed by insurance, telecommunications, banks and transport companies, among others.
Barros said the hotel and tourism sectors will also be divested (in particular hotel units set up for the African Cup of Nations in 2010), the management company of the Special Economic Zone (Viana) and companies located there, as well as companies in the agricultural sector (state farms and agribusiness industries).
The second phase of the privatisation programme will take place in 2020 and the third in the following year, said the president of IGAPE speaking at the second Capital Markets Forum, quoted by Angolan newspaper Mercado.
Barros also said that privatisations will preferably be carried out through the securities market, via initial public offerings (IPO) or block sales, depending on the sectors, and are expected to excluded facilities such as ports and airports.
Sonangol president Carlos Saturnino revealed last week that the group will divest 52 of its companies, including a 25% stake in telecom company Unitel. (Macauhub)

Angola's Sonangol sells its 25% stake in telecoms company Unitel
Angola's national oil and gas company, Sonangol, will sell its 25% stake in mobile telecommunications company Unitel, the group's chairman said in Luanda.
Shareholders in Unitel, the largest mobile telecommunications operator in Angola, including Vidatel, Geni, Mercury and PT Ventures, each have a 25% stake in the company,with Sonangol's stake held through Mercury, a telecommunications services subsidiary.
Carlos Saturnino, who was speaking after the presentation of the group's Regeneration Programme, also announced that the company had submitted to the Government a list of 51 other companies in which it holds stakes that it intends to divest in part or in full by the end of December 2019.
The group also intends to "thin out" several of its 19 subsidiaries and is "analysing the added value and contribution" of its holdings in Angolan commercial banking, in the cases of Banco de Comércio e Indústria, Banco de Fomento Angola, Banco Angolano de Investimentos and Banco Económico, as well as in overseas investment funds, including in the USA, Singapore and Dubai.

Sonangol's restructuring programme was approved in September by the President of Angola and and was justified by the need to find solutions to ensure the sustainability of the oil industry in Angola, with Sonangol on its core business, namely oil. (Macauhub)

South Africa to invest $1 bln in South Sudan's oil sector

South Africa will invest $1 billion in South Sudan's oil sector, including in the construction of a refinery, the South African minister for energy and his South Sudanese counterpart for petroleum said. South Sudan's oil industry is dominated by Asian firms including China National Petroleum Corporation (CNPC), Malaysia's Petronas and India's Oil and Natural Gas Corporation (ONGC Videsh).

The two ministers signed a memorandum of understanding which will also involve South Africa taking part in the exploration of several oil blocks, the ministers said. "When this refinery is complete, it will have the capacity of producing 60,000 barrels of oil per day," said Jeff Radebe, South Africa's minister of energy. Ezekiel Lol Gatkuoth, petroleum minister for South Sudan, said the deal also offers avenues for cooperation in the construction of a pipeline to serve fields located in the south of the country. South Sudan exports its crude through another pipeline that goes to a port in neighbouring Sudan to the north. "It is instrumental to have a new a pipeline," Gatkuoth said. (By Duncan Miriri, Reuters)

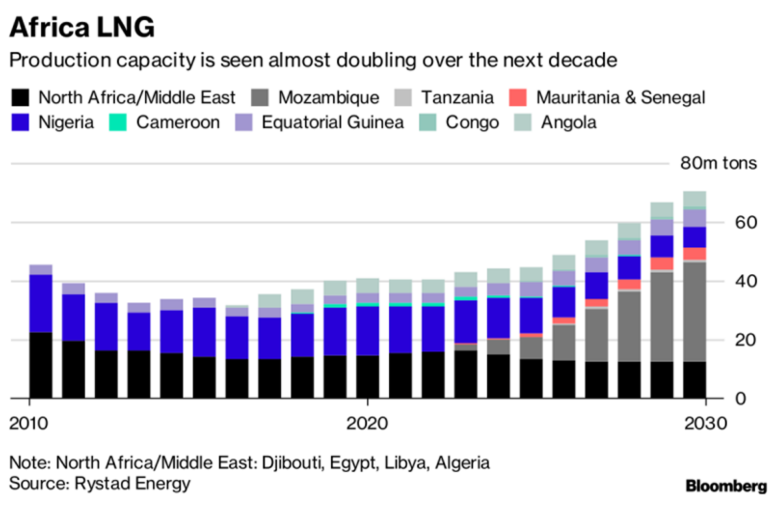
Africa LNG set to surge as floating projects cut time to market

Africa is on the cusp of a liquefied natural gas boom. That's in part due to accelerating global demand. It's also down to a fast-track method of getting the fuel to market.

Kosmos Energy Ltd.'s project in Mauritania and Senegal, set to get the go-ahead next month, will use a floating vessel to convert gas from the offshore Tortue field into LNG. Such units, which can be built out of existing tankers, reduce the time from exploration to export, helping to lure investment and boost enthusiasm for gas development in a region traditionally focused on oil. "Africa is the hot spot for floating LNG,'' said Lucas Schmitt, a senior gas analyst at consultants Wood Mackenzie Ltd. "Confidence in floating facilities is firming up.'' Kosmos and partner BP Plc are targeting first gas from Tortue by 2022, bringing it online four years after Africa's first floating LNG facility — a Cameroonian project that started output earlier this year. The last bureaucratic steps are on track and a final investment decision is just "weeks away," Kosmos spokesman Thomas Golembeski said.

New View

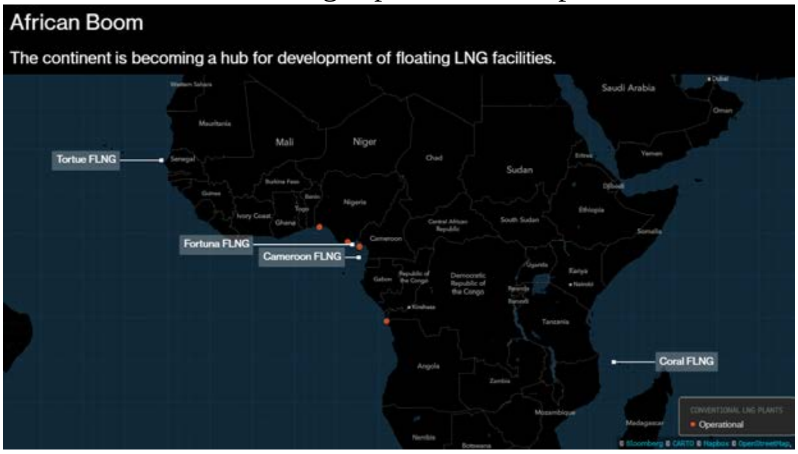
Rising gas consumption in Asia is driving growth in global demand. That's prompted a change in attitudes to African gas finds since the Tortue field was discovered in 2015, with developers now keen to tap the fuel rather than sidestepping discoveries in favor of oil.



The Tortue discovery "was not met with jubilant praise," said Tracey Henderson, senior vice president of exploration at Dallas-based Kosmos. "You went from 'gas is valueless,' to everyone trying to figure out how to monetize it."

The project is just one of a slew of African LNG ventures expected to spur gas production on the continent. The expansion could see Africa's total LNG output capacity almost double by 2030, according to consultants Rystad Energy SA.

That jump in output is aided by a series of floating projects. Confidence in the technology was boosted by the start of the Cameroonian venture this year, which was the first to use a production vessel converted from a ship. Completed largely on budget at around $1.2 billion, its success could trigger similar investments, potentially helping companies such as Ophir Energy Plc.
Ophir needs funds for a project off Equatorial Guinea before its license expires at the end of the year. The company has been in talks with Chinese banks, but suffered a setback in May when key partner Schlumberger Ltd. pulled out.
The path to developing floating LNG remains "challenging," WoodMac's Schmitt said, adding that it's critical to find the right partners and sponsors who can bring project know-how and facilitate financing.



In floating LNG's favor is its portability and comparatively fast project development. In Mozambique, for example, Eni SpA signed off last year on a $7 billion floating project, and the production vessel is due to be ready in 2021. That's a year less than the timeframe envisaged for Exxon Mobil Corp.'s onshore LNG project in the country.
Africa is not the only region investing in LNG, of course. The U.S., Qatar, Russia and Australia are all spending billions to bring LNG export plans to fruition as demand for the fuel soars. Just last week, Argentina signed a 10-year floating LNG production and export deal. More than two dozen projects worldwide are targeting final investment decisions in 2018-19, according to Bloomberg NEF. That competition will limit Africa's rise as a producer, Schmitt said. Yet with exports from both floating and large onshore projects, the continent "will gain in importance, given its strategic location between the Atlantic and Pacific basins."

Floating LNG Projects in Africa

PROJECT	VESSEL PROVIDER	STATUS
Cameroon LNG	Golar	Hilli Episeyo exports started this year
Equatorial Guinea – Fortuna	Golar	Golar Gandria FID delayed/uncertain
Mozambique – Coral South	TechnipFMC consortium	Vessel construction has started; estimated production 2022
Mauritania and Senegal – Tortue	Golar	FID expected end-2018

(By Paul Burkhardt, Bloomberg)

AGRIBUSINESS

This Kenyan school is making water from thin air

In this arid part of northern Kenya, water can be hard to find, particularly in the dry season.
But a centre run by the Samburu Girls Foundation - which rescues girls facing early marriage and female genital mutilation - has a new high-tech source of it.
Since June, the centre, which has rescued more than 1,200 girls, has used panels that catch water vapour in the air and condense it to supply their drinking water. "We used to have difficulties in accessing water and during a drought we could either go to the river to fetch water or ask our neighbors to give us water," said Jecinta Lerle, a pupil and vice president of students at the centre's school.

But now, officials at the school say, the girls no longer have to travel for water - including into communities they have left, which could put them at risk. "The girls can now have more time to study since there is enough fresh water to go round and there is no need to walk long distances to search for water," said Lotan Salapei, the foundation's head of partnerships.
Girls formerly trekked up to five kilometres a day in search of clean water during particularly dry periods, sometimes bringing them into contact with members of their former community, Salapei said. The centre, given 40 of the water vapour-condensing panels by the company that builds them, now creates about 400 litres of clean water each day, enough to provide all the drinking water the centre needs. The "hydropanels", produced by U.S.-based technology company Zero Mass Water, pull water vapour from the air and condense it into a reservoir.
Cody Friesen, Zero Mass Water's founder and chief executive officer, said the company's project with the Samburu Girls Foundation was an example of its efforts to make sure the technology "is accessible to people across the socioeconomic spectrum". The panels provided to the Samburu Girls Foundation cost about $1,500 each, foundation officials said. Zero Mass Water has so far sold or donated the panels in 16 countries, including South Africa.

Saving trees

George Sirro a solar engineer with Solatrend Ltd., a Nairobi based solar equipment company, said such devices can be a huge help not only to people but in slowing deforestation that is driving climate change and worsening drought in Kenya.
Often people with inadequate water cut trees to boil the water they do find to make it safe, he said, driving deforestation. Philip Lerno a senior chief in Loosuk, where the girls' foundation is located, said he hopes to see the panels more widely used in the surrounding community, which usually experiences long dry periods each year. He said community members, having seen the devices in use at the school, hope to acquire some of their own if they can find the funding. (World Economic Forum)

Cabinda Province Agriculture Value Chains Development Project

The republic of Angola has received a loan of 101.070.000 USD from the African Development Bank and funding from the government of Angola to finance the Cabinda Province Agriculture Value Chains
Development Project (CPAVCDP) with a total budget of 123,150,580 USD.
The development objective of the project is to contribute to food and nutritional security, employment generation and shared wealth creation along the commodity value chain.
The Specific project objectives are to increase farmers' food and nutrition security and incomes through increased agricultural output and value addition. The Project will also contribute to enhance income of small and medium enterprises engaged in input supply, production, processing, storage and marketing of selected commodities on a sustainable basis. (AfDB)

Guinea-Bissau and European Union sign new fisheries agreement

Guinea-Bissau and the European Union (EU) signed a fisheries agreement to allow vessels from some European countries to operate in the country's territorial waters, the fisheries minister said in Bissau. Minister Adiatu Nandigna said that the European Union agreed to pay Guinea-Bissau 15.6 million euros per year for five years, compared with the previous agreement with Bissau, which stipulated payments of 9.5 million euros annually.
The new agreement stipulates that of the 15.6 million euros per year, 11.6 million will be channeled into the Guinean government's general budget, and the remaining 4 million euros will be used to support fisheries facilities, supervision of territorial waters and for research.
The agreement between the EU and Guinea-Bissau, in place since 2007, allows vessels from Spain, Italy, Greece, France and Portugal to fish for tuna, cephalopods (octopus, squid, cuttlefish), shrimp and demersal species (flatfish and groupers).

When the previous agreement expired in November 2017, the Guinean government decided not to renew it because it considered the payment to be too low and six rounds of negotiations were needed that took longer than a year for the parties to reach an understanding. (Macauhub)

Angola's Biocom ends 2018 campaign with production of 73,000 tons of sugar

Companhia de Bioenergia de Angola (Biocom) ended its 2018 campaign with production of 73,000 tons of sugar, an increase of 21% year-on-year, the company's sales director said.

Present at the Expo-Indústria e Projekcta/2018 fair, taking place in the Luanda/Bengo Special Economic Zone, Biocom expects turnover of the equivalent of US$200 million in kwanzas by the end of the year, said Fernando Koch.

With four filling lines, two of which for 50 kg bags, installed in the main Capanda plant and another two for one kilogramme and five kilogramme bags in Luanda, Biocom currently covers 25% of the 300,000 tons of sugar consumed in Angola each year.

Biocom, which has 25,000 hectares planted with sugar cane, also produced 17 million litres of ethanol.

Production for 2019 is estimated at more than 120,000 tons of sugar and 25,000 cubic metres of ethanol, said Koch.

Installed in the municipality of Cacuso, 75 kilometres from the city of Malanje, Biocom is one of the largest Angolan agro-industrial projects, led by Brazilian group Odebrecht, which owns 40% of the company. The remaining 60% is shared between the Angolan private company Cochan, with 40% and Angola's state-owned oil company Sonangol, with 20%. (Macauhub)

Chinese group and Angolan partner launch fish farming project

Sino Agro Food, Inc. has signed a memorandum of understanding with Angolan company Nortus Aquacultura e Pesca, Lda for the development of an aquaculture project in the country, the group said in a statement.

The document signed by the two groups will be used to request that the necessary financing for the development of the project be included by the Angolan authorities in the line of credit granted by China.

The vertical integration system to be built will be modelled on the Chinese group's Aquafarms no. 4 and 5, with annual production of 60,000 tons of fish and shellfish, including tilapia, African catfish and Malayan tiger shrimp, as well as 150,000 tons of feed and fruit and vegetables.

Rui Sancho, director of Nortus, said the project will use land with access to water sources in the municipalities of Porto Amboim and Cela in the province of Kwanza Sul and Ambaca in Kwanza Norte.

The director of the Angolan company said that in a future phase it is possible that this project will be expanded, namely to Tigres Bay, Namibe province, in southern Angola. (Macauhub)

Chinese companies in Angola are investing in agriculture

Disinvestment in civil construction in Angola due to the crisis has meant that Chinese companies present in the country have turned their attention to other sectors, such as agriculture, the vice president of the Angola-China Chamber of Commerce (CAC) said.

Francisco Chen, after noting that more than half of these companies do not have construction works, told Angolan daily newspaper O País that agriculture is one of the most promising sectors, "as the country has arable land, rivers and other conditions that are being created."

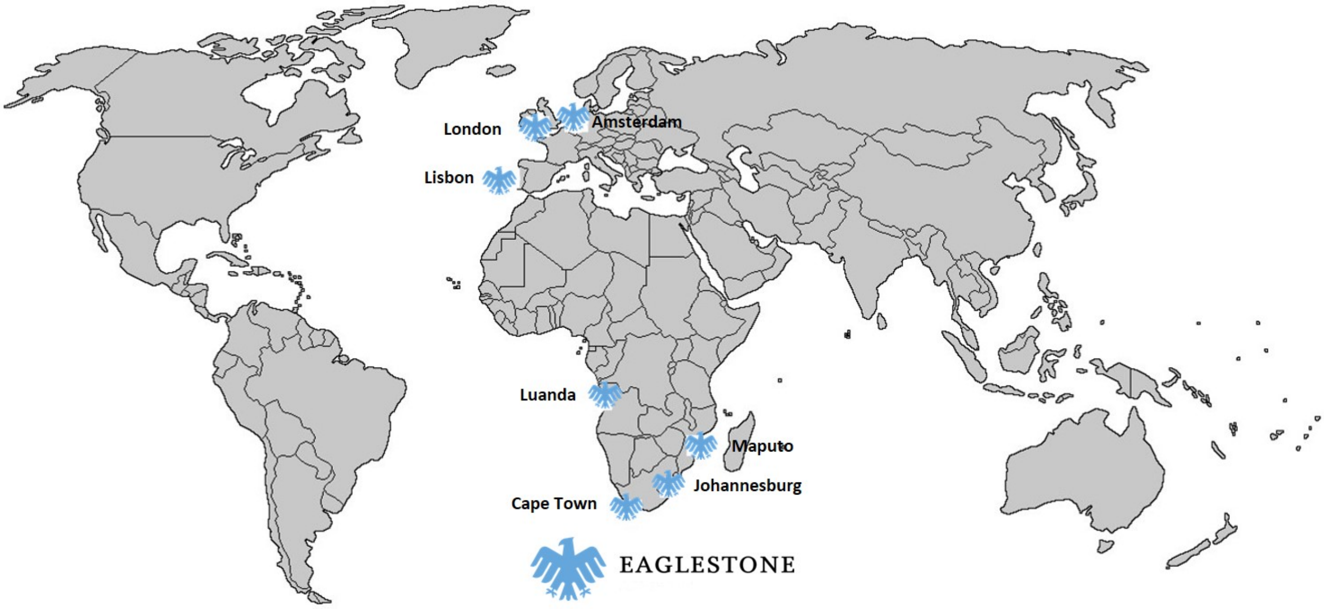
The vice president of the CAC mentioned,as an example, an agricultural project that is being developed in Chicala-Cholohanga municipality, Huambo province, in an area of 2,000 thousand hectares, with financing of US$15 million.

This project, currently in its initial phase, is being implemented by Jiangsu Jiangzhou Agricultural Science & Technology Development Co. which has already planted 800 hectares of maize, 200 of soybeans, 25 of rice and two of sisal, and the next phase, the date of which has yet to be announced, will be the livestock component.

In Malanje province, another company is investing in the cultivation of rice, cassava, maize and fruit, in an area of 1,000 hectares, with an investment of US$200 million. “This same company has another project in Malanje, but focused on pig farming and meat processing. It will also be in an area of 1,000 hectares. The installation work will take five years and the investment may reach US$100 million,” he said.

Chen said that investment in agriculture is the fastest growing, giving the example of the installation, in Kwanza Sul province, of a mill for transforming cassava into flour.

The head of the Angola-China Chamber of Commerce pointed out that the process of setting up a company in the Single Window system is easier and added that the end of double taxation and the ease of setting up companies in Angola will bring more Chinese investments into the country. (Macauhub)



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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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