INSIDE AFRICA

Now is the time to invest in Africa

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EAGLESTONE

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In-depth:

African Development Bank is key to Africa's economic development, say Southern African Governors

Bank described as trusted partner to jumpstart economic growth

The Southern African Governors of the African Development Bank have described the Bank as the future of Africa's development, and called on it to lead the way to faster-paced development of the continent.

The Governors – Finance Ministers and Ministers of Economic Planning from Angola, Lesotho, Madagascar, Malawi, Mozambique, Namibia, São Tomé and Príncipe, South Africa, Swaziland, Zambia and Zimbabwe – shared their thoughts at a regional consultation with African Development Bank President Akinwumi Adesina and Senior Bank Executives at the institution's headquarters in Abidjan, Côte d'Ivoire.

"I thank the Bank for accelerating lending," said Moeketsi Majoro, the Minister of Finance from Lesotho. He commended the Bank's decentralization policy for bringing the institution closer to its shareholders.

According to Adesina, "The challenges ahead of Africa are immense, and the need for faster growth is even more urgent than ever before. Therefore, we cannot rest on our oars."

In 2017, the Bank accelerated the scale and delivery of its lending and achieved the highest disbursement ever in the history of the Bank, with over $7.2 billion.

"It is clear to me today that the continent has a new and exciting sense of purpose as exhibited by the African Development Bank. The Bank is the future of African development, transformation, and respect," said Mondli Gungubele, Alternate Governor and Deputy Minister of Finance for South Africa.

"I would like to join the chorus of Governors who have expressed appreciation for how the African Development Bank is being run and for its strong adherence to core principles of good governance," Gungubele said.

"We strongly feel the increase of the Bank's operations as well as its greater involvement in our country. The Bank came to our assistance when we most needed it. We feel its impact in the public and private sectors," said Aia-Eza da Silva, the State Secretary of Budget and Public Investment, on behalf of the Governor from Angola.

She called for the Bank's assistance to enable the country to deliver on project implementation faster.

Speaking further, President Adesina called for collective action on scaled-up implementation of Africa's development, noting that a faster-paced development and development with pride is what the continent needs.

"We have just 12 years to achieve the Sustainable Development Goals! This is not a clock ticking. It is an alarm bell for the world. And the bell is ringing louder and louder," he said. "The Sustainable Development Goals will not be achieved by a 'business as usual' attitude. And they will not be realized globally unless Africa achieves them completely and comprehensively."

He assured that all the countries of the Southern region have a great opportunity to accelerate inclusive growth in the next few years and that the African Development Bank would be with them on this journey.

The Minister of Finance and Budget of Madagascar, Vonintsalama Andriambololona, noted that the many challenges faced by Africa require that the continent sits up in order to develop and to grow. She commended the Bank's leadership in reducing time lags between project conception and first disbursements, which she noted was faster with the African Development Bank than with any other multilateral development institution.

"We are grateful to the African Development Bank for anticipating Africa's funding needs and addressing them now. Africa needs more resources to grow. As such, we are favourable to a capital increase for the Bank to help it address Africa's funding needs," Andriambololona said.

The Governors expressed concern about the Southern African region's low growth performance in 2017 and the fact that nine out of 10 developing countries will be in Africa by 2030. They identified the Bank as Africa's trusted partner to lead the way to reverse the situation.
Despite a positive outlook, Southern Africa is facing serious economic challenges, the Southern Africa Regional Economic Outlook released by the Bank has revealed. The analysis presented to the Governors indicates that, like the rest of Africa, the region faces severe job deficits and challenging demographics.
The Governors lauded the Bank's support in their countries and observed that a General Capital Increase would enable it to play a more effective role in fast-tracking Africa's economic development, moving from billions to trillions.
According to data provided at the meeting, Bank operations are transforming the lives of millions of Africans. According to figures for 2010-2017, 18 million Africans benefitted from new electricity connections and 57 million Africans benefitted from improvements in agriculture. In the same period, 420,000 small businesses were provided with financial services, while 83 million Africans benefitted from improved access to transport and 49 million Africans benefitted from better access to water and sanitation.
The region's growth projections for 2018 and 2019 are 2.0% and 2.4%, respectively, which are still insufficient for poverty reduction. The region produces 20% of Africa's GDP and houses 16% of the population.
The Minister of Agriculture from Swaziland, Moses Vilakati, flagged two major concerns – climate change and the fact that by 2025, half of Africa's youth are projected to be unemployed.
"We certainly need the Bank's High 5 development priorities. We also need to increase domestic resource mobilization," he said.
According to Adesina, "We have introduced strong performance and accountability systems. We are leveraging more resources for Africa. Last year, for example, we leveraged US $6 billion for the landmark Japan-Africa Energy Financing Facility, which will speed the implementation of our Light up and power Africa High 5."
The Bank's current portfolio in Southern Africa stands at US $8.3 billion in 201 projects, said Josephine Ngure, the Bank's Deputy Director General for the Southern Africa region.
"Like other African countries, there is an urgent need for structural transformation to accelerate economic diversification in the Southern Africa region," said Célestin Monga, the Bank's Chief Economist and Vice-President, Economic Governance and Knowledge Management.
Botswana (4.3%), Madagascar (4.1%), Mozambique (4.3%), and Zambia (3.8%) led growth in 2016-2017, but South Africa, the region's economic powerhouse, performed below potential. Significant resources are required for the region's development and are estimated to be approximately US $7 billion per annum at the country level and US $70 billion for the Southern African Development Community regional programmes and projects.
Additional resources have helped Africa effectively respond to the financial and economic crisis and increased demand for the Bank's resources in an evolving environment, said Hassatou Diop N'Sele, Acting Vice-President for Finance at the Bank, stressing that a stronger African Development Fund is needed to position the Bank as the leading arranger of Africa's syndicated co-financing.
The Governors were optimistic that the inaugural Africa Investment Forum (scheduled for November 7-9, 2018 in Johannesburg, South Africa), would strategically leverage investments in Africa and scale up project preparation facilities and tools.
To facilitate the Bank's closer relationship with Lusophone countries, President Adesina disclosed that the Bank had scheduled a meeting with a delegation from Portugal, including Portugal's Secretary of State, to discuss key issues including the acquistion of the Portuguese language by Bank staff and de-risking tools for Lusophone countries.

According to the Bank Governor and Finance Minister for Zambia, Margaret Mwanakatwe, “There is no doubt in my mind that the African Development Bank is the key to unlocking the acceleration of Africa’s economic development.”
The Governors’ consultation on Africa’s development challenges and the Bank’s reforms is the fifth of five regional meetings involving all 54 regional member countries of the institution. (AfDB)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Cote d’Ivoire: Technical Assistance Report-Modernizing the Analysis, Monitoring, and Disclosure of Fiscal Risks

Since 2012, Côte d’Ivoire has succeeded in maintaining a virtuous dynamic of strong economic growth, driven by the revival of infrastructure investment, a sustainable fiscal policy and renewed confidence of international donors, lenders and markets. Côte d’Ivoire intends to sustain this momentum by leveraging its National Development Plan (PND) for the 2016-2020 period, which aims to achieve the economic emergence of the country by 2020, thanks to close to CFAF 30,000 billion in public and private investment (i.e., 140 % of 2016 GDP). This program is based on an ambitious macro-fiscal framework, both in terms of growth targets and deficit reduction.

Statement by IMF Deputy Managing Director Tao Zhang on Angola

Mr. Tao Zhang, Deputy Managing Director of the International Monetary Fund (IMF), issued the following statement today:
“We have received a letter from the Angolan authorities for IMF staff to initiate discussions on an economic program that could be supported by the Policy Coordination Instrument (PCI).
“The Government of President Lourenço has taken important steps toward improving governance and restoring macroeconomic stability. The IMF stands ready to help Angola address its economic challenges by supporting a comprehensive policy package to improve governance, accelerate the diversification of the economy, and promote inclusive growth while restoring macroeconomic stability and safeguarding financial stability.
“We expect to start preparations for program discussions with the Angolan authorities shortly after the discussions on the 2018 Article IV consultation are concluded by the IMF Executive Board.”
[1] The PCI is a non-financing tool open to all members of the IMF that do not need IMF financial resources at the time of approval and do not have overdue financial obligations to the IMF. It is designed for countries seeking to demonstrate commitment to a reform agenda and/or to unlock and coordinate financing from other official creditors or private investors. Although the PCI involves no use of IMF resources, policies supported under the instrument are required to meet the same standard as those required under a standard IMF loan.

Boosting Access to Electricity in Africa through Innovation, Better Regulation

- *Low access rates and lack of reliable and affordable electricity present a challenge to rapid economic development in Africa*
- *Technical innovations, especially in solar power, provide the possibility for faster progress in electricity provision by complementing grid expansion with mini-grids and home-scale systems, according to a new World Bank analysis of Sub-Saharan African economies*
- *To accelerate electrification, the report notes that improving regulation of the electricity sector and better management of utilities remain key*

WASHINGTON, April 18, 2018 – With Sub-Saharan Africa’s household electrification rate at the lowest in the world, boosting access to electricity is a key development issue for the region, according to **Africa’s Pulse**, a World Bank bi-annual analysis of the state of African economies. The latest issue of the report includes a section exploring the role of innovation in accelerating electrification in the region.

"Access to electricity will lift productivity within and across sectors," said Albert G. Zeufack, World Bank chief economist for the Africa region. "African governments must fully embrace technology and leverage innovation to ensure quality, affordable and sustainable electricity."
The region's household electrification rate averaged 42% in 2016. There is wide variation in electricity access across countries, with some fragile countries having rates less than 10%. There are also huge disparities in electricity access between rural and urban households; the report notes access rates among urban households are about 71%, compared to 22% among rural households. Aside from low access, the region is also facing issues such as low consumption, low reliability, high per kilowatt cost, and utilities running at loss.

Leveraging technology and better governance to boost electrification

Substantial cost reductions from rapid technological improvements in home-scale solar power production offer opportunities to improve the lives of people without access to electricity in more lightly populated rural and remote areas of Sub-Saharan Africa, according to the Pulse. But home systems in themselves cannot do much to increase incomes and employment, the report says, given the limited quantities of electricity they provide compared with the electricity needed for most productive uses.
According to the analysis, mini-grids are a viable possibility for scaling up electricity availability in areas where grid extension is costly or can only be accomplished some ways into the future. Although there has been limited investment in mini-grids so far in Sub-Saharan Africa outside Tanzania, several other countries, including Nigeria and Rwanda, have been undertaking regulatory reforms to lower barriers to mini-grid investment. The report notes that a major challenge for inducing private sector mini-grid investment is confidence with respect to cost recovery, and what happens to mini-grid assets when the grid begins to penetrate the service territory.
"Leapfrogging over the traditional stages of national grid-based electrification will require a combination of different systems to answer diverse needs," said Punam Chuhan-Pole, World Bank lead economist and lead author of the **Africa's Pulse.** "Leveraging the private sector will be critical to scaling-up electrification."
According to the report, improved governance of the electricity sector is a prerequisite, regardless of the technical configurations used to expanding access to electricity in Sub-Saharan Africa. Report recommendations include rationalizing electricity pricing, reducing regulatory barriers that limit private sector investment in grid or off-grid power production, making utility operations more efficient and transparent, and fostering more independent sector regulation.

The African Development Bank supports Nigeria's healthcare sector

Lagos State, Nigeria's largest healthcare market, lacks an adequate supply of quality secondary and tertiary healthcare facilities with only about 700 to 1,000 quality beds for a population of over 21 million people.
It is in response to this latent situation, that the Board of Directors of the African Development Bank has approved a Senior Loan in Naira (equivalent to USD 20 million) to Santa Clara Medical Limited, to finance the development of a hospital and referral clinics in Lagos, Nigeria. By supporting investment in healthcare infrastructure, the Bank will help the Nigerian government develop human capital through improved service delivery in the healthcare system.
"*This situation currently forces over 30,000 Nigerians to spend over USD 1 billion on medical tourism for specialty treatments overseas. Completing this project would allow the country's healthcare sector to benefit from some of these resources*" said Dr Abdu Mukhtar, AfDB's Director of Industrialization and Trade Development. He also added: "*This is an important development. In spite of recent improvements, Nigeria's health infrastructure remains rudimentary and insufficient to cater to the country's growing population*".
The hospital and referral clinics will be situated in different locations in Lagos and will upon completion in 2020, provide a full spectrum of high quality general and specialist healthcare services at competitive prices. It is expected to have positive economic and social benefits for the

city of Lagos and will create around 250 temporary jobs during the construction period and 600 jobs over its operation phase. More importantly, it will significantly improve private healthcare services by offering quality general medical services in addition to specialty services such as orthopedic, nephrology, urology, cardiology and neuro surgery that are largely unavailable in the country.
The Santa Clara Medical facility is being promoted by AXA Mansard, a member of the AXA Group, Africa Capital Alliance, IFC and Healthshare Health Solutions, the hospital management company of the project.
The facility will be a model case with strong demonstration effect for the development of the health infrastructure and services in Nigeria. The investment is consistent with the Bank's Private Sector Development Strategy to (i) improve Africa's investment and business climate, especially in the healthcare sector that is currently under-served by the private sector and (ii) increase access to social and economic infrastructure on the continent. The investment is also a reflection of the Bank's commitment to improving the quality of life of the African people – one of the five priority focus areas of the Bank.

INVESTMENTS

Angolan Parliament approves the general outline of Private Investment Law

The proposal to revise the Private Investment Law of Angola, intended to increase the funding of foreign direct investment and reduce bureaucracy, was unanimously approved at the eighth ordinary plenary meeting of the country's parliament held on Thursday in Luanda, the local press reported.
The proposal, which was sent to be discussed in detail by specialised committees, is focused on liberalising private investment in the country, removing the need for minimum investment amounts and the requirement to involve an Angolan partner in every investment project.
The Angolan Minister of Economy and Planning, Pedro Luís da Fonseca, in presenting the bill in parliament, said it would allow "reduction of bureaucracy" and stressed that as regards the "obligation of participation of nationals" the proposal " already eliminates these limits," imposed by the current law.
Last March, the head of the International Monetary Fund (IMF) mission that visited Luanda said that the application of the Competition Law and the revised Private Investment Law will contribute to Angola's return to higher rates of economic growth.
Ricardo Velloso said that the competition legislation intends to break some of the existing monopolies in the economy, thus encouraging more private investment and leading to more job creation. The private investment law will provide more incentives and guarantees for foreign entrepreneurs to invest in Angola. (Macauhub)

Angolan Parliament approves Competition Law

The Angolan parliament on Thursday 19th April unanimously approved a new Competition Law, intended to respond to "existing situations of market imperfection" in the Angolan economy, introducing "principles and rules of sound competition in morality and ethics."
The document, proposed by the government and approved in its entirety during the eighth ordinary plenary meeting of parliament, also outlines the creation of a "Regulatory Competition Authority (ARC)" with autonomy and exemption, to defend the public interest and to promote and defend competition."
The Minister of Finance, Archer Mangueira, had already informed that after the final vote on this new law, approval will be given to the respective regulation, which will specify "the object of abuse of a dominant position and define the circumstances in which economic dependence is found to exist."
The establishment of a competition law was announced by the Angolan President in October 2017 in his first address on the state of the nation after the general elections in August and is part of the

announced legal framework focused on the creation and operation of private companies. (Macauhub)

American company to invest USD 200 million in national industry

Sumbe - The American company TSG Global Holdings will invest USD 200 million in Angola's industrial sector, said on Wednesday its CEO, Rubar Sandi in central Cuanza Sul province. The official highlighted that his company is ready to start with the investment in the food and hygiene industrial sectors, since they are satisfied with existing conditions in the future Porto Amboim industrial hub, taking into account its electrical power supply availability, the sea and river as well as its proximity to Luanda and Benguela. Rubar Sandi also said they intend to help the Angolan government develop the country's energy and infrastructure sector. On the other hand, the governor of Cuanza Sul, Eusebio de Brito Teixeira, stated that the government is open to investments that leverage the country and especially the province, considering that there are conditions that can contribute a lot to the collection of revenue for the State and create jobs. (Angop)

UK pledges GBP 2 billion investment in Mozambique

The British government has promised to mobilise business in the United Kingdom to channel investments to various sectors of Mozambique's economy, Noticias reports.

The pledge was made on Thursday 19th April, in London by the British Secretary of State for International Trade, Liam Fox, in a meeting with President Filipe Nyusi, who is in the UK for the Commonwealth Heads of State Summit.

Fox said that British authorities would channel two billion pounds in investments in the country, adding that the UK private sector was interested in the opportunities Mozambique currently offers, especially in natural gas, heavy sands and coal. At the meeting, Mozambique's investment opportunities in tourism, agribusiness, education, gas and oil were discussed. Fox believes that Mozambique has a promising future, despite the strong international pressure resulting from the 'hidden debts' debacle. The UK has created a GBP 20bn investment package to invest in the African continent, of which two billion are specifically earmarked for Mozambique. Mozambique's Minister of Industry and Commerce, Ragendra de Sousa, who is accompanying the president on his working visit to London, is keen for the UK private sector to take advantage of opportunities and create partnerships with Mozambican entrepreneurs. President Nyusi met with his Guyanan counterpart, David Grenger, and attended a meeting on combating malaria at the Commonwealth Summit, which ends tomorrow. President Nyusi also reaffirmed his commitment to lasting peace in Mozambique to his counterparts and academics, business people and other guests in a speech delivered at Chatham House. (Club of Mozambique)

Allianz makes $120m investment in African infrastructure

Long-term loan could signal shift in appetite for African risk from institutional investors

Allianz will become the first large commercial lender to commit long-term funding to an African infrastructure fund by making a nearly $120m 12-year loan to a vehicle underwritten by western development agencies.

The commitment from the European insurer to the Emerging Africa Infrastructure Fund — part of a $385m funding round to be announced — could encourage other institutional investors to look more closely at financing what are generally considered risky African projects.

Allianz said the deal was structured in such a way that its loans were "risk remote", because they were backed by collateral in more than 40 projects. "We would only lose money if all the other equity investors are taken out," said Claus Fintzen, chief investment officer for infrastructure debt at Allianz Global Investors, referring to international development agencies from Britain, Sweden, Germany and elsewhere, which have put equity in the 16-year-old fund.

Mr Fintzen added that the loan satisfied Allianz's fiduciary responsibility to its investors. The interest rate was "more attractive than listed emerging market debt available on the market", he said.

Nazmeera Moola, co-head of fixed income at Investec, which manages the fund, called the Allianz investment "a milestone in terms of mobilising capital into infrastructure projects across the continent".

Allianz had decided to invest, she said, because it had understood there was "quite a big gap between perceived risk and the actual experience" of investing in African projects, which range from water supply in Rwanda to solar power in Uganda and a cement plant in the Democratic Republic of Congo. In spite of EAIF's remit, which includes investing in fragile states, there had only been two debt writedowns out of more than 70 projects in 22 countries, she said. Allianz's participation could open the way for other insurers to look more seriously at investing in EAIF, or similar African infrastructure funds, she said.

Allianz is lending €75m and $25m, both over 12 years. Returning investors to the fund, which has cumulative investments of about $1.3bn, are the African Development Bank and Standard Chartered as well as KFW and FMO, the German and Dutch development banks, respectively.

The fund has 40 ongoing projects, half of which are in the power sector. Of those, two-fifths are in renewable energy, mostly solar and hydro.

Most of sub-Saharan Africa has huge infrastructure shortages. Only 35 per cent of people have access to electricity, against 78 per cent in south Asia and 96 per cent in East Asia and Latin America, according to the World Bank. It estimates that gross domestic product could be 2 percentage points higher if the power deficit could be fixed. Ms Moola said that, since the 2008 financial crisis and the imposition of Basel III, which imposes stricter capital requirements, banks' appetite for lending to infrastructure projects in Africa had "completely dried up". However, while there were legitimate concerns about the risk of default or regulatory changes, she said, deals could be structured in such a "belt and braces" way that they were relatively insulated from political risk.

EAIF is part of the Private Infrastructure Development Group, which blends public and private finance to encourage investment in low-income countries. EAIF says its $1.3bn investments have attracted nearly $11bn of private funding. (By David Pilling, Financial Times)

Govt releases AKZ 80.5 billion for public projects in Benguela

Benguela - The Angolan government released 80.5 billion kwanzas this year to finance 11 public projects in the central Benguela province. The information was disclosed on Tuesday 17th April by the director of the Studies, Planning and Statistic Office of the Provincial government of Benguela, Jorge Rafael, during a meeting with local businesspeople for the presentation of the State Budget for the region. According to him, from the 11 public investment projects highlights goes to the construction of a three-floor building for provincial departments, rehabilitation of the museum of archeology, Benguela radio broadcasting station and the ditch of Halo river. On the occasion, the local governor, Rui Falcão, who led the meeting, said the event aimed at making public the State Budget and turn the process into a more transparent one as part of the Public Investment Programme (PIP), as well as the services to be provided to the State in the province. (Angop)

BANKING

Banks

Standard Bank Eyes West Africa Growth Post Ivory Coast Entry

- Lender to focus on corporate, investment-banking clients
- Standard targets Senegalese banking license in 18 months

Standard Bank Group Ltd. is seeking a banking license in Senegal after opening in Ivory Coast as the lender expands in West Africa's French-speaking countries.

Africa's largest lender, which opened in the world's biggest cocoa producer, will focus on corporate and investment-banking clients after obtaining the license in 2016, Sola David-Borha, the Johannesburg-based company's chief executive officer for Africa, said in an interview in the commercial capital, Abidjan.

Standard Bank sees Ivory Coast as an entry point for Francophone West Africa and will target to have all the necessary permits for Senegal in 12 to 18 months, she said.

The economy of Ivory Coast, the biggest among the eight countries of the West African Economic and Monetary Union, expanded at 7.8 % last year after an average of 9 % per year since 2012, boosted by public spending. After growth of 6.8 % in 2017, Senegal will maintain an expansion rate of about 7 % until 2022, according to the International Monetary Fund.

Other countries in the bloc include Benin, Burkina Faso, Guinea-Bissau, Mali, Niger and Togo.

Following Clients

"Francophone West Africa is increasingly becoming important as a vector of growth on the African continent," Standard Bank group CEO Sim Tshabalala said in the same interview. "We're going to follow our clients. It's mainly going to be driven by our clients' needs and our clients' demands and we'll go to where our clients take us."

Standard Bank, which operates in 20 African countries, also wants to obtain a license for Ethiopia where it has a representative office, said David-Borha. African countries outside South Africa contributed 28 % to Standard Bank's net revenue in 2016, according to data compiled by Bloomberg. (By Olivier Monnier, Bloomberg)

Banco of Mozambique fines commercial banks

The Bank of Mozambique has sanctioned 15 banking institutions that operate in the country for various infractions, specifically the Law on Prevention and Combating Money Laundering and Financing of Terrorism, with fines that together exceed 158 million meticais (US$2.5 million), the central bank said in a statement. The central bank did not set out in detail the reasons for each of the sanctions applied, only noting that most dated back to 2015 and 2016.

Banco Único, which received the highest fine of 32 million meticais due to breaches of the Law on Prevention and Combatting Money Laundering and Financing of Terrorism, was also punished with two other fines of 400,000 meticais for breaches of the Law on Credit Institutions and Financial Companies. Banco Único is controlled by South Africa's Nedbank, with a capital of 50% plus one share, with Gevisar SGPS being the second largest shareholder (30.23%), a partnership between Portuguese groups Visabeira and Corticeira Amorim.

The Mozambican central bank also applied four fines of 24 million meticais each to Banco Moza, Banco Comercial e de Investimentos (BCI), Banco Internacional de Moçambique (BIM) and Barclays Bank.

Moza is 84.6% controlled by Kuhanha, the management company of the Pension Fund of the Bank of Mozambique, BCI is 51% owned by Portuguese state bank Caixa Geral de Depósitos (CGD) and 30% by Banco BPI, while Millennium Bim is 66.6% owned by Banco Comercial Português (BCP).

Banco Mais and the United Bank of Africa (UBA) received fines of 12 million meticais each, and the remaining sanctioned banks received lower fines. (Macauhub)

Markets

Angola seeks to renegotiate foreign debt

Angola is trying to renegotiate its foreign debt, which at the end of last year reached 62.8% of Gross Domestic Product (GDP), the Secretary of State for Economy and Planning, Neto Costa said in Washington, according to the Voice of America.

Neto Costa told a conference of potential investors organised by the World Bank and the United States Angola Chamber of Commerce that the ratio of debt service to tax revenues was 89.4% at the end of last year, and Jornal de Angola reported that more recent figures showed that Angola's debt may have already reached 67% of GDP. The Angolan government announced this week it had requested the support of the International Monetary Fund (IMF), but limited to the coordination of economic policies to assist in “implementing the government’s programme of macro-economic stabilisation.” The newspaper also quoted Neto Costa as saying that Angola’s foreign exchange reserves have been falling since 2013, when they were valued at about US$31 billion, to just over US$13 billion last year. The governor of the National Bank of Angola told the conference that Angola needs to diversify its economy, as 95% of its resources come from oil sales and the country spends US$250 million per month to import food, for example. (Macauhub)

Morocco Eyes Sukuk Sales as It Plans Flurry of 2018 Debt Issues

Morocco is finally firming up plans to issue its first sukuk.

More than a year after granting licenses to five local banks to set up Islamic finance affiliates in partnerships with majors such as Qatar International Islamic Bank and Dallah al-Baraka, the North African nation says it is now closing in on plans to breathe life into this niche after a lengthy legislative process.

The finance ministry is slating four dirham-denominated, sovereign sukuk issues for 2018, according to Hicham Talby, who heads sector finance and financial inclusion at the finance ministry’s treasury and external finances department. He said the financial instruments they will start with include an Ijara, then a Wakala, a Musharaka and a Murabaha.

"There is anticipation in the market," Talby said in an interview in Rabat over the weekend. “The government is conscious that we must develop and complete as soon as possible the operational, legal and regulatory aspects of Islamic finance.”

Global sukuk sales reached an all-time high $55.7 billion in 2017, eclipsing the previous record of $51.6 billion in 2012, according to data compiled by Bloomberg. Islamic bonds use a variety of structures to link returns to assets to comply with the religion’s ban on interest. The securities were pioneered in Malaysia in the 1980s.

While it’s taking some time for Morocco’s first sovereign debt to be issued, Talby expects the process will be much faster for the next three planned sukuks, which the finance ministry expects to roll out few months after that. He declined to comment on the exact timing of the first issuance.

The finance ministry is also setting up a sovereign sukuk fund, as it expects dirham-denominated issuances to become more routine in the medium term.

"The idea is not to make a one shot issue,” Talby said. “Rather, we are in a logic of developing the market.” (By Souhail Karam, Bloomberg)

Mauritius Suspends Quantum Funds After Angola Official Visit

- Seven funds invested cash from Angola’s sovereign-wealth fund
- Suspension follows visit by Angolan official, one person says

The seven Quantum Global Group funds that had their licenses suspended by Mauritius’s financial-services regulator followed presentations made by a high-ranking Angolan official to the Mauritian government, according to two people familiar with the matter.

Quantum Global Group was founded by Jean-Claude Bastos de Morais, a Swiss-Angolan entrepreneur. Swiss newspaper Le Matin Dimanche reported Nov. 5 that about $3 billion of Angola’s wealth fund, known by the acronym FSDEA, were invested in seven investment funds in Mauritius managed by a unit of Quantum.

The suspension of the Africa-focused funds on Sunday follows a Mauritian Supreme Court order on April 7 that froze 25 Quantum Global accounts in three Mauritian banks, Le Dimanche/L’Hebdo newspaper reported Sunday. Assets withheld are worth between 5 billion rupees ($147.9 million) and 7 billion rupees, one of the people said, who declined to be identified because they can’t publicly comment on the matter.

Bastos de Morais received an annual fee of 2 % to 2.5 % of capital under management per year, or $60 million to $70 million, the Swiss newspaper said. A Luanda-based spokesman for Bastos de Morais wasn’t immediately available to comment.
“We look forward to having an opportunity to provide the authorities with the necessary assurances to continue to conduct our investment activities as we have not been involved in the recent review process,” Quantum Global said in an emailed response to queries.

Sovereign Fund

Quantum Global said it was in touch with the relevant authorities and would have a detailed update on the matter in the coming days, according to an emailed statement over the weekend.
The FSDEA was previously run by Jose Filemeno dos Santos. Angola’s state prosecutor has charged the son of former President Jose Eduardo dos Santos with money laundering for allegedly transferring $500 million from the country’s central bank to the London branch of a Swiss bank. Dos Santos said last month he was cooperating with authorities.
The Angolan president’s spokesman, Luis Fernando, asked for emailed questions on the matter.
“Quantum Global Group reiterates that neither the group, in its role as asset manager for the FSDEA, nor its founder were a party to the reported $500 million transaction that is currently subject to an investigation by the Angolan authorities,” the company said in the emailed statement.
The suspended closed-end funds in Mauritius are: QG Africa Agriculture L.P., QG Africa Healthcare L.P., QG Africa Mezzanine L.P., QG African Infrastructure 1 L.P., QG Africa Timber L.P., QG Africa Hotel L.P. and QG Africa Mining L.P. (By Kamlesh Bhuckory, Bloomberg)

List of companies to be privatised in Angola expected to be announced shortly

The list of Angolan state-owned enterprises to be privatised should be known shortly, as the deadline for a commission coordinated by the Minister of State for Economic and Social Development, Manuel Nunes Júnior, to produce a detailed report has ended, state newspaper Jornal de Angola reported.
The privatisation of public enterprises that, in practice, are a “dead weight for the State,” was one of the priorities of governance outlined by the President of the Republic, João Lourenço, with the Head of State reiterating that the companies the State planned to dispose of should be studied “on a case-by-case basis.”
In addition to Nunes Júnior, the commission, set up in January, includes the ministers for Finance, Economy and Planning, the Secretary for Economic Affairs of the President of the Republic, the Secretary of State for Finance and Treasury, the president of the council of administration of the Institute for the State Business Sector, the chairman of the board of directors of the Capital Markets Commission and the chairman of the executive committee of the Angola Debt and Securities Exchange.
The process of privatising public companies, if it goes ahead, will be conducted through the Angola Debt and Securities Exchange, and the order establishing the commission stipulates that the sale of state companies should be carried out preferentially through the capital market.
The report from the commission coordinated by the Minister of State for Economic and Social Development should list the companies eligible for sale to individuals as well as the schedule of operations to be carried out on the stock exchange. (Macauhub)

Tech

Safaricom and PayPal partner in transfers

Safaricom, Vodacom’s 35%-held associate company in Kenya, has partnered with PayPal to allow its M-Pesa users to transfer money to and from their PayPal accounts.
The tie-up, which also includes technology provider TransferTo, would be "a huge boost to international ecommerce", the parties said in a statement.
Safaricom customers in Kenya would be able to link their PayPal accounts to their M-Pesa wallets, allowing them to buy goods and services from merchants around the world.

Customers would be able to top up their PayPal accounts using M-Pesa credit.
Meanwhile, Kenyan merchants would gain access to international customers, the companies said. "M-Pesa’s collaboration with PayPal will open up global market places and the global economy to millions of Kenyan and Kenyan-based businesses and individuals." said Safaricom’s director of strategy, Joseph Ogutu.
The partnership was part of PayPal’s long-term strategy "to enable e-commerce and democratise financial services on the African continent", said Efi Dahan, the Nasdaq-listed group’s GM for the Middle East, Africa and Russia.
Dahan told Business Day in March that PayPal wanted to form partnerships with mobile money operators to grow its exposure to Africa’s large unbanked population. "We want to expand our business across the unbanked African population.”It’s a success story in Africa and we want to do more collaborations with these kinds of players," Dahan said.
Vodacom CEO Shameel Joosub said in late 2017 that Safaricom’s management wan-ted to "look at taking [M-Pesa] beyond the borders of the countries that we have operations in — that could be quite an exciting opportunity into the future".
The mobile money service was facilitating R104bn worth of payments each month, Joosub said at the time. (By Nick Hedley, Business Day)

ENERGY

Angola to have an interconnected power grid nationwide

Benguela - The CEO of the National Energy Transport Grid (RNT), Rui Jorge Gourgel, assured that Angola will have an interconnected power grid connecting the north, central and southern regions, so as to bring benefits to them.
The official, who was speaking during a visit paid to Benguela by the minister of Energy and Water, said the interconnection process is underway nationwide with the construction of the second power transformation supply in Cambambe and Laúca, which have been distributed the different regions of the country. “In this stage, the connection is between the north, central and southern, which soon we will also see improvement in the southern region. The interconnection with southern region will be made in Lubango and from there it will be distributed to Namibe, Cunene, which are the areas that constitute the southern region and in the center we will see the benefits in Benguela, Huambo and Bie”, said the official. (Angop)

Mozambique thermal coal to compete with South Africa for MENA market

Mozambican thermal coal is well placed to compete with South African material in growing Middle East and North African markets, though challenges lie in port capacity issues limiting export growth.
There was potential in Egypt for coal from Mozambique to grow its share but it will have to be sold at a discount of $2/mt to Richards Bay 6,000 kcal/kg NAR prices, an Egypt-based trader said. The high ash and low moisture of the coal out of Mozambique created more dust than South African, making it less favorable when prices were at around the same level as Richards Bay, the trader said.
South African coal out of Richards Bay remains a popular choice for buyers in the Middle East and India, owing to a greater terminal capacity than at Maputo, Mozambique.
Maputo can handle vessels no greater than Panamax size, a Northwest Europe-based broker of Mozambican coal said.
Those capacity issues limit the port’s attractiveness to buyers, the source said, with Richards Bay Coal Terminal (RBCT) also being a more trusted and established location, meaning buyers with a conservative approach to procuring southern African coal will default to RBCT.
Currently, the dominant product out of Mozambique is metallurgical coal, with a few thermal coal producers active out of the country.

To date in 2018, 76 ships have departed Maputo, up from 57 in the same period last year, with common destinations being India, Pakistan, Singapore and Sri Lanka, according to Platts cFlow, trade flow software.

Growing MENA Markets

Elsewhere in the MENA region, Oman said on April 8 it planned to construct its first coal-fired independent power project in Duqm, 530 kilometers south of Muscat and with a capacity of 1,200 MW. The Omani market could be of interest to sellers of Mozambican material as the country makes a shift toward coal-powered generation, the Egypt-based trader said.

A UAE-based trader said coal from Mozambique was of growing interest to buyers in the region owing to its freight advantage. The Egypt-based trader pegged freight from Maputo at around a $1/mt discount to freight from Richards Bay.

However, sources said infrastructure issues had been holding Mozambique from increasing exports, with buyers in the Middle East preferring to source from Richards Bay as a result.

Aside from the Omani project, the development of the Hassayan coal-powered plant in Dubai will also likely provide continued growth in the already expanding Middle Eastern market. The Dubai Electricity and Water Authority (DEWA) began construction in November 2016 of a 2,400 MW clean coal power plant, set to be completed by 2023 and which will be Dubai's first coal-powered plant.

Currently, the dominant consumer market in that part of the world is cement producers, leaving petcoke with a large share of the consumer market, compared with thermal coal. (Club of Mozambique)

Construction of first solar power generation plant set for May in Mocuba, Mozambique

Mozambique's first solar power plant has secured financing and is expected to start construction in May and be operational "in early 2019", a government source has told Lusa. "It will be the country's first large-scale solar plant and represents an important step in the ambition to increase the share of renewable sources in electricity generation," the developer has announced.

The large solar panel array will be built on a 126-hectare site in Mocuba, central Zambezia province, as the result of a partnership between Scatec Solar, with a 52.5 % stake, the Norwegian state fund Norfund (22.5%) and Electricity of Mozambique (EDM) (25%). EDM will buy the energy produced, ultimately enough for 175,000 households, and distribute it through the national electricity grid.

According to an EDM report, "the power station will help bridge the lack of response of the electricity grid in the northern half of the country and, at the same time, promote the development of the Mocuba region".

The project is planned to have a 25-year life expectancy and will cover 85 % of the annual energy needs of the region's 216,000 inhabitants – but where only 8 % of the households have electricity.

The expectation is that the project will help increase this ratio over time to 25 %.

During the construction phase, the project will employ 200 people and "boost local businesses in the areas of accommodation, catering, rental and sale of essential goods", the report said.

As soon as the facility goes into operation, 0.75 % of its annual revenues will be invested in social projects in the region. The document points to the enterprise as "the cheapest option to produce electricity and at the same time guarantee a way to easily supply the rural world and diversify the energy sources in Mozambique".

In September 2017, the government presented the portfolio of renewable energy projects with which it intends to guarantee universal access to electricity in the country by 2030.

According to the Ministry of Mineral Resources and Energy, the government plans to electrify about 300 villages' water resources with an equal number of solar projects, Lusa reports. (Club of Mozambique)

INFRASTRUCTURE

LafargeHolcim Africa Unit Sees Economic Growth Boosting Profit

LafargeHolcim Ltd. sees improving profit margins at its Africa unit this year as Nigerian and South African economies pick up and the company invests the proceeds of a 131 billion naira ($364 million) rights issue. The earnings before interest, taxes, depreciation and amortization margin will rise above 35 %, Lagos, Nigeria-based Lafarge Africa Plc said in a statement. The company is working to reduce energy and transportation costs as part of a turnaround plan, according to Chief Executive Officer Michel Puchercos.

LafargeHolcim, the Jona, Switzerland-based market leader in cement, is expanding in Africa to take advantage of economic growth and a boom in infrastructure projects across the continent. Earlier, Lafarge Africa said 2017 sales rose 36 % to 299 billion naira and EBITDA almost doubled. The company sees demand for cement improving in Nigeria along with the economy, while in South Africa it's focusing on cost controls. As a result of the rights issue, LafargeHolcim increased its stake in Lafarge Africa to 76 % from 71 %. (By Emele Onu, Bloomberg)

Angola launches public tender to build airport in Mbanza Congo

The public tender for the construction of the new Mbanza Congo airport will be launched within two months, said the chairman of the Board of Directors of Angola's airport management company, Empresa Nacional de Exploração de Aeroportos e Navegação Aérea (ENANA). Manuel Ceita also told daily newspaper Jornal de Angola that the construction of the new airport in an inhospitable area will allow for the development of the region with the construction of houses and businesses to provide services to residents.

The future airport of Mbanza Congo will be located in Nkiende II, 35 kilometres from Mbanza Congo, the capital of the province of Zaire. When it is in operation, it will be able to receive Boeing 737 and Ilyushin Il-76 aircraft and have a terminal with capacity for 600 passengers.

The ENANA chairman said that meetings with the National Civil Aviation Institute will be held to discuss the construction of the new airport and told the newspaper that, "we will recover and modernise 20 airports in the country, with a view to ensuring a greater flow of domestic and foreign passengers and encouraging private investment." (Macauhub)

Mota-Engil to carry out EUR 51.7M works in Port of Maputo

The Maputo Port Development Company (MPDC) has announced today that Mota-Engil will carry out 51.7 million Euros'-worth of work, rehabilitating one kilometre of mooring berths from June onwards. Once rehabilitated, the quays will be able to receive larger ships, as provided for in the port development masterplan, the company says in a statement. The rehabilitation follows the dredging of the port access channel in January 2017, at a cost of EUR 70 million. Combined, the works, scheduled from June until the end of next year, pave the way for a 40 % increase in the cargo capacity in Maputo and 55 % of the cargo capacity in Matola. In 2017, MPDC registered a 22 % increase in volumes handled in Maputo, with 18.2 million tons of cargo against 14.9 million in the previous year. The port expects to handle around 22 million tons of cargo this year. (Club of Mozambique)

Kenya's $3.5 Billion Road Project Delayed by Debt Concerns

- State plans to finance the project using commercial loans
- Debt-to-GDP ratio may hit 58% in June, World Bank estimates

Kenya's second-biggest infrastructure project since independence five decades ago, a $3.5 billion inter-city expressway, will be delayed amid concerns by lawmakers that East Africa's largest economy is taking on too much debt, the company building it said.

While Kenya is ramping up construction of much-needed infrastructure to underpin economic growth, the cost of the mega projects, mostly financed by Chinese loans, has stirred concern that the debt is unsustainable for the $71 billion economy. The nation's debt could rise to 58 % of gross

domestic product by the end of June, from 40.6 % in the 2011-12 fiscal year, according to World Bank estimates.
Construction of the 473-kilometer (294-mile) four-lane highway between the capital, Nairobi, and the second-biggest city, Mombasa, will be undertaken by San Francisco-based Bechtel Group Inc., which has arranged commercial loans for Kenya to undertake the project. The country will not seek concessional financing or a public-private partnership, according to the company.
The Kenya National Highways Authority wasn't aware of any delay, public relations officer Charles Njogu said by phone. "The agreement has, however, to be scrutinized by lawmakers because of its size," he said. Transport and Infrastructure Secretary James Macharia didn't pick calls to his mobile phone nor respond to a text message seeking comment.

Big Concern

The financing arrangements for the toll road are now expected to be in place by end-June, the initial sod-turning target, and construction work will now begin in the second half of the year, said Andrew Patterson, Bechtel's regional president for Africa. "This is looking to be slipping," he said in emailed responses to questions. "The debt level is a big concern and we are working to find the right balance with Treasury in regards to the financing."
Kenya's biggest infrastructure project since independence from Britain in 1963 is an $8.7 billion standard-gauge railway from Mombasa to the Ugandan border that's being built under China's flagship Belt and Road program. The first phase of the line that replaces a parallel century-old link built during the colonial era is already operational. Bechtel said in December it was supporting the Kenyan government in negotiations with the U.S. Export-Import Bank, the Overseas Private Investment Corp. and U.K. Export Finance to finance the dual carriageway. The lead arranger will be appointed by June, allowing construction to begin, Patterson said.
Bechtel plans to deliver 50 kilometers of road every six months, completing the project in early 2024. The highway is expected to cut travel time between the two cities to four hours from 10. The construction will be done under an engineering, procurement and construction contract, while toll fees will be levied through a public-private-partnership agreement. (By David Herbling, Bloomberg)

Botswana, Zimbabwe forge ahead with US$600m rail project to Mozambique's Techobanine port

Botswana and Zimbabwe will push ahead with an ambitious 1.500km rail project, at a cost of us$600 million. Mozambique is also involved in the project after the three countries signed a memorandum of agreement (MoU) in 2016 but talks were only revived recently. The railway line is expected to link Francistown in Botswana, Bulawayo in Zimbabwe and the Mozambican port of Techobanine to facilitate enhanced regional trade.
According to the MoU, each country is expected to provide US$200 million towards the cost of the project with the rest of the work to be done through public-private partnerships (PPPs). Upon completion, the venture will facilitate inter-regional trade through the movement of passenger rail traffic and up to 12 million tonnes of goods per annum through the three countries. Zimbabwe's President, Emmerson Mnangagwa and his former Botswana counterpart, Ian Khama, held talks over the project during a state visit to Gaborone in February.
This week, Gaborone reiterated the need to speed up talks and move closer to the start of the project, when new Botswana President, Mokgweetsi Masisi visited Harare. Masisi was accompanied by the Minister of Energy and Transport, Kitso Mokaila with the rail project part of the agenda. Masisi took over power from Khama on April's Fool Day and made his first visits abroad to Namibia and Zimbabwe.
Botswana's Minister of Foreign Affairs Permanent Secretary, Gaeimelwe Goitsemang told the media that Masisi was accompanied by Mokaila as there is a pending project. "There is the issue of the Trans-Kalahari with Namibia and the dry port facility in Walvis Bay. "These are critical projects that the two countries have been working together on. With Zimbabwe, there is a project in the

pipeline of a railway line running up to Mozambique. "It is a project, which is still at infancy stage, therefore, (the visit) is one way of seeing how the discussions can be advanced to the next level so that the project can start off," Goitsemang said. He said Masisi's early visits to Namibia and Zimbabwe were meant to strengthen bilateral relations with the neighboring countries. Khama visited Namibia last month, while Mnangagwa was in Botswana for a state visit in February. Closer ties between Zimbabwe and Botswana are expected to boost trade between the two countries, following a decade of frosty relations. (Club of Mozambique)

MINING

Lucapa raises A$16.5m as Angola diamond policy begins thaw

LUCAPA Diamond Corporation (Lucapa) has raised A$16.5m in a share placement which included a "new cornerstone investor" – a development that was a major vote of confidence in its Angola, Australian and Lesotho production and exploration activities, it said.
The shares were issued at 23 Australian cents per share which represented the firm's market price. The share placement, most of which was supported by three institutional investors, would fully fund the firm's exploration activities at its Brooking prospect in Western Australia, and its 70%-owned Mothae – a developing mine in Lesotho.
Lucapa currently mines at Lulo in Angola which for the year-to-date had generated diamond sales of $10.8m at an average price per carat of $1,731. Lulo is shared with Endiama, the Angola government-owned mining company.
In the past, the Angola government has insisted on control, but Lucapa said today that the country's newly elected president, Joao Lourenco, had set down plans to double the country's diamond production to some 14 million carats in the next four years. As a result, the investment horizon in Angola – deemed previously as constraining – could change.
Lucapa MD, Stephen Wetherall, said Angola was therefore considering the "… design and implementation of new investment policies and to re-evaluate its marketing policies to attract investors". Diamond companies had subsequently been invited by Angola's mines minister – improbably named Diamantino Azevedo – to discuss possible initiatives. "As such, and in anticipation of a positive outcome, Lucapa and its local Angolan partners are devising a growth strategy at Lulo, to build on the successful alluvial mining operations and kimberlite exploration venture," said Wetherall. "Lucapa has been operating successfully in Angola for 10 years and is well positioned to be a first mover and be a part of Angola's future development," he added.
Commenting on the share placement, Wetherall said the transaction provided shareholders with a number of benefits including the removal of an overhang – itself a function of concerns regarding how Lucapa was going to fund growth. The new cornerstone investor had been invited to join Lucapa's board.
The funds would also provide a "… working capital buffer" for Mothae which remained on budget and on schedule for commercial production in the second half of the calendar year. Lucapa said in February it had recovered the first diamonds from Mothae through the existing bulk sampling plant and infrastructure. Lucapa secured $15m in private equity capital for the re-development of the mine.
The largest of the diamonds recovered in the first test run was 6.6 carats, the company said. Some $36m has been previously spent in trial mining of Mothae in which more than 23,000 carats of diamonds has been recovered. The mine is situated some 5km from Letseng, the fabulously rich diamond mined owned by GEM Diamonds. (By David McKay, Mining)

Afritin signs MoU to buy tin concentrate from artisanal miners

LONDON-listed Afritin Mining is to explore buying cassiterite concentrate – a tin oxide mineral – from artisanal miners operating near its Uis tin project in Namibia in an effort to secure early cash flow.

This follows the closure of a memorandum of understanding (MoU) with MRI Trading AG, a minerals and petroleum trading company in terms of which MRI Trading will invest $200,000 aimed at establishing a buying station. The buying station will be able to assess the quality of tin being supplied.

Afritin will then repay MRI Trading's investment, which somes interest-free, from any profits earned from the cooperation whilst MRI Trading gets exclusive access to the cassiterite. The company said there was no guarantee the combination with MRI Trading would fly as the terms of the deal were still in negotiation. "First and foremost, we believe that by buying from local artisanal miners, we will increase the economic activity in the region and as a result contribute to the upliftment of the poverty-stricken Damaraland," said Anthony Viljoen, CEO of Afritin. "Secondly, the sale of tin concentrate from the area into the world market will signify the first steps in the return of Namibia as a global player in the world tin market," he said.

Afritin said earlier this month that it would begin construction of its proposed Uis mine in Namibia in May with first production earmarked for the second half of the 2018 calendar year. This followed completion of a detailed mine design and the development of an initial fast-tracked, five-year mining production schedule, the aim of which was to generate cash flow early in the project.

Saleable production of tin-in-concentrate in this initial phase has been estimated to be 800 tonnes annually, although the rate is not guaranteed at this stage, the company said in an announcement today. The target for the following phase remains 5,000 tonnes of tin concentrate a year, it said.

Uis was previously operated by steel manufacturer, Iscor, better known today as Arcelor-Mittal South Africa, which mined the deposit in order to produce certain finished products. Afritin is therefore re-opening the operation focusing on near surface deposits that had not been previously mined by Iscor. (By Staff Writer, Mining)

Australian company MRG Metals to explore heavy sands in Mozambique

Australia's MRG Metals has signed an agreement in principle with Australian company Sofala Resources Pty Ltd. to acquire three concessions in Mozambique for the exploration of heavy sands, the company said in a statement issued.

The agreement stipulates that MRG Metals has three months to take the necessary steps to ascertain the quality of the heavy sand deposits and that if it intends to proceed with the deal, after that deadline, it has to pay the sellers US$100,000 in addition to 175 million shares and an equal number of options. MRG Metals will also have to provide Sofala Resources Pty Ltd. with an additional 720 million shares based on meeting certain project development goals. Chief executive Andrew Van Der Zwan said in the statement that the company has looked at more than 70 possible deals over the past few months and that this potential acquisition has to meet the objectives set out. The so-called Corredor (Central e Sul) concession is the most advanced of the three, with the other two Marão & Marruca and Linhuane, all in the province of Gaza, covering an area of 387 square kilometres, The statement noted that the Corredor concession is close to the Corredor 1 heavy sand deposits, which is producing 500,000 tons of ilmenite, 35,000 tons of zircon and 10,000 tons of rutile. The Marão and Marruca concession is the largest of the three, with an area of 491 square kilometres, and is located about 50 kilometres from the Indian coast, with the Linhuane concession being the smallest of all, covering 113 square kilometres located along the coast. (Macauhub)

Angola remains interested in Guinea-Bissau bauxite

Angola will resume its agricultural and bauxite exploration projects in Guinea-Bissau, Angola's second deputy speaker, Higino Carneiro, said in Bissau, quoted by the Angolan press.

Carneiro, speaking at the end of an audience with the Guinean head of state José Mário Vaz, expressed Angola's interest in "continuing to develop the projects," which began in 2007 with signing a bilateral cooperation agreement.

At that time, Angola took two companies to Guinea-Bissau to conduct mining exploration and agricultural and industrial activities. "I informed the President that officials are currently in Bissau

to work with officials connected to the Bauxite Angola project and another one related to cashew nuts," said the second deputy speaker of the Angolan parliament.
Carneiro arrived in Bissau and was received by the president of the Guinean parliament, Cipriano Cassamá, by the head of state and the current Prime Minister, Artur Silva, with whom he signed the first bilateral cooperation agreement in 2007.
Cooperation between Angola and Guinea-Bissau was suspended in April 2012, following a military coup in Bissau that led to the forced exit of an Angolan army contingent stationed in the country. (Macauhub)

Lucara Unearths Another Massive Diamond From Botswana Mine

- 472-carat stone one of four 100-plus-carat gems found in 2018
- Last year, Lucara sold 1,109-carat diamond for $53 million

Lucara Diamond Corp. has recovered yet another massive diamond in Botswana, at a site previously owned by giant De Beers. The 472-carat light brown stone is the third largest found by Vancouver-based Lucara at the Karowe mine. The site has proven a windfall for the Canadian miner which now produces some of the biggest and best diamonds in the world. "The early sampling work that was done on Karowe was done with equipment that really was not optimal and they ended up breaking a lot of diamonds," Chief Executive Officer Eira Thomas said in a telephone interview. "When we went into commercial production we expected to do better but we had no idea that the diamonds that were being broken were so much larger." The largest stone uncovered at the site, the 1,109-carat Lesedi La Rona, was sold by Lucara last year for $53 million, or $47,777 a carat. A 373-carat chunk that broke off the Lesedi sold for $17.5 million.
In 2016, Lucara sold the most expensive rough gem on record, the 813-carat Constellation, for $63 million. Although smaller than the near tennis-ball sized Lesedi, The Constellation earned a higher price per carat because of its superior quality. Brown-colored diamonds command significantly lower prices in world markets -- typically $4,000 to $7,000 per carat -- but the unusual size of this one means it will need to be valued differently, Thomas said. Some manufacturers may actually choose to accentuate the color through polishing, while others may look to change it through heat treatment, she said. "They tend to command a lot of interest because there are a variety of views on what can be done with stones of that color."
So far this year, Lucara has found 218 diamonds of more than 10.8 carats at the mine, including four stones of more than 100 carats each, the company said in a statement. While the very largest stones add volatility to Lucara's quarterly revenue numbers, the company is consistently reaching an annualized average value of $600 to $650 per carat, and expects that to continue over the life of the open pit, Thomas said.
The biggest diamond ever discovered is the 3,106-carat Cullinan, found near Pretoria in South Africa in 1905. It was cut into several polished gems, the two largest of which -- the Great Star of Africa and the Lesser Star of Africa -- are set in the Crown Jewels of Britain. (By Danielle Bochove, Bloomberg)

OIL & GAS

Uganda Awards Refinery Deal to GE After Earlier Contracts Dumped

- GE-led group will build 60,000-barrel-a-day facility in Hoima
- Plant to process Ugandan crude once oil output starts in 2020

Uganda awarded the contract to build its first refinery to General Electric Co. and partners, sealing a deal for the 60,000-barrel-a-day plant after previous agreements collapsed.
The Albertine Graben Refinery Consortium, led by Boston-based GE, will develop the refinery in Hoima district, Ugandan President Yoweri Museveni said on his Twitter account after the accord was signed. It's a breakthrough for the long-planned project, which will allow the country to process its own oil once crude production starts at the end of the decade.

The deal "ensures development, design, financing, construction, operation and maintenance of the facility," Museveni said, without specifying the stakes to be held by the consortium and the government. "Western companies are now waking up to the realization of Africa's potential."
Yaatra Ventures LLC, Intracontinent Asset Holdings Ltd. and Italy's Saipem SpA are the other partners in the group that will build the plant, estimated by the government to cost about $4 billion. The facility, which will initially process 30,000 barrels a day before an upgrade to double capacity, will refine crude from Ugandan discoveries holding as much as 1.7 billion recoverable barrels.
The contract for the refinery was first awarded to RT Global Resources, a Russian company, in 2015. That deal was suspended in 2016 and the government subsequently offered the project to a group led by SK Engineering & Construction Co. of South Korea. That agreement was also rescinded. (By Fred Ojambo, Bloomberg)

AGRIBUSINESS

Ghana $600 Million Cocoa Plan Prioritizes Processing, Trees

- World's No. 2 producer presented industry plan to lenders
- Ghana wants to expand warehousing capacity, pollinate trees

Ghana's cocoa regulator wants to use the bulk of $600 million in finance that it's planning to raise for the sector on projects to increase local processing and to replant diseased trees, according to a document seen by Bloomberg.
The world's second-biggest cocoa producer also wants to spend funds on the rehabilitation of neglected farms, a project to pollinate trees by hand and to expand warehouse capacity, according to the document. The project is part of plans to raise the West African nation's cocoa output and to enable it to hoard stock in times of a global oversupply.
Noah Amenyah, a spokesman for the regulator known as Ghana Cocoa Board, declined to comment when visited at his office.
The board and the regulator of neighboring Ivory Coast, the largest producer, presented plans for their industries last month to the African Development Bank and other lenders during meetings in Ghana's capital, Accra. While Ghana Cocoa Board asked lenders for a 10-year facility, the banks indicated that they will consider loans for as long as five years, according to two people familiar with the matter.
The cocoa board aims to conclude a deal in the third quarter, the people said, who asked not to be identified because they're not authorized to speak publicly about the matter. The loan will be separate from the annual syndicated facility that Ghana procures to pay farmers.
Ghana is looking for funding even as the board is selling debt on the local market at interest rates of as much as 20 % to cover its expenses. Last year, the regulator decided against cutting the rate it pays to farmers even after global prices for the beans dropped by more than a third.
The board has sold 1.7 billion cedis ($384 million) of 1-year and 182-day securities in the first three months of the year.
Ghana wants to distribute the $600 million in finance as follows to various projects, according to the document that was presented to lenders:

PROJECT	AMOUNT
Domestic processing	$200 million
Replanting of diseased trees	$140 million
Rehabilitation of neglected farms	$83 million
Hand pollination of trees	$68 million
New warehouse capacity	$50 million
Farm irrigation	$41 million
Farmer database	$11 million
Promoting cocoa consumption	$7 million

(By Ekow Dontoh, Bloomberg)

World Bank supports irrigation programme in Mozambique with US$80 million

The World Bank, as from July this year, will disburse 80 million US dollars, for the "Project for Irrigation and Market Access for Small Farmers" (IRRIGA) in central and northern Mozambique.

World Bank senior official Aniceto Bila told reporters that the project will support peasant farmers in the central provinces of Manica, Sofala and Zambezia and the northern province of Nampula.

The money will be disbursed over six years, covering an area of 7,000 hectares and benefiting 14,000 farmers.

Bila was speaking to journalists in the town of Vanduzi, in Manica, during a visit by a World Bank team intended to assess activities undertaken by a predecessor project, the Sustainable Irrigation Development Project (PRIORI), which is due to end in December.

He said the fundamental goal of the IRRIGA project will be supporting the expansion and development of irrigation to increase the production and income of the households covered by the project. "With the development of irrigation, it is possible to produce all year round, and to increase production", said Bila. "There are great gains for producers because they cease to depend solely on the rainy season to produce. With climate change, it is important to stimulate production during all seasons of the year".

Summarising PROIRI, Bila said the results are satisfactory. During the seven years of implementation, 2,500 hectares of irrigated land were worked (out of the 3,000 initially planned. He was optimistic that, by December, the project's targets will have been reached in Manica, Sofala and Zambezia. "These hectares are operational. But we want to close the first phase with 3,000 hectares", he added. "We believe we shall achieve this plan, because we are continuing until December, and the results are encouraging, judging by the level of involvement of the population in agricultural production".

Bila said that since 2011, PRIOR has absorbed 74.25 million dollars, 60 million financed by the World Bank, while the remaining 14.25 million dollars was a grant from the Japanese government. The programme benefitted 7,000 farmers. "The goal is to improve the living conditions of the people, and we think we achieved that goal", Bila added. "Today large scale production is under way on those areas. We feel very pleased, because we feel we have achieved what we wanted. Now we are seeing if we can enter this second programme, but in the same area of intervention". (Club of Mozambique)

Angola wants support from China and Japan to relaunch cotton crop

Angola plans to contact China and Japan to request support to proceed with the re-launch of the country's cotton crop, a project included in the economic diversification programme, according to an article published in the China-Lusophone Brief (CLBrief), a news service on China and the Portuguese-speaking countries.

The article quotes the Angolan Secretary of State for Agriculture, Carlos Alberto Jaime, speaking on the sidelines of the visit of the vice president of the Republic to the agricultural fair of the province of Malange.

The Secretary of State said that 10,000 hectares of cotton are already being cultivated along the perimeter of the Capanda Agro-industrial Hub in the municipality of Cacuso and in the Cassange Basin, an extensive cotton area east of Malange, before Angolan independence.

Jaime noted that the business sector in Malange had lost some momentum since the beginning of the economic crisis in 2014, leading to low production of agricultural companies. H gave assurances that the Ministry of Agriculture intends to support entrepreneurs so that, with the participation of peasant families, it is possible to return to previous rates of cotton production.

The government-led programme to renew, expand and equip the textile industries in Angola was financed by a credit line from the government of Japan and includes three large factories: Textang II, in the country's capital,Sociedade Angolana de Tecidos Estampados Comerciais (Satec), located in the province of Kwanza Norte and Alassola in Benguela. (Macauhub)

UPCOMING EVENTS

LSE Africa Summit 20th & 21st April 2018
https://lseafricasummit.org/

Africa Energy Forum 19-22 June 2018 in Mauritius
https://www.africa-energy-forum.com/

Mining on Top: ''EUROPE AS A PARTNER FOR AFRICAN MINING'' 3-4 July 2018, Geneva Switzerland
http://ametrade.org/miningontopafrica/

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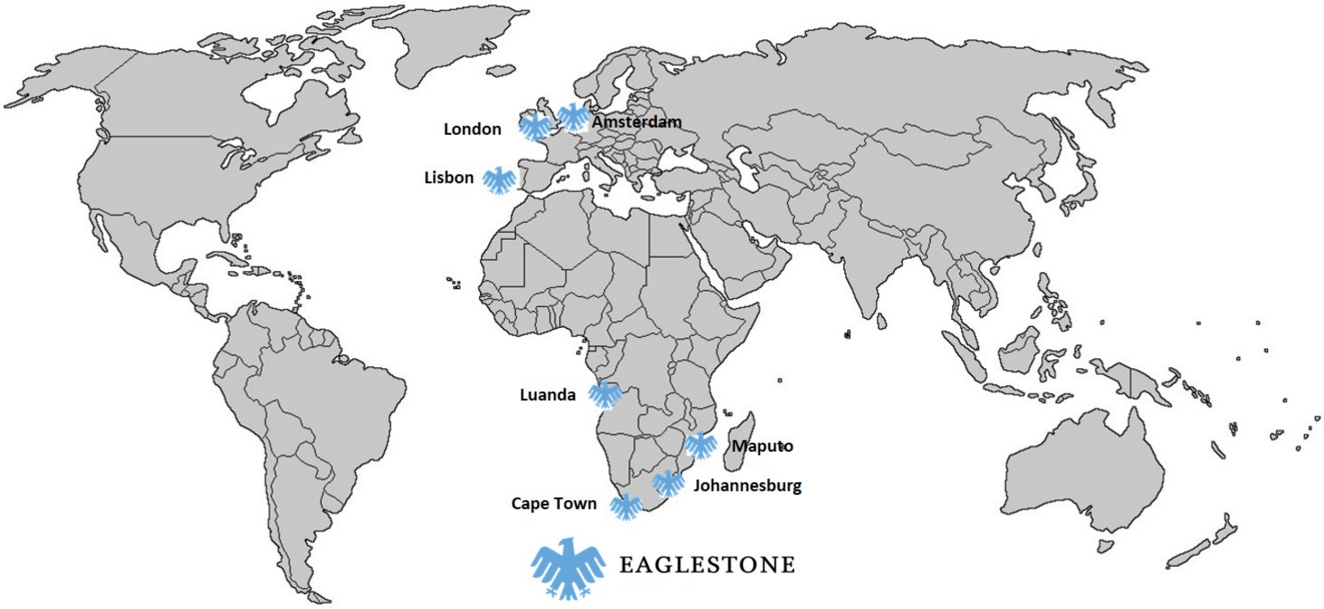

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Disclosures

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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