INSIDE AFRICA

Now is the time to invest in Africa

02 May 2019

EAGLESTONE

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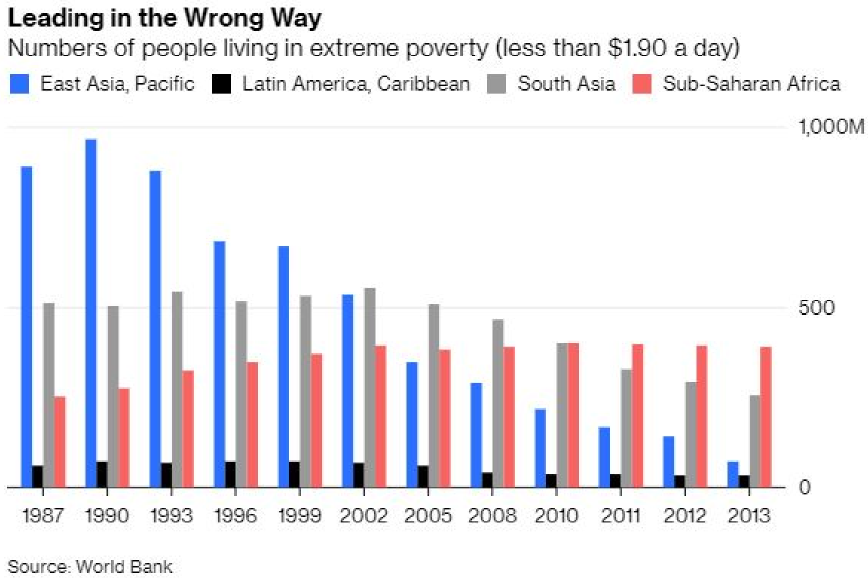
In-depth:

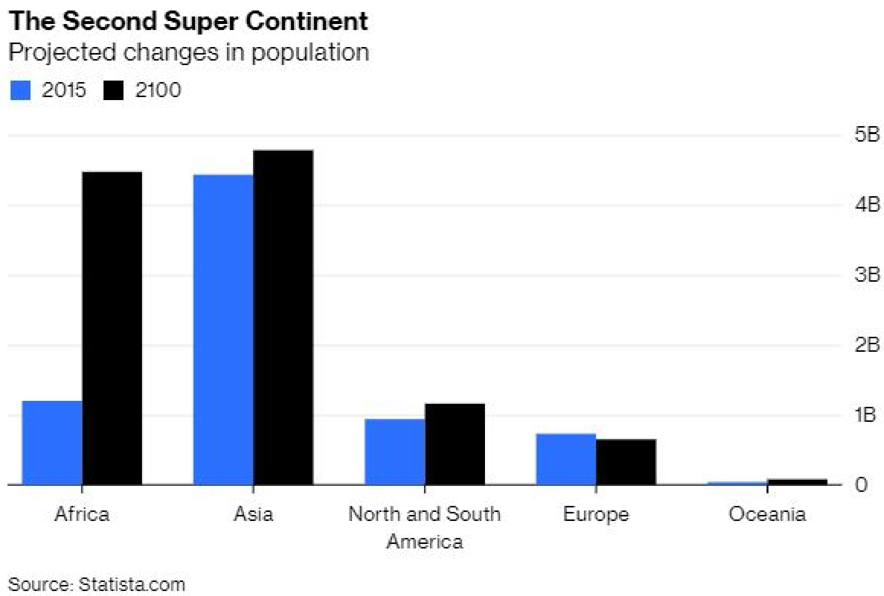
Africa’s Only Hope Is Industrialization

The continent has a chance to pick up some of the manufacturing leaving higher-cost Asia.

African industrialization has to be among the most important things happening in the world right now. The vast continent, with more than 1.2 billion people, is home to an increasing fraction of the human beings who are still mired in extreme poverty:



By 2030, the World Bank projects that almost all the people in extreme poverty will live in sub-Saharan Africa. The reason is twofold. First, Africa’s population is growing rapidly:

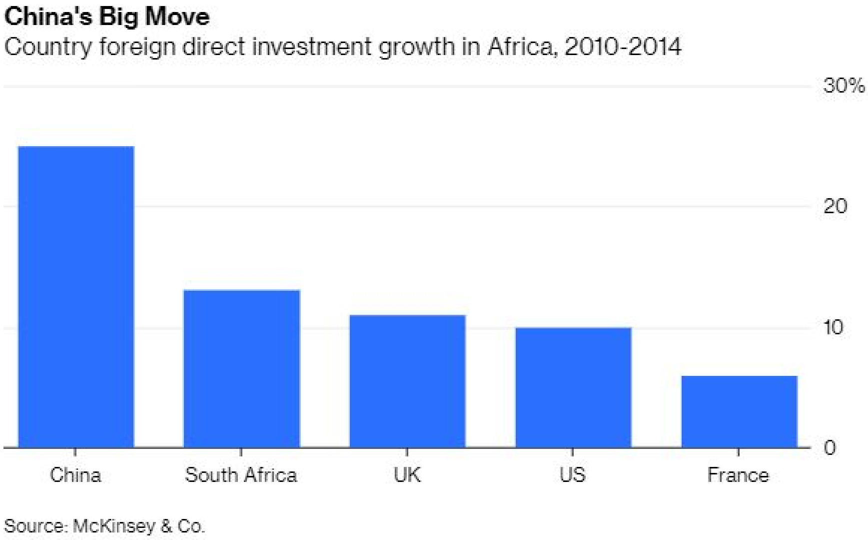


Second, Africa has lagged in the industrialization necessary to generate mass employment. The lack of strong, stable governments — a legacy of colonialism — has made it difficult to provide the education, infrastructure, court systems and other public goods that help prepare countries for the leap from subsistence farming to factory work. Well-meaning Western aid and international development agencies couldn’t fill the gap. Meanwhile, nations in East Asia and Southeast Asia became the world’s factories before Africa did.

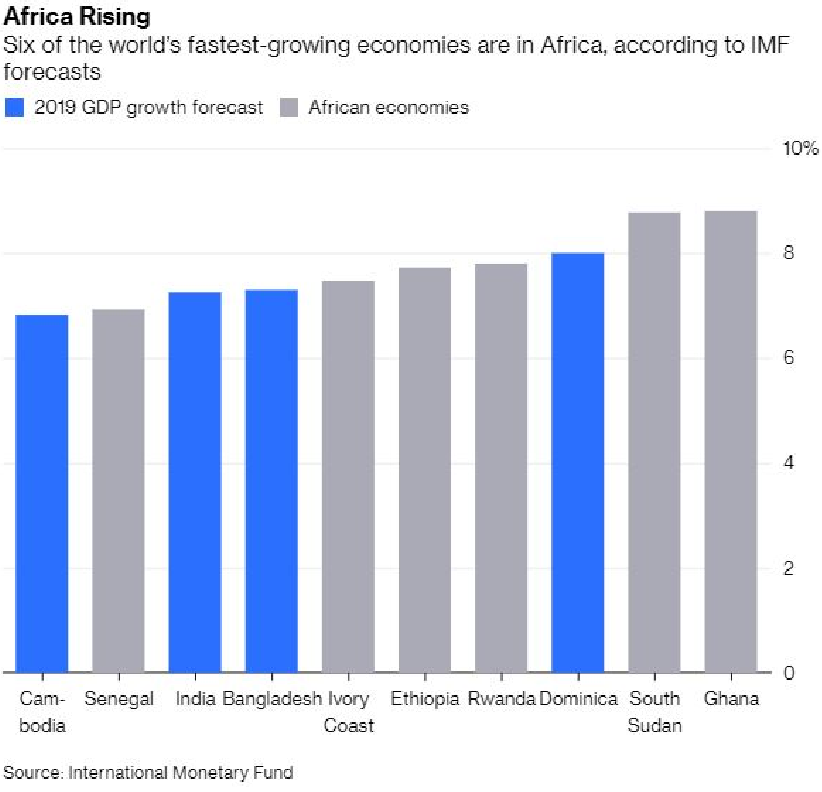
But late doesn’t mean never. Rising labor costs in China, and the threat of U.S. tariffs, are finally causing manufacturers to diversify their supply chains. Some of their factories will go to Vietnam and Bangladesh, two rising stars of the developing world. But those countries won’t be big enough to replace China, which means that if manufacturers really want to keep costs down, many will have to look to Africa.

This process is already well underway. In her book “The Next Factory of the World: How Chinese Investment Is Reshaping Africa,” Irene Yuan Sun — a development-aid worker turned McKinsey & Co. researcher — describes the wave of private Chinese investment sweeping the African continent. This investment often goes overlooked by the international press, which tends to focus on China’s splashy government-backed infrastructure projects and loans. But what Sun describes is something else — Chinese businesspeople moving to Africa and building privately owned factories.

In 2017, Sun’s research team estimated that there are about 10,000 such factories on the continent, and the number is surely higher now. Nigeria, Zambia, Tanzania and Ethiopia have the largest concentrations, but many other countries are in the mix. Although China still has less total capital invested in Africa than in other regions, it’s catching up fast:



That foreign direct investment — and manufacturing more generally — is one reason African growth is taking off:



The picture Sun paints of Chinese capitalism in Africa is not always a pretty one. She cites anecdotes of corruption, pollution, overwork, injuries and managers' disdain for local workers — phenomena that seem universal to every country in the early stages of manufacturing. But Sun argues powerfully that this ugly, costly process is still the only way that countries can escape poverty.

The programs of liberalization and deregulation offered by Western countries in the 1990s under the name of the Washington Consensus failed to produce the desired results. Development aid from rich countries has done some real good (and occasionally some bad) in Africa, but hasn't been enough to change the continent's basic economic conditions. And with a few small exceptions like Botswana, natural resources have generally been more of a curse than a blessing. The only thing that reliably seems to transform poor countries into rich ones seems to be the so-called flying geese theory — the idea that manufacturing moves in waves, looking for the next cheap, politically stable production base.

Now the geese are finally flocking to Africa. This isn't the neo-colonialism that some fear — indeed, Sun finds that Chinese factories overwhelmingly employ local African workers rather than imported Chinese laborers. Nor is there any sign that automation has made labor-intensive manufacturing obsolete. In other words, there is every indication that the process that brought Europe and Asia out of poverty is starting to work in Africa.

The question for the U.S. and other developed countries is how they can help African industrialization continue. An industrialized Africa is in America's best interests. First of all, with Chinese costs rising, African factories are necessary to keep the prices of clothes, electronics and other goods from rising too much. And while some may claim that African competition is taking jobs from American manufacturers, the truth is that if that manufacturing were done in the U.S., it would be mostly automated.

Even more importantly, African development is the key to a stable world. An underdeveloped Africa, with an exploding impoverished population, would fall prey to climate disasters and wars. That would create global tensions, as the U.S., Russia and other powerful countries jockey for influence over war-torn regions, as has happened in Syria. It would also create waves of refugees, knocking at the doors of rich countries — as Syria has, but on a much larger scale.

In order to forestall this grim future and give hope and security to the world's neediest people, the U.S. and other rich countries need to encourage imports of African-made goods. The African Growth and Opportunity Act, passed in 2000, was a good start, but more can be done. Market access ensures stable demand, which provides an incentive for Chinese and other entrepreneurs to invest and build for the long term.

African industrialization will complete the great transformation that began more than two centuries ago in Britain — the mass movement of humanity from indigence to material security. This is the last frontier of poverty reduction. (By Noah Smith, Bloomberg)

Mozambique, Equatorial Guinea and Portugal highlighted in the 2nd "Belt and Road" Forum

Mozambique, Equatorial Guinea and Portugal were the most highlighted Portuguese-speaking countries most in the 2nd "Belt and Road" Forum for International Cooperation, during which new partners signed up to the global Chinese initiative.

The results of the 2nd Forum, held from 25 to 27 April in Beijing, showed that the Government of China signed a Memorandum of Understanding for cooperation in the Belt and Road strategy with the Government of Equatorial Guinea, a member of the Community of Portuguese-Speaking Countries (CPLP).

Memoranda were also signed with the Governments of Liberia, Luxembourg, Jamaica, Peru, Italy, Barbados, Cyprus and Yemen.

The final document also states that the government of China has signed cooperation and action plans with Mozambique, the African Union and UN agencies.
The same type of instrument was signed with the governments of Serbia, Djibouti, Mongolia, Ethiopia and Papua New Guinea.
Speaking to the press at the end of the Forum, Chinese President Xi Jinping said the "message" of the Forum this year was "clear": "an increasing number of friends and partners will join in with the Belt and Road cooperation."
On the eve of the start of work, on 24 April, Xi Jinping met with the President of Mozambique, Filipe Jacinto Nyusi, in the Great Hall of the People.
Mozambique, according to an official statement, is an "important site on the ancient Maritime Silk Road and has actively participated in the construction of the Belt and Road initiative in recent years." Both sides reached an agreement on joint promotion of the initiative."
Nyusi said that Mozambique "is willing to play an active role in the joint construction of the Belt and Road initiative in the African sub-region," the same source said.
After the meeting, the two heads of state witnessed the signing of bilateral cooperation documents.
The Forum was also attended by the Portuguese President, Marcelo Rebelo de Sousa, who spoke at the third working session on "Promoting environmentally friendly and sustainable development to implement the UN 2030 Agenda."
Received by the President of the People's Republic of China, Xi Jinping, Marcelo Rebelo de Sousa also participated in the work sessions on Connectivity and Political Synergies and Partnerships.
At the same time, Rebelo de Sousa organised a dinner with the presidents of some of the largest Chinese companies with investments in various sectors of activity in Portugal at the residence of the Portuguese Ambassador in Beijing.
A note from the Portuguese Presidency reports that the dinner was attended by Lei Mingshan, of the China Three Gorges Corporation, Wang Qunbin, of Fosun International Limited, Xing Baoan, of the State Grid Corporation of China, Qu Qiuping, of the Haitong International Securities Group, Li Yongcheng, of Beijing Enterprises Water Group, Pansy Ho, of STDM Investimentos Imobiliários/Estoril Sol, Patrick Yu, of COFCO, Liu Liange, of the Bank of China, Guo Chuntai, of Tianjin EV Energies Co., Guan Qing, of CSCEC China State Construction Engineering Corporation, among others.
Rebelo de Sousa's visit to China ends on 1 May in Macau, after a visit to Shanghai, China's economic "capital". (Macauhub)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

The African Development Bank launches a new NZD 150 million 10-year "Light up and Power Africa" Kauri benchmark

The African Development Bank, rated Aaa/AAA/AAA/AAA by Moody's/S&P/Fitch/Japan Credit Rating Agency, has successfully launched a new NZD 150 million 10-year "Light up and Power Africa" Kauri benchmark due 7 March 2029.
The bond, launched on 21 February 2019, carries a semi-annual coupon of 2.85% and priced at a re-offer yield of 2.896%, 70 basis points (bps) over the New Zealand Government Bond NZGB 3% 20 April 2029 (NZD Mid-swaps + 43.3bps).
The deal was driven by a reverse-enquiry anchor order out of Asia. It was announced on 21 February 2019 and books opened at the beginning of the Asian afternoon on the same day, with NZD 100 million minimum deal size. Given volatile market conditions, books closed relatively quickly the same day, to ensure pricing remained within the anchor investor's target. At Asia close, a new NZD 150 million 10-year Kauri transaction was launched, with all the demand coming from Asia.
The transaction marks the Bank's second and largest ever Kauri issuance in this rare maturity. The African Development Bank launched their inaugural NZD 100 million 5-year Kauri benchmark in

2014. Importantly, this transaction represents the Bank's first Kauri issued under one of the High 5 themes, "Light up and Power Africa".

The Bank will direct an amount equal to the net proceeds of the issue of the Notes to lending projects which aim to "Light up and Power Africa", subject to and in accordance with the Issuer's lending standards, and on a best efforts basis. The proceeds of the Notes will be included in the ordinary capital resources of the Issuer and will be used for the general operations of the Issuer in accordance with the Agreement establishing the African Development Bank.

Access to energy is critical for industrialisation to take hold in Africa, creating jobs and unlocking economic potential. It is also key to improving people's health, education and quality of life. Yet access to energy remains unacceptably low across the continent. Reliable, affordable power is urgently needed to transform Africa's economy and achieve the UN Sustainable Development Goals (SDGs).

This new issue is in line with several of the UN SDGs:

Daiwa was sole lead manager on the Bank's NZD 150 million 10-year Kauri Bond.

"*Daiwa is thrilled to have arranged the African Development Bank's 's inaugural SRI Kauri bond to "Light up and Power Africa", building on its strong franchise in the Global Capital Markets and embedding even further their long standing commitment to the Socially Responsible Investment (SRI) market. Daiwa has led over 100 SRI trades in various markets, across 9 currencies and encompassing 21 different themes and is immensely proud to highlight the 10-year track record of SRI trades with the African Development Bank.*" **Vince Purton, Head of DCM at Daiwa**

"*The African Development Bank is delighted to be able to respond to the needs of SRI investors and issue a 10-year themed Kauri bond. Demand for issues linked to our High 5 strategy remains strong and allows us to direct proceeds towards the most vulnerable people in Africa. About 600 million people in Africa have no access to electricity and we remain committed to helping them escape from energy poverty.*" **Hassatou N'Sele, Treasurer, African Development Bank Group**

Bond Summary Terms:

Issuer:	African Development Bank
Issuer rating:	Aaa/AAA/AAA/AAA (Moody's/S&P/Fitch/Japan Credit Rating Agency)
Amount:	NZD 150 million
Pricing date:	21 February 2019
Settlement date:	7 March 2019 (T+5)
Coupon:	2.85% Fixed, Semi-Annual Act/Act
Maturity date:	7 March 2029
Re-offer price:	99.603%
Re-offer yield:	2.896% annual
Re-offer spread:	Mid-swaps + 43.3bps / NZGB 3% 20 April 2029 + 70bps
Sole Lead manager:	Daiwa Capital Markets Europe Limited
ISIN:	NZAFBDT003C1

Contacts
For further details, please contact the African Development Bank funding team: fundingdesk@afdb.org

Angola: African Development Bank organizes roadshow to whet investor interest ahead of Africa Investment Forum 2019
The African Development Bank has organised a roadshow to drum up support from Angolan investors ahead of the second edition of the Africa Investment Forum (AIF) in November 2019.
The Angola Country Office of the African Development Bank Group, in collaboration with Executive Director of the Export Promotion and Private Investment Agency (AIPEX) and the Ministry of Economy and Planning (MEP), organized the Luanda roadshow, held on 11 April 2019. About 170 participants from the public and private sector attended.
The Bank's maiden investment forum held in November 2018 saw an unprecedented gathering of world-class investors, meeting with the aim of bridging the continent's growing infrastructure investment gap. The event exceeded all expectations with projects worth over US$38.7 billion securing investment interest in 72 hours.
Joseph Ribeiro, Bank Country manager for Angola, Ezekiel Odiogo, the Africa Investment Forum Department's Head of Private Sector Investment Operations, Neima Ferreira, Senior Investment Officer of the Africa Investment Forum and Elsa Nabenge, consultant economist and local private sector focal point, represented the Bank team at the event. During the event, Marcelino Pinto, MEP Director for Economy, Competitiveness and Innovation and José Chinjamba, AIPEX Executive Director, showcased Angola's economic reform plans over the last 15 months, aimed at attracting foreign investments and creating an enabling environment for businesses to thrive.
They highlighted the fact that the Angolan authorities had established the Domestic Production, Export Diversification, and Import Substitution programme (PRODESI), as part of its agenda to achieve accelerated private sector-led economic diversification. "The implemented and ongoing set of reforms, as well as the instruments of credit facilitation, attest to the Government's willingness to support private activities in order to take advantage of opportunities offered by platforms such as the Africa Investment Forum," Pinto told participants, made up of representatives of commercial banks, development financial institutions, transaction advisors and investment fund managers.
Also addressing the gathering, Ribeiro said Angola needed substantial investments in strategic sectors for diversified economic development, in order to enhance its position as Sub-Saharan Africa's third largest economy. "To this end, it is not only fundamental, but necessary, to join efforts to overcome the challenges that are posed to the development of the private sector in Angola," he added. Representatives of chambers of commerce in Angola, start-ups and accelerators, project sponsors, promoters and developers also attended the event.
To date, 26 projects have been identified in Angola, covering various sectors including infrastructure, agribusiness, waste management and recycling, renewable energy and ICT. The projects are currently being screened through ongoing B2B sessions.
The Angola roadshow is one of several other events to be convened in the Southern Africa region by the Bank's Africa Investment Forum team in preparation for the 2019 Forum, which will take place from 13-15 November 2019, at the Sandton Convention Centre in Johannesburg.
Technical contact: Ezekiel Odiogo, Head of Private Sector Investment Operations, African Development Bank

World Bank Provides Over $200 Million to Help Increase Access to Electricity in West Africa and the Sahel Region
WASHINGTON, April 22, 2019— The Board of the World Bank Group approved on April 17, 2019 the Regional Off-Grid Electrification Project (ROGEP), which includes $150 million in the form of credit and grant from the International Development Association (IDA)* and $74.7 million contingent recovery grant from the Clean Technology Fund to help the West African Development

Bank and ECOWAS' Center for Renewable Energy and Energy Efficiency expand off-grid access to electricity for populations in 19 countries in West Africa and the Sahel region, including Benin, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Chad, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo.

The overall objective of ROGEP is to increase electricity access of households, businesses, and public institutions using modern stand-alone solar systems through a harmonized regional approach. The project is expected to benefit about 1.7 million people currently living without electricity connection or with unreliable supply, as well as businesses and public institutions who will use modern stand-alone solar systems to improve their living standards and economic activities.

"So far, only 3 % of households in West Africa and the Sahel are served by stand-alone solar home systems, and 208 million people in the sub-region do not have access to electricity. The project seeks to assist regional policy makers to address barriers to create a regional market for stand-alone solar systems, which is essential to reduce energy poverty in the region, and entrepreneurs to take opportunities in this market through development of scalable business solutions," said **Rachid Benmessaoud, Coordinating Director for Regional Integration in West Africa**. *"The new project will help adopt regional standards and regulations to establish a regional market with harmonized policies that will attract larger market players for the benefit of all participating countries."*

Although stand-alone solar systems have a large market potential in West Africa and the Sahel, investments in off-grid renewable energy have lagged behind in the sub-region. The new project maximizes finance for development by crowding in private investments to deploy innovative technologies. By developing a regional market, it will help better address the important growth in demand for reliable electricity and will help create jobs.

The new project is aligned with the World Bank Group's twin goals of poverty reduction and shared prosperity and the Africa Climate Business Plan. Furthermore, it will implement a pilot to test business models to electrify schools and health clinics critical for the Human Capital Project in West Africa.

* The World Bank's International Development Association (IDA), established in 1960, helps the world's poorest countries by providing grants and low to zero-interest loans for projects and programs that boost economic growth, reduce poverty, and improve poor people's lives. IDA is one of the largest sources of assistance for the world's 75 poorest countries, 39 of which are in Africa. Resources from IDA bring positive change to the 1.5 billion people who live in IDA countries. Since 1960, IDA has supported development work in 113 countries. Annual commitments have averaged about $18 billion over the last three years, with about 54 % going to Africa.

INVESTMENTS

Angola looks to attract investment at an economic forum in Guangzhou

The Luanda-Bengo Special Economic Zone and its potential were the themes for a presentation to Chinese businesspeople during the Angola-China Investment Forum held in Guangzhou, the capital of China's Guangdong province, according to official information. During the Forum, the president of the Luanda-Bengo SEZ, António Henriques da Silva, said that the zone, with an area of 178,000 hectares, was progressing in terms of factory installation, including plants for metallic products, agricultural and energy equipment, among others. "The Luanda-Bengo Special Economic Zone has abundant mineral resources, a young workforce, a good geographic location, low transport and logistics costs, and a national consumer market estimated at around 30 million people, which are our competitive advantages," he said.

The Luanda-Bengo SEZ is a state-owned, comprising 21 flexible reserves, seven of which are industrial, six agricultural and eight mining, distributed among the municipalities of Viana (8,000 hectares), Cacuaco (20,000 hectares) and Icolo e Bengo (30,000 hectares), in the province of

Luanda, and in the municipalities of Dande and Ambriz (total of 120,000 hectares), in the province of Bengo. The Government of Angola, through the State Assets and Investments Management Institute (IGAPE), is in the process of selling seven companies in that SEZ, which has already attracted the interest of over 60 national and international investors, the latter from Portugal and Spain.

Investment opportunities in Angola were also presented at the forum in Guangzhou, in a presentation by the president of Angolan Private Investment Agency for Export (Aipex), Licínio Contreiras. The Angolan delegation, which visited the city for the spring edition of the Guangzhou Fair, held from 15 to 19 April, paid a visit to the Foshan Industrial Park, which occupies an area of 600 square kilometres. (Macauhub)

Government of Angola establishes the status of Authorised Economic Operator

Twenty major import and export companies from Angola will be designated as Authorised Economic Operators (OAS), the director of the Customs Services of the General Tax Administration (AGT) announced in Luanda. Garcia Afonso said that the OAS, a customs status established for non-taxpayers, is a mechanism to facilitate trade by simplifying customs procedures and reducing non-tariff barriers to international trade. The OAS programme, which was approved by Presidential Decree 293/18, of 3 December, calls for a focus on speed, with expedited handling of all customs dispatches submitted to the AGT by duly certified operators for customs clearance of imported goods. Afonso, quoted by daily newspaper Jornal de Angola, also said that as the programme gains capacity, small and medium-sized companies from different sectors will be included, “but these will be withdrawn from the programme if they are consistent re-offenders in their infractions.” The procedure will be open and voluntary and the companies concerned must comply with admission requirements, specifically adequate administrative organisation, organised accounts, up to date tax payments and no disciplinary or sanctioning measures equivalent to a prison sentence of more than one year. (Macauhub)

Government of Cabo Verde sells 10% stake in airline TACV

The government of Cabo Verde plans to sell 10% of the shares of TACV – Cabo Verde Airlines, through the country’s Stock Exchange, announced the Minister of State, Parliamentary Affairs and the Presidency of the Council of Ministers of Cabo Verde.

Fernando Elísio Freire recalled that the Cape Verdean state owns 49% of the airline, after having sold a 51% stake directly to Loftleidir Cabo Verde and added that the 10% will be sold for a unit price of 1,457 escudos and 5.0% will be reserved for workers and 5.0% for emigrants. “There are 100,000 shares that will be sold on the Cabo Verde Stock Exchange, and the necessary legal conditions are being created to do so,” said the minister, quoted by the Inforpress news agency. Loftleidir Cabo Verde paid 1.3 million euros for 51% of the capital of TACV and pledged to invest about US$5 million in the capitalisation of the company, with the State assuming an estimated liability of 100 million euros. The government spokesman also said that to complete the reform in the air transport sector the government is working on the concession of handling services and the separation of the airport business and air navigation, which will both remain 100% state-owned.

Meanwhile, TACV is expected to start flying to Angola next October, following the first regular Luanda-Sal flight by TAAG – Linhas Aéreas de Angola, with a stopover in São Tomé, announced the Cabo Verde Minister of Tourism, Transport and Maritime Economy. José Gonçalves was speaking at the end of the ceremony to launch TAAG’s flight to Cabo Verde, which took place at the Amílcar Cabral International Airport on the island of Sal, thus resuming a connection that had been interrupted for three years. (Macauhub)

Companies from China are willing to raise funds for construction projects in Mozambique

Chinese companies are willing to raise funds to finance development projects in Mozambique, as long as they fall under the government’s annual or five-year plans, said the Minister of Transport and Communications in Beijing. Carlos Mesquita, quoted by the AIM news agency, also said that the Mozambican delegation that visited China had noticed a change in the attitude of Chinese companies regarding the development of projects in Mozambique. “Business leaders are no longer waiting to get funding for project implementation based on bilateral cooperation agreements between the two countries,” he said.

The Mozambican minister made statements regarding signing of two memoranda of understanding between the Mozambican government and the China Construction and Communications Company (CCCC) for the development of infrastructure projects.

Under these memoranda, the minister said, Chinese companies will run a diverse range of projects, ranging from dams, such as the Mugeba Dam, in the province of Zambezia, railway lines, telecommunications, ports and roads, so that “there is an effective integration of Mozambique into the Chinese Belt and Road Initiative.”

The China Road and Bridge Corporation (CRBC) is one of the subsidiaries of the CCCC that already operates in Mozambique, having executed important works such as the Maputo-Catembe Bridge and the Maputo Circular road. Mozambican news agency AIM said the list of projects included National Road Number Six (EN6), between Beira and Machipanda (on the border with Zimbabwe), severely hit by Cyclone Idai, as well as EN1 linking the south, centre and north of the country, but with some sections in critical condition. (Macauhub)

BANKING

Banks

Africa's Biggest Fund Manager Is Said to Court Banker for CEO

- South Africa’s PIC is said to seek Kennedy Bungane as head
- Kennedy Bungane resigned as Phembani CEO at end of February

Africa’s largest fund manager is said to be considering financial services executive Kennedy Bungane to head the institution, according to people familiar with the matter. Responsible for most South African government workers’ pension funds, the Public Investment Corp. is being probed over allegations of wrongdoing that are currently a subject of a judicial commission of inquiry and resulted in a host of senior departures, including that of Chief Executive Officer Dan Matjila.

The PIC, which manages more than 2 trillion rand ($143 billion) in pension funds, plans to hire Bungane to ensure better governance at the Pretoria-based fund manager, said the people, who asked to remain anonymous because the plans are private. Bungane, 44, has a bachelor’s degree in corporate and investment finance, an MBA in advanced corporate finance from the University of Pretoria and completed an advanced management program at the Harvard Business School. He was head of Barclays Africa Group Ltd. outside South Africa and in 2014 became CEO of Pembani Group, a black-owned investment house that combined its assets with now-President Cyril Ramaphosa’s Shanduka Group. Prior to working at the Barclays unit, he was head of South African corporate and investment banking at Standard Bank Group Ltd. He is also the founder-chairman of Idwala Capital, a fixed-income asset manager. If appointed, he would be the first private sector appointee and youngest CEO of the PIC to date. The PIC didn’t immediately respond to questions.

The final report by the judicial commission on wrongdoing at the government worker’s pension fund manager is expected by the end of July. Following this, Bungane could take the role as permanent CEO, said the people. Bungane resigned as Phembani CEO at the end of February this year, they said. (By Loni Prinsloo, Bloomberg)

Societe Generale's Ivory Coast unit 2018 net profit up 6 pct

The Ivorian arm of French bank Societe Generale made a net profit of 42 billion CFA francs ($72 million) in 2018, up 6 % from 39.62 billion CFA francs in 2017, a company statement in newspaper Fraternite Matin showed on Thursday 25th April. The local business said it would pay a gross dividend of 225 CFA francs per share for 2018, down from 645 CFA francs per share the previous year. ($1 = 581.4800 CFA francs) (By Loucoumane Coulibaly, Reuters)

Abu Dhabi fund deposits $250 mln in Sudan c.bank

The state-financed Abu Dhabi Fund for Development deposited $250 million in Sudan’s central bank as part of a previously-announced grant, state news agency WAM said. The deposit was part of the $3 billion grant to Sudan announced by the United Arab Emirates and Saudi Arabia earlier this month, which included a $500 million central bank deposit Saudi state news agency SPA said when it was announced. Sudan’s economic crisis triggered mass protests that led to the ouster of former President Omar al-Bashir earlier this month. The country of 40 million has been suffering from rapid inflation and shortages of cash, fuel and other basic products. A transitional military council took over from Bashir. Demonstrations have continued as protesters call for a rapid handover of power to civilians. (By Hadeel Al Sayegh, Reuters)

African Development Bank signs $50 million agreement with Natixis to boost trade finance in Africa

The African Development Bank on Wednesday April 24, 2019 signed a US$50 million risk participation agreement (APR) with investment and corporate bank Natixis.

The 50/50 risk-sharing agreement covers a portfolio of commercial transactions **totaling US$100 million**, which will support commercial operations worth US$600 million in Africa over the next three years. "This historic agreement allows us not only to better support our clients in Africa, but also to further strengthen the strategic relationship that we have the privilege of developing with the African Development Bank," said Marc Jaskowiak, Senior Banker representing Natixis, who signed the agreement.

The RPA will meet the growing demand of African markets for trade finance in key economic sectors such as agribusiness, health, services and industry. In addition, it will promote the diversification of the economy, generating growth, jobs and additional tax revenues for several African states. The agreement will notably benefit African commercial banks as well as SMEs on the continent, by guaranteeing them better access to financing for their foreign trade operations. "Today's signing is important as it responds to our desire to develop financial partnerships with strong non-regional banks, to boost trade finance in Africa and further support intra-African trade, as outlined in our Trade Finance Program endorsed in 2018," said African Development Bank Director of Financial Sector Development, Stefan Nalletamby. "This agreement will allow us to extend our support to African SMEs, but also to local banks in French-speaking countries and some transition states."

About Natixis

Natixis is the international financing institution, investment, asset management, insurance and financial services division of Groupe BPCE, the second-largest banking group in France, with 31 million customers through its two networks, Banque Populaire and Caisse d’Epargne. Natixis has expertise in four business areas: Asset and Wealth Management; Corporate and Investment Banking; Insurance; and specialized financial services. It supports its financial institutions and institutional investors’ clienteles around the world, as well as the individual, professional and SME clients of Groupe BPCE’s two networks. (AFDB)

National Bank of Angola rules that banks must apply differentiated interest rates

Commercial banks operating in Angola will have to apply differentiated interest rates to their clients, under Instruction 04/2019, of 26 April, released in Luanda by the National Bank of Angola (BNA). The document, which comes into force 30 days after the date of its publication, sets out that interest rates should be established according to the specific risk classification of each operation, determined, among other things, on the level of risk assigned to each client, the characteristics of the product and the guarantees provided.

The preamble of the Instruction, which also prevents the granting of credit in national currency with the capital indexed to a foreign currency, sets out that it is based on the need to establish guidelines on the terms and conditions of credit agreements and procedures for the assessment of customers' creditworthiness. The BNA also ruled that home loan agreements should not be for longer than 30 years and that consumer credit should not exceed five years. The document also stipulates that the Loan-to-Value ratio of a property must not exceed 90% for own and permanent housing and 80% for other purposes.
However, this percentage rises to 100% when it comes to the acquisition of real estate assets owned by the banks themselves or in the case of real estate leases. The Instruction further determines that when contractual changes result from the customer's financial difficulties, banks may not increase credit charges by raising the interest rate or by charging commissions or expenses related to the restructuring of the loan. (Macauhub)

Markets

African Development Bank, partners meet over Securities Exchanges linkage project

The African Development Bank, working with the African Securities Exchanges Association (ASEA), hosted the first capital market stakeholders roundtable on the African Exchanges Linkage Project (AELP) at the Bank's headquarters in Abidjan, Côte d'Ivoire on 24 April, 2019.
The AELP is a joint initiative by the Bank and ASEA to facilitate cross-border trading and settlement of securities across participating bourses in Africa. It also seeks to unlock Pan-African investment flows, promote innovations that support diversification needs of investors, and address the lack of depth and liquidity in Africa's financial markets.
The one-day meeting marked the inaugural working session of key players across African capital markets to discuss the implementation of the initiative, which in November 2018, received a grant of US$980,000 from the Korea-Africa Economic Cooperation fund via the Bank.
In his opening remarks, Pierre Guislain, Vice-President, Private Sector, Infrastructure and Industrialization of the Bank said: "*The partnership between us and ASEA complements the Bank's interventions towards deep and resilient capital markets in Africa. The African Exchanges Linkage Project will contribute to a wider financing pool for African corporates and SMEs and help close Africa's infrastructure deficit, estimated at US$67–107 billion annually. Indeed, the Continent needs deep, liquid and linked Capital Markets that will enable accelerated mobilization of domestic resources and incentivize private financing of infrastructure*".
ASEA President and chief executive of the Casablanca Stock Exchange Karim Hajji noted the importance of the project, saying: "*Regional integration is a high priority continental agenda. By organically linking seven exchanges in Africa which collectively have a market capitalization of over US$1.4 trillion, the AELP will stimulate intra-African flows and provide opportunities for investors and trading participants in over fourteen African countries. With the expected outcome of boosting liquidity in African capital markets, the AELP will unlock the powerful potential of African markets to access and redistribute domestic capital for economic development.*"
The discussions focused on regulatory, foreign exchange and operational considerations for implementing the proposed cross-border linkage, as well as the investment climate. The partners agreed that the linkage be implemented using a Sponsored Access trading model in the first phase, which is supported by the existing legal and regulatory frameworks in the participating jurisdictions.
In attendance were executives and senior management of the Bank, ASEA, the participating Exchanges such as Bourse Regionale Valeures Mobilieres, Casablanca Stock Exchange, The Egyptian Exchange, Johannesburg Stock Exchange, Nairobi Securities Exchange, The Nigerian Stock Exchange and the Stock Exchange of Mauritius.
Participating partners from the financial sector included the Banque Centrale des Etats de l'Afrique de l'Ouest, Le Conseil Régional de l'Epargne Publique et des Marchés Financiers, Autorité

Marocaine du Marché des Capitaux, Securities and Exchanges Commission of Nigeria, and the Capital Markets Authority of Kenya.

Others are the Association Professionnelle des Sociétés de Bourse, Association of Stockbroking Houses of Nigeria, Kenya Association of Stockbrokers and Investment Bankers, Association Professionnelle des Banques Teneurs de Compte Conservateurs, Maroclear, Central Securities Clearing System, Nigeria, Central Depository and Settlement Corporation Ltd., Kenya and Afrinvest West Africa.

Technical contact: Akin Morounfolu Adigun, Senior Capital Markets Officer (AFDB)

Cabo Verde invited to submit proposal to solve loan contracted in Portugal

Cabo Verde will present a technical proposal to Portugal to solve the repayment of a loan contracted to finance the country's "Casa para Todos" (House for All) social housing programme, the Portuguese prime minister said last weekend. "There is a loan whose first maturity is in 2021 and what is agreed between the two governments is that we will work in a way to stagger the payments of this loan according to the financing needs of the Cape Verdean and Portuguese economies," said António Costa. The prime minister spoke at a joint press conference with his Cape Verdean counterpart Ulisses Correia e Silva at the end of the work of a two-country summit in Lisbon. Portuguese news agency Lusa reported that Ulisses Correia e Silva had previously stated he intended to address with the head of the Portuguese government the issue of the staggering or possible pardon of the commercial loan taken on by Cabo Verde from Portugal to finance the social housing programme "Casa para Todos." Cabo Verde benefitted from a Portuguese credit line of 200 million euros to finance the "House for All" housing programme and used just 159 million euros, but the Cape Verdean government has repeatedly expressed its interest in seeing the debt pardoned or renegotiated.

The programme, which was launched in 2010, envisaged the construction of 6,010 homes to reduce the country's housing deficit, but it experienced a number of problems and, in addition to credit line debt, accumulated debt in compensation and default interest to the construction companies. An audit by the current government pointed to failures in the concession and financial forecasts of the programme, which would eventually lead to the technical bankruptcy of the managing body, Imobiliária, Fundiária e Habitat. (Macauhub)

Sudan signs $200 mln loan with Kuwait-based fund

Sudan has signed a deal for a $200 million loan from the Kuwait-based Arab Fund for Economic and Social Development, state news agency SUNA reported. The loan would be used to support development projects in Sudan, SUNA said without giving further details. Sudan's economic crisis helped trigger mass protests that led to the ouster of former President Omar al-Bashir earlier this month. The country of 40 million has been suffering from rapid inflation and shortages of cash, fuel and other basic products. A transitional military council took over from Bashir. Demonstrations have continued as protesters call for a rapid handover of power to civilians. (By Khalid Abdelaziz, Reuters)

Kenya Central Bank Head Doesn't Agree With IMF on the Shilling

- IMF made mistakes in its calculation, Governor Njoroge says
- Drought would shave 1 percentage point off GDP growth

Kenya's central bank sees the shilling as fairly valued, unlike the International Monetary Fund, Governor Patrick Njoroge said.

The central bank doesn't "agree with the IMF's assessment" that the shilling is about 17.5 % overvalued, Njoroge said in an interview with Bloomberg Television. "We believe that there were mistakes in their calculation."

The IMF last year reclassified the shilling from "floating" to "other managed arrangement" to reflect the currency's limited movement due to periodic central bank interventions. The currency has been fairly stable for the past 3-1/2 years and the regulator has been steadfast in saying it only intervenes in the market to reduce volatility. "We do not prop it up," Njoroge said. "We have a flexible exchange rate. We do not target a rate or direction." The shilling was at 101.21 against the dollar by 9:25 a.m. in Nairobi, up 2 % from a 103.23 low in November. For the year to date, the unit has gained 0.6 %, according to data compiled by Bloomberg.

GDP Growth

Kenya, the world's largest exporter of black tea, is facing a prolonged dry spell that's left more than a million people in need of food aid. If that ends up being a severe drought it could take about 1 percentage point off economic growth this year, bringing expansion down to 5.3 % from the government's current forecast of 6.3 %, Njoroge said. There would also be an impact on the nation's current account, but the central bank can manage that, he said. (By Paul Wallace, and David Herbling, Bloomberg)

Kenya Expects Conclusion of IMF Loan Talks in a Few Months

- Central bank governor sees facility similar to previous one
- Planned Eurobond to roll over debt, not new net financing

Kenya's central bank governor said he expects negotiations with the International Monetary Fund for a new standby-loan facility to conclude in months. "We discussed the general direction" of the facility in Washington last week, Patrick Njoroge said in an interview with Bloomberg Television. "We expect it to be concluded in the next few months." Njoroge said the government is seeking a facility aligned to what it had before to be drawn upon in the event of shocks that can't be dealt with using normal measures. Kenya's previous facility of $1.5 billion expired in September. There is no rush in terms of balance-of-payments needs, Njoroge said. Kenya wants to have ownership of the program and policies that support it. "That's what we are discussing," he said. The East African nation is the world's largest exporter of black tea, one of its main sources of foreign currency, and is facing a prolonged dry spell that's left more than one million people in need of food aid. The government forecasts economic expansion of 6.3 % this year, but if delayed rainfall ends up being a "severe drought," it could take about 1 percentage point off that growth rate, according to Njoroge.

Eurobond Refinancing

Negotiations for the IMF facility are happening as the government plans to sell $2 billion of Eurobonds this year. Njoroge said the proceeds will be used to refinance debt due in June. "The Eurobond that we are thinking of has been already anticipated in the budget," Njoroge said. "It will not lead to new additional net financing, but rather lengthening the maturity or refinancing the Eurobond that are maturing." (By Vonnie Quinn and Guy Johnson, Bloomberg)

Maleiane confirms agreement to restructure MAM debt; Proindicus sovereign guarantees to be withdrawn

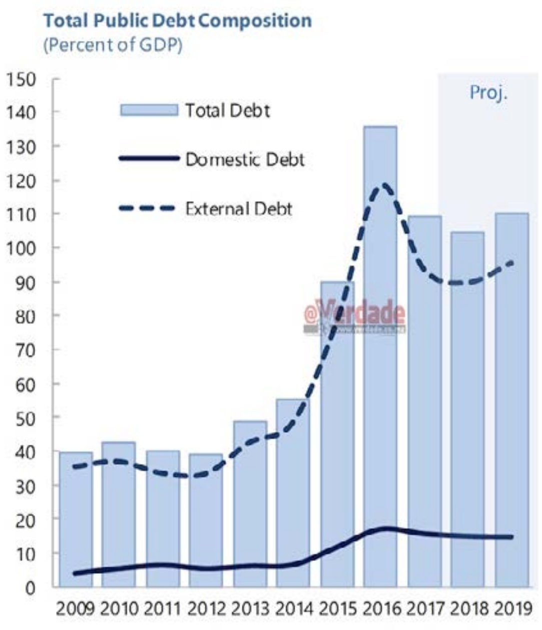
The Minister of Economy and Finance, Adriano Maleiane has told @Verdade that an agreement in principle to restructure the Mozambique Asset Management SA (MAM) debt of US$535 million has been reached. MAM is one of the three companies that contracted loans with illegal Mozambican government sovereign guarantees between 2013 and 2014. @Verdade has however established that the government, in view of the corruption revealed by the US authorities, has told the International Monetary Fund (IMF) that it is to repudiate the sovereign guarantees in the case of Proindicus. Minister Maleiane told @Verdade on Thursday (April 18) that: "With VTB and MAM we are at a level as we are with bondholders, there is an agreement in principle but also on the basis of what has now happened (case of corruption revealed by US courts allegedly involving former Minister Manuel Chang and other suspects formerly working at the Credit Suisse bank and the Privinvest Group) we are improving the model so that the state is not harmed."

The US$535 million loan was contracted with Russian bank VTB Capital in 2014, with sovereign guarantees signed by the then-minister of finance Manuel Chang, but without the necessary approval of the Assembly of the Republic, and in violation of the Budget Law limit for that year.

Under the contract, which @Verdade has seen, capital amortisation should have started on May 23, 2016, and, had it been honoured, would have been completed on May 23 this year (2019) and, including interest, would have cost the company US$644,021,520.00 dollars.
Neither MAM nor the Mozambican government have ever made any repayments, so both are in default to the Russian bank, which by 2018 was owed US$188 million in interest alone, to which were added penalties of US$14 million. Maleiane did not explain the restructuring model agreed upon but @Verdade knows that it will be similar to the agreement reached with Ematum bondholders, and consist of reducing to a sustainable amount the instalments of interest to be paid until 2023, payments thereafter being made from the long-anticipated Rovuma Basin natural gas revenues, totalling, by the mid-2030s, about US$1.5 billion.

Proindicus should enter into a normal bankruptcy

With respect to US$622 million loan contracted in 2013 by Proindicus SA to banks Credit Suisse and VTB Capital, of which the Nyusi government in 2016 amortised US$67,514,720 of principal and interest, Minister Maleiane told @Verdade that "it is clear that the justice organs [are] already in the process of withdrawal of the guarantee, but this is a matter of the Attorney General's Office".
The Zitamar News portal reports that the Mozambican government has told the IMF mission that visited the country that "it has no intention of supporting Proindicus, and that it should enter into a normal commercial bankruptcy proceedings".
In support of the civil action filed by the Mozambican Public Prosecutor's Office at the High Court of Justice Commercial Court of England and Wales, "against the banks, companies and managers involved in the contracting of loans", the government expects to be able to repudiate the sovereign guarantees issued to Proindicus, a company former president Armando Guebuza said was "a Defence and Security Forces company, having as its main objective the protection of Mozambique's Exclusive Economic Zone".
Created on January 8, 2013, Proindicus was the first of the three state-owned companies to contract loans with illegal sovereign state guarantees. Proindicus is co-owned by the Ministry of National Defence, through its public limited company Monte Binga, and the Social Services of the Information Service and State Security (SISE), through GIPS (Management of Investments, Participations and Services, Limited).



The government's position has already led the International Monetary Fund to withdraw Proindicus debt from its balance of total Mozambican public debt, which now represents 4.2 % less in terms of gross domestic product, but is still unsustainable. In 2018, total public debt should be around 111.9 % of GDP, falling back in 2019 to 118 %, including National Hydrocarbons Company (ENH) borrowing.
Mozambique needs to make its Public Debt sustainable not only to be able to pay it, but mainly to be able to negotiate a new IMF Financial Program whose policies prevent it from "lending to a country whose debt is unsustainable," as Ricardo Velloso recently explained in Maputo. (By Adérito Caldeira, Club of Mozambique)

ENERGY

CEO of South Africa Power Giant Says the Worst Is Past

- Maintenance issues are known and costs are being scrutinized
- Utility's waning revenue is expected to continue, Hadebe says

Almost 15 months into the job, and the boss of South Africa's state-owned electricity company is getting to grips with issues spanning corruption to defective power plants that threatened to collapse the grid. "The days of surprises are over," Eskom Holdings SOC Ltd. Chief Executive Officer Phakamani Hadebe said in an interview. "We just have to speed up the process of turning things around.''

Hadebe said a "breakdown in corporate governance'' and the financial viability of the business were the biggest challenges when he was appointed after President Cyril Ramaphosa took over leadership of the country. The CEO also faced increasing operational issues, forcing Eskom to implement periodic power cuts from December through March. Now the situation is under control, he said.

The utility, which provides 95 % of the electricity to the most industrialized nation in Africa, announced earlier this month a plan to minimize power cuts after an assessment with a technical review team identified the root causes of unplanned breakdowns. "We know what needs to be done and we have an idea of how it should be done and we're in a better space now,'' he said. "We have reason to have high expectations.''

The new Medupi and Kusile plants have ballooned to more than 300 billion rand ($21.2 billion), and the discovery of defects will add further to their cost. Still, Hadebe said there are encouraging signs for the next boilers to come online.

Death Spiral

Ramaphosa in February announced plans to divide Eskom into generation, transmission and distribution units, as it joins other utilities in experiencing the so-called "death spiral," where demand is in terminal decline as alternative sources of electricity become available such as solar panels and clients switch to more efficient equipment like light emitting diode, or LED, lights.

The split helps to achieve transparency and will allow for "clarity of operations" and more accountability by managers for the performance of stations and units, according to Hadebe.

Revenue will continue to drop by 1 percentage point a year, which is about 2 billion rand ($142 million), he said. Eskom can make a difference by reducing costs, primarily through procurement and coal purchases, Hadebe said.

Treasury Background

When Hadebe worked at Treasury until 2008, one of his responsibilities was to look at the financial oversight of state-owned companies including Eskom. The utility's debt has since increased more than 11-fold to 450 billion rand, he said.

The malfeasance, which boosted Eskom's debt and the tackling of which was a large part of his original mandate, has largely been addressed, according to Hadebe. "While there might be pockets of corruption, it's not that the tentacles start from the board,'' the CEO said. (By Paul Burkhardt, Bloomberg)

Tanzania eyes 10,000 MW power generation capacity by 2025

Tanzania aims to have six times its current power generation capacity by 2025 through investment in thermal and renewable energy, deputy energy minister Subira Mgalu told parliament.

The East African country boasts reserves of over 57 trillion cubic feet (tcf) of natural gas, but faces periodic power shortages. Investors have long complained that a lack of reliable power hurts business in the country. "Implementation of various power generation projects will increase the capacity of our national power grid from 1,602 megawatts presently to 10,000 megawatts by 2025," Mgalu told parliament.

Tanzania has said it plans to export surplus electricity to energy-starved nations in eastern and southern Africa once it has boosted its generation capacity. "We need to have abundant and reliable power from an energy mix that includes hydropower, natural gas, solar and wind," Mgalu said.

The government awarded a tender last year to a joint venture of Egyptian companies, El Sewedy Electric Co and Arab Contractors, to build a $3 billion hydroelectric plant at Stiegler's Gorge that will produce 2,100 MW upon completion in three years' time. Conservationists oppose construction of the power plant in a world heritage site and an independent study has suggested the cost could rise to up to $9.85 billion. (By Fumbuka Ng'wanakilala, Reuters)

Transcorp Nigeria Wins Afam Power Sale With $293 Million Bid

- Nigeria broke up its state utility in effort to boost output
- Company chairman aims to invest $2.5 billion in power projects

Nigerian businessman Tony Elumelu’s Transnational Corp. of Nigeria Plc was named the preferred bidder for Afam Electricity Generation Co. with a 105.3 billion-naira ($293-million) bid, amid plans to increase generation in the electricity-starved nation.

Transcorp, owned by United Bank of Africa Chairman Elumelu, was successful with its offer for Afam, which operates a natural-gas fired power plant in Nigeria’s southern Rivers state, it said in a statement. Elumelu said in March that he plans to invest as much as $2.5 billion in power projects in the West African nation, the continent’s biggest oil producer. Nigeria broke up its state-owned power monopoly in 2013 and began selling distribution units and the hydro- and natural gas-powered plants it ran to attract investment needed to expand supplies. Companies including Transcorp, Korea National Electric Co. and Forte Oil Plc have paid more than $3 billion for controlling interests in 15 power generators and distributors.

Africa’s most populous nation, with almost 200 million people, struggles with an intermittent power supply, which has impeded economic development for decades.

Quest Electricity won the bidding for a 60 % stake in Yola Electricity Distribution Plc with a bid of 19 billion naira, Lagos-based ThisDay newspaper reported, citing Nigeria’s Bureau of Public Enterprises. (By Tope Alake, Bloomberg)

INFRASTRUCTURE

China to finance expansion projects at São Tomé and Príncipe international airport

China will finance the modernisation and expansion of São Tomé and Príncipe’s international airport, with work to begin later this year, the economic and trade advisor of the Chinese Embassy announced in São Tomé. Gao Jinbao announced China’s financial support during the ceremony to present the project, which was attended by Prime Minister Jorge Bom Jesus and members of the Chinese government mission in São Tome and Príncipe to complete the technical studies of the work.

In addition to extending the runway from 2,170 metres to 2,800 metres, the Chinese embassy’s adviser said the project also includes expanding the aircraft parking apron, restoring the lighting system, updating air traffic control and the cargo terminal along with other work. The presentation of this project took place less than a month after the São Tomé prime minister’s visit to China, where he met with his Chinese counterpart, Li Keqiang, with whom he discussed bilateral cooperation issues. A World Bank study published in July 2018 reported that the expansion of the runway and modernisation of the remaining facilities at São Tomé International Airport had an estimated cost of US$31 million. (Macauhub)

New Luanda international airport could start operating in 2022/2023

The construction of Luanda’s new international airport is expected to be completed in 2022/2023, with financial resources being secured through a credit line granted by China, a public official said.

Mário Domingues, coordinator of Angolan airport and air navigation company ENANA, said that a technical team is carrying out an evaluation of the work and should submit a report by the end of June. “The report from the technical team will serve as the basis for the preparation of a new work programme, and the airport is expected to start operating in 2022/2023,” he said.

The Angolan government wants the new facility to be as modern as possible and to meet the standards of the international civil aviation organisation, said Domingues, in statements to Rádio Nacional de Angola. Construction is being carried out by the China International Fund Limited

(CIF), which was hired by the Angolan government for US$3.8 billion, with the equipment ordered from the China National Aero-Technology International Engineering Corporation for US$1.4 billion. Last week the Economic Commission of the Council of Ministers approved the process of restructuring and de-merger of ENANA.

The company was transformed into a commercial company with fully public capital, called Sociedade Nacional de Gestão de Aeroportos, with the purpose of operating civil aviation airport services. National air navigation company, Empresa Nacional de Navegação Aérea, was also set up to explore the air navigation business, thus separating the responsibilities related to air navigation and airport exploration and management activities. (Macauhub)

Kenya secures $666 million from China for tech city, highway - Reuters 270419

Kenya has secured 67.5 billion shillings ($666 million) in funding from China to build a data centre in a tech city currently under construction and a highway in Nairobi, the president's office said on Friday 26th April. Kenya has turned to China over the past few years for funds, technology and equipment to develop its infrastructure, including its biggest project since independence, a new railway linking Mombasa to Nairobi, opened in 2017.

The new funding will consist of loans at low interest rates and partnerships with private firms. The tech city will be built in Konza, about an hour's drive from Nairobi. Chinese telecoms firm Huawei will develop the Konza project at a cost of 17.5 billion shillings, according to the statement from President Uhuru Kenyatta's office. It was issued from Beijing, where Kenyatta is attending the second Belt and Road Forum.

The remaining 50 billion shillings will go to build a highway in the capital linking the main airport with the suburbs, to be carried out by China Road and Bridge Corporation at a cost of 51 billion shillings.

Critics accuse Kenyatta's government of saddling future generations with unbearable debt burdens by borrowing more funds from China. The government says borrowing to build the infrastructure will spur economic development. ($1 = 101.4000 Kenyan shillings) (By Omar Mohammed, Reuters)

Rehabilitation of EN1 and EN6 an "absolute necessity" – President

Mozambique has a "necessary and absolute" interest in rehabilitating National Road Number Six (EN6), severely damaged by Cyclone Idai, and National Road Number One (EN1), which is showing severe damages in some sections, since both are roads vital to the economy of the region and the country.

This commitment to the restoration of these routes was expressed by President Nyusi during a bilateral meeting with his counterpart Xi Jinping in the course of the former's visit to China, which began. The Mozambican head of state's agenda included a meeting with Song Tao, minister of the International Department of the Communist Party of China's Central Committee, and a speech to a forum organised by the Communist Party.

Several large Chinese companies are willing to mobilise private capital to invest in development projects in Mozambique, provided that they are properly situated within the government's annual five-year plans.

The EN1 and EN6 are in line with this philosophy, the first as the "backbone of the country", while the second links the city of Beira and its port to Machipanda on the border with Zimbabwe. "We sense a change of attitude among Chinese companies regarding the development of projects in Mozambique. They are no longer just waiting for funding on the basis of bilateral relations between the two governments," Mozambican Minister of Transport and Communications Carlos Mesquita said. Speaking to reporters about the signing of two infrastructure project memoranda of understanding between the government of Mozambique and China Construction and Communications Company (CCCC), Mesquita said that Chinese companies would develop

infrastructure projects such as dams (in the case of the future Mugeba dam in Zambézia), railways, telecommunications, ports and roads.
The minister explained that Mozambique's extensive coast was the "perfect framework" for One Belt One Road initiatives, whose main focus is the development of an infrastructure network capable of ensuring interconnectivity and the global mobility of people and goods.
Today, President Nyusi is participating in the Second International Belt and Road Forum, an event that brings together 37 heads of state and government from all over the world, as well as the leaders of various international organisations and institutions. (By Almiro Mazive, AIM in Beijing, Club of Mozambique)

MINING

Four gold mines to start operating this year in Angola
The Chipindo gold deposit exploration project in Huíla province is expected to make US$64 million a year from the sale of 53,600 troy ounces, an official from Empresa Nacional de Ferro de Angola (Ferrangol) said in Luanda. Covering an area of 664.30 square kilometres, the Chipindo mine has an expected life of seven years and will create 70 direct jobs, with test operations already starting in March. Kayaya Kahala, who gave a speech ahead of Angolan Mining Workers' Day, which is scheduled for 27 April, added that other similar projects were at an advanced stage and are expected to begin work in the second half of the year.
The director said the projects were Buco-Zau and Lufo, located in Buco-Zau and Belize in the province of Cabinda, both with an estimated annual production of 3,858 ounces, as well as that of Tiandai Mining, located in Nambuangongo, Bengo province.
The Buco-Zau project covers an area of 322.80 square kilometres, with an estimated useful life of 57 years, taking into account the slow production rate in the first stage of exploration.
The Lufo project is slightly behind schedule but is due to start operating in the second half of the year, with the mine having an expected life cycle of 33 years, with Tiandai Mining starting in October. (Macauhub)

Angola wants to increase annual diamond production to 14 million carats
The Angolan government intends to increase the country's annual production of diamonds to 14 million carats, compared to the current 9 million carats, the Secretary of State for Geology and Mines said in Luanda. Jânio Correia Victor, who spoke on the sidelines of the presentation of sector statistics for the first quarter of 2019, also said that the market is "stable" and therefore it is possible to achieve this level of production.
Angola's national diamond trading company, Sodiam made US$368.66 million from the sale of 2.64 million carats in the first quarter, a year-on-year increase of 31.5%, with an average price per carat of US$139.26, a year-on-year increase of 6.9%.
In the period under review, 94.6% of the diamonds sold came from kimberlites, with the difference made up of production by alluvial diamonds, with the provinces of Lunda Norte and Lunda Sul accounting for 93.6% and 6.4% of total diamonds, respectively. (Macauhub)

Saudi miner Ma'aden acquires fertiliser distribution firm operating in Mozambique, Malawi, Zimbabwe and Zambia
Saudi miner buys 85% of Meridian, which distributes 500,000 t of fertiliser across Malawi, Mozambique, Zimbabwe, and Zambia
Saudi Arabian Mining Company (Ma'aden) has inked a deal to buy fertiliser distribution firm Meridian in what is the group's first international acquisition as it bolsters its market share in Africa.

According to a filing on Saudi bourse Tadawul, Ma'aden signed a binding agreement to buy 85% of the Mauritius-based firm on 18 April. The deal is subject to regulatory approval and "other customary conditions", and is expected to close in Q3 2019.

The reaming 15% stake, Ma'aden said in its bourse missive, is expect to be acquired over the next four years.

HSBC acted as Ma'aden's financial adviser on the deal, and Baker McKenzie was the Saudi company's legal advisor for this pioneering acquisition.

Private equity investors, as well as minority shareholders, currently own Meridian, which is valued at $140m (SAR525m). It distributes close to 500,000 tonnes of material across Malawi, Mozambique, Zimbabwe, and Zambia.

According to the Ma'aden statement, the all-cash deal will provide the phosphate producer 3,000 staff and a network of operations to expand in Africa. Phosphate is used to produce fertiliser that is essential for replacing the phosphorous mineral that is removed from soil when agricultural plants are harvested. Darren Davis, Ma'aden's chief executive officer and president, described the acquisition as a "very important step in Ma'aden's strategy to build global distribution channels for our fertiliser products". Hassan Al-Ali, senior vice president for phosphate at Ma'aden, added: "This transaction will provide us with logistics advantages in Southeast Africa, and greater knowledge of on-the-ground customer requirements, both of which will be instrumental in better serving our customers."

The Story of Ma'aden

According to its website, Ma'aden is now among the fastest growing mining companies in the world and the largest multi-commodity mining and metals company in the Middle East. The introduction to the company, explains ow it has come a long way since 1997, when Ma'aden established by Royal Decree with a mandate to develop Saudi Arabia's minerals sector as the third pillar of Saudi industry, beyond oil and petrochemicals.

Ma'aden was wholly owned by the Saudi Government until 2008 when 50% of its shares were floated on the Saudi Stock Exchange (Tadawul). Today, Ma'aden is ranked among the top 10 global mining companies based on market capitalisation.

After investing significant effort, time and resources in building a world-class, unique and fully integrated mining value chain, adds the same source, Ma'aden is now focused on marketing our products worldwide, improving the return on our investments and consolidating our resources and experience – even as it continues to develop new locations and build new industrial plants.

In the 20 years since its foundation, Ma'aden has focused on gold, phosphate, aluminium, industrial minerals and copper. In the process, we have:

- built a new mining industrial mega-hub (Ras Al Khair), and a second mining city (Wa'ad Al Shamal), both in remote areas of Saudi Arabia;
- contributed significantly to the country's non-oil GDP;
- created thousands of jobs within a new mining industry work force;
- promoted new downstream industries;
- supported local communities through health, education and social initiatives;
- nurtured the development of many small and medium sized Saudi businesses;
- contributed to building new infrastructure facilities, and
- attracted significant foreign direct investment and advanced technology.

(Club of Mozambique)

Guinea boosts power output to foster bauxite refining

Guinea expects to boost its energy production capacity by nearly four-fold over the next six years as it pushes mining companies to refine their bauxite output locally, the energy minister said on Friday 26th April. The West African nation, Africa's biggest producer of the aluminium ore, is in the midst of a mining boom that has seen bauxite output explode, mainly on the back of demand from China. It now accounts for more than half of China's bauxite imports.

Seeking to use the mining sector to fuel economic development, the government is pressuring mining companies to commit to building facilities that will refine bauxite into higher value alumina, which is used in smelters to produce aluminium. “Mines are, quite simply, development. And the mines can’t develop without energy,” Cheick Taliby Sylla said on the sidelines of a mining conference in Guinea’s capital, Conakry. Guinea currently has power production capacity of just 658 megawatts. Much of the country has no access to electricity, and even the capital experiences frequent blackouts. Experts have therefore questioned the feasibility of establishing a power-thirsty refining sector. But Sylla said several projects in the pipeline will significantly boost output in the near future. “By 2025, we will have around 2,600 megawatts in terms of total production,” he said. “We can dedicate a quantity to (the mining companies) ... We will guarantee that supply of energy.” The 450-megawatt Souapiti hydro-electric dam is the first large-scale project expected to enter production. The dam, which is being built by China Water Electric with $1.3 billion in financing from China Exim Bank, will go online next year.
Sylla said 1.3 billion cubic meters of water will be directed into the dam’s reservoir during the country’s rainy season later this year. Around 15,000 people are being displaced by the project. Guinean Mines Minister Abdoulaye Magassouba said the increased power availability should drive companies to stick to the refining timetables set out in their agreements with the government. “There are contractual obligations that were entered into freely by mining companies,” he said. “We plan to respect to our commitments. And we expect our partners to respect their commitments.” MB - a consortium of Singapore’s Winning International Group, the world’s top aluminium producer China Hongqiao and Guinea’s UMS International - will begin construction of a refinery later this year. The facility, which will be capable of producing 1 million tonnes of alumina annually, is part of a $3 billion upgrade that also includes a 135-kilometre (84-mile) railway. (By Joe Bavier, Reuters)

OIL & GAS

Liberalisation of the oil sector in Angola is a “matter of time” says oil secretary
Angolan national oil company Sonangol has been transferring its concessionaire role to the National Agency for Oil, Gas and Biofuels (ANPG) since 18 April, the oil secretary said. José Alexandre Barroso, speaking in Luanda on the sidelines of the presentation of the oil market report for the first quarter of 2019, said that the Angolan concessionaire for the sector will contribute to a “greater liberalisation” of the market, which he said was just “a matter of time.” Since 18 April the ANPG, through Law 5/19, has been the new oil sector concessionaire, replacing Sonangol in this role, under the terms of a presidential decree. The Angolan government, as part of the ongoing restructuring of the oil sector, in February 2019 created the National Oil, Gas and Biofuels Agency with specific responsibility to act as the national concessionaire. The measure is part of an ongoing process of restructuring the oil sector with a view to ensuring greater political coordination, eliminating possible conflicts of interest, increasing transparency and efficiency of procedures and creating attractive conditions for private investment. The duties of the new Angolan concessionaire include regulating, supervising and promoting the execution of oil activities and contracting within the oil, gas and biofuels sector. (Macauhub)

Negotiations to build a refinery in Cabinda, Angola, almost concluded
Negotiations with the consortium that will build the Cabinda refinery, due to start operating in 2022, are almost complete, the president of Angola’s state oil company Sonangol, announced on Friday 26th April in Luanda. Carlos Saturnino, quoted by Angolan daily newspaper Jornal de Angola, also said “there are very advanced negotiations with the consortium regarding the financial part of the project,” as well as the equipment. The construction of the Cabinda refinery, which will have a daily processing capacity of 60,000 barrels of crude oil, was awarded to the United Shine

consortium, with 90% of the capital, in partnership with Sonangol Refinação (Sonaref) with the remaining 10%.
The president of Sonangol said that efforts are being made to speed up the formation of the consortium and its shareholder structure that will build the Lobito refinery, a project that has been suspended since 2016 due to falling oil prices. Saturnino reported that Sonangol and the Ministry of Mineral Resources and Oil had received a written confirmation that Zambia intends to be a shareholder in the Lobito refinery.
The Lobito refinery project, located on Morro da Quivela, 10 kilometres from Lobito, in an area of 3,805 hectares, represents an initial investment of US$10 billion and provides for the daily processing of about 200,000 barrels of oil. (Macauhub)

Angola's Sonangol plans to downsize to focus on core business
Angola’s state oil company Sonangol plans to divest 52 joint ventures, reduce staff and focus on its core business, part of an ongoing reorganisation and package of reforms designed to lure back investors, its chairman said on Friday 19th April. “We are going to sell, close or put out of our group a lot companies,” Carlos Saturnino told an oil conference in Paris. “Last year, we identified 52 joint ventures in which we want to sell our equity.” “Instead of investing in Australia, United States etc, Sonangol wants to become an oil company of reference in the African continent. This is major change for us,” he said, adding the objective was to make Sonangol more robust and agile. Oil accounts for 95 % of exports and around 70 % of government revenues in Africa’s second-largest producer.
Production has been in steep decline due to maturing fields and lack of investments, which Saturnino also attributed to lack of efficiency in decision-making by the previous administration. Angola’s oil production fell to 1.478 million barrels per day (bpd) in 2018 from 1.632 million bpd in 2017. Industry veteran Saturnino was brought back by Angolan President Joao Lourenco in September 2017 to help turn around Sonangol and reform the sector. “Lack of efficiency in approving projects led to a backlog of around $5 billion in projects between 2015 and 2017,” Saturnino said, adding the logjam had been mostly cleared and the number of projects gaining approval was rising. He said Angola had put in place reforms to relaunch exploration and attract oil majors to invest. Sonangol has carried out analysis on oil blocks with Total and ENI, and has held talks and signed initial agreements with Exxon Mobil. Most recently, it met with Shell to try to lure it back to Angola, Saturnino said. “We have 10 to 12 potential blocks up for exploration in Angola, so the potential is there,” he said. (By Bate Felix, Reuters)

Mozambique will eventually be one of the 10 largest producers of liquefied natural gas in the world
Mozambique is expected to become one of the world’s 10 largest producers of liquefied natural gas (LNG) in the next few years alongside Nigeria and Algeria in Africa, according to an analysis released by GlobalData. “Within a few years, about 30 million tonnes per year will be extracted, due to existing deposits in the Rovuma basin, where 125 trillion cubic feet of natural gas have already been discovered,” it said. The analysis, which is a summary of what has been written on the subject, stresses that stakeholders in the two consortia of Area 1 and Area 4 blocks will soon announce final investment decisions, with capital expenditures estimated at US$40 billion. The natural gas deposits already discovered in the Rovuma bay consist of 75 trillion cubic feet in the Area 1 block, led by US group Anadarko Petroleum, recently purchased by US group Chevron, and 50 trillion cubic feet in the Area 4 block operated by ExxonMobil and Italy’s ENI. Cao Chai, an oil and gas analyst, said in the document that the break-even of projects in Mozambique, estimated at US$4 to US$5 per thousand cubic feet, is very competitive when compared to prices in Japan’s spot market of US$9.24 per thousand cubic feet, due to a much lower capital cost of similar projects in other parts of the world. (Macauhub)

Mozambique: State awaits details on Chevron-Anadarko deal – report

US oil company Anadarko is to be sold to Chevron for US$33 billion. (The total value of the deal could reach US$50 billion). The Mozambican state expects to collect a capital gains windfall from the transaction. A week after the announcement of the sale of Anadarko, previously the leader of the liquefied natural gas (LNG) consortium undertaking the Rovuma Basin Area 1 project, the National Petroleum Institute (INP) is awaiting the deal's paperwork.

In an exclusive with the newspaper O País, Carlos Zacarias, the chairman of INP, the sector's regulatory body, said that the state had much to gain from the US company Chevron's purchase of Anadarko. "Right now we are waiting for the documentation on Anadarko's purchase. We believe that this may happen within the next few weeks. After that we will calculate the capital gains for Mozambique," he explained, adding that the deal would be advantageous for Mozambican and ExxonMobil Area 4 Rovuma players. "We believe the business will accelerate gas and oil projects in both areas (Area 1 and 4), because of Chevron's enormous technical and financial strength, which will bring another dynamic and quality," Zacarias said.

As for the Area 1 project timeline and the final investment decision foreseen this half-year, Carlos Zacarias, assured that "nothing has been compromised", although he admits that "each company has its own particular momentum". "We, as a government, wish to comply with the schedules agreed with Anadarko. We have told Chevron this," he said.

How was the deal done?

Chevron is the second-largest oil company in the world, surpassed only by US company ExxonMobil. Anadarko's sale, mainly of its Area 1 assets, will, on the back of the huge natural gas reserves located in the Rovuma basin, put Chevron at the top of the world's LNG producers. The Chevron group acquired Anadarko for US$65 a share, comprising 0.369 Chevron shares and US16.25 in cash for each share held. The official statement said Chevron had issued US$200 million in new shares and paid an estimated US$8 billion in cash, taking on debt estimated at US$15 billion and bringing the value of the deal to about US$50 billion. The Chevron group says it intends to sell US$15bn to US$20bn of assets between 2020 and 2022, using the proceeds to reduce liabilities and deliver additional dividends to shareholders. (By Edson Arante, Club of Mozambique)

INDUSTRIES

Accor Plans 60 New Hotels in Africa, Half of Them in Egypt

- Nigeria, South Africa are key growth markets for hotel chain
- Group has more than $1 billion for acquisitions, partnerships

Accor SA will open 60 new hotels in 14 countries in Africa in the next four years, its Chief Executive Officer for Middle East and Africa Mark Willis said.

During the next two years, the European hotel operator will open more than half of them in Egypt, which Willis said is rebounding after "external factors" hurt the industry. In 2015 an Islamic State affiliate blew up a Russian aircraft as it left the Egyptian resort of Sharm el-Sheikh in an attack that killed 224 people. "Egypt is resurrecting after 10 years of a tough situation," Willis said in an interview in the Kenyan capital, Nairobi. Egypt has overtaken Kenya's coastal region as the preferred destination for European tourists and investors, he said, and revenue per available Accor room there has risen 20 % year-on-year. Kenya's coastal city of Mombasa "is not at the forefront of people's minds today," he said. Only one of the target hotels will be in the East African nation known for safaris and beach tourism. The continent has sustained unprecedented rates of economic growth, driven chiefly by sturdy domestic demand, better macroeconomic management and improving political stability.

$1 Billion Fund

Key markets in Accor's growth plan include Nigeria, Ethiopia and South Africa, where it will open 10, seven and three hotels respectively by 2020. Accor has 143 hotels in Africa, 63 of them south of the Sahara, and will promote its Movenpick luxury brand, Willis said. The hotel group will finance the growth with more than $1 billion from the Kasada Fund set up by Katara Hospitality and Accor last year for sub-Saharan Africa. Accor invested $150 million, while the Qatar Investment Authority unit put in $350 million. The remaining $500 million will be raised through bank loans, according to Willis. It may expand through mergers, acquisitions and partnerships on the continent, including in South Africa, where Accor is already considering several opportunities, Willis said. “We have a soft footprint in South Africa, which historically was not a focus for Accor, but it very much is today,” he said. While Accor has considered introducing its home-sharing platform Onefinestay in Kenya, the continent is still immature for that type of product due to reasons such as security, Willis said. “It will continue to develop, and where there’s an opportunity for Onefinestay, for sure we will put it on the table,” he said. (By Bella Genga, Bloomberg)

TELECOM - INTERNET

Angola annuls winning tender for 4th telecoms operating license – presidency

Angola’s President João Lourenço annulled the winning tender for the country’s fourth telecoms operating license and ordered it be re-run to ensure “a clean and transparent process,” his office said. The move comes less than a week after an unknown Angolan company, Telstar Telecomunicacoes, won the tender first announced shortly after Lourenço’s inauguration in 2017 and heralded then as part of an opening up of one of Africa’s most closed economies. (By Stephen Eisenhammer, Reuters)

Angola launches a new public tender for fourth mobile phone license

The Minister of Telecommunications and Information Technologies of Angola has a deadline of 30 days to launch a new international public tender to grant the country’s fourth mobile phone license, according to a decision of the President of the Republic. The decision made by João Lourenço, which cancelled a previous one by minister José Carvalho da Rocha which awarded the fourth license to Angolan company Telstar, was due to the fact that the winning company had not presented its balance sheet and results for the last three years, as required in the specifications.” Telstar was founded on 26 January 2018 with a capital stock of 200,000 kwanzas (US$625). Its shareholders are General Manuel João Carneiro (90%) and businessman António Cardoso Mateus (10%). The Angolan press reported that South African group MTN, the largest mobile phone operator in Africa, had dropped out on the grounds that the international public tender was “flawed from the outset.” The national director of Telecommunications, Pedro Mendes de Carvalho, announcing last week the winner of the tender for a new Unified Global Title, said that 27 companies, of which 18 were from Angolan and nine were foreign, had expressed interest, six had acquired the tender documents, three applied and only two were invited to submit technical and financial proposals. Angola currently has three companies providing telecommunications services, Unitel, with a market share of 80%, Movicel with the remaining 20% and Angola Telecom, with practically no share, and of which 45% is due to be privatised. (Macauhub)

Angola’s President sets procedures for new tender for global telecommunications operator

A working group coordinated by the finance minister will conduct the international public tender to award Angola’s fourth global telecommunications operator license under a presidential order signed. The group, which includes the Ministers of Telecommunications and Information Technology and of Economics and Planning, will appoint the Evaluation Committee, approve the tender documents and verify the validity and legality of all acts carried out as part of the tender. “The coordinator of the working group shall keep the President of the Republic informed about all stages of the public tender and submit the final report for the purposes of the award,” the order said.
President João Lourenço decided to cancel the result of the previous international public tender, cancelling a decision made by Minister José Carvalho da Rocha, who awarded the fourth license to

Angolan company Telstar. The Angolan press reported that Telstar was incorporated on 26 January 2018, with a capital 200,000 kwanzas (US$625). Its shareholders are General Manuel João Carneiro (90%) and businessman António Cardoso Mateus (10%). In a statement issued later, the Telstar management reported that the company was incorporated on 24 November 2017 with a paid-up capital of 30.76 million kwanzas (US$95,400). (Macauhub)

Angola Fails Transparency Test With Murky Mobile License Sale

- Company owned by army general wins telecommunications license
- Country's military has stakes in all three private operators

Since assuming power in 2017, Angolan President Joao Lourenco has repeatedly vowed to steer sub-Saharan Africa's second-biggest oil producer into a new era of transparency. Last week, he missed a golden opportunity to deliver on that promise. The sale of the country's fourth telecommunications license could have been another step to increase competition and shake up the business environment Lourenco inherited from his predecessor, Jose Eduardo dos Santos, who left his family and allies in control of swathes of the economy when he stepped down.

Instead, the government awarded the permit to Telstar Telecomunicacoes, a little known company that beat 26 local and international firms. Telecommunications Minister Jose Carvalho da Rocha declined to identify Telstar's owners beyond saying they're Angolan when announcing the winner on April 12. "The president missed a chance to show that he is seriously committed to increasing transparency," Antonio Estote, an independent economist and professor at the Universidade Lusiada de Angola, said in a text message. "Telstar doesn't have a track record, which was one of the main conditions for winning the telecommunications license."

'Absurd'

Telstar was established in January last year, at least a month after bids opened, according to TeleGeography, a telecommunications market research and consulting firm based in Carlsbad, California. According to the Government Gazette, army General Manuel Joao Carneiro owns 90 % and Antonio Mateus, a local businessman, holds the rest. "What happened is absurd," Augusto Bafuabafua, a political analyst based in the capital, Luanda, said by phone. "Two unknown owners of an unknown company won an international public tender." MTN Group Ltd., Africa's largest carrier by sales, pulled out of the auction, Angolan newspaper Expansao reported on Nov. 23. A company spokeswoman declined to comment when contacted by phone. Telstar's successful bid means that Angola's three private mobile operators are partly owned by military officers. The biggest, Unitel SA, is 25 % held by Dos Santos's daughter, Isabel, who is also Africa's richest woman. The remaining 75 % is split equally among army General Leopoldino do Nascimento, state oil company Sonangol and Brazilian telecommunications company Oi SA. Unitel's smaller rival, Telecomunicacoes Lda., was spun off from state-owned Angola Telecom in 2010. A 40 % stake went to closely held Portmill Investmentos e Telecomunicacoes, which is also run by army generals, according to Portuguese newspaper Publico.

Crumbling Edifice

What perhaps says most about the size of Telstar's task to match its bigger rivals and their ubiquitous prepaid SIM cards is its location. The downtown address is a peeling, brown, four-storey building, a stark contrast to the tall metal-and-glass offices of Unitel and Movicel across the city.

The office was locked when Bloomberg visited at 11 a.m. on Monday, April 15. "I know nothing about Telstar," said Augusto Francisco, who lives in the building. "I only heard of them in the news." (By Henrique Almeida and Candido Mendes, Bloomberg)

The 45% stake in Angola Telecom's to be privatised is worth US$500 million

The 45% share of Angola Telecom's capital that the government plans to privatise has been valued at US$500 million, said the minister of Telecommunications and Information Technology. José Carvalho da Rocha, who made statements last week on the sidelines of the inauguration of the new Angola Cables Data Centre in Fortaleza, in the Brazilian state of Ceará, said that this figure is the result of a recent valuation of the company's assets. The amount – which values the whole company at US$1.1 billion – takes into account real estate assets, as well as other assets, including telecommunications infrastructure and stakes in companies, including in the banking sector, according to Angolan newspaper Mercado. The minister, noting that the process of privatisation of Angola Telecom was expected to be launched later this year via an international public tender, said that the final value should be negotiated with the buyer, not only considering the company's losses, but above all the costs of modernising it. The privatisation of 45% of the public telecommunications operator has been planned since the end of November 2017, when the Ministry published a notice in Jornal de Angola announcing its intention. (Macauhub)

RETAIL

South Africa's Pick n Pay posts 18 pct jump in full-year earnings

South African retailer Pick n Pay Stores Ltd reported an 18 % jump in full-year earnings, as price cuts helped it attract highly cost-conscious shoppers and cope with the difficult trading conditions that have hit other retailers. The country's second largest grocery store chain, which pitches itself as a more affordable alternative to the likes of Woolworths and Shoprite's Checkers, said headline earnings per share (HEPS) were at 326.71 cents ($0.2274) for the 52 weeks to end-February, compared with 276.98 a year earlier. HEPS is the main profit measure in South Africa that strips out certain one-off items.

In a statement, Pick n Pay CEO Richard Brasher thanked his staff for delivering an "outstanding result in a difficult economy", attributing success to price cuts and efficiency gains. "This result is built on a clear, long-term strategy to create a leaner and more cost-effective business," he said, adding that Pick n Pay will also have good years in 2019 and beyond.

Other retailers have struggled amid a slump in retail sales as South African consumers cut back to cope with high household debts, a tax increase and higher prices on basics like fuel. Currency devaluations and trading conditions in markets elsewhere on the continent also hurt. Pick n Pay said the conditions in countries including Botswana, Zambia and Zimbabwe had been challenging, dragging its earnings from the rest of the continent down 16.2 %.

However, this was offset at home, where the company said its Pick n Pay and budget Boxer stores saw turnover rise at a "market-leading" rate of 7.1 %. In 2018, the retailer opened 130 stores and revamped 103. Pick n Pay follows a 52-week retail financial calendar, which requires inclusion of an additional week every six years. Including the earnings for this extra week, HEPS rose by 25.2 %. ($1 = 14.3809 rand) (By Emma Rumney, Reuters)

AGRIBUSINESS

South Africa's 2018/2019 maize crop seen down 15 % on drought

South Africa is likely to harvest 15 % less maize in 2018/2019 compared with the previous season after drought delayed plantings, a Reuter's poll showed. The government's Crop Estimates Committee (CEC), which will provide its third production forecast for the 2018/2019 crop, is seen pegging the harvest at 10.6 million tonnes, down from the 12.510 million tonnes in the 2017/2018 season, a poll of five traders and market analysts showed. The 2019 harvest is expected to consist of 5.447 million tonnes of the food staple white maize and 5.266 million tonnes of yellow maize, which is used mainly in animal feed. First National Bank's senior agricultural economist Paul Makube said although there were pockets of dryness in parts of the in the key maize-growing provinces of Free State and the North West, production conditions were generally favourable for most areas towards the end of the season. Frost damage, which has not yet been reported, could still impact yields in parts of the Free State and the North West provinces, he said. (By Tanisha Heiberg, Reuters)

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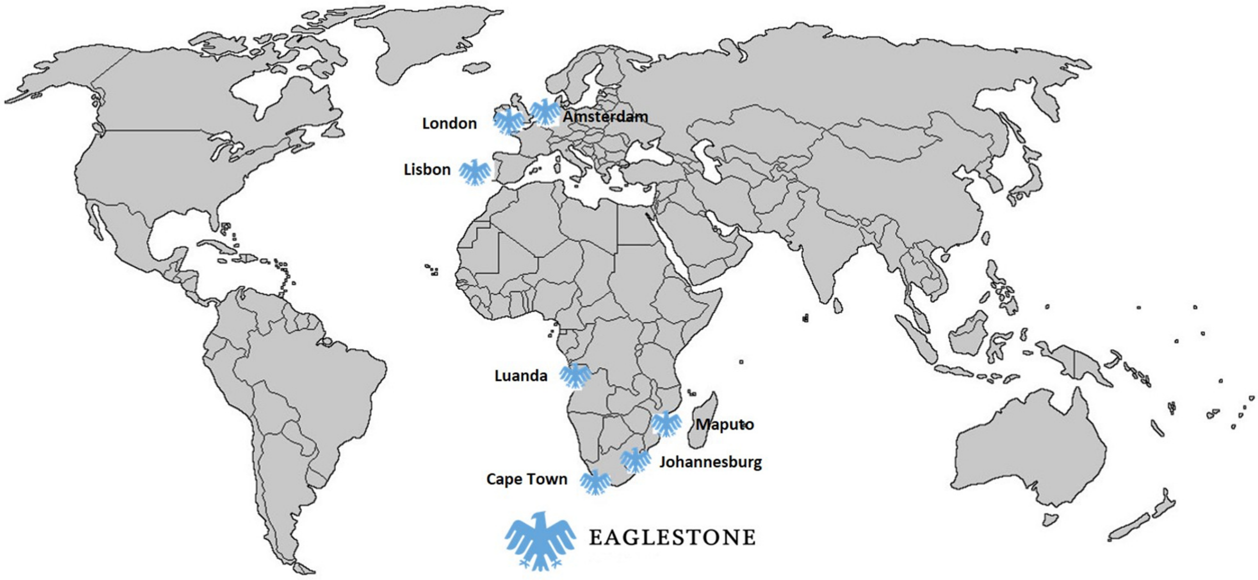

AMSTERDAM - Herengracht 450-454 1017 CA - T: +31 20 240 31 60

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

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

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

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

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

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

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

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

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EAGLESTONE SECURITIES

Business Intelligence
Caroline Fernandes Ferreira
caroline.ferreira@eaglestone.eu

Research
Tiago Bossa Dionísio
(+351) 964 643 530
tiago.dionisio@eaglestone.eu