INSIDE AFRICA

Now is the time to invest in Africa

17 July 2017

EAGLESTONE SECURITIES

CONTENTS

BRIEFS

Africa

- China backs economic power with political muscle in Africa
- Chinese companies in Africa: 25% make their initial investment back within a year
- Huawei Agrees to Deal to Help African Expats Send Money Home
- Sub-Saharan Africa mobile users to exceed 500m by 2020

Angola

- Angola and France sign co-operation and financing agreement
- Endiama allocates diamonds exploration areas
- Angola has more than 69 million hectares of unexplored forests

Congo

- Congo says in talks with Russia's VTB for $1 bln investment
- Congo's Inga 3 hydro project start-up delayed until 2024/25: govt

Egypt

- Egypt's foreign reserves rise to $31.305 bln at end-June
- Egypt FDI likely hit $8 bln-$8.5 bln in fiscal year just ended -minister
- Foreign participation in Egypt's T-bill auction at $223 mln -finance ministry

Ghana

- Ghana's Cocobod may take $200 mln extra debt for light crop

Mozambique

- Outlook for Mozambique restructuring better next year
- Swiss watchdog still in contact with Credit Suisse on Mozambique
- Russia's Rosneft plans to open Mozambique office

Nigeria

- Nigeria cabinet approves national gas policy
- Nigerian annual inflation at 16.10 pct in June

South Africa

- South Africa's net foreign reserves rise to $42.235 bln in June
- South Africa to partially privatise some state firms
- South Africa's power utility refutes cash-crunch reports
- South Africa puts new mining charter on hold: Chamber of Mines

Zimbabwe

- Zimbabwe faces delays over arrears and reforms says IMF
- Zimbabwe's agriculture authority to issue $80 million in grain bills to buy maize

In-depth:
Angola's infrastructure boom

In this series of Focus, we look at Angola. You will find out about the challenges facing a country seeking to diversify its economy: Angola wants to shake off its dependence on petrol, which for a long time has been key to its success. And that means developing its infrastructure.

The Laúca dam

In Laúca, on the river Kwanza, workers are busy building the biggest dam currently under construction in Africa. It will begin operating shortly, an event that has been eagerly anticipated. Helder Jorge Pedro, a civil engineer from Odebrecht, the Brazilian company contracted to build the dam, told euronews that: "The Laúca dam has a production capacity of 2,070 megawatts. That's enough to supply a city of 8 million inhabitants. Laúca will double energy capacity in the country."

At a cost of 5.4 billion dollars, this giant looms 156 metres tall and is more than 1.2 kilometres wide. The dam will have a direct impact on the Angolan economy. Elias Daniel Estevão, a project manager at the Laúca dam, said: "It'll allow many new industries to be set up, and in the end their products will sell for higher prices because they'll benefit from having cheaper and more reliable energy, and they'll be able to stop using generators and other alternative energy sources."

If access to electricity is key to Angola's development, its remarkable bio-diversity is also one of its greatest treasures. This consideration has played a major role in the design of the project.

Helder Jorge Pedro, said: "We've reforested degraded zones over an area equivalent to 70 football pitches. When filling the reservoir, we've also taken care to maintain the original course of the river in order to preserve its biodiversity. It's for that reason that we're keeping an opening, so that life can continue to flourish along the length of the river."

For for years, 8,000 people have worked on site, constructing the dam. They come from the 18 provinces of Angola, and many of them were trained there in the role of managers, carpenters or bricklayers.

The idea is that they will be able to use this experience to go and work on the next project: another dam, even bigger than this one, located about 30 kilometres away.

The Luanda airport

Back in Angola's capital, Luanda, there is another symbol of the wave of big infrastructure projects in Angola: its new airport.

Here, again, the construction site is impressive: the airport is surrounded by a huge zone of economic activity: a veritable new town, with hotels and a conference centre.

This project is quite simply one of the biggest ever carried out in Angola. In total 3.8 billion dollars have been invested in the new airport. The first aeroplanes will take off and land here at the end of 2018, leaving time to complete building work, of course, but also time for extensive testing, something which is essential for the launch of an airport this size.

The airport will be able to accommodate some of the biggest aeroplanes in the world, such as the A380, and will be equipped with the latest satellite air traffic control technology.

Its objectives: to attract new international airlines, to reinforce the strategy for developing an African hub, and to increase five-fold Luanda's airport capacity.

Diógenes Manuel S. Silva, an administrator at The National Company of Airports Exploration and Air Navigation (Enana), told euronews: "We will go from 3 million to 15 million passengers per year. This airport will be amongst the top three in Sub-Saharan Africa, in competition with Lagos and South Africa."

The environment has also been given full consideration in this project. For example, the aeroplanes landing there will no longer first have to fly in never-ending circles above the city to get into position, as is the case with the existing airport.

As for the economic outcome: the project anticipates that the new zone will generate 16 million dollars in turnover per year, as well as, of course, creating jobs in the region. Diógenes Manuel S. Silva, said: "The project should create about 170,000 new jobs here in the area around the airport.

That alone will have an economic impact on the future of the city of Luanda and, of course, on Angola as a whole."

Infrastructure boom

In the last few years, new road and rail links, but also entire cities, have sprung from the ground in Angola.

There is no doubt that infrastructure growth is key to the country's economic transformation.
(By Serge Rombi, Euronews) *Video: http://www.euronews.com/2017/06/19/angola-s-infrastructure-boom*

Farming: a cornerstone of Angola's economic diversification

In the Seventies, Angola was one of Africa's leading farming nations. But years of civil war took its toll on the sector which only represents 10% of the country's GDP today.

Since the end of conflict fifteen years ago, a major effort has been made to boost agriculture – a vital necessity when you consider that Angola needs to import 80% of its consumer goods.

According to economic experts, Angola has the potential to become one of the leading agricultural countries in Africa. It boasts 58 million hectares of arable land – the equivalent of a country the size of France. The problem is that only 10% of it is exploited. This is mainly due to poor irrigation.

For this edition of Focus, we visited Angola's largest farm. Located 1,400 metres in altitude, on the highlands of South Kwanza province, it covers 10 000 hectares. Only one third of that is being used for now, but the fifty varieties of goods produced – ranging from fruit and vegetables to milk products – yield an annual turnover of 5 million dollars.

Large, privately-owned farms like this one only represent 15% % of Angola's agribusiness, but half of its farmed land. "Angola has excellent conditions for agriculture. There are many different micro-climates, there is a lot of arable land, a lot of water. We have some of the best conditions in the world for farming… Our big problem today is the workforce," says João Macedo, Grupolider administrator.

Indeed, boosting the farming sector means training workers. This farm employs 800 people, who were nearly all trained here. Irrigation also represents a big chunk of the investment: the company has dug four artificial lakes and invested in state-of-the-art machinery.

In all, the company, which owns two other farms in Angola, has spent 150 millions dollars over the past six and a half years. "Our plan is to diversify production. We also have plans in the agro-industrial business, which are already underway, and we will be investing another 150 million dollars over the next three years," says João Macedo.

Another staple of Angolan farming is coffee. Angola used to be one of the world's biggest coffee producers before the war broke out. Rehabilitation of the plantations has been ongoing since 2000. It's a big investment: it takes between three to four years for a coffee tree to bear fruit.

Jorge Ribeiro was already around back in Angola's golden age of coffee. Head of production at one of the country's largest coffee companies, he plays a pivotal role in Angola's coffee revival, acting as a consultant for hundreds of local producers who believe in the future of this business. "We produce one of the best coffees in the world. Back in 1973, we were one of the four biggest producers in the world, but today production is very, very low. However, we are experiencing a real coffee revival, people are prepared to bet on the economic potential of coffee," he says.

For the past few years, the government's strategy has been very clear: the objective is to make Angolan coffee competitive again, so that it can reclaim its position on the global market. This requires investment and a modernisation of production techniques.

Today, just 12,000 tonnes of coffee are produced every year – that's 20 times less than in the Seventies. "There is a huge potential. It's not a dream: we used to produce 200,000 tonnes a year. Our soil and climate are perfectly suited for growing coffee. What we want to do is develop this potential to boost agriculture and the manufacturing industry, as well as exports," says Pedro Ribeiro, General Manager of Angonabeiro, one of Angola's leading coffee companies.

And growth, it seems, is well on its way with production expected to increase by 20% this year. Positive economic prospects which it's hoped will guarantee a sustainable source of growth for Angola and its people. (By Serge Rombi, Euronews)
Video: http://www.euronews.com/2017/07/03/farming-a-cornerstone-of-angola-s-economic-diversification

Angola to boost tourism

A country of outstanding natural beauty

1.600 kilometres of scenic coastline, breathtaking landscapes, a rich and varied fauna and flora, and an exceptional cultural heritage: Angola's potential for tourism is enormous but remains largely untapped. Some investors have alread fallen under its charms and say that when it comes to sites of outstanding natural beauty Angola is right up there with its neighbours, South Africa, Botswana or Namibia, where tourism is much more developed. So can Angola diversify its economic growth by boosting its tourism industry?

Eco-lodge tourism

Investors at the Pululukwa resort in the southern Huíla province have taken a bet and injected 35 millions dollars into a luxury eco-lodge. Located in the midst of a 210-hectare site, it boasts cosy bungalows, high-end cuisine and even has its own animal sanctuary. "All the material we use here has a connection with nature: we use wood, straw and even stone," explains Pedro Sérgio Fernandes, the resort's general director. "We have tried to create a place where people really feel they are in Africa – but we also want to offer a high-end eco-tourism experience."

It seems to be working: the resort has become a reference for tourism in Angola. Further investment is scheduled in the coming months, a chance for the Lubango area to diversify its economic activity, which is historically based on agriculture. The lodge employs 120 people. "99% of the people who work here are Angolan – that's huge! It means it can be done and it's important to get that message through," says Pedro Sérgio Fernandes.

Training qualified personnel and creating jobs for Angola's young and dynamic population – that's Amélia Carlos Cazalma's goal. She is spearheading the country's new tourism strategy.

Unlike oil, revenue from tourism stays in the country

"Whereas oil leaves the country, revenue from tourism doesn't. Money spent here stays here and can be reinvested, so resources linked to tourism stay in Angola and help develop the economy," she tells us. Fifteen years after the end of the civil war, Angola's image abroad is changing. A lot of thought is going into developing a strategy to boost tourism, by making it easier for visitors to obtain visas, for example. "What we need to do now is to work on our image as a unique tourist destination. We need to identify which sector we want to focus on first. It needs to be done step by step, we can't do it all at once," says Amélia Carlos Cazalma.

Luanda: an international hub?

And the work has already started. Angola's national airline company is developing a new strategy. The goal is, of course, to promote Luanda as a tourism destination. But it goes further: thanks to a partnership with the airline giant Emirates, Taag wants to turn Luanda into an international hub. "Everybody knows that Dubai is a major hub, so we will benefit from Emirates' experience in that field," says Taag's executive administraor, Joaquim Cunha.

The goal is not only to welcome more tourists but also to turn Luanda into a transit hub for destinations like Lisbon, Johannesburg or Havana. "Today, between 80 and 100 people transit through Luanda every day, and we are convinced we can boost that figure by promoting our services in markets where we have a foothold," says Joaquim Cunha.

A new strategy which has allowed the airline company to balance its losses in 2016 and recover financial stability – providing a sound basis to boost tourism in Angola. (By Serge Rombi, Euronews) *Video: http://www.euronews.com/2017/06/26/angola-to-boost-tourism*

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Dar es Salaam Maritime Gateway Project: Fact Sheet

World Bank Loan Amount: $345 million

Lending Instrument: International Development Association credit of $345 million from the Scale-up Facility and a Grant of $12 million from the United Kingdom's Department for International Development

Board Approval: June 30, 2017

Expected Effectiveness: September 29, 2017

Expected Closing: June 30, 2024

Partners

United Kingdom Department for International Development (DFID)
TradeMark East Africa
Government of Tanzania

Project Development Objective

To improve the effectiveness and efficiency of the Port of Dar es Salaam for the benefit of public and private stakeholders.

Components

Component 1: Improving the Physical Infrastructure;
Component 2: institutional strengthening of the Tanzania Port Authority (TPA) and Implementation Assistance

New Financing to Improve Efficiency and Improve Capacity at Port of Dar es Salaam

DAR ES SALAAM, July 2, 2017 – The capacity of the Port of Dar es Salaam will be increased to 25 million tons over the next seven years following the World Bank Board of Executive Directors' approval of a $345 million credit and a $12 million grant to the new Dar es Salaam Maritime Gateway Project (DSMGP). The investments in the Port will also improve waiting time to berth from 80 hours to 30 hours as well as overall productivity.

"The Port of Dar es Salaam is vital for the economies of Tanzania and neighboring countries," said Bella Bird, World Bank Country Director for Tanzania who also oversees Malawi, Burundi and Somalia. "Enhancing its operational potential will boost trade and job creation across the region, and reduce the current cost of $200-400 for each additional day of delay for a single consignment."

The DSMGP is to be implemented as part of a larger ongoing investment program for the overall development of the Port of Dar es Salaam with the support of several development partners. The Government of Tanzania is contributing about $63 million through Tanzania Ports Authority, while Trade Mark East Africa is supporting improvements in the spatial and operational efficiency of the port currently, through the rehabilitation of access and egress roads and demolition and relocation of sheds. The United Kingdom through its Department for International Development (DFID) are also contributing a $12 million Grant. This support will co-finance the activities in the DSMGP, and further support is available for capacity building programs in institutions like Bandari College, the vocational training facility run by TPA, the Dar Maritime Institute, and the College of Engineering and Technology at the University of Dar es Salaam.

"The UK is committed to supporting Tanzania's growth and helping to improve the lives of Tanzanians. We've been a committed partner to the Tanzanian Ports Authority over the last six years. As well as the $12m grant to the Dar es Salaam Maritime Gateway Project, DFID has funded 100 % of the work Trademark East Africa has implemented in the port over recent years. We hope that these investments will help Tanzania take advantage of the opportunities that trade offers for future growth and prosperity," said Sarah Cooke, British High Commissioner.

"TradeMark East Africa commends the World Bank and the UK Government for providing this much needed investment to improve capacity and efficiency of the Port of Dar es Salaam. Funded by the UK Government through DFID, TradeMark East Africa has implemented a number of interventions at the Port over recent years including port access roads, feasibility studies for Berths

1 – 7, and the Port's dredging studies to prepare for this major investment," said John Ulanga, TradeMark East Africa Country Director.

The Port of Dar es Salaam currently has 11 berths, with seven of these dedicated to general cargo (including container, dry bulk, break bulk and RoRo operations) and four to container operations. The Port handled 13.8 million tons in 2016, up from 13.1 million tons in 2013, and 10.4 million tons in 2011, reflecting an average growth of 9 % per year over the last five years. While recent numbers indicated a slowdown, the respite is likely to be short lived as projections for the long term suggest the Port's volumes could double, from the current 14 million tons to 38 million tons by 2030, in an unconstrained scenario.

The DSMGP has two main components: the improvements to the physical infrastructure which involve the deepening and strengthening of Berths 1 to 11; the construction of a new multipurpose berth at Gerezani Creek; the deepening and widening of the entrance channel and turning basin; and the improvement of rail linkages and platform in the port.

"Improvement of the port's infrastructure is long overdue," said Engineer Deusdedit Kakoko, the Director General of the Tanzania Ports Authority that oversees all Ports in the country including the Port of Dar es Salaam "We have been performing rather optimally, yet under very difficult conditions."

The institutional strengthening component will support the restructuring of Tanzania Ports Authority (TPA) and further develop its capacity to act as a landlord, manager and developer of the ports in Tanzania, whilst at the same time building capacity for future private sector participation in port operations.

"The project represents the start of an incremental process towards increasing the capacity of the port of Dar es Salaam, and strengthening its economic role in the region," said Richard Martin Humphreys, the World Bank's Lead Transport Economist and Task Team Leader. "It aims to make the necessary improvements to the current sub-structure, whilst providing a new berth, facilitating the access and egress of larger vessels to the port, and improving the integration with the access modes of road and rail.

A Much-Waited Refurb for a Very Busy Port

- *A US$345 million credit is being given to upgrade the Port of Dar-es-Salaam*
- *About 35% of the cargo at the port is in transit to/from Tanzania's landlocked neighbors*
- *The volume of cargo is projected to almost triple by 2030*

In Abdigi Ramadhani's 13 years as a truck driver, nothing has been more irksome than the lack of certainty over his itinerary each time he ferries goods between Zambia and Tanzania.

The volume of cargo handled by the Port of Dar-es-Salaam has been growing at an average of 9 % a year for the past five years: in 2011, the port handled 10.4 million tons and in 2013 it handled 13.1 million tons, which rose to 13.8 million tons in 2016. "Delays have been the norm at the Port of Dar-es-Salaam," Ramadhani says, "but now the Port is busier than ever, with a lot more cargo coming in."

There are many more transporters than there used to be, he says, but the port has yet to catch up. It may summon 50 trucks to load up at one go but end up not serving them all, making it impossible for the long-haul truckers who shuttle goods between Tanzania and its landlocked neighbors to plan.

Until now, all this cargo has been distributed between the port's two terminals: the terminal for general cargo, which is operated by the public sector and handles 70 % of the throughput, while the rest is handled by the dedicated containerized cargo terminal, currently leased out to a private operator. The port is already considered to be operating above its capacity, yet projections are that the volume of goods handled by it could almost triple to more than 38 million tons by 2030.

Volume may double by 2030

Drivers like Ramadhani are a part of brisk transit operations between global markets and Zambia, Burundi, Uganda, Rwanda, and the Democratic Republic of the Congo. Trade from these countries accounted for up to 35 % of the Port of Dar-es-Salaam's volume of cargo in 2015—the equivalent of over 5.1 million tons. Forecasts suggest this component alone could almost double to 9.7 million tons by 2030. And it's not just the waiting or turn-around time that drivers like Ramadhani find bothersome. There's also theft. "You can't sleep while you're waiting," he says. "If you fall asleep, you wake up to find your battery gone."

A recent World Bank study estimated that the port suffered an aggregate loss of US$2.4 billion annually from inefficiency and gaps in governance, the equivalent of about 25 % of the total volume of merchandise imported into Tanzania in 2012.

Built in the 1950s

The Port of Dar-es-Salaam was developed in earnest between 1953 and 1956 during Tanzania's period of British colonial rule, when the first three, deep-water berths—the mooring spaces allocated to individual ships—were built. This was followed by the construction of a further seven berths in the 1970s.

Over time, these have worn down. Ships are also getting bigger, with longer vessels preferred by shipping companies for their economies of scale. The port was designed to handle vessels of up to 230 meters long, but nowadays it needs to be able to handle vessels of up to 350 meters long. Sediment also means that, beside the berths, its access channel and turning circle need to be dredged. "Improvement of the port's infrastructure is long overdue," says Engineer Deusdedit Kakoko, the Director General of the Tanzania Ports Authority that oversees the Port of Dar-es-Salaam. "At the moment, Berth 10 hosts vessels of up to 10.5 meters deep below their waterline, but sometimes we have four large vessels arriving at the same time and they all queue in the outer anchorage at deep sea, while we have seven berths lying inactive because they're not deep enough to dock them," he adds. "One vessel has to wait for the other to finish discharging before it can also come in."

Docking larger ships faster

The US$345 million International Development Association credit for the project upgrading the port—the Dar-es-Salaam Maritime Gateway Project—involves paying for strengthening and deepening (to 14.5 meters) the port's Berths 1 to 7, and the construction of a new multipurpose berth at Gerezani Creek.

It also includes the deepening and widening of the entrance channel to the port, as well as the deepening (to 15.5 meters) of the turning basin at the end of Berth 11; the improvement of rail links and platforms; and the strengthening and deepening (to 14.5 meters again) of Berths 8 to 11, too. Work on the port is due to start soon and will help it overcome the challenges it has handling high volumes of cargo. "This improvement is going to change the port phenomenally, because we have been performing rather optimally, yet under very difficult conditions," says Eng. Kakoko. Adds Ramadhani: "As drivers we earn money per trip, so we look forward to the day when everything will be streamlined, so that instead of making one trip in eight to ten days to Zambia, as we do now, we can do perhaps two or three.

The Government of Tanzania is contributing about US$63 million through Tanzania Ports Authority to the upgrade, and the United Kingdom is giving about US$12 million through its international development agency, Dfid. The project is also putting money aside for improving the Tanzania Port Authority's capacity to act as a landlord, manager, and the developer of other ports in the country.

Morocco secures US $25 million loan from the Clean Technology Fund for hybrid solar project

Morocco received approval for a US $25 million loan from the Climate Investment Funds' Clean Technology Fund (CIF CTF) for a project to generate solar power through an innovative hybrid Concentrated Solar Power (CSP) and Photovoltaic (PV) solution. The Midelt Phase I Concentrated Solar Power Project is being supported by the African Development Bank (AfDB) and the World Bank with an additional allocation of US$ 25 million in CTF resources.

The project consists of two separate CSP plants, each with 150-190 MW CSP capacity and a minimum of 5 hours of thermal storage. The envisaged installed capacity of the PV component could reach approximately 150-210 MW, making the total capacity of each of the proposed plants 300-400 MW and the total capacity of this first phase 600-800 MW.

The project's innovative hybrid solar design is also built on a unique Public-Private Partnership between the Moroccan Agency for Sustainable Energy (MASEN) and private sector sponsors - with a Build, Own, Operate and Transfer project structure and implementation approach. Selected sponsors are expected to form a Special Purpose Company to build and operate the plants and sell the generated electricity to MASEN under a 25-year Power Purchase Agreements (PPAs). The process will be designed to allow the award of the plants to different bidders. The support from the CTF and AfDB is critical in driving down the cost of the project's capital and lowering the Levelized Cost of Electricity.

"In 2015, the world saw an important shift in CSP investment from the developed to the developing world, particularly in Morocco" stated Anthony Nyong, AfDB's Director, Climate Change and Green Growth. "Morocco's path-changing Noor CSP program under CTF, for which we serve as implementing agency, has been a critical element of that shift. This new project, which will be modelled on the Noor operational and financial structure, will increase the development of solar energy and further help diversify the country's energy mix and enhance its energy security. We believe that the project can serve as a model for other countries in the region and beyond," he added.

The project will significantly contribute to the Government of Morocco's achievement of its Nationally Determined Contribution under the Paris Agreement, including its goal of achieving 52% of installed capacity from renewable energy (20% from solar) by 2030. Morocco's Solar Plan will also contribute to industrial development, competitiveness and could create about 30,000 jobs.

"Until now, CSP has been the dominant renewable energy technology assuring electricity during peak hours and by adding a PV component, we expect enhancing the reliability of the power plant" stated Leandro Azevedo, AfDB's CIF Program Coordinator and Senior Climate Finance Officer. "The combination of these two technologies will allow Morocco to optimize the dispatch of generated power during the daytime by ensuring that the utilization of the CSP component can be maximized during night-time through the use of thermal storage," he said.

Estimated greenhouse gas savings for the Noor-Midelt Phase 1 project is about 1.2 m
illion tCO_2 equivalent per year and 36 million tCO_2 equivalent over the project's 25 year-lifetime.

AfDB to finance construction of 32 megawatts solar power plant in Chadian capital, N'Djamena

The African Development Bank (AfDB) is to fund the construction of a 32 megawatts solar plant to be constructed in N'Djamena, the Chadian capital.

In addition to financing the 32 MW solar power plant, AfDB plans to support other projects such as the electrical interconnection project between Chad and Cameroon, and the rehabilitation of the current National Electricity Company (SNE) plant.

AfDB's Vice President for Power, Energy, Climate Change and Green Growth, Amadou Hott, visited the Chadian President, Idriss Déby Itno, on 5 July 2017 to discuss the financing modalities of the solar power plant. Both parties also discussed several other areas of cooperation between the Bank and Chad.

The meeting is a follow-up to an earlier one held in N'Djaména in February 2016 between President Déby and the President of the AfDB, Akinwumi Adesina.

The African Development Bank is a major Chadian development partner and has financed projects in various sectors. "As a financial and technical partner, the AfDB will continue to provide budget support to Tchad," Amadou said. He promised AfDB's participation at the donors' round table to be held in Paris, France in September 2017 for the financing of the National Development Plan (PND) 2017-2021.

AfDB, Islamic Development Bank sign new US $ 2 billion deal to fund energy, SMEs, human development programs

The African Development Bank (AfDB) and the Islamic Development Bank (IsDB) have signed a landmark agreement to strengthen partnership at country level.

Both parties have agreed to jointly pull together the sum of US $2 billion over the next three years to finance projects in agriculture and food security, renewable energy, small and medium enterprises, and human development (health and education).

To realize the shared objective of the agreement, the IsDB and the Bank agreed to each contribute US $1 billion over three years for joint activities focusing on these priority areas and sectors.

Speaking at the agreement signing ceremony at the AfDB headquarters in Abidjan, President of the African Development Bank, Akinwumi Adesina reaffirmed the Bank's commitment and interest to build a stronger partnership with the Islamic Development Bank.

The IsDB will also engage with the Bank to implement the **High 5s**- the *five* areas in which the AfDB is focusing on to help accelerate Africa's economic transformation.

"Today's meeting is about collaboration and partnership. AfDB and IsDB share common traits and the agreement we are signing is the highest with any development bank. We are very excited about the range of things we can do together and we are ready to work with you to move this movement," Adesina said.

"We are going to work on a pipeline of projects in Africa stretching from agriculture to SMES, energy and human development. We need to create jobs for our women and youth."

IsDB is among the largest contributors of co-financing to the Bank. The Bank and IsDB have co-financed projects valued at over US$ 2.5 billion for the period 2002—2016.

The AfDB has a country presence in 21 out of the 27 common member countries with IsDB. As part of the new agreement, AfDB and IsDB are to complement and make use of each other's staff expertise at country-level.

The President of the Islamic Development Bank, Bandar Hajjar described the areas of partnership as crucial.

"We look forward to working with the AfDB in moving SMEs towards industrialization, renewable energy and agriculture and food security. These areas will create jobs and lead to economic transformation and improve the lives of the people of Africa. SMEs can transform African economies from primary to industrial hubs," Hajjar said.

The Islamic Development Bank (IsDB) is a multilateral development financing institution located in Jeddah, Saudi Arabia. IsDB was founded in 1973 during the first Organisation of the Islamic Conference (now called the Organisation of Islamic Cooperation).

INVESTMENTS

Angola and France sign cooperation and financing agreements

Angola and France have signed an agreement in Luanda to authorise the establishment of the French Development Agency (AFD) in Angola to work on financing projects linked to development areas such as water, energy and agriculture. At the same time Angola signed funding of US$545 million with the AFD and the World Bank for the execution of a project to provide water to peri-urban areas in nine provinces of Angola, including Huíla and Namibe.

The World Bank will grant US$200 million for the project, the AFD, US$150 million, and the Angolan government US$95 million.

The agreement and financing were signed by Angolan Finance Minister Archer Mangueira, by the French ambassador, Silvain Itté and AFD director Martha Stein-Scochas. The French ambassador said at the time the Agency was working on other projects to support Angola such as infrastructure, poultry and energy. The director of AFD also revealed that her institution plans to fund projects worth between US$150 and 200 million annually in the energy, water and agricultural sectors. (Macauhub)

Egypt attracted $9.8 bln foreign investment in debt instruments in 2016-2017

Egypt attracted $9.8 billion of foreign investment in domestic debt instruments in the 2016-2017 fiscal year compared to $1.1 billion the previous year, Deputy Finance Minister Ahmed Kojak said. Appetite for Egypt's domestic debt has increased since the central bank floated the currency in November as part of an International Monetary Fund lending programme aiming to revive the economy. (By Ehab Farouk, Reuters)

Abraaj Acquires Kenya-Based Java House Group

Move is a landmark deal in the African consumer market

Dubai-based private-equity fund Abraaj Group said it has acquired East Africa’s most prominent upmarket coffee and casual-dining chain, Java House Group, in a landmark deal in the African consumer market.

The deal gives Abraaj, which has $10 billion under management, a foothold in Kenya, one of the most mature and fastest-growing economies on the continent, allowing it to tap a growing middle class. All regulatory clearances have been granted for the transaction, which is expected to be completed in three months.

Abraaj didn’t disclose how much it paid for Java House Group, but previous reports indicate that the seller, Emerging Capital Partners, was looking for about $100 million for its 90% stake in the group.

While the value of the deal is relatively low, it marks the first serious investment in an African casual-dining chain. Abraaj Group is one of the most important investors in the Middle East and Africa, and its choice to invest in Java House Group at this time, when African economies have lost some of their shine because of the commodities crash, marks a reboot of investor interest for the broader region. This is the first major secondary exit for a private-equity fund in Kenya, creating a benchmark for future deals.

The fund has several businesses in Kenya ranging from a steel factory to a dairy firm. It has joined with French food and dairy giant Danone in Brookside Dairy Limited, a firm partly owned by the family of Kenyan president Uhuru Kenyatta. Sub-Saharan Africa has grown in importance for Abraaj in recent years. Until a few years ago the fund was mostly focused on the Middle East but has increasingly positioned itself as an emerging-markets specialist with businesses in Latin America, Asia and Africa.

Abraaj bought the chain from private-equity firm ECP, which had in turn bought it from its founder in 2012. The founder, American Kevin Ashley, had retained 10% in the group, which he is also selling to Abraaj, but he will stay on as adviser or board member, Abraaj said.

“The Abraaj acquisition of Java House signifies a maturing African private equity industry, especially as Abraaj is acquiring Java House from another leading PE firm, Emerging Capital Partners (ECP),” said Michelle Kathryn Essomé, chief executive of AVCA, the African Private Equity and Venture Capital Association. “It reinforces findings from our research, which showed a significant increase in PE-to-PE sales in the last year. This transaction suggests a continuation of the trend and demonstrates the plethora of attractive opportunities in Africa,” she added.

Abraaj plans to grow Java House Group in “multiple avenues,” Ashish Patel, the fund’s Nairobi-based managing director, said in an interview.

“There are themes that can be introduced on the Java platform, and geographic expansion further into Uganda and Rwanda plus other East African countries,” Mr. Patel said. He said that Tanzania would be the most obvious next country to take Java to because of geographical proximity, but he will also be looking to take the brand across the continent to Ghana and Nigeria.

He added that Java could also interest international franchise owners looking for a reliable partner in sub-Saharan Africa. “Whoever that international brand may be, they would be interested in quality and hygiene, and that’s something Java can uniquely offer,” he said.

Java House Group includes 60 coffee and fast-food shops in 10 cities across Kenya, Uganda and Rwanda, the frozen-yogurt chain Planet Yogurt and the upmarket pizzeria called 360 Pizza.

The transaction is the fourth for Abraaj's third Africa fund, which closed at $990 million in 2015. Abraaj has placed $3.2 billion in 80 investments across Africa, a spokeswoman said.
Java House has seen fast growth in its home market of Kenya: in the five years that ECP has owned it, it went from 13 stores in Nairobi to 60 in three countries. In recent months, smaller Java House shops have been opening next to petrol stations, and they have been bustling with business. Java House serves some 320,000 guest checks a month, and employs 2,000 people, Abraaj said.
Kenya's market has long been of interest to investors looking to tap its growing middle class. Its economy has been resilient in recent years, maintaining an annual growth rate of over 5%—well above the continent's average—when African giants like South Africa and Nigeria have stalled significantly at the back of the commodities price crash.
But concerns still linger about the robustness and longevity of Kenya's growth story and, just ahead of elections in August, investors are holding out in case volatility and violence observed in previous electoral cycles return, unsettling the economy.
The Kenyan market has also been rattled in recent weeks by financial trouble hitting the biggest retail chain in East Africa, Kenyan supermarket chain Nakumatt, casting further doubt on the true potential of businesses targeting middle-class consumers. "It's fair to say we have a perfect storm happening in Kenya, with elections, a credit crunch, Nakumatt," Mr. Patel said.
"What we are likely to see is a year of difficulty, generally in the market 12-18 months, which we will ride out postelection and as soon as the credit cycle loosens up," he added.
He said Abraaj is looking to hold on to Java for five to six years.
Some $23 billion has been invested in Africa by private-equity firms since 2011, with $3.8 billion in transactions last year, a significant decline since 2014, when a peak of $8.1 billion was invested across the continent, according to AVCA, the African Private Equity and Venture Capital Association. (By Matina Stevis and Nicolas Parasie, Wall Street Journal)

Mozambique creates new agency to promote investment and exports
The leaders of Mozambique's newly created Investment and Export Promotion Agency (Apiex) are expected to approve investment projects estimated at US$9 billion by the end of the year, according to the local press. Apiex is the result of the merger of three institutions – the Investment Promotion Centre (CPI), the Office of Economic Zones for Accelerated Development (Gazeda) and the Institute for the Promotion of Exports (Ipex). Instating the heads of the agency, namely its director-general Lourenço Sambo, Prime Minister Carlos Agostinho do Rosário said he hoped the new institution would be able to increase the amount of foreign direct investment as well as expand and diversify the country's exports. The Prime Minister also stressed the importance of promoting public-private partnerships as a means of supporting the country's economic development, as well as ensuring the attractiveness, promotion and retention of domestic and foreign investment. Sambo, a graduate in economic and agricultural business management, was previously the director-general of the Investment Promotion Centre. (Macauhub)

Angolan and foreign entrepreneurs invest in Angola's industrial sector
Seven private investment contracts totalling US$38.18 million were signed in Luanda by the Ministry of Industry and national and foreign businessmen accounting for US$24.89 million or 65.19% of the total Angolan capital.
These new projects, whose contracts were signed by representatives of the investment companies and the director of the Technical Unit for Support to Private Investment (UTIP), José Goma Sala, will create 577 new direct jobs, of which 535 for Angolan workers, according to Angolan news agency Angop.
These seven investment projects are of an industrial nature and are for the production of paints, sheets for metal roofs, coffee processing, food production, namely dairy products and alcoholic beverages.

The companies involved are Neuce Indústria de Tintas de Angola, Angonabeiro – Comércio e Indústria de Café, Heran General Trading Industria, Betalice, Every Where Angola and Nacional Distillers.
The Ministry of Industry reported that these projects are in line with the new private investment policy and respond to the various objectives identified in the 2013-2017 National Development Plan, ensuring the promotion of manufacturing, job promotion and qualification of the workforce, efficient supply of the domestic market and facilitation of the substitution of imports. (Macauhub)

BANKING

Banks

Foreign exchange operations related to merchandise exports have new rules in Angola
The settlement of export and re-export transactions must be carried out through a banking institution duly authorized to operate in Angola, according to new rules and procedures established by the National Bank of Angola (BNA).
The new rules and procedures, published in the Diário da República bulletin dated 28 June, stipulate that intermediation and settlement of the same export or re-export of goods operation by more than one banking financial institution are not possible. This includes individuals or corporations, exchange residents, holders of rights and bonds, banking institutions operating in Angola and intermediaries in said operations under these new rules, which are intended to adapt the rules governing foreign exchange transactions of goods to the country’s macroeconomic situation.
According to Angolan news agency Angop, the BNA also said that total revenue in foreign currency, resulting from each export operation, must be deposited in a bank account in foreign currency, in the name of the exporting entity, opened at an Angolan bank. The foreign currency resulting from the exports can only be used by the respective holder to make payments in Angola or abroad, related to export activities, or to make financial investments with banking institutions where the funds are domiciled. The law, which comes into force 30 days from the date of publication, must be observed by all those involved in foreign exchange transactions to export and re-export goods operating in Angola, the Angolan central bank noted. (Macauhub)

Bank of Mozambique requires more information from credit institutions
Credit institutions authorised to operate in Mozambique will have to disclose on a quarterly basis additional information on solvency and liquidity levels, according to a notice published in Maputo by the Bank of Mozambique. The notice with 11 articles, dated 30 June, repeals another one of 31 December 2013 and is justified by the central bank with the need to “promote and give greater scope to the disclosure of information about credit institutions.”
In addition to maintaining the routine of each institution of semi-annual publication of indicators in a “Market Discipline” document, the new regulation adds the need for quarterly disclosure of a table with prudential and economic-financial indicators. The information “must be published on the websites of the respective institutions,” as well as “sent to the Bank of Mozambique for publication in aggregate form,” it said. The minimum disclosure requirements include information on capital structure, capital adequacy, credit risk and credit risk mitigation, market and operational risk, equity stakes and interest rate risk in the banking portfolio. (Macauhub)

Bank of Mozambique opens new headquarters in Maputo
The Bank of Mozambique spent US$300 million of its own resources to build its new headquarters in Maputo, a set of three buildings in the city centre occupying an area of more than 87,500 square metres, which was inaugurated by the Mozambican President.
The main building, called Torre de Escritorios (Office Tower), has 29 floors and occupies an area of 25,900 square metres, the second largest, the Car Silo, has 19 floors and occupies an area of 56,000 square metres, with the rear of the first 14 floors reserved for car parking.

The third building, the smallest, is called the Technical Hub, and on its six floors houses a variety of equipment including power transformers and emergency generators.
The contract for its construction, which began in 2011, was awarded to Portuguese company Teixeira Duarte and its main aim was to modernise the former headquarters of the central bank, improve the working conditions of the staff and ensure a better range of banking services to the State and other Institutions.
The central bank reported that the construction project included security and technology elements that will ensure the handling and storage of money according to international standards and added that the former headquarters building was out of touch with the current needs as it was built in 1964.
The old building, which was built to house the Banco Nacional Utramarino's headquarters in Mozambique, will remain in the possession of the Bank of Mozambique, according to statements made by Governor Rogério Zandamela. (Macauhub)

Insurer Prudential enters Nigeria via insurance buy, Zenith Bank deal
British insurer Prudential said it had bought a majority stake in Nigeria's Zenith Life to give it access to the African country's fast-growing insurance market. It said it had also signed a deal with the Nigerian insurer's parent Zenith Bank Plc to sell life and other insurance products via the bank in Nigeria and Ghana. "Today's announcement is an important milestone for Prudential and our growing portfolio of high-quality life insurance businesses in Africa," Matt Lilley, chief executive of Prudential Africa. Zenith Life, which had gross written premiums worth 3.3 billion Naira ($10.82 million) at the end of 2016, will be rebranded as Zenith-Prudential Life Insurance. Prudential did not say what size stake it had bought or how much it had paid. Prudential already has operations in Ghana, Kenya, Uganda and Zambia in Africa. ($1 = 305.0000 naira) (By Noor Zainab Hussain, Reuters)

Markets

Currency Fears Are Delaying Kenya's Plan to Introduce Derivatives
- Regulator studying potential impact on nation's shilling
- Nairobi exchange planning currency, equity derivates

Kenya's central bank blocked plans to introduce foreign-exchange derivatives in the country as it determines how the instruments may affect the nation's currency, according to the Nairobi Securities Exchange.
The regulator has also yet to approve the use of banks as clearing members for derivatives trades, delaying the introduction of single-stock and equity-index futures, Geoffrey Odundo, the bourse's chief executive officer, said in an emailed response to questions. The central bank is conducting a viability study on currency futures with the help of the International Monetary Fund, he said.
The exchange was planning to introduce the instruments this year to help improve liquidity, cut the cost of investing and enable hedging in East Africa's biggest market. Kenya's Capital Markets Authority estimated that exchange-traded derivatives could reach $200 billion in value by 2023, or about three times the country's gross domestic product. "While we would have wanted to start with currency futures, we do believe that the current hold on currency derivatives will not be detrimental to having a successful derivatives market," Odundo said. "The operating infrastructure for the derivatives market is ready, all participants are fully prepared and continuous training and market forums are ongoing as we await the Central Bank of Kenya's approval of banks' participation" as clearing houses, he said.
Kenya's shilling has weakened 1.3 % this year as the central bank intervened to keep the currency steady amid quickening inflation and demand for dollars from importers. It traded unchanged at 103.80 per dollar by 9:44 a.m. in Nairobi, the capital.
Central banks in other countries, including India, also had reservations about the introduction of currency derivatives, though those proved groundless, Odundo said. "Currently we have a

unidirectional market, and this creates scenarios where any bearish sentiments are coupled with a lot of capital flight," Odundo said. "The launch of equity futures will shift this sentiment and allow investors an opportunity to take an offsetting view in the derivatives market instead of exiting the spot market."

The NSE said last year it signed up Barclays Bank of Kenya Ltd., Co-Operative Bank of Kenya Ltd., Stanbic Holdings Plc, NIC Bank Ltd., Chase Bank Kenya Ltd. and Commercial Bank of Africa Ltd. to act as clearing houses for a derivatives market, guaranteeing the obligations of sellers and buyers to reduce default risk. (By Adelaide Changole, Bloomberg)

Bank competition limits expansion of the Mozambique Stock Exchange

Competition for customer funds in the banking system in Mozambique is the main reason why the country's stock exchange has only five listed companies, according to a study commissioned by the Mozambican Stock Exchange (BVM), the Mozambican press reported.

The study, conducted by the US Agency for Development's (USAID) Supporting the Policy Environment for Economic Development (SPEED +), sought the reason or reasons why the BVM has only five listed companies in the stock market, despite the economic development of the country, with average growth rates of 7.0% in two decades.

Economist Hipólito Hamela, consultant in the drafting of this study, said that the main conclusion is that the BVM has its own competitors as capital market operators, that is to say, banks and "they are more interested in inviting a person who has excess liquidity to make a time deposit than to buy shares."

Hamela, quoted by daily newspaper O País, also said that banks can encourage companies that want to expand their business by opening up their capital to new shareholders through stock exchange operations to take on bank loans instead.

The BVM, established in 1999, currently has five companies listed on the stock market – Cervejas de Moçambique, CETA – Engenharia e Construção, Companhia Moçambicana de Hidrocarbonetos, Empresa Moçambicana de Seguros and Matama – Matadouro de Manhiça. (Macauhub)

South Africa's ANC Said to Propose Central Bank Be State-Owned

- Private shareholders have no say over monetary policy
- Decisions at party policy conference need to be ratified

South Africa's ruling party has proposed that the central bank should be wholly state-owned rather than an institution with private shareholders.

The Reserve Bank stock being held by private investors is "an anomaly," the African National Congress's head of economic transformation, Enoch Godongwana, told reporters in Johannesburg at the party's policy conference. South Africa "is still sticking to the framework of the 1920s," he said.

The move opens a second front challenging the central bank's established status just two weeks after Public Protector Busisiwe Mkhwebane attempted to instigate a change in its mandate. She instructed Parliament to amend the constitution to make the Reserve Bank focus on the "socioeconomic well-being of the citizens" rather than inflation, prompting a drop in the rand as investors viewed her action as a threat to its independence. The proposal on the central bank's ownership concluded the institution's independence should be guaranteed in the constitution, Godongwana said.

Resolutions taken at the policy conference, which ends, need to be ratified at the party's national electoral conference in December. The proposal about central bank's shareholders isn't immediate, Godongwana said after speaking to reporters.

The ANC has been talking about changing Reserve Bank's ownership "but we have not been able to carry it out, it's just a principle issue," Godongwana said. "We don't even have the money to pay the shareholders. It's a sentimental thing."

The Reserve Bank is one of a small coterie of global counterparts from Japan to Switzerland that has shareholders, a legacy of its foundation in 1921. Its investors have no say over policy or the appointment of the governor, but do vote to select seven of the central bank's 10 non-executive directors. "The net effect is zero but I think investors are on edge given that the mandate of the bank has been questioned and targeted in a very political way," Rashaad Tayob, a portfolio manager at Abax Investments Ltd. in Cape Town, said by phone. "People are conflating ownership of the Reserve Bank with control of it, which isn't the case at all. But if you see this issue simmering up again, it shows the balance of policy is shifting away from the traditional framework."

Rand Weakens

The central bank targets inflation in a range of 3 % to 6 %. The rand slumped as much as 2 % after the news, before paring losses to trade 1.4 % weaker by 3:25 p.m. in Johannesburg.

The bank's shares were delisted from the Johannesburg Stock Exchange in 2002 and are bought and sold on an over-the-counter trading and transfer facility.

More than 600 private shareholders own the bank, and they can't hold more than 10,000 shares each, according to its website. The dividend payable to investors is limited to 10 cents per share annually, or a total of 200,000 rand ($15,000), if the central bank makes a profit. Its after-tax profit for the year through March was 1.4 billion rand.

Jabulani Sikhakhane, spokesman for the Reserve Bank, couldn't immediately respond to a phone call and an email seeking comment. "The big fight will be about what is a fair price for the shares," said Jannie Rossouw, head of the the school of economic and business sciences at the University of the Witwatersrand in Johannesburg. "Some of the shareholders will set up a big fight about that, this will be in and out of the courts forever, because the Reserve Bank Act is silent on what happens in the case of nationalization." (By Sam Mkokeli, Robert Brand, and Amogelang Mbatha, Bloomberg)

Ghana's Cocobod may take $200 mln extra debt for light crop

Ghana's Cocoa Board (Cocobod) may borrow an additional $200 million to finance next year's light crop purchases if a $1.3 billion syndicated loan it plans to sign in September proves insufficient, Chief Executive Joseph Boahen Aidoo said. But Cocobod is also set to complete repayment of a $1.8 billion loan it signed last year ahead of schedule by the end of July, Aidoo said. (Reuters)

Tech

Huawei Agrees to Deal to Help African Expats Send Money Home

- Chinese network operator signs partnership with WorldRemit
- Sub-Saharan Africa is most expensive region to send money to

Huawei Technologies Co. said it will partner with British money-transfer operator WorldRemit Ltd. to enable African expatriates to send cash home to more than 100 million users of the Chinese company's mobile-money service platform.

The deal will let Huawei and WorldRemit tap into growing demand for money transfers from Africans living abroad using mobile-payments services, which are popular in places where banks are scarce or unreliable. All carriers that are Huawei partners will be able to use the service, the two companies said in an emailed statement.

As basic phone calls and text messages have become less profitable, wireless operators in Africa and elsewhere are turning to services such as banking to boost sales and keep customers loyal. According to WorldRemit, sub-Saharan Africa remains the most expensive region in the world to send money to and aside from bringing down the costs, digital payments also eliminate the need for the sender to travel to an agent to send funds back to family or friends.

"International remittance is a very important mobile-money service in Africa, and our partnership with WorldRemit will bring the service directly to Huawei's customers across the continent," David Chen, Huawei's vice president for southern Africa, said in the statement.

By accessing WorldRemit's site on any device, customers can send money overseas from bank accounts or using debit and credit cards. For example, using WorldRemit's service to send 500 pounds ($645) from the U.K. to Tanzania costs 12.99 pounds.
Huawei's mobile-money services platform delivers basic banking transactions in developing countries using technology that works on smartphones as well as regular handsets. Since 2011, the number of people using digital cash on smartphones to collect wages and pay bills has jumped fivefold to more than 500 million accounts in almost 100 nations, according to GSMA, a London-based trade group.
WorldRemit founder and Chief Executive Officer Ismail Ahmed told Bloomberg in April he expects revenues from transactions involving Africans to double by 2020 and that the company will open a regional office in South Africa later this year. Facebook Inc.-backers Accel Partners LP and Technology Crossover Ventures invested a combined $140 million in WorldRemit in 2014. (By Loni Prinsloo, Bloomberg)

ENERGY

Mozambique and Yara International sign agreement for production of fertilizers and electricity

The Mozambican Ministry of Mineral Resources and Energy and Norwegian company Yara International in Maputo signed a memorandum of understanding for the production of fertilizers from the natural gas extracted in the Rovuma basin in the northern province of Cabo Delgado, according to an official statement.
This agreement follows the results of an international public tender to award a portion of the natural gas to be extracted in the future, with Yara International being one of the three winning companies, together with Shell and GL Africa Energy.
The Norwegian company has requested the award of 80 million to 90 million cubic feet per day for annual production of 1.2-1.3 million tonnes of fertilizers (ammonia and urea) and 30 to 50 megawatts of electricity.
The ministerial statement recalls that the Government's Five Year Plan outlines local production of fertilizers, fuels and energy from natural gas, aimed at reducing imports, increasing foreign currency reserves as well as productivity in agriculture and expanding the country's power grid.
According to information released by the National Petroleum Institute, Shell Mozambique will produce diesel and between 50 and 80 megawatts of electricity and GL Africa Energy, a Kenyan company based in London, will produce 250 megawatts of electricity from natural gas. (Macauhub)

Nigeria has the potential to produce 93,950MW of electricity from renewables

Nigeria has been advised to explore renewable energy by using its untapped energy sources, estimated at 93, 950MW, as the country's energy sector is currently experiencing a chronic crisis.
"*Nigeria has an untapped potential to produce 93,950MW from carbon-emission-free energy sources, which include small and large hydroelectric power plants, 68 % and nuclear power, 21 %. Also, Nigeria has an untapped potential of seven per cent solar and photovoltaic and onshore wind, two per cent,*" said Bakary Dosso, the UN Economic Commission for Africa (ECA) Chief Sub-regional Officer, Data Centre. He noted that it is sad that despite such potential, half of the population in Nigeria rely on wood, charcoal, manure and crop residue for energy. Dosso therefore urged the Federal government to tap the renewable energy potential to improve the power situation in the country.
Nigeria has a total installed electricity capacity of 12,522MW and an available current capacity of only about 4,500MW. Existing infrastructure in the country are currently not suitable to meet demands. The recently launched 2016 country profile has highlighted energy as one of the vector in the transformation process of Nigeria's economy. To achieve this, the nation needs a clear regulatory framework to attract private investment, harmonize the series of measures on the energy

supply development with other policies (including transport, employment and education), and also continue to invest in the expansion of the energy network while ensuring its regular maintenance. (By Anita Fatunji, Ecofin Agency)

South Africa's Eskom signs $1.5 bln loan agreement with China

South Africa's state power utility Eskom signed a $1.5 billion (19.6 billion rand) loan agreement with China Development Bank to partly finance its Medupi coal power plant, its acting chief executive said.

The loan is the second tranche of a $5 billion funding facility Eskom is seeking, after signing a $500 million credit facility with China Development Bank in 2016. "This loan will also aid us in ensuring that we complete the Medupi project and ensure security of energy supply," Eskom's acting CEO Johnny Dladla told reporters.

The power utility, which has in the past been forced to impose power cuts due to insufficient supply, is scrambling to revamp its ageing power plants. Once completed, Medupi is expected to be the largest dry-cooled coal-fired power station in the world and will add 4,800 megawatts to the grid. But the facility is over budget and years behind schedule.

Eskom Chief Financial Officer Anoj Singh said the Chinese loan would be paid back over 15 years.

He expected Eskom's debt to peak at 500 billion rand, up from 350 billion rand currently. To date Eskom has secured 77 % of this fiscal year's funding requirement, Dladla said, and expected that it would meet the required funding for the year. Singh also said Eskom sees significant appetite from international investors for the firm's bonds and the utility could tap the market for between $1 billion and $1.5 billion in sales in the next six months.

However, he said governance issues at the utility had impacted the firm's plans to secure funding. "We'll probably look for about $1 billion to $1.5 billion in the next six months depending on the appetite," he told Reuters. Eskom has been in a leadership crisis after several board members, including the chairman and chief executive, resigned in recent months amid growing concerns about governance at the country's sole electricity provider. (By Nqobile Dludla, Reuters)

Congo revamps Inga hydro project in bid to make it economical

Democratic Republic of Congo has decided to more than double the size of its planned Inga 3 hydroelectric plant to make it more economical, after the $14 billion project was hit by financing problems.

Inga 3 is part of a $50 billion-$80 billion project to expand hydroelectric dams along the Congo River, but the project has repeatedly been delayed by red tape and disagreements between Congo and its partners on the project.

A consortium led by China Three Gorges Corporation and another consortium that includes Spain's ACS (Actividades de Construccion y Servicios SA) have been vying to develop the project. They will now submit a joint bid on the expanded project in September, the project's director said. Bruno Kapandji, director of the Agency for the Development and Promotion of the Grand Inga Project, said the plant would be built to produce between 10,000 and 12,000 megawatts of power, more than double the originally planned capacity of 4,800 MW.

Increased capacity would help meet rising power demand and bring down costs, he said, although he did not say how much the expanded project would cost. "The Chinese consortium, the Spanish-led ProInga consortium and civil society groups all seemed to agree that the 4.8 GW plan wouldn't be economically feasible. So the ProInga team came up with a radically different design," said Elisabeth Caesens, an Open Society Fellow researching hydro power in Congo.

The original $14 billion project struggled to attract financing and the World Bank last year suspended funding after the president's office took control of the project, raising transparency concerns at the Bank.

The plant is projected to provide power for South Africa as well as mines and other consumers in Congo.

However, campaign group International Rivers said last month that Inga 3 would incur massive debts and that the plant would deliver little to no electricity to consumers inside Congo because of transmission losses and because production would not meet its target. (By Aaron Ross, Reuters)

INFRASTRUCTURE

China, France eye Gambian port upgrade to rival Dakar

Chinese and French companies are bidding to help Gambia build up its Atlantic port Banjul to be what industry sources say could be a rival to neighbouring Senegal's Dakar. It would be one of the first major structural changes in Gambia following the end of President Yahya Jammeh's more than 20-year rule in January.

State-owned China Communications Construction Company (CCCC) says one of its subsidiaries has made a bid for a 140 million euro ($159.91 million) contract Gambia has launched to redevelop the port.

France's Bollore Group has also submitted an offer to develop the port for hundreds of millions of dollars, sources told Reuters, and was part of a recent delegation of French investors to the country.

The port was run by a state agency during Jammeh's rule. It is considered to have strategic potential thanks to its easy access to Atlantic shipping lanes. Abdoulie Tambedou, managing director of the Gambia Ports Authority said there had already been several offers. "The Chinese are interesting in investing in the infrastructure for an overall envelope of 140 million euros," he told Reuters in an interview. "We hope to agree the financing in the next six months." An official at CCCC confirmed that one of its subsidiaries was bidding for the contract, without specifying which. In a sign of their interest, a witness saw a Chinese delegation visiting the port last week. Tambedou confirmed Bollore's offer, without giving the price, and said this included both infrastructure costs and the rental concession. Chinese interest in the project follows China's resumption of diplomatic ties with former Taiwan ally Gambia last year under the "one China" policy, which states that self-ruled Taiwan is part of China. President Adama Barrow's new government reaffirmed that position in February.

China is also a major market for Gambia's exports, which globally are mainly peanuts, wood, cashews, fish and fruit. Upgrading the port will take 30-36 months to complete, Tambedou said.

STRUGGLING

Gambia is poor. It ranks 173 out of 189 countries on the U.N. Human Development Index, below Haiti. It is badly in need of key infrastructure development. There is not a single bridge across its eponymous 1,120 km (695 mile)-long river that wiggles up the length of the country, for example. People and goods have to be shipped across on ferries - or go around. Gambia is nonetheless seen as a key transit country for reaching remote areas of Guinea, Mali and Senegal that are easier to access from Banjul than from the countries' own ports and capitals. Space constraints at the port, however, mean that arriving cargo ships often have to wait at anchorage before entering. Since the departure of Jammeh, Tambedou said that trade was picking up, with shippers sending imports such as sugar in bigger volumes than before. ($1 = 0.8755 euros). (By Emma Farge, Reuters)

Connecting the Continent: With ALSF support, Rwanda concludes Concession Agreement for new Bugesera International Airport

With the backing of the African Legal Support Facility, the Government of Rwanda has taken a concrete step toward becoming a transportation hub for the East African region with the signing of a Concession Agreement for the construction and operation of Bugesera International Airport. Kigali is being positioned to become a nerve center for business, travel, and shipping in the sub-region.

Worth approximately US$ $700 million, the Bugesera Airport project is designed to be executed across four phases. The first phase will involve approximately 27 months of construction—at an estimated cost of US$ $400 million—and is expected to be completed by 2019, at which point the airport will be able to accommodate 1.8 million passengers annually.

The ALSF provided assistance to the Government of Rwanda in the development of the project, notably the provision of legal advisers who supported the government in its negotiations between project partners in the Concession Agreement for the construction and development of the Airport. The coordination of legal efforts was instrumental in ensuring the signing, first of a Project Development Agreement and Joint-Venture Agreement between the Rwandan government and investor, and subsequently of the Concession Agreement.

The agreement was signed on behalf of the Government of Rwanda by the Minister of Infrastructure, James Musoni and Manuel Mota, Chief Executive Officer of Monta-Engil, on behalf of both the developer and the Engineering, Procurement and Construction (EPC) contractor. "We have anticipated this project for close to 10 years, all the while relying largely on local expertise," explained Emmanuel Rugambwa, a Strategic Investment Analyst at the Rwanda Development Board. "When we approached the ALSF, they swiftly helped us procure the required expertise to structure the project such that it attracts private capital. Since then, we've had many banks express interest in joining the project. The ALSF grant also includes a capacity building component which ensures that the procured experts will train Rwandans to monitor the project's development, as well as to structure future projects in a similar manner."

The development of Bugesera Airport is aligned with Rwanda's Vision 2020—an ambitious strategy which aims to transform Rwanda into a knowledge-based, middle-income country by the end of the decade—as well as the country's Economic Development and Poverty Reduction Strategy (EDPRS).

As such, the Project is designed and is being implemented with the aim of generating socio-economic development in Bugesera, Kigali, and other parts of the Eastern Province. The airport will further sustain the development of the aviation sector by backstopping the growth of RwandAir with new facilities and training opportunities. The project is expected to provide approximately 2,000 jobs for local residents. (AfDB)

Metropolitan Region of Maputo, Mozambique, will receive more water in 2018

Works to install a water pipeline to increase the water supply to the metropolitan region of Maputo are expected to be completed by the end of this year, according to Mozambican state news agency AIM. The 95-kilometre-long pipeline linking the Corumana Dam in Moamba to the Machava Distribution Centre in the municipality of Matola will allow more than 650,000 people to have access to drinking water.

The launch of the pipeline that began to be installed in 2016 also includes construction of the new Sabié water treatment plant (ETA), which is currently at the bidding stage.

However, those responsible for the work told the Minister of Public Works, Housing and Water Resources, Carlos Bonete on a visit to the site, that the pipe will be possible to take the water to the distribution center of Machava and, from there, For the entire network that supplies the metropolitan area of Maputo. After completion of the works expected to cost US$173 million financed by the World Bank and another 20 million euros granted by the Netherlands, 60,000 cubic metres of water per day will be processed, which is expected to increase to 120,000 cubic metres per day. Work to place new sluice gates on the Corumana dam will begin in two months with the support of the World Bank, allowing the rise of water level in the reservoir and increasing storage capacity from 720 million to 1.240 million cubic metres of water. (Macauhub)

MINING

Angola has diamonds estimated at 1 billion carats

Angola has a total of 1 billion carats of diamonds, of which more than 950 million in kimberlites and at least 50 million in alluviums, said in Luanda the deputy director of the Geological Prospecting Unit of Russian group Alrosa. Victor Ustinov also said that that number could reach 1.5 billion carats if additional studies were carried out to learn more about the potential of the country.

The study, conducted by Angolan and Russian geologists, has allowed Angola's territory to be divided into four areas with diamond potential areas, which were characterized as having high potential, likely potential, without potential and moving bands, according to Angolan news agency Angop. Geologists have concluded that most of the kimberlites discovered in the country are located in northeastern Angola and belong to an area called "open territories," where they are exposed to the air and are visible. These territories represent only 20% of the Angolan territory, while the remaining 80% represent covert kimberlites. The study was carried out under the cooperation agreement between the Alrosa group and Angolan national diamond company Endiama, which covers mining, scientific research and prospecting of new diamond deposits. In 2016, 9 million carats of diamonds were extracted in Angola, of which 7 million by Sociedade Mineira de Catoca, in the province of Lunda Sul. (Macauhub)

Randgold Resources made $173 million of payments to African governments in 2016

Randgold Resources announced it paid in 2016 $173 million to the governments of African countries where it operates, *Miningweekly* reported. At the year ended on December 31, 2016, the company paid $161 million to the government of Mali where is located its Morila gold mine as well as its Loulo and Gounkoto projects. In Cote d'Ivoire where it operates the Tongon mine, it paid $11.7 million in royalties, taxes, dividends, licence fees and infrastructure improvements. As for the government of DR Congo where Randgold has its Kibali mine, it received from the firm $157,944.

In its operational and financial report for 2016, Randgold said it has produced 1.25 million ounces of gold (up 3% compared the previous year) and made $294.2 million of profits (+38%).

The dual-listed (Nasdaq and London) company is the world's 30th largest market capitalization in the mining industry, according PwC's latest report. (By Louis-Nino Kansoun, Ecofin Agency)

South Africa puts new mining charter on hold: Chamber of Mines

South Africa has suspended implementation of a new mining law, which includes raising the level of shares blacks should own in mining firms, pending a court ruling, the Chamber of Mines industry body said. Mining shares fell to more than one-year lows when Mines Minister Mosebenzi Zwane released the revised mining charter last month, giving resource firms 12 months to meet a new 30 % minimum for black ownership, up from 26 %.

The Chamber of Mines said the minister had given a written undertaking that the new code would not be implemented until a court ruled on a case against the move brought by the chamber.

It said the court would likely hear the so-called interdict application in September.

The charter aims to widen ownership in South Africa's economy, which has yet to shake off the legacy of white rule more than two decades after the end of apartheid. The Chamber of Mines applied to the high court to prevent implementation of the charter, saying it risked "vast and systemic damage" to the industry. The industry body said there had been insufficient consultation drawing it up.

Ratings agency Moody's said the new rules seeking to accelerate black ownership in South Africa's mining industry would deter investment, raise costs and diminish cashflow generation. The mining minister has defended the new code, calling it a "win-win" for all. Johannesburg's Mining Index extended gains to be up 1 % following the news of the suspension. (By Tanisha Heiberg, Reuters)

Cabinda province, Angola, launches phosphate exploration

Angolan company "Mongo Tando" launched phosphate exploration in Cácata, in Cabinda, northern Angola, in an area of 21.16 square kilometres containing over 10.2 million tonnes of phosphate rock. With an investment of US$120 million and forecast annual production of 800,000 tonnes of phosphates the Cácata quarry will employ 250 people. The company plans to extract and export about 1 million tonnes of phosphates per year in addition to producing fertilizers for agricultural production. The prospecting phase of the phosphate deposits began in 2009 with test drilling along the perimeter of the concession, to identify the best area for phosphate exploration. (Macauhub)

OIL & GAS

Angola's Sonangol posts profit of US$68 million in 2016

Angola oil company Sociedade Nacional de Combustíveis de Angola (Sonangol) posted net profit of more than 13 billion kwanzas (US$68 million) in 2016, the chairwoman of the company, Isabel dos Santos, announced in Luanda. Presenting the results for the previous year, dos Santos said net income and EBITDA (earnings before interest, taxes, depreciation and amortization) of 525 billion kwanzas (US$2.755 billion) reversed the sharp downward trend of the previous two years. Cited by Angolan news agency Angop, dos Santos stressed that the company kept oil production above 1.7 million barrels a day in 2016, "despite all the constraints associated with the drop in oil prices," making Angola the biggest oil producer in Africa.

Dos Santos noted that the current Sonangol board, which was appointed in June 2016, took on that responsibility in the context of an economic crisis in the country and with the state company registering a 60% drop in revenues compared to 2013/2016, high debt and falling oil prices. The chairwoman of the oil concessionaire in Angola said that it was possible to increase revenues and reduce expenses by introducing a number of programmes, such as Sonaplus and Sonalight. Sonaplus involved increasing sales of bitumen, optimising Luanda Refinery products, reviewing lubricant prices and adopting revenue guarantee programmes at Clínica Girassol. The Sonalight programme is focused on making savings of up to 200 billion kwanzas (US$1.2 billion), and effective savings of 53 billion kwanzas (US$320 million) which have already been achieved in the second half of 2016. (Macauhub)

Angola's Sonangol still interested in building the Lobito refinery

Angolan state oil company Sonangol remains convinced that the Lobito refinery construction project is strategic for the company and for the country "given the high national deficit in the production of refined products," according to the company's annual report and accounts for 2016.

The document recalls that the construction works of the refinery were stopped in August 2016 by the current board of directors, "for reassessment of the strategic vision of development and execution of this project." "This measure provides for a careful review of the development, phasing and financing of this project and has resulted not only from the current adverse economic situation, in particular in the oil sector, but also from the non-materialisation of some of the original assumptions that led to its approval," the annual report said.

The report adds that the impossibility of measuring and incorporating the potential for development and exploration of the industries adjacent to the refinery at the current value of the refinery, has negatively affected the year, with impairments amounting to 116.914 billion kwanzas (US$701 million). Construction of the Lobito Refinery, which was planned to occupy an area of 3,805 hectares, should be completed in 2018, after the first stone was laid in 2012, and is estimated to cost US$5.6 billion. The refinery is designed to process 200,000 barrels of oil per day and produce fuels such as gasoline, diesel, jet fuel (Jet A1) and other derivatives. (Macauhub)

Gabon Seeks Private Partners to Boost Processing of Minerals

- Central African nation wants to build processing facilities
- Gabon is trying to reduce oil dependency amid price slump

Gabon, Africa's second-biggest manganese producer, wants to partner with private companies to process most its minerals locally before exporting them, Mining Minister Christian Magnagna said.

Local processing will boost the mining industry's contribution to gross domestic product from the current 2.1 % to at least 4 % as the central African nation seeks to make its economy less dependent on oil, Magnagna said in an interview in the capital, Libreville. The country's main manganese mine in Moanda in the southeast processes about 6 % of its total output, which stood at 3.8 million metric tons last year. "Foreign direct investment in our mining sector is low, and the share of mining in our GDP is weak," Magnagna said. "Building processing facilities requires considerable

financial resources. We need public-private partnerships to achieve that goal.” Gabon’s economy depends largely on world demand for manganese and oil. Crude contributes 30 % to state revenue.
While the Moanda manganese mine has been operational since 1953, before Gabon’s independence from France in 1960, two other manganese deposits lie near the towns of Franceville and Okondja. The government has so far not managed to find an investor for an iron-ore reserve in Belinga after it went to court to buy back its shares in the project from the China Machinery Engineering Corporation in 2013.
Gold production, which began at the Eteke deposit in 2012, reached 1.15 tons last year. There are two other known gold deposits the government is trying to find partners for, according to the ministry. (By Eric Mbog Batassi, Bloomberg)

Russia's Rosneft plans to open Mozambique office: diplomat
Rosneft is preparing to open an office in Mozambique, a senior Mozambican diplomat said, a further sign that the Russian oil major is eyeing oil and gas deals in Africa.
Mozambique's Ambassador to Russia Mario Saraiva Ngwenya also told Reuters that Mozambique expected to sign by the end of the year an agreement on the development terms of blocks that Rosneft and ExxonMobil were awarded in 2015. "In the next few weeks there is a delegation from Rosneft visiting Maputo. Rosneft is preparing, planning to open an office in Mozambique," he said.
In 2015 Mozambique awarded Rosneft and Exxon three contract areas: A5-B in the Angoche Basin as well as Z5-C and Z5-D in the Zambezi Delta. "The government of Mozambique is in a negotiating process with Rosneft. We expect to sign a public agreement on terms of development of those blocks before the end of 2017," the ambassador said.
Mozambique, which has been in the throes of a debt crisis, has large untapped natural gas reserves and has historically had close ties with Russia. Rosneft, the world's largest listed oil producer by output, is trying to increase its gas output and has global ambitions as the Kremlin's energy champion.
In 2015, Rosneft said that liquefied natural gas (LNG) exports would be a primary development case if gas discoveries were sufficient in Mozambique. Rosneft Chief Executive Igor Sechin worked as a Soviet translator in Africa, according to former classmates and fellow Soviet translators. Rosneft declined comment when contacted by Reuters. (By Alexander Winning, Reuters)

Russian companies build refinery in southern Angola
Russian companies Rail Standard Service and Fortland Consulting Company laid the first stone of a refinery to be built in the town of Giraul de Baixo, Moçâmedes municipality, the capital of Namibe province, the Angolan press reported.
The project, with overall investment of US$12 billion, includes the construction of a housing area for workers, a power station and a railway line linking the Moçâmedes and Benguela railways. Anatoly Kazlov, representing the Russian investors, said the project aims to build a large oil centre in southern Angola to meet the energy needs of other southern African countries. The project will be executed by Namref, the investment vehicle company to be set up by the two Russian companies (75% investment by Rail Standard Service and 25% by Fortland Consulting Company) and local partners, as stipulated the contract signed with the Technical Private Investment Unit (UTIP). The first phase of this project involves construction of the oil desalination and conversion unit with a capacity of 10 million tonnes per year within three and a half years. This capacity, as well as the type of product to be refined, such as gasoline, diesel and bitumen, will increase with the completion of the remaining phases.
In addition to the licenses and the land, the Angolan State undertakes, through the contract signed with the UTIP, to purchase refined products of between 28,000 barrels of crude oil per day (in the first phase, within three and a half years) and 364,000 barrels per day (in the last phase, within 11 years).

This investment happens at a time when state-owned oil company Sonangol suspended the construction of the Lobito refinery and the government is re-evaluating the refinery project in Soyo, Zaire province. (Macauhub)

TELECOM

Sub-Saharan Africa mobile users to exceed 500m by 2020

More than 500-million people across sub-Saharan Africa will be subscribed to a mobile service by the end of the decade, a new report shows. The report 'The Mobile Economy: Sub-Saharan Africa 2017', which was published by GSMA, forecasts that the number of unique mobile subscribers in sub-Saharan Africa will grow from 420-million at the end of 2016 to 535-million in 2020, making it the fastest-growing region in the world over this period.

It notes that sub-Saharan Africa accounts for nearly one-tenth of the global mobile subscriber base and subscriber numbers in the region are expected to grow faster than in all other regions over the next five years. "The mobile industry plays an increasingly important role in the social and economic development of the region. Mobile connectivity has become the main platform for innovation and the driving force for greater inclusion, while the mobile ecosystem, including mobile network operators and device vendors, contributes significantly to economic growth and jobs," the report notes.

It further points out that sub-Saharan Africa will be a key engine of subscriber growth for the world's mobile industry over the next few years. "The mobile industry is also offering sustainable solutions that address the lack of access to services such as health, education, electricity, clean water and financial services, which still affect large swathes of the population," GSMA director-general Mats Granryd said in a statement.

According to the report, subscriber growth is expected to be concentrated in large, underpenetrated markets such as the Democratic Republic of Congo (DRC), Ethiopia, Nigeria and Tanzania, which together will account for half of the 115-million new subscribers expected to be added in sub-Saharan Africa by 2020.

Growth will also focus on currently under-represented segments such as the under-16 age group, which accounts for more than 40% of the population in many countries, and women, who are currently 17% more likely to have a mobile phone subscription than their male counterparts. "Mobile is also a vital tool in delivering digital and financial inclusion in sub-Saharan Africa. Around 270-million people in the region now access the Internet through mobile devices, while the number of registered mobile money accounts has reached 280-million." Mobile technologies and services generated $110-billion of economic value in sub-Saharan Africa in 2016, equivalent to 7.7% of regional gross domestic product – a figure that is expected to grow to $142-billion by 2020. The mobile ecosystem also directly and indirectly supported about 3.5-million jobs in the region last year and made a $13-billion contribution to the public sector in the form of taxation. (By Anine Kilian, Engineering news)

AGRIBUSINESS

Ivory Coast Said to Sell 1 Million Tons of Main Cocoa Crop

- CCC said to target 1.3 million tons of sales by season's start
- Deliveries seen slowing in last three months of current season

Ivory Coast, the world's biggest cocoa producer, has sold 1 million metric tons of cocoa beans from its 2017-18 main crop, according to a person familiar with the matter. Cocoa regulator Le Conseil du Cafe-Cacao is targeting forward sales of 1.3 million tons before the new season starts on Oct. 1, according to the person, who asked not to be identified because the information isn't public. The current total compares with 950,000 tons through May 27 that Bloomberg reported at the time. The main crop is the larger of the country's two annual harvests. CCC spokeswoman Mariam Coulibaly

Dagnogo wasn't available to comment and the regulator's press office declined to comment in her absence. The CCC forecasts production for the current season through the end of September at 1.91 million tons, with deliveries in the final three months seen slowing due to heavy rains and flooding, the person said. Purchases this season reached 1.82 million tons through June 30, according to government data obtained by Bloomberg. The output forecast is well above the total from last year, when dry winds from the Sahara damaged the crop. Deliveries diverted from Ivory Coast to neighboring Ghana through smuggling are currently estimated at about 40,000 tons in the season so far and may rise to 70,000 tons, the person said. Cocoa for delivery in September fell 0.7 % to 1,528 pounds ($1,974) a metric ton close in London, extending the declines this year to 12 %. (By Baudelaire Mieu, Bloomberg)

IFAD supports Mozambique's agricultural development

The International Fund for Agricultural Development (IFAD) will apply about US$150 million in the agricultural sector in Mozambique, which will be disbursed over the next five years, beginning in 2018, said the representative of the institution for the country in Maputo. The funding is intended to support small-scale farmers as well as aquaculture, said Robson Mutandi, minutes before the meeting to review the performance of the portfolio of government projects funded by the IFAD.

At the meeting, which was attended by representatives of the Bank of Mozambique, the Ministries of Agriculture and Food Security and Economy and Finance, the investment strategy was drawn up for the next five years. Mutandi, who also serves as IFAD's director in South Africa and Botswana, said that the resource allocation strategy will depend on a series of meetings, with being the first meeting but added "we have some ideas where to apply that funding over the next five years," according to Mozambican news agency AIM. The Mozambican government and IFAD signed a Country Strategic Opportunities Program (COSOP) in 2011 that established a framework for cooperation that ended in 2015. IFAD's current lending portfolio includes support for programmes in the agricultural sector, small-scale fisheries, market links, financial services, value chain development and food and nutrition security. IFAD has disbursed about US$400 million since it began supporting Mozambique in 1983. (Macauhub)

First cotton harvest in Angola after independence will produce 242 tonnes

The first cotton harvest under Angola's production recovery programme is scheduled for July in the provinces of Malanje and Kwanza Sul with a symbolic result of 200 tonnes in the first province and 42 in the second, Angolan news agency Angop reported. Following independence, in 1975, cotton production virtually ceased due to the civil war, which ended in 2002. The Ministry of Agriculture staffer and coordinator of the cotton production recovery programme, Carlos Canza, said that an area of 242 hectares was planted, and each hectare will produce one ton of seed cotton, which is insufficient to meet the needs of the textile industry in the country.

For the next 2017/2018 crop year, which will require an investment of 530 million kwanzas, 1,500 tonnes of seed cotton are expected to be harvested in those two provinces in February 2018, after planting 30 tonnes of sseds. Agricultural engineer Carlos Canza said it was also expected that a Japanese company, which he did not identify, would invest in cotton production at the Capanda Agro-industrial Hub (Malanje) in an area of 10,000 hectares.

This project, he added, is expected to produce 50,000 tonnes of seed cotton in each agricultural season, around 5 tonnes per hectare, which will help to meet demand from the Angolan textile industry. Canza also mentioned another cotton production project in an irrigated perimeter of Kwanza province in which US$67 million will be invested in a shared financing deal between the governments of Angola and South Korea.

Cotton cultivation in Angola dates back to 1926, with production increasing significantly from 1968, when it reached 15,000 tonnes, to 31,000 tonnes in 1971 and a peak of 86,000 tonnes in 1973. The revitalisation of the cotton value chain began with the reconstruction and modernisation of

Angola’s three textile factories, Textangue II (Luanda), Satec (Kwanza Norte) and Africa Têxtil (Benguela), engaged in spinning, weaving and sewing garments, respectively. (Macauhub)

Angola wants to become a major world coffee producer

Angola expects to produce 50,000 tons of coffee by 2022, six times more than the production of 8,000 tonnes recorded in the period from September 2016 to June 2017, the Angolan ambassador to Brazil,Nelson Cosme said in Medellin, Colombia. Cosme, speaking on behalf of Angolan Agriculture Minister Marcos Nhunga, led the Angolan delegation to the World Forum of Coffee Producers that took place from 10 to 12 July in Colombia’s second city. The ambassador highlighted the Angolan government’s actions to make the country a major world producer again and noted the support that is being provided by the Common Fund for Commodities of the World Coffee Organization, which provided US$8 million for a project to renovate and plant robusta coffee in several regions of Angola. Before independence in 1975, coffee production in Angola reached about 230,000 tonnes per year, making it the fourth largest coffee producer in the world. In the aftermath of the civil war that followed independence and only ended in 2002, coffee production dropped to almost nothing, with production of 2,400 tonnes in 2016/2017, according to statistics from the World Coffee Organization. (Macauhub)

Mali on track for record cotton output

Mali's cotton production is on target to hit a record 725,000 tonnes in the 2017/18 season provided rainfall remains adequate, state-owned Malian Company for Textile Development (CMDT) said. Mali is West Africa's biggest cotton producer and farmers have planted 706,861 hectares of cotton so far, or 98 % of the target production area, according to a CMDT document seen by Reuters. That is up 6 % from this time last year. Last season's yield of over 647,000 tonnes was the country's highest in more than a decade, aided by increased prices and fertiliser subsidies. "If the rain is good, I think we have a strong chance of reaching our target," CMDT director Baba Berthe told state radio. So far rain has been irregular across regions, but sufficient. The season runs from April to March in two phases, production between May/June and September/October, with commercialisation from October/November to end-March. (By by Tiemoko Diallo, Reuters)

Zimbabwe in Talks on $100 Million Financing for Oilseeds Farmers

- Industry estimates output could increase to 150 million tons
- African country is seeking to reduce reliance on imports

Zimbabwe is in talks about a potential $100 million loan facility to support oilseeds farmers in the southern African country and boost production, especially of soy. Sakunda Energy, a closely held Zimbabwean energy and logistics company, has agreed to contribute $48.7 million of the funds, and the rest would be provided by the government, according to Zimbabwe Oil Seed Producers’ Association President Busisa Moyo. Sakunda didn’t respond to multiple requests for comment. Zimbabwe is seeking to expand its Command Agriculture program, which provides financing and subsidized materials to corn farmers, into other sectors and include private-sector funds, Finance Minister Patrick Chinamasa said in an interview. The added support for oilseed farmers would help reduce Zimbabwe’s dependence on imports of the seeds and edible oils, he said. About half of the proposed funding would be used for irrigation infrastructure and the rest would be used to buy seeds, fertilizers and pesticides, Moyo said. The association has identified farmers to sow about 60,000 hectares (148,000 acres) of oilseed crops at the start of the season in November and estimates production could reach 150 million metric tons a year as a result of the additional funding. (By Desmond Kumbuka and Brian Latham, Bloomberg)

Zimbabwe maize subsidy adds $118 million to mounting debt

Zimbabwe's budget deficit will increase by nearly $120 million this year due to a maize subsidy, Reuters calculations show, in a scheme critics of President Robert Mugabe say will be open to abuse and saddle a troubled economy with more debt. Facing an election in 2018, Mugabe says the subsidy will make Zimbabwe self-sufficient in the grain and help struggling farmers. Mugabe's government announced the scheme last year as part of a 'Command Agriculture' drive, saying it would pay farmers $390 a tonne for maize this harvest to encourage farmers to plant. Nearly 70 % of Zimbabwe's population is rural-based and survives on agriculture.

The government has not said what it will do with the maize it has bought - essentially who it will sell to and for how much. That information is needed to work out how much the scheme will cost the government.

However, the Grain Millers Association of Zimbabwe, a grouping of the 100 biggest private millers, has agreed to buy 800,000 tonnes of maize from the state for $194 million this season, or $242.50 a tonne, its chairman, Tafadzwa Musarara, told Reuters.

At this price, the government would lose $147.50 for every tonne it buys from farmers and sells to these private millers, totalling $118 million, according to Reuters calculations. Finance Minister Patrick Chinamasa did not respond to Reuters requests for comment on the subsidy calculations. The final cost could be much higher if the government buys more grain, with the southern African nation forecast to grow 2.1 million tonnes of maize this year, financial analysts said.

ESCALATING DEBT

Zimbabwe is already in arrears for $7 billion of international debt - around 50 % of GDP - and its domestic debt burden is growing rapidly as Mugabe's administration runs ever larger budget deficits. Domestic debt now stands at $4 billion after a 2016 deficit of $1.4 billion - from an initial forecast of just $150 million. This year's deficit forecast is $400 million. The budget does not include any 'Command Agriculture' spending.

Chinamasa issued a statement in the state-owned Herald newspaper on June 28 defending the maize subsidies: "The command agriculture programme was designed to (mobilise) sustainable and affordable funding for our agriculture so as to ensure food security, eliminate imports of food, to increase exports from this sector and reduce poverty."

Despite government assertions that the subsidies will help farmers and feed the nation, opposition leader Morgan Tsvangirai said the scheme is typical of the practices that have taken root during Mugabe's 37 years in power. He said it would benefit ruling ZANU-PF party members who acquired land after the violent eviction of 4,000 white commercial farmers from 2000. "Who is benefiting? The same ZANU-PF elites who took the land," Tsvangirai told Reuters. "The Treasury has to fork that out and it's not sustainable. It's a fiscal nightmare." Chinamasa said in his statement that concerns about mismanagement had been dealt with and all beneficiaries of the agriculture programme would be held in a database. Mugabe, 93, and who has been in power since independence from Britain in 1980, has personally defended the maize subsidy but the World Bank says paying above the market rate is not the answer. "Government intervention is both expensive and inefficient, especially the use of price support, as floor prices are set far higher than import-competing prices," it said in its latest Zimbabwe report published in June.

SUBSIDIES, HEAVY RAINFALL

An International Monetary Fund source, who declined to be named, said the subsidy would be difficult to monitor, funds could be funnelled to political interests and crops could be smuggled across borders.

The 'Command Agriculture' drive includes farmers receiving seed, fertiliser and chemicals with the proviso that they sell part of their crop to the state as repayment. Mugabe says the policy is the reason for Zimbabwe forecasting a maize harvest of 2.1 million tonnes this year, enough to meet local demand for the first time in 16 years. The IMF source and an agriculture expert at a Western aid agency said the forecast was more to do with heavy rainfall. Neighbouring countries have also had bumper crops this season.

Zimbabwe has since 2001 relied on imports and foreign donors to meet demand for maize. Drought, lack of financing and Mugabe's seizures of land from white farmers that hit commercial agriculture were blamed for low grain production over the years. Zimbabwe has banned grain imports to protect local farmers, just one year after a devastating drought left more than four million people in need of food aid. (By MacDonald Dzirutwe and Joe Brock, Reuters)

Africa's Richest Man Invests $4.6 Billion in Nigeria Farming

- Billionaire to spend on sugar, rice and dairy production
- Investment to help mitigate shortage of dollars for exports

Dangote Group, controlled by Africa’s richest man, Aliko Dangote, plans to invest $3.8 billion in sugar and rice and $800 million in dairy production in the next three years as the company seeks to expand and deal with a shortage of dollars in its home market of Nigeria.

The conglomerate plans to increase its production of sugar to 1.5 million metric tons a year by 2020 from 100,000 tons now and is seeking to add 1 million tons of rice, Edwin Devakumar, executive director at Dangote’s industries unit, said in an interview in Lagos, Nigeria’s commercial hub. The company also plans to have 50,000 cattle producing 500 million liters of milk a year by 2019, he said.

A lack of foreign exchange means companies are struggling to pay for imported goods, increasing the burden on local agriculture to meet demand for food from Nigeria’s population of more than 180 million, Devakumar said. “All raw sugar has to be imported today, same thing for flour milling,” he said.

Dangote, whose cement unit is Nigeria’s biggest listed company, has been investing in agriculture as the country’s government seeks to diversify away from oil, which accounts for 90 % of the nation’s export earnings and the bulk of revenue. The economy, which plunged into its first recession in a quarter-century last year amid falling crude prices, is forecast by the World Bank to expand by 1.2 % this year.

The company has established Dangote Rice Ltd. and will list the unit on the Nigerian Stock Exchange “at the appropriate time,” Devakumar said.

Dangote plans to cultivate 350,000 hectares (864,850 acres) of land for sugar cane and add 200,000 hectares for rice, according to the executive director. The company has ordered five plants for sugar milling and 10 for rice from Switzerland to be located in the north of the country, he said.

Sourcing Funds

The Lagos-based company will finance the projects through “internal resources or equity funding” and loans from banks and export-credit agencies, Devakumar said. The funds will be used mainly to procure “farm-development equipment” as well as sugar and rice mills, he said. Dangote is “at the planning stage’’ to invest in other agricultural projects including production of soybean, oil palm, palm kernel and corn, according to the executive director. It will support rice cultivation by supplying high-yield seeds, pesticides and fertilizers to contract farmers, he said. Aliko Dangote, 60, has a net worth of $12.1 billion, according to the Bloomberg Billionaires Index. That ranks him just inside the top 100 worldwide. (By Emele Onu and Tope Alake, Bloomberg

UPCOMING EVENTS

4th Mining on Top- Africa Summit (MOTA) 6th -7th July 2017 Frankfurt Germany
http://ametrade.org/miningontopafrica/

Public Private Partnerships (PPP) - Financing, Projects & Contracts 21-24 August 2017 Johannesburg, South Africa
www.infocusinternational.com/ppp/

Africa Property Investment Summit & Expo 24-25 August 2017 Sandton Convention Centre - Johannesburg, South Africa
www.apisummit.co.za

Africa Hotel Investment Forum 11-12 October 2017 Radisson Blu & Kigali Convention Center – Kigali, Rwanda *www.africa-conference.com*

24th Africa Oil Week 23-27 October 2017 Cape Town International Convention Centre - Cape Town
www.africa-oilweek.com

Africa Impact Investing Leaders Forum 2017 17-19 December 2017 London, UK *www.aiilf.com*

Workshop on Sustainable Rural Biofuel Strategy in Africa 2018 - Workshop to be held at 21st Session of the African Forestry and Wildlife Commission, in early 2018 (TBC) - In cooperation with the World Agroforestry Center (ICRAF) and Japan International Research Center for Agricultural Sciences (JIRCAS)

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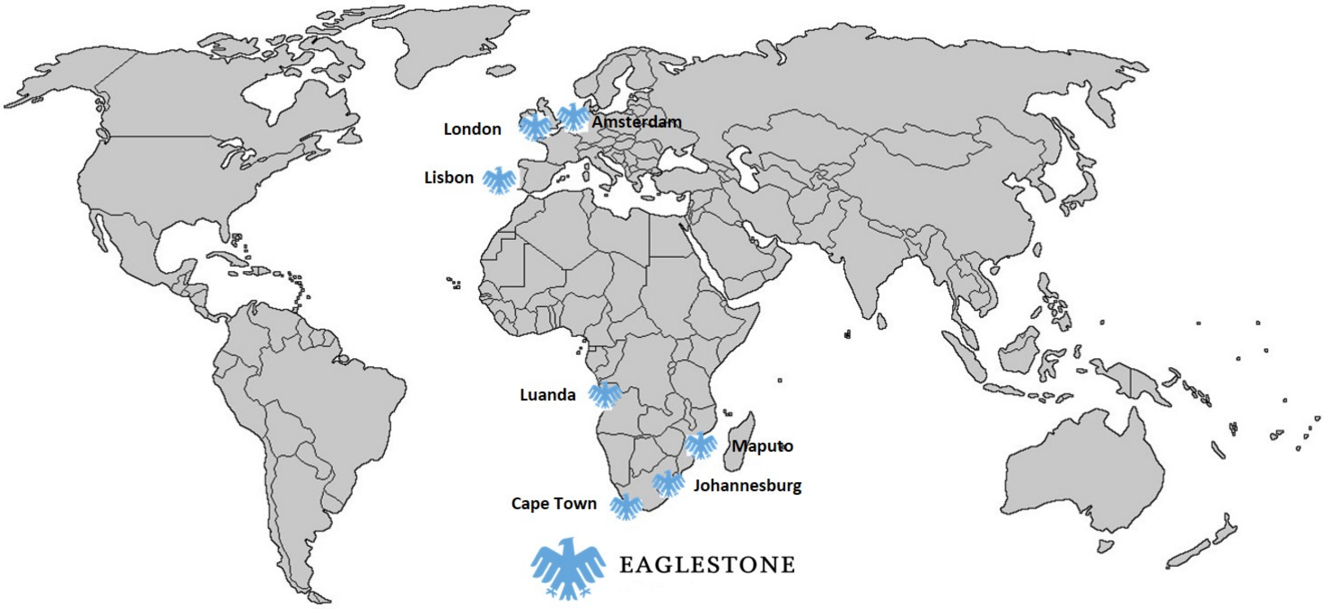

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Disclosures

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

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

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

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

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