INSIDE AFRICA

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In-depth:

Angola only expected to see economic growth in 2021

Angola will only return to economic growth in 2021, when the economy's growth rate is expected to reach 2.4%, after falling 3.8% this year and 1.4% in 2020, according to the latest country report produced by the Economist Intelligence Unit (EIU).

The following years in the 2019/2024 range covered by this report are expected to see higher economic growth rates, such as 4.5% in 2022, 3.4% in 2023 and 6.2% in 2024. The expected growth in 2024 stems from the likely increase in oil production, after consecutive years of falling to levels that do not even meet the maximum allowed by the Organization of Petroleum Exporting Countries (OPEC), for example falling to 1.356 million barrels per day in October. The agreement signed between the OPEC member states stipulates that Angola's oil production cannot exceed 1.693 million barrels per day, and the country was forced to reduce production by 78,000 barrels per day from 1 January 2017 to respect the agreed limit.

The Angolan government recently launched an international public tender for oil concessions in 10 blocks in the Namibe and Benguela basins, and the proposals put forward by the Sonangol, ENI and Total groups were approved while the one presented by Pag Technical Group was only condiitionally accepted due to non-conformities detected in filling out the forms.

The EIU expects that the investments to be made in oil exploration in Angola will allow for a moderate increase in Angolan oil production, hence the forecast of increased economic growth expected for the last year of the analysed period, and it also expects oil prices to rise. Part of the projected growth will be the result of growth in the non-oil sector of the economy, with agriculture, mining, construction, manufacturing and service that the government plans to support, notably by boosting investment credit as several oil fields are being depleted and the investment needed to explore others in ultra-deep waters is not worthwhile. The document projects that the weak economic growth forecast for this year will continue to weigh on the national currency, the kwanza, whose exchange rate is expected to end the year at 458 kwanzas per dollar, and will then steadily depreciate at a slower pace, requiring 490 kwanzas to buy a dollar by 2024.

The inflation rate, another important indicator for Angola, is expected to stand at 17.8% this year, rising to 21.6% in 2020, and falling until 2024 to a rate of 10.4%. (Macauhub)

IMF – WORLD BANK- AFDB

2019 Africa Investment Forum: Achieving an African economy four times bigger with only a 50% increase in energy demand

Africa has the potential to expand the continental economy fourfold, with energy demands expanding by only 50 %, according to a new report. The International Energy Agency (IEA) unveiled its report on the first day of the second African Investment Forum in Johannesburg, South Africa.

Africa Energy Outlook 2019 found that the continent's future energy prospects look bright, but only if Governments can make the shift to more renewable energy sources. The report says there are three factors that will determine the continent's future energy consumption - its growing population, the rapid increase in urbanisation and industrialisation. Kieran McNamara, an analyst at IEA, noted that these will have "profound effects on Africa's energy mix and how the economy develops."

The IEA has for the first time conducted detailed modelling of the energy mix for 11 countries in Sub-Saharan Africa, namely Angola, South Africa, Democratic Republic of Congo, Kenya, Tanzania, Ethiopia, Côte d'Ivoire, Mozambique, Nigeria and Senegal.

The projected energy mix needed for Africa will be very different from the current one, with countries moving away from biomass and fossil fuels to renewable sources of energy. About 600-million Africans have no access to electricity, although this has improved since 2013, according to IEA's analysis. "In order to start to address the problem, we have to realize the scale of the emergency. And that data is extremely important. You have to be able to define the problem before you can actually address it," said Wale Shonibare, Acting Vice President of Power, Energy, Climate and Green Growth.

Africa also needs to radically increase its investment in power generation from the current $30-billion to $120-billion by 2040, if it is to achieve universal access to electricity, according to Tae-Yoon Kim, another analyst at IEA. If countries on the continent do not change current policies on energy use, Africa will not achieve the African Development Bank's target of universal electricity by 2030.

But with improved policies, Africa can see the continental economy expand four times with matching energy demand that is only 50 % greater than the current demand. Kenya is one country where universal access to electricity could become a reality by 2022, if it continues with its current policy that has brought a large amount of renewables into the energy mix. Ethiopia could follow suit towards the end of the decade.

The African Development Bank and the IEA, an autonomous agency aiming to improve the world's energy markets, participated in a high-level side event during the African Investment Forum 2019. Other participants included the European Commission, the African Union Commission and the African Energy Commission.

Discussions were based on the African Development Bank's "Light Up and Power Africa" strategy, through which the bank hopes to build knowledge of the African energy sector, and assist in achieving universal access to electricity on the continent. Governments, utilities, regulators and investors will hopefully use this knowledge to help them grow energy sectors, while reducing costs. The availability of quality data will improve African countries' abilities to make informed energy policy decisions and to provide private investors with valuable market analysis.

Through the New Deal on Energy for Africa (NDEA), the Bank has positioned itself to lead Africa's energy transformation. The NDEA is a partnership-driven effort launched in 2016, which aims to achieve universal access to electricity in Africa by 2025.

The Africa Investment Forum (AIF) brings together project sponsors and investors, borrowers, lenders, policy makers and public and private sector investors, to promote Africa's investment opportunities.

2019 Africa Investment Forum: historic signing of high-speed railway construction concession agreement for Ghana, with the support of the African Development Bank

The African Development Bank has thrown its weight behind a concession agreement for the construction of a high-speed railway in Accra, Ghana's capital.

The signing took place on the opening day of the second Africa Investment Forum in Johannesburg. "It's a great day for Ghana!" said Ghanaian President Nana Akufo-Addo. "I was here last year and I'm back this year to make sure the project moves forward. This proves how important the Africa Investment Forum is. The signing of this agreement is on track to improve the lives of our citizens."

The Accra Skytrain project, representing an investment of $2.6 billion, is a high-capacity public transport system that is completely automated and cost-efficient, using pneumatic propulsion technology. The system will transport more than 380,000 passengers annually and create some 5,000 jobs during its implementation phase. "This is what Africa wants: finalized agreements," said Akinwumi Adesina, President of the African Development Bank Group. "What we want is for Africa to invest in Africa! We want to see this kind of thing happening all the time. This project will modernise Ghana, providing green transport for its citizens."

Solomon Assamoah, fund manager for infrastructure investment, believes that this project will profoundly transform Ghana's economic capital. "This is a major contribution to infrastructure development in Ghana, and in Africa as a whole. We need mass transport. This project will help overcome traffic gridlock," he explained.

Joe Ghartey, Ghana's minister for railway infrastructure, stressed the work ahead: "We have worked hard together to get to this stage of the project. We have more work to do to be able to tell the whole world, between now and next year, that the project's financing is complete and that its

operational phase has begun." Ghana Investment Promotion Centre CEO Yofi Grant expressed confidence that the project would reach financial close by this time next year.
The agreement was signed at a press conference during the 2019 African Investment Forum. The Africa Investment Forum is an innovative, multi-stakeholder transactional marketplace conceived by the African Development Bank, aimed at raising capital, advancing projects to the bankable stage, and accelerating financial closure of deals.

IMF Staff Concludes Visit to Mozambique

An International Monetary Fund (IMF) staff team led by Ricardo Velloso visited Maputo during November 6–12, 2019, to take stock of recent economic developments and update macroeconomic projections.
At the end of the mission, Mr. Velloso issued the following statement:
"As a result of Tropical Cyclones Idai and Kenneth, real GDP growth decelerated to 2¼ percent (year-on-year) in the second quarter of 2019, affected by a weak performance in agriculture. Inflation declined to 2¼ percent (year-on-year) in October, from about 5 percent a year earlier, as tight monetary conditions more than offset the supply shock to prices induced by the cyclones. The exchange rate has been broadly stable; and international reserves at the Bank of Mozambique increased to about US$3.9 billion at end-October, covering 6¾ months of next years' projected non-megaprojects imports.
"The outlook for 2020 is for a strong rebound in economic activity and low inflation. Real GDP growth is projected to reach 5½ percent in 2020, from 2.1 % projected for 2019, supported by post-cyclones reconstruction efforts, a recovery in agriculture, and economic stimulus from further gradual easing of monetary conditions and clearing of domestic payments arrears to suppliers. Construction and other activities should also be boosted by investments in the liquefied natural gas (LNG) megaprojects. Inflation is projected to remain low, increasing slightly to 5 % at end-2020, from 3 % at end-2019. "Consistent with the advice laid out in the latest Article IV consultation, the mission recommended gradual fiscal consolidation over the medium term, with a view of eliminating the primary fiscal deficit by 2022, while protecting or increasing well-targeted social spending. Financing should continue to rely on external grants and highly concessional loans given the high level of public debt. The mission welcomed the significant progress on clearing domestic payments arrears to suppliers and noted that, despite some progress, additional efforts will be needed to address the VAT refund backlog. "The mission noted that there is ample room for the Bank of Mozambique to continue easing monetary policy given well-anchored inflation expectations, provided this easing is supported by a prudent fiscal policy stance. It welcomed the Bank of Mozambique's strong commitment to maintain a flexible exchange rate and safeguard financial sector stability. "The mission welcomed the authorities' comprehensive diagnostic of governance and corruption challenges in Mozambique, which was published in August and was supported by IMF technical assistance. It encouraged the Government to implement the reforms under the roadmap outlined in the report. "The mission welcomed the ongoing efforts by the Attorney-General's Office to bring accountability to the issue of the previously undisclosed loans, as well as the Government's initiatives to fight corruption and strengthen transparency.
"The mission noted that the recently-concluded Eurobond exchange lowered interest payments and extended maturities broadly in line with the baseline scenario in the debt sustainability analysis published in April. However, as also noted in that analysis, gradual fiscal consolidation and success in the Government's strategy to secure additional debt relief from international private creditors remain critical for public debt sustainability.
"The mission welcomed the progress in the development of the LNG megaprojects in the northern province of Cabo Delgado. It reiterated the importance of building stronger institutions to help ensure that the fiscal revenue from such projects transform the lives of the Mozambican people, playing a significant role in sustainable development and poverty reduction. In this context, the mission welcomed the Government's intention to save part of the capital gains tax—from the sale to

Total of Anadarko/Occidental's share in one of the projects—into an embryonic, future sovereign wealth fund.

"The mission held fruitful discussions with President Filipe Nyusi, Prime Minister Carlos do Rosário, Minister of Economy and Finance Adriano Maleiane, Minister of Mineral Resources and Energy Ernesto Max Tonela, Bank of Mozambique Governor Rogério Zandamela and other senior government officials, private sector, and the donor community. The mission thanks the authorities for their availability and cooperation as well as the arrangements made to facilitate our work."

ADB grants US$400 million loan for natural gas project in Mozambique

The African Development Bank (ADB) has approved a US$400 million loan for the Rovuma Basin Area 1 natural gas project in northern Mozambique, the institution said in a statement issued on Tuesday 26th November.

The statement also said that the loan is intended to support the construction of an integrated natural gas processing unit, including a gas liquefaction unit for the gas to be extracted in the concession area. The Area 1 block project includes the installation on the land of two natural gas processing units with an initial production capacity of 12.88 million tons per year.

The African Development Bank recalls that the consortium partners last June reached the final investment decision, which will amount to over US$20 billion, "thereby facilitating the sales of one of the most important natural gas discoveries of the last two decades." It also noted that long-term natural gas sales contracts have already been signed with some of the most important players in the natural gas market, such as the Bharat group (India), Centrica (United Kingdom), China National Offshore Oil Corporation (China). CPC Corporation (Taiwan), Eléctricité de France (France), JERA (Japan), Pertamina (Indonesia), Royal Dutch Shell and Tohoku Electric and Tokyo Gas, both from Japan. The block in question is operated by the Total group, with 26.5%, and its partners are ENH Rovuma Area A, a subsidiary of Mozambican state oil group ENH with 15%, Mitsui E&P Mozambique Area1 Ltd. ((20%), ONGC Videsh Ltd. (10%), Beas Rovuma Energy Mozambique Limited (10%), BPRL Ventures Mozambique B.V. (10%), and PTTEP Mozambique Area 1 Limited (8.5%). (Macauhub)

EU grants over seven million euros

The European Union (EU) made available earlier this year 7.7 million euros to support the program for consolidation of economic governance and financial management system of African Portuguese-speaking countries and East Timor.

The purpose of this funding is to strengthen the technical and functional competences of the institutions of control of the national parliaments and civil society of the member countries of the African Portuguese-speaking Countries (PALOP) and East Timor.

The project, which is in its second phase and expected to be completed by 2022, is being implemented in the six African Portuguese-speaking Countries (PALOP) and East Timor.

The initiative is co-financed and administered by UNDP and should absorb the successes of the previous project, broadening the intervention logic with the aim of promoting a south-south and triangular cooperation facility for the consolidation of public financial management systems in the PALOP and Timor-Leste. On 21 February this year, in Luanda, the second phase of the Angola Court of Auditors' Integrated Work Plan for the period 2019-2022 was signed, under the "Program for the consolidation of Economic Governance and Finance Management Systems". PALOP-TL ". (Angop)

African Development Bank approves $400 million to support Mozambique's ambition to become global LNG player

The Board of Directors of the African Development Bank Group approved a long-term Senior Loan of $400 million to support the building of an integrated Liquefied Natural Gas (LNG) plant, including a liquifaction facility in Mozambique.

The Mozambique LNG Area 1 Project, ranked Africa's single largest Foreign Direct Investment to date, comprises a global team of energy developers and operators, led by Total alongside Mitsui, Oil India, ONGC Videsh Limited, Bharat Petroleum, PTT Exploration, as well as Mozambique's national oil and gas company ENH.

By its approval, the African Development Bank joins a global syndicate of commercial banks, development finance institutions, and export credit agencies, to jointly provide the requisite senior debt financing for the project. Financial close is expected within the first half of 2020.

Commenting on the approval, Bank Group President Akinwumi Adesina said: "Through its participation, the African Development Bank again demonstrates its leading role in supporting Africa's transformation. The catalytic effect brought about by the Bank is strategically aimed to help transform Mozambique from 'developing' to 'developed' nation." "Working closely with the Government of Mozambique, we can ensure that the local population reaps the benefits from its nascent natural gas value-chain, thus creating growth opportunities and widespread industrialization, while at the same time accelerating regional integration across Southern Africa," Adesina added.

In June this year, the group of investors reached final investment decision on the project, which carries a price tag in excess of $20 billion, thereby facilitating the initial commercialization of one of the world's most important gas discoveries in the past two decades.

The LNG liquefaction plant will have a production capacity of 12.88 MTPA. The Project is the first of several LNG trains expected to undergo development in the northern part of the country. Mozambique is expected to become one of the world's largest LNG exporters and its gas represents an important source of supply diversification, which stands to benefit global energy markets.

Through this approval, the Bank carries a mandate to ensure the project's adherence to international transparency standards and full compliance with environmental and social requirements, in line with its Integrated Safeguards System.

In addition, the Bank's participation introduces key social and economic indicators into the loan monitoring, including areas such as job creation, gender empowerment, and linkages for small businesses. With a portion of the gas allocated to the domestic market, the Bank's focus is on supporting economic diversification and industrialization in both Mozambique and across SADC.

The Bank's involvement is consistent with its country strategy in Mozambique, which aims to leverage natural resources development to accelerate agricultural transformation and investment in sustainable infrastructure, the Board heard.

The Project also aligns with three of the Bank's 'High 5' Strategic Priorities –(i) *Industrialize Africa*, through the anticipated industrial activity that domestic gas may generate in Mozambique and the larger Southern Africa region; (ii) *Light Up and Power Africa*, through the availability of gas to fuel power generation locally and regionally; and (iii) *Improving the Quality of Life for the People of Africa*, through the creation of thousands of jobs, local SME linkages, and gender empowerment, in addition to the positive impact on macroeconomic stability and the overall regional integration dynamics.

The Project has already signed eight long-term off-take contracts with some of the world's most prominent LNG players, including Bharat, Centrica, China offshore state-owned oil & gas producer CNOOC, Taiwan's CPC Corporation, Electricite de France EDF, JERA, Pertamina, Shell, Tohoku Electric, and Tokyo Gas. Since its first project in 1977 in Mozambique, the Bank Group has regularly provided significant and diversified support to the country's development efforts, characterized by a well-balanced sector distribution.

Portugal's Sofid and World Bank partner to support tourism projects in São Tomé and Principe

São Tomé and Príncipe will be the first Portuguese-speaking African country to benefit from investment in private tourism projects under a memorandum of understanding signed in Lisbon, Portugal.

The memorandum, signed by the International Finance Corporation (IFC) and Sofid – Sociedade para o Financiamento do Desenvolvimento, commits the signatory parties to analyse private sector investment opportunities for tourism projects in Portuguese-speaking African countries, with an initial focus on São Tomé and Príncipe.
The statement issued in Lisbon by the World Bank's private sector institution said that the memorandum is related to the internationalisation of the Revive programme for Portuguese-speaking African countries, launched by the Portuguese government to promote the restoration of Portuguese public heritage, with cultural, historical and architectural interest and allow its use for tourism activities. Sofid's president, Marta Mariz, recalled that the development finance institution supports several tourism-related projects and added, "We believe in the impact of this sector, particularly on job creation and the local supply chain." IFC Vice President for Africa and the Middle East, Sergio Pimenta, underlined the "closer relationship with Sofid to support private investment in emerging markets," and stressed that "tourism can have a major impact on developing countries, as the second largest job-creating sector and providing significant tax contributions."(Macauhub)

DEALS & INVESTMENTS

Germany and Mozambique sign implementation agreement of 23.5 Million euros

Germany and Mozambique, represented by the German implementation agency GIZ (Gesellschaft für Internationale Zusammenarbeit) and the Ministries of Education and Human Development (MINEDH), and Science, Technology, Higher Education and Technical and Vocational Education (MCTESTP), yesterday signed an implementation agreement for a joint program that promotes the quality of basic and technical and vocational education. The program will be implemented during the next three years, with a total volume of 23.5 million Euros, of which 5,5 Mio Euros are financed by the Norwegian Government.
The program's focus will be on teacher training and education management, stronger cooperation with the private sector, as well as promoting gender equality and health. Another focus area is the introduction of information and communication technologies (ICT) in teaching and management. The geographical focus provinces are Inhambane, Sofala, Nampula, Tete and Maputo.
The Ministries were represented by their Permanent Secretaries, José Seiuane Júnior for MINEDH, and Celso Adelina Laice for MCTESTP. The signatories stressed the key role of teachers for students' learning outcomes, as well as the importance of the inclusion and retention of girls in technical and vocational education.
GIZ's representative, country director Peter Pfaumann, congratulated Mozambique for the results achieved so far, especially a net enrolment rate in primary education of 93%. Britta Lambertz, director of the education programme, reminded participants of the enormous challenges the sector is facing in terms of demographic development: in Germany, half the number of children is enrolled in primary education when compared to Mozambique, at the same time with significantly more schools and teachers available. The signing of the implementation agreement marks more than 25 years of cooperation between Mozambique and Germany in the area of education. GIZ implements its projects on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). (Embassy of Germany in Mozambique)

Mozambique Prime Minister calls on UAE companies to explore business opportunities

H.E. Carlos Agostinho do Rosário Prime Minister of Mozambique called on UAE companies to explore business opportunities in his country and described Dubai as an important trading partner to the African nation. His comments came during a roundtable held on the sidelines of the Global Business Forum Africa 2019 in Dubai which highlighted new investment prospects that are emerging across Mozambique and prospects for boosting the African country's trade with Dubai in the future. Addressing the Prime Minister and delegates during the roundtable, H.E. Majid Saif Al Ghurair, Chairman of Dubai Chamber of Commerce and Industry revealed that Dubai-Mozambique non-oil trade recorded an increase of 107 % over the 2015-2018 period, adding that Dubai Chamber representative office in Maputo has played a crucial role in boosting bilateral trade. “Mozambique represents an increasingly important trading partner for Dubai and the UAE and this was an important platform to discuss how we can take our business relations to the next level,” said H.E. Majid Saif Al Ghurair, Chairman of Dubai Chamber. (Dubai Chamber of Commerce & Industry / Global Business Forum - Press Release)

Privatisation of Cabo Verde Airlines due to be completed on 31 December, 2019

The sale of Cabo Verde Airlines (TACV) shares is proceeding “as normal” and will be concluded on 31 December, 2019, the Cape Verdean Government said in a statement issued in Praia. The statement from the Ministry of Finance said the sale of 51% of TACV shares to its strategic partner, Loftleidir Cabo Verde, was signed on 1 March this year, with the remaining 49% being sold. Following the sale of the majority of the capital to the Icelandic group, the State of Cabo Verde now holds 49% of the company’s shares, and the Government has chosen to sell 10% to Cape Verdean workers and emigrants (100,000 shares) and 39% to institutional investors (390,000 shares). The Government has already sold shares to employees, with 91 employees of the former Cape Verdean public air carrier becoming shareholders, in an operation that took place from 1 July to 1 September through the Cabo Verde Stock Exchange. Secretary of State Gilberto Barros said on 20 September last that the sale of shares representing 39% of Cabo Verde Airlines’ share capital to institutional investors will be made through a competitive auction, given that demand at the time was already bigger than supply. (Macauhub)

BANKING

Banks

Angolan Parliament approves Law to Prevent and Combat Money Laundering

The draft Law on Preventing and Combatting Money Laundering, Financing Terrorism and the Proliferation of Weapons of Mass Destruction has been approved by the Angolan parliament, the Angolan press reported.

The approval followed the resolution of disagreements on the concepts of Politically Exposed Persons (PEP) and others, and the proposal now considers PEPs to be all public office holders and their relatives up to the third generation, in line with the recommendations of the International Financial Action Task Force (FATF), which carries out regular assessments of national laws.

The National Director for Justice Policy, José Nascimento, representing the proponent, as a clarification said that the concept of Politically Exposed Persons is included in the FATF recommendations, which also suggests States should proceed according to their cultural and social realities. This draft law, which contains 93 articles, four titles, six chapters and eight sections, will replace Law 34/11 of 12 December. (Macauhub)

Hong Kong financial group prepares acquisition of Angolan-owned bank

Banco Atlântico Europa (BAE), based in Portugal and owned by Angolan investors, is about to be sold to a Hong Kong financial group, in a deal similar to the one that led to the entry of China’s Bison into Portuguese-speaking countries. Atlântico Financial Group (AFG), linked to Angolan investor Carlos Silva, has agreed to sell BAE to a Hong Kong financial group, according to Jornal Económico.

The acquiring group, the newspaper said, is listed on the stock market and provides banking, life insurance, real estate, securities management and asset management services. The decision to sell BAE, according to the same source, is the result of growing capital needs due to regulatory requirements for so-called “niche banks.” Carlos Silva, an Angolan banker linked to AFG, has decided to leave the financial sector following the operation, and will now focus on attracting investments to Angola and is looking for investors in larger markets. Silva was the founder of

Banco Atlântico Europa and also chaired Millennium Atlântico, a partnership between the Atlântico group and Portugal's Millennium Bcp for the Angolan market.
As the agreement between AFG and the buyer has been reached, the application for authorisation has already been submitted to the Bank of Portugal and forwarded to the European Central Bank, and the sale is now subject to the authorisations of the banking regulators of both countries. BAE is 96.5% owned by AFG and 3.5% by Nasoluma, according to information from the Portuguese banking regulator.
The deal comes about a year after the sale of Banif – Banco de Investimento, also based in Portugal, to China's Bison Capital of Hong Kong. Bison also entered into a partnership with Geocapital to take a stake in Banco Mais, in Mozambique, focused on the corporate segment. Through a capital increase, Bison now holds 48% of Banco Mais, replacing Geocapital, the Macau-based group, as the largest shareholder. (Macauhub

BCI bank seeks to recover AKZ 1 billion from bad loans
The newly sworn in board of the public Commerce and Industry Bank (BCI) will give special focus on the recovery of bad loans, which has been estimated at AKZ 1 billion, its CEO, Zenaida Gertrudes dos Santos Zumbi, said on Wednesday 6th November. The amount expected to be recovered had been made available in the market for the implementation of the extinct programme "Angola Investe" and the project "One Stop Shop for Entrepreneurs (BUE)". Until the month of September this year, BCI recorded losses estimated at USD 5.5 million. In the meantime the new board will conduct a deep analysis of the financial health of the bank and assess the losses, Zenaida Zumbi said. The government is the major shareholder of the bank, whose activities started in 1991, with 93.6 % participation, while the remaining is spread among various firms. (ANGOP)

International Finance Corporation opens permanent office in Angola
The World Bank Group's International Finance Corporation (IFC) opened an office in Luanda, Angola to expand its portfolio of loans to the Angolan private sector, the Angolan press reported.
With an investment portfolio of US$111 million to support, through loans to small and medium enterprises, with the opening of the Luanda office, the IFC expects this funding to increase, according to its vice president for the Middle East and Africa, Sérgio Pimenta.
Speaking at the inauguration of the office, whose plaque was unveiled by Finance Minister Vera Daves, the IFC official said opening a permanent representation would allow closer collaboration with the countries public and private sector partners.
The recently published report by the IFC and the World Bank titled "Market Creation in Angola: Diagnosis of the country's Private Sector" identifies the economic challenges Angola faces, as well as the numerous opportunities to stimulate sustainable economic development and growth via the private sector.
With the opening of its office in Luanda, the IFC brings the number of permanent representations in Africa to 23, and nine more are expected to open by the end of this tax year. (Macauhub)

Angola's BPC bank bad debt portfolio may increase
The percentage of non-performing loans on the balance sheet of Angolan state-owned bank Banco de Poupança e Crédito (BPC) could increase after the completion of an asset quality assessment, the director for Business and Private customers said in an interview with Jornal de Angola.Completion of the appraisal work could lead to increased credit impairments, said Pedro Nicolau, who recalled that the bank's default is currently estimated at 73% of a loan portfolio of 1.1 billion kwanzas (about US$2.34 billion). To recover the outstanding amounts and, therefore improve the quality of the loan portfolio, he said, since 7 November, BPC has been implementing a campaign called Renascer, which offers, among other benefits, a pardon on default interest of up to 100% to private customers. For companies, he said, the bank "roughly" adopts the same criteria as for the Renascer campaign, seeking to improve credit terms and conditions by adapting them service debt and prevent an increase in credit arrears.

In order to give the state bank liquidity, the State shareholder has injected 328 billion kwanzas (US$697 million) in bonds, with a maturity of 24 years and interest rate of 5.00% per year, over the last five years. The process of transferring credit to Recredit, an asset management institution, continues, according to Nicolau, and BPC is preparing a number of non-performing loans to be transferred to that entity. (Macauhub)

Governor gives assurances that Bank of Mozambique fulfills mission in 2019

The Bank of Mozambique has fulfilled its mission of consolidating the stability of the country's macroeconomic and financial system, despite the particularly complex economic, political and social scenario, both domestically and internationally, the governor of the central bank said. Rogério Zandamela, speaking at the opening session of the bank's 44th Advisory Council, said tropical cyclones Idai and Kenneth reduced the supply of goods and services and caused massive human damage, while elections, in the new format, entailed greater spending by the state, the state budget and its own management. The list of challenges also included instability in Cabo Delgado province and the outbreaks of violence in Manica and Sofala. The governor of the Mozambican issuing bank also mentioned the signing of the peace agreement, the announcement of the final decision to invest in the Rovuma basin Area 1 natural gas project and the disbursement of US$118 million by the International Monetary Fund (IMF) in direct support to the State Budget.

Mentioning the results achieved, Zandamela noted the drop in the inflation rate to 2.0%, the substantial increase in foreign reserves to almost six months of imports, the stability of the exchange rate between 60 and 63 meticais for every dollar and the improvement of the financial inclusion indicators.

With regard to monetary policy, the governor highlighted the reduction of the basic reference rate from 15% to 12.75%, which helped to reduce the interest rate that banks charge their customers, from 20.20% to 18%. (Macauhub)

Absa Bank Moçambique opens first branch in Maputo with new branding

Absa Bank Moçambique, formerly Barclays Bank Mozambique, opened its first branch in Maputo with the new branding and new colours, officially starting its banking operations under the new name. With Absa Bank Moçambique branches becoming operational, customers of the former Barclays Bank will be able to use their cards at ATMs, their accounts, as well as to conduct banking operations and other transactions in a normal manner. The name change is part of one of the largest and most ambitious branding projects in the history of the continent, a broader transition programme in several African countries by the Absa Group, said the bank's managing director Rui Barros recently. The move follows a decision taken in 2018 by the parent company, the Absa Group, and the process of restructuring Barclays branches across the country with the colours representing the new brand is currently underway. The group is listed on the Johannesburg, South Africa Stock Exchange, has a balance sheet with total assets of over US$91 billion and is one of Africa's largest financial services groups, offering an integrated set of banking products and services, for retail and business, investment, asset management and insurance.

Absa Group Limited, formerly Barclays Africa Group Limited and initially Amalgamated Banks of South Africa, is present in 12 African countries, has a representative office in London and is about to open another in New York. (Macauhub)

Markets

Angolan government raises US$3 billion from issuing Eurobonds

The Angolan government issued US$3 billion in Eurobonds, in two tranches with different maturities, on the London financial market, according to an official statement issued in Luanda. The statement also said that this issue, authorised by Presidential Order No. 197/19 of 7 November, took place after technical presentations by the Minister of Finance, Vera Daves, in New York, Boston and London. A 10-year issue of US$1.75 billion was carried out with a coupon rate of 8.0% and the second, of US$1.25 billion and a 30-year maturity, with a coupon rate of 9.125%.

The Ministry of Finance statement said the investor community had expressed its confidence in the institutional and economic reforms being implemented in Angola due to demand reaching US$8.44 billion. This new debt issue follows one carried out in 2018 except for coupon interest rates, which were set at 8.25% for 10 years and 9.375% for 30 years. The first time Angola issued Eurobonds was in 2015, with US$1.5 billion. (Macauhub)

Government took US$248M from capital gains for "emergency expenses"

The Mozambican state has earmarked US$880 million in capital gains from the sale of Anadarko's assets to France's Total. Of this amount, the Minister of Economy and Finance revealed that about US$248 million was subtracted to finance "emergency expenses".

Last September, French oil major Total acquired the assets of US company Anadarko in Area 1 of the Rovuma basin in Cabo Delgado for US$3.9 billion. Total now leads the Mozambique LNG project with a 26.5% stake, in concert with the Mozambican Hydrocarbon Company (ENH) with 15%, Mitsui E&P Mozambique Area1 Ltd (20%), ONGC Videsh Ltd (10%), Beas Rovuma Energy Mozambique Limited (10%), BPRL Ventures Mozambique BV (10%) and PTTEP Mozambique Area 1 Limited (8.5%).

Total's acquisition netted the Mozambican state US$880 million in capital gains tax, whose use aroused some controversy as a result of pronouncements by President Filipe Nyusi at the time indicating the destination of the said amount.

Addressed on this issue, Economy and Finance Minister Adriano Maleiane said that there is no reason for so much fuss, as "the money will be used with a lot of responsibility." "From the capital gains, the Government has subtracted 16 billion meticais (about US$248 million) and, so far, only eight billion meticais (about US$124 million) have been used for emergency expenses, which included financing the general election deficit and covering the impacts of the Ida and Kenneth cyclones," the governor explained. He further clarified that there was no violation of legal procedures, as using this type of extraordinary revenue for socio-economic emergencies is foreseen in the budget law. "I can guarantee that the capital gains money is well looked after in a special account at the Bank of Mozambique. What was taken will be restored in its entirety," the Minister of Economy and Finance said in Maputo at the launch of a survey of the banking sector in Mozambique prepared by KPMG in partnership with the Mozambican Association of Banks (AMB).

Regarding the study, Adriano Maleiane challenged banks to increase financing for the economy and maintain market discipline, as well as reducing the cost of money. "The financial system appears to be good, given the results presented here [in the KPMG research].

The government remains committed to fiscal consolidation. We have to grow amid austerity," he said. Bank of Mozambique Deputy Governor Victor Gomes said that "the Mozambican financial system remains solid and robust." "Looking at the banking sector, it continues to grow, with total assets as a percentage of gross domestic product rising from around 63% in 2018 to 65% in September 2019," the central bank's "Number Two" said. In addition, this growth has been accompanied by increased competition, diversity and availability of financial products.

However, despite the improvement, Gomes warns that it is necessary to "improve risk, governance and business models to make the banking system more competitive and dynamic, taking over its role as the main financier of the economy." Other challenges, he said, were cybersecurity and the regulatory framework.

Survey conclusions

The results of the 2019 banking sector survey indicate that banks active in the Mozambican market achieved profits of MZN 17.2 billion in 2018, representing a 28% increase over the previous year. This performance is attributed to the overall reduction in the level of impairment in the income statement, exchange rate stability and cost containment and cost reduction initiatives, according to the joint research by KPMG and AMB. Loans and advances also increased in the period under review from 235 billion meticais in 2017 to just over 236 billion meticais. Another highlight is the solvency ratio, which is currently around 25% on average, well above the 12% recommended by the

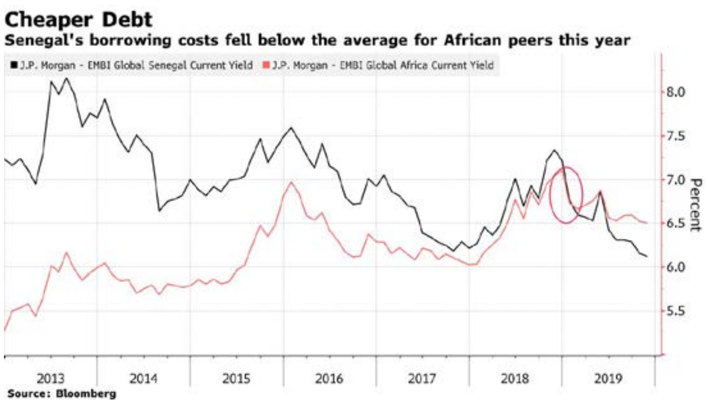
financial system regulator. Bad loans stood at 7% in 2018, against 8% in 2017. However, despite this reduction, the level remains above the recommended 5%.
The weight of foreign currency lending over total lending shifted from around 25% in December 2018 to 21% in September 2019. For the Bank of Mozambique, this improvement reflects efforts to reduce the degree of dollarization of the economy. The survey by auditors KPMG and the Mozambican Banks Association, first undertaken in 1998, involved all 19 of Mozambique's financial institutions. (By Edson Arante, O Pais / Club of Mozambique)

Mozambique Stock Exchange launches Third Market
The Mozambique Stock Exchange (BVM) has launched the Third Market, aimed at preparing companies of any size so that their shares can be listed over time, the institution's president Salim Valá said in Maputo. The BVM has only managed to list 10 companies in 20 years of operation, six of which in the last three years and the tenth, Arko Seguros, this week, reported Mozambican newspaper O País. One of the reasons for companies' difficulties is the requirements for shares to be publicly traded, with the Third Market acting as an incubator which, within two years, will allow interested companies to meet these requirements. The Mozambique Stock Exchange has also launched the BVM Awards, which will distinguish the best listed company, the best custody bank, the best scientific article on capital markets and the best written press article. The BVM currently lists shares representing the capital of Cervejas de Moçambique, Companhia Moçambicana de Hidrocarbonetos, CETA – Engenharia e Construção, Empresa Moçambicana de Seguros, Matadouro da Manhiça, Zero Investimentos, Touch Publicidade, Arco Investimentos, Hidroeléctrica de Cahora Bassa and Arko Seguros. (Macauhub)

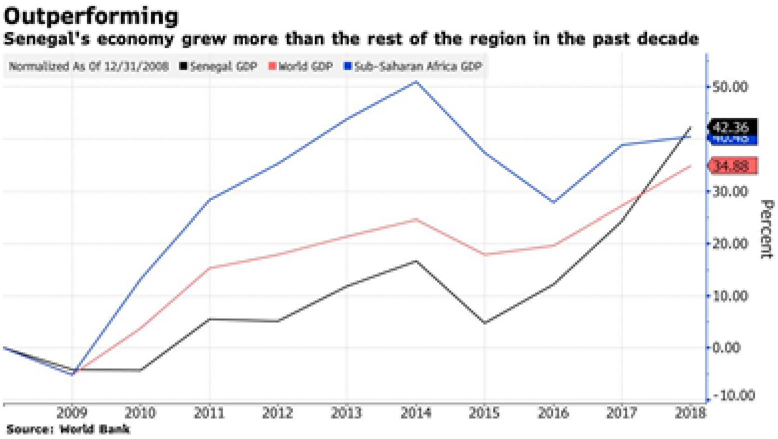
Senegal Plans 2020 Eurobonds as Debt Cost Plummets to Record Low

- Senegalese debt is now cheaper than other African issuers
- Offering size will depend on how much local debt Senegal sells

Senegal plans to sell as much as 800 million euros ($880 million) of offshore bonds next year after yields on the country's debt fell to a record low. The West African nation will use the proceeds to fund new infrastructure and loans given to the state power utility, Economy, Planning and International Cooperation Minister Amadou Hott, 47, said in an interview in Johannesburg. Similar to when Senegal issued foreign debt in 2018, the notes will be denominated in euros to avoid currency-risk costs, he said. The euro is the peg for the West African CFA franc, the common tender of Guinea-Bissau and seven francophone nations in the region. The price of Senegalese debt fell below the average of Africa's sovereign issuers for the first time in the quarter through March as its economic growth forecasts outpace those of continental peers. The 1 billion euros of 2028 notes that Senegal sold at 4.75% in March last year yielded 4.16% at 4:13 p.m. in Dakar, the capital, on Wednesday 13th November. "This kind of yield will help us to sell a favorable Eurobond," said Hott. Even so, the government hasn't made a final decision and the eventual size of the issuance will depend on how much debt Senegal sells on the regional market in local currency, Hott said. "We are still working out the mix between the local currency and the portion that will be in euros," he said. An early bond sale in 2020 could help Senegal benefit from a four-year rally in emerging markets that shows no sign of slowing, especially with major central banks still a long way off reversing their monetary-easing policies.



Senegal's economy is on course to expand at 6% or more for a sixth straight year in 2019 as the government of President Macky Sall has built large infrastructure projects including a new international airport and public transport to facilitate further growth in one of Africa's most stable democracies. Since 2008, gross domestic product has expanded 42%, outperforming the global and sub-Saharan Africa average.



Oil and Gas

A string of major discoveries off the coast mean Senegal will become an oil and gas exporter in coming years. The government expects production to start as early as 2021 and it stands to receive more than $30 billion over the next 30 years from two of its offshore reserves, according to state-run oil company Petrosen. The government will use some of the gas to feed power plants as it seeks to reduce the cost of electricity. The nation has one of the highest power-production costs in Africa, according to a 2017 study by Deloitte.

In September, the state provided a loan to the Senegalese National Electricity Agency to offset deferred power-price increases, Hott said. The minister served as the African Development Bank's vice president for power and energy before he was appointed in April. "Our strategy is to push down the price of electricity and have the lowest possible tariffs," Hott said. "Especially now that Senegal is becoming a gas producer, we want to be able to supply power through a gas plant, and encourage businesses to move to gas and away from diesel." (By Prinesha Naidoo and Pauline Bax, Bloomberg)

ENERGY

Mozambique_ Zambia owes US$70 million to EDM

Zambia's Minister of Energy, Matthew Nkhuwa, has revealed that Mozambique's publicly owned electricity company EDM is owed 70 million US dollars for energy supplied during 2015 and 2016.
Zambia has an energy deficit of around 900 megawatts which leads to power cuts lasting over 15 hours a day. The country is working with Mozambique and South Africa to import electricity to cover some of this deficit, despite having run up unpaid debts. Cited in the Zambian newspaper "News Diggers", Matthew Nkhuwa explained that the country is paying off the debt to Mozambique in monthly instalments. He added that since last week Zambia has been importing 300 megawatts of energy from the South African electricity company Eskom. Hidroelectrica de Cahora Bassa (HCB), the company that operates the Cahora Bassa dam in the western Mozambican province of Tete, announced in July a fixed sales contract to supply 50 megawatts to Zambia's state power company. The power that EDM once supplied to Zambia came from a floating power station in Nacala Bay in the northern province of Nampula. According to EDM, Zambia cancelled the contract to buy power from this station in 2018. The floating power station (a ship coveted to its current use by a Turkish shipyard) also supplies electricity to the northern Mozambican provinces of Nampula, Niassa and Cabo Delgado, supplementing the line from Cahora Bassa to the north. (Club of Mozambique)

Australia's South32 exits South Africa thermal coal business

Australia's South32 Ltd said it would sell its South Africa thermal coal business to Seriti Resources and two trusts for 100 million rand ($6.78 million) upfront and deferred payments of up to 1.5 billion rand per annum. Under the deal, South32 will receive 49% of the cash flow generated by South32 SA Coal Holdings Proprietary Ltd (SAEC), with payments capped at 1.5 billion rand per year, starting from the completion of the deal to March 2024. South32 does not anticipate to report a taxable profit on the deal, from either the upfront or deferred consideration, the company said in a statement. The transaction will "substantially reduce our capital intensity, strengthen our balance sheet and will improve the Group's operating margin", South32 Chief Executive Officer Graham Kerr said. Johannesburg-based Seriti and the two trusts will acquire South32's 91.84% stake in SAEC with the upfront cash payment, based on an enterprise value of 1.25 billion rand. South32 is the latest company to get out of energy coal at a time when investor pressure and climate change concerns are prompting businesses to limit their exposure to fossil fuels. (By Niyati Shetty, Reuters)

INFRASTRUCTURE

Transport sector aims to increase GDP contribution

The minister of Transports, Ricardo D'Abreu, has defended in Luanda the need to increase his sector's contribution to the Angolan GDP, which currently stands at 3%. In the minister's understanding, while speaking to the Angolan Public Television Show "Grandes Manhãs", there is a very low contribution, having in consideration that in other economies this sector participates with at least 15% of all wealth produced. In order to increase its contribution to the Gross Domestic Production, the minister mentioned that he is looking forward to improving the sector's company's governance model and also capture more private investment.

Regarding the issue of mobility and public transportation, especially in the country's capital, the minister said that the resolution could not only be seen as the responsibility of the Ministry of Transport, but it is multidimensional as it involves provincial governments, the Police, and public works, among others. Ricardo D'Abreu went on to explain that in the capital city's present scenario, with more than 8 Million people and more than 60% travel every day from the periphery to the centre of Luanda, the four public transport operators are unable to meet the demand. In order to solve this issue, it's needed a decentralization of urban mobility plans, as part of the transfer of powers and competences to provincial governments within the framework of local authorities. In the interview, the minister spoke about the situation of the Luanda Urban Transport Company (TCUL), which is undergoing a transformation process so that it can stop having losses and start being more profitable.

According to the official, the new management of the company, with the tools at its disposal and with responsible management, is "able to turn things around". Ricardo de Abreu said the public company will see its fleet reinforced with another 220 new buses, because although it is included in the list of companies to be privatized, it is a useful public entity for the city of Luanda. The minister believes that with a good management, the company will succeed and can even think on expanding its core business to cargo transportation.

Regarding the taxi drivers, commonly known as Kandongueiros, who transport most of the passengers of Luanda, the minister said they were talking to the associations to integrate them, since out of the 18,000 identified in the capital city, only 6,000 are licensed. In view of the role collective taxi service has played, he stressed the need to organize this part of the market that still operates informally. As for mototaxi service, aka Kupapatas, he said it was another form of transport that the market has found, given that other models do not match the needs of citizens. "Kupapatas are smaller modals that the market has found," he said, adding that the regulations they are promoting will require a set of security features for licensing this business.

In the lengthy interview, the minister also addressed the restructuring process of TAAG, a flag airline that in the previous year (2018) had losses of 100 billion kwanzas, resulting from provisions and operating costs of past years. In the maritime sub-sector, the minister explained that one of the reasons that led to the end of Catamaran transportation at Luanda city level was due to the high operational costs. According to the minister, it was later concluded that there was an underutilization of the Catamarans, resulting from the improvement of road traffic in the city of Luanda. (ANGOP)

Surface train system assessed at $3.5 Billion

Some USD 3.5 billion is the amount estimated for the building of the Luanda surface (light rail) train system, whose construction begins next year, said the minister of Transport, Ricardo de Abreu. The system, which is part of the priorities of the Angolan Executive, aims to improve mobility in Luanda and it will initially cover a distance of about 149 Kilometres. The infrastructure will cover the main points of Luanda, this is, Luanda harbour to Cacuaco village, Fidel Castro Ruz Avenue to Benfica ward, Luanda harbour to Largo da independecia (Independence Square) and Kilamba City to Independence Square.

Speaking on the Grande Entrevista (Great Interview) programme of the Angolan Public Television (TPA), Ricardo de Abreu explained that the feasibility study on the Surface Train is already prepared. The investment, according to the minister, will be carried out under a public-private partnership, whose terms are "very clear", but whose model is still in the approval phase and only afterwards will it move to the construction phase.

Regarding the rail subsector, the Transport Minister stressed that at the level of the Luanda Railways (CFL) there is a section of 215 kilometres in need of rehabilitation, from Zenza do Itombe to Cacuso, because it is very complex and causes derailment. Because of this, he explained, the average train speed is below 20 kilometres per hour, and a Luanda-Malanje trip may take 13 hours. The rail subsector carries one and a half million passengers per year. Ricardo de Abreu also made known that they are working to remove Angola from the international maritime blacklist and expressed the need for the country to have at least two to three major ports that are references at the level of the southern region. (ANGOP)

World Bank to finance Matola-Gare/Albazine railway

The World Bank is to finance the construction of a 27-kilometre railway line between Matola Gare and Albazine railway stations in the Greater Maputo metropolitan area. In the first phase, US$130 million will be spent on the construction of railway stations, line electrification, training and allocation of electric trains. Metrobus chairman Amade Camal says the project will integrate with the Metrobus intermodal transport system, making passenger transport in the metropolitan area even more flexible. The package of measures to improve urban mobility includes the government’s acquisition of around 800 private sector buses since 2016, said Technical Director of Maputo Metropolitan Transport Agency Armando Bembele noting that the allocation of resources includes driver and fleet manager training. Bembele says the acquisition of new buses has already significantly improved the transport situation as regards both people and goods, particularly in provincial capitals. (Club of Mozambique)

Road concessions launched in Mozambique from April 2020

The concession of Mozambique’s national road sections to private operators is expected to take place in April 2020, said the director-general of the National Roads Administration (ANE), quoted by Mozambican daily newspaper Notícias. César Macuácua also said that analysis of the technical and financial proposals submitted by national and foreign companies, in the international public tender launched last August, is ongoing. The sections in question are Marracuene/Xai-Xai, on National Road Number 1 (EN1), which is 185 kilometres long, Matola/Boane/Namaacha, on EN2 (65.9 kilometres), Impaputo/Goba, on EN3 (31 kilometres), Nampula/Namialo/Lúrio/Metoro on EN1 and Nacala/Namialo on EN12, which are both 415 kilometres long. The Director-General of the ANE stated that the concession contracts will be valid for a maximum of 30 years. The management of almost the entire Mozambican road network is ensured by the government through the ANE, which, faced with a shortage of funds, often fails to meet the recommended maintenance schedule, which leads to the poor condition of many roads in the country. EN4, which connects Maputo to South Africa, was handed over in May 1997 to Trans African Concessions (TRAC) for 30 years, the company that paid for its construction, ensures its maintenance and charges tolls on the road. (Macauhub)

New tolls on EN6 road: The "scary fees" making the rounds

Three more suffocating tolls are impending on Mozambique's roads, 'Carta de Moçambique' reports. After the government last year approved what people felt to be prohibitive rates to cross the Maputo-KaTembe Bridge to KTembe and Matutuine, now it's the turn of National Road Number 6 [EN6] users to feel the suffocating effect of Chinese credit and the proposed rates for the three tolls on the road linking the provincial capital of Sofala, Beira, to neighbouring Zimbabwe across the Machipanda border. This Monday 25th November, a chart containing the fees to be charged at the Dondo, Nhamatanda and Chimoio tolls was making the rounds on social networks, with amounts ranging from 300 to 2,870 Meticais. According to the chart, to which Carta has had access, for each crossing in Dondo toll in Sofala province, Class 1 vehicles will pay 90 Meticais, Class 2 will pay 220. Class 32 440 and Class 4 vehicles will be charged 650 Meticais.

At the Nhamatanda Toll, also in Sofala province, Class 1 vehicles will pay 250 Meticais, Class 2 vehicles 630, Class 3 1,260 and Class 4 vehicles 1,890 Meticais.

At the Chimoio Toll, Class 1 vehicles will pay 380 Meticais, Class 2 960 Meticais, Class 3 1,920 Meticais and Class 4 vehicles 2,870 Meticais

The chart which Carta has been quoting also indicates that local residents and all Class 1 and 2 semi-collective passenger transporters will be charged a monthly fee of 300 and 500 Meticais, respectively, to traverse all three tolls. To reveal the rates and implementation details, the Provincial Directorate of Transport and Communications of Sofala convened a meeting with all users of National Road No. 6, one of the most important roads in the country.

The 288-km long EN6, which was rehabilitated and expanded by Chinese company Anhui Foreign Economic Construction (Group) Co., Ltd, was inaugurated on 14 November by President Filipe Nyusi. It cost US$410 million, financed by the China Export and Import Bank and the Government of Mozambique. The works started on April 1, 2015 and were due to end on March 31, 2018, but were delayed due to lack of funds needed to relocate families and businesses in the Inchope area.

(Club of Mozambique)

São Tomé and Príncipe launches international public tender for construction of deepwater port

The São Tomé and Príncipe government has launched an international public tender for the construction of a deepwater port in Fernão Dias, in the Lobata district, north of São Tomé, under a public-private partnership, the Minister of Public Works and Infrastructure said on Tuesday 19th November. The minister, quoted by the STP-Press news agency, said that the purpose of the public tender is the construction of a port that has at least one multipurpose terminal and can initially receive ships of up to 30,000 tons, and should also be able to expand in the future. Osvaldo de Abreu said the future port, which is expected to be 16 metres deep, aims "to transform São Tomé and Príncipe into a platform for providing services to Central and West African countries by serving as a transhipment site for containers and goods from various parts of the world to those countries."

The proposals will have to be submitted by 20 January, 2020, will be opened in a public session the following day, 21 January, and should include financing, negotiation of concession contracts, as well as the start and completion of construction.

The coordinator of the Technical Unit to Support Public-Private Partnerships, Cislau Costa, said that the international public tender will be governed by the Public Contracting and Procurement regulation, approved by Law No. 8/2009 of 26 August. The minister said last February that negotiations with China to build a "multifunctional" commercial port in São Tomé and Príncipe were at a very advanced stage, adding that the project was being examined with Chinese cooperation and with some Chinese companies.

The China Road & Bridge Corporation (CRBC) and Macau Legend Development Ltd had expressed interest in January 2017 and August 2018, respectively, to take part in a project aimed at the construction of a deep water port in Fernão Dias, in the Lobata district, north of São Tomé, the same location that has been earmarked again to host the project of the "multifunctional" commercial port announced by the minister. (Macauhub)

MINING

Mozambique: Xtract Resources announces reduction in gold production

The British-based mining company Xtract Resources announced that in the third quarter of the year it mined 994 ounces of gold from its alluvial mine in Manica province in central Mozambique. This is a nine per cent reduction on the 1,088 ounces of gold mined in the second quarter. In the first quarter of 2019, the company produced 1,293 ounces of gold.

According to Xtract's executive chairman, Colin Bird, "the alluvial production at the Manica concession continues to be profitable for the Company and also provides the necessary cash flow whilst we develop the Fairbride Project in Mozambique as well as the Kalengwa Project in Zambia. The alluvials have provided positive cash flow on a monthly basis despite there being volatility in the gold yield, excess overburden removal or a combination of the two". The Manica gold project is situated four kilometres north of the town of Vila Manica, near the border with Zimbabwe. It covers 46 square kilometres and contains both hard rock and alluvial deposits. The current gold price is 1,470 US dollars per ounce. (AIM)

Mirempet extends application deadline

The Ministry of Mineral Resources and Oil (Mirempet) has decided to extend the deadline for the submission of proposals for the international public tender for the granting of mining rights for phosphate, diamond and iron concessions. The submission of bids runs from 18 November to 18 December, when the bids were opened, according to the document to which Angop had access. The international public tender is for the granting of mining rights to the phosphate concessions of Cácata and Lucunga (Cabinda and Zaire), diamonds in Camafuca-Camazambo and Tchitengo (Lunda Norte, Lunda Sul) and iron in Kassala Kitungo (Kwanza Norte). The international public tender was opened on October 7, 2019, preceded by roadshows in Luanda, Dubai, Beijing, London and New York. (Angop)

Savannah wins third Mutamba mining concession in Mozambique

Exploration and development firm Savannah Resources has conditionally secured third mining concession (9228C) for the Mutamba project in Mozambique. The mining concession 9228C was awarded by Mozambique's Minister of Mineral Resources and Energy for the Mutamba Heavy Mineral Sands project. The award represents a significant achievement for Savannah which operates a joint venture with Rio Tinto. It has a term of 25 years, which is valid until 3 September 2044, with a possibility of 25 additional years towards mine-life extension.

The mining concession covers an area of 11,807ha and is contiguous with 9735C and 9229C concessions, which were secured by Savannah in September. These permits cover ground in Inharrime and Jangamo districts in southern Mozambique.

The Mutamba project is in close proximity to the North/South EN1 highway and the port of Inhambane. It also benefits from a high-quality established transport infrastructure, a daily air service to Inhambane, and grid power. Mutamba has an Indicated and Inferred Mineral Resource of 4.4Bt at 3.9% total heavy minerals and constitutes one of the largest remaining mineral sands deposits in the world that is yet to be developed.

Savannah CEO David Archer said: "The conditional award of the third Mining Concession to Mutamba Minerals Sands SA completes the tenement set of the Mutamba Project in Jangamo/Inharrime and represents a significant achievement for Savannah in its joint venture with Rio Tinto. "To finalise the process, the normal administrative payments and processes need to be completed; these are currently underway for all three licences. "We are completing the administrative conditions in a chronological manner following which all three licences will be fully formalised in due course, which, when completed, will continue to consolidate our position in the Mozambican mining industry. "Once these three Concessions are formalised, they will enable the joint venture with Rio Tinto to progress the Pre-feasibility study (PFS) towards completion." The company's interest in the heavy mineral sands project will rise from 20% to 35%, upon completion of the PFS. (Mining Technology)

Angolan Government sets up National Mineral Resources Agency

The Angolan government will close Angolan national iron company Ferrangol and in its place create the National Mineral Resources Agency, which will monitor, control and supervise mining activity in the country, announced the Secretary of State for Geology and Mines. Jânio Correia Victor, speaking at the closing ceremony of the 1st International Conference and Exhibition on the Mining Sector, which took place on 20 and 21 November, also said that this agency should start operating in the first half of 2020, when operating conditions will be in place.

The Secretary of State said that this decision aims to boost and intensify the activity of the sector in the country, in the medium and long term, promoting prospecting, research and development, and, under the new policy for the sector, national diamond prospecting, exploration, cutting and trading company Endiama and Angola's diamond trading company Sodiam will undergo restructuring. Correia Victor said a 50% stake in Endiama's share capital will be sold in a stock exchange deal, and Sodiam will be transformed into a specific exchange for the diamond sub-sector, according to the Angop news agency.

The Secretary of State recalled that the government is seeking to attract the largest mining companies in the world, with Russian group Alrosa and the Anglo American group already present in the country, and following the entry into Angola of Anglo-Australian group Rio Tinto. Recent contracts have been signed with Tosyali Holding to operate Cassinga's integrated iron ore extraction and steelmaking project and with Blue Glacier to set up a diamond cutting and polishing unit at the Saurimo Diamond Development Hub, in Lunda Sul province. (Macauhub)

Angolan state launches second international diamond auction

Parties interested in the five lots of diamonds auctioned by the Angolan national diamond trading company – Sodiam – have until 5 December to register at https://sodiamsales.com/en/login, the stat company said in a statement.

The auction, which will run until 6 December, features a single stone extracted from the mine explored by Sociedade Mineira do Cuango weighing 183.55 carats and two special stones from the mine explored by Sociedade Mineira da Catoca, which are part of a batch of 110.21 carats. The auction also has another batch of seven special stones that make up a total of 210.66 carats and two other lots from the same mine weighing 127.691 carats and 127.692 respectively. Sodiam's Chairman of the Board, Eugénio Bravo da Rosa, said that the registration page is open to all Angolan and foreign entities, and that there are 105 companies that were previously registered, namely from countries including India, Belgium, South Africa, Israel and Dubai. On 6 December a commission will analyse the bids and determine the result of this second auction, which will be announced on 7 December, according to the Angop news agency. In the first auction held by Sodiam, seven special stones sold by Sociedade Mineira do Lulo were also sold, which generated revenues of US$16.7 million. (Macauhub)

Endiama invests to increase diamond production from Angola

Angola's national diamond prospecting, exploration, cutting and trading company Endiama plans to invest US$200 million in 2020 to increase national production from 11.3 million to 13.8 million carats per year, chief executive Laureano Paulo said in Luanda. The chief executive also said that the investments already made allowed the extraction of 6.1 million carats in 2017, 8.8 million in 2018 and 11.3 million carats in 2019, with Endiama investing US$1 billion over the next five years to start capital intensive projects. Speaking during the closing ceremony of the 1st International Conference and Exhibition on the Mining Sector, the CEO said it was essential that the purchasing companies make use of credit lines for exports and pre-financing of mining projects. . Judging by the number of investors attracted, especially foreign investors, the number of contracts signed and other projects, the financial needs may be between US$2 billion and US$3 billion per year, according to Paulo, quoted by the Angop news agency. The Angolan Development Bank and VTB Africa, of Russian group VTB, are among the few in Angola that focus on financing projects in the diamond sub-sector. The Endiama executive mentioned the need to approach foreign banks to secure the capital needed to increase Angola's diamond production. (Macauhub)

OIL & GAS

Lessons for Nigeria as Tanzania, Mozambique plan to develop East-Africa's gas hub

Tanzania and Mozambique are setting sail to ride the energy tide that will see economies choose natural gas as preferred fuel to power homes, factories and transport but Nigeria is barely scratching the surface of its gas potential.

The East African duo has the sub-regions brightest projects, located on the south-east coast of the continent in Tanzania and Mozambique. The massive Coral South Floating Liquefied Natural Gas (FLNG) Project sits atop the prolific Rovuma Basin, offshore Mozambique. ENI's Coral South FLNG facility is the first step in accessing the estimated 450 billion cubic metres of gas. The first gas is expected in 2022 and thereafter ENI expects to produce five billion cubic feet each year.

Further north is the Tanzania LNG Project that hopes to access the massive 1.6bn cubic metres of gas that lies in Tanzanian acreages. The $30bn facility located at Lindi would sit on Tanzania's coast, acting as a terminal and gas liquefaction hub.

"When we first started in Kenya and then in Tanzania, there was very little understood about the potential of the region; none of the gas in Mozambique had been discovered," said Brian W Horn, senior vice president and chief geologist at ION, advisors to Exploration and Production companies. "But I would say that there is a lot of remaining potential. I think we probably have not found a tenth of what is out there."

Nigeria has a bigger gas potential and a number of big-ticket gas projects at various levels of completion and scattered around the country. These big-ticket projects are expected to create thousands of new jobs, spur domestic gas demand and generate electricity. This will also help create an opportunity to diversify revenue of the Nigerian government, strengthen the country's revenue base and turn Nigeria into a dominant geopolitical player in Africa. Yet, these projects have stalled.

Some of the critical gas development projects in Nigeria include the development of the 4.3 Trillion Cubic Feet (TCF) Assa North/Ohaji South field by Shell Petroleum Development Company of Nigeria Limited (SPDC), a major momentum to the domestic gas aspiration of the Federal Government for increased power generation and industrialisation.

SPDC is also participating in the development of the 6.4 TCF Unitised Gas fields (Samabri-Biseni, Akri-Oguta, Ubie-Oshi and Afuo-Ogbainbri) in conjunction with the Nigerian Agip Oil Company JV while Nigeria Petroleum Development Corporation's (NPDC) is also developing OML 26, OML 30 and OML 42 which is expected to develop 7 Tcf. "Some of the fields were discovered as far back as in the 1990s, and have been plugged after successful production test was carried out," Charles Akinbobola, energy analyst at Lagos based Sofidam Capital told BusinessDay in an early interview.

Over twelve months ago, Ghana signed a 12-year deal with Russia's Gazprom for liquefied natural gas (LNG) supply boycotting the West African Gas Pipeline (WAGP) and its inefficiencies. "The gas that will come from Russia to Ghana's regasification plant will cost $12 per standard cubic feet (SCF). I can put gas at $3 per SCF into the West African Gas Pipeline if it was efficiently managed and with an extra cost of $2 per SCF for transportation cost I can deliver gas to Ghana at $5 per Scf less than half of what the Russian gas will cost" said Austin Avuru, chief executive officer of Seplat, an independent indigenous Nigerian oil and gas exploration and production company in an earlier BusinessDay's report.

Nigeria can learn from these countries in East Africa that are exploring how to come together to fully exploit the gas potential in its sub-region. For Nigeria, it may not be about collaborating with neighbouring countries to exploit its gas reserves but rather becoming a gas hub in the West African sub-region. This is a leadership position the country has failed to hold due to its inability to feed gas into the WAGP. This has made the Economic Community of West African States (ECOWAS) countries to look elsewhere for gas to power their economies. (By Stephen Onyekwelu, Business Day Nigeria)

Saipem wins $100 mln Equatorial Guinea pipeline contract

Italy's Saipem has been awarded a contract in Equatorial Guinea worth $90-$100 million to build a 70 km subsea pipeline linking the Alen platform with the Punta Europa petrochemical hub, the oil ministry said. Gas deliveries from the project, operated by Noble Energy, are expected to begin in early 2021, Oil Minister Gabriel Obiang Lima said in a statement.

The pipeline will serve offshore gas fields and have a capacity for 950 million cubic feet of gas per day as Equatorial Guinea looks to extend the life of its liquefied natural gas (LNG) production assets. "We anticipate that this contract, which is being approved exceptionally under the given circumstances, will contribute immensely to improving the performance of local businesses and the creation of employment," Obiang Lima said. Equatorial Guinea, a small West African member of the Organization of the Petroleum Exporting Countries, derives more than 90% of its foreign revenue from oil and gas. The pipeline forms part of plans to link various offshore gas fields to onshore LNG facilities and turn the island of Bioko into a gas processing hub. (By Wendell Roelf, Reuters)

Total seeks to sell stake in major Nigerian offshore block

Total is seeking to sell its 12.5% stake in a major deepwater oilfield off the coast of Nigeria, industry and banking sources said, in an effort to adjust the energy company's Africa portfolio amid a broad expansion. The stake in Oil Mining Lease (OML) 118, which is located some 120 kilometres (75 miles) off the Niger Delta, is valued at up to $750 million, according to two of the sources. Investment bank Rothschild is running the sale process for Total, the sources said. A spokeswoman for Total declined to comment. Rothschild declined to comment.

OML 118 is operated by Royal Dutch Shell, which holds a 55% interest. Exxon Mobil holds a 20% stake in the block, while Italy's Eni and Total each hold 12.5%. The sale process is part of Total's plan to sell $5 billion of assets around the world by 2020, the sources said.

The block includes the Bonga field, Nigeria's first deepwater project which started in 2005 and produced around 225,000 barrels of oil and 150 million standard cubic feet of gas per day at its peak. Output from the block is planned to grow sharply with the $10 billion development of the Bonga Southwest field which is expected to produce up to 200,000 bpd, roughly 10% of Nigeria's current oil production.

Nigeria's vast oil resources have attracted foreign oil companies for decades but changes to the country's oil revenue laws as well as an unexpected tax levy over the past year could make investments in offshore projects less attractive. Shell and its partners were expected to make an investment decision on Bonga Southwest last year but uncertainty over its fiscal terms with the Nigerian government have delayed the process. Shell in February launched a tender for bids for a 225,000 bpd floating production, storage and offloading vessel for the new development phase. It has since pushed back the schedule for the bids. The sale comes as Total prepares to expand its operations in Africa after agreeing earlier this year to buy Anadarko's Africa portfolio for $8.8 billion as part of its acquisition by U.S. rival Occidental Corp.

Total in January started production from the Egina oilfield off Nigeria's coast which is expected to plateau at 200,000 bpd of oil. (By Ron Bousso, Reuters)

Gigajoule Power and Total groups invest in Mozambique to import natural gas

South African group Gigajoule Power and France's Total in Maputo signed a joint development agreement to import liquefied natural gas (LNG) through the port of Maputo from the end of 2022, the international media reported.

The South African group's chairman Johan de Vos told Engineering News Online that the agreement signed with the French group will result in an investment of US$350 million in Matola, outside Maputo, to allow the import of 2 million tons of LNG or 100 million gigajoules, with the possibility of future expansion. The online publication said this project coincides with the early decline of the Pande and Temane fields in Inhambane province, operated by South African group Sasol, whose gas supplies two thermal power stations in Mozambique, as well as a synthetic fuel factory and chemical refineries in South Africa, where it is sent through the 865-kilometre Rompco (Republic of Mozambique Pipeline Company) pipeline.

The investment includes a floating storage and processing unit from natural to liquid gas permanently moored to the quay, as well as a 15-kilometre pipeline that will be connected via the Matola Gas Company to the South African grid.

The Matola Gas Company operates a 100-kilometre gas network in Maputo and is the second-largest gas distributor in southern Africa, supplying over 30 industrial companies that have been converted to operate on gas, as well as two thermal power stations and gas supply stations for vehicles. (Macauhub)

Two Chinese companies bid to supply Mozambique with liquid fuels

Addax Petroleum, of the Sinopec Group and Petrochina are the two Chinese companies out of ten that submitted bids for providing fuel to Mozambique for six months from 1 January 2020, said João Macandja, managing director of the Mozambican oil import company, Imopetro. The official also told the AIM news agency, after the opening session of the proposals submitted to the international public tender, that the Government should announce the winner "soon." Macandja said that the Government intends to reduce fuel import costs by about US$800 million a year. Imports of liquid fuels into Mozambique are based on international public tenders that are launched every six months, and Imopetro, which brings together all gasoline companies operating in Mozambique, is the only entity authorised to import liquid fuels.

There are currently 15 companies operating in the fuel distribution market in Mozambique, compared to the three that existed in 1997, when Imopetro was created.

In addition to Addax Petroleum and Petrochina, the remaining companies competing for the tender were Augusta Petroleum (United States), Finergy Petroleum (South Africa), Anglo-Swiss Glencore, Independent Petroleum Group (Kuwait), Sahara Petroleum International (Kuwait), TOTSA Total Oil Trading S.A. (France), Trafigura (Singapore) and Vitol (Netherlands). (Macauhub)

Billion-dollar LNG project in southern Mozambique expected in 2020

A final investment decision on a $3.15 billion (£2.46 billion) liquefied natural gas (LNG) project near Mozambique's capital will be taken around the middle of 2020, France's Total and its partners in the project said.

The project will see a floating storage and regasification unit moored in the harbour of Matola, a suburb of the capital Maputo, and it will be connected to a new gas-fired power plant nearby and to South Africa's gas network. Total will supply the gas.

Total and its partners, including Gigajoule, a gas company focused on southern Africa, and Mozambique's Matola Gas Company (MCG), which operates a 100 kilometre gas pipeline network in Maputo province, signed an agreement to develop the project. "[This] will accelerate the process which will enable a final investment decision to be taken by the middle of 2020," the joint statement said, adding construction would then proceed and commercial operations would commence by the end of that year. "The availability of a new source of much needed natural gas and power will fuel the economic growth in Mozambique and the southern African region." Mozambique is on the cusp of a gas boom as blockbuster projects by the likes of oil majors including Total and Exxon Mobil get underway in its gas-rich north.

While this separate project is situated at the opposite end of the country, it shows how one of the world's most impoverished nations is working to leverage unprecedented inflows of foreign direct investment in order to develop. The statement said the gas pipeline network, harbour infrastructure and a connection to South Africa's network will cost around $350 million, while the cost of the 2,000 megawatt power plant, which will be constructed in phases as the market develops, will be around $2.8 billion. Total, Gigajoule and MGC signed a memorandum of understanding related to the project in 2017. Concessions for the development and construction of the gas infrastructure and for the design, construction and operation for the power station were awarded in July. (Club of Mozambique)

Mozambique's ENH seeks to raise US$1.5 billion

Mozambique's state oil and fuel company Empresa Nacional de Hidrocarbonetos (ENH) is launching a set of investor presentations this week to raise US$1.5 billion to fund the company's share in the Area 1 natural gas project, in which it holds a 15% stake, said the chairman of the Mozambican state company. Omar Mithá told Bloomberg that the first investor meeting will take place this week in Johannesburg, followed by London, adding that funding may come from banks, mutual funds or even stakes in the project. This will be the first time that a Mozambican state-owned company will use the international financial markets following the restructuring of the debt taken on by Mozambican tuna company Ematum with backing from the State, agreed with investors and finalised in late October.

Although Fitch Ratings has recently upgraded Mozambique's credit rating from "DR" to "CCC", the country is still identified as having very high risks, and its investment-grade debt is highly speculative.

The Rovuma Basin Area 1 project recently changed operators after Total acquired the assets of the Anadarko Petroleum Corp group in Africa following the acquisition of the latter by Occidental Petroleum Corp. The block in question is operated by the Total group, with 26.5%, and its partners are ENH Rovuma Area A, a subsidiary of Mozambican state oil group ENH with 15%, Mitsui E&P Mozambique Area1 Ltd. ((20%), ONGC Videsh Ltd. (10%), Beas Rovuma Energy Mozambique Limited (10%), BPRL Ventures Mozambique B.V. (10%), and PTTEP Mozambique Area 1 Limited (8.5%). (Macauhub)

New Hot Dip Galvanising Plant at Capital Star Steel will enable local engineering contractors to bid for LNG projects

A US$12 million investment at Capital Star Steel in Beluluane Industrial Park will see the construction of the biggest industrial Hot Dip Galvanising Plant of its kind in Mozambique. This installation will enable the production of specialised coatings for steel products that meet the international standards and requirements for gas pipelines, LNG process plants and general infrastructure. Consequently, local engineering contractors will be able to bid for the increasing demand for galvanised steelwork required by the Mozambique LNG and Rovuma LNG projects.

Commenting on the importance of this investment and the Mozambican Government's drive for Local Content, Capital Star Steel CEO David Scheepers said: "We are proud to be part of the development of the economic structure and industrial manufacturing base of Mozambique. With an initial investment of over US$100 million in 2007, Capital Star Steel has been one of the largest investments in the Mozambican engineering sector. The galvanising plant is another investment that will enable our sector to develop international capacity and provide services that will benefit our economy in the long run."

Historically, the investment of galvanising capacity in emerging markets have a resounding effect on the stimulation and growth of those economies. Scheepers said that Mozambique should be no different. As a country with a coastline of over 2 470 kilometres, and with the bulk of industrialisation taking place along the coast, the use of galvanising coating is recognised as the main solution to protect steel structures used in building bridges, transmission lines and towers, highways, airports, factories and plants such as Mozambique LNG and Rovuma LNG. "Preliminary estimates for galvanised steel structures of Phase 1 of Total's LNG project will provide Mozambican companies access to more 60 000 tons of steelwork opportunities, generating over 1200 direct jobs valued an estimate of US$160 million," Scheepers said. "Including ExxonMobil's Rovuma LNG and the recent announcement by Total of a possible further 2 trains, the opportunity for Mozambican fabricators could exceed 200 000 tons, a growth prospect generating significant employment opportunities and foreign investment into this sector." Beluluane Industrial Park

Managing Director, Adrian Frey also commented: “This is excellent news for all local companies that are positioning themselves as suppliers to the LNG projects and other industries. It is an important step for local content development in Mozambique.”

About Capital Star Steel

Since 2009, Capital Star Steel has produced over 225,780 producing pipes totalling over 2,700 kilometres with exports to the USA, South Africa, Botswana, Swaziland, Kenya, Zambia, Nigeria and Eritrea. It is the largest steel pipe manufacturing plant on the African continent. Operating from the Beluluane Industrial Park and Free-trade Zone, the 108,760m2 facility comprises of a 34,780m2 undercover factory and has a production capacity of 200,000 tons.

About Beluluane Industrial Park

Beluluane Industrial Park and Free-Trade Zone is a Public-Private-Partnership between the Mozambican Government Agency for Investment & Export Promotion (APIEX) and Swiss-Mozambican investors. It is situated in Boane, Maputo Province and is home to 40 companies from 15 different countries. The park is home to Mozal, the second largest Aluminium smelter in Africa, and employs a total workforce of 5000. Companies operating within the free-trade zone may qualify for attractive exemptions on customs duties and tax offered by the Mozambican Government. (Capital Star Steel / Press Release)

Angola forms consortium with five oil firms for $2 bln LNG project

Angola has formed a consortium with five international oil companies including Eni and Chevron to develop liquefied natural gas (LNG) for its Soyo plant, the newly formed national oil, gas and biofuels agency ANGP said. The consortium’s project will have an initial cost of $2 billion, with an aim to start production by 2022, an ANGP spokesman said on the sidelines of the Africa Oil Week conference in Cape Town. Italy’s Eni will operate the project, and the members will share costs according to participation. Chevron will take a 31% stake, Eni 25.6%, Sonangol P&P 19.8%, Total 11.8% and BP 11.8%. The Soyo LNG plant is designed to process 1.1 billion cubic feet of natural gas per day and has the capacity to produce 5.2 million tons of LNG per year, as well as natural gas, propane, butane and condensate. (By Libby George, Reuters)

Sonangol, ENI and Total groups plan to prospect for oil in the Namibe and Benguela basins, in Angola

Angola’s National Oil, Gas and Biofuels Agency (ANPG) has approved proposals presented by the Sonangol, ENI and Total groups for oil exploration in the Namibe and Benguela sea basins, during the session to open public tender proposals held in Luanda. The jury, chaired by Hermenegildo Buila (ANPG) that also includes Cármen Canjungo (Ministry of Mineral Resources and Oil) and Pedro Marques (Ministry of Finance), validated three of the four registered proposals. The proposal presented by Pago Technical Group, Lda, was found to have non-conformities in the forms that were filled out. ANPG director Natacha Massano said that from now on the companies will be qualified and the proposals evaluated until 28 December, to start the negotiation process, which will end with the signing of the concession contracts on 30 April 2020. The tender for the exploration of the Namibe and Benguela sea basins comprises 10 blocks, with an area of approximately 55,387.88 square kilometres. The ANPG also reported that it would continue to implement the Government’s strategy for granting concessions in 2020, which covers a total of nine blocks, three from the Congo onshore basin (CON1, CON5 and CON6) and six from the Kwanza onshore basin (KON5, KON6, KON8, KON9, KON17 and KON20). (Macauhub)

TELECOM – TECHNOLOGY

Kenya's Safaricom plans joint bid with Vodacom for Ethiopia licence

Kenya’s largest telecoms operator Safaricom plans a joint bid with South Africa’s Vodacom for one of two Ethiopian telecoms licences that will be offered next year, its acting chief executive said. Michael Joseph said the company, partly owned by Vodacom and Britain’s Vodafone, had not made up its mind about another option of entering the lucrative Ethiopian market through partial privatisation of state monopoly Ethio Telecom. Firms which want to secure the licences have to come with deep pockets, Joseph said, citing the expected cost of acquiring the spectrum. “You have to bid for the spectrum. There is talk about it and it is in the billion dollar range, just for the licence,” he told Reuters after the firm released its first half results. (By Duncan Miriri, Reuters)

Vodacom Mozambique takes over 22 cell sites

- ***Sites were transferred from TMCEL by Mozambique’s regulatory authority***

Mozambique’s Communications Regulatory Authority (Autoridade Reguladora das Comunicacoes, ARECOM) has transferred the operation of 22 mobile network sites to local cellco Vodacom, according to TeleGeography. The sites were originally set up by rival operator TMCEL under the country’s Universal Service Access Fund (Fundo do Servico de Acesso Universal, FSAU). The regulator said, however, that the locations were not operational under TMCEL and invited bids to take over their contract under a ten-year deal. Vodafone is expected to assume responsibility for the 22 towers by mid-2020 and has agreed to invest around MZN250 million ($3.9 million) to bring the sites into operation. (CommsMEA)

AGRIBUSINESS

The Africa Investment Forum: an accelerator for Africa’s agricultural transformation

This week (12th November), business leaders, project developers, development finance professionals, institutional investors representing pension and sovereign wealth funds, as well as policymakers meet in Johannesburg for the second Africa Investment Forum convened by the African Development Bank.

The Forum is an innovative marketplace - dedicated to moving development ideas and projects to bankability, to mobilizing capital, and to accelerating the financial closure of deals that can improve the lives of millions of people. Among other things, the Africa Investment Forum has the potential to accelerate Africa’s agricultural transformation.

In much of Africa, 60% or more of the working population is employed in agriculture. And yet agriculture only contributes about one quarter of Africa’s GDP, with the continent mainly producing and exporting raw products and importing significant amounts of processed food. The sector punches below its weight. And yet there is huge potential for income and job creation if Africa can increase productivity and move up the value chain to produce more, higher value-added, processed food.

The bottom line is that African agriculture must move from being a “way of life” to a resilient, sustainable business sector that creates prosperity, jobs, as well as improves incomes and livelihoods of rural people. The Africa Investment Forum convenes players in the agriculture and agribusiness sector who come together to roll up their sleeves and explore business and investment opportunities. The Forum’s concrete “boardroom discussions” connect investment projects with investors. It brings together entrepreneurs, project developers and investors interested in agriculture to make deals.

Last year’s Africa Investment Forum saw nearly 2,000 participants from 87 nations gather to discuss more than $46 billion-worth of boardroom deals. One of the highlights was a transaction involving Ghana Cocoa Board, designed to help Ghana’s cocoa sector – which employs some 800,000 farm families, producing crops worth about $2 billion in foreign exchange annually. The presence of Ghana’s Head of State, H.E. Nana Akufo-Addo, in the boardroom session galvanized investor interest in a sector so important for Ghana, one of the world’s top cocoa exporters.

This year, Ghana’s Cocoa Board returns to the Forum to sign a Facility Agreement for a $600 million syndicated receivables-backed term loan aimed at enhancing Ghana’s cocoa productivity. The investment deal – also involving Credit Suisse as well as Industrial and Commercial Bank of China Limited - was born out of the Africa Investment Forum.

This year's Forum will also see a focus on Special Agro-Industrial Processing Zones, or SAPZs. There is often little investment interest in Africa's rural areas, due to a lack of transport, energy and other critical infrastructure. SAPZs are a solution to connect rural areas to regional and global supply chains, so that they can produce higher value-added processed goods in areas of higher agricultural productivity. SAPZs gather most or all the elements of an agricultural value chain in one area: from farm to fork. Aside from attracting investment, SAPZs are also important from a development perspective because that they help to raise rural incomes and create job opportunities for Africa's surging youth population.

When properly designed and well executed, SAPZs are powerful tools toward removing barriers to access to technology, infrastructure and resources to Africa's industrialization. By increasing the transformation of products like cotton, cashew nuts, cocoa and livestock, for example, SAPZs have the potential to improve Africa's overall trade balance. Many African countries have committed to integrating SAPZs in their national development strategies – the Africa Investment Forum will showcase SAPZ plans out of Benin, Chad, Ethiopia, Gabon, Senegal, South Africa, and Togo.

The Bank provides support to attract investors in the agro processing space via fiscal, regulatory, and infrastructure incentives. To make the concentrated, all-in-one-place SAPZ activity work smoothly, innovative companies pursuing SAPZs in Africa need investors.

Investor opportunity abounds, boosted by prospects of an integrated African market via the Continental Free Trade Agreement (AfCFTA), which promises to usher in the economies of scale needed for SAPZ-produced or processed goods to participate in strong regional agriculture value chains catering to a population of more than a billion people with a combined GDP of $3.4 trillion. This can then provide a springboard to global markets.

We see this vision for Ethiopia, a nation embracing the SAPZ concept with support from African Development Bank and other partners, to promote the advancement of Ethiopian crops like oilseed, wheat and maize, beef and dairy livestock and of course, its world-famous coffee. With SAPZ projects launched in Ethiopia, the impact is expected to translate into $1.5 billion in private sector investment and the creation of 400,000 jobs – with 70% of them targeting youth.

We often hear the clichés about 'Africa Rising' and Africa being the 'new hot spot' for investment. Yet Africa has not suddenly appeared! It is home to more than half of the world's fertile, yet largely uncultivated, cropland. African agriculture is a big business opportunity – by most estimates, the continent's food and agribusiness market will be worth one trillion US dollars by 2030. Yet this requires investment.

Only $7 billion per year is invested in Africa's agriculture sector – that needs to rise to about $45 billion per year to harness agriculture's power and move Africa up the value chain to create jobs and revenue. It is time to put investment money where many mouths have been talking about Africa's 'Green Revolution,' for years. It is time to equip Africa with the financial tools to grow into the reliable food production resource that feeds Africa as well as ensures that Africa does its part to feed the world. It is time for Africa to move from an aid paradigm to an investment paradigm - this is what we are doing this week at the Africa Investment Forum, in Johannesburg, South Africa. (*Dr. Jennifer Blanke is the African Development Bank Group's Vice President for Agriculture, Human and Social Development.)*

Government launches coffee crops revitalization programme

The minister of Agriculture and Forests, António Francisco de Assis, in the Municipality of Mungo, central Huambo Province, launched the Arabica coffee crop revitalization programme, in the ambit of family agriculture, aimed at contributing to the fight against poverty strategies and guarantee security and food quality.

Held in the village of Beteleme, 157 kilometres off Huambo City, the act witnessed by the governor of the central plateau province, Joana Lina, was marked with the distribution of 15,000 seedlings of Arabica coffee to 30 peasant families of this locality, which has 3,000 residents who have agriculture as their main source of livelihood.

Initially, the programme will benefit the municipalities of Bailundo, Chicala-Cholohanga, Londuimbali, Huambo and Mungo, with the selection of 30 peasant families from each locality, in a total of 150, to avoid monoculture and create sustainability of production systems in the country.

On the occasion, the minister of Agriculture and Forests, António Francisco de Assis, said it was a project of “extreme importance”, especially regarding the increase of the families' economic and financial income, which is why the peasants take good care of the plants so that they may bear the desired fruits.

Thus, the governor asked the peasants to be more united and cohesive, to face the challenges of economic diversification and fight against poverty, since coffee is a cash crop that, besides increasing the possibility of families earning more money, can boost the industrial sector.

IDA - Agriculture Engine

In another part of his speech, the minister of Agriculture and Forests stressed that the technicians of the Agrarian Development Institute (IDA) should be well trained to better contribute to the efficiency and effectiveness of the rural development programme at a time that the country faces lack of fertilizers.

He recalled that Angola needs, on average, 170,000 tonnes of fertilizers annually or at least 75,000 to meet the needs of the sector, which is why these professionals are more patriotic, responsible, dedicated and rigorous in the management of the resources put at their disposal, to make agriculture the basis of the national economy.

In the past coffee occupied a prominent place in the Angolan economy, having been considered the main export product, reaching high quantities and placing the country in the position of third largest international producer in 1974, and the first export of Angola in 1975.

Nowadays, production is incipient, dominated by family farms with low productivity plantations and market access difficulties. (Angop)

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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 Conduct Authority.

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