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In-depth:

As World Wavers on Free Trade, Africa Embraces It

Amid trade tensions between the U.S., China and Europe, and the U.K.'s fraught departure from the European Union and single market, African leaders are moving in the opposite direction to establish the world's largest free-trade zone. The African Continental Free Trade Area formally went into effect in May, four years after negotiations began. If it comes to full fruition, the deal could cover a market of 1.2 billion people with a combined gross domestic product of $2.5 trillion.

1. Who's in the free-trade agreement?

Just about the entire African continent. All but one of the 55 countries recognized by the African Union have signed on to the organization's initiative to liberalize intra-African trade in goods and services. (Eritrea, which has a largely closed economy, is the sole holdout.) Almost half of their governments have ratified it, and the deal is set to kick in starting next year.

2. What would the African Continental Free Trade Area do?

Among other things, it aims to lower or eliminate cross-border tariffs on 90% of goods, facilitate the movement of capital and people, promote investment and pave the way to the establishment of a continent-wide customs union. It will also create a liberalized market for services. Once members work out how to treat matters such as cross-border payments, telecommunications, transport and professional services, some countries will have to amend their domestic regulations to comply.

3. Has trading under the agreement started?

Not yet. The trade area entered into force on May 30 after the required minimum of 22 nations ratified it. But countries still haven't worked out the "rules of origin" -- which determine the nationality of goods -- or tariff concessions. It's a two-phased negotiation, with talks on the protocols for trade in goods, services and dispute settlement now under way. The next stage will deal with competition policy, intellectual property rights and investment protocols. Members want trading under the agreement to begin by July 2020, moving to full operation in 2030 as more countries join the pact.

4. What's slowing things down?

Tariffs are an important revenue source for many governments and are often used to protect domestic industries, so letting go of them will require some adjustment. Depending on the outcome of negotiations, South Africa and Nigeria, the continent's largest economies, may have to eliminate 90% of their tariff categories over a five-year period. Others such as Ethiopia, Sudan and Zimbabwe may have to do so over 15 years. If history is any guide, implementation could take some time. The Tripartite Free Trade Area -- a precursor of the AfCFTA that sought to combine the Common Market for East and Southern Africa, the East African Community and the Southern African Development Community -- was signed almost three years ago and still hasn't gone into effect.

5. What's intra-African trade like today?

Shipments among African countries now account for about 15% of the continent's total trade, compared with 20% in Latin America and 58% for Asia, according to the

African Export-Import Bank. That share could more than double within the first decade after the AfCFTA, the bank estimates. Most trade takes place in existing regional economic communities, with the Southern African Development Community comprising more than 65% of the total, according to figures from the Trade Law Centre in Stellenbosch, South Africa. That's largely powered by South Africa, the continent's most industrialized economy. Freight elsewhere has been hampered by non-trade barriers such as poor road and rail networks, delays at border posts and in some cases ill-trained or corrupt customs officials. Some experts say removing such hurdles could do more to boost continent-wide trade than AfCFTA itself.

6. Who could benefit most?

Countries such as South Africa and Kenya -- with larger manufacturing bases and better road networks, railways and ports -- are most likely to gain from further regional integration, says Moody's Investors Service. For others, poor infrastructure and non-tariff barriers, such as cumbersome government regulations, could continue to restrict the trade sector's development and long-term growth potential, despite liberalization.

7. What will happen to existing regional economic communities?

While the agreement recognizes eight decades-old trade communities as the building blocks of AfCFTA, the continent-wide deal will take precedence if there's a conflict or inconsistency. If tariffs among existing regional trade blocs and customs unions are already lower than the continent-wide deal provides for, the lower rates will remain in place.

The Reference Shelf

- The agreement establishing the African Continental Free Trade Area.
- The African Union overview on the continental free trade area.
- A Q&A on AfCFTA by African Trade Policy Center.
- African Export-Import Bank 2019 African Trade Report.
- A Bloomberg QuickTake explaining free trade.
- For more on what central banks are doing to implement the trade pact.
- Tralac's African Continental Free Trade Area archive.
- A United Nations article on tariff liberalization.

(By Prinesha Naidoo, David Malingha, Michael Cohen, and Hilton Shone, Bloomberg)

IMF – WORLD BANK- AFDB

IMF Executive Board Approves New US$18.2 Million Extended Credit Facility Arrangement for the Democratic Republic of São Tomé and Príncipe

- The Extended Credit Facility arrangement aims to support São Tomé and Príncipe's economic and structural reforms.
- Structural reforms should help mobilize revenue, enhance control over public spending, reduce contingent liabilities from SOEs, improve financial stability, and promote sustainable and inclusive growth to reduce poverty, including through empowering women economically.

- The Executive Board decision allows an immediate first disbursement of US$2.6 million to São Tomé and Príncipe.

On October 2, 2019 the Executive Board of the International Monetary Fund (IMF) approved a new 40-month arrangement under the Extended Credit Facility (ECF) for São Tomé and Príncipe in the amount of SDR 13.32 million (about US$18.2 million) in support of the country's economic and structural reforms. It will enable an immediate disbursement of about SDR 1.9 million (about US$2.6 million). The remaining amount will be phased over the duration of the arrangement, subject to semi-annual reviews.

The ECF arrangement aims to support the authorities' economic reforms, macroeconomic stability, and private-sector led inclusive growth. It also seeks to alleviate balance of payments pressures and restore fiscal and external sustainability over the medium term.

Following the Executive Board's decision, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair, issued the following statement: "The ECF arrangement supports the authorities' economic reforms to restore macroeconomic stability, reduce debt vulnerability, and alleviate balance of payment pressures to provide the foundation for strong economic growth. It could also help catalyze additional development support. "The government plans to undertake sustained fiscal consolidation and reforms to reduce debt vulnerability. To this end, the authorities aim to broaden the tax base and ensure equitable tax burden-sharing, including by introducing a value-added tax and strengthening tax administration. Public expenditure will be restrained, made more efficient, and prioritized to protect essential social services. They are also committed to borrowing only at concessional terms and at a measured pace and to enhance debt management capacity. "Monetary policy will be tightened to encourage savings, ease demand for foreign exchange, and contain inflation. A new payment system allowing credit card transactions is being developed, which will stimulate tourism and raise foreign exchange receipts. Financial sector supervision will be strengthened. "Comprehensive structural reforms will also be pivotal in promoting private-sector led inclusive growth and safeguarding macroeconomic stability. Key reforms include implementing the Tourism Development Strategy, publishing a codified procedure for the approval of private investments, rehabilitating the energy sector including EMAE, and promoting women's economic empowerment and financial inclusion. The IMF program is complemented by a World Bank social protection program of $10 million to protect the most vulnerable households."

Recent Economic Developments

São Tomé and Príncipe is a fragile, small island-state with limited resources and capacity. The economy has a very narrow production base and depends heavily on imports and foreign aid. Exports of goods amount to only four percent of GDP. While offshore oil exploration continues, no commercial production is expected in the near term. Tourism, agriculture, and fisheries have potential for growth but require better infrastructure and private-led investment. While tourism grew significantly in recent years, local value-added of the sector is very low due to high import content.

São Tomé and Príncipe faces pressing constraints. In 2018, lower external inflows, election-related disruptions, higher fiscal spending, and severe power outages contributed to a fall in real growth to 2.7 %from 3.9 %in 2017 and a sharp decline in gross international reserves by $16.3 million (1.5 months of imports). Higher international oil prices and shortages of local produce led to an increase in inflation to 9.0 percent, up from 7.7 %at end-2017. Preliminary data suggest economic activity remained sluggish in the first half of 2019, and fuel and power shortages weighed on the economy.

The fiscal position deteriorated significantly in 2018. Unbudgeted increases in personnel and capital spending and failure to cut utility consumption as planned contributed to overspending of almost 3.5 %of GDP. Consequently, the domestic primary deficit reached 4.1 %of GDP, 2.8 %of GDP above the target. Furthermore, some government entities were allowed to spend off-budget, effectively loosening the fiscal stance further and raising the public debt by close to 1 percentage point of GDP. Meanwhile, EMAE accumulated arrears to its fuel supplier of close to $16 million (more than 3.5 %of GDP), and total public debt rose to over 95 %of GDP at end-2018. A new coalition government took office in December 2018 following parliamentary elections. The government's reform program seeks to restore macroeconomic stability and unlock growth potential.

Program Summary

The 40-month program seeks to restore macroeconomic stability, bring the debt down to a sustainable path, and unlock growth potential. Fiscal consolidation supported by debt restructuring and monetary tightening will address pressure on foreign reserves and restore fiscal and external sustainability over the medium term. Structural reforms aim to mobilize revenue, enhance control over public spending, reduce contingent liabilities from SOEs, improve financial stability, and promote inclusive growth to reduce poverty, including through empowering women economically. A floor on pro-poor spending, along with a World Bank social protection program, will protect the most vulnerable. The Fund-supported program will also play a catalytic role and provide positive signals to stakeholders.

African Development Bank, Climate Investment Funds and the Coalition for Green Capital to develop Green financing instruments for Africa

The African Development Bank, in partnership with the Climate Investment Funds (CIF), has commissioned the Coalition for Green Capital (CGC) to prepare a study on the creation of national climate change funds and green banks in Africa.

CGC will identify and work with six African countries to conduct feasibility studies for the project, which was initiated at the Green Bank Design Summit held in Paris in March 2019. The Summit tasked 23 developing countries to craft a new model to mobilise and accelerate investment in clean energy.

Andrea Colnes, Director of Global Green Bank Development at the CGC noted: "For countries to better access climate finance and fully engage the private sector, the climate finance system must reorient toward national financial capacity that is able to channel capital to projects and markets where it is needed most."

When paired with effective grant programs through National Climate Change Funds and strong enabling environments and policies, locally-based Green Banks are powerful tools to address market needs, understand local risk and drive private investment.

Dr. Anthony Nyong, the Bank's Director for Climate Change and Green Growth welcomed the collaboration. "Green financing vehicles are increasingly recognized as a powerful instrument to mobilize private sector capital for low carbon and climate resilient development. Their ability to access even limited amounts of local currency finance presents significant opportunities to manage risk, attract concessional finance from climate funds and crowd in private sector finance," Nyong said. "We are excited to work with the team from CGC and look forward to presenting progress reports at the Green Bank Summit in 2020 and COP26," he added.

Green Banks and National Climate Change Funds can play an important role in mobilizing finance to support low-carbon, climate-resilient development, using methods such as blended finance to drive increased private investment.

Countries can mobilize funds from diaspora, national financial institutions, private investors, asset managers, sovereign wealth funds, and more. These instruments and funds can support the implementation of Nationally Determined Contributions (NDCs), CIF Investment Plans, CIF Strategic Plans for Climate Resilience and NDCs, and progress towards Sustainable Development Goals (SDGs).

Technical contact: Gareth Phillips, Manager Climate and Environmental Finance, Climate Change and Green Growth Department, African Development Bank.

World Bank/Cameroon: $200 Million to Boost Inclusive and Sustainable Growth

World Bank Country Director for Cameroon, Abdoulaye Seck, signed today with Cameroon's Minister of Economy, Planning and Regional Development, Alamine Ousmane Mey, a $200

million Development Policy Credit (DPC) which aims to strengthen fiscal sustainability, enhance competitiveness and protect the poor and most vulnerable.
This operation, the second in a series of three, is aligned with Cameroon's economic growth, poverty reduction, and reform priorities as set forth in its long-term development agenda, Vision 2035.
"Cameroon's ambitious fiscal consolidation efforts and structural reforms are showing positive results", said Abdoulaye Seck, World Bank Country Director for Cameroon "With this program, Cameroon is expected to address critical bottlenecks to foster inclusive growth and ensure that poorest households are not left behind".
Cameroon's GPD growth rate is estimated at 4.2 %in 2019, compared to 4.1 %in 2018. Growth momentum has been driven by an increase in gas production, a slower contraction in the oil sector, continued dynamism in construction, and a robust service sector.
More specifically, the program will support efforts to rationalize and reduce tax expenditures, broaden the nonoil tax base, increase the efficiency of public procurement, improve civil-service management, greater financial sustainability of the energy sector, improved road maintenance, a more climate resilient road network, improved performance of logistics platforms and supply chains at the Port of Douala, and increased access to health services and protection for the poorest households.
The World Bank supports Cameroon through 15 IDA, IBRD and Trust Funds operations with a net commitment of $1.81 billion, in addition to a comprehensive program of analytical services. The support contributes to the country's inclusive and sustainable growth, through the implementation of economic reforms, improvements in agriculture and livestock sectors, energy, transport, healthcare, education and social safety net for the most vulnerable.

DEALS & INVESTMENTS

Mozambican government changes criteria for awarding public works

The technical capacity of competing companies is now crucial for the award of public works contracts in Mozambique as part of a strategy to ensure quality and keep to deadlines in project execution, the Minister of Public Works, Housing and Water Resources recently said.
João Machatine, speaking in the Moamba district of Maputo province, also said that the ministry is working on amending the regulation currently in force, which, in a tender, favors the tenderer that submits the lowest-cost bid.
The decision includes the establishment of reference prices for each type of project, which will end in situations where a tender with certain terms of reference is launched, but at the time of the tender bids will appear with values outside those set as indicators.
The minister, quoted by Mozambican daily newspaper Notícias, explained that this leads to proposals that are cost-effective but result in the poor quality of the projects being executed, or even non-compliance with deadlines.
Machatine explained that the reference prices will oblige contractors to use their technical capacity as an asset to make their proposals viable, as from a financial point of view there will be no significant differences.
Machatine, who was speaking at a meeting with farmers, added that, for roads, other changes to the awarding mechanisms have already been introduced, so in future any contractor that builds or recovers a roadway must provide a guarantee of two or three years, and only receives the last payment for the work after this period has expired. (Macauhub)

Mozambican government to consider proposal to create Chimoio Special Economic Zone soon

The proposal to create the Chimoio Special Economic Zone (ZEEC), in Manica province, central Mozambique, will soon be submitted to the Council of Ministers, said the national director of industry, Mateus Matusse, quoted by daily newspaper Notícias.

Speaking recently at a meeting held in that city to present and discuss the proposal, Matusse said the ZEEC will create many jobs, as it will re-launch industrial units that have been at a standstill and encourage new domestic and foreign investments.
Among the companies that could be revitalised is Textáfrica, a textile factory that has not been operational for about 20 years and which employed more than 1,000 workers.
During the meeting, which was promoted by the Investment and Export Promotion Agency (Apiex), Mateus Matusse said that a technical office will be set up in Chimoio to analyse and grant licenses to projects in the special economic zone.
The creation of a Special Economic Zone in Chimoio was proposed by the President of the Republic, Filipe Nyusi, and, more recently, the Prime Minister, Carlos Agostinho do Rosario, met with the workers of Textáfrica to convey the desire to make Chimoio into an industrial and commercial city in the short and medium term. (Macauhub)

Portugal's Mota-Engil Group awarded contracts in Angola and Mozambique
Portuguese construction group Mota-Engil has strengthened its African portfolio by 250 million euros with the construction of a dam in Angola, a project awarded for 160 million euros and works at a mine in Moatize, Tete province, Mozambique, for 90 million euros, the group said in a market statement.
In Angola, five of the six dams that were being tendered were awarded to Chinese construction companies, with the remaining construction work in Cunene province, delivered to the consortium in which the Portuguese construction company has a 50% stake.
The Calacuve dam in Cunene province is part of a programme for building dams, water capture systems and waterways launched by the Angolan Presidency called, "Programme for Structural Drought Action." In Mozambique, Mota-Engil Africa will perform mining services in Moatize.
The contract is worth US$100 million (90 million euros) and includes drilling, blasting, loading and transporting coal from the mine. This work, to be carried out in an open pit, will take 60 months and begin this October, according to the statement.
The signing of a new contract in Moatize, the company said, "supports the expansion of activity throughout the Tete region," and reinforces Mota-Engil's position "as a benchmark company in the mining sector." (Macauhub)

Seplat to Buy Eland as It Pursues No. 1 Spot Among Nigeria E&Ps

- Deal adds significant output though Seplat still trails Aiteo
- Retreat of oil majors has allowed independent players to grow

Seplat Petroleum Development Co. agreed to buy Eland Oil & Gas Plc, adding resources in Nigeria as it seeks to become the country's biggest independent exploration and production company.
The acquisition of Eland, whose main asset is the OML 40 license in the Niger Delta, is set to boost Seplat's production to 64,000 barrels of oil equivalent a day, a jump of as much as 30% from 2019 guidance. While it'll still trailing top domestic rival Aiteo Eastern E&P Co., the deal highlights how the retreat of some oil majors in recent years is allowing independent players to grow.
Seplat will pay 166 pence a share for Eland in a purchase valuing the London-traded company at about 382 million pounds ($484 million), it said in a statement. Eland's directors will recommend that shareholders vote in favor of the deal, which represents a premium of 33% to the six-month average share price, it said.
Eland shares surged as much as 28%, a record gain, and traded at 164.8 pence of 9:05 a.m. London time. Seplat didn't trade.
Nigeria's independent producers have grown after snapping up oil leases from large international companies such as Royal Dutch Shell Plc when attacks and sabotage forced the majors to scale back some operations. Aiteo, Seplat and other so-called E&Ps have helped drive output growth in the West African country, pushing production above limits imposed by the OPEC+ alliance. (By Amanda Jordan, Bloomberg)

BANKING
Banks

1)Nigerian Banks Tried, But 'Not All' Made New Loans Threshold

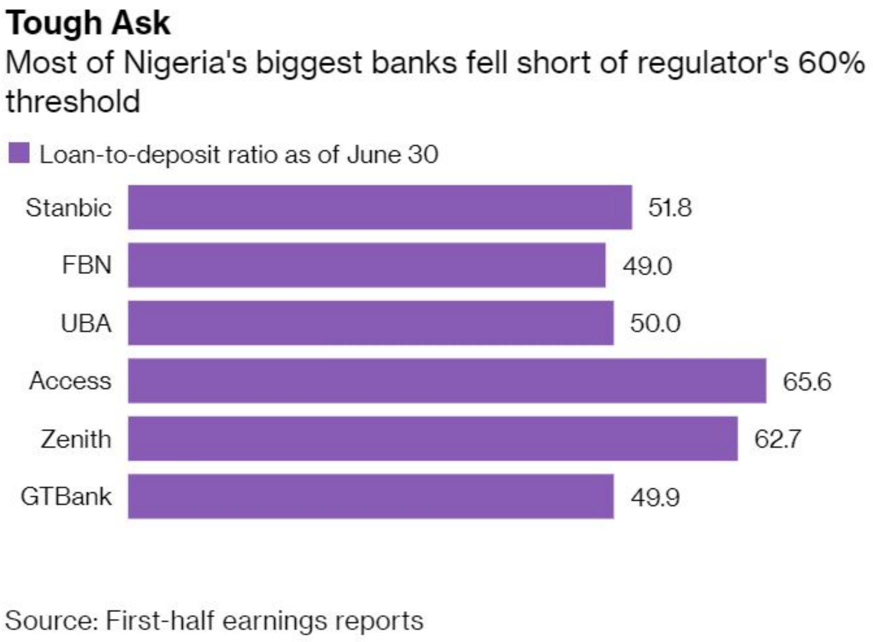
- Regulator to issue new circular as some banks miss deadline
- Lenders 'strived' to meet minimum rules, supervisor says

Nigeria's banking regulator will issue a fresh circular to the West Africa nation's lenders after some failed to meet a deadline to ramp up lending. "All banks have strived to meet it, but not all did," Ahmad Abdullahi, director of banking supervision at the Central Bank of Nigeria, said in a text message, without elaborating. The authority will issue another notice to banks on the directive, he said, without being more specific.

The central bank in July gave banks until the end of September to show that they use at least 60% of their deposits for loans, or risk being punished with more onerous cash-reserve requirements. The measure was among a raft of regulations aimed at forcing banks to boost credit -- mainly to farmers, small- and medium-sized businesses and consumers -- as President Muhammadu Buhari's administration seeks to reignite economic growth. Central Bank of Nigeria Governor Godwin Emefiele has said banks that haven't complied will be sanctioned by Oct. 1.

Nigerian lenders increased loans by more than 800 billion naira ($2.2 billion) in a bid to avert sanctions, including to industries targeted by the government, Abdullahi said, without giving details. Total credit extended by the banking industry amounted to 15 trillion naira at the end of 2018, according to data compiled by the country's statistics agency.

The deadline draws to a close at the end of the day with only two out of the nation's six biggest banks meeting the requirements as of June 30. The firms had lost some of their appetite to extend credit after bad loans surged in the wake of a crash in crude prices, but are now starting to make headway into consumer lending amid the constant pressure from regulators.



The short notice given to banks to comply with the rule, as well as desperation to avert sanctions, probably led some of the lenders to trim the interest rates they charge on loans, compressing margins, Lamin Manjang, the chief executive officer for Standard Chartered Plc's Lagos-based subsidiary, said earlier this month.

Lenders including Guaranty Trust Bank Plc, United Bank for Africa Plc and FBN Holdings Plc, which fell short of the requirement by end of the first half, didn't respond to requests for comment on their current loan ratios.

The Nigerian Stock Exchange Banking 10 Index, which measures the movement in the share prices of the country's biggest lenders, rose 1.6% on Monday 30th September to close at the highest level since Sept. 23. That pared losses this year to 14%. (By Emele Onu, Bloomberg)

2) Nigeria levies $1.3 bln charge on banks for failing to meet loan target

Nigeria's central bank has levied a charge on 12 banks for a total of more than 400 billion naira ($1.3 billion) for failing to increase loans to meet a regulatory target, three banking sources and one of the lenders told Reuters on Thursday 3rd Oct.

The central bank asked lenders in July to maintain a ratio of lending out at least 60% of deposits by September or face a higher cash reserve levy, part of measures aimed at getting credit flowing in Africa's biggest economy.

The cash reserve requirement in Nigeria is 22.5%. However, the regulator has said that banks which fail to meet its new minimum loan requirement will face a higher cash reserve equal to 50% of the lending shortfall.

Central bank spokesman Isaac Okoroafor confirmed the levy on Thursday 3rd October and said: "The funds will go into (the cash reserve requirement) and will not be available to (banks)." The central bank has been seeking to boost credit to businesses and consumers after a recent recession in Nigeria, but lending has yet to pick up. With growth slow, banks prefer to park cash in risk-free government securities rather than lend to companies and consumers. Nigeria's economy is expected to pick up in 2019 with gross domestic product expanding close to 3%, up from 1.9% last year, according to the central bank.

Since the recession, lenders have done little to expand credit in Nigeria, blaming a weak economy after a 2014 oil price crash and a currency crisis that made loans go sour. Analysts fear growing credit quickly could weaken asset quality and capital buffers. The central bank has said loans rose 5.3% in the three months to the end of September, to 16.40 trillion naira, due to the new minimum requirement, and increased the lending ratio target in what it said was a move to sustain the momentum.

LIQUIDITY SHORTAGES

Lenders maintain a reserve account with the central bank to ensure that they do not run out of cash to meet payment demands from depositors. The central bank also uses the cash reserve requirement to manage liquidity. Bank chief executives met with the central bank on Thursday 3rd October to discuss the liquidity implication of the withdrawal from the banking system. "We believe this development is largely negative for the banking sector ... the macro-environment is still too fragile to support strong growth in lending," analysts at Cardinal Stone said. The local units of Citibank and Standard Chartered Bank are among those affected, the sources said. "We are mindful of the fact that there are some vulnerable sectors that we will be lending to," said Mobola Faloye, executive director of risk at Standard Chartered Bank, after the bankers' meeting. She did not identify those sectors. "It is important that we mitigate our risks and have what we called a credit default clause that allows us to set off the obligations of defaulting party against any other monies that defaulting party has in the industry," she said. Other banks affected include top tier Nigerian lenders Zenith Bank, Guaranty Trust Bank, First Bank and United Bank for Africa, the sources said. Mid-tier lender FCMB said it was levied 14 billion naira. It added that it would improve loan growth with a focus on asset quality. Other banks declined to comment.

In the last few months, the regulator has capped interest-bearing deposits at the central bank and barred banks from buying treasury bills for their own accounts at an open market auction, to boost lending. ($1 = 306.40 naira) (By Chijioke Ohuocha, Reuters)

Portuguese group Caixa Geral de Depósitos may start selling bank holding in Cabo Verde

Portuguese state-owned financial group Caixa Geral de Depósitos (CGD) may start the process of selling its 59% stake in Banco Comercial do Atlântico, in Cabo Verde, according to a decree published in state gazette Diário da República that came into force on Saturday.

"The disposal of Banco Comercial do Atlântico will not affect the strategy of CGD's international presence in Cabo Verde, which will continue through Banco Interatlântico, which is based on the transformation of CGD's previous branch in Cabo Verde into a locally-run bank," the Government said in the decree.

The decree added that Banco Interatlântico, in which the Portuguese group holds a 71% stake, will be "unchanged, especially with regard to its function of supporting the internationalisation" of Portuguese companies.

This decree-law was signed off by the President of Portugal Marcelo Rebelo de Sousa on 16 September, "despite doubts about the understanding that it will not weaken Portugal's financial presence in Cabo Verde." (Macauhub)

Markets

Bank of Cabo Verde studies the application of reserves in Chinese currency and gold

The Bank of Cabo Verde (BCV) is studying the application of part of its reserves in Chinese currency, Governor João Serra said while making statements in Praia, during the first reserve management meeting of the central banks of the Portuguese-speaking countries.

The governor justified his statement by the fact that Chinese assets are "yielding a little more, so we must seize that opportunity," although he gave assurances that the Bank of Cabo Verde will remain "a conservative investor and not a speculative one," according to the Lusa news agency.

The director of the institution's Markets and Reserves Management Department said that the BCV has set up two investment portfolios in euros and dollars with much longer maturities than usual and is also considering applying part of the reserves in gold bars.

"There is an external environment with negative interest rates. I note the European central bank that is charging negative interest on deposit rates, so it is difficult to make investments with positive returns. We only find positive returns over a very long period of maturity, so there is an opportunity cost for having reserves," she said.

Elsa Brito also said that Cabo Verde's foreign reserves are estimated at 623 million euros, "sufficient liquidity to withstand shocks that may come from adverse economic cycles," putting the country at a historical level in this regard.

The official said the reserves represent about six months of imports, which is important since Cabo Verde is a country with fixed exchange rate parity against the euro and with many external vulnerabilities, according to the Inforpress news agency. (Macauhub)

Kenya's first green bond issue raises 4.3 billion shillings

Kenya's first green bond has raised 4.3 billion shillings ($41.45 million) to build environmentally-friendly student accommodation, the issue's lead arranger said.

So-called green bonds are fixed income securities that raise capital for projects in renewable energy, energy efficiency, green transport and waste-water treatment.

The bond was issued by Nairobi-based property developer Acorn Holdings after new rules were unveiled in February to guide the issuance of green bonds.

Stanbic Bank, which arranged the deal, said the bond was priced at an interest rate of 12.25% and rated B1 Global, a notch above the Kenyan government's rating of B2.

"The subscription book was well diversified with significant interest from Kenyan domestic pension funds, commercial banks, insurance and reinsurance companies and non-resident funds," the bank said.

The issue was looking to raise a minimum of 2 billion shillings and a maximum of 5 billion shillings, Stanbic said.

It was structured as a "restricted public offer", targeting sophisticated investors who received a 50% guarantee from credit guarantees provider Guarantco on both their investments and the interest. Over-the-counter trading will be allowed.

The advent of the green bonds will help protect Kenya from the impact of extreme weather on the agriculture sector, which contributes about a third of annual GDP, said Nuru Mugambi, a director at the Kenya Bankers Association. “With the landmark legislation that zero-rates taxes on green bonds, we expect to see more issuance coming to market,” she said. In January, HSBC said global green bond issuance is seen at $140-$180 billion this year, from $149.2 billion in 2018. ($1 = 103.7500 Kenyan shillings) (By Timothy Heritage, Reuters)

Angola Sovereign Fund announces full ownership of Caioporto, SA

Caioporto, SA is a company 100% owned by a specific vehicle company in turn owned by the Angola Sovereign Fund, the fund said in a statement issued in Luanda, which refers to the provisions of Presidential Order 166/19 of 1 October.

An agreement reached between the Angolan Government and the former owner of the company, Jean-Claude Bastos de Morais, led to Moraia returning many of his assets to Angola, including Caioporto, SA.

In the presidential order, João Lourenço decided to terminate the commission he had created in May 2018 to negotiate the termination of the concession contract for the execution of this project, awarded in 2012 to Caioporto, SA, thus choosing to keep the company at the head of the project.

The presidential order determines “the continuity of the execution of the construction project of Novo Porto do Caio, maintaining Caioporto, SA as its implementation manager, safeguarding the rights and duties of the contractor, under the terms of the contracts, until the final fulfillment.”

The construction of the port, valued at US$831.9 million, was part of the China Credit Line, with the Angolan state supporting 85% of the contract value and the concession-holder the remaining 15% or US$124.8 million, according to a 2016 order by then-President José Eduardo dos Santos.

The port will be built in three phases and the China Road and Bridge Corporation (CRBC) has been hired to carry out the contract. (Macauhub)

Eurobonds emission programme approved

A global medium-term sovereign debt issuance (Global Medium Term-Note, GMTN) programme in international markets, in the form of Eurobonds, has been approved through a Presidential Order.

This programme is part of the successes of Eurobonds issuance in international markets, which contributed to the establishment of a privileged channel for external financing access.

In April 2018, Angola issued US $ 3 billion in Eurobonds in London, three years after issuing US $ 1.5 billion of sovereign debt with a value of 1.5 Billion Euros and 10 years of maturity.

The securities title issued in April 2018 were divided into two tranches, the first of which was ten years with a nominal value of US $ 1,750 million, issued with a coupon interest rate of 8.25%.

The second tranche, with a 30-year maturity and a nominal value of US $ 1,250 million, was issued with an interest rate of 9.375%.

Three months later, the Government proceeded with the reopening of this issue, given the strong demand that existed, guaranteeing another 500 million dollars.

With this GMTN programme, the Executive wants to diversify the sources of state funding, according to the medium-term public debt strategy.

According to the Presidential Order that was published in the State Gazzette of October 1st, the global medium-term programme for the issuance of sovereign debt securities is a model that guarantees the speed and flexibility in issuing Eurobonds.

The Presidential Order empowers the minister of Finance to approve and sign the Letter-Mandate with the financial institutions selected to be part of the Global Medium Term-Note Programme (GMTN) for issuing Eurobonds, as well as related documentation.

The document also approves the expenses and authorizes the holder of the Finance to contract the consulting services and others that are necessary for the establishment of the referred programme, by means of a simplified contracting procedure, in accordance with the Public Procurement Law. (Angop)

Absa appointed as joint bookrunner in first dollar corporate social bond

Absa Corporate and Investment Banking (CIB) was recently appointed by Bayport Management to be the joint bookrunner in the first ever dollar-denominated social bond to be issued by a corporate in Africa.

The $260-million senior unsecured social bond, which is due in 2022, was heavily oversubscribed, which the statement said “reflects investors’ recognition of the positive social impact of Bayport’s services on the markets in which the group operates”.

The bond has since been listed on the Nasdaq Stockholm Sustainable Bond List.

Social bonds are instruments whose proceeds exclusively finance or re-finance projects that deliver a wider social impact and, in Bayport’s case, this includes job creation through financing small and medium-sized enterprises, as well as financial inclusion.

Absa’s participation in the Bayport social bond is aligned to the bank’s strategy to be a force for good in society, which focuses on providing finance and assisting clients to achieve sustainable economic growth in the markets it operates, Absa CIB investment banking head David Renwick said on Monday 14th October.

According to him, the Bayport social bond is the first to be raised by a corporate in Africa and its success shows the potential of attracting local and international investors through such instruments to finance investments and projects that have a direct and lasting impact in Africa.

“There is a definite trend from global investors to invest in more socially responsible projects and companies because they want to see their funds are being invested in responsible activities,” he said, adding that green bonds were the first type of socially responsible investing instruments and have been around for at least a decade.

“In Africa, green bonds have been issued in countries such as South Africa and Nigeria,” Renwick noted.

However, he explained that social bonds are newer and, while there have been a few such bonds issued in the past, the International Capital Market Association published its Social Bond Guidelines in 2018 to provide a disclosure framework meant to promote integrity in the development of the market by clarifying the approach for issuing a social bond.

Renwick said Bayport chose Absa because of the long-term relationship the company has with the bank.

“Because they wanted to issue in the international market, it was critical for them to partner with a bank that understands their business and risk profile. It, therefore, became a natural choice to appoint Absa as the only African bank on this transaction,” he elaborated.

Bayport capital markets executive David Rajak, meanwhile, commented that the successful dollar-denominated corporate social bond issue affirms that social relevance underpins Bayport’s business, and that the market recognises it.

“This, together with the group’s sustained robust financial performance, has helped drive a significantly broader base of investors compared to Bayport’s six previous bonds issues in the international capital markets.

“One of Bayport’s core values is to enable economic and self-empowerment by giving access to life-changing financial solutions, which is what we will do with the capital raised through the social bond”. (By Simone Liedtke, Engineering News)

Fintech

Africa’s Most-Populous Nation Missed the Mobile Money Revolution

Nigeria is a laggard in a region that accounts for half of the world’s 866 million mobile banking and payment accounts.

Every month, Ifeyinwa Abel, the secretary of a Pentecostal church in Lagos, spends as much as a quarter of her salary sending money to pay for diabetes drugs to her mother 430 miles away in Abia Ohafia, a small agricultural village.

It isn't easy. First Abel, 35, has to go to a bank branch in Lagos, the country's commercial hub, and transfer 6,000 naira ($17) into the account of a friend in Ebem Ohafia, another town in Abia state. Then she's got to pay 2,000 naira to 4,000 naira for her 65-year-old mother, Uche Arua, to get on the back of a motorcycle and ride 8 miles from her village to Ebem Ohafia to pick up the money.

At least that's what happens if this fragile arrangement doesn't break down. Some months, Abel can't afford the motorcycle fare; other times, rains make the dirt road impassable. "Sometimes I am unable to send the money, and she stays without the drug, and I am pained," Abel says, shaken and dabbing her eyes with a handkerchief. "She must get the money and buy her drugs to survive."

Abel's story would be unusual across much of the rest of sub-Saharan Africa. In a region that accounts for half of the world's 866 million mobile banking and payment accounts and two-thirds of all money transferred by phone, Nigeria is a laggard. There are an estimated 172 million mobile phones in the country, but it didn't award a single mobile banking license until July, when it gave one to South Africa's MTN Group Ltd. Its foot-dragging—encouraged by the traditional banking sector, say industry analysts and telecommunications companies—is blamed for declining financial inclusion in this country of almost 209 million people.

Nigeria vies with South Africa as the continent's largest economy and is its most populous, but it's a "sleeping giant" in the world of fintech, according to GSMA, a trade body that represents 750 mobile phone operators globally. Across sub-Saharan Africa, the adoption of mobile payments, which incur lower costs than traditional banking, has helped bring financial tools to the masses. Financial inclusion in the region grew by more than 8 percentage points from 2014 to 2017, to an average of 43%, according to World Bank data. In Nigeria the rate dropped almost 4 percentage points, to 39%—far short of the Central Bank of Nigeria target of 80% by 2020.

Even with its new license, MTN doesn't look much like a bank: It can't lend money or pay interest. In Kenya, by contrast, Safaricom Ltd. acts much more like one. Part-owned by a unit of Vodafone Plc, it launched its M-pesa app in Kenya in 2007. Today 22 million people, almost half of the population, use M-pesa as a mobile bank—buying groceries, borrowing money, transferring cash. "There's no excuse for not sending money home because it's now very easy," says Kip Ngetichi, a 28-year-old waiter in Nairobi, who, with a few keystrokes, sends money twice a month to his mother 240 miles away in the western town of Kitale.

Telecommunications companies and analysts say Nigeria is straggling behind its neighbors because its banks successfully campaigned to forestall the introduction of mobile payments. "The banks have been lobbying hard to protect their interests," says Christophe Meunier, a senior partner at Delta Partners Group, an advisory firm for technology and media companies.

The new law, critics say, is hardly a cure-all; indeed, the way it's structured will likely slow MTN and its rivals in line for licenses—Bharti Airtel, Globacom, and 9Mobile—in their attempts to roll out services. Without the ability to lend or pay interest, mobile operators may struggle to encourage people to keep money in their accounts, says Usoro Usoro, the general manager of mobile financial services for MTN Nigeria. "Mobile money in its delivery is intrinsically a collaboration of multiple industries," he says. "We haven't received as much collaboration as required." As things stand, says Meunier, "the way the legislation is written, even now, is very favorable to the banks."

With 61.5 million subscribers and a network that spans all of Nigeria's 774 local government jurisdictions, MTN can offer a larger consumer base than any of the nation's banks. It plans to accredit 500,000 agents just to pay money out to recipients of mobile transfers if they want hard cash. Still, Usoro says, adoption of the technology will be slower than it could have been if regulators had allowed MTN to provide a wider range of financial services, including savings accounts and loans. "For mobile money to make the impact that we've seen in other African countries, it needs to be utilized as far more than a simple money-transfer business," he says.

For their part, Nigeria's banks are adamant that they haven't intentionally slowed the introduction of mobile money. They blame the country's low literacy levels and poor financial infrastructure in rural areas. Nigeria's literacy level is 51%, compared with 79% in Kenya, according to the World Bank. "Financial presence as well as financial literacy is not adequate in rural and remote areas,"

says Iphy Onibuje, head of digital banking at Lagos-based Fidelity Bank Plc. Digital transfers only began to be piloted in 2012, she says. To win more business, she adds, the bank is willing to partner with mobile phone companies that have greater reach into rural areas.
As inadequate as the new legislation is from the standpoint of the mobile phone companies, their services are hugely in demand and are expected to take off fast as more licenses are granted. The country's adult population of 111 million—which dwarfs the 64 million in Ethiopia, another major sub-Saharan country where mobile banking has made limited inroads—is a big draw for providers.
The presence of two large mobile phone companies that have track records and extensive operations in other countries—MTN and Bharti Airtel Ltd.—will probably accelerate the take-up of services in Nigeria, Meunier says. "MTN and Bharti Airtel will be pushing their platforms, and I think the other two will follow suit," he says.
For Abel, who also often sends home a little extra to pay people to help her mother with plowing and weeding around her plot of land, that can't come soon enough. "I have heard about mobile money," she says wistfully. But for her, even now, the idea that you can move money through an app on your phone still seems a distant fantasy. (By Emele Onu and Antony Sguazzin, Bloomberg)

ENERGY

Hydroelectric project office in Mozambique starts work

The project off of Mpanda Nkuwa, a hydroelectric facility under construction on the Zambezi River in Mozambique to reinforce the amount of electricity being transported along the Tete-Maputo line, has officially started work, said the Deputy Minister of Mineral Resources and Energy, Augusto Fernando.
The deputy minister, quoted by Rádio Mozambique, also said that the Mphanda Nkuwa Hydroelectric Project Implementation Office (Gmnk) has, for now, a director and consultant who will review the whole project, designed in 2008 by several consortia.
Fernando also said that the office will focus its activity on the feasibility analysis of the project based on environmental and hydrological impact studies, among other factors, and it is expected to be able to start the construction of this project within an estimated period of five years.
President Filipe Nyusi said on August 2018 that the Mpanda Nkuwa hydroelectric facility is a "structural undertaking" and announced the end of the concession to the consortium led by Mozambican group Insitec and Brazilian construction company Camargo Corrêa, with 40% each, along with state-owned Electricidade de Moçambique (EdM).
Nyusi also said that EdM and the Cahora Bassa Hydroelectric Facility "have the capacity and technical and financial skill to structure the project, which will avoid obstruction and delay, on the one hand, and will contribute to reducing its cost because it does not involve intermediaries, on the other." (Macauhub)

INFRASTRUCTURE

Mauritius launches first phase of $525 million light rail system

Mauritius launched the first phase of a $525 million light rail system, hoping to cut traffic jams with the Indian Ocean island's biggest infrastructure project.
Mauritius has long relied on tourism for public revenue and employment, but the authorities are trying to woo investors in other sectors including finance to diversify the economy and make it more resilient.
The railway's first stage of 13 km inaugurated by Prime Minister Pravind Kumar Jugnauth will connect Rose Hill, a town in the central part of the island, to the capital Port Louis.
When completed, the 26 km (16-mile) route will connect Curepipe, a town in central Mauritius, to the capital Port Louis. It is expected to have 19 stations and four interchanges. "This is the biggest

project ever undertaken in our country," Jugnauth said at the launch ceremony, which Indian Prime Minister Narendra Modi attended via video conference.
The network is being built by Indian firm Larsen and Toubro and funded by an Indian government grant of $275 million and a $250 million line of credit.
Metro Express Ltd, the Mauritian firm supervising the construction of the line, says it expects it to be profitable by 2022.
It is expected that the light rail system will be used by some 55,000 people daily when it is fully operational. (By Jean Paul Arouff, Reuters)

Chinese contractor delivers Benguela railway to the Angolan government
The 1344-kilometre railway line between Lobito and Luau in Angola is capable of responding to the flow of passengers and goods over the next few years, the managing director of CR20 Angola International Company, the company responsible for rebuilding the line said in the city of Lobito.
Han Shu Chen, who was speaking at the ceremony for the definitive delivery of the reconstruction works of the Benguela Railway (CFB) by the Ministry of Transport, held at Lobito's first-class passenger station, gave assurances that the railway is now fully operational 10 years after the subsidiary of the China Railway 20 Bureau Group Corporation started work.
The managing director of CR20 Angola International Company stressed that the CFB became an international corridor linking the Atlantic and the Indian oceans, after last July the luxury train of South African tour operator Rovos Rail departed from Tanzania and across Zambia and the Democratic Republic of Congo to reach Lobito.
Although the line has already been delivered to the Angolan authorities, Han Shu Chen said the company will continue to provide technical assistance for maintenance work, thus ensuring the safety and operation of the line alongside CFB, according to the Angop news agency.
"After the definitive delivery of the line, we will not leave CFB. We still have permanent teams along the line for maintenance work," he said, giving assurances that, although long, the service life of this line depends on its maintenance.
Witnessed by the provincial deputy governor of Benguela for Technical Services and Infrastructures, Leopoldo Muhongo, the term of definitive reception of the reconstruction works of the Benguela Railway, written in Portuguese and Chinese, was signed by the director of the Angolan National Railways Institute, Ottoniel Daniel, CFB Chairman Luís Teixeira and China Railway CR20 contractor, Han Shu Chen.
After its total destruction caused by the civil war, in 2015 the CFB trains returned from Lobito to Luau, almost 30 years later. This was only possible thanks to the reconstruction of the line, a major undertaking that the government awarded in January 2006 to construction company CR-20, with an estimated cost of US$1.8 billion financed by a credit line from China.
CFB is 1,344 kilometres long from Lobito to Luau and has 67 stations and stops between the provinces of Benguela, Huambo, Bié and Moxico. The railway line currently has 48 locomotives purchased from the General Electric (GE Transportation) group and 66 carriages for 1st, 2nd and 3rd class passengers. (Macauhub)

Namibe Province, Angola, may have six more water retention dams
The Angolan Government proposes to build six dams on the main rivers of the southern province of Namibe, to retain water and reduce movement of people, settling them through the region's agricultural and industrial development, the director of the National Institute of Water Resources (INRH) said this week in Moçâmedes.
The construction of the dams on the Caraculo, Bero, Giraúl, Inamangando, Bentiaba and Carujamba rivers is currently estimated to cost US$800 million, according to the Jornal de Angola newspaper.
Manuel Quintino also said that the construction of the six dams aims, in addition to retaining the large amount of water that flows into the sea during the rainy season, to drive agricultural and

industrial development taking advantage of the good characteristics for tomato production, among several other products.
The project for the construction of the six dams follows a survey carried out between 2013 and 2018, and is currently in the phase of raising financial resources, before the launch of public tenders. (Macauhub)

Chinese companies build water retention dams in Angola
The construction of retention dams, water catchment systems and waterways in Angola's Cunene province will begin in the next few days, the Angolan president said on Tuesday 15th October in Luanda. Joao Lourenço, in a State of the Nation address at the National Assembly, said the project was part of the emergency plan to combat the effects of drought in that area of the country, according to the Angop news agency.
The contract, split into six lots, includes the construction of the Cunene river catchment system, pumping, pressurized duct, open channel from Cafu to Cuamato and 10 more "chimpacas", the name given in Angola to small deposits or water reservoirs.
The first lot, worth US$65.70 million, was awarded to the Sinohydro Angola, and the second, costing US$70.47 million, was also awarded to this company.
The third lot was awarded to a consortium made up of Omatapalo – Engenharia e Construção and Mota-Engil Angola, and will cost the Angolan state US$177.38 million.
Lot four was awarded to the China Road & Bridge Corporation for US$62.94 million, and lot five was awarded to Sinohydro Angola for US$192.55 million.
The last lot was awarded to Guangxi Hydroelectric Construction Bureau (GHCB) for US$192.55 million.
The presidential order dated 4 October published in the Diário da República official bulletin recalls that recent drought cycles in that southern province of Angola had a negative impact on primary livelihoods and affected agricultural and livestock activities and water resources. (Macauhub)

Port construction in Cabinda, Angola, awarded to Caioporto, SA once again
The Angolan government has awarded construction of Novo Porto do Caio, in Cabinda province to Caioporto, SA once again, while shutting down the commission it had created to negotiate the end of the concession contract for the execution of the construction project, awarded to the same company in 2012, the Angolan press reported.
Caioporto SA, founded in 2012 by Swiss-Angolan businessman Jean-Claude Bastos de Morais, who in April last year was removed from the Angolan sovereign wealth fund on suspicions of mismanagement, recovered the contract for the construction of the port of Cabinda, a project costing US$800 million.
A presidential order cited by Angolan newspaper Novo Jornal "determines the continuity of the execution of the construction project of the Novo Porto do Caio, keeping Caioporto, SA as its implementation manager, safeguarding the rights and duties of the contractor and the tax company, under the terms of the contracts signed, until final fulfillment."
In the same order, dated 2 October, Lourenço authorized the Minister of Transport to grant the concession of one of the port terminals of the port of Caio to Caioporto, SA "to ensure the recovery of its investment in the implementation of the project."
In July 2018, it was announced that the Angolan government would negotiate the termination of the concession contract for the execution of the port of Caio construction project in Cabinda, awarded to Caioporto, and a commission for this purpose was created by Presidential Order no. 66/18 of 30 May.
The construction of the port, valued at US$831.9 million, was part of the China Credit Line, with the Angolan state supporting 85% of the contract value and the concession-holder the remaining 15% or US$124.8 million, according to a 2016 order by then-President José Eduardo dos Santos.

The port will be built in three phases and the China Road and Bridge Corporation (CRBC) has been hired to carry out the contract. (Macauhub)

MINING

Zimbabwe Unveils Plan for $12 Billion in Mineral Revenue by 2023

- Gold and platinum exports to account for bulk of output
- Plan makes no mention of eagerly awaited revamp of legislation

Zimbabwe is targeting a fourfold increase in revenue from minerals by 2023 but an ambitious plan unveiled by Mines Minister Winston Chitando gave little detail on how the government would achieve this.

The policy document, known as the Strategic Road to the Achievement of US$12 Billion By 2023, sees gold exports at $4 billion and platinum at $3 billion as the government focuses on "value addition, enhanced investment within the sector, increased productivity and employment creation and increased exports and foreign-currency generation."

However, the document makes no mention of an eagerly awaited overhaul of the country's mining legislation that would be crucial in attracting foreign investment to the industry. It states that "in several cases the companies undertaking the various projects have been indicated. Where negotiations are yet to be concluded and or where the companies in question are quoted on stock exchanges and relevant announcements are yet to be made, reference will only be made to an investor."

Zimbabwe is home to the world's third-biggest reserves of platinum group metals, and a reinvigorated minerals sector would go a long way in fueling an economic turnaround. The southern African nation is facing the first contraction in gross domestic product since 2008 and has an inflation rate that is estimated at more than 900% by some economists. It's also struggling to pay for sufficient food and fuel imports due to a severe shortage of foreign currency and contends with daily power cuts of as long as 18 hours.

Besides gold and platinum, projections include almost quadrupling shipments of diamonds and chrome to $1 billion each, coal and hydrocarbons to $1 billion, and lithium to $500 million, Chitando told reporters in the capital, Harare. A new platinum mine in the country's central, mineral-rich Great Dyke will start producing 290,000 ounces per year in 2023, he said. (By Godfrey Marawanyika, Bloomberg)

Zimbabwe aims to more than triple diamond production by 2023

Zimbabwe expects to increase diamond production to 11 million carats by 2023 from 3.2 million carats last year, the mines minister said, part of an ambitious plan to raise mining output and earn the country $12 billion a year.

The mineral-rich southern African nation sees the mining sector as the main driver for reviving an economy crippled by triple-digit inflation and high unemployment.

Still, many investors fret about whether they can take money out because of acute dollar shortages.

Zimbabwe's government has previously set ambitious targets on mining production but output has rarely met those goals because investors often cite archaic investment regulations and uncertainty over the safety of their investment.

Under President Emmerson Mnangagwa's Zimbabwe is "open for business" mantra, the government has promised more favourable terms for those investing in the country, but big investors are still staying away for now.

Winston Chitando said production by four companies - including Alrosa and Chinese-owned Anjin - would help drive up diamond output, mostly from the eastern Chiadzwa area.

Anjin plans to restart mining after being kicked out from Chiadzwa for refusing to merge with the state diamond firm in 2016, while Alrosa has plans to start prospecting and mining diamonds in the area. UK-listed Vast Resources is expected to sign a deal this week to search for diamonds.

Chitando also said gold, the single biggest mineral export, would generate $4 billion in four years time while platinum would bring in another $3 billion as a raft of projects come on stream.
Anglo Platinum and Impala Platinum Holdings have platinum mines in Zimbabwe.
Karo Resources, partly owned by South Africa's Tharisa Holdings is building an integrated platinum mine and refinery while a Russian consortium and Zimbabwean investors are developing a platinum project near Harare. (By MacDonald Dzirutwe, Reuters)

OIL & GAS

Exxon Awards Contract for Africa's Biggest-Ever Private Project

- Plant would be biggest-ever private investment in Africa
- Project may cost as much as $33 billion; output seen in 2025

Exxon Mobil Corp. awarded a JGC Corp.-led group a contract to develop its Mozambique liquefied natural gas project, which is set to be the biggest ever private investment in Africa.
JGC will be joined by Fluor Corp. and TechnipFMC Plc to develop the Rovuma LNG project, Exxon Senior Vice President for LNG Peter Clarke said in a speech in the Mozambican capital, Maputo. The project will cost between $27 billion and $33 billion, according to March estimates by Johannesburg-based Standard Bank Group Ltd.
A final investment decision on the Rovuma project is expected next year, and production will probably start in 2025, Clarke said.
Rovuma's planned output is 15.2 million tons of LNG per year, higher than a nearby project that Total SA is developing with capacity of 12.9 million tons. Mozambique, one of the world's poorest countries, is looking to the projects to uplift its $15 billion economy.
Exxon's announcement comes before the southeast African nation holds a vote next week in which President Filipe Nyusi is seeking re-election. Nyusi, whose campaign will be boosted by progress on gas investments, has struggled to quell an insurgency that's rocked the gas-rich region over the past two years, threatening the projects. (By Matthew Hill and Borges Nhamire, Bloomberg)

Oil major Total closes purchase of Anadarko's Mozambique LNG asset

French oil major Total has completed the acquisition of Anadarko's 26.5% stake in Mozambique's liquefied natural gas project for $3.9 billion, Total said, in a deal expected to raise much-needed revenue for Mozambique.
"Mozambique LNG is a one of a kind asset that perfectly fits with our strategy and expands our position in liquefied natural gas," Total chairman and CEO Patrick Pouyanne said in a statement.
Anadarko has agreed to be taken over by Occidental Petroleum Corp. Anadarko led a liquefied natural gas project in Mozambique, but was replaced by Total after the French oil major agreed to buy Anadarko's African assets for $8.8 billion as part of the Occidental takeover.
Total will be the main operator of Mozambique LNG with a stake of 26.5%. ENH Rovuma Área Um, S.A. will own 15%, Mitsui E&P Mozambique Area1 Ltd will hold 20%, ONGC Videsh Ltd, Beas Rovuma Energy Mozambique Limited and BPRL Ventures Mozambique B.V. will all each have 10%, while PTTEP Mozambique Area 1 Limited will have 8.5%.
Total said closing operations for Anadarko assets in Algeria, Ghana and South Africa were still ongoing.
It added that nearly 90% of the Mozambique LNG production has already been sold through long-term contracts with key LNG buyers in Asia and in Europe.
The project is expected to come into production by 2024.
The Mozambique government is targeting $880 million in capital gains tax from the takeover of Anadarko Petroleum by Occidental, local newspaper O Pais reported last week.
Mozambique's economy has been hobbled by a debt scandal in recent years, which prompted donors to cut off funding and deterred investors.

The southern African nation is banking on its massive natural gas reserves to lift millions out of poverty. (By Sudip Kar-Gupta, Reuters)

Total closes the acquisition of Anadarko's shareholding in Mozambique LNG for $3.9 billion

Total announces the closing of the acquisition of Anadarko's 26.5% operated interest in the Mozambique LNG project for a purchase price of $ 3.9 billion.

This closing comes after Total reached a binding agreement with Occidental on May 3, 2019, to acquire Anadarko's assets in Africa (Mozambique, Algeria, Ghana and South Africa) and signed the subsequent Purchase and Sale Agreement on August 3, 2019. This first transaction follows receipt of all requisite approvals by the relevant authorities and partners.

"Mozambique LNG is one of a kind asset that perfectly fits with our strategy and expands our position in liquefied natural gas", said Patrick Pouyanné, Chairman & CEO of Total. "As the new operator, we are fully committed to the Mozambique LNG project and we will bring the best of our human, technical, marketing and financial capacities to further strengthen its execution. Total will of course work on the strong foundations established by the previous operator and its partners, in order to implement the project in the best interest of all those involved, including the government and the people of Mozambique."

Mozambique LNG is the country's first onshore LNG development. The project includes the development of the Golfinho and Atum fields located within Offshore Area 1 and the construction of a two-trains liquefaction plant with a capacity of 12.9 million tonnes per year (Mt/y). The Area 1 contains more than 60 Tcf of gas resources, of which 18 Tcf will be developed with the first two trains. The Final Investment Decision (FID) on Mozambique LNG was announced on June 18, 2019, and the project is expected to come into production by 2024.

The Mozambique LNG project is largely derisked since almost 90% of the production is already sold through long-term contracts with key LNG buyers in Asia and in Europe. Additionally, the project is expected to have a domestic gas component for in-country consumption to help fuel future economic development.

Total operates Mozambique LNG with a 26.5% participating interest alongside ENH Rovuma Área Um, S.A. (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%).
Closing operations are still ongoing in relation to Anadarko's assets in the other countries (Algeria, Ghana, and South Africa).

Total, 2nd largest private global LNG player

Total is the second-largest private global LNG player, with an overall portfolio of around 40 Mt/y by 2020 and a worldwide market share of 10%. With 22 Mt of LNG sold in 2018, the Group has solid and diversified positions across the LNG value chain. Through its stakes in liquefaction plants located in Qatar, Nigeria, Russia, Norway, Oman, Egypt, the United Arab Emirates, the United States, Australia or Angola, the Group sells LNG in all markets.

About Total

Total is a major energy player that produces and markets fuels, natural gas and low-carbon electricity. Our 100,000 employees are committed to better energy that is safer, more affordable, cleaner and accessible to as many people as possible. Active in more than 130 countries, our ambition is to become the responsible energy major. (Total / Press Release

Mubadala sells Medgaz pipeline stake to Naturgy, Sonatrach

Spain's Naturgy Energy Group SA and Algeria's Sonatrach have agreed to buy Abu Dhabi state fund Mubadala's 42.09% stake in the Medgaz pipeline, which carries natural gas from Algeria to Spain, Naturgy said Tuesday 15th October. The deal values the infrastructure at 1.9 billion euros including debt. Following the close of the transaction, Sonatrach will be the main shareholder with a 51% stake, while Naturgy will hold the remaining 49%. Naturgy will pay 445 million euros to Mubadala for a 34% stake and structure the deal through a special purpose vehicle. It said it might sell a stake in this vehicle, which will be funded with a 260 million euro loan, to a financial partner.
Naturgy said it expected the deal to close by the end of March 2020 and the stake should pay annual dividends of more than 130 million euros. (By Gdansk Newsroom and Nathan Allen, Reuters)

Nigeria's Rivers state buys Shell's stake in Ogoniland oilfield

Nigeria's Rivers state has purchased Royal Dutch Shell's stake in an oil mining licence in the restive Ogoniland region, the state's governor said.
The license, OML 11, has been undeveloped for nearly 25 years, since the execution of regional activist Ken Saro-Wiwa under the military government of Sani Abacha. (By Tife Owolabi, Reutes)

US federal bank provides loan for natural gas project in Mozambique

The US Export and Import Bank has approved a US$5 billion loan to support the export of domestic goods and services for the various phases of construction and development of the integrated liquefied natural gas project on the Afungi Peninsula, northern Mozambique, the institution said in a statement.
The statement issued in Washington also said that this loan will support an estimated 16,400 jobs over the five-year period of the construction of the two natural gas processing plants and additional supplier facilities in the states of Texas, New York. York, Pennsylvania, Georgia, Tennessee, Florida, and the District of Columbia.
The bank added that granting this loan would represent US$600 million in revenue to the US Treasury, including fees and interest charged to the borrower, the Mozambique LNG1 Financing Company Ltd ..
This company, which is owned by a group of sponsors, previously included the Anadarko Petroleum Corporation group, acquired in August by US group Occidental Petroleum Corporation.
The statement recalls that the assets in Mozambique of the Occidental Petroleum group were sold to French group Total but said that the national participation requirements in the loan agreement remain in force and that the goods and services will be provided by US companies.

The United States Export and Import Bank is an independent federal agency that promotes and supports US jobs by providing competitive and necessary export credit to foreign buyers of US goods and services. (Macauhub)

Angolan government launches international public tender for new oil concessions

The Angolan National Oil, Gas and Biofuels Agency (ANPG) has officially launched an international public tender for oil exploration in 10 blocks of the Namibe and Benguela basins, in a combined area of more than 55,000 square kilometres, according to a statement issued on Wednesday.

These 10 blocks are the first in a set of 55 to be tendered under the 2019-2025 Bidding Strategy approved by the President of the Republic under the responsibility of ANPG, the national concessionaire.

The announcement said that the submission of proposals by interested parties can be made until 12 November, the opening of these will take place on 13 November, and the qualification of the companies and evaluation of the proposals will end on the 28 December.

Concessions will be awarded on 17 January 2020 and contracts will be negotiated until 27 March, with contracts finally signed on 30 April 2020.

This process began last June, with the pre-announcement of the tender, and continued with international presentations, the first taking place on 3 September in Luanda.

The international presentation of these oil bids was also held in the cities of Houston, London and Dubai, and received the attention of the world's largest operators, namely Total, Chevron, ExxonMobil, BP, Shell and Qatar Petroleum. (Macauhub)

Angolan government kicks off technical presentations of Soyo refinery

The Soyo refinery in Angola's Zaire province will have the capacity to process 100,000 barrels of oil per day, the Secretary of State for Oil said during the first technical presentation promoting the international public tender, held in Luanda.

The technical presentation programme, intended to select a company or consortium of companies to finance, build and operate the refinery, will have its second and final session in Dubai (United Arab Emirates), on 22 October.

The international public tender will be officially launched on 24 October and the refinery is expected to start operating in 2023.

The Secretary of State for Oil, José Alexandre Barroso, said during the session that the simultaneous construction of three refineries in Angola (Benguela, Soyo and Cabinda) is a requirement of the domestic market, according to the Angop news agency.

He said the country needs the equivalent of 360,000 barrels of oil processed per day, which accounts for 80% of imported refined products, to meet the needs of the domestic market, which requires high foreign exchange expenditure.

The Angolan government has developed a refining strategy that includes, besides the expansion of the Luanda refinery, the construction of three new refineries, Cabinda, Lobito and Soyo, with a combined capacity of 360,000 barrels per day.

The construction of the Cabinda refinery was awarded to the United Shine consortium, with 90% of the capital, in partnership with Sonangol Refining (Sonaref), with 10%. (Macauhub)

TELECOM – TECHNOLOGY

Angola launches a new public tender for fourth telecom operator

The Angolan government has launched a new tender for the award of the fourth Unified Global Title for the provision of public electronic communications services, according to a statement issued by the Ministry of Finance.

The announcement adds that this public tender is restricted by prior qualification and has two phases – a first for submission of applications until 8 November for qualification of interested parties and a second for submission of proposals by qualified candidates.
Qualified applicants will be invited to submit their technical and financial proposals, with 60 days to do so.
The press release also announced that an international tender will be held to attract the interest of major world telecom operators, with the first of the scheduled sessions taking place in Dubai, United Arab Emirates, on 7 October.
The result of the previous public tender was annulled by a decision of President João Lourenço, last April, on the grounds that the winning company, Angolan Telstar, had not presented the balance sheet and income statement for the past three years, as required in the tender documents.
Telstar was founded on 26 January 2018 with a capital stock of 200,000 kwanzas (US$625). Its shareholders are General Manuel João Carneiro (90%) and businessman António Cardoso Mateus (10%).
The Angolan press reported that South African group MTN, the largest mobile phone operator in Africa, had dropped out on the grounds that the international public tender was “flawed from the ou.”
Angola currently has three companies providing telecommunications services, Unitel, with a market share of 80%, Movicel with the remaining 20% and Angola Telecom, with practically no share, and of which 45% is due to be privatised. (Macauhub)

Government appoints a new board of directors to lead Angola Telecom for privatisation
The creation of conditions to make telecommunications company Angola Telecom viable through its capitalisation ahead of privatisation was the basis of the decision of the Angolan President to appoint a new Board of Directors chaired by Adilson dos Santos, reported the Jornal de Angola newspaper.
In January, Santos replaced Eduardo Domingos Sebastião as Coordinator of the Management Commission that since 2016 has been managing Angola Telecom, where he was previously Systems Administrator from 2003 to 2007 and, from 2017, played the role of member of the committee that he now leads.
Angola Telecom is expected to be privatised in 2021, under the terms of the Privatisation Programme, which also says the Angola Stock and Debt Exchange (Bodiva), Sonangalp, Angola Cable, Sonair, airline TAAG and the Banco Econômico will be privatised in the same year.
The telecommunications company was the first large public company to be included in the Government’s privatisation plans, which include transferring 45% of its share capital to private investors.
The 2018 Annual Report and Accounts released by the State Institute for Assets and Holdings Management show that Angola Telecom ended the year with a net loss of 34.984 billion kwanzas, almost double the year before. and an equally negative operating result of 1.144 billion kwanzas.
Angola Telecom had assets of 129.011 billion kwanzas at the end of last year, which compares with 140.757 billion kwanzas at the end of 2017, negative equity of 62.357 billion kwanzas (19.347 billion kwanzas less in 2017) and a liability of 191.368 billion kwanzas (160.103 billion kwanzas). (Macauhub)

African masts operator Helios Towers prices IPO at low end of range
African mobile networks operator Helios Towers has priced its initial public offering at 115 pence per share, giving it a market capitalisation of 1.15 billion pounds ($1.45 billion).
Helios shares will begin conditional trading on London Stock Exchange after selling a total of 250 million pounds of shares.
The company priced at the low end of its pricing range, as reported by Reuters.

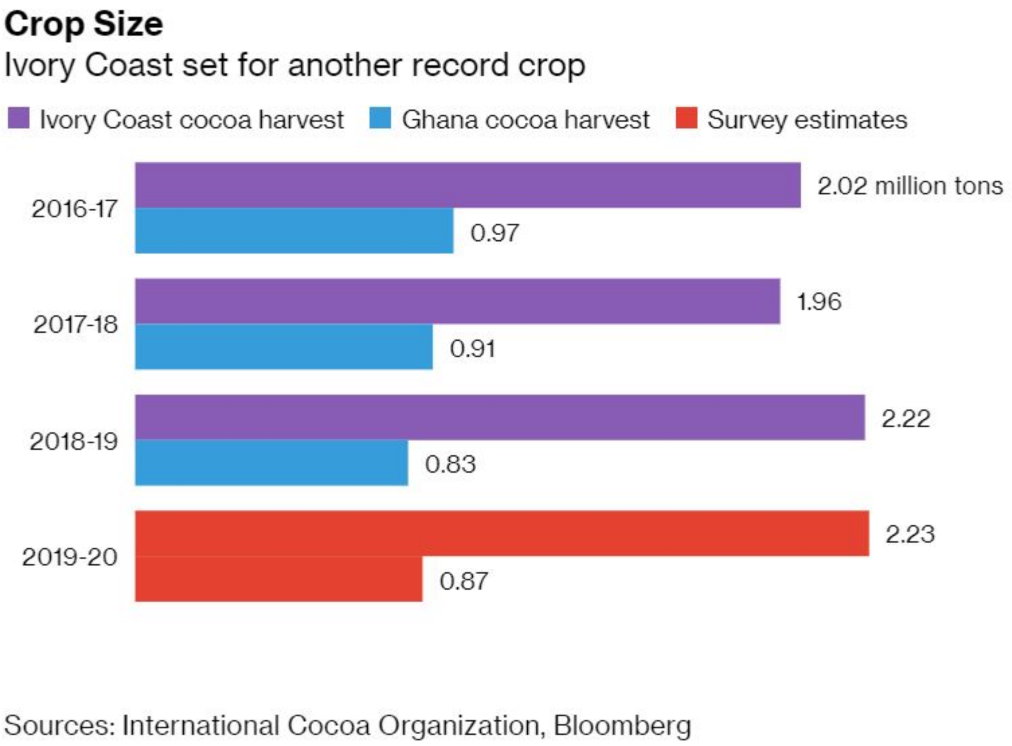
Investors will be watching closely to see how Helios fares in early trading as the first post-summer IPO in London, after Kazakh fintech Kaspi.kz postponed its float last week.
Helios operates phone masts in the Democratic Republic of Congo, Republic of Congo, Ghana, South Africa and Tanzania.
It had shelved previous plans for its IPO amid concerns about political risks in DRC and Tanzania.
Helios has said it will use the proceeds for expanding its services, including possibly into new countries.
Kash Pandya, Chief Executive of Helios, said the float “signifies our commitment to spreading mobile infrastructure across Sub-Saharan Africa”. ($1 = 0.7927 pounds) (By Iain Withers, Reuters)

AGRIBUSINESS

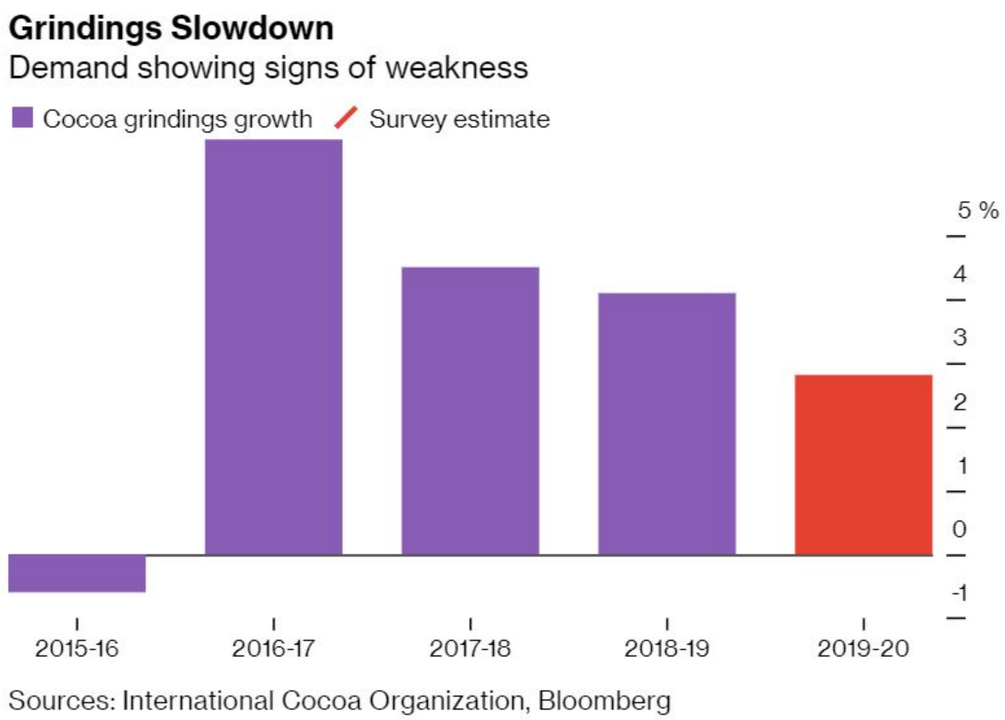
What Cocoa Traders Need to Know as West African Harvests Begin

- Ivory Coast forecast to produce second straight record crop
- Top producers plan to add $400-a-ton premium for 2020-21 beans

The world’s biggest cocoa producer is on course for a second straight record crop, but its plans for bigger control over prices for the following season will remain a major cause of uncertainty for traders.

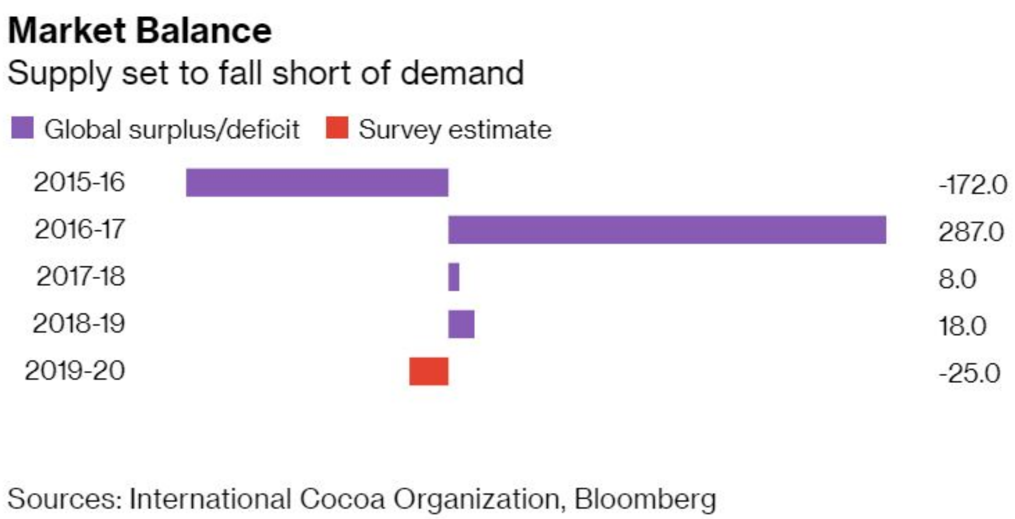


Good crop conditions will help Ivory Coast to produce 2.23 million tons of cocoa in the new season that begins Tuesday 1st October, according to the mean estimate in a Bloomberg survey of nine traders, brokers, analysts and cocoa exporters. That compares to a 2.2 million-ton forecast by the International Cocoa Organization for the previous harvest.
The crop in neighboring Ghana, the second-biggest grower, will recover slightly to 872,000 tons, according to the survey. ICCO estimated the 2018-19 harvest at 830,000 tons after swollen-shoot disease decimated crops.
“The weather has been pretty good recently and the pod load looks good,” said Jonathan Parkman, co-head of agriculture at futures and options brokerage Marex Spectron Group in London. “I would expect the crop to be at least as good as last year, if not a little better.”



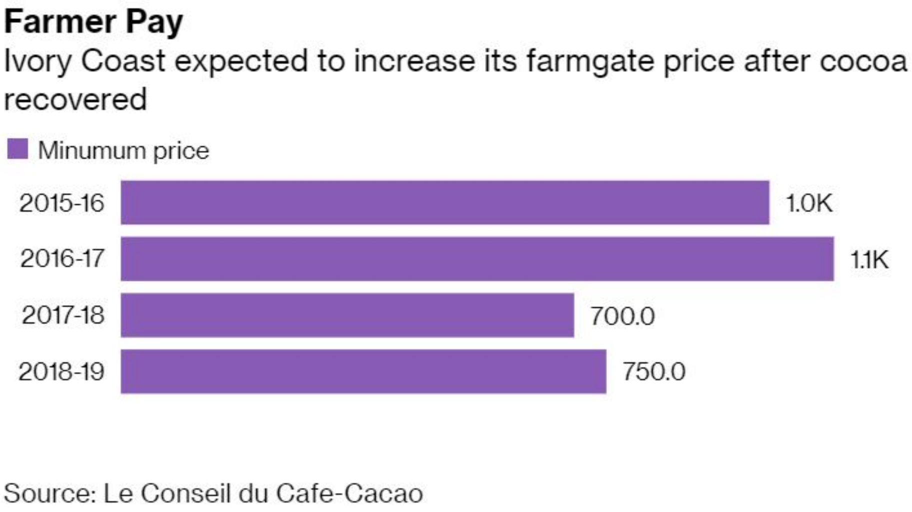
While demand continues to expand with grindings expected to advance for a fourth straight season, the pace of growth will slow to 2.8%, according to the survey. That's down from an increase of 4.1% a year earlier, ICCO data showed.

There are already signs of a weaker market. Global chocolate sales were flat in the three months through April after growing for eight consecutive quarters, Barry Callebaut AG, the world's largest cocoa processor, said in an earnings presentation in July, citing data from analytics firm Nielsen.



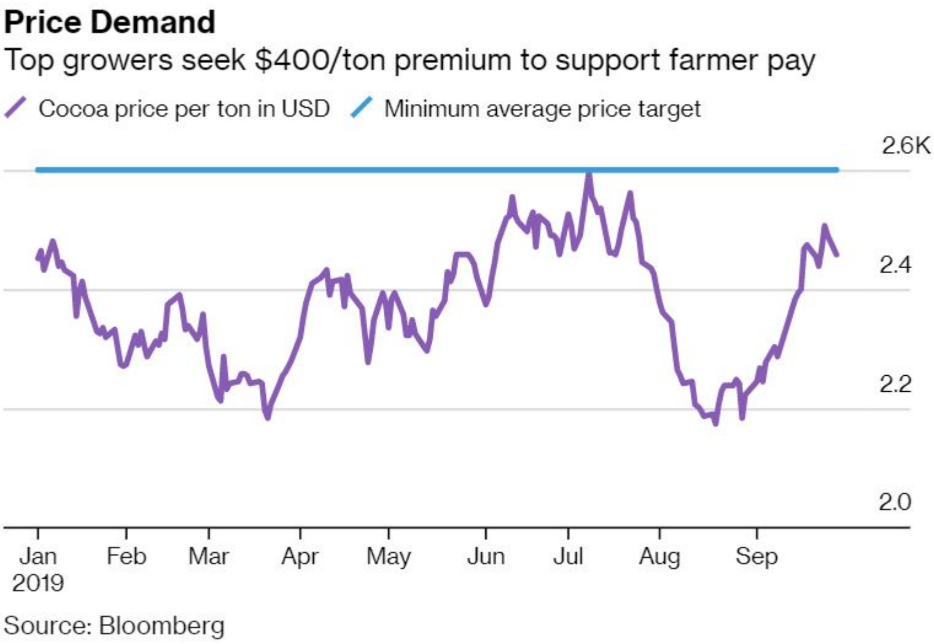
While both Ghana and Ivory Coast may harvest a bigger crop, traders are divided over whether there will be a supply surplus or shortfall. The survey's mean estimate is for a small deficit of 25,000 tons, but individual forecasts vary from a shortage of 160,000 tons to a surplus of 100,000 tons.

The range can be explained by whether analysts are including the volume of cocoa that are currently being hoarded due to expectations that the minimum price for farmers will increase. A shortage would reverse the past season's surplus of 18,000 tons, according to ICCO data.



While the minimum pay of Ivorian farmers is gradually recovering, it's still a long way off the record 1,100 CFA francs ($1.83) per kilogram that was set for the six-month main harvest through March 2017.

A second year of gains in futures should enable the regulator, Le Conseil du Cafe-Cacao, to increase prices further. Ivory Coast will set the price for the next six months between 800 to 830 francs per kilogram, according to people familiar with the matter. Both Ivory Coast and Ghana are due to announce their so-called farmgate prices on Tuesday 1st October.



While a slight deficit could support prices further, a bigger factor will be the extent to which Ivory Coast and Ghana succeed with a new strategy to add a premium of $400 per ton to their cocoa for the 2020-21 harvest. The nations introduced the so-called living-income differential to pay farmers at least 70% of an average price target of $2,600 a ton.

The new pricing mechanism has so far gained little acceptance as the premium cannot be hedged. With sales for the new season coming to an end and very few purchases for next season, there's little hedging taking place in futures, allowing prices to gain.

It's "an absolute complete and utter nightmare to determine how it's going to play out," said Parkman. Chocolate makers "are by no means clear how the futures prices will interact with the prices at which Ghana and Ivory Coast wish to sell their cocoa."

(By Isis Almeida and Leanne de Bassompierre, Bloomberg)

Commercial agriculture in Angola receives funding from World Bank and France

The World Bank and the French Development Agency have provided US$230 million to fund a project to boost the commercial agricultural production chain in Angola from next November, the project coordinator said in Malanje.

Pedro Dozi also said that the implementation of this project is under the responsibility of the Ministry of Agriculture and Forestry and will initially be carried out in the provinces of Malanje, Kwanza Norte and Kwanza Sul, over a six-year period, according to the Angop news agency.

He said the World Bank had made US$130 million available, while the French Development Agency disbursed the remaining US$100 million to finance 300 small and medium-sized business projects operating in the agricultural value chain, notably in production, sales and processing.

He also said that the project's coordination team is surveying small and medium-sized enterprises with at least two years' experience in the agricultural sector and their investment plans, to provide funding in the future. (Macauhub)

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

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

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