INSIDE AFRICA

Now is the time to invest in Africa

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Contents

BRIEFS

Africa

- Doing Business 2019 Sub-Saharan Africa
- Port growth highlights Horn of Africa's trade potential
- Bharti Airtel Delays IPO of $8 Billion Africa Business
- African Development Bank rolls out programme to boost climate risk financing and insurance for African countries

Angola

- Angola is expected to grow at an average rate of 3.0% between 2018 and 2022
- Angola begins process of revising its Industrial Property Law
- Angolan government submits draft bill for 2019 state budget
- Angola spends US$100 billion on infrastructure between 2002 and 2015
- Port of Namibe, southern Angola, may become a logistics development hub
- Angola's National Bank warns commercial banks to comply with exchange rules

Congo

- Total Says Oil Output at Moho Nord in Congo Exceeds Expectations

Ethiopia

- Ethiopia announces $7 bln in new road, power public-private projects

Ghana

- Exxon Said to Return to Favored Pick in Ghana Partner Search

Kenya

- Kenya to Raise $2.8 Billion From Eurobonds, Loans This Year
- IMF Raises Kenya's Risk of Debt Distress to Moderate From Low
- Kenya to Recoup Cash Paid to Africa's Largest Wind Power Farm

Mozambique

- Mozambique prepares revision of Electricity Law
- Portuguese group builds aerodrome in Mozambique for Anadarko Petroleum
- Maputo-Catembe Bridge, in Mozambique, scheduled to open on 10 November
- Indian group invests in natural gas project in Mozambique

Nigeria

- Nigeria Heads to Sea in Search of Safer Future for Oil Producers

São Tomé and Príncipe

- Oil companies BP and Kosmos start environmental studies in São Tomé and Príncipe

South Africa

- Ramaphosa Lauds Success of South Africa's Investment Drive
- Fitch Sees Muted Impact From South Africa Measures to Boost Growth

In-depth:

Doing Business 2019 Sub-Saharan Africa: Fact Sheet

What are the ranking trends?

- • Mauritius joins the group of top 20 economies this year. It is the highest ranked Sub-Saharan African economy.
- • The second highest ranking economies in the region are **Rwanda** (29) and **Kenya** (61).
- • **South Sudan** (185), **Eritrea** (189), and **Somalia** (190) are the lowest ranked economies in the region.
- • Other large economies in the region and their rankings are **Democratic Republic of Congo** (184), **Ethiopia** (159), **Nigeria** (146), **Tanzania** (144), **Sudan** (162), and **Uganda** (127).
- • The region's economies perform best in the area of Starting a Business (122).
- • **Rwanda** ranks among the best globally in the Doing Business areas of Registering Property (with a rank of 2) and Getting Credit (3). In registering property, Rwanda has an efficient land registry where it takes 7 days to transfer property and costs only 0.1% of the property value, the same as in New Zealand.
- • The region underperforms in the areas of Getting Electricity (145), Trading Across Borders (139) and Registering Property (131). It takes on average 112 days for a business to obtain a permanent electricity connection to the grid in Sub-Saharan Africa, compared to a global average of 86 days.

What are the reform trends?

• This year's report marks the sixth year in a row that Sub-Saharan Africa leads with the highest number of business regulatory reforms captured by Doing Business.

• One-third of all business regulatory reforms recorded by Doing Business 2019 were in the economies of Sub-Saharan Africa. With a total of 107 reforms, Sub-Saharan Africa has a record number for a third consecutive year.

• In addition, this year also saw the highest number of economies carrying out reforms, with 40 of the region's 48 economies implementing at least one reform, compared to the previous high of 37 economies two years ago.

• The largest number of reforms implemented in the region was in the areas of Enforcing Contracts (27), followed by Starting a Business (17), and Registering Property (with 13 reforms)

• 17-member states of the Organization for the Harmonization of Business Law in Africa, known by its French acronym OHADA adopted a Uniform Act on Mediation in 2017 (filling a legislative void that existed in most OHADA member states) which introduced mediation as an amicable mode of dispute settlement.

• Four Sub-Saharan African economies – Togo, Kenya, Côte d'Ivoire, and Rwanda made the list of global top 10 improvers this year. Over the past 12 months, collectively these economies implemented a total of 23 reforms.

• Rwanda led the region in terms of the number of reforms implemented - seven in the past year, while Gabon, Guinea and Sudan were also among the notable reformers, with five reforms each.

• Sub-Saharan African economies recorded eight reforms in the area of getting electricity, the highest number of any region worldwide.

• Examples of reforms include:

- Nigeria made starting a business easier by introducing an online platform to pay stamp duties, leading to a reduction in the time to start a business from 19 to 11 days.

- Burundi increased the transparency of dealing with construction permits by publishing regulations related to construction online free of charge, improving on the building quality control index.

- Niger made the process for getting an electricity connection faster by increasing the stock of material the utility carries and by allowing the internal wiring certificate of conformity to be obtained at the same time as the external connection works, reducing the time to obtain electricity connection from 97 to 68 days.

- Rwanda adopted a new law on insolvency that contemplates protections for secured creditors during an automatic stay in reorganization proceedings, leading to an improvement on the strength of the insolvency framework index from 12 to 15.

Noteworthy items:

- • Changes in this year's report include renaming of the distance-to-frontier measurement to ease of doing business score, to better reflect its main purpose of measuring absolute progress towards best practices (without any change in the actual calculation).
- • There are no changes to the methodology this year or to the calculation of the Doing Business Score, which underpins the Doing Business rankings.

• This year, Doing Business includes four case studies that focus on the benefits of: o mandatory and annual training of both public officials and users of business and land registries;

o training for customs clearance officials and brokers;

o robust regulatory framework governing the electricity sector and accrediting the electrician profession;

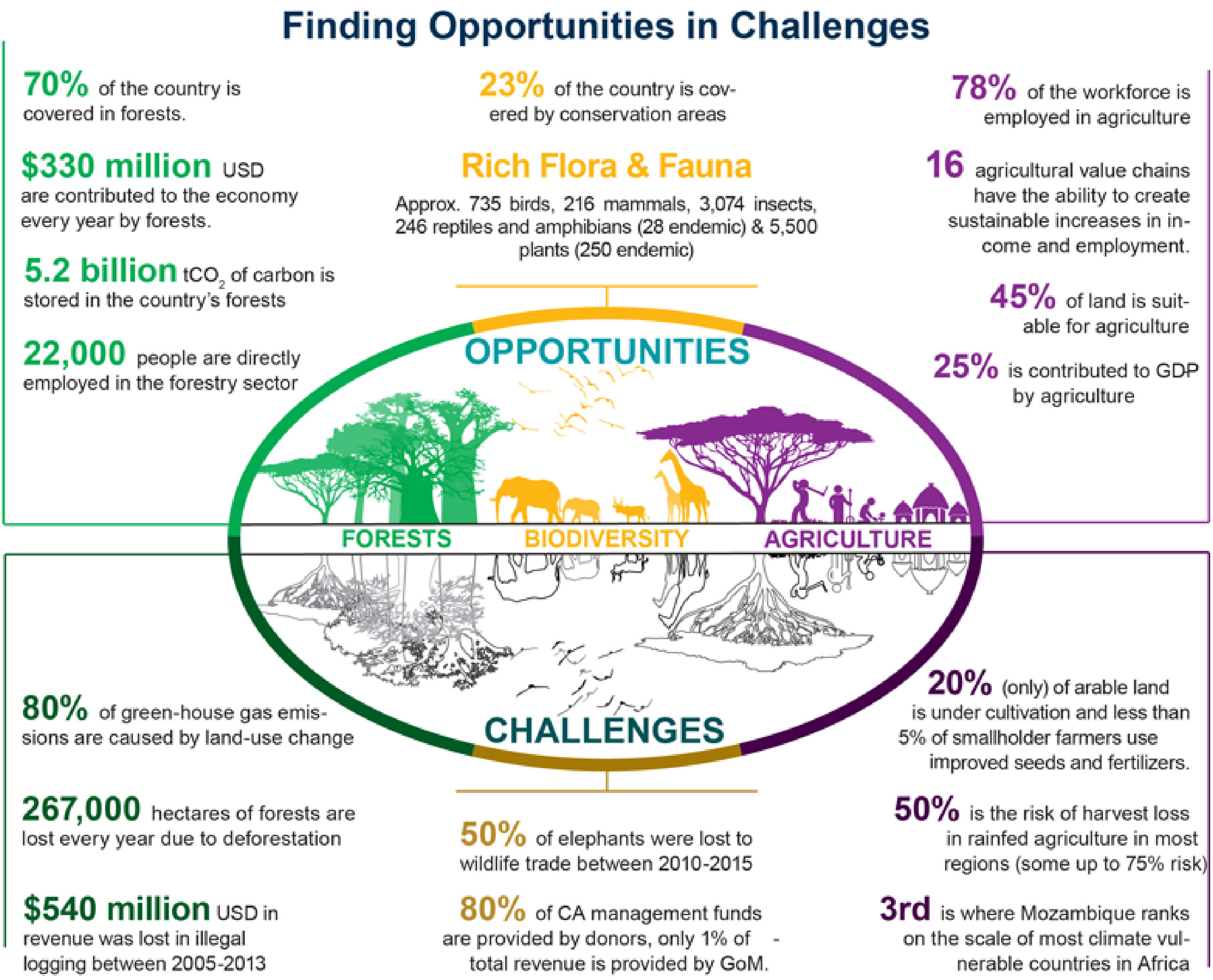
o training and specialization of judges.

Rankings Data for the Sub-Saharan Africa region

Economy	Rank (1–190)	Ease of doing business score (0–100)		# of Reforms	
	DB2019	DB2018	DB2019	DB2018	DB2019
Angola	173	4.170	4.386	3	2
Benin	153	5.129	5.142	3	2
Botswana	86	6.494	6.540	2	1
Burkina Faso	151	5.145	5.157	1	1
Burundi	168	4.668	4.741	0	3
Cabo Verde	131	5.593	5.595	3	0
Cameroon	166	4.695	4.778	2	2
Central African Republic	183	3.423	3.690	0	2
Chad	181	3.821	3.936	0	3
Comoros	164	4.852	4.866	1	1
Congo, Dem. Rep.	184	3.618	3.685	1	3
Congo, Rep.	180	3.947	3.983	1	2
Côte d'Ivoire	122	5.306	5.800	1	5
Equatorial Guinea	177	4.166	4.194	1	1
Eritrea	189	2.294	2.307	0	0
Eswatini	117	5.882	5.895	2	1
Ethiopia	159	4.815	4.906	2	3
Gabon	169	4.581	4.558	2	5
Gambia, The	149	5.149	5.172	0	0
Ghana	114	5.716	5.922	1	2
Guinea	152	4.949	5.151	0	5
Guinea-Bissau	175	4.258	4.285	1	1
Kenya	61	6.506	7.031	6	5
Lesotho	106	6.041	6.060	0	1
Liberia	174	4.355	4.351	1	0
Madagascar	161	4.818	4.889	2	3
Malawi	111	5.875	5.959	4	2
Mali	145	5.327	5.350	0	1
Mauritania	148	5.107	5.199	5	3
Mauritius	20	7.829	7.958	4	5
Mozambique	135	5.375	5.553	2	3
Namibia	107	6.029	6.053	1	1
Niger	143	5.248	5.372	4	4
Nigeria	146	5.152	5.289	5	4
Rwanda	29	7.373	7.788	5	7
São Tomé and Príncipe	170	4.484	4.514	1	1
Senegal	141	5.378	5.415	5	2
Seychelles	96	6.242	6.241	2	0
Sierra Leone	163	4.859	4.874	2	0
Somalia	190	1.998	2.004	0	0
South Africa	82	6.466	6.603	0	2
South Sudan	185	3.330	3.534	0	0
Sudan	162	4.509	4.884	0	5
Tanzania	144	5.329	5.363	1	1
Togo	137	4.888	5.520	1	6
Uganda	127	5.641	5.706	1	1
Zambia	87	6.360	6.508	3	1
Zimbabwe	155	4.852	5.044	1	4

Source: Doing Business database.
Note: The rankings are based on the average of each economy's ease of doing business scores for the 10 topics included in this year's aggregate ranking. This measure shows how close each economy is to global best practices in business regulation. A higher score indicates a more efficient business environment and stronger legal institutions.

Finding Opportunities in Challenges in Mozambique



IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Sustainable Energy Fund for Africa grants US$ 1 million to stimulate renewable energy investments in Angola

The Sustainable Energy Fund for Africa (SEFA), managed by the African Development Bank, has approved a US$1 million grant to Independent Power Producers (IPP) in Angola to encourage private investment in renewable energy.

The SEFA grant, approved in July this year, will be used to establish a one-stop shop unit known as the Energy Project Implementation Support Unit (EPISU). SEFA technical assistance will work as an enabling environment for IPP/Public-Private Partnership (PPP) projects to improve bankability of projects. Additionally, it will address capacity-building issues by providing technical assistance on project procurement, contract design implementation and monitoring.

As part of its long-term development strategy, the Government of Angola aims to expand electricity access to 60% of the population by 2025, with an expected 70% to be derived from renewable sources.

"This project will enable and stimulate investments through IPPs in the Angolan renewable energy sector. It also complements the US$1 billion Bank's Power Sector Reform Support Program to the ongoing energy sector reforms undertaken by the country," said Amadou Hott, the African Development Bank's Vice President for Power, Energy, Climate Change and Green Growth.

This intervention underpins Angola government's Power Sector Development Vision, "Angola Energy 2025", and Angola's Renewable Energy Strategy approved in 2015, aimed at increasing universal access to energy services, improving energy efficiency, and increasing the use of renewable energy. The investment is also in line with Angola's National Adaptation Program for Action (NAPA), which aims to promote renewable energy (notably hydropower, solar and wind mini-projects) and extend rural electricity grids. It is also aligned with the Bank's Energy Sector Policy (2012), the New Deal on Energy for Africa, especially focusing on "Renewable Energy" and "Early Stage Project Finance".

About the Sustainable Energy Fund for Africa (SEFA): SEFA is a multi-donor facility established to unlock private sector investments in small to medium sized clean energy projects in Africa, operating through three components: (i) grants to facilitate the preparation of renewable energy generation and energy efficiency projects towards bankability (ii) equity investments to bridge the financing gap for renewable energy generation projects and; (iii) support to public sector in improving the enabling environment for private investments in sustainable energy. SEFA is endowed with contributions from the Governments of Denmark, United States and the United Kingdom, and is hosted and managed by the Power, Energy, Climate and Green Growth Department of the African Development Bank.

African Agric Ministers, Private and Public Sector Leaders push for more investment, less talk

Several African agriculture ministers joined public and private sector representatives calling for more investment in agriculture at a Leadership4Agriculture event held at the African Green Revolution Forum (AGRF) in Kigali, Rwanda.

Organized by the African Development Bank, the Leadership4Agriculture session facilitated partnerships between policy makers, private investors, institutions and offered participants opportunity to learn more about the Leadership4Agriculture network's agenda to drive action-oriented, growth enabling investments.

Several ministers at the event criticized what they said was a culture of talk without action.

"Too many of the same declarations are made but are never carried out at the African Union level," said Côte d'Ivoire Minister of Agriculture, Mamadou Coulibaly.

The African Union's Comprehensive African Agriculture Development Program in 2003 set a target for African governments to allocate ten percent of national budgets to agriculture. According to AGRF, only 13 African nations have reached or surpassed this goal.

Jennifer Blanke, African Development Bank Vice-President for Agriculture, Social and Human Development, and the Rockefeller Foundation's Managing Director for Africa, Mamadou Biteye, earlier set the tone for the session. They charged their organizations to advance the Leadership4Agriculture mission..
"With [Bank] partners the Rockefeller Foundation, now we have funding for a Secretariat for Leadership4Agriculture, which will allow us to track progress," said Blanke. "Let us all, together, make Africa shine," she added.
Agriculture ministers from joined Coulibaly across the continent, including from Zambia, Nigeria, Uganda, Kenya, Gabon, Mozambique, South Sudan, Togo and Mauritius. Rwanda's former Minister of Agriculture and Animal Resources, who now serves as President of the Alliance for a Green Revolution in Africa (AGRA), said ministers need to campaign harder for increased budget funding for smallholders.
"[Agriculture] is a government's most important industry," AGRA President Agnes Kalibata told the audience. "Nobody is going to give you money because you are Minister of Agriculture – there are 20 other ministries competing for money. It is [an agriculture minister's] responsibility to make the case," she said.
AGRF research indicates farming remains a key source of income for 60 to 65 % of the labor force in sub-Saharan Africa and will continue to be a major source of employment for a decade or more. Leadership4Agriculture session attendees said the mentality that agriculture is more of a traditional career for those who don't have alternative r work options, has to change.
Edward Mabaya, Manager of the African Development Bank's Agribusiness Development Division, said government leaders and farmers should replace the word "agriculture" with "agribusiness."
Vice-President Blanke announced that the next Leadership4Agriculture event will be held during the African Development Bank's historic Africa Investment Forum, to be held from 7-9 November in South Africa.
Five African Ministers of Agriculture and Finance, the Rockefeller Foundation and the African Union Commission established Leadership4Agriculture, or L4Ag. The African Development Bank secured support from the Rockefeller Foundation for the establishment of the platform.

African Development Bank boosts Cameroon livestock and fish farming with €84 million loan
The African Development Bank Group has extended a loan of €84 million to Cameroon to support livestock and fish production in the central African country in line with the Bank's strategies to create jobs and raise household incomes.
The loan, approved by the Bank's Board, will support the modernization of beef, pork and fish production, with significant improvements to food and nutrition in the country.
Both the Bank and the Government of Cameroon are implementing strategic policies aimed at improving food and nutritional security, reducing poverty and improving production infrastructure in rural areas. The Bank's signature High 5s strategy includes policies to feed Africa, industrialize the continent and improve the quality of life of its people.
The project approved by the Board will specifically target raising standards and competitiveness in such key livestock value chains as genetics improvement, feeding, slaughter, processing, conservation and transportation. For fish production, the focus will be on rearing, conservation, storage, and processing.
While the project has a national scope, the Cameroon government has identified three main target areas – the North-West for production, and Central and Coastal for consumption. The impact of the cross-cutting actions involved will, however, be felt in the other regions of the country as well.
Key beneficiaries of the project will be stockbreeders and their cooperatives who constitute 45% of the pastoral sector labour force; fish farmers, input producers and sellers, traders, women wholesale fishmongers and processing operators. In addition, up to 350 higher education graduates will be trained and settled as business leaders.

The project's total cost is estimated at €99.27million (CFAF 65.113 billion. The bank will provide a loan of € 84.00 million (CFAF 55.100 billion) (while the government will contribute €15.27 million (CFAF 10 billion) in counterpart funding.

INVESTMENTS

Angola begins process of revising its Industrial Property Law

The draft bill of the proposed Industrial Property Law is due to be brought to public consultation as of 22 November, the director general of the Angolan Institute of Industrial Property (IAPI) told daily newspaper Jornal de Angola. Ana Paula Miguel said the current Industrial Property Law, drawn up 26 years ago, is not in line with international standards and "needs updating, in order to give greater legal guarantees to users of IAPI services." She also said that the draft bill aims to contribute to improving the business environment in the country, increase competitiveness and productivity and added that it targets all sectors of economic and social activity.

Since it was established in 1996, IAPI has received 55,560 trademark applications from domestic and foreign inventors, said the director-general, pointing to the acceptance of 4,900 in the last two years (2,098 trademarks in 2016 and 2,802 last year).

In the last two years, Miguel said, IAPI granted 230 of a total of 3,650 patent applications, in addition to the attribution of property rights to 1,190 establishments, 1,134 designations of establishments, 350 industrial models, 141 industrial designs and 44 utility models.

IAPI is the public service responsible for implementing government policy in the field of protection, promotion, study and development of industrial property relating to patents for inventions, trademarks, trademarks, industrial designs and models, operating under the Ministry of Industry. (Macauhub)

Angola joins the European Union's REX System

In July 2018 Angola joined the Registered Exporter System (REX), a mechanism for certification of origin of goods that allows Angolan companies to export to the European market under preferential conditions, state newspaper Jornal de Angola reported.

A report presented to the Consultative Council of the Ministry of Trade held in June in Ndalatando said Angolan was due to join the system soon, which was confirmed by the Deputy Head of Co-operation of the European Union Representation in Angola. Marta Brites confirmed the country was joining the system and said that it was in the interest of Angola and Angolan producers to join the REX System "to facilitate exports to our market."

The diplomat noted that previously Angola only exported oil to the European single market, "while nowadays it is betting on the diversification of product supply, with the REX System taking on enormous importance for the socio-economic development of the country." "Any country interested in exporting goods to the European market must join the REX System," said Brites.

The Registered Exporter System, or REX System, is the system of certification of origin of the goods that has been applied to the Generalised System of Preferences of the European Union since 1 January 2017. This system is based on the principle of self-certification by economic operators who, in order to be able to issue certificates, have to be registered in a database kept by the competent authorities. (Macauhub)

Portugal increases export credit line to Angola

Angola's export support facility will increase from 1 billion euros to 1.5 billion euros, Portuguese Prime Minister António Costa told a meeting with Portuguese businesspeople in Luanda, according to the Portuguese press.

Costa also said that the expansion and renewal of the export credit line "is a very important sign of the two countries' desire to continue to strengthen their economic relations."

The Portuguese prime minister, who arrived in Luanda for a two-day official visit, said that Portugal and Angola are in a privileged position within the framework of the relationship between Africa and the European Union. "Political relations are essential, but it is absolutely indispensable that the human relationship, with the constant presence of those who work and invest here, continues to build on and deepen our relationship with Angola," he said.
On the day he landed in Luanda, the prime minister had an informal lunch with seven Angolan government ministers and the governor of the National Bank of Angola, which the Portuguese government considers to be a reflection of the new political climate between the two countries. (Macauhub)

China donates US$20 million to Cabo Verde for several projects
China plans to donate 140 million yuan (about US$20 million) to Cabo Verde to finance projects in areas to be agreed through diplomatic channels, Prime Minister Ulisses Correia e Silva said on his Facebook page.
Correia e Silva also wrote that "President Xi Jinping also gave assurances that the eight measures and US$60 billion, announced for the 2019-2022 three-year period within the framework of the Forum on China-Africa Cooperation (FOCAC), are important financing opportunities available to African countries."
These countries, however, have to have projects whose economic viability proves their relevance and sustainability, according to Correia e Silva.
The Cabo Verdean prime minister added that during the meeting held with President Xi Jinping on 6 September, a decision was made to foster economic and trade cooperation, with a particular focus on the project of the Special Economic Zone of the Maritime Economy in São Vicente, the second phase of the Cidade Segura (Safe City) project and the construction of an International Conference Centre in Praia. (Macauhub)

Angola seeks strengthened German investment
Several German companies have business in Angola in varied fields, such as in the areas of industry, telecommunications, energy, civil construction, building inspection and equipment supply for oil firms, whose presence the Angolan President, João Lourenço, seeks to see bolstered.
The Angolan Head of State, who is since Wednesday 22 August making an official two-day visit to Germany, has on the top of the agenda to strengthen the presence of companies from that European country in Angola.
The Angolan leader - who has already made state visits to France and Belgium since he took office in 2017 - now seeks German investment to contribute to Angola's economic diversification process, with a view to reducing the country's dependence on oil.
In Berlin, João Lourenço is due to attend the opening ceremony of the Seventh Angola-Germany Economic Forum, whose goal is to make possible the entrance of new companies in Angola.
The forum will also seek to bolster the presence of firms already operating in Angola such as Voith Hydro, Siemens, Bauer, Bosch, Megger and Gauff Engineering. (Angop)

Economic Forum Angola/Germany gathers over 220 businesspeople
Over 150 German companies along with 77 Angolan firms are participating in Angola/Germany Economic Forum as part of the Angolan president, João Lourenço, to this European nation.
The Angolan president, who is since paying an official two-day visit to Germany, seeks to strengthen the existing cooperation between the two countries.
This was told by the Angolan ambassador to Germany Alberto Neto during an interview to Luanda's radio broadcaster "LAC" adding that the abovementioned forum is being held in Berlin.
During the event, said the diplomat, Angola is being represented by 50 private companies and 27 State-run firms to strengthen partnership with German counterparts.

The two countries have set up a bilateral commission that meets every two years, which has also organised economic forums between both states and which has defined a strategy co-operation partnership.
To the Angolan Foreign minister, there is big expectation in regard to the reinforcement of the bilateral co-operation, since Germany has great economic and industrial potential, which can be used in Angola's development process.
Currently, Angola is Germany's third most important partner in sub-Sahara Africa, with a business volume of about 800 million euros.
During his stay the president is also expected to meet with Angolan citizens living in Germany to learn about their situation and talk about the ongoing development programme.
Angola and Germany share diplomat relations since 1979. (Angop)

Pizza Hut to Follow KFC's Ivorian Debut as Vivo Eyes Expansion

- Vivo unit in Ivory Coast plans more KFC store openings
- Forecourt operator sees rising demand for convenience products

Vivo Energy Plc said it will open the first outlet of Yum! Brands Inc.'s Pizza Hut in Ivory Coast after its debut of the dining-chain company's KFC brand met expectations.
The forecourt operator signed a deal with Yum for Pizza Hut after being "quite happy" about the performance of the first KFC store that opened in April in Abidjan, the commercial capital, said Ben Hassan Ouattara, managing director for the London-based company's local unit. Vivo and venture partner KFC Baobab will open two more outlets of the fried chicken chain before the end of the year, with more stores planned for 2019, KFC Baobab Director Grant Wheatley said in an interview.
Vivo is also in partnership with Burger King for an outlet in Ivory Coast.
"African consumers, as with other consumers worldwide, value convenience," Ouattara said in an emailed response to questions. "As a consequence, there's a strong increasing demand for convenient and portable products."
Vivo sells fuels and lubricants under the Shell brand at about 1,800 service stations in over 15 African states, a footprint that will expand in nine additional countries with the acquisition of Engen Holdings (Pty) Ltd.'s retail assets. Consumers in the West African nation are becoming more affluent after economic growth exceeded 7.5 % for six straight years, with expansion for 2018 forecast at 7.3 %, according to the International Monetary Fund. (By Leanne de Bassompierre, Bloomberg)

South Africa's Ramaphosa seeks new investment pledges to help struggling economy

South African President Cyril Ramaphosa, saying he was in "repair mode", opened an investment summit where he will seek billions of dollars of new spending pledges from foreign investors to haul the economy out of recession.
The former union leader, who inherited a disastrously mismanaged economy from the scandal-plagued Jacob Zuma earlier this year, wants $100 billion of new investments over the next five years. He has already secured pledges for around $35 billion, mainly from China, Saudi Arabia and the United Arab Emirates.
South African media and e-commerce giant Naspers NPNJn.J said it would invest 4.6 billion rand ($315 million) over the next three years in its technology businesses and to fund technology start-ups.
Though he has made reviving the economy a top priority since assuming power in February, he has been hampered by fiscal constraints and infighting in the ruling African National Congress. "We are here to build a country driven by enterprise and innovation," Ramaphosa said in his opening speech to the investment summit which will look at opportunities in sectors including agriculture, manufacturing and energy. "We are in repair mode," he added.

When he took over in February from Zuma, Ramaphosa staked his reputation on economic revival and he was welcomed by investors in part due to his strong ties to the business community. Since then, the economy has sunk into recession and faced a series of downbeat data.
Ramaphosa, in an interview with Bloomberg television, said he had found it much tougher to repair the economy than he first thought.
The investment summit follows a jobs summit earlier this month at which Ramaphosa announced a wide-ranging set of deals between government, big business and labour which he said would create 275,000 more jobs a year.
Under pressure over his track record on the economy, Ramaphosa has also unveiled a “stimulus and recovery plan” which earmarked funds for job creation and infrastructure development.
The scale of the challenge facing Ramaphosa was underlined by Finance Minister Tito Mboweni’s bleak medium-term budget speech, when he unveiled weak growth forecasts and deficit estimates.
Ramaphosa told investors at the summit his government was committed to protecting property rights as it pursues plans to accelerate the pace of land redistribution. “Our approach reaffirms the constitutional protection of property rights. I want to reaffirm that South Africa is very, very committed to property rights,” Ramaphosa said. ($1 = 14.6100 rand). (By Alexander Winning, Ed Stoddard, Reuters)

South Africa’s Aspen to invest $231 million in sterile anaesthetics manufacturing
South African drug maker Aspen Pharmacare will invest an additional 3.4 billion rand ($231 million) at its Port Elizabeth plant, it said at an investment summit in Johannesburg.
The investment will be used to manufacture sterile anaesthetics, Aspen’s senior executive Stavros Nicolaou said at the summit. ($1 = 14.7070 rand) (By Nqobile Dludla, Reuters)

South Africa's Naspers to invest $ 315 million in technology expansion
South African media and e-commerce giant Naspers said it would invest 4.6 billion rand ($315 million) over the next three years in its technology businesses and to fund technology start-ups.
Naspers said in a statement ahead of an investment summit called by President Cyril Ramaphosa it would allocate 3.2 billion rand to developing its existing technology businesses including the OLX Group, Takealot, and Mr D Food. Naspers said 1.4 billion rand would be used to fund technology start-ups. ($1 = 14.5850 rand) (By Tanisha Heiberg, Reuters)

BANKING
Banks

Banco Nacional de Angola gives commercial banks autonomy in the sale of foreign currency
The National Bank of Angola (BNA) from 1 October will no longer carry out direct sales of currencies, the central bank said in a statement released.
As a result, the statement said, requests for the purchase of foreign currency should now only be submitted to commercial banks authorised to trade in foreign exchange.
The adjusted system of direct sales has enabled the BNA to gain a more precise understanding of the methodology required for the protection of international reserves and to issue regulations and guidelines to commercial banks focused on that objective.
Through this system, the BNA also ensured the impartial availability of foreign currency in the payment of arrears and a reduction of negative customer perceptions about the selection criteria for beneficiaries applied by commercial banks.
However, the statement continues, as, “the exchange market is better regulated and there is more regularity in the supply of foreign currency, conditions are created to give autonomy in the sale of foreign currency back to commercial banks.”

The BNA, exercising its supervisory and exchange authority responsibilities, will work with financial institutions to ensure that this transition is successful and occurs without any negative impact on the country's economic activity, the statement said. (Macauhub)

Bad loans in Angola more than doubles in three years

The ratio of non-performing loans granted by Angolan banks has more than doubled in the last three years, from 11% in December 2015 to around 26% in June of this year, the governor of the National Bank of Angola (BNA) said.

José de Lima Massano gave a keynote speech at the opening session of the 13th edition of the study "Banking under Analysis 2017," prepared by Deloitte Angola.

The governor also said that the increasing difficulties of repayment of loans by households and companies are felt more in the trade, construction and real estate sectors, reflecting the pace of growth of the economy in recent years. "Therefore, the increase in the profitability of commercial banks derives essentially from the increase in foreign exchange and income from securities, moving away from granting credit to the economy," he said.

This reality, according to the governor, is "an increased concern and we have been sharing with the Angolan Association of Banks and other institutional actors in order to jointly find the best ways to increase granting of credit, but under more secure conditions."

Lima Massano added that although the financial system is above the established minimum levels for capital adequacy, "the fact is that the existing risk in the loan portfolio may imply an increase in impairments, with a negative impact on the regulatory solvency of banking institutions." Lima Massano ended on a positive note, saying that forecasts by the World Bank, the International Monetary Fund, and the National Bank of Angola point to an improvement in the stability indexes of the banking system in the current half of the year, in contrast with the downturn seen since 2015. (Macauhub)

Nigeria's Diamond Bank hit 4-month high as traders eyes fresh capital

Shares in Nigeria's Diamond Bank rose to a four month high, a day after the bank said four of its directors have resigned, in a move that could pave the way for the mid-tier lender to attract new investors. The bank rose for the fourth straight session, up 7.19 % to 1.49 naira. Diamond Bank has risen 24 % since the start of this week.

Banking sources told Reuters that Diamond Bank was in talks with new investors while the bank's chairman Oluseyi Bickersteth and three other directors resigned with immediate effect.

The mid-sized bank did not provide any reason for the resignation of Bickersteth, appointed in July, or for the resignations of the other directors, and did not comment on whether it was in talks with new investors. It said it would update the market in due course. Analysts expect demand for the shares to rise further owing to the prospects of raising fresh capital. "I expect it to continue," one trader said, adding that the price rally could falter depending on the details of bank's recapitalisation plans. ($1 = 305.5400 naira) (By Didi Akinyelure, Reuters)

Markets

Official and parallel exchange rates expected to converge in the short term in Angola

The exchange rate on the official and parallel markets are expected to converge in the coming months, which will bring great benefits to the Angolan economy, the Minister of State for Economic and Social Development said.

Manuel Nunes Júnior, speaking at the presentation of the National Development Plan (PND) for 2018/2022 to members of parliament, said that in January of this year the difference between the two exchange rates reached 150%, while now it stood at around 20%.

According to Angolan news agency Angop, Júnior said the government's objective, is to make rates in the two markets the same in coming months.

The Minister of State also said the inflation rate is also falling, with the forecast this year of a cumulative rate of less than 20%, well below the 28.8% forecast in the General State Budget (OGE) for 2018.
With the approval of Angola's Development Plan for 2018-2022 this becomes the main document for planning and guidance of all government action.
Based on this instrument, the programme budgets will be drawn up, which is to say that the state budgets will be based on the 83 programmes included in the National Development Plan, and the 2019 State Budget has already been drafted on this basis.
With this assumption, he said, more focused governance is ensured along with being more disciplined, more resource efficient and more effective in achieving desired results. (Macauhub)

Angola's currency continues to depreciate against the dollar and the euro

The National Bank of Angola carried out another currency auction, placing US$55 million on the primary market, according to an official statement.
The amount of foreign currency sold was intended to cover commercial, private transactions and arrears with proof of goods entering the country.
In the auction, a reference exchange rate of 287.226 kwanzas per dollar was calculated, with the highest allowed rate being 287.483 kwanzas and the lowest at 286.910 kwanzas per dollar.
As the dollar was worth 165.92 kwanzas on 1 January of this year, days before the National Bank of Angola adopted the floating exchange rate system, the exchange rate recorded means that the Angolan currency has lost 42.23% of its value against the US currency since then.
Following the auction, the euro stood at 333.480 kwanzas, a real depreciation of 3.943 kwanzas compared to the exchange rate calculated on 10 September and 44.40% compared to the rate at the beginning of January, of 185.40 kwanzas per euro. (Macauhub)

Angolan securities receive international codes

Angola's Debt and Securities Exchange (Bodiva) on Monday 10th September started issuing International Securities Identification Numbers (ISIN), the institution said in a statement issued on Monday in Luanda.
Bodiva said in the statement the code is an international standard used for the unique identification of financial instruments, including equities, debt instruments and derivative instruments.
The allocation of an ISIN by Bodiva means public debt securities of Angola can be accepted worldwide, opening a channel for external entities interested in Angola to have access to information on securities available for trading in the markets.
The statement said that Bodiva was admitted on 29 June as an associate member of the Association of National Numbering Agencies (ANNA), an international association whose mission is to standardise global securities identification codes.
As the National Numbering Agency in Angola, Bodiva became responsible for assigning identification codes to issues of securities and derivatives, in line with the standards of the international organisation. (Macauhub)

Angola's certified debt to Portuguese companies reaches US$105 million

The certified debt of Angola's public entities to Portuguese companies is estimated at US$105 million and the non-certified debt is US$350 million, the Angolan Finance Minister said in Luanda.
Archer Mangueira, speaking at the opening of the Angola-Portugal Business Forum, where Portuguese prime minister, António Costa also spoke, said he intends to certify most of the debts to Portuguese companies by next November.
Portuguese news agency Lusa reported that the Portuguese side estimates that the non-certified debt of Angolan public entities to Portuguese companies, mainly civil construction and public works firms, is between US$466 million and US$583 million.

The Angolan minister also said that the part of the debt that is not certified was taken on in violation of the rules of execution of the General State Budget, and is not part of the Integrated State Management System.
Archer Mangueira said that the settlement of debts is part of a macroeconomic stabilisation, fiscal, exchange and business improvement programme launched in January of this year, which, among other issues, includes payment of arrears. (Macauhub)

South Africa Launches First Electronic Government Bond Platform
The Johannesburg Stock Exchange (JSE), together with the South African National Treasury (NT) and a number of partners, celebrated a significant milestone this past August when the country's first electronic trading platform (ETP) for government bonds was launched.
The full spectrum of Government bonds reflective of the South African government yield curve were phased into the ETP; Primary Dealers commenced trading on the platform on August 22nd.
Three major South African banks -- Standard Bank, Nedbank and Absa -- are among the first nine primary dealers on the platform; the rest include Citibank, Deutsche Bank, HSBC, Investec, JP Morgan and RMB.
By providing a world-class operating trading environment, the ETP should help South Africa make significant strides in developing its capital markets. South Africa ranks 82nd out of 190 economies in the World Bank's Doing Business report, and is ranked 68th for the ease of obtaining credit in the country. Also, an independent report by Genesis Analytics underscored the "lack of international competitiveness" of the South African securities market due to low levels of trading liquidity and efficiency, particularly in operating costs.
The electronic trading platform will allow users to comply with their market making obligations by providing liquidity to government bonds, lowering transaction costs, making price discovery more transparent, and allowing traders to see live pricing. These measures should boost investor confidence and improve market appetite for government fixed-income securities, which will lower government funding costs and ultimately expand the government's capacity to finance infrastructure and other development priorities.
The National Treasury formed an industry-wide committee in 2012 called the Bond Market Development Committee, whose mandate was to review developmental issues facing the South African bond market. The Treasury implemented the ETP upon the committee's recommendation and in collaboration with the World Bank.
Mondli Gungubele, South Africa's deputy minister of finance, said the launch was a testament to what can be achieved when the government and the private sector work together to achieve a common purpose. "The use of electronic trading platforms has shown notable positive effects in the secondary markets including improved liquidity through price discovery, reduced transaction costs and greater competition, increased transparency, and lower trading costs," Gungubele said.
The launch of this platform marks a significant step in implementing South Africa's Financial Sector Development and Reform Program (FSDRP), technical assistance and advisory support that the World Bank has been providing for the last six years.
Under the FSDRP, the World Bank provided significant technical support to implement the ETP, including by advising the government on suitable models based on international best practices and the domestic context; supporting the National Treasury in reaching consensus between different stakeholders; advising on the institutional arrangements that could govern the platform; defining the core functionalities of the platform; designing the settlement model; and defining the principles guiding the platform by-laws.
"The ETP is a model for a long-term collaborative effort between South Africa's National Treasury, South Africa Reserve Bank, the Johannesburg Stock Exchange, STRATE, primary dealer banks and other private sector stakeholders," said Catiana Garcia-Kilroy, the World Bank's task team leader for the project in the Finance, Competitiveness, and Innovation Global Practice.

In addition to benefitting South Africa´s capital markets, the ETP will provide invaluable lessons to other emerging markets that are deepening their own local currency markets. (World Bank)

Tunisia to sell Eurobond worth 500 mln euros, government official says

Tunisia will sell a Eurobond worth 500 million euros ($570 million), a government official told Reuters. The North African country had previously said it planned to sell bonds worth $1 billion.

"The amount of bonds was limited to 500 million euros", an official told Reuters without giving reason for the lower amount Deutsche Bank, JPMorgan Chase & Co, Citigroup and Natixis have been appointed to handle the sale, a source told Reuters last week. Last month, the International Monetary Fund approved the payment of a $245 million loan tranche to Tunisia, the fifth under its loan programme with the North African country, paving the way for the bond issue. The loan programme is tied to Tunis pursuing economic reforms aimed at keeping its deficit under control. ($1 = 0.8760 euros) (By Tarek Amara, Reuters)

A Royal Visit Led This Indian Ocean Nation to Invent a New Bond

A tourism boom vaulted Seychelles to a higher economic plateau. Now "blue bond" supporters hope to retrace the path of "green bonds."

After Prince William and Kate Middleton honeymooned in the Seychelles in 2011, the former British colony enjoyed a tourism boom that's made it one of the richest countries in Africa. But with success has come a new challenge for the nation of 90,000 people: High-income countries are no longer eligible for the international aid that helps developing states fight climate change.

And climate change is already a problem for tiny islands around the world. With its dependence on tourism and fishing, the Seychelles has more to lose than ever—from rising sea levels to worsening storms. So this archipelago of 115 islands located 1,000 miles northeast of Madagascar is enlisting private investors in the battle to save itself from global warming.

Seychelles this week issued a first-of-its-kind "blue bond" to benefit its marine resources, the government announced.

The $15 million, 10-year sovereign bond was sold in a private placement to three international investors: Nuveen, Prudential and Calvert Impact Capital. It also included participation from the World Bank and the Prince of Wales. The bond's colorful name is a play on the rapidly growing market for green bonds, or debt issues directed to specific environmental or sustainability goals.

"This is a test case to illustrate the impact that markets can have on the oceans," said Gianfranco Bertozzi, lead financial officer for the World Bank Treasury. "If a country like the Seychelles—which is very far off the radar in the middle of the Indian Ocean—can do this, then this is something others can also do."

The problem Seychelles and other tiny islands are facing is that their tax bases are too small to pay for efforts to save oceans and marine ecosystems. They also can't afford huge interest payments on debt that credit markets might consider risky.

Funding from the Prince of Wales's International Sustainability Unit helped Seychelles start working on the concept of a blue bond in 2014, leading to the issue this week. The World Bank has provided a $5 million guarantee on the bond. Proceeds will fund two major initiatives: $3 million for conservation and climate grants and a $12 million investment fund to be managed by the Development Bank of the Seychelles.

The proceeds from the bond will help pay for marine protection, fishery management and other projects to safeguard the ocean economy the country depends on. Fish and related products make up about 95 % of the total value of Seychelles exports, and the industry employs about 17 % of the population—its second-biggest industry after tourism.

The bond "will greatly assist Seychelles in achieving a transition to sustainable fisheries and safeguarding our oceans," said Vincent Meriton, vice president of the Republic of Seychelles, in a statement.

The investors who purchased the bond said they hoped blue bonds will find success similar to that of their green cousins, which are estimated to reach $200 billion in annual issuance this year. “On one hand it’s a plain vanilla sovereign bond,” Catherine Godschalk, who manages Calvert’s investments team, said of the blue bond. “What’s different is it’s part of a broader program enabling the Seychelles to invest in and create infrastructure, regulatory policies and departments to conserve their natural resources in the ocean.”
The bond pays a 6.5 % coupon. Interest payments are partially being funded by the Global Environment Facility, which reduced the Seychelles’ payment to 2.8 %. (By Emily Chasan, Bloomberg)

Private Equity

S.African pension fund buys majority stake in Africa's biggest cattle firm

South Africa’s state pension fund and a local black investment firm have bought a majority stake in Africa’s biggest cattle company for 5.2 billion rand ($360 million).
The Public Investment Corp. (PIC), Africa’s largest investment fund and the biggest investor in South Africa’s economy, said it had bought a majority share in Karan Beef alongside Pelo Agricultural Ventures, a black-owned agriculture investment firm.
President Cyril Ramaphosa has made the agriculture sector one of his top growth priorities as he seeks to drag the South African economy out of recession.
Ramaphosa’s government also wants to redistribute more of the ownership of the economy into the hands of black South Africans to help redress the racial inequality that still persists 24 years after the end of white-minority rule.
“This is a historic deal ... which will support the much needed transformation in the agricultural sector,” PIC chief executive Daniel Matjila said in a statement.
“We are, particularly, happy that the Karan family has decided to sell part of this important asset to South Africans, ensuring that ownership remains local and in black control.”
Karan Beef, which operates outside Johannesburg, mostly supplies the South African market but also exports. Its abattoir has the capacity to process 2,100 cattle a day.
The PIC’s investments include South African government bonds and bonds issued by state-owned firms.
The fund also has stakes in blue-chip companies across various industries such as Anglo American Platinum, Barclays Africa and Shoprite. ($1 = 14.3806 rand) (By Joe Brock, Reuters)

ENERGY

Mozambique prepares revision of Electricity Law

The ongoing review of the proposed Electricity Law to accelerate universal access to energy by 2030 in Mozambique will be completed in November, a Mozambican official said.
Marcelina Joel, director of the Legal Office of the Ministry of Mineral Resources and Energy, quoted by Mozambican state news agency AIM, said that the proposed law, after the completion of the review process, will be submitted to the Council of Ministers for approval.
The purpose of the review is to bring the Electricity Law into line with the dynamics of the energy sector, including technological developments, the need to stimulate competitiveness, efficiency, sustainability and investment in the sector, with the ultimate goal of accelerating universal access to energy by 2030, in compliance with Sustainable Development Goals.
The draft law consolidates the principles of organisation and operation of the electric power system and the general rules applicable to the exercise of production, transmission, distribution and sale activities, including export and import to provide more citizens with access to electricity.
The legal reform process began in 2011 with the study by the then Ministry of Energy, to identify areas that could be improved in the Electricity Law, which has been in force since 1997.

The reform of the legal framework of the electricity sector is being conducted with the support of the United States Agency for International Development (USAID) through the SPEED+ project, as well as by the Norwegian government. (Macauhub)

Mozambique plans to liberalise production, transmission, distribution and sale of electricity

Mozambique plans to liberalise the production, transmission, distribution and sale of electricity starting in 2019, a representative of the Ministry of Mineral Resources and Energy recently said.

Telma Nkutumula, a lawyer and a representative of the ministry in a debate held in the city of Chimoio, Manica province, said the liberalisation will involve the repeal of current legislation, which recognises the companies Electricidade de Moçambique (EDM) and Hidroeléctrica de Cahora Bassa as the holders of exclusive rights to these activities.

The new measure also opens up space for private investment in the import and export of electricity, electricity consumption and energy services. Mozambican daily newspaper Notícias reported that the publication of the preliminary draft review of the current electricity law is underway across the country. Nkutumula said that "despite the current relevance of Law No. 21/97, of 1 October, in its fundamental aspects teh conclusion was that it was urgent to carry out the review in order to bring it into line with the current context. According to Nkutumula, the initiative aims to promote the efficiency of the electricity sector, in line with the changes and dynamics of the internal, regional and international market, to promote and encourage greater participation of the private sector, including participation in large electricity production and transmission projects, adjusting the law to the new structure of the electricity sector, defining the role of EDM in rural electrification as well as independent energy producers. (Macauhub)

INFRASTRUCTURE

Angola spends US$100 billion on infrastructure between 2002 and 2015

The Angolan government spent about US$100 billion on infrastructure construction between 2002 and 2015, the Economy and Planning minister said on Tuesday in Luanda.

Minister Pedro Luís da Fonseca said that despite the large amount of capital invested in infrastructure, such as roads, railways, bridges, schools and hospitals, this was not enough for the country to be able to rise by several places in the Competitiveness Index.

Referring to the National Development Plan (PND) for 2018-2022, presented on Tuesday in Luanda, to the members of the National Assembly, he said the PND corrects the sustainability of the infrastructures so that the country can improve its position on the index in the near future.

Quoted by the Angop news agency, the minister recalled that the human development index already achieved has allowed Angola to rise to the category of middle income country.

Fonseca stressed, however, that it is necessary to adjust public spending to tax revenue, given the country's financial situation, "to enable Angola to move towards the stability necessary to promote economic growth." (Macauhub)

China lends an additional US$11 billion to Angola

China will open a new US$11 billion credit facility for Angola under an agreement to be signed during President João Lourenço's official visit to China, the Africa Monitor newsletter reported.

The newsletter said that a substantial part of the new oil-backed credit facility is intended to finance 78 development projects, most of which in the infrastructure sector.

The President of Angola, due to visit China on 12 October, was recently in Beijing to attend the third summit of the Forum on China-Africa Cooperation (FOCAC).

The newsletter also reported that the initially accepted possibility of seizing this opportunity to sign the new cooperation agreement was put aside because it was more appropriate to do so as part of an official visit.

To finalise the negotiation of the agreement, a mission headed by Finance Minister Archer Mangueira, including Transport Minister Ricardo de Abreu, will arrive in Beijing a few days before President João Lourenço's visit.
On the sidelines of FOCAC, Minister Archer Mangueira announced that Angola's debt to China amounts to US$23 billion. (Macauhub)

Maputo-Catembe Bridge, in Mozambique, scheduled to open on 10 November
The Maputo-Catembe bridge will be inaugurated on 10 November, said Mozambique's Public Works Minister João Machatine, quoted by Mozambican daily newspaper O País.
The previous date announced for the delivery of the project was in October, with Machatine explaining the postponement due to the fact that it took more time to remove sellers from the Nwakakana market.
The Maputo-Catembe bridge is one of the few major developments to be built after Mozambican independence in June 1975, and is the largest suspension bridge in Africa and one of the 60 largest in the world.
The Empresa de Desenvolvimento Maputo Sul announced that both the Maputo Circular Road and the Maputo-Catembe Bridge will be managed under a public-private partnership, through concession contracts.
In addition to these two major infrastructures, the Mozambican government also intends to grant concessions on the smaller roads that will connect to the Maputo Circular Road.
Construction of both the Circular Road and the Maputo-Catembe Bridge was awarded to the China Road and Bridge Corporation (CBRC) group, with construction starting in September 2012.
The bridge, with a construction cost initially estimated at US$315 million, reached more than US$750 million, an amount granted in the form of loans by the Export Import Bank of China by the end of 2017.
The Circular Road has already cost the Mozambican state more than US$300 million, which was also secured through loans granted by the same Chinese bank. (Macauhub)

Mozambique: Key roads and bridges will be managed by private companies
Mozambique's Minister of Public Works, Joao Machatine, has promised that key roads and bridges will be handed over to private management, in order to ensure that they are sustainable.
Speaking at the opening session of a meeting of the Coordinating Council of his Ministry, in the resort of Chidenguele, in the southern province of Gaza, Machatine said that, of the 30,000 kilometres of roads in the country, only 7,000 are tarred. The annual cost of road maintenance is 45 billion meticais (about 750 million dollars).
To lighten the burden on the state, Machatione promised that key roads will be handed to private management – which means that motorists will have to pay tolls to use them.
He is not the first minister to make this promise – indeed, year after year, minister after minster, the public works sector has solemnly declared that motorists must pay for the upkeep of the roads they use.
Yet even today, driving on most Mozambican trunk roads is free of charge. The main exception is the motorway from Maputo to South Africa, operated by the South African company Trans-Africa Concessions (TRAC), where there are two toll gates, at Maputo and Moamba.
Even the new Maputo Ring Road is free. There were supposed to be five toll gates on the Ring Road, but so far not one has been built.
Machatine has pledged to end this and make motorists pay for the roads. Cited by the independent television station STV, he promised public tenders through which the management of key roads and bridges will be allocated to private companies.
The roads concerned are, initially, the Maputo Ring Road, the bridge over the Bay of Maputo (which has not yet opened to traffic), the roads from Maputo to Swaziland, from Marracuene to Xai-Xai, from Beira to Zimbabwe, and from Nampula to the port of Nacala.

Precisely because there have never been any toll gates on the main north-south highway (EN1), parts of this key road are in a shocking state, and the government has to raise the money to fix them. Machatine said that while funds are being raised for a full rehabilitation of EN1, the government is intervening to guarantee emergency repairs on the worst stretches.
As for water supply, Machatine said that 54.5 per cent of the population have access to clean drinking water, an improvement from 49 per cent when the current government took office in 2015. The government's target is to raise the figure to 60 per cent by the end of its five year term of office. (Club of Mozambique)

Ethiopia announces $7 bln in new road, power public-private projects
Ethiopia announced $7 billion worth of new road and power supply projects, according to the state-affiliated Fana news agency.
The government's Public-Private Partnerships Office said the three road and 13 power projects would be launched this fiscal year, after the tendering processes were completed, Fana reported.
Ethiopia - which has recorded the highest economic growth rate in sub-Saharan Africa for years - has invested heavily in state-led infrastructure projects, drawing on foreign borrowing and its own foreign exchange reserves.
But there have been signs that China, a major creditor, is slowing financing to Addis Ababa as doubts grow over the profitability of some infrastructure projects there. (By George Obulutsa, Reuters)

Mozambique: Port of Beira to double cargo handling to 700,000 tonnes per year
The port of Beira, central Mozambique, is going to double the containerised cargo handling to 700,000 tonnes for the neighbouring countries that use the infrastructure, the concessionaire, Cornelder said.
The commercial manager, Jan de Vries, quoted by Mozambique's public channel TVM, said that the increase results from the 15-year extension of the agreement between the port's concessionaire and the government.
The company is also to double the general cargo handling capacity to 4.5 million tonnes.
In September, the government decided to extend the concession for 15 years to allow it to make additional investments of around US$ 290 million (€254 million) for the development of that infrastructure.
The concession contract was signed in 1998 and expires in 2038, after the extension.
Mozambican ports, mainly from central and northern Mozambique, are used by Zimbabwe, Zambia and Malawi for their international trade. (Club of Mozambique)

MINING

Vedanta says will invest $700-$800 mln in South Africa smelter
Diversified miner Vedanta is investing up to $800 million in a zinc smelter in South Africa, the head of its zinc unit Deshnee Naidoo said at an investment summit in Johannesburg.
Andile Sangqu, executive head of Anglo American South Africa, added at the same summit that his firm would invest 71.5 billion rand ($4.88 billion) in South Africa over the next five years.
($1 = 14.6400 rand) (By Ed Stoddard and Alexander Winning, Reuters)

Chinese company starts heavy sands exploration in Mozambique
The launch of the Chibuto heavy sand exploration project is set to move ahead and its impact will radically change the quality of life of the population, the director of Mineral Resources and Energy of the Mozambican province of Gaza.

Castro Elias also told Mozambican state news agency AIM that Chinese company Dingsheng Minerals has already installed a sand processing plant with the capacity to process 10,000 tonnes of material a day.
He added that the Chinese company is currently preparing to install nine more platforms by mid-2019 to allow for the daily processing of 100,000 tonnes of sand.
The agency also reported that studies are underway to determine how best to distribute the ore extracted from the sands, and the construction of a port in the Chongoene region, about 15 kilometres from the city of Xai-Xai, the provincial capital of Gaza.
The initial project envisaged the construction of a railway line from Chibuto to Lionde in the Chókwè district from where the ore would be disposed of at the Matola terminal in Maputo province.
The source said that following more in-depth studies, the conclusion was that the construction of a port at Chongoene was more feasible, and the process is moving ahead in order to secure space for setting up that project at a very advanced stage.
The Chibuto heavy sands project will initially occupy an area of 10,000 hectares that in the future, depending on the growth of the project, could extend to another 15,000 hectares. (Macauhub)

OIL & GAS

Oil companies BP and Kosmos start environmental studies in São Tomé and Príncipe

The consortium made up of BP Exploration Operating and US company Kosmos Energy has begun environmental impact studies in the São Tomé and Príncipe sea to explore oil in the archipelago's exclusive economic zone, the consortium's representative said.
The work, which started three days ago, in addition to oil company technicians also involves members of several non-governmental organisations from São Tomé and abroad as well as artisanal fishermen, who are the focus of an awareness campaign promoted by BP Exploration Operating and Kosmos Energy, said Daniel Nz Shirmonth.
The environmental studies are the result of two oil block prospecting contracts established last March between the BP Exploration Operating/Kosmos Energy consortium and the São Tomé and Príncipe National Oil Agency.
The contracts, which are valid for 28 years with the first eight being for seismic surveys and the remaining 20 for development and production, give the BP group the status of operator of blocks 10 and 13, with the State of São Tomé and Príncipe taking a 15% stake in each of them.
Block 10 has an average depth of 2,500 metres and an area of 6,839.6 square kilometres, while block 13 has an average depth of 3,000 metres and covers an area of 6,776.9 square kilometres.
In addition to the exclusive economic exploration zone, São Tomé and Príncipe also has another joint operation with Nigeria, under a treaty that grants 60% of revenues to the Nigerian state and 40% to the archipelago. (Macauhub)

Indian group invests in natural gas project in Mozambique

Indian state group Bharat Petroleum Corporation Ltd (BPCL) is set to invest US$800 million in a natural gas project in Mozambique in which it owns a 10% stake, a group official said.
A director of the group told the BusinessLine supplement of Indian newspaper the Hindu that the amount to be invested is based on the investments needed to develop the project being estimated at about US$20 billion. “We estimate that a share between 33% and 37% of this amount is represented by capital and the remainder by debt, so our share of 10% will require an estimated capital investment of the said US$800 million,” the director said.
The source also said that the final investment decision is expected to be made in the first or second half of 2019, and that the consortium is now at an advanced stage of negotiations with several buyers, including the Indian group itself, to ensure the sale of 9 million tonnes of gas per year.

"These negotiations are expected to be completed by the end of the year or early 2019," the source said.
The consortium that explores the Area 1 block includes Anadarko Moçambique Area 1, Ltd, a wholly-owned subsidiary of the Anadarko Petroleum group, with a 26.5% stake, ENH Rovuma Area Um, a subsidiary of state-owned Empresa Nacional de Hidrocarbonetos, 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%). (Macauhub)

Bidvest tank terminals and Petredec unveil construction of $70 mln LPG site
South Africa's Bidvest Tank Terminals (BTT), a unit of Bidvest Group, and liquefied petroleum gas (LPG) firm Petredec launched the construction of a 1 billion rand ($70 million) LPG import and storage facility in Richards Bay, north of Durban.
The 22,600 tonne facility will significantly increase the supply of LPG to Africa's most industrialised economy and allow for exports of the fuel to neighbouring countries, the companies said in a joint statement.
Although LPG is preferable to paraffin or wood as fuel for heating and cooking, the South African per capita usage of LPG is lower than in many equivalent economies as a result of constrained domestic supply and a lack of sufficient import and storage capacity.
The lack of sufficient storage facilities in the country has meant that Petredec's ships, which trade, transport, store and distribute LPG to industrial, commercial and domestic users, have had to park outside the harbour for months, while incurring costs, the firm's Director Lee Furby told Reuters. "There will be huge efficiencies when this terminal opens, not only for us but also for the end users," Furby said. Petredec supplies most of South Africa's imported LPG.
The country uses about 400,000 tonnes of LPG annually. The facility is expected to increase this by 200,000 tonnes a year. "An increased LPG supply will result in the fuel becoming a significant alternative to South Africa's current energy supply, with little additional infrastructure required," BTT's Managing Director David Leisegang said.
The four 5,650 tonne tanks that have a concrete case surrounding the cylinder will be made in China, and are expected to be completed in April. The facility will be operational in 2020.
South Africa is diversifying its energy mix and reducing reliance on coal, which accounts for over 85 % of its power.
According to the Competition Commission, industrial or commercial users of LPG in South Africa account for approximately 85 % of consumption, while domestic or household users consume the remaining 15 %. ($1 = 14.5051 rand) (By James Macharia and Alexandra Hudson, Reuters)

Entry into the gas sector requires sovereign guarantee from Mozambique
The two-billion-dollar sovereign guarantee that Mozambique will issue to enter the gas business will have a five-year deadline, said the country's deputy minister of Energy and Mineral Resources.
This is a sovereign guarantee that is different, in every respect, from the state backing provided in the hidden debt case, added Sousa in an interview with Portuguese news agency Lusa. "These are totally different things, as this is very well studied and we have to find a way to explain it publicly," said the deputy minister, admitting that whenever there is talk of sovereign guarantees there is "panic" among the Mozambican population . This is because the country is still unaware of what happened to US$2 billion in loans taken on using government guarantees, without informing either the country's parliament or its international partners, in 2013 and 2014 in what became known as the hidden debt scandal.
This time, the guarantee will be under the scrutiny of all parties involved and has a limited scope, said Sousa. The guarantee involves state oil and gas company Empresa Nacional de Hidrocarbonetos (ENH) taking a stake in the consortia that will explore the country's natural gas deposits.

In the case of the consortium that will operate Area 4, starting in 2022, the partners will "finance the ENH share" worth about US$500 million – that is, its share in the company, led by ENI and ExxonMobil.
In relation to Area 1, whose consortium is led by Anadarko Petroleum, each partner has to fund its own stake, with ENH responsible for providing investment of US$2 billion.
Sousa said that, unlike the other partners, ENH does not have guarantees, and that in this case the Mozambican State must take on the role of guarantor, issuing a guarantee of US$2 billion valid for five years. This guarantee is stipulated in the government's draft of the 2019 State Budget, which will be discussed by the end of the year by the Mozambican parliament. (Macauhub)

India's Bharat Petroleum to invest $800-m equity in Mozambique LNG project
State-run Bharat Petroleum Corporation Ltd (BPCL) will invest as much as $800 million as equity in a liquefied natural gas (LNG) project in Mozambique where it holds a 10 per cent stake, as the project moves closer to the final investment decision (FID) stage. This will be BPCL's largest investment in an upstream project overseas.
The Maharatna PSU paid $703 million ($800 million is over and above this) to buy the 10 per cent participating interest in the Rovuma Offshore Area 1 concession in the Cabo Delgado province in northern Mozambique where about 75 trillion cubic feet of natural gas was discovered, positioning it as a strategic global LNG supplier.
Anadarko Petroleum Corporation, USA is the main operator of the gas field with a 26.5 per cent participating interest. The Area 1 consortium is developing an initial onshore LNG project consisting of two LNG trains with total nameplate capacity of 12.88 million tonnes per annum (mtpa).
To reach the FID stage, three major milestones have to be achieved. First, is to have a reasonably stable and robust contractual and fiscal framework with the Mozambique government. Second, the consortium has to sign long-term LNG sale and purchase agreements (SPA) for at least 9 mtpa to facilitate debt for the project and the third is the funding for the project.
The partnership has concluded the legal and contractual framework with the signing of the marine concession agreements with the Mozambique government. It has signed long-term SPAs for 1.2 mtpa of LNG and is in advanced negotiations with several buyers, including BPCL, to secure the remaining volume of 9 mtpa to reach FID.
Currently, the partners are discussing the terms and conditions of project funding which will largely depend on the quantity and rate at which the gas is sold. The entire 9 mtpa is expected to be tied-up by the end of the year or early next year.
"Assuming that the project cost is going to be somewhere around $20 billion, we are anticipating that 33-37 per cent will be equity and the balance would be debt. Once, that is finalised, we are good to reach the FID stage. We are hoping that the FID will happen sometime next year in the first half or second half," a BPCL executive said.
Out of the $20-billion project cost, BPCL will have to contribute equity of some $800 million as its share of the 10 per cent participating interest when the FID is closed, he said.
Bharat PetroResources Ltd, the upstream unit of BPCL, holds participating interest in 12 oil and gas blocks overseas in Russia, Brazil, Mozambique, UAE, Indonesia, Australia, Israel and Timor Leste.
BPCL said it did not pay any "premium" to acquire the 10 per cent participating interest in the Mozambique LNG project. "We got in at the ground level and hence did not pay any premium for picking up the 10 per cent interest," the executive said. (Club of Mozambique)

LNG plant to employ 5,000 Mozambicans in north of the country
Construction of the plant that will process the liquefied natural gas (LNG) to be extracted from northern Mozambique will employ 5,000 Mozambicans, oil company Anadarko said. "About five thousand Mozambicans are going to work during the construction phase of the liquefied natural gas plant and we expect to spend about US$2.5 billion in construction," it added in a statement.

The factory is being built in the far north of the country, on the Afungi peninsula in the province of Cabo Delgado, some 2,500 kilometres from the capital Maputo on the border with Tanzania.
The consortium led by Anadarko is carrying out preparatory work in the field pending the final investment decision in 2019. “The project has already contracted goods and services estimated at US$850 million (EUR 744 million) over the last five years,” the note adds.
Anadarko is also developing a programme to support the certification of Mozambican companies to international standards and to implement a code of practice and a supplier registration system for the oil and gas industry in Mozambique.
The announcements were made after the company delivered 2.2 tons of seeds and 14 tons of fertiliser to about 800 farmers in the province of Cabo Delgado at the start of the new agricultural campaign.
The agricultural production of families in Cabo Delgado, especially the self-employed, has been under pressure due to armed attacks on remote villages in the region, which have been occurring for about a year.
The wave of violence has caused many residents to leave their properties, taking refuge in villages.
A late-September report from the Hunger Network’s Early Warning System (FEWS Net) seen by Lusa concludes that, instead of a “minimal risk” food security situation, the areas affected by the attacks are now exhibiting “stress”.
On a food insecurity scale from 01 to 05 (from minimal risk to hunger), the network places the coastal zone of Cabo Delgado at Level Two, but if the attacks continue “there may be signs of Level Three (crisis)”. (Lusa- Club of Mozambique)

Angola launches auction for oil prospecting blocks in 2019

The Angolan government plans to auction new blocks for oil prospecting in 2019, announced the Minister of Mineral Resources and Oil, Diamantino Azevedo.
The minister, quoted by the Angop news agency, said the blocks to be auctioned are both onshore and offshore, and the onshore ones will be in the Congo, Namibe and Cunene river basins.
At a press conference to discuss the sector’s main strategies for the coming years, Diamantino Azevedo warned, however, that the results of these bids could take up to seven years to be visible.
The minister also said the Ministry of Finance will privatise 54 subsidiary companies of Angolan state oil company Sonangol that are not part of its core business.
The oil company has about 29 companies in the Special Economic Zone (SEZ) and other businesses inside and outside the country, some of which, the minister said, were nothing but a source of losses for the company.
In addition to this step for the privatisation of the subsidiaries, the Mineral Resources and Oil sector also intends to sell part of the company’s capital to private investors.
“The privatisation initiatives,” according to Diamantino Azevedo, are part of the company’s regeneration plan, which is being finalised.” (Macauhub)

Petrobras Is Close to Selling Africa Stake to Vitol

- Deal values the African business stake at about $1.5 billion
- BTG and Helios will retain their share in the operations

Petroleo Brasileiro SA is close to announcing a sale of its stake in an African oil and gas exploration business to a group of investors led by Vitol Group, people familiar with the matter said.
The state-run oil company’s partners in the African operations, Brazil’s Banco BTG Pactual and the U.K.’s Helios Investment Partners, have decided to keep their share of the business, the people said, asking not to be identified because the discussions are private. The deal will value Petrobras’s stake at about $1.5 billion and may be announced in the next month, they said.

No final decision has been made and discussions may still fall apart, the people said. Representatives for Petrobras, Geneva-based Vitol, BTG and Helios Investment declined to comment.
Petrobras had added the venture to its divestment portfolio in May 2017. The oil company is working to offload $21 billion in assets by the end of the year after its debt rose above $100 billion in 2017. In December, Petrobras agreed to sell a stake in a Brazilian oil field to Norway's Equinor ASA that's valued at as much as $2.9 billion. The company's also planning to exit its 4,500-kilometer (2,800-mile) natural-gas pipeline system for as much as $9 billion, people familiar with the matter said this month.
Petrobras and its two partners had previously considered selling their stakes together, valuing the African oil and gas exploration operations at about $3 billion, people familiar with the matter said last year.
The gain in Brent crude oil prices since the start of the year has given the producer room to cut debt even if the divestment target isn't met. Petrobras has sold less than a third of its target so far.
BTG entered into the venture with Petrobras in 2013, paying $1.5 billion for a 50 % stake. Africa-focused investment firm Helios joined BTG in the venture soon after. The African operations came under scrutiny in 2016 after a Brazilian senator said in a plea-bargain deal that BTG underpaid for its 50 % share, which consultants had valued at $2.7 billion. BTG said its offer was the highest in an auction in which 14 other players were invited to participate. (By Dinesh Nair , Ruth David , and Javier Blas, Bloomberg)

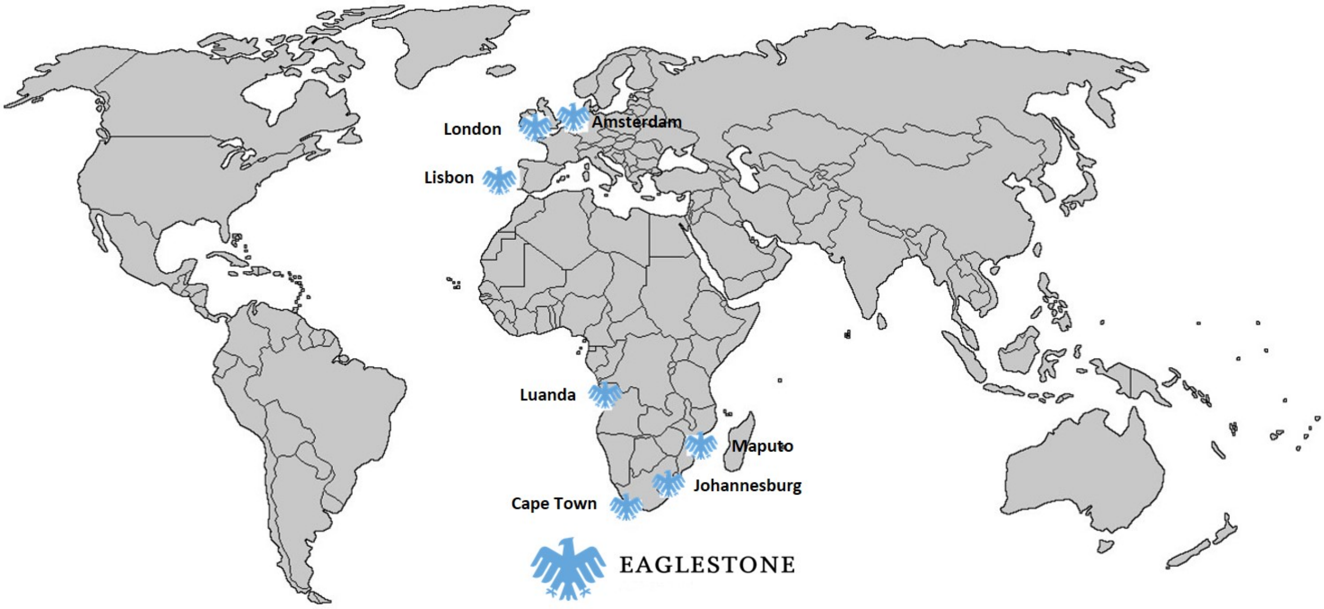
AGRIBUSINESS

Two new cashew processing units open in Mozambique

Mozambique will have 17 cashew processing plants with the start-up of two new units, according to the director of the Cashew Development Institute (Incaju). Ilídio Bande told Mozambican daily newspaper Notícias in Maputo that there are 15 factories in operation, which together have the capacity to process 80,000 tons of cashews per year. However, he continued, the 15 units are processing only between 48,000 and 50,000 tons per year. The two factories under construction in the Macia, Gaza and Massinga districts of Inhambane will add capacity to process 10,000 tons of cashew per year, with one owned by Mozambican and Portuguese investors and the other by Vietnamese investors. Cashew nut production in Mozambique in 2017 was around 130,000 tons, but the great challenge is to reach about 180,000 tons by 2020, when it is believed that the country can process at least half of that. (Macauhub)

France plans to support family farming in Angola

The government of France is expected to provide 200 million euros from 2019 to support several family farming projects in seven provinces of Angola, the French ambassador to Angola said in Ndalatando. Sylvain Itté, speaking on a visit to the province of Kwanza Norte, explained that the funds will be made available by the French Development Agency and woul focus on financing family farming projects and promoting agro-industry. The ambassador, quoted by Angolan state news agency Angop, said that a mission of French technicians is due to arrive in Angola next week to assess the criteria for implementing the project and identify the regions to be considered. To increase cooperation, he said, the French Minister of Agriculture also has a visit scheduled to Angola in November, in order to reach agreement with the Angolan government as part of the framework of the adoption of bilateral cooperation strategies in the agricultural sector. Along with agriculture, France also cooperates with Angola in the areas of vocational training, higher education and agri-food, and has active partnerships in the private sector. During his visit to Kwanza Norte, the ambassador visited some local projects funded by his government, especially the local Eiffel network school, where he learned about its operation and held a meeting with students and school officials. (Macauhub)



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Disclosures

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

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

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

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

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