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In-depth:

African Economic Outlook 2019: Africa growth prospects remain steady, industry should lead growth

'The state of the continent is good. Africa's general economic performance continues to improve, but it remains insufficient to address the structural challenges," A. Adesina

Five policy actions could raise Africa's total gains to 4.5 % of its GDP, or $134 billion a year

Africa's general economic performance continues to recover and GDP growth is projected to accelerate to 4.0 % in 2019 and 4.1 % in 2020. But improved macroeconomic and employment outcomes require industry to lead growth, according to the 2019 African Economic Outlook report, launched today by the African Development Bank. Published annually since 2003, the African Development Bank's flagship report provides headline numbers on Africa's economic performance and outlook.

The focus of the 2019 report on regional integration for Africa's economic prosperity, highlights integration for trade and economic cooperation and the delivery of regional public goods.

In opening remarks to diplomats, government officials, policy makers and students gathered at the Bank's Babacar Ndiaye auditorium in Abidjan, Cote d'Ivoire, Senior Vice President Charles Boamah said even though the report presents daunting challenges, "Africa has the means to overcome them by joining hands together and removing barriers to integration and drivers of migration." Guest speakers included Kanny Diallo, Minister of Planning and International Cooperation for the Republic of Guinea and Alma Oumarou, Minister and Special Advisor to the African Union Champion for Regional Integration.

The 2019 African Economic Outlook report analyses gains of regional public goods, including synchronizing financial governance frameworks, opening regional aviation to competition, and facilitating the free movements of people, goods, and services through open borders.

Highlights:

The 2019 report focuses on three key areas - Africa's macroeconomic performance and prospects; Jobs, growth, and firm dynamism and Integration for Africa's economic prosperity.

The Bank's Director of Macroeconomic Policy Forecasting and Research Department, Hanan Morsy, provided participants with the report's "storyline" and noted that in spite of a rising national debt across Africa, "there is no systemic risk of debt crisis."

At the current rate of labor force growth, Africa needs to create about 12 million new jobs every year to prevent unemployment from rising. The report states that a "concerted industrialization effort that builds on countries' comparative advantage," is required.

"Manufacturing-driven growth has the highest impact on job creation," Morsy said.

At the core of African integration, the African Economic Outlook suggests that "a borderless Africa" is one of the key foundations of a competitive continental market that could serve as a global business center."

The Continental Free Trade Agreement (CFTA), signed in March 2018 by 44 African countries, offers substantial gains for all African countries the report says, citing new data and analytics.

"To develop cross-border supply chains, improving customs management and adopting simple and transparent rules of origin, are essential," the report notes.

Significantly, the report identifies five key trade policy actions that could potentially bring Africa's total gains to 4.5 % of its GDP, or U$134 billion a year:

- - eliminating all applied bilateral tariffs in Africa;
- - keeping rules of origin simple, flexible, and transparent;
- - removing all nontariff barriers on goods and services;
- - implementing the World Trade Organization's Trade Facilitation Agreement to reduce cross border time and transaction costs tied to nontariff measures and ;
- - negotiating with other developing countries to reduce their tariffs and nontariff barriers, by 50%.

The African Economic Outlook bridges a significant knowledge gap with respect to African economies through regular, rigorous, and comparative analysis.
It also provides relevant and essential reference material on Africa's economic development, for researchers, investors, civil society organisations, and development partners. A full set of updated growth projections will be released in May 2019, ahead of the Bank's Annual Meetings in Malabo, Equatorial Guinea. (AFDB)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Mainstreaming resilience and financing for sustainable and inclusive urban development in Africa

In Africa, as elsewhere, urbanized locations exert pressure on already vulnerable populations impacted by lack of access to potable water supply, sanitation and waste management, energy supply, transport infrastructure and services. With nearly 90 % of global population growth occurring in Asian or African cities, the goal of improving the quality of life for the people of Africa will only be achieved by mainstreaming resilience and effective financing mechanisms into the continent's urban development agenda.
This was the key message of expert deliberations at events hosted by the African Development Bank and its partners during the United Nations Climate Change Conference held this December in Katowice, Poland.
During one of the sessions themed "Resilient pathways for sustainable urban development in Africa", Ede Ijjasz-Vasquez, the World Bank's Senior Director for Social, Urban, Rural and Resilience Global Practice said African cities with annual population growth rates exceeding 4 % were particularly in need of resilience and financial support. He observed that: "Many African cities have realized the importance of sustainable development, economic prosperity, and quality of life for their urban populations."
In Africa, as elsewhere, urbanized locations exert pressure on already vulnerable populations impacted by lack of access to potable water supply, sanitation and waste management, energy supply, transport infrastructure and services, healthy and hygienic living conditions and climate hazards. Adequate mechanisms therefore need to be put in place to tackle the negative fallouts of these challenges.
According to the United Nations, cities are hotspots for global emissions and climate vulnerability. They are also responsible for two-thirds of the world's overall energy consumption and an estimated 70 % of all greenhouse gas emissions.
Already, with the highest urbanization rates on the planet, Africa's urbanization rate is projected to accelerate in the coming decades, with the current 1.1 billion population doubling over the next 30 years. More than 80 % of the increase will occur in Africa's cities.
Inadequate city planning, inefficient land use, and poor regulatory systems have created an unsustainable model of urban growth that has resulted in unmanaged sprawling, fragmented and hyper-informal cities and all forms of pollution. "This scenario usually takes a toll on forests and other natural ecosystems," Ijjasz-Vasquez remarked. "The potential consequences of climate change such as the rise in sea levels and unpredictable weather patterns will increasingly strain the capacities of Africa's urban systems and heighten their vulnerability," said Anthony Nyong, Director of Climate Change and Green Growth at the African Development Bank. "Urban environments are expanding rapidly across Africa, for example in places like Egypt and along the coast of West Africa. Placing our attention on resilient urban planning, we can ensure we will reach the UN 2030 [development] goals, we can ensure an inclusive, resilient and sustainable urban environment. And we can improve our resilience to climate changes," Nyong said.
Integrated urban planning is urgently required, Nyong further remarked, noting that African cities need effective planning and financing strategies to realign their growth trajectories onto a more sustainable, resilient, and inclusive path administrators now have an opportunity.

The African Development Bank, Africa's foremost development finance institution is in the driving seat of continental efforts to stem the effect of climate change on the continent, ensuring a developmental path that is sustainable and resilient to various shocks while ensuring the highest possible quality of life for current and future citizens of the continent.
As part of efforts to identify and implement sustainable models of urban growth in Africa, the Bank is involved in the Global Platform for Sustainable Cities (GPSC) initiative, launched in 2016 by the Global Environment Facility (GEF) to bring global environmental benefits to cities. The GPSC promotes sustainable urban development through three pillars, namely, sustainability indicators and tools; integrated urban planning solutions; and municipal finance.
Implementing agencies of the GPSC include the United Nations Environment Programme (UNEP), the Development Bank of Southern Africa (DBSA), the United Nations Development Programme (UNDP), the African Development Bank, Asian Development Bank, Inter-American Development Bank (IDB), and the United Nations Industrial Development Organization (UNIDO).

African Development Bank to raise over US$7 billion from capital markets for investment in African economies in 2019

Bank continues to build its profile in the capital markets for cost-effective resources to finance projects and programs in Regional Member Countries
The African Development Bank's Board has approved the institution's 2019 borrowing program to the tune of US$7.24 billion from capital markets.
The Bank accesses a wide array of capital markets with the majority of its borrowing in US dollars and Euros as well as issuances in other public markets such as Australian dollars and Pound sterling.
Africa's premier Development finance institution maintains an active presence in the socially responsible investment arena and continues to be a regular issue of Green and Social Bonds. These products serve to satisfy increasing demand for impact investment but also allow the Bank to highlight its development mandate and promote sustainable and inclusive growth.
The Institution has also used its 'High 5' operational priorities as a platform to continue the issuance of theme bonds. These include an inaugural 'Integrate Africa' bond, a 'Feed Africa' bond awarded Asia Pacific Deal of the Year by mtn-i, more than forty 'Improve the Quality of the Life for the People of Africa' bonds, and two taps of its 'Light Up and Power Africa' bond.
The Bank is keen to innovate and diversify its product range and, as the financial markets continue to look to a future after Libor, was able to combine innovation with its social responsibility program and issue the first ever Green SOFR-linked bond, in November.
The African Development Bank will continue to promote the development of African Capital markets with the issue of local currency denominated debt to facilitate the financing of its local currency operations, alongside other initiatives.
"We continue to raise our profile in the capital markets to provide cost-effective resources to finance projects and programs on the African continent. We have a strong track record, a diversified funding profile, investors across the world and the benefits of a AAA rating to strongly support the African Development Bank mandate," the Bank's Treasurer, Hassatou N'Sele said.
The African Development Bank is rated triple-A by all the major international rating agencies and enjoys several solid ESG (Environmental Social and Governance) ratings.
In 2017, the Bank disbursed US$7.51 billion to finance projects and programs in its Regional Member Countries, exceeding its target for non-sovereign operations by 56%.

World Bank Group and Germany Announce Enhanced Collaboration on Africa Development Projects

The World Bank Group and the German Federal Ministry for Economic Cooperation and Development (BMZ) today announced a deeper partnership for economic development in six countries in Africa. BMZ will provide significant additional financial support through the

partnership, which will harness World Bank Group expertise on the ground in order to catalyze investment, job creation and sustainable economic growth.
The partnership flows from a Joint Declaration of Intent between BMZ and the Bank Group signed at an Africa Investment Summit in Berlin on October 30, 2018. It sets out parameters for joint action in Morocco and Tunisia in North Africa, and Côte d'Ivoire, Ethiopia, Ghana, and Senegal in Sub-Saharan Africa. The countries will benefit from joint financial support for technical assistance, development policy operations and other reform programs provided by the World Bank Group.
Included in the partnership is a time frame for joint missions to the six countries and guidance for potential reforms to increase private capital inflows and job creation. The sectors covered include renewable energy, power grid modernization, jobs and skills training, investment policy and land reform, and development of the automotive sector.
"Millions of young people will be entering the job market in Africa in the years ahead," said **World Bank Chief Executive Officer, Kristalina Georgieva**. "Good policy reforms pay off by creating a dynamic business environment that can unleash the potential of the private sector. We are pleased to be working with the Government of Germany to step up our joint engagement on this important agenda." "Germany wants to see more investments and jobs in Africa and has identified reform countries under the G20 Compact with Africa Initiative," said **State Secretary in the German Ministry for Economic Cooperation and Development, Martin Jäger**. "To make this happen we will forge a new type of partnership with the World Bank Group. In order to achieve quick and tangible results, we will work with the World Bank Group in a much more integrated way – regularly aligning our engagements with regard to policy reforms and concrete investments as well as technical assistance."
The six countries have been selected by BMZ are participants in the G20 Compact with Africa, an initiative that was launched in 2017 under the German G20 Presidency. The Compact with Africa brings together G20 members with 12 countries in Africa, with the support of the World Bank Group, International Monetary Fund, and African Development Bank.

Mozambique and Democratic Republic of Congo Sign Landmark Deals with World Bank to Cut Carbon Emissions and Reduce Deforestation

Mozambique and Democratic Republic of Congo (DRC) -— two African countries with globally significant forest resources – have signed landmark agreements with the World Bank that reward community efforts to reduce carbon emissions by tackling deforestation and forest degradation.
Mozambique signed an Emission Reductions Payment Agreement (ERPA) on February 1, unlocking performance-based payments of up to US$50 million for the country. DRC's ERPA was signed late last year, paving the way for future payments of up to $55 million for verified emission reductions. The payments will come from the Carbon Fund of the Forest Carbon Partnership Facility (FCPF), a global partnership housed at the World Bank.
"Avoiding deforestation and restoring our forests are essential to a safer, climate-resilient and more prosperous future for communities around the world. These payment agreements are game changers as they provide financial incentives for communities to manage their forests sustainably," says Laura Tuck, Vice President for Sustainable Development, World Bank.
About 43 % of Mozambique's overall territory is covered by natural forests (34 million hectares) that have been severely degraded over the years. Mozambique's Zambézia Integrated Landscape Management Program is seeking to reduce deforestation and forest degradation, while at the same time improve the lives of rural populations in nine districts of the Province of Zambézia. The program will provide results-based payments for emission reductions, with the goal of reducing 10 million tons of carbon emissions by 2024.
In addition to emission reductions, these programs are also expected to contribute to livelihoods, including economic opportunities in climate-smart land use, as well as conservation of biodiversity and ecosystems.

"This agreement marks a significant step forward in Mozambique's efforts to tackle climate change. Mozambique is committed to playing an active role and pursuing strong global action on reducing emissions from deforestation and forest degradation. The World Bank and FCPF played an instrumental role in brokering and securing this deal," says Celso Correia, Mozambique's Minister of Land, Environment and Rural Development.

Mozambique and the DRC are the first of 19 countries in the FCPF Carbon Fund to sign such payment arrangements. Over the next year, the other Carbon Fund countries are expected to sign similar deals which will run through 2024.

The DRC is home to the world's second largest tropical rain forest, which serves as a carbon sink and important buffer to fight climate change. More than 300,000 hectares were lost between 2010 and 2015 and international efforts are needed to address deforestation and forest degradation.

"Forest communities are the real winners here. This agreement will allow the DRC to secure long-term public and private finance to provide alternatives to deforestation and reward efforts to mitigate climate change, reduce poverty, and manage natural resources sustainably. It is a major step towards implementing the country's green development vision and contributes to the Paris Agreement and the Sustainable Development Goals," says Yav Mulang, Democratic Republic of Congo's Minister of Finance.

The DRC has been working with the World Bank and partners since 2010 to develop the Mai-Ndombe Emission Reductions Program. This program has already established over 13,000 hectares of forest "exclosures" (areas where animals are not allowed to graze), and close to 4,000 hectares of acacia plantations, improved the livelihoods of very poor farmers, and reduced slash-and-burn agricultural practices that cause deforestation and carbon emissions.

Kazungula Bridge to link, open up markets in eight African countries

The bridge and one-stop-border-post facilities between Zambia and Botswana will enhance regional trade, integration and spur global competitiveness

Scenes of traders, travelers, fishermen and women crossing the Zambezi river on floating planks, ferries, rickshaw boats, and canoes will soon come to an end. In just 24 months, travelling between the water-rich but land-locked Zambia and Botswana will get easier, smoother and faster, when the new road and rail bridge, currently under construction across the waters of the Zambezi, is commissioned for public use.

The 923-metre-long by 18.5-metre-wide masterpiece will link the town of Kazungula in Zambia with Botswana. Its location traverses the intersection of the Zambezi and Chobe rivers. At this point, four countries - Botswana, Namibia, Zambia and Zimbabwe – meet.

The Kazungula Bridge Project will have a single-line railway track, pavement for pedestrians and international border facilities: two One-Stop Border Posts, located on Botswanan and Zambian territory. When completed, the bridge will be connected to the Mosetse-Kazungula Railway.

The project was one of several projects showcased by officials of the Kazungula Bridge Project Office during the 2018 Programme for Infrastructure Development in Africa (PIDA) Week.

Seeing is believing. Consequently, the conveners of the annual infrastructure summit, the African Union Commission, NEPAD and the African Development Bank, scheduled a trip to the site of the project as part of the week-long PIDA Week, held from 26-29 November 2018.

"It is obvious that once completed, the Kazungula Bridge Project will actually bridge the regional divide," Mamady Souare, Manager for Regional Integration Operations at the Bank told the 110 participants and reporters who made the trip from Victoria Falls to Kazungula.

"The project will transform the dynamics of transportation in surrounding communities, counties and cities, boosting road travel and the ease of doing business within the Southern African Development Community, the East African Community and the Common Market for Eastern and Southern Africa," Souare further remarked.

The development has been facilitated by a tripartite arrangement between Botswana, Zambia and Zimbabwe on the North-South Corridor within the Southern Africa Development Community

(SADC) region and is part of a corridor-long infrastructure improvement programme, to enhance regional trade and integration.
Following feasibility studies and funding approval for the nearly $260 million project by the board of the African Development Bank in 2011, construction began in 2014, after the governments of Zambia and Botswana announced a deal to build a bridge, replacing the existing Kazungula ferry service. The principal financiers of the project include the governments of Zambia and Botswana, the African Development Bank, the EU-Africa Infrastructure Trust Fund grant and the Japan International Cooperation Agency.
Zimbabwe was brought on board the project as a stakeholder in March 2018, after Presidents Emmerson Mnangagwa of Zimbabwe, Ian Khama of Botswana and Edgar Lungu of Zambia jointly inspected the progress of the multi-million-dollar project.
Also addressing media in Kazungula, Ibrahim Mayaki, Chief Executive Officer, NEPAD Agency said: “Progress is not only visible on the Kazungula Bridge Project, but this project is proof of the consensus and focus on infrastructure development amongst regional and continental stakeholders and credit must be given to PIDA for this…”
As of October 2018, the project had created about 1,485 new jobs including employment for 118 women.
From a policy perspective, the Kazungula Bridge Project leverages the African Development Bank’s Industrialization Strategy for Africa (2016 - 2025). It also aligns with several programs and strategies put in place by regional and continental bodies to improve infrastructure as an anchor for sustainable transformation. These include: the SADC Regional Infrastructure Development Master Plan; the Revised SADC Regional Indicative Strategic Development Plan 2015 - 2020; the Tripartite Trade and Transport Facilitation Programme; the New Partnership for Africa’s Development (NEPAD) Short-Term Action Plan, and PIDA.
As the first wave of vehicles and pedestrians begin to use the new bridge, the regional economy will receive a much-needed boost through increased traffic throughout the North-South Corridor, a key trade route linking the port of Durban in South Africa to Botswana, Zambia, Zimbabwe, Malawi, Mozambique, DR Congo, and up to Dar-es-Salaam in Tanzania.
The facility will effectively serve as a gateway for goods from landlocked Zambia and Botswana to the afore listed countries straddling the North-South Corridor, a geographical zone of about 279 million people, larger than the populations of France, Germany, the United Kingdom and Spain combined.
When completed, the bridge and one-stop-border-posts facilities will enhance regional trade, spur increased global competitiveness due to reduced time-based trade and transport costs, and reduction of transit time for freight and passengers from between three to eight days to less than half a day.

INVESTMENTS

State expects to save USD 80 million in first privatizations

At least 80 million US dollars could be saved by the Angolan state with the privatization of the first seven companies, out of a total of 52 industrial hubs located in the Luanda-Bengo Special Economic Zone (ZEE).
The announcement was made Thursday by the administrator of the Institute for Asset Management and State Participation (IGAPE), Gilberto Luther, on the occasion of the launch of the public tender for the privatization of the seven companies and presentation to public managers and entrepreneurs.
The public tender, officially opened Thursday, ends on May 31 of this year, and IGAPE has already received proposals from national and foreign investors who have expressed an interest in the acquisition.
The sales price of the industrial units, according to Gilberto Luther, ranges from 3 million to 18 million US dollars, but the value of each one should be analyzed in particular.

The State at that time is selling the companies Univitro, Juntex, Carton, Absor, Indugited, Coberlen and Saciango. Of these, only one is in operation, the others have never operated since the creation of the EEZ, in October 2009, and have equipment.
Univitro produces glass and has at this time 17 workers in regular situation.
Juntex is dedicated to the construction and distribution of concrete structures, the Carton - cartolines and carton, the Absor - Diapers and wipes, Indugited (hygiene products), Coberlen (Blankets) and Saciango - is dedicated to the production of bags for the cement industry and others.
On the occasion, the President of the Board of Directors of IGAPE, Walter Barros, said that, this year, will submit to public tender the other industrial units installed in the EEZ.
He explained that the 52 companies are in different conditions: companies set up in operation, set up inactive and others not yet set up. And that in this first phase the seven units were selected, the others being selected for the second. (Angop)

Angola's parliament approves the introduction of Value Added Tax
The Angolan parliament has approved in a final global vote the introduction of the Value Added Tax Code (VAT/IVA) in the country, which is expected to boost tax collection from consumption, the local press reported.
The document was approved with 166 votes in favour, none against and one abstention, during the 4th Ordinary Plenary Meeting, chaired by the parliamentary president, Fernando da Piedade Dias dos Santos.
The approval of the document changes the existing model in consumer tax and extends the tax base, which will allow the State to collect more tax.
The proposed Value Added Tax Law, which will apply a single rate of 14% and will come into force in July, was generally approved by the Angolan Parliament last January.
The Minister of Finance, Archer Mangueira, on presenting the government proposal said the introduction of VAT (known as IVA in Portuguese) in Angola aims to increase justice and neutrality in the taxation of consumption, in order to adapt the taxation of expenditure to the new economic and social reality of the country, as well as to promote the collection of public revenues, to replace Consumer Tax and adjust Stamp Duty.
VAT will cover only large taxpayers in the first instance, leaving companies unable to join subject to a two-year transitional regime, with micro-enterprises charging 50% of the VAT rate up to a threshold equivalent to US$250,000. (Macauhub)

Angola's AIPEX approves projects valued at more than US$502 million
Angola's Investment and Export Promotion Agency (AIPEX) approved, from March to 31 December 2018, 71 investment projects valued at more than US$502 million, said the Chairman of the Board of Directors, LícínioContreiras.
The projects are focused on the agricultural and manufacturing sectors, and with their implementation, 7,000 jobs will be created.
The province of Luanda remains the most preferred by investors, followed by Bengo, Malanje, Benguela and Huíla, taking into account the population density, road, electricity, water and other infrastructure. In general, the provinces on the coast of Angola benefit most from investments, but, according to the AIPEX chairman the aim is to spread investment to the eastern provinces. Contreiras said the biggest foreign investments include those from China, followed by Europe and three from Africa. (macauhub)

Unicargas to invest US $ 40 million
Luanda - At least 40 million US dollars will be invested this year by Cargo Transport Company, Terminal Operator and Freight Forwarder (Unicargas), to recover the infrastructures of the multipurpose terminal at Luanda Port.

The investments will allow the acquisition of equipment in order to ensure the operation of that port space and will cover the dock of the cargo terminal of the Port of Luanda. The implementation of this project has already begun with the preparation of a feasibility study and research of partnerships and possible funding sources.
Speaking during the New Year greetings ceremony, Unicargas CEO, Celso Rosa, the company will continue with the process of its restructuring and reorganization including reducing costs and increasing revenues. He also announced that another investment to be made will be in the cargo terminal of Catumbela International Airport in Benguela, where Unicarga also plans works, so that the National Civil Aviation Institute (Inavic) can license the space and start lending all kinds of operations. Without advancing data regarding the results achieved in 2018, Celso Rosa said it was a positive year compared to 2017. Unicargas has existed for 30 years and has 733 employees, distributed in the provinces of Luanda, Benguela, Cabinda and Moxico. (Angop)

DR Congo group buys Angolan company Lactiangol

The Webcor business group recently bought Lactiangol, Angola's main dairy unit, for US$30 million, the group said in a statement quoted by the Angolan press. Wissam Nesr, chief executive of the Democratic Republic of Congo group, said in the statement that Angola is experiencing a turning point in its economic model, with diversification of trade and distribution for industrialisation, "and we intend with our local partners be one of the main agents of this change."
The statement added that the business plan outlined for 2019 aims to expand Lactiangol's production in all segments, such as UHT milk, chocolate milk, natural and flavoured solid yogurt, liquid yogurt, pasteurised butter, juices, ice cream, condensed milk, cheeses as well as dairy desserts.
The strategy of the Webcor Group is to increase the production and quality of Lactiangol products, further promoting the brand, making it a market leader while optimising the value chain by encouraging local milk production, which currently accounts for only 7.0% of factory needs.
Founded in March 1994, Lactiangol has become, during its 25 years of existence, the main dairy industrial unit in Angola, and is the leading company in its area of activity. Angola is the main market of the Webcor group, where it operates in partnership with AngoAlissar, one of the largest food distribution companies in the country, present in 12 of the 18 provinces. (Macauhub)

Businesspeople from China plan to invest in Angola

Investors from China have US$10 billion to invest in industry, agriculture and scientific research in Angola, said in Lubango, Huíla province, the Chinese Embassy's advisory minister Li Bin. Speaking at the ceremony to open a photographic exhibition on the 36th anniversary of diplomatic relations between Angola and China, in the auditorium of Mandume University, the diplomat said that if the investments are made they could improve economic and social development in Angola. Li Bin, who attended the ceremony on behalf of Chinese ambassador Cui Aimim stressed the importance of these investments in the process of recovery of the Angolan economy and restated China's commitment to strengthening relations with Angola. Cited by the Angop news agency, Li noted that in the last ten years Chinese companies have rebuilt 2,800 kilometres of railway line, 20,000 kilometres of roads and built more than 100,000 houses. "Chinese investment in agriculture reaches only five billion dollars in Luanda province," said the Chinese Embassy advisory minister. (Macauhub)

Japanese group plans to develop Namibe Bay, Angola

Japanese group Toyota Tsusho is proposing to invest US$600 million in a development project in Namibe Bay, southern Angola, according to an order signed by Angolan President João Lourenço.
The presidential order authorises the inclusion of the project to secure financing from the credit line opened for Angola by the Japan Bank for International Cooperation (JBIC).

The document quoted by daily newspaper Jornal de Angola, which does not give further details, authorises the Angolan Transport Minister to conclude the contract for the Namibe Bay Integrated Project with the Toyota Tsusho Corporation and TOA Corporation consortium, with a total value of US$600 million. The order justifies the authorisation based on the need to ensure the continuity and implementation of the government's programme for diversification of sources of financing for projects included in the Public Investment Programme and other programmes and projects of interest in the 2018/2022 National Development Plan. The Toyota Tsusho group, originally established in 1936 under the name Toyoda Kinyu Kaisha, is the commercial arm of the Toyota conglomerate and is involved in various business areas in 39 countries, including 34 in Africa. (Macauhub)

BANKING

Banks

Angola's National Bank revokes licenses of two commercial banks

The National Bank of Angola (BNA) has revoked the licenses of Banco Mais and Banco Postal, because they did not increase their capital stock to a minimum of 7.5 billion kwanzas, the governor of the central bank announced in Luanda.

The BNA announced in March 2018 that the banks operating in the country would have until the end of that year to increase the minimum legal capital stock from 2.5 billion to 7.5 billion kwanzas (US$8 million to US$24 million).

José de Lima Massano said that bank assets will be managed under the Bankruptcy Law, with priority being given to the return of deposits to clients and that the measure adopted by the central bank "strengthens confidence in the national banking system."

The licenses of these banks were revoked on 2 January, during a regular meeting of the BNA board of directors, on the grounds that their promoters or shareholders had not demonstrated the financial capacity to continue in the banking sector.

Banco Mais started operating in September 2015, as a regional bank – Banco Pungo Andongo – in the province of Malanje, where its first branch opened in November of that year.

In 2017, the Bank's articles of association were amended and, in addition to the change from a regional to a national bank, the name was changed to Banco Mais.

Banco Postal began operating in March 2107 with 150 Xikila Money kiosks and 50 in Huambo, along with four branches. Banco Postal shareholders denied that the bank was "bankrupt" noting that it has "positive regulatory capital, clearly enough to cover all liabilities." Shareholders reacted in a statement noting that the bank's economic and financial situation "does not represent a risk to the Angolan banking financial system" nor "to the clients' deposit portfolio." (Macauhub)

Banco Nacional de Angola assesses asset quality of commercial banks

The National Bank of Angola (BNA) this year will begin assessing the quality of assets of Angolan commercial banks, based on a memorandum signed with the International Monetary Fund (IMF), the central bank governor announced. José de Lima Massano, during a meeting with the press to announce the removal of the operating license of two commercial banks, said the move would result in new adjustments as well as strengthening of minimum capital stock and regulatory own funds.

The governor said that when the asset assessment process begins, there may be banks with levels of provisions that fall short of what are as yet unknown risks for the central bank, according to the Angop news agency.

To this end, the BNA has been in contact with the external auditors of the banks so that, now that the closing of the 2018 accounts and the preparation of the general meetings is being carried out, to ensure adequate coverage of all the risks that commercial banks may incur.

Massano also said that the need to adjust and increase capital may arise this year, and there may be bank mergers and/or closures.

Among 30 banks operating in the Angolan market, the Mais and Postal banks were the first institutions to succumb to the prudential measures adopted by the BNA, with a focus on increasing equity and regulatory capital.
Banco Banc, which has been the target of an intervention by the National Bank of Angola since last June, was not targeted by the BNA, but the central bank continues to work with shareholders so that within the intervention period they can raise capital to levels required by law. (Macauhub)

BNA makes available USD 1.6 billion in Letters of Credit
Between September 2018 and last January, the National Bank of Angola (BNA) made available 1.6 billion Dollars to open letters of credit for the payment of merchandise abroad Of this amount USD 923.43 million have already been liquidated and represents 56 %, according to BNA Foreign Exchange Repatriation department director, Veloso Pedro.
Food products account for 44 % of the value of the Letters of Credit issued by the National Bank of Angola for payment abroad.
The Regulation on the Letter of Credit came into force in September 2018, to adjust the new payment model in the purchase of merchandise abroad.
The official, who was speaking on the annual cycle of lectures on International Trade under Letters of Credit, explained that September 2018 was the period in which BNA made more foreign exchange available, reaching USD 516.17 million. (Angop)

Markets

Angola's National Bank announces amount of foreign exchange for sale
The National Bank of Angola will sell foreign currency in the amount of US$700 million to commercial banks, through price auctions (sale of currencies) and quantity auctions (for letters of credit), the central bank said in a statement published on its website.
The auctions will be daily for all purposes, including settlement of letters of credit, service to bureaux de change and remittances operators.
The Angolan central bank also reported that after each session, it will disclose on its website the amount made available, the number of participants, the maximum and minimum exchange rates allowed as well as the resulting average exchange rate.
At the end of 2018, the BNA instructed commercial banks to be more flexible in dealing with requests for foreign exchange for family assistance, especially for students.
The central bank has advised commercial banks to accept permanent instructions for up to 12 months in cases of transfers for family assistance and permanent instructions, in the case of customers with domiciled income.
The guidance, the document explains, aims to speed up the procedures for the transfer of family allowances, a process governed by Instruction no. 06/2018 of the BNA since June of last year.
However, the BNA notes the need for commercial banks to maintain strict compliance with the requirements set out in Notice 13/13 of 6 August and other applicable legislation in order to ensure compliance with the provisions on "Know Your Customer" and "Customer Due Diligence", with particular attention on checking the consistency between the level of customer income and transfer values. (Macauhub)

Angola's central bank revises limits on foreign exchange purchases by travellers
Residents in Angola over 18 years of age who intend to travel can purchase foreign currency from commercial banks up to the equivalent of 8,000 euros per trip, according to a recommendation from the National Bank of Angola.
Residents must have domiciled income, and the central bank has indicated that banks must ensure accuracy in compliance with Know Your Customer and Customer Due Diligence procedures and customer identification and analysis duties.

The central bank also recommended the preferential use of international payment cards for the coverage of expenses abroad, but nevertheless called attention to the annual overall limits for foreign exchange operations of a particular nature.
Before this directive was issued, residents could only buy the equivalent of 500 euros per month and 4,500 euros per year, due to the currency crisis that affected the country from the second half of 2014, as a result of the fall in the price of oil on the international market. (Macauhub)

ENERGY

Gas-fired power plant planned for Temane in Mozambique

The government of the Mozambican province of Inhambane and qualified strategic partners are planning to start construction of a gas-fired power station in Temane in the Inhassoro district this year, the AIM news agency reported.
The strategic partners were identified as Electricidade de Moçambique (EdM), Hidroeléctrica de Cahora Bassa (HCB), Empresa Nacional de Hidrocarbonetos (ENH) and the National Oil Institute as well as South African group Sasol, which operates natural gas deposits in Pande and Temane, in that province.
The natural gas-fired power station aims to improve the quality of electricity supplied to most districts in the province of Inhambane as well as that of Sofala.
This project, which includes a power plant with the capacity to produce 400 megawatts of electricity per year, includes the construction of a transmission line between Temane and Maputo, which will be the first stage for the implementation of the “backbone” project linking the south and the centre of the country.
The Minister of Mineral Resources and Energy, Letícia Klemens, is quoted as saying that projects of this type are an effective response to the need for diversification of sources of energy production and their location, with a view to sustainability and security of electricity supply. (Macauhub)

African Development Bank Group approves $25 million Equity Investment in Fund for Renewable Energy Projects in Africa

The Board of Directors of the African Development Bank Group has approved an equity investment of up to US$ 25 million in ARCH Africa Renewable Power Fund (ARPF), a US$ 250 million private equity fund for renewable energy projects across Sub-Saharan Africa.
ARPF will provide equity for the development and construction of 10 to 15 greenfield renewable energy projects in Sub-Saharan Africa, adding approximately 533MW of installed energy generation capacity from renewable sources in the region. This will provide both base load and peak load power in underserved markets.
ARPF projects will focus on mature technologies including wind, solar PV, small to medium hydro, geothermal and biomass. These would include grid-connected independent power producers (“IPPs”), and decentralized energy projects (commercial & industrial solar, mini-grids and solar home systems companies). The Fund’s strategy is to prioritize projects with a clear timeline to financial close, with emphasis on de-risking early stage greenfield projects.
The Bank’s presence is expected to act as a catalyst for other investors to commit a further US$ 60-75 million equity from non-DFI sources. The Bank would also ensure that the highest environmental and social standards, together with climate change and gender considerations, are applied to the ARPF’s projects. “Energy investments in Africa are constrained by limited well-structured, bankable projects, as well as by unavailability of risk capital. Renewable technologies require additional support to be fully competitive over fossil fuel-based energy generation,” said Amadou Hott, the Bank’s Vice-President for Power, Energy, Climate Change & Green Growth.
“ARPF will expand the pipeline of bankable energy projects in Africa, and complement and deepen the work of the Bank in this critical area. This is vital for economic growth, and to foster transition to low carbon across the continent,” Hott added.

The Project is in line with the Bank's Ten-Year Strategy and High-Five priorities, specifically the New Deal on Energy for Africa, which aims to achieve universal access by 2025. ARPF will also assist governments in meeting their renewable energy objectives through on-and off-grid renewable energy technologies.
In addition to contribution to renewable energy, the project construction and operation will result in direct creation of at least 272 full time jobs and 5,320 part time jobs.
The Fund is expected to reach first close in early 2019. The ARPF anchor investing entity is ARCH Emerging Markets Partners Ltd, a London-based emerging market investment joint venture. (AFDB)

Public-private partnership in Mozambique in solar energy provides electricity to 2 million people
The Mozambican government wants to provide access to electricity to around 2 million people through a public-private partnership to install solar panels in several districts of the country.
The scheme follows an agreement signed by the Ministry of Mineral Resources and Energy and multinational company Ignite, which "provides for the installation of residential solar energy systems in 300,000 houses." According to Portuguese news agency Lusa, the Mozambican government classifies the partnership as "a decisive breakthrough" in promoting the "Energy for All" programme, which aims to ensure universal access to electricity in the country by 2030. Currently, of the approximately 29 million Mozambican population, it is estimated that only 8 million people have access to electricity from the national grid, which means the grid achieves just 28% coverage. (Macauhub)

Senegal: Board approves recommendations and mitigation action plan for Coal-Fired Power Plant Project
The Board of Directors of the African Development Bank Group has approved the recommendations of the Independent Review Mechanism to bring the Sendou coal-fired power plant project in Senegal into compliance with Bank policies and procedures. The compliance review report was approved with a mitigation action plan prepared by the Bank's management. The Board's decision will trigger the process of resolving the main concerns raised by the complainants that the Sendou power plant will have negative impacts and consequences on their environments and their lives. The IRM will monitor the implementation of the Action Plan and report progress to the Board annually. The Sendou Coal Power Plant project was approved by the Boards of Director of the African Development Bank on 25 November 2009. The senior loan was for Euro 49, 392,473, with a total project cost of Euro 164,610,732. The project is a public private partnership initiative, which is also co-financed by Banque Ouest Africaine de Developpement (BOAD), CBAO Senegal (a subsidiary of Attijariwafa Bank - Morocco) and the Netherlands Development Bank (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO). The Project started producing power in November, 2018. (AFDB)

INFRASTRUCTURE

New international airport undergoes correction works
The construction works of the New Luanda International Airport will be submitted to engineering and functional corrections to adapt the structure to the standards of modernity, innovation and passenger comfort.
The corrections to the project, to be carried out up to the year 2022, should be headed by a technical commission yet to be indicated, in a process that includes revisions and corrections.
According to the transport minister, Ricardo de Abreu, who provided the information to the press on Thursday, the measure results from information contained in a memorandum on the state of execution of the project approved last Thursday by the Cabinet Council.

"We are talking about a project that began ten years ago, whose concession is also very old", said the government official referring to the construction work taking place in the Bom Jesus area (outskirts of Luanda) in the municipality of Icolo e Bengo, 30 kilometers off the capital city.

In October 2017, after a monitoring visit to the construction site by President João Lourenço, it was announced that the new airport should only start operating in 2019, a delay of two years compared to the previous forecast, justified with financial difficulties.

Meanwhile, the minister of Transport assured that there is a financial reserve with the Ministry of Finance to be used to push forward the correction works, which according to the minister are valued at more than five billion dollars.

The new Luanda International Airport will be able to receive up to 15 million passengers per year, ten million from the international traffic and five million from the national traffic.

Financial, technical and operational problems have conditioned the course of the contract and obliged the replacement of the contractor, with a guarantee of financing for the execution of the works. Until last year, the project was being financed by funds from China. (Angop)

India grants credit line to Mozambique to buy railway equipment

The Exports and Import Bank (ExIm) of India has opened a credit line of US$95 million for Mozambique to acquire railway equipment under an agreement recently signed in Maputo, the bank said. The credit line will enable the Mozambican government to acquire rolling stock, such as locomotives, passenger cars and wagons of various types.

The signing of the agreement for this new credit line represents the thirteenth such financing granted by the Indian bank on behalf of the country's government to its counterpart in Mozambique, whose aggregate amount currently totals US$734.44 million.

The credit lines opened to Mozambique are aimed at financing projects such as rural electrification, increasing agricultural productivity, building solar panels, rebuilding roads and building 900 houses. (Macauhub)

Angolan company invests in the multipurpose terminal of the port of Luanda

Angolan terminal operator and cargo company Transportadora de Cargas, Operadora de Terminais e Transitário (Unicargas) plans to invest US$40 million this year to refurbish the facilities of the multipurpose terminal at the port of Luanda, said the company's chairman. Celso Rosa told the Angop news agency that the investment will allow for the acquisition of equipment for the operation of that port area and will cover the dock of the cargo terminal of the Angolan capital's port. The chairman of Unicargas said that the project to be carried out this year had already begun with the preparation of a feasibility study and research into partnerships and possible sources of financing.

Another investment the company plans to make will be in the cargo terminal of the Catumbela International Airport in Benguela, so that the National Civil Aviation Institute (Inavic) can license the facility so that the airport can carry out all kinds of operations. This year Unicargas also plans to add to its current fleet of 230 trucks, 117 of which are operational, with the acquisition of a further 100 vehicles, ahead of opening three new branches in the provinces of Zaire (Soyo), Malanje and Cunene. Unicargas was founded 30 years ago, and has 733 employees across the provinces of Luanda, Benguela, Cabinda and Moxico, and at the end of August 2018 it had an accumulated debt of 9 billion kwanzas (US$29 million) (Macauhub)

Port of Namibe in Angola refurbished using Japanese funding

The Toyota Tsusho Corporation and Japanese company "TOA Corporation will build the new container terminal at the Commercial Port of Namibe and refurbish the Saco-mar Mining Port in the Angolan province of Namibe," the project's manager announced.

The project, funded by the Japanese International Credit Agency for US$600 million, will last for three years and will provide jobs for 500 people.

After work is finished the mining port may export iron ore from Cassinga in the province of Huíla. The container terminal is considered to be a strategic port for the development of the southern region of Angola (Namíbe, Huíla, Cunene and Kwando Kubango), where projects related to agriculture, agro-industry, mining, wood, oil and tourism will be developed. The port will also be a gateway for countries in the interior such as Zambia, Botswana and part of Namibia. Japan's TOA Corporation was responsible for the first phase of the rehabilitation works at the Port of Namibe in 2009 and 2010 and is currently responsible for the implementation of the second phase of the port, which ends in June of this year, a project also funded by the Japanese government. (Macauhub)

Plan outlines improvements in public transport in Luanda, Angola, by 2030

Eighty % of the population of Luanda will have convenient access to public rail transport by 2030, said Neusa Inglês, from the Angolan Ministry of Land Planning and Housing.Inglês gave a speech at the 1st International Conference on Mobility under the theme "The Luanda General Master Plan as an Instrument to Support Urban Mobility." Luanda's General Master Plan for 2015/2030 will allow the construction of 207 kilometres of suburban train line and 44 kilometres for the high-speed train, in order to reduce pressure from car traffic on the future road network.

Under the Master Plan, more than 5 million daily trips will be provided by a public transport system. The plan also outlines new lines for maritime passenger transport on catamarans, rail corridors such as the Camama railway corridor, duplication of the Bungo-Catete rail link, the North-South rail link and the future rail link to the new airport. A light surface railway for Luanda province and the Cacuaco maritime terminal are also included in these studies.

The current population of Luanda is 8 million but this is projected to increase to 13 million in the next 15 years. Also during the conference, the director of the provincial office of Transport, Transit and Urban Mobility, Amadeu Campos said Luanda needs 1,00 buses and to increase the bus routes on offer. Luanda currently has a fleet of 213 buses, run by four companies, one of which is public, offering 54 routes. (Macauhub)

International transport groups position themselves in northern Mozambique

Dutch group Mammoet has organised a fleet of specialised vehicles that will be stationed in Mocímboa da Praia, Cabo Delgado province, northern Mozambique, with the respective crew, the group said in a statement. Davide Andreani, general manager of Mammoet South and East Africa, recalled in the statement that the group has been operating for some time in Mozambique, although on the basis of specific projects, and will now have a permanent presence. The Utrecht-based non-listed group specialises in the transport of large or large-volume cargoes, and has been present in Africa for more than 50 years, selling its transport solutions in the energy, petrochemical, mines and infrastructure sectors. Belgian group Sarens has also opened a branch and warehouse in Mozambique, outside Palma, also in the province of Cabo Delgado, ahead of the start of the operation of large natural gas deposits in two marine blocks in the Rovuma basin. The Sarens group, like Mammoet, has operated in Mozambique only on the basis of specific projects, but will now have a permanent presence in addition to a fleet of vehicles. The construction of a warehouse on a plot of land of 5,600 square metres is expected to start soon, with the group already placing 100-tonne off-road vehicles and 120-tonne and 60-tonne off-road vehicles at the location, along with additional equipment. The Sarens Group is headquartered in Wolvertem and its areas of activity include the transport of heavy loads and rental of cranes as well as the manufacture of a variety of equipment. (Macauhub)

CFM investing in new rolling stock

The publicly owned company Mozambique's Ports and Railways (CFM-Sul) is investing USD 37.5 million, from its own funds, to purchase five locomotives and 500 platform wagons to improve cargo handling capacity. An unnamed source from CFM, cited in the Sunday issue of the weekly 'Domingo', said that the locomotives, which have already arrived in Maputo, have the capacity to

pull wagons carrying a cargo up to 2,700 tons, up from 1,800 tons of the equipment currently in use.
The new locomotives were imported from the United States, while the wagons were purchased in the neighbouring South Africa and are expected to arrive soon.
Over two decades have passed since CFM purchased new wagons. Therefore, over the last few years it was forced to make constant and costly repairs of the existing rolling stock to fulfil its commitments with its clients.
To minimise the shortage of rolling stock, CFM have also been renting wagons from neighbouring countries, especially in Zimbabwe, which is expected to stop after the arrival of the new ones.
With this acquisition, the CFM will be able to meet the needs of its customers, in both Ressano Garcia and Limpopo railway lines, which link the port of Maputo to South Africa and Zimbabwe respectively. (Club of Mozambique)

MINING

Extractive industry boosts Mozambican economy, but country needs a broader growth model

The extractive industry has been boosting Mozambique's economy and will increasingly do so with the start of natural gas exploration in 2023, but the country needs a broader growth model, according to the World Bank.
The institution said in its latest Economic Update for Mozambique that "changing the growth model to expand the drivers of growth and increase productivity in the sectors with the greatest employment potential is a major challenge that decision-makers in Mozambique currently face."
"The extractive industries will not be enough. An intensive and ambitious focus on achieving diversification, increasing rural productivity and providing more widespread access to services in national development efforts is essential for inclusive growth," it said. In early 2018, Mozambique was given the final investment decision for the development of the Coral Sul natural gas project in the Rovuma basin, due to go into production in 2023.
According to the World Bank, the Mozambican economy has undergone a positive gradual structural transition, as employment in agriculture, the sector with the lowest productivity level, loses weight in relation to services – a sector that is six times more productive. "This boosted output per worker on average, established productivity as the engine of growth in recent years and increased the pace of poverty reduction," the study said. The World Bank also wrote that Mozambique is now beginning to "emerge from a period of high macroeconomic volatility, two years after the disclosure of hidden debts triggered a significant economic recession." The current period is characterised by metical stability, which helped reduce inflation from 26% in its peak in November 2016 to just over 5% by August 2018, while a rapid increase in coal exports throughout 2017, equivalent to 7% of GDP, supported an improvement in the trade balance and the recovery of central bank reserves to seven months of import coverage.
Economic growth has slowed to 3%, down from 8% on average over the previous decade, with a decline in private demand, especially for services, which was the biggest driver of growth in the years before the economic crisis, reflecting a drop in consumer purchasing power, especially for families whose incomes did not follow the rise in prices.
The World Bank study identifies significant future macroeconomic risks, including a scenario of lower prices for major exports of coal, aluminium and tobacco, especially if imports rise again. A recovery in import demand, if not accompanied by better export performance in key sectors such as agriculture and energy, and an increase in investment, "is likely to increase the external financing needs of the economy and increase pressure on central bank reserves," the study said. (Macauhub)

Congolese mining company leaves ITSCI certification scheme over cost

Congo's biggest miner of coltan, an ore that is the source of metals used in mobile phones, says it is leaving the ITSCI certification scheme, relied on by major companies as a guarantee that minerals

are free from human rights abuses. Societe Miniere de Bisunzu (SMB), has given 30 days' notice to end its contract with ITSCI, a responsible supply chain initiative, Philippe Stuyck, communications director at SMB told Reuters, citing the scheme's rising costs.
Many other companies in the industry have complained about the initiative for reasons including cost, but have been reluctant to pull out because of concerns they will not be able to sell their minerals without ITSCI certification.
SMB, in a letter to Democratic Republic of Congo's mine's minister dated Dec. 13 and seen by Reuters, said "the Societe Miniere de Bisunzu had no choice but to end its relations with ITSCI," because it could no longer pay "higher and higher costs". ITSCI did not immediately respond to requests for comment.
Coltan is an ore that contains niobium and tantalum, used in technology such as mobile phones and laptops. ITSCI was introduced after the 2010 Dodd Frank legislation was drawn up in response to the global financial crisis and required U.S. companies to vet their supply chains. The scheme has provided a way for companies to continue to use minerals from Democratic Republic of Congo and neighbouring countries Burundi, Rwanda and Uganda. The system of bagging and tagging metals is designed as a guarantee that the minerals in question are unconnected with conflict, child labour or other human rights abuses.
However, many mining companies say the costs of the scheme are increasingly a burden. "The fact that ITSCI does not review the traceability cost is a huge burden to all of us," Jean Malic Kalima, the chairman of the Rwanda Mining Association, told Reuters. "The only challenge that stops some of the Rwandan miners from joining other traceability programmes is whether the end buyers are comfortable with them," he said.
The pressure on ITSCI to lower costs has increased as others working in responsible minerals seek to use blockchain, the technology behind cryptocurrency bitcoin, to help track minerals and guarantee they are clean. Kalima said costs ranged between $130 and $180 per tonne, depending on the mineral. (by Fiston Mahamba in Goma, Clement Uwiringiyimana in Kigali and Barbara Lewis and Pratima Desai in London, Reuters)

Mining Billionaire Ends Bitter Guinea Dispute After Months of Secret Negotiations

- Israeli mining tycoon's company reconciles with Guinea
- Mick Davis to start developing iron ore mine in Guinea

Israeli mining tycoon Beny Steinmetz is making a dramatic return to Guinea after the billionaire ended a bitter dispute with the West African country that brought his business empire to its knees.
The settlement, brokered by former French President Nicolas Sarkozy, ends a seven-year-old dispute centered around one of the world's richest mineral deposits that included a colorful list of characters from billionaire George Soros to former U.K. leader Tony Blair and mining heavyweights Rio Tinto Group and Vale SA.
After months of secret negotiations, Steinmetz's BSG Resources Ltd. agreed with Guinean President Alpha Conde to withdraw allegations of corruption leveled against each other over years and to drop a two-year-old arbitration case over one of the world's most-fabled mineral deposits -- the Simandou iron-ore project. Guinea also agreed to partner with mining grandee Mick Davis, who will develop the Zogota iron-ore mine once the disputes have been settled, marking a comeback for one of the industry's biggest names.
The reconciliation puts Steinmetz, BSGR and Davis in prime position to lead the development of Guinea's massive iron-ore reserves. Mining giants like Rio Tinto, Vale and Aluminum Corp. of China have all failed to develop projects in the country.
"A good agreement is much better than any war," Steinmetz, who acts as an adviser to BSGR, said in a phone interview on Sunday. "We were enemies. Now we are friends and partners with the Guinean government. We have both put aside the past and BSGR and its employees and advisers have been vindicated."

For Steinmetz, the heir to one of Israel's premier diamond businesses, the arrangement is a remarkable return to favor in Guinea. BSGR entered administration a year ago to protect itself from the outcome of litigation and arbitration it was involved in related to the country. In 2012, Guinea stripped BSGR of its rights to Zogota and half of Simandou, thought by miners to be the world's biggest undeveloped iron-ore deposit. A government committee alleged he and his officials paid millions in bribes to obtain the rights.

"We are all really pleased with the situation," Steinmetz said. "Guinea wants to work and they see us as the pioneers of the iron-ore situation, because nobody else has picked it up. Production and export of iron ore will be expedited and this is a win-win situation for everyone."

Sarkozy, who was in office between 2007 and 2012, had a relationship with both sides and was able to broker the deal, according to a person with knowledge of his role.

Long-time director Dag Cramer negotiated the deal for BSGR, a firm owned by a Steinmetz family foundation. Under its terms, the company relinquishes rights to Simandou and Zogota, and Davis will develop the smaller deposit.

BSGR keeps an economic interest in Zogota, which, according to Steinmetz, will move toward producing "very fast." The company will get a share of the revenue from the new project, which will be developed by Davis in partnership with Guinea.

'Win-Win'

"We're pleased with the agreement," Guinea's Mines Minister Abdoulaye Magassouba said in an emailed statement, adding that the new projects will be in line with the country's new mining code. "It's for the good of the people. It's with this aim that the government will try hard to work in a win-win partnership with the investors."

The reconciliation suited both sides. Guinea faced the possibility of an embarrassing loss in arbitration court, while BSGR would have been able to do little with an award by the tribunal if Guinea's government remained hostile. The government withdrew all allegations of corruption against BSGR and Steinmetz.

Steinmetz, 62, was originally sent out by his family to secure supplies of rough diamonds, introducing him to difficult environments across the globe. He developed a diamond mine in Sierra Leone before setting his sights on Simandou in neighboring Guinea. Ailing President Lansana Conte stripped Rio Tinto of its rights to half of the asset, which the Anglo-Australian miner hadn't developed in a decade of control. The rights lost by Rio were transferred to Steinmetz weeks before the president passed away in 2008.

BSGR rapidly sold half of its Guinean assets to iron-ore mining giant Vale SA for $2.5 billion.

Mining Review

After Conde was elected in 2010, he announced a review and clean-up of the mining industry, Guinea's main source of income. Billionaire hedge fund manager George Soros and former U.K. Prime Minister Tony Blair advised on and funded Conde's initiative. A lurid dossier of alleged corruption against Steinmetz became the basis for BSGR's loss of rights in 2012.

Steinmetz and BSGR always denied any wrongdoing and insisted they would one day be vindicated. Rio Tinto, meanwhile, is now under investigation in the U.K. and Australia for payments it made to a consultant to try to restore its rights to Simandou.

The Guinean saga has been more than just a painful business loss for Steinmetz. He has been the subject of investigations by authorities in the U.S., Switzerland, Romania and Israel, where he was briefly detained in 2016 and then placed under house arrest.

Though Simandou has long been a fabled asset, developing it may be impossible. It would require an investment of $20 billion, including the construction of railway lines across a mountainous country. Rio attempted to later sell its share of the project to Aluminum Corp. of China, but the deal collapsed last year.

Mick the Miner

Davis may have a favorable solution, with the government allowing him to export via an existing railway line through neighboring Liberia, using his newly formed Niron Metals venture.

"Niron believes that the Zogota deposit can be brought into production on an accelerated timetable, thereby helping to unlock the potential of Guinea's rich resources for the benefit of all stakeholders, including the Government and people of Guinea," the company said in a statement.

Davis, nicknamed Mick the Miner, was one of the industry's most successful operators in the early part of the decade as the mining industry boomed on China's rampant industrialization. As Xstrata Plc's chief executive officer, Davis led a team renowned for transforming the coal producer through about 40 deals worth $35 billion over 10 years from 2002, before agreeing to a friendly merger with commodity trader Glencore Plc, where Ivan Glasenberg managed to beat him to the top job.

Since then, the U.K. Conservative Party treasurer has struggled to regain a footing. His private equity vehicle X2 Resources folded after failing to make any deals amid volatile commodity prices and disparate investors who couldn't agree on what assets to buy. (By Franz Wild and Thomas Biesheuvel, Bloomberg)

OIL & GAS

Can Mozambique Avoid The Natural Resource Curse?

The field of global liquefied natural gas (LNG) producers will get even more crowded going forward. U.S. oil major Exxon Mobil said Monday 31 December that it, along with project partners in Mozambique's Area 4 concession, had secured LNG off-take commitments for the Rovuma LNG project. This will lead to the all-important final investment decision (FID) in 2019, with production to begin in 2024. An FID is needed for capex intensive LNG projects before they can go forward to the funding then construction stages.

Partners in the Area 4 exploration and production concession in northern Mozambique include Mozambique Rovuma Venture, a joint venture (JV) between ExxonMobil, Italian-based energy giant Eni and Chinese state-run CNPC for a combined 70 % share; along with Empresa Nacional de Hidrocarbonetos, South Korea's KOGAS and Portugal's Galp with a 10 % share each, respectively.

Exxon Mobil said in a statement that LNG off-take commitments, secured from "affiliated buyer entities of the partners," are "subject to the conclusion of fully-termed agreements, which will be finalized and initialed in the next weeks, and the approval of the government of Mozambique."

"These commitments are an important step forward for the Rovuma LNG project and provide a solid foundation for securing project financing," Massimo Mantovani, Eni's chief gas and LNG marketing and power officer added in a statement.

Swimming in gas

The Area 4 block contains deep water gas resources of 65 trillion cubic feet (tcf), and will be developed through the Coral FLNG and Area 4 onshore LNG projects. Exxon Mobil will operate the two onshore LNG projects, while Eni will continue to operate Coral LNG and upstream development. Each LNG production train will have a capacity of 7.6 million metric tons per annum (mtpa), for a total of 15.2 mtpa, making it one of the larger LNG production facilities.

Related: $70 Oil Could Be Right Around The Corner

There are a number of significant developments from Exxon Mobil's disclosure. Currently, Mozambique has its first LNG export project, a floating liquefied natural gas (FLNG) project, under construction and due to become operational by 2022, with the ExxonMobil project and another led by Texas-based oil company Anadarko planning FID's for 2019. These two mega projects have an estimated combined cost of some $55 bn and would bring 28 mtpa of liquefaction capacity on stream by 2025, Paul Eardley-Taylor, head of oil and gas for Southern Africa at Johannesburg-based Standard Bank, said in November.

These three projects will have an estimated liquefaction capacity of 32 mtpa, placing Mozambique just behind Malaysia as one of the world's top LNG exporters, while Qatar, Australia, the U.S. and Russia will lead the group of global LNG producers into the next decade.

Mozambique's gas quandary

The problem, however, for Mozambique is not dissimilar from other developing countries that discovered vast oil or natural resources and quickly became rich, while not having diversified their economy enough to insulate against what is known as "the oil curse" or "resource curse." Ironically, under such a scenario, these countries tend to experience less economic growth, less democracy, and even worse development outcomes in the long-term than those with fewer natural resources. In essence, the oil curse can best be described as the consequences of oil or resource wealth for poorly governed states.

This dynamic has played out in whole or in part in Nigeria, Angola, Myanmar, Papua New Guinea, Chad, Sudan and other countries, while Mozambique could easily join their ranks. The country has already been teetering on the brink of a major sovereign debt default, which has caused political, economic and security problems.

Related: India Makes Breakthrough In Biofuel Development

Mozambique's debt quandary came about a decade after international creditors wrote off more than $6 bn worth of bad loans. Moreover, just two-and-a-half years ago the Mozambique government disclosed previously hidden government debt of another $1 bn. A DW report said in August that as Mozambique's hidden debt scandal continues, groups are pushing for the secret loans triggered by the financial crisis, to be declared illegal. The report added that Mozambique's economic woes were brought on by secret loans that were backed by the county's finance minister without parliamentary approval, which is required by the constitution.

Going forward

Mozambique's LNG development comes as a shift develops in global LNG markets, one that will see the current supply overhang of the super-cooled fuel pivot from a glut to one of undersupply, likely by the mid part of the next decade, if not earlier. Much of this is attributed to exorbitant LNG and gas demand growth in several regions, including the Middle East, South Asia (namely Pakistan, Bangladesh and India), EU members that are trying to diversify their gas dependency away from decades of Russian piped gas market dominance, Southeast Asia (Vietnam, the Philippines, Thailand, and Indonesia), and mostly China, whose gas demand is setting records as the country turns to gas to offset record high air pollution levels in its major urban centers. Per government mandate, at least 10 % of China's energy mix has to be comprised of natural gas, with further earmarks set for 2030 and beyond.

The trick for Mozambique is to both avoid the so-called resource curse as well as paying off massive debt while ensuring that gas revenue and the benefits of its gas boon can be beneficial not just to government coffers and foreign oil majors but to the country's nearly 30 million population, most which are impoverished. If history is any indication of the future, Mozambique will have its hand's full trying to not join the long line of countries falling victim to the ill-fated oil curse. (Club of Mozambique)

Mozambique looks for LNG financing despite market scepticism

The government of Mozambique has been involved in the last few weeks in intense negotiations with seven countries to secure funding for one of its largest natural gas projects and overcome scepticism about whether it will honour its debt commitments. The Rovuma Area 1, in the Rovuma Basin, involves an estimated investment of US$25 billion.

The talks involve seven Export Credit Agencies (ECAs), including Japan (JBIC), China (China ExIm), South Korea, USA (US-ExIm), Germany (Atradius) and Italy (Servizi Assicurativi del Commercio Estero – SACE).

In the last two months, Max Tonela, Minister of Mineral Resources and Energy, twice met the ECAs, first in Japan on October 24th, and then in Maputo on December 12th. At the most recent meeting, Minister of Economy and Finance Adriano Maleiane and IMF representative in Mozambique, Ari Aisen, joined Tonela.

At the closed-door meeting in Maputo, the government ministers expressed optimism about the country's economic prospects and said that the government intended to honour its commitments to international creditors.

The image of Mozambique in the global financial market has been damaged in the last few years by its default on several financial commitments. Maleiane said that payments on the debts contracted by Ematum, MAM and ProIndicus, totalling more than US$2.2 billion, were not made due to a currency crisis that caused a depreciation of the metical. He assured his listeners that the country intended to pay his debts; he cited the recent agreement in principle signed with the creditors of Ematum as proof of the government's commitment.

According to our sources, Maleiane´s points were received with scepticism. He blamed the government's default on the exchange rate crisis, when most people believe that the decline in the metical was a consequence of the default.

According to official sources, the government's acceptance of the agreement to restructure Ematum's debt is unfavourable to the country. It uses the Value Instrument Recovery (VRI) system, which consists of indexing debt instalments to gas revenues up to the maximum amount of US$500 million. This is necessary to restore confidence in the international markets, in order to allow the financing of the LNG project.

The ECAs are evaluating the possibility of funding the Rovuma Area 1 project, which is operated by Anadarko. The government also wants funding for the

Empresa Nacional de Hidrocarbonetos (ENH, National Hydrocarbons Company), which has a 15% minority stake in the Rovuma Area 1 project. Given the high overall investment in the project, ENH's contribution is over USD$2 billion.

Because of the low external credibility of the government, the other partners have imposed as a condition for payment of their respective shareholding that ENH become an investor under conditions similar to those of the other shareholders, and with the guarantee of the state.

At the Maputo meeting, minister Tonela assured his listeners that the Government would issue sovereign guarantees to allow ENH to be financed in the international markets, to cover its share in the project.

Tonela has been assuring potential financial investors that Anadarko´s project will be the first large-scale onshore LNG project. He is moving ahead with the Exxon Mobil and ENI´s (Area 4) offshore project, representing an investment of about US$8 billion at an advanced stage of development. It is the only one with the final investment decision already taken and gas sales agreement already secured.

Investment in Area 1 is especially valuable — Area 4 has a lower investment level and will be offshore.

The Government sees the final investment decision regarding Anadarko´s project as a matter of urgency, so that construction will begin in 2019, a politically decisive year for the president, who faces re-election.

In discussing the risks of the LNG project, the government has ignored the threat posed by armed insurgent attacks in Cabo Delgado. Most international analysts believe that they will not threaten the projects; but the state's inability to control the attacks affects the country's image as a safe investment destination and a place for expatriates.

Portuguese oil company Galp Energia has a 10-per-cent stake in the Area 4 concession of the Rovuma basin of northern Mozambique. This is expected to become one of the major natural gas-producing areas of the world in four to five years.
The Area 4 block's participants are the Mozambique Rovuma Ventures, a partnership between ExxonMobil, ENI and the China National Petroleum Corporation which jointly control 70%; the remaining 30% is divided equally between Portuguese group Galp Energia, South Korea's Kogas and ENH. (Macauhub)

Anadarko Petroleum Group announces investment of US$176 million in Mozambique the first half of 2019
US group Anadarko Petroleum intends to invest about US$176 million in the Rovuma basin's natural gas exploration project in northern Mozambique in the first half of this year and before the project's partners make a final investment decision, according to the annual report on 2018.
The document said that figure is the group's share of costs related to site preparation for construction of an onshore plant.
The report also said that deadlines are being met for the oil company to decide in the first half of the year whether it will definitively move ahead with the project, and investors have been warned to expect, "an adjustment of capital investment forecasts if the project is approved."
Mozambique LNG1 Company Pte. Ltd., the Rovuma Area 1 Area sales partner, in 2018 signed agreements for the sale of 7.5 million tonnes of liquefied natural gas per year, as well as an agreement of 2 million tonnes per year signed recently, leaving the group with all the information it needs to make a final investment decision.
The Mozambican government "approved the Development Plan for the two initial processing units operated by Anadarko in the Golfinho/Atum project," known as Area 1, noting that, "the contracts for the selection of contractors for construction of onshore and offshore plants are being finalised," in time for the final investment decision by June 2019.
The final investment decision in Area 1, through a public announcement, will confirm all investment in infrastructure (roads, buildings, aerodrome, among others) already in progress for over a year in the Afungi peninsula, district of Palma, in the province of Cabo Delgado, northern Mozambique. (Macauhub)

Natural gas block partners in Mozambique secure sales of 9.5 million tonnes per year
Mozambique LNG1 Company Pte. Ltd., the Rovuma Basin Area 1 sales partner, has already signed long-term contracts for the sale of 9.5 million tonnes of liquefied natural gas (LNG) per year, Indian company ONGC Videsh said in a market statement.
The subsidiary of the Oil and Natural Gas Corporation (ONGC) group said in the statement released in New Delhi that the final investment decision for the project in Mozambique will be taken before the end of the first half of 2019.
Indian groups jointly control a 30% stake in the project, with ONGC holding 16.0% (10% direct and 6% through Beas Rovuma Energy Mozambique Limited, where Oil India Ltd. owns the remaining 40.0% and 4.0% of the project) and Bharat Petroleum with 10%.
Mozambique LNG1 Company Pte. Ltd. has already signed contracts with Tokyo Gas and Centrica LNG for the sale of 2.6 million tonnes per year by 2040, with CNOOC for 1.5 million tonnes over 13 years, with Shell for 2 million tonnes over 13 years, with BPCL for 1 million tonnes over 15 years and with Pertamina to supply 1 million tonnes over 20 years.
The Area 1 block is operated by Anadarko Mozambique Area 1, Ltd, a wholly-owned subsidiary of the Anadarko Petroleum group, with a 26.5% stake, ENH Rovuma Area One, a subsidiary of state-owned Empresa Nacional de Hidrocarbonetos (ENH), with 15%, Mitsui E&P Mozambique Area1 Ltd. (20%), ONGC Videsh Ltd. (10%), Beas Rovuma Energy Mozambique Limited (10%), BPRL Ventures Mozambique BV (10%), and PTTEP Mozambique Area 1 Limited (8.5%). (Macauhub)

Rovuma gas from Mozambique to supply Indonesia

The US-based Anadarko Petroleum Corporation announced that the Mozambique LNG1 Company Pte. Ltd., a sales company owned by the partners in Rovuma Basin Area 1, has signed another Purchase and Sale Agreement (CCV), this time with Pertamina of Indonesia.

The contract provides for the supply of 1 million metric tonnes per year (MTPA) of liquefied natural gas (LNG) over a 20-year period extracted from the Rovuma basin in Cabo Delgado province, northern Mozambique.

“Indonesia is expected to be one of the fastest growing natural gas markets in Asia and Pertamina, Indonesia’s national energy company, will play a key role in meeting Indonesia’s long-term needs,” said Mitch Ingram, Anadarko’s executive vice president for International, Deepwater and Research, quoted in a statement posted on Anadarko’s website.

Ingram added that Mozambique’s LNG project, led by Anadarko, is well placed to make a decision in the first half of this year, as it is well on the way to completing the project funding process, securing the necessary approvals, and securing enough long-term sales contracts, which now total more than 9.5 MTPA.

Anadarko made its first discovery in Offshore Area 1 in 2010. In total, Ingram reported that the company and its partners have discovered about 75 trillion cubic feet of recoverable natural gas.

Anadarko Moçambique Area 1, Lda, is a wholly owned subsidiary of the Anadarko Petroleum Corporation, and the operating company of Offshore Area 1 with a 26.5% stake.

The other partners are ENH Rovuma Area, SA (15%), Mitsui E & P Mozambique Area 1 (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)

Reform at last for Angolan oil

The Angolan government appears determined to reform oil company Sonangol in an effort to reverse the country’s declining oil fortunes. President João Lourenço has made it clear that he intends to overhaul the firm ever since he replaced Isabel dos Santos with Carlos Saturnino as chairperson of the parastatal.The new Regeneration Program seeks to streamline Sonangol by focusing it on its core upstream operations. The changes are badly needed.

Angola produced an average of 1,417,000 b/d of crude oil in December, a fall of 380,000 b/d on the second half of 2014. According to the Ministry of Mineral Resources and Oil, output could fall to 1 million b/d by 2023 if no new discoveries are developed but it wants to keep production at or around 1.4 million b/d by ensuring that existing but undeveloped deepwater finds are brought on stream.As part of an agreement between Opec and some key non-Opec producers designed to keep oil prices between $55 and $80 a barrel, Angola is to reduce its oil production by 2%, or 29,000 b/d, from January. Unless there is a dramatic change in prices in the interim, the new Angolan quota will remain in place until the next Opec meeting in April.Falling output is the result of a big fall in upstream exploration over the past few years. Angolan production more than doubled over the first dozen years of the new millennium, as big offshore projects were developed on the back of the revolution in deepwater technology. However, sustained low international oil prices saw upstream investment slashed in most areas but particularly on deepwater acreage, so the fact that most Angolan production is located on deepwater and ultra-deepwater fields made it particularly vulnerable.

Although the oil industry and the wider economy were in desperate need of reform, little was expected to change quickly under Lourenço when he came to power last year. However, he has acted quickly to tackle corruption and has promised deep seated economic reforms along the lines of those long demanded by the IMF. In December, the Fund agreed to lend the government $3.7 billion to help finance the economic reforms.

The President is eager to attract more foreign investment in the oil industry. While oil prices have recovered since the lows of 2014-17, they are still at levels that can best be described as moderate and so oil companies can pick and choose where they invest. Yet while oil prices have had the biggest impact on Angolan output, financial irregularities and red tape have also had an effect. Lourenço therefore knew that he had to improve the investment regime if new fields were to be brought on stream.

The new president has been fortunate in that his rise to power has coincided with the oil price recovery. Speaking in December, Saturnino said that all Angolan upstream projects would be profitable at an oil price above $61 a barrel, while Luanda's 2019 budget is based on an average price of $68 a barrel for the year.

One sign of Sonangol's improving finances came in December when it was revealed that it would finally receive two drill ships that had been under construction in South Korea. Daewoo Shipbuilding and Marine Engineering delayed delivery because Sonangol had been unable to pay for the purchase. However, the two have now agreed a reduced fee of $1.06 billion, down from the original price of $1.24 billion

Reorganisation of Sonangol

One of the main planks of the oil reforms is the reorganisation of Sonangol. The parastatal has always performed the role of sector regulator while being an upstream operator in its own right, effectively acting as an investor and industry referee at the same time. However, the government has now created the new National Agency of Petroleum and Gas take over regulatory roles, including responsibility for awarding concessions.

In August, Minister of Mineral Resources and Oil, Diamantino Azevedo said: "The agency will be tasked with conducting bids for new oil concessions, managing production sharing agreements, as well as representing the state in the sharing of profits from oil concessions." Sonangol is now to focus on developing its upstream assets and its refining and distribution operations.

Sonangol is also to sell off its non-core assets, including in the agriculture, hotel, insurance, telecoms and banking sectors, and is likely to sell some of its upstream assets. The non-oil sector companies were acquired over many years, as the company was used as one of the main arms of state investment in the economy. Sonangol has already submitted a list of 52 partially or wholly owned companies to the government that will be affected.

Some are to be sold in direct sales to bidding companies, while others are to be divested in initial public offerings (IPOs) via the Angola stock exchange, which is expected to be launched by the end of 2019.They are to be sold over off the next three years, with the 25% stake in telecoms operator Unitel likely to be one of the most valuable assets. Sonangol president Carlos Saturnino said in November that the process will leave Sonangol smaller but more robust.

Partial privatisation mooted

In November, Sonangol secured $1 billion financing from a consortium of banks, including Standard Chartered and African Export-Import Bank, to fund its restructuring process.In October, the Ministry of Mineral Resources and Oil revealed that there could be an IPO to sell off a stake in Sonangol itself sometime after next June, although no decision has been made on where to list the shares. This would be a huge change for the company. After decades operating with little accountability, it would suddenly become subject to shareholder scrutiny.

Simplified oil and gas regulations are to be introduced and a new licensing round covering up to ten blocks is due in 2019, eight years after the last round was held. Sonangol is already in talks with international oil companies over many blocks. More attractive terms of investment, including lower taxes, have been offered on marginal fields – those with smaller reserves or with specific technical challenges.

Azevedo, told journalists: "We are committed to maintaining a certain balance of our production, in creating the environment so that there is more investment in Angola, essentially in exploration." That maintenance figure is around 1.5 million b/d.

It is also possible that the new government's approach could pay dividends in the gas sector. With a limited domestic market for natural gas, beyond a solitary LNG train, limited effort has been put into developing gas fields, exploring for gas or appraising the size of existing gas finds.

Most of Angola's production sharing contracts only relate to oil and not gas, leaving Sonangol in theoretical control of gas finds, although it has done little to date to develop many of them. This is now set to change, with upstream investors given control of all hydrocarbon discoveries on their blocks. Luanda's new found enthusiasm for the commodity was underlined by its decision to formally join the Gas Exporting Countries Forum this year.

The reorganisation of parastatal responsibilities is due to be completed in 2020. Visiting Angola in December, Opec secretary general Mohammad Sanusi Barkindo said: "These are the right reforms at the right time. We at OPEC applaud these reforms."

New investment

There has been some investment in new projects, even during the lean years of low oil prices. Total produced first oil on its Kaombo project in 2018 and expects output to reach 230,000 b/d during the course of 2019. The French firm has also announced plans to produce 40,000 b/d on the Zinia 2 project.

In December, ENI revealed that it had made a new oil discovery, named Afoxe, on its Block 15/06 and close to the existing Kalimba find. Its initial estimate is of 170-200 million barrels of crude oil but several more wells will be drilled during the course of 2019 to ascertain the size of the field. Sonangol holds a 36.84% stake in the concession. ENI began production on the Vandumbu field on the same block in late 2018, adding 20,000 b/d of output.

Two important deals were announced in December. First, BP signed an agreement with Sonangol to develop the Platina field on Block 18 and extend its licence for the Greater Plutonio project on the same block, which came on stream in 2007, until 2032. The final investment decision on Platina is due in the second quarter of 2019.The two firms also signed a preliminary agreement on further exploration on blocks 18 and 31.

Companies and governments invariably praise each other in official statements on such occasions but the tone of BP CEO Bob Dudley's statement suggests that the government has genuinely begun to adopt a more pro-business attitude. He said that he "would like to thank President Lourenço, the government and Sonangol for their vision, leadership and drive to improve the industry's competitiveness and encourage new investment."Similarly, the general manager of ExxonMobil in Angola, Andre Kostelnik, said that "2018 was marked by many promises and changes that are welcome".

At the other end of the oil production chain, Total and Sonangol have agreed to set up a joint fuel distribution, storage and retail business under the Total brand using both domestic and imported refined petroleum products. They will utilise 45 of Sonangol's existing service stations and expand the network.

There is no guarantee that the planned reforms will actually be enacted. Many of them were announced by the dos Santos government but never put into practice. While Lourenço has made a good start and certainly talks the talk on reform, there is a lot to do to transform Sonangol into a thriving, proactive oil company, particularly in terms of paying down its debt levels. (Macauhub/CLBrief)

TELECOM

Europe and Latin America linked by new submarine cable that passes by Cabo Verde

EllaLink Ireland and Alcatel Submarine Networks have begun construction of the EllaLink submarine cable system, which will link Europe to Latin America, according to a joint statement released in Dublin and Paris.

The EllaLink system aims to meet the demand for traffic between the two continents, and will have data centres in Madrid, Lisbon, Marseille, Fortaleza (Brazilian state of Ceará) and São Paulo, as well as links to Cabo Verde (Cape Verde), the Canary Islands and Madeira.

The submarine cable, costing an estimated US$185 million, will have a capacity of 72 terabits per second in four pairs of fiber optic cables, is expected to start operating in 2020 and will be anchored in Fortaleza (Brazil) and Sines (Portugal).

In June 2018, Cabo Verde signed a binding memorandum of understanding with EllaLink Ireland to participate in this submarine cable project between Europe and Latin America.
In a statement released in Praia, the president of Cabo Verde Telecom said that the country benefits from a unique geopolitical position in the Atlantic, "equidistant between Europe and Latin America and close to the African coast, with a stable and solid commitment to order and democracy, which makes it the ideal platform for interconnecting these territories."
José Luís Livramento also said in the statement that "investing in the EllaLink system will position Cabo Verde as one of the leaders in the region's digital transformation." (Macauhub)

AGRIBUSINESS

Timber exploitation revenues drop AKZ 13 million

Ondjiva - The revenues generated by timber exploitation in the southern Cunene Province dropped 13.3 million Kwanza in 2018 in relation to the previous year.
In 2017, the tax revenues generated by the timber exploitation conducted by national companies reached 23.3 million, however in 2018 it just recorded 10.4 million kwanzas.
The steep drop in tax revenues in 2018 was due to the temporary cancelling of new licences issuance to enable companies to adjust themselves to the presidential order number 274/17 of November 10, 2017, that entered into force in February 1 of 2018, which prohibited the cutting of trees, circulation and transportation of timber.
According to a press note from the Forests Development Institute (IDF) that reached ANGOP in 2018 it was recorded the cut down of 4,535 cubic meters of trees against the prior 7,900 cubic meters registered in 2017. The shutdown of 14 companies from the total of 25 firms operating in this sector also caused the reduction of the revenues. (Angop)

Russia, Spain among main destinations of Huila Timber

Sixty percent of the 4.501 cubic meters of timber harvested in 2017 in southern Huíla province was exported in 2018 to European countries such as Russia and Spain, said the Brigade Chief of Institute of Forest Development (IDF) brigade chief Dumbo Kangopito.
In 2016, the loggers exported 2,500 cubic meters out of a total of 3,000 exploited.
Speaking to ANGOP, the head of the provincial brigade of the Forest Development Institute (IDF) of Huíla, Dumbo Kangopito, and the remnant of this amount of wood was transformed locally.
By 2017, there were seven companies that were exploring timber in the province of Huíla while in 2018 there was no production as the campaign did not start.
He also said that the production of timber in the province of Huíla oscillates annually between 2.500 and 4.000 cubic meters, capacity that can increase to 5.000, if more investments are made. (Angop)

Edipesca increases fish processing capacity

The financing, whose agreement will be signed next March, is valued at US $ 57 million.
Edipesca DG told Angop, on the sidelines of the training of sailors of the company "Crustangola", at a ceremony presided by the Minister of Fisheries and the Sea, Maria Antonieta Baptista.
Edipesca with this financing will increase its processing capacity from 1.800 tons to 3.000 a year, in addition to increasing the capacity in terms of fish and cold stores.
According to the official, the loan process has been delayed due to some procedures that should be adopted, but added that by the end of next March the agreement could be signed.
He added that the project provides for the installation of fish processing rooms in fish farms, fillets and bet on an ice factory.
The director said that the company has agreements with shipowners who provide the fish, and in turn sell to the retailers, but due to the problem of the infrastructures that it crosses has been reducing the level of acquisition. (Angop)

French group Castel produces maize on Angolan farm

The farm in Angola owned by French group Castel, located in the Capanda Agro-industrial Complex, is expected to harvest 3,200 tonnes of maize between March and July, said company official Sebastian Ducroquet, on the sidelines of a visit by the provincial governor of Malanje, Norberto dos Santos.

The farm currently has 800 hectares planted with maize, 700 more than were planted in 2018 in an experimental phase, and the project's management intends to reach production of 58,000 tonnes by 2021.

"We have already cleared 1,900 hectares of the 5,000 available, in order to reduce the costs of importing grits," Ducroquet said, according to the Angop news agency.

Ducroquet said the company is studying the possibility of installing a grit maize plant in Malanje within two years, after assembling the required the silos, a mini-hydro plant to supply electricity to the farm and neighbouring communities, in addition to an irrigation system and storage facility.

The Castel Group has a number of factories in Angola where it produces soft drinks, including Coca-Cola Company brands, as well as beers such as Cuca, Nocal and EKA. (Macauhub)

Mozambique: transformation of small-scale farm industry results in promising rice crop production

Locally grown rice and vegetables are flourishing in Mozambique's Massangena district, a testament to the success of an agriculture and rural development project that has brought massive dividends to inhabitants of the traditional farming region, once seen as semi-arid.

The Sustainable Land and Water Resource Management Project (SLWRMP) financed by the African Development Bank, is one of several ventures receiving support under the government's drive to modernise its agriculture sector. Over the past decade, the government has channelled US$120 million from the Bank into agriculture and rural development projects, benefitting 240,000 people, and resulting in increased produce, enriched lands and new economic opportunities.

The project focuses on the construction of hydraulic infrastructure to regulate natural surface runoff and control floods. It has been particularly successful, resolving a water supply crisis across rural Mozambique and enabling farmers to diversify their cultivation to new crops like rice, once unthinkable in semi-arid areas.

In Massangena, farmers now harvest and consume locally grown rice, putting an end to the myth that the soils of Massangena cannot produce rice.

"I did not even know that here in Massangena you could sow rice, because I did not know about rice. For the first time I am now sowing rice," Lameque Chichongue, a farmer in the region said.

Production which began for the first time in the 2017-18 season, has resulted in the Massangena District harvesting a rice production of nearly six tons - 2.28 tons of rice from Massangena Sede and 2.9 tons of rice from Mavue, modest, yet promising results.

The government of Mozambique has prioritised transforming agriculture from traditional subsistence farming to modern, competitive, and sustainable economic activity.

Agriculture is one of the country's chief economic activities, contributing nearly a quarter of the country's GDP in 2017, as well as employing over 70% of the population.

But like other parts of the continent, Mozambique has suffered the effects of climate change - extremities of volatile weather patterns, including longer cyclones, dry seasons, frequent floods and the consequences of deforestation. This has resulted in reduced production, strained subsistence farming, and limited opportunities in the agricultural value chain.

SLWRMP Project produces ripple benefits

"This project is stimulating the production of cash crops such as cashew nuts in their natural habitats, in response to the Mozambique Development Agenda. The project helps to guarantee the subsistence of the farmers," Joao Sambo, the project's coordinator stated.

With available resources, the project has also managed to finance the construction of nearly 90km of feeder roads and, provided access to markets. In addition, farmers have increased the size of their pastoral lands by over 16,000 ha, and available farmland for cash crops - rice and vegetables - by 3,050hectares, with a sharp increase of annual produce of 6,000 tonnes, up from 2400 tonnes.

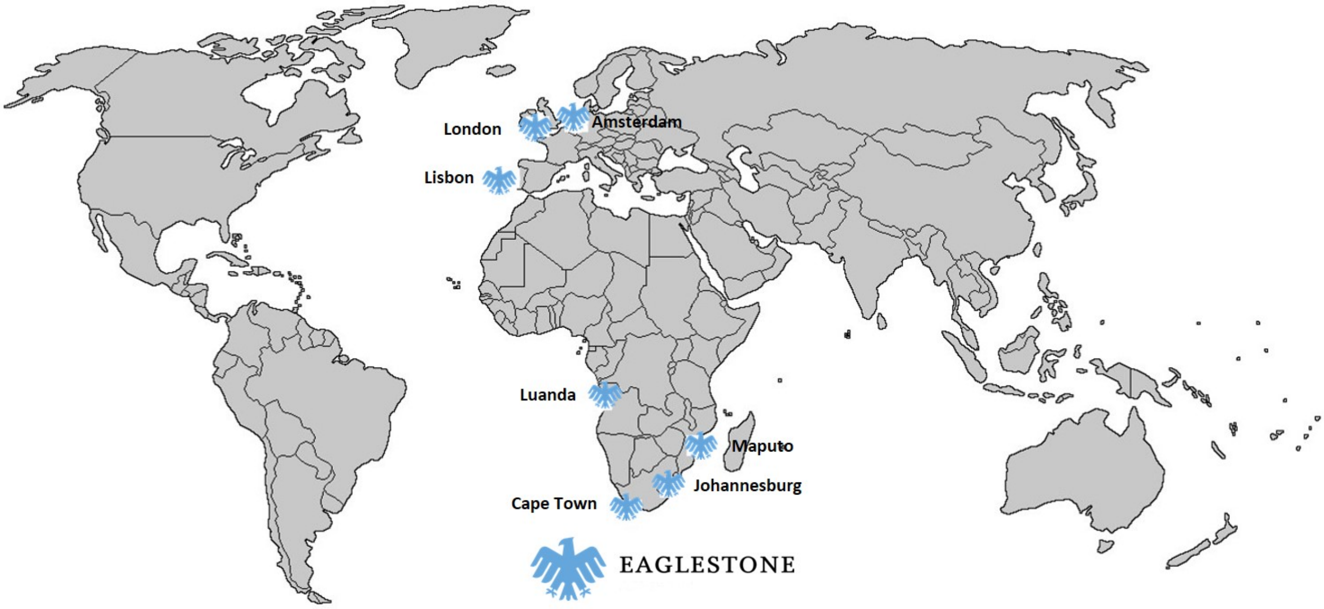
SLWRMP's success has also resulted in the establishment of 56 small sprinkler irrigation systems in 56 communities with a total irrigation capacity of 360 ha; the construction of 12 boreholes that have increased access to potable water and the reduction of distances from the community to the water source..

And it doesn't end there. Other ripple benefits include the construction of 21 small dams, which has increased access to potable water for about 18,375 people and 24,234 cattle, reducing the number of livestock deaths and leading to the diversification of the diet of the communities.

As part of the project, 290 ha out of an expected 1500ha have been reforested so far.

But it is the project's beneficiaries who are its greatest champions.

Rute Bila, a female farmer from the Revolução Verde (Green Revolution) farmer's group said the irrigation kit that she received from the project changed her life. (AFDB)



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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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