EAGLESTONE

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In-depth:

Electrification Efforts in Sub-Saharan Africa Must Address Root Causes of Low Access

- ***A new World Bank report recommends Sub-Saharan African governments invest in coordinated, long-term electrification plans to reach their development goals faster***
- ***Barriers to electricity access noted in the report include demand-side constraints such as the ability of households to turn electricity access into more income***
- ***Policy recommendations include addressing demand-side constraints at all stages of electrification***

WASHINGTON, May 9, 2019 – While several Sub-Saharan African countries have made progress in expanding electricity access in recent years, the overall state of electrification in Africa is still far from its potential. A new World Bank report urges governments to rethink their electrification plans and incorporate important aspects that have often been neglected.

The report, Electricity Access in Sub-Saharan Africa: Uptake, Reliability and Complementary Factors for Economic Impact, notes that electrification is a long-term and foundational investment to achieve the development objectives faster.

The report identifies barriers to the region's electricity access, such as low electrification uptake rates in several countries including Liberia, Malawi, Niger, Sierra Leone and Uganda. It notes the significance of demand-related factors which account for about two-fifths of the electricity access gap. The report highlights several reasons why uptake is not always feasible for consumers including affordability, household income irregularity, and foremost the ability of household to turn electricity access into greater income.

"The report shows that demand-related factors could account for nearly 40% of the electricity access gap in the region," said Albert Zeufack, the World Bank's Chief Economist for Africa. "It will be important for governments to understand these constraints and incorporate them in their thinking if the progress is going to be financially sustainable."

On one hand, the report says faster access requires lower prices, since most households cannot afford to connect and pay tariffs that will allow utilities to recover their cost and to consume at meaningful levels. On the other hand, lower regulated tariffs which could make access more affordable will tend to exacerbate the financial stress on the utilities.

"The best way to simultaneously make electricity more affordable for households and firms and improve the financial viability of service providers is to focus on using electricity primarily for income generating activities," said Moussa P. Blimpo, World Bank Senior Economist in the Office of the Chief Economist for the Africa Region and lead author of the report.

To achieve this goal, the report recommends prioritizing fixing energy reliability problems and notes that electrification efforts must be accompanied by complementary investments. This would require a more coordinated approach the report says, where electrification is complemented timely with other necessary infrastructures.

For example, the report highlights data from Rwanda that show that higher human capital and greater access to market will increase entrepreneurship and generate more productive non-farm jobs. Similarly, the report finds access to markets and financial services are the combination that is critical to raise household income irrespective of the level of human capital.

Electrification in Africa has been highly uneven between rural and urban areas even though it can unleash the untapped economic potential in many rural areas, the report says, such as off-season farming and value-added agro-processing, provided electricity is combined with the complementary investments to turn into productive economic activities. The report notes that addressing essential policy considerations can boost electricity access, increase uptake, improve reliability and raise impacts, including addressing the root causes of demand constraints, such as:

- **Recognizing electrification as a necessary, long-term investment for economic transformation:** Plans to increase electricity access should not be evaluated based only on short-term benefits, which are unlikely to cover its costs. It is important to finance the upfront costs as a time-consistent way.

 Address demand constraints at all stages of the electrification process: Addressing the root causes of demand constraints, such as affordability of fees and inadequate housing, will require focusing on enhancing economic impacts with the following considerations:

- Target and promote productive use so that electrification will raise household income, enhance household ability to pay, help the financial viability of utilities through higher consumption and feed back into the public finances through taxes for reinvestment
- Prioritize reliability, whenever access is provided, because reliability will be crucial if electricity provision is going to pay for itself.
- Coordinate with other sectors to take advantage of complementary investments, and the provision of appropriate inputs to productive economic activities.
- Take advantage of recent technological advances in off-grid solutions to strategically promote productive uses, especially in rural areas. (World Bank)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

UN, African Development Bank, Encourage African countries to join UN international water management body

The African Development Bank and the United Nations Water Convention have agreed to jointly encourage African countries to join the UN water management organization to promote integrated and sustainable management of surface and groundwater resources.

The move follows a visit by a delegation from the UN Convention on the Protection and Use of Transboundary Watercourses and International Lakes, (also known as the United Nations Water Convention) to the African Development Bank headquarters in Abidjan, on Friday, 12 April 2019.

The delegation briefed senior officials of the Bank about the activities of the body and recommended that the Bank's clients join the Convention. They also explored opportunities to strengthen cooperation - at the continental level and in specific basins and regions across Africa - between the Convention and the Bank.

Describing water as a "crucial, strategic natural resource for all countries, " Wambui Gichuri, Director of the Bank's Water Development and Sanitation department added that while Africa is endowed with abundant water resources, it is also the second driest continent, with two great deserts, the Sahara and the Kalahari, located in its northern and southern regions respectively. "Drinking water supply and sanitation, food production, energy supply, and industrial development are all completely dependent on the availability of water," Gichuri said.

In her presentation to the Bank team, Francesca Bernardini, Secretary of the Water Convention, said that the body aims to promote the sustainable management of transboundary waters through cooperation and partnership. "The Convention and its activities are consistent with the African Development Bank's water sector strategy, particularly supporting the Bank's Integrated Water Resources Management (IWRM) policy across all levels of water needs in its operations," Bernardini said.

According to Bernadini, the benefits of membership of the UN Water Convention include increased sustainability of regional and cooperation projects, and reduction of investment risks typically occasioned by the long-term nature of development programs and initiatives, through legally binding commitments made by parties to the convention. Several activities carried out under the Convention also help to strengthen countries' capacity for water management and boost the effectiveness of the Bank's interventions in the long-term.

Mahamat Alifa Moussa, General Director at the Ministry of Environment, Water and Fisheries of Chad was part of the delegation to the Bank. Chad, a landlocked West African nation, was the first African country to sign the Convention.

Moussa observed that in view of the cross-border nature of most of Chad's water resources, the nation favoured international cooperation to help manage its resources. The global opening of the Water Convention in 2016 to membership for non-European countries was therefore Chad's opportunity to strengthen cooperation on these shared water resources, he said.

"Faced with the risk of conflicts over water use between Chad and riparian countries, the needs of development, increased individual needs, population growth and to plan for the future by conserving natural environments and biodiversity, Chad has resolved to promote integrated and sustainable management of surface water resources and groundwater," Moussa said.

The Convention on the Protection and Use of Transboundary Watercourses and International Lakes was negotiated in 1990-1992 through an intergovernmental process under the auspices of the United Nations Economic Commission for Europe (UNECE).

Since 2016, membership to the UN Water Convention has been opened up to all United Nations Member States. So far, 44 countries have ratified the Water Convention, six of which are non-European nations.

ALSF Management Board reviews its activities ahead of African Development Bank 2019 Annual Meetings

The Management Board of the African Legal Support Facility (ALSF) has met to review progress made in 2018 and to assess the implementation of its projects. The Board considered key issues and events, which will be discussed further on the margins of the 2019 Annual Meetings of the African Development Bank Group, scheduled to take place next month in Malabo, Equatorial Guinea.

Established in 2008, the ALSF is an international public institution, hosted by the African Development Bank Group. Its mandate is to support African states by providing legal advisory services, launching capacity-building events, and developing unique knowledge management tools.

During the meeting, the board reviewed the body's 2018 draft Annual Report and financial statements and advised on enhancing the implementation of ALSF projects as they continue to increase in number and spread across the continent.

The Board also discussed a proposal for an ALSF Private Entity Funding Framework, which would be developed to guide the terms and conditions of contributions by private entities and to expand the Facility's resource mobilization.

Board members also heard a report about a recent meeting held for African government negotiators from Bank Regional Member Countries, during which participants expressed interest in financially contributing to the ALSF.

Board members encouraged ALSF management to be innovative and strategic, to focus on the results of its operations, and on new opportunities in the rapidly changing investment environment.

The Management Board is responsible for ALSF's efficient operations, approval of its budget and appointment of its Director. Its current five members, appointed for a three-year, non-renewable term, are Dorcas Achapa (Kenya), Dandi Gnamou (Benin), Bruce Montador (Canada), Mahomed Rafique (Mozambique), and Gaston Kenfack (Cameroon).

DEALS & INVESTMENTS

World Bank grants additional USD 1.2 billion credit

The World Bank (WB) will provide next June an additional USD 1.2 billion loan to the Angolan Government to implement projects in agriculture, improvement of economic statistics, water, electricity and human capital, said Thursday 2nd May in Luanda the financial institution director Fábio Kanczuk. Fábio Kanczuk was speaking to the press after a meeting with the President of the Republic, João Lourenço, with whom he addressed issues related to the most effective ways in which World Bank support for social impact programs in the country.

With this loan (USD 1.2 billion), the amount granted by this institution will amount to USD 2.4 billion.

The head of the World Bank said he was "very impressed" with the economic policies being implemented by the Angolan Head of State, that is why he wishes a "marriage" between the World Bank and the Government. "We are going to have a marriage between the World Bank and the Angolan government, so that our institution is more effective, helping the government, implementing its economic policies that are in good path. (Angop)

South Africa's Ascendis sells Bioscience business for $33 mln

South African Health and wellness group Ascendis Health said it will sell three businesses within its Biosciences division to a consortium for 480 million rand ($33 million) as part of a strategic review. Ascendis will sell the Efekto, Marltons and Afrikelp businesses to a consortium comprising of RMB Ventures, Nedbank Private Equity and certain members of the management of the Ascendis Biosciences division, it said in a statement. “Following our strategic business review last year the Biosciences division was considered as non-core to the group’s strategy and was identified for sale,” Chief Executive Thomas Thomsen said. “While these Biosciences businesses are performing well, they serve a different set of customers and require capabilities and skills that are not core to Ascendis Health.” Ascendis shares jumped nearly 8 % after the announcement and closed up 1.58 % at 4.50 rand.

Efekto manufactures and sells home and garden pesticides, fertiliser and plant food products and Afrikelp specialises in natural growth stimulants extracted from seaweed to improve the quality and quantity of agricultural crops.

Marltons, established over 80 years ago, manufactures and distributes pet care and pet products.

Thomsen said the cash proceeds from the sale will strengthen the group’s financial position in the short-term and be used to reduce debt levels and fund working capital.

Ascendis, which also has operations in Cyprus, Hungary, Romania and Spain, said the remaining businesses in the Biosciences division, Avima and Klub M5, may be considered for divestment in the short-to medium-term. The group has been divesting non-core assets as part of a strategic review aimed at improving cash generation, enhancing profitability and accelerating organic growth. It announced the sale of its pharmaceutical manufacturing facility in Gauteng for 130 million rand in December. This followed the sale of its South African sports nutrition business for 54 million rand in September. In January, the group received an unsolicited offer for its Cyprus-based generic pharmaceutical business Remedica. ($1 = 14.5125 rand) (By Nqobile Dludla, Reuters)

New changes introduced to the Angolan system for attracting and negotiating investment

The Angolan government has introduced further changes to the organic statute of the Private Investment and Export Promotion Agency (Aipex), which is now responsible for registering investments but not for their approval.

The amendment is contained in Presidential Decree No. 96/19, already in force, which reaffirms Aipex as the Public Administration responsible for the registration of investments, under the terms of the Private Investment Law (LIP) of 2018, according to Legis-PALOP+TL.

Aipex is also responsible for supervising and controlling the implementation and execution of registered investment projects, responsibilities that in the previous statute were specifically of the Department of Studies and Monitoring of Investments and International Business, and not general responsibilities of Aipex.

The agency, through its Investment Proposals Evaluation Department, is the entity responsible for issuing certificates to private investors, with the department ensuring the receipt and processing of private investment project procedures, namely investments made in priority areas of activity and in development zones, under the LIP.

However, according to Legis-PALOP+TL, Aipex is no longer responsible for negotiating and approving private investment projects.

As a result, the Investment Contracts Negotiation Committee, the executive service of Aipex, which until now negotiated private investment contracts under the hiring regime, ceases to exist.
To date, Legis-PALOP+TL said, new legislation that assigns powers to another entity to negotiate and approve private investment projects has yet to be published.
Aipex was created about a year ago to promote investment and exports and to foster the international competitiveness of Angolan companies.
The Angolan government previously announced the creation of a unique private investment system, merging several state agencies that receive and process investment proposals to accelerate and simplify processes, according to the "New Private Investment System Operational Framework" prepared by the Technical Unit for Private Investment (UTIP).
The proposed model advocated the unification of the UTIP – closing the respective technical units that operate in the provincial governments and ministries for investment projects of less than US$10 million – and the Agency for the Promotion of Private Investment and Exports (Apiex).
The Africa Monitor newsletter reported that the government, in order to improve the country's business environment, will prepare a proposal for a review of the new Private Investment Law by the end of the year. (Macauhub)

Toyota Group wants to contribute to the development of Angola
The Toyota group is interested in contributing to the growth of Angola, not only in the automotive sector but in the areas of infrastructure and energy, the chief executive of Japan's Toyota Tsusho Corporation said in Luanda. Ichiro Kashitani, speaking at the end of an audience granted by President João Lourenço, also said that the group intends to explore other possibilities for Japanese companies to introduce new technologies for the integral development of Angola. The president of the Toyota group added that this interest was not only focused on the development of the business sector but also human resources, specifically multi-skills training, according to the Angop news agency. Kashitani said he had told the Angolan President about a study being carried out to expand the group's activities in Angola in the automotive sector, not only in the sale of vehicles but also in the introduction of a new traffic management service. "This is a project that is already working in other countries and we hope to have the possibility of developing it in Angola and on the African continent," he said.
The Toyota Tsusho Corporation's mission to Angola also has plans to visit the port of Namibe in southern Angola, which has a recovery project estimated to cost US$600 million financed by the government of Japan. The Toyota CEO's visit coincides with the arrival in Luanda of Japan's Foreign Minister Taro Kono for a 24-hour working visit. Kono and his Angolan counterpart, Manuel Augusto, will chair talks between the delegations of the two countries, which will end with the signing of a document to grant non-reimbursable aid to the health sector. (Macauhub)

BANKING

Banks

Kenya's KCB Group looks to buy banks in Rwanda, DRC –CEO
Kenya's biggest lender by assets, KCB Group, plans to buy a bank in Rwanda and one in the Democratic Republic of the Congo (DRC), its chief executive said. CEO Joshua Oigara, who was speaking to reporters, did not reveal the identity of the two banks the lender is considering acquiring or the timeframe. KCB is also planning to open a representative office in China, to take advantage of growing trade links between East Africa and China, he said.
Kenyan banks have announced several deals since the government capped commercial lending rates in 2016, crimping their profit margins and forcing them to look for survival strategies, including consolidation. Last month, KCB offered to buy National Bank of Kenya (NBK) in a swap of one KCB share for 10 NBK shares in a deal seen helping NBK out of its perennial liquidity challenges.

CBA Group, a privately held bank, is in the process of merging with NIC Bank to form the third biggest bank by assets in East Africa.
The second largest bank by assets, Equity Group, said last week it was in talks with London-listed financial services firm Atlas Mara Limited about acquiring stakes in banks in Rwanda, Zambia, Mozambique and Tanzania. Smaller transactions have included Diamond Trust Bank's acquisition of Habib Bank Kenya in 2017. (By Duncan Miriri, Reuters)

Goldman Partners With Investec in African Capital-Markets Push
Goldman Sachs Group Inc. is expanding in South Africa as the U.S. investment bank seeks to tap into fast economic growth on the continent.
The lender is partnering with Investec on equity trading, which will allow both firms to extend their trading operations from Johannesburg to the rest of Africa, New York-based Goldman Sachs said in a statement on Wednesday15th May.
Key Insights

- Goldman Sachs, which has had a presence in South Africa for 20 years, will offer fixed-income products, including foreign exchange and South African government securities, to corporate and institutional investors in the country.
- The firm already provides advisory, wealth- and asset-management services to corporations, investment firms, government institutions and individuals in South Africa.
- The expansion comes after South African elections last week in which President Cyril Ramaphosa led his African National Congress to victory on pledges to reignite economic growth, streamline his cabinet and stamp out corruption.
- Colin Coleman, who has headed the sub-Saharan African division of Goldman Sachs since 2000, is a supporter of Ramaphosa and his drive to attract more investments into Africa's most industrialized economy. (By Vernon Wessels and Roxanne Henderson, Bloomberg)

All districts in Inhambane now have banking services
Every district in the southern Mozambican province of Inhambane now has at least one bank, under the programme "One district, one bank", launched by President Filipe Nyusi in 2016. The last Inhambane district covered by the programme was Funhalouro, where Nyusi inaugurated a branch of the Commercial and Investment Bank (BCI).
At the ceremony, Nyusi pledged that, by the end of 2019, all of the 154 districts in the country will have at least one bank branch. Currently only 115 districts have a bank. The President added that the government, together with its partners and the commercial banks, expected to invest about a billion meticais (around 15.8 million US dollars) in this programme by the end of the year. Nyusi said that, before the launch of the programme, the situation was a matter of concern, particularly in rural areas where people often had to travel long distances to reach the nearest bank. "We were concerned to note that, in the countryside, about a third of the population spent three hours, or sometimes the entire day, to gain access to financial services", he said. "Our teachers, farmers, nurses, civil servants and traders were forced to walk for many kilometres to uses these services". Spending such a long time merely to go to the bank, Nyusi added, affected labour productivity, and hence the development of the country. But since the programme was launched, the number of districts where there is at least one bank has risen from 85 to 115.
The President urged his listeners to increase their production as the fundamental condition to add value to the investment in new bank branches. "The banks can only work, if we are capable of producing", he said. "This bank is not here just to make the town look pretty".
For his part, the chairperson of the BCI Executive Commission, Paulo Sousa, said that the BCI has installed 19 new branches under the "One district, one bank" programme.
A further eight BCI branches would shortly start operating in another eight districts. The new BCI branches had issued around 18,000 bank debit or credit cards. (Club of Mozambique)

International Finance Corporation opens representative office in Angola

The International Finance Corporation (IFC), of the World Bank Group, is opening a representative office in Luanda next September, said in Luanda, Frank Doumba, of the IFC. The World Bank official acknowledged that to date, the IFC, has not provided the Angolan private sector with equal treatment compared to the public sector, during a meeting with students of the Faculty of Economics of Agostinho Neto University.

Of all funding applications, only two projects are in the pipeline, the first for the tourism sector and the second for information and communication technologies, valued at US$75 million, Doumba told state newspaper Jornal de Angola.

Doumba considered, however, that the business environment in Angola has been challenging, leading the IFC to make a diagnosis of the country's private sector in September 2018, which drew the attention of the institution to the agricultural, telecommunications, energy and tourism sectors.

Christine Hogan, executive director of the World Bank Group for Canada, Ireland and the Caribbean, gave assurances at the meeting that the World Bank will reinforce the support it has provided to Angola. (Macauhub)

Angola's Banco Económico takes stake in Tranquilidade insurance company

Angolan bank Banco Economico plans to acquire the shareholding of Seguradora Unidos in Tranquilidade – Corporação Angolana de Seguros, the Regulatory Competition Authority (ARC) announced in a statement released in Luanda. The statement said notification of the operation was made on 25 March, under the terms of the Competition Law, approved in March 2018, which requires prior submission of mergers of companies that achieve a market share or annual turnover higher than maximum limits set out.

The regulation of the Competition Law makes prior notification of operations in which a market share of 50% or more "is acquired, created or strengthened," or where this occurs when the market share is between 30% and 50% and individual turnover in Angola in the last year by at least two companies totalled more than 450 million kwanzas.

Situations in which the group of companies involved in the merger has carried out business in Angola in the last year, in an amount of more than 3.5 billion kwanzas, are also subject to prior notification, according to state newspaper Jornal de Angola.

Banco Económico inherited the assets of the bankrupt Banco Espírito Santo Angola, one of the 12 largest commercial banks operating in Angola, while Tranquilidade – Corporação Angolana de Seguros, which started operating in 2012, operates in the insurance, reinsurance and investment, stakeholdings, representations, pension fund and professional training markets. (Macauhub)

Deutsche Bank opens credit line to finance Angolan entrepreneurs

Deutsche Bank has opened a 1 billion-euro credit line to finance Angola's private sector under an agreement signed in Luanda with the Ministry of Finance and Banco de Desenvolvimento de Angola, according to an official statement. The statement said this agreement and its annexes, in which Deutsche Bank is the lender, Banco de Desenvolvimento de Angola is one of the borrowers and the Ministry of Finance is the guarantor of the operation, had been approved by Presidential Decree No. 53/19 of 09 of April. The Minister of Finance, Archer Mangueira, said that the credit line could be put into operation by several banks and added that Banco de Desenvolvimento de Angola was the first to meet all the requirements, "which has allowed us to formally close the negotiation process." (Macauhub)

Spanish citizen buys Geocapital's stake in Caixa Económica de Cabo Verde

The Bank of Cabo Verde (BCV) has approved the acquisition of a 27.44% stake in Caixa Económica de Cabo Verde (CECV) by International Holding Cabo Verde (IHCV), according to a statement released. The statement said that Spanish citizen Enrique Bañuelos de Castro, representing IHCV, announced his intention to acquire shares representing up to 30% of the share

capital of Caixa Económica de Cabo Verde. On 12 November 2018, GeoCapital – Gestão de Participações, announced its intention to sell the shares that make up its qualifying holding in Caixa Económica de Cabo Verde, representing 27.44% of the capital stock of the bank.
After taking the steps set out in the law, the board of directors of the BCV decided, during the meeting of the ordinary session of 21 December 2018, "to approve the acquisition of a qualifying holding corresponding to 27.44% of Caixa Económica de Cabo Verde." "The Banco de Cabo Verde, as supervisory authority of the national financial system, communicates its non-objection to the acquisition process in question and understands that the acquirer guarantees the sound and prudent management of Caixa Económica de Cabo Verde," the statement said.
Following the completion of this process, the shareholder structure of Caixa Económica de Cabo Verde is constituted by the National Institute of Social Security (47.21%), International Holding Cabo Verde, SGPS Sociedade Unipessoal Lda (27.44%), Cabo Verde Post Office (15.14%) and other subscribers or employees (12.8%). (Macauhub)

Nigeria's Buhari Nominates Emefiele for Second Term as Bank Governor

- Emefiele is first governor to have term renewed since 1999
- Appointment's subject to the approval of the Nigerian Senate

Nigeria's President Muhammadu Buhari nominated central bank Governor Godwin Emefiele for a second five-year term, making him the first monetary-policy chief to have his contract renewed since the end of military rule two decades ago.
Senate President Bukola Saraki read Buhari's choice of Emefiele to lawmakers. His appointment is subject to the Senate's approval. There was speculation of other possible candidates for the role, with Buhari facing pressure to replace Emefiele, who's from the south of the country, with a northerner. High-profile public positions in Nigeria are often rotated between the two regions. Buhari's decision to stick with Emefiele lessens the chances that Africa's biggest oil producer will scrap its system of multiple exchange rates, according to Mathias Althoff, a money manager at Stockholm-based Tundra Fonder AB, which owns Nigerian stocks. "The likelihood of either the Buhari administration or the central bank under Emefiele doing anything other than what we've seen in the past four years is very low," Althoff said. "The independence of the central bank is, rightfully, questioned. I don't believe Emefiele is strong enough, nor has he indicated any will to make any major changes to the current foreign-exchange regime."
The central bank head was previously managing director of Zenith Bank Plc, Nigeria's second-biggest lender by market value. Since being appointed in 2014, he raised the key interest rate to a record high to contain price growth and bolster the naira. His decision to tighten currency controls by restricting importers of about 43 items from buying foreign exchange, and his defiance of calls to devalue the naira, may have earned him Buhari's support to stay on.
The renewal of Emefiele's term gives a platform for monetary stability at a time that it's most required, Ogho Okiti, head of Abuja-based Time Economics, told Bloomberg in a text message. "His reappointment provides the president with a person that has the greatest understanding of his policies and how those policies have shaped Nigeria's economic growth in recent years and the changes required," he said. The 57-year-old will continue facing the trade-off between lowering inflation that's been above the target band of 6% to 9% for more than three years and boosting an economy whose growth is lagging emerging-market peers. The Monetary Policy Committee, which lowered its key rate to 13.5% from 14% in March, is scheduled to make its next rates announcement on May 21. Emefiele will continue to pursue the central bank's development-finance agenda, including lending at subsidized rates to different sectors of the economy, Robert Omotunde, an analyst at Afrinvest West Africa Ltd., said by phone from Lagos. "We don't expect a free floating exchange-rate regime," he said. "We do not expect any relaxation of the banned 43 items. For investment and attraction of capital into the country, it is not so positive." (By Emele Onu and Tope Alake, Bloomberg)

Markets

Angolan exchange set for first IPOs in 2019: bourse CEO

Angola, Africa's second largest oil producer, should see its first ever initial public offerings this year as the country establishes a domestic stock exchange with the privatisation of multiple state companies, the bourse's head said on Thursday 2nd May .

Patricio Vilar, chief executive officer of the Bodiva exchange, said he expected two IPOs to take place this year with a larger, unspecified, number set for 2020. He declined to give the names of the companies looking to list. "There are very clear signals that there will be initial public offerings this year," Vilar told a news conference at the bourse's headquarters in Luanda.

Angola has previously said it is looking to privatise as many as 74 state companies in an effort to attract foreign investment and revitalise an economy that was plunged into a tailspin after the oil price fell in 2014.

The southern African country has suffered three consecutive years of recession through 2018.

Vilar said there were also five private companies that had shown concrete interest in an Angolan IPO.

The Bodiva already serves as an exchange for the primary and secondary trading of Angolan state debt, but has not previously operated a stock exchange. "We think that with the advent of the coming privatisations of well-known companies we will see a rapid change in the way companies finance themselves," Vilar said, adding he expects a shift from state banks to the private sector and capital markets as Angola looks to open up its economy and improve transparency. (By Stephen Eisenhammer, Reuters)

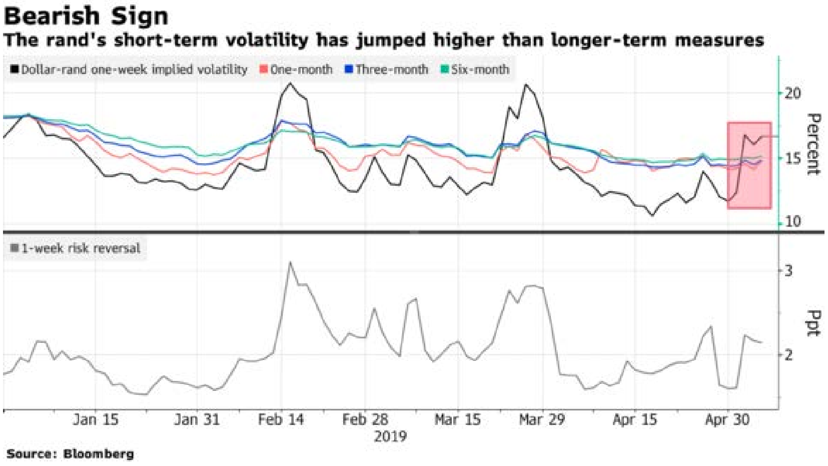
South African Assets Signal Rising Anxiety as Election Nears

- Rand volatility climbs as traders anticipate two-way risks
- Yield curve steepens, indicating longer-term policy concerns

South African assets are signaling increasing investor anxiety about election, with the fate of the rand and government bonds tied to the extent of the ruling African National Congress' expected majority and what that implies for policy.

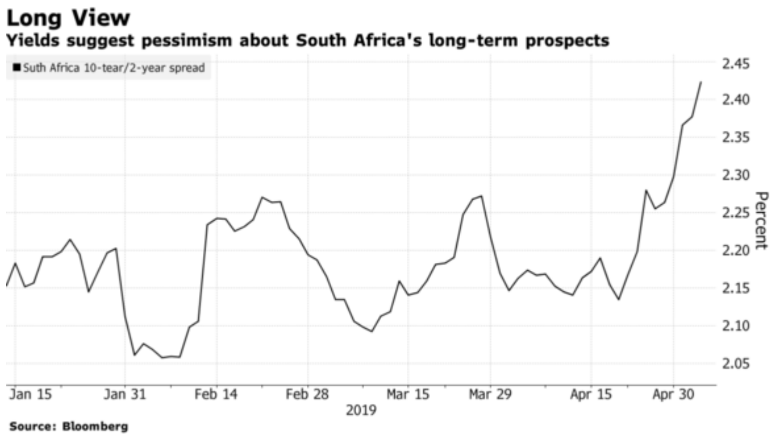
President Cyril Ramaphosa needs a strong mandate to push through fiscal and policy reforms in the face of opposition from factions within his party. But while a convincing majority may give assets a brief boost, the difficulty of the road ahead is making investors wary. "President Cyril Ramaphosa's ANC is all but certain to win this week's election, but we're skeptical that this will provide impetus to his sluggish reform drive,'' said John Ashbourne, a senior emerging-markets economist at Capital Economics, in a note to clients. "The ruling party will, after all, remain sharply divided. We expect that progress will be slow.'' The rand gained 0.2 % to 14.4419 per dollar by 8:28 a.m. in Johannesburg after weakening 0.8 % on Monday 06th May.

Volatility measures leave no doubt that rand traders see the election as an immediate, two-way risk.

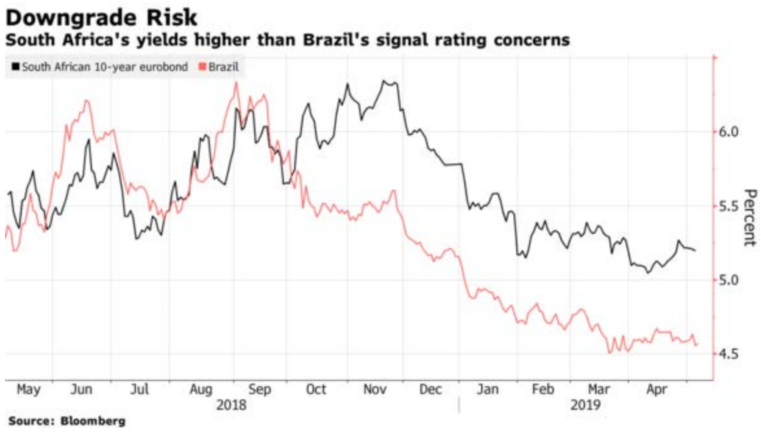


One-week implied volatility for the rand against the dollar has climbed above longer-term measures for the first time since March, and is now higher than any other emerging-market currency including the beleaguered Turkish lira.

Bearish bets are also rising. The premium of options to sell the currency in the next week over those to buy it, known as the 25 Delta risk reversal, has jumped to a one-month high, suggesting traders are more inclined to hedge against rand declines in the immediate aftermath of the vote. "An ANC majority win nationally of close to 60 % or higher is currently being seen as likely to strengthen the rand," Annabel Bishop, the Johannesburg-based chief economist at Investec Bank Ltd., said in a note. "A material swing towards the left-wing populist parties, either in an election result, or in ANC coalitions after the elections, is believed to risk substantial rand weakness."



While the options market indicates anxiety over the election itself, bond yields suggest investors are also concerned about long-term prospects for the economy. South Africa's yield curve has steepened to the widest this year as the rate on 10-year securities rose more than that on two-year bonds. While this is partly due to an increase in longer-dated issuance, it also reflects concern about the implementation of much-needed policy reforms to boost the economy. "Foreigners aren't looking at picking up long-term risk due to uncertainty with regards to the fiscal issues South Africa is facing," said Michelle Wohlberg, a Johannesburg-based fixed-income trader at FirstRand Bank Ltd.



Non-residents have sold a net 5.9 billion rand ($407 million) of South African bonds since mid-April, according to JSE Ltd. data.

Hard-currency bonds also signal worries over the fiscal outlook post-election, according to ING Groep NV. Yields on South Africa's benchmark dollar securities are trending lower, but are about 50 basis points higher than those of junk-rated Brazil. While there could be a near-term rally for the debt after the vote, the medium-term outlook is clouded, said Trieu Pham, a London-based emerging-markets strategist at ING.

South Africa's foreign debt is already rated junk by S&P Global Ratings and Fitch Ratings, and its one remaining investment-grade assessment at Moody's Investors Service depends on how the government approaches the fiscal deficit and financial troubles of state-owned companies after the election. "The persisting risk of losing Moody's Baa3 rating is a negative technical overhang,'' said Pham. "This is fairly reflected in the spread differential between South Africa and Brazil.'' (By Colleen Goko, Bloomberg)

JPMorgan cuts S.Africa local bond exposure citing fiscal, flags rating risks

JPMorgan reduced its exposure to South African local bonds citing a deteriorating fiscal outlook and flagged risks over its expectations that Moody's would not change its rating in the near term.

JPMorgan said it had taken profit on its overweight local bond position which it had held since January to move to medium weight. In FX, the bank said it had entered an underweight position on the South African rand, citing expensive valuations. "The fiscal outlook looks significantly more challenging than we previously thought, and we now see risks for a 5.5% of GDP fiscal deficit this year," Anezka Christovova wrote in a note to clients. On the outlook for Moody's credit rating on the country, Christovova said JPMorgan's assumption of no ratings action in the near term could be challenged. "Soft incoming data suggests the timeline for a possible earlier downgrade warrants risk premium." (By Karin Strohecker, Reuters)

ENERGY

Angola and IAEA sign technology transfer agreement

Angola and the International Atomic Energy Agency (IAEA) have signed in Vienna, Austria, a cooperation agreement called the Framework Program (CPF), which includes projects in several areas for the transfer of nuclear technology.

According to a press release from the Angolan Embassy in Austria, to which Angop had access on Thursday 2nd May , the agreement, signed on Tuesday (30), will be implemented in the 2019-2023 period and defines projects with a total cost of € 2.9 million.

The document underlines that the agreement has as priority areas such as health and nutrition, food and agriculture, water and environment, energy and industry, radiation protection and safety, animal production and animal vaccine manufacturing.

The agreement was signed by the Ambassador and Permanent Representative of the Republic of Angola to the IAEA, Teodolinda Rosa Rodrigues Coelho and the deputy director of the IAEA and head of the technical cooperation department, Dazhu Yang.

Angola has been a member state of the IAEA since November 1999, a signatory to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and a State Party to the Treaty of Pelindaba, and actively participates in IAEA meetings advocating the use of nuclear energy for peaceful purposes, disarmament and international security. (Angop)

Angola's bioenergy company starts exporting ethanol to Europe

Angolan biofuel company Biocom this month plans to export 8,500 cubic feet of ethanol to Europe in two shipments on 13 and 23 May, announced the company's sales director.

Fernando Cock, quoted by Jornal de Angola, said the two shipments were based on contracts signed with Ryssow and Alcotra, the latter a Swiss ethanol production, distribution and marketing company. The information was provided at the official opening of the 2019 Agricultural Year at Biocom, and the company is expected to produce 110,000 tonnes of sugar, 20,000 cubic metres of neutral ethanol and 60 megawatts of electricity. Sales of sugar, ethanol and electricity forecast for the year are estimated at US$80 million, less than half the US$170 million average from 2014 to 2018, according to the information provided by company's sales director.

The company currently has a planted area of 24,000 hectares of sugarcane, having produced in the 2018 agricultural campaign 73,000 tonnes of sugar cane and 17,000 m^3 of ethanol.

Biocom, which is located in the Cacuso district, 75 kilometres from Malanje, is one of the largest Angolan agro-industrial projects, led by Brazilian group Odebrecht, which owns 40% of the capital of the company. The remaining 60% of the capital is shared by Angolan private-equity group Cochan, with 40% and Angolan state oil company Sonangol, with 20%. (Macauhub)

Global energy investment out of step with security of supply, climate needs

A new report on global energy investment in 2018 points to an ongoing misalignment between approved expenditure on new fuel and power projects and meeting the twin goals of security of supply and decarbonisation. The International Energy Agency's (IEA's) 'World Energy Investment 2019' report states that global energy investment stabilised at $1.8-trillion in 2018, following three consecutive years of decline. Power investments, at $775-billion, continued to outpace fuel investments for the third year in a row. The gap narrowed, however, as a result of a 4% rise in upstream oil and gas investment to $505-billion. Expenditure on renewable energy declined, while energy efficiency investment remained flat. The report attributes the fall in renewables investment partly to a flattening in net capacity additions, but also to a fall in the costs of technologies such as solar photovoltaic, onshore wind and battery storage. After adjusting for cost declines, renewables investment activity is up by 55% since 2010.

Nevertheless, the IEA cautions that output from low-carbon power investment is failing to keep pace with demand and that a doubling of renewables spending is needed to align spending with climate commitments made as part of the Paris Agreement. Meeting the climate targets would also require more investment in nuclear and a rising level of spending on electricity networks, the IEA states.

In fact, the report points to a marked divergence between the investment decisions in 2018 – which included continued growth in global coal power fleet, despite a 3% fall in overall coal power investment to $60-billion – and the investments required to remain consistent with the climate commitments made in the Paris Agreement.

In addition, new conventional oil and gas projects fall short of what would be needed to meet continued robust demand growth. “The bottom line is that the world is not investing enough in traditional elements of supply to maintain today’s consumption patterns, nor is it investing enough in cleaner energy technologies to change course, IEA executive director Fatih Birol says. “Whichever way you look, we are storing up risks for the future.”

The report also highlights an ongoing imbalance in the geographical spread of energy investments, with nearly 90% of energy investment in 2018 concentrated in high- and upper-middle income countries and regions. “High-income countries, with just over 15% of the global population, accounted for over 40% of energy investment in 2018.”

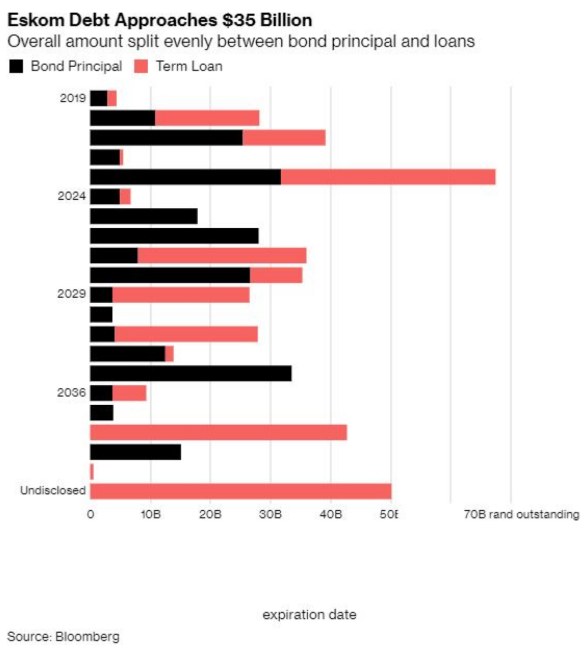
In sub-Saharan Africa, energy investments declined 15% compared with three years ago, owing to the fall in oil and gas spending offsetting a small increase in renewables. Power investment in the region grew 8% in 2018 and has grown by over 80% since 2010. This growth has all come from generation, over 65% of which was in renewables.

Spending on grids – critical for electrifying a large part of the population without access and connecting new generation – has stagnated. “In many countries, investment is hampered by weak regulatory frameworks, lengthy project timelines, persistent financial strains on utilities and limited public finance,” the report states. (By Terence Creamer, Engineering News)

South Africa Burdened by Utility’s Near $35 Billion Debt Load

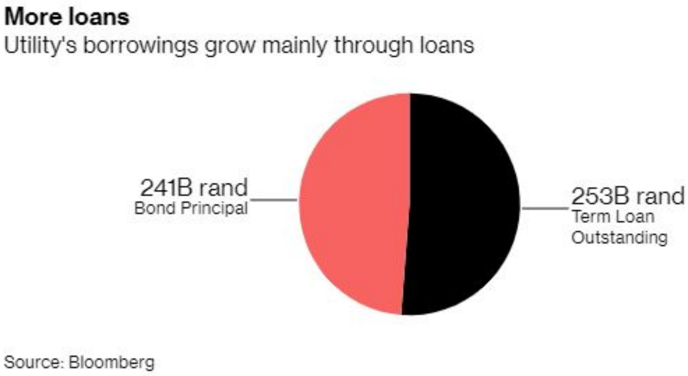
- Utility isn’t selling enough power to cover costs, interest
- Loans now account for more than half of Eskom’s total debt

The embattled South African state power utility’s debt burden, described by Goldman Sachs Group Inc. as the biggest threat to the nation’s economy, has burgeoned, compounding the difficulty the government faces in formulating a turnaround plan. Eskom Holdings SOC Ltd.’s debt is approaching 500 billion rand ($35 billion), according to data compiled by Bloomberg from public records, including bonds and issued loans, up from about 370 billion rand a year ago. While the utility declined to comment on the current number, its Chief Executive Officer Phakamani Hadebe last month put total debt at about 450 billion rand.



Eskom hasn’t been selling enough power to cover its operating costs and interest payments, and has been forced to implement rotating blackouts over the past few years to prevent a collapse of the national grid as its fleet of aging and poorly maintained plants struggled to keep pace with demand.

President Cyril Ramaphosa announced plans earlier this year to split the company into three units to make it easier to manage, and the National Treasury allocated a 69 billion-rand cash injection over the next three years in the February budget -- a bailout that's already been partly offset by the rising debt.
The composition of the utility's debt has also changed, with loans accounting for just more than half of its total burden, up from 40% a year ago. The switch to short-term financing hasn't been smooth sailing -- a loan agreed with China Development Bank failed to come through as scheduled earlier this year and Eskom had to take out an urgent 3 billion rand bridge loan from Absa Group Ltd. to avoid a call on existing guarantees.



INFRASTRUCTURE

State Ports and Railways of Mozambique invest in the reconstruction of the line to Zimbabwe
Mozambican port and railway company CFM will invest US$200 million in the reconstruction of the Machipanda line to provide better services and to process more cargo for landlocked countries, such as Zimbabwe, announced the chairman of the state company.
The 318-kilometre Machipanda line linking the port of Beira to Zimbabwe is crucial for the economy of this country and the central region of Mozambique, having suffered damage in some parts of the route due to tropical storm Idai.
The announcement was made by the CFM chairman, Miguel Matabel, at the launch ceremony for five new locomotives and 300 platform wagons used to carry container cargo, held in Maputo at the company's central station, according to Mozambican state news agency AIM.
CFM recorded a net profit of 2.5 billion meticais (about US$40 million) in 2018, with processed cargo at the company's rail terminals totalling 7.5 million tonnes, or an increase of 19% compared to 6.3 million tonnes in 2017.
In 2018, the global port system grew by 4.5%, reaching 46 million tonnes of processed cargo compared to 44 million tonnes in 2017. (Macauhub)

MINING

Substantial vanadium resource confirmed in Mozambique
ASX-listed Battery Minerals has reported highly favourable results from preliminary metallurgical test work at its Montepuez graphite project.
Mozambique – The testwork was aimed at assessing the potential for vanadium to be extracted from the tailings which will be produced at Montepuez.
This preliminary work has allowed Battery Minerals to classify the vanadium content of its graphite deposits at Montepuez as an inferred mineral resource, providing the company with the confidence to continue working to determine the economic potential of producing a Vanadium Pentoxide by-product from the project's plant tailings stream.

While a commercial study of the viability has not yet been completed, preliminary testwork indicates potential to beneficiate the tailings from Montepuez to produce a vanadium concentrate. "The addition of a vanadium mineral resource and the potential for a V2O5 by-product is highly promising given the current positive outlook for the vanadium market. There is strong current demand from traditional sectors of the market and positive signs for the energy storage sector," Battery Minerals MD Jeremy Sinclair said.

"The Company will continue studies to understand how value from the vanadium might be extracted while remaining focused on the primary objective of developing the graphite operations

The Montepuez Graphite Project is located within the Xixano Complex and traverses the tectonic contacts between the Nairoto, Xixano and Montepuez Complexes. The Xixano Complex includes a variety of metasupracrustal rocks enveloping predominantly mafic igneous rocks and granulites that form the core of a regional north-northeast to south-southwest trending synform. Graphite-bearing mica schist and gneiss are found in the Xixano Complex.

Classification Criteria

The V2O5 Mineral Resource was classified as inferred mineral resource based on data quality, sample spacing, and lode continuity and was based on 200 m section spacing and 50 m hole spacing on section. On the basis that V2O5 would be produced as a by-product of graphite production, the inferred V2O5 mineral resource is reported above a 4.3% TGC cut-off grade, which is the ore reserve cut-off grade; within the ore reserve pit design for fresh material only.

Montepuez will be mined using open pit techniques. Test work has been conducted to demonstrate that V2O5 can be extracted as a by-product of graphite processing at the project. Tailings from the graphite plant would undergo a secondary process that involves further grinding to liberate vanadium minerals (predominantly roscoelite) and a two stage magnetic separation process with stage 1 removing high iron gangue and stage 2 recovering the vanadium to the magnetic fraction.

The vanadium rich magnetic fraction recovered from the magnetic recovery circuit contains approximately 75% of the vanadium in the graphite plant tailings. This material, upgraded to approximately 1.3% V2O5, would form the feed to a standard roast and leach process to recover the vanadium content as a V2O5 product.

Subject to completing project financing, Battery Minerals intends to commence graphite flake concentrate production Montepuez at a rate of 50,000tpa and an average flake concentrate grade of 96% TGC. (Club of Mozambique)

OIL & GAS

Anadarko says to supply Mozambique LNG to Japan's JERA, Taiwan's CPC

Anadarko Petroleum Corp said on Monday 13th May that a unit it jointly owns which markets gas from Mozambique has signed a long-term deal to supply liquefied natural gas (LNG) to Japan's JERA and Taiwan's CPC Corp.

This is its first long-term deal to be announced since the U.S. independent energy group said late last week that it had agreed to be acquired by Occidental Petroleum Corp in a $38 billion offer. The merger is expected to be completed in the second-half of the year.

The sales and purchase agreement with JERA and CPC is for 1.6 million tonnes per annum (mtpa) of LNG to be delivered ex-ship for 17 years from the commercial start of operations on a project in Mozambique. "This co-purchasing agreement with JERA and CPC brings together two prominent Asian foundation customers and will ensure a reliable supply of cleaner energy to meet the growing demands of both Japan and Taiwan," Mitch Ingram, Anadarko Executive Vice President, International, Deepwater & Exploration, said in a statement on Monday 13th May.

JERA, a joint venture between Japanese utilities Tokyo Electric Power and Chubu Electric Power, is Japan's biggest thermal power generator and the world's biggest buyer of LNG. CPC Corp is currently the sole LNG purchaser for Taiwan.

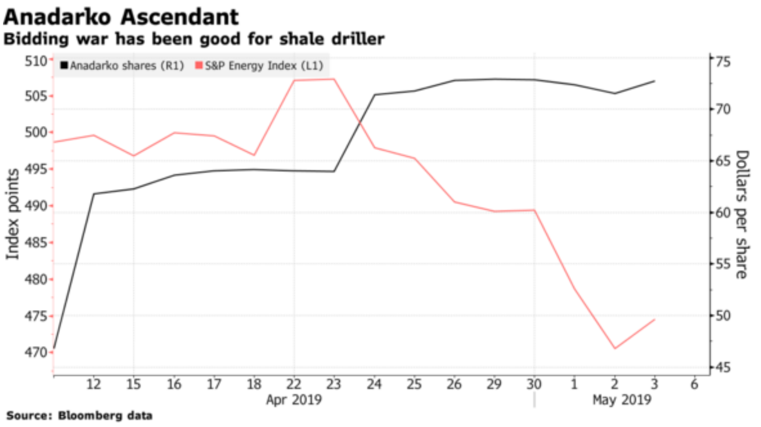
Anadarko expects to announce a final investment decision for the $20 billion Mozambique LNG project on June 18, and said that it was on track to complete the project financing process and secure final approvals.
The latest LNG supply deal brings its total long-term agreements to 11.1 mtpa, the company added. Its previous deals include buyers such as utilities, major LNG portfolio holders and state companies.
Anadarko is developing Mozambique's first onshore LNG facility consisting of two initial LNG trains with a total nameplate capacity of 12.88 mtpa to support the development of the Golfinho/Atum field located entirely within Offshore Area 1.
Anadarko Moçambique Área 1, Lda, a wholly owned subsidiary of Anadarko Petroleum Corp, operates Offshore Area 1 with a 26.5-% working interest. Its joint partners in the project include units of Japan's Mitsui, Mozambique state energy company ENH, Thailand's PTT and Indian energy firms ONGC Videsh and Bharat Petroleum Resources.
(By Jessica Jaganathan, Reuters)

Occidental Agrees to Contingent Sale of Anadarko African Assets to Total for $8.8 Billion
HOUSTON, May 5, 2019 – Occidental Petroleum Corporation ("Occidental" or "the Company") (NYSE: OXY) announced today that, in connection with Occidental's proposal to acquire Anadarko Petroleum Corporation ("Anadarko") (NYSE: APC), it has entered into a binding agreement to sell Anadarko's Algeria, Ghana, Mozambique and South Africa assets to Total S.A. ("Total") (NYSE: TOT) for $8.8 billion. The sale is contingent upon Occidental entering into and completing its proposal to acquire Anadarko, and would be expected to close simultaneously or as soon as reasonably practicable afterwards.
The assets to be sold to Total represent approximately 6% of the expected net production and approximately 7% of the cash flow after capital expenditures of Occidental in 2020 pro forma for the acquisition of Anadarko.
The proceeds of the sale of these high quality non-strategic assets covers a portion of the cash consideration to fund the proposed acquisition of Anadarko. The sale fast-tracks the divestiture plan previously described by Occidental, delivering on the majority of the $10 to $15 billion of planned asset sales. It also reduces the overall integration demands of the acquisition. After giving effect to the asset sale, Occidental continues to expect to deliver $2.0 billion of annual cost synergies and $1.5 billion of annual capital reductions from the proposed acquisition of Anadarko.
"We are pleased to have secured this agreement with Total. The $8.8 billion value to be received for Africa represents an attractive value based on our extensive evaluation over the last 18 months. Given our long history of working together productively, I am confident we can execute this sale quickly and efficiently," said Occidental President and CEO Vicki Hollub. "Total has extensive experience working in Africa and is well positioned to maximize value from these assets.''
"These are world class assets with great upside, and we welcome the opportunity to leverage our expertise in LNG and deepwater developments as well as our long history of operating in Africa," said Patrick Pouyanné, Chairman and CEO of Total. "We have worked successfully with Occidental for many years and we are committed to execute smoothly this transaction." (Oxy Statement)

Occidental Seeks Edge Over Chevron With More Cash, Total Accord
- $8.8 billion Africa sale makes 'deal more likely': KeyBanc
- Occidental's Hollub seeking to defeat Chevron's takeover bid

Occidental Petroleum Corp. moved a step closer to sealing its proposed $38 billion acquisition of Anadarko Petroleum Corp. after it sweetened its offer and agreed to sell assets owned by the target company.
Occidental increased the cash portion of its bid to 78 % from 50 % and pledged to cover the $1 billion breakup fee Anadarko would have to pay for abandoning an already-agreed to deal with Chevron Corp. The heftier buyout proposal came just hours after French energy giant Total SA

agreed to buy operations in four African nations for $8.8 billion, contingent upon Occidental completing a takeover of Texas-based Anadarko.
The Total agreement augments billionaire Warren Buffett's $10 billion commitment to Occidental, which has faced investor criticism for its unsolicited April 24 offer to best Chevron's takeover of Anadarko. While Occidental is a storied name in American oil and operates across three continents, it's just one-fifth Chevron's market value and its pursuit of Anadarko was seen by some as quixotic.
Occidental Chief Executive Officer Vicki Hollub, who has been pursuing Anadarko for almost two years, has grown frustrated at the company's unwillingness to acquiesce to her advances.



"We remain perplexed at your apparent resistance to obtaining far more value for Anadarko shareholders which has been expressed clearly through our interactions over the last week," Hollub said in a letter to Anadarko's board.

Stunning Rebuff

Anadarko said in a statement that it will review the revised offer and reaffirmed its existing recommendation to shareholders to accept the Chevron deal.
The Total agreement may ameliorate concerns that Occidental would take on too much debt and shorten the amount of time the company would be out of the market for share buybacks, said Bill Nygren, chief investment officer of Harris Associates LP, which manages $120 billion and owns about 3 % of Anadarko.
An Occidental-Anadarko accord would be a stunning rebuff for Chevron CEO Mike Wirth just 15 months into his tenure at the head of the world's third-largest oil explorer by market value. The emergence of Total as an Occidental ally pits two of the world's supermajor oil drillers on opposite sides of the industry's biggest takeover battle in years.

Gulfstream V

Hollub had been pursuing Anadarko on on-and-off talks since late 2017, to no avail.
In an apparent acknowledgment that more was needed to get the deal across the line, Hollub flew to Omaha, Nebraska, on April 28 to visit Buffett. The legendary investor announced two days later he had agreed to pay $10 billion in exchange for a slug of Occidental preferred stock and warrants, contingent on a successful takeover of Anadarko.
"With the OXY deal looking safer for APC to accept, I'd say this may force CVX to match the OXY bid or lose out on these terrific assets," Nygren said in an email, referring to the stock tickers of the suitors and target.

Icahn Arrives

At the heart of the tug-of-war over Anadarko is a fight for supremacy in the Permian Basin, the world's largest oil patch. Chevron announced an ambitious, multibillion-dollar plan earlier this year to boost its fracking activities in the region, and buying Anadarko would turbo-boost its Permian growth. For Occidental, the deal is about securing its position as the dominant producer in the basin.
Buying Anadarko would be the biggest oil industry deal in four years and mark an end to an era of austerity among explorers chastened by a decline in crude prices and chastized by investors for poor returns. The pressure on Occidental and Chevron shares in the past two weeks showed investors were worried the industry was returning to the old ways, when profligate spending and bold deals were de rigueur.
Indeed, the controversy stirred up by Occidental's bid appears to have attracted another interloper. Billionaire activist investor Carl Icahn has built a small stake in the company, people familiar with the matter said on May 3.

Occidental shares rose in after-market trading on news of his involvement, signaling that fresh doubt about the deal's prospects was a positive catalyst for investors.

Four Days

Anadarko doesn't just operate in the Permian, and both bidders face being saddled with unwanted assets -- Chevron has also said it will sell off billions of dollars of operations post merger.

The Total deal means the French company will take on oil operations in Ghana, Algeria and South Africa, as well as a massive liquefied natural gas project in Mozambique. Total is already a major player in LNG while Occidental has no current involvement in that market and had already indicated that it was looking to sell the facility.

Investors now await a decision from the Anadarko board. Having previously rebuffed proposals from Occidental for more than a year, Anadarko agreed to start negotiations with the company even before the cash portion was lifted. If Anadarko recommends a merger with Occidental, Chevron will have four days to make a counter offer or walk away. (By Simon Casey, Rachel Adams-Heard and Joe Carroll, Bloomberg)

How Total's CEO pounced on Anadarko's African energy assets

It took Total's chief executive and a small group of advisers just days to line up the French energy major's biggest acquisition in almost two decades when it agreed to buy the African assets of U.S. firm Anadarko.

Patrick Pouyanne pounced after Occidental Corp trumped Chevron's $33 billion bid for Anadarko in April with an offer that includes raising financing by selling some of Anadarko's operations worth up to $15 billion. Chevron walked away from the race on Thursday 9th May.

By keeping those in the know to a minimum, the French CEO was able to stay flexible in negotiations, take a swift decision and ensure there were no leaks until the binding deal worth $8.8 billion was announced on Sunday 5th May, a Total source said.

"Pouyanne proceeded in the same way he did with previous deals: a restricted task force, no bankers and no external counsel," another source, close to the deal, told Reuters.

Throwing out the rulebook that expects CEOs to be surrounded by investment bankers and other advisers when dealmaking has become a trademark for the 55-year-old CEO and chairman of Total, who took the helm of the French energy major in 2014. He has taken investors by surprise with his acquisitions, such as buying Maersk's oil and gas business in 2017 and Engie's upstream LNG operations in 2018, setting one deal in motion after an unsolicited phone call with the controlling shareholder. His strategy, which one analyst has called "opportunistic", has rapidly lifted Total's growth outlook. Total has made acquisitions worth almost $20 billion in the past five years, under Pouyanne's leadership.

But the buying spree has increased debt and left its shares lagging rivals, such as Royal Dutch Shell and BP. His manner can also come across as brash, and industry sources say it was one reason a deal to buy a Libyan oilfield stake has now run into a roadblock.

Heavenly match

Pouyanne's move to buy Anadarko's assets, the French firm's biggest acquisition since taking over Elf almost two decades ago, will add 5 % to Total's output by 2025, said Bernstein analysts, who rate Total's shares "outperform".

The assets stretching from Algeria to South Africa bolster his effort to refocus Total on operations in Africa, the North Sea, deep offshore and liquefied natural gas (LNG). The deal depends on Occidental (Oxy) completing the Anadarko merger. "Pouyanne quickly understood that it could be a match made in heaven because Oxy was mainly focused on Anadarko's Permian assets. And Pouyanne has repeatedly said he was not interested in Permian," a source close to the deal said, referring to the Permian Basin where the U.S. shale oil industry is concentrated.

Total has built up a strong balance sheet under Pouyanne since the 2014 oil price crash, giving him the firepower to swoop on Anadarko's assets. But Total was also able to act swiftly because it has long had its eye on the African operations. "Total was already familiar with Anadarko's portfolio.

At some point, they took a closer look at Anadarko's assets, particularly in Africa. There were some discussions, but they did not go any further," an industry source said.
Another source said Anadarko had been looking for a partner for its Mozambique LNG project to tap an estimated 75 trillion cubic feet of recoverable gas.
Two days after Occidental announced its bid for Anadarko on April 24, Oxy's corporate jet was on the tarmac in Paris.

Under wraps

Both firms declined to comment on the reason for the jet's flight to Paris, although an industry source told Reuters the jet was flown in for a meeting with Total.
Another source familiar with the matter said Occidental Chief Executive Officer Vicki Hollub had flown in with another executive, without telling anybody, to discuss Anadarko's African assets with Total. "Of course they (Total) had already thought about it. And I think they reached out to her and said 'Hey Vicki, if you happen to win this, we would really be interested'," the second source said. "She did not let the phone get cold. She left and flew to Paris overnight, met with them and heard their deal." Occidental did not comment on the account.
A banking source said this deal was not the first time Total had held talks without bankers in the room. The source said it made sense in this case because Total did not need financing and wanted to make a quick decision.
Shell, the world's top LNG buyer and trader, had been considering an approach to Oxy for the Mozambique asset but was caught off guard by Total's rapid move, a source close to the company said. A Shell spokeswoman declined to comment.
It was not the first time Pouyanne surprised the market. He first made a splash in 2017 with the purchase of Maersk's energy business for $7.5 billion after an unsolicited bid made in a phone call to Ane Maersk Mc-Kinney Uggla, chairwoman of the A.P. Moller Foundation, which has a controlling stake, a corporate source said. "The deal was unplanned but it was a good fit. A banker gave Patrick the idea and he made it happen," the source said. Maersk could not immediately be reached for comment. But Pouyanne's manner does not always win over partners.
When he boasted to a U.S. energy conference about the benefits to Total of his deal to buy a $450 million stake in a Libyan field from Marathon Oil last year, Libya's state-owned National Oil Corporation sought to re-negotiate terms, concerned it was too much of a bargain, industry sources said.
Total has said it was in talks with Libyan authorities to resolve financial issues over the deal. NOC could not immediately be reached for comment. (By Bate Felix, Club of Mozambique)

South Sudan agrees oil exploration deal with South Africa

South Sudan and South Africa signed a six-year production-sharing agreement for an untapped exploration block in the East African country, where production has been hit by civil war.
The Exploration Production Sharing Agreement for Block B2 was signed by Ezekiel Lol Gatkuoth, South Sudan's Minister of Petroleum and Jeff Radebe, South Africa's Minister of Energy, a Reuters reporter at the ceremony said.
Radebe said the South Africans had committed $50 million for exploration. South Africa was also interested in building a pipeline and refinery, he said, bringing their total projected investment to $1 billion, according to memorandum of understanding signed in November.
Block B2 was once part of a 120,000 square kilometre area known as Block B, which was divided into three licences in 2012 and is thought to be rich in hydrocarbons although very little drilling has been done there.
The block lies in greater Jonglei State.
South Sudan became the world's youngest country after it split from Sudan in 2011. It has one of the largest reserves of crude in sub-Saharan Africa, only a third of which have been explored.
But production plummeted when civil war broke out two years after independence. A September peace deal is largely holding but a plan to form a unity government by May 12 has been delayed.

In April, Awow Daniel Chuang, director general for petroleum at the ministry of petroleum, said production was expected to reach around 195,000 barrels per day by the end of the year, from 175,000 at present, and rise to 220,000 bpd by early 2020.
The government has said production would reach pre-war levels of 350,000 to 400,000 bpd by mid-2020.
More than 400,000 people died in South Sudan's civil war, which displaced around a third of the country's 12 million population and led to famine in parts of the country. (By Denis Dumo, Reuters)

TELECOM – TECHNOLOGY

Kenya's Safaricom FY earnings jump on upbeat M-Pesa growth

Safaricom, Kenya's biggest telecoms operator, said its core earnings for the full year rose to 89.6 billion shillings ($889.33 million). The company had reported an earnings before interest and taxation (EBIT) of 79.3 billion shillings in the previous year.
Safaricom, which is partly owned by South Africa's Vodacom and Britain's Vodafone, said rapid growth in M-Pesa digital financial business had offset a sharp slowdown in the growth of its internet access provision business.
Revenue from the data business grew by 6.4 % during the year, plunging from a growth on 24 % a year earlier, Sateesh Kamath, the company's chief financial officer, told an investors' briefing.
M-Pesa was launched more than a decade ago to offer Kenyans without bank accounts a network to transfer cash via mobile phones. It now offers a range of payment services, loans and savings to more than 21 million people in Kenya and has been copied abroad.
The company, which is the most profitable in East Africa, said it expected EBIT to rise to 93-97 billion shillings in its financial year to the end of next March. It boosted its dividend per share for the year to 1.25 shillings, and proposed a special dividend of 0.62 shillings. ($1 = 100.7500 Kenyan shillings) (By Duncan Miriri, Reuters)

Microsoft Will Spend $100 Million on African Development Center

Sites in Nairobi, Lagos will recruit engineers for cloud, AI
Microsoft Corp. plans to spend more than $100 million over five years to open its first development centers in Africa to work with local partners and governments, as well as hire engineering talent.
Initial sites will be in Nairobi, Kenya's capital, and Lagos, Nigeria's commercial hub. The software giant plans to hire 100 full-time developers at the two sites by the end of this year and expand to 500 by the end of 2023, Microsoft said in a statement.
The Redmond, Washington-based company plans to use the sites to recruit African engineers to work in areas such as cloud services, which use artificial intelligence and applications for mixed reality – where customers use goggles to project 3-D images onto the real world.
Cloud technology companies like Microsoft, Amazon.com Inc. and Huawei Technologies Co. are looking to expand in Africa to take advantage of growing telecommunications infrastructure and work in areas like e-commerce and mobile payments. Microsoft has been partnering and looking for cloud customers in Africa where it has opened data centers in South Africa. Microsoft said it is working with Kenyan and Nigerian companies in areas like financial technology, energy and agriculture. Cloud rival Amazon, whose Amazon Web Services is larger than Microsoft's Azure, is also opening a data center in Africa next year. (By Dina Bass, Bloomberg)

MTN raising $555m in Nigeria this year for expansion

- Company looking to improve network in its biggest market
- Expected to list local unit on Lagos bourse later this week

MTN Group Ltd.'s Nigerian unit plans to raise about 200 billion naira ($555 million) this year from a variety of sources including bank loans and bonds to expand operations in its biggest market.

The funds will enable Africa's largest wireless carrier to finance capital expenditure to increase the reach and efficiency of its network in Nigeria, Chief Financial Officer Adekunle Awobodu said by phone from Lagos. MTN has also started the process of listing its shares on the Nigerian Stock Exchange.
The company had announced plans to raise as much as 400 billion naira last year, and later signed to a 200 billion naira credit line with a group of banks. MTN is "currently arranging" for another 200 billion naira, according to Awobodu.
It registered 20.35 billion ordinary shares with the country's Securities and Exchange Commission last week, with about 20 % expected to be listed on the Lagos bourse this week. MTN has 65.6 million subscribers in Nigeria, or 38 % of the market, according to February data provided by the Nigerian Communications Commission. The shares rose 1 % to 99.85 rand as of 10:03 a.m. in Johannesburg, valuing the company at 188 billion rand ($13.2 billion). (By Emele Onu, Bloomberg)

AGRIBUSINESS

S.Africa's 2019 wine harvest set to hit lowest in more than a decade

South Africa, the world's eighth largest wine producer, is expected to harvest its smallest amount of wine grapes in 14 years this year, as dry conditions and fluctuating weather hit output, an industry report said on Monday 6th May.
The report by Vinpro, which represents 2,500 South African wine grape producers, wineries and wine-related businesses said the crop would be 1.4 % smaller than 2018's harvest of 1,238,000 tonnes and the lowest output since 2005's 1,171,632 tonnes.
Industry body South African Wine Industry Information and Systems (Sawis) estimates the 2019 wine grape crop at 1,225,620 tonnes. "It has been a trying year for our wine grape producers and wineries," said Vinpro's viticultural consultation service manager Francois Viljoen. "A decline in area under vines and challenging weather conditions contributed to the smaller harvest."
The 2018/2019 growing season saw warmer than normal temperatures, weather fluctuations and wetter conditions during parts of the season. Profitability for producers remains a concern despite the average return on investment doubling to 2 % in 2018 from 1 % the previous year, Vinpro said in its annual State of the South African Wine Industry report. Aging vineyards and thinner profitability margins for producers have contributed to a decline in the area planted with wine grapes of around 6 % over the last five years, Vinpro added.
However it's not all sour grapes for wine lovers, with the 2019 wine quality expected to be good as smaller grape berries tend to have a greater concentration of flavours, said Viljoen.
The wine industry contributes 36 billion rand ($2.48 billion) to South Africa's gross domestic product with the winelands, a major draw for tourists, located mostly in the coastal Western Cape province.
The weaker harvest expected in South Africa comes after global wine output rose to near-record highs in 2018 after a sharp rebound from a poor harvest the previous year, though consumption stopped growing, the International Organisation of Vine and Wine (OIV) said last month. ($1 = 14.5000 rand) (By Tanisha Heiberg, Reuters)

World Bank funds scientific research into cassava in Angola

The World Bank has provided a loan of US$25 million to Angola to fund scientific research into the country's cassava production chain, said the coordinator of the Agricultural Productivity Program for Southern Africa (APPSA).
Moniz Paulo Mutunda presented the future Regional Centre for Cassava Leadership of the Southern African Development Community (SADC), which the city of Malanje will host from next October.
In addition to Malanje, the provinces of Huambo, Bié, Kwanza Sul, Namibe, Zaire, Luanda and Cabinda will also benefit from that funding for the construction of infrastructure and laboratories, as well as training up technicians who will work in the cassava Research Centres in these regions.

Mutunda said that the Malanje Cassava Research Centre aims to create conditions for increasing cassava yield, thus increasing the income of rural families.

The presentation of the future SADC Regional Cassava Leadership Centre was held in the first cassava hall at the Malanje International Fair (Expo-Malanje), which took place from 2 to 5 May in the city.

Expo-Malanje was attended by about 150 national companies, as well as companies from Portugal, Brazil, South Africa and China, in a promotion of the government of Malanje in partnership with the Eventos Arena company. (Macauhub)

Kenya Plans to Boost Farm Output 6% Annually Over Five Years

- East African nation intends to raise farmers income by 34%
- Number of people who need food assitance will be cut to zero

Kenya, the world’s largest exporter of black tea, plans to boost output from agriculture to 3.9 trillion shillings ($39 billion) from 2.9 trillion shillings, through a compounded annual growth rate of 6% during the first half of a 10-year plan.

In the initial phase of the Agricultural Sector Transformation and Growth Strategy, Kenya intends to boost agro-processing income by 50% or 130 billion shillings, eliminate the need for food aid and boost small-scale farmers’ average income to 625 shillings daily from 465 shillings, according to the Ministry of Agriculture’s website.

“Early estimates indicate that the strategy could improve the lives of 3.3 million small-scale farming households, approximately 15 million Kenyans, and contribute additional agricultural GDP of up to 170 billion shillings per annum in five years,” according to the plan.

Kenya’s economy expanded 6.3% last year, the fastest pace in eight years, and is forecast to grow at a similar rate this year. Agricultural production, which accounts for about a third of the economy, advanced 6.6% in 2018 from 1.8% a year earlier when drought and fall armyworm infestations curbed output.

The 2019-2029 plan will implement nine programs including setting up six agro-processing hubs and placing 50 closely held farms totaling 150,000 acres (60,700 hectares) under irrigation. The plan also envisions providing 1.4 million farming households with subsidized agricultural inputs.

(By Eric Ombok, Bloomberg)

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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

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