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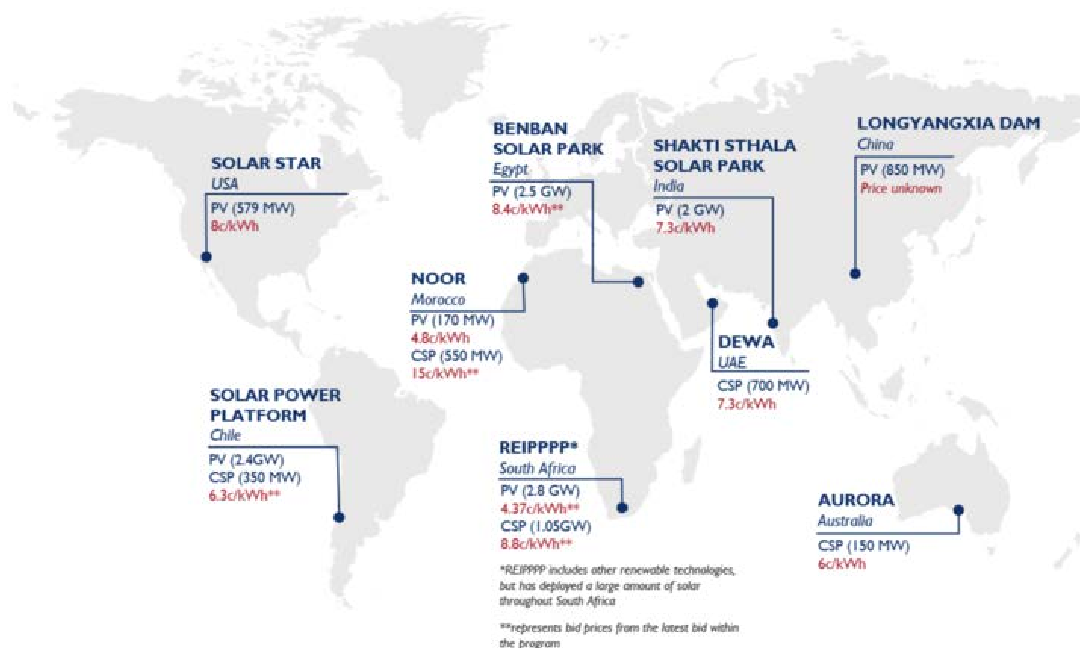
In-depth:

A mega-solar initiative will help southern Africa shine

Mega-solar projects – large-scale installations capable of producing upwards of hundreds of megawatts (MW) of power – are generating much-needed electricity in countries all over the world. In sunny southern Africa, however, a historic lack of public-private partnerships outside of South Africa and, until recently, Zambia, to develop such projects has left much of the region's vast solar power potential largely untapped.

Today, Botswana and Namibia are poised to change this trend. With support from the World Economic Forum's Global Future Council on Energy – which includes organizations such as the World Bank Group, International Finance Corporation (IFC), African Development Bank, Africa Renewable Energy Initiative, New Partnership for Africa's Development, the International Renewable Energy Agency (IRENA), and the US Government-led Power Africa initiative – the governments of Botswana and Namibia are looking to develop a mega-solar project that could add up to 5,000 MW of new solar power over the next two decades.

This multi-phased solar procurement programme will benefit from the partners' collective expertise in building similar programmes worldwide, as well as from supportive host governments and burgeoning markets in southern Africa that favour secure, reliable, inexpensive solar power at scale.

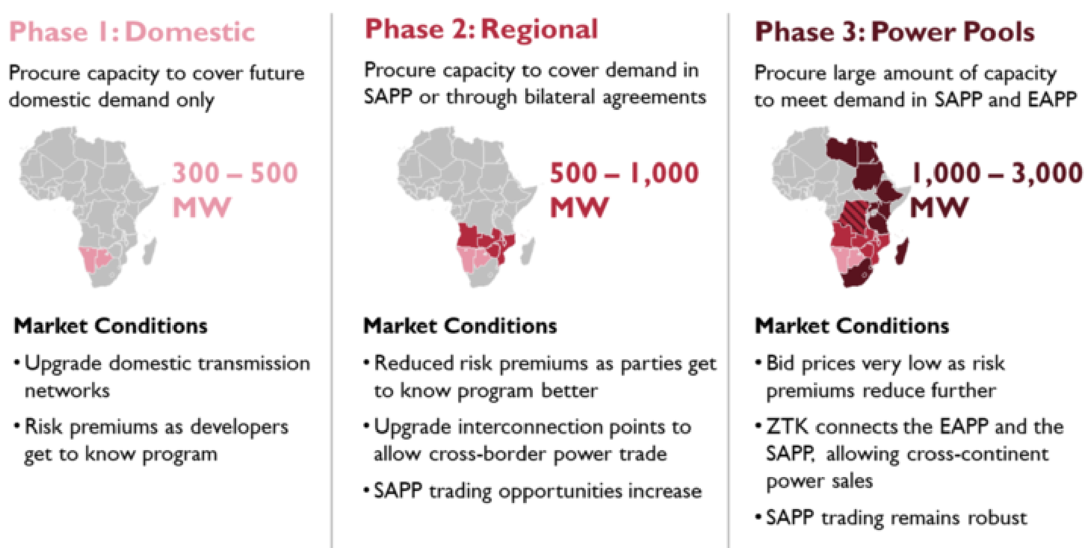


Mega-solar power projects are generating much-needed electricity supply in countries worldwide

Here's why a mega-solar effort for southern Africa makes sense and is achievable:

Abundant sunlight. Botswana and Namibia offer the potential to capture around 10 hours of strong sunlight per day for 300 days per year and have some of the highest solar irradiance potential of any country in Africa, which translates to highly productive concentrated solar power (CSP) and photovoltaic (PV) installations.

Open spaces and low population density. Both countries have sizeable areas of flat, uninhabited land not currently used for productive economic activity, which is conducive to building land-intensive solar PV and CSP installations.
Low-cost, efficient, and smart power-trading potential to meet expected high regional demand. Southern Africa may have as much as 24,000 MW of unmet demand for power by 2040. The market for electricity produced by the mega-solar projects in Botswana and Namibia includes 12 other countries in the region that could be connected via new and/or upgraded transmission infrastructure. As battery storage technology advances and costs of solar storage drop below $0.10 per kilowatt hour, solar power becomes an even more cost-competitive solution.
Strong investment, legal and regulatory environments. Botswana and Namibia have strong legal and regulatory environments that will encourage investors to participate in a large-scale competitive procurement programme. Both outpace other countries in southern Africa on the Corruption Perception Index, and Botswana has the strongest credit rating in Africa. Namibia has cost-reflective electricity tariffs, allowing the utilities and developers to see the true cost of supplying electricity.
Access to foreign currency. A key investment challenge for power projects across sub-Saharan Africa is limited availability of foreign currency to permit repatriation of proceeds. Given the active diamond and mining industries in both countries, there should be sufficient foreign exchange available to facilitate outside investment.
Job creation. Developing solar generation creates temporary and permanent jobs through construction, operations and maintenance. Power Africa's concept study for the Botswana and Namibia projects analyzed six large PV and six CSP projects to generate an estimate of the average number of jobs created per MW of each solar technology type, weighted by the capacity of each project. The study estimated that the development of a 275 MW PV plant and a 500 MW CSP plant could create 27,000 temporary jobs and 857 permanent jobs.



A phased approach will allow Botswana and Namibia to scale up exports across the region

A strong statement of political will for mega-solar

Critical to its success, and in a strong demonstration of political will, the proposed mega-solar project development approach proposes a competitive tendering process that will phase in the solar power – starting with 300-500 MW to meet domestic demand. The intention is that this initial phase will develop the market and build local capacity for managing the required technologies. The next phase will seek to add 500-1,000 MW to be sold regionally, timed with the completion of regional transmission interconnectors. Ultimately, this mega-solar programme could add another 1,000-3,000 MW or more to be traded across Africa's regional power pools.

Members of the WEF Global Future Council on Energy continue to meet with officials from Botswana and Namibia to advance this ambitious effort. At the US-Africa Business Summit in June, the President of Namibia, H.E. Hage Geingob, and Botswana Minister of International Affairs, Dr. Unity Dow, met with Power Africa Coordinator Andrew Herscowitz and World Bank/IFC representatives to discuss next steps. These meetings secured the high-level commitment necessary to start designing an African-led effort to develop mega solar in the region.

To achieve sub-Saharan Africa's considerable power generation needs, governments and the private sector must work together, think big, move quickly, and push hard. With these mega-solar projects in Botswana and Namibia, that's exactly what we're doing. (By Andrew Herscowitz, Coordinator, Power Africa, World Economic Forum)

How to turn Africa's manufacturing sector into a high-tech powerhouse

Africa is one of the most exciting and potentially dynamic markets in the world, increasingly capturing the attention of the world's largest businesses. Strong economic growth, increasing regional economic integration and diversification, untapped natural resources, high access to mobile technology and a young, entrepreneurial demographic – these drivers have the potential to ensure that many markets in Africa will be capable of not just taking advantage of the Fourth Industrial Revolution but leapfrogging it.

Good governance, investment protection laws, ease of doing business, regulatory systems: these factors and others, if guaranteed, should provide a strong foundation for continued growth and investment from which mega-trends can be translated to real opportunities and employment.

Cash is a coward during times of uncertainty, so countries need to ensure that they create a conducive and sustainable environment for investments that span multiple decades. When there is uncertainty about political leadership, economic agendas or market development, companies will elect to move investment decisions and critical resources where there is more certainty. This is not unique to sub-Saharan Africa, but also for more advanced economies. What is important is that Africa is not being defaulted to 'a farm', 'quarry' or 'a beach'.

A roadmap for Africa's manufacturing future

The case for a balanced economy—and manufacturing

On my numerous travels across Africa, I have had the privilege of engaging with governments, the private sector, and business and trade organizations on Africa's prospects in manufacturing. Indeed, most agree that Africa is ripe for industrial growth. But how does Africa become coordinated on manufacturing? As the data makes clear, all sectors are not created equal. No sector creates jobs, value and growth on the scale manufacturing does. Depending on the type, manufacturing jobs create anywhere between eight to 20 jobs around them; that is a job multiple that cannot be overlooked. It is a remarkable multiplier effect.

So African nations seeking robust economies cannot stand aside and let this sector die. Growth requires action; it takes thoughtful public policy. Other countries, particularly our Asian neighbours, understand this. The trend lines are clear. More and more, we see successful countries acting like successful companies: maximizing their competitive advantages... and creating a climate that attracts and rewards investment. African countries ought to be doing more of this. The countries that succeed at this are the ones that develop a national strategy, and execute against it relentlessly.

A new model of manufacturing

We need to transform Africa's manufacturing into a truly high-tech sector. Africa has been too heavily focused on 'sub-optimal scale manufacturing' - the kind that can only exist behind a high tariff wall, and which can only really serve a domestic market. Instead, we need 'advanced manufacturing', which takes raw inputs, combines them with intellectual capability, and adds value to create a functionality the world needs. Advanced manufacturing is the work of next-generation industries, where there is enormous demand and enormous profit to be made.

South Africa, Nigeria, Kenya, Ethiopia and other African countries could and should build these industries, particularly those with competitive advantages such as advanced mining technology, energy, agro- and health sciences, and water

management technology. That is how we turn our centers of innovation into hubs of commerce. That is how we attract manufacturers who can commercialize cutting-edge products. That is how we create a virtuous cycle of economic activity. But this will not happen by default.

Priority areas for creating an enabling environment for advanced manufacturing include:

Energy: Manufacturing requires access to reliable, efficient and cost-effective energy supplies. Many African countries have significantly expanded their energy generation, transmission and distribution infrastructure with a focus on renewable energy sources like geothermal and wind. Continued capacity improvements, enabled by a more aggressive and prioritized infrastructure development strategy, will be critical in meeting the energy needs of an expanded economy.

Trade: manufacturing relies on global markets, and so access to those markets is key. Trade facilitation is also key; this will involve– working with companies to leverage new technology solutions to meet policy goals, anti-corruption efforts and efficient customs processing while promoting access to input materials for further manufacturing, job creation and product development in Africa for Africa. Enabling market access by reducing tariff and non-tariff barriers enables countries to benefit from both innovative new products, such as environmental technologies, that can solve local challenges, as well as access to key inputs that can grow necessary markets (for example, chemical products that contribute to more energy-efficient building materials).

Enhance education and skills development. Advanced manufacturing jobs are high-skilled jobs. Global businesses go where the talent is, and we need to make sure that place is Africa. That is going to require enhanced curricula built around STEM (science, technology, engineering and mathematics) subjects, new recruits to the ranks of qualified educators, and new teaching techniques and innovations in the classroom, especially in science. In addition to fast-tracking local talent, we also have to reconsider our student visa and immigration policies in order to bring in the world's smartest students and encourage them to stay. This is only possible if education institutions are competitive and world-class.

Public-private partnerships (PPPs): Improving the business environment requires us to build genuine partnerships between the public sector and the private. This idea of public-private partnerships is critical to every other priority mentioned. We should be working with, not against, each other to create a strong, sustainable framework for growth. This is a common thread running through countries that are succeeding in the global economy.

Inclusion and diversity: Diversity is being asked to the party, inclusion is being asked to dance! Whether economic, societal, cultural or gender, inclusion and diversity is an area where clear-sighted policies can lead to sustainable economic growth, helping Africa to deliver a balanced and sustainable development. This can also be a source of innovation.

Sustainability: The world needs solutions for big challenges like energy, climate change, water, food, nature and social issues. Africa's population is projected to hit

2.4 billion by 2050, putting pressure on resources. Circular business models will ensure optimal utilization of available resources and enhanced productivity across the value chain.
The advanced manufacturing plan described here is ambitious. But we have advantages that will help us succeed in this effort - advantages many other nations do not have, and never will. The continent is sitting on more than $82 trillion in discovered natural resources, with the potential to contribute $30 billion a year to government revenues over the next 20 years. Africa also possesses other natural resources - such as minerals, rivers, forests and fisheries - in vast quantities.
Most regions do not possess our wealth of natural resources. Most do not possess our intellectual resources, a community of thought-leaders and a truly open exchange of ideas. And no other continent possesses the resilience and the willingness to do the hard job. Africa can do it! (By Craig Arnold, President, sub-Saharan Africa, The Dow Chemical Company, World Economic Forum)

DEALS & INVESTMENTS

Cabo Verde introduces new types of contracts through Commercial Code

Cabo Verde's new Commercial Code and Commercial Companies Code will come into force on 21 October, replacing colonial legislation that is over a century old and introducing new types of contracts.
According to the Legis-PALOP+TL legal database, the new codes, approved on 23 July, change the organisation and operation of commercial companies, including special contracts, covering the usual commercial contracts (purchase and sale, mandate, loan, deposit), including cooperative, distribution, transport, shipping, and sale on consignment or estimate contract.
A new system has also been set up for some types of contract, namely distribution contracts, which include agency agreements, commercial concession agreements, franchising agreements, consignment agreements, supply agreements, transport agreements, shipping contracts and advertising contracts. For the first time in Cabo Verde, advertising contracts will be regulated once the new legislation comes into force. The entire criminal content has also been removed, and a full chapter is focused on dealing with corporate criminal offences.
With the new codes, the former Commercial Code of 1888 and the Commercial Companies Code of 1999 will be repealed, along with subsequent ordinances on the minimum amounts of capital and the decree-law that set out the legal regime for holding companies.
In the new legislation, the obligations of business owners are reviewed, notably the obligation to keep accounts (adapted to new technologies), to prepare a balance sheet and to render accounts. The statuses of joint ventures and limited partnerships have been removed from the Commercial Companies Code.
However, partners of private limited companies may assume, up to a certain limit, liability for social debts and articles of association may provide ancillary benefits for services.
In order to ensure the effectiveness of the supervisory function, substantial changes have been introduced mainly to public limited companies, particularly large companies and securities issuers listed on the stock exchange. (Macauhub)

UAE plans to invest US$2 billion in Angola

The United Arab Emirates plans to invest about US$2 billion in the construction of a tractor assembly line, gas and electricity production and agriculture, the Sheikh of Dubai said in Luanda.
Ahmed Dalmoor Al Maktoum, at the end of a hearing granted by the President of the Republic, João Lourenço, said he believed the effects of the cooperation would begin to be felt within six

months, according to the Angop news agency. He said that cooperation in the gas production sector will reduce electricity costs and support the operation of the industry. He also expressed interest in working on water desalination projects as well as projects that help reduce unemployment.
The United Arab Emirates is a confederation of Arab monarchies located in the Persian Gulf and has the sixth-largest oil reserve in the world, and is one of the most developed economies in the Middle East. (Macauhub)

Angolan president calls for increased private investment
The Angolan President in Luanda called for investment in the economy to increase in order to improve the supply of jobs, especially in the private sector, as he addressed the opening session of the Business Forum. João Lourenço acknowledged that the unemployment rate had risen as a result of the recession in recent years, "a problem that will be solved only through more investment, especially from the private sector," according to the Angop news agency.
Data from the National Statistics Institute (INE) for 2018 shows that the unemployment rate in Angola stands at 28.8% (about 3 million people) and mostly affects young people of both sexes.
To combat unemployment, the government is investing in the creation of 250,000 jobs in different areas over the next three years under the Action Plan for the Promotion of Employability (PAPE).
The programme, whose execution value is estimated at 21 billion kwanzas, was recently approved by the President of the Republic, in Decree 113/19, of 16 July. "Angola could grow again economically, create more jobs and provide Angolans, particularly youth, with better incomes and thereby increase their well-being and that of their families through investment alone," he said.
The President urged entrepreneurs to invest more in livestock, fisheries, tourism and other sectors of the economy, and recalled the removal or reduction of constraints on private investment, as well as measures to attract investment. (Macauhub)

Mozambique approves 180 investment projects in the first half of 2019
The government of Mozambique in the first half of the year approved 180 investment projects to be implemented in the country's Special Economic Zones, said the director-general of the Agency for Investment and Export Promotion (Apiex). Lourenço Sambo, quoted by Mozambican daily newspaper Notícias, also said that of the 180 projects 99 are operational, and another 66 are being implemented in the Nacala Special Economic Zone, in the northern province of Nampula.
The newspaper gave no details of the status of the remaining 24 investment projects that were approved in the first half of 2019. Apiex's director-general said the government was aware that the Special Economic Zones are the backbone of the country's economy, "so efforts are being made to ensure that initiatives are in place in those areas." Sambo, while acknowledging that Mozambique's economy is going through an atypical period due to the financial crisis, said he believes that the situation will not affect the functioning of those areas. (Macauhub)

Final Proposal on Local Content Law in Mozambique sees no private sector consensus
The final proposal of Mozambique's Local Content Law, which aims to regulate the participation of Mozambican companies in large extractive industry projects, has been approved after five years of discussion between the government and the private sector, according to the daily newspaper O País.
The document, which has no set date for consideration and final approval in parliament, contains 16 pages and 28 articles and has not achieved a consensus within the private sector, according to the newspaper.
Florival Mucave, chairman of the Local Content Commission and business liaison of the Confederation of Economic Associations, Mozambique's employer association, said "we are disappointed by the clauses in the proposal" adding that "the sale of a 15% stake through the stock exchange is risky."
Article 21 specifically states that "large projects must set aside 15% of their capital for sale by Mozambican public or private natural and legal persons through the stock exchange."

It also states that “each sector of activity of which the enterprise is a part may define a different percentage of national participation, provided that it does not exceed the percentage referred to in the previous paragraph (15%).” Florival Mucave stressed that the future Local Content Law does not apply to the Rovuma Basin Block 1 liquefied natural gas project, whose Final Investment Decision was made last June. Vasco Nhabinde, national director of the Department of Economic Studies at the Ministry of Economy and Finance, when faced with the disappointment of employers, said the proposal was the best one possible. (Macauhub)

BANKING

Banks

Africa's biggest bank targets its smallest shops in fintech deal

South Africa’s Standard Bank has taken a stake in local fintech firm Nomanini to offer credit to potentially millions of small shop owners and other informal retailers across Africa that have limited access to banking services.

Africa’s biggest bank by assets has invested $4 million in Nomanini, which connects informal merchants with distributors via an e-wallet, and aims to roll the service out across 14 African countries by early 2021.

Nine out of 10 retail transactions in Africa are conducted in cash or via informal channels like kiosks and open-air markets, according to a 2017 report by audit firm Deloitte.

Using Nomanini technology, Standard Bank will collect and analyse data on the retailers. Adrian Vermooten, Standard Bank’s head of digital in Africa regions, said data on just one primary product line, such as pre-paid airtime, was enough to proxy the risk associated to that shop, build up a financial profile and understand its ordering patterns. This will allow the bank to pre-empt the trader’s re-stocking needs and send them alerts offering to arrange and underwrite its next order, for instance. This could be done via Nomanini or Standard Bank devices supplied to the traders or by leveraging other existing networks or devices from third parties - whatever fits best in each market.

Vermooten pointed to tens of thousands of informal traders who currently act as mobile money agents in African countries. “Those are all small little businesses that we find really attractive,” he said.

At a later stage, the bank will look to help those retailers offer financial services, like cash deposits and withdrawals, to their customers.

Vahid Monadjem, founder and CEO of Nomanini, said even just 100,000 retailers could reach between 50 million and 150 million people.

Standard Bank hopes that its licences to lend and offer other products, such as insurance, will give it the edge over mobile operators that currently dominate financial services in markets like Kenya.

Kenyan telecom company Safaricom has pioneered offering Kenyans without bank accounts a network to transfer cash via mobile phones with its M-Pesa mobile payment service platform.

Standard Bank will also face competition from traditional rivals such as FirstRand, which has also teamed up with a fintech firm to target informal businesses.

New players are entering the fray too. Digital-only lender TymeBank, which launched this year, is planning to offer business accounts, while a bank set up by money transfer service Hello Paisa and lender Sasfin is specifically targeting informal retailers.

Hello Paisa’s Managing Director Ahmed Cassim told Reuters in an interview that the bank, launched in June, would offer retailers point-of-sale devices in order to collect data that would allow it to sell them products like loans and insurance - a strategy similar to Standard Bank’s.

“I think the penny has dropped that the opportunity exists,” Cassim said, adding that moving a retailer away from cash also allows its customers to shift towards other methods of payment, further expanding the addressable market for financial services.

LONG-TERM OPPORTUNITY

Africa is the world’s second-fastest growing banking market, according to a 2017 McKinsey report.

Standard Bank and Nomanini will roll out their service in South Africa, Zambia, Mozambique, Malawi, Angola, Zimbabwe, Namibia, Ghana, Nigeria, Kenya, Tanzania, eSwatini and Lesotho.
Other products it will offer the retailers include short-term savings and insurance.
Nomanini is open to partnerships with other banks elsewhere, but says its partnership with Standard Bank alone will give it substantial geographical reach and product range.
"The scale of the opportunity for Nomanini within Standard Bank's footprint can keep us busy for a very, very, very long time," Manadjem said. (By Emma Rumney, Reuters)

Angolan bank grants credit to finance Prodesi import substitution programme
Banks that agreed with the Angolan government to finance the Production Support, Export Diversification and Import Substitution Programme (Prodesi) have received 50 credit applications for projects in a single month, according to official information.
The national director for the Economy, Competitiveness and Innovation, Marcelino Pinto, said in Luanda that the amount requested for those projects totalled 128 billion kwanzas or US$367 million, according to daily newspaper Jornal de Angola.
Most of the projects are linked to agriculture, fisheries and industry and are intended to be implemented in the provinces of Huila, Kwanza Sul, Luanda, Benguela, Uige, Cunene, Kwanza Norte and Namibe.
Eight commercial banks signed a memorandum with the Angolan government about a month ago that pledged to grant 141 billion kwanzas in financing linked to the Credit Support Project, a support instrument for Prodesi, by the end of the year.
The group includes Banco Angolano de Investmentos (BAI), Banco Fomento Angola (BFA) and Banco Internacional de Crédito (BIC), which will each provide 30 billion kwanzas.
The group also includes Standard Bank with 20 billion kwanzas, Banco Millennium Atlântico (BMA) with 15 billion, Banco de Negócios Internacional (BNI) and Banco Comercial do Huambo (BCH) with 6 billion each, and Banco de Comércio e Indústria (BCI) with 4 billion. (Macauhub)

Angola's IGAPE takes a stake in Recredit – Gestão de Activos
The Angolan State Asset Management and Participation Institute (IGAPE) is now part of the shareholder structure of Recredit – Gestão de Activos, with a 5.0% stake, according to a presidential decree. The ruling published in the Diário da República bulletin on 22 July said IGAPE's entry into Recredit's share capital means the company has now been changed from anonymous sole proprietorship to multi-proprietorship, according to the Angop news agency. With this change, Recredit – Gestão de Activos will now focus exclusively and specifically on managing financial assets of state-owned bank Banco de Poupança e Crédito, acquiring them at their fair market value and, on managing equity, financial and property assets with a view to their disposal. The presidential decree authorises the establishment of a Strategy and Monitoring Committee, a collegiate body to monitor the Board of Directors in its planning and management activities, which will issue opinions on the acquisition and recovery of non-performing loans, as well as on asset management.
Recredit was created in 2017 to manage bad loans at Angolan public banks, and the same year the state allocated US$2 billion to the company to buy bad loans from the banks and facilitate the recovery of the economy.
Bad loans to banks operating in Angola reached 28.3% or US$3.35 billion in 2018 out of a total of total loans of 4.16 billion kwanzas (US$11.84 billion). (Macauhub)

Cabo Verde's banking system remains vulnerable, central bank says
Cabo Verde's financial system, particularly banking, continues to suffer from vulnerabilities that may affect the strength of its institutions, the archipelago's central bank said.
The central bank also said in its Financial Stability Report 2018 that this set of vulnerabilities leads to risks to financial stability, such as the bad loans, which are still considered high, credit being

focused on a limited number of clients, a considerable amount of assets received as donations and the funding focused on the five largest depositors.
"The results of the stress tests confirm the high vulnerability of the national banking system to credit risk, especially regarding the large concentration of the portfolio, in a context of moderate exposure to liquidity risk and relatively low exposure of banks' balance sheets to interest rate and exchange rate risks," the report said.
The document issued said that compared to 2017, banks' vulnerability to risk increased in 2018.
However, according to the central bank, the analysis of financial stability conditions in 2018, overall and compared to 2017, points to a slight improvement in stability factors related to the macroeconomic and financial environment, the situation of companies, individuals and the payment system. "It should also be mentioned that risk levels related to the management of institutions have remained unchanged, as has the structure of the banking system, the securities market and the contagion between financial institutions," said the Bank of Cabo Verde, adding that there was an increase in the exposure of the national financial system to risks related to the solvency and performance of institutions. (Macauhub)

Markets

Mozambique formally launches restructuring offer for 2023 Eurobond

The Mozambican government formally launched an exchange offer for its defaulted 2023 Eurobond, seeking the consent of bondholders for a restructuring that would ease pressure on its strained public finances. Mozambique said in May it had agreed a restructuring deal "in principle" with the majority of the holders of the dollar-denominated bond, one of the instruments at the centre of a hidden debt scandal that triggered a currency collapse. In the exchange offer, Mozambique said settlement of the restructuring of the bond was expected to occur on Sept. 30, if the offer was approved by at least 75 %of bondholders. (By Alexander Winning and Karin Strohecker, Reuters)

Ghana Probes Fund Managers for $921 Million in Risky Investments - Bloomberg 310719

- Securities and Exchange Commission auditing 21 fund managers
- Regulators may sell fund managers' assets to cover losses

Ghana's financial-markets regulator is investigating money managers for locking up as much as 5 billion cedis ($921 million) in risky investments they're struggling to retrieve for clients.
The funds are stuck in short-term unlisted bonds, direct private-equity stakes and related-party deals for small- and medium-sized businesses, said Paul Ababio, deputy director-general at the Securities and Exchange Commission. With efforts to retrieve the money proving futile, the SEC is starting forensic audits to determine how to retrieve money for investors, which may include selling off the fund managers' assets, he said. "If part of their portfolio is distressed, we have to understand it to know what solution to deploy," Ababio said in an interview in Accra. "We'll look at what can be done for investors -- we'll look at liquidation."
Cleaning up the nation's 25 billion-cedis fund management industry became necessary after a recapitalization exercise by the central bank exposed weaknesses in the system. While the drive strengthened the banking industry and reduced the number of lenders by almost a third, the early stages of the program spurred panicked withdrawals from depositors trying to access their savings, drying up liquidity among fund managers.
Twenty one firms are being audited, which will be completed by the end of the year, Ababio said.
In all, 9 billion cedis was reported by fund managers as being tied up, of which 4 billion cedis was held in Treasury bill-linked instruments with banks, savings and loans companies or microlenders, he said.
After setting aside 11.2 billion cedis to bailout the banking industry and 925 million cedis to rescue microlenders, the government plans to invest at least 3 billion cedis to help savings and loans companies, the finance ministry said in April. The funds will be used mainly to ease pressures from investments linked to T-bills, Ababio said.

SEC rules forbid fund managers from directly underwriting corporate debt or taking straight private-equity positions, even though they can lend to businesses through reputable financial institutions and invest in a private-equity firm, which then acquires stakes in companies, Ababio said. (By Moses Mozart Dzawu, Bloomberg)

South Africa Record Bond Sale Meets Falling Demand to Help Fund Eskom

- Orders at 10.3 billion rand from 11.01 billion rand last week
- Bonds pare pre-auction advances in wake of debt sale

Demand at South Africa's weekly bond auction fell after the country raised issuance to a record, partly to fund the rescue of troubled state-owned company Eskom Holdings SOC Ltd.

Traders placed 10.3 billion rand ($695 million) of orders, or 2.3 times the 4.53 billion rand of securities on sale, at the scheduled weekly Treasury auction on Tuesday 6th August, according to data published by the central bank. That compares with a bid-to-cover ratio of 3.3 at the previous sale on July 30. The average for the previous four auctions was 3.6.

The Treasury raised the amount of bonds on sale at weekly auctions by 37%, from 3.3 billion rand previously, as a sluggish economy weighs on tax collection at a time when state-owned companies including Eskom are clamoring for bailouts. Bonds pared gains after the sale, with the yield on government debt due December 2026, one of the securities on sale, climbing two basis points from the pre-auction level to 8.41%. Yields on the 2030 and 2035 securities also climbed.

South African bonds have lost 5.4% this month in dollar terms, the worst performance among emerging-market sovereigns and more than the average loss of 1.8%, according to Bloomberg Barclays indexes. (By Colleen Goko, Bloomberg)

Nigeria's Access, Union Bank tap local bond market as yields fall

Nigeria's Access Bank and Union Bank have each issued a 30 billion naira ($98.09 million) bond taking advantage of falling yields on the local currency debt market, banks leading the bond sales said on Monday 05th August. Access Bank sold a seven-year bond at a 15.5% yield, while mid-tier rival Union priced its 10-year bond to yield 16.2%. Union's sale is part of a 100 billion naira debt issuance programme.

Yields in Nigeria's local currency bond market have dropped from a high of 18% since the government redeemed some of its treasury bills in 2017 to lower borrowing costs. Yields on the one-year treasury bill were last auctioned at around 11%. Union and Access Bank, which merged with mid-tier Diamond Bank in April, did not say how they would use the proceeds of the bond sales. Nigeria's central bank has said it would pursue a recapitalisation of the banking sector over the next five years after a series of currency devaluations weakened banks' capital. Fidelity Bank

told Reuters last month it aimed to sell up to 50 billion naira in Tier II debt before the second quarter of next year to refinance existing bonds as yields decline.
The central bank has been pushing banks to lend to businesses and consumers to help revive the economy where growth rates remain low after a recent recession. The bank has curbed a frequent sale of open market bills, which has also helped to drive yields in the local currency debt market lower. The central bank had been tightening liquidity to curb inflation and attract foreign investors into bonds to support the naira. But in a surprise change of stance in March, the bank cut interest rates by 50 basis points for the first time since November 2015. It subsequently kept rates on hold at 13.5% last month. ($1 = 305.85 naira) (By Chijioke Ohuocha, Reuters)

ENERGY

Why Eskom's Power Crisis Is South Africa's Top Risk

A crisis at South Africa's predominant electricity supplier, Eskom Holdings SOC Ltd., threatens the nation's economy. The state-owned utility can't cover its costs and make the huge interest payments on its mountain of debt. Its poorly maintained power plants are struggling to meet demand, and it has gone through 10 chief executive officers in a decade. Goldman Sachs Group Inc. describes Eskom as the biggest risk to the country's economy. The government has increased and accelerated a bailout for the utility while planning to split it into three entities in the hope of reviving its fortunes.

1. Why is Eskom in such bad shape?

South Africa could produce more electricity than it needed when white-minority rule ended in 1994, but the government didn't foresee how sharply demand would surge as the economy expanded and previously neglected black areas were connected to the grid. Eskom announced a series of multibillion-dollar investments after the authorities awoke to the severity of the problem in the mid-2000s, but the projects came too late and took too long to build. The Medupi and Kusile coal-fired plants, two of the world's biggest, were supposed to be fully operational in 2015, but are still years away from completion and running way over budget.

2. What's the problem now?

A lack of money forced the utility, which provides about 95% of the nation's power, to cut back on maintenance and repairs to other plants, and it lacks key technical skills needed to do the work, despite having a bloated workforce. Plants that produce more than half Eskom's power are at, or nearing, their ideal retirement age. The country has experienced intermittent power outages since late 2005. On July 30, Eskom reported a record annual loss of $1.46 billion.

3. Where was management?

The utility went through repeated board and management changes during the almost nine years Jacob Zuma was South Africa's president. Investigations by lawmakers and the nation's graft ombudsman suggest that the upheaval was an orchestrated attempt by Zuma's allies to raid Eskom's coffers with his tacit consent. Accusations that the utility had been looted are now being investigated by a judicial commission. Zuma and his allies deny wrongdoing.

4. How precarious are Eskom's finances?

Very. By its own admission, it's in a "death spiral." It was saddled with $30 billion of debt at the end of March and its solvency is at risk. Sales are near a decade low as the economy stagnates. Increasing numbers of businesses and middle-class consumers have moved off the grid as the price of renewable energy drops. Meanwhile, near-bankrupt municipalities are falling behind in paying their bills as customers in impoverished townships default on their debts or steal power through illegal connections.

5. What's been done to fix it?

Eskom's board and management were replaced in January 2018, the month after Cyril Ramaphosa succeeded Zuma as head of the ruling party, the African National Congress. Phakamani Hadebe was named CEO, but quit as of July 2019 because his health was suffering due to the "unimaginable

demands" of the job. Chairman Jabu Mabuza will serve as acting CEO until a full-time replacement is named. Eskom's management has made a concerted effort to stamp out graft, and a number of tainted senior executives and staff have left the company.

6. What's happening next?

Ramaphosa has announced a plan to split the utility into separate generation, distribution and transmission businesses under a state holding company, a reorganization he says will enable each unit to manage its costs more effectively and make it easier for them to raise funding. Freeman Nomvalo, head of South Africa's chartered-accountants institute, was named chief restructuring officer on July 30 to lead the turnaround effort.

7. What about a financial lifeline?

The budget announced on Feb. 20 included an almost $5 billion cash injection over the next three years to help Eskom service its debt and free up money for operations. The government added another $4.2 billion of funds through 2021 in a special appropriations bill in late July. As the financial aid grows, the National Treasury is trying to stick to debt ceilings and preserve the country's sole remaining investment-grade credit rating. The company also plans to trim its workforce. That proposition is likely to meet with fierce resistance from labor unions, which also oppose the breakup plan.

8. What happens if the rescue fails?

The total collapse of Eskom isn't on the immediate horizon, and Ramaphosa has said the government won't allow it to happen. If it were to cease operating or the grid were to collapse, South Africa's economy would grind to a halt and many businesses would be driven into bankruptcy, triggering investor flight and multiple downgrades to the nation's fragile credit rating -- as well as potential social unrest. Power cuts have already weighed on South Africa's rand and bonds, and present a huge risk to smelters, mines and and other energy-intensive businesses.
(By Michael Cohen and Paul Burkhardt, Bloomberg)

Solar plant in Mozambique starts commercial operation

The Mocuba solar power plant in Mozambique has started commercial operation following its connection to the national power grid, Norwegian company Scatec Solar said in a statement in Oslo. The plant, with a capacity of 40 megawatts, is located on the outskirts of the city of Mocuba in Zambázia province and will provide 79-gigawatt hours of electricity to 175,000 homes in northern Mozambique. The partners of this venture are KLP Norfund Investments (22.5%), Electricidade de Moçambique (25%) and Scatec Solar (52.5%). The 25-year purchase agreement was signed with the state-owned company in October 2016. The start-up of this power plant now means that on four continents Scatec Solar has an installed capacity of 951 megawatts and is involved in the construction of more plants with a total of 953 megawatts. This project cost US$76 million through a US$14 million equity investment, a US$7.0 million donation and US$55 million in loans. (Macauhub)

Mozambique and Germany work together for renewable energy

The German International Cooperation Agency (GIZ) is to support Mozambique with a €3 million renewable energy fund targeting families which still depend on coal and firewood, for example.

Mozambique and Germany are jointly promoting a new fund in Maputo city today (July 31), with resources of around three million euros, designed to give the most disadvantaged access to renewable energy. This initiative aims to "accelerate energy access for millions of Mozambicans", the Foundation for Community Development (FDC) says in a communique, and is developed jointly with the German International Cooperation Agency (GIZ). In addition to increasing access to renewable energy, the partner institutions also want to promote private sector development and expansion, encourage female entrepreneurship, and provide rapid response to humanitarian crises.

The communique stresses that the initiative serves as "an answer to the need to propose alternatives to poverty reduction by encouraging economic growth in the rural, urban and peri-urban areas of the country".

Phased financing

This funding will be available in three windows. The first one, dubbed "Access", will promote modern renewable energy solutions for households outside the national grid, including improved stoves and photovoltaic systems.

The second phase, "Productive Use," is intended to develop photovoltaic solar solutions and power equipment for commercial and agricultural businesses in rural areas exclusively.

The third phase is the "Humanitarian" one, and aims to spread improved stoves and photovoltaic solar solutions to vulnerable families. Initially, funds in the 'humanitarian' phase are expected to be spent only in the regions most affected by Cyclone Idai, which hit Manica and Sofala provinces in March this year.

Energy sources

In Mozambique, most families still use firewood and charcoal as their main sources of energy for cooking, heating and lighting their homes. This still causes great demand for these two types of fuel, but it is one of the main causes of environmental and forestry degradation in the country. Only 28% of the population has access to the electricity grid overall, the figure falling to 5% in rural areas. (Club of Mozambique and Deutsche Welle)

Japan lends US$44 million to Mozambique for Maputo Power Station

Japan has granted a US$44 million loan to Mozambique to make projects for the Maputo Thermoelectric Power Plant (CTM) viable. The agreement was signed in Maputo by the Minister of Foreign Affairs and Cooperation, José Pacheco, and the Japanese ambassador to Mozambique, Toshio Ikeda.

An official statement issued in the Mozambican capital said the loan will allow for a long-term maintenance contract and make it possible to continue maintenance and proper management by verifying correct cycle measurement, the supply of spare parts and transfer of technologies through joint work at the plant.

Maputo's combined gas cycle power station was inaugurated by the President of the Republic, Filipe Nyusi, in August 2018, and was the largest investment by the Mozambican government and state-owned Electricidade de Moçambique (EDM) in electricity production in the last 30 years.

The construction of the Maputo Thermal Power Plant, budgeted at US$180 million, was financed with a loan from the Japanese Development for US$167 million with a payment period of 40 years, leaving the Government to provide the remaining US$13 million. The Japanese support included, in addition to the construction of the plant, the training of EDM staff in operation and maintenance, as well as six years of maintenance services to be conducted by the equipment manufacturer. (Macauhub)

Three Gorges Has Nothing on China-Backed Dam to Power Africa - Bloomberg 060819

- Consortia from China and Spain signed accords on Inga III plan
- Civil-society groups ask if Congolese will enjoy the benefits

A dream of building the world's biggest hydroelectric project in the heart of Africa may be inching closer to reality.

For decades, plans have been made and discarded to construct a series of hydroelectric power stations on Africa's second-longest river that would generate almost twice the power of the Three Gorges Dam in China, the world's largest. If completed, a Grand Inga Dam could go a long way to addressing one of the most debilitating obstacles to development across Africa from Nigeria to South Africa: electricity shortages.

"There's not a single place in the world where you find such a concentration of hydropower as here," Omer Kawende, an engineer with the national electricity company, said as he stood on a bridge at the site where swallows swooped under a misty sky. "This is absolutely exceptional."

The problem? It's in Congo.

A country two-thirds the size of Western Europe, Congo is one of the most difficult places on earth to get anything done. It's ranked 184th out of 190 countries in the World Bank's latest Doing Business report and regularly tops Transparency International's index of most corrupt nations. It's been brought to its knees by dictatorship, rebellions, and head-splitting bureaucracy since the end of Belgian colonial rule in 1960.

Investors On Board

Late last year there was a sudden burst of activity around Grand Inga. Then-President Joseph Kabila signed an accord in October with two groups of Chinese and Spanish investors, who committed to funding technical studies before building and running an 11,050-megawatt facility called Inga III at a cost of $14 billion. The consortia, which include AEE Power Holdings SL and China Three Gorges Corp., also pledged to attract lenders and find buyers of the electricity elsewhere in Africa.

That could be news of revolutionary import to Congo's 80 million people, who make do with about 1,500 megawatts, about as much as typically needed for a city of 1 million in industrialized nations. Grand Inga could single-handedly generate more than 40,000 megawatts upon completion.

For now though, outages are a near-daily occurrence in the capital, Kinshasa, and in huge swathes of the country there's no power at all. About 19% of Congolese have access to electricity, the lowest percentage among African countries after Burundi, according to the World Bank.

Poor Maintenance

Two dams built on the same stretch of the Congo River more than three decades ago, Inga I and Inga II, still provide most of the nation's power but have often run below capacity due to poor maintenance, while rehabilitation has proved slow and costly.

"Every day the electricity comes and goes -- it's a bit like living in the village," said Yannick Tshiamala, a 33-year-old university graduate who helps his father run a barbershop and a car-repair business on an unpaved street in Kinshasa. "If you wake up in the morning without electricity, you have to figure out where to charge your phone and where to iron your clothes."

All eyes are now on Kabila's successor, Felix Tshisekedi, who's vowed to connect half of the population to the national grid over the next decade. Inga III, his advisers say, is one of his priorities -- even though Tshisekedi hasn't confirmed he'll stick with the Spanish and Chinese consortia, which have yet to be awarded a concession contract. "We're going at cruising speed," said Michel Eboma, Tshisekedi's chief adviser for mines and energy. "The president has the general interest of the people at heart, and Inga III aims at improving the life of the population."

China's Approach

Much will depend on China's attitude. While President Xi Jinping's government supports the project, he's increasingly working to ensure that his Belt and Road Initiative doesn't leave poorer nations with unsustainable debt. The uncertainty surrounding China's approach has caused dislocations in projects across Africa.

In Kenya, construction of a flagship railway from the coast to Uganda was halted after China withheld some $4.9 billion in funding. In Zimbabwe, a giant solar project hit a cash shortfall after China's Export Import Bank backed out due to the government's legacy debts. In Ethiopia though, Chinese contractors were hired earlier this year to accelerate work on the long-delayed Grand Ethiopian Renaissance Dam, which had been mired for years in design and management conflicts.

Inga III "has to be a project that guarantees repayment of loans because the financial budget of the government is very limited," said Wang Tongquing, China's ambassador to Congo. "According to the information I have, the plans of this project are not yet very mature, above all the plan for the consumption of the electricity after construction."

Not all Congolese are convinced that the dam will solve the nation's desperate lack of energy. In its current form, most of the power it will generate is meant for other countries.

More than 30 civil-society leaders published an open letter to the president in March, saying Inga III risks loading Congo with debt and won't provide help for most of its people. They urged the government to focus on connecting rural areas to the grid. And, while parliament approved a bill five years ago to liberalize the energy sector, Congo still lacks an independent energy regulator.

"The need for electricity among the population is enormous and Inga III could -- I say could -- improve the situation," said Madeleine Andeka, one of the letter's signatories. "It's not bad in itself that we would supply power to mining companies and other countries, but I'm not sure how we would benefit as a host country."

South African Interest

Today no country in the region is more interested in the development of Inga III than South Africa, which is struggling with power shortages from its aging coal-fired plants.

In 2005, state power utility Eskom SOC Holdings Ltd. developed a $50 billion plan for both Inga III and Grand Inga, but it never got off the ground. South Africa has since signed a treaty with Congo to buy 2,500 megawatts from the facility and said last year it might double that amount.

The African Union now wants to be involved too. Inga "must be a pan-African project" because more than 70% of its power will go to consumers outside Congo, said a spokesman for the organization's high representative for infrastructure development, Raila Odinga, who visited the site in May. "We need to develop Inga as a continent and link it to the different power pools that already exist," Odinga said in comments sent by his office.

Early Success

Inga's potential was recognized as far as back as 1921, when the U.S. Geological Survey estimated that the basin had a quarter of the world's hydroelectric potential.

The construction of the first two dams, Inga I and Inga II, in the heady, post-independence years under then President Mobutu Sese Seko, generated power that lit up the capital and supplied the mining industry, Congo's only source of export revenue.

While Inga I began operating in 1972 and was considered a success, Inga II required transmission lines over 1,100 miles of rainforest to reach the mines of Katanga province and loaded the country with massive debt as copper prices were plummeting in 1982.

The slow collapse of Mobutu's dictatorial regime and a subsequent civil war paralyzed progress on Inga III. After peace returned in 2003, several investors lined up to work at Inga, only to get squeezed out or withdraw later. Just one dam has been completed since the 1980s -- a 150-megawatt plant built by China's SinoHydro Corp. But construction took three years longer than planned and transmission lines still haven't been built.

While the nation awaits progress on Inga, some Congolese businessmen are forging ahead with plans for smaller dams. Among them is Yves Kabongo, chief executive officer of Great Lake Energy, who recently finalized a contract with PowerChina Ltd. for a 900-megawatt facility on the Congo River that's designed to supply the mining industry.

"Let's be realistic -- Inga III is a huge undertaking," Kabongo said. "It'll take years -- you need to reassure investors, you need to have a sound economy. We have projects that are much smaller and quicker to realize, because we're private citizens." (By Pauline Bax and William Clowes, Bloomberg)

INFRASTRUCTURE

Angolan attorney general recovers state-funded assets

Angola's Attorney General's Asset Recovery Service has recovered the terminals of the ports of Luanda and Lobito, which were under the management of Soportos – Transporte e Descarga, according to a statement issued in Luanda. Soportos operated the multi-purpose terminal of the port of Luanda, a port infrastructure with an area of 181,700 square metres capable of handling 2.67 million tonnes of cargo per year. In addition to the equipment to handle various types of cargo, the terminal, which was leased for a period of 20 years to Soportos, has a 610-metre dock and is 12.5

metres deep. Angolan news agency Angop reported that in the case of the port of Lobito, Soportos – Transporte e Descarga took the concession of the ore terminal in 2017. The Attorney General's Office also recovered the Talatona Conventions Hotel (HCTA), a public enterprise financed by Angolan state oil company Sonangol, but which was managed by a private company.
The five-star hotel unit cost more than US$200 million to build and, shortly after payment and construction, was handed over for exploration to a private company with a bonus of an estimated US$12 million based on what is now considered to be a damaging contract. (Macauhub)

Israeli group builds grain terminal in Nacala, Mozambique
The Mitrelli group recently laid the foundation stone for the construction of a bulk grain terminal in the port of Nacala, Nampula province, northern Mozambique, according to local media reports.
Construction of the terminal will be carried out in two separate phases, the first of which includes a grain terminal with a discharge capacity of 300 tonnes per hour, a storage capacity of 40,000 tonnes and packaging facilities. The second phase, to be developed during the third year of operations, includes the construction of a bulk fertilizer terminal adjacent to the grain terminal and of similar capacity. Mozambican news agency AIM reported that the total investment is estimated at US$200 million. The Mitrelli group, of Israeli origin, is present in three African countries, Angola, Ghana and Kenya, and the current investment is its first in Mozambique. (Macauhub)

Chinese company recovers road and builds bridges in Angola
The China Machinery Engineering Corporation – Sucursal em Angola has secured two contracts in Angola for public works, according to two presidential orders recently published in the Diário da República official bulletin. The first of those orders, 113/19, of 16 July, is related to the award of a contract for the dirt construction of Complementary Road EC 233, which is 96 kilometres long. The second, 114/19, of 16 July, awarded the Chinese company the construction of five bridges on that complementary dirt road in the 96-kilometre stretch between Quizeo, Dala Cachilo and Quilenda. These orders, which do not specify the value of the contracts, according to the Angolan press, are the result of a need for reconstruction and restoration of roads in Angola. (Macauhub)

Japan continues to support projects in Namibe province, Angola
The Japanese ambassador to Angola has given assurances that the Japanese government will continue to support projects in Namibe province, on the sidelines of the inauguration of the completed works of the second phase of the Namibe Port Rehabilitation and Modernisation Project.
Hironori Sawada pointed out that Japan had provided US$60 million in funding for this project under a partnership involving the Japanese private sector through the TOA Corporation.
This group is involved as a contractor in the Namibe Bay Integrated Development Project, which includes the expansion of the Namibe port container terminal and the refurbishment of Saco-Mar port. The Angolan minister of transport noted that the works were completed in May of this year, 65 years after the order was signed for the start of construction work on the mooring dock of the then Moçâmedes port, according to state newspaper Jornal de Angola. Ricardo de Abreu said that, prior to this intervention, the dock handled between eight and ten vessels per hour, which will increase to between 30 and 35 movements per hour, and static capacity raised from 1,700 to 2700 TEUs, and refrigerated connections will increase from 25 to 100. He noted that with the complete recovery of the dock it will be possible to introduce new and more modern means of unloading including mobile cranes, allowing the dock's handling capacity to triple and reducing docking times from an average of four to five days to one day per thousand containers. "This port was already focused on the economy of this and the provinces of Huila, Kwando Kubango and Cunene and now, with the conclusion of the second phase, here in Namibe we will have a port capable of competing with its closest counterparts, in response to the growth in demand ahead of the resumption of mining and the increase of agricultural production in this region," the minister said. (Macauhub)

São Tomé airport revamp starts to take shape

Technical studies for the revamp of São Tomé International Airport, whose limitations make it one of the country's bottlenecks, are almost complete. The most delicate part, financing, is still being worked out. Prospects are more complicated for another Chinese-built major infrastructure, the deepwater port.

Both infrastructure projects have been aspirations for governments in São Tomé and Príncipe for over a decade. The former Prime Minister, Patrice Trovoada, turned to China in late 2016 – ending 20 years of diplomatic relations with Taiwan – with the expectation of finally modernising the gateways to the country. But negotiations over technical and financial aspects proved more intricate, and only after the late-2018 election, which brought Jorge Bom Jesus to power, did the airport project move decisively towards launch.

According to government sources in São Tomé, technical studies for the airport modernisation project are near conclusion. Construction is expected to begin in late 2019 or early 2020 and last four years, a schedule designed to facilitate continued normal operation of the airport.

The airport runway will be extended by more than 600 metres (half of which will extend over the sea) reaching a total of 2.8 kilometres. While shorter than the initially planned 3.2 kilometres (nixed after a 2018 World Bank study), the new length will be "sufficient to receive large aircraft," according to the PM, addressing a long-standing issue for the airport. The runway's short extension has also caused multiple accidents and diversions of aircraft to other regional airports in the past.

Security issues will also be addressed, with the acquisition of more advanced air control systems, as well as signalling. This will facilitate landings in low visibility conditions and at night, allowing the airport to operate longer hours.

The cost of the project is currently estimated at US$100 million, according to our sources. A major concern in negotiations has been keeping in check official public debt, currently valued at close to 100 %of GDP. The International Monetary Fund has gone public saying debt is "out of control" and calling for restraint in state expenses.

So as not to have infrastructure projects weigh even more on public debt, the government of Jorge Bom Jesus, and particularly Minister of Planning, Finance and the Blue Economy Osvaldo Vaz, has been trying to increase the donation component of financial support to be made available by China.

The final financial arrangement should also include a longer grace period, as well as a longer repayment deadline. Interest rates are set to be concessional. Financing entities should include the state, as well as private Chinese banks, supported by official credit lines.

The new infrastructure is expected to provide a boost to the tourism industry, by attracting more airlines to fly to São Tomé, both as a final destination and a regional hub. Currently, the country has international flights to Portugal (TAP and EuroAtlantic), Angola (TAAG), and other regional destinations.

Another infrastructure that government in São Tomé have longed for is that of the new deepwater port. But, according to our sources, technical studies are still not completed. In fact, local authorities are in dissonance with their Chinese counterparts. While China wants to build a smaller docking infrastructure, able to support cargo and fishing vessels, the government insists on a port, even if not the deepwater infrastructure initially envisaged. In light of the differences, the government is considering a two-phase approach. Phase one would be a docking port, and in phase two, perhaps bringing in new international partners, a harbour. According to our sources, there are ongoing negotiations not only with China but also with two potential partners for the second phase. For the first time, São Tomé hosted the annual Meeting of Entrepreneurs for Economic Cooperation between China and the Portuguese-speaking Countries this July. The country joined Forum Macao in 2017.

The new government is keen on bringing in more Chinese investment and intends to revive the plan to launch an offshore free trade area. The legislation is in place, but more regulation is needed. Work should begin soon with two international consulting firms to take the project off the ground. It is widely believed that, with improvements in state administration, São Tomé has the right

features to become an offshore for companies aiming to invest in Africa. Gaming is one of the areas which the government believes could be attracted by such a free trade area. The offshore would bring in more tax income for the state, helping it out its near-permanent financial constraints. Prime Minister Jorge Bom Jesus is set to participate in next year's Ministerial Conference of Forum Macao, a triennial event originally scheduled for 2019 which has since been postponed to 2020.

In the years since relations with São Tomé were re-established, and while technical and financial studies for the two major infrastructure projects are ongoing, China has invested around US$30 million per year in the country. Part of that money, US$5 million in 2019, goes directly to supplementing the state budget; 97.2 per cent of São Tomé's US$150-million budget is covered by bilateral partners and multilateral organisations in the form of grants and loans.

Another Chinese-funded project on the horizon aims to build 200 social housing units over the next four years, starting in the Lobata and Cantagalo districts. The first of five apartment blocks, totalling 60 units, will begin construction this year. With cooperation teams on the ground – for agriculture, energy, health and anti-malaria – smaller Chinese-funded infrastructure projects have also gone ahead. These have included the rehabilitation of three roads, as well as drying up a swamp close to São Tomé. Bearing in mind the country's difficult financial situation, along with the growing criticism by China's rivals – mainly the US – regarding the 'debt pile' Chinese infrastructure projects have generated in some African economies, all projects have so far been funded by donations from Beijing. (Macauhub/CLBrief)

Modernisation of São Tomé and Príncipe International Airport will be "one of the main projects since independence"

he modernisation of São Tomé airport will be "one of the major projects since independence" of São Tomé and Príncipe and will boost tourism, the ambassador of the People's Republic of China Wang Wei said in an interview due to be published in Macao Magazine in September.

The ambassador pointed out that the main factor preventing the arrival and departure of more or larger planes is the airport runway, "so we are studying how we can help by carrying out this work as quickly as possible in order to improve infrastructure in the country and ensure a better connection to the outside." São Tomé Prime Minister Jorge Bom Jesus said in a recent interview with Macauhub that studies on the expansion and modernisation of the new airport "are already well advanced" and that work should start between late 2019 and early 2020.

China will also finance the studies of the new port of São Tomé, which will initially have a commercial and fishing focus, but which the government intends to expand in the future. Wang Wei said now that the "possibility" of the port work "is still being studied" and that it is "more delayed" than that of the airport.

The Chinese diplomat said tourism was the sector with the greatest potential for Chinese investment and that investment interest was revived with the 14th Business Meeting between China and Portuguese-speaking Countries in July in São Tomé, two years after the resumption of Sino-São Tomé relations and the archipelago's accession to Forum Macau. "I talked to several Chinese businesspeople and they are very interested. The only problem is the distance. Travelling from Macau here is not easy. It's the geographical distance… but I believe the will and interconnection of interests will overcome the difficulties, which are fleeting," Wang Wei told Macauhub.

In addition to investing in tourism, Chinese entrepreneurs are interested in "improving both agricultural and handicraft products."

The Chinese diplomat also recalled that the Chinese government has made several donations to São Tomé and Principe, having paid for the recovery of three roads and the drainage of a swamp near the capital and a social housing project in several districts near the capital is about to begin. China has four technical assistance teams in the country, namely agriculture and livestock, energy, anti-malaria and medical staff. Wang Wei added that São Tomé and Príncipe, "if it wishes," is "very welcome" to join the Belt and Road initiative, like other Portuguese-speaking African countries such as Cabo Verde. (Macauhub)

MINING

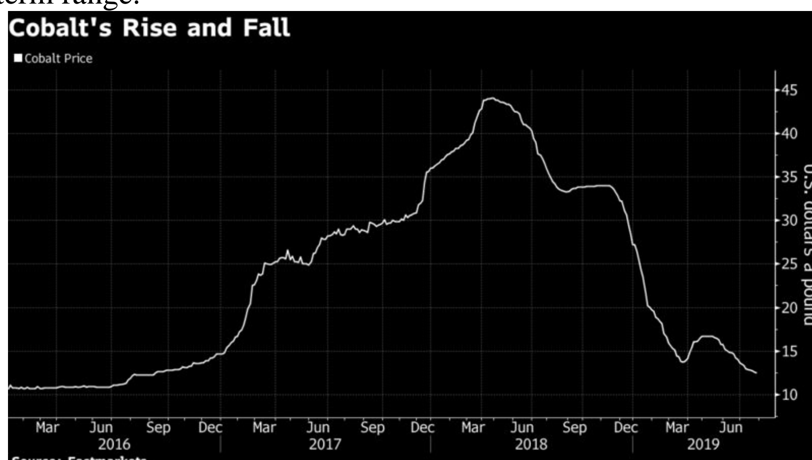
Glencore's Troubles Pile Up While Rivals Get Rich on Iron Ore

- Cobalt has moved from star performer to headache for Glencore
- Company says African copper mines also underperformed

The bad news just keeps coming for Glencore Plc -- this time out of Africa.

The commodities giant has had a tough few years, from corruption probes to getting caught up in the fallout from U.S. sanctions on Russia. This year, it's been forced to watch from the sidelines a breathtaking rally in iron ore, a metal Glencore doesn't produce at all, while rivals like BHP Group and Rio Tinto Group cash in. The list of headaches got a little longer, as the company warned it will take a $350 million hit to its fabled trading business when it reports first-half earnings next week, after prices for cobalt plunged. Glencore also signaled it's likely to cut the target for copper production this year as it struggles with mines in the Democratic Republic of Congo. Glencore has underperformed its major rivals this year, even after announcing bumper share buybacks. While other producers benefit from the rally in iron ore, the pressure on Glencore's shares from probes by the U.S. Commodity Futures Trading Commission and Department of Justice has been compounded by a rout in prices for thermal coal, one of the company's major profit drivers.

"With still no certainty on the DoJ investigation, a lack of momentum in operations, with lower coal prices eroding cash flows, the current discount in Glencore shares is likely to persist in the absence of more significant management action," said Tyler Broda, an analyst at RBC Capital Markets. "The cobalt price drop continues to wreak havoc on the marketing books." Cobalt has quickly transformed from a star performer to a headache for the world's biggest producer of the key battery ingredient. After quadrupling in two years, prices have now collapsed back to the lowest since 2016 as new supplies pour into the market. With few hedging tools available, that's left Glencore exposed. Excluding the cobalt loss, Glencore expects first-half trading profit of about $1.3 billion. It said previously that full-year profit for the unit would be toward the middle of its $2.2 billion to $3.2 billion long-term range.



Glencore has cut its cobalt sales in response to falling prices, but is still mining the metal from its African copper mines. The company said the loss from cobalt will be principally non-cash and described the inventories it's holding as an "unrealised profit lag." Effectively, the company's marketing business has bought the cobalt from its mining unit, but has yet to sell it.
The disappointing trading performance is a blow for Glencore, which has always said its traders can make money in any kind of market. The company touts the unit as a differentiator from other big miners, cushioning the ups and downs of the commodities cycle. The marketing unit deals in almost 100 raw materials including oil and agricultural products. Last year's trading profit was $2.4 billion, the lowest since 2013, with Glencore pointing to weak results from cobalt and alumina trades. The cobalt losses aren't Glencore's only headache from its African copper business, which operates mines across the Democratic Republic of Congo and Zambia.
Glencore's Katanga Mining Ltd. unit, where the company has taken tighter control after Canadian regulators fined and banned executives, is reviewing its mine plans and is likely to lower output expectations. Glencore's Peter Freyberg, who has joined Katanga's board, will discuss the turnaround plan at the company's earnings next week. "Our African copper business did not meet expected operational performance," billionaire Chief Executive Officer Ivan Glasenberg said in a statement. "We have moved to address the challenges at Katanga with several management changes as well as overseeing a detailed operational review."

FIRST-HALF PRODUCTION

- Copper -5% to 663,000 tons
- Cobalt +28% to 21,300 tons
- Zinc +8% to 535,900 tons
- Nickel -11% to 55,400 tons
- Coal +10% to 68.2 million tons

While African copper is a relatively small part of Glencore's overall business, the unit gets a disproportionate amount of interest from investors given both its role as one of the company's key drivers of growth and a source of legal and operational risks. When the company reports earnings next week, analysts are expecting sharply weaker results. It's been a different story for Glencore's rivals this year. Even though Rio Tinto has struggled at its giant iron ore mines in the Pilbara, it's been bailed out by the surge in prices and is expected to report a big jump in profits tomorrow. Anglo American Plc last week reported bumper earnings, driven by iron ore. (By Thomas Biesheuvel, Bloomberg)

Gabon's New Mining Code to Boost Revenue, Attract Investment

- Central African nation wants to increase mining share of GDP
- Gabon is trying to reduce oil dependency amid slowdown

In a bid to boost revenue from the country's mining industry, President Ali Bongo has launched a new code that seeks to attract investors, Mining Minister Tony Ondo Mba told economic operators in the capital Libreville.
The new code is intended to improve conditions for companies and increase revenue for the state, Mba said. Adopted by parliament in November, the code came into effect in July. It will reduce corporate tax by cutting fees on mineral exports and extend the time frame of operating licenses from 10 to 20 years, providing a stronger legal framework for mining title holders and improving traceability and transparency, Mba said. The measure also aims to shift the use of revenue toward social development. "The new mining code provides for a new fiscal model that allocates 20% of mining tax revenues to local populations for the implementation of community projects," Valery Nzogue Angone, legal adviser to the finance ministry, said.
Gabon's economy depends largely on world demand for manganese and oil. As the Central African nation seeks to make its economy less dependent on oil and boost the mining industry's

contribution to gross domestic product, the government is looking at attracting investors into mineral resources including manganese, gold and iron ore. Crude sales produce about 30% of state revenue, however recent fluctuations in world market prices and slowing production in OPEC's second-smallest member has affected income. A revised hydrocarbons code that came into effect last month is more fiscally attractive than the previous one, according to Noel Mboumba, Gabon's petroleum minister.
The adoption of the new code has been delayed as President Ali Bongo, 60, has been spending months abroad recovering after suffering a stroke last year. (By Eric Mbog Batassi and Katarina Hoije, Bloomberg)

Angola's diamond sales bring in revenues of US$232.8 million in the second quarter
Angola's national diamond trading company Sodiam posted gross revenue of US$232.8 million in the second quarter by selling 1.5 million carats of diamonds at an average price of US$ 155.3 per carat, the company said. Revenue in the second quarter fell by US$135.8 million compared to the first quarter, because Sociedade Mineira do Catoca, the largest Angolan producer with an 80% share, did not sell its April lot of diamonds. Sodiam posted gross revenue of US$368.66 million in the first quarter from the sale of 2.647 million carats, and year-to-date revenues reached US$601.46 million from the sale of 4.1 million carats. The Angolan provinces of Lunda Sul with 89% and Lunda Norte with 11% lead the marketed production between April and June 2019, with 1.332 million carats obtained from kymberlite deposits and 165,289 carats from alluvial deposits. (Macauhub)

OIL & GAS

US bank wants to fund a natural gas project in Mozambique
The US Export and Import Bank will notify Congress of a projected US$5 billion loan to support the export of goods and services for the development and construction of the liquefied natural gas project located in the Afungi peninsula in the Cabo Delgado province of northern Mozambique, according to a statement issued in Washington. "The loan, if approved, will support US exports of goods and services for the engineering and construction of a liquefied natural gas plant and its facilities," the statement said, pointing out that US exports are facing direct competition from financing provided by other foreign export credit agencies.
Funding of about US$5 billion, "can support the creation of 16,400 jobs during the plant's five years of construction," along with thousands of more jobs created in the country and US$600 million in revenue to US taxpayers, according to the same statement.
The development plan for the Rovuma Basin Area 1 block in Cabo Delgado, Mozambique's northernmost province, is estimated to cost US$25 billion, and next to the factory, alongside two processing units, a wharf will be built to accommodate freight ships to transport liquefied natural gas mainly to Asian markets (China, Japan, India, Thailand and Indonesia), but also to European markets through Electricité de France (EDF), Shell and Centrica.
The Anadarko Petroleum Corporation group still operates the block through its wholly-owned subsidiary Anadarko Mozambique Área 1, Ltd, with 26.5%, where its partners were ENH Rovuma Área Um, a subsidiary of the Mozambican 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 B.V. (10%), and PTTEP Mozambique Area 1 Limited (8.5%). (Macauhub)

Construction of gas pipeline between Mozambique and South Africa unlikely – Fitch Solutions
Consultancy Fitch Solutions believes that building a gas pipeline between northern Mozambique and South Africa is increasingly unlikely because neither market generates sufficient demand to

justify the investment. “The proposed pipeline, which would run from northern Mozambique to South Africa, crossing Mozambique from north to south, faces considerable risks as neither the Mozambican domestic market nor the destination South African market offer sufficient levels of demand to sustain the viability of the projects,” the consultant’s analysis of the Mozambican gas and oil sector cited by Lusa reads.
In the analysis of the outlook for the last quarter of this year, to which Lusa has had access, the consultancy – owned by the same group that owns the rating agency Fitch – considers that the US$6 billion investment economically unviable. “Several years ago, SacOil, now called Efora Energy, a South African energy company, announced an offer of US$6 billion to build the 2,600-kilometre African Renaissance pipeline to bring gas from the Rovuma Basin to Gauteng Province in South Africa,” Fitch Solutions recalls, pointing out that in addition to gas transport, the pipeline would also have brought gas to energy-based industries.
The project is expected to be led by a subsidiary of China’s national oil company, China Nacional Petroleum, which also includes Mozambican private investors, in addition to SacOil, which gives “dimension to the project, given the funding power, risk appetite and investment in infrastructure in East Africa history”.
For Fitch, “there is a significant risk of project delays due to a lack of investors in both countries; a 2,600-kilometre pipeline is costly and will encompass considerable capacity to potentiate the necessary economies of scale”. The Mozambican government has “ambitious plans to develop a gas economy, including proposals for power and fertiliser plants and methanol” among others, but “the economic viability of several of these projects is unfavourable, so gas-based industry will have a slow evolution,” Fitch Solutions concludes. (Club of Mozambique)

Angola exports 121.9 million barrels of oil in the second quarter of 2019
The export of 121.9 million barrels of crude oil in the second quarter of 2019 provided companies operating in the sector in Angola with revenues of US$8.5 billion, according to official figures released in Luanda.
Data released by the National Directorate of Markets and Trade Promotion of the Ministry of Mineral Resources and Oil showed that there was an increase of 65,400 barrels compared to the first quarter of 2019 but a reduction of 7.2 million barrels compared to the same quarter last year.
China and India with shares of 69% and 10%, respectively, were the countries that bought the most oil from Angola during the second quarter. Angola’s national oil company, Sonangol sold 47.6 million barrels in the period under review and had revenues of US$3.3 billion, which compares with 45.1 million barrels and revenues of US$2.8 billion in the first quarter.
Figures from Sonangol, presented by the head of the ministry’s National Directorate of Markets and Sales, Gaspar Sermão, showed that average daily sales reached 523,700 barrels, at an average price of US$69.5. Sonangol also spent US$580.3 million on importing 886,000 tonnes of fuels, according to the Angop news agency. The Ministry of Mineral Resources and Oil discloses the activities of Sonangol and the international companies operating in Angola on a quarterly basis in order to monitor the evolution of the oil market in the country. (Macauhub)

French group Maurel & Prom buys stakes in two oil blocks in Angola
French group Maurel & Prom has expanded its presence in Angola by buying a 20% stake in two Angolan offshore oil blocks from Japan Oil Co for US$35 million, the group said in a statement issued recently in Paris. The statement issued by the group said that the acquisition of the stakes is the result of “investor-friendly (…) regulatory and political developments” that are taking place in Angola. Maurel & Prom CEO Michel Hochard said in the statement that the acquisition of stakes in two shallow-water blocks expands the group’s presence in Angola and is “a significant step in our growth strategy.” One of the two blocks, 3/05, has been in operation since the 1980s and has a license until June 2025 and the second, 3/05A, has two commercial fields and a new discovery has been registered there. Angola Japan Oil Co is a company controlled by the Mitsubishi group, with

the remaining partners in these blocks being state-owned Sonangol, the China Sonangol partnership, Italy's ENI group, Somoil, of the Angolan Serena group, Portugal's Naftgas and Croatian company INA-Nafta. The French group, besides Angola, has operations in Gabon, Namibia, Nigeria and Tanzania. (Macauhub)

Uganda Will Be Able to Get Oil-Pipeline Funding, Stanbic Says

- Raising capital for $3.5 billion project 'is not a problem'
- Planned pipeline has faced opposition from lobby groups

Uganda will be able to get the cash it needs to build a planned $3.5 billion oil-export pipeline, with financiers ready to commit funds as soon as a final investment decision is made, according to Stanbic Bank Uganda Ltd.

The project has attracted "a lot of interest" and raising capital "is not a problem," Stanbic Chief Executive Officer Patrick Mweheire said in Kampala. The pipeline, which is crucial to plans by Total SA, Cnooc Ltd. and Tullow Oil Plc to tap the country's first oil, has faced opposition from lobby groups who have voiced concern over its potential environmental impact. Uganda, with discoveries of 6 billion barrels of oil resources, is targeting the start of production in 2022, while the 216,000-barrel-a-day pipeline would begin operations the following year. The government has said that an FID to develop the finds and build the pipe could unlock as much as $20 billion of investment.

Standard Bank Group said in June it was reviewing a request by lobbyists to withdraw from funding the proposed pipeline. The lives of as many as 14,500 people along its route could be affected, according to the request, which was signed by organizations including U.K.-based Global Witness. Stanbic and Japan's Sumitomo Mitsui Banking Corp. are the lead arrangers for financing of the 900-mile conduit, seeking to raise $2.5 billion in debt funding. Total, Cnooc and Tullow will also provide funds, as will the government. "There are a lot of people sitting on the sidelines; funding for the pipeline can be raised," Mweheire said. "We are all working collectively for FID." An investment decision on the pipeline, which would run from Hoima in Uganda's oil region to the Tanzanian port of Tanga, is targeted later this year. (By Fred Ojambo, Bloomberg)

CNOOC to take majority interest in West African petroleum licences

Australian oil and gas explorer FAR Ltd, which holds a stake in licences for oil drilling off the coast of West Africa's Guinea-Bissau, said a unit of China National Offshore Oil Corp will take a majority stake in the projects. CNOOC will get a 55.6% stake in the Sinapa and Esperanca licences from Sweden's Svenska Petroleum Exploration AB, whose interest will be reduced to 23.03%, FAR said in a statement. It did not disclose financial details. The Chinese oil producer can opt to become the operator of the joint venture after an upcoming offshore drilling campaign is completed. CNOOC's interest will be converted to a 50% stake if there is a commercial discovery, FAR said. FAR will continue to hold a 21.42% stake in each of the licences. Svenska Petroleum Exploration GB is a unit of Petroswede AB, which is indirectly owned by Saudi Billionaire Sheikh Mohammed H. Al-Amoudi. (By Aditya Soni, Reuters)

Total group reaffirms commitment to natural gas project in Mozambique

France's Total group has guaranteed its commitment to the natural gas project in the Rovuma Basin, despite the level of insecurity in northern Mozambique's Cabo Delgado province, indicates a statement released. Total is set to become the operator of the Area 1 block with a stake of 26.5 percent, following the acquisition of the Anadarko Petroleum Corporation group by the Occidental Petroleum Corporation group, a deal worth US$55 billion. Last 5 May, the Total group announced that it had reached a binding agreement with the Occidental Petroleum Corporation group to buy for US$8.8 billion the assets in Africa of the Anadarko Petroleum Corporation group, situated in four countries: South Africa, Algeria, Ghana and Mozambique. "The transaction depends on the Occidental group buying the Anadarko group and approval by the relevant bodies, and should be

completed in 2020," indicated the statement issued at that time. While the assets in three of the four countries do not face problems, Mozambique's case is different, as the respective province has been targeted by attacks led by radical Muslims since October 2017. Total group CEO Patrick Pouyanné reiterated commitment to the natural gas project in the Area 1 block, stating that it was an asset "that perfectly fits our strategy." (Macauhub)

INDUSTRIAL

Angolan textile factories return to state ownership

The former África Têctil factory, managed by Alassola, Indústria Têxtil de Benguela since 2014, returned to Angolan state ownership through the Institute of Public Asset Management (IGAP), the Angolan press reported. The return to state ownership is the result of an injunction proposed by the Attorney General's Office and accepted by the court. IGAP Chairman Valter Barros, who received the factory's assets on behalf of the state, said that an executive director of the plant had already been appointed by the government, whose mission is to ensure its protection and keep it running until a final court decision. "Alassola, as an interested party and at its discretion, can appeal this court-ordered seizure decision," he said, adding that the joint management period (government administration and former manager Alassola) is a matter that is dependent on the court's decisions.

Textile factories built with public funds that are the focus of foreclosure proceedings by the Attorney General's Office in Luanda, Benguela and Kwanza Norte provinces began to be formally handed over to the state. The formal delivery process began with the Textang II unit (Luanda) and should culminate with Satec, located in Dondo village, Kwanza Norte province. The Attorney General's Office last June moved ahead with the seizure of these units, due to irregularities in the privatisation process and the breach by the new owners of the contractual clauses, particularly in terms of finances.

At the time, the director of the PGR Asset Recovery Service, Eduarda Rodrigues, said the process, that has now been triggered, made perfect sense, as the state was the only one to bear the costs. "They benefited from a credit line, with a sovereign guarantee and never paid this debt, and the entity making the monthly payments to the international bank was the Angolan state," she said, noting that the issue had been under discussion for over a year, without a solution.(Macauhub)

TELECOM – TECHNOLOGY

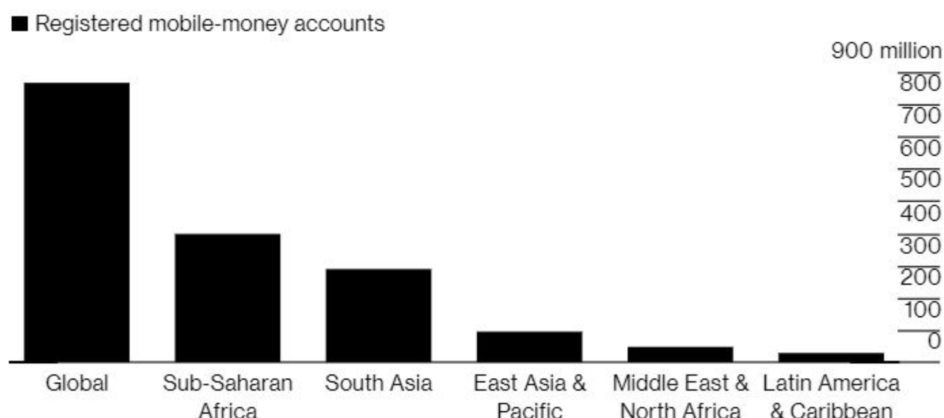
Mobile Phones Are Replacing Bank Accounts in Africa

A service that allows people to withdraw or deposit cash by text has become an indispensable part of life. It doesn't look like the hub of an online bank. But that's what the yellow and blue metal kiosk becomes when Albert Agane locks himself behind the metal bars every day at 6 a.m.

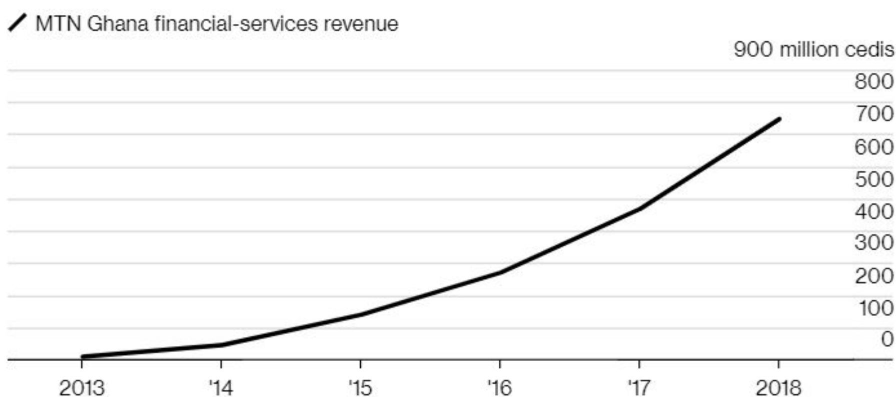
From his perch along a dusty suburban thoroughfare in Accra, the 28-year-old helps fellow Ghanaians withdraw or deposit cash for accounts they operate from their mobile phones. All they need do is text. Mobile money is the fastest-growing source of income for wireless-network operators like MTN Group Ltd. and Vodafone Group Plc's Safaricom unit, outpacing data since many Africans don't have the latest smartphones. They need agents like Agane because ATMs and bank branches are out of reach, or too costly. "In a village, where there are no banks, you can go to an agent and transact," said Agane, who earns a commission of about 1 %for moving as much as 20,000 cedis ($3,700) a day. "Once people have phones there's no need for a bank account."

The service has become an indispensable part of how Africa's 1.2 billion people live, from buying funeral cover to borrowing money. The number of registered users in Ghana soared 11-fold between 2013 and 2017, International Monetary Fund data shows. Across the continent in Kenya, where it was pioneered, the value of such transactions amounts to almost half of gross domestic product, according to the World Bank.

Sub-Saharan Africa has more mobile-money accounts than anywhere else in the world with about 396 million registered users at the end of 2018, a 14% increase from a year earlier, according to the GSM Association. As it catches on around the world, South Asia saw 29% growth in 2018, and it was 38% for East Asia and the Pacific.

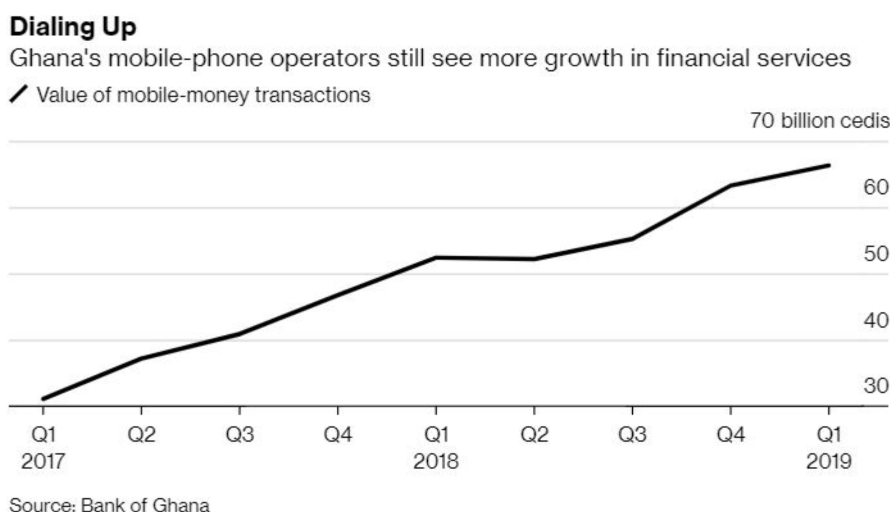


"There are a lot of partnership opportunities with immense revenue potential for both mobile-network operators and banks," said Patrick Quantson, head of digital transformation at the Accra-based unit of Standard Bank Group Ltd., Africa's largest lender. "The mass appeal of mobile-money services and the mode of delivery also presents an opportunity to scale financial products to all market segments, at incredibly lower costs." It's easy to see why Agane—one of 182,000 mobile-money agents—is busier than the ATMs around Ghana's capital city. There are more than 1,740 such outlets per 100,000 people in the country, compared with only 11.7 ATMs and 8.7 bank branches, the IMF data show.



"We've seen that people in the informal sector, who would have kept their money under pillows, move into mobile money," said Eli Hini, general manager for mobile financial services at MTN Ghana, which controls about 78% of the active-customer market. "Now, when there are floods people don't lose their money. They'd rather get interest paid on it." Banks don't lose out because the mobile-phone companies park deposits with them, giving them cheaper access to funding.
MTN and Sanlam Ltd., Africa's largest insurer, last month announced that the continent's biggest wireless network operator will offer funeral and other life-cover products through its digital channels spanning 237 million subscribers in 21 markets. Vodafone's Johannesburg-based Vodacom Group last year bought a stake in Safaricom, based in Nairobi, from its parent to gain

access to its M-Pesa money-transfer service, helping to double earnings from financial services. Vodacom last year made 11 billion transactions worth 2 trillion rand ($134 billion) to 36 million customers. The potential stretches to Nigeria, Ethiopia and Egypt, where reforms could add 110 million mobile-money accounts in the next five years, the GSM Association said in February. There's more to come, said Martison Obeng-Agyei, who heads Vodafone Cash in Accra. There were about 31 million mobile-voice subscriptions in the country of 29 million people, and 12.1 million active mobile-money accounts at the end of 2017, from just 345,400 five years ago, Bank of Ghana data show.



"There's huge prospects," he said. "One of the things that was lacking in our financial system was the ability to move funds around. Businesses have been established because of mobile money." While Agane hasn't been robbed in his four years as an agent, he stays alert. A company comes around to exchange hard cash for electronic money to lower the chances of being targeted, like a vendor Agane heard of across town, who was attacked with a cutlass. "There are so many risks," he said, especially with the kiosk open until 9 p.m. "But there's no jobs. If you don't do it, there will be no food on your table." (By Moses Mozart Dzawu, Bloomberg)

Mozambique Telecom launches 4G and expands China-funded services

State telecoms operator Mozambique Telecom (Tmcel) will launch 4G services by the end of November of this year and upgrade its national network with support from China, it says in a statement. "By the end of November this year, Tmcel will introduce 4G technology as part of its project to modernise and upgrade its entire transmission network," the company has announced. After the introduction of 4G in the capital and surrounding areas, "the second phase of the project will be launched with a view to its expansion to the entire national territory, financing for which has already been secured from the Chinese government," a statement citing Minister of Transport and Communications Carlos Mesquita reveals. The other two Mozambican mobile operators – Vodacom and Movitel – already offer 4G coverage. Tmcel's network upgrade "includes equipment which will contribute to improving quality and coverage as well as increasing speed," the company says. Initially, 4G coverage will be available only in Maputo and Matola metropolitan areas, as well as in Marracuene district. (Club of Mozambique)

AGRIBUSINESS

Angola extends public tender deadline for privatisation of agribusiness enterprises

The deadline for the submission of bids to the public tender for privatisation of agribusiness enterprises in Angola has been extended from July to September, according to the Angolan state assets institution, Igape. The statement issued by Igape in Luanda said that the extension of the deadline aims to enable investors to study asset documentation, visit ventures and gain the

knowledge needed to make a decision. These privatisations, announced in late June, include the Longa (Kwando Kubango), Camaiangala Agricultural Development (Moxico), Cuimba Agro-Industrial (Zaire) and Sanza Pombo (Uíge) Agricultural Development ventures. The head of the Igape privatisation department, Ana Paulo, said at the time that the reference prices of the four projects are between US$22 million and US$35 million, and will be the first of a broader package of privatisations. The four agro-livestock enterprises cover a combined area of 43,284 hectares, 18,384.8 of which are productive and 1,200 irrigated, as well as 52 facilities, in addition to 152 kilometres of roads. Engineer Carlos Paim, from the Angolan Ministry of Agriculture and Forestry, said at the time that the projects were at a standstill, although they had already been in operation, but that they would be able to restart immediately while the bidding process is underway. (Macauhub)

Angola's Biocom produces 65,000 tonnes of sugar in the first semester

Angolan bioenergy company Biocom produced 65,000 tonnes of sugar in the first half of the year at its facilities in Cacuso municipality, Malanje province, the company's deputy director-general said.
Luís Bagorro Júnior, quoted by the Angop news agency, also said that the production achieved in the first half represents 60% of the expected total for 2019, of 110,000 tonnes, equivalent to 1.31 million 50 kg bags. The company also produced 9.38 million litres of ethanol, or 48% of the annual forecast of 19 million litres, as well as 32.67 megawatt-hours of electricity.
In the first half of 2018, the production recorded was 45,500 tonnes of sugar, 10.6 million litres of ethanol and 17 megawatt-hours of electricity, and the figures recorded from January to June represented percentage changes of 42.86%, -11.51% and 92.13%, respectively.
Bagorro Júnior recalled that the final production target is 250,000 tonnes of sugar, which is insufficient to meet demand, as it covers just 60% of the country's consumption. 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)

Integrated Rural Trade Development Programme 2019-2020 aims to make Angola self-sufficient in food production

The 2019-2020 Integrated Rural Trade Development Programme is set to lay the foundations for making Angola a self-sufficient country in food production, thereby reducing imports, Secretary of State Amadeu Nunes said in Luanda. The Secretary of State was speaking on the sidelines of the 8th ordinary meeting of the Economic Commission of the Council of Ministers, which, among other matters, carried out an evaluation of that programme, and said that it aims to foster national production and ensure the distribution of products. He also said that Angola has the conditions to return to being an exporter of several products, no longer relying on oil., "as shown by the statistical data for 1972 and 1973. The 2019-2020 Integrated Rural Trade Development Programme, combined with other factors such as transport and logistics, will ensure that production is channeled to consumer centres said Amadeu Nunes, quoted by the Angop news agency. The Secretary of State said this programme advocates a greater involvement of the private sector in the implementation of its 10 measures and 173 planned actions and added that the aim was to avoid the same mistakes as were made in the implementation of initiatives such as the Procurement Programme (Papagro), which failed in its distribution and products were left to rot. (Macauhub)

President opens Mozambique's first organic sugar plant

The President Nyusi afternoon inaugurated Mozambique's first organic sugar processing plant, in the Chemba district of Sofala province. According to the head of state, the new Chemba plant establishes Mozambique as a player in the international market for this prestigious product. Following the start-up of this organic sugar production unit, which has an annual capacity of around

1,200 tonnes, the country will witness, in the second implementation stage, an increase of installed production capacity by an additional 13,500 tonnes, all intended entirely for the export market. (Club of Mozambique)

Disruptive Agriculture Technology Moonshot—Ready for Lift Off in Sub-Saharan Africa?

Can Africa feed Africa? This question is frequently asked, especially when there are 256 million people (1 in 5) in Sub-Saharan Africa (SSA) who are critically undernourished. And the numbers are growing. Escalating weather volatility due to climate change further exacerbate food and nutrition insecurity. Frequent droughts and floods are triggering a food crisis in at least one or more countries every year, demanding emergency responses.

What will it take to bring a radical transformation in the agriculture sector of SSA countries? How can we unlock its untapped potential, achieve a hunger free region, and ensure growth and prosperity for all smallholder farmers? Can disruptive agriculture technologies (D4Ag) be a catalyst to transform agriculture and solve the multiple challenges facing SSA farmers today?

What are these disruptive technologies? They combine the power of digital and non-digital innovations to enable farmers to increase their yields, help build resilience to climate change, provide links to markets, and ultimately raise their incomes by lowering input costs, increasing outputs and eventually increasing the value of their products. And farmers are reaping the benefits. An impact assessment of mobile advisory services via SMS by Precision Agriculture for Development found that sending SMS with agricultural advice to smallholder sugarcane farmers in Kenya increased their yields by 11.5% relative to a control group.

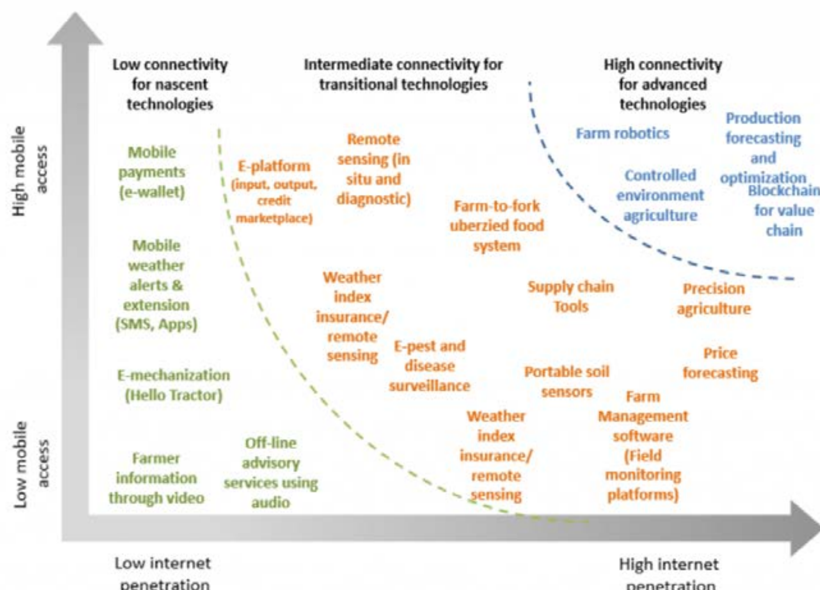
Such disruptive technology can be good business

In fact, a new generation of tech-savvy local entrepreneurs in the region is building digital platforms to provide streamlined and more reliable services to farmers and agribusinesses, whether large or small. Their applications cover improving smallholder productivity, strengthening their market linkages, and providing access to finance and data for improved decision-making. Notably, some enterprises such as Hello Tractor provides “uber” tractor services to over 250,000 farmers and Farmers Pride Africa has one stop “Digishops”, supporting 10,000 farmers to access inputs, livestock services, and ag insurance from reliable input providers and connecting them with buyers.

Another example of an enterprise that provides a bundle of technology services to farmers is Agri-Wallet in Kenya. It offers a mobile financial platform to connect farmers and buyers to sell their produce or to input suppliers to buy inputs, with payments made through mobile money. It also serves as a digital wallet for savings or to obtain loans. Most of these entrepreneurs bundle services and make their earnings from the transaction markups from input and insurance companies, financial institutions, and commodity buyers.

What makes disruptive agriculture technology enterprises thrive in SSA?

The rapid growth of mobile and internet access and mobile payments are key game changers as they aid in reducing transaction costs. In 2018, the SSA region had 395.7 million registered mobile money accounts, served by more than 130 live mobile money services and a network of more than 1.4 million agents. Currently, about 33 million smallholder farmers and pastoralists are registered to use digital agriculture solutions in SSA, which accounts for 13% of all SSA smallholders and pastoralists. Registrations grew by about 44% per year in the last three years.



Source: World Bank, 2019, Scaling up Disruptive Agriculture Technologies in Africa

What's beneficial is that even lower connectivity environments do not prevent farmer access. Rapid advancements and declining costs of popular technologies that can operate off-line-- mobile and smart phones, IPADs, computers, portable video projectors, sensors, GPS mapping tools, IoT-- make this possible. One only needs to update content and perform the data analytics upon reaching a village or city center, where mobile or internet services operate.

What's more, D4Ag also help overcome limited farmer literacy and language barriers. Content can be shown via video or pictures translated into local languages, facilitated by image recognition and artificial intelligence. Digital Green in Ethiopia provides extension services to half a million farmers via community developed video tools. Kuza in Kenya operates on- or off-line using IPADs, smart phones and portable battery-operated Wi-Fi devices to provide advisory services, access to agri-inputs, credit, market and other services to smallholder farmers.

Governments are also joining the movement

Ministries of Agriculture are tapping digital platforms to make delivery of agriculture services more efficient, transparent and accountable. E-vouchers have been rolled out in Chad, Cote d'Ivoire, Guinea, Kenya, Mali, Niger, Nigeria, Senegal, Uganda and Zambia; e-extension in Benin, Burkina Faso, Cote d'Ivoire, Ghana, Guinea, Rwanda, Kenya, Uganda; and digital land registration in Cote d'Ivoire, Ghana, Rwanda, Madagascar, Tanzania and Uganda.

The World Bank Africa Region has set targets for a Sub-Saharan Africa Digital Moonshot. A similar D4Ag Moonshot for SSA can bring the power of digital solutions to lift millions of farmers, large and small, to greater productivity and prosperity. For this to become a reality, policy makers need to create a favorable enabling agribusiness environment. This would include faster progress in ending direct government input distribution and commodity marketing, eliminating trade restrictions, adopting a pluralistic extension policy, and shifting to smart subsidies. It is equally important that they continue to finance public goods like agriculture research and rural infrastructure. In addition, governments need to strengthen agriculture digital skills, invest in farmer databases supported by a strong data privacy policy, and promote digital agriculture incubator hubs.

The disruptive agriculture technology sector has already lifted off in SSA, launching the moonshot. But we are still a long way from reaching the moon. (By Dina Umali-Deinbinger & Jeehye Kim, World Bank)

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

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

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