EAGLESTONE

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In-depth:

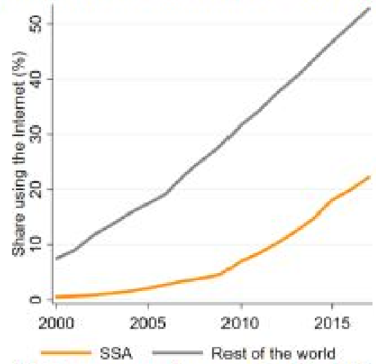
Internet Access in Sub-Saharan Africa

Target 9.c of the Sustainable Development Goals calls for the achievement of universal and affordable internet access by 2020. This note analyzes Sub-Saharan Africa's progress towards this goal. It finds that (i) rates of internet access reported in household surveys differ markedly and are often lower than the prevailing estimates of internet use reported by the International Telecommunications Union, (ii) internet access in regions outside the capital city tends to be lagging and, (iii) lack of access to electricity is a key barrier constraining access to internet among poor Africans.

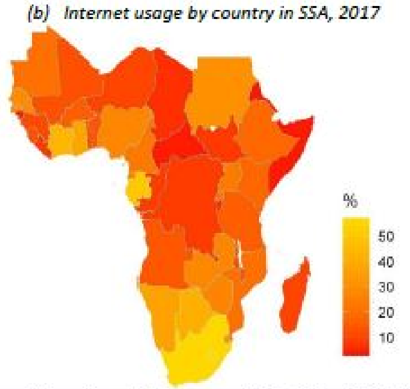
Access to internet is essential for businesses, public institutions, and households to flourish in the modern economy. In the private and public sector, internet access can help spur productivity gains and deliver services more efficiently. For households, internet access can increase opportunities, build human capital, connect households to other parts of the country, and contribute to personal well-being. Yet Sub-Saharan Africa remains a long way from achieving universal internet access. According to the International Telecommunications Union (ITU), which tracks internet usage globally and across countries, only 1 in 5 in Sub-Saharan Africa used the internet in 2017. While internet access in Sub-Saharan Africa has grown rapidly in recent years, access rates remain well behind the rest of world (Figure 1a).

Figure 1: Internet usage in Sub-Saharan Africa

(a) Internet usage in SSA and the rest of the world



(b) Internet usage by country in SSA, 2017



Source: International Telepecommunication Union (ITU), World Telecommunication/ICT Development Report and database.

Internet usage differs markedly by country within Sub-Saharan Africa (Figure 1b). Whereas more than half the population uses the internet in South Africa, rates are closer to 30% in West Africa, and only around 10% in Central Africa. Internet usage is particularly low in landlocked countries, where the physical infrastructure necessary to provide infrastructure is costlier, and access is also more dependent on neighboring countries.

Table 1: Household surveys with comparable data on internet access

Country	*Survey year*	*Share of population with internet access in their home (SSAPOV)*	*Share of population using the internet (ITU)*
Benin	2015	2%	11%
Burkina Faso	2014	1%	9%
Burundi	2013	0%	1%
Cameroon	2014	5%	16%
Chad	2011	10%	2%
Comoros	2013	2%	7%
Congo, DR	2012	2%	2%
Ghana	2012	8%	11%
Kenya	2015	27%	17%
Madagascar	2012	1%	2%
Mauritania	2014	3%	11%
Mauritius	2017	56%	56%
Namibia	2015	15%	26%
Niger	2014	6%	1%
Rwanda	2016	17%	20%
Senegal	2011	4%	10%
Seychelles	2013	37%	50%
Sierra Leonne	2011	1%	1%
South Africa	2010	7%	24%
Tanzania	2011	1%	3%
Uganda	2016	14%	22%

Source: SSAPOV database, Sub-Saharan Africa Team for Statistical Development, World Bank, Washington DC and International Telecommunication Union (ITU), World Telecommunication/ICT Development Report and database.

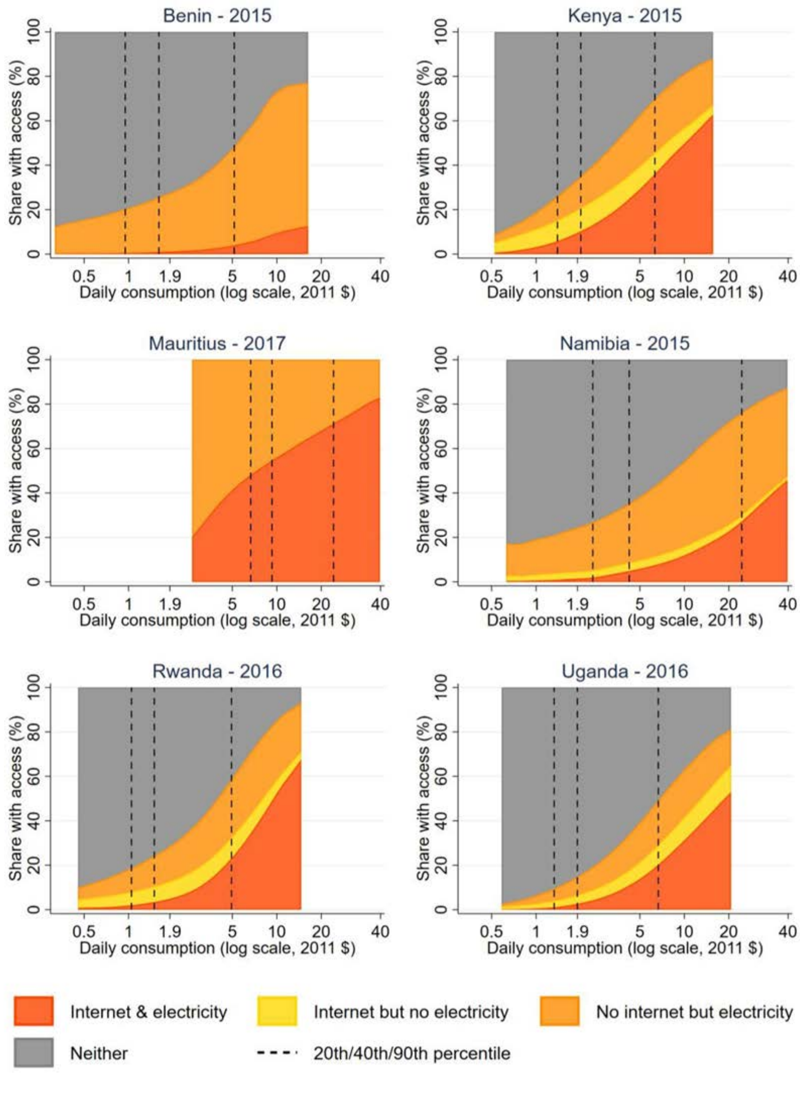
To analyze the people and places that are lagging in the digital revolution in greater detail, microdata from household surveys are needed. SSAPOV, a database of harmonized nationally representative household surveys in Sub-Saharan Africa, contains harmonized data on internet access and many other variables. Although not all household surveys have questions on internet access, the ones that do can be utilized to better understand the types of households that lack access to internet. Since 2010, nearly half of the countries in Sub-Saharan Africa have conducted a household survey with comparable information on internet access, as shown in Table 1.

The measure of internet access contained in SSAPOV is different from the measure tracked by the ITU. Whereas the former is concerned with internet access, the latter is concerned with internet usage. Internet users – as defined by the ITU – are individuals who have used the internet from any location in the last 3 months. This includes using an internet- enabled computer, mobile phone, video game console, digital TV, or other internet-connected device. In contrast, internet access as defined in SSAPOV implies that households have an internet connection within their homes. Although the two are positively correlated, as evident from Table 1, the differences between the two measures can be large. Furthermore, in some countries like Chad, access in SSAPOV substantially exceeds the usage rate according to the ITU. Aside from the different concepts the two measures are trying to capture, discrepancies such as these are also caused by differences in data sources. SSAPOV relies on nationally representative household surveys, while ITU's methods are less transparent; the ITU either estimates usage rates themselves or obtains information from questionnaires filled out by NSOs or other national agencies, who in turn may obtain data from a variety of sources.

Because internet use is growing rapidly, we analyze six recent surveys carried out since 2015 with information on internet access: Benin (2015), Kenya (2015), Mauritius (2017), Namibia (2015), Rwanda (2016), and Uganda (2016). These countries both span Sub-Saharan Africa and represent low-income countries, lower-middle-income countries, and upper-middle-income countries.

Because the surveys in SSAPOV are the same ones that are used to measure poverty, they are well-suited to explore the digital divide between poorer and wealthier households. Unsurprisingly, in all six countries internet access is substantially higher for better-off households with higher per capita consumption (Figure 2). What is more surprising is the steep gradient. In Kenya, for example, less than 5% of the poorest decile had access to internet in 2015, while 2 in 3 of the wealthiest decile did.

Figure 2: Internet and electricity access by consumption level



Source: Benin Enquête Modulaire Intégrée sur les Conditions de Vie des Ménages (2015), Kenyan Integrated Household Budget Survey 2015- 16, Mauritius Household Budget Survey (2017), Namibia National Household Income and Expenditure Survey, Rwanda Integrated Household Living Conditions Survey 5, Uganda National Household Survey (2016/17).

Note: Consumption levels below the 1st percentile and above the 99th percentile are not plotted. Electricity access in Mauritius is assumed to be universal. According to the Sustainable Energy for all initiative, about 99% of Mauritians have electricity access.

In most countries, electricity is a key constraint to internet access for poor households. The exception is Mauritius, which has near universal electricity access. For the bottom 40 % of the other five countries, only between 3% and 21% of those that lack internet access have electricity access. The households that lack both internet and electricity face at least two large impediments to be connected, proper infrastructure and the resources to purchase a device with access to the internet.

A substantial portion of better-off households in all six countries report access to electricity but no internet. The share of the top 60% in this category ranges from 21% in Uganda to nearly 50% in Namibia. For these households, the barriers to internet adoption could include computer illiteracy and high costs of internet services, which potentially stem from ineffective competition policies, regulation, or the geographical location of households.

The latter can be analyzed by disaggregating internet access by location. Rural households, which on average are poorer in all six countries, also face lower rates of internet access. The urban-rural gap in access is widest for better-off households. In Kenya and Uganda, rural households at the 90th percentile of the national distribution have the same probability of having internet access as urban households living at the international poverty line. Rural households may face lower rates of internet access because their geographical location implies that building the necessary infrastructure is less profitable for internet providers. When looking closer at the spatial distribution of internet access, in many countries, only the capital region has high levels of internet access while other regions tend to lag. The low rates of reported access outside the capital highlight the importance of expanding the availability of internet to secondary cities and towns.

To ensure that gains in internet access reach the poor going forward, it is fundamental to better understand what governments in Sub-Saharan Africa are doing to expand access to both electricity and internet, especially outside of capital cities. The World Bank can make an important contribution by documenting these efforts and systematically utilizing nationally representative household surveys to track their success in expanding access to the poor.

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IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

World Bank grants US$1 billion loan to Angola

The World Bank will grant Angola a US$1 billion loan for direct support to the State Budget, along with social protection and water supply projects, said the World Bank's vice president for Africa.

Hafez Ghanem was received in Luanda by Angolan President João Lourenço, with whom he defined the World Bank's priorities in helping Angola's development agenda, according to Angolan state news agency Angop.

Angolan Finance Minister Archer Mangueira, who was present at the audience given to the World Bank's vice president for Africa, stressed the importance of the partnership with the institution, calling it "very valuable."

Archer Mangueira welcomed the World Bank's firm decision to support the Angolan treasury with financing of US$500 million, already guaranteed for this year, and noted that, in the next three years, it should reach the US$1.5 billion.
Ghanem is also travelling to Huambo where he will meet with technical staff and some beneficiaries of World Bank-financed projects in agriculture, education, water and local development.
During his stay in Angola, Ghanem will meet with the economic team led by the Minister of State and Economic and Social Development, Manuel Nunes Júnior, to discuss the Macroeconomic Stabilisation Programme and ongoing economic reform.
The World Bank signed two financing agreements totalling US$280 million to support projects in the agriculture and water sectors with the Angolan government in July 2018. (Macauhub)

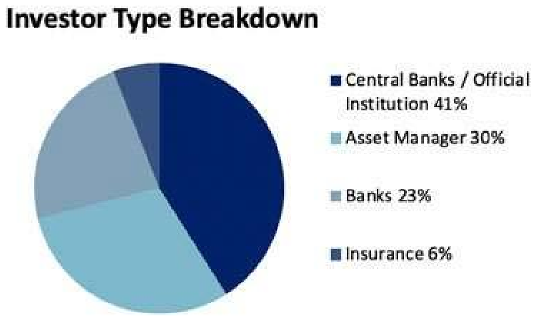
World Bank, AfDB commit $47 bln to African climate finance

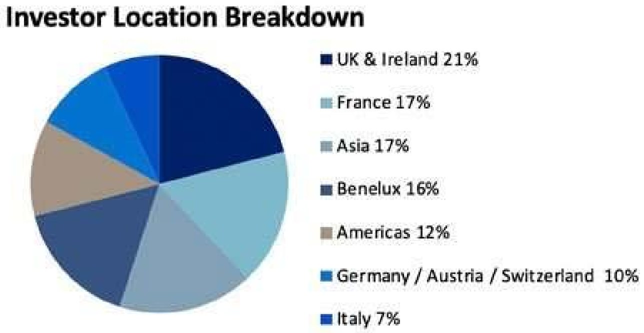
The World Bank and the African Development Bank will together commit more than $47 billion by 2025 to help African countries tackle the effects of climate change, the banks said.
Many countries on the continent, especially those on the coast, are among the most vulnerable to the effects of climate change such as rising sea levels and coral reef deterioration.
Others are prone to more frequent droughts, desertification and floods.
The World Bank said in a statement it had pledged $22.5 billion for 2021-2025, while AfDB said it had committed $25 billion to climate finance between 2020 and 2025.
AfDB said the funds would be used to increase investment in renewable energy projects like solar power plants. "The share of our portfolio that was in renewable energy generation between 2013 and 2015 was 59 % but from 2015 to 2018 we moved from that to 95 %," AfDB president Akinwumi Adesina told Reuters on the sidelines of a U.N. environment meeting.
The World Bank said some of the beneficiaries of its funding would include projects in Ethiopia, Rwanda and Kenya. (By John Ndiso, Reuters)

The African Development Bank launches EUR 1 billion 0.50% 10-year Global Benchmark due 21 March 2029

The African Development Bank, rated Aaa/AAA/AAA by Moody's/S&P/Fitch, has successfully priced a EUR 1 billion 10-year Global Benchmark, due 21 March 2029, its first benchmark transaction of the year.
This transaction, priced Thursday 14 March 2019, marks the Bank's s positioning in the EUR market, in line with its strategy of building a reference curve. After its inaugural EUR benchmark issued in 2016, the Bank's efforts in marketing are truly bearing fruit with the largest EUR order book achieved to date. The transaction underlines the issuer's access to EUR liquidity with no concession and the intrinsic demand for the name within the European investor base.
The transaction was oversubscribed, with an order book in excess of EUR 1.7 billion, diversified across geographies and investor profiles, with nearly 50 investors participating. The high quality of the order book is illustrated by the strong participation of Central Banks and Official Institutions.
Taking advantage of the positive market backdrop and a clear issuance window, the Bank announced the transaction on Wednesday 13 March at 11:30am London time. The following morning, the market opened with a constructive tone and Initial Price Thoughts (IPTs) of mid-swaps - 1bp area were released at 8:25am London time.
Momentum was strong from the outset. Indications of Interest (IOIs) accumulated at a good pace and by 9:55am London time, IOIs were in excess of EUR 1.1 billion (excluding Joint-Lead Managers (JLM) interest). This allowed the issuer to revise price guidance to mid-swaps - 2bps area and officially set the deal size at EUR 1 billion. Investor interest continued to build throughout the European morning.
With an order book exceeding EUR 1.7 billion (excluding JLM interest), the issuer was able to set the spread at mid-swaps - 3bps at 11:30am London time with the order book set to close 30 minutes

later at 12:00pm London time. The transaction was priced at 3:04pm London time with a re-offer yield of 0.557%, equivalent to a spread of 47.9bps vs. DBR 0.25% February 2029.
"We have been focused on building a strong investor base and a solid curve in Euro since our first foray in that market three years ago, and our approach has been met with success. We offer rarity, triple-A strength, performance, and a mandate to combat poverty and improve lives on the African continent." **Hassatou N'Sele, Treasurer of the African Development Bank Group**





Issuer:	**African Development Bank ("AfDB")**
Issuer rating:	Aaa / AAA / AAA (Moody's / S&P / Fitch)
Amount:	EUR 1 billion
Pricing date:	14-Mar-19
Settlement date:	21 March 2019 (T+5)
Coupon:	0.50%, Fixed, Annual Act/Act
Maturity date:	21-Mar-29
Re-offer price:	99447%
Re-offer yield:	0.557% annual
Re-offer spread:	Mid-Swaps - 3bps / DBR 02/29 + 47.9bps
Joint-lead managers:	BNP Paribas, BofA Merrill Lynch, Goldman Sachs International, J.P. Morgan
Co-lead manager:	DZ Bank
ISIN:	XS1966120096

Mozambique: African Development Bank, Portugal and Mozambique sign MOU for "Lusophone compact" to accelerate private sector development

The African Development Bank and the governments of Mozambique and Portugal have signed a Mozambique-specific Memorandum of Understanding for the implementation of the Lusophone Compact.

The Lusophone Compact is a financing platform, involving the Bank, Portugal, Angola, Cabo Verde, Guinea Bissau, Equatorial Guinea Mozambique and Sao Tome and Principe, which provides risk mitigation, investment products and technical assistance to accelerate private sector development in Lusophone African countries.

The signing which took place in Maputo, was witnessed by over 200 Mozambican and international entrepreneurs. The parties were represented by Adriano Maleiane, Minister of Finance and Economy of Mozambique and Governor of the Bank Teresa Ribeiro, Secretary of State for foreign Affairs of Portugal, and Mateus Magala, Bank Vice President for Human Resources and Corporate Affairs.

According to Ribeiro, "the Portuguese Government allocated Euro 400m in guarantees and other risk sharing mechanisms in the 2019 National Budget to support the implementation of the Compact."

Magala stressed that "the Compact marks a new emphasis on the needs of the private sector of African Lusophone countries, aiming to build a larger market and accelerate the circulation of ideas and technology as well as capital."

Projects eligible under the Compact must align with the Bank's High 5s, the relevant Country Strategy Papers and national development plans, have the involvement of the host country and at least two other Compact signatories, and be in sectors which cover renewable energies, agribusiness and agricultural value chains, water and sanitation, infrastructures, tourism and ICT.
Finance Minister Maleiane said: "I am proud that Mozambique is the first African Lusophone country to sign the implementation protocols of the Compact, allowing us to move forward with implementation. The government is committed to help build an inclusive and sustainable private sector in Mozambique to create decent jobs and prosperity".

INVESTMENTS

European Union donates 22 million euros to fund programmes in Angola

Three agreements with a budget of 22 million euros to finance programmes related to higher education, public finances and the dialogue between Angola and the European Union (EU) were signed on 11th March in Luanda, according to local press reports.
The agreements fall under the 11th European Development Fund and were signed on the sidelines of the 4th ministerial meeting called the EU-Angola Joint Way Forward held in Luanda.
The support programme for higher education has a budget of 13 million euros, will be implemented over five years and aims to encourage innovation and professional qualification in order to increase
With funding of 5 million euros, the second convention will be implemented over three years by the International Monetary Fund (IMF) and the UN Office on Drugs and Crime and focuses on budgetary transparency, the effectiveness of public expenditure and the establishment of an effective system for illicit financial flows.
The final agreement is a Facilitation Programme for EU-Angola Dialogue, which has funding of 4 million euros and is key to accompany the partnership agreement, providing for studies and information sharing in areas such as security, economic growth and regional integration.
The interim director of the European Union for Central and Southern Africa, Francisca Di Mauro, highlighted the agreement on higher education that will support postgraduate specialisation in key sectors of the economy. (Macauhub)

Portugal, Mozambique and African Development Bank sign programme to support Mozambique

A memorandum of understanding between Portugal, Mozambique and the African Development Bank establishing the Compact for Mozambique under the Compact Lusophone initiative is due to be signed on Tuesday 12th March in Maputo, according to an official statement.
The signing of the document will take place during the official visit of the Portuguese Secretary of State for Foreign Affairs and Cooperation, Teresa Ribeiro, to Mozambique as part of the Lusophone Compact initiative launched with the African Development Bank in November 2018, to support private investment in Portuguese-speaking African countries.
The Secretary of State's schedule includes meetings with the Mozambican Prime Minister, Carlos Agostinho do Rosário, and several members of the Government to take stock of the bilateral relationship, prepare the fourth summit between the two countries and to discuss the prospects for further cooperation in the different areas covered by the Strategic Cooperation Program between Portugal and Mozambique, signed in 2017.
On Tuesday, Teresa Ribeiro will also speak at a dinner-debate organised by the Mozambique-Portugal Chamber of Commerce (CCMP), on the theme of financing development and the role of private investment.
The meeting, which will be attended by businesspeople from both countries, will also have the Minister of Economy and Finance of Mozambique, Adriano Maleiane, and the vice president of the African Development Bank, Mateus Magala as speakers.

The secretary of state will travel to the province of Nampula where she will visit several projects financed by Portuguese cooperation, namely the programmes developed by the Mértola Heritage Defense Association (ADPM) in Monapo, in the areas of Education, Rural Development and Food Security.
She will also assess the implementation of the "Mozambique Island Grouping" programme, which includes Portuguese cooperation in the areas of preservation and restoration of the island's historical and cultural heritage, territorial and urban planning and management, vocational training and professional training, and pre-school education and its connection to primary education in the region. (Macauhub)

Angola and Portugal sign 11 new cooperation protocols
Angola and Portugal on Wednesday in Luanda signed 11 new cooperation protocols, during a ceremony attended by President João Lourenço of Angola and President Marcelo Rebelo de Sousa of Portugal.
The documents signed by the Foreign Ministers of both countries are focused on Local Administration, Security and Internal Order, Administrative Simplification and Modernisation, as well as an agreement on the paid activities of family members of diplomatic and consular staff.
A Memorandum on the Training of Technical and Diplomatic Officials was also signed, along with a collaboration protocol between the Agency for Competitiveness and Innovation (Portugal) and the Institute for Support to Micro, Small and Medium Enterprises (Angola), as well as between the Institute of Asset Management and State Stakeholdings of Angola and Portuguese counterpart Parpública, Participações Publicas de Portugal. With these documents, Angola and Portugal have signed a total of 35 cooperation protocols in the last seven months. Rebelo de Sousa, who arrived in Luanda on Tuesday 5th, on Wednesday 6th March began an official visit to Angola, which will take him to the cities of Lubango, Benguela, Catumbela and Lobito. (Macauhub)

France Pledges $2.8 Billion African Business Investment by 2022 Bloomberg 130319

- Macron targets 10,0000 enterprises across the continent
- Paris to provide SMEs with credit, equity, technical support

French President Emmanuel Macron has pledged to invest 2.5 billion euros ($2.8 billion) in Africa by financing and supporting startups and small- to medium-sized enterprises by 2022.
Dubbed Choose Africa, the government would support about 10,000 enterprises across the continent by providing credit, technical support and equity financing, the French Development Agency said in an emailed statement. The funds will be mobilized via the AFD and its private-sector financing arm, Proparco. Macron, who is on a three-day trip to Africa to boost trade with Ethiopia, Djibouti and Kenya, said 1 billion euros was earmarked for equity investment in startups and SMEs. (By David Herbling, Bloomberg)

Heineken Group opens brewery in Mozambique
The President of Mozambique inaugurated the Heineken Mozambique brewery, involving an investment of US$100 million and construction of which began in December 2017, the Heineken group said in a statement. The plant, located in Bobole, Marracuene district, has a production capacity of 800,000 hectolitres of beer per year.
At the ceremony to lay the first stone, Heineken International's director general for Africa, Middle East and Eastern Europe, Boudewijn Haarsma, expressed the group's enthusiasm for starting to produce in Mozambique, a country which he said had promising long term prospects.
"With our extensive experience and business in Africa, we also aim to be partners for Mozambique's economic growth, as we are in the rest of the continent," said Haarsma.
The Heineken Mozambique subsidiary started operating in 2016 with a sales and promotion office and by importing beers such as Heineken, Amstel, Amstel Lite and Sagres in order to extend the range of products available to Mozambican consumers. (Macauhub)

BANKING

Banks

Kenya's Commercial Bank of Africa says its shareholders have accepted merger with NIC Group

Kenya's Commercial Bank of Africa said on Friday its shareholders had accepted a share swap with NIC Group, paving way for its merger.

The two banks first announced their planned merger in January, in which current NIC Group shareholders would own 47 % of the merged entity and CBA shareholders owning 53 pct. "As a result of the share exchange transaction, it is proposed that NIC Group will acquire sole control of CBA and its subsidiaries," CBA said in a statement published in Kenyan newspapers. (By George Obulutsa, Reuters)

South African bank Absa considers Ethiopian entry over time

South Africa's Absa is considering entering Ethiopia, where lenders are hoping reformist Prime Minister Abiy Ahmed will liberalise an antiquated and state-dominated banking sector.

Ethiopia has long prevented foreign ownership in economic sectors including banking, but Abiy has embarked on rapid political, diplomatic and economic reforms since coming to power in April.

An entrance into the Ethiopian market of 100 million people, while not imminent, would be part of a strategy Absa laid out after its split from Britain's Barclays in 2017.

Jason Quinn, the bank's chief financial officer, told Reuters that Absa was investigating how and where to enter a number of other growth markets, including Nigeria and Angola. "We're not in Ethiopia at all, so those would be the type of markets we'd look at over time," he said on Monday 11th March. It would be hard to build a retail banking business from scratch so Absa was more likely to think about acquiring, he added. The bank had already highlighted Nigeria as key to future growth, where Quinn said there was a "nice opportunity" for Absa in corporate and investment banking. It had also already flagged Angola as attractive, alongside Egypt.

Growth Search

Several South Africa banks have looked to the rest of the continent for growth, as a slow economy and under-pressure consumer weigh on potential at home.

Absa, which wants to double its share of revenues on the continent to 12 %, saw earnings from its operations elsewhere in Africa grow by 9 % in 2018, the fastest of all its divisions, its annual results showed. Overall however headline earnings per share - the key profit gauge in South Africa - dipped by 1 %, largely as a result of 3.2 billion rand ($221.77 million) in costs related to the Barclays separation. Its shares slipped 2.5 % following the results, but had recovered to 169.81 rand per share by 1009 GMT, a fall of 1.47 %. The bank is hoping a new CEO, its strategy overhaul and restructuring can reset its performance, which has lagged competitors and left investors sceptical.

While its retail and corporate and investment banking (CIB) divisions grew lending, both were held back by rising costs and a spike in impairments, by as much as 76 % in CIB. The bank said this was mainly due to a large exposure to a single retailer. ($1 = 14.4296 rand) (By Emma Rumney, reuters)

Banco Nacional de Angola evaluates asset quality of 12 commercial banks

Next April the National Bank of Angola will start a process of evaluation of the asset quality of the country's 12 largest commercial banks, as part of moves to stabilise the Angolan financial system, Deputy Governor Manuel Tiago Dias announced in Luanda.

Out of 26 banks, the assets of Banco Angolano de Investimento (BAI), Banco Fomento Angola (BFA), Banco Comércio e Indústria (BCI), Banco Poupança e Crédito (BPC), Banco Internacional de Crédito (BIC), Banco Millennium Atlântico (BMA), Banco Sol, Banco de Negócios Internacional (BNI), Banco de Desenvolvimento de Angola (BDA), Banco de Comércio Angolano (BCA), Caixa Angola (CA) and Banco Económico (BE) will be evaluated.

The central bank decided to assess the assets of commercial banks because the ratio between credit granted and due for more than 90 days or defaulted increased from 12.6% in 2016 to 28% in 2017.

Manuel Tiago Dias, after presenting the recent evolution of the country's economy to the diplomats in Angola, said that asset quality assessment is carried out periodically to gauge the information that commercial banks provide to the central bank, according to Angolan state news agency Angop.
The director of the Banking Supervision Department of the BNA, Tuneca Lucal, announced the future review of the law on financial institutions, which may exclude Politically Exposed Persons (PEP) from bank management, in addition to complying with the current law on money laundering. (Macauhub)

Angolan insurer ENSA to be privatised

The Angolan government intends to privatize state insurer ENSA – Seguros de Angola, with at least one interested party, South African financial group Sanlam, Angolan newspaper Mercado reported.
The South African group took control of Saham Angola Seguros at the end of 2018, which until then was owned by Saham Finances, of Morocco, after acquiring the 53.37% share that was needed to own the entire capital of the Moroccan company.
A source of the Capital Markets Commission confirmed to the newspaper the government's intention to divest the state-owned and main insurance company of Angola, but there is no schedule for the move or decision on the sales model.
The chairman of ENSA's board of directors reminded the newspaper that in September 2018, at a meeting with investors on the sidelines of the United States-Angola Business Forum, President João Lourenço said the government intended to divest state holdings in insurance and banking, in particular.
Manuel Gonçalves also said that the process is under the purview of the State Asset and Asset Management Institute (IGAPE), the entity of the Ministry of Finance that is conducting the privatisation process of state-owned enterprises.
The process began with the announcement of the sale of seven companies in the Luanda-Bengo Special Economic Zone, with the submission of proposals until 11 April, part of a batch of 52 that the government intends to privatise. Sanlam, established in 1918 as an insurance company, evolved over time into a diversified financial services group listed on the Johannesburg and Namibian stock exchanges. (Macauhub)

Crisis-struck Sudan signs deals for $300 million with Arab funds

Sudan has signed deals for loans worth $300 million with regional Arab funds, authorities said as the government struggles to cope with an economic crisis and nearly three months of street protests.
The finance ministry agreed a $230 million loan with the Abu Dhabi-based Arab Monetary Fund to support the balance of payments, the ministry said in a statement. A deal for a second loan worth $70 million was signed with the Arab Trade Financing Program, whose shareholders include the Arab Monetary Fund and which is also based in Abu Dhabi, according to a statement from Sudan's presidency. The deals were signed as President Omar al-Bashir and other officials including the central bank governor met Arab Monetary Fund Director General Abdulrahman Al Hamidy in the capital, Khartoum. A worsening economic crisis in Sudan triggered frequent demonstrations across the country since Dec. 19 in which protesters have called for an end to Bashir's three-decade rule.
The government has expanded the money supply, pushing inflation to more than 70 % before the end of last year before it slowed to under 50 % in January and February, according to official figures. Diplomats say the government has struggled to raise new funds from abroad as it tries to keep the economy afloat. (By Khalid Abdelaziz, Reuters)

Barclays Bank Kenya says 2018 full year pre-tax profit rises to 10.65 bln shillings

Barclays Bank Kenya said on Monday 11th March its pre-tax profit in 2018 rose to 10.65 billion shillings from 10.36 billion shillings a year earlier, bolstered by higher non-funded income.
It said its profit after tax rose to 7.416 billion shillings ($74.50 million) from 6.926 billion shillings in 2017

Non-funded income rose 15 % to 9.7 billion shillings and net interest income increased 1 % to 21.99 billion shillings, the bank said.
Barclays Kenya, part of South Africa's Absa Group, said its total assets rose to 325 billion shillings from 271.77 billion shillings in 2017, and while net loans and advances increased 5 % to 177.35 billion shillings.
The bank had said in March last year it wanted to attract at least five million new customers over five years through its digital platform that includes mobile phone-based lending.
Jeremy Awori, its chief executive, said the bank had already added 3 million new customers by the close of 2018 from 300,000 customers in March, with lending standing at 10 billion shillings at the close of the year. ($1 = 99.5500 Kenyan shillings) (By George Obulutsa, Reuters)

Markets

Privatisations in Angola mainly attract national investors

Only one in 10 potential buyers interested in the batch of seven industrial units in the Luanda-Bengo Special Economic Zone (EEZ) is foreign, said the president of the Institute of Management of Assets and State Participations (IGAPE).
Valter Barros told Angolan newspaper Expansão that IGAPE has been receiving expressions of interest from investors in the seven factories that will be divested in the first phase of the privatisation process. "We have had visits to our website and some potential investors have visited the EEZ to see the state of each of the industrial units," said Barros.
The president of IGAPE said that 11% of the expressions of interest were from Portuguese companies and 89% from Angolan companies, some of them owned by foreign businesspeople, without giving figures.
Barros acknowledged that these industrial units were built in a totally different economic and exchange context from the current one, "therefore the evaluations that have been and are being made may not correspond to the value of the initial investment."
He nevertheless stressed the idea that privatisation is advantageous, as even if they are in operation they do not generate enough revenue to cover operational costs.
The privatisation of the first batch of the Luanda-Bengo Special Economic Zone includes seven factories, one of which is in operation with 17 workers and the rest are inactive and their equipment has never been tested. (Macauhub)

African e-commerce firm Jumia pushes ahead with New York listing

Jumia, the African e-commerce company of German start-up investor Rocket Internet, has filed for a New York initial public offering, which could value the firm at $1.6 billion or more.
Jumia, founded in 2012 offers online shopping, logistics and payment services, but is losing money. The company says its business is expanding, and the continent's development will make it a better market, with a growing young population, more infrastructure investments, urbanisation and rapid economic growth.
The New York filing did not say how many shares Jumia would sell, nor at what price. Morgan Stanley, Citigroup, Berenberg and RBC Capital Markets are leading the IPO.
In December, Jumia was valued at 1.4 billion euros ($1.6 billion) with shares at 14.74 euros, according to the filing. Jumia, which now counts Nigeria as its largest market, makes money both selling its own products, and taking a cut from third-party sales. In 2018, revenues were 130.6 million euros, up from 94 million euros the previous year.
However, losses also rose, from 165.4 million euros in 2017 to 170.4 million euros in 2018. By the end of December, accumulated losses were 862 million euros, the firm said.
In the IPO prospectus Jumia said that the value of goods sold on its platforms is increasing at a more rapid pace than losses - from 507.1 million euros in 2017 to 828.2 million euros in 2018.
Jumia's active users, people who buy something at least once in the past year, increased to 4 million at the end of last December form 2.7 million a year earlier.

Apart from Rocket Internet, which owned 21.74 % of Jumia as of the end of December, MTN Group held 31.28 %. Other, smaller shareholders include Millicom International, AXA Africa Holding and Goldman Sachs. ($1 = 0.8857 euros) (By Paul Carsten, Reuters)

ENERGY

Solar power plant in Mocuba, Mozambique, starts operating this month

The Mocuba solar plant in Zambezia province, central Mozambique, is due to go start operating by the end of this month, generating 40 megawatts (MW) of electricity, a source from the Ministry of Mineral Resources and Energy announced. "With the start-up of this plant, the centre-north line from Tete in the centre of the country will be supplied through an alternative source," said the source quoted by Mozambican newspaper Notícias.

The source stressed the importance of the enterprise for Zambezia province, in particular, explaining that the region has an energy deficit to feed current projects and others in the planning stage, such as the port of Macuse and the construction of 300 houses in Quelimane , by the Fund for the Promotion of Housing (FFH).

The plant is expected to produce 79,000 megawatts per year, which will be injected into the Mozambican electricity grid and provide electricity to 175,000 homes.

The cost of this project is estimated at US$76 million, achieved through a capital injection of US$14 million, a US$7.0 million grant, and a US$55 million loan.

The partners of this project are Scatec Solar (52.5%), KLP Norfund Investments (22.5%) and Electricidade de Moçambique (25%), with Scatec drawing up the engineering project, purchasing equipment and responsible for construction as well as operation and maintenance. (Macauhub)

South Africa steps up power cuts after fault at new mega plant

South Africa's state utility Eskom stepped up power cuts on Thursday 14th March after a breakdown at its mammoth Kusile power plant project exacerbated a shortfall of generating capacity, reminding investors of the risks to economic growth.

Eskom supplies more than 90 % of the power in Africa's most industrialised economy but has suffered repeated faults at its coal-fired power station fleet and is choking under a 420 billion rand ($29 billion) debt mountain.

Its problems are a major challenge for President Cyril Ramaphosa as they threaten to stymie efforts to haul the economy out of a protracted slump before a national election in May.

Kusile and sister project Medupi will be two of the largest coal-fired power stations in the world when complete, but they are years behind schedule and tens of billions of rands over budget. The few units at Kusile and Medupi which are online perform unreliably. "The first unit in commercial operation at Kusile tripped this morning, sending the system into deficit," Andrew Etzinger, Eskom's acting head of generation, told Reuters. "Insufficient maintenance in recent years means many other coal stations are also experiencing failures," he added.

Eskom said it would cut 2,000 megawatts (MW) on a rotational basis countrywide from 1300 GMT, likely until 2100 GMT, a month after implementing some of the worst power cuts in several years. It had earlier said it would cut 1,000 MW.

Etzinger said around 12,000 MW of Eskom's roughly 45,000 MW capacity was offline because of unplanned outages and that diesel supplies were also under pressure. Eskom burns diesel when it is unable to generate sufficient power from its fleet of mainly coal-fired plants.

The latest power cuts were announced as data showed that South Africa's key mining and manufacturing sectors remained weak, driving the rand 0.5 % lower against the U.S. dollar.

Ramaphosa's government has promised to inject 23 billion rand ($1.6 billion) a year over the next three years to shore up Eskom's balance sheet, although there are signs that more money could be needed. The cabinet said it was concerned about the performance of Medupi and Kusile and that a team of experts appointed to assess Eskom's technical challenges should produce a preliminary report within a month. South Africa's economy started the year on a weak footing, even before February's power cuts, data showed. Analysts say power problems are a major factor contributing to weak business confidence. ($1 = 14.4878 rand) (By Alexander Winning, Reuters)

INFRASTRUCTURE

Japan donates construction materials to São Tomé and Príncipe

The government of Japan has delivered 10 containers of construction materials worth an estimated US$1.5 million to support the São Tomé and Príncipe archipelago's private sector, the ambassador of Japan, said in São Tomé.
Ambassador Masaaki Sato, delivering the containers in the presence of the São Tomé Minister of Trade and Industry, Maria da Graça Lavres, said they contained a variety of iron for civil construction and related accessories, solar panels and electrical equipment, among others materials.
The diplomat also said that the materials were due to be sent to some São Tomé companies in the form of credit, and after the sale the value obtained will be deposited in a fund for later investment in socio-economic projects, such as the construction of rural roads, schools, health posts and water supply focused on improving the living conditions of the population.
This project, in which the embassy was supported by the São Tomé and Príncipe Chamber of Commerce and Services, mainly in the selection of companies that would benefit from the materials, also had the contribution of the United Nations representation in São Tomé and Príncipe, said the Japanese ambassador.
This donation comes 48 hours after Japan donated 30 rice containers to São Tomé and Príncipe as part of a total of 157 containers estimated at about US$2.6 million planned for this year and in a week in which the two countries signed a new agreement valued at US$1.6 million to support the fisheries and food security sector. (Macauhub)

Angola and Mozambique stand out in 2018 by number of construction projects

Angola and Mozambique were the second and third countries in Southern Africa in 2018 with the highest number of construction projects worth US$50 million or more, according to consulting firm Deloitte.
The 2018 edition of Africa Construction Trends reported that Angola accounted for 14.6% of total projects and Mozambique for 13.6%, in a regional list that is led by South Africa with 35.9%.
The southern African region, which includes South Africa, Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, eSuatini (formerly Swaziland), Zambia and Zimbabwe, recorded 103 projects in 2018 with a combined value of US$125.4 billion.
The region accounted for 21.4% of all projects worth US$50 million or more in Africa and 26.6% in value.
The transport sector was the leading player in terms of the number of projects (32%) in this region, followed by the real estate sector (25%), although the energy sector was the leader in terms of value (US$42.4 billion).
Governments remained responsible for the promotion of most projects (70%) and their funding (30%). The study showed that China emerged as one of the major funders, ranking second (21%), followed by domestic private companies (18%). However, in terms of the number of projects, national private companies (40.8%) led, overtaking China (30.1%). The report said that Chinese construction companies in the southern region are concentrated in Mozambique, with seven projects, and in Angola with six projects, as well as Zimbabwe with five projects. (Macauhub)

Cabo Verde Government wants to complete airport concession programme this year

The Cape Verdean government plans to finalise the concession programme for the country's airports in 2019, once the TACV – Cabo Verde Airlines privatisation process has been completed, the country's prime minister said in Lisbon. Ulisses Correia e Silva also told Portuguese news

agency, Lusa, that the privatisation of TACV is only "one element of a much larger programme," which involves the development of a platform on Sal Island, the concession of airports "this year" and concession of handling services. The goal is to transform Cabo Verde into a "great air platform connecting Africa, the Americas and Europe," that will have an impact on the economy and the tourism sector, he said. The minister of Tourism and Transport, speaking in parliament, said that the alternative to the sale of 51% of Cabo Verde Airlines to strategic partner Loftleidir Cabo Verde would be liquidation. José Gonçalves also said that liquidation, according to calculations made, would cost Cabo Verde around 20 billion escudos (181 million euros).
After a year and a half under a management contract, the state sold 51% of TACV to Lofleidir Cabo Verde for 1.3 million euros, and the Icelandic company will invest a further 6 million euros to capitalise the company, according to the Cape Verdean government. Of the remaining 49% capital, 10% will be set aside for Cape Verdean emigrants and workers and 39% will be floated on the stock exchange. With around 500 workers, TACV cost taxpayers 1 million euros per month and, in 2015, had debt of more than 100 million euros, according to the government. (Macauhub)

MINING

Kenmare Resources exports record amount of minerals extracted in Mozambique in 2018

Kenmare Resources reported the third consecutive year of record export of minerals extracted from the Moma heavy sand deposits in Nampula province, northern Mozambique, in 2018, the Irish company said. Last year, the company exported 1.074 million tonnes, an increase of 3.26% compared to 1.040 million tonnes in 2017. Heavy ore concentrate production increased by 4.0% to 1.37 million tonnes (1.323 million in 2017), ilmenite dropped to 958,500 tonnes (998,200 tonnes in 2017) and primary zircon fell to 48,400 tonnes (48,600 tonnes in 2017), Kenmare Resources said. Gross revenue reached US$262.2 million, compared to US$ 08.3 million a year earlier, due to the increase in exports and the higher prices of these minerals on the international market. "Average prices for our products were higher in 2018 than in 2017, with a positive outlook given the continued growth in demand, the depletion of existing mines and the limited supply of new mines in the coming years," the statement said. Kenmare Resources' profit after tax rose 162% to US$50.9 million, compared with US$19.4 million in 2017. (Macauhub)

Botswana's Debswana targets diamond output of 24 mln carats in 2019

Botswana's Debswana Diamond Mining, a joint venture between De Beers and the southern Africa country's government, aims to keep production at around 24 million carats this year, its managing director said.
Debswana lifted diamond output by 6 % to a four-year high of 24.1 million carats in 2018, buoyed by strong demand from the United States, China and India."I see the year staying as we budgeted at 24 million carats. There is no reason for us to change production forecasts at this moment," said Debswana managing director Albert Milton."But if the markets were to change we will adjust accordingly," he added.The company is the largest contributor to Botswana's government revenues.Botswana, Africa's largest diamond producer and among the continent's wealthiest nations, is trying to reduce its reliance on mineral revenues, which the government sees dropping 4 % to 13.6 billion pula ($1.26 billion) this year. ($1 = 10.7759 pulas) (By Brian Benza, Reuters)

OIL & GAS

National oil agency launches a bid of 55 oil blocks

The National Oil and Gas Agency (ANPG) announced plans to launch a bid of 55 offshore and onshore blocks this year.
The announcement was made Friday 15th March in Luanda by the minister of Mineral Resources and Petroleum, Diamantino Azevedo. During a conference under the topic "Shaping the Future",

sponsored by the consulting firm Ernest Young (EY), Azevedo said that the ANPG plans continue its studies on inland sea basins and methods to launch a bid of blocks.
The announcement follows the presentation for approval by Cabinet Council in 2018 of a strategic plan and bidding of the new oil blocks for 2019/2022, in view of discovery of the new reserves to increase output, in the light of National Development Plan approved this year.
However, the official said that the partial privatisation of the State-owned oil firm Sonangol in the stock exchanges would be carried out after the completion of the company's restructuring programme, as part of the adjustment of the oil sector organisation.
The restructuring process was approved by the Angolan president, João Lourenço in September 2018 to find solutions that contribute to the sustainability and growth of the oil industry in Angola. (Angop)

Qatar Petroleum acquires stake in offshore block in Mozambique
The Qatar Petroleum group will acquire a 25.5% stake in the A5-A block in the Mozambican offshore under an agreement signed with Italian group ENI, according to a statement released in Milan.
The Italian group added that the deepwater block, located in the northern Zambezi Basin, 1,500 kilometres northeast of the capital, Maputo, was assigned to the group under the 5th licensing tender launched by the Mozambican government.
Block A5-A has an area of 5,133 square kilometres and a depth of between 300 and 1,800 metres, in an unexplored area bordering the village of Angoche.
The ENI group is the operator of the consortium of this block, with a 59.5% stake, controlled through its subsidiary ENI Mozambico, which will be reduced to 34% once the deal is approved by the Mozambican authorities. The remaining partners in the consortium are South African group Sasol with 25.5% and Mozambican state company Empresa Nacional de Hidrocarbonetos (ENH), with the remaining 15%. The ENI group leads another consortium in Mozambique, in partnership with US group ExxonMobil, which will begin the extraction of natural gas in the Rovuma Basin Area 4 block in northern Mozambique. (Macauhub)

ENI group discovers more oil in Angola
Italian group ENI has made another deep-water oil discovery in Angola with estimated reserves of between 450 million and 650 million barrels, the group said in a statement released in Milan.
The Agogo-1 NFW well, where the discovery was made, is located about 180 kilometres off the Angolan coast and about 20 kilometres from the N'Gome FPSO, and was drilled to a depth of 1,636 meters in relation to the average water level of the sea and reached 4,450 metres.
Agogo is the third commercial-grade discovery since the 15/06 block consortium decided to start a new prospecting campaign in 2018, which has already led to the discovery of the Kalimba and Afoxé wells. The Italian group is the block 15/06 operator with a stake of 36.8421%, with the remaining partners being Sonangol P&P, with the same percentage and SSI Fifteen Limited with the remaining 26.3158%. Angola is a key country in the organic growth strategy of the ENI group, which has been present in that country since 1980 and currently has daily production of 155,000 barrels of oil. (Macauhub)

Total E&P and Sonangol sign oil block contract in São Tomé and Príncipe
São Tomé and Príncipe's National Petroleum Agency is due to sign a production-sharing agreement with the consortium made up of France's Total E&P and Angola's Sonangol, according to a statement released on Thursday in São Tomé.
The production-sharing agreement, signed after the conclusion of negotiations with the consortium, is focused on oil prospecting in Block 1 of São Tomé and Príncipe's Exclusive Economic Zone, the agency said. Negotiations, which began on 9 November 2018, came after the National Petroleum Agency made the consortium an invitation following the presentation of a statement of interest.

Block 1 is one of 19 located in the São Tomé Exclusive Economic Zone, covering an area of about 129,000 square kilometres. In addition to the Exclusive Economic Zone, São Tomé and Príncipe has a joint operation with Nigeria, based on a treaty that splits revenues by 60% for the Nigerian state and 40% for the archipelago. (Macauhub)

RETAIL

Carrefour Lures West Africa Shoppers from Markets into Malls

- French chain has space in booming new Ivory Coast center
- Grocers see potential in customers used to informal markets

Battered minibus taxis snake the perimeter of Ivory Coast's latest shopping hotspot, a brand new mall in a sprawling Abidjan suburb that shows how grocers like France's Carrefour SA are turning their attention to lower-income African customers.

The parking lot reserved for car owners lies empty, contrasting with the throng of shoppers inside the crowded $30 million Cosmos Mall, which opened in October. They include Nafua Karamoko, a 30-year-old teacher and mother of two who has recently converted to the convenience of supermarkets from informal marketplaces. "It's clean, well-stocked and the prices don't differ much from the local market where I normally do my shopping," Karamoko said while filling her cart with Carrefour's cooking oil, rice and frozen chicken.

Up for grabs for the likes of the French chain is a market with a formal retail penetration of 35 %, meaning only just over a third of shopping is done in stores as opposed to marketplaces. That makes Ivory Coast the second-biggest promising retail center in Africa behind Kenya, according to a study by data analytics company Nielsen. Carrefour has three supermarkets in the country and plans to add as many as 10 more across Ivory Coast, Senegal and Cameroon this year. "If we want to develop on the African market we can't limit ourselves to one type of client or neighborhood," said Jean-Christophe Brindeau, chief executive officer of CFAO Retail, Carrefour's partner in West African countries that also include Senegal. In Yopougon, where Cosmos mall is located, "we're targeting consumers with less buying power that still want to do their shopping in a clean and safe environment."

The Ivorian economy, estimated at about $40 billion, is the biggest in Francophone West Africa and is expected to expand by 7.5 % this year, according to the International Monetary Fund. President Alassane Ouattara has overseen a breakneck recovery since a decade of political instability ended in 2011, attracting investors keen to tap rising consumer confidence and major infrastructure projects such as an Abidjan commuter train network and a toll bridge.

International companies expanding and doing business in Ivory Coast are still largely dominated by those from France, including train maker Alstom SA, construction firm Bouygues SA, ports giant Bollore SA as well as Carrefour. South African retailers lead the foreign presence in West Africa's English-speaking countries such as Ghana and Nigeria, where the likes of supermarket chain Shoprite Holdings Ltd. and Walmart Inc.'s Massmart Holdings Ltd. have stores.

Carrefour is under pressure from online retailing in its home market, and is reducing store space there to adapt to the changing trading environment. In African countries including Ivory Coast, less than 1 % of retail sales went through online channels in 2018, according to Euromonitor.

A possible barrier to Carrefour's expansion plans lies in local giant Prosuma, which dominates shopping malls in the world's biggest cocoa grower, and is controlled by wealthy Lebanese families who've been in Ivory Coast for decades. Prosuma is the owner of Cap Sud, one of the biggest malls in Francophone West Africa, and has supermarkets, hypermarkets and a network of small convenience stores in its more-than 126-store portfolio.

That means food prices on the shelves of Carrefour's hypermarkets need to be as low as possible, enough to engage in a price war with the local market leaders. The French chain has already started operating the Supeco chain in Senegal's capital, Dakar, and is considering the same cash-and-carry style format in Ivory Coast and elsewhere to target shoppers on modest budgets. "Instead of a 20-

euro ($22.60) basket they might go for a 10-euro basket, which means we have to adapt our stock and prices for this specific consumer group," Brindeau said.
Another barrier to growth is rising rental costs. With demand for new malls and supermarkets in Ivory Coast on the rise, the price of retail space has surged, according to Knight Frank. That partly accounts for why CFAO announced four years ago it would have over 100 stores in eight countries in coastal West Africa by 2025, and has opened just four stores in two nations since.
But the opportunity outweighs the challenges, with both Carrefour and Prosuma keen to go where the rising incomes are, rather than wait for those customers to come to more affluent parts of Abidjan where malls are already established. "The Ivorian consumer is a real consumer, they like their local products, but they love foreign brands too and are increasingly being able to afford it," said Carole Toutoukpo, director of Prosuma's SCI Business Center, the division that manages the group's mall portfolio. There's plenty of room for competing chains, she added in an interview in Abidjan. Carrefour shares have gained 15 % this year in Paris, valuing the company at 13.5 billion euros. (By Leanne de Bassompierre and Katarina Hoije, Bloomberg)

TELECOM - INTERNET

Public and private clients owe US$15.8 million to Angola Telecom
The debt contracted by public and private companies to Angola Telecom totals 5 billion kwanzas (US$15.8 million), a member of the management committee said in Luanda.
Bartolomeu Pereira, who said the company has 50,000 customers in its database, of which only 20,000 pay for the services rendered, said that the clients in question are being contacted in order to pay outstanding debts so that the process can be concluded ahead of Angola Telecom's privatisation.
The official, quoted by the Angop news agency, said that the privatisation of the company will start this year, and the process of valuing assets and property is being finalised. The member of the management committee also said that potential investors would find in Angola Telecom an asset that includes people, investments made by the State totalling around US$80 million, a mobile telephony license, a presence across the entire country and physical infrastructure. Pereira acknowledged that the financial situation of Angola Telecom "is not the best." Angola Telecom is a public telecommunications and multimedia company founded in 1992 by Decree 10/92 of 6 March, as a result of the merger of formerly state-owned companies Enatel (Empresa Nacional de Telecomunicações) and Eptel (Empresa Pública de Telecomunicações) and owns a global license to operate several services, including mobile telephony. The company is being run by a management committee appointed on 29 November 2018 to conduct a restructuring process, which will end with the sale of 45% of the company. (Macauhub)

South Africa's MTN aims to expand local shareholding of its Ugandan unit to 20 pct
MTN Group's Uganda unit is looking to boost local shareholding to 20 % from 4 % this year, the South African telecoms giant's Chief Executive Robert Shuter said.
The move to expand local ownership appears a bow to pressure from Ugandan President Yoweri Museveni who has said he would like the firm to list on the local bourse so some of the firm's revenues stay in the country.
Shuter said the firm planned to engage in discussions with authorities over how to structure the extra stake sell-off. "We would like to broaden it (local ownership) in the course of 2019...we would like to target to move it from 4 % to 20 %," Shuter told Ugandan television NTV Uganda. "What we now need to do is really engage in the market and with the authorities as to what is the demand, how much funds are available, how best to structure that."
MTN is already in talks with state-owned pension fund NSSF for a potential purchase of the extra stake, added Shuter. NSSF has assets of more than 7.9 trillion Ugandan shillings ($2.13 billion). "We've been in discussions with the NSSF, this is a potential investor in MTN Uganda...this is a

way to get broadbased participation without necessarily having to go through all the complexity of the listing," Shuter said. Last month, Uganda deported four MTN Uganda executives including the firm's top official, Wim Vanhelleputte, accusing them of compromising national security. The firm has also been accused of under-declaring its revenues and causing public revenue losses. MTN has denied all the accusations. ($1 = 3,713.0000 Ugandan shillings). (By Elias Biryabarema, Reuters)

For Africa's Largest Company, Silicon Valley Is Starting Point

Naspers aims to boost e-commerce profile, tap into flow of ideas

Naspers Ltd. NPSNY 1.55%, Africa's biggest company best known for its bet on Chinese internet giant Tencent Holdings Ltd. TCEHY 1.01% , is building a foothold in Silicon Valley. But unlike many other tech investors, Naspers isn't solely focused on finding its next big hit here.

Rather, the South Africa-based media and internet giant, which opened a San Francisco venture-capital office in 2016, wants to be closer to the flow of innovation and ideas in the Valley and apply that knowledge to its decisions across the globe as it repositions itself as an e-commerce company.

Led by eBay Inc. veteran Larry Illg and eager to invest part of an almost $10 billion windfall from selling down a small piece of its Tencent stake last year, Naspers Ventures is concentrating on businesses focused on emerging markets that fulfill mainstream global consumer needs such as providing food, education and health care, as illustrated through their investments.

Mr. Illg, who leads a team of employees working out of a sparsely populated office with sweeping views of the Bay Bridge, said the move made sense for Naspers. "We had visibility into China through Tencent, but we were missing visibility into the other areas where product and technology really gets created, in Silicon Valley," he said.

Naspers executives say they reach out to hundreds of companies a month, and are often approached by founders interested in funding from the Ventures office. With that, the media-shy firm is finding its feet in Silicon Valley, where it has struggled with name recognition and relaying its business model. "It's only in the U.S. where the conversation takes a little bit longer, because people are like, 'Wait, are you like SoftBank, are you like Andreessen [Horowitz],?' Mr. Illg said, referring to big startup investors. "That's where it takes a little bit longer, hence the physical presence here," he added.

Naspers has made some bets on U.S. companies including Honor, an online network of home-care agencies for the elderly; FarmLogs, which provides technology solutions for row-crop farming; and Udemy, an online learning marketplace.

But the bigger bets are being made on emerging-market startups. In December, the Ventures team led a $1 billion funding round in Swiggy, India's largest food-delivery platform, and a $540 million round in BYJU's, an educational technology company and creator of a popular schoolchild age learning app in India. In November, Naspers committed $400 million in funding for iFood, the leading online food-delivery platform in Latin America. "Over time, we're like, 'Wait this is going to be of a scale that people in the West can't see,'" Mr. Illg said of online-food delivery in the developing world. "I certainly hope every one of the segments we're in develops like food."

Naspers also maintains close ties with Tencent, in which it bought a stake in 2001. Tencent followed Naspers into Swiggy in last year's $1 billion round. The Ventures office regularly passes startups and founders that aren't right for them over to Tencent.

Founded in the wine capital of South Africa, Stellenbosch, in 1915, Naspers was originally De Nationale Pers Beperkt, or the National Press Ltd., which produced a Dutch-language newspaper for the country's Afrikaner population and eventually served as a mouthpiece for the apartheid government.

In the 1980s, the company began expanding beyond its publishing roots, including into video entertainment. Now the company is shifting its focus to online classifieds, payments and food delivery. The Tencent stake transformed the regional publishing player into a media juggernaut with a market value of about $97 billion. Naspers hasn't disclosed any write downs specific to Ventures in its public filings.

Naspers Ventures' investments are part of a broader strategy to reconfigure the company as an e-commerce giant, after it sold its Tencent stake down to 31.2% from 33.2% in March 2018, giving the company a $9.8 billion windfall.
Ventures reported revenue of $223 million in Naspers's 2018 fiscal year, up 44% from the previous year, while the unit's trading loss widened to $134 million from $107 million in the 2017 fiscal year. The unit invests in early, middle and late-stage funding rounds, and doesn't have funds like a typical venture-capital firm, freeing it from worries about returning money to investors in a set number of years.
Sriharsha Majety, chief executive of Swiggy, said he first approached Naspers in 2016. The following year, when they approached him to invest, "I wasn't listening, because I was already sold," he said. Mr. Majety said Naspers's belief in the startup founders, its capital and support in areas like corporate development have enabled Swiggy to grow its order volumes 10 times since Naspers's first investment in May 2017. "You can be going after it with a little more courage than if you're mostly hand to mouth," Mr. Majety said. (By Alexandra Wexler, Wall Street Journal)

AGRIBUSINESS

Fuel subsidy in Angola introduced in the 2019/2020 agricultural campaign

The introduction of a subsidy on fuels for agriculture and fisheries in Angola should come into effect as of the 2019/2020 agricultural campaign, the Agriculture and Forestry minister said in Benguela.
Minister Marcos Alexandre Nhunga, who took part in a panel of the Angola/Portugal Economic Forum entitled "Financing the private sector," moderated by João Traça, president of the Angola/Portugal Chamber of Commerce and Industry, described the fuel subsidy as "a historic and courageous decision by the government," because of its economic and social importance.
In addition to Nhunga, Abraão Gourgel (chairman of the Board of Directors of the Banco de Desenvolvimento de Angola) and Marta Luiz, chair of the Portuguese Development Finance Corporation (Sofid), also participated in the same panel.
Jornal de Angola reported that the government had already announced that the subsidy will cover 45% of the fuel expenses of these sectors, and all that is now needed is to work out how the initiative will work and how producers will have access to the subsidised fuels.
The chairman of Sofid reported that the Portuguese government registered a sum of 400 million euros in the State Budget for 2019 for the so-called "Lusophone Compact," which, in coordination with the African Development Bank, will financially support projects from Portuguese-speaking countries. (Macauhub)

South African Agribusiness Confidence Advances from 2009 Low

Confidence in South Africa's agricultural industry improved from the worst reading since 2009 in the first quarter but lingered at levels that indicate producers are still downbeat about business conditions.
The Agbiz/IDC Agribusiness Confidence Index rose to 46 in the first three months of the year compared with 42 in the prior quarter, the Pretoria-based Agricultural Business Chamber said in an emailed statement.

Key Insights:

- The reading is below the 50 neutral mark. The gauge reflects the perceptions of at least 25 agribusiness decision-makers on subjects including economic growth and export volumes and was conducted from Feb. 28 to March 15.
- The improvement "is by no means a cause for celebration, as confidence levels in the agricultural sector are still in contraction territory," Wandile Sihlobo, the chief economist at Agbiz, said in the statement.

- Respondents remain concerned about the ruling African National Congress's land-reform plans, he said. The party is changing the country's constitution to to make it easier to expropriate land without pay, and is processing separate legislation that outlines the circumstances under which the state can do this.
- The party says amendments are needed to address racially skewed ownership patterns dating back to colonialism and white-minority rule, a view shared by the Economic Freedom Fighters, the second-largest opposition party. Farmers' groups and some other opposition parties say the changes will undermine property rights and deter investment, and that they will contest any changes in court.
- The outcome of the ongoing land-reform processes, such as President Cyril Ramaphosa's advisory panel, and the parliamentary review committee, "are key to determining the path for fixed investments in South Africa's agricultural sector, and thereafter long-run growth prospects and employment," Sihlobo said. (By Felix Njini, Bloomberg)

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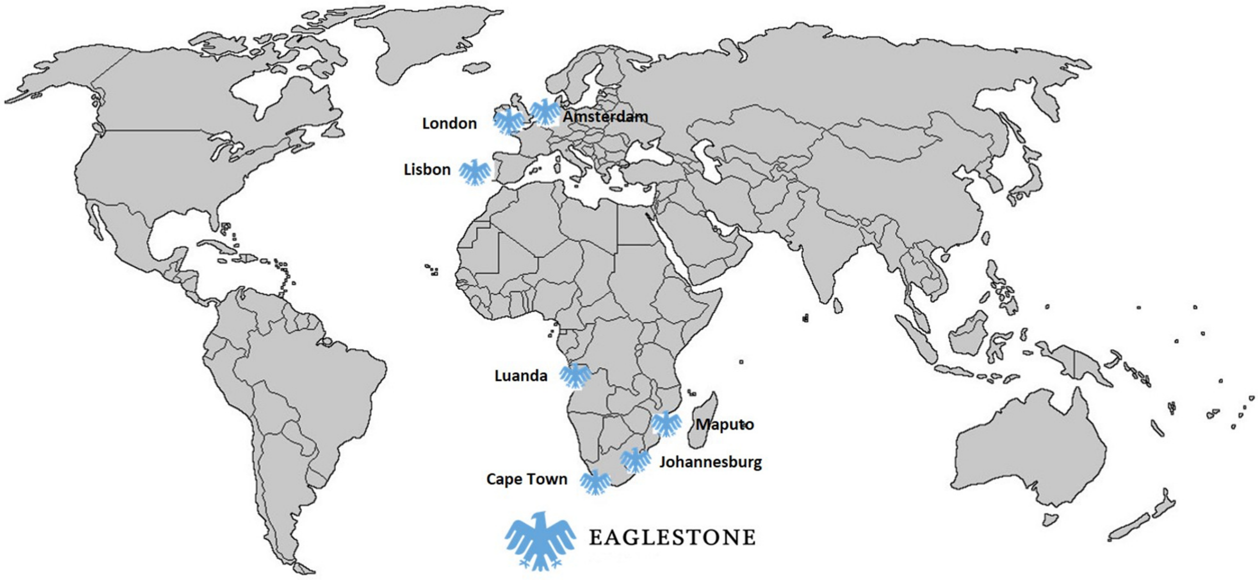

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Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

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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