INSIDE AFRICA

Now is the time to invest in Africa

16 April 2019

EAGLESTONE

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In-depth:

Growth in Sub-Saharan Africa remains below three percent three years after crisis

WASHINGTON, April 8, 2019 — Growth in Sub-Saharan Africa has been downgraded to 2.3 % for 2018, down from 2.5 % in 2017, according to the April 2019 issue of Africa's Pulse, the World Bank's bi-annual analysis of the state of African economies released today. Economic growth remains below population growth for the fourth consecutive year, and although regional growth is expected to rebound to 2.8 % in 2019, it will have remained below three percent since 2015. This issue of Africa's Pulse also looks at how fragility is holding back sub-Saharan Africa, and how the digital economy can help the continent move forward.

"The digital transformation can increase growth by nearly two percentage points per year and reduce poverty by nearly one percentage point per year in sub-Saharan Africa alone. This is a game-changer for Africa," said **Albert Zeufack, World Bank Chief Economist for Africa**.

The slower-than-expected overall growth reflects ongoing global uncertainty, but increasingly comes from domestic macroeconomic instability including poorly managed debt, inflation, and deficits; political and regulatory uncertainty; and fragility that are having visible negative impacts on some African economies. It also belies stronger performance in several smaller economies that continue to grow steadily.

In **Nigeria**, growth reached 1.9 % in 2018, up from 0.8 % in 2017, reflecting a modest pick-up in the non-oil economy. **South Africa** came out of recession in the third quarter of 2018, but growth was subdued at 0.8 % over the year, as policy uncertainty held back investment. **Angola**, the region's third largest economy, remained in recession, with growth falling sharply as oil production stayed weak.

Growth picked up in some resource-intensive-countries like the Democratic Republic of Congo and Niger, as stronger mining production and commodity prices boosted activity alongside a rebound in agricultural production and public investment in infrastructure. In others, like Liberia and Zambia, growth was subdued, as high inflation and elevated debt levels continued to weigh on investor sentiment. In the Central African Economic and Monetary Community, a fragile recovery continued as reform efforts to reduce fiscal and external imbalances slowed in some countries. Non-resource-intensive economies such as Kenya, Rwanda, Uganda, and several in the West African Economic and Monetary Union, including Benin and Côte d'Ivoire recorded solid economic growth in 2018.

Africa's Pulse also found that fragility in a handful of countries is costing sub-Saharan Africa over half a percentage point of growth per year. This adds up to 2.6 percentage points over 5 years.

"The drivers of fragility have evolved over time, and so too must the solutions," said **Cesar Calderon, Lead Economist and Lead author of the report**. *"Countries have a real opportunity to move from fragility to opportunity by cooperating across borders to tackle instability, violence, and climate change."*

Navigating Sub-Saharan Africa's Recovery amid Greater Uncertainty

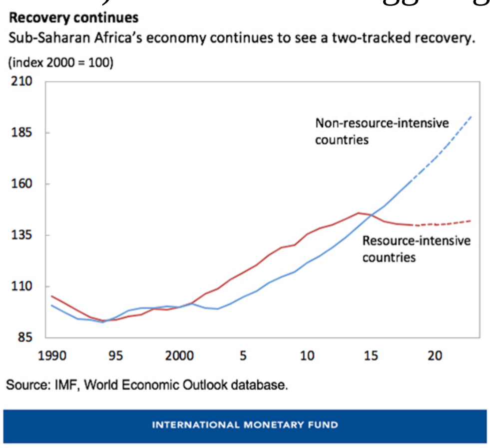
Sub-Saharan Africa's economic recovery is set to continue, but along two tracks. Overall growth is set to pick up from 3 % in 2018 to 3.5 % in 2019, and stabilize at slightly below 4 % over the medium term, the IMF said in its latest *Regional Economic Outlook for sub-Saharan Africa*.

Declining budgets and a less supportive external environment complicate the challenge of finding ways to address human and physical capital investment needs, and create enough jobs to absorb the 20 million new entrants to labor markets each year. "Central to resolving this challenge is building up sufficient resources, enhancing resilience to shocks, and fostering an environment conducive to sustained, high, and inclusive growth," said Abebe Aemro Selassie of the IMF's African Department.

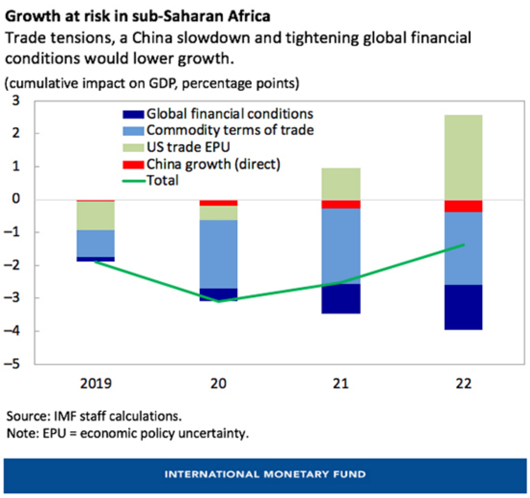
Here are six charts that tell the story.

1. Economic recovery is set to continue, but duality persists

Some 21 countries are expected to sustain growth at 5 % or more in 2019. The remaining countries, mostly other resource-dependent economies, including the largest (Nigeria and South Africa) are set to face sluggish growth in the near-term.



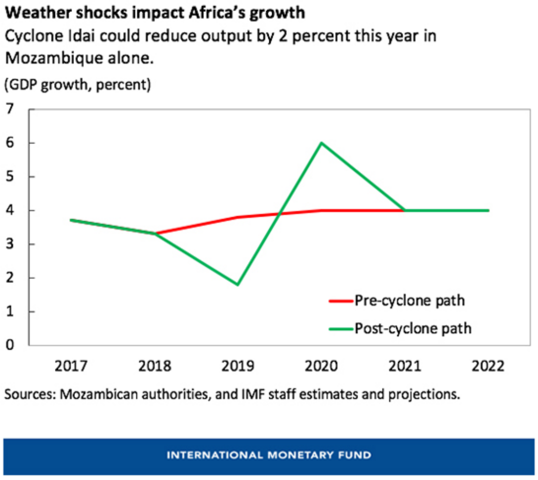
2. A deterioration in external conditions could slow growth in sub-Saharan Africa



Heightened trade tensions along with increased trade policy uncertainty in the United States, slower growth in China, lower commodity prices, and tighter global financial conditions could lower growth in sub-Saharan Africa by 2 percentage points this year. Commodity exporters would be the most affected, as will countries with stronger links to China and global markets, and/or those with large refinancing needs.

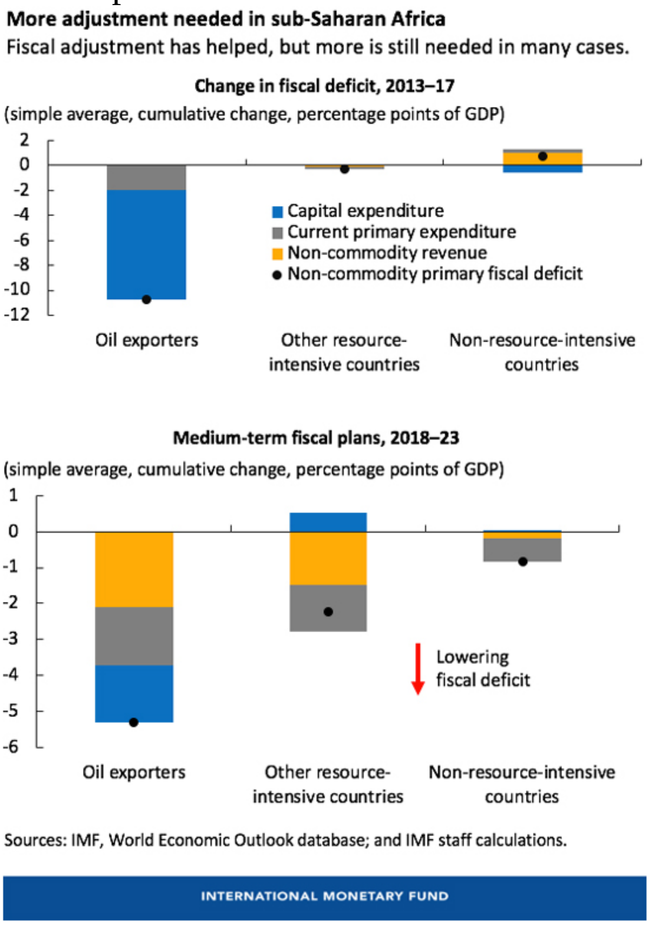
3. Weather shocks are creating further pressures on some countries in the region

Cyclone Idai, which made landfall in March 2019 in southeast Africa—affecting more than 2.6 million people and decimating physical infrastructure and farmland—illustrates the vulnerability of the region to weather-related disasters.



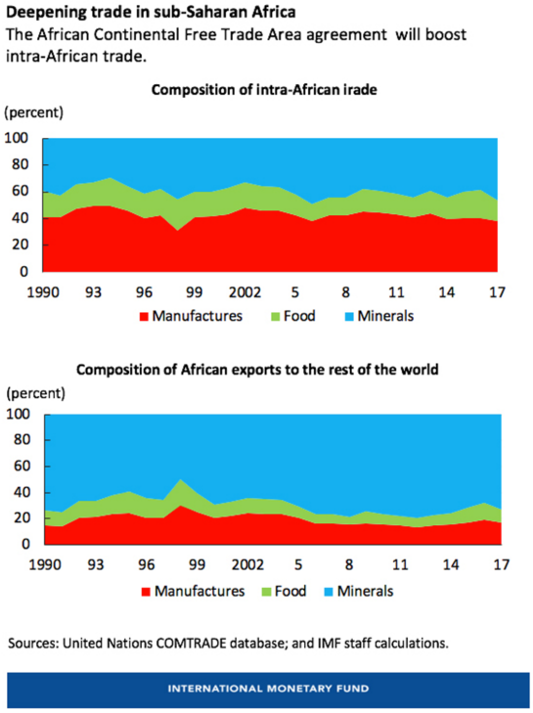
4. Fiscal adjustment has helped stabilize debt levels but more is still needed in many countries

The reduction in current debt ratios in some countries reflects the significant adjustment that has already taken place among oil exporting countries. But stabilizing or lowering debt ratios going forward requires more adjustment, consistent with existing fiscal consolidation plans.



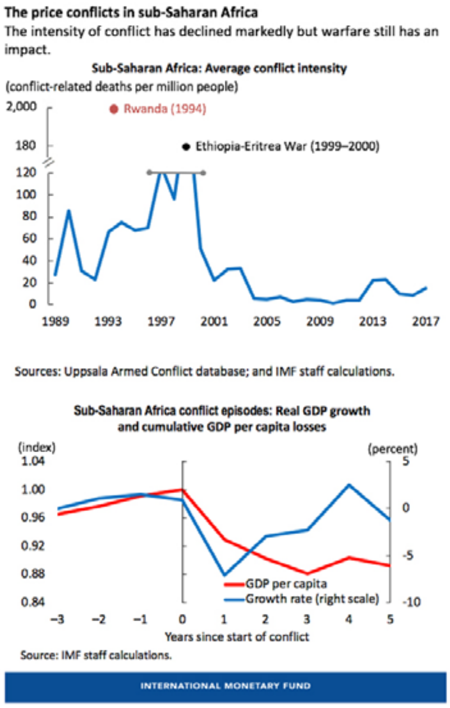
5. Boosting intra-regional trade is an important driver for growth

Once completed, the African Continental Free Trade Area agreement (AfCTA) will establish a market of 1.2 billion people with a combined GDP of 2.5 trillion dollars. This accord will significantly boost intra-African trade, particularly if non-tariff bottlenecks to trade are addressed.



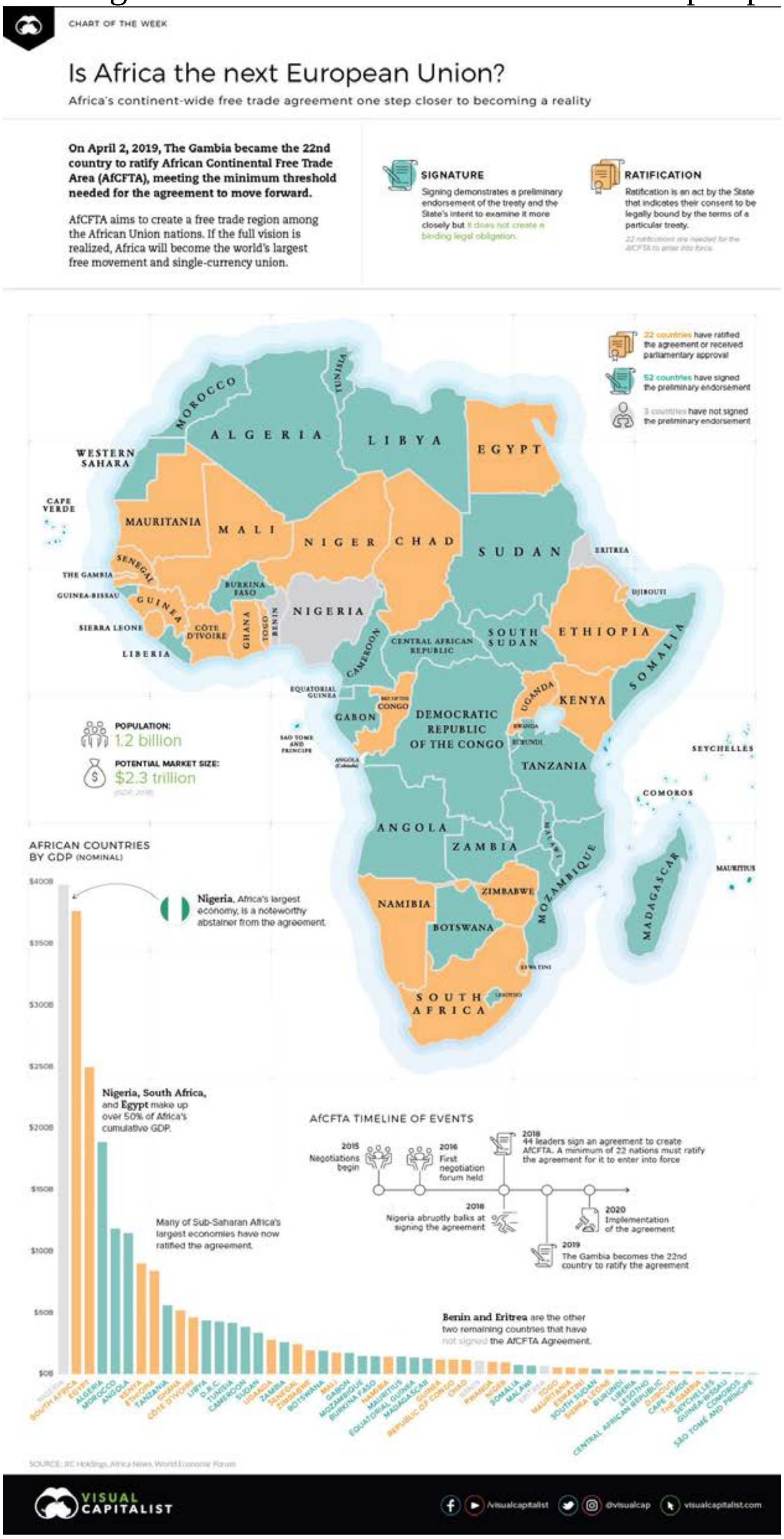
6. Security-related spending in fragile states and humanitarian assistance, including in host countries, pose further constraints

While the incidence and intensity of conflict in recent years is lower than in the 1990s, the region remains prone to conflicts. Conflicts in the region are associated with a large and persistent decline in GDP per person, and have significant spillover effects on nearby regions and countries.



This is Africa's ambitious free trade plan, mapped

A united African continent working towards common goals would be a major force on the global economic stage. To this end, nations in the region have been working towards an ambitious plan to create the world's largest trade area. The Gambia recently became the latest country to ratify the African Continental Free Trade Area (AfCFTA), helping the agreement reach critical mass to move forward. Today's graphic helps put the region – and the status of AfCFTA – into perspective.



The patchwork problem

One key to unlocking the region's economic potential is making it easier for Africa's 55 countries to trade with one another. Currently, Africa is a patchwork of regulations and tariffs, and trade between countries has suffered as a result. For example, only 10% of Nigeria's annual trade activity is with other African countries. This is a surprising given the country's dominant economic standing and location firmly in the center of the continent. As a whole, Africa's intra-continental trade level hovers at just around 20%, while nations in Europe and Asia are at 69% and 59%, respectively. Clearly, there is a lot of room for growth.

What is AfCFTA?

AfCFTA is the biggest free trade agreement since the establishment of the World Trade Organization. The objective of the agreement is to create a single continental market for goods and services, with free movement of business people and investments. Last year, 44 African leaders signed an agreement to ratify AfCFTA, with half that number needed to move the agreement forward. Earlier this week, The Gambia was the 22nd country to announce that its government has ratified the agreement, meeting the threshold to officially put the wheels in motion.

We have witnessed a historic moment for the African Continent. AfCFTA is now set to become operational within the month, creating a single continental market for goods and services – Mark-Anthony Johnson, CEO, JIC Holdings

The good news for the agreement is that many of Africa's largest economies – including Egypt and South Africa – are already on board. There is, however, one significant holdout.

The elephant in the room

Even though the threshold for pushing AfCFTA forward has been reached, Nigeria's lack of commitment is still a major blow to the strength and credibility of the agreement. Nigeria's situation is complicated. The country's economic prospects are bright, and Lagos is on a trajectory to become the world's largest city over the next few decades. On the other hand, there is fierce opposition from labor unions, and the country is home to largest concentration of people living in extreme poverty in the world. *[AfCFTA is] an extremely dangerous and radioactive neo-liberal policy initiative.– Ayuba Wabba, President of NLC, Nigeria's largest labor union*

While the majority of African nations appear to be on board with the plan to enact AfCFTA, it remains to be seen whether Nigeria comes along for the ride or decides to go it alone. (By Nick Routley, Creative Director & Writer, Visual Capitalist, World Economic Forum)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

African Development Bank announces US$100 million comprehensive relief, reconstruction and mitigation plan for Mozambique, Malawi and Zimbabwe

Following the devastating impact of Cyclone Idai and the unprecedented loss of life and property in Zimbabwe, Mozambique and Malawi, the African Development Bank has announced a multi-pronged response plan for the three countries.

The Bank will be providing emergency assistance to the affected countries and a medium-term plan to meet the reconstruction needs of the affected areas, including a climate risk insurance plan.
A high-level Bank delegation, headed by its Vice President for Corporate Services and Human Resources Mateus Magala, met with the President of Mozambique, H.E. Filipe Jacinto Nyusi, in the country's capital, Maputo, to convey his sincere condolences on behalf of the Bank, and to announce the assistance. Tropical Cyclone Idai was one of the worst tropical cyclones on record to affect Africa and the Southern Hemisphere. The long-lived storm caused catastrophic damage in Mozambique, Zimbabwe, and Malawi, leaving more than 1,000 people dead and thousands more missing. President Nyusi described the Bank's intervention as unique and comprehensive, assuring that it would go a long way to help victims restart their lives. He particularly welcomed the Bank's expression of leadership in helping the country get climate insurance. "The African Development Bank is our Bank. I have been interacting with the Bank for years now, but the intensity of engagement with the Bank's current leadership is even higher than usual," said the President of Mozambique.
The first phase of the plan consists of a special relief fund of $1.7 million for Mozambique, specifically for the immediate humanitarian relief effort in the worst affected areas.
In the second phase, the Bank will set up a response and reconstruction programme, committing up to $100 million for Mozambique, Malawi and Zimbabwe to kick-start economic recovery and rehabilitation.
A team is working to support the governments of the three countries, using the Bank's convening power to assess needs, identify key reconstruction activities, and mobilise resources from the international community, global philanthropic organisations and the general public.
The Bank's delegation also included: the Director General, Southern Africa Regional Development and Business Delivery Office, Kapil Kapoor; Eugenio Paulo Maria, adviser to the Executive Director for Mozambique, Zimbabwe, Namibia and Angola; and Pietro Toigo, the Bank's Country Manager for Mozambique.
In a message to the affected countries, the Bank's President Adesina said: "Our thoughts go to the people of Mozambique, Zimbabwe and Malawi who have been so dramatically impacted by the cyclone. This natural disaster once more shows the importance of building climate-resilient economies in the African continent."
The Bank is working to put together a long-term solution to climate risk in Southern Africa, a region subject to a continuous cycle of floods, droughts and cyclones, and one of the most vulnerable in the continent. Speaking shortly after meeting with the Mozambique President, Bank Vice-President Mateus Magala said: "We would like to rebuild and modernise this corridor to be more resilient and to energise the region's economic activities without climate pressure or any other constraints". "He added: "Mozambique has been the centre of the cyclone demonstration, but Zimbabwe and Malawi are also affected, so we will mobilize more resources for the reconstruction and modernization of infrastructures in the region." To start the implementation plans, the Bank's delegation met with the Minister of Public Works, Housing and Water Resources, Joao Osvaldo, the Minister of Finance and Governor of the Bank, Adriano Maleiane, and the Minister for Land, Environment, and Rural Development, Celso Correia.

African Development Bank launches Pan-African Urban and Municipal Development Fund
The African Development Bank has launched the Urban and Municipal Development Fund, a multi-donor trust fund to scale up interventions in urban development and drive sustainable growth in cities across the African continent.
The launch event, held on Wednesday, 3 April 2019 at the Bank's Abidjan headquarters, was attended by members of the business and diplomatic community in Cote d'Ivoire, development partners and donors, senior management of the Bank, representatives of municipalities from several African countries, and key players and stakeholders in the urban development space.

His Excellency Mr. Hugues Chantry, Ambassador of Belgium in Cote d'Ivoire, led the Belgian delegation to the event. Pierre Guislain, the Bank's Vice President for Private Sector, Infrastructure and Industrialization; and Karin Isaksson, Executive Director for Nordic countries and India and the incoming Managing Director for the Nordic Development Fund, also attended the ceremony.

Senior Bank officials at the launch described it as a timely response to the challenges of rapid urbanization in Africa and the strong need for integrated city planning expertise. They also thanked the initial donors - the Nordic Development Fund (NDF), Wallonia Export Investment Agency (AWEX) and the Secretariat of Economic Affairs of the Swiss Confederation - for their commitment to the fund.

Discussions and presentations centred on how the UMDF could assist cities in drafting their master plans for urban development, support dialogue between national and local governance structures and create learning opportunities between cities. The first oversight meeting between the partners was also held after the launch event, to discuss practical implementation of the fund and the eligibility of cities for accessing the fund.

The UMDF is designed to improve resilience and better manage urban growth, by means of tailored technical assistance to municipalities and urban entities in the areas of urban planning and mobility, project preparation, and municipal governance and finance. The fund will focus on areas identified as being detrimental to accessing finance, the main ones being the preparation, management and implementation of bankable projects by municipalities, updates to master plans, the review of the regulatory environment to facilitate access to market financing and the use of tools to manage and deliver municipal services

During the presentation session, the fund's initial partners presented their stake in the fund and their focus areas for sustainable investment in urban development. Stefan Atchia, Officer in charge of the UMDF at the Bank, gave a presentation on how the fund would provide integrated city planning expertise and technical support for municipalities. Aage Jorgenson, Country Program Manager at the Nordic Development Fund (NDF) spoke about priority interventions in Africa in the fund's focus area of climate change resilience. Patrick Heinrichs, Export Finance Manager of AWEX presented the importance of a combined academic and technical approach to solve the challenges of urban development in Africa.

Technical Contact:

Stefan Atchia, UMDF Officer in Charge, Infrastructure & Urban Development Department, African Development Bank

African Development Bank multi-partner Somali Fund to receive USD$3 million from IsDB

The African Development Bank has welcomed the Islamic Development Bank's agreement to contribute USD$3 million to the multi-partner Somalia Infrastructure Fund (SIF). The signing ceremony for the agreement took place on the sidelines of the 44th Islamic Development Bank (IsDB)'s Annual Meetings in Marrakech, Morocco.

Dr. Mansur Muhtar, IsDB Vice President for Country Programmes, signed the agreement on behalf of the Islamic Development Bank. In his remarks, Dr. Mukhtar lauded the Bank's efforts in establishing the Somalia Infrastructure Fund. "Establishment of the SIF shows the Bank's commitment in supporting infrastructure development and enhancing the delivery of basic social services in Somalia", noted Dr. Muhtar. He further commended the Federal Government of Somalia's concerted efforts for improved security and economic reforms.

The Islamic Development Bank's move to channel its funds through the SIF reaffirms its commitments to partner with the African Development Bank in contributing to the development of their common member countries.

Nnenna Nwabufo, the Bank's Deputy Director General for the East Africa Region, and Country Manager for Somalia, said: "The contribution by the Islamic Development Bank will add to the ongoing efforts of rehabilitating and developing key infrastructure in the water, transport and energy sectors".

Dr. Abdirahman Beileh, Federal Government Minister for Finance, who witnessed the ceremony, noted that rebuilding infrastructure is a key priority for the Government of Somalia.
The SIF was established in October 2016 with the main objective of supporting and accelerating Somalia's inclusive and sustainable economic recovery, peace and state building, through the rehabilitation and development of infrastructure.
Since it became operational, the SIF has received support from the United Kingdom, Italy, the European Union, the Islamic Development Bank and the African Development Bank. Some of these funds have been used to finance three ongoing projects: *Improving Access to Water and Sanitation Services in Somalia* (USD$10.6 million); *Strengthening Institutions for Public Works* (USD$7.8 million); and *Economic and Financial Governance Institutional Support Phase II* (USD$7.8 million).
Three additional projects funded at about USD$82 million are currently being prepared for implementation within the SIF framework.

INVESTMENTS

Angola's economy expected to grow by 3.0% in 2020/2021

Angola's economy is forecast to grow by 3.0% in 2020/2021, the Ministry of Finance estimated, as well as confirming the recession from 2016 to 2018 due to declining oil production. "The real business cycle of the economy showed a recession until 2018, registering negative growth rates in the order of 2.6%, 0.1% and 1.1% for 2016, 2017 and 2018, respectively," said the report on the Medium Term Indebtedness Strategy (2019-2021), approved last week by the Council of Ministers.
"This performance was due to the low levels of oil production and the lower economic activity of the non-oil sector," added the text, which also forecasts economic growth of 0.4% this year and 3.2% for 2020 and 2021. The Ministry of Finance document projects that in the medium term economic growth will be 3.0%, with the oil sector growing at a rate of 1.7%, bolstered by a projected increase in production and the non-oil sector at a rate of 3.5%, "due to the improved business environment that will foster private sector investment in the economy." Inflation, which has been declining in recent quarters, "may reach 7.9% by 2021, and the current account will remain at a deficit, mainly as a result of increased imports in the balance of trade and payment of external interest," the government expects. (Macauhub)

Moody's says South Africa still rated investment grade

Moody's said that South Africa's sovereign credit rating was still investment grade, further boosting the rand several days after the ratings agency delayed a review of the country's creditworthiness.
Moody's is the last of the big three ratings agencies to give South Africa an investment-grade rating, so markets are sensitive to any pronouncement it makes on the fiscal and economic strength of Africa's most industrialised economy.
Its credit opinion report, which does not constitute a rating action, Moody's said that South Africa's credit rating was still Baa3, the lowest rung of investment grade, with a stable outlook. "While economic growth will remain slow and fiscal strength will continue eroding, we expect South Africa's credit profile to remain in line with those of Baa3-rated sovereigns," the report said.
"South Africa's credit profile is supported by a diversified economy, a sound macroeconomic policy framework and a deep pool of domestic investors thanks to well-developed financial sector and markets," it said. The rand rallied on Monday 1st April after Moody's said late on Friday 29th March that it would not publish a review of South Africa's debt rating as planned.
In accordance with European Union regulations, Moody's provides dates for the potential release of both solicited and unsolicited sovereign credit-rating actions, but it can alter those dates at its discretion. Some South Africa-focused investors had worried that wider deficit projections in this year's budget and a spate of national power cuts could prompt Moody's to downgrade the outlook,

or even the rating. The rand added to Monday's 1st April gains after Moody's published its report on Tuesday 2nd April. (By Alexander Winning, Reuters)

South Africa's net foreign reserves fall to $43.3 bln in March

South Africa's net foreign reserves fell to $43.266 billion in March from $43.659 billion in February, the Reserve Bank said. Gross reserves also dropped, to $49.679 billion at the end of March from $50.836 billion previously, central bank data showed. The forward position, which represents the central bank's unsettled or swap transactions, was at $2.047 billion in March from $1.369 billion in the previous month. (By Alexander Winning, Reuters)

Mozambique's national postal company wants to sell assets to be able to compete with private companies

Mozambican state-owned postal company Correios de Moçambique plans to sell a portion of its real estate assets to reduce the number of workers from 620 to 326 nationwide, announced the chairman of the company's Board of Directors. Valdemar Jessen said that the public company needs to raise an amount in Meticais equivalent to about US$2.3 million to reduce staff through early retirement and termination of contracts.

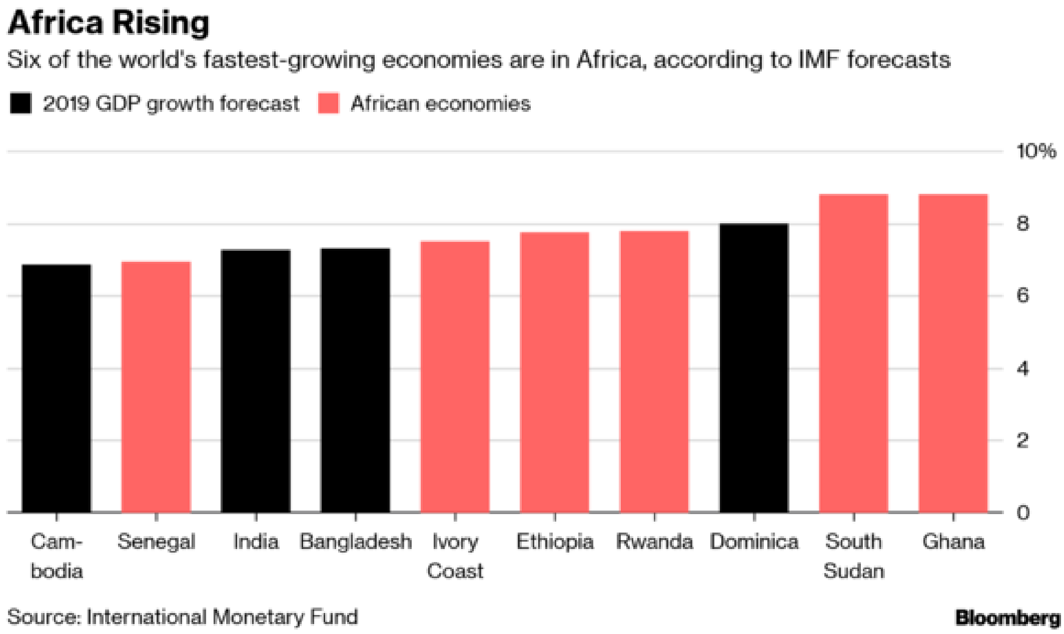
In addition to the sale of five properties, the chairman also mentioned the possibility of selling 50% of the shares representing the share capital of the company, and no objection to this project was expected, "as postal services are no longer a state monopoly." He added that the company's employees, to which the company owes more than 50 million meticals, have a high average age and a low level of schooling, and more than 73% of revenue is taken up with remuneration, "a percentage that exceeds the maximum allowed by the law in force." Cited by the AIM news agency, Jessen also said that the decision to sell assets had already been approved by the government, which will improve the company's financial situation, with the added benefit that this sale will reduce the maintenance costs of the company's properties. The board of Correios de Moçambique also wants to of reducing costs to a sustainable and commercially appropriate level in order to compete on an equal footing with the approximately 40 private companies operating in the same area. (Macauhub)

The privatisation of seven companies in Angola attracts more than 60 investors

The privatisation of seven industrial companies in Angola has already attracted the interest of more than 60 national and international investors, said the chief executive of the Institute of Assets and State Participation Management (IGAPE). Gilberto Luther, speaking at a briefing on the privatisation of the first seven industrial units located in the Luanda-Bengo Special Economic Zone, said that most of the interested parties are of Angolan nationality. "Portuguese and Spanish investors were also interested in the potential acquisition of these industrial units," added the Luther. Of the seven companies for sale, only one is in operation, with no others operating since the creation of the EEZ in October 2009, although they have machinery and equipment, and their sales prices range from US$3 million to US$18 million. The Angolan government plans to raise at least US$80 million from the sale of the first seven companies of a total of 52 industrial units located in the Luanda-Bengo Special Economic Zone. Angola approved legislation on privatisations in 1994 to increase the efficiency, productivity and competitiveness of the Angolan industry. Between 2001 and 2005, the government identified 102 companies for total or partial privatisation, as part of a process that was not completed. (Macauhub)

Ghana Is the Star in IMF's 2019 Economic Growth Forecast

Ghana will be the fastest-growing economy in the world this year, according to the International Monetary Fund. The lender's growth forecast of 8.8 % for the producer of cocoa, gold and oil dwarfs the 6.6 % median in a Bloomberg survey. The IMF's projection in its latest World Economic Outlook published Tuesday 9th April is "way too generous," Neville Mandimika, an analyst at FirstRand Group Ltd.'s Rand Merchant Bank, said on Twitter.



(By Prinesha Naidoo and Paul Wallace, Bloomberg)

BANKING

Banks

Tanzania agrees $1.7 bln financing deal with World Bank

Tanzania has agreed a new $1.7 billion financing deal with the World Bank to fund various projects during fiscal year 2019/20, its finance ministry said. The agreement, which is comprised of low-interest loans and grants, includes a $400m loan for education and $300m for a poverty reduction programme. “Part of the financing will also be used to fund various infrastructure projects, such as roads, water, information and communication technology...and energy,” the ministry said in the statement. Tanzania plans to raise its total spending in 2019-20 (July-June) slightly to 33.11 trillion shillings ($14.16 billion), with the funds going towards improving roads, railways and rural electricity supplies. The financing deal was reached during talks between Tanzania’s finance and planning minister Philip Mpango and the World Bank Vice President for Africa Hafez Ghalem in Washington. The spending is up from 32.48 trillion shillings in the fiscal year that will end in June. Loans and grants are a big source of foreign currency for Tanzania. (By Fumbuka Ng'wanakilala, Reuters)

Markets

The African Development Bank launches a dual tranche NOK 500 million 3-year Social Bond and SEK 1.25 billion 5-year Green Bond

On Thursday 4 April 2019, the African Development Bank successfully priced a dual tranche NOK 500 million 3-year fixed Social Bond and SEK 1.25 billion 5-year fixed Green Bond transaction. The three-year tranche is the very first Social Bond issued in the Norwegian market. It was also the first ever NOK transaction issued by the Bank and the third Social Bond issued under its Social Bond framework.

By issuing Social Bonds to finance socio-economic development in its regional member countries, the Bank is advancing its mission and strategy to spur sustainable economic development and social progress in Africa. It is also capitalizing on its track record of financing projects with strong social impact on the African continent. Eligible projects to be financed with the proceeds of Social Bonds are expected to lead to poverty reduction and job creation, as well as inclusive growth across age, gender and geography, thus improving the quality of life for the people of Africa. Building upon the

Bank's Ten-Year Strategy for 2013-2022, whose overarching objective is to promote inclusive and sustainable growth by supporting African countries' transition to "green growth", the Bank established a Green Bond framework in 2013 with the goal of supporting the Bank's commitments towards climate change mitigation and adaptation.

The SEK tranche is the 8th Green Bond issued by the Bank under its Green Bond framework and the 4th in SEK benchmark format. This transaction illustrates the Bank's consistent effort to commit to its role as one of the main actors of climate finance in relevant sectors such as renewable energy, energy efficiency, clean transportation, biosphere conservation and sustainable water & wastewater management.

The transaction for a dual tranche NOK Social Bond and SEK Green Bond was announced on Wednesday 3 April 2019 and books opened officially on Thursday 4 April at 10:00am CET for a NOK 500 million tranche, with a price guidance of NOK Mid swaps -17 basis points (bps) area and an SEK benchmark size tranche, with a price guidance of SEK Mid swaps flat area.

The strong interest in the SEK Green Bond tranche, illustrated by a very high quality order book in excess of SEK 1.5 billion, allowed the issuer to set the spread 1 bp inside price guidance with an issue size of SEK 1.25 billion. The order books closed at 2:30pm CET for a NOK 3-year Social Bond with a size of NOK 500 million at Mid swaps – 17 bps and an SEK 5-year Green Bond with a size of 1.25 billion at Mid swaps – 1 bp.

There was very strong support for the dual transaction from Socially Responsible Investors (SRI) dedicated portfolios but also from investors who integrate environmental, social and governance (ESG) considerations in their investment strategies. The success of the transaction is reflective of the Bank's solid green and social frameworks and the high quality of its impact reporting. Some of the SRI and ESG oriented investors who participated in the transaction were AMF, AP3, Dina Försäkringar, Handelsbanken Asset Management, LF Jönköping, MP Pensjon, Nordea Investment Management, SEB Investment Management, SPP Storebrand and The Church of Sweden.

1)Investor's quotes

"Nordea Investment Management is proud to invest in the first ever Social Bond in the Norwegian market and by doing so we can support specific social projects that address the African Development Bank's strategic goal of achieving inclusive growth for Africa. We hope the success of this transaction will encourage other issuers to tap the Norwegian market with Social Bonds in the future."**Torgeir Stensaker, Head of Fixed Income Norway, Nordea Investment Management**

"We are proud to be part of this specific issuer's Green Bond initiative, contributing to green development in Africa. In particular, we find it important to finance renewable energy, waste management, urban development and water supply on this rapidly growing continent." **SEB Investment Management, Fixed Income team**

2)Issuer's quote

"As a pioneering participant in the SRI market, the African Development Bank is delighted to have launched a dual tranche transaction incorporating the first ever Social Bond denominated in Norwegian Kroner, partnered with a Green Bond in Swedish Kroner. Both tranches were driven by strong Scandinavian demand, a region that has been a very strong supporter of the sustainable investment market. The Bank's Social and Green Bond programmes allow the Bank to highlight its development mandate to the investor community and enable them to ensure that they too can play a significant part in improving the lives of the people of Africa." **Hassatou N'Sele, Treasurer of the African Development Bank Group**

3)Lead Manager's quote

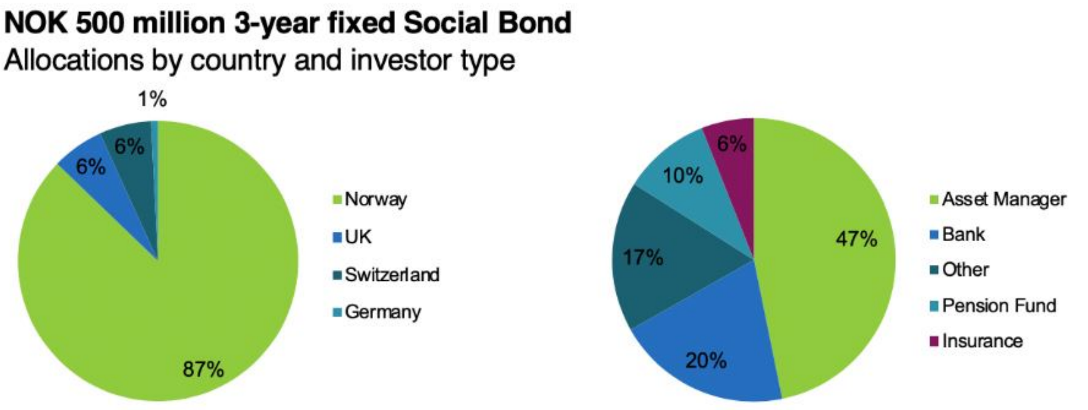
"It is inspiring to observe how the African Development Bank sources global capital to finance, lead and develop a strong platform for inclusive and environmental growth across Africa. We know from many of our investors that the ability to participate in Africa through the Bank's triple-A rating is highly appreciated and we look forward to many transactions like this."**Christopher**

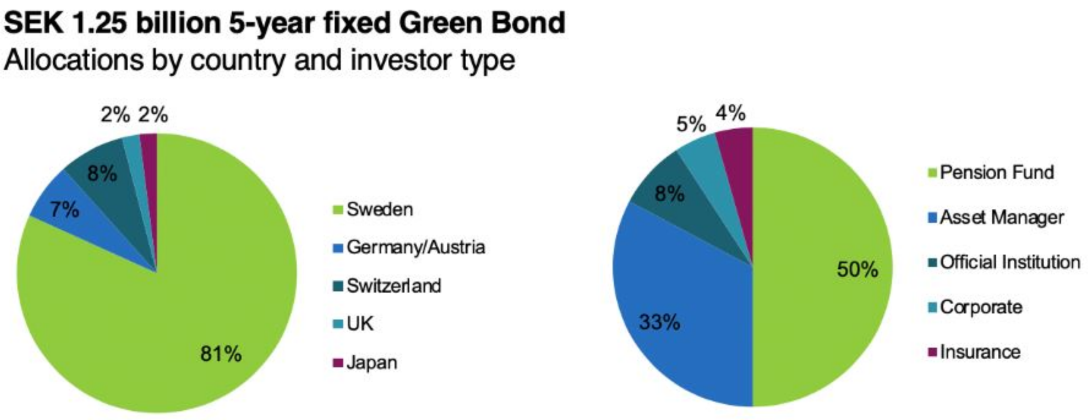
Flensborg, Head of Climate & Sustainable Finance in Large Corporates & Financial Institutions, SEB

4)Final terms of the transaction

Issuer	African Development Bank	
Rating	Aaa/AAA/AAA (All Stable)	
Tranche Size	NOK 500,000,000	SEK 1,250,000,000
Issue Date	4 April 2019	4 April 2019
Settlement Date	11 April 2019	11 April 2019
Maturity Date	11 April 2022	11 April 2024
Coupon	1.5%, Annual, Act/Act	0.375%, Annual, 30/360
Reoffer Price	99.660%	99.859%
Reoffer Yield	1.617%	0.4035%
ISIN	XS1980179144	XS1980180829
Use of Proceeds	As per the issuer's Social Bond Framework	As per the issuer's Green Bond Framework
Format	Issued off the Issuer's Global Debt Issuance Facility	
Settlement	Euroclear / Clearstream	
Listing	Luxembourg Stock Exchange / Luxembourg Green Exchange	
Lead Manager	SEB	

5)Distribution statistics





Contacts
For further details, please contact the African Development Bank funding team: fundingdesk@afdb.org
African Development Bank's Social Bond framework:
https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/AfDB_Social_Bond_Framework.pdf
African Development Bank's Green Bond framework:
https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Green-bond.pdf

ENERGY

World Bank finances rural electrification in Mozambique

The World Bank has provided funding of US$148 million to Mozambique to increase access to electricity in five of the country's poorest provinces, according to a statement released in Washington.
The statement, which mentions Niassa, Nampula, Zambezia, Cabo Delgado and Sofala as the five provinces, reports that of the total amount US$82 million is a donation, the remaining US$66 million being provided by a multi-donor fund managed by the World Bank. "With the potential to benefit 1.5 million people, this funding will help carry out the Mozambique Government's 'National Energy for All' programme, also known as ProEnergy," the statement said.
Mark Lundell, director of the World Bank for Mozambique, said in the statement that the "relationship between poverty and lack of electricity has been understood for a long time," so this project aims to reduce poverty in Mozambique by increasing access to power.
The World Bank leader for this project, Zayra Romo, said that while electricity reaches all 154 districts in the country, there are still a significant number of homes and businesses that are not yet connected to the national grid. "It is estimated that this project will enable 272 thousand new customers to have access to electricity, representing an estimated 1.45 million people, of which 74% live in rural areas." (Macauhub)

Sweco provides consulting services to the Cahora Bassa hydroelectric plant in Mozambique

Swedish company Sweco has signed a US$5.2 million contract related to the project to modernise the Cahora Bassa hydroelectric plant in Mozambique, according to a statement released by the consultancy. Under the contract, Sweco will provide consulting services and monitor and verify the installation of new equipment in the dam, which is the largest in Mozambique and one of the largest in Africa. The five turbines of the project require in-depth work, and Sweco has been contracted to evaluate the work required, draw up technical specifications for the necessary equipment and to provide technical support in the selection of contractors, along with monitoring and verification of the execution of the work.
This project for the modernisation of the hydroelectric facility is expected to be completed in 2025, with Brazilian company Intertechne Consultores partnering with Sweco for some parts of this project.
The Cahora Bassa Hydroelectric Power Plant (HCB) is located on the Zambezi River near the city of Tete. It was built in the 1970s and has an installed capacity of 2,075 megawatts and production of 18,000 gigawatts per year. The chairman of HCB, Pedro Couto, said in September 2018 that a 10-year investment plan, in the amount of 500 million euros, called Capex Vital, was being implemented to recover and modernise the company's power production system. (Macauhub)

Angola will produce 7.5 gigawatts of electricity in 2022

According to the National Electricity Sector Development Plan for 2018-2022, Angola is expected to have an estimated electricity production capacity of 7.5 gigawatts in 2022.

The plan, which shows that 500 megawatts will be produced from renewable sources, aims to increase the electrification rate from the current 42% to 50%, by expanding and improving electricity infrastructure.
The expansion of electricity infrastructure will enable the sector to connect more than one million new customers (200,000 per year), throughout Angola, with a focus on provincial capitals, their urban and suburban areas and municipal headquarters.
Angolan news agency Angop reported last March that the power sector had reached a capacity of 4.90 gigawatts, of which 4.08 gigawatts are available, compared with an installed capacity of 3.8 gigawatts in September 2017, with 2.8 gigawatts available.
This increase in electricity production capacity was the result of raising the level of the Cambambe dam, allowing the reservoir to retain more water, as well as the entry into operation of the first four generator groups of the Laúca hydroelectric project.
The Plan also expects current production to increase to 6.52 gigawatts by the end of 2019, with the start-up of the Soyo combined cycle power station in the province of Zaire, hydroelectric power stations and the last two Laúca generator units.
The news agency also reported that for the first time in Angola's recent history, even considering the high levels of unavailability of existing thermal generation, the country will have a surplus of production relative to consumption, as the peak is expected to be around 2.5 gigawatts in 2019. (Macauhub)

Sweden finances rural electrification projects in Angola
Sweden will provide funds to run electrification projects in regions of Bengo province, the Angolan Energy and Water Minister said in Stockholm. João Baptista Borges, quoted by the Angop news agency, said that he had found with private entities and the government of Sweden, "great readiness to support electrification projects in Angola."
The minister added that the next step would be, "the implementation of these projects, as there are already ongoing studies and funding guaranteed by the Swedish credit agency SEK (Svensk Exportkredit)." Sandra Dias dos Santos, director of the Angolan Private Investment and Export Promotion Agency (Aipex), said that the agency is part of this delegation, "to continue the work that started in February when we were here for an economic seminar."
The director said that an international forum on renewable energies was being prepared to be held in Angola under a partnership between Aipex and the Ministry of Energy and Water, and she was taking advantage of this trip to invite Swedish businesspeople to attend the meeting. (Macauhub)

INFRASTRUCTURE

Mozambique's window on the world
While new coal and LNG port terminals in the northern half of Mozambique attract most international attention, the port of Maputo continues to grow rapidly. The more northerly projects are designed to handle domestic exports but, in contrast, Maputo has managed to regain its historic role as an important entrepôt for South African trade.
Mozambique's most important container port received US$800 million in investment between 2003 and 2016, while the state-owned transport utility, Portos e Caminhos de Ferro de Moçambique (CFM), is investing US$200 million in new port and rail projects over the period 2018-20, its biggest capital commitment to date. The record level of investment has been enabled by rising profits, which mean that the company now values its assets at more than US$1 billion for the first time.
The port of Maputo is operated by Maputo Port Development Company (MPDC), which is owned by Grindrod (24.7%), DP World (24.7%), CFM (49%) and another local firm, Mozambique Gestores (1.6%). MPDC's concession has been extended to 2033 with an option for another ten years, in order to give the investors more confidence that they will be able to recoup additional

investment. DP World, which is based in the United Arab Emirates, is one of the biggest container port operators in the world, while Grindrod is a South African logistics firm with interests across Southern Africa.

Maputo has benefitted from substantial dredging work over the past few years, including work on the access channel by Jan de Nul Dredging Middle East in 2016 that was completed at a cost of US$85 million. The minimum depth of the access channel was increased from less than 11 metres to 14.3 metres, allowing access for post-Panamax vessels as a result. Higher cargo volumes have been enabled by efficiency measures as well as infrastructural investment. MPDC has introduced a Fixed Berthing Window, under which vessels are required to dock and leave at specific times, in order to reduce waiting times.

The next phase of port improvements that is already underway will provide access for even larger vessels to encourage shipping lines to include Maputo on their intercontinental services, including between China and the African continent, rather than merely on feeder services. Work on extending berths 6, 7, 8 and 9 and deepening them to at least 15 metres is scheduled for completion by January 2020. Existing warehouse capacity is being upgraded and new capacity built, while the car terminal is being expanded.

Two new mobile harbour cranes were delivered to the port in February under a US$19 million contract. The chief operating officer of Porto de Maputo, Marla Calado, said: “Our turnaround times have been improving (and are often faster than in the region). We believe this new equipment will enable us to further increase our operational efficiency, our competitiveness and our volumes in terms of cargo handling.”

Calado added: “In addition to the two mobile harbour cranes, we have recently acquired 14 payloaders, 8 tractors, 8 forklifts and 2 rail excavators (for wagon unloading operations).” Turnaround times are the period it takes to process a vessel and unload and load cargo before it can leave its berth.

Higher cargo volumes

The port improvements have already begun to feed through into higher cargo volumes. Maputo set an annual cargo handling record in 2018, four years after its last record. It handled 19.5 million tonnes in combined import and export cargo last year, up 7.14% on the figure for 2017, so MPDC is well on the way to meeting its target of handling 30 million tonnes/year by 2033.

Maputo container terminal’s handling capacity has been increased from 150,000 TEU/year to 250,000 TEU/year and MPDC hopes to boost capacity to 450,000 TEU/year in the second phase of expansion. A TEU, or twenty-foot equivalent unit, is the industry standard container size.

The transport sector as a whole is beginning to meet the government directive to move more cargo by rail. The proportion of cargo arriving at the port by rail rather than road increased from 18% in 2016 to 26% in 2018. It is in the best interests of the government to support the port, as it is one of its main sources of revenue. MPDC alone paid more than US$90 million in taxes and dividends to the government in 2017.

Maputo and other ports in Mozambique are now benefitting from the installation of container scanners. Containers previously had to be inspected in order to ascertain that their actual contents corresponded to the contents stated in their documentation. Container scanners can undertake this work much more quickly and also help to identify contraband hidden inside licit cargo.

For instance, in April 2018, a scanner detected “a huge amount” of ivory that had been hidden in polypropylene in containers passing through the port. Illegal hardwood timber consignments have also been detected. In some instances, gangs use hidden compartments inside containers to avoid physical detection but scanners can detect these. In addition, it became compulsory for containers to be weighed in 2016 and for the method of weighing to be declared from last year.

Matola Coal Terminal

Aside from containers, the port’s most important cargo is coal and Matola Coal Terminal (MCT) is being expanded in phases by operator Grindrod. Unlike the existing and planned coal terminals further north in Mozambique, MCT handles only South African coal.

It shipped a record 5.3 million tonnes/year in 2017, with most of the coal shipped to Asian customers, and the terminal loaded a monthly record 580, 214 tonnes of coal in December. The quay has been redeveloped to serve vessels up to 275 metres in length and can now accommodate vessels of up to 15.5 metres draught at high tide and 14.5 metres at low tide.

Matola is being positioned as a viable alternative to Richards Bay Coal Terminal, which lies down the coast in South Africa's KwaZulu-Natal Province and which is the biggest single coal terminal in the Southern Hemisphere. Matola currently handles coal mined in Mpumalanga Province but is even more handily placed to receive coal from the Waterberg Basin in the far north of South Africa, which is being developed to replace maturing fields in Mpumalanga.

CFM has relaunched its own coal rail services from South Africa to Matola along the Ressano Garcia railway, 20 years after they ended because of the lack of locomotives and wagons. This had left all coal rail services to the terminal operated by South Africa's Transnet Freight Rail. CFM spokesperson Adélio Dias has said that the number of coal trains travelling in each direction will now increase from four to seven, boosting transport capacity on the line to 7.65 million tonnes/year, in line with Matola's coal capacity.

Two new bridges are being built on the line and 24km of the route upgraded to support the new capacity. As a result of line improvements and cooperation between the various parties involved, longer trains with 50 wagons are being used to transport coal to the terminal. The first 80 wagon train was tested in September 2018.

The South African angle

Coal aside, a number of other South African firms are switching – or plan to switch – business from the port of Durban to Maputo. BMW South Africa exports most of the 3 Series cars it produces at its Rosslyn plant in South Africa and has transferred a lot of its business from Durban to Maputo since 2013.

At the same time, the outgoing chief executive of fruit producer Capespan, Dawie Ferreira, said in March that his firm was in talks with Maputo over shipping more of its production out of the Mozambican port. Capespan has already signed an agreement with various Chinese trade bodies to promote reefer exports of South African produce to China. Reefer is the industry term for refrigerated cargo.

Freight volumes have also benefitted from a cooperation agreement between CFM and Transnet Freight Rail. The volume of ferrochrome and chromium exported from the port increased by almost 100% in 2017 and by another 53% last year, with much of it bound for China.

In addition, Maputo is handling a small but increasing proportion of Chinese exports to South Africa, although it is difficult to find accurate figures. This role is likely to increase with improvements to the N4 highway from Johannesburg to the Port of Maputo. In particular, access to the port has been greatly improved by the completion of the delayed 3km Maputo-Catembe Bridge, which is the longest suspension bridge in Africa.

The US$785 million project provides access across Maputo Bay, where trucks previously had to make a one-hour ferry journey or a three-hour detour around the bay. In addition, a new 120km stretch of road is being built from Catembe to the South African border, providing direct access to the port. The current bridge toll is almost US$3. At the bridge opening ceremony, President Filipe Nyusi said of the 141-metre high structure: "With the completion of this bridge… the connection of Southern Africa to the north over land and across our country is guaranteed." (Macauhub/CLBrief)

Angola's Unicargas begins modernisation of the multipurpose terminal at the port of Luanda

Transportadora de Cargas, Operadora de Terminais e Transitário (Unicargas) this year will begin the refurbishment and modernisation of the multipurpose terminal at the port of Luanda, the chairman of the board of directors announced in Luanda.

The multipurpose terminal, with the capacity to handle more than 244,000 tonnes of general cargo per year, was handed over to the company's management in 2005, with the aim of improving port, maritime and logistics services, to boost the economic and social development of Angola.

Celso Rosa, on the sidelines of the company's second staff meeting, said that work to rebuild infrastructure is a priority, "as 85% of the company's revenues come from the multipurpose terminal." The company had a turnover of 4.6 billion kwanzas from January to November 2018, a real increase of 990 million kwanzas, or 27.4%, over the same period of 2017. (Macauhub)

MINING

How countries are getting tougher with mining companies

A mix of political populism, higher commodity prices and the expectation electrification will spur demand for some raw materials has led resource-holding governments to change the rules for miners operating in their countries.

In most cases, governments are seeking to increase their share of profits, rather than all-out resource nationalism, although Mongolia has been trying to nationalise a stake in a copper mine. The toughness is not universal. Some governments see the hardened stance of other countries as a chance to lure investment. Ethiopia is rolling out pro-business reforms after Prime Minister Abiy Ahmed swept into office last year.

WHAT'S DIFFERENT THIS TIME?

Typically, resource holders have increased the demands they make of international companies when commodity prices rise. Commodity prices have been increasing since the start of this year, but are relatively low and were still recovering from the crash of 2015-16 when the latest wave of resource nationalism began.

In Africa, Tanzania, regarded as an extreme example, turned on the miners after President John Magufuli swept to power in late 2015 pledging to secure a bigger share of the country's natural resource wealth. Industry insiders and lawyers say political populism and social media are impelling calls for a greater share, beginning with the local communities around mines. They also say investment by China and to a lesser extent Russia increases the leverage of resource-holding governments. "China's growing investment in mining projects has helped spur resource nationalism by giving many resource-rich countries an alternative to Western investment," Henry Hall, associate director at Critical Resource advisory firm, said.

WHICH COUNTRIES DOMINATE?

In Africa, Democratic Republic of Congo, Tanzania and Zambia have been seeking more of the profits from copper, cobalt and gold. Democratic Republic of Congo in June last year signed off regulations to implement its new mining code that raised royalties and taxes. Major mining companies, such as Glencore and Barrick, have opposed the code and are seeking negotiations and ways to increase pressure. Zambia raised royalties from January and introduced a 10 % tax when the price of copper exceeds $7,500 per tonne. Zambia also plans to replace value-added tax with a non-refundable sales tax to help reduce public debt, but has delayed the move until July, pending further consultation.

WHAT IS THE IMPACT ON INVESTMENT?

Mining executives say a first response is to withdraw exploration funding.

The biggest listed miners say they are focusing their exploration in countries with low political risk.

Democratic Republic of Congo's reserves, however, are temptingly rich and include copper and cobalt, needed for an expected upturn in demand for battery vehicles, which gives the government bargaining power. Figures from S&P Global Market Intelligence show falls in exploration spending in Tanzania, Zambia and Mongolia last year, while investment in Democratic Republic of Congo rose as Ivanhoe Mines and its Chinese partner Zijin Mining have invested in developing a copper mine. Globally, exploration spending climbed, but is far below the peaks of 2012 at the height of the commodity boom. Spending was highest last year in countries considered mining-friendly, such as the United States and Ecuador, which is welcoming Western explorers into its copper prospects as it seeks to diversify from oil.

WHAT CAN COMPANIES DO TO PROTECT THEMSELVES?

Companies have threatened to leave when the terms of engagement change to their detriment, but resource-holding governments know firms are reluctant to do that when they have invested in building a mine. Lawyers and mining executives say companies have become more careful about where they invest in the first instance. As sustainability has shot to the fore following the Vale dam disaster in Brazil in January, the need to get all sections of society on side has increased. “One of the most important aspects to have a good understanding of is the community landscape - without the social licence, mines will either not start up, or will be disrupted by community activism,” Warren Beech, a partner at law firm Hogan Lovells, said.
While the overall mood is cautious, China and Russia have a higher risk appetite, potentially providing negotiating power for resource-holding governments. “The risk appetite varies, with China and Russia seemingly having a greater appetite for risk, probably to support their strategic intent to control the life cycle ... and to develop geopolitical influence,” he said.
As a last resort, international miners can threaten arbitration, which lawyers say is cheaper than political-risk insurance. Dispute settlement lawyer Samuel Pape of Latham and Watkins said miners can seek legal protection by for instance investing through a company incorporated in a country that has a bilateral investment treaty with the resource-holding nation. “Many disputes can be resolved through negotiations without the need to commence proceedings under an investment treaty, though the potential for such an arbitration can provide important leverage,” he said. (By Barbara Lewis, Reuters)

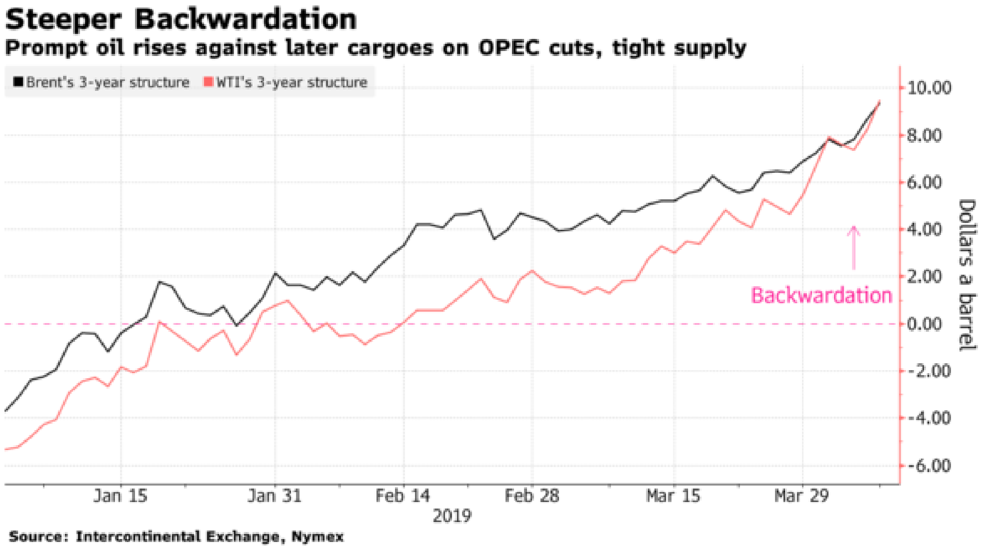
Alrosa group and Endiama extend cooperation in Angola
Russia’s Alrosa group and Angola’s national diamond company Endiama have signed a memorandum of understanding to increase bilateral cooperation, the group said in a statement.
The statement added that the memorandum, in addition to increasing economic, scientific and technological cooperation, will make it possible to identify areas of mutual interest for the development of diamond production in Angola. The document signed between the parties also includes the promotion of technologies and the transfer of knowledge in mining and other activities, as well as in diamond sales mechanisms. The memorandum of understanding was signed by the president of Endiama, José Ganga Júnior and by the chief executive of the Alrosa group, Sergey Ivanov, in the presence of the presidents of Angola, João Lourenço and Russia’s Vladimir Putin. In order to carry out what was stipulated in the document, the parties agreed to develop joint projects such as geological and mining exploration, to train Angolan staff at the Alrosa group’s facilities, as well as to finance future projects and those already underway. The Alrosa group and Endiama are co-founders of Angolan mining company Sociedade Mineira da Catoca, which operates the largest diamond deposit in Angola with an annual output of about 6.8 million carats, with estimated reserves of 120 million carats. (Macauhub)

OIL & GAS

Goldman Says for a Peek Into Oil's Future, Go Back to 1990s

- Bank sees further backwardation, raises 2Q Brent oil forecast
- Prospect of production rebound to weigh on long-dated futures

The future of the oil market may resemble the past -- specifically the 1990s -- according to Goldman Sachs Group Inc. That’s when prices remained steadily in backwardation, a market structure where near-term futures are costlier than later contracts -- reflecting tight supplies in the present and ample barrels further out, analysts including Damien Courvalin wrote in an April 8 report. The phenomenon may persist as OPEC exits its current output cuts aimed at averting a global glut, adding supply back to the market in a move that would weigh on long-dated prices, Goldman said. That will maintain backwardation and lead U.S. shale drillers to limit activity, according to the bank.



"We view this as the most compelling outcome for OPEC, and the market structure most likely to be sustainable," the analysts wrote in the report. "But having been waiting for this shift since 2016, we are not yet ready to base case it, even though the maturing shale producer landscape should eventually help achieve it."

Goldman also raised its second-quarter forecast for global benchmark Brent crude to $72.50 a barrel from $65, and said a rally that's taken prices over $70 is reflective of a larger deficit than it predicted. OPEC's cuts, an acceleration in global economic activity, tighter U.S. oil sanctions on producers such as Iran and an only moderate gain in shale production will continue to squeeze supplies through 2019, according to the bank.

Brent futures traded little changed at $71.11 a barrel as of 10:59 a.m. in London. West Texas Intermediate, the U.S. benchmark, was up 0.4 % at $64.63 a barrel in New York.

While a risk-on investor sentiment and the threat of disruptions may drive spot prices even higher, Goldman expects them to decline gradually from this summer as production from shale fields and the Organization of Petroleum Exporting Countries increases. "We therefore find more compelling opportunities for corporates and investors in timespreads, differentials and product cracks," the analysts wrote.

Unlike last year, there is well identified global spare production capacity at the moment, the bank said. Further, new pipeline and export capacity will connect the Permian -- the cheapest and largest shale basin in America -- to the global market by this fall, according to Goldman.

This outlook supports the bank's expectation of further backwardation. Goldman said the key to a successful implementation of OPEC's cuts will be a shift over the coming months to a coordinated exit strategy of rising production. The "anchoring" of long-dated prices will be a key metric to assess whether the curbs have overshot and backwardation is sustainable, it said. "Any meaningful rally in three-year forward prices -- which so far have been anchored at $55 a barrel for WTI -- would provide an opportunity for more aggressive shale growth without sacrificing returning cash to shareholders," the analysts wrote.

GOLDMAN ALSO FLAGGED OPPORTUNITIES FOR INVESTORS:

- Bank expects a return of volatility after a period of "surprising calmness"
- Oil producers should hedge forward earnings despite higher price forecasts as this would reassure energy equity investors
- Goldman sees further steepening of front-month to 3-year Brent backwardation to $12.50 a barrel from $9 currently; continues to recommend this trade
- Tight physical markets to support shorter-dated crude timespreads, prompting them to converge higher into expiration

- Trend to persist on rising refinery demand for crude from summer onward, and as units ramp-up operations ahead of stricter ship-fuel environmental quality standards next year

(By Serene Cheong, Bloomberg)

INDUSTRIES

Nissan Pledges $213 Million to South Africa for Navara Model

- Move may almost double production at plant north of Pretoria
- South Africa and automakers agreed fresh incentives in 2018

Nissan Motor Co. plans to invest a further 3 billion rand ($213 million) in its South African plant to prepare for production of the latest version of the Navara pickup.

The decision by the Japanese carmaker may add 30,000 units to the plant's current annual volume of 35,000, Mike Whitfield, managing director of Nissan Africa, said at the factory north of Pretoria. The manufacture of the Navara from 2020 will also create about 400 direct jobs in a country which has an unemployment rate of 27 %. "Automotive is already the largest part of South Africa's manufacturing sector, contributing around 7 % of gross domestic product annually and accounting for a third of manufacturing output," South African President Cyril Ramaphosa said at the Nissan facility in Rosslyn. Nissan's investment is the first significant commitment by an automaker since international firms agreed with the government late last year to extend a manufacturing incentive program through 2035. The plan has also seen the likes of Toyota Motor Corp., Volkswagen AG and BMW AG operate plants in the country, in return for generous tax breaks. The majority of vehicles are produced for export.

Nissan plans to more than double its industrial reach in the Middle East, Africa and India by 2022 by adding more factories, Peyman Kargar, chairman of the car-maker's operations in those three territories, said in an interview last month. "By 2022 we want to double our presence in Africa and South Africa is the most important base for this growth," Kargar said. "We export to more than 45 countries from South Africa and with the new Navara this will be even more." (By John Bowker, Bloomberg)

Chinese-Angolan partnership builds fishing vessels in Angola

Six purse-seine and trawler fishing vessels have been built since 2017 at the Lobito Velho shipyard, in Angola's Benguela province, as part of the relaunch of the shipbuilding industry in the country, said the managing partner of Plano Inclinado e Estaleiro Lda. – Sopesul. António Vieira, quoted by Angolan state news agency Angop, said that the wooden ships built at the shipyard's premises, which were reactivated in May 2017 in the neighbourhood of Lobito Velho, were the result of a partnership between Angolan and Chinese businesspeople. The managing partner added that of the six vessels only two purse-seine vessels are already operating in the country's waters, while the four trawlers are still in the yard, as they have yet to be granted a license by the Ministry of Fisheries and the Sea. As well as the lack of licenses, Vieira pointed to other difficulties, such as the acquisition of wood to build the vessels, access to bank loans and a lack of quality nails on the market, which require "parts to be imported from China."

Reactivated in May 2017, the Lobito Velho shipyard has an inclined plane for the construction of trawlers up to 26 metres in length, with capacity for 40 tonnes of fish and a crew of 30 people. The project employs nine Chinese technicians and 50 Angolans to build the fishing vessels. (Macauhub)

Nigeria plans special economic zones to double manufacturing by 2025

Nigeria announced a target to double its manufacturing output to 20 % of GDP within six years and will set up production hubs across the country in partnership with regional aid banks.

Nigeria is Africa’s biggest economy but it lacks a strong manufacturing base, which contributes less than 10 % to its total gross domestic product (GDP). The country has maintained a strong currency to ensure it can keep imports pouring in, with a growing proportion coming from China. “Project MINE’s (Made in Nigeria for Export) strategic objectives are to increase (the) manufacturing sector’s contribution to GDP to 20 % ... and generate over $30 billion annually by 2025,” the ministry of industry, trade and investment said in a statement.
The government has set up Nigeria SEZ Investment Company, which will finance industrial parks in special economic zones in the commercial capital of Lagos, southeastern state of Abia and northern state of Katsina.
The government is currently raising capital of $250 million for Nigeria SEZ Investment Company. It plans to double its equity to $500 million over four years, the ministry said.
Lenders such as African Development Bank, Afreximbank, African Finance Corporation and Nigerian Sovereign Investment Authority have shown interest in co-investing with the Nigerian government, which would own a 25 % stake. Two Chinese groups have also shown interest, the ministry said.
The West African country’s manufacturing and agricultural sectors have been neglected since the 1970s oil boom, when Nigeria began making easy money from crude oil sales.
Nigeria, where the vast majority of the population lives on less than $2 a day, recently emerged from a recession but growth is fragile and the government is trying to diversify its revenue away from its reliance on oil.
President Muhammadu Buhari, who is due to start a second four-year term next month, has pledged to revive the economy and is focused on building roads and expanding the railway network to lower production costs. The ministry said that the new investment company would facilitate investment into the special economic zones. However, some lawmakers have questioned government’s investment in the company, which is meant to be private-sector led.
Critics point to lacklustre interest in some other free trade zones around Nigeria, such as the $300 million Tinapa resort in the southeastern state of Cross Rivers, which was set up in 2007 and envisaged as a tourist resort and duty-free shopping area.
In 2010, Lagos state, touted plans to set up a free trade zone with Chinese investors to develop local manufacturing but little production has been set up there. (By Chijioke Ohuocha, Reuters)

TELECOM - INTERNET

Kenya's Safaricom loses market share for fifth straight quarter

Kenya’s biggest telecoms operator Safaricom lost a further percentage point of subscriber market share in the three months to the end of December, its fifth straight quarterly fall, data from the sector regulator.
The firm, part-owned by South Africa’s Vodacom and Britain’s Vodafone, lost 0.9 percentage points of market share to 63.3 %. That compared with a share of 71.9 % in September 2017 when the losing streak started.
Safaricom did not comment on the figures ahead of full-year results on May 2.
The company began losing share after opposition leader Raila Odinga called for consumers to boycott Safaricom here, accusing it of playing a role in an August 2017 presidential vote whose outcome he successfully challenged in court. Safaricom rejected the allegations, describing them as "callous and unnecessary.”.
The losses have been sustained by aggressive competition from the local unit of India’s Bharti Airtel, the second biggest operator in the country. Airtel Kenya’s subscriber market share jumped to 23.4 % at the end of December, from 14.9 % in September 2017. Airtel said in February it had agreed to merge with number three operator Telkom Kenya, adding to pressure on Safaricom.
Investors have shrugged off the developments, however, with Safaricom’s shares rising 22 % this year to trade at 28.25 shillings ($0.2804).

"Revenue share rather than subscribers is key," said Eric Musau, a research analyst at Standard Investment Bank.
The drop in share of users could also cut regulatory pressure on Safaricom, Musau added.
Kenya has one of the most advanced telecoms sectors on the continent, but Safaricom's high market share has curbed competition and prompted the regulator to mull intervention.
According to regulator data in 2015, Safaricom enjoyed the lion's share of revenue, with more than 90 % in key categories such as voice calls. The latest revenue data was not available.
Both Safaricom and Airtel have been increasing their quarterly user numbers, but Airtel has reported faster growth in subscribers. ($1 = 100.7500 Kenyan shillings) (By Duncan Miriri, Reuters)

Telstar is Angola's fourth-largest mobile operator
Angolan company Telstar-Telecomunicações is Angola's fourth-largest mobile operator after being awarded the international public tender for a new Unified Global Title (TGU), according to the national director of Telecommunications.
Pedro Mendes de Carvalho, who announced the results of the public tender, said that 27 companies, of which 18 were from Angola and nine were foreign companies, had expressed interest, six had acquired the tender documents, three applied, and only two were invited to put forward technical and financial proposals.
Telstar-Telecomunicações, Lda was founded on 26 January 2018 and has a capital of 200,000 kwanzas, with shareholders Manuel João Carneiro (90%) and businessman António Cardoso Mateus (10%) as shareholders.
The Minister of Telecommunications and Information Technology, José Carvalho da Rocha, said on the occasion that Telstar now has to negotiate with the Angolan Telecommunications Institute, the market regulator, the terms of payment for its operating license, costing US$120 million.
The company, said the minister quoted by Angolan news agency Angop, will have to pay 15% of the US$120 million within 45 days and the remainder in seven years and negotiate with the regulator the content of the license, in terms of coverage, type of services and jobs to be created.
Carvalho da Rocha pointed out that another of the provisions of the tender is the obligation for Telstar to float its shares on the stock exchange "so that any citizen can have access to them."
Until now Angola had three companies that provide telecommunications services, Unitel, Movicel and Angola Telecom, with a 45% share of the latter being privatised. (Macauhub)

AGRIBUSINESS

São Tomé and Príncipe receives funds to develop agriculture
The International Fund for Agricultural Development (IFAD) has provided US$25 million to São Tomé and Principe to finance the agriculture, fisheries and rural development sectors, the local media reported recently.
IFAD representative Bernard Hein said that the organisation intends to triple the funds available to the Small Business Agriculture Support Project (PAPAC) and added that the amount granted is intended to consolidate the results already achieved in terms of cocoa production and support to the production of pepper and coffee cooperatives.
The Minister of Agriculture, Fisheries and Rural Development, Francisco Ramos, said the ministry intends to "gradually reduce imports," to replace them "with local products and expand the production base by increasing and diversifying agricultural production, livestock and fisheries."
The coordination meeting held in São Tomé comes under the "Fome Zero" (Zero Hunger) strategic review and the National Investment Plan for Food and Nutrition Security of the government of Prime Minister Jorge Bom Jesus.
IFAD was created in 1977, with headquarters in Rome, with the mission of making poor rural populations in developing countries overcome poverty. (Macauhub)

Angola may be self-sufficient in agricultural products within five years

Angola could be a food self-sufficient country in almost all agricultural products within five years, as a result of ongoing support programmes, the Agriculture and Forestry Minister said in Luanda.

Marcos Nhunga mentioned support to family agriculture, the increase of cultivation areas and the subsidy of the price of fuel as some of these programmes, and forecast that the ministry will give a big boost to the distribution of seeds, fertilisers, and animal-drawn ploughs.

With that in mind, said the minister quoted by the Angop news agency, the government is working to secure a credit line for both family and business agriculture, through which US$434 million will be available from nine commercial banks.

This programme will make access to credit easier for producers who want to focus on 54 products, notably for the basic basket and others considered essential, in the framework of the Programme for National Production, Export Diversification and Export Substitution (Prodesi).

Marcos Nhunga said that the transfer of goods from the production sites to places of consumption is a broad-ranging problem, which does not depend only on the ministry itself as it is related to the road network and logistics as well as places to store the products on a provincial level.

Angola's agricultural sector is self-sufficient in roots and tubers, with annual production in excess of 15 million tonnes. (Macauhub)

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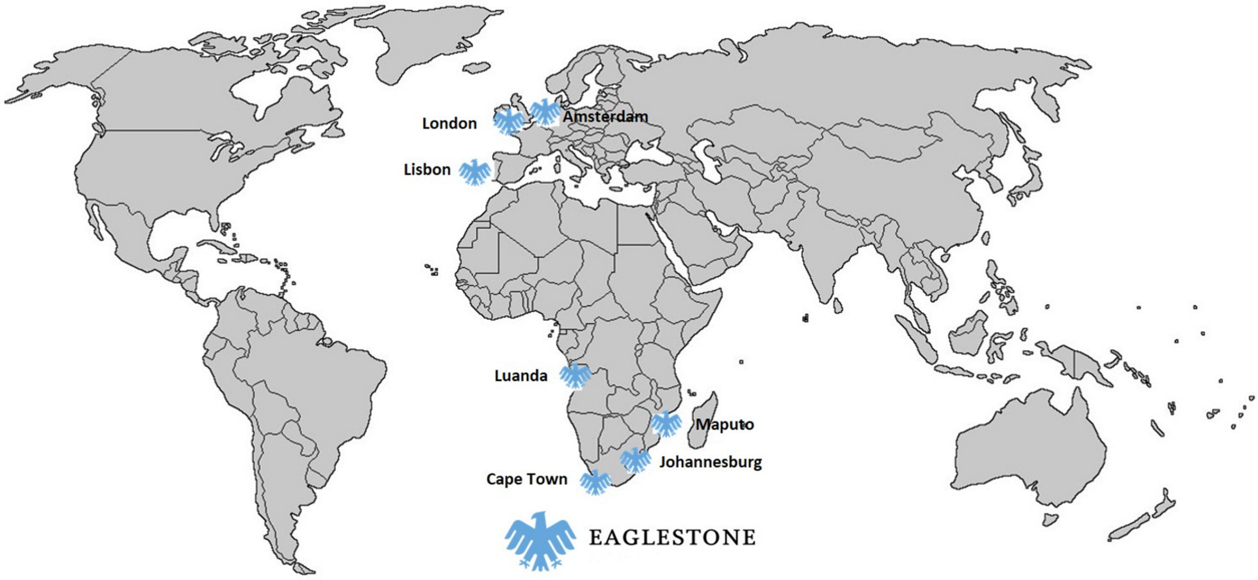

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Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

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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