EAGLESTONE

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In-depth:

Africa is leading the world in plastic bag bans

As of June 1, travelers to Tanzania will have to pack very carefully. The country announced the implementation of the second phase of its plastic bag ban on May 16. Visitors are advised to avoid packing or carrying any plastic bags as they'll have to leave these at a designated desk in the airport.

The first phase of the country's anti-plastic initiative began in 2017 to "protect the youth and environment," with an initial ban on the manufacture of plastic bags and in-country distribution. Phase two extends to tourists. "The government does not intend for visitors to Tanzania to find their stay unpleasant as we enforce the ban," said a statement from vice president Samia Suluhu's office. "However, the government expects that, in appreciation of the imperative to protect the environment and keep our country clean and beautiful, our visitors will accept minor inconveniences resulting from the plastic bags ban."

There are exceptions to the new rule for medical, industrial, construction, agricultural, and waste management packaging, as well as for the small "ziploc" bags used to carry toiletries (as long as these leave the country when the visitors do). Still, Tanzania aims to be plastic bag free, and it's just one of 34 African nations fighting against single-use plastics with such bans.

In fact, the African continent is leading the world in plastic bag regulations. Notably, 31 of these bans have been passed in sub-Saharan Africa, the globe's poorest region, as Laura Parker reported for National Geographic in April.

Cleaner and greener

Kenya's efforts, initiated in 2017, have led to a "visibly cleaner" country, Parker writes: "Bags that once hung like windblown shrouds from tree branches are fewer in number, as are clumps of bags that clogged drainage systems and created breeding pools for malaria-bearing mosquitoes."

In Kenya, the penalties for ignoring the ban are the world's most punitive. Manufacturers, importers, distributors, and users found with plastic bags face up to $38,000 in fines or four years in prison. The ban has faced resistance, and enforcement is also a problem—it's spotty, which means that plastic bags are still circulating despite the potential penalties. Still, in a country that once used about 100 million plastic bags a year, according to UN estimates, the reduction efforts are notable and seem to be effective.

Rwanda is aiming to be the world's first plastic-free country, and its prohibitions appear to be working. The UN named the country's capital, Kigali, the African continent's cleanest city, thanks in part to a 2008 ban on non-biodegradable plastic.

This month, a UN environmental study concluded that plastic bag bans are working and are especially effective in African nations where waste is often burned. Indeed, about 40% of the world's waste is burned, which causes toxic pollution. Burning plastics releases poisonous gases that threaten the health of vegetation, humans, and animals. "Burning of plastic waste increase the risk of heart disease, aggravates respiratory ailments such as asthma and emphysema and cause rashes, nausea or headaches and damages the nervous system," the study notes.

Reducing plastic bag use then has two effects: It minimizes the creation of waste, much of which drifts and ends up in the world's oceans, harming marine life, and it reduces the air pollution caused by burning single-use plastics.

In places without any such prohibitions, waste is a major problem. Ghana is the world's fastest-growing economy, for example, but efforts to attract investment and tourism are thwarted by a waste management issue that leaves major cities like Accra struggling with unsightly and unhealthy trash pileups. "Accra's gutters are persistently clogged… A common complaint through the city is that when people clean out the gutters, waste will sit in a pile nearby and eventually find its way back. Piles of rubbish sit on street corners, picked on by birds. After a storm, plastic bottles washed out with the rain return to line the beaches," writes Stacey Knotts for Quartz.

Plastics prohibitions

In March, the United Nations Environment Assembly passed a resolution (pdf) entitled "Addressing single-use plastic products pollution," which encourages governments and the private sector to "promote the more resource-efficient design, production, use and sound management of plastics across their life cycle." It urges member states to "take comprehensive action, in regard to single-use plastic products, to address the waste through, where appropriate, legislation, implementation of international agreements, provision of adequate waste management infrastructure, improvement of waste management practices and support for waste minimization."

Governments do seem to be listening. In 2002, Bangladesh became the first country in the world to ban thinner plastic bags, which choked the drainage system during devastating floods. Thereafter, South Africa, Rwanda, China, Australia, and Italy all followed suit. Now, around the world, a variety of bans have been instituted at various governmental levels, and the use of plastic straws, cutlery, bags, and more have all been called into question.

The European Union's parliament has taken steps to ban plastics(paywall), including bags, straws, plates, cutlery, and cotton-swab sticks by 2021. In the US last month, New York became the second state after California to ban plastic bags. Hawaii also has a de facto prohibition on plastic bags because municipalities have all chosen to ban these locally.

Plastic bag bans are imperfect—the cotton totes that often replace single-use plastics cause environmental problems, too. But while critics question the effectiveness of these efforts, there is evidence such bans work to reduce both waste and pollution.

As African nations have shown, taking action can quickly lead to an improved environment. (By Ephrat Livni, World Economic Forum)

New consumer and import taxes in Angola introduced on 1 July

Value Added Tax (IVA in Portuguese) is due to come into force on 1 July in Angola, as part of a broad reform of the tax system, which includes a new consumer tax, according to the Legis-PALOP+TL legal database.

Once approved, the IVA Code provides for a single rate of 14% on all goods imports and for all large taxpayers (income over 15 million kwanzas) along with large public enterprises and banking financial institutions.

The tax also covers insurers and reinsurers, pension fund management companies, service providers and service operators in the payment system, microcredit companies, oil companies, diamond companies with a revenue of 5 billion kwanzas or more, telecommunication operators and companies operating under a monopoly.

From 1 January 2021 it will be compulsory for all other taxable entities that are not large taxpayers, but these may also opt to be covered by the general taxation regime of the new IVA Code as of 1 July.

Those who choose to comply with the new IVA Code only after 1 January 2021 will be covered until that date by a transitional scheme, which stipulates that in 2019 and 2020 they will be subject to simplified taxation, provided they have revenue or import operations of a value higher than the amount predicted for micro-enterprises, or the equivalent of 250,000 euros.

These taxpayers, on an exceptional basis, when acquiring services from non-resident providers should pay tax according to the general tax regime.

IVA is levied on the purchase of goods, including electricity and gas, on services supplied in the national territory and on all imports of goods.

Books, including in digital format, medicines, property rentals, games of chance, collective passenger transport, insurance and oil products, imports of goods or equipment for oil and gas operations and imports into duty-free zones are all exempt from IVA.

On 1 July, the Special Consumption Tax Code (IEC) comes into force, which is compulsory for all entities engaged in production operations, whatever the processes or means used and goods imported.

The IEC rates will be 2% for non-alcoholic beverages, unprocessed tobacco, fireworks, and jewellery, among others, 16% for alcoholic beverages and tobacco and 19% for aircraft and recreational craft.

Legis-PALOP+TL reports that the IEC rate for oil products on imports and domestic production is 2%, with 5% for non-aircraft and diesel fuels.

The new Income Tax Code is already in force and stipulates that the distribution of profits to company partners, with or without commercial form, and income earned by members of boards shall also be subject to taxation. (Macauhub)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Kenya: African Development Bank approves EUR 90 million to support the Kenya Mortgage Refinance Company

Bank funding to boost mortgage finance access to lower middle- and middle-income households

The Board of the African Development Bank on 15 May 2019 approved a EUR 90 million loan to support the establishment of the Kenya Mortgage Refinance Company (KMRC) to aid access to affordable mortgage loans by lower and middle income households.

KMRC is a non-Bank financial institution designed to provide long-term funding and capital market access to local lenders, including commercial banks, and Savings and Credit Cooperative Organizations to help consolidate the East African nation’s growing domestic mortgage finance market.

The Kenyan government, through the central bank, is setting up the KMRC as part of initiatives to overhaul and stimulate the demand and supply balance in the housing and mortgage finance market.

The Bank’s intervention is in line with its flagship High 5s agenda; specifically the objective of Improving the Quality of Life for the People of Africa. The loan will result in multiplier effects on industries related to the housing sector and creation of jobs in these value chains.

The investment will complement Kenya’s ‘Big 4’ affordable housing national goal, and its plans to develop a self-sustaining affordable mortgage market. It will also promote inclusive finance through KMRC, whilst also assisting in creating new employment opportunities.

Through the Loan, the Bank adds on its initiatives to support affordable housing and development of mortgage finance institutions on the continent. As one of its priority objectives, the Bank supports investments that contribute to the widening and deepening of financial systems in Africa and enabling the private sector to mobilize and access long term domestic currency funding locally.

Ethiopia: African Development Bank's Sustainable Energy Fund approves grant to spur renewable investments

The Sustainable Energy Fund for Africa (SEFA), managed by the African Development Bank on 17 May 2019 approved a $995,000 grant to support the roll out of a sustainable procurement framework for Independent Power Producers (IPPs) in Ethiopia.

The SEFA grant will encourage private investments into hydropower projects through Ethiopia's Renewable Energy Programme.

It will strengthen the government's capacity to undertake bankability and technical analysis including feasibility assessments of projects in the hydro priority pipeline. The grant also provides for environmental and social impact assessments, resettlements action plans, and preparation of bidding documents for hydro projects.

"A well-structured procurement framework is crucial in mobilizing the investments necessary to achieve universal energy access in Africa. The SEFA program will boost private IPPs participation, and spur investments into the Ethiopian hydro power sector," said Wale Shonibare, the Bank's acting Vice President for Power, Energy, Climate Change and Green Growth.

The program also complements the assistance provided by the Bank's Institutional IPP/PPP Support Project, as well as the Bank-financed Mekele-Dallol and Semera-Afdera Power Supply for Industrial Development and Access Scale-up Project", Shonibare added.

Ethiopia has a vast but untapped renewable energy potential. Under a long-term development strategy, the government has outlined a National Electrification Program (NEP), targeting universal access by 2025 through a 65% on-grid, and 35% off grid combination. The goal is to transform the country into a regional energy hub by 2030.

The Ethiopia Renewable Energy Program, supported by the SEFA grant, is in line with the country's Growth and Transformation Plan (GTP II) 2015/16 – 2019/20 and with the NEP targets. It also aligns with the Bank's Energy Sector Policy (2012), the New Deal on Energy for Africa, especially focusing on "Renewable Energy" and "Early Stage Project Finance".

About the Sustainable Energy Fund for Africa (SEFA): SEFA is a multi-donor facility established to unlock private sector investments in small to medium-sized clean energy projects in Africa through three components: (i) grants to facilitate the preparation of renewable energy generation and energy efficiency projects towards bankability (ii) equity investments to bridge the financing gap for renewable energy generation projects and; (iii) support to public sector in improving the enabling environment for private investments in sustainable energy. SEFA is endowed with contributions from the Governments of Denmark, United States and the United Kingdom, and is hosted and managed by the Power, Energy, Climate and Green Growth Department of the African Development Bank.

DEALS & INVESTMENTS

Moody's Says Angolan Economy to Return to Growth in 2019

Angola's economy is likely to emerge from recession this year, growing at 0.3% after three years of contraction, and the debt-to-GDP ratio will fall to around 70%, Moody's Investors Service said.

The debt burden remains vulnerable to further exchange rate depreciation given the stock of foreign-currency and foreign-currency linked debt as well as the risk of fiscal consolidation fatigue, Moody's said in an emailed statement.

"The implementation of the IMF program and the government's efforts to clear arrears, improve dollar liquidity and enhance budget implementation, will support Angola's economy," Aurelien Mali, a Moody's Vice President, said.

Reforms planned for this year, including the introduction of a value added tax to broaden the non-oil tax base, will further increase the likelihood of fiscal surpluses while oil prices remain around their current levels, Moody's said. (By Jacqueline Mackenzie, Bloomberg)

Law firms operating in Angola subject to Industrial Tax

The new Industrial Tax Code of Angola requires law firms to pay Industrial Tax, in addition to introducing changes to the calculation of tax deductions and benefits, according to the Legis-Palop+TL legal database. Law 4/19, signed off by the President of the Republic and already in force, aims to "introduce flexibility, material justice and equity in the field of corporate income taxation, taking into account the concrete reality of the country." The changes introduced include the fact that liberal professions as part of corporations or associations are subject to payment of the Industrial Tax, "which includes, for example, law firms, whether domestic or foreign." For the purposes of this tax, the exchange differences resulting from fixed assets and liabilities of more than 7% per year are no longer considered as income or as costs. (Macauhub)

Angolan agency receives 123 private investment projects

Angola's Private Investment and Export Promotion Agency (Aipex) received 123 private investment projects from August 2018 to May of this year, said Licínio Vaz Contreiras. The agency's president also told the Angop news agency that most of these projects have already been executed in the provinces of Luanda, Bengo, Benguela and Malanje, which already have more than one private investment approved by Aipex. The remaining provinces, such as those in the eastern part of the country, included in Zone "C" as defined by Private Investment Law, 10/18 of 26 June, are the ones that have benefited least from private projects, although the law gives them more tax incentives. Vaz Contreiras, who has held the post for less than a year, said the agency is currently working to reduce, if possible, to zero, the time between the approval of a project and its implementation.

The president of Aipex pointed out that the greater or lesser period of time is the result of Angola's context costs, as after approval the investor has, if necessary, to construct buildings, import equipment and sign contracts for connection to water and power networks. Angola is divided into four zones – from "A" to "D" – for the purposes of investment projects, with tax benefits getting higher further on in the alphabet. Zone "A" covers the provinces of Benguela, Huíla and Lobito, and Zone "B", the provinces of Bié, Bengo, Kwanza Norte, Kwanza Sul, Huambo, Namibe and other provinces and the remaining municipalities of the provinces of Benguela and Huíla. Zone "C" encompasses the provinces of Kwando Kubango, Cunene, Lunda Norte, Lunda Sul, Malanje, Moxico, Uíge and Zaire and Zone "D" is reserved for the province of Cabinda, an enclave between the Republic of Congo and the Democratic Republic of Congo. (Macauhub)

Companies to be privatised in Angola can be paid for with public debt securities

Buyers of public companies in Angola to be privatised may pay a portion of the value due to the State using public debt securities, according to the Basic Law of Privatisations, quoted by the Angolan press.

The law, published last week in the Diário da República gazette, determines that the limit and conditions of payment using public debt securities "are set out in the specifications of the privatisation procedure."

The document, quoted by newspaper Mercado, said that other forms of payment are a deposit or bank transfer or bank cheque made out to the National Treasury.

The Law sets out that privatisations may be conducted through a public tender, a public tender limited by prior qualification or by selling shares on the stock exchange, and the modalities may be the sale of shares, a capital increase for private companies, the sale of assets and or concession of the right of exploration and management.

"The choice of procedure is made in the Privatisation Programme, taking into account the characteristics of the entity of the Public Business Sector or of the public assets to be privatised, and the privatisation of the same entity may be carried out through a combination of two or more procedures set out in the Law," the document said. (Macauhub)

Radisson group may invest in hotel construction in Angola

The international hotel chain Radisson Hotel Group may build five three-star hotels in Angola over the next few years, the development department director for southern sub-Saharan Africa said on Thursday 23rd May.

Erwan Garnier, quoted by Angolan state news agency Angop, said that Angola is included in a group of eight priority countries, in which the group intends to open 50 hotels from 2022 onward.

The new hotels will join the more than 100 that the group has in 32 African countries, with the strategy for Angola focused on Luanda, "as it is the capital of the country," and later expanding to other provinces such as Cabinda, Benguela and Namibe.

Meanwhile, the managers of international hotel chains Aleph Hospitality and Kasada Capital have asked for guarantees from the Angolan government to protect their business in the country.

Bani Haddad, founder and managing director of Aleph Hospitality and Olivier Granet, chief executive and managing partner of Kasada Capital Management, said they are interested in making long-term sustainable investments (30 to 40 years), but need guarantees of security in the sector.

Aleph Hospitality, founded in 2015, is a hotel management company and Kasada Capital Management is a hospitality investment platform with applications and assets in sub-Saharan Africa. (Macauhub)

AB InBev Sees Africa Investment Rising After $200 Million Outlay

- South Africa, Nigeria breweries have been top priorities
- World's biggest brewers aim to cash in on rising Africa demand

Anheuser-Busch InBev NV sees further African investment after spending about $200 million on the continent since the world's largest brewer bought SABMiller in 2016, according to Chief Executive Officer Carlos Brito. AB Inbev, based in Leuven in Belgium, has invested the bulk of that money in South Africa and Nigeria, Brito told reporters in Johannesburg. That includes a new brewery near Lagos, the commercial capital of Africa's most populous country, which will cost about $400 million when full capacity has been added. The world's largest brewers, including AB InBev and rival Heineken NV, are investing in Africa to take advantage of rising household incomes and beer consumption across a population of about 1 billion people. Demand in Africa was cited by AB InBev as a major factor in the decision to buy Johannesburg-based SAB, a combination that brought together brands such as Budweiser and Stella Artois with SAB's best sellers such as Castle lager. AB InBev has suffered over recent quarters in South Africa through a combination of supply issues and a depressed consumer economy. Its strategy is to add more brands across the spectrum of income and taste levels, with Budweiser the chosen premium brand, Brito said. A value -- or more affordable -- option will be introduced at a later date, he added. (By John Bowker, Bloomberg)

BANKING

Banks

Insurance companies take a stake in BIG Moçambique bank

Mozambican bank BIG Moçambique carried out a capital increase by taking on three new shareholders, insurance companies Hollard and Global Alliance of South Africa and Empresa Moçambicana de Seguros from Mozambique, the bank's executive director Mário Bolota said.

The executive director of Portuguese group BIG responsible for business in Africa also told Portuguese newspaper Público that the three insurance companies jointly hold 16% of BiG Moçambique, leaving the group with a share of 83.99 %.

The increase of 599.4 million meticais increased the bank's share capital to 1.1 billion meticais (US$17.1 million).

The director said the investment by Global Alliance Seguros been made on behalf of institutional investors, such as the Mozal Workers' Pension Fund and the Global Alliance Pension Fund.

Inaugurated about two years ago, BIG Moçambique holds a license for all banking segments, focusing on capital markets, financial and corporate advisory services and support to high-end institutional and private investors. (Macauhub)

Russia's VTB Bank sells stake in Angola's VTB-Africa Bank

Russian bank VTB Bank will sell its 50.10% stake in Angolan bank VTB-Africa to Russian financial company Rostang, the Regulatory Competition Authority (ARC) said in Luanda.

The statement released by ARC said it had received information on a merger project involving VTB Bank, Banco VTB-África and Rostang on 24 May. The authority recalls that under the terms of the Competition Law, the transaction must be submitted in advance to the ARC, which must decide on its viability. The VTB-Africa bank was founded in 2006, with Angolan national António Carlos Sumbula, former president of Angolan diamond company Endiama, with 49.87% of the capital, as the second-largest shareholder. Figures on the website of the National Bank of Angola show that there are 26 banking institutions authorised to operate in the country, the most recent being the Bank of China Limited – Branch in Luanda. (Macauhub)

Capital has been voluntarily repatriated, governor of the National Bank of Angola says

The governor of the National Bank of Angola has given assurances that there has been voluntary repatriation of capital during a six-month grace period, without requesting the benefits granted by the law in force, the Angolan press reported.

José de Lima Massano responded to a request for clarification from members of the Angolan parliament in the discussion of the proposed law to revise the General State Budget for 2019 on the process of repatriation of capital started in June 2018 and which had a grace period of six months, until it entered the coercive phase on 26 December of the same year.

The governor, who did not mention any figures, said only that during the six months of voluntary repatriation, "there was no case of requests for the benefits that the law grants."

Information released last April by Eduarda Rodrigues, director of the National Asset Recovery Service of the Attorney General's Office, showed that Angola had not been able to recover any money on a voluntary basis, but it had forcibly recovered close to US$4 billion in cash and goods.

In January 2018, it was announced that Angolan citizens with undeclared foreign deposits of over US$100,000 would be given a period of six months to repatriate those funds without being subjected to any criminal, tax or exchange investigation under a bill of the Extraordinary Regime of Tax and Exchange Regulation to be prepared by the National Bank of Angola. (Macauhub)

Africa's No. 1 Bank Says Lonmin Investors Should Reject Bid

- SBG Securities says Sibanye offer grossly undervalues Lonmin
- Lonmin assets could be worth triple Sibanye's offer, SBG says

Africa's biggest bank said Lonmin Plc investors should reject Sibanye Gold Ltd.'s takeover offer as it undervalues the platinum miner's assets by as much as 6.64 billion rand ($460 million).

While Sibanye's offer equates to 11.60 rand a share, Lonmin's value at current metal prices is 45% higher, Leroy Mnguni, an analyst at SBG Securities, a unit of Standard Bank Group Ltd., said in a note to clients. If assets such as the platinum producer's suspended K4 project, spare processing capacity and a concentrator are factored in, Lonmin is worth about 35 rand a share, he said. "Given the compelling indications that the pending Sibanye offer grossly undervalues Lonmin, we see increased risk that more than 25% of the shareholders will vote against the offer," Mnguni said.

While Lonmin Chief Executive Officer Ben Magara is still recommending the deal, saying his company would otherwise lack capital to invest, Mnguni said the miner could sell some assets to extend the life of its shafts. Many of those have lower costs than operations at rival producers, he said.

	TOTAL VALUATION RM	PER SHARE VALUATION R/SHARE
Lonmin Operations	4,771	16.87
SBG Total Valuation	9,916	35.06
Sibanye Offer	3,280	11.60

Source: SBG Securities

Sibanye needs the backing of 75% of Lonmin shareholders at a meeting in London on Tuesday. The takeover was originally touted as a lifeline as Lonmin hemorrhaged cash, but some investors are concerned by the drop in Sibanye's stock since the all-share deal was announced in December 2017. Sibanye shares fell as much as 3.7 %, and were down 2.3% as of 3:01 p.m. in Johannesburg. Lonmin slumped 4.1% to lowest since early February.

While Sibanye last month increased the share ratio it's offering to Lonmin investors after metal prices rose, the value of the deal remains lower than when it was first announced. Getting the support of South Africa's state-owned Public Investment Corp., which has 30% stake, could prove key. Still, SBG Securities's Mnguni said a shareholder overlap between the two companies, with 15 of the top 20 Lonmin investors also holding Sibanye stock, raises the chance of deal receiving backing. "It could potentially be an indication that these shareholders are willing to receive Sibanye-Stillwater shares," he said. "These investors are also positioned to benefit from the synergies that Sibanye would realize if their attempted acquisition of Lonmin is successful." (By Felix Njini, Bloomberg)

Investec battles Brexit, weak South African economy

Financial services group Investec said on Thursday 16th May a rise in annual earnings showed its resilience in the face of a weak South African economy and Brexit, which has put clients off making big decisions in one of its two major markets.

The group, which is reorganising under new leadership, said its adjusted earnings per share rose 3.6 % in the year to March 31. "We have franchises that are very resilient given how tough the markets that we operate in are," said joint CEO Fani Titi. "No doubt there is uncertainty in the (British) economy and clients are generally not going to make long-term decisions... so we've seen that in some slowing down of activity," he said, adding the mergers and acquisitions market had also been quiet.

Despite Brexit, results at Investec's UK specialist bank improved thanks in part to lower impairments. Investec has been for years working to clean up a portfolio of bad corporate and property loans at its UK arm. That helped offset a much weaker performance in South Africa, where a slow economy and weak rand has hit its business.
Its asset management arm, which Investec is spinning off and listing in London in an overhaul aimed at adapting to an environment of falling fees and rising costs, also saw net inflows of 6.1 billion pounds ($7.8 billion), boosting assets under management and annuity fees.
The demerger follows the departure of three of Investec's founding members, including long-time CEO Steve Koseff, who handed over to Titi and Hendrik du Toit, formerly head of Investec's asset management business, in October.
The strategy shift surprised analysts even though similar moves had been taken by Prudential, Old Mutual and Deutsche Bank. Investec also said on Thursday 16th May it would close its automated advice platform Click & Invest after it made an underlying operating loss of 12.8 million pounds, potentially puncturing the hype around such products among big banks trying to keep pace with digitisation and fast-changing customer demands. "We went into the space believing the market was ready and we would have significant support," said Titi.
Investec took a 6 million pound write down as a result, and around 54 jobs are at risk.
Overall, the group reported annual adjusted basic earnings per share of 55.1 pence, up from 53.2 pence a year earlier. The adjusted figures reflect profits realised in the course of ordinary operations. Its London-listed shares were up 0.9% at 0730 GMT -16th May, while its Johannesburg-listed stock was down 0.46%. ($1 = 0.7798 pounds) (By Emma Rumney, Reuters)

Ex-Credit Suisse Banker Pleads Guilty in $2 Billion Mozambique Scam

- Subeva is among three ex-bankers charged in $2 billion scandal
- Trio accused in scheme with Mozambique's ex-finance minister

An ex-Credit Suisse Group AG banker became the first person to plead guilty in what U.S. prosecutors called a $2 billion fraud and money-laundering scam tied to loans to Mozambique that were used to pay bribes and kickbacks.
Detelina Subeva, 37, a former vice president in the bank's global financing unit, pleaded guilty to one count of conspiracy to launder funds. The U.S. agreed to drop three other conspiracy charges against Subeva, who's one of three Credit Suisse bankers accused of working with Mozambique's ex-finance minister in a secret kickback scheme.
The case centers on deals that allowed Mozambique to borrow $2 billion for maritime projects and coastline protection in 2013. The bonds sold to finance the loans were marketed to international investors to aid the economy and thwart sea piracy, but prosecutors say at least $200 million were plundered in the form of bribes and kickbacks.

Money Laundering

Subeva and former bankers Surjan Singh and Andrew Pearse are accused of withholding information from Credit Suisse's compliance staff as the firm began arranging $622 million in loans to a government-controlled entity. In court before U.S. District Judge William Kuntz II in Brooklyn, New York, Subeva said she helped launder the proceeds of some of these secret payments to bankers paid by Privinvest Group, an Abu Dhabi-based holding company.
The government has charged that Jean Boustani, a salesman at Privinvest, whose units include a shipbuilder, agreed to pay $50 million in bribes to Mozambican officials and $12 million to his co-conspirators at Privinvest. The company was hired to provide equipment and services to complete the maritime projects, prosecutors said. "I agreed with others to help launder the proceeds of criminal activities, namely illegal kickbacks paid by a company named Privinvest and its representative, Jean Boustani," Subeva told the judge. The illicit payments, which Subeva said were made in 2013, were tied to a $372 million loan Credit Suisse was handling to a Mozambican state-owned entity, she said. Subeva said Pearse, who was her boss, told her he'd transferred $200,000 into an account she'd recently opened in the United Arab Emirates from the approximately $1

million in kickbacks paid by Boustani and that Privinvest had paid him. “I agreed to accept and keep these monies knowing that they were proceeds of illegal activity,” she said.
It’s unclear if Subeva is cooperating, and the plea agreement she has with the U.S. was sealed, said Kuntz, who didn’t set a sentencing date. She could face as little as no prison time to as long as 20 years. Subeva was allowed to remain free on $2 million bond and travel between the U.K. and New York. Pearse and Singh, who were arrested in the U.K., are fighting extradition. Manuel Chang, Mozambique’s former finance chief, was arrested in South Africa and has said he’ll fight extradition. Boustani was arrested in January at New York’s John F. Kennedy airport and remains in custody after Kuntz ruled he’s a flight risk. Subeva and her lawyer Michael McGovern declined to comment after court. (By Patricia Hurtado, Bloomberg)

Nigeria More Than Triples Insurers' Minimum Capital Requirement
Nigeria increased the minimum capital requirement for insurers more than threefold as the industry regulator seeks to to improve the sector’s risk management. Existing companies must comply by June next year, while it is effective immediately for the issue of new licenses, the Abuja-based National Insurance Commission said in an emailed statement. Insurers wanting to combine life and property and casualty businesses are required to have capital of at least 18 billion naira ($50 million), up from 5 billion naira, while the minimum for property and casualty business is 10 billion naira compared with 3 billion naira. The requirement for life insurance is 8 billion naira versus 2 billion naira and that for reinsurance is 20 billion naira compared with 10 billion naira. The regulator had planned to introduce the new requirements last year, but the measure was challenged in court. (By Emele Onu, Bloomberg)

Kenyan banks to test mobile lending app to ease SME squeeze
Five Kenyan banks have launched a lending service via mobile phone aimed at getting credit through to the country’s small and medium-sized businesses, the central bank said. Private sector credit growth has been sluggish since the government capped commercial lending rates at four percentage points above the central bank rate in September 2016, after lawmakers said they were concerned about high rates.
But this has led to a private credit squeeze, with banks saying the move forced them to cut back on loans to high-risk groups. And pressure on banks to use mobile channels to cut costs has increased since the government capped rates, crimping their profit margins. Kenyan lenders have also been turning to technology in response to competition from mobile phone-based services such as Safaricom’s M-Pesa. Safaricom says default rates on its platform are in the single digits.
Under the new pilot SME lending service, KCB Bank Kenya, Commercial Bank of Africa Limited (CBA), Cooperative Bank of Kenya, Diamond Trust Bank and NIC Group are targeting 3,500 businesses. They will be offered unsecured loans of between 30,000 Kenyan shillings ($297) and 250,000 Kenyan shillings with a repayment period of between one and 12 months and attracting an interest rate of 9% per annum, the central bank said. “Customers will be scored and advised of their credit limit. Additionally, they are eligible for a top-up functionality once 80 % of the loan borrowed has been repaid or track record of three months’ repayment,” it said. The central bank did not say how much money had gone into the pilot for the scheme, but said that another 10,000 businesses will be enrolled for the second phase of testing. ($1 = 101.0000 Kenyan shillings) (By George Obulutsa, Reuters)

Cabo Verde calls for the creation of development bank of the Community of Portuguese Speaking Countries
The proposal to create a development bank for the Community of Portuguese Speaking Countries (CPLP) may be discussed by the organisation’s member states in July, the Cape Verdean deputy prime minister said in Lisbon.

Olavo Correia, who is also Cabo Verde's finance minister, told Portuguese news agency Lusa that Cabo Verde, currently holding the rotating presidency of the organisation, said his country intends to take that idea to the meeting of foreign ministers in July. "It is an idea to be discussed, not to be decided," he said, speaking on the sidelines of the 1st Forum of Economists of Portuguese-speaking Cities, held in the Portuguese capital. The idea, according to the Cape Verdean minister, is to create "a kind of Development Bank, which includes financing, insurance and venture capital, to support good projects that need financing, whether small, medium or large."
Correia recalled that "access to financing in our countries is very difficult, the cost is very high, so if we do not have the tools to overcome this reality projects may be important but will not be carried out." (Macauhub)

Portuguese bank CGD finances work in Angola
Caixa Geral de Depósitos (CGD) will finance 85% of the €270 million contract awarded to construction company Mota-Engil for the modernisation of Soyo's naval facilities in northern Angola, according to a dispatch signed by the Angolan President.
The dispatch dated 22 May, quoted by Portuguese news agency Lusa, awarded the contract to the Portuguese construction group and approved the financing agreement between the Angolan State and CGD in the amount of €252.53 million.
The amount of the contract signed with the Portuguese state bank, besides financing 85% of the value of the contract, covers 100% of the insurance premium.
The Mota-Engil group said in a statement to the market that its subsidiary Mota-Engil Engenharia e Construção África had secured a contract worth €270 million to modernise the shipyard facilities at Soyo.
The statement released through the Portuguese Securities Market Commission (CMVM) said that the contract includes the execution of three main activities, dredging, construction of quays and buildings, and infrastructure. (Macauhub)

Markets

Angola's National Bank reduces BNA Rate to 15.5%
The Angolan benchmark interest rate, the BNA rate, was reduced by 25 basis points to 15.5%, the National Bank of Angola said in a statement.
The statement, reporting the decisions of the Monetary Policy Commission, said the rate reduction was based on the fact that the annual inflation rate remains on a downward trajectory and that the money supply in circulation has contracted by 0.54% in the last 12 months.
The commission also decided to keep the interest rate of the Liquidity Absorption Facility unchanged at 0% and the Mandatory Reserves in national currency at 17% and in foreign currency at 15%. The BNA rate had previously been reduced on 27 January by 75 basis points to 15.75%. Gross international reserves stood at US$16.33 billion at the end of April 2019, representing an import coverage of goods and services of 8.97 months. (Macauhub)

Zimbabwe to rebase economy after adopting new currency - finance minister
Zimbabwe's Finance Minister announced the rebasing of the economy on Wednesday 15th May, following the adoption of a new currency earlier this year, and said growth would be slowed this year by a drought and a cyclone that hit eastern regions.
The economy grew higher than expected in 2018, Finance Minister Mthuli Ncube told parliament.
The central bank scrapped the peg between its quasi-currency bond note and electronic dollars against the U.S dollar in February and merged them into a single transitional currency called the RTGS dollar.
Rebasing the economy broadly means changing the reference points used to calculate the country's gross domestic product.

The southern African nation rebased its economy last October boosting it by 40% to $25.8 billion and Ncube said the adoption of the RTGS$ required another rebasing exercise, which put the economy at RTGS$70.1 billion or $21 billion at the official exchange rate. Ncube said the economy had grown by 6.2 % in 2018 compared to an initial forecast of 3.1 % but he saw growth being throttled this year by "severe economic shocks", including a drought that has wilted crops and a cyclone that hit western parts of Zimbabwe in March. He said Zimbabwe had 876,000 tonnes of maize in strategic grain reserves, enough to feed the country for seven months. Ncube said the national treasury's austerity measures had meant a budget surplus of RTGS$443 million was recorded in the first quarter and added that the target of a budget deficit of 5% of GDP would be achieved this year. (By MacDonald Dzirutwe, Reuters)

Congo Leads Africa Bond Returns After Loan Agreements

The Republic of Congo's dollar bonds are best performers in Africa this year, yielding returns of more than 15%. The central African nation has agreed in principle on a debt-restructuring with China, a pre-condition for an International Monetary Fund bailout, and with commodities trading house Trafigura Group to reorganize millions of dollars in oil-for-cash loans. On the other side of the spectrum is Zambia, which has yet to start formal talks with the IMF and agree on better terms for Chinese loan repayments. (By Lyubov Pronina and Paul Wallace, Bloomberg)

Congo Republic senate approves restructuring of China debt

Congo Republic's senate on Monday 20th May voted to restructure some of its debt with China, a move that the International Monetary Fund has said was necessary to unlock financial support, the finance ministry said. Negotiations over a bailout for the oil-dependant economy have dragged on since 2017, as Congolese authorities failed to convince the IMF they were doing enough to control the national debt or tackle corruption. But an IMF mission said this month that it had agreed a three-year lending programme with Congo Republic subject to the government's fulfilment of reforms and approval by the IMF's executive board. The government signed an agreement with Beijing in April to restructure more than $2.5 billion in debt. Congo's Senate voted to approve the restructuring of loans from China's Import-Export Bank, which includes eight credit agreements between Congo and China, the finance ministry said in a statement. This does not make up the whole $2.5 billion of Chinese debt, it added. (By Joe Bavier, Reuters)

What African Central Bankers May Decide in the Next Two Weeks

- Nigeria, South Africa, Kenya, Ghana to set key policy rates
- Higher oil prices and drought are pushing up inflation

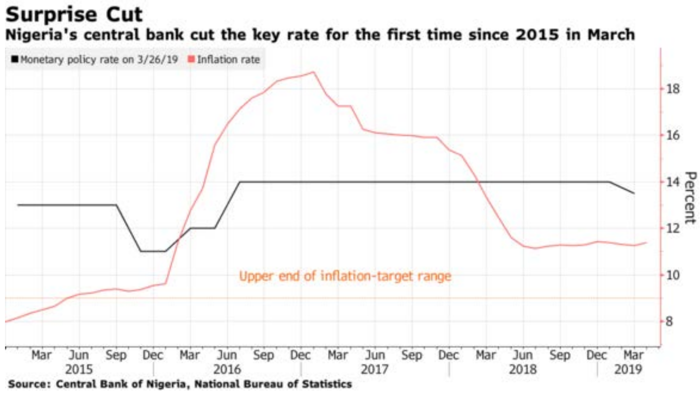
Central banks in sub-Saharan Africa's largest economies could start diverging on policy when they make interest-rate calls in the next two weeks after oil prices pushed up inflation.

Since the Monetary Policy Committees last met, inflation in Ghana and Kenya accelerated and analysts flagged that the South African economy probably contracted in the first quarter. Oil is adding to cost pressures and countering the positive effects of portfolio inflows and the support to African countries' currencies that came from the U.S Federal Reserve and European Central Bank's recent dovish tone, said Cobus de Hart, chief economist for West, Central and North Africa at NKC African Economics.

Here is a round-up of what the central banks may do over the fortnight:

Nigeria, May 21

- Monetary policy rate: 13.5%
- Inflation rate: 11.4% (April)



Nigeria surprised the market with its first rate cut in more than three years in March in a bid to boost economic growth. With central bank Governor Godwin Emefiele's second term secure, inflation still well above the target range of 6% to 9% and possible price pressure coming from the 67% increase in the national minimum wage that lawmakers recently approved, all but one economist in a Bloomberg survey forecast the rate will be kept unchanged.

"The MPC would want to be careful" after inflation accelerated in April, said Ifedayo Olowoporoku, an analyst at Vetiva Capital Management Ltd. "It will be impudent to cut at this time."

Zambia, May 22

- Policy rate: 9.75%
- Inflation rate: 7.7% (April)

The Bank of Zambia may raise its policy rate to support the kwacha, Africa's worst performing currency against in the dollar this year, and counter price growth that is edging toward 8%, the top of its target band.

"An upward adjustment will certainly hurt the real economy," Chibamba Kanyama, a Lusaka-based economist, said by email. "We are, however, better off hurting the economy via high policy rate than waiting for inflationary pressure to frustrate long-term investment."

South Africa, May 23

- Repurchase rate: 6.75%
- Inflation rate: 4.5% (March)

Estimates showing that Africa's most-industrialized economy may have contracted in the first quarter are unlikely to be enough to sway the Reserve Bank into reversing its unexpected November rate increase because inflation forecasts still hover close to 5%. All 22 economists in a Bloomberg survey predict no change.

The central bank will hold its key rate as it seeks to anchor inflation expectations close to 4.5%, but will deliver a "more balanced statement," said Gina Schoeman, an economist at Citibank South Africa. "For the Reserve Bank to swoop in and help growth, it means that inflation has to allow them to, inflation expectations have to allow them to and growth has to look pretty awful."

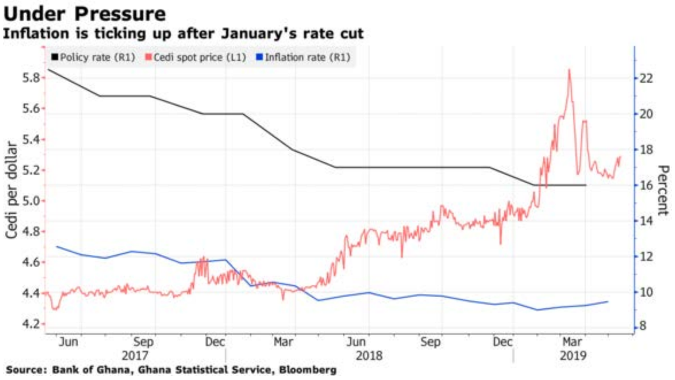
Kenya, May 27

- Central bank rate: 9%
- Inflation rate: 6.6% (April)

Kenya's inflation rate jumped to a 19-month high in April as a drought, which has left more than a million people in need of food aid, pushed up costs. Price growth is likely to remain elevated until June or July, when the country is scheduled to receive duty-free maize imports, said Jibran Qureishi, an economist at Stanbic Holdings Plc.
"The MPC will not be in a rush to change its policy stance because they will be assessing whether there are any demand-driven pressures on inflation," he said. "Currently there is no evidence on that."

Ghana, May 27

- Policy rate: 16%
- Inflation rate: 9.5% (April)



Ghana's central bank faces a choice between contending with inflation that has quickened to a six-month high and countering price growth by reversing its January rate cut.
"Although inflation has started going up, I don't expect the monetary policy committee to start increasing the rate so quickly, if they do it will confirm the suspicion that the last rate cut was indeed a mistake," Patrick Asuming, an economist at the finance department of the University of Ghana Business School, said. Given that the currency has stabilized somewhat, the MPC may opt to "wait and see," he said.

Angola, May 30

- BNA rate: 15.75%
- Inflation rate: 17.43% (Luanda, April)

While price growth in Angola is forecast to continue slowing, policymakers will probably leave the BNA rate on hold as a worsening drought and fuel shortages skew inflation risks to the upside, said Samantha Singh, a strategist at Absa Bank Ltd.

What Bloomberg's Economist Says

"We expect monetary policy divergence to increase in Africa and could possibly start as early as this week, although later in the year appears more likely. The Central Bank of Nigeria and the South African Reserve Bank have both turned more dovish since the start of the year, but we expect both to hold next week. Ghana looks more likely to cut, despite inflation ticking up in April. The Bank of Zambia will be the one to watch as to whether it will switch to a more active support of the weakening kwacha. Zambia is also subject to dry regional weather conditions pushing up food prices, which is likely to see East African central banks hiking rates going forward." (By Prinesha Naidoo, Bloomberg)

Cabo Verde invited to submit proposal to solve loan contracted in Portugal

Cabo Verde will present a technical proposal to Portugal to solve the repayment of a loan contracted to finance the country's "Casa para Todos" (House for All) social housing programme, the Portuguese prime minister said last weekend. "There is a loan whose first maturity is in 2021 and what is agreed between the two governments is that we will work in a way to stagger the payments of this loan according to the financing needs of the Cape Verdean and Portuguese economies," said António Costa. The prime minister spoke at a joint press conference with his Cape Verdean counterpart Ulisses Correia e Silva at the end of the work of a two-country summit in Lisbon.

Portuguese news agency Lusa reported that Ulisses Correia e Silva had previously stated he intended to address with the head of the Portuguese government the issue of the staggering or possible pardon of the commercial loan taken on by Cabo Verde from Portugal to finance the social housing programme "Casa para Todos."

Cabo Verde benefitted from a Portuguese credit line of 200 million euros to finance the "House for All" housing programme and used just 159 million euros, but the Cape Verdean government has repeatedly expressed its interest in seeing the debt pardoned or renegotiated.

The programme, which was launched in 2010, envisaged the construction of 6,010 homes to reduce the country's housing deficit, but it experienced a number of problems and, in addition to credit line debt, accumulated debt in compensation and default interest to the construction companies.

An audit by the current government pointed to failures in the concession and financial forecasts of the programme, which would eventually lead to the technical bankruptcy of the managing body, Imobiliária, Fundiária e Habitat. (Macauhub)

Mozambique has 10% of its currency reserves applied in Chinese currency

The growing internationalisation of China's currency strengthens Mozambique's interest in making investments in yuan, said the governor of the Mozambican central bank at the 10th International Forum on Investment and Infrastructure Construction.

Rogério Lucas Zandamela said that 10% of his country's foreign exchange reserves are denominated in the Chinese currency and stressed the increasingly dominant role that the yuan has been assuming as the international reserve currency.

The governor underlined his conviction that this trend will be strengthened with the "Belt and Road" initiative, an infrastructure construction project to link Asia to Europe and Africa.

The initiative "is a platform to promote the Chinese currency as a global currency through the modernisation of trade routes, with the development of infrastructure," he said, quoted by Portuguese news agency Lusa.

"Notwithstanding this optimism, given the growing use of the yuan as an international reserve currency, we cannot lose sight of some of the risks and challenges associated with [its] use," he warned, noting the risks associated with a likely worsening of trade tensions between China and the United States.

Zandamela said that one of the challenges for Mozambique is to grow the capital market, which is "relatively small and new" and added, "we can work with Macau to obtain more financing but also to develop the capital market."

The 2019 edition of the forum was attended by more than 2,000 entrepreneurs, academics and politicians, including more than 50 leaders from 40 countries and regions, at an event promoted under the guidance of the Ministry of Commerce of the People's Republic of China and the Government of Macau.

The IIICF included 36 parallel forums, exhibitions, project promotion seminars and contact exchanges, among other commercial negotiation activities, to drive cooperation between countries involved in the "Belt and Road" initiative. (Macauhub)

ENERGY

Mozambique: Seychelles wants gas to produce energy

The government of Seychelles on Monday 20th May expressed interest in importing Mozambique's gas into energy production, said the Mozambican minister of foreign affairs and cooperation, José Pacheco. "Looking at the potential that our country has in this field, we are looking at a fertile field for cooperation," Pacheco said. He spoke moments after the signing of three memoranda of cooperation between the delegations of the two countries in the Mozambican presidency in Maputo, considering the visit of Seychelles head of state, Danny Faure, to Mozambique. "As soon as we begin the large-scale gas exploration a quota will be exported to Seychelles," Pacheco said, adding that the fisheries field will also be a priority in the relationship of the two countries.

Faure's visit to Mozambique includes his participation in a conference called "Growing Blue" in Maputo.

The event, which takes place every two years, is for Mozambique to join the global movement dynamited by the United Nations to promote cooperation and sharing of knowledge for the "conservation and sustainable use of oceans, seas and marine resources." His visit to Maputo also aims to deepen the cooperation between Mozambique and Seychelles in the fields of defence and security, transport and communications, mineral resources and energy and tourism. Seychelles consists of 115 islands in the Indian Ocean and sustainable tourism is one of its main activities. (Club of Mozambique)

Hidroeléctrica de Cahora Bassa launches public offering

Hidroeléctrica de Cahora Bassa (HCB), which operates Mozambique's largest hydro-electricity plant, is to hold a public offering of 2.5% of the capital through 680 million actions at 3 meticais (€4 cents) each, the state-owned company announced. This is the first selling phase of 7.5% of the HCB capital. "The decision of the shareholders makes available to Mozambicans a superb opportunity to acquire shares of a prosperous and healthy company," in what will be the "biggest operation in stock" ever held in Mozambique, said Pedro Couto, the chairman of the HCB administration.

The operation "will certainly give a boost in the capital market in the country" and "more important than the number, the public offering shows economic empowerment of Mozambicans," he said. This will be the fifth public offering of the Mozambican Stock Exchange (BVM) and will be accompanied by dissemination campaigns aimed at explaining to the public how the process works. The subscription is to take place from 17 June to 12 July and is addressed to Mozambican citizens, which is to be held on 17 July and the next day is the settlement. Admission to quotation is scheduled for 22 July and there is still no date for dispersion of the remaining 5% of capital to be taken to the stock exchange.

The BVM has existed for 20 years, it has eight listed companies and in the first quarter of this year, traded the equivalent of €9.8 million, reaching at the end of the period a total accumulated scholarship capitalisation of €1.262 million (about 9% of the domestic product gross of Mozambique). The operation is to be led by a consortium consisting of the Banco Comercial e de Investimentos (BCI) and Banco BIG.

The stock market dispersion was announced on 27 November 2017 by the Mozambican president, Filipe Nyusi, during the celebration of the 10th anniversary of the reversal of hydroelectric power from Portugal to Mozambique, classifying the measure as "an act of inclusion and financial transparency." Located on the Zambezi River, in the province of Tete, central Mozambique, the dam is the largest in southern Africa, and it was built in 1969 and began operations from 1977. The hydroelectric power supplies South Africa and southern Mozambique with annual production at around 13,700 gigawatts (GWh), affected by the drought of recent years in the southern region, pointing to a production target of 14,809 GWh in 2019.

HCB was one of the companies affected by Cyclone Idai, which destroyed several infrastructures and killed 603 people in the centre of Mozambique in March. (Club of Mozambique)

New 140MW wind farm enters construction phase

Enel Green Power RSA, has begun construction of its 140MW Oyster Bay wind farm, in the Kouga Local Municipality, in South Africa's Eastern Cape province.

The construction of Oyster Bay, which is Enel's fourth wind project in the country, will involve an investment of approximately 180 million euros.

Antonio Cammisecra, Head of Enel Green Power (EGP), said: "With the start of construction of the fourth wind project in South Africa's Eastern Cape province, we are continuing to contribute to the socio-economic development of the area through our zero-emission energy and initiatives to create shared value.

"These initiatives include the innovative model implemented at the Oyster Bay construction site, as well as the sustainability activities focused on scientific and technical education in the area around the project. Looking ahead, we will continue to harness South Africa's abundance of renewable resources, creating a virtuous circle of sustainable energy generation, education and development."

Once fully up and running, due in the second quarter of 2021, the 41-turbine Oyster Bay is expected to generate around 568 GWh per year, avoiding the annual emission of around 590,000 tonnes of CO_2 into the atmosphere. Read more: Construction commences for 140MW Nxuba wind farm

The wind farm will be supported by a 20-year power supply agreement with the South African energy utility Eskom, as part of the South African government's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) tender, which awarded in April 2015 a total of five wind projects for 700MW to the Enel Group in its fourth round.

EGP will use innovative tools and methods to build this wind park, such as advanced digital platforms and software solutions to monitor and remotely support site activities and plant commissioning, digital tools to perform quality controls on site and smart tracking of wind turbine components as well as an active safety system.

These processes and tools will enable swifter, more accurate and reliable data collection, improving the quality of construction and facilitating communication between on-site and off-site teams.

In addition, the company has committed to ensure job creation in the community surrounding Oyster Bay, while also prioritising education, a key driver of socio-economic development, by supplying schools with clean energy through mini-PV systems, awarding scholarships in Science, Technology, Engineering, and Mathematics (STEM) subjects to local students and supporting school feeding programmes in the Kouga municipality. (ESI Africa)

EDM selling electricity to Botswana

The Mozambican publicly-owned electricity company, EDM, s selling 70 megawatts of power to Botswana under a five month contract running from May to September.

The EDM Director of System Operations and Markets, Aderito de Sousa, told a Maputo press conference that Mozambique had exported electricity to Botswana from 2014 to mid-2017, when Botswana's power deficit was solved.

But during the visit by Botswana President Mogweetsi Masisi to Mozambique in January, the Botswana delegation asked for the arrangement to be revived for a limited period.

The Botswana Power Corporation (BPC) will pay EDM about five million US dollars a month for the 70 megawatts. Sousa said Botswana wants to purchase 150 megawatts for two years, starting in April 2020. During this period, the BDC is rehabilitating Botswana's own power stations. This second contract has not yet been finalised.

Aderito de Sousa guaranteed that the exports to Botswana will not affect EDM's commitments to its Mozambican customers. The power will be drawn from available capacity, some of it generated by EDM itself (at the recently inaugurated combined cycle thermal power station in Maputo, for example) and some by independent producers.

In recent years, said Sousa, an additional 500 megawatts has come on stream, and there is a surplus that will allow EDM to meet international commitments without compromising Mozambican

clients. EDM already has an agreement to sell the Lesotho Electricity Company between 10 and 30 megawatts.
The main buyer of Mozambican power remains the South African electricity company, Eskom. But it obtains the electricity, not from EDM, but from the company Hidroelectrica de Cahora Bassa (HCB), which operates the Cahora Bassa dam on the Zambezi in Tete province.
Sousa said that 32 per cent of the Mozambican population now has access to electricity from the national grid. The government's target is universal access by 2030.
EDM spokesperson Luis Amado told the press conference that the vast majority of EDM's customers who were hit by cyclones Idai and Kenneth, in March and April, are now receiving power again
In Sofala, the province that suffered the worst damage from Idai, EDM has so far spent 21 million dollars to restore the power supply. But a further 120 million dollars will be needed to upgrade the Sofala network and make it more resilient (including replacing timber pylons with ones made of concrete or steel). To help the Sofala economy recover, power for local industries is being subsidised. Amado said that 343 Sofala companies are benefitting from a 50 per cent discount on their electricity bills.
About 2,500 EDM customers are still without power in the city of Beira, and a further 1,500 in the town of Mxungue and the district of Chibabava.
As for cyclone Kenneth, which struck the northern province of Cabo Delgado on 25 April, initially virtually the entire province was deprived of electricity. But Amado said power was restored to the two main cities, Pemba and Montepuez, within 24 hours. Seven days later the power was flowing again in such cyclone-damaged districts as Macomia and Mocimboa da Praia.
It took longer to fix the problems in Quissanga and the island district of Ibo. Ibo draws its power from the mainland via an underwater cable, and this was not damaged. Amado said work is still under way to repair the low voltage network in Ibo and some other districts. About 3,000 EDM clients in Cabo Delgado are still without power.
Amado said EDM had spent around three million dollars to restore the power supply in Cabo Delgado, but, as in Sofala, considerably more (10 million dollars was his estimate) is needed to boost the resilience of the system.
Jose Tavares, the head of operations at Petrogal (the commercial arm in Mozambique of the Portuguese fuel distribution company Galp), told the reporters that there is no crisis in the distribution of domestic gas (LPG – liquefied petroleum gas). He was promptly denied by several journalists who said they could not find bottles of gas in several major Maputo outlets. Tavares insisted that his company is distributing enough gas to meet demand, and has increased the amount distributed by 10 per cent compared with the same period last year. He said that in April, Petrogal distributed 6,500 bottles of gas a day to retailers in Maputo and the neighbouring city of Matola. In May, this figure was increased to 6,900 bottles a day. He admitted, however, that some retailers might be hoarding gas, or selling it clandestinely at night for higher prices. But there was no shortage of this fuel. (Club of Mozambique)

Ethiopia: Renewable energy programme targets to install 1,000MW

The World Bank's board of executive directors have approved $200 million Renewable Energy Guarantees Programme (REGREP) to mobilise International Development Association (IDA) guarantees under a Multi-Phased Programmatic Approach (MPA).

The programme will support the government of Ethiopia's ongoing power sector reforms and leverage private sector financing for renewable energy generation.
REGREP will support the development of over 1,000MW of greenfield solar and wind energy Independent Power Producer (IPP) projects in Ethiopia, including the World Bank Group Scaling Solar initiative.
"REGREP comes at this critical juncture and signals the government's commitment to comprehensive power sector reforms and a private sector led renewable energy development

programme that has the potential to be one of the largest in sub-Saharan Africa," said Rahul Kitchlu, senior energy specialist at the World Bank.
The REGREP marks the first IDA guarantees under deployment in Ethiopia. Enabled by the 2018 Public-Private Partnership Proclamation, this programme reflects a new way of doing business in the energy sector in Ethiopia - transitioning from continued public-financing towards private sector led competitively tendered procurement of new renewable generation capacity.

Structural transformation in Ethiopia

The programme is fully aligned with the World Bank's Country Partnership framework for FY18—FY22.
It will foster structural transformation for growth by enhancing private sector financing of infrastructure projects; build resilience and inclusiveness by increasing supply of electricity sustainably and help to manage the impact of climate change through diversification of energy sources. "With the support of the World Bank Group, this programme will create a platform for much-needed private sector participation in the crucial energy sector by lowering the risks of investing in Ethiopia," said Carolyn Turk, World Bank country director for Ethiopia, Sudan and South Sudan "The programme has the potential to leverage over $1.5 billion in private sector investment," Turk added.
In line with the Maximizing Financing for Development (MFD) approach, the World Bank Group's support to Ethiopia's IPP programme follows a sequenced approach under which financing and technical assistance for policy reforms have unlocked significant opportunities for private sector participation in the power sector.
The Energy Sector Management Assistance Program (ESMAP) provided support in terms of resource mapping and validation, as well as technical studies to identify areas for wind development.
To maximise the effectiveness of development results and make the environment for private sector investments more conducive, in addition to IDA guarantees, complementary instruments of the International Finance Corporation and Multilateral Investment Guarantee Agency will also be made available. (ESI Africa)

New Task Force to accelerate the African wind market

The Global Wind Energy Council (GWEC) has set up a new Task Force to speed up and facilitate the development of wind energy in Africa.

The Task Force brings together leading developers, manufacturers and associations that are active in the African market, including Siemens Gamesa Renewable Energy, Vestas, the South Africa Wind Energy Association, Africa Europe Energy Partnership, RES4Africa, Mainstream Renewable Power, Acciona Energia, GE Renewable Energy, NRG Systems, DNV-GL, Nordex, Goldwind, Aurora Wind Power. The Task Force will be Chaired by Jon Lezamiz, African market development director at Siemens Gamesa Renewable Energy. Lezamiz said: "We at GWEC have not only an opportunity but the duty to share our global experience with Africa, to unlock the full potential of wind power – such as lowest LCOE energy source- and harness its development to enable economic growth and permit access-to-energy targets to be met in the continent."

African wind market

The African wind market is set to add 6GW of additional wind capacity between 2019 and 2023, more than doubling current total capacity of 5,3GW, according to GWEC Market Intelligence's Market Outlook Q1 2019. According to analyst Wood Mackenzie, Africa is set to grow at an annual compound growth rate of 24% between 2019-2018, adding 33GW of new capacity.
Mercia Grimbeek, Chair of the South Africa Wind Energy Association said: "South Africa is perfectly poised to be the platform for the expansion of wind energy into the rest of Africa. We have the opportunity to use existing infrastructure and leverage off established regulatory frameworks to progress the development of wind energy generation." Luca Marena, Project Manager at RES4Africa also commented: "We are pleased to join the GWEC Task Force: acting in

a coordinated way and speaking in a single voice is the best way for the energy sector to promote renewable energy in Africa. “We welcome the opportunity and look forward to collaborating to achieve concrete results with fellow Task Force members”

Private investment in wind power sector

GWEC CEO Ben Backwell said: “Africa has a unique opportunity to leap-frog obsolete fossil fuel generation and create the power generation it needs from wind power and other renewables technologies. “The continent has the resources and the human talent and skills to make this happen, and there is a huge pool of capital looking for the opportunity to invest. If we can help create the right regulatory frameworks and knowledge transfer, Africa’s growing economies will soon be powered by cheap, efficient wind power.”

The Task Force intends to:

- Advise governments on regulatory frameworks and auction systems;
- Develop and grandfather holistic approach initiatives for accelerating private investment in wind power sector in Africa;
- Foster regional power pool dialogues to maximise development of wind power potential
- Measure and highlight the economic and social benefits of wind power and the development of local value chains;
- Spread best practices and transfer knowledge from global established markets;
- Create appropriate forums to promote the growth of wind power in the continent, from seminars and technical workshops to conferences and exhibitions. (ESI Africa)

INFRASTRUCTURE

Angola’s President approves renegotiation of contracts for Corimba coastal road

Construction work of the Corimba coastal road will be resumed, independently of the construction companies, Angolan state news agency Angop quoted Angolan President João Lourenço as saying on Saturday 18th May in Barra do Kwanza.

João Lourenço, speaking on the sidelines of a golf tournament, said that the tender for the construction of the Corimba coastal was cancelled for “significant reasons,” including over-billing.

The cancelled contract for dredging, land reclamation and protection of the coast was signed with the companies Urbinveste and Van Oord Dredging and Marine Contractors BV, for a total value in kwanzas equivalent to US$615.2 million.

Another contract, to design and build, execute and complete the infrastructures, according to the presidential dispatch, had been signed with Landscape – Promoções e Projectos Imobiliários and the China Road and Bridge Corporation (Angola), with a total value of US$690.1 million.

The President of the Republic authorises the Minister of Construction and Public Works to renegotiate and sign new contracts with Van Oord Dredging and Marine Contractors BV and the China Road and Bridge Corporation (Angola) in a diploma dated 15 May, “with a reduction of the limits of the values of the initial projects, through a simplified contracting procedure.” (Macauhub)

Angolan government hands over airport management to private companies

The Angolan government has launched an international public tender to hand over the management of some airports in the country to private entities by the end of the year, the transport minister said in Luanda.

Ricardo de Abreu, speaking at the World Tourism Forum, did not say which airports were covered but that the government intended to attract international investors in the sector to ensure “more efficient” management of Angolan airports.

The minister, who noted there were, “some interested parties” said that the idea underlying the tender also aims to attract more traffic to the country’s airports, which together receive around 3.6 million passengers per year.

He also announced that airline TAAG – Linhas Aéreas de Angola in the near future intends to increase the number of routes that the airline covers from 15 to 33, such as to North and South

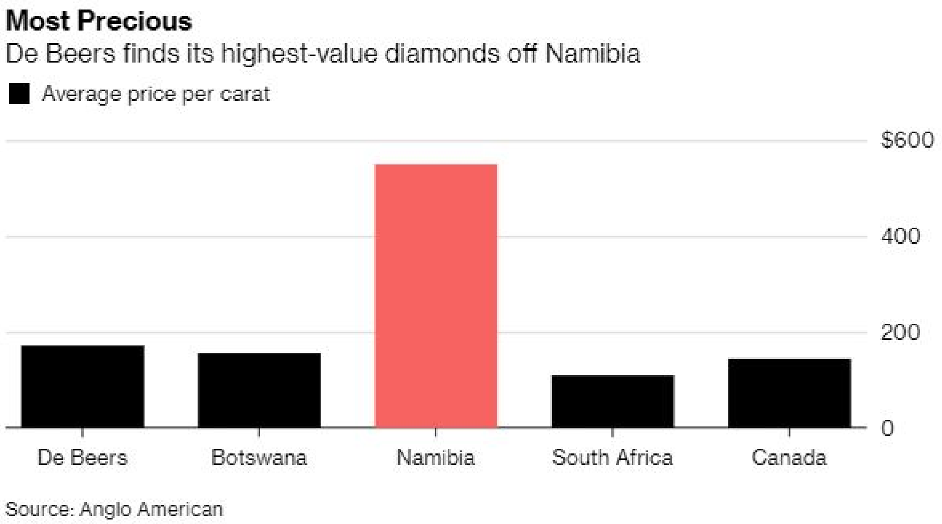
America and Asia. Ricardo de Abreu, speaking on "Tourism in Angola – Realities and Perspectives," said that investments in airport infrastructure in the country, such as the new Luanda International Airport, will allow the Angolan capital to become an international hub in the air transport sector. (Macauhub)

MINING

A New Diamond-Mining Boat Will Hoover Up Gems Off Namibia's Coast

Anglo American Plc will build a new diamond-mining boat to operate off the coast of Namibia, where it finds some of its most expensive stones, in the latest sign the company is willing to spend on growth.

Anglo's De Beers unit already has a fleet of boats that hoover up the precious stones on the Atlantic Ocean, through a 50:50 partnership with Namibia. The southern African nation's diamonds, which have been washed down the Orange River from South Africa over millions of years and deposited in the ocean, are key to De Beers because of their high quality.



The investment is the latest in a series of growth moves by the century-old miner. So far, Anglo has shied away from delivering the sort of blockbuster shareholder returns seen from larger rivals Rio Tinto Group and BHP Group. Part of the reason was a more distressed balance sheet, but it's also been more willing to spend on growth. The company last year approved a $5 billion copper mine in Peru, albeit with a Japanese partner to cut the cost and risk.

The new boat will cost $468 million -- of which $234 million is attributable to Anglo -- and is expected to start operating in 2022, when it will produce 500,000 carats a year, a 35% increase on current production. While not the biggest, the Namibian gems have few flaws after being broken from larger stones on their way to the seabed. Only the strong and good-quality ones survive.

Although De Beers's Namibian production is dwarfed by its giant Botswana operations, the stones it produces there are more than three times as valuable. In recent years, the top end of the diamond market has been far more resilient to pricing pressure in cheaper goods. (By Thomas Biesheuvel, Bloomberg)

Angola's government grants diamond mining licenses to 77 cooperatives

Seventy-seven cooperatives have been authorised to explore diamonds in several provinces of Angola by state diamond company Endiama, according to an official announcement. The spokesperson for Operation Transparency's Advanced Command post, commissioner António José Bernardo, said the cooperatives will operate in the provinces of Lunda Norte (34), Lunda Sul (17), Malanje (12), Uige (eight), Kwanza Sul (five) and Kwanza Norte (one).

The commissioner said that, with these authorisations granted to cooperatives, the State intends to ensure compliance with the legal rules in force for mining activity in the country, according to the Angop news agency.
António José Bernardo said that cooperatives have to provide information to Endiama and diamond trading company Sodiam about the results of their activity, as well as being legally obliged to sell the extracted diamonds to legally authorised institutions.
The second phase of Operation Transparency, which has been underway since 15 May, has already seized 700 diamonds held by illegal miners as well as US$70,000 in cash, added to more than 34,000 carats and US$1 million seized in the first phase. (Macauhub)

Gaza: Heavy sands project pilot phase producing 400 tonnes per day
The heavy sands project in Chibuto, Gaza province, southern Mozambique, is already producing 400 tons of titanium and zircon ore a day while still in its the pilot phase.
Speaking during his visit to the enterprise last week, Minister of Transport and Communications Carlos Mesquita said that all production was destined for export. “So we have to look at the logistics chain, from the point of view of transferring the cargo from the factory to the port and from the port to the sea,” the minister said, cited by Notícias. Mesquita was satisfied with the results of the first samples, which were sent to several customers. Currently, the project employs 450 Mozambicans and 40 foreigners of Chinese nationality. By 2020, the number of Mozambican employees is expected to rise to around 1500.
According to projections, next year production is expected to increase to about 600 tonnes of titanium and zircon ore per day. The factory’s installed capacity is about five million tons of ores per year.
One transport possibility was the installation of a railway linking Chibuto and Chókwè – a distance of about 70 kilometres. A second plan, verified in discussion with the company, is using the Limpopo River to ferry the merchandise via Chongoene.
As far as the government was concerned, there is flexibility, and contacts have already been initiated with Maputo Port with a view to creating a specific zone for the storage and export of the ores, Mesquita said. The Mozambique Railways (CFM) have already surveyed the possible building of a rail line, but the final decision will depend on the extractor. According to Noticias, environmental issues are being taken care of, and resettlement is progressing satisfactorily, with 212 families so far relocated to the resettlement zone, where 489 houses have been built.
During his visit, Mesquita was updated on the construction of the airport in Chongoene. Works were proceeding according to schedule, he said. “Contractors are already mobilised for a project that includes a terminal, ancillary buildings and a runway 1,800 metres in length and 45 metres wide. Tenders were launched for the first phase, which has already started, and the contractor who is to build the runway has also arrived,” he announced. (Club of Mozambique)

OIL & GAS

Mozambique stops using natural gas revenues to pay down Eurobonds
Mozambique’s revenues from natural gas exploration will no longer be used to pay the Eurobond loan contracted by Empresa Moçambicana de Atum under a new restructuring agreement, according to the Ministry of Economy and Finance.
The ministry said in a statement that it had reached an agreement of principles on the “main business terms of a planned restructuring operation of the Mozambique Bills of US$726.524 million at a rate of 10.5% maturing in 2023,” with members of the Global Group of Mozambique Bondholders (GGMB).
GGMB brings together funds managed or advised by Farallon Capital Europe LLP, Greylock Capital Management, Mangart Capital Advisors SA and Pharo Management LLC which jointly own or control approximately 60% of the outstanding bonds.

The ministry also said that the agreement of principles now announced replaces in full the one announced in November 2018, the main change being that the new one will not include value recovery instruments related to tax recoveries of Area 1 and Area 4 gas projects in Mozambique.
The new bond issue, which will replace the previous one, is worth US$900 million, maturing on 15 September 2031, a coupon rate of 5.0%, with semiannual repayment of interest and redemption in eight half-yearly installments of US$112.5 million from 2028 to 2031.
On the date of completion of the restructuring, Mozambique will make a cash payment to the eligible bondholders up to a total of US$40.0 million, consisting of a Consent and a Pay-for-Exchange Fee. (Macauhub)

Mozambique Expects $95 Billion of Gas Revenue Over 25 Years

- Exxon Mobil's LNG project to cost $23 billion to build
- Gas projects will transform world's sixth-poorest nation

Mozambique's government expects to reap $95 billion of revenue over 25 years from natural-gas deposits being developed in the country -- more than seven times larger than its gross domestic product.
Exxon Mobil Corp.'s Rovuma LNG project, for which the cabinet approved the development plan this week, is expected to generate $46 billion of income for the state, according to a statement posted on the government's website Thursday 16th May. That adds to the $49 billion of revenue anticipated from two other LNG projects being developed nearby by Eni SpA and Anadarko Petroleum Corp., it said in June.
The liquefied-natural-gas projects the three companies plan to build in Cabo Delgado province will be transformational for the world's sixth-poorest nation, which is still recovering from a civil war that ended in 1992. Mozambique's GDP was less than $13 billion in 2017, according to the World Bank.
Mozambique's economy has also struggled since the government defaulted on $2 billion of debt in 2017, the bulk of which the authorities hid from donors and the International Monetary Fund.
The government is in restructuring talks with holders of its $727 million Eurobonds, and has reached an early agreement to pay them 5% of its revenue from the Eni and Anadarko projects, up to a maximum $500 million. It has reached a similar preliminary deal with Russia's VTB Capital for another of the loans that made up the $2 billion.
The Rovuma project will cost about $23 billion to develop, according to the government statement. Standard Bank Group estimated in a March report that the Exxon project could cost as much as $33 billion. (By Matthew Hill, Bloomberg)

ENI Group expands presence in oil exploration in Mozambique

Italian group ENI has expanded its presence in Mozambique with the acquisition of three 10% shares in three oil exploration licenses, according to a statement released in Milan.
The acquisition through subsidiary ENI Mozambico involves marine blocks A5-B, Z5-C and Z5-D, located in deep waters of the Angoche and Zambezi basins.
The group said that the acquisition of a 10% stake in each of the three blocks was carried out under an agreement with ExxonMobil Mozambique Exploration & Production Limitada, a subsidiary of US group ExxonMobil, after approval by the Mozambican authorities.
Block A5-B is located 1,300 kilometres northeast of the capital Maputo, in an unexplored area bordering the town of Angoche, covering an area of 6,080 square kilometres and a depth between 1,800 and 2,500 metres.
The other two blocks cover an area of 10,205 square kilometres, with a depth between 500 and 2,100 metres, in a very little explored area of the Zambezi basin, 800 kilometres northeast of the capital Maputo.
The three blocks, assigned during the 5th auction, are operated by ExxonMobil (40%), in partnership with Mozambican state-owned company Empresa Nacional de Hidrocarbonetos (20%),

Rosneft (20%) and Qatar Petroleum (10%). During that auction, ENI Mozambico was allocated the operation of block A5-A, adjacent to block A5-B, with a 59.5% stake, with Sasol (25.5%) and Empresa Nacional de Hidrocarbonetos as partners, with 15%. The subsequent sale of a 25.5% stake in that block to Qatar Petroleum, reducing the Italian group's stake to 34%, requires the approval of the Mozambican authorities. (Macauhub)

Government of Mozambique approves Rovuma LNG project development plan

The Mozambican government has approved the development plan for the Rovuma LNG project to explore natural gas deposits in the Mamba zone of the Rovuma Basin Area 4 block, Italian group ENI said in a statement released in Milan.

"Approval of the development plan, the third, marks another significant step towards reaching the Final Investment Decision and beginning construction over the current year," said Liam Mallon, chairman of ExxonMobil Upstream Oil & Gas Company.

The development plan details the construction of two processing plants that together will produce more than 15 million tonnes of natural gas per year, the statement said.

The sale of the natural gas to be produced is organised jointly by the ENI and ExxonMobil groups, and contracts for the purchase of all the gas to be produced in the two processing units have already been submitted to the Mozambican government for approval.

The project is operated by Mozambique Rovuma Venture, a partnership whose shareholders are ExxonMobil, ENI and the China National Oil and Gas Exploration and Development Corporation, which jointly hold a 70% interest in the Area 4 block concession, with three stakes of 10% owned by South Korea's Kogas, Portugal's Galp Energia and Empresa Nacional de Hidrocarbonetos (ENH) of Mozambique. (Macauhub)

Angola converts diesel-fired thermal power plants to natural gas

Angola's diesel-fired power stations will be converted to operate with natural gas within three years, under a programme already underway, announced the president of the National Agency for Oil, Gas and Biofuels (ANPG).

Paulino Jerónimo said that this programme began at Soyo's combined cycle power station and another associated with the Angola LNG project and added that it will initially cover the country's entire coastline.

The programme is coordinated by the Ministry of Energy and Water, with the support of the Ministry of Mining Resources and Oil, and its main coordinator was previously the current president of the ANPG.

This initiative makes use of the 125 million cubic feet of natural gas to which Angola is entitled under Angola LNG, an integrated natural gas exploration project, with a processing plant, a maritime terminal and loading facilities, as well as the possibility of developing non-associated gas.

The shareholders of Angola LNG Limited are Angola's Sonangol, with 22.8%, US group Chevron (36.4%) and BP, Itay's ENI and France's Total, with 13.6% each. (Macauhub)

The ANPG president, who spoke during the 2nd Edition of the Business Forum of the America-Angola Chamber of Commerce (Amcham), said that this conversion will allow a saving of around US$750 million, currently spent on the production of electricity using diesel. (Macauhub)

Angola's Sonangol and Norwegian group Equinor strengthen cooperation

Angola's national oil and fuel company, Sonangol and Norwegian group Equinor (formerly Statoil) have signed a memorandum focused on strengthening mutual collaboration, the Angolan state-owned company said in a statement.

Under the memorandum, the two companies will conduct joint exploration in the Lower Congo Basin, discuss operator models that allow Sonangol to develop its skills as an oil operator and identify potential future joint investments.

The statement said that the signing of this memorandum follows an understanding reached between the two companies in June 2018 that allowed the successful implementation of some activities developed by the parties.
The document signed in 2018 focused on the Norwegian state company continuing to invest in exploration and contributing to an increase in oil production in Angola.
The memorandum of understanding established the basis for potential future investments to be made by Equinor following its decision to continue investing in Angola and jointly consider the approach to technical opportunities and challenges related to oil exploration and development.
Figures published on Equinor's website shows that the Angolan continental shelf is the largest contributor to oil production outside Norway, with production since 1991, when it entered the Angolan market, rising to just over 200,000 barrels of oil per day. (Macauhub)

Totsa Total Oil Trading and Trafigura supply fuel to Angola
Totsa Total Oil Trading and Trafigura will ensure Angola's supply of gasoline and diesel over the next 12 months, Angola's national oil company Sonangol announced in a statement released. The statement from Sonangol added that Totsa Total Oil Trading for gasoline and Trafigura for diesel and marine diesel for the navy had been awarded the international public tender launched on 27 February 2019. The two companies were selected from a group of nine that submitted bids – BB Energy, BP, ENI Trading & Shipping (ETS), Glencore, Gunvor, Litasco and Vitol and Totsa Total Oil Trading and Trafigura. In the first week of May, Luanda once again faced a fuel crisis, which led to gasoline price speculation at some filling stations as well as on the informal market, where the price of fuel tripled to 500 kwanzas per litre. The lack of fuels led to the dismissal of the Board of Directors of Sonangol, according to a presidential decree. Although Angola is Africa's second largest oil producer, with a production of around 1.5 million barrels per day, its refining capacity is limited to the Luanda Refinery, which started operating in May 1958, and has the capacity to process just 57,000 barrels of oil per day. (Macauhub)

ENI Group discovers another 250 million barrels of oil in Angola
An oil well estimated to contain 250 million barrels of light oil was discovered in block 15/06 in deep waters of the Angolan sea, Italian group ENI said in a statement.
The Ndungu-1 NFW well, where the discovery was made, is located about 130 kilometres from the coast, ten kilometres northeast of the N'goma Floating Production and Storage Unit (FPSO) and two kilometres from the Mpungi oil field was drilled to a water depth of 1,076 meters and a total of 4,050 metres. The ENI group said in the statement that Ndungu is the first major oil discovery in an area already in operation and added that it validates the legislation approved by the Angolan government, namely Presidential Decree 5/18 of 18 May establishing a framework for additional activities in those areas. The Italian group added that this was the fourth commercial discovery since the block 15/06 partnership launched its new prospecting campaign in mid-2018, after the Kalimba, Afoxé and Agogo wells, which together are expected to contain 1.4 billion barrels of light oil. The consortium of block 15/06 consists of ENI, as the operator, Sonangol P&P, both with a stake of 36.8421%, with the remaining 26.3158% held by SSI Fifteen Limited. (Macauhub)

South Africa May Find Partners for South Sudan Oil Block

- $1 billion investment to involve block, refinery and pipeline
- South Africa owns 90% of exploration block B2 in South Sudan

South Africa's Strategic Fuel Fund is welcome to bring in partners to help it execute a $1 billion agreement to drill for oil and build a refinery and pipeline in South Sudan, the central African nation's oil minister said.
Under the agreement, signed between the two governments on May 6, the Strategic Fuel Fund holds 90% of the project in B2 block with the Nile Petroleum Corp., South Sudan's national oil company, owning the rest, Ezekiel Gatkuoth said in an interview at Bloomberg's office in Johannesburg after

earlier meeting his South African counterpart. The project, which Gatkuoth expects to reach production in about six years, includes the construction of a 60,000 barrel per day oil refinery in Pagak, he said. "They have room to farm in" a partner, the South Sudanese minister said, adding that his government has the right to approve any partners and that a transaction would be subject to capital gains tax.

The partnership should benefit South Sudan by boosting production in a nation where output is half of what it was before a civil war, while securing energy supplies for South Africa, which imports crude for its refineries as it has little oil production of its own. Gatkuoth acknowledged that the project is likely to cost more than $1 billion. The SSF didn't immediately respond to requests for comment.

In addition to bringing new partners into its oil fields, South Sudan is trying to diversify export routes for its oil. Currently it exports oil through Sudan -- the country from which it seceded acrimoniously in 2011 -- at a cost of $24 a barrel, but it's now considering paying Uganda a fee to transport crude south to a port in Tanzania when new pipelines are built, Gatkuoth said. Exports through Ethiopia could also be an option. The B2 block was once part of an area held by Total SA until 1985 that was the size of Pennsylvania. (By Antony Sguazzin and Paul Burkhardt, Bloomberg)

Congo's Lone Oil Giant Quits Search, Partner Says

- Congo block may contain as much as 1.2 billion barrels of oil
- Remaining partners will seek extension of permit in July

Total SA, the only oil major exploring for crude in the Democratic Republic of Congo, indicated it's pulling out of a block in the central African nation, one of its partners said.

The French company has been searching for oil in Block 3 in eastern Congo since March 2011. Its license for the field, near the border with Uganda, initially expired in January 2016 and has been extended several times, including this month. Efora Energy Ltd., based in Johannesburg, closely held South African company Divine Inspiration Group Ltd. and the Congolese government are partners in the block. The area may contain as much as 1.2 billion recoverable barrels of oil, according to Efora's estimates. Total "has indicated that it will no longer continue as part of the consortium to further explore" the concession, Efora said in a May 22 statement announcing the license that expired in January has been extended until July. Total didn't respond to calls and emails from Bloomberg seeking comment. Interim Congolese Hydrocarbons Minister John Kwet's chief of staff, Tony Chermani, said that Total hasn't notified the government officially of any decision to withdraw from the block. He confirmed the extension of the permit.

Downstream Businesses

Should Total's exit from Block 3 be confirmed, the company will remain active in Congo through its network of 45 gas stations. The firm also markets petroleum products in the country. Efora and its remaining partners plan to use the extension of the license period to "carry out a review of the technical data to determine the area that will be the subject of the renewal of the license in July 2019," it said. The new permit is expected to exclude territory that "lies largely" in Virunga National Park, according to Efora. The conservation site provides sanctuary to many of the world's 1,000 mountain gorillas. Total has a controlling stake in another, more advanced oil-exploration project on the Ugandan side of the Congolese border, in partnership with China's Cnooc Ltd. and London-based Tullow Oil Plc. Uganda plans to start exporting crude in 2022. (By William Clowes, Bloomberg)

INDUSTRIES

Chinese group CITIC opens aluminium profile factory in Angola

CITIC Alumínio Angola's aluminium profile factory was inaugurated in the Luanda-Bengo Special Economic Zone in Viana, following an investment of US$40 million, the Angolan press reported.

The plant is the result of a joint investment between CITIC Construction and CITIC Bohai Aluminum Industries Holding Company Limited, will occupy an area of 20 hectares and is expected to produce about 10,000 tonnes of aluminium profiles for the industry annually. Licínio Vaz Contreiras, president of the Private Investment and Export Promotion Agency (Aipex), said he expected the project to cover a significant part of the needs of the Angolan market, thereby contributing to the reduction of imports of aluminium and similar profiles, easing pressure on the country's foreign exchange reserves. China's new ambassador to Angola, Gong Tao, noted that the new facility is CTTIC (Angola)'s largest aluminium profile factory, and recalled the investments that companies from China have made in Angola in recent years, namely in agriculture and processing of agricultural products and building materials. The investment project for this plant was approved on 19 April 2017 by the since closed Technical Unit for Private Investment. (Macauhub)

TELECOM – TECHNOLOGY

Africa's Digital Economy poised to explode as regional integration opens new markets

"Africa has shown it can deliver. Cross-border private sector "champions" are essential – Pierre Guislain, African Development Bank Vice President

With Africa's digital economy taking off exponentially, the continent must ready itself to maximize the potential dividends of the Continental Free Trade Area agreement, panel members told a packed auditorium in Kigali at the opening of Transform Africa Summit 2019.

Key to this effort will be connectivity, data and digitization and innovation among others, conference attendees heard. "Africa can achieve a digital single market...It is a journey and we need to break it up into doable bits, "African Development Bank Vice-president, Private Sector, Infrastructure and Industrialization Pierre Guislain, said, adding that the European Union had demonstrated that it could be achieved. Other members of the panel Lacina Kone, Director General / CEO of Smart Africa, the conference organizers, Fatoumata Ba, CEO Janngo, Nic Rudnick, CEO Liquid Telecom Group and Elsie Kanza, Head of Africa, World Economic Forum, shared similar sentiments.

This year's summit which is themed Boosting Africa's Digital Economy, aims to showcase success stories in the African digital economy and promote homegrown businesses, innovations, solutions and partnerships. In a special intervention from the audience, World Bank Digital Director Dr. Boutheina Guermazi said: "ICT and digital literacy is not a luxury. It is an integral part of how we view development," adding that the foundations of the digital economy - connectivity, data and voice, would depend on a fully integrated digital infrastructure.

With the ratification of the Africa Continental Free Trade Area, the possibility of new markets offer tantalizing new avenues for tech start-ups and e-businesses and a combined GDP of over $600 billion.

The internet has opened doors to access information and technology, a key component of accelerating the pace of the digital economy and connecting markets. Interconnection and interoperability create bigger markets which in turn attract investors.

The mobile phone industry is an example of the dynamism of the sector in Africa. Mobile phone subscriptions have grown in Africa from 87 million in 2005 to 760 million in 2017, growing 20% per annum. This is the fastest growing market in the world as well as the one with the most potential. Mobile network coverage ranges from 10 to 99% in Africa - an average of 70%.

Africa's pioneering efforts in the FInTech space are illustrated by the fact that around half the world's mobile money providers operate in sub-Saharan Africa, where as many as 80% of adults have a mobile phone. By 2020, the value of Africa's mobile money industry is projected to top $14bn.

Single window schemes and One Stop Border Posts will accelerate intra-African trade, Guislain said, but openness and competition need to be promoted and defended. Indeed, some vested interests may fear this openness and do whatever they can to keep it from happening. We need to measure the speed of movement along Africa's major trade corridors and ensure any remaining bottleneck gets removed, he added. Africa also needs more private sector African champions - companies that have done well nationally and are ready to expand regionally and beyond. "Business needs to be more of a driver. Domestic African private sector needs to go outside its borders to develop value chains…Africa has shown it can deliver," Guislain said.

The 2019 Summit aims to provide practical ways to advance the commitments of African governments and partners to transform Africa into a fully digitized economy where technology is harnessed to fully reap the benefits of Pan-African integration efforts.

The Summit was formally opened by Rwandan Prime minister Dr. Ngirente Edouard, who talked about Rwanda's ambitious plan to prioritize digital literacy for all youth by 2024. "We expect to achieve at least 60% by 2024," he said. Bank President Akinwumi Adesina will attend the official opening of the summit by Rwandan President Paul Kagame.

An estimated 4,000 visitors from over 90 countries are expected for the three-day meeting which has become the continent's premier digital technology summit. The next two days will see the launch of a Smart Africa Digital Economy Mapping Report, and a Smart Africa Women's summit as well as several interactive plenaries. (AfDB)

Angola uses French satellites for Earth observation

Angola will use French Earth observation satellites under a recently signed agreement between the two countries' governments, the Angolan Foreign Minister said in Paris. Manuel Augusto, speaking to Radio France Internationale (RFI), said that the agreement will involve Airbus, on the French side, as the technical partner, and the Angolan Ministry of Telecommunications and Information Technology. The two ministers also signed an agreement to exchange information on the restrictions and implementation of the Earth observation agreement, according to the Angop news agency. On the sidelines of the meeting, Angolan Foreign Minister Manuel Augusto met with the Deputy Director General of the French Development Agency (AFD), Bertrand Walckemaer, with whom he analysed the Angolan potential for new investments by French entrepreneurs. During the three-day visit, Manuel Augusto made Angola's application to become an observer member of the International Organization of Francophonie official, in a document handed over to the organisation's director-general, Louise Mushikiwabo. (Macauhub)

MTN Eyes Ethiopia Entry as Country Prepares to Open Market

- CEO Shuter is focused on where MTN can be No. 1 or No. 2
- Ethiopia's PM plans to open market up to foreign investors

MTN Group Ltd. has identified Ethiopia as a rare new market into which Africa's largest wireless carrier wants to expand. "There are a few large markets that are under-penetrated and where there is scope for a No. 1 or No. 2 operator, like Ethiopia," Chief Executive Officer Rob Shuter said in an interview at Bloomberg's London office. "That's obviously one where we would be really excited to participate, in some way.'' The move would fit with the Shuter's focus on markets in which the carrier can be a major player, and where there's an opportunity to seize on a consumer shift to mobile banking and other data services from voice. He's been pulling MTN out of regions that don't fit that strategy and is looking to sell holdings where it doesn't have a controlling stake. Ethiopian Prime Minister Abiy Ahmed said last year he is looking to bring in private investors to the country's telecommunications sector for the first time, prompting interest from operators keen to tap into Africa's second-biggest population and one of its fastest-growing economies. The Horn of Africa nation is currently dominated by Ethio Telecom, a state monopoly. Vodacom Group Ltd., MTN's Johannesburg rival, has also shown an interest.

Asset Disposals

MTN began a review of its markets across Africa and the Middle East last year, leading to sales of its Cyprus business and its share of a joint venture in Botswana. The company has also identified various e-commerce assets and stakes in towers businesses for disposal, and this week announced

the sale of its interests in investment fund Amadeus and flight-booking site Travelstart to HarbourVest Global Private Equity Ltd. for 1.2 billion rand ($81 million).
A stake in IHS Towers Ltd. is also on the market, while MTN is the biggest shareholder in U.S. listed Africa-focused internet group Jumia Technologies AG, another e-commerce asset. “We have about one third of our capital in assets that we’ve identified as not long-term strategic,’’ Shuter said.
A major priority for MTN is to concentrate on its biggest markets, including Nigeria. While the carrier has been dogged by regulator and government disputes in Africa’s most populous nation, it’s reaped the benefits of being the industry leader with about 60 million customers. “There are not that many opportunities for MTN to increase its scale in Africa because we are already in the two large, a lot of the medium and some of the smaller markets,’’ Shuter said. (By Loni Prinsloo and Rebecca Penty, Bloomberg)

A $5 Billion Listing Makes MTN Nigeria's Number Two Firm

MTN Group Ltd., Africa’s biggest mobile-phone company, is set to list its Nigerian unit, with trading starting around 10:30 a.m. in Lagos (16th May). The South African firm has said the subsidiary, which will have a free float of 21%, will initially trade at 90 naira ($0.25) a share. With a market capitalization equivalent to $5.1 billion, it will overtake Nestle Nigeria Plc to become the second biggest firm on the Nigerian Stock Exchange after Dangote Cement Plc, the main asset of billionaire Aliko Dangote. (By Paul Wallace, Bloomberg)

Brazilian group Oi raises US$26.3 million through the sale of a stake in Cabo Verde Telecom
Cabo Verde has paid US$26.3 million to repurchase the 40% stake owned by PT Ventures of Brazilian group Oi in the share capital of Cabo Verde Telecom, the government said in a statement released in Praia.
Following this deal, Cabo Verde Telecom is controlled by the shareholders National Institute of Social Security (INPS), with 57.9%, airport and air safety agency ASA, with 20%, the Cabo Verde state, with 3.4% and state post office Correios de Cabo Verde, with 0.7%. The remaining 18% is in private hands.
The signing of the sale and purchase agreement, in which INPS and ASA each accounted for half the shares, marks the end of the dispute between the State of Cabo Verde and PT Ventures over Cabo Verde Telecom, which has been ongoing since 2014.
Deputy Prime Minister and Finance Minister Olavo Correia said on the occasion that the signing is “an important moment for the country,” as it brings an end to the risks facing the country, one of which is “executive management of a company that is strategic for the future of Cabo Verde.”
The government statement said that these risks arise from the amendment of Decree-Law 7/2005, which opened up the telecommunications market, but also from the fact that the State unilaterally decided to take on the executive management of Cabo Verde Telecom, which affected the agreement between the two companies.

Correia also announced that the government intends to sell the stake that has now been repurchased to a strategic partner “which will have to pay more than US$26.3 million.” (Macauhub)

AGRIBUSINESS

Angola protects marine species by reducing fishing quotas

Catching fish in the current fishing campaign in Angola is expected to see an estimated reduction of around 30% for a total of 230,000 tonnes, said the national director of Fisheries.

António Barradas said that the reduction of approved fishing quotas aims to prevent the extinction of marine species and halt the increase in unemployment among operators.

The Ministry of Fisheries and the Sea expects that 150,000 tonnes of sardines and 80,000 horse mackerel will be caught, 50,000 tonnes of which will be Cunene horse mackerel and 30,000 will be Cape horse mackerel.

The National Director of Fisheries said that for other species, such as dentex, seabream and grouper, there will be a ban from May to July, a measure already applied from January to February for surface shrimp.

The decision to reduce catches was also due to the fact that in 2018 the scientific research cruise was not carried out due to a lack of vessels to determine the situation of marine species.

The Angolan authorities have licensed 499 companies and 80 industrial and semi-industrial vessels since last March. (Macauhub)

Mozambique seeks investors for cotton sector

In an effort to revitalise its flagging cotton industry, the Cotton Institute of Mozambique is seeking investors to revive large-scale production in the country’s central Zambezia province.

The aim is to transform Mozambique into one of the biggest cotton producers in the world, the delegate of the Cotton Institute of the northern province of Nampula, Helina Massengele, who oversees Zambezia province and the neighboring northern province of Niassa, told state radio.

Zambezia province, a former power house in cotton production is now relegated to second place by family farmers and developers.

Massengele said the institution she heads intends to launch international public tenders for the occupation of areas abandoned by companies. “Cotton production is an important industry in Mozambique, contributing to around a fifth of agricultural exports, but the abandonment of cotton production by farmers in the sector and some farming companies is negatively influencing the production indices of this cash crop in the province of Zambézia, which has has been harvesting less than 5,000 tons per season hence we need high profile actors”, the official said.

This year Zambezia province plans to produce about 1,200 tonnes of cotton, representing a 68 % reduction from the previous harvest, which produced about 3,800 tonnes.

According to Massengele, there is considerable scope to expand the country’s cotton industry and following decades of civil war, the country’s agricultural sector has recovered strongly over the last 20 years.

However, cotton production remains considerably lower than at its pre-independence peak of 144,000 tonnes in 1974.

In recent years, yields have fluctuated considerably, leaving many processing plants operating below capacity and unable to adequately plan for the future. (Club of Mozambique)

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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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