INSIDE AFRICA

Now is the time to invest in Africa

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In-depth:
Why financial services can kickstart Africa's digital economy

Africa’s largely informal economy is digitizing. Improved internet and smartphone penetration have given rise to virtual marketplaces, also known as digital platforms, where millions of workers and enterprises have the opportunity to sell their goods and services digitally.

The digital rails created by these platforms provide a unique opportunity for the financial sector to reach new consumers and shape the nature of digital commerce on the continent.

Digital platforms rising in Africa

At the end of 2018, our research identified 277 digital platforms, operating across eight countries in Southern, East and West Africa. The larger platforms are well known, covering major sectors of the economy and operating across emerging markets. For example, Jumia for online shopping, Upworks for freelance work, Uber for e-hailing or Airbnb for rentals.

However, the majority of the platforms identified were started by local technology entrepreneurs, more than half of which were launched in the last three years. This includes the likes of SafeBoda for e-hailing services or DeliveryBros for logistics and couriering.The biggest markets for these locally owned platforms are Kenya, Nigeria and South Africa, but Uganda, Rwanda and Ghana have their own emerging platform ecosystems and regional aspirations.

Available survey data from Research ICT Africa estimates that in seven of the eight countries where our research was carried out, these platforms attracted 4.8 million individuals with income-earning opportunities. This equates to roughly 1.3% of the adult population and compares well with more digitally advanced and developed countries such as the United States.

Measuring activity on digital platforms at any one point in time is challenging, and our understanding of the size and nature of Africa’s digital platforms and their participants is likely to mature with time.

Measurement challenges aside, there are positive early signs that digital platforms in Africa are impacting lives for the better. More than half of the individuals in the Research ICT Africa survey report using these platforms to meet their basic needs. We believe that the financial sector can build on these positive early signs to further optimize the lives of African users and assist digital platforms in their attempts to reach scale.

The financial sector must join the party

If the platform economy is to optimally contribute to the livelihoods of Africans, it will need a productive relationship with the financial sector. Payment solutions, financing and risk-management solutions that speak to the needs of platform participants will be key to unlocking its contribution.

Platforms do not, or rarely, require face-to-face interaction between the consumer, the marketplace and the enterprise or worker providing the good or service. While this should keep operating costs low, it creates large dependencies on digital financial services to enable the viability of these business models.

For example, while some platforms allow for cash payments from consumers, most require consumers, workers and enterprises to be able to receive and make payments remotely via electronic channels. While these payment solutions do exist, many of these platform participants still experience friction using them, often due to high transaction costs or slow settlement times.

Further, these business models rely heavily on keeping the supply of goods and services high and operating costs low. This incentivizes platforms to look after their suppliers, either through reducing their exposure to risk or increasing their production.

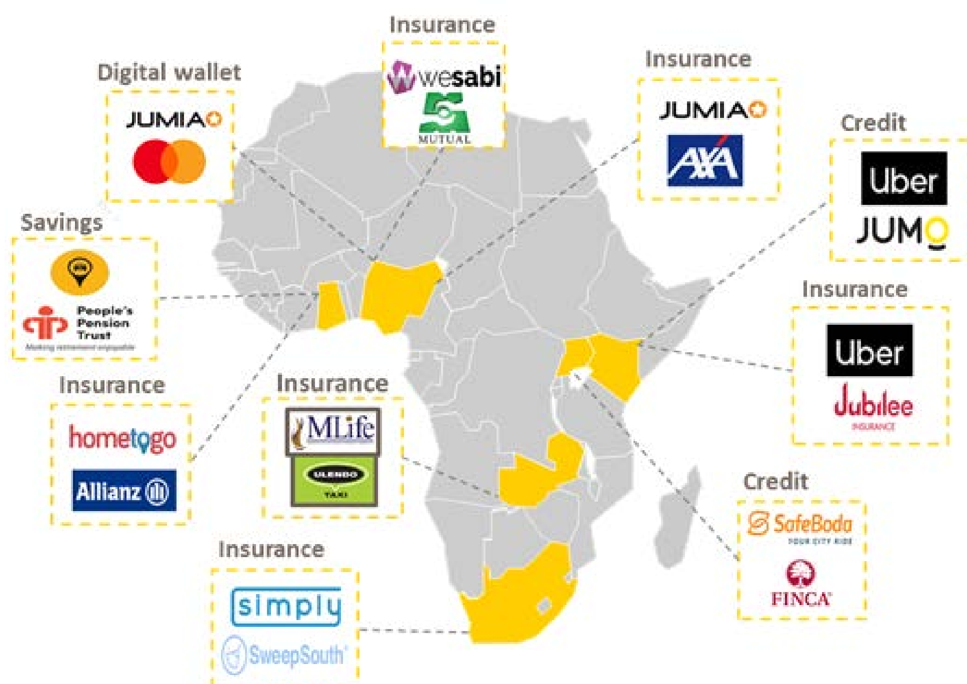
For example, e-hailing platforms such as Uber or Bolt require would-be drivers to have insurance in the case of car accidents. This reduces Uber and Bolt’s exposure to risk and helps get cars back on the road quickly.

Online shopping platforms like Alibaba offer financing to suppliers of goods on their platform to increase the size and diversity of offerings to attract the greatest number of customers. In some cases, they offer financing to consumers to increase the size and basket of goods they buy, as well.

Early signs of a new generation of partnerships

Brokering partnerships between financial service providers and digital platforms will thus be critical for maintaining and growing digital commerce in Africa and its ultimate impact on Africans. A growing number of Africa's digital platforms are partnering with financial service providers to offer financial services. Of the 277 platforms we identified, 15% offered one or more insurance, digital wallet, savings or credit product to platform participants.

The graphic below highlights early demonstration cases of how partnerships with the financial sector can improve the functioning of digital platforms to the benefits of platforms and platform participants.



• Online shopping platform Jumia launched a mobile wallet solution, JumiaPay, in partnership with MasterCard. This payment service was launched to improve the ability of providers and consumers to transact on the platform by speeding up settlement times and reducing transaction costs.

• E-hailing platform Uber partnered with fintech Jumo World to offer Uber drivers vehicle financing. This allows e-hailing drivers the ability to purchase their own vehicles, rather than leasing from a third party, improving drivers' earning potential.

• Wesabi, a freelance platform operating in Nigeria, offers professional indemnity insurance to protect consumers against damages related to services obtained through their platforms. This reduces the risk to both the consumer and freelance worker.

• Ghanaian e-hailing platform Dropping partnered with People's Pension Trust to provide pension products to their drivers. For the first three months the driver is on the platform, Dropping pays the pension fund contribution on behalf of drivers who achieve an average of 20 completed trips per week. Assisting drivers to save and incentivizing greater platform participation.

While these partnerships provide clear benefits to financial services providers, the digital platform and the platform participants, new products in Africa are often slow to get off the ground. This is partly a translation issue between these different actors. Partnerships between typically risk-taking technology entrepreneurs and conservative banking and insurance executives do not come naturally. It also does not help that digital platforms are still in the early stages of figuring out how to use the rich data they are collecting on their participants to better understand their financial needs and give financial services providers the information they need to optimally design and deliver services.

These teething troubles will likely be resolved in time. But until the financial sector comes to the digital platforms table, the contribution of Africa's digital economy will likely be stunted.

(By Herman Smit - Director, Cenfri Chernay Johnson - Engagement manager, insight2impact, World Economic Forum)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

The African Development Bank's High 5 priorities are making a vital contribution to the continent's integration

The African Development Bank is delivering on its goals and making good progress towards achieving its development and operational targets. This is according to the 2019 Annual Development Effectiveness Review (ADER), released at the Bank's Annual Meetings held from 11-14 June 2019, in Malabo, Equatorial Guinea.

Every year, the ADER examines the Bank's operational effectiveness and its organisational efficiency, using the Bank's results measurement framework. It brings together evidence of strengths and weaknesses to provide Management with a clear understanding of what has worked well and what the Bank must do better to achieve its High 5 development goals.

"The report shows that the African Development Bank has been, and will continue to be, a champion of regional integration to help Africa achieve its development priorities," said Charles Boamah, Senior Vice-President. "The Bank continues to be a key financier of economic integration, trade and investment, engaging in policy dialogue with regional economic communities and African countries."

This year's ADER has a special focus on integrating Africa. The Bank has completed a number of transformative investments that are driving the integration agenda forward. "We believe deeply in the prospects of economic integration to promote inclusive growth and create more and better jobs for Africans," said Bank's President Akinwumi Adesina. "Apart and divided, Africa is weakened. Together and united, Africa will be unstoppable!"

One of the report's key findings is that in 2018, 14 million people have benefited from improved access to transport in Africa through operations supported by the Bank. Our investment in the Trans-Gambia Bridge brought to life a 40-year ambition to improve connectivity between Gambia and Senegal, benefitting 900,000 people alone. The Addis-Mombasa Highway opened up opportunities for travel and trade, while also encouraging greater foreign investment.

This year, Africa achieved a major milestone on 30 May 2019, when the agreement establishing the African Continental Free Trade Area came into force. This agreement paves the way to unlocking Africa's economic potential and ability to compete in global value chains. By delivering quality infrastructure, the Bank is promoting this progress: over 2018, it installed 447 MW of power capacity, expanded interconnector capacity in West and East Africa, and enabled 154 000 small and micro businesses to access finance.

"Enhancing delivery is in our DNA, and we must continue increasing our level of performance to achieve higher development impact," said Simon Mizrahi, Bank Director for Delivery, Performance Management and Results.

The Bank's efforts to help integrate the continent are supported by its presence in 41 countries and by its timely and high-quality operations. The learning captured in this report helps the Bank develop new approaches to further drive innovation, development impact, and accountability.

African Development Bank welcomes EUR 40 million investment from the European Commission for the Facility for Energy Inclusion

The African Development Bank announced a EUR 40 million investment from the European Commission for the Facility for Energy Inclusion (FEI), a new platform for financing small-scale renewables in Africa.

The announcement was made to energy sector stakeholders at a sideline event held during the Africa Energy Forum, which took place in Lisbon, Portugal from 11-14 June. The Bank, the European Commission, in partnership with Lion's Head Global Partners and Fieldstone and the Lusophone Renewable Energy Association, presented the Facility to participants at the Forum.

FEI is a $500 million financing platform spearheaded by the African Development Bank to catalyze financial support for innovative energy access solutions.: FEI On-grid, a targeted USD 400 million fund, supports improved energy access through the development of small-scale renewable energy

generation and mini-grids across Africa, while the Off-Grid Energy Access Fund (OGEF), a targeted USD 100 million fund, supports off grid energy distribution companies and boosts their long-term capacity to access capital markets at scale.
Joao Cunha, Manager for Renewable Energy Initiatives at the African Development Bank said FEI had been developed to offer debt instruments, including in local currency, to companies providing affordable, clean and sustainable access to underserved communities in the Sub-Saharan region.
“Through FEI, we aim to increase co-financing and private sector investment in innovative on-grid and off-grid clean energy access solutions, and consequently move faster on our “Light Up and Power Africa priority to achieve universal energy access in Africa by 2025,” said Cunha.
The event was attended by the renewable energy investor community, including representatives from various Development Finance Institutions (DFIs), international and African commercial banks, project developers and sponsors.
During the event, the FEI fund managers guided project sponsors and developers in attendance through project selection criteria, and financing terms of the specific FEI windows.
In December 2018, the Directorate-General for International Cooperation and Development of the European Commission (DG DEVCO) approved a EUR 25 million investment to FEI On-Grid window, EUR 13 million into the FEI OGEF window, and EUR 1.6 million to support the Fund’s Technical Assistance Facility, which aims to build investee capacity in structuring and executing transactions in African capital markets. These investments will provide junior equity to strengthen FEI’s capital structure, and enable FEI to fundraise from a range of commercial and private investors.
"FEI is a great example of how the EU has been developing innovative financing initiatives together with financial partners such as the African Development Bank, to stimulate and de-risk private sector investments without which we won't be able to address the growing energy demands and provide access to sustainable energy in sub-Saharan Africa," said Hugo Van Tilborg, Head of Infrastructure, and African Development Bank Liaison at the EU.
The European Commission’s contribution further underscores the African Development Bank’s focus on building strong partnerships with diverse organizations in order to provide a wide range of grant and investment instruments to fast track sustainable energy access across the continent.
FEI’s off-grid window reached a $58 million first close in August 2018, with contributions from the African Development Bank, the Nordic Development Fund, the Global Environment Facility, All On and Calvert Impact Capital, Shell Foundation, USAID and the UK’s Department for International Development. FEI On-Grid is currently fundraising towards achieving a first close of about $120 million.

Mali Governance of Mining Sector
IDA Credit: US $40 million equivalent
Credit Maturity: 38 years **Grace**: 6 years
Project ID: P164242
Project Description: The project will strengthen the capacity of the mining sector to contribute to Mali’s medium-term growth and sustainable development objectives.

Mali - Electricity Sector Improvement Project (MESIP)
IDA Grant: US $28.0 million equivalent
IDA Scale Up Facility (SUF) credit: US $122.0 million equivalent
Credit maturity: 29 years **Grace**: 9 years.
Project ID: P166796
Project Description: The project will improve the reliability and efficiency of electricity supply in Bamako and the technical and commercial performance of Energie du Mali (National Power Utility, EDM).

Mozambique - Temane Regional Electricity Project
IDA Grant: US $300.0 million equivalent
IDA Guarantee: up to US $120 million equivalent
Single-donor Trust Fund for the Government of Norway: US $24 million
Project ID: P160427
Project Description: The project will enhance transmission capacity for domestic and regional markets and increase electricity generation capacity through private sector participation.

Ghana Economic Transformation Project
IDA Credit: US $200 million equivalent
Credit Maturity: 30 years **Grace**: 5 years
Project ID: P166539
Project Description: The project will promote private investments and firm growth in non-resource-based sectors.

Guinea-Bissau - Rural Transport Project
IDA Credit: US $15 million equivalent
Credit Maturity: 38 years **Grace**: 6 years
Project ID: P161923
Project Description: The project will improve the rural population's physical access to markets and social services in selected areas.

Benin - Digital Rural Transformation Project
IDA Credit: US $100 million equivalent
Credit Maturity: 38 years **Grace**: 6 years
Project ID: P162599
Project Description: The project will improve access to broadband services in targeted rural communities and promote the use of digital solutions to improve the efficiency of selected value-chains, financial inclusion and access to markets.

DEALS & INVESTMENTS

China involved in eight African ports in Portuguese-speaking countries

China is involved in eight port projects, which have either been completed or announced in Portuguese-speaking countries, as a construction company or through funding, according to a recent survey by the Center for Strategic International Studies (CSIS).

The CSIS survey, by researchers Judd Devermont and Catherine Chiang, notes there are 46 operated port projects, built or financed by China, across the continent, some of which will be part of the Belt and Road initiative.

In Portuguese-speaking African countries, China is not an operator of any port facility but is a developer and financier in the announced project of the port of Mindelo in Cabo Verde, similarly to the port of Bata in Equatorial Guinea, which has also been completed.

Also in the Gulf of Guinea, the announced deepwater port of Fernão Dias in São Tomé and Príncipe is expected to have Chinese investment and construction, according to the CSIS survey.

Further south, in Cabinda, Chinese interest is focused on the construction of the port of Caio, which the CSIS said is at an "indefinite standstill," and also on the port of Cabinda.

Also in Angola, the project to expand the port of Lobito, which has already been completed, also involved Chinese capital and engineering.

In Mozambique, the port of Beira had its capacity increased with Chinese capital and construction, while the announced port of Techobanine, south of Maputo, has Chinese funding.

The study showed that ports in sub-Saharan Africa "play a key role in the Belt and Road initiative, an extensive network of Chinese infrastructure projects linking China to Europe, East Africa and South-East Asia," whose launch in 2013, served "for President Xi (Jinping) to open China up to new markets, to expand the political influence of his country."
"Forming the backbone of the Maritime Silk Road, investments in African ports serve as a gateway to the region's economic and trade development," the researchers said.
Most of the projects "are probably focused for commercial gain," with China rising in the last decade as the main trading partner of the continent, they said.
"Port investments are only one of the main ways in which China establishes commercial supremacy in the region," the study said. "There are links between ports and other Belt and Road projects," they said. (Macauhub)

Mozambique and United States sign protocol to boost trade relations
The governments of Mozambique and the United States of America signed a memorandum of understanding in Maputo to boost trade and remove investment barriers.
Agriculture, fisheries, tourism, energy and infrastructure are some of the areas included in the memorandum signed between the two countries on the sidelines of the US-Africa Economic Summit in Maputo.
The memorandum of understanding was signed by the President of the Republic, Filipe Nyusi, and US Assistant Secretary of Trade Karen Kelley during the US-Africa Business Summit, which runs in Maputo.
Kelley said that Mozambique is the fourth African country to sign this type of agreement with the US and that these are part of a road map that will lead to the signing of free trade agreements.
The memorandum will make it possible to identify priority projects in key commercial areas and the use of instruments to stimulate trade.
Kelley noted that the US government has financial and investment incentive instruments available to small and medium-sized foreign businesses, but the country's companies have made little use of these advantages. (Macauhub)

Cabo Verde Investment Forum has 22 investment projects identified
The Cabo Verde Investment Forum (CVIF19), which runs from 1 to 3 July on the island of Sal, already has 22 projects that have been identified as meeting the necessary requirements, said the coordinator of the event and chairman of the board of the Cabo Verde Stock Exchange.
Manuel Lima, quoted by the Inforpress news agency, said that the 22 projects mentioned are from the private sector, meet the minimum requirement of 2.5 million euros of investment and were considered important for the forum.
"Despite the minimum of 2.5 million euros, I want to say that we are not excluding other projects, so that during the forum, other financing conditions will be discussed for small and medium-sized enterprises and smaller projects," said Lima , noting that in addition to purely private projects the forum will also present public-private projects.
Of the 22 projects, the majority come from the island of Sal, with seven, São Vicente presented five, Santiago four, while the islands of Boa Vista, Fogo, Maio and Santo Antão and São Nicolau each presented one a project and there is another one that is national.
Lima said that of these 22 projects submitted that 17 are from the tourism sector and have an estimated total value of 822 million euros, three are from the industrial sector and worth around 9 million euros, one is from the energy sector and costs 20 million euros and another costs around 8.7 million euros.
Under the slogan "Transforming Cabo Verde into a Middle Atlantic Platform Country", the Cabo Verde Investment Forum (CVIF19) aims, according to the government, to "accelerate investment" in the private and public financial sectors and by private investors in "implementing catalyst projects, leading to sustainable economic growth and job creation in the country." (Macauhub)

Privatisation programme in Angola covers more than 190 public companies

The Angolan government will privatise more than 190 public companies, 32 of them major national companies, through the Stock Exchange, the deputy coordinator of the privatisation technical committee of the Ministry of Finance said in Luanda.

Patrício Vilares, speaking on the sidelines of the meeting of the Economic Commission of the Council of Ministers, said that the process of privatisation of public companies is already underway and complies with the rules and criteria established by law.

"The privatisation programme is aimed at improving the productive sector, and aims to take hold of the companies that have the greatest impact on the economy and give them competitive conditions," he said.

The deputy coordinator revealed that companies from the agricultural, industrial, tourist, financial and mining sectors and from transport and telecommunications will be privatised.

The Economic Commission approved the privatisation programme, a document that identifies public or publicly-owned enterprises to be privatised in order to reduce state intervention in the economy as a direct producer of goods and services and to promote the private initiative, foreign investment and knowledge acquisition. (Macauhub)

Angolan investment agency receives 62 proposals from January to May

Angola's Private Investment and Export Promotion Agency (Aipex) received 62 investment proposals in the period from January to May, which was nine proposals fewer than those registered in the same period of 2018, the institution said.

The agency also reported that between August 2018 and May this year it received 133 private investment proposals valued at a total of US$823 million.

Of this total, 29 proposals have already been executed, with the creation of 1,690 jobs, and were mainly installed in the provinces of Luanda, Bengo, Benguela and Malanje.

The Mercado newspaper, which published the information, reported that the investment proposals came from 21 countries, in addition to other national ones and from a variety of institutions, including banks and investment funds.

For investment purposes Angola is split into four zones – from "A" to "D" – with tax breaks becoming bigger by alphabetical order depending on the intended geographical location of the project.

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" includes 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)

Morocco hopes to attract $10bn in investment to new tech city

Morocco hopes to attract investments worth $10 billion and create 100,000 jobs at a high-tech city near the northern city of Tangier, a local elected official said.

Morocco-based BMCE Bank signed a memorandum of understanding in April with state-owned China Communications Construction Co (CCCC) and its subsidiary, China Road and Bridge Corp (CRBC), to develop the city known as Tanger Tech Mohammed VI.

The deal came after the withdrawal of China's Haite group, with which BMCE and the northern regional council had expressed in 2017 the intention to build the city in 10 years.

"There were disagreements over ownership of the new city among other issues," Ilyas El Omari, head of the northern Tangier-Tetouan-Alhoceima region, told Reuters.

Morocco was still negotiating with CCCC about its ownership percentage, he said.

BMCE did not respond to requests for comment.

"Our partner is Chinese but this does not mean that the city will be Chinese," El Omari said, adding the tech city would attract investments from China and beyond.
"The number of applications by international companies to invest in the city exceeds the surface area that we have planned," he said, without giving details.
Morocco will grant tax incentives to companies operating in the automotive, aeronautical, textile, chemical, renewable energy and food industries.
The city will be built in three phases, said Omari. He declined to give a date for the completion of the first phase, which he said would cover up to 700 hectares (1,730 acres) out of 2 000 hectares (4,940 acres) in total.
Work has already begun to connect the city to road, rail and electricity infrastructure, he said, adding the tech city would benefit from its Tanger Med port.
Tanger Med launched terminals on Friday 28th June increasing its container handling capacity to 9 million, the largest in the Mediterranean Sea. (Reuters)

BANKING

Banks

African Bank moves to stem client exodus, safeguard S.African comeback

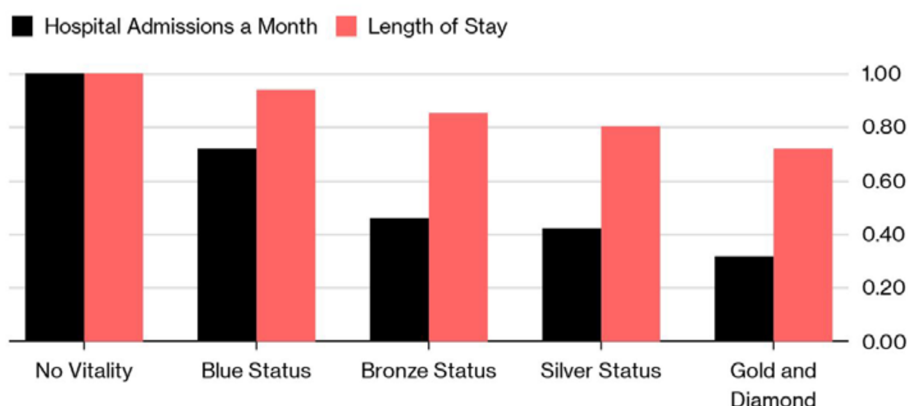
Small South African lender African Bank, rescued from failure by the central bank four years ago, plans to offer overdrafts and expand its insurance business as a drop in customer numbers threatens its turnaround strategy.
The bank is losing clients after it tightened lending criteria following its re-launch into a competitive banking sector made tougher by under-pressure consumers in a sluggish economy.
The first bank to be placed under South African Reserve Bank (SARB) curatorship in over a decade after nearly collapsing under the weight of bad loans in 2014, African Bank says it wants to make a comeback as a safer institution with a base of retail deposits and less focus on risky unsecured credit.
It has made strides towards a set of ambitious 2021 targets, but its customer numbers have fallen from 1.25 million in 2016 to 1.04 million in March, some way from its 2.5 million goal.
“That is the one we are concerned about, and I think we do have a very solid plan in terms of how we can address that,” CEO Basani Maluleke told Reuters. The bank expects the trend to reverse following the launch of its low-fee digital account in May, she said.
Next year it plans to launch an overdraft facility in a bid to make the new account, called MyWorld and which it says is already the cheapest on the market, more attractive.
MyWorld has accumulated 20,000 customers so far.
There are few overdrafts available to the bank’s low-income target market where credit card penetration is also low, Chief Finance Officer Gustav Raubenheimer said.
The bank also plans to expand its short-term insurance product beyond funeral policies and relaunch its credit card.
It hopes this will halt the loss of customers, allowing it to earn more revenue from transaction fees and other products and mine customer data for cross-selling.

MYWORLD

If it struggles, it could push a SARB exit, as well as that of its other shareholders - six of South Africa’s biggest banks - further into the future.
The SARB has said it wants African Bank to be viable and sustainable before it exits. It hived the bank off from listed parent, African Bank Investments Ltd (Abil), when the company started to fail. Abil’s share price tumbled from 28 rand to 31 cents, before trading was suspended.
African Bank retained a portion of its old loan book, which it hoped to use as a springboard for MyWorld but tighter lending criteria led it to lose some customers.

The bank should capitalise on its access to clients from its former lending book, Stuart Theobald, chairman of financial consultancy Intellidex, said. Highly competitive rates have also given it an edge in savings and investments, where it grew deposits by 119% year-on-year.
MyWorld, however, doesn't stand out against rival offerings, he said. It launched amid the arrival of an array of new, largely digital-only lenders, some of which are growing much faster and whose arrival has also forced big banks to up their game.
"The level of competition there is quite aggressive," Theobald said.
In the longer term, Maluleke said African Bank planned to establish a digital marketplace where customers could buy a wide array of products, including from third parties. But for the next 18 months, it is focusing on stemming customer losses. (By Onke Ngcuka and Emma Rumney, Reuters)

A Bank Built in 1.5 Million Hours Takes on 180-Year-Old Rivals
It took Discovery Ltd. 1.5 million man hours over four years to build a bank. When the startup opens to the public it will challenge South African lenders with histories going back to 1838, and they're ready for battle.
The insurer prides itself on its Vitality offering, a rewards program that gives its 1.9 million customers discounts for exercising or buying healthy food; a concept also being applied to banking clients who keep their finances in order. But, while Discovery Bank was getting off the ground, the likes of FirstRand Ltd.'s First National Bank and Capitec Bank Holdings Ltd. had a head start to bolster their own services and begin a price war.
Despite the complexities of linking more than 120 systems spanning Discovery's life, health, short-term insurance and money management businesses, banking customers will see a single interface where they can do most transactions in just three clicks, Discovery Chief Executive Officer Adrian Gore said in an interview in Johannesburg.
Not all of what's on offer is completely new. Customers can open an account with a selfie, something already available through FNB, and be fully subscribed within five minutes, about the time it will take to open a TymeBank account.



The company will also transfer 2.1 billion Discovery miles held by existing customers to the bank, which can be converted to e-money or spent at partner stores. FNB's eBucks loyalty program allows customers to buy goods online or get fuel discounts, although these accrue monthly, while Discovery e-money's is instant. Other banks have also sharpened their loyalty programs.
This isn't 55-year-old Gore's first rodeo since he founded Discovery in 1992 as a health-insurance administrator, and building it into the country's biggest. He has also used partnerships to export Vitality to 18 other countries, including the U.S., China, Europe, Singapore and Australia. "This is a

bank, it's a highly complex animal," he said. "We haven't felt the need to rush it." (By Roxanne Henderson, Bloomberg)

Absa concludes $500 million loan

South African lender Absa Bank, along with U.S based Bank of America Merrill Lynch and Britain's Standard Chartered Bank, have signed a $500 million syndicated loan, a statement from Absa Group said.

The loan is the first syndicated loan in which Absa has participated in over a decade. The proceeds will be used for general corporate purposes including trade related finance.

The loan was launched on May 29 to select institutions at a launch amount of $300 million which was subsequently increased to $500 million by ABSA in light of commitments received.

The bank in March reported a 1% dip in full-year headline earnings, including 3.2 billion rand ($221.77 million) costs related to its split from Britain's Barclays.

Absa also reported potential retrenchments at its retail and business banking unit as part of a planned restructuring.

"The need for this syndicated loan is to fund the growth in our U.S. dollar lending both in South Africa and our Regional Operations, in support of our group strategy," said Jason Quinn, Absa Group's financial director.

The repayment period is two years at a 1.05% interest 1.05% per annum. Absa has a one-year extension option available at the borrower's discretion.

The final group of lenders consists of 19 banks from South Africa, the United States, Britain, Germany, Japan, and the UAE. (By Naledi Mashishi, Reuters)

Angola's National Bank launches Deposit Guarantee Fund

Bank depositors in Angola will now have their deposits guaranteed with the launch in Luanda by the National Bank of Angola of the Deposit Guarantee Fund, which has an initial allocation of 13.8 billion kwanzas (US$1.767 billion), according to central bank information.

Created through presidential decree no. 195/18, the initial value for setting up the Deposit Guarantee Fund, which is expected to increase in the coming years, was established with the participation of 0.23% of the illegible deposits of all commercial banks.

The governor of the National Bank of Angola, José de Lima Massano, said at the session to launch the fund that Angola joins the approximately 100 countries in the world that already have similar funds, and also has another important instrument to build public trust in the financial sector.

The main purpose of the Angola Deposit Guarantee Fund is to guarantee the repayment of deposits, irrespective of their type, registered by natural and legal resident and non-resident persons, in national or foreign currency, made up of commercial banks authorised to collect deposits in the country, up to an individual limit of 12.5 million kwanzas, thereby covering about 85% of the depositors in the national banking system.

This process covers current accounts and savings accounts of a variety of types, housing savings, immigrant deposits and retirement savings, for example, as well as mandatory and other legally required deposits.

"The existence of a deposit guarantee fund provides depositors with confidence in the scope and coverage of their deposits, promotes public confidence in the financial sector, and provides countries with an orderly process to deal with bank bankruptcies," said the governor of the Angolan central bank. (Macauhub)

Angola National Bank validates micro-credit management app

The National Bank of Angola (BNA) validated an applicative for real-time micro-credit management lines (eMICRED) created by a local firm Tsofts.

The eMICRED, which has been created meet the demand of the people, who buy expensive software of this kind abroad, enables to make credit simulations and analysis of viability and risks

management. Operating since 2010, Tsoft firm is also developing an accounting programme that fits in eMICRED software, which is expected to be exported to Mozambique. The firm has already created several progammes such as for unemployment, urban and sale management and software for health sector. (Angop)

Why Africa's Biggest Fund Manager Is Under Fire

The Public Investment Corp. is the behemoth of Africa's fund managers, overseeing $150 billion in pension assets for more than 1 million South African state workers. While the PIC, as it's widely known, was long heralded for delivering market-beating returns, its reputation has been scarred by accusations that it made questionable investment decisions and didn't follow proper procedures. An official inquiry into how the fund manager is run has starkly highlighted its management shortcomings.

1. Why is the PIC so important?

It's Africa's largest fund manager, with the assets under its control equating to about 10% of the total market value of all companies trading on Johannesburg's stock exchange. Its investment decisions can thus have major repercussions for financial markets and can determine whether companies fly or fail. Also, the government guarantees state workers' pensions, meaning that Pretoria -- and by extension taxpayers -- would be on the hook should the PIC make insufficient returns to cover required payouts.

2. What triggered the investigation?

An anonymous whistle-blower made allegations of financial wrongdoing at the fund manager about two years ago, and others surfaced in subsequent media reports. Private fund managers also questioned its decision-making processes and the wisdom and valuation of some of its investments. President Cyril Ramaphosa ordered the inquiry in October last year, one of several he's instituted to probe alleged graft since taking office 16 months ago after the ruling party forced an end to Jacob Zuma's scandal-marred nine-year rule.

3. Who's been implicated?

A number of top staff, most notably Daniel Matjila, who served as chief executive officer for four years before quitting in November last year and Chief Financial Officer Matshepo More, who was put on precautionary suspension in March after she was accused of interfering with the commission's work. The head of listed investments, Fidelis Madavo, was suspended in January. They all deny wrongdoing. In February, almost the entire board, including Mondli Gungubele, the PIC's chairman and South Africa's then-deputy finance minister, tendered their resignations after the money manager ordered a forensic probe into allegations that More and two non-executive directors had acted inappropriately. They've remained in their posts while Finance Minister Tito Mboweni decides on their replacements.

4. What has the probe found so far?

Witnesses have told the commission how processes were routinely flouted, polices were breached and questionable investments were made by senior managers. They included the purchase of bonds issued by cash-strapped state power producer Eskom Holdings SOC Ltd. and a stake in Ayo Technology Solutions Ltd. that valued the little-known technology company at 50 times what its assets were estimated to be worth. There's been no conclusive evidence that PIC officials directly benefited from their actions, although several of them were alleged to have been closely linked to executives at companies in which the PIC bought stakes. They include Matjila, who allegedly played a key role in approving the Ayo deal and was friends with media tycoon Iqbal Surve, who controlled the company. Surve testified that Ayo was a viable investment and denied they had a personal relationship.

5. Where is this going?

The commission has until July 31 to submit its final report to Ramaphosa. It will rule on whether any laws, PIC policies or contractual obligations were breached and whether any director, employee or their family members unduly benefited. It also has the mandate to make recommendations on

how the governance and structure of the PIC can be improved. It will be up to the police and National Prosecuting Authority to charge anyone who engaged in criminal conduct. Meanwhile, a law that aims to improve oversight of the PIC and ensure it becomes more transparent has been approved by lawmakers and is awaiting Ramaphosa's sign-off. (By Janice Kew, Bloomberg)

Angola Plans to Continue Wealth Fund After $2 Billion Withdrawal

Angola's sovereign wealth fund may have to continue running with fewer funds than its initial $5 billion capital after the southern African nation withdrew $2 billion to invest in infrastructure projects, President Joao Lourenco said.

"The majority of countries that have sovereign wealth funds started with less funds than we did," President Joao Lourenco said in an interview with broadcaster Televisao Publica de Angola on June 28. "We can very well have a fund with less than $5 billion in value."

On June 27, the country said it would use $2 billion from the fund to build or finish infrastructure projects including classrooms, medical equipment and road improvements. Taking $2 billion from the fund, known as Fundo Soberano de Angola, "will not finish" it, Lourenco said. The country doesn't have any other options to to fund the infrastructure investments without incurring further debt, the president said. (By Candido Mendes, Bloomberg)

Markets

China remains Mozambique's largest creditor in 2018

In 2018 for the sixth consecutive year China remained the country that granted the most credit to Mozambique, which increased US$400 million to US$2.2 billion this year, according to the State General Account. The document, which was approved at a Council of Ministers meeting in Maputo, showed that the increase in debt was due to disbursements to finance the construction of the Maputo-Catembe Bridge, the Catembe/Bela Vista/Ponta do Ouro road and the repair of the Beira-Machipanda road as well as the pier of the Beira fishing port. Cited by daily newspaper A Verdade, the State General Account showed that Portugal came second in the list of Mozambique's creditors of Mozambique, with US$611 million at the end of 2018.

Mozambique's debt to Japan amounted to US$300 million with the funding made available last year for a Combined Cycle Gas Plant in Maputo. Other Mozambican creditors, the newspaper said, were Libya, to which Mozambique owed US$257 million and South Korea, with US$243 million. (Macauhub)

To Spur the Economy, Nigeria Orders Banks to Loan More Money

- Central bank says lenders must have ratio of at least 60%
- Measures are designed to 'ramp up growth' of the economy

Nigeria's central bank set a minimum loan-to-deposit ratio for commercial banks as it seeks to spur lending to stimulate the economy.

All lenders will be required to have a ratio of at least 60% by the end of September, the Central Bank of Nigeria said in a letter to banks, dated July 3, and seen by Bloomberg. Banks that fail to meet the threshold will have their cash reserve requirements, or the amount of money they have to keep at the central bank, increased, according to the circular.

The decision was taken "to ramp up growth of the Nigerian economy through investment in the real sector," Ahmad Abdullahi, director of banking supervision, said in the letter. "To encourage lending to small businesses and consumers and more mortgages, these sectors shall be assigned a weight of 150% in computing the LDR." Isaac Okorafor, a spokesman for the central bank, confirmed the authenticity of the circular.

Bond Limits

The order comes after Governor Godwin Emefiele urged banks to boost lending or have access to risk-free assets restricted. Speaking at the most recent Monetary Policy Committee meeting in May, he said he would "provide a mechanism" to limit banks' purchases of government securities.

Lenders have long piled into naira bonds, which yield 14.3% on average, one of the highest rates globally. Lenders argue that with inflation running at more than 11%, extending more credit to businesses and individuals carries high risks and could endanger the financial system.
Nigeria's economy, still recovering from the 2014 crash in oil prices, grew 2% year-on-year in the first quarter. (By Paul Wallace, Bloomberg)

ENERGY

World Bank finances power generation and transmission capacity in Mozambique

The World Bank has approved donations and guarantees in the amount of US$420 million to help Mozambique strengthen domestic and regional power transmission capacity and increase production capacity through private sector investment, according to a statement released in Washington.
The Temane Regional Electricity Project (TREP), which also has a US$24 million funding from the Norwegian Sovereign Fund, is an integrated operation involving both public and private investments, including the construction of a high voltage transmission line over 563 kilometres between Maputo and Vilanculos/Temane and a 400-megawatt combined cycle plant in Temane.
"Together, they will strengthen production capacity and transmission capacity in both Mozambique and Southern Africa," the statement added, noting that the project would allow private investment in energy production estimated at US$750 million.
TREP is part of the "backbone" of Mozambique, which was designed to integrate the separate energy systems of the north, centre and south of the country and strengthen the regional link to the Southern African Power Pool (SAPP).
The Temane Regional Electricity Project includes two other operations of the International Development Agency, currently under execution in Mozambique under a US$230 million financing package, to improve the reliability and efficiency of the existing electricity system, introduce reforms in the state Electricity from Mozambique and expand access to electricity. (Macauhub)

China funds wind farm construction in Mozambique

The China Energy Investment company will build a wind farm in the Manhiça district of Maputo province with capacity to produce more than 100 megawatts of electricity, according to Mozambican news agency AIM.
With US$120 million in funding from the Chinese government the plant may be completed in 2022.
According to Maputo province government spokeswoman Olga Manjate, the wind farm will be installed in Calanga, near the coast, at an altitude of 50 to 80 metres.
Manjate recalled that Calanga is a coastal wind farm and the choice of location was due to its geographical location, which offers favourable conditions for the construction and implementation of the project.
The project includes the installation of 30 wind turbines of two megawatts each, a 110-kilowatt (KW) substation and a line with the same capacity to access the 275 KW Zimbene substation located in the district of Bilene, in the southern province of Gaza.
The project also includes the construction of a 45-kilometre 110-kilowatt line linked to the Zimbene line, to initially meet demand for 60 kilowatts of electricity.
In an initial phase, the construction of the plant will employ almost 400 workers and in the operational phase it will have only 50 workers, namely technicians and support staff. (Macauhub)

China funds urban renewal in the capital of São Tomé and Príncipe

The urban renewal of the city of São Tomé will be the subject of a study funded by China under one of two cooperation agreements recently signed in Beijing during a visit to China by the Minister of Foreign Affairs, Cooperation and Communities of São Tomé and Príncipe, Elsa Pinto, the local press reported.

The second cooperation agreement concerns a donation of 200 million yuan (about US$30 million) "for the execution of projects in the pipeline," said Minister Elsa Pinto.
Cited by STP Press, the Minister for Foreign Affairs, Cooperation and Communities said that it was possible to "secure budget support of US$8 million that has already been unblocked, carry out preparatory studies on the construction of a second phase of social housing which increased the number of houses from 60 to 200 and the implementation of the airport extension project planned for this year."
Pinto spoke about a Chinese proposal to support a fishing port project, taking into account the maritime potential of the archipelago, as well as China's willingness to promote cultural cooperation, especially through the Confucius Institute, including exchanges in the fields of art and sport, among others.
During the visit from 20 to 26 June, accompanied by some members of her office and São Tomé's ambassador to China, Isabel Domingos, Minister Elsa Pinto also met with students from São Tome studying in China. (Macauhub)

Zambia, Zimbabwe to start building Batoka power plant next year
Zambia and Zimbabwe will start building the 2,400 MW Batoka Gorge hydro power plant next year, a company jointly owned by the two governments said.
The Batoka project involves construction of a dam, powerhouses, roads, transmission infrastructure and houses in both Zambia and Zimbabwe, the Zambezi River Authority (ZRA) said in a statement.
Feasibility studies are almost complete and a developer for the project is expected to be engaged by the end of this year, it said.
"Once engaged, the developer is expected to commence works in the last quarter of 2020," the statement said.
In February, ZRA short-listed U.S, European and Chinese companies to build the Batoka Gorge hydro power plant, Zambia's ministry of finance said in statement.
Those short-listed are a consortium of General Electric and Power Construction Corporation of China, Salini Impregilo of Italy and a joint venture of Chinese firms Three Gorges Corporation, China International and Water Electric Corporation and China Gezhouba Group Company Ltd.
The project will use a Build-Operate-Transfer financing model and place no fiscal strain on either government as no sovereign guarantees will be required. (By Chris Mfula, Reuters)

INFRASTRUCTURE

IMPA leader suggests abandoning construction of the port of Barra do Dande in Angola
The construction of the port of Barra do Dande should be reviewed, said the director general of the Maritime and Port Institute of Angola (IMPA) in the city of Soyo.
As an alternative Nazareth Neto called for improving the existing six ports in the country – Luanda, Namibe, Cabinda, Lobito, Soyo and Porto Amboim.
Speaking on the sidelines of the Technical Meeting of the Merchant Navy and Ports Subsector held in that city of the province of Zaire, the Director General of the IMPA stressed that it was more logical to proceed initially with improving conditions in existing ports,and later, judge whether there is a need to build others. "The economic crisis has led to a drastic reduction of movement in the national ports, so any investment in the sector must be careful, otherwise the desired return will not be achieved," said Neto, quoted by the Jornal de Angola newspaper.
The director of the IMPA also referred to the project of the deep-water port in Caio Litoral, Cabinda, noting that its construction will be carried out in phases and that it will rely on its own activity for reinvestment, and gave assurances that the work will continue.
Neto pointed out that the future port, besides facilitating the transport of goods to northern Angola, could benefit neighbouring countries such as Congo Brazzaville and the Democratic Republic of Congo. (Macauhub)

Grinrod has invested 100 million dollars in Mozambique

The South African logistics company Grindrod says it has invested 100 million US dollars in Mozambique since the start of its activities in the country almost two decades ago.

Company representative Walter Grindrod, speaking during the inauguration of the graphite logistics complex in the northern port of Nacala, said this investment was made in installations, services and human resources.

Grindrod owns the logistics complex, which is charged with transporting graphite mined in Balama, in the neighbouring province of Cabo Delgado, to Nacala for export.

Twigg Exploration and Mining Ltd (TEML), a wholly owned subsidiary of the Australian company Syrah Resources is operating the Balama mine and awarded the logistics and distribution services to Grindrod.

The Grindrod operation involves the long distance transport of graphite in sacks of a tonne from Balama to the Cross-Dock installation of Grindrod in Nacala, a distance of 495 kilometres. This includes packing the graphite into containers, storage and customs export procedures.

Walter Grindrod said that in Mozambique his company has provided jobs for 750 people and intends to continue working to create other opportunities to connect the country to the rest of the world. “We want a long and prosperous relationship with Mozambique”, he said. He said the company had invested about 24 million dollars in the Nacala graphite logistics complex, which has created 350 jobs. “We are also proud that that we can work with local businesses and transporters and the local government”, he continued. “We want to help empower communities and thus contribute to the long term growth of the Mozambican economy”. He explained that to transport the graphite from the mine to the port, Grindrod invested in a fleet of 50 trucks, and set up a packaging areas of 10,000 square metres, and a storage zone in the port than can hold 3,500 containers.

During implantation of the complex, Grindrod enjoyed “excellent cooperation” with the Mozambican authorities, Walter Grindrod said, which “inspires the confidence necessary to invest in these projects”. (Club of Mozambique)

MINING

Future Angolan National Solid Mineral Resources Agency will be the sector concessionaire

The Angolan National Solid Mineral Resources Agency will play the role of concessionaire of the sector, which is currently carried out by public companies, the Secretary of State for Geology and Mines said in Luanda. Jânio Corrêa Victor also said that a commission involving the Ministries of Mineral Resources and Oil, and Finance “is working on creating the conditions for the agency to start operating in 2020.” The Secretary of State, who made statements regarding the first edition of Forum Angola Mining, an event organised by Bumbar Mining and the Angolan Order of Engineers, said that soon some public companies in the mining sector will be privatised to reduce the weight of the state. He also said that national diamond cutting and polishing company Endiama, in its capacity as a concessionaire of the diamond sub-sector, is being resized, by cleaning up non-profitable companies to improve performance. Corrêa Victor recalled that Angola will host an international mining conference next November, to discuss the future strategy of the sector. (Macauhub)

Triton Minerals receives $19.5m injection from Chinese state-owned Jinan Hi-Tech 28-06-19

Advanced graphite explorer Triton Minerals (ASX: TON) has received a significant cash boost in the form of a proposed $19.5 million investment from Jinan Hi-Tech, a major state-owned enterprise in China.

Jinan conducted a significant period of due diligence before committing to the deal but must wait for the deal to be approved by Triton shareholders – as well as Australian and Chinese regulators – before it can be finalised.

The terms of the deal stipulate that Jinan will pay $8.5 million for 207.3 million fully paid ordinary shares at $0.041 each, in the form of a “strategic placement” and will acquire Shandong Tianye

Mining's (STM) 19.3% shareholding in Triton for a total consideration of A$11 million, or $0.062 per share. In addition to its 34% investment in Triton, Jinan has also agreed to provide financing support for the EPC package debt funding and has already undertaken significant work with the Chinese banks on this financing.

Triton Minerals will use the placement funds to begin early construction activities at its Ancuabe graphite project in Mozambique.

Triton said it expects this funding to be provided on attractive terms and intends to make progress "as soon as practical".

According to Triton, funds raised from the strategic placement will be used to commence "early construction activities, detailed engineering and placement of long lead time orders for the project".

As and when the deal is completed, Jinan's shareholding in Triton will rise to 34%, thereby triggering a meeting of Triton shareholders to vote on the strategic placement.

To better position its shareholders into making an objective decision, Triton will also publish an independent expert report that will delve into whether independent experts consider the proposed deal to be fair and reasonable, and in the best interests of Triton shareholders.

Ancuabe potential

The Ancuabe project is in the proven graphite region of Cabo Delgado in north-eastern Mozambique.

Ancuabe is adjacent to the producing AMG Graphit Kropfmuhl (GK) graphite mine and has proven resources locked up within it.

A Definitive Feasibility Study (DFS) completed in 2017 confirmed Ancuabe is a high quality, long life, high margin graphite project and was underpinned by a maiden JORC compliant ore reserve of 24.9 million tonnes at 6.2% total graphitic carbon that supported a 27 year operation.

The broader region is considered to have the highest concentration of high-grade jumbo flake graphite in the world which has attracted a cavalry of both junior explorers and mature miners into the region over the past decade. "The board welcomes the investment of Jinan in Triton and its commitment to provide both technical and commercial support for the building of the Ancuabe graphite project," said Peter Canterbury, managing director of Triton Minerals.

Mr Canterbury added that "through this agreement, we have now secured the cornerstone equity component of the development funding with a commitment to finalise the debt funding for the Ancuabe graphite project, which we will look to finalise as soon as possible."

Triton's managing director also explained that progressing the Ancuabe project would be an important step towards supplying the flame-retardant building industry, currently undergoing growing interest given the increased focus on improving building construction methods.

One of the most high-profile reminders of the importance of suitable flame retardation in building materials was the Grenfell Tower fire – an incident which claimed the lives of 72 people in London back in 2017.
Following the fire, the UK's Department for Communities and Local Government released results of fire safety testing on the cladding panels used at Grenfell Tower, carried out by the Building Research Establishment.
Investigators conferred the building's polyethylene filling a category three rating, while also stating that the tower block had a "total lack of flame retardant properties". Shares in Triton soared 20% to reach $0.06 before midday. (Club of Mozambique)

New coal deposit found in Mozambique
A coal deposit of about 30 to 40 million tonnes has been discovered in the Mutarara district of Tete province in Mozambique, said the provincial director of Mineral Resources and Energy, quoted by Rádio Moçambique. Grácio Gune said the discovery was the result of a survey conducted in that district and added that the deposit could have a lifespan of 15 to 20 years, with annual extraction of about 2 million tonnes of coal. The provincial director, who gave no further details, said that more research had been done in the districts of Maravia and Zumbo. The province of Tete contains some of the world's largest coal deposits, and one of them has been mined for a number of years by Brazilian mining group Vale. (Macauhub)

OIL & GAS

Mozambican oil company ENH expected to secure funding for natural gas project
Mozambique's state-owned oil and gas company ENH is expected to secure funding to ensure that it participates in the natural gas projects in the Rovuma basin, the Economist Intelligence Unit (EIU) reported.
The Area 1 project, led by US group Anadarko Petroleum Corporation, requires each partner to raise the necessary funds to guarantee its participation, and in the case of ENH, which holds 15% of the consortium, this total US$2 billion.
The EIU said that the state-owned company should have no difficulty in raising that sum of money, despite all the problems related to debts taken on by public companies with State guarantees whose interest was never paid or the capital paid down.
The most recent EIU report on Mozambique recalls that the Area 1 project is financially sound, involves credible foreign companies, the process is transparent and has been approved by the country's parliament, which was not the case with the issuance of Eurobonds and the two loans contracted by three public companies in the so-called hidden debt scandal.
The start of exploration of natural gas deposits, whose final investment decision for the Area 1 block was announced on 18 June, will play an important role in the growth of the country's Gross Domestic Product (GDP), which the EIU projects will reach 7.5% in 2023.
This year Mozambique's economy is expected to contract by 2.2% and return to growth in 2020, with rates of 2.7% and 5.6% in 2021 and 2022.
The EIU nevertheless recalls that supply currently exceeds demand in the world natural gas market, although the final investment decision of the Area 1 block was taken after the consortium had secured long-term supply contracts of 11.18 million tonnes of natural gas per year, specifically in the Asian markets.
The economic contraction expected for this year stems from large-scale damage to infrastructure, buildings, ports and agricultural fields caused by Cyclones Idai and Kenneth. (Macauhub)

ANPG signs agreement with partners
A cooperation protocol providing for study and technical assessment of block 34 located in offshore low Congo basin in Angola, was signed Monday 24th June in Luanda.

Signed the deal: National Agency for Oil, Gas and Biofuels (ANGP), and the partners Cabinda Gulf Oil Company Limited and State oil firm (Sonangol).
The agreement allows the signatories to assess the geological, geophysical and petro physical data.
The parties are also expected to jointly evaluate the technical information for further future exploration in the block.
The Chevron's General Manager in Angola, Derek Magness, highlighted the importance of the study.
According to him, the initiative boosts their long-term commitment to the sustainable development of the oil sector in Angola and represents their first interest in a block located in the Low Congo basin.
ANGP CEO, Paulino Jerónimo, described the deal as an evidence of the strong partnership between Angola and Chevron and the commitment to work together to better understand the country's potential of oil exploration.
In turn, Sonangol CEO, Gaspar Martins, stressed the importance of working together toward diversifying and increasing oil output goal in Angola." (Angop)

TELECOM – TECHNOLOGY

Vodacom reaches deal with Congo over 2G licence

Vodacom Group has reached an agreement with the Congolese government to end a standoff over the suspension of its 2G telecoms licence, the telecommunications ministry said.
The ministry suspended the licence in April, saying Vodacom Congo had not followed correct procedure when it paid $16 million to renew it in 2015.
The company has been negotiating with the authorities after losing the chance to challenge the suspension for three months as a result of a court ruling on Monday 17th June. "An agreement has been reached. Vodacom has committed to comply with the demands of the state," said John Aluku, chief of staff to the telecommunications minister. He declined to give further details. The ministry has previously said that the cost of renewing the licence was $65 million.
Vodacom declined immediate comment. An internal email, seen by Reuters, announced to staff that an agreement had been reached, but did not mention the terms of the deal. South Africa's Vodacom Group holds a 51% stake in Vodacom Congo. The suspension has not affected Vodacom Congo's 3G or 4G licences in Congo. It is not clear how many of its 12 million customers only have access to 2G coverage. (By Stanis Bujakera and Fiston Mahamba, Reuters)

Google to build Europe–Africa subsea cable

Google's third private subsea cable, Equiano, will connect South Africa to Portugal, branching out across the west coast of Africa.
Named for the Nigerian-born writer and abolitionist who was enslaved as a boy, **Olaudah Equiano**, the Europe-to-Africa cable is Google's fourteenth subsea investment globally and the third private international cable after Dunant and Curie.
Alcatel Submarine Networks was contracted in the fourth quarter of 2018 to build the cable, which will start in western Europe and run along the west coast of Africa between Portugal and South Africa, with a landing in Nigeria.
This first phase is expected to be completed in 2021.
Equiano will also comprise nine additional branching units along the way that can be used to extend connectivity to other African countries.
This new cable, fully funded by Google, is based on space-division multiplexing (SDM) technology, which unlocks about 20 times more network capacity than the last cable built to serve the region, the company says.
SDM increases cable capacity in a cost-effective manner, with 12 fibre pairs – compared with the six to eight traditionally used in subsea cables – and power-optimised repeater designs.

The 6 400-km-long Dunant, which will connect the US and France when completed in 2020, is the first subsea cable to use SDM technology.
Equiano will also be the first subsea cable to incorporate optical switching at the fibre-pair level, rather than the traditional approach of wavelength-level switching, which will simplify the allocation of cable capacity, giving Google the flexibility to add and reallocate capacity in different locations as needed.
"[As] Equiano is fully funded by Google, we are able to expedite our construction timeline and optimise the number of negotiating parties," the company says.
Google reported $47-billion in capital expenditure between 2016 and 2018, which included investments to improve its global infrastructure.
Google has invested in several consortium subsea cables, including Havfrue and the Hong Kong-Guam Cable system (HK-G), as well as Curie, becoming the first major nontelecommunications company to build a private intercontinental cable.
Havfrue is a consortium cable connecting the US to Denmark and Ireland, while HK-G is a consortium cable interconnecting major subsea communication hubs in Asia.
The company's private subsea cables all carry the names of historical luminaries.
The Curie subsea cable, a private cable connecting Chile to Los Angeles, was named for renowned scientist **Marie Curie**, while Dunant was named for Red Cross founder and the first Nobel Peace Prize winner **Henri Dunant.**
"We are excited to bring Equiano online and look forward to working with licensed partners to bring Equiano's capacity to even more countries across the African continent." (By Natasha Odendaal, Engineering News)

AGRIBUSINESS

South African group leaves Mafambisse sugar plant in Mozambique

South African group Tongaat Hulett has verbally communicated to workers at the Mafambisse sugar plant and to the Mozambican government that it will abandon activity in the region, said the unit's union representative. Mozambican newspaper A Verdade reported that more than 3,000 permanent jobs and thousands of other seasonal jobs in the Mafambisse sugar plant will be lost following this closure, as a result of the group's financial problems in South Africa, where it has bank debt of about 11 billion rands (US$767 million). The secretary of the Açucareira de Mafambisse plant union committee told the newspaper that the company's management had only had the sugar cane cut for processing at the plant and had even stopped watering the plantation.
The group's management informed shareholders at the end of May that the audited report and accounts for the 2018 financial year had to be "reviewed" as it did not reflect the financial situation correctly.
The South African financial press reported that Tongaat Hulett shares fell from 173 rands in 2015 to 53.17 rands in early 2019 and were priced at 13.50 rand before being suspended from the Johannesburg Stock Exchange and the secondary market of the London Stock Exchange, in the United Kingdom. The group holds an 85% interest in Açucareira de Mafambisse and 88% in Açucareira de Xinavane, both in Mozambique.
The Mafambisse unit, originally built in 1965 and recovered in the late 1980s at a cost of about US$50 million, is located near the Pungwe River in the Dondo district of Sofala province.
The Tongaat Hulett group began managing the sugar plant in 1996, and two years later acquired a 75% stake owned by the Mozambican state and in 2008 increased that stake to 85%. (Macauhub)

Angola launches international tender to privatise farming estates

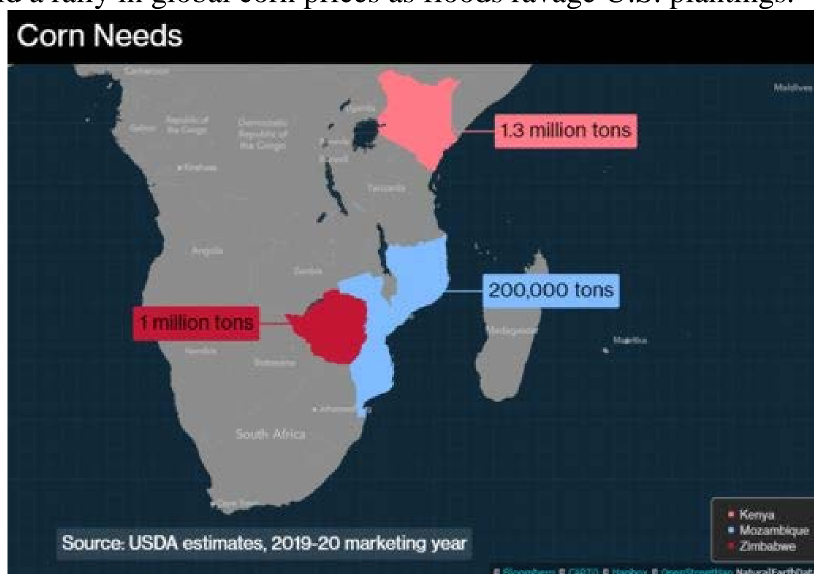
The State Management and Participation Institute (IGAPE) of Angola has launched an international tender for the privatisation of four farms in July.

The Longa farm and the Cuimba agro-industrial farm, as well as the Camaiangala and Sanza Pombo Agricultural Development Projects, located in the provinces of Kwando Kubango, Zaire, Moxico and Uíge, respectively, will be the first in a broader package of privatisations.
The head of the privatisation department of the State Assets and Assets Management Institute (IGAPE), Ana Paulo, said that the reference prices of these are between US$22 and US$35 million.
The Angolan state could raise about US$110 million with the privatisation of the four estates.
Engineer Carlos Paim of the Angolan Ministry of Agriculture and Forestry said that all the farms are currently at a standstill, despite having previously been in operation, with the capacity to restart their activity immediately while the bidding process is underway.
In a second phase, 17 other companies involving industrial and modular slaughterhouses, tomato concentrate factories and cold stores in different regions of Angola will be put up for tender.
IGAPE noted that the 17 companies include the industrial slaughterhouses in Camabatela, Porto Amboim and modular slaughterhouses in Luanda and Malanje, the tomato concentrate factories in Caxito, Dombe Grande (where a cold store will also be privatised) and Namibe, as well as silo complexes in the agricultural regions of Caconda, Caála, Catabola, Catete and Ganda.
Together, these units total 43,284 hectares, 18,384.8 of them of productive area, 1,200 hectares of irrigated area, and 52 premises, along with 152 kilometres of roads. (Macauhub)

Extreme Weather Is Shaking Up Africa's Corn Trade

- Coarse grain imports seen at 3-year high in sub-Saharan Africa
- Some local harvests were damaged by storms and drought

At least three African nations will need to import more corn this year after extreme weather from cyclones to drought devastated crops, sparking some unusual trade flows.
Corn is a staple grain across much of sub-Saharan Africa, where it's milled and cooked with water to form a porridge or stiff dough. Zimbabwe, Mozambique and Kenya are all expected to see imports surge this season to offset dwindling harvests. That may spur neighboring Tanzania to export a record amount, and some grain may also be sourced outside the continent.
Consumers in sub-Saharan Africa generally eat white corn, while the yellow variety that's more commonly traded globally is used for animal feed. That, combined with bans on genetically modified crops in many African countries, can make international purchases difficult, and the imports come amid a rally in global corn prices as floods ravage U.S. plantings.



Zimbabwe may buy 1 million tons of corn, an increase of 10-fold from the previous marketing year, according to the U.S. Department of Agriculture. The country has already said it's preparing to invite bidders to supply 750,000 tons. Purchases by Mozambique, which was hit by both cyclones and dry weather, are seen at a 14-year high. In East Africa, Kenya may require imports of as much as 1.3 million tons after a drought.

Tanzania, geographically in the middle of the three, may help to ease the shortage. The nation said it's received a formal request from Kenya to supply 1 million tons and also aims to sell 700,000 tons to Zimbabwe. If realized, that would be more than triple the amount of grain the nation has ever exported in a season, according to USDA records.
"Most of this shortfall could be covered by a shift in regional and continental trade flows," said Alessandro Costantino, an East Africa economist for the United Nations' Food & Agriculture Organization in Rome. Kenya should have finances to import from abroad if supply from the region isn't enough, he said.

Corn Demand

Imports of coarse grain in sub-Saharan Africa may reach 4.8 million tons in the year that begins in October, according to the USDA. Though that's a small fraction of global trade, it marks the region's highest demand in three years.
Outside of Africa, Mexico is one of the sole nations with large supplies of white corn, said Wandile Sihlobo, chief economist at South Africa's Agricultural Business Chamber. The country's exports are forecast to nearly double in the 2019-20 season.

South Africa, traditionally Africa's top corn producer, is forecast to have a corn surplus of about 1.1 million tons, Sihlobo said by email. Not all of that is white maize and the figure is much lower than the prior season. The country is likely to sell its extra corn to neighbors Botswana, eSwatini, Namibia and Lesotho, Sihlobo said.
Tanzania may not have enough grain to fully supply 700,000 tons to Zimbabwe, and the nation may buy some from Mexico, according to USDA's Foreign Agricultural Service. Still, Tanzania's government has said it has a large surplus of corn that it can sell to regional markets.
"If what Tanzania promises materializes, it will be of great help to the southern and eastern Africa region," Sihlobo said. "It's really a wait-and-see situation."
Aside from corn, the region's consumption of wheat and rice has also been climbing. Consumer preferences are shifting, and imports may gain further amid the drought, Gerald Masila, executive director of the Nairobi-based Eastern Africa Grain Council, said in an interview at the International Grains Council conference in London. (By Felix Njini and Megan Durisin, Bloomberg)

Major increases in yields from genetically modified maize

Maize production could increase by up to 50 per cent with the use of genetically modified seeds, according to a study held by Mozambique's Agricultural Research Institute (IIAM).
Maize is one of the most important crops in Mozambique, but farmers growing maize have been faced with drought in the southern provinces, and insect pests throughout the country. The use of genetically modified seeds, however, can lead to greater tolerance to dry conditions, and resistance to pests, according to Pedro Fato, the IIAM's lead researcher on the study.

Announcing the results of the study in Maputo, Fato said that the tests, held over two years in closed environments in the southern province of Gaza, showed that, in conditions of drought, the genetically modified seeds could raise maize yields dramatically.
“The study showed great potential for producing drought tolerant maize, which is also resistant to the pests which compromise agricultural production”, he said. The purpose of the study “was to test genetically modified maize, and try to mitigate the problems of climate change and of pests that the country and the region are facing”.
The maize grown from the modified seeds would be twice more productive under dry conditions than normal maize. As for protection from insect pests, the genetically modified maize proved to produce 10 to 12 per cent more than unmodified maize exposed to the same pests.
This phase was only the first part of the research, said Fato, and had been done under conditions of quarantine. The second phase will take place in open conditions, where the genetically modified plants are in normal contact with the environment, marking the start of the use of genetically modified seeds in Mozambican maize production.
Fato insisted that this will be perfectly safe, since the genetically modified seeds do not present any risk to human or animal life, or to the environment. He said there is no scientific evidence that genetically modified organisms (GMOs) pose any threat.
“In terms of bio-safety, any study involving GMOs is accompanied with a strong study of security measures, and from the work we have done so far, we have not discovered any risk for human beings”, added Fato.
As for producing the modified seeds in Mozambique, Fato explained that the studies show that the techniques can be developed on a national scale, and in principle any farmer can use them.
“When the seed becomes available, any producer can have access to it, and produce genetically modified maize in any corner of the country”, he said.
For his part, the Permanent Secretary in the Ministry of Science and Technology, Celso Laice, said that publicising the results of activities involving GMOs is one of the aspects covered by the regulations on biosecurity approved in a government decree of November 2014.
The Ministry was involved in all phases of the study, said Laice, since it represents the National Biosecurity Authority, with the task “of ensuring that activities involving GMOs are undertaken in a safe and responsible manner”.
He said Mozambique expects that the representatives of the African Network of Biosecurity Specialists, who were present at the IIAM announcement, will share with the country other experiences with GMOs in Africa, including cases both of success and of failure, and the best practices to adopt. (Club of Mozambique)

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Disclosures

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

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

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