

PENRESA FOCUS ON MOZAMBIQUE

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## Mozambique A New Era For Sustainable Development



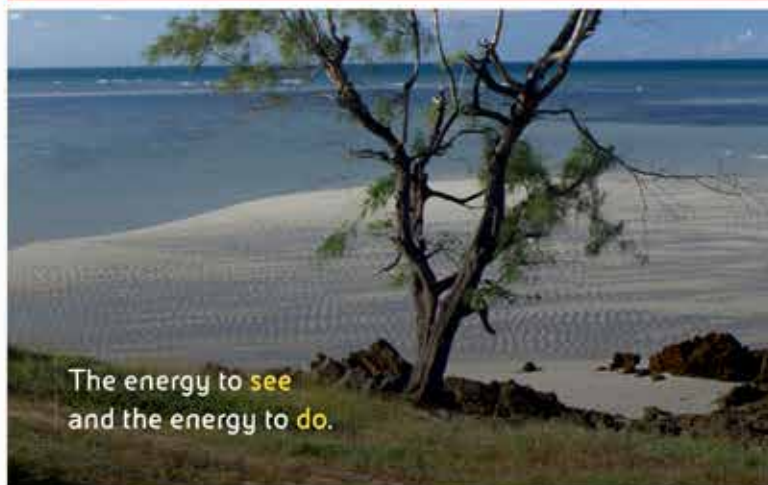
H.E. Filipe Nyusi  
Adriano Afonso Maleiane  
Carlos A. Fortes Mesquita  
Rogério Lucas Zandamela





## Coral Sul FLNG: a game-changer for Mozambique

Eni and its Area 4 Partners are investing in the first LNG project in Mozambique and the first newly-built FLNG in Africa to unlock the country's huge gas reserves. Today, with the turret, the hull and the topside modules already in full speed construction, the Eni-led Coral South Project is on track to start production in 2022 and actively contribute to the growth of the economy of Mozambique.



The energy to **see**  
and the energy to **do**.







# A Bright Future On The Horizon

*“Today we have come to say, Mozambique is back as a country of prosperous economy. We intend to consolidate Mozambique’s position as a safe and strategic destiny of foreign investment in southern Africa.”*

H.E. Filipe Nyusi, President of Mozambique



One of South Africa’s top five African trading partners, Mozambique, has been one of the ‘fastest-growing economies’ on the continent for the last 25 years. With peace re-established, the country’s macroeconomic stability is secure and Mozambique’s world-class endowments are creating attractive destinations for investment. Within the first half of 2018, Mozambique’s economy grew at a rate of 3.2% with the government forecasting economic growth of 4.7% in 2019. “This was possible thanks to the commitment of Mozambicans towards production, as well as the monetary policy measures taken by the Bank of Mozambique,” claims President Nyusi. Measured in Meticals, the local currency, economic research firm BMI forecasts that the Mozambique economy will grow on average 6.6% per annum over the next ten years. “Due to monetary and fiscal measures, we are delighted to share that economic activity has improved and its performance is increasingly more diversified,” states Rogério Lucas Zandamela, Governor of

the Bank of Mozambique. With the inflation rate dropping drastically, around 5% in the last eight months and recovered foreign exchange reserves, the country’s economic prospects a positive outlook. Minister of Transport and Communications, Hon. Mesquita explains: “The various projects underway in the country have triggered a number of investment opportunities in areas such as agricultural production and marketing, infrastructure construction, logistics, professional training, consultancy and new information and communication technologies, among other opportunities.”

The UN Secretary-General has recently commended Mozambican President H.E. Filipe Jacinto Nyusi, on taking the next steps towards sustainable peace. The President has recently declared: “We shall continue to empower tolerance and abandon selfishness, by placing national interests above personal interests.” Additionally, The World Bank approved an International Development Association (IDA) US\$150 million grant in support of ►►

H.E. Filipe Nyusi,  
President of Mozambique



►► Mozambique's energy sector, another example of a strong and positive future outlook. "Mozambique has gone through a particular growth path," states Omar Mithá, Chairman and CEO of ENH. "We are now in peace. We transformed from a planned economy with all the migraines of privatisation, depreciation of the currency and opening the banking sector for private investors. So, we have gone a long way with macroeconomic structural programmes and the future is bright."

tonnes, most of which is high quality coking coal. In recent years, the government of Mozambique has made concerted efforts to enhance the country's business environment and thus attract trade and investment, particularly into the mining sector. Current mining legislation aims to ensure greater competitiveness and transparency, defining clear obligations and protecting national interests, while also protecting the rights of mining companies. With the current investment in infrastructure in the country, and expectation that mining costs in South Africa will rise considerably over the coming years, Mozambique could easily gain a regional competitive advantage. "Mozambique has vast unexploited mineral resources, large areas of arable land with ample ground water, 2400 kilometres of coastline with underexploited marine resources and pristine beaches as potential leisure destinations," declares Jose Parayanken, President of Mozambique Holdings Limited. The most recent World Economic Forum report on competitiveness called Mozambique one of the top ten tourist destinations that's expected to record greater growth in demand for leisure travel in the next decade. President Nyusi's administration has chosen the tourism sector as one of the four priority sectors for investment in the current governmental cycle. Since the announcement, summer beach destinations in Maputo and a rise in cheap flights have boosted growth in international arrivals to the capital which posted more than 10% growth in 2017. Now, the government has decreed that US\$200 million is intended for the rehabilitation of public-private infrastructures, offering great opportunities for potential investors. "I think today there is a golden opportunity for Mozambique to provide that confidence to the world," states Mithá. "Because that opportunity is not going to be an abstract narrative any longer, but rather a narrative with concrete outcomes which will shape the vision of the country."

While the short- to mid-term economic development of Mozambique remains linked to exploration of natural resources, the development of infrastructure to exploit those resources will remain a crucial enabler of that development, economy diversification and regional integration. With a favourable trading environment offering a well-developed investor protection landscape, Mozambique offers several attractive reasons to invest. "We are going to continue supporting Mozambique in pursuit of good governance, transparency and accountability," states Adriano Maleiane, Minister of Economy and Finance. "For me, there can be no more of a visible sign of confidence than to realise that these companies are putting their money where it's worth it," states Anadarko's Country Manager, Steve Wilson. "Mozambique is open for business, there are numerous opportunities available, for international and domestic companies now and for decades to come."



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With stabilised growth and a low inflation rate, Mozambique has made concerted efforts to enhance the country's business environment and thus attract trade and investment to develop a diversified and prosperous economy. Hydropower currently accounts about 81% of installed capacity. However, natural gas and renewable energy sources occupy a growing share of Mozambique's energy mix. Investment opportunities around natural gas abound in areas such as the supply of equipment driven by the construction of gas plants. "There was no experience before, but now the trust between us and the government has grown, and we have responded to this trust and openness by investing heavily in this country," states Alessandro Nanotti, General Manager Upstream of Mozambique Rovuma Venture S.p.A. Fostering synergy between Mozambique as an economic frontier and other mature economic forces will be vital to ensure that these considerable natural reserves are used as an opportunity to spur inter-regional trade and development opportunities.

Possessing commercially important deposits of graphite, iron ore, titanium, bauxite, copper, gold, and tantalum, Mozambique holds some of the world's largest untapped coal deposits sectors. An increase in coal production is expected to result in an average growth of 10.1% in the value of its exports between 2018 and 2021. This increase will likely come from Mozambique's coal reserves of about 1.8 billion





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# Hon. Adriano Afonso Maleiane, Minister of Economy and Finance

Building up Mozambique's optimistic future from natural gas revenues.

## Reaping The Revenues

**Maleiane's in-depth knowledge of Mozambican economy is key to achieving the goals set up in the nation's economic and social five-year programme, as well as his focus upon debt restructure, finance transparency and economic diversification.**

With over 33 years experience in the banking sector Minister of Economy and Finance, Adriano Afonso Maleiane, stands in good stead for being responsible in turning the nation's economy around. Towards the end of 2018, Adriano Maleiane unveiled a realistic and effective US\$6 billion state budget for 2019, affirming that "the allocation of public resources will continue to be directed towards consolidating the democratic process and complying with strategic and priority actions defined in the government's 2015-2019 Five-Year Plan for the economic and social sectors that provide basic services to the population." He emphasised the government's intention to contain public spending and to continue to prioritise social sectors, with education taking the largest share of the budget at 22.6%, followed by roads (13.2%), health (11.5%), agriculture and rural development (5.7%), water supply and public works (3.1%), social welfare and labour (2.9%), the judicial system (1.6%), and mineral resources and energy (1.3%).

In order to sustain the nation's Economic and Social Plan, which aims for a 4.7% GDP target growth in 2019, the Ministry of Economy and Finance are dedicated to improving the ease of doing business and implementing fiscal and monetary policy.

"We are going to continue supporting Mozambique in pursuit of good governance, transparency and accountability," states Maleiane. He has also pledged that the government will begin to pay off its debts to private suppliers of goods and services, bringing debt service down and freeing up resources for the government's five-year programme. "Mozambique is a good payer



**"We are going to continue supporting Mozambique in pursuit of good governance, transparency and accountability."**

**Hon. Adriano Afonso Maleiane,  
Minister of Economy and Finance**

of its debt," claims Maleiane "Around 87% of our debt is with bilateral and multilateral creditors and we are paying them." The Mozambican government will be funding more than 50% of the state budget deficit for 2019 with internal and external credit. In November 2018, Mozambique's agreement with the bulk of its creditors to restructure US\$726.5 million Eurobond provided, according to Maleiane, "a relief for the budget until the time we get additional revenue." Under the deal, Mozambique will issue a new US\$900 million Eurobond to

be paid by 2033 with a coupon of 5.875%.

The government is strongly committed to Mozambique's Rovuma Offshore Area 1 project. In December 2018, Hon. Maleiane announced that the Mozambican executive had approved a plan to support the project which involves: "government support for the timely implementation" of the enterprise, "adoption and implementation of necessary measures to renew and approve permits, work permits and visas in time, as well as to import and export goods and services efficiently," and "the speedy resolution of any issues or disputes that may arise".

Furthermore, Maleiane's Budget law has given the government license to issue loan guarantees for US\$2.48 billion, most of which will cover the National Hydrocarbon Company (ENH) loan on international markets due to its participation in the Rovuma Basin LNG projects. This, in turn, will advance the Final Investment Decision by the Anadarko-led consortium and consequently become its own guarantee. Hon. Maleiane has also revealed that all the partners in the consortium (including ENH) have developed a Special Purpose Vehicle (SPV) in order to secure assets and ensure guarantees.

The Ministry of Economy and Finance also understands the importance of economic diversification. In September 2018, the Africa Investment Forum (AIF), the African Development Bank's new transactional platform for mobilising investments, was launched with Hon. Maleiane's support and presence. Nearly 30 development projects in diverse sectors (such as agriculture and food processing, energy and infrastructure) were presented by investors and members of Mozambique's business and financial community.

Maleiane's task is not an easy one and yet his optimism rooted in realism and meticulous planning are safeguarding the nation's economic growth and ability to bank upon a prosperous and promising future.



# Modernising Mozambique's Financial Landscape

The Bank of Mozambique innovates and renews monetary and exchange rate policies, restoring macro-economic stability to the nation and promoting economic growth.

Prior to his appointment as Governor of the Bank of Mozambique, Dr Rogério Lucas Zandamela, received a PhD in Economics from the John Hopkins University and worked as an official at the International Monetary Fund. At Bank of Mozambique's helm since 2016, Dr Zandamela spoke to *Penresa* about Mozambique's robust financial recovery due to the implementation of monetary policy.

## What is the Banco de Moçambique's role within the nation?

Like most central banks today, the role of the Bank of Mozambique, is to ensure macroeconomic stability, creating conditions for the economy to operate normally. In our country, the bank is responsible for the monetary and exchange rate policy, supervision of the financial and payment system, currency issuance and management of the country's international reserves. The main objective of our monetary policy is price stability.

## What kind of changes are in the pipeline in the near future?

The number of institutions have increased and the degree of quality and sophistication of operation demands a modern response. In this context, we initiated the process of reviewing the banking law that is already in its final phase, after collecting contributions from different stakeholders and partners.

## How are you currently incentivising and encouraging manufacturers to increase exports to ensure a trade balance?

We endeavour to improve the business environment so that investors are drawn to apply their resources to the economy. We have recently issued regulations aiming at further opening the capital account to allow a better flow of capital and standardise the benefits for the entire category of investors, thus eliminating special regimes.

We revised our forex law regulation in 2017, by eliminating the obligation to convert 50% of export proceeds into local currency and eliminating the obligation to convert exports proceed into local currency. The liberalisation of the current account transactions was an important step to facilitate and simplify exports and import operation in the country. We simplified the procedures for foreign direct investment proceeds repatriation and furthermore, we committed to a flexible exchange rate regime thus laying the ground for improving competitiveness.

## In your opinion, what kind of innovations are required in banking to make Mozambique an attractive investment destination in southern Africa region?

The Bank of Mozambique recognises the importance of innovations in the diversification of payment channels, as well as competitiveness and efficiency in the system. It is in this context that, in 2014, we approved a regulation aiming at allowing credit institutions, financial companies and payment service providers to create new electronic payment products and services, such as ATM deposits and interoperability between electronic money institutions and banks.

## What role is the Bank of Mozambique playing in increasing financial inclusion and literacy in the country?

The role of the Bank of Mozambique in increasing financial inclusion includes: establishing an adequate legal environment in line with the development stage of the country's financial sector and foster innovations; coordinating the inter-institutional working groups under the National Strategy on Financial Inclusion launched in 2016; providing basic infrastructure, particularly in the districts where the banking sector is not represented, and leading the financial literacy process in coordination with other stakeholders (banks, ministry of education, media, among others).



**“The Bank of Mozambique recognises the importance of innovations in the diversification of payment channels, as well as competitiveness and efficiency in the system.”**



José Reino da Costa

Vice President and Chairman of Millennium bim

# The Nation's Financial Pioneer

With over two decades of experience in Mozambique, Millennium bim continues to invest in innovation while blazing a trail in finance, financial inclusion and digital banking.



**“We are always on the frontline in terms of innovation and customer experience, as well as being very well positioned to serve the clients and fulfil their needs.”**

**José Reino da Costa,  
Chairman of  
Millennium**

José Reino da Costa has a degree in Mechanical Engineering, an MBA and vast international experience in top management positions within the financial sector. Currently, Vice President and Chairman of the biggest and most successful bank in Mozambique, his focus lies in its constant innovation in order to secure sustainable growth and a strong capital base.

## What do you consider Millennium bim's major strengths and competitive advantages?

We have always had a focus on investing in innovation; we were the first bank to bring ATMs, POSs, internet and mobile banking to Mozambique. This created an interest, so, it's clearly one of our competitive advantages; we are always on the frontline for innovation. Just to give you an idea, our mobile application, IZI, has already more than 500,000 active clients and more than eight million transactions per month. Mozambique is a huge country and we need to find economically viable solutions to be present in the whole of the country. We have placed our bets on three areas: firstly, we have our physical presence, our more than 190 branches in all the provinces. Secondly, our presence in small villages; we have established a network of bank agents and merchants that are already our clients and provided them with special POS that can accept deposits, withdraw money, make payments and transfers. We already have more than 340 agents scattered around the country guaranteeing financial inclusion. Thirdly, there is the mobile app. In implementing these three methods our scope and capacity is boundless compared to competitors.

## How does the bank support SMEs?

We have the MLeader programme, which is dedicated to recognising and incentivising SME development. With this, we provide an annual assessment of our customers based on



their management capabilities, their financial strength, their business plans and then we provide them recognition to enhance their capabilities and will to develop. Moreover, that allows us to reinforce our relationship with SMEs, our role as a partner for their development and also, we can choose the best SME in terms of credit quality.

## What changes has Millennium bim undergone in order to comply with international standards?

Since we belong to a European group, we are already used to working with the highest international standards. For us, this is nothing new. We were actually already compliant with most of the new laws that were introduced in Mozambique. For us, that's very positive, because it brings Mozambique to a higher standard of regulation.

## Last message of confidence to the readers of Forbes Africa Magazine.

Millennium bim should be the bank of choice because we are leaders, we are present, we support our clients everywhere, we are the best capitalised and able to give credit in the country. And let's not forget that we are always on the frontline in terms of innovation and customer experience, as well as being very well positioned to serve the clients and fulfil their needs.

**Millennium**  
bim  
AQUI CONSIGO



# Investing In Sustainable Expansion

In only seven years, Banco Único has become the nation's fifth largest bank and is shifting its focus to sustainable growth to support national development.

Banco Único, SA is a privately owned universal bank with a focus in retail and corporate banking. Founded in 2010, it opened to the public in August 2011, with the aim to develop a new concept of banking by responding to the gap in service quality and the need to provide tailor-made solutions to its clients. "Our name reflects the concept of the bank and our values," explains António Correia, CEO of Banco Único. "We see our clients as unique and with unique needs. I believe that taking care of our clients is what has made the difference and made us grow so much."

Banco Único's concern with the nation's need for economic diversification is evident in its fervent support of SMEs. In April 2018, in collaboration with Financial Sector Deepening (FSD) Mozambique, it launched an academy for SMEs run by the Portugal's Nova School of Business and Economics; this project will focus on developing key management skills and

help boost SME competitiveness. "Mozambique is one of the youngest countries in the world; we need to think about how to create jobs and a future for its people," affirms Correia. "Investing in SMEs will support financial inclusion and help the economy grow sustainably."

Banco Único smoothly intermingles traditional banking with innovative digital banking. "We are investing a lot in our IT platforms," explains Correia. "We have been considered the best for our internet solutions, and we keep adding services to them."

Recipient to over 30 international awards for a variety of services, Banco Único reveals its aim to invest sustainably in expansion. Correia declares: "When the economy was slowing down, we worked tirelessly on risk management and risk policies, preparing the bank for the new cycle that is coming."



António Correia,  
CEO of Banco Único.

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# Chuma Nwokocho

## CEO of Standard Bank Mozambique

# Incubating Innovation To Drive Mozambique's Economy

Standard Bank goes beyond traditional banking in order to foster economic growth and entrepreneurship, ensuring Mozambique reaches its full potential.



**“We realised there was a gap in translating megaprojects into inclusive prosperity through SMEs run by private entrepreneurs and this became our incubator and our way of fostering innovation and entrepreneurship.”**

**Chuma Nwokocho, CEO of Standard Bank Mozambique**

A trained accountant by profession and with over 25 years in the financial service sector, Chuma Nwokocho has been CEO of Standard Bank Mozambique since February 2015. Here, he speaks to Penresa about Standard Bank's role as leading corporate and franchising bank in the country, and its focus in safeguarding macroeconomic stability.

**Since you began your operations, what do you consider as your major strengths and competitive advantages?**

Mozambique is a key market to the group, which has been here since 1894 and we continue to see ourselves as being present here in the foreseeable future. Mozambique's story is our story: there has been no major investment in Mozambique which Standard Bank has not been part of the Nacala corridor, industries, Maputo Port dredging, roads, etc. We have been part of the fabric of this economy in terms of driving the growth. As for our competitive advantage, we try to create an environment where people feel valued, wanted and meaningful, because our people are our most important resource. Technology is another important factor for us. Over the years, we have built a very strong brand that allows us to have access to the best customer base. This is a bank of strong ethics and values.

**What projects are you doing in terms of digitalisation of financial services?**

We recognise we have a responsibility in financial inclusion. Our customers can now transact electronically in a safe, secure and convenient manner. We have invested heavily in internet banking, mobile banking, and others: we have a full bouquet of digital services. We are the first bank to introduce banknotes acceptors, up to 10,000 notes per minute, and we are the first bank to achieve interoperability between a bank and a mobile operator. We are also the first bank to set up a self-service branch through ATMs, iPads etc. Ninety percent of our transactions now take

place on electronic channels, which are cheaper and safer. Moreover, that's helping us a lot in terms of financial inclusion. Today, only 20% of the active population in Mozambique has got a financial service provider. We need to raise that number: the digital journey is the fastest way to do this.

**What kind of partnership is Standard Bank offering to international companies entering Mozambique and what role does the Standard Bank Business Incubator play in the country?**

At Standard Bank, we are interested in what the government and the private sector can do in terms of helping create capacities and entrepreneurship. These are world-class operations and they can have a very positive impact in terms of developing business and social practises in Mozambique. At Standard Bank, we led the way with mineral and extractive industries sector expertise, including studies. We realised there was a gap in translating megaprojects into inclusive prosperity through SMEs run by private entrepreneurs and this became our incubator and our way of fostering innovation and entrepreneurship. Everyone who is dedicated, driven and capable could drive more micro-businesses, which would then impact multiple families at the same time. It's not a money-making venture, it's an investment; that's the kind of partnership we are offering, beyond the traditional finance projects that we offer to the investors in O&G. We are going out of the box; these incubators are becoming the go-to place for O&G, in order to prepare entrepreneurs for local content, to identify and understand what's required and to invest in the community.

**Last message of confidence about Mozambique for the readers of Forbes Africa magazine.**

Well, there is a critical element needed for confidence in economic growth and that's peace, and we have that. We need to take this peace and hope and translate that into meaningful progress for all the Mozambicans.





# Standard Bank **Best Investment Bank in Mozambique**

2014 – EMEA Finance Best Investment Bank

2015 – EMEA Finance Best Investment Bank

2016 – EMEA Finance Best Investment Bank

2016 – Global Finance Best Investment Bank

2018 – EMEA Finance Best Investment Bank



Standard Bank Mozambique was awarded Best Investment Bank in Mozambique for the fifth time. With four awards from EMEA Finance Magazine, at the African Banking Awards and one from the Global Finance Magazine, these awards are an acknowledgement of the bank's role in driving the growth of Mozambique's economy through innovative products and services and having a positive impact on communities.

**Standard Bank Moving Forward**

# BancABC

The African bank that impacts SMEs, corporates and multinational companies.

## Innovation, Inclusion And Universality In Mozambique's Financial Services

**BancABC's commitment to banking digitalisation breaks down national financial inclusion barriers.**

BancABC is a pan-African financial services group that has operations in five countries: Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe. The Group was originally incorporated in Mozambique in 1999, as BNP Paribas and Nedbank of South Africa investments. In 2014, Atlas Mara Limited (ATMA) Group, listed on the London Stock Exchange since December 2013, acquired a 99.99% stake in the bank's parent company, ABC Holdings, deeply impacting their growth, enhancing opportunities and expanding its future prospects.

With 10 branches across the nation and a network of 22 ATMs, BancABC Mozambique is a commercial bank serving individuals and businesses and providing a wide range of innovative and efficient financial solutions in: treasury services, investment banking, corporate banking, trade finance and retail banking. The bank has focused on serving individuals and small businesses in Mozambique, and globally; in 2014, it won the Best SME Bank in Mozambique and Best Banking Product for the Visa Prepaid Cards. "We focus a lot on SMEs," states Helder dos Santos, Managing Director (Interim) of BancABC. "I am referring, for example, to Anadarko who gets a contract and then subcontracts a huge amount of work to smaller SMEs. We will pick this up on the other side, on the downstream operations." As BancABC consolidates its impact upon SMEs and supports corporate and retail banking segments, it is also keen to maintain its relevance to large corporate and multinational companies. "We are focusing on being an universal bank," claims dos Santos. "We are following the economy, which is slowly being digitalised, providing obvious opportunities. Mozambique will develop a lot of infrastructure, so there is going to be a need to expand our footprint in the retail space and we look to be present for SMEs when that's going to be



**"We feel we are more like a universal bank, since we have many multinationals that are banked with us: more than 50% of our portfolio are actually corporate customers."**

**Helder dos Santos,  
Managing Director  
(Interim) of BancABC**

necessary. However, we are not going to focus entirely on SMEs: we will keep on focusing on the corporate customer base we have and expand it through solutions that will meet their needs. We also have many multinationals that are banked with us: more than 50% of our portfolio are actually corporate customers."

In order to ensure financial inclusion, BancABC is testing new bank models without branches while exploring cutting-edge technology to reach the unbanked in order to provide pertinent products. "Only a tiny fraction of the Mozambican population is banked," declares dos Santos. "Those are huge opportunities for the country

and for the population, we strongly believe in this and will keep investing in it." The Bank also aims to differentiate itself within the nation by providing its clients with a one-stop shop banking concept through automated processing and digital channels. "We will be in all provinces by 2021 either through branches, agency banking or digital infrastructure to ensure we deliver on our strong financial inclusion and literacy agenda," continues dos Santos. "We believe that the private sector and SMEs, in particular have a huge role to play and we will continue to support them to start up, grow and develop, as we have done through our Orange Corners initiative, in partnership with the Embassy of the Kingdom of the Netherlands and brands as Shell, Heineken, IdeiaLab."

BancABC prides itself on being an African bank, dedicated to its CSR projects, while building sustainable partnerships with its clients. Its success in building a premier sub-Saharan African financial service lies in its development of agency banking and providing robust credit risk management, corporate governance and compliance and information technology; creating value for stakeholders while supporting Mozambique's economic growth. "I believe we should focus on our customers and on our own people. If we have happy people, we will have happy customers. I want to provide a bank that is agile, solution-and client-focused," affirms dos Santos. "As for future strategies, we should enhance our transactional platforms. The future of banking is about digitalisation, transactions and financial inclusion and that's what we need to focus on. We will continue to deliver value to our regional customers by providing valued throughout our regional footprint."

**BancABC**  
parte do  
 **atlas mara**   
Julius Nyerere Avenue 999,  
Polana Cimento, Maputo. Mozambique



# The Strength Of Group Work

Sustained by its prestigious shareholders, Banco MAIS focuses on providing global innovative and technologically advanced financial and business solutions for companies and private individuals alike.

Since 2014, Luis Almeida has acted as President of the Executive Commission (CEO) of Banco MAIS. During this time, he has overseen the bank's development to full commercial bank and its advancement into digital banking and financial inclusion. Penresa had the pleasure of speaking to him about its recent acquisition by the Chinese Group BISON, as well as the bank's future prospects and vision.

**Recently, BISON Group acquired 48% of Banco MAIS shares. What does this acquisition mean for the future of the bank?**

This was very important for the bank because it has reinforced our balance sheet, giving to the bank more financial capacity to continue its development and access to an international network, especially with China, Hong-Kong, Macau and Portugal, where the BISON has other financial institutions. With this acquisition, Banco MAIS is the only bank in Mozambique with direct Chinese investment and we are changing our strategy to address this market and be the bank for Chinese Companies in Mozambique. We will also start offering other services to our clients, like Investment Banking and Wealth Management. This acquisition shows that it's possible to attract investment to Mozambique and to the financial system.

**What is Banco MAIS doing to support the development of SMEs?**

The last years has been very difficult for SMEs, but now the economic environment is changing for the better and there are good prospects for the futures, especially with the start of the gas projects. Banco MAIS has special products and an agreement with the Association of SMEs to support the development and growth of these companies, which is essential if they want to be part of the business opportunities that will arrive soon.

**Last year, the bank joined the integrated electronic payment system in the South African Development Community. How do you assess the importance of digitalisation in order to increase financial inclusion in the country?**

Yes, Banco MAIS was one of the first banks in Mozambique to join the SIRESS system. This system brings huge advantages for clients since it's in real time. I must say that is not only digitalisation that's important, but all technologies involved in banks that serve clients. Mozambique is a big country, with 801.590 km<sup>2</sup> and a low level of infrastructure, so it's crucial to use technologies to better serve clients and reduce costs. Since 2014, we have decided to invest in technology and we will continue to do so. Now Banco MAIS has a mobile application for clients and we are working with IBM on innovative systems to increase our productiveness and reduce cost. For example, we are using the IBM BPM system on cloud, I think we have been the first bank to use this system on cloud in Africa, that gave us the possibility to have all loan processes digitalised, the decision process on a workflow, the control of all processes and all of this on cloud, meant that we didn't have to buy any hardware or increase our IT department. Now we are developing new solutions with our partners and with BISON, to introduce new innovative products based on technology.

**How will Banco MAIS' certification as Special Operator of the Stock contribute to the development of national companies?**

Banco MAIS aims to be one of the players to bring companies to the stock exchange. It would be a different way for companies to finance themselves and it's much easier for foreign investors to invest in a company that is listed. The whole process is simpler, the taxes are lower, there is transparency and we plan on working with our partner at a group level.



**“We have changed the bank internally and now we have more financial capacity to support SMEs.”**



**BANCO  
MAIS**

Member of BISON Capital Group

# Upholding Mozambique's Sustainable And Socioeconomic Development

**Thinking out of the box and financing strategic and innovative projects, BNI's contribution to Mozambique's sustainable investment and development boosts the country's economy in priority sectors.**

The Bank was established as a joint venture between Portugal's [Caixa Geral de Depósitos - CGD] and Mozambique's National Treasury Directorate - Direcção Nacional do Tesouro), in which BNI became the country's first investment bank in 2010. Due to Mozambique's fast economic growth and the government's need to participate in the equity of capital-intensive infrastructure and natural resources project, Mozambique acquired CGD shares through its Equity Agency, the Institute of Management of State Holdings (IGEPE - Instituto de Gestão das Participações do Estado) in 2012, with a claim to assets of approximately US\$150 million. By the end of 2013, BNI was earmarked for government protocols and partnerships with other foreign development banks, acting as intermediate in advisory and financial roles for major projects between state owned corporations and foreign companies.

BNI provides services and the relevant tools for financial restructuring, fund management and market access of projects of various strategic sectors and sizes. Working in collaboration with government departments, and as part of Mozambique's broader development strategy vehicle, BNI is the first and only national bank focused financing projects that hinge upon the sustainable and socioeconomic development of the nation, while simultaneously injecting energy and vitality into its infrastructure, national resources, energy, agriculture, industry and commerce and transportation sectors.

For the infrastructure in energy sector "we are currently raising funds for the amount of US\$162 million from one of our long term partners to finance the rehabilitation of the electric systems in Maputo and Matola cities and reduce the problems of power cuts and shortages," states Tomás Matola, BNI's CEO. BNI is also



**"At BNI, we are preparing a line of credit to provide SMEs with a technical and financial consultancy service, so that we can help them understand how to organise themselves and have a well-organised financial statement that can be ready for a proper audit."**

**Tomás Matola,  
CEO of BNI**

involved in the oil and gas sector with a co-finance of US\$ 100 million with its regional trade and development bank partner for a Coral South LNG Project in Rovuma aiming only for the commercial portion of the transaction. BNI will also participate in the second phase of the Rovuma LNG Project with a commercial portion.

Ninety-eight percent of Mozambique's private sector are SMEs and BNI is committed to provide the support and

alternative sources of funds to allow them to emerge in a sustainable and feasible form. They assist in IPO operations, buying shares in companies and assisting with its growth, while taking a minority stake with exiting clauses. "At BNI, we are preparing a line of credit to provide SMEs with a technical and operation consultancy service, so that we can help them understand how to organise themselves and have a well-organised financial statement that can be ready for a proper audit," explains Matola.

In an attempt to structure the economy in order to enhance other sectors, in August 2018, the bank announced a US\$6.5 million credit line for agribusiness in the central province of Tete, facilitating financial access for SMEs in the production, processing and marketing chains of the whole agricultural value chain along the Zambeze valley (in the central part of Mozambique). The bank is also implementing a government programme funded by the International Fund for Agricultural Development (IFAD) for a total amount of US\$62 million for a Rural Enterprise Finance Programme (REFP), which will be implemented countrywide. "We support the structure of agriculture along the entire value chain: production, manufacturing or transformation and distribution. We have a lot of land ready for agriculture activity and abundant hydro resources: we meet all conditions."

BNI's role and vision has been crucial for the country as it leads the way forward, a pivotal point upon which government, public companies and private sectors gravitate around as it coordinates and channels funding, while securing new opportunities for Mozambique's promising emerging economy.



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# Expanding Banking Towards Universality

BCI has launched a line of credit of US\$8.5 million to finance micro, small and medium agro-business companies, reaffirming its role in Mozambique's financial sector.

CEO of BCI since 2013, Paulo Sousa has over 36 years banking experience in a multitude of fields, such as commercial, education, risk and real estate. Penresa approached him to question him further about BCI's incredible growth and success as Mozambique's largest commercial bank.

## What, do you believe, are the reasons behind BCI's positive outcome?

BCI has grown in an organic way. What we did was essentially grow the network, invest year after year, having shareholders available to not receiving dividends and investing all the profits year after year. We also have a very good team, a very good approach to the market, very good activities in different areas and very advanced technology – we are the best bank in what concerns the electronic payments, mobile wallets etc.

Our slogan at BCI is “É Daqui” and that means “we are from here”: we know the country, we have a deep knowledge and contact with the communities and we are everywhere. That brings a capacity, if you have a project in mind. We have the conditions to provide the same level of service that we provide in Maputo to the rest of the country and this makes us an unique proposition in some areas of the country. We also have a good penetration in the corporate sector and a fantastic presence in the SME segment. When we say universal bank, we really mean universal bank: we touch upon commercial, investment, private and corporate banking.

## Can you describe how you are currently focused on financial inclusion?

People can't imagine how important it is in Africa for people to access financial services

and how that can help them change their lives. There are still some areas in the country where you need to travel 600 kilometres to find the nearest ATM or bank. We were one of the first banks, and the most active ones, to address the government programme ‘One District, One Bank’: we have launched several branches in rural areas. It's an enormous effort but it's also fantastic to see the results and how people are developing their capacities and using the service. We were also the bank chosen by Anadarko for the resettlement in Afungi, so that the people that would be resettled could benefit from a financial inclusion strategy. Some of them did not even have a single ID or fiscal number or bank account, so their life changed.

If we talk about mobile wallets, we have more than one million clients. We also made an agreement with M-Pesa and we are now able to transfer from every account to that platform and vice versa. The M-Pesa clients can also pay in our POS and we were the first institution to provide that service. That helps financial inclusion a lot. We also have what we call mobile banks: these are special trucks transformed in a branch that lets you do everything you need to do: cash in, cash out, apply for a line of credit and so on. They travel around the country, coming into contact with communities that don't have a bank.

## One last message of confidence about Mozambique for the readers of Forbes Africa magazine.

We are a good example that investing in Mozambique is worthwhile: we are a bank that has expanded tremendously in 22 years; going from being a simple SME to becoming one of the key institutions in the country.



**“When we say universal bank, we really mean universal bank: we touch upon commercial, investment, private and corporate banking.”**

**Paulo Sousa,  
CEO of BCI**

## Rui Barros

CEO of Barclays Bank Mozambique

# Leading the Change For Mozambique's Banking Sector

Barclays Bank Mozambique rebrands and reorganises itself in order to meet mass market demands and cater to the nation's needs.



**“The most important thing that is going to change is the fact that individuals will choose solutions as opposed to banks. We need to be ready for that.”**

**Rui Barros,  
CEO of  
Barclays Bank  
Mozambique**

With 20 years' experience in financial services, including Director of Structured Finance for Lehman Brothers, credit analyst at Fitch Ratings and Head of Risk at Standard Bank Mozambique, Rui Barros was appointed CEO of Barclays' Bank Mozambique in 2014. He sat down with Penresa to discuss the bank's recent rebranding and its positive projections for Mozambique's future.

**Barclays Bank Ltd has announced its rebranding to Absa. What are the reasons behind this change?**

Barclays used to hold 62.3% of Barclays Africa Group but Barclays newly appointed CEO of Barclays decided to split the African business. That decision was based on a simple assumption: the regulator in the UK required 100% of capital allocation, independent of the percentage of shareholding you hit. At the end of 2017, Barclays PLC sold the last tranche of shares, leaving Barclays PLC invested as a significant minority shareholder at 14.9%. We have a strong African and international shareholder base, with Barclays PLC and South Africa's Public Investment Corporation (PIC) as the largest shareholders in the Absa Group, although neither has a controlling stake.

**How does this affect the future of the entity in Mozambique and its goals and strategies?**

Absa acquired the large majority of shares and hence why we changed name. More recently, we started a significant restructuring of operations. In 2014, we injected US\$120 million of capital into business and we have started refocusing on the corporate segment, reshaping the retail business to become more affluent. That is not to say we are not looking into the future and that we are not looking to expand the segment we operate in. We are pretty sure this economy will provide opportunities beyond where we are now. There are certainly a lot of opportunities

for the growth of SMEs, whereby we can help local businessmen and entrepreneurs. Four years ago, it made sense to focus on corporates and multinationals, it was quite successful and we have been gaining market share. We have been growing a lot, and we have plans to grow even more. This growth will not come only from the segments we have focused on, but also through enlarging that scope: digital banking, innovation, financial inclusion, all to find good solutions tailored for the future population of Mozambique. We try to change to deliver what the country really needs.

**How is Barclays utilising digital technology to improve products and services while increasing financial inclusivity in the country?**

We are trying to have innovation at the centre of what we do here in the bank. We have been working with three fintech companies that came through incubators that we have at a group level. They are helping us solve the problems we face every day as a bank. Today collaboration is key; so, we don't develop everything on our own necessarily, we rather look for very specialised companies that may have the solutions for what you need. We are trying to integrate platforms; we offer mobile banking, as other banks in Mozambique and in Africa do. However, the most important thing that is going to change is the fact that individuals will choose solutions as opposed to banks. We need to be ready for that. The mass market will change dramatically and we need to anticipate and lead the changes.

**A last message of confidence about Mozambique and its investment opportunities?**

We have been here for forty years and we feel fortunate to be able to see what's going to happen in future years. We are participating in the transformation of a country like most countries will never know.







## Olá Moçambicanos. May we introduce ourselves?

For years, you have trusted Barclays with your financial needs. Now Absa Group is taking this proud heritage and building on it. So, who is Absa? We are one of Africa's largest diversified financial services groups with global reach. We have a formidable presence in **12 African countries** with over **42 000 employees** across the continent. And we successfully fulfill the business needs of our diverse customer and client portfolio, daily. The result? Customers, communities and a continent that are realising possibilities we all believe in.

Thank you.



[www.absa.africa](http://www.absa.africa)

Absa Group, serving Mozambique as Barclays.



Jose Parayanken

President of Mozambique Holdings Limited

# Entrepreneurial Drive Assists National Economic Revival

With a workforce of about 1,500 Mozambicans working around the country, Mozambique Holdings combines international finance and governmental strategy in order to sustain national core sector industries.



**“Mozambicans remain an intelligent, inquisitive, happy people through much adversity. With the onset of social cohesion and political stability, there is a positive energy and optimism which can be converted to prosperity.”**

Prior to founding and becoming Managing Director of Mozambique Holdings Limited, Jose Parayanken worked at the EXIM bank of India, developing programmes to assist governments and corporate entities, to buy capital goods from India. His background in international finance and governmental collaboration has ensured Mozambique Holdings success as the lucrative, multifaceted and well-diversified business and industrial group it is today. Penresa met with Parayanken to discuss business opportunities and future prospects for the group in Mozambique.

## **What is Mozambique Holding's main role and sector focus in its contribution to the national economic growth?**

I feel the engineering sector contributed most to our growth as an industrial group and projected us as a national player. It also contributes to upgrading and providing maintenance to Mozambique's industrial and infrastructure requirements. We have made significant contributions in the rehabilitation, design and construction of the fuel terminal, upgrading and carrying out maintenance in the Maputo and Beira ports and in the petroleum downstream infrastructure, creating storage and pipeline facilities for Petromoc, Puma, Vale etc. in Maputo, Beira and Tete. We remain the only national company capable of addressing the design and technical requirements of fuel terminals and downstream players.

## **How would you assess the engineering and infrastructure sectors today?**

The engineering sector has added value to us as an industrial group since we have developed a dedicated, skilled and specialised team to cater to the technical requirements of the petroleum terminal and downstream distribution sector competitively, efficiently and locally. While catering to the EPC requirements of existing players, we have decided to become entrepreneurs and

investors in the sector, having acquired six hectares of land in Beira port and created a fuel tank farm for downstream products, primarily to cater to the requirement of landlocked neighbouring countries such as Zimbabwe, Zambia and Malawi.

## **What are the future sectors you believe will provide growth in the future?**

We see the future in the medium and long term in the agricultural and healthcare sector. After doing due diligence with the Rubber Board of India in Lugela, Zambezia, we decided to cultivate 2,000 hectares of rubber and have completed 400 hectares. The growth of the trees and progress in cultivation have been excellent. While the government has been concentrating on promoting food crops for self sufficiency in the food sector, our efforts have been in cash crops, which will bring in export revenue and create economic balance in the agricultural sector.

We also see ourselves as a major player in the healthcare sector in the medium and long term, having set up one of the largest, state-of-the-art generic pharma factories in Africa, in Machava, Maputo. The factory has registration and GMP compliance from Mozambican regulatory authorities and from the World Health Organisation to manufacture 170 medicines which will cater to the most essential requirements of the country in antibiotics, antiretrovirals, antimalarials etc. We hope to set up a national pharma distribution system for locally manufactured medicines through a chain of factory outlet pharmacies. We propose to stipulate retail price linked to actual manufacturing cost, enabling the government to set up a maximum retail price for all essential drugs, thereby reducing the cost of essential medicines across the board nationally. The lower retail price will make essential drugs more affordable for the people, thus reducing dependence on donor funds and government budget for essential healthcare.





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THAT MAKE US PROUD,  
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Omar Mithá

Chairman and CEO of ENH

# Changing The Nation's Narrative



As Mozambique's large gas reserves increases production, Empresa Nacional de Hidrocarbonetos (ENH) opens its doors to a diversified and competitive marketplace and reveals its potential to become a worldwide gas supplier.

**P**reviously Deputy Minister of Industry and Trade for two years, Omar Mithá has been Chairman and CEO of ENH since 2015. Over the past three years he has overseen large-scale oil and gas projects that have completely revolutionised the face of the country and considerably boosted its economic growth expectations. In this exclusive interview with Penresa, Mithá, reveals Mozambique's current global golden opportunities in its oil and gas sector and further elaborates upon how this will dramatically contribute to Mozambican livelihood.

## What is ENH's role within the nation?

ENH is a state-owned enterprise; its role is to maximise the benefits for the country with projects and shareholders. We must also ensure that there is a local knowledge about the situation of hydrocarbons in the country and that we have a labour force that can be prepared in order to be involved actively in the oil and gas sector across the entire value chain, including research departments, so that, in the future we have Mozambicans who are capable of dealing with the complexity of these projects. We are a commercial venture, and that means that we have to look at our bottom line and also the way to take

advantage of our association with International Oil Company's (IOCs) to ensure that there is technology transfer to our personnel. For example, right now we have people in Houston working for Anadarko, in South Korea working with Samsung for the construction of the plant, as well as in Paris, France. This means that our engineers and geologists build up their knowledge by participating in actual work. In addition to that, we also provide scholarships to people here in Mozambique. We get support from our partners as well, especially funds from the World Bank and Japan and other countries. So, we have people working in Malaysia, in Indonesia, and other countries. These are people who prepare themselves to be part of ENH in the future. Of course, these are multi-billion dollar projects, so the asset is going to grow and after the Final Investment Decision (FID), the upside potential is huge.

## What are ENH's main projects?

The FID for Area 4 was in June 2017, and it was a successful project under very strict conditions. Mozambique was the only country to FID an LNG project worldwide at that time. That was a landmark achievement for us, because even in this situation





“Our biggest advantages are the massive resources we have and the resources that let us guarantee energy security in the long-term.”

we were attractive enough to get an offtake that was credit-warming for the financial institutions and to ensure that commercial banks were interested in funding a huge part of the capital expenditure. That speaks volumes about Mozambique's growth. Our biggest advantages are the massive resources we have and the resources that let us guarantee energy security in the long-term. We were able to underpin supply agreements for more than 20 years. Another advantage is our competitive processing cost.

Exxon will be key in developing the onshore project in Mamba. With two concepts: to build large-scale trains so as to lower unit costs, ensure competitiveness and in order to withstand the volatility of oil price in international markets. The POD for this project has been submitted already, and it's now under revision by the government. Exxon's idea is to FID by July next year. The second concept has to do with the market and is to have affiliated buyers upstream which will be aggregators, so there are no delays.


Area 1 is an integrated project: upstream and mainstream, two trains, with a 5.6 million capacity each to produce 12 million tonnes per annum. It is mainly export-oriented, focusing on the premium market in Asia, particularly China, Japan, South Korea and Thailand, but also Europe. The model is from upstream production to the regasification terminal of the buyer. We will appropriate the entire value chain and this will enable the project to reap price premium. We need buyers with a good credit rating in order to guarantee the project on a long-term basis. This is going very well and Anadarko is doing a fantastic job on that front. They have hired new people and they will completely change their management and focus on Mozambique as a priority project.

**You've signed cooperation agreements with the Chinese National Petroleum Corporation (CNPC). How do you plan to maximise this partnership to benefit the nation's energy infrastructure and demands?**

I think that this is a good indication that we have a diversified base of partners, each one bringing in its know-how and track record to the table to strengthen the projects. Also having different cultures and track records strengthens the transparency that is required. It also speaks to the fact that there are synergies, because we would have foundational buyers, especially from countries that are in need of energy resources in the future. Leaving aside for one second the transition energy from fossils to renewables, I would tend to believe that having the Chinese, Japanese or Indians as partners means exploiting a huge potential market and it is a clear indication that the investments they are doing in Mozambique are also associated with the requirements to ensure the diversification of their sources of energy for the future. This helps to breach the gap of information because if a partner for Mozambique is in a project and there is a potential buyer from Mozambique we can communicate with that potential buyer, inform them better and shrink the gap in terms of information asymmetry and create more confidence. Meaning that, not only does this allow us to share the risks among different partners, but it ensures synergies that go beyond knowledge and technology.

As far as ENH is concerned, we are receiving support from different partners for diversification, like Mitsui, CNPC from China, PTT from Thailand and others. We are also opening new doors, such as with the National Gas Company from Trinidad & Tobago, and other countries, especially those who produce LNG to Europe, since they have developed scales in terms of distribution and marketing. So, we have diversified a lot with joint ventures in order to take advantage of the value chain opportunities.

#### **A last message of confidence.**

Having FID last year, and the prospect of another large-scale FID, with big operators speaking to the public will strengthen Mozambique; it will attract more foreign investment in the sector, it will change our country's risk profile perception. Once the market learns that you have a narrative to transform your country and boost your vision for the future, then you can bank on that prospect. Today, there is a golden opportunity for Mozambique to inspire confidence to the world, that is no longer an abstract narrative, but rather one with concrete outcomes which will shape the vision of the country. 

# Steve Wilson

## Vice President & Country Manager of Anadarko

# Mozambique's New Strategic Supply Source

In making its first discovery in the Offshore Area 1 of the deepwater Rovuma Basin in 2010, Anadarko launched one of the most important natural gas discoveries in decades.



**“Anadarko’s Mozambique LNG project will be the largest ever investment on the African continent. It’s a once-in-a-lifetime game changer for Mozambique and an opportunity to make a transformational difference to the country.”**

Steve Wilson is Mozambique's Vice President & Country Manager for Anadarko, the company responsible for launching Mozambique's first onshore LNG plant. Wilson, who joined Anadarko in November 2017, has forty years experience, spread across six continents, in the upstream oil and gas sector. Penresa spoke to him about Anadarko's exhilarating new Mozambique LNG project, as well as his aims and ambitions for the company.

### What is the importance of Anadarko's LNG sector worldwide?

This is probably the most exciting development I have been involved with throughout my career; Anadarko's Mozambique LNG project will be the largest ever investment on the African continent. It's a once-in-a-lifetime game changer for Mozambique and an opportunity to make a transformational difference to the country. The IMF recently referred to the project as being of strategic significance to the country. Anadarko will focus on an initial two train LNG project which will have an initial capacity of 12.88 million tonnes of LNG per year. However, we have discovered approximately 75 trillion cubic feet (TCF) of estimated recoverable natural gas in total, which will also support subsequent processing train expansions. To put that in the context for the layman, 75 TCF of gas is equivalent to more than twice the total remaining oil and gas reserves in the UK North Sea. These discoveries are amongst the largest in the world in recent years, making Mozambique a new strategic supply source. For the LNG sector worldwide, we expect to come on stream at a time when global demand is forecast to exceed supply due to the lack of new projects in the 2015-2017 timeframe, during a period of low commodity prices, and strategic buyers appearing interested in seeking new diversified sources of LNG supply.

### Where do you see Mozambique position itself in the LNG sector as a potential investment hub for gas projects?

As a Petroleum Engineer, I believe the Rovuma

Basin is the world's next major evolving hydrocarbon basin, as reinforced by the significant international interest in these massive natural gas discoveries. Proof of that is ExxonMobil's move to buy into Area 4 in December 2017. With these massive gas deposits in world-class fields containing prolific reservoirs, Mozambique's strategic geographical location also gives it competitive and comparable advantage over its African neighbours like Angola and Nigeria, as it is capable of exporting LNG to either Asia Pacific markets or to the Atlantic basin. So the country is very well positioned to become a global future gas hub. Now, it's difficult to differentiate yourself when you are in the early stages of growth, but the volume and quantity of the discovered gas fields and the geographic location are probably natural differentiators. This appears to be recognised by both international buyers and lenders who are demonstrating great interest in the project.

### Given your recent appointment as Country Director for Anadarko in Mozambique, what are the major goals you would like to achieve for the company and country?

The initial goal is very simple; to achieve a Final Investment decision (FID) in the first half of next year, which is when the project will really get going. With the commitment to safety being our absolute top priority, our major goal is then to construct both the offshore developments and the two onshore LNG processing trains and associated facilities safely, on time and on budget, to then start gas production and ship the first LNG cargoes five years after FID. At the same time, we would like to aid the promotion of Local Industries through the Domestic Gas component of this initial project and follow-on expansions, to ultimately lead to the industrialisation of Cabo Delgado, Northern Mozambique, and eventually the whole country. It is our vision that while this, and follow-on expansions, will bring success for Anadarko and Area 1 participants, they will also bring prosperity for the country, the nation's population and all future generations of Mozambicans.



# Game-Changing The Nation

The first project to be sanctioned by the Area 4 partners, the Coral Sul FLNG warrants the development and production of superabundant gas resources discovered by Eni S.p.A in Rovuma Basin.

Alessandro Nanotti joined Eni over 10 years ago and has been involved in the company's oil and gas projects across the world ever since. He was recently appointed as General Manager Upstream of Mozambique Rovuma Venture S.p.A. (a joint venture company between Eni, ExxonMobil and CNPC). Penresa had the immense pleasure to sit down with him to discuss Eni's Coral South Project.

## What is the importance of the Coral South Project for Mozambique and the LNG sector worldwide?

It's a very important project for the country and for Eni. Back in 2013, we immediately recognised the importance of the discoveries that were made here in Mozambique: we are talking about more than 85 TCF of gas in place only in Area 4, similar to the Area 1 side. We also recognised the need to develop and monetise these gas resources to LNG sales in a timely manner. These resources will dramatically change Mozambique and will help the transition from a country relying on agriculture, coal and mining to an industrialised country. This is the largest gas discovery in the last 30 years: that's 2,400 billion cubic metres. Italy consumes around 70 billion cubic metres of gas per year: which means more than 35 years of Italian gas consumption are contained in these reserves. This is an amazing discovery, the largest for Eni as an Operator, and at the same time a great challenge and responsibility.

## Can you elaborate upon the development of your current projects in Mozambique?

The first of the projects in the Offshore Rovuma Basin, which is the area in the EEZ of Mozambique on the border with Tanzania, has two main blocks, Area 4 and Area 1. Through the Coral South Project, partners in Area 4 intend to develop around five TCF out of the 85 TCF using a floating LNG plant. LNG plants are very large and it's where the gas is processed, liquefied, stored and then offloaded onto LNG ships. So, this floating LNG platform is, at the same time, a processing plant, a liquefaction unit, storage unit and offloading terminal. The

construction of the hull of the ship started on 6 September 2018, in Korea's Samsung Heavy Industries shipyards, only 15 months after the project had been sanctioned. The first gas is planned to happen mid 2022; in a very short time Mozambique will go from having a very small production to having the first floating LNG unit in East Africa, the first floating LNG in deep waters, the first floating LNG newly built for this ocean and from this distance to the shore in Africa. More importantly, thanks to an innovative commercial structure we managed to project finance this floating LNG: it's the first time something like this has happened, whereby a new commercial model has been established, enabled through the strong cooperation with the government. This is a both a game-changer and record setting project; even insurance on this project is the largest ever done on the whole value of the vessel, in which partners will invest, for an amount up to seven billion dollars. The project-financing is the largest ever ensured in Africa and we believe that we will contribute to the economic recovery of the country by accelerating investments and trust in Mozambique.

## As one of the major international investors in the country, could you give us a message of confidence about Mozambique and its investment and partnership opportunities?

In my five years on the Mozambique Programme, I have seen this country grow, modernise, open up to foreign investment, not only in the traditional fields of agriculture and mining, but also in oil and gas. We have invested heavily in this country, in the exploration phase, in the Coral South Project and in defining an even larger and new project that is now in the hands of the government for approval. And it's not just Eni that is doing this, that has trust in this country: it's Eni and its partners, including major oil companies, banks, lenders, international financial institutions, LNG buyers and construction companies. All have invested in something they believe in, and this faith starts with the country itself.



**“These resources will dramatically change Mozambique and will help the transition from a country relying on agriculture, coal and mining to an industrialised country.”**

**Alessandro Nanotti, General Manager Upstream of Mozambique Rovuma Venture S.p.A.**

# Eni and UNDP together for sustainable development in Africa.

Africa has been a key region for Eni for over 60 years with operations on the continent starting in 1954. From those humble beginning in the Egyptian desert, Eni is now the largest international hydrocarbons producer in Africa and is also one of the main players in the sustainable development of the continent.

In 2017, it provided 56 billion cubic metres (bcm) of natural gas to the domestic markets of 14 African countries. To date, Eni has also invested around \$2b in sub-Saharan Africa for the construction and renovation of grids and power plants, providing electricity to more than 18 million people.

Therefore, Eni is honored to be partnering with the United Nations Development Program (UNDP) for the first public-private partnership in the field of energy. Signed on the margins of the 73<sup>rd</sup> General Assembly of the United Nations, the partnership aims to improve the access to energy and to accelerate the achievement of sustainable development goals (SDGs) in Africa. Africa's energy needs are increasing due to urbanization and economic growth. Therefore, it is crucial to ensure universal access to modern, reliable and affordable energy services.

Africa will be the main focus of the initiative with Ghana, Mozambique and Congo among the first recipients, followed by Angola, Egypt, Kenya, Ivory Coast, Nigeria, Gabon and Tanzania.

Under the agreement, Eni will develop projects to increase access to energy in the region, including the production of electricity from conventional and floating photovoltaic power plants, wind farms and off-line hybrid systems. It will also focus on reforestation and clean cooking. UNDP will leverage its network to establish a favorable environment for the implementation of the initiative, maximizing the benefits of the partnership and its sustainability on the local communities.

Partnerships between the public and private sectors are essential to creating a lasting and sustainable development in Africa. The private sector has the financial and technical tools to create successful businesses. At the same time, the public sector is key to provide guarantees to investments, assess the impact of the initiatives and strengthen and support the capacities of the local communities.

This partnership reflects a significant change in the approach to Africa. Rather than "case-by-case" development aid projects, it creates concrete opportunities for business in the long-term. This new approach is fundamental if we want to trigger a virtuous circle in development.

Improving access to energy, especially in Africa, is a core business fundamental at Eni and forms part of its code of values. This memorandum of understanding with UNDP highlights its fundamental importance.





Largest national company elects to promote Mozambican economic inclusion.


## Re-Energising Mozambique's Hydroelectric Scheme

HCB's credibility and potential to export energy to the region is enhanced by programmes promoting modernisation, economic inclusion and diversification.

One of Mozambique's largest companies, Hidroelétrica de Cahora Bassa (HCB) operates the Cahora Bassa dam on the Zambezi River. The largest hydroelectric scheme in southern Africa has an underground power station with five generator groups, each with 415 MW turbines and a maximum flow of 2,250 m<sup>3</sup>/s. It has long-term contracts with the Electricity Supply Commission of South Africa (Eskom) and EDM, and short-term contracts with Zimbabwe Electricity Supply Authority (ZESA).

In November 2017, President Nyusi announced the 7.5% Initial Public Offering (IPO) for HCB shares, aiming to contribute to the promotion of Mozambican economic inclusion while consolidating HCB's credibility. "HCB has consistent revenues, because it's producing and exporting, and that's where the profit comes from

and allows us to be a shareholding company," explains Pedro Couto, Chairman of HCB. "We think that this IPO will help the process of attaching our activities to international standards, technically, financially, in regulation and with transparency."

In September 2018, HCB launched its 500 million euro modernisation programme with its 10-year investment plan, Vital Capex; which aims to recover and modernise HCB's electricity and production system. Financing will be provided by company capital and national and international bank loans. "Based on this, we will keep the existing installed capacity of around 2,000 MW, using it efficiently. We are prepared to continue to embark into diversification to mitigate the risk of depending on just one source of energy and also to face the issue of expansion of activities." HCB is also planning to build a US\$2 billion 1,500 MW plant at Mbhanda Nkuwa. 



**Pedro Couto,**  
Chairman of HCB



# Innovating And Investing In Hope

**The provision of electricity allows for growth and modernisation; EDM builds a future full of hope and optimism for Mozambique through the implementation of numerous projects and investments in power generation, its transmission and distribution, as well as its focus on promoting diversity through renewable energy.**

Power company, Electricidade de Moçambique E.P (EDM), is responsible for the generation, transmission, distribution and sale of electricity in Mozambique. Established only two years after the nation declared independence, EDM's reforms reflect governmental objectives in providing universal access to electricity and promoting diversity. In 2015, EDM started a process of deep-seated changes, shifting its business model and strategies in order to achieve a different level of efficiency and efficacy, while ensuring universal access through affordable power to the whole of Mozambique by 2030. In 2017, the World Bank approved a US\$150 million grant in favour of Mozambique's energy sector from which EDM carried out its innovative operations of commercial and social energy through the government's national electrification strategy, expanding its services throughout the nation. In October 2018, the nation's Integrated Master Plan of Energy Infrastructures (PDIC) was approved and outlined the need for expansion in the power generation, transmission and distribution in a response to growing demand. The plan recognises EDM's role as net exporter of energy with a demand for 900MW, and a growing capacity for 2,700MW.

Mozambique's Electricity II Project is based on surveys undertaken by EDM surveys to extend and strengthen the national power grid to the rural and peri-urban areas of the Maputo Province. Appraised by the World Bank, it is financed through a US\$21.55 million loan from the African Development Fund, as well as a



contribution of US\$3.74 million by EDM, with technical assistance provided by the Swedish International Development Agency (SIDA). The project involves expanding and reinforcing transmission and distribution networks and will provide grid power to 10 towns in Maputo and Gaza Provinces, providing power to 4,600 consumers (households, small businesses and industries and irrigated agriculture).

Following a competitive bidding process, in June 2018, EDM chose Globeleq, lead partner in the Temane Energy Consortium (TEC) to sign a joint development agreement in order to progress the 400MW gas-fired power project in Temane, Inhambane Province. Though a 25-year tolling agreement, this project will supply low-cost, reliable power to EDM, using natural gas supplied from the Sasol and ENH Pande-Temane fields and providing Mozambique with a considerable base load power.

EDM has also established a new directorate for renewable energies due to Mozambique's enormous potential for renewable energy. In March 2018, the 40MW solar power plant in Mocuba, in Zambezia Province, began construction as part of a public-private partnership between the Norwegian energy company Scatec Solar and EDM, with project debt financing provided by the International Finance Corporation (IFC) and the Emerging Africa Infrastructure Fund. This

**Mozambique's PDIC recognises EDM's role as net exporter of energy with a demand for 900MW, and a growing capacity for 2,700MW.**

will be the largest solar power plant in sub-Saharan Africa, with the exception of South Africa and is expected to supply 175,000 households, with an estimated output of 80,000MW hours per year (amounting to 40% of the electricity grid north of Zambezi). A second plant will also be built in 2019.

In addition to this, Sweden has pledged to provide EDM with US\$6 million in order to assist in initiatives such as: the second phase of the Mavuzi hydroelectric plant, the Tsate, Messalo and Mugeba hydroelectric plants and the Nampula-Angoche, Chimuaradondo, Maputo-Salamanga, Ressano-Garcia-Beluluane and Macia-Chongoene power lines.

Coming in third in Mozambique's Top 100 companies ranking in 2018, as well as winning Outstanding Contribution Award in Power and Power Utility of the Year Award at the prestigious African Utility Week Industry Awards in Cape Town in May 2018, EDM is confidently lighting up the way for the nation and driving it towards its final objective as southern Africa's energy hub.



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ELECTRICIDADE  
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# Lighting the way for Mozambique's transformation

Dedicated to the provision of high quality service and infrastructure development of electricity across the nation, EDM embraces the vision of playing a pivotal role in supplying vitality to every household and every enterprise while safeguarding the environment.

With a generation capacity of more than 2600MW within their National Electricity Transmission Network, EDM is paving the way to establish Mozambique as regional power hub.

<https://portal.edm.co.mz/>



## Booming Sectors

Evidence of Mozambique's economic devolution lies in its flourishing sectors.

# Mozambique's Economic Revolution

Fuelled by President Nyusi's administration's policies and vision for economic growth and prosperity, sectors, such as agriculture, construction, ICT and power feed into one another and power the boom that is at the root of Mozambique's economic revolution and the reason behind its 3.2% economic growth in the first half of 2018.

# A

**AGRICULTURE.** With agriculture currently constituting a quarter of Mozambique's economy, President Nyusi's agricultural campaign focuses upon implementing new technologies in order to further increase productivity and enhance the nation's economic development by reducing the cost of living through the increase in food supply. In the first half of 2018, yield crops have increased 16% for oilseeds, 10% for horticultural crops and 53% for cotton, while total self-sufficiency is expected to be achieved in maize. President and regional head for southern and eastern Africa, Olam International, MD Ramesh, confirms: "We have already tripled our capacity to process cashews in the last five years: we used to process 6-7,000 tonnes and now that's 20,000 tonnes." The Chinese government has additionally budgeted over US\$3 million in Mozambique's agricultural project, supplying agricultural technicians in agronomy, agro-processing, livestock, veterinary clinics and laboratories for a period of three years for technical demonstrations and training.

**CONSTRUCTION.** Mozambique's construction industry plays an important role in driving the nation's socio-economic development and job creation. Jose Parayanken, President of Mozambique Holdings Limited explains: "I feel the engineering sector contributed most to our growth as an industrial group and projected us as a national player." In recent years, the expansion of this sector has been driven by unprecedented infrastructure development. In November 2018, the US\$785 million Maputo-Catembe Bridge, connecting the north and south banks of Maputo, was officially inaugurated. Funding by the Chinese government will also be provided for the construction of the Gorongosa Technical Institute in Sofala and the construction of Xai-Xai airport, at an expected cost of US\$60 million.

**INSURANCE.** In 2017, the insurance market in Mozambique grew by 22.7%. "Apart from giving protection, insurance plays a role in the economy in terms of mobilisation of financial resources," explains Mufaro Chauruka, CEO of Emeritus Reinsurance. "We invest the premiums we receive in various sectors or financial instruments, such as stock market, forex, properties, etc. So, we are essentially making funds available to other sectors of the economy."

**ICT.** Mozambique has invested in several ICT projects as part of the Mozambican eGovernment Strategy. "Our drive is technology. We know that the industrial objective is to merge industrial services' and ICT's companies in the future," explains Rogério Samo Gudo, CEO of Escopil.

**POWER.** Mozambique has the largest power generation potential in southern Africa. Most of the power is currently generated by hydroelectric projects but coal, gas and renewable energy are changing this with Mozambique set to be the biggest coal exporter and natural gas power plants providing 44% of total energy generation in the next decade. In October 2018, the Integrated Master Plan of Energy Infrastructures (PDIE) was approved and aims to ensure the institutional alignment in the implementation of various power generation, transmission and distribution projects over the next 25 years.



# Reinforcing Infrastructure To Increase Capacity And Sustain Growth

The Ministry of Transport and Communications focuses on upgrading and expanding its transportation sector and broadband propagation to sustain Mozambique's sharp growth and industrialisation.

Carlos Alberto Fortes Mesquita has been Minister of Transport and Communications since January 19, 2015. A mechanical engineer by profession, he has worked as Managing Director of Cornelder de Mozambique, S.A and Director of Port of Beira, and served as Honorary Ambassador for the Kingdom of the Netherlands from 1999 to 2014 and as member of the Board of Directors of the National Marine Institute (INAMAR) from 2007 to 2014. He spoke to Penresa about the government's long-term vision and strategy regarding transportation and the expansion of broadband in Mozambique.

## Can you elaborate upon the infrastructural logistics being implemented for Mozambique's LNG project and other industrial developments currently underway?

A study is underway to design the multifunctional Port of Palma, which will be implemented through negotiations with Anadarko, ExxonMobil and ENI. The port will include a terminal for LNG export, a project for fertiliser production and several terminals to accommodate the district of Palma's industrialisation project. The government is also working in collaboration with the Netherlands Embassy to ensure the rehabilitation and operability of the ports of Mocimboa da Praia and Angoche. For the port of Angoche, the company Royal HaskoningDHV has already drawn up and submitted a draft feasibility study.

## What is China's role in developing railway infrastructure in Mozambique?

In April 2016, we signed an MOU with the China Gezhouba Group International Engineering Company (CGGC), which culminated in the presentation of the pre-feasibility study for the development of the 509 km long Massangena-Dondo Rail Corridors linking the Limpopo corridor to the corridor of Sena. In 2017, we also signed a MOU with the China Railway Eryuan Engineering Group (CREEC), which aimed to present a feasibility study for the construction of the 1,811.57 km long Mozambique-Zambia railroad, of which 1,566, 57 km is in Mozambique and includes the Nacala - Zumbo section.

## What are some of the Ministry's current projects for the nation's ports?

The Mozambican ports were fully concessioned, from Maputo to Maputo Port Development Company (MPDC), Beira to CdM (Cornelder de Moçambique), Quelimane to CQ (Cornelder de Quelimane), Nacala to CDN (Northern Development Corridor) and Pemba and Palma to PCD (Cabo Delgado Ports). All of these ports have benefitted from expansion or modernisation in order to meet new requirements. In 2017, the port of Maputo benefited from dredging, culminating in the increase of depth of the access channel in order to receive larger vessels. The project for the Construction of the New Coal Terminal in the Port of Beira is underway, while rehabilitation of Port Quelimane, as well as the dredging of the access channel, took place. At the Port of Pemba, CFM undertook a project to expand the storage and handling area of the container terminal. The Techobanine Port Integrated Project is involved in the construction, maintenance and operation of a deep water port, maritime structures, rail network and the development of complementary and associated satellite projects.

## What is the government doing to grow national airline capacity?

Mozambique's airline, LAM's, biggest challenge is to have a fleet capable of covering the entire national territory. In April 2017, we launched a competition to select an airline that will explore air routes within national territory. The airline Ethiopian Airlines was selected and will soon begin operations.

## What policies are you implementing to ensure the development of national ICT and telecommunications?

The Council of Ministers have approved the National Broadband Strategy 2017-2025, which aims at encouraging the development of broadband infrastructure and national information and communication technologies through the implementation of access networks.



**“A study is underway to design the multifunctional Port of Palma, which will be implemented through negotiations with Anadarko, ExxonMobil and ENI.”**

**Carlos Alberto Fortes Mesquita, Minister of Transport and Communications**

# Emeritus Reinsurance

Mobilising financial resources in order to sustain industrialisation.

## Insuring The Insurers Through Reinsurance

**Emeritus Reinsurance's sustainable approach to industry demand assists Mozambique's economic growth as industry demand flourishes.**

Emeritus Reinsurance, SA (formerly Mozre), a subsidiary of Emeritus International Reinsurance Company with operations in Botswana, Zimbabwe, Zambia, Malawi, started trading in Mozambique in 2007, at a time when local insurers were dependent upon neighbouring countries for their reinsurance capacity needs. Due to the demands of finance industry within Mozambique and a desperate need to fill the gap in reinsurance capacity, Emeritus Resseguros became the only resident reinsurer, providing sustenance and support to the industrialising nation. "We want to be close to our clients and offer them solutions in real-time," states Mufaro Chauruka, CEO of Emeritus Resseguros. "Insurance and reinsurance play a crucial role in the economy, providing security to investors when they invest. Apart from providing protection, insurance also plays a role in the economy in terms of mobilisation of financial resources. We invest the premiums we receive in various sectors in financial instruments, such as stock market, treasury bills, bonds, commercial paper, properties, etc. So, we are essentially making funds available to other sectors of the economy." In further response to emerging trends and the evolving nature of the reinsurance business, on the 19 October 2018, Mozre was rebranded as Emeritus Reinsurance.

Over the past decade, the company's role in reinsurance has been critical due to the growth of national infrastructure and roads. Emeritus Re provide reinsurance capacity in a number of sectors such as fire, engineering, construction and machinery, marine cargo hull and liabilities, aviation hull and liabilities and automotive. "From 2007 to 2015, we experienced a significant inflow of FDI into Mozambique, because of oil and gas, mining of rubies, graphite,



**"The Company operating here employs Mozambicans; so, we are playing a role in employment creation, which is key for Mozambique, its local economy and the development of skills within our people."**

**Mufaro Chauruka,  
CEO of Emeritus  
Reinsurance**

infrastructure building (roads, bridges); we reinsured a number of these projects," explains Chauruka. "We cover big risks which insurance companies cannot carry by themselves, due to capacity limitations as well as the need to spread risks." The company is fully prepared for all niche demands, business interruptions and potential business continuity issues for prospective clients. Given the rise in international businesses looking to enter the Mozambican market in recent years, Emeritus Reinsurance are committed to monitoring and analysing worldwide industrial trends and insurance requirements. Emeritus regulatory measures are in line with international best practice and its technologies and statistical analysis tools have been upgraded to efficiently and effectively monitor client needs in the present and foreseeable future. Recently, the company has shifted towards local demand. "If the premium stays in Mozambique, we invest in Mozambique. The company operating here employs Mozambicans, so, we are playing a role in employment creation, which is key for Mozambique, its local economy and the development of skills within our people," declares Chauruka.

The company is rebranding and preparing itself for its indisputable critical role for reinsuring big risks for current considerable oil and mining projects underway in Mozambique. "We are ready for further development: our group is in the process of recapitalising the company to increase our capital levels, and in the medium term we will need to position ourselves for growth even more," asserts Chauruka. "With the coming in of huge FDI, we need to be a strong reinsurer to accept such business. The Emeritus Re Group will raise US\$10 million through private placement next year in order to recapitalise group operating companies like Emeritus Resseguros in Mozambique, as well as other group reinsurance companies in Zambia, Malawi, Botswana and Zimbabwe. In the medium term, the Emeritus Re Group will be listed on the Botswana Stock exchange to raise US\$100 million in order to significantly increase our underwriting capacity. As a reinsurer, we do not only trade in Mozambique, we do business in sub-Saharan Africa as well, hence we need adequate capital."



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# Partnering Up For Economic Transformation

**National technology leader in ICTs, Engineering & Maintenance industries, Escopil, was established two decades ago and is responsible for a number of forerunning projects in Mozambique.**

In 2007, Escopil was a pioneer in launching the digital registration system of the Technical Secretariat for Electoral Administration (STAE). It has also provided the government with driver licence & motovehicle systems. Mozambique Community Network (MCNET), founded in 2009, is a Public Private Partnership (20% government, 20% CTA, 60% Escopil and SGS consortium) aimed at improving Mozambique's business environment. MCNET is responsible for the implementation and operation of the Single Electronic Window (SeW), an electronic solution for external tax collection. "PPP is seen as a very important tool, especially from the public sector, because it is the fastest way to induce the transformation of the economy, to partner with the private sector, locally or internationally and is the fastest way to improve the country's performance, especially in infrastructure development," states Rogério Samo Gudo, CEO of Escopil.

Over the years, Escopil has grown and changed to adapt to Mozambique's business and economic needs as well as demands. Gudo explains: "We transformed Escopil in a group of specialised companies, with different services to address different sectors." These are: training, infrastructure development, ICT and engineering & industrial service. "We have been working with different entities and business people to develop new projects," continues Gudo. "One of them is the Confederation of Business Association (CTA), on a project that aims at creating a database that interconnects buyers and sellers; the system also allows one to know the level of competence of the registered SMEs." Escopil's strategic role in Mozambique also involves investing in start-up companies and their belief that ICT improves the efficiency of services. "At

the moment we are discussing a potential acquisition of a good ICT company locally based," declares Gudo. "This will definitely uplift our skills set and Escopil's position within the ICT industry."

Always open to the prospect of taking on different partnerships in order to sustain growth, Escopil has also solidly consolidated its role within aluminium, ports and coal mining industries, providing engineering & industrial maintenance services. "We have formed a partnership with Metso Minerals in coal industry as well as with Reel Alesa in aluminium industry," confirms Gudo. "We are discussing a partnership with General Electric for the oil and gas industry."

Through its multidiscipline competency and expertise, Escopil offers reliability and competitiveness in its operations to attract strategic partners and align itself with Mozambique's growth and changing demands. "We need to attract partnership, to access technology, to develop skills and ISO certifications," claims Gudo. "As one of the key providers in Mozambique, Escopil is part of the big movement in the country to develop and enhance skills in order to participate in the oil and gas industry."

Escopil, in partnership with a Mozambican company Valorisa SA, have acquired a merger shareholding in one of the biggest engineering companies providing services to Mozal, and operating in the Beluluane free zone, DUYS ENGINEERING. "This acquisition is the expression of how we want to be perceived in the market, a technology partner adding significant value to our stakeholders and specially to our clients, with this acquisition we will improve our position in both the aluminium and mineral industries and strategically positioning our company for the oil & gas industry," claims Gudo. DUYS Engineering provides, potshell & superstructure repair and fabrication services to Mozal since 2000, and is part of DUYS GROUP based in South Africa.



**"Escopil is one of the key providers in Mozambique and part of the big movement in the country to develop skills in order to participate in the oil and gas industry."**

**Rogério Samo Gudo,  
CEO of Escopil**



# OLAM International

Contributing to local economy through job creation and market growth.

## Mozambique's Guarantee For Supply-Chain Sustainability

**Mozambique's leading employer works side-by-side with farmers, local government and independent partners in order to refine production procedures and increase yields.**

One of the largest agribusiness companies in the world, Olam International promotes the production and distribution of agricultural products in 70 countries. In 1999, Olam Mozambique, a subsidiary of Olam International, began operations in the country by buying cashew nuts in the northern province of Nampula. Today, it is one of the nation's largest employers with an extensive distribution network operating across the length and breadth of the nation, and with seven product categories totalling an output of over 200,000 tonnes per year in agricultural products. Actively assisting thousands of farmers by providing them with seeds and fertilisers and financial assistance in order to guarantee an improvement in yield and productivity, Olam Mozambique also secures a ready market for the produce by buying directly from them. "Our company has always practiced sustainably," explains MD Ramesh, President and Regional Head for southern and eastern Africa, Olam International. "So, operating with artificial opportunities to make instant profits is good for us in the short term, but it's not a scenario which can serve a long-term partner like Olam."

Olam Mozambique currently has five cashew entities around the country. Cashew nut production has increased from 81,000 to 140,000 since 2015. "We are the world's largest company in cashew production, processing and distribution," states Ramesh. "One third of the cashews you eat are managed by Olam. Cashew processing is a great industry in agricultural processing to help employment. It is currently carried out in remote areas, providing employment to people located in areas where there is little else, with women dominating the cashew processing (we are talking about more than 80%.)"

The company's dedication to its role in investing in people, machinery and assets has tripled its capacity to process cashews over the past five years; increasing from 6-7,000 tonnes to 20,000 tonnes.

Olam Mozambique's thriving rice business continues to boom; with a presence in most of its towns and importing approximately 90,000 tonnes per year, Olam is one of the largest rice importers and distributors responding to the nation's demand with its award winning brand, Mama Africa, and Royal Aroma. "In the last seven years we have set up some important facilities; one in Maputo, one in Beira," explains Ramesh. "We know that when this country develops into one of the most dynamic economies in Africa, the pro-capita demand for fat, sugar and animal protein, which is now very low, will grow."

Olam also built its first roller cotton gin in Mozambique in 2013, and now has a total of three cotton concessions in its northern and central regions. It recently revitalised cotton production in Zambezia by incorporating state-of-the art machinery, increasing capacity for 120 metric tonnes of seed cotton per day, while providing further employment opportunities for up to 200 full-time and seasonal workers. Olam's cotton performance depends upon a supplier network of about 67,000 farmers as part of the Better Cotton Initiative (BCI) programme and their shared goal of improving social, environmental and economic aspects of sustainable cotton production. It has been working with BCI since 2012, working to open over 400 farmer field schools and training over 10,000 farmers.

"Olam's presence has changed the way agriculture is done and what value it adds to farmers in Africa and Mozambique," concludes Ramesh. "We have been known for more than 25 years for having created a mutual value creation model. All Olam does is fill the gaps of the farming community: we do not add value, we create it from scratch by directly dealing with the farming community."



**"All Olam does is fill the gaps of the farming community: we do not add value, we create it from scratch by directly dealing with the farming community."**

**MD Ramesh,  
President and Regional  
Head for southern  
and eastern Africa,  
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## Closing article

Fulfilling Mozambique's substantial potential through policy and peace.



# The Positive Prospects Of Mozambique's New Economy

**M**ozambique's economic development has undergone significant transformation and growth as a result of having addressed economic reform in 2018. According to the World Bank Doing Business Index report, Mozambique is up three places due to reforms in electricity, cross-border trade and the payment of taxes. Its electricity generation reforms and EDM's introduction of a monitoring and management system of power cuts in electricity generation has resulted in a 50-place increase in the Doing Business ranking in this specific sector. Meanwhile Mozambique's focus on cross-border trade through the improvement of infrastructure at the Ressano Garcia border in Maputo province and the simplification of documentary requirements has vastly improved and facilitated import and export transactions.

**“As Mozambique's economy stabilises and sustainable peace is established, the nation's capacity and opportunities are repeatedly proving to be an attractive investment destination in a variety of sectors. In the current year, GDP has not only grown but diversification has also been recorded,” states Rogério Zandamela, Governor of the Bank of Mozambique.**

Favouring Mozambique's GDP growth is the nation's 180 trillion cubic feet gas reserves, making it Africa's third-largest LNG holder and potential major exporter by 2023. The Mozambique LNG Project, led by Anadarko is expected to have a future expansion of up to 50 million tonnes per annum and is dedicated to local content, as well as spending US\$2.5 billion on contracts with Mozambican small and medium enterprises. “It's a once-in-a-lifetime game changer for Mozambique and an opportunity

to make a transformational difference in a country with such tremendous promise,” explains Steve Wilson, Anadarko's Vice President & Country Manager. Likewise, the Coral South field's multi-sourced financial agreement has been subscribed by 15 major international banks and guaranteed by five Export Credit Agencies and is also the first Project Finance ever arranged in the world for a liquefaction floater. Alessandro Nanotti, General Manager Upstream of Mozambique Rovuma Venture S.p.A., explains; “The insurance on the project is the largest ever done on the whole value of the vessel, in which partners will invest seven billion dollars. The project-financing is the largest ever ensured in Africa and we believe that we will contribute to the economic recovery of the country.”

Mozambique's new economic strategy involves a commitment to diversification and a more inclusive growth. The nation's potential in energy generation through renewables and EDM's introduction of new technologies aims to electrify the whole nation by 2025, while improved exchange control, local content law and Nacala Logistics Corridor are encouraging domestic production, generating jobs and enhancing income potential. In December 2018, the World Bank Board of Executive Directors approved a US\$40 million grant to support financial inclusion and stability in Mozambique. This aims to support the nation's efforts to increase financial inclusion among underserved groups and SMEs through electronic transaction accounts.

According to Mozambique's Economic and Social Plan (PES) 2019, the nation's economy is forecast to grow by 4.7% due to strong performances in mining, fisheries and agricultural sectors. The anticipation of investments in the nation of over US\$10 billion in the next decade, as well as further consequential investments in sectors such as oil and gas, graphite, tourism and agriculture, also confirms Mozambique's hope and ability to live up to its full potential, while confidently and with great optimism taking great strides forwards towards the prospect of a bright and productive future.



# Transformando os recursos do país em benefícios para os Moçambicanos.

Turning the country's resources into benefits for Mozambicans.





The LNG Project of the Next Decade

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