



Africa *In Focus*

Issue 5
September | October 2013

Welcome to **Africa *In Focus***,

We are most pleased to release the fifth issue of *Africa In Focus*.

Our aim with these bi-monthly brief reports is to provide you with an update on relevant news and key legal issues pertaining to Africa which may be of interest to you and to your business, complemented, whenever pertinent, with overviews on regulatory developments in the Angola and Mozambique jurisdictions.

Capital market activities in Africa have an unsurpassable role in the strengthening of the economic growth of the continent. It is expected that the development of such activities in various countries will contribute to boost investors' confidence and offer diversified and attractive investment opportunities for global emerging market players. In this edition we speak about some of the achievements in 2013 and also the challenges that lie before us.

We have also included several articles we wrote on African matters. If you feel there are developments of information you have read in these documentation, as well as comments or suggestions you would like to make, we would be very glad to hear from you so please let us know by emailing africaninfocus@vda.pt.

With very best wishes,

VdAtlas



Through its VdAtlas – International Platform, VdA has developed over the years a strong network of leading firms in Portuguese speaking Africa that covers all such jurisdictions. For further information about our Africa practice, please [click here](#).

2013: Promising steps for a promising future in capital markets

2013 has been quite a rewarding year for capital markets in African Portuguese speaking countries. Both in what concerns new legislation – in some cases, actual brand new legislation – and completed deals, the capital markets have been very dynamic notably in Angola, Mozambique and Cape Verde. Let's understand why.

Capital markets in Angola have been in the spotlight in 2013. With the general framework for securities (Lei dos Valores Mobiliários) established since 2005, Angola has recently approved a wide legislative package that comprises the Regime Jurídico do Mercado Regulamentado de Dívida Pública Titulada (Legal Framework for Sovereign Debt Regulated Market), Regime Jurídico das Sociedades Corretoras e Distribuidoras de Valores Mobiliários (Legal Framework for Dealers and Distributors of Securities), Regime Jurídico das Sociedades Gestoras de Mercados Regulamentados e Serviços Financeiros (Legal Framework for the Managing Entities for Regulated Markets and Financial Services) and the Regime Jurídico dos Organismos de Investimento Coletivo (Legal Framework for Collective Investment Schemes). Next steps in the approach to capital markets are prudent and it is anticipated that the first transactions in Angolan capital markets will be made by the State, thus meeting the State's funding needs and at the same time permitting companies and individuals to invest in securities issued by the State itself and subject to State's risk.

In Mozambique, market capitalisation has revealed a consistent increase for the last 12 months and achieved, in October, around MT 32,206M. Quite relevant transactions were completed since the beginning of the year. In September 2013 the Mozambican State launched a 10% public offering of shares of Emose - Empresa Moçambicana de Seguros, S.A. This transaction, arranged by BCI – Banco Comercial e de Investimentos, S.A., targeted retail investors and results evidence that demand exceeded the offer (107.47 %), with national individuals reaching around 95,9% of the demand. The relevant shares have in the meantime been admitted to trading, thus making Emose the fourth company with listed shares in Mozambican stock exchange.

Also on the debt side, there has been interesting news. On 30 September 2013, the results of the public offering of “Obrigações Companhia de Moçambique – 2013”, a transaction launched by Companhia de Moçambique, S.A. and arranged by Moza Banco, S.A., were disclosed, with demand reaching 359,3% of the demand. This became the twentieth bond issuance admitted to trading in Mozambican stock exchange, following nine sovereign issues made by the Mozambican State and other bond issues made by banks and corporate entities. Also in the commercial paper segment it is relevant to note that in 2013 Petromoc - Petróleos de Moçambique S.A. has made five issues (and has one still outstanding from 2012) and Moza Banco, S.A. has made one.

Capital markets have also shown very positive signs in Cape Verde. In 2012, a new securities code, approved by Decreto-Legislativo n.º 1/2012, of 27 January, have been enacted in Cape Verde. This has been considered as an historic milestone in the Cape Verdean financial regulation, with the aim of modernising and providing increased credibility to the domestic capital markets, also taking into account that Auditoria Geral do Mercado de Valores Mobiliários de Cabo Verde (Cape Verdean Securities Commission) intends to join the International Organization of Securities Commissions (IOSCO).

With four companies listed in the Cape Verdean stock exchange, strong efforts have been made to enhance activity on the debt side. After the public offerings made by ASA - Empresa Nacional de Aeroportos e Segurança Aérea, S.A. and Electra, S.A. in 2012, this summer has seen the Município da Praia (Municipality of Praia) issuing and placing bonds through a public offering. However, 2013 is peculiar due to the increased efforts made by the Ministry of Finance to develop a sovereign debt

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- [Legal Observatory](#)



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OUR TEAM

João Vieira de Almeida

Partner

Tel: (+351) 21 311 3481

jva@vda.pt

Nuno Castelão

Head of International Relations

Tel: (+351) 21 311 3670

nc@vda.pt

Francisco Amaral

Head of Business & Practice Angola

Tel: (+351) 21 311 3451

fas@vda.pt

João Mayer Moreira

Head of Business & Practice Mozambique

Tel: (+351) 21 311 3670

jam@vda.pt

Matilde Horta e Costa

International Relations Manager & Chief

Editor

Tel: (+351) 21 311 3422

mhc@vda.pt

market. Pursuant to an auction scheme, the debut issuance of sovereign bonds (obrigações do tesouro) occurred on 28 May 2013, followed by ten other auctions, the most recent of which on 28 October 2013, in the aggregate amount of CVE2,650,000,000. But also on the short term sovereign debt (bilhetes do tesouro) segment, 2013 has been an active year, with three auctions so far, in the aggregate amount of CVE1,100,000,000.

A final word to the efforts that have been developed by the Banco de Cabo Verde (Bank of Cape Verde), the Auditoria Geral do Mercado de Valores Mobiliários de Cabo Verde and the Bolsa de Cabo Verde (Cape Verde Stock Exchange), which pay a particular attention to financial literacy and promoted in June this year, together with the Instituto dos Valores Mobiliários (Securities Institute of the Lisbon Faculty of Law), an international seminar on “Issuance of Securities and Public Offerings in Times of Crisis”.

All this can only mean that capital markets in Portuguese African countries are on the rise. Let’s hope that market players take advantage of the existing legal frameworks, more transactions are completed and the secondary market becomes more liquid, thus contributing to a sustainable evolution of the capital markets.

Note: in the preparation of this article, we have consulted the information contained in the following websites: www.cmc.gov.ao, www.bvm.co.mz e www.bcv.cv.

*Hugo Moredo Santos
Managing Associate at VdA*

TALKING ABOUT

"Environmental Risk Management on Investments in Emerging Economies"

September 17, 2013

On the 17th September VdA hosted a conference organized by Portugal BCSD (Business Council for Sustainable Development) regarding "Environmental Risk Management on Investments in Emerging Economies"

[See VdA Events](#)

New Exchange Rate Regime

October 21, 2013, Lusa | Oje | Sol

Nuno Castelão, lawyer who coordinates the international platform from VdA - VdAtlas – was interviewed by LUSA agency, and is quoted by OJE and SOL newspapers, concerning the possible extension of the new foreign exchange regime of Angola’s oil sector to other sectors of this economy.

[See VdA News & Media](#)

"The governance of limited liability companies in Portuguese speaking jurisdictions"

October 31, 2013, Governance LAB

Hugo Moredo Santos is co-author of a book about the governance of limited liability companies in Portuguese speaking jurisdictions.

In this book the authors discuss the key features of limited liability companies, corporate governance models and the legal status of the shareholders, management and auditing bodies in seven Portuguese speaking jurisdictions: Angola, Brazil, Cape Verde, Macau, Mozambique, Portugal and S. Tomé e Príncipe.

[See VdA News & Media](#)

"Taxation of the oil & gas and mining sectors in Mozambique"

September 9-13, 2013

VdA was invited to take part in a seminar coordinated by the Portuguese Judicial Training Centre (“Centro de Estudos Fiscais”) on the taxation of the oil & gas and mining sectors in Mozambique. VdA’s presentation was focused on the Fundamentals of International Tax Law, the Mozambican Tax System and the application of Double Taxation Treaties, covering some of the most relevant international tax matters concerning investments in Mozambique (such as the taxation of workers, the concept of permanent establishment and the taxation on capital gains).

Angola: VdA at the Financial Market Seminar

October 7, 2013, iiR Angola

VdA Of Counsel José Pedro Fazenda Martins was a guest speaker at the Financial Market Seminar, hosted by iiR Angola in Luanda.

José Pedro Fazenda Martins, who coordinates the Capital Markets practice, spoke about the FM products and its structure, the most recent Angolan legislation, the risks involving these products, among other relevant subjects in this sector.

[See VdA Events](#)

NEWS

Angola



ECONOMY

Angola has set up conditions for successful development,

Mozambique



ECONOMY

Economic growth projected to be up 8% in 2014

Economy Minister says

Angola has established the conditions it needs for successful development, based on macroeconomic stability.

The tax discipline along with a stability-focused monetary policy had also made it possible to reduce annual inflation in a consistent way since 2002 (when it was still above 100 percent), to less than 10 percent in 2012, without affecting growth.

Source www.angolahub.com

BANKING & FINANCE

Market regulation among Reserve Bank's main challenges

The appropriate regulation of the markets and search for guarantees of macro-economic stability are among the main challenges to the Angola Reserve Bank (BNA).

Source www.portalangop.co.ao

Angolan National bank keeps base interest rate at 9.75%

The National Bank of Angola has decided to keep its base interest rate, known as the BNA Rate, unchanged at 9.75% and its permanent liquidity facility rate at 11% and its liquidity absorption rate at 0.75%.

Source www.angolahub.com

Britain's Standard Chartered Bank obtains license to operate in Angola

Britain's Standard Chartered Bank has obtained a license to operate in Angola and the local bank will be called Standard Chartered Bank Angola.

Source www.angolahub.com

OIL & GAS

Angola's oil reserves overall 13 billion barrels

Angola has proven oil reserves of 13 billion barrels. The figure is around 4 billion barrels more than the estimate of 9.1 billion barrels announced by the Organisation of Petroleum Exporting Countries (OPEC) at the end of 2012.

Source www.angolahub.com

Sonangol and Argentina's Plus Petroleum start onshore oil production

Sociedade Nacional de Combustíveis de Angola (Sonangol) and Argentine company Plus Petroleum have started producing oil at an onshore block with four wells in Angola's Cabinda province. It is currently producing 1,000 barrels of oil per day

Source www.angolahub.com

Oil reserves in territorial waters estimated to total 12.667 billion barrels

Angola's oil reserve in shallow, deep and ultra deep waters are estimated to total 12.667 billion barrels. Angola currently produces some 1.751 million barrels of oil per day and is soon expected to be producing 2 million barrels per day once production increases at existing oil fields.

Source www.angolahub.com

Sonangol will pre-approve investors interested in oil sector

Angolan oil company Sociedade Nacional de Combustíveis de Angola (Sonangol) is due soon to launch a programme to pre-approve all investors interested in the oil sector in Angola.

The programme would be open to "all who feel they are eligible to invest in the oil business."

Source www.angolahub.com

Angolan oil exports catching up with Nigeria's

Angolan exports are due to increase to 1.74 million barrels per day in November. Angolan oil shipments in October are expected to rise against September, when exports totalled 1.7 million barrels per day following repairs to the Saturno oil rig operated by BP.

Source www.angolahub.com

The Mozambican economy should grow by 8% in 2014 according to the projection set out in the state budget document approved by the government.

The proposed law will be submitted to Parliament along with the economic and social plan. It considers an inflation rate of 5.6% and economic growth of 8%; exports should rise to US\$ 4.774 billion.

Source www.mozahub.com

BANKING & FINANCE

Moody's says Angola and Mozambique plan to issue debt on international markets

Angola and Mozambique are expected to issue sovereign debt on the international financial markets this year or in the near future.

Source www.mozahub.com

Bank of Mozambique keeps main interest rates unchanged

The Bank of Mozambique has decided to keep the interest rate on its permanent liquidity facility unchanged at 8.75%, which is the lowest rate since December 2008.

Source www.mozahub.com

OIL & GAS

Indonesian company buys 75 percent stake in oil block

Indonesian company PT Energi Mega Persada Tbk. (Enrg) has acquired a 75 percent stake in the exploration, production and concession contract (EPCC) for oil and gas in the Buzi block, in partnership with Mozambican state company Empresa Nacional de Hidrocarbonetos (ENH), which will own the remaining 25 percent.

Source www.mozahub.com

Mozambique receives eight proposals for construction of natural gas refineries

Eight foreign companies have presented proposals to the Mozambican government to build two natural gas refineries in the Rovuma basin, said Mozambican oil and gas company Empresa Nacional de Hidrocarbonetos (ENH), which manages the States' mining resources stakes.

Source www.mozahub.com

BP Group announces investments of US\$85 million

Oil group BP plans to invest US\$85 million in Mozambique over the next five years in new projects and modernising facilities in the country. BP currently has an 18 percent of Mozambique's fuel market, with the sale of 240 million litres of fuel per year.

Source www.mozahub.com

Oil terminals to be built in Tete and Palma

Two oil terminals are due to be built in the city of Tete and the town of Palma, in Mozambique's Cabo Delgado province, in order to supply fuel to large coal and natural gas projects. The construction of the two terminals would require active participation of national companies, acting in the value and supply chains of Mozambique's extractive industry.

Source www.mozahub.com

Maputo will receive piped natural gas in May 2014

The project is controlled by state oil and gas company Empresa Nacional de Hidrocarbonetos (ENH) and construction is the responsibility of the Korea Gas Corporation (Kogas).

Source www.mozahub.com

Natural gas exploration expected to provide annual revenues of US\$10 billion

Exploration of the natural gas found in the Rovuma basin in northern Mozambique, may bring in annual revenues of over US\$10 billion

Source www.mozahub.com

ENI open to sell 10% of oil block

Italian group ENI has announced it is open to sell a further 10 percent of the stake it owns in the Area 4 block of the Rovuma basin in northern Mozambique

Source www.mozahub.com

MINING

Angola and Zimbabwe sign memo for co-operation in minerals sector

Angola and Zimbabwe signed a memorandum of economic co-operation in the mining sector, aiming for research, prospecting, exploration, technical and technological support from the former to the latter.

Source www.portalangop.co.ao

Demand from Asian market may lead to increased diamond production

Diamond production in Angola may increase to previous levels due to the new Mining Law and mining of higher quality stones. Analysts from geological consultancy Sinense and investment bank Eaglestone Asset Management expect growth in the Asian luxury goods market to boost diamond production in Angola

Source www.angolahub.com

ENERGY

Government plans to invest US\$23.6 billion in energy by 2017

The size of the investment was proof of the priority given by the government to the energy sector. The "Angola 2025 Strategy" for long term development, which includes the 2013-2017 Action Plan for the Energy and Water Sector, outlined clear goals for the country's human development.

Source www.angolahub.com

LOGISTIC & INDUSTRY

US group Chevron plans to increase network of suppliers

US group Chevron plans to increase its network of suppliers in Angola in order to support development of local businesses and allow more Angolan companies to operate in the oil sector.

Source www.angolahub.com

Cement factory begin production in December

The Cuanza Sul cement plant will this December begin producing cement to be commercialised under the Yeto brand.

Source www.angolahub.com

INFRASTRUCTURE

Water supply to integrate concession regime

The production, treatment and distribution of water will be part of activities that would be under license regime or concessions, as part of a proposal analyzed on Friday by the 8th ordinary session of the Real Economy Commission of the Cabinet Council.

Source www.portalangop.co.ao

Development plan for Kwando Kubango province includes construction of 4,000 kilometres of roads

The 2013-2017 Strategic Development Plan for Kwando Kubango includes construction of 4,000 kilometres of roads, which will boost progress in the Angolan province.

Source www.angolahub.com

TAX

State Budget draft estimates spending of Usd 72.5 billion

The draft State Budget for 2014 estimates revenues and spending of Usd 72.5 billion, which is about 54 percent of the Gross Domestic Product.

Source www.portalangop.co.ao

Commercial transactions of more than US\$10 require an invoice

Issuing an invoice or an equivalent document for goods or services transactions worth over 1,000 kwanzas (US\$10) is now a requirement for all economic agents in Angola.

ENI finds more natural gas in Mozambique

Italian oil and gas group ENI has found more natural gas in the Area 4 block of the Rovuma basin, in northern Mozambique, after drilling the Agulha test well.

Source www.mozahub.com

MINING

Natural resources attract US\$5 billion in investment

Investments were expected to continue to grow, with the execution of several projects already underway and with new companies entering in the mining and oil and gas sectors.

Source www.mozahub.com

Companies sign contracts to mine coal

Midwest Africa and the Rio Tinto group plan to invest over US\$4.7 billion in coal mining in Tete province, Mozambique, under the terms of mining contracts signed Thursday in Maputo.

Source www.mozahub.com

Beacon Hill Resources' coal mine in Mozambique has reserves of 40 million tons

Australian company Beacon Hill Resources has updated the size of its proven and likely coal reserves at its Minas Moatize concession to 39.38 million tons.

Source www.mozahub.com

Australian company finds metals deposits

Australian mining company Metals of Africa has discovered a significant new geo-chemical anomaly in the Rulio region of its Rio Mazoé base metals project in Mozambique.

Source www.mozahub.com

Australia's Triton Minerals discovers more graphite in northern

While prospecting for graphite in the Balama project in Cabo Delgado province, the company found coal deposits with a 16.2% concentration of graphite.

Source www.mozahub.com

ENERGY

First solar panel factory starts to operate in October

The first solar panel factory in Mozambique, which is under construction at the Beluluane Industrial Park, starts to operate in October with an annual production target of 5 megawatts of power.

Source www.mozahub.com

INFRASTRUCTURE

New bridge in Tete will be open in October 2014

The second bridge of the River Zambezi in the city of Tete, in the central region of Mozambique, is expected to open to traffic in October 2014, as set out in the contract to award the project.

Source www.mozahub.com

New rules for construction contractors implemented

Construction contractors in Mozambique are required from now on to provide a minimum amount of equipment to be granted construction licenses.

Construction companies can no longer carry out building work without third party insurance under the terms of the new legal diploma, the deputy minister said at the end of a Council of Ministers meeting.

Source www.mozahub.com

TAX

Tributary Authority calls for creation of Sovereign Fund with capital gains revenues

The Mozambican Tributary Authority (AT) has proposed a Sovereign fund or a Macroeconomic Stabilisation Fund be set up using revenues from capital gains taxes charged on the sale of Mozambican assets by foreign companies. AT's also suggested the approval of rules for applying capital gains revenues.

The new rule is included in the Legal Regime for Invoices and Equivalent Documents recently published, which is intended to ensure that all transactions are properly documented.

Source www.angolahub.com

New customs tariffs come into force in January 2014

Angola's new customs tariffs, due to come into force on 1 January 2014, are intended to protect entrepreneurs and national production

Source www.angolahub.com

Source www.mozahub.com

LEGAL OBSERVATORY

Angola



Institute for Regularion of Oil Derivatives

Presidential Decree 133/13 of 5 September 2013, establishes the Intitute for Regulation of Oil Derivatives and approves its Organic Statute.

Brokerage and Securities Dealers Companies

Presidential Legislative Decree 5/13 of 9 October 2013, approves the legal framework for the Broker and Securities Dealers Companies, in accordance with the Finantial Institutions Law.

Regulated Markets Management and Corporate Financial Services on Securities companies

Presidential Legislative Decree 6/13 of 10 October 2013, approves the Legal framework of Management Companies of Regulated Markets and Financial Services concerning Securities

Petroleum Block Bidding

Presidential Legislative Decree 173/2013 of 30 October 2013, establishes procedures and defines the assignments for the purpose of licensing and inspection of storage facilities for petroleum products, supply facilities for liquid and gaseous fuels derived from petroleum

Mozambique



Code on Individuals Income Tax

Law 20/2013 of 23 September 2013, modifies and waives the Code on Individuals Income Tax (approved by Law 33/2007) on several matters, in particular, exemption of first category incomes, special imputation, aggregation, determination of capital gains, minimum non-taxable, withholding rates, competence for settlement deductions relating to personal and family situation and the withholding tax on the income from employment.

Code on Corporate Income Tax

Law 19/2013 of 23 September 2013, amends the Code on Corporate Income Tax (approved by the Law 34/2007).

Interbank Monetary Market

Notice 7/GBM/2013 of 18 September 2013, approves the Regulation of the Interbank Monetary Market (IMM), regulated segment of the money market of the metical, which allows the authorized institutions to permute the funds represented by outstanding amounts of their deposit accounts registered in the Bank of Mozambique or securities registered in title-accounts in this same Bank.

Market Operations System

Notice 5/GBM/2013 of 18 September 2013, approves the Regulation of Market Operations System (MOS), comprising a set of rules and procedures to be followed by the Bank of Mozambique and by the institutions authorized to participate in the Interbank Foreign Exchange Market (MCI) and Interbank Monetary Market (IMM)

Securities Exchange

Ministerial Decree 130/2013 of 4 Septembre 2013, approves the operational rules of the Securities Exchange ("Central de Valores Mobiliários")

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Lisbon
Av. Duarte Pacheco, 26
1070-110 Lisbon | Portugal
lisboa@vda.pt

Oporto
Av. da Boavista, 3433 – 8º
4100-138 Oporto | Portugal
porto@vda.pt

Angola
angola@vda.pt

Brazil
brazil@vda.pt

Mozambique
mozambique@vda.pt

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& Associados Sociedade de Advogados, RL

www.vda.pt

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