MEMORANDUM

N° 77/2018 | 20/09/2018

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12 YEARS OF PUBLICATION

SUMMARY

ZAMBIA’S EDGAR LUNGU FIRES MINISTER OVER GRAFT SCANDAL

Community development minister Emerine Kabanshi was fired for alleged misuse of funds meant for a social payments programme

Zambia sacked its development minister on Wednesday a day after Britain suspended aid payments to the country over a mounting row about alleged corruption in President Edgar Lungu's government.

Community development minister Emerine Kabanshi, who was in charge of a social payments programme which Britain said had been abused, was fired for alleged misuse of funds, government spokeswoman Dora Siliya said in a tweet.

"His excellency, President Edgar Lungu has acted swiftly, relieving Hon E Kabanshi as minister of community development following misuse of funds allegations in her ministry," wrote Siliya.

On Tuesday, Britain's ambassador to Lusaka, Fergus Cochrane-Dyet, tweeted that Britain had frozen "all bilateral funding to Zambian government", adding that "UK Aid takes zero-tolerance approach to fraud".

Britain's development ministry says on its website it earmarked £48m in aid for Zambia in the 2017-2018 fiscal year.

Last week, the London-based Africa Confidential publication said misuse of donor funds had pushed Finland and Sweden to freeze aid, while Britain was demanding the return of $4m that was allegedly embezzled.

In response to Britain's move, Lungu called for an investigation into the misuse of funds, which was launched four months ago, to submit its findings.

Lungu's office said previously that preliminary findings suggest £3m were still owed to the intended beneficiaries of the British-backed social payments scheme across the aid-dependent country. (AFP 19-09-2018)

DONORS HALT AID TO ZAMBIAN SOCIAL WELFARE SCHEME OVER SUSPECTED MISUSE

The UK and Finland have frozen funding to Zambia on suspicion that $4m they channeled into a social welfare scheme may have been misused, the Zambian presidency said on Tuesday.

President Edgar Lungu later gave the country’s top public servant a week to take decisive action to curb all "malpractices" in the administration of the scheme.

The social cash transfer scheme is a donor-supported programme under which the Zambian government relays money to vulnerable households in rural areas.

The British high commissioner to Zambia Fergus Cochrane-Dyet said in a tweet that Britain had frozen all bilateral funding until audit results were known. "[Britain] takes a zero-tolerance approach to fraud and corruption." Officials from Finland did not immediately comment.

Presidential spokesperson Amos Chanda said Lungu ordered an inquiry four months ago into possible "misuse" of the aid funds from 2012, and a number of suspects were due to be prosecuted.

"They notified us about the suspension of aid to the social cash transfer scheme but all other forms of bilateral aid are ongoing," Chanda said. "Following the investigations, the secretary to the cabinet actually presented a report to the president on Friday."

In a statement late on Tuesday, Lungu said he was not satisfied with the pace of the administrative measures and gave the secretary to the cabinet the deadline for action.

"I want a speedy and decisive investigation into the matter to establish the status of the disbursement of the social cash transfer programme," Lungu said. "Wherever cases of abuse requiring criminal investigations may arise, such cases must be reported to the relevant agencies and where administrative action is required, I want to see prompt action taken." He gave no indication what the consequence would be if the matter was not resolved.

Lee Habasonda, a political analyst at the University of Zambia, said the withdrawal of the funding would hurt the poor in the country at a time when Lusaka is struggling to manage its debt. "We hope that the government will take quick remedial measures to ensure the funding is resumed."

Zambia's external debt rose to $9.37bn by the end of June from $8.7bn in December, the finance ministry said in August, a week after the International Monetary Fund (IMF) raised concerns over its high borrowing.
Chanda said the welfare scheme would "continue on a smaller scale and we hope the donors can quickly get back on board". (Reuters 19-09-2018)

CENTRAL BANKS SHIFT COURSE AS TURMOIL SHAKES AFRICA

Central banks in Africa — poised to reveal their first response to the emerging-market turmoil of the past month — are likely to usher in an end to the continent's easing cycle.
There is a week to go before the US Federal Reserve delivers what could be its third interest-rate increase of the year. Currency weakness from the wider market sell-off preceding that move and a pick-up in inflation may persuade officials to freeze borrowing costs.
Central bankers in Nigeria, Ghana and Kenya are likely to keep key rates unchanged at their meetings next week.
On Thursday, SA officials are seen by some economists as open to a potential hike.
Russia raised its key rate by 25 basis points, while Turkish regulators increased the rate by 625 basis points.
"We are slowly seeing the effects of … emerging-market events in the rest of Africa," Celeste Fauconnier, an analyst at Rand Merchant Bank, said.
"It's safe to say the cutting trend in most of Africa is over," she said.
"We're unlikely to see a reaction like that of Turkey and Russia, but the chances of further rate cuts are very slim."
The rand has lost 11% against the dollar since the start of August, pushing inflation expectations to a three-month high.
Tax measures announced in July add to price pressure in Ghana that was caused by the cedi's weakness. While inflation remains inside the central bank's target band, it has picked up from its April low.
The currency's drop has big consequences for inflation and it is "not certain how long this will persist and how the cedi will end the year", said Courage Boti, an Accra-based economist at Databank Group.
While Kenya's monetary policy committee has said there is room for a more accommodative stance, price pressures due to the introduction of a tax on fuel and the decision by legislators to not repeal a law capping commercial borrowing costs may temper this. The central bank "is unlikely to move again in the short term given the risk of an uptick in inflation", said economist John Ashbourne.
Nigeria's inflation rate rose for the first time in 19 months in August and pre-election spending combined with a record budget could exacerbate price pressures. (Bloomberg 19-09-2018)

EU COUNTRIES TOP DEVELOPMENT POLICY CHARTS

EU countries lead the way when it comes to development policy, according to a new report by a US-based think-tank. Eleven EU countries dominate the top-12 of the Commitment to Development Index published by the Center for Global Development on Tuesday (18 September).
Sweden, Denmark and Germany are the top three in the annual index by the Washington-based think-tank, which ranks 27 wealthy countries based on their policies on aid, finance, technology, environment, trade, security and migration.

That marks the first time that a country in the G7 has been placed in the top three, and suggests that Germany, the EU's economic powerhouse, has emerged as a leading player in the development community.

Whose aid is it anyway?

To the generation brought up on the LiveAid and Live8 concerts, development aid is a moral obligation as well as a policy tool.

Last year, German Chancellor Angela Merkel put development, particularly improved trade and investment links with Africa, at the heart of her government's G20 presidency.

As well as generous aid policies, countries score well if they promote financial transparency, have low barriers to trade for developing countries, and have migration policies which are open and promote integration. Environmental protection and contributions to peacekeeping missions and avoiding arms sales to poor and undemocratic nations also contribute to the rankings.

"One of the goals is to show that there is more to development than aid," Anita Käppeli, director of policy outreach and one of the authors of the report, told EURACTIV.com.

The United States, meanwhile, is ranked in 23rd place, the same position it held last year.

Donald Trump's administration has shown little interest in development policy. The State Department has seen its budget slashed and a number of top diplomatic positions, including those covering African affairs, have only recently been filled.

However, that apparent lack of interest translated into few policy changes, with the US aid budget falling from 0.19% in the final year of Barack Obama's presidency to 0.18% of gross national income in 2017.

"Last year we were still seeing the Obama data…the ranking hasn't changed so far under Trump," said Käppeli.

However, the data does not yet account for the US's withdrawal from the Paris climate change agreement or the impact of the Trump administration's imposition of trade tariffs, which will hurt many developing countries.

"We will probably see a change (in the US's position) next year or in 2020," said Käppeli.

Käppeli pointed out that there is still a divide between west and north European countries and their typically poorer counterparts in central, southern and eastern Europe.

Poland and Greece are the lowest ranked of the 19 EU countries in the survey.

Portugal is the "positive outlier in the south", said Käppeli, who praised the Lisbon government for its environment and open migration policies.

The UK, traditionally one of the EU's leading players in development policy, dropped one place to 7th in the index, and Käppeli agreed that its exit from the EU, due next March, will change the development policy debate in Europe.

"I do expect big changes," said Käppeli, but she believes that they will not necessarily be negative for developing countries.

"Brexit could actually be an opportunity to be more open on migration from poor countries because migration from the EU will have to be replaced," she said, adding that the UK's exit from the EU could lead to a drop in its agricultural subsidies and more open trade relations with developing countries.(EA 18-09-2018)

PORTUGUESE LEADER IN ANGOLA AMITY BID

The diplomacy marks an effort to move beyond the bitter legacy of Lisbon's rule which ended in 1975

Portugal's Prime Minister Antonio Costa has arrived in Angola for a two-day trip aimed at improving ties between Luanda and its former colonial master.

The diplomacy marks an effort to move beyond the bitter legacy of Lisbon's rule, which ended in 1975 when Portugal withdrew without handing over power and Angola sank into civil war until 2002.

"Portugal and Angola have a long history, the tone of which should be defined by the future and not the past," said Costa as he set off for Luanda.

Angola entered a new era in 2017 when Jose Eduardo dos Santos, who ruled with an iron fist from 1979 to 2017, stepped down and was replaced by President Joao Lourenco.

"There's lots we can and should do together in terms of the economic ties between our countries which are already strong," Costa said shortly after arriving, becoming the first Portuguese head of government to visit for seven years.
"Angola has a major challenge to diversify its economy and to increase domestic production, shrinking imports."
Angola is a key trading partner with Portugal. (AFP 18-09-2018)

PORTUGUESE INVESTMENTS ARE WELCOME IN ANGOLA, SAYS JOÃO LOURENÇO

Portuguese direct investments in Angola "are welcome," said on Tuesday in Luanda the Angolan President, who added that Portugal could play a leading role in the development of both countries.

Speaking before the start of a meeting with the Portuguese Prime Minister, António Costa, Lourenço stressed that investments in manufacturing based on raw materials and local materials, agriculture and agro-industry are fundamental for the domestic market and for Angolan exports.

"We welcome the implementation of Portuguese small and medium-sized companies in the Angolan market, within the idea in which they establish themselves in our country to produce wealth that results in important benefits for both," said Lourenço.

The Angolan President encouraged Costa to increase Portuguese investors' awareness of the challenge by "creating facilities through credit lines that would help them do business in Angola," and stressed that on the Angolan side the government is working to create a safe and attractive business environment.

"This business environment will stop investors from facing obstructions resulting from overly bureaucratic procedures to establish a business in Angola," he said.

Lourenço also said that the agreements to be signed between the two countries, with a focus on the 2018-2022 Strategic Cooperation Programme and the Convention to eliminate Double Taxation and prevent tax evasion and avoidance, "will certainly give solidity and substance," to Costa's visit.

The Portuguese prime minister concluded an official two-day visit to Angola on Tuesday. (19-09-2018)

BRITAIN TO HELP ZIMBABWE GET ON INTERIM IMF STAFF PROGRAMME

Britain will support Zimbabwe in getting onto an interim International Monetary Fund (IMF) staff programme to help the country quickly clear its foreign arrears, Britain's ambassador in Harare said on Tuesday.
Clearing the $1.8bn in arrears to the World Bank and African Development Bank is seen as a major step for Zimbabwe to start accessing foreign credit, especially for the private sector, as well as foreign direct investment.
British ambassador to Zimbabwe Catriona Laing said an IMF programme would help the former British colony expedite the clearance of its arrears. "We are here to give that support to try and encourage a process back to an IMF programme, perhaps through an interim staff monitoring programme, as soon as possible. Laing said this would enable Zimbabwe "to start a serious dialogue" around the clearance of the arrears.
Zimbabwe's finance minister Mthuli Ncube said President Emmerson Mnangagwa's government was still deciding whether to follow the heavily indebted poor country (HIPC) route or a commercial deal to clear the arrears. Only then would it come up with a timeline to pay the arrears, he said, adding that he would launch an economic stabilisation programme next month.

Zimbabwe, which is trying to shake off its international pariah tag, started defaulting on its foreign debt in 1999. The West put sanctions on the country in 2002 as punishment against former president Robert Mugabe's government, which was accused of vote fraud and rights abuses.

Laing said that along with economic measures, such as reducing the country's fiscal deficit, Britain also wanted Harare to carry out political reforms, including aligning the country's laws to a 2013 constitution. "We will be tracking both pathways, the economic pathway and political pathway. We want Zimbabwe to succeed." (Reuters 18-09-2018)

PORTUGAL INCREASES EXPORT CREDIT LINE TO ANGOLA

Angola's export support facility will increase from 1 billion euros to 1.5 billion euros, Portuguese Prime Minister António Costa told a meeting with Portuguese businesspeople in Luanda, according to the Portuguese press.

Costa also said that the expansion and renewal of the export credit line "is a very important sign of the two countries' desire to continue to strengthen their economic relations."

The Portuguese prime minister, who arrived in Luanda Monday for a two-day official visit, said that Portugal and Angola are in a privileged position within the framework of the relationship between Africa and the European Union.

"Political relations are essential, but it is absolutely indispensable that the human relationship, with the constant presence of those who work and invest here, continues to build on and deepen our relationship with Angola," he said.

On the day he landed in Luanda, the prime minister had an informal lunch with seven Angolan government ministers and the governor of the National Bank of Angola, which the Portuguese government considers to be a reflection of the new political climate between the two countries. (19-09-2018)

NEW TERMINAL AT LIBERIA'S ROBERTS INTERNATIONAL AIRPORT TO BE OPERATIONAL

The Managing Director of the Liberia Airport Authority (LAA), Wil Bako Freeman, has announced that the US $50m terminal project at the Roberts International Airport will be ready for use by the end 2018.

Construction of the new terminal began in 2017 under the terms of a loan agreement the Liberian Government under former President Ellen Johnson Sirleaf signed with the People's Republic of China. The loan will be paid with interest within 25 years.

First up to date modern terminal

According to Mr. Freeman, the new terminal will be the first up to date modern terminal ever at the RIA since the construction of that airport in the 1940s during the Second World War.

He added that the terminal has been erected and contractors are working daily to ensure it is ready as promised.The two boarding bridges from the building to the turn pad have been connected as engineering while pavement works is also ongoing around the terminal. At the same time, construction work is taking place on a water treatment plant and a standby power house.

Congested boarding rooms

Areas currently used for passengers are medium sized buildings which also host authorities of the airport. The boarding rooms are so congested that each can barely host 100 passengers.

Mr. Freeman said that most of the buildings, including those used as terminals, will be demolished to create space for entry to the new terminal. He added that they are also contemplating on improving the human resource capacity of the airport to meet conventional acceptance in dealing with passengers at arrival and departure.
Moreover, the RIA Managing Director also spoke of an US $11m concession agreement between RIA and GLS-NAS to build a cargo terminal and operate it at the airport. This, he said, will take a year to complete and will put Liberia in competition with other countries that are attracting huge flow of passengers and other businesses in the region.
A US $30mn loan from the Saudi Group and Arab Bank for Africa has also helped to address the runway and it now has the best led light which, the MD said, is the first he knows in Africa(CRO 17-09-2018)

ANGOLA'S CURRENCY CONTINUES TO DEPRECIATE AGAINST THE DOLLAR AND THE EURO

The National Bank of Angola on Tuesday carried out another currency auction, placing US$55 million on the primary market, according to an official statement.

The amount of foreign currency sold was intended to cover commercial, private transactions and arrears with proof of goods entering the country.

In the auction, a reference exchange rate of 287.226 kwanzas per dollar was calculated, with the highest allowed rate being 287.483 kwanzas and the lowest at 286.910 kwanzas per dollar.

As the dollar was worth 165.92 kwanzas on 1 January of this year, days before the National Bank of Angola adopted the floating exchange rate system, the exchange rate recorded on Wednesday means that the Angolan currency has lost 42.23% of its value against the US currency since then.

Following the auction on Tuesday, the euro stood at 333.480 kwanzas, a real depreciation of 3.943 kwanzas compared to the exchange rate calculated on 10 September and 44.40% compared to the rate at the beginning of January, of 185.40 kwanzas per euro. (19-09-2018)

SOUTH AFRICA HIGHEST COURT GIVES GREEN LIGHT TO DAGGA

The Constitutional Court has decriminalised the use or possession of cannabis by an adult in private for personal consumption
In a landmark judgment, the Constitutional Court decriminalised the use or possession of cannabis by an adult in private for personal consumption, as well as the cultivation of it by an adult for personal use.
However, the use or possession of cannabis by a child in any place or by an adult in public was not decriminalised.
The judgment, penned by deputy chief justice Raymond Zondo, was unanimous in declaring sections 4(b), 5(b) of the Drugs and Drugs Trafficking Act (Drugs Act) and sections 22A(9)(a)(i) of the Medicines and Related Substances Control Act (Medicines Act), to be inconsistent with the constitution. As Zondo read the judgment, it was greeted with continuous cheering from the public gallery.
It was declared from the date of the order that the sections were inconsistent with the right to privacy.
The court suspended the order of invalidity for 24 months, to allow parliament to cure the constitutional deficiency.
The court, by way of a reading-in of the two acts, ensured that it would not be a criminal offence to use or be in possession of cannabis for private consumption or to cultivate it in a private place for personal consumption.

Zondo said the court did not specify the amount of cannabis, saying that it would have breached the doctrine of the separation of powers and left it up to parliament to establish the amount that would constitute “personal use”.
The Constitutional Court has ruled in favour of the private use of cannabis.
As to how a police officer would know whether the amount of cannabis in the possession of an adult was for personal consumption, the court held that a police officer would have to consider all circumstances, including the quantity of cannabis. If a police officer suspected that the person was dealing, the officer could arrest them, but a court would ultimately decide on whether a person had the cannabis for personal use or for the intention to deal.
The Constitutional Court in November 2017 heard an application for leave to appeal against the judgment and order of the Western Cape High Court, which also declared sections 4(b), 5(b) of the Drugs Act and sections 22A(9)(a)(i) of the Medicines Act, to be inconsistent with the constitution to the extent that they prohibited the use of cannabis by an adult in a private home for personal consumption. It heard the confirmation application to confirm the high court’s judgment at the time of the appeal.
The application for leave to appeal was brought by the National Prosecuting Authority (NPA), minister of justice and constitutional development, the minister of police, the minister of health, the minister of trade and industry, the minister of social development and the minister of international relations and co-operation (applicants).
Garreth Prince, Ras Menelek Barend Wentzel, Jonathan David Rubin, Caro Leona Hennegin and Jeremy David Acton were the respondents in the case and had instituted the proceedings in the Western Cape High Court. The high court had found the core of the case was the right to privacy, which was concurred by the Constitutional Court. The apex court, however, made it clear that the right to privacy was not confined to a home or private dwelling. (BD 18-09-2018)

KENYA TO CONSTRUCT OIL TERMINAL AT THE PORT OF MOMBASA

Kenya in conjunction with the China Communications Construction Company (CCCC) is set to construct an oil terminal at the port of Mombasa; this is after the two parties signed an agreement.
Acting Managing Director for KPA Daniel Manduku confirmed the reports and explained that the current terminal at Kipevu can only handle a vessel at a time, with each vessel’s capacity being 35,000 tonnes. He also pointed out that currently, Kipevu handles 90 percent of oil imported to Kenya and petroleum products being transported to neighboring countries.

Capacity of the new terminal

According to the Kenya Ports Authority (KPA), the new terminal will see to an increase in discharge capacity over ten times, this means that the new facility will store up to 400,000 metric tonnes up from the current 35,000 tonnes.
The terminal will have the capacity to handle four vessels of up to 100,000 DWT (Dead Weight Tonnage) and will have a Liquefied Petroleum Gas (LPG) line that is expected to help stabilize gas supply in the country.
Initially, construction was to be finalised by 2019 but the cancellation of an initial 2016 tender to include a liquified petroleum gas line pushed the completion time to 2022.
Mombasa port currently has only two oil terminals that are ageing and too small to handle large quantities of imported oil and gas. The new US $400m Kipevu Oil Terminal will supplement the two facilities at Shimanzi and the old Kipevu terminal.(CRO 18-09-2018)

THE EU’S BANK IN AFRICA STEPS UP THE ACTION

Whether or not Jean-Claude Juncker’s plans for a “partnership of equals” with Africa becomes reality any time soon, the Luxembourg-based European Investment Bank will have an ever-increasing role in the continent.

The External Investment Programme (EIP) promises to leverage €44 billion of investment, predominantly in Africa, by 2020, commitments that may now be stepped up following Juncker's State of the Union speech last week.
The EIB has been steadily expanding its operations in East Africa in recent years, opening a bureau in Ethiopia's Addis Ababa alongside its long-standing office in Kenya.
But while most talk in Brussels tends to focus on the amount of cash available, it is not only a question of having more money to lend but having the means to lend it, Catherine Collin, the EIB's East Africa bureau chief in Nairobi, tells EURACTIV.
"In the region of East Africa, we signed just over €400 million of projects in 2017 compared to €100 million in the previous year. €400 million may not look huge but it's not a bad amount for us outside the EU," says Collin, pointing out that the vast majority of the bank's activities are within the bloc.

EIB banking on new business in East Africa

Offering credit to East African banks might not be many people's idea of traditional development aid. Yet promoting private small and medium enterprise, alongside funding for infrastructure projects that will help develop local businesses, lies at the heart of the new strategy for Africa.
Red tape and domestic political constraints
Collin suggests that domestic political constraints are the main block on financing. "A problem we have in the region and in Sub-Saharan Africa in general, is of very low absorptive capacity of the state," she says.
"It varies but last year we signed a dozen deals, which is rather exceptional. If we can do on average five or six per year for the region that would be good, but it would be good if we could do more," she adds.
"Overall, East Africa is a very vibrant region. But the trend is that things are getting more difficult. For instance, the financial sector in the region is now struggling" says Catherine Collin.
"Likewise, certain countries are more complex like Tanzania, where there is a lot of red-tape and private sector morale is quite low."
In Kenya, meanwhile, a cap on bank interest rates has "really brought private sector lending to a standstill," she says.
The cap, which limits the interest that banks can charge on loans at no more than 4 percentage points above the Central Bank Rate – currently 9% – intended to stop banks charging interest of well over 20% – a prohibitive rate for most local businesses and individuals. Instead, it has persuaded banks to lend to the state but dry up private sector lending.
Before the cap, which was introduced in September 2016, local banks often complained that they lacked the cash to lend. Now they have the liquidity but no will to lend.
"There have been quite a few bank failures in Kenya, one of them affecting our portfolio – and non-performing loans have gone up," says Collin.
"This means that it's not as smooth as it used to be."

Wanted: New forms of trade partnership with Africa

After several months of different European leaders beating a path to the African continent, Jean-Claude Juncker's European Commission has got in on the act. But for the moment, Brussels is not offering anything new on either trade or investment.
Thematic lending
The Bank is now focusing more on thematic lending, for example in Kenya, by opening a new line of credit for the agriculture sector, blended with grants from the EU with the aimed of increasing access to finance to all actors of the value chain, including small-holders.
One project backed by the development finance institution (DFI) network that appears to have stalled seeks to create a rapid bus network in Nairobi, in a bid to reduce the number of cars on the capital's already overcrowded roads. Kenyan President Uhuru Kenyatta wants to have a light version of the scheme operational by December but that looks like a pipedream.
"For us, this BRT project is a priority because it focuses on urban mobility and transport, and will help reduce pollution, a nice fit with our climate action agenda. Nobody questions the usefulness and the impact of this project, but we've had it in our pipeline for five years now," says Collin.
A typical loan from the bank to a public sector project will last for 15 years, including a so-called four years grace period during which only interest is paid and ten years for private sector lending.

The EIB operates with a network of IFIs/DFIs including the World Bank, African Development Bank, Japan's JICA as well as European bilateral institutions such as the French AFD and Proparco and the German KfW and DEG.
The Olkaria geothermal site has long been one of the EIB's flagship investment projects in the region. Financing of an additional 70 megawatt unit at Olkaria was signed last year together with JICA and a €45 million to finance the construction of a new sewerage system and a wastewater project in Rwanda's capital Kigali. Other projects include a $100 million loan to rehabilitate and upgrade berths of the Port of Mombasa on Kenya's Indian Ocean coast, to be signed hopefully this year.
"Our mandate is very much a private sector mandate and we do not forget that. But you need infrastructure to support the private sector. To generate economic activity and growth you need a port that functions, you need energy, so it is normal that we are still having that as our core métier," says Collin.
"On the other hand, we have instruments to develop the private sector…and in this region there is potential.

China's investment largesse may dwarf EU in Africa

When it comes to increasing investment in the African, Caribbean and Pacific countries covered by the Cotonou Agreement, the EU talks a good game. But it is facing stiff competition from China, armed with more cash and fewer concerns about democracy and the rule of law when it comes to investment.
Migration and post-conflict regions
In Ethiopia, the EIB is one of the investors in an industrial park aimed at creating jobs for refugees, and Collin says that she is also looking for ways for the Bank to support projects in the region's numerous refugee camps which are home to over a million people in refugee camps, many of them fleeing war in South Sudan and Somalia.
"We would like to see what we can do in terms of migration/post-conflict. We are doing the groundwork to see if there's something we can do in Somalia for instance."
A study by the International Finance Corporation (IFC) released in May suggested that there is a huge amount of business activity in the Kakuma camp, which would benefit from investment.
"In Kakuma (a refugee camp in north-western Kenya with a near 200,000 population), we have met refugees who have been there 20 years. It is estimated that there is $57 million worth of business being done per year in this refugee camp," says Collin.
"We want to see if we can invest, though we need to find the right channels and the right instruments."
(EA 17-09-2018)

PROGRESS REMAINS SLOW IN BRIDGING AFRICA'S TAX DIVIDE

Increasing the tax take in African countries lies at the heart of the global development goals agreed by world leaders in 2014 and 2015. Illicit financial flows (IFF) cost the African continent an estimated $50 billion each year, more than double it receives in development aid.

Therefore, building institutional and stakeholders capacity is key, Alvin Mosioma, the executive director of the Tax Justice Network, Africa, told EURACTIV.

Mosioma was taking a break from a week-long training centre for more than 100 civil society activists and government officials from across the African continent hosted just outside the Kenyan capital Nairobi. The week focused on giving activists and officials the tools to actively and effectively engage in taxation debates at the national level.

African leaders and activists need to take control of the tax justice agenda, said Mosioma.

"While African governments have made progress in trying to understand the IFF phenomenon and have agreed on common measures to curb illicit flows, the process of translating political commitment to concrete policy and legislative action is very slow."

But three years on from the UN Financing for Development (FFD) summit in Addis Ababa and a summit on combating illicit financial flows in London in 2016, one could be forgiven for thinking that little progress has been made. The Panama papers tax avoidance scandals highlight the fact that powerful multinationals and individuals are still acting with impunity.

For Mosioma, it's a mixed picture.

"If you want to have a pessimistic view then I think we are marking time. The process has been very slow, momentum seems to be waning, and I would agree that we have not been moving as fast as we should, considering the seriousness of the issue and the kind of political statements that have been made around the FFD, and by the UK government and others on the era of tax havens being over," he said.

But he insisted that "the political narrative is shifting tremendously."

"Nigeria has made some progress on asset recovery (striking a deal on asset recovery with the Swiss government), and in Kenya, we have seen that the government has made agreements with Mauritius, Guernsey and Jersey to try to recover offshore assets. Rwanda and Tanzania have all made progress in taking on big companies. They are baby steps but there is progress," he said.

Led by President John Magufuli, the Tanzanian government has taken an aggressive stance against big companies operating in his country to ensure that they pay their taxes. Magufuli slapped the gold-mining firm Acacia Mining with a $48 billion bill for unpaid taxes, and an export ban. The dispute is still ongoing but has cut Acacia's share price in half since December 2016.

Illicit financial flows cost Africa $50 billion a year, states new report

Illicit financial flows cost African countries at least $50 billion every year, more than the total development aid the continent receives, according to a new report by the OECD. EURACTIV.fr reports.

A series of bilateral double tax treaties are currently up for re-negotiation between European and African countries, and campaigners see this as an opportunity to redraw treaties and ensure that African governments can tax firms for activities taking place in their countries.

"It presents an opportunity if you consider that we have been highlighting the harmfulness of tax incentives and double tax treaties so we can hope that these issues will be taken into consideration, and we could end up with better deals, said Mosioma.

"However, if you look at the aggressiveness with which known tax havens such as Mauritius, Netherlands and UAE are negotiating with a number of Africa countries there is reason to be concerned. That presents a danger and a risk of a race to the bottom".

To illustrate the difficulties, Mosioma quoted a Nigerian saying that "since man learnt to shoot without missing, the bird has learnt to fly without perching".

"Tax havens have become even more shrewd in terms of the way they negotiate these treaties. Once you sign a bad treaty with country X it becomes very difficult to sign a better deal with country Y. The legal precedent has already been set."

International co-operation on tax policy has not been helped by the 'black and greylist' of countries allegedly involved in tax avoidance published last November by the European Commission.

Namibia and Tunisia were the two African countries among those to be named and shamed by the Commission.

"There has been a huge furore, but it is the greyness of the debate that is so interesting," says Mosioma.

"From the EU perspective, using this pressure to try to tackle tax avoidance and try to blacklist developing countries who have no weight in the global financial system as tax evaders is a joke."

Part of the anger towards the EU's 'name and shame' tactics is because the international rule-book on tax is set by the Paris-based Organisation for Economic Co-operation and Development (OECD), a group of 35 wealthy nations.

No African countries are represented in the organisation, and that has prompted the G77 group of developing countries to call for these responsibilities to be handed to a new UN tax body on which they would also be represented.

"There is a deliberate attempt to try to shield out developing countries. Any attempt to try to democratise the rule-making system is being resisted," Mosioma said. (EA 14-09-2018)

BABIES BORN IN SUB-SAHARAN AFRICA AND SOUTH ASIA NINE TIMES MORE LIKELY TO DIE THAN THOSE IN RICHER NATIONS

Six-million children worldwide died in 2017 from preventable diseases and other complications, which was about half the number of similar deaths in 2000 when nations endorsed goals to end extreme poverty, the UN said on Tuesday.

World leaders adopted the UN's Millennium Development Goals (MDGs) in 2000, a year in which 11.2-million children below age 15 died from preventable diseases, a lack of clean water, malnutrition and during birth.

That number fell to 6.3-million in 2017 — or one child dying every five seconds — according to the UN children's agency, Unicef, which published Tuesday's report along with other agencies and the World Bank.

"Millions of babies and children should not still be dying every year from lack of access to water, sanitation, proper nutrition or basic health services," said Princess Simelela of the World Health Organisation.

Most deaths in 2017 — 5.4-million — were children below the age of five, according to the report, which also found that babies born in sub-Saharan African or South Asian nations were nine times more likely to die than those from richer countries.

That number has fallen "dramatically" since 1990, when 12.6-million children under five years died globally from preventable causes, according to the report.

"We have made remarkable progress to save children since 1990, but millions are still dying because of who they are and where they are born," said Laurence Chandy, director of data and research for Unicef.

"With simple solutions like medicines, clean water, electricity and vaccines, we can change that reality for every child," he said in a statement.

In 2015, the UN replaced the MDGs with 17 Sustainable Development Goals, which set a deadline of 2030 to end poverty, inequality and other global crises, while promoting initiatives such as sustainable energy.

However, the UN said in 2017 that progress had been too slow to meet the targets, mainly due to violence including war.

The sweeping 15-year agenda approved by the 193 UN member states tackles such issues including child mortality, climate change, education, hunger, and land degradation.(Reuters Foundation 18-09-2018)

THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT HOLDS A HIGH-LEVEL GLOBAL FORUM IN TUNISIA TO DRIVE INVESTMENT IN KEY SECTORS

Aiming to boost investment in key sectors, the European Bank for Reconstruction and Development (EBRD) and IFC, a member of the World Bank Group, in partnership with the Tunisian Ministry of Development, Investment and International Cooperation, and the General Commission for Public-Private Partnerships, are holding a high-level global forum on public-private partnerships (PPPs) in Tunis today. Thirty-three major projects worth more than 13 billion Tunisian dinars will be presented at the forum, which will be led by Prime Minister Youssef Chahed alongside a number of ministers and key stakeholders. The government is also presenting its new, recently finalised PPP legislative framework at the forum, which covers vital sectors such as energy, water, transport, logistics, infrastructure and technology.

The global forum is part of the government's commitment to adopting new mechanisms to advance investment, boost growth and open up opportunities for national and foreign private investment, easing the burden on public finances.

EBRD Vice President for Policies and Partnerships, Pierre Heilbronn, commented: "I am delighted to participate in the opening of the International PPP Forum. International institutions like the EBRD and IFC, together with the private sector, can play an important role along with the state in the development of sustainable economic growth, with better infrastructure. We stand ready to provide substantial support for the realisation of this pipeline, through project preparation and financing."

IFC has advised governments across the Middle East and North Africa (MENA) region on PPP transactions in a number of sectors, including airports, roads, public transport, power generation and

distribution, water and wastewater, health, education and waste. Clients have included Afghanistan, Iraq, Jordan, Lebanon, Morocco, Pakistan, Saudi Arabia, Syria, and the West Bank and Gaza.
“Governments in MENA urgently need to improve the quality of their infrastructure,” said Mouyaed Makhlouf, IFC Director for the Middle East and North Africa. “IFC is committed to helping governments meet this challenge through mechanisms like PPPs, which play a strong part in funding vital infrastructure projects and improving service delivery, and forums like this one provide an excellent way to move the discussion and projects forward.”
The high-level forum will bring together a number of international experts as well as key players from the financial, investment and advisory sectors; senior officials from regional and international financial institutions, banks and investment funds; leading local and foreign investors; and representatives of the Tunisian administration, national organisations and civil society.
A number of projects that could be implemented using PPPs will be presented and discussed in special workshops during the forum, as well as a workshop to discuss PPP prospects in local communities.
Since the EBRD began operations in Tunisia in September 2012, the Bank has invested over €730 million across 33 projects in the country. The Bank’s investments aim to support the restructuring and strengthening of the financial sector and financing private enterprises, supporting energy efficiency and developing a sustainable energy sector as well as facilitating non-sovereign financing for infrastructure development. To date, the Bank has also supported 530 small and medium-sized enterprises with business advisory services. (EEAS 17-09-2018)

JUNCKER OFFERS EU-AFRICA TRADE DEAL IN NEW ‘PARTNERSHIP OF EQUALS’

European Commission chief Jean-Claude Juncker held out the promise of an EU-Africa trade pact on Wednesday as part of a ‘partnership of equals’ between the two continents, signalling Europe’s stronger involvement in Africa, where Chinese influence is rapidly spreading.

Giving the final State of the Union address to this Parliament in Strasbourg on Wednesday (12 September), Juncker described Africa as Europe’s “twin continent”.

“We need to invest more in our relationship with the nations of this great and noble continent. And we have to stop seeing this relationship through the sole prism of development aid. Such an approach is beyond inadequate, humiliatingly so,” he said.

“Africa does not need charity, it needs true and fair partnerships. And Europe needs this partnership just as much.”

Juncker told MEPs that he and Paul Kagame, the President of Rwanda and chairperson of the African Union, had “agreed that donor-recipient relations are a thing of the past.”

“We agreed that reciprocal commitments are the way forward. We want to build a new partnership with Africa,” said Juncker.

If his comments are translated into concrete action, it will have implications for the successor to the Cotonou Agreement, a development and trade pact which covers 78 African, Caribbean and Pacific countries, and is due to expire in 2020.

Talks on a new pact were due to begin this autumn but have been complicated by divisions among EU member states on how to treat migration in the pact, and by the African Union’s desire for Africa to have a stand-alone deal with the EU.

“The C’s and P’s risk being left out,” one EU official told EURACTIV. But others are sympathetic to the African Union.

“The AU evidently would like to see more recognition of an EU-Africa partnership, and I think that’s very valid,” a Commission official told this website.

Juncker told the Parliament he believed “we should develop the numerous European-African trade agreements into a continent-to-continent free trade agreement, as an economic partnership between equals”.

Africa prepares to drive a hard trade bargain with EU

Increasing trade between the EU and the ACP (African-Caribbean-Pacific), particularly African countries, lay at the heart of the ambition of the Cotonou Agreement. That was supposed to be embodied by regional Economic Partnership Agreements (EPA) with the EU.

A paper by the EU executive accompanying the speech stated that "the long-term perspective is to create a comprehensive continent-to-continent free trade agreement between the EU and Africa".

The EU will also provide €50 million to fund the African Union's negotiation and technical work on the free trade area.

However, the Commission paper hinted that the existing Economic Partnership Agreements (EPAs) and trade deals with North African countries should form the 'building blocks' of co-operation.

Only one EPA – with the Southern African Development Community (SADC) – has been implemented, with many African regional blocs complaining that the terms offered by the EU were unfavourable.

Juncker's remarks are likely to go down well with African leaders, who are keen to negotiate improved trade terms with the EU, and see their African Continental Free Trade Agreement (ACFTA) – which was signed by 49 countries and launched in March – as the basis for a continent-to-continent pact.

"ACFTA should be the main instrument for a free trade agreement with the EU," Carlos Lopes, the African Union's chief negotiator on the post-Cotonou talks, told EURACTIV.com. He added that this would be "very much in the interest of the EU".

Lopes also told EURACTIV he was confident that the five countries left to sign – with the possible exception of Eritrea – would have signed the ACFTA by the African Union's next summit in January 2019.

The Commission has stepped up its programmes aimed at hiking private investment to Africa. At the centre is its External Investment Plan, launched two years ago, which promises to direct more than €44 billion in public and private investment.

The EU executive says that by 2020, the EU will have supported 35,000 African students and researchers through its Erasmus programme, a figure that it says should reach 105,000 by 2027.

Juncker pointed out that 36% of Africa's trade is with the European Union compared to 16% for China and 6% for the United States. But the EU's economic and political influence on the continent is rapidly being eroded by China, whose President Xi Jinping ear-marked an addition $60 billion in investment in Africa in the coming years at the Forum for China/Africa Co-operation earlier this month.(EA 13-09-2018)

EU-FUNDED EBSOMED IS COMMITTED TO SUPPORTING SOCIAL AND ECONOMIC DEVELOPMENT IN THE REGION

BUSINESSMED and IPEMED (The Mediterranean world Economic Foresight) have signed a Memorandum of Understanding (MoU) in order to support the social development and to establish stable and sustainable economic growth in the Euro Mediterranean region. This MoU was signed as part of the EU-funded project EBSOMED implemented by BUSINESSMED.

IPEMED is an independent Euro-Mediterranean think tank. Its main aim is to integrate the countries to the North and South of the Mediterranean via economic means.

Co-financed by the European Commission, EBSOMED is a 4-year project which was officially launched in June 2018 in Tunis. The project aims at boosting the Mediterranean business ecosystem and promoting inclusive economic growth and job creation, by enhancing the private sector environment and namely the Business Support Organisations in the Southern Neighbourhood countries. (EEAS 18-09-2018)

EBSOMED

The Memorandum is supported by the ACP-African, Caribbean, Pacific Secretariat, Chamber of Commerce Tenerife, Corporate Council on Africa, CIP-Confederation of Portuguese Enterprises,

Hellenic-African Chamber of Commerce and Development, HTTC - Hungarian Trade & Cultural Centre, NABC- Netherlands-African Business Council, SwissCham-Africa and other organisations.
The Memorandum is also made available by AHEAD-GLOBAL, BCA, Chamber of Tenerife (by posting it at the Africa Info Market), CCA - Canadian Council on Africa, CCA - Corporate Council on Africa (USA), CIP,HTTC,NABC (by posting selected news) and SwissCham-Africa to their Members.

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