MEMORANDUM

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SUMMARY

NIGERIA SPENDS $2.4 BILLION TO DRAG COUNTRY OUT OF RECESSION

Nigeria has spent $2.4bn on capital expenditure in 2016 to help drag Africa's biggest economy out of recession, President Muhammadu Buhari said on Saturday.
"I believe that this recession will not last," Buhari said in a televised speech marking the country's independence day.
"Several hundreds of thousands of (unemployed) workers will be re-engaged in the next few months as our public works programme gains momentum." Buhari also said the government has been negotiating to end militant attacks on oil and gas facilities in the Niger Delta, the country's oil hub, but would not be intimidated by armed groups.
He said oil production had temporarily dropped to less than one million barrels a day, down from 2.2 million bpd, due to militant attacks, but he did not say how much current output was.
Buhari also reiterated the government wanted to repair the country's four refineries to end costly fuel imports.
He said the naira exchange rate to the dollar would stabilise, after dropping to record lows due to a "critical" shortage of hard currency amid low oil prices. He did not elaborate. (Reuters 01-10-2016)

GHANA: $74M TO TRAIN 200,000 YOUTH IN COCOA BUSINESS

The Ghana Cocobod has earmarked an amount of $74 million for the production training youth in the production of cocoa, APA learns here.
About 200,000 young people have been targeted for training as cocoa entrepreneurs as a means of creating employment and reducing youth unemployment in the country.

The project would also include some youth in the Uganda, has been launched and would span a period of five years, and has a target to train 40 percent as youth.

The Ghanaian Times on Tuesday confirms that the five-year programme has been launched at New Edubiase in the Ashanti Region, where cocoa production is very predominant.(APA 04-10-2016)

GHANA: COMPETITION IN CEMENT PRICES, 7TH RANKING IN GOVERNANCE, DOMINATE MEDIA

A competition among cement retailers and the ranking of Ghana as the 7th best in governed country in Africa on Tuesday dominate the Ghanaian media.

The Daily Graphic says price war in cement retail in the country has driven the prices of cement downwards.

It says Dangote was first to reduce the price in September and this was followed by GHACEM, which also reduced its price, thereby bringing the price down.

The Ghanaian Times states that Ghana has been ranked 7th Best African State in good governance in

Africa in the 2016 Mo Ibrahim Index of African Governance (IIAG) released by his foundation.

It says the report suggests that 54 countries on the continent gave Ghana a score of 63.9 percent in overall Governance Indicator.

It said Ghana featured in the overall top ten (10) although the country's score had fallen by 2.1 percent.(APA 04-10-2016)

DE BEERS LATEST SALE OF ROUGH DIAMONDS THE LOWEST SO FAR THIS YEAR

De Beers reported the lowest sale of rough diamonds so far this year in the eighth out of ten annual sales events, but CEO Bruce Cleaver said the $485m from direct sales and auctions was ahead of expectations.

The previous lowest sales number was realised in July, when De Beers, the world’s largest producer of rough diamonds by value and an 85% held subsidiary of Anglo American, realised sales of $528m.

The latest sales and auction happened at the end of September and notched up a provisional $485m compared to the previous sale of $639m, the second-highest value for the year so far.

"Demand for De Beers’ rough diamonds in Cycle 8 continued to reflect the improved midstream trading environment compared with 2015," said Cleaver.

"Our rough diamond sales were slightly ahead of expectation during the Cycle, given the normal seasonal demand patterns, the shorter than usual period between Sights 7 and 8, and the forthcoming holidays in some of the major diamond cutting centres," he said.

The latest sales bring to $4.68bn the total rough diamond revenue for De Beers so far this year with two more sales left in the cycle.(BD 04-10-2016)

ANGOLA AMONG THE COUNTRIES THAT CAN BENEFIT MOST FROM THE INTERNATIONALISATION OF THE RENMINBI

The currency of China has been attracting African countries, especially after its inclusion among the benchmark currencies of the International Monetary Fund (IMF), with Angola considered one of the countries that will most benefit from its use.

Analyst Yi Ren Thng, of the Centre for Chinese Studies of South Africa’s Stellenbosch University, says that African businesses can take advantage of the increased use of the renminbi (RMB) in trade with Chinese counterparts, at a time when trade between China and Africa has reached US$180 billion.

Chinese exporters, he said quoting a 2013 study by the Hong Kong and Shanghai Banking Corporation (HSBC), can offer up to 5% discount if African buyers issue receipts in RMB, and that the use of the

Chinese currency decreases foreign exchange risks related to the conversion of local currencies into RMB via the dollar.

Triangular transactions, said the analyst, have been “harmful” to countries like Angola, where oil exports are the foundation of the economy and that “constantly face shortages of dollar liquidity, given the outflow of dollars because of lower oil prices,” as is currently the case.

Exchanges directly in RMB “also reduce currency hedging costs in the case of futures contracts, where an agreement between a Chinese company and an African company on products at a predetermined price at a specific future time do not incur extra costs of having to anticipate USD/RMB fluctuations,”he says.

In South Africa, the largest economy in Africa, the use of RMB increased by 65% between 2014 and 2015, benefiting from the opening by the Bank of China in Johannesburg in July 2015, the first RMB clearing platform on the continent.

At a conference in Lisbon in September, Anselmo Teng, chairman of the Monetary Authority of Macau, who stressed that the MSAR plans to establish a RMB clearing platform between China and Portugal, “which may support the internationalisation procedures” of the Chinese currency and “provide facilities to clear economic and trade transactions in RMB between China and Portuguese-speaking countries.”

Potential development in the cross-border use of RMB between China and Portuguese-speaking countries is very broad, given the current level of trade of more than US$98 billion in 2015, said Teng.

It is hoped that the inclusion of the renminbi in the Special Drawing Rights (SDR) basket of the IMF, which happened on 30 September at a ceremony with the presence of the Director General of the Fund, Christine Lagarde, will lead to an increase in forms of financial cooperation between China and Africa.

Siddharth Tiwari, director of the Department of Strategy, IMF Policy and Monitoring, said the inclusion of the RMB, alongside the euro, dollar and yen, reflects the “growing role of China in global trade, a substantial increase in the use and marketing of the RMB,” while reflecting China’s reforms in monetary systems, foreign exchange and finance.

“We hope that the inclusion of the RMB in the SDR basket will further support the ever increasing use and marketing of RMB internationally,” Tiwari said.

Several African countries have included the RMB in their foreign currency reserves, while showing interest in the issue of bonds denominated in China’s currency, sold on Asian markets, with lower issue costs than sovereign eurobonds, which in Angola’s case have coupons of close to two digits.

The use of bonds in RMB may facilitate settlement of Chinese loans to countries like Angola, but also help finance the development of infrastructure. (05-10-2016)

CHINA EXTENDS SUPPORT FOR AGRICULTURAL PRODUCTION IN GUINEA-BISSAU

China’s support for agricultural production in Guinea-Bissau will soon be extended from Bafatá to other regions of the country, the Chinese ambassador to Guinea-Bissau, Wang Hua announced recently.

The ambassador was speaking at the end of a reception that was attended by the Guinea-Bissau authorities, the diplomatic corps and other guests to mark the sixty-seventh anniversary of the establishment of the People’s Republic of China on 1 October 1949.

Wang Hua said China, as well as providing technical assistance, is promoting training of Guinean farmers, and recalled that some young people are currently receiving agricultural training in Hunan province to improve rice production techniques once they return.

The diplomat also noted China had offered improved seeds to increase the production and agricultural yield of Guinea-Bissau and hoped that this offer would contribute to improving the food security of Guineans.

The ambassador also recalled that recently the two countries had signed a three-year technical assistance cooperation agreement and whose budget will be broadly supported by China.

Wang Hua noted that the first phase of a solar lighting project was underway in Guinea-Bissau, involving placing lampposts on the major streets and neighbourhoods of Bissau and said the next project, which will begin as soon as the first one has ended, will cover cities in the country’s interior.

Wang Hua pledged that the People’s Republic of China would provide the city of Bissau with a 300-metre floating dock to give fisherman easier access.

The diplomat mentioned other projects that his country plans to carry out in Guinea-Bissau, including construction of highways, execution of which is still under discussion between the countries.
As part of Chinese private investment in Guinea-Bissau, Wang Hua said the Chinese businesspeople were now waiting for Guinea to create a stable climate and define a “friendly” policy so that investment can begin. (05-10-2016)

‘BRAIN DRAIN’ IS PARTICULARLY ACUTE IN SUB-SAHARAN AFRICA, IMF SAYS

Skilled workers are leaving sub-Saharan Africa in rapidly increasingly numbers, producing a "brain drain" that causes long-term social damage, the International Monetary Fund (IMF) warned Tuesday.

The IMF said the number of sub-Saharan migrants living in developed countries could increase from about 7-million in 2013 to about 34-million by 2050.
It described a "profound demographic transition" under way in the region as the working-age population grows faster than the total population — driving a migration boom.
"Brain drain is particularly acute in sub-Saharan Africa," the IMF said in its latest report said, noting that it created "welfare losses beyond those that are purely economic".
"The migration of young and educated workers takes a large toll on a region whose human capital is already scarce," it said.
"The migration of highly skilled workers entails a high social cost, as is evidenced by the departure of doctors and nurses from Malawi and Zimbabwe."
The IMF said migration from sub-Saharan Africa to the developed nations of the Organisation for Economic Co-operation and Development (OECD) had "picked up sharply" over the last 15 years.
France, the UK and the US host about half of the diaspora outside the sub-Saharan region.
The report also pointed to evidence of some positive gains from the migration of highly skilled workers.
"Returning migrants bring back new skills … knowledge and experience," it said, adding that "remittance inflows represent an important source of foreign-exchange and income".
The IMF report added that growth had fallen in sub-Sahara’s powerhouse economies due to lower commodity prices.
Nigeria is due to contract 1.7% in 2016 amid disrupted oil production, poor power supply and weak investor confidence.
GDP in SA and Angola is expected to be flat in 2016, but growth will be above 5% in Ivory Coast, Ethiopia, Kenya and Senegal due to low oil prices, high consumption and strong investment. (AFP 04-10-2016)

BANK OF MOZAMBIQUE PUTS MOZA BANK UNDER ADMINISTRATION

Moza (formerly Moza Banco) was put under administration by the Mozambican central bank to secure the interests of depositors, taking into account the bank’s solvency ratio was below zero, said recently the director of the Bank of Mozambique, Joan Matsombe.

The solvency ratio is the ratio of the assets of a company funded by equity and financed by borrowed capital, so the higher this indicator the better the company’s financial stability and the lower the solvency ration the more vulnerable the company is.
In a statement issued in Maputo, the Bank of Mozambique said it had decided to suspend the members of the board of directors and the executive committee of the bank and appointed a provisional board led by João Figueiredo, whose mandate will last until the situation is returned to normal.
The central bank said it needed to protect the interests of depositors and other creditors, and to safeguard the normal operation of the banking system.

The director of the Bank of Mozambique said that the central bank has a facility for cases where banks experience some liquidity difficulties but added that for this facility to be used institutions must comply with certain requirements, one of which is a minimum solvency ratio of 8%.

The main reason for the bank's instability was the fact that its capital increase, decided when the capital ratios of the bank began to deteriorate, was not performed in its entirety but only at 80%.

Moza, which started operations in 2008, is 51% controlled by Moçambique Capitais and the remaining 49% is held by Novo Banco, the bank that kept the healthy assets of the bankrupt Banco Espírito Santo (BES). (05-10-2016)

BOTSWANA EXPORT PROJECTED TO REACH $8.8 BILLION

The projection of Botswana's current total exports will reach 8.8 billion by the year end, 39.1 percent more than over 2015, with diamond exports up 47%, according to a report released by Ernst Young on Wednesday.

The report suggests that the projection for non-diamond exports over 2016 is $1 billion and $542 million for non-mineral exports.

According to the report, this suggests a 1.7 percent increase in non-diamond mineral exports.

It adds that non-mineral exports went down 6.1 percent.

On import, the report regards as significant "the amount of rough diamonds being imported from other producer-countries for aggregation and re-export."

The report says throughout this year ending last May an amount equivalent to 51.2 percent of Botswana's own production of rough diamonds was imported.

The major source countries have been South Africa (31%), Namibia (28%), Canada (24%).

Others were: Belgium, Israel, Russia, India, UAE, USA, Hong Kong, UK.

The cost of the imported rough is an average 41 percent of total diamond export revenues, the report adds. (APA 05-10-2016)

BARCLAYS SELLS EGYPTIAN BUSINESS TO MOROCCO BANK

Britain's Barclays has completed the sale of its Egyptian business to Morocco's Attijariwafa Bank as part of its shift towards focusing on the US and Britain.

The sale will mean a cut of about £2bn in Barclays' risk-weighted assets, it said on Tuesday, boosting the bank's core capital ratio by about 0.1%. Barclays did not give a price for the transaction, although sources valued the business at about $400m.

The London-based lender is seeking to sell its African operations as part of a plan by CEO Jes Staley to simplify its structure and improve shareholder returns.

However, attempts to sell the African businesses as one have come up against difficulties, including the disparate nature of the local units, the biggest of which is Barclays Africa Group, mainly made up of former South African bank Absa.

Barclays successfully sold a 12% chunk of its holding in the South African bank in May, but talks to sell a bigger holding in the business have so far not yielded a deal.

Former Barclays head Bob Diamond's bid to buy Barclays Africa Group as part of a consortium was dealt a blow by the withdrawal of Carlyle Group earlier this year.

The Moroccan lender's general manager said in March it planned to expand into Egypt.

Barclays shares were up 1.4% before the close, in line with an increase in the broader STOXX European banks index. (Reuters 04 - 10-2016)

BP GROUP SIGNS CONTRACT TO BUY MILLIONS OF TONNES OF NATURAL GAS FROM MOZAMBIQUE

ENI East Africa, a subsidiary of Italian group ENI, has signed a binding agreement to sell liquefied natural gas to BP Poseidon, a subsidiary of the BP group, the group said in a statement issued on Tuesday in Milan.

The binding agreement, also signed by the partners of the group in the Area 4 block of the Rovuma basin in northern Mozambique, Galp Energia of Portugal, South Korea's Kogas and the Mozambican state company ENH, is valid for 20 years.

The document involves all the natural gas processed in the Coral Sul floating processing unit, which will have a capacity of more than 3.3 million tonnes of gas per year.

The statement released by the ENI group said the deal has been approved by the government of Mozambique and is only affected by the final investment decision, which is due to be taken this year.

The ENI group is the Area 4 block operator with an indirect 50% owned by ENI East Africa, which holds 70% of that block, the remaining partners are the Galp Energia group, Kogas and ENH with 10% each.

The China National Petroleum Corporation group holds an indirect 20% stake in the block, through ENI East Africa. (05-10-2016)

BOTSWANA MINE BULLISH ABOUT DIAMOND PRODUCTION

Lucara diamond Corp. which operates Karowe diamond mine in Botswana, announced on Wednesday that the mine has continued to produce large high-value stones.

In a statement, the company said as a result its second Exceptional Sale Tender will take place from November 7-16.

The sale will include no less than 12 exceptional diamonds with a combined weight of approximately 1,100 carats.

"The ongoing sale of these diamonds has solidified the company's market leadership position and brand recognition for the sale of exceptional high-quality, large diamonds, Lucara chief executive William Lamb said.

He said his company's focus on advancing recovery techniques, marketing strategy and the routes to market for the sale of the large diamonds has resulted in the expansion of our premium customer base and is achieving maximum diamond recoveries, prices and shareholder value.(APA 05-10-2016)

SOUTH AFRICA TO BUILD GAS-TO-POWER PORT INFRASTRUCTURE FOR R50.3BN TO CUT COAL USE

South Africa will invest about R50.3bn in building Richards Bay and Coega infrastructure for a gas-to-power programme to reduce its dependence on coal.

A plant at Richards Bay will generate 2,000MW of electricity from liquefied natural gas (LNG) imports and the one at Coega industrial development zone will produce 1,000MW, the Department of Energy said Monday. The government will seek bidders to manage the projects, underpinned by a 20-year power-purchase agreement with Eskom.

SA formed a gas industrialisation unit in May to implement its 3,726MW gas-to-power programme after blackouts last year curbed growth when there was a risk of recession. By starting to import LNG, the government can take advantage of low gas prices while reducing reliance on coal.

Richards Bay will initially require about a million tons of LNG and Coega 600,000 tons a year, Karen Breytenbach, head of the Independent Power Producer Procurement Programme’s office, said on Tuesday in Cape Town. The ports each needed R25bn in infrastructure, she said. The programme is intended to hedge the cost of the LNG, priced in dollars. The power cost of the power will be paid by consumers through electricity tariffs.

Vessels offshore would receive, convert and store LNG imports, avoiding the risk of gas plants becoming "stranded assets" if SA started producing its own gas, Breytenbach said. It was quicker to use marine facilities, but onshore plants could follow if needed, she said.

SA’s ability to transport gas overland is limited by poor pipeline infrastructure, but LNG can be sent by road and rail as a "temporary solution," according to the Energy Department.

The gas-to-power programme was meant to ensure LNG import and regasification facilities complemented the development of indigenous gas and/or development of a regional gas pipeline network, the department said.

Bidders to manage the port projects will be prequalified in April after making submissions in February. The final request for proposals is expected next August, according to the department.

Apart from the 3,000MW generated at the ports, the programme would produce a further 726MW from other projects. (Bloomberg 04-10-2016)

CAMEROON SECURES 30BN CFA FRANCS LOAN FROM GERMAN BANK TO BOOST ELECTRICITY

Deutsche Bank has granted Cameroon three commercial loans of 30 billion CFA francs to enable the country strengthen its energy supply, improve Yaoundé’s electricity network and the surrounding communities, official sources told APA Wednesday.

President Paul Biya signed a series of three decrees authorizing the Minister of Economy, Planning and Regional Planning to sign with Deutsche Bank the three commercial loans.

The first commercial credit agreement of 8.6 billion CFA francs covers the financing of the electricity transmission networks’ reinforcement and stabilization project in Yaoundé.

A second agreement for the same project covers a budget of 11.74 billion CFA francs.

The third one, of 9.84 billion CFA francs, is allocated to related works. (APA 05-10-2016)

MOZAMBICAN LEADER OPENS CHINESE-BUILT HOTEL IN MAPUTO

Mozambican President Filipe Nyusi has unveiled the AFECC Gloria Hotel overlooking the Bay of Maputo in the capital, APA can report on Wednesday.

The 258-room hotel is owned by the Chinese company Anhui Foreign Economic Construction Corporation (AFECC), which invested US$300 million.

Nyusi said Wednesday that the new hotel was expected to promote tourism since it is located at a strategic point at the start of the Maputo Ring Road adjacent to Mozambique's largest conference centre Joaquim Chissano Conference Centre.

Nyusi was optimistic that the hotel would attract, not only tourists, but also more foreign investors.

We urgently want to do more, in a speedy and better manner and our vision is that by 2025 Mozambique will become a tourist destination of choice, he said.

Nyusi revealed that tourism contributed US$193 million to the economy in 2015 and only accounted for 2.5 percent of the gross domestic product, hence more was needed to be done to ensure the growth of the sector.

A representative of the Chinese embassy, Wang Lipei, told the inauguration ceremony that the hotel is the fruit of the good relations of cooperation between the two countries.

In addition to the 258 rooms, the hotel has several restaurants, including a banqueting hall that can hold 800 people, a shopping centre and a conference hall that can seat 2,000. (APA 05-10-2016)

ALGERIA: EU RENEWS COMMITMENT TO SUPPORT BUSINESS ENVIRONMENT IMPROVEMENT

For the third year in a row, and under the slogans evolving from "Moving Forward Together" and "Succeeding Together" to "Building Bridges", the EU Delegation in Algeria and the Cercle d'Appui et Réflexion autour de l'Entreprise (CARE) (SME supporting body) have reiterated their shared commitment by signing a Memorandum of understanding.

The aim of the agreement is to continue the partnership between the Delegation and CARE, which aims to contribute to improving the business environment in Algeria, through boosting the action and reflection on themes relevant to the business environment.

The EU intends to support activities such as economic studies and analyses; logistics of public events; technical assistance of international expertise on economic themes as well as the production and publication of documents on the results of these meetings, feedback and recommendations. (EEAS 04-10-2016)

HOTELLERIE : HILTON ENTEND DOUBLER SA PRESENCE AFRICAINE

À Kigali lundi, à l'occasion du Forum pour l'investissement hôtelier africain, le groupe hôtelier américain a rendu publique son ambition de faire passer le nombre des hôtels qu'il exploite en Afrique de 39 à l'heure actuelle, à 80 d'ici quatre ans.

Le groupe hôtelier américain Hilton a profité hier de la tenue à Kigali (Rwanda) du Forum pour l'investissement hôtelier africain (AHIF), réunissant de nombreuses chaînes et de nombreux investisseurs, pour dévoiler ses ambitions et ses nouveaux concepts. Le groupe qui exploite déjà 39 hôtels dans 17 pays africains a fait part à la même occasion de son objectif de doubler sa présence à plus de 80 établissements d'ici les 4 prochaines années sur le continent.

Le groupe a annoncé des projets d'ouverture et d'extension dans trois pays africains : Ghana, Kenya et Nigeria. À Accra (Ghana) ouvrira ainsi en 2018 le premier hôtel modulaire du continent, le Hilton Garden Inn qui disposera de 280 chambres. Il sera développé par le groupe immobilier Independence Properties, une filiale du groupe ghanéen Trasacco.

Les chambres et les couloirs assemblés en Chine

Les parties de l'hôtel, comme les chambres et les couloirs, seront assemblées en Chine avant d'être transportées et achevées sur le site final. Un concept que le groupe a déjà expérimenté en 2014 en s'associant à l'entreprise australienne spécialisée CIMC Modular Building Systems. “Nous sentons un immense potentiel pour cette solution de construction en Afrique, qui offrira des rendements plus rapides aux investisseurs”, a précisé Patrick Fitzgibbon, vice-président en charge du développement Europe, Moyen-Orient et Afrique de Hilton.

Situé sur un axe stratégique qui mène à l'aéroport et offrant le wifi, l'hôtel comprendra trois restaurants, un centre d'affaires et un centre de remise en forme ainsi que quatre salles de réunions.

Offensive à Nairobi

En 2020, devrait aussi ouvrir au Kenya, le Hilton Nairobi Upper Hills, un bâtiment d'Afrique de 330 mètres de haut, dans un quartier d'affaires qui concentre des ambassades, les sièges régionaux d'entreprises et d'institutions comme la Banque Mondiale et le FMI. Cet établissement comprendra 255 chambres et suites de haut standing.

Des salles de réception, des salles de réunion, un lounge exécutif, un centre de spa, une piscine extérieure et une salle de sports ainsi qu'un bar panoramique figureront parmi les équipements proposés aux clients. L'hôtel sera par ailleurs adossé à un complexe de résidences, de commerces et de loisirs, et à une tour de bureaux.

Confiant dans la croissance de ce pays, le groupe ouvrira aussi un établissement à proximité de l'aéroport de la capitale, l'Hilton Garden III Jomo Kenyatta International Airport.

Hilton inaugurera aussi courant 2020 un hôtel de marque Curio-The Legend au sein même de l'aéroport de Lagos (Nigeria), dont la capacité sera portée à 130 chambres.

D'après Xander Nijnens, vice-président du cabinet JLL (ex-Johns Lang LaSale) en charge du secteur hôtelier, également présent à Kigali, les prévisions de croissance pour le secteur hôtelier subsaharien se situent entre 3 et 5% pour les trois prochaines années. Pour JLL, 1,7 milliard de dollars devraient être investis d'ici 2017 dans le secteur et 1,9 milliard d'ici 2018.

En dépit d'une passe économique actuellement difficile, due à la chute des cours des matières premières, le développement du secteur hôtelier en Afrique demeure solidement engagé, comme le confirment les récents et nombreux projets développés par Starwood (racheté par Marriott), d'AccorHotels, de Carlson Rezidor ou de Louvre Hôtels.(JA 04-10-2016)

AMID SOUTH AFRICA'S DROUGHT, PROPOSED MINE RAISES FEARS OF WETLANDS IMPACT

The dam supplying Johannesburg's water sits less than 30 percent full. Water restrictions have been in place since November and taxes on high water use since August. Food prices across South Africa have risen about 10 percent from last year, in large part due to water shortages.

"If you're going to have a large coal mine in [a protected area], what's the point really?" -- Melissa Fourie

In the midst of one of the country's worst droughts in recorded history, the government continues to permit new coal mines and coal-fired power plants. One mine in particular is gaining increased scrutiny, as it has been given nearly all the permits necessary to mine in a high yield water area called the Mabola Protected Environment in the Mpumalanga province.

Indian mining company Atha-Africa Ventures (Pty) Ltd's proposed Yzermyn Underground Coal Mine would sit 160 miles southwest of Johannesburg in the catchments of three major rivers: the Vaal, the Tugela and the Pongola. The surrounding area also falls within a Strategic Water Source Area, the eight percent of land in South Africa, Lesotho and Swaziland that accounts for 50 percent of water supply.

The proposed mine site is in the midst of numerous other protected and high importance demarcations such as the endangered Wakkerstroom Montane Grassland and the South Eastern Escarpment National Spatial Biodiversity Assessment Priority Area. The Mpumalanga Biodiversity Sector Plan labels the habitat of the proposed site as "Irreplaceable and Optimal Critical Biodiversity Areas."

Because the mine would tunnel underneath Mabola, the Protected Areas Act prohibits mining unless a company obtains written permission from the directors of both the Department of Mineral Resources, DMR, and Department of Environmental Affairs, DEA.

The DMR signed off on the project when it granted a mining right in September 2014, just eight months after Mabola was declared protected. However, at a September hearing of the South African Human Rights Commission, a representative of the DMR falsely asserted under oath that the department would not allow mining in the area. The DEA has given no indication of Minister Edna Molewa's plans regarding the mine.

Neither the DMR nor the DEA responded to requests for comment by the time of publication.

Melissa Fourie is the director of the Centre for Environmental Rights, which is spearheading litigation to slow the mine's progress through the permitting procedure. She said the whole process has been "slight of hand" and "a lot of smoke and mirrors."

"If you're going to have a large coal mine in [a protected area], what's the point really?" Fourie told IPS. "It affects not just that area, but it affects the whole country's water resources and a whole lot of downstream users."

The Vaal River System ultimately provides water for most of the country's coal-fired electricity generation, as well as the country's most populous province of Gauteng, and Fourie fears pollution from the mine would impact the system.

The underground Yzermyn mine would cover about 2,500 hectares of Atha-Africa's 8,360 hectare mining right. Surface infrastructure would be kept to a minimum, although plans indicate a pollution control dam is to be built on a wetland.

Atha-Africa's senior vice president Praveer Tripathi said, "The evidence that mining in that area is going to disturb the functionality of the wetland as well as any apprehensions about acid mine drainage were very, very scant." According to Tripathi and the environmental authorisation, mitigation will include recharging wetlands, onsite water treatment and sealing of the shafts post-closure.

Tripathi argued that a nearby abandoned mine is dry, which would suggest Yzermyn might not flood and cause acid mine drainage. However, it took several iterations of consultants' reports to reach the conclusion that the mine would have minimal environmental impacts. "There was concerns raised by our own specialists about some of the negative effects of some activities," Tripathi said.

Angus Burns, senior manager for the Land and Biodiversity Stewardship Programme at WWF-SA, was active in the movement to demarcate protected areas. "The precedent that can be set by the allowance of this kind of activity within a protected environment opens up, I believe, a floodgate of opportunities for any mining company to challenge protected environments," he said.

The water use license granted to Atha-Africa allows the company to use 22 Olympic size swimming pools-worth of water annually, dewater the underground area it would mine and pump a limited amount of treated effluent into wetlands.

In a statement, Tsunduka Khosa, the director of water use licensing at the Department of Water and Sanitation said: "The water use licence granted contains a set of conditions aimed at mitigating the possible impacts…South Africa is water scarce country. Therefore all activities that have a potential to impact water resources are considered serious to the Department and all available water resources are sensitive."

Mining opponents also claim political ties helped push this mine through a stringent permitting process. One of Atha-Africa's Black Economic Empowerment partners called Bashubile Trust has several trustees with connections to President Jacob Zuma. Sizwe Zuma, one of the trustees, is alleged to be the president's relative – although Atha-Africa denies this – and in court documents Sizwe Zuma listed his residential address as the presidential estate in Pretoria.

Bashubile did not respond to requests for comment. Mpumalanga's Department of Agriculture, Rural Development, Land and Environmental Affairs, which acknowledged all the protected areas yet still granted the environmental authorization, also did not respond.

Regardless of permits, much of the population in nearby Wakkerstroom, Mpumalanga, is afraid that mining would severely impact the current economy, which is reliant on livestock farming and ecotourism.

Johan Uys works on his family's farm near Wakkerstroom and said his children will be the sixth generation to farm there. "Most of the people that are from Wakkerstroom are against mining, but there are the people that don't have jobs that are for the mining because there are these promises that are made," he said, citing the racial disparity between wealthy white landowners and poor black communities in town.

Wakkerstroom residents from the black community said they would only want mining if Atha-Africa pledged environmental protection and sustainable job growth. The company estimates that 500 direct jobs will be created and 2,000 indirect, although the mine is only expected to operate for 15 years.

"We know from very bitter experience that this hardly ever transpires," Fourie said of the job creation estimates. "So often those jobs are not local jobs." (IPS 04-10-2016)

The Memorandum is supported by the ACP-African, Caribbean, Pacific Secretariat, Chamber of Commerce Tenerife, AHEAD-GLOBAL, Business Council for Africa, Corporate Council on Africa, ELO - Portuguese Association for Economic Development and Cooperation, Hellenic-African Chamber of Commerce and Development, HTTC - Hungarian Trade & Cultural Centre, NABA - Norwegian-African Business Association, NABC- Netherlands Africa 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), ELO,HTTC ,NABA,NABC (by posting selected news) and SwissCham-Africa to their Members.

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EUROPEAN PARLIAMENT CALLS FOR MAJOR REFORMS IN ACP-EU RELATIONS AFTER 2020

The Cotonou Agreement between the African, Caribbean and Pacific States and the EU needs to be reformed in order to improve its effectiveness, MEPs said in a resolution adopted Tuesday. They call for a new legally binding framework that focuses on global development goals, human rights and enhances regional cooperation.

“This report is a sound basis for a new partnership that offers a strong and effective structure. It is all the more important for human rights, where political dialogue was not very effective in the past. In a new agreement this should be strengthened. This would serve the interest of all participating nations” - Norbert Neuser (S&D, DE) rapporteur of the report said before the vote.

The non-binding resolution was adopted with 489 votes to 146 with 37 abstentions.

Focus on SDGs and regions

Sustainable Development Goals must be placed at the heart of a new agreement with proper monitoring and accountability mechanisms, MEPs stressed. Tailored regional agreements are also vital for effective cooperation. These should take into account existing regional organisations and strategies, they added.

Monitor human rights

The agreement beyond 2020 must leave behind the donor-recipient mentality and promote the principle of ownership. Good governance needs to be a crucial element of future relations along with an improved monitoring of human rights. In this respect, the European Parliament would welcome regular evaluation and joint reports in all areas. A stronger participation of national parliaments, local authorities, civil society and the private sector is also indispensable, the report says.

Prevent crises

A new cooperation should strengthen the ACP-EU Joint Parliamentary Assembly (JPA) that provides for an open democratic dialogue on difficult and sensitive subjects. MEPs advocate for the JPA to include parliamentary representatives of the opposition too. These adjustments could promote political dialogue and prevent political crises, MEPs said. Next steps: The EP's work is feeding into the European Commission's proposal coming out at the end of November 2016.

Background: *The ACP-EU Partnership Agreement, signed in Cotonou on 23 June 2000, was concluded for a 20-year period from 2000 to 2020 and it is the most comprehensive partnership agreement between developing countries and the EU. Its three pillars are development, political and economic and trade cooperation, it has a joint institutional framework, and a large budget in the form of the European Development Fund, which MEPs would like to see in the regular budget of the EU. In 2010, the cooperation has been adapted to new challenges such as climate change, food security, regional integration, state fragility and aid effectiveness, but few concrete results were achieved according to MEPs. (*(04-10-2016)

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