MEMORANDUM

N° 75/2018 | 18/09/2018

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12 YEARS OF PUBLICATION

Nordic-African Business Summit 2018 next 08November 2018

SUMMARY

STATE OF THE UNION 2018: TOWARDS A NEW 'AFRICA - EUROPE ALLIANCE' TO DEEPEN ECONOMIC RELATIONS AND BOOST INVESTMENT AND JOBS

The Commission is proposing a new 'Africa – Europe Alliance for Sustainable Investment and Jobs'.

On 12 September, on the occasion of his State of the Union Address, President Jean-Claude **Juncker** said: "*Africa does not need charity, it needs true and fair partnership. And we, Europeans need this partnership just as much. Today, we are proposing a new Alliance for Sustainable Investment and Jobs between Europe and Africa. This Alliance, as we envision it, would help create up to 10 million jobs in Africa in the next 5 years alone. I believe we should develop the numerous EU-African trade agreements into a continent-to-continent free trade agreement, as an economic partnership between equals."*

The European Commission is proposing a new 'Africa – Europe Alliance for Sustainable Investment and Jobs' to substantially boost investment in Africa, strengthen trade, create jobs, and invest in education and skills. Today's package builds on the commitments taken during the African Union – European Union Summit which took place in November last year in Abidjan, where the two continents agreed to strengthen their partnership. It sets out the key strands of action for a stronger economic agenda for the EU and its African partners.

High Representative/Vice-President Federica **Mogherini** said: *"Europe and Africa share many of the same interests: we both want a stronger Africa – with quality jobs for its youth, a better business climate, and peace and security for all. In these years we have started to build a real partnership of equals with Africa. We are already strong political partners, the next step is to be true economic partners and deepen our trade and investment relationship. We want to give young people opportunities to achieve their aspirations. Boosting responsible investment in Africa is a win-win for both sides."*

Commissioner for International Cooperation and Development Neven **Mimica** said: *"This Alliance is about unlocking private investment and exploring the huge opportunities that can produce benefits for African and European economies alike. It is about stepping up our partnership and putting our weight behind African initiatives such as the African Continental Free Trade Area."*

Today's proposal shows commitment to reinforce the Africa-EU Partnership and outlines a series of key actions that include:

boosting strategic investment and strengthening the role of the private sector, notably through increased de-risking of investment projects via blending grants and loans, and guarantees;

investing in people by investing in education and skills, at continental and national level to strengthen employability and match skills and jobs, also including scholarships and exchange programmes, in particular through Erasmus+;

strengthening business environment and investment climate, in particular by strengthening the dialogue with African partners and supporting their reforms in this field;

tapping the full potential of economic integration and trade: building on the African Continental Free Trade Area implementation, the long-term perspective is to create a comprehensive continent-to-continent free trade agreement between the EU and Africa. To prepare this, Economic Partnership Agreements, Free Trade Agreements including the Deep and Comprehensive Free Trade Areas on offer to the countries of North Africa, and other trade regimes with the EU should be exploited to the greatest extent, as building blocks to the benefit of the African Continental Free Trade Area;

mobilising an important package of financial resources, as reflected in particular in the ambitious proposal for the future Multi-Annual Financial Framework of the EU on external funding, where Africa is highlighted as a priority region.

Expected results

The Alliance will lead to concrete results such as the creation of up to 10 million jobs in the next 5 years. With EU financial support mobilised by 2020:

35,000 students and academics from Africa will benefit from Erasmus+ by 2020. A further 70,000 will benefit by 2027, reaching a total of 105,000 in ten years.

750,000 people will receive vocational training for skills development.

30 million people and companies will benefit from access to electricity thanks to the EU's leveraged investment in renewable energy and a boosted generation capacity by 5 GW.

24 million people will have access to all season roads through our leveraged investment in transport infrastructure.

3.2 million jobs in Africa are expected to be created under the External Investment Plan just by the Investment Programmes focussed on small and medium-sized enterprises.
With a guarantee of €75 million, a single investment programme from the External Investment Plan will generate 800,000 jobs.

Consultation and dialogue with African partners will be organised in the coming months to jointly define priorities and take further action. The Alliance will take into account the diversity across the African continent and the specificities of each country, including the contractual relations of the Northern African countries through their Association Agreements and their experience of co-operation with the EU through the European Neighbourhood Policy.

Background

The Commission's proposal for an 'Africa – Europe Alliance for Sustainable Investment and Jobs' is part of a package which also includes a proposal for a more efficient financial architecture for investment outside the European Union, which will also support further investment in Africa.
Under President **Junker'**s leadership, the EU has been strengthening its partnership with Africa, including with new innovative tools, on top of traditional cooperation instruments, notably the very ambitious External Investment Plan.

The EU is Africa's closest neighbour and biggest investor, the main trading and development partner and a key security provider. The EU is providing €31 billion in Official Development Assistance to Africa between 2014-2020 to boost Africa's economy to give young people in the continent a chance to build a future, to ensure food security and access to energy, and to anchor good governance and respect of human rights. The EU's Member States held an investment stock of €291 billion in 2016, making the EU the biggest investor in Africa. The EU also offers free access to the EU market via Economic Partnership Agreements, Free Trade Agreements including the Deep and Comprehensive Free Trade Areas with the countries of North Africa and the Everything But Arms scheme with African countries.(EC 12-09-2018)

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STATE OF THE UNION 2018 – COMMISSION UNVEILS PLAN TO SUPPORT INVESTMENT OUTSIDE THE EU AND PROPOSALS ON MIGRATION

In his State of the Union Address 2018 this morning, President Jean Claude **Juncker** proposed a new **'Africa – Europe Alliance for Sustainable Investment and Jobs'** to focus investment where it matters most: in skills and job creation. To achieve this, a more effective governance model and greater collaboration between multilateral and national development actors in Europe is needed. The European Commission is thus today setting out a number of ways to address the investment challenges and opportunities in Africa, the EU's Neighbourhood and the wider world. These include calls for joint initiatives between multilateral and national development actors and a reinforced European financial architecture able to meet the ambition of the newly proposed Neighbourhood, Development and International Cooperation Instrument.
Moreover, the Commission has identified scope for closer collaboration between the **European Investment Bank** (EIB) as the EU's Bank, the **European Bank for Reconstruction and Development** (EBRD), and national and regional development actors, in order to benefit from their respective experience and expertise, while maintaining diversity in the market. Existing structures already in place should be used, rather than creating new ones, and the focus should be on synergies and working more efficiently together. This can be done for example through relevant regional and thematic specialisation of existing individual partner financial institutions, or joint initiatives.

The Commission will convene in October 2018 all relevant actors, including Member States, development finance institutions and other stakeholders, in order to operationalise as rapidly as possible the actions presented today. This is without prejudice to the ongoing negotiations on the future Neighbourhood, Development and International Cooperation Instrument that the Commission proposed in June 2018 with €89.2 billion from the EU budget. Through its three streams – geographic, thematic and rapid response – the Instrument will address global challenges such as human rights, gender equality, climate change, migration and conflict prevention. The proposal looks at the most appropriate financial tools for the given context, such as grants, financial instruments and guarantees, or a combination of these. It integrates the External Investment Plan model and expands the European Fund for Sustainable Development, giving a new External Action Guarantee of up to €60 billion. The proposal is currently being negotiated by the European Parliament and Member States in the Council.

President Jean-Claude **Juncker** presented 3 new and ambitious proposals to ensure full EU solidarity on migration and better protection of Europe's external borders. They are intended to facilitate an overall compromise on the ongoing reform of the EU's asylum system. Today's proposals set a new level of ambition for the **European Border and Coast Guard** and the **EU's Agency for Asylum**, reinforcing both to ensure that Member States can rely on full EU operational support at all times. The Commission is also today proposing to improve the effectiveness of **return procedures**, updating existing EU rules on return, and setting out the next steps on **legal migration**, an essential component of a balanced migration policy.(EC 12-09-2018)

CHINA TO FUND HALF THE COST OF KENYA'S SGR EXTENSION TO KISUMU

Kenya seeks for China to fund half the cost of the Standard Gauge Railway(SGR) extending to Kisumu with the aim of slowing down on the country's debt.

During a bilateral meeting with China's Xi Jinping, President Uhuru Kenyatta indicated that the cost of the 270km extension should be split into a loan and a grant to relieve the country.The meeting, the third on Chinese soil, was expected to secure financing deals for infrastructure.

Decrease in debt

"The Naivasha-Kisumu phase of the SGR will cost US $3.8bn. And owing to its regional significance, I would request that 50% of its cost be provided as part of grant financing," said President Kenyatta.

The Standard Gauge Railway, whose first phase from Mombasa to Nairobi was completed last year at a cost of US $3.2bn, is supposed to pass through Kenya, Uganda, Rwanda and the DRC. It is also part of China's long-term vision to access resources in the interior of Africa.

Upon agreement, the whole Mombasa-Nairobi-Kisumu railway line when complete will make Kenya have US $7bn of Chinese debt which is a decrease from the initial US $43bn.

"The SGR sits very well on the Belt and Road Initiative. It commences the envisaged land bridge between the Indian and Atlantic Oceans, opening up the interior for trade and investment across seven countries, and opening China who are our largest multilateral lender to Kenya, accounting for about half of Kenya multilateral debt to Central Africa, and further on, beyond the Atlantic Ocean,"said the President(CRO 12-09-2018)

CONSTRUCTION OF THE KENYA-UGANDA DUAL CARRIAGEWAY COMMENCES

The construction of the US $259m dual carriageway, Kapchorwa-Kitale-Saum road connecting Kenya and Uganda has been launched.

Speaking during the flagging off of the road in Kapchorwa, Kenya's Deputy President William Ruto said the road will enhance connectivity, stimulate activity and ease movement of people, goods and services.

"The road will increase trade, investment and make sure that prosperity is shared by both countries," said the Deputy President.

Project finance

Kenya will contribute US $147.3 m financed by the African Development Bank and African Development Fund to facilitate construction of the 77 km of the project on its side of the border. Uganda, on the other hand, will contribute US $105.76 million and will be financed by the African Development Bank (ADB) and African Development Fund (ADF) as a debt. This will facilitate construction of the remaining 73 km that runs on its side. The 150 km road is expected to be complete in 2021.

The road has over the years been affected by heavy rainfall resulting to periodic maintenance. It is also located in a mountainous terrain that has made it difficult for farmers to get their produce to the market. Kenya mostly exports manufactured goods, fertilizer and edible oils to Uganda, while Uganda on the other hand exports electricity and food such as cereals and bananas.

Eliminating trade barriers and support integration

The new upgrade from gravel to bitumen is expected to drastically cut travel time in Uganda (Kapchorwa-Suam) from four hours to one and a half hour; while on the Kenyan side, travel time from Suam to Kitale will be cut from one and a half hours to 45 minutes.

In addition to easing movement of goods and services, the project will seek to eliminate trade barriers and support integration within the East African Community (EAC) and the Great Lakes Region.

Upon completion the dual carriageway is expected to scale up cross-border trade between the two countries and will be a boon for farmers who want to sell their produce on either side of the border.(CRO 11-09-2018)

CHINA TO BUILD $398M OIL PORT FOR KENYA

The port of Mombasa

Large, state-owned builder China Communications Construction Company (CCCC) has won a $398m contract to build a new oil terminal at Kenya's main port of Mombasa.
The terminal will raise the port's oil handling capacity by a factor of five.

Acting head of Kenya Ports Authority, Daniel Manduku, said yesterday that the new terminal will take 18 months to build, reports Reuters.

It will be able to handle 100,000 dead weight tonnes, up from 20,000 tonnes currently.

"It's going to take four ships at a time and it will also handle gas and liquefied petroleum (gas)," he told Reuters. "It will have LPG, oil and petroleum, both refined and unrefined."

Kenya has been one of the fastest growing economies in sub-Saharan Africa, and is upgrading its energy importation capacity to keep up with growing demand.

CCCC is playing a major role in the country's development, having built a 470km standard-gauge railway from Mombasa inland to the capital Nairobi last year, and is building a second stage of the railway from Nairobi to Naivasha.

The plan is to extend the line all the way to Uganda. (CGR 14-09-2018)

ANGOLA CREATES A NATIONAL COUNCIL OF PUBLIC WORKS FOR LARGE STATE ENTERPRISES

The Angolan government has approved the creation of a National Council of Public Works (CNOP) to coordinate major state works, replacing other existing structures under Presidential Decree No. 202/18, which came into force on 31 August.
The decree sets out that the CNOP is the advisory support body responsible for planning, supervising and monitoring the implementation of relevant public works projects of great technical complexity and with significant economic, social or environmental implications, according to the Regional Coordination of Legis-PALOP+TL.

It is also the responsibility of the CNOP to monitor private investments with direct and immediate impact on public infrastructure or significant social implications that will preventively ensure their harmonization with a view to safeguarding their efficiency and effectiveness and technical and urban adequacy.

With the new law, the Technical Office for Coordination and Monitoring of Projects of the City of Luanda and the Higher Council for Public Works have been closed and their respective legislation repealed.

The CNOP governs its activity through a working plan submitted annually for approval by the President of the Republic, and must also send quarterly reports of activities, the Regional Coordination of Legis-PALOP+TL said.

The decree also sets out that bodies involved in project implementation processes should coordinate with the CNOP, providing information and conditions for monitoring, evaluation and inspection of public works contracts.

In the last decade China has taken over as the main public works financier in Angola and, on the sidelines of the Forum on China-Africa Cooperation (FOCAC) summit, Minister Archer Mangueira announced that Angola's debt to China totals US$23 billion.

After travelling to Beijing to attend the third FOCAC summit, Angolan President João Lourenço, will visit China on 12 October to sign the opening of a new line of credit in the amount of US$11 billion for Angola, according to the Africa Monitor newsletter.

A substantial part of the new credit line, which is guaranteed by oil, is intended to finance 78 development projects, most of which are in the infrastructure sector, according to Africa Monitor. (17-09-2018)

UK FIRMS INVITED TO HELP COLAS BUILD UGANDAN AIRPORT

UK builder Colas Ltd is inviting specialist construction firms to get involved in a $318m project to build a new international airport in Uganda, backed by the UK government.
Hoima International Airport will be Uganda's second biggest after Entebbe and will serve the country's burgeoning oil and gas industry.

The project is being funded by a loan of the same amount from UK Export Finance, the lending arm of the UK's Department for International Trade.

Colas, which is building the airport in a joint venture with Switzerland-headquartered SBI International Holdings, wants interested specialists to attend the Uganda-UK Trade and Investment Convention at Troxy in London on 15 September (9am-7pm).

"With huge untapped natural resources, rapid urbanisation and attractive demographics in Uganda, the requirement for investment in infrastructure to support continued regional development is clear, and this aligns well with the outward-looking international element of the Colas UK strategy which seeks to expand our activities in East Africa," said Colas Ltd's new chief executive, Carl Fergusson.

Taking up his post last week, Fergusson said his mission to "wake the sleeping giant" by harnessing the 95-year-old firm's potential and transforming it into a British household name.

A subsidiary of France's Colas SA, the company would, Fergusson said, grow organically and by acquisition as it competes for large projects at home and abroad.(CGR 13-09-2018)

CABO VERDE KEEPS FIXED PARITY SYSTEM FOR ITS CURRENCY AGAINST THE EURO

The benefits that Cabo Verde (Cape Verde) derives from the fixed-rate regime of the Cape Verdean escudo against the euro means it is not worth joining the single currency of the Economic Community of West African States (ECOWAS), the governor of the Bank of Cabo Verde said on Friday in Praia.

"Cabo Verde has a credible currency, which fulfills the functions of value reserve and means of exchange, which inspires confidence and has allowed the country to take the leap it did, so it does not make sense to change it," said João Serra, on the sidelines of the opening of an International Conference commemorating 20 years since the signing of the Foreign Exchange Cooperation Agreement between Portugal and Cabo Verde.

Cited by Cape Verdean news agency Inforpress, the governor said that given the characteristics of the Cape Verdean economy, almost exclusively focused on Europe, the country will have no advantage in joining the African single currency.

"We have almost no economic relations with Africa, either with ECOWAS or with the continent as a whole, so we are technically arguing that Cabo Verde's accession to ECOWAS's single currency is not worth it, it will not bring benefits that might eventually supplant those we now have with the fixed regime against the euro," he said.

Serra also explained that the replacement of the Cabo Verde escudo by the euro is also an issue that is not on the table.

“What is happening is the parallel circulation of the Cape Verdean escudo with other currencies, as long as they are accepted,” he said, adding that, with the approval of the law of liberalisation of capital movements, informal double circulation is no longer unlawful. (17-09-2018)

CHINA TO SUPPORT CONSTRUCTION OF NIGERIA’S LARGEST HYDROPOWER PROJECT

Nigeria has secured the support of the Chinese President, Xi Jinping, for the construction of the 3,050MW Mambila hydro power project, the largest in the country situated in Taraba state.

President Muhammadu Buhari said that Mambilla Hydropower Project remains a key priority for the government and that he hoped to fund the project with concessionary loans from China.

“I told President Xi that the Mambilla Hydropower Plant is Nigeria’s equivalent of China’s Three Gorges Dam, and that our hope is to fund the project with concessionary loans from China as any alternative funding arrangement will adversely impact the project’s viability. I am fully committed to the realization of this landmark project and i look forward to him joining me for the groundbreaking ceremony in the not-too-distant future,” said the President.

The Mambilla hydropower Plant project

The US $6bn Mambilla hydropower Plant project which has been in the making for over 40 years upon completion will connect to three dams across Taraba’s Donga River. The first preliminary feasibility study for the Mambilla hydropower Plant was reportedly carried out by Moto Columbus in 1972 however, since then there have been attempts to actualize the project but in vain.

“We have been informed that our submission on this project is undergoing assessment by the relevant Chinese agencies. We hope that with your kind intervention, this assessment will be expedited. Your Excellency, Mambilla is Nigeria’s equivalent of the Three Gorges Dam,” said Buhari.

In his remarks, President Jinping, promised China’s support in capacity building and intelligence sharing. He added that this will be a huge opportunity for Nigeria to harness its hydro potentials for electricity and irrigation purposes.(CRO 15-09-2018)

ANGOLAN GOVERNMENT CANCELS ANGOLA INVESTE PROGRAMME AND PLANS TO CREATE A NEW ONE

The Angolan government plans to create a new programme to finance the economy to replace Angola Investe, which last week was cancelled by the decision of the Economic Commission of the Council of Ministers, during a session that analysed documents from the National Bank of Angola and the Ministry of Economy and Planning, the Angolan press reported.

The Secretary of State for the Economy, Sérgio Santos, said at the end of the meeting that the operation of the new programme, namely amounts and value of the interest rate subsidy, will be made public between December 2018 and January 2019.

Santos recalled that over the last four years the Angola Investe programme has granted, through commercial banks, 120 billion kwanzas (US$420 million) to finance 515 projects.

He also said that the State supported the provision of loans totaling US$55 billion (US$193 million), to subsidise interest rates, capitalise guarantee and risk capital funds, and create “a satisfactory climate for the concession of credit.”

The Angola Investe programme was created by the government to support and finance investment projects to micro, small and medium enterprises, and is operated by national commercial banks and coordinated by the Ministry of Economy and Planning, in partnership with the Credit Guarantee Fund.

In June this year, on the sidelines of the First National Production Congress, held by the Business Confederation of Angola, Santos considered the results of the Angola Investe programme to be “satisfactory.”

Loans were granted to micro businesses of up to US$200,000, small entrepreneurs received US$1.5 million and medium-sized entrepreneurs US$5 million, with projects in the agriculture, livestock and fisheries sectors as priority areas, followed by materials construction, manufacturing, geology and mining and services to support the productive sector. (17-09-2018)

US $1.57BN TO BE INJECTED IN NIGERIA’S POWER INFRASTRUCTURE

The Transmission Company of Nigeria (TCN) is set to inject US $1.57bn into the Nigeria’s national power transmission infrastructure in bid to increase the country’s electricity grid from the current 7,000 MW wheeling capacity to an estimated 20,000 MW.

TCN Managing Director, Mr. Usman Gur Mohammed confirmed the reports and said the projects are contained in the Transmission Rehabilitation and Expansion Program (TREP) of TCN. This program targets the construction of new power transmission projects labelled Greenfield and extends to existing Power projects that are to undergo expansion; Brownfield.

The US $1.57 billion sum meant to fund the said projects was obtained from several multilateral donors and sponsors. The funds will be used for the installation and construction of multiple transformers and transmission lines. This will also increase country total network coverage and transformation capacity.

Nigeria’s transmission network

Nigeria’s transmission network primarily comprises 132 kV and 330 kV voltage lines. The country has a total network of 6,680 km of 330 kV lines, 7,780 km of 132 kV lines, 330/132 kV substations with an installed transformation capacity of 10,166 MVA, and 132/32/11 kV substations with an installed transformation capacity of 11,660 MVA.

This Projects will see the utilization of the global standard N- 1. This standard entails having double equipment in a power station to create redundancy in the case of a fault.

Mr. Mohammed also emphasized on transparency in TCN as a drive and commitment for completing the huge project.”We try to ensure that TCN remains transparent. Everyone that is here has been promoted through transparent means and that is why we have been able to cancel non performing contracts.”(CRO 13-09-2018)

ANGLO AMERICAN REQUESTS CONCESSIONS TO EXPLORE BASE METALS IN ANGOLA

The Anglo American group intends to invest in Angola’s mining sector and has submitted an application for concession of three areas to prospect for base metals, and a letter of intent was presented last week by the group’s director for Southern Africa, Andy Lloyd, to the Minister of Mineral Resources and Oil, Diamantino Azevedo.

Base metals are chemical elements capable of conducting electricity and heat and which have a characteristic brightness at room temperature, such as iron, zinc, copper, lead and tin, and are tough, ductile, malleable and have good mechanical strength.

Angolan state news agency Angop reported that these metals are scattered throughout the country, with the most important being found in Moxico, the copper band at Kwando Kubango, Cunene and Huíla and the copper strip in Uíge.

In February this year, on the fringes of Indaba Mining (a meeting held in Cape Town, South Africa), the Minister of Mineral Resources and Oil held a meeting with leaders of the Anglo American group, to whom he reported on the geological potential of Angola. (17-09-2018)

SOUTH AFRICA TO INSTALL 80 WIND TURBINES IN TWO WIND FARM PROJECTS

80 wind turbines are set to be installed in two South African wind farm projects by Nordex Group which was awarded the mega contracts.

Patxi Landa, Chief Sales Officer of Nordex SE confirmed the reports and said that they are pleased to be part of the two mega wind farm projects since South Africa is an important market for them.

“South Africa is an important market for us, which is why we are pleased to be executing these two orders. We have been awarded turbine supply for a total of around 400 MW in 2018,” Landa said.

The two mega wind farm projects

Both projects include delivery and installation as well as multi-year service contracts. Additionally, Nordex will be producing the 100-meter concrete towers close by, thus lowering the costs and increasing local manufacturing content.

The 80 turbines will be put up on the Garob and Copperton wind power projects and have a combined capacity of 252 MW. The project Garob comprises 46 turbines which Enel Green Power has ordered while the second project Copperton comprises 34 turbines for the developer and independent power producer Elawan. Both wind farms are located in the province of Northern Cape close to the town of Copperton.

The Group has installed wind power capacity of more than 23 GW in over 25 markets, the product range primarily concentrates on onshore turbines in the 1.5 – 4.8 MW class addressing the requirements of land constrained as well as grid constrained markets.(CRO 13-09-2018)

COULD SOME CHINESE FUNDS INVESTED ABROAD BE MORE DESTRUCTIVE THAN BENEFICIAL?

At a cursory glance, the Forum of China Africa Co-operation (Focac) would appear to be a surprising and resounding success for all involved. By the close of talks on September 4, China had pledged another $60bn for emerging economic developments. This is on top of $20bn in 2012 and $60bn in 2015, which has been loaned to build development-focused infrastructure such as roads, rail and ports.

It is no secret that the Chinese government is a growing source of investment and lending into Africa but there are rising concerns — not just in Africa but also in South East Asia — that some of the Chinese money invested abroad could be more destructive than it is beneficial.

There are legitimate concerns about Africa’s growing trade deficit with China and the ability of the individual countries to finance rapidly growing, Chinese-financed external debt, but the biggest risk that no one wants to talk about is the risk to governance.

Transparency is one of the basic principles of good governance, yet a common characteristic of the deals struck between the Chinese government and its emerging-market "partners" is that the terms of these deals are not made public. A case in point was the $2.5bn long-term loan facility that Eskom signed with the China Development Bank (CDB) following the Brics summit in July.

Although this loan was the second tranche of a $1.5bn loan agreement that Eskom signed with the CDB in 2017 for financing part of the Medupi Power Plant, the details of both loans remain unclear — even to other funders.

When President Cyril Ramaphosa was pressed for more information in parliament by the leader of the opposition, Mmusi Maimane, he was only able to offer a weak reassurance that the agreements that the South African government enters into are based on "ethics", "good corporate governance" and are "meant to advance the interests of our people". This is hardly encouraging given that the very heart of good governance requires that the public has insight into the work of public administration bodies.

With this in mind, the biggest obstacle to successful co-operation between China and Africa is a lack of transparency in the deals that are made. Without transparency there is an increased risk of governance failure, specifically corruption. The parallels with the shady deals negotiated by the Zuma administration with the Russians to enable our defunct nuclear ambitions are being re-lived.

As much as the recent Focac has been hailed as a triumph for the China-Africa relations, the inability of the government to open the books and reassure other investors that the Chinese interests genuinely come with "no strings attached" is deeply worrying.

Ramaphosa has gone to great lengths to refute accusations that a new colonialism is taking hold in Africa but he needs to back up his words with actions. As the recipient of the lion’s share of Chinese loans and investment on the continent, the South African government is unquestionably at an increased risk of political interference.

Unless it is clear that money invested in Africa by any foreign power is used for development goals or at least has a clear developmental outcome it is hard not to be suspicious. Good governance is built on transparency and accountability and without it we risk continuing along the same destructive path that has lead us to where we find ourselves today. SA’s economic growth has ground to a halt almost entirely as a result of governance failures.

Over the past decade more than enough in tax revenue has been collected to build growth-supportive infrastructure and provide the population with adequate healthcare, education, and housing. Instead, a lack of accountability and a deliberate attempt to destroy transparency has resulted in massive governance failures.

Money that should have been spent on education in Mpumalanga was spent shoring up political support within the ANC. Tax revenues that should have been collected were overlooked, and infrastructure projects that were meant to drive growth were seen as personal piggy banks for the politically connected. What started off as a sleight of hand became a textbook case of what happens when governance fails.

So what can we do?

The state capture inquiry is a step in the right direction, but improving institutional capacity and achieving good governance requires us to do more than pillory those who have been raiding state coffers. To take back control of our economy — both literally and figuratively — we need to put the right people in charge in the first place. It is easier to lock the door than to catch a thief.

Next we need to make sure that those in charge are held to account, and that requires transparency. If President Ramaphosa is unwilling to provide the public with insight into one foreign loan, how can his government be trusted with oversight of the entire economy?

So far the state capture inquiry has confirmed what many knew and has produced a few revelations, but without making an example of those who were responsible, there will never be any accountability.(BD 17-09-2018)

SUDAN'S NEW CABINET HAS UPHILL BATTLE LIFTING THE EMBATTLED ECONOMY

The African state has been grappling with an acute foreign exchange shortage and inflation above 65% for several months

Sudan’s new 21-member cabinet was sworn in on Saturday, with Prime Minister Moutaz Mousa Abdallah also assuming the finance portfolio in a bid to revive the country’s economy.

Sudan has been grappling with an acute foreign exchange shortage and inflation above 65% for several months, prompting President Omar al-Bashir on Sunday to sack the previous 31-member cabinet to "fix the situation".

Bashir had initially nominated Abdallah Hamdok as the new finance minister, but Sudan's official news agency Suna reported earlier on Saturday that Hamdok had "apologised" and declined.

"After consultations with Prime Minister Moutaz Mousa Abdallah, President Bashir decided that the prime minister will hold the finance portfolio," the presidency said in a statement on Saturday.

Later the new, smaller cabinet took the oath of office at the presidential palace.

Bashir said the people of Sudan had "high hopes" from the new government.

"One of the biggest challenges for the new government is to resolve the economic issues," Bashir said after the swearing-in ceremony.

"I'm fully confident that the ministers will use Sudan's resources efficiently to solve the economic problems."

Several ministers from the previous government have been retained in the new cabinet, including the foreign and oil ministers who were appointed only months ago after an earlier cabinet reshuffle. Abdallah himself was irrigation minister in the previous cabinet.

Sudan's economic crisis has only worsened in 2018 despite Washington lifting its decades-old embargo on the African country in 2017.

Food prices have more than doubled, fuel shortages have become frequent and the Sudanese pound has plunged against the dollar amid a shortage of foreign currency.

Oil minister Azhari Abdallah did not rule out future fuel shortages. "The refinery needs spare parts and for this we need foreign currency," he said.

"We also import 40% of our requirement for which we need foreign currency, and everyone in Sudan knows the situation of foreign currency."

The surging prices triggered antigovernment protests in January in Khartoum, but the authorities swiftly moved in, arresting several activists and opposition leaders.

Even as Washington lifted the sanctions last October, it kept Sudan on its list of "state sponsors of terrorism", a factor officials say keeps investors away and halts the country's economic revival.

Sudan's economy was dealt a severe blow initially from the loss of three-quarters of its oil resources when South Sudan gained independence in 2011.

An attempt in September 2013 to cut fuel subsidies led to bloody confrontations that left dozens dead in Khartoum. (AFP 17-09-2018)

DRC TO DECLARE COBALT AND OTHER MINERALS AS 'STRATEGIC' THIS WEEK

The prime minister of Democratic Republic of Congo will sign a decree in the coming days to designate cobalt and other minerals as "strategic" and therefore subject to higher royalties, mines minister Martin Kabwelulu said on Saturday.

The change is part of a new mining code, which mining companies such as Glencore and Randgold oppose as it axes tax exemptions and hikes royalties and profit taxes. They have been holding out the hope that it might be watered down in further negotiations.

The government has not yet formally announced which metals will be classed as strategic in the new code and subject to royalties of 10%. Before the code was introduced, companies paid a rate of 2% for cobalt.

Addressing a mining conference in the copper and cobalt-mining city of Kolwezi, Kabwelulu said: "In the coming days, you will see the prime minister sign a decree to declare cobalt and certain other substances as strategic." Miners of cobalt would have paid a royalty of 3.5% under the new code if its designation had not changed.

The government considers minerals with the "strategic" designation important for the economic, social and industrial future of the country.

The new code came into effect in June. Companies say its tax hikes and cancellation of 10-year exemptions for existing projects against changes to the previous fiscal and customs regimes breach previous agreements with the government, and will deter further investment.

Kabwelulu said all companies are paying the royalties and taxes as stipulated by the new code, despite Randgold saying in August it was still negotiating with the government. "I know that Randgold made a statement, but it’s not true," he said.

Democratic Republic of Congo is Africa’s top copper producer and the world’s leading miner of cobalt, a mineral which has seen a surge in demand due to the manufacture of electric car batteries and mobile phones.

Big mining firms with investments in Congo include AngloGold Ashanti, Ivanhoe Mines, China Molybdenum, Zijin Mining and MMG. (Reuters 16-09-2018)

HAVING MORE RIVAL MOBILE NETWORKS IN A COUNTRY OFTEN MEANS CHEAPER INTERNET FOR AFRICANS

Depending on where you are in Africa, purchasing a gigabyte (GB) of mobile internet data can set you back as much as $35.

While smartphone penetration has spiked over the past decade in Africa, progress in the reducing the cost of accessing the internet has not been as rapid. Indeed, findings of two new reports focused on the price of mobile data, show that affordable internet still remains out of the reach of many Africans.

In a survey of 60 low and middle-income countries, the Alliance for Affordable Internet (A4AI) found that, at the end of 2017, only 24 met the UN Broadband Commission’s target of affordable cost of a gigabyte of data not costing more than 2% of average monthly income. Across countries surveyed globally, users were found to pay an average of 5.5% of monthly income for a gigabyte of data. But the problem is more acute than anywhere in else in Africa where users pay the most for mobile data relative to average monthly income.

Similarly, a report by Ecobank Research also finds that Africa has the most expensive mobile data, “both in real and income-relative terms.” In Equatorial Guinea, Zimbabwe and Swaziland—the three most expensive countries—a gigabyte of data costs more than $20. Across the continent, the median price across Africa is estimated at $7.04 with a majority of countries recording prices above UN Broadband Commission’s target of 2% of monthly income.

Ecobank’s report also shows a link between the number of mobile network operators in a country and the local data prices with competition driving down prices, as seen in Nigeria. While the price of one gigabyte of data is higher in countries with only two networks, it’s much lower in markets with more competing rival networks.

An obvious downside to the high prices is the barrier to access it represents for millions and the “digital divide” it breeds. Beyond individuals, the impact of high internet costs can also be significant for millions of small businesses across the continent. Studies have shown that small businesses that use the internet grow twice as fast as those that do not.

But while high prices are an enduring problem, the speed of internet across the continent also remains underwhelming: internet speeds across Africa are still far below the global minimum standard.(Q 14-09-2018)

FIRST REGASIFICATION PLANT IN SUB-SAHARAN AFRICA’S SET FOR CONSTRUCTION

Ghana is set to construct the first regasification terminal plant in Sub-Saharan Africa at a whooping cost of US $350m following a signed agreement between officials of Tema LNG Terminal Company Limited which is controlled by Helios and China Harbor Engineering Company to build the plant.

President Nana Addo Dankwa Akufo-Addo during the signing ceremony said the project was was a marker of the efforts his government has put in place over the last 19 months to encourage private sector participation in the growth of the economy.

“If we are going to succeed in rapidly pushing the industrial development of our country, the supply of gas, which will mean even more affordable rates of power, is now a matter of very great importance for us,” he said.

12-year gas supply agreement

The construction of the LNG terminal comes after the state-owned exploration firm Ghana National Petroleum (GNPC) signed a 12-year gas supply agreement with Russia’s Rosneft. It is expected to create over 1600 job opportunities.

Upon completion estimated to be after 18 months, the project will deliver around two million tonnes of LNG annually, contributing 30% of Ghana’s total electricity generating capacity. This according to the President will ensure constant, reliable and affordable power supply in the country.

Development and operation of the facility

Additionally, a concession agreement has been signed between the Ghana Ports and Harbor Authority (GPHA) and the Tema LNG Terminal Company to allow the development and operation of the facility within the Tema Port.

China Harbour Engineering Company, which is currently expanding the Tema port, will construct the marine facilities for the terminal, while Jiangnan Shipyard of China will build the floating regasification facility. The terminal is expected to be transferred to the Ghana Government after 12years.(CRO 13-09-2018)

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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