MEMORANDUM

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12 YEARS OF PUBLICATION

SUMMARY

CHINA PLEDGES $60 BILLION TO AFRICA, FENDS OFF ACCUSATIONS OF SETTING A DEBT TRAP

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.

A wave of African nations seeking to restructure their debt with China has served as a reality check for Beijing's ties with the continent, though most of its countries still see Chinese lending as the best bet to develop their economies.

"If we take a closer look at these African countries that are heavily in debt, China is not their main creditor," its special envoy for Africa, Xu Jinghu, told a news conference.

"It's senseless and baseless to shift the blame onto China for debt problems."

As it pushes forward with Xi's pledge, China will use feasibility studies to select projects that help African countries achieve sustainable development and steer clear of debt or financial woes, she added.

"We need to take into account the fluctuations of the international economic situation, which has raised the cost of financing for these African countries, and most of them depend on exporting raw materials, the price of which, on the international market, has been falling," said Xu, adding that the overall debt burden had built up over a long time.

China has denied engaging in "debt trap" diplomacy, and Xi said government debt from Chinese interest-free loans due by year-end would be written off for the poorest African nations.

African countries have also been trying to export more finished goods to China, rather than simply raw materials that China then processes.

China and Africa have agreed to work hard to increase Africa's value-added exports to China, a development welcomed by Beijing, South Africa's President Cyril Ramaphosa said.

"They would like to see real meaningful trade taking place between Africa and China through value-added goods," he told reporters.

'False and sensational'

China has strongly and angrily denied its ambitions in Africa have anything other than the best interests of the continent at heart.

Claims that China was an "economic predator" in Africa, pillaging natural resources and dragging it into a debt crisis, were "as false as they are sensational," the Xinhua official news agency said in a commentary.

China's massive and expanding "Belt and Road" trade infrastructure project is running into speed bumps as some countries begin to grumble about being buried under Chinese debt, says an analysis by AFP.

"Chinese loans to Africa have a lower interest rate and longer repayment period compared to the market average, and these concessional loans are primarily used to build infrastructure," it added.

The total value of Xi's pledge this year matches that of 2015, but it is comprised of a smaller portion of loans and more concessionary assistance than before, said Deborah Brautigam, an expert on China-Africa relations at the Johns Hopkins School of Advanced International Studies in Washington.

"(China's) debt relief polices have not changed," she said in a note, adding that the write-off covered a modest part of Chinese finance in Africa.

The summit, held as the United States seeks to constrain China, and vilify it as the new colonizer of Africa, shows the Asian nation will rely more on trade with the continent, former deputy commerce minister Wei Jianguo wrote on Tuesday for the China Going Global Thinktank.

"I hope that in the next five years China-Africa economic and trade cooperation will overtake China-US trade," he said. "This is totally achievable."

China and the United States are embroiled in an increasingly bitter trade war.

Separately, Xinhua said China and Mauritius had completed talks on a free-trade pact, which would make the island nation the first African country to strike such a deal with Beijing.(EA 05-09-2018)

400 KV POWER LINE IN KENYA NOW COMPLETE

Kenya has announced to have completed the 400 kV power line that was under construction from a 310 MW wind power plant to central Kenya from the north.

Energy Minister Charles Keter confirmed the reports and said that the official commissioning for the power plant and the transmission line is what is currently pending.

Replacing diesel generation

According to the Energy Minister, the high-voltage power line is set to carry electricity and supply to the national grid will stabilize by December replacing diesel generation which is critical for the Lake Turkana Wind Power project, to carry electricity from Loiyangalani in the north to Suswa in the centre of Kenya.

“Within the next one month, we will feel the difference once the line has run very well. For me, everything being constant, we are seeing by December we will be comfortable in terms of our generation, and in terms of evacuation (transmission). We will see the cost of power coming down,” he pointed out.

Wind farm not ready for launching

Vestas Wind Systems which is a Danish wind turbine maker supplied the wind farm’s 365 turbines, explained that the wind farm was ready for launch but would be idle until the government installed the transmission line.

Construction of the mega power line commenced in November 2015 and had been due to be completed by December last year, but the timeline once more shifted to September.

Kenya, which has more than 6.5 million customers connected to the power grid, has installed generation capacity of 2 351 MW with peak demand of 1 802 MW.(CRO 05-09-2018)

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.

The recently established Trust Fund for Africa and the soon-to-be-expanded European External Investment Plan are the EU’s latest Africa-focused investment vehicles. The EIP was launched in autumn 2016 and the Commission says it will generate more than €44 billion of investments by 2020.

The European Investment Bank is set to have a major role in coordinating the EU’s expanding investment remit. The EIB’s investment in projects in East Africa in 2017 totalled €400 million. That was a good year, said the bank’s bureau chief for the region, Catherine Collin.

“The Cotonou mandate has a very strong focus on private sector development. To have growth you need a port that functions, you need energy supply, so it is normal that we are still focusing on those traditional infrastructure projects,” Catherine Collin tells EURACTIV.

“On the other hand, we have been given a mandate and the instruments to develop the private sector…and in this region there is potential,” says Collin.

The scope of this mandate is broad enough to include access to local currency loans for small businesses; regional private equity funds – including funds investing in microfinance and local mid-cap enterprises; and subordinated bank capital to banks in the region.

Around half of the EIB-backed lending in Africa supports private sector investment by small and medium-sized businesses each year.

But the EU’s various investment vehicles all come with political agendas. The EIP and Trust Fund are focused on long-term migration control. Increasing energy capacity and agricultural industrialization are other key goals to the EU.

Those agendas are not going to disappear in a post-Cotonou agreement and, if anything, will be expanded. The European Commission’s negotiating mandate for the post-Cotonou talks seeks to increase the levels of conditionality and sanctions for governments with poor human rights records. This would mean that no funds would be allocated to states violating human rights, with the repayment of funds to be demanded if a severe violation of human rights is established.

China's investment offensive comes with different strings attached

China does not have the EU's cash restraints or agendas, and the sums involved in Chinese investment on the African continent dwarfed those offered by Europe. At the start of a two-day China-Africa summit on Monday (3 September), President XI pledged $60 billion (€51.6 billion) in new development financing. The summit focused on the Belt and Road Initiative, a major Chinese project which reaches into the African continent.

China may be investing lavishly, but its projects often come with strings attached, mostly in the form of loans from Chinese banks. China is already facing increasing criticism for its debt-heavy approach to investment. The likes of Zambia and Congo-Brazzaville have saddled themselves with soaring debt to GDP burdens, in large part because of taking on large Chinese-financed infrastructure projects.

China set to fully control Portugal's power grid amid Europe's inertia

China is set to make further inroads into European infrastructure, as a state-owned company attempts to gain full control of Portugal's power grid.

But the fact that China's cash comes with no political conditions, compared to the financing from the EU, the IMF, World Bank and other development finance institutions, as well as the size of the sums involved, make it attractive to African governments.

Anxious not to be left behind, but without the taxpayer-funded resources to rival China's largesse, several EU countries have launched their own initiatives.

Outlining its plans for a 'Marshall Plan for Africa' at the G20 last year, the German government called on European countries to ramp up public and private sector investment in the continent.

"We cannot leave Africa to the Chinese, Russians, and Turks,' Development minister Gerd Müller said, pointing out that only about 1,000 German firms currently did business in Africa.

The UK is also stepping up its investment, quadrupling the funding of its African and Asian investment arm, the Commonwealth Development Corporation (CDC), from £1.5 billion (€1.7) to £6 billion (€7 billion), with a mandate to focus on the poorest, riskiest investment climates. The CDC is in the process of setting up shop in Nairobi, making it the latest addition to the network of European and international development finance institutions in the Kenyan capital.

But many in Africa feel like that they have heard it all before.

"Many nations have declared 'years for Africa' but at the end of the year it ends only with policies on paper", says Shehu Sani, Chairman of Nigeria's Senate Committee on Local & Foreign Debts.

Unless Europe is able to match its promises with hard cash, its leaders should not be surprised if African leaders continue their pivot towards China.(EA 05--09-2018)

RECESSION-HIT SOUTH AFRICA FACES MOODY'S DOWNGRADE THREAT

The ratings agency halves growth forecast for the country and says its economic contraction is a credit negative

Moody's Investor Service halves its 2018 growth forecast for the country. Picture: REUTERS

The first recession in almost a decade could cost SA its remaining investment-grade rating, with disastrous consequences for the country and consumers who are already under strain from tax increases and near-record petrol prices.

Moody's Investor Service on Thursday halved its 2018 growth forecast for the country and said economic contraction in the first six months of the year was a "credit negative".(BD 07-09-2018)

TANZANIA TO RECEIVE US $1.46BN FUND FOR STANDARD GAUGE RAILWAY

Tanzania is set to receive US $1.46bn loan from the Standard Chartered Group, the British multinational banking conglomerate towards construction of phase II of the Standard Gauge Railway (SGR).

Minister for Finance and Planning Phillip Mpango, confirmed the news and said the Standard Chartered Bank Group Chief Executive, Bill Winters is in agreement to grant the loan for the SGR which will begin from Morogoro to Makutupora in Dodoma Region.

"We are currently building Phase I of the SGR project that runs from Dar es Salaam to Morogoro. Afterwards we will extend it to Makutupora in the second phase. In the later phases, we will connect the SGR to Isaka and Mwanza and, ultimately, to Rusumo, working in close cooperation with our Rwandan counterparts until it reaches Kigali," said Phillip Mpango.

"As a bank, we have the noble duty of ensuring that we play a significant role in financing (the country's socioeconomic development)," said Bill Winters .

High-speed electric railway

The Minister added that works on the the US $1.92 bn high-speed electric railway which is part of phase one at Dar es Salaam-Morogoro is progressing well, with the Turkish firm Yapi Merkezi Insaat VE Sanayi As building the 422 km part of the line.

In March this year, President John Magufuli laid the foundation stone for the Morogoro-Makutupora section, covering 426 km.It is estimated that the Standard Gauge Railway upon completion, will create 30,000 direct employment opportunities and some 60,000 indirect jobs.

Other projects

Additionally, Dr Mpango briefed the visiting CEO Mr. Winters on a number of development projects that the government is undertaking to improve the country's economic infrastructure.

The projects include the purchase of state-of-the-art passenger aircraft for the national carrier, Air Tanzania Company Limited (ATCL) and the 2,100MW Stiegler's Gorge hydroelectric project.

"Tanzania is only second to Brazil in terms of having the highest number of tourist attractions in the world. However, we currently receive less than two million visitors a year. This calls for prompt action so that the tourism sector brings in more of the much-needed foreign exchange earnings for the general good of the economy," clarified Phillip Mpango(CRO 06-09-2018)

I NOW ACCEPT EMMERSON MNANGAGWA'S LEADERSHIP, ROBERT MUGABE SAYS

'Before the elections, I did not support him because he came through illegal means,' which was a violation of liberation values, the former Zimbabwean leader says

Robert Mugabe has said he now accepts President Emmerson Mnangagwa as Zimbabwe's legitimate leader after initially accusing him of leading a "disgraceful" de facto coup that ended his near four-decades rule in 2017.

On the eve of the July 30 vote, Mugabe said he would vote for the opposition to remove Mnangagwa's "military government", as the 94-year-old leader expressed bitterness and turned against his one-time allies in Zanu-PF.

But at a wake for his mother-in-law, Mugabe said Mnangagwa's victory, which is still disputed by his main opponent, Nelson Chamisa, made him a legitimate president, the privately owned NewsDay and state-owned The Herald newspapers reported on Friday.

"The wrong that happened last November has been erased by his victory in the July 30 elections. We now have a government born out of the constitution. I now accept his leadership and he now deserves the support of every Zimbabwean," Mugabe said, looking frail in video footage on an online television site.

"Before the elections, I did not support him because he came through illegal means, which violated our liberation values that politics lead the gun," Mugabe added.

That is likely to end the feud between the new president and his former mentor. Mugabe's forced resignation divided Zanuf-PF and created mistrust between the army on one side and the police and intelligence agency on the other, but the rapprochement could help overcome those differences and rally others behind Mnangagwa.

At the wake, Grace Mugabe said people should pray for her husband, who she said was not feeling well. The couple has travelled to Singapore several times in 2018 for Mugabe's medical treatment. (Reuters 07-09-2018)

AFD FUNDS ENERGY PROJECTS TO IMPROVE POWER RELIABILITY

The Ugandan Government has commissioned some flagship energy projects for the rural West of the country and launched its Connections Policy.

The Agence Française de Développement (AFD) being the key partner in this sector, offered concessional loans of respectively USD 23M and EUR 42.9 M to the Government of Uganda. The company financed part of the Nkenda-Hoima transmission line and its associated substations as well as a broad rural electrification program in Western and Southern Uganda.

AFD is also contributing to the Connections Policy, first by having taken part in the dialogue that led to the design of the Policy, and financing one of the pilot projects to subsidize connections, in accordance with this Policy.

According to Virginie Leroy, AFD Representative in Uganda: “France, via AFD, the Agence Française de Développement, proves and has proven for the last 20 years, to be a key partner for Uganda's development.

After having supported the necessary increase of the national generation capacity that significantly improved power reliability and affordability in Uganda, AFD supports the Government of Uganda in improving transmission, distribution and increasing access. By promoting renewable energy we support both the Ugandan population and climate change resilience,” she said.

The project is co-financed by the Norwegian Agency for Development Cooperation. The Nkenda-Hoima line and associated substations are in agreement with Uganda's overall energy policy to meet the energy needs of the population for social and economic development.

The transmission line is intended to facilitate the evacuation of hydroelectricity generated in the area and will serve in the longer term to improve power supply, quality and reliability in western Uganda.

AFD has financed a wide program of rural electrification in Western and Southern Uganda covering 24 districts, including Kasese. The Agency provided a concessional loan of EUR 42.9 M to build about 3,000 km of new low voltage and medium voltage lines.

Additionally, the company participated in the dialogue that led to the design of the Connections Policy launched by the Rural Electrification Agency. The purpose is to subsidize the connection costs under the condition that households take charge of their own wiring.

The Agency supports furthermore this Connections Policy by implementing one of the pilot projects that intends to finance 65,000 new connections, thanks to a EUR 7.1 M grant delegated to them by the European Union.

The improvement of the rural areas electricity grid will result in a better economic development and a reduction of the inequalities between rural and urban areas: households, schools, health centers, markets and small businesses will get a subsidized connection to power that will improve livelihoods and wealth.

The commissioning ceremony was held by the Vice President of the Republic of Uganda, in the presence of the Minister of Energy and Mineral Development, the Ministers of State for Energy and for Agriculture, the Permanent Secretary for Energy, the Managing Director of Uganda Electricity Transmission Company Limited (UETCL), the Executive Director of the Rural Electrification Agency (REA), the Country Representative of AFD in Kampala, representatives from the Government of Uganda and from the Kingdom of Norway.

It was to launch, among others, the Nkenda-Hoima line and the Connections Policy.

AFD is an inclusive public financial institution and the main actor in France’s development policy. It makes commitments to projects that genuinely improve the everyday lives of people, in developing and emerging countries and in the French overseas territories. AFD works in many sectors – energy, health, biodiversity, water, digital technologies, training – and supports the transition to a safer, more equitable and more sustainable world.(Chimp Reports 15-08-2018)

KAM COMMITS TO PROMOTE KENYA’S GREEN ECONOMY STRATEGY

The Kenya Association of Manufacturers (KAM) in collaboration with the Government under Ministry of Energy and Petroleum, have committed to promote the Kenya’s green economy strategy in bid to boosting the country’s energy sector.

Speaking during a conference themed “Catalysing Sustainable Renewable and Energy Efficiency in Kenya” which was held by the two parties, KAM Vice Chairman Mr. Mucai Kunyiha noted that affordable and clean energy as the key in the realization of the Big 4 Agenda.

“The Association seeks to increase the manufacturing sector’s contribution to 15% by 2022, in line with the Government’s Big 4 Agenda. Improving energy efficiency has the clearest impact on saving money, improving business results and fostering economic growth. We will continue to undertake projects that stimulate investment and policy initiatives that promote green growth in the country,” said Mr Kunyiha.

Promoting renewable energy

The two-day clean energy conference aimed at promoting renewable energy and energy efficiency in the country highlighted the achievements and challenges by industry on energy management and green growth policy initiatives.

KAM has been at the forefront of promoting a green economy through such initiatives as energy efficiency, water efficiency, waste management, plastic bottles and chemical wastes and green financing.

State Department of Energy Principal Secretary, Dr Eng. Joseph Njoroge also reiterated the government’s commitment towards the production and use of clean energy in the country.

“The Ministry has put in place initiatives to enhance the efficiency of the energy sector. We fully support conservation of energy to build local capacity, reduce imports and build competitiveness for manufacturers. We want industries to drive renewable energy projects and we will provide an enabling environment towards this,” added Eng. Njoroge.(CRO 24-08-2018)

NEW UK SUPPORT TO BOOST LONG-TERM STABILITY IN SOMALIA

Prime Minister pledges additional funding to support international efforts to build long-term stability in Somalia

The international community must do more to help the African Union lead the fight against al-Shabaab as Somalia takes on greater responsibility for its own security, Theresa May will say today.

The UK has a strong track record both in supporting the African Union and helping Somalia rebuild its police and military forces after decades of insecurity.

On a visit to a UK-backed Counter-IED training centre in Nairobi the Prime Minister will see British troops helping prepare soldiers from Kenya and the region to deploy as part of the African Union Mission to Somalia (AMISOM).

British instructors and their Kenyan counterparts are training troops in the tactics and techniques needed to identify and destroy the home-made bombs which are increasingly the weapon of choice for terrorists in the region.

Somalia is at a critical juncture and sustainable, predictable funding and support for the troops who are building stability in the region is vital

Announcing over £7 million of new UK funding to support the AU's peacekeeping mission in Somalia, she will call on international donors to contribute more, setting out that an unstable Somalia has a knock-on effect on stability across the region and further afield.

Prime Minister Theresa May said:

Somalia is at a critical juncture and sustainable, predictable funding and support for the troops who are building stability in the region is vital to support a transition to Somali-led security, when the conditions for a handover are right.

Last year the UK contributed £385 million towards international efforts to help the Somali people build an increasingly secure, stable and prosperous country.

The Prime Minister hosted the London Somalia Conference in 2017 which agreed the international community's new partnership with the Federal Government of Somalia.

While in Kenya, she will announce further funding to support Somalia in a range of areas, including:

- more than £60 million to help over a million people cope with and recover from the impact of conflict and drought. Lifesaving food, clean water and medicine, along with support to find stable jobs, will help Somalis to look after themselves and their families in the long-term, reducing their dependence on humanitarian aid
- more than £25 million to support Somalia as it works to establish a stable and democratic political system. This will include advice to help develop rules on resource and power-sharing, and to prepare for landmark elections, including through support for voter and political party registration(PM Office 30-08-2018)

KENYAN POLICE SORRY FOR ARRESTING CHINESE STAFF

Kenyan police apologised on Thursday for briefly arresting journalists from Chinese state television's international English channel China Global Television Network (CGTN).

The incident happened just days after Kenyan President Uhuru Kenyatta attended a crucial summit in China at which Chinese President Xi Jinping offered another $60bn in financing for Africa.

Officers on Wednesday raided the CGTN's offices in Nairobi and detained some staff for what they alleged were immigration offences.

"The raid on the Chinese state-owned broadcaster was based on false information," Charles Owino, Kenya's national police spokesperson told Reuters. "We sincerely apologise for the mishap…. Those detained were released later."

Chinese foreign ministry spokesperson Hua Chunying told a daily news briefing in Beijing that Kenyan police, during a sweep of illegal workers, had taken away several Chinese reporters and other staff members. The Chinese embassy complained to the Kenyan government and all the personnel were released on the same day.

"The Kenyan side has already apologised … and promised they will constrain the actions of police at the grassroots … and prevent such incidents from happening again," Hua said.

"According to what we understand, this action by the Kenyan police is part of a move to crack down on illegal immigration, and is neither aimed at nor limited to Chinese citizens."

The propaganda department at China's main state television station CCTV, which is the parent of CGTN, declined to comment on the incident.

China has helped to finance key infrastructure, including a $3bn railway linking Nairobi to the port of Mombasa. (Reuters 07-09-2018)

NEW INTERNATIONAL FREE TRADE ZONE INAUGURATED IN DJIBOUTI

The opening of the new Djibouti International Free Trade Zone (DIFTZ) took place on 5 July, at the inaugural Africa-China Economic Forum and Exhibition (ACEFE) in Djibouti.

The pilot zone – the first phase of a ten-year, $3.5 billion project – spans 240 hectares and contains four industrial clusters: a Logistics Industry Cluster, a Business Industry Cluster, a Business Support Cluster, and a Processing Manufacturing Cluster.

Once completed, the DIFTZ will comprise 4,800 hectares, making it the largest free trade zone in Africa, and will create an estimated 350,000 new jobs over the course of the next ten years. Businesses operating in the DIFTZ will benefit from incentives including 0% corporate tax, personal income tax and VAT.

Alongside a $15 billion infrastructure investment programme, it is part of Djibouti's Vision 2035 strategy for transforming infrastructure and diversifying the country's economy by capitalising on its unique position as a logistics hub for global trade, with the aim of tripling per capita income by 2035.

The DIFTZ Project Preparatory Group, responsible for delivery of the project, is a collaboration between the Djibouti Ports and Free Zones Authority (DPFZA) and major Chinese partners the China Merchants Group, Dalian Port Authority, and IZP.

Addressing the opening ceremony, the Chairman of the DPFZA, Aboubaker Omar Hadi, spoke of the ways in which the DIFTZ can benefit growth in Djibouti. He said: "Connected to global trade routes and world-class infrastructure, DIFTZ will also support Djibouti in adding value to the goods passing through its borders. The volume of goods that travels through East Africa keeps increasing. Every time a product leaves the continent without having been transformed, it is a missed opportunity for Africa. DIFTZ's role is to make sure that there are no more missed opportunities." (P.O. 09-2018)

SOUTH AFRICA BEGINS CONSTRUCTION ON 25 MW BIOMASS POWER PROJECT

South Africa has announced to have begun construction works on the 25MW biomas project,in Mpumalanga.

Confirming the news was the ELB-KCC Consortium adding that the official site clearing and preparation for earthworks have started at Ngodwana Energy project. The project will be developed at the Sappi Ngodwana site about 40 km from Nelspruit, next to the N4 highway and is part of the South African government's Renewable Energy Independent Power Producer Procurement Programme.

The ELB-KCC Consortium

The ELB-KCC Consortium comprises ELB Engineering Services, KC Cottrell (KCC) and the ELB Educational Trust, it has been appointed as the engineering, procurement and construction contractor for the project and will soon start site clearing, geotechnical drilling, access roads and connection of services such as water, power and sewage.

Afterwards, bulk earthworks will start so that piling can equally commence for the power island buildings.

On the other hand, Korea-based KCC has been tasked to provide the power island, comprising a boiler, turbine generator, cooling towers and an air pollution control system. It is the biggest provider of construction materials and paints in South Korea of various types of industrial materials such as epoxy moulding compound, alumina metallizing, silicone etc.(CRO 07-09-2018)

SMALL FARMERS BATTLE ETHIOPIAN COFFEE BARONS FOR LAND

Every month Ethiopian coffee farmer Zelalem Tadesse makes the arduous journey to court to fight for the return of the land he inherited from his father.

For years the 46-year-old father of three has cultivated the small patch of land deep in Ethiopia's southwestern forests that he says a nearby commercial coffee farm took from him.

"When I go to get my land back it's very expensive," he said of his trips to the town of Jimma and, more recently, the capital Addis Ababa. "But my life totally depends on this land."

Tadesse has no formal title deeds to the land and although Ethiopia recognises some customary rights to forest access, in practice these are often ignored by the local authorities and investors.

He and his neighbours in Chira, a small highland town dependent on coffee production, complain that their livelihoods are being squeezed by commercial investors in the region's ancient forests.

Anger over land expropriations and unfair compensation drove protests across this region and other parts of Ethiopia from late 2014, leading to the imposition of a state of emergency and eventually a new prime minister, Abiy Ahmed, in April.

Tadesse's friend Tilahun Mamo told the Thomson Reuters Foundation he too was taking a local coffee investor to court for unfair land expropriation, waving a letter he had delivered to the local government early this year.

"[The investor] took my land in 2011," he said. "It's been a problem for seven years now. I asked for compensation, but they laughed at me. There's been no compensation at all," said Mamo.

"They promised us employment, road access, electricity and a health centre. But none of it happened."

In Ethiopia all land including forests are formally owned by the state, making land dispossession easier.

The complaints of farmers such as Tadesse and Mamo are echoed across this part of the country, where many depend on coffee forests and where competition for scarce land is often intense. Ethiopia is Africa's largest coffee producer and the bean contributes to the livelihoods of more than a quarter of the country's estimated 100-million people.

The southwestern forests — thought to be coffee's birthplace and the centre of its genetic diversity — have long been a frontier for agriculture expansion, in the form of either large-scale clearances or piecemeal encroachment by smallholders.

Over the past four decades, one-third of the region's forest cover is estimated to have been lost this way.

One coffee plantation in the region, owned by a major Saudi Arabian investor, is the world's largest and covers about 22,000ha. In the district of Gera around Chira, commercial coffee farms are smaller, but their presence is widely felt.

A recent study by Tola Gemechu Ango of Stockholm University found that more than 1,500ha of forest in the Gera district alone was transferred to mostly Ethiopian private companies in the late 1990s and 2000s. By 2013 one had failed to export coffee, while two other companies had closed or were inactive. Only 13 farmers had received compensation for land they lost.

We gave them compensation and we are not preventing them from using their land. The farmers didn't complain when construction first started. It was only later that they started demanding compensation.
"Forest land is more vulnerable than farmland, at least in this landscape," said Ango. "They feel more insecure because they think the government can take over the forest at any time, with little compensation."

Some investment in land is speculative — district leader Abdulaziz Muhammed said not all the commercial investors who acquired land from local authorities were cultivating it.

Muhammed said the compensation given to farmers, who were paid between 200 and 5,000 Ethiopian birr ($7-$180), was not enough.

A manager at Trakon, a farm near Chira, denied compensation had been inadequate.

"We gave them compensation and we are not preventing them from using their land," he said on condition of anonymity. "The farmers didn't complain when construction first started. It was only later that they started demanding compensation."

Earlier this year protests broke out in Chira and other towns in the region, where angry locals targeted commercial coffee farms. Similar protests took place in 2017.

Tadesse's brother Tsadiku Tadesse said he had been jailed eight times for his part in protests against coffee investors in the district, where the field office of one company, Jireen Jifaar Jimmaa (JJJ), was burnt down earlier this year.

"We see the company as our enemy," said Dejene Diribi, a local who was arrested with 36 others for his part in the protest.

"My family lost one hectare of land when the investor demarcated its boundaries without asking the local farmers. It has brought us no benefits."

Not everyone in Gera district is hostile to investors.

"Especially Abana [coffee plantation] is very helpful for the local farmers," said Dagnachew Fiseha, who arrived in the district six years ago.

"They've brought electricity and they come with free healthcare once a year."

Experts today advocate alternative approaches such as participatory forest management, which gives associations of local farmers the right to continue making a living out of the forest while helping to stem deforestation.

"It's easy to simply blame the investors," said Mulugeta Lemeneh, head of Ethiopian programmes at Farm Africa, a body that works with farmers to reduce poverty.

"But for a poor country like Ethiopia there is not much alternative to using our natural resources. What we need is responsible investment." (Thomson Reuters Foundation 07-09-2018)

CHINA DEFENDS ITS RECORD ON AID TO AFRICA

China's Africa division head says Beijing deals with governments elected into office by Africans

As President Xi Jinping gathered together leaders from almost all African countries for a summit in Beijing in recent days, some former Chinese officials and state media were mounting an unusually strong defence of China's role in the continent.

China has long bristled at accusations, mostly from western nations, that it is solely interested in Africa's raw materials, and that its no-strings-attached approach to loans and aid has encouraged graft and brought unsustainably high debt.

At the few news conferences during the summit, African reporters peppered Chinese officials with questions about corruption, environmental problems and concerns about a lack of Africans employed in some of China's projects.

Cheng Tao, a former head of the Chinese foreign ministry's Africa division and previously China's ambassador in Mali and Morocco, said it is unfair to blame China for supporting governments accused of corruption. "An African friend told me, 'our government is extremely corrupt. How come you're still involved with them? Our government has asked the Chinese government to build a bridge and a hospital, but the Chinese government shouldn't help them'," he said, without naming the country.

"I told him, 'you voted for this government. It's the only government we can deal with. But the bridge and the hospital are not built for the president or officials but are for the common people.' So I think this is another perspective that can be considered when looking at this issue."

Of the 10 bottom-ranked countries in 2017's corruption perceptions index by Transparency International, four sent their presidents to the summit: Equatorial Guinea, Somalia, Sudan and South Sudan.

Since Xi took office six years ago, he has mounted war against deeply ingrained graft in China, and the government has been keen to show it is not encouraging similar problems overseas where China in involved.

Liu Guijin, China's former special envoy to Africa, said China did not want its money frittered away through corruption. "China's engagement in Africa is focused on its people and we do not give our money to corrupt governments or officials," said Liu, who was previously deeply involved in efforts to end Sudan’s civil war and still advises China’s government.

A declaration adopted after the summit, released on Wednesday, said China and Africa would continue to have "zero tolerance" for corruption.

Another area of rising concern has been the amount of debt African countries now owe China. Xi offered Africa another $60bn on Monday.

African countries say China generally offers better terms, and is more willing to provide money than the US or Europe.

Speaking in Ethiopia in March, then US secretary of state Rex Tillerson said African countries should be careful not to forfeit their sovereignty when they accept loans from China and carefully consider the terms of those agreements.

A senior Chinese official denied his country was engaging in "debt trap" diplomacy.

The overseas edition of the governing Communist Party’s official People’s Daily wrote in a commentary on Saturday that certain people, it did not name, never tired of trying to attack China-Africa co-operation under the guise of concern about debt or neo-colonialism.

It cited what it said was an African expression that there was "nothing scary about a loan". "The crux is what you do with it. Do you go buy oxen and sheep to expand production, or buy booze for a moment of fun?" the paper said.

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Liban Soleman, general co-ordinator of the Bureau of Co-ordination and Planning for an Emerging Gabon, said the idea that China is saddling African countries with debt they can’t repay is "unfair".

"I think that what the Chinese system has offered Africa is something that is ... probably the most flexible, specifically with the system between the grace periods and the very low interest rates," he said.

"I think that the main element that people misunderstand is the competitiveness of the infrastructure prices that the Chinese companies are giving to African countries," Soleman said.

China has acknowledged there are some problems it is working to fix. Xi told a business summit on Monday that Chinese funds are not for "vanity projects" and Chinese firms must respect local people and the environment in Africa.

By the end of 2018, China would have provided technical training for more than 200,000 Africans, Chinese commerce minister Zhong Shan told a China-Africa forum on Sunday.

Jiang Zengwei, chairman of the government-run China Council for the Promotion of International Trade, said as Africans became increasingly technologically able, there would be less need for Chinese workers to be flown in.

"This is what we must do or we cannot foster a long-term co-operative relationship," he told reporters.
(Reuters 06-09-2018)

EUROPEAN SUPPORT TO HELP UNLOCK GREAT NORTH ROAD’S POTENTIAL FOR ZAMBIANS

- European support for T2 to eliminate bottlenecks and improve road safety in Zambia on the stretch between Mpika and Nakonde (372km)
- EUR 110 million loan to Ministry of Finance will support upgrading of Great North Road, leveraging the Zambian economy and the expansion of intra-Africa trade

The European Investment Bank (EIB) has signed a EUR 110 million (ZMK 1.27 billion) concessional loan with the Zambian Ministry of Finance in support of the Great North Road (T2), to be followed shortly by the signature of an EU grant of EUR 72.45m that will complement EIB financing.

Support for a regional project

The overall project, co-financed by the government and AfDB, will upgrade and widen some 372 kilometres of road between Mpika and Nakonde, making for both faster and safer travelling. It also includes the rehabilitation of about 50km of feeder roads and complementary initiatives in the area, as well as technical assistance. The T2 Upgrade is a key national project with a strong regional dimension, connecting Zambia to neighbouring Tanzania and Zimbabwe. It is also part of several important international transport routes including the continental Trans-Africa Highway from Cape Town to Cairo. The reconstruction of the T2 will thus boost continental integration and help transform Zambia from a land-locked to a land-linked country. The EIB and EU package will finance the 162km stretch from Mpika to Chinsali.

Technical improvements

Apart from creating better conditions for transport and communication, the project will contribute to provide economic and social opportunities, including better accessibility to markets, employment and additional investments both at national and regional levels. By unlocking and diversifying the country’s economic potential, the road upgrade is expected to promote inclusive growth and reduce poverty.

Safety measures will be introduced to reduce the risk of accidents for both road users and local communities. The design has taken into account that women use the road for more diverse needs and destinations (such as health centres and educational facilities). Finally, adaptation measures are considered to make the road more resilient to climate change, in particular with respect to the high risk of wild fire and flooding. Works contracts will be tendered according to international competitive bidding process.

Saving time, life and the environment

EIB Vice-President **Ambroise Fayolle**, responsible for operations in Sub-Saharan Africa, commented: “The upgrade of the Great North Road will be invaluable for Zambia and the wider region. Enhanced road transport should lead to time-saving and cost-reduction, making Zambia and other countries along the North-South corridor more productive and rendering their economies more competitive, which will ultimately have an effect on poverty alleviation. This underlines the Bank’s longstanding support to regional transport corridors on the African continent that enable economic and social development which in turn supports the UN’s Sustainable Development Goals.”

The Ambassador of the European Union to Zambia, H.E. **Alessandro Mariani**, indicated that: "The T2 upgrade fully supports the joint Africa-EU cooperation strategy. The objective is to reduce poverty, which can be attained facilitating regional trade and economic integration through the improvement of key transport infrastructures such as regional transport corridors. Through an additional EUR 72.45m grant (870 million Zambian Kwacha) to be signed in the coming months, the European Union will complement the concessional loan of the EIB (the EU Bank) thus providing an excellent financial solution for the full benefit of Zambia. This new opportunity to blend financial resources (sizeable grant + concessional loan) – already made by the EU in Zambia in the road, water and energy sectors – is very important in the Zambian context."

RDA Director and CEO, **Elias Mwape** said: “The Bank has provided substantial non-financial added value in terms of project preparation since 2015. Thanks to its early involvement and the mobilisation of technical assistance, the EIB helped RDA design a bankable and sustainable project – especially with respect to structuring, road safety, climate resilience, technical solutions and social standards – incorporating lessons learnt from GER Rehabilitation and EU’s best practice. During implementation, the EIB will provide further technical assistance to the RDA through a Project Implementation Consultant and audits to support the implementation of the project.”

EIB has a longstanding relationship with Zambia, first lending to a project in the country in 1978, and this will be the second intervention for the benefit of strategic transport corridors after the signature in 2011 of the Bank’s EUR 80 million loan for the Great East Road Rehabilitation. In total, the EIB has provided EUR 474 million in financing in Zambia in the past seven years, in a wide range of public infrastructure (transport, water, sanitation, energy), as well as in private sector through local banks and microfinance institutions to support SMEs and micro-entrepreneurs.(EIB 08-08-2018)

CHINA DONATES US$20 MILLION TO CABO VERDE FOR SEVERAL PROJECTS

China plans to donate 140 million yuan (about US$20 million) to Cabo Verde to finance projects in areas to be agreed through diplomatic channels, Prime Minister Ulisses Correia e Silva said on his Facebook page.

Correia e Silva also wrote that “President Xi Jinping also gave assurances that the eight measures and US$60 billion, announced for the 2019-2022 three-year period within the framework of the Forum on China-Africa Cooperation (FOCAC), are important financing opportunities available to African countries.”

These countries, however, have to have projects whose economic viability proves their relevance and sustainability, according to Correia e Silva.

The Cabo Verdean prime minister added that during the meeting held with President Xi Jinping on 6 September, a decision was made to foster economic and trade cooperation, with a particular focus on the project of the Special Economic Zone of the Maritime Economy in São Vicente, the second phase of the Cidade Segura (Safe City) project and the construction of an International Conference Centre in Praia. (11-09-2018)

BRICS BANK OPENS UP FINANCING TO NON-MEMBER COUNTRIES

The New Development Bank (NDB), a financial institution created by the BRICS countries (Brazil, Russia, India, China and South Africa) is now available to finance non-member countries, becoming a source of funding for public-private projects.

The issue was addressed at the latest BRIC summit in Johannesburg at the end of July, which was attended by the presidents of Angola, João Lourenço and Mozambique, Filipe Nyusi, two countries seeking to diversify their access to sources of financing , for investment projects.

Luwellyn Landers, the South African Deputy Minister for International Relations and Cooperation, said during the Summit that the NDB is available to finance all countries, including non-BRIC countries, and that it can support public-private partnerships through loans, guarantees, shareholdings and other financial instruments.

According to Landers, the African department of the NDB will assess the projects for Africa.

South Africa holds the BRICs presidency in 2018, giving way to Brazil next year.

The Johannesburg summit was attended by Brazilian presidents Michel Temer and Chinese President Xi Jinping who paid a prior state visit to South Africa, the continent’s largest economy.

During the Summit, the NDB approved two projects, one for South Africa and one for China, both with loans totalling US$600 million, in addition to meeting with the BRICS Business Council.

The NDB will provide a US$300 million, non-sovereign-guaranteed loan to the Development bank of Southern Africa (DBSA) for a project to reduce greenhouse gas emissions and develop the energy sector, and another loan of the same amount for a project in China, for construction of the Luoyang Metro.

With the approval of the two new projects, the bank’s loan portfolio has increased to 23 projects with an aggregate value of US$5.7 billion, much of which is to finance energy and infrastructure.

According to NDB President K.V. Kamath, by the end of this year, total approvals will reach about US$7.5 billion.

“Our focus is to finance conventional infrastructure, as well as to use transforming technologies for development. In addition to the traditional set of loan products, we will begin to offer financial products not related to financing, such as guarantees and credit enhancements. We will work with speed, scale and have a positive impact, quickly and effectively,” said the NDB chairman.

The NDB chairman, the Brazilian Foreign Minister Aloysio Nunes Ferreira and Brazilian Finance Minister Eduardo Refinetti Guardia, The Deputy Chairman of the Board of Governors of the Bank, also signed an agreement to host the Americas Regional Office (ARO) of NBD in Brazil. (20-08-2018)

WORLD BANK SUGGESTS FOCUS ON AGRO-INDUSTRY AND LIGHT INDUSTRY IN MOZAMBIQUE

The World Bank suggests a stronger focus on agro-industry and light industry in Mozambique as a way to promote job creation and economic development in the coming years.

In a report released on 16 August, “Diagnosis of Employment in Mozambique,” the World Bank said that the agribusiness/forestry sector is “promising” through “value chain development in forests, sesame, banana, cashew and others,” along with the construction sector.

Other advantages to be explored by the Mozambican authorities include the country’s long shoreline, suitable for fishing, for the fish processing industry and for tourism, it said.

The natural deepwater port in the north of the country (Nacala), “if developed and managed, could be an important asset in attracting labour-intensive and export-oriented manufacturing.”

“The solution is to use the country’s natural wealth for investments in economic and social infrastructure that attract private sector investments. A dynamic, labour-intensive private business sector has the potential to have repercussions in other sectors by underpinning the diffusion of learning and technology, creating jobs and increasing domestic demand for agricultural production and informal services,” the World Bank reported.

The Government of Mozambique recently announced its five-year plan, focused on inclusive growth for 2015-2019, which includes among its five strategic priorities the promotion of employment, productivity and competitiveness, by increasing production and productivity in all sectors with a focus on agriculture, fostering industrialisation to modernise the economy and increase exports, create jobs and reform labour laws, along with promoting the value chain of domestic primary products, ensuring the integration of local content.

In the report, the World Bank said, “it is crucial that there be a strategy to increase smallholder productivity” and suggests “public support for the transition of small farmers to productive activities linked to the modern economy, where productivity and gains are much larger.”

The Asian countries, he said, have achieved enormous expansion by attracting foreign direct investment in the labour-intensive production of export-oriented goods, construction and export-oriented manufacturing, but even if the current context makes it more difficult for countries such as Mozambique to replicate this experience, the solution may be to process domestic agricultural production for the growing urban population.

This is the case of grain grinding units, pressing oilseeds, dairy products, slaughterhouses, among others, and investment in this type of units is a viable option for Mozambique, “where food imports and construction are very high.”

The natural resources sector, which includes coal (already in production) and natural gas (which is due to come on stream in about four years), “as long as strategically developed, can be a tremendous opportunity for Mozambique to increase sustainable economic growth,” it said.

However, the report points out, “the development of these sectors will create few direct jobs, and the link between job creation and the local economy remains weak”, just as so-called “megaprojects” did not create as many jobs as expected.

The report also points out that production remains focused in the largest and oldest companies, “which calls for measures to reduce barriers to start-up and stimulate competition.”(27-08-2018)

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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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