MEMORANDUM

N° 160/2017 | 19/09/2017

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SUMMARY

KENYAN ELECTION: BICKERING ON ALL SIDES AS CLOCK TICKS DOWN

Doubts are growing over Kenya's ability to hold a rerun of its presidential election in just one month, as key players remain unable to agree on how to conduct a credible vote, analysts say.

Bickering on all sides and confusion over the process have only increased as the clock ticks down to the October 17 vote, called after the Supreme Court annulled the initial August election, citing irregularities.

Opposition leader Raila Odinga has vowed to boycott the poll if a list of demands are not met. On Sunday, he launched a nationwide campaign "against any election" run by the current electoral commission, which he accuses of rigging the first poll.

John Githongo, a prominent anticorruption campaigner in Kenya, said the election date "does not seem feasible because we are asking people who have failed calamitously to run an election after such a short time".

A key hurdle is that the Supreme Court has yet to deliver its full judgment detailing why it annulled President Uhuru Kenyatta's victory. It has until September 22 to do this.

In the absence of the judgement, the electoral commission has pushed forward with plans for a new election, dismissing opposition calls to sack its top officials.

Kenyatta has insisted that the election go ahead as planned, accusing his longtime rival Odinga of seeking to block the vote as a way of forcing the president to accept a coalition government. *(*AFP 18-09-2017)

NEPAD LAUNCHES 5% AGENDA FOR INFRASTRUCTURE FINANCING IN AFRICA

The New Partnership for Africa's Development (NEPAD), the African Union's economic development programme, gathered international investors and CEO-level business leaders at the NASDAQ Stock Market in New York (USA) on Monday 18th September, for the launch of its 5% Agenda campaign.

NEPAD
TRANSFORMING AFRICA

This was announced by NEPAD in a press release, which said the launch took place five years after a January 2012 African Union Summit adopted the Programme for Infrastructure Development in Africa (PIDA) which sets out 51 cross-border infrastructure programmes and more than 400 actionable projects in four sectors.

According to the World Bank, the continent needs to spend $93 billion annually (44% for energy; 23% for water and sanitation; 20% for transport; 10% for ICTs; and 3% for irrigation) until 2020 to bridge its infrastructure gap, which is currently removing an estimated 2% of GDP growth every year. On the other hand, Africa only managed to close 158 project finance deals with debt totalling $59 billion over the decade 2004-2013, which represents only 5 percent of infrastructure investment needs and 12 percent of the actual financial flows.

The 5% Agenda campaign highlights that only a collaborative public-private approach can efficiently tackle these issues and calls for allocations of institutional investors to African infrastructure to be increased to the declared 5% mark.

Speaking at the launch event in New York, Ibrahim Assane Mayaki, NEPAD Chief Executive Officer, commented: "Infrastructure plays a leading role in supporting growth on the continent. At the same time, it can represent an innovative and attractive asset class for institutional investors with long-term liabilities. By launching the 5% campaign in New York today, we invite investors to take advantage of the wide-ranging opportunities Africa has to offer and to move forward with what can only be a win-win partnership".

The launch of the campaign gathered high-level international investors and business leaders, including members of the PIDA Continental Business Network (CBN) which is spearheaded by NEPAD and constitutes a CEO-level private sector infrastructure leaders dialogue platform on PIDA.

Tony O. Elumelu, one of Africa's most prominent entrepreneurs and active participant in the CBN said: "Africa is getting stronger every day with new business opportunities and innovative ideas but what is still crucially missing is project implementation. A coherent and coordinated approach is needed to mobilize institutional investors while limiting their risk exposure. African governments need to work on creating conducive environments to attract these investments which are so vital for the continent's growth and development."

According to a 2016 McKinsey report, institutional investors and banks have $120 trillion in assets that could partially support infrastructure projects.

Now more than ever, Africa needs to tap into this available. As banks face additional regulatory challenges and as governments have limited fiscal space, it is becoming increasingly urgent to unlock additional flows from long-term institutional investors such as insurers, pension funds, and sovereign wealth funds.

For pension and sovereign wealth funds to be able to invest in large-scale infrastructure projects in Africa, a variety of issues need to be addressed to strategically and intentionally facilitate long-term allocations. Chief amongst these matters is the need to reform national and regional regulatory frameworks that guide institutional investment in Africa. Likewise, new capital market products need to be developed that can effectively de-risk credit and hence, allow these African asset owners to allocate finance to African infrastructure as an investable asset class to their portfolio.

All these issues are at the heart of the 5% Agenda roadmap, which is the backbone of NEPAD's campaign and is foreseen to have the following impact:

Unlocking notable and measurable pools of needed capital to implement regional and domestic infrastructure projects on the continent; Broadening and deepening the currently very shallow African capital markets, whilst at the same time contributing significantly to regional integration and job creation;

Promoting the development of innovative capital market products that are specific to the continent's challenges and potential in regards to infrastructure development;

Raising the investment interest of other institutional and non-institutional financiers that so far have been hesitant to include African infrastructure projects as an asset to their investment portfolio based on specific, concrete next steps and project suggestions. (APA 18-09-2017)

AFDB'S VANESSA MOUNGAR APPOINTED TO THE FRENCH PRESIDENTIAL COUNCIL FOR AFRICA

Emmanuel Macron, the President of France, has appointed Vanessa Moungar, director for gender, women and civil society of the African Development Bank (AfDB), to his presidential council for Africa

Vanessa Moungar with Dr Akinwumi Adesina, the President of the African Development Bank

The announcement was made on 29 August 2017, at the annual Conference of Ambassadors to France held at the Elysée Palace in Paris.

Moungar and 10 other members of the elite group including entrepreneurs, scientists and innovators have been appointed to advise Macron on his African policy. The Council will have direct access to Macron and will also be suggesting technical advice ahead of any presidential missions to Africa, said AfDB reporting to the press.

According to the French government, the presidential council is “a tool for consultation and decision-making directly attached to the President.” Macron stressed that the council will help to find channels of discussion with this African reality that has been somewhat lost in recent years.

The presidential council for Africa is expected to give a new face to the relationship between Africa and France.

Moungar took charges as director of gender, women and civil society at the AfDB on 1 July 2017.

Commenting on the appointment, Dr Akinwumi Adesina, the President of the AfDB, said, “I commend president Macron for establishing the presidential council on Africa, a clear testimony to his commitment to a renewed engagement with Africa, with new perspectives. His appointing young people to the council send a strong message of freshness. I am particularly delighted that Vanessa has been appointed to the Council. She brings much creativity and dynamism to our work at the Bank, and will do the same for the presidential council.”(AfDB 06-09-2017)

CABO VERDE OFFERS RESIDENCE TO FOREIGNERS WHO INVEST IN REAL ESTATE

The Cape Verdean government will grant residence permits to foreign nationals who acquire a second home in the archipelago, the minister of the Presidency of the Council of Ministers announced on Friday in Praia.

Fernando Elísio Freire said that the measure is intended to increase real estate tourism, boost competitiveness and attract investments from citizens who are able to afford a second home.

The measure approved on Thursday at a meeting of the Council of Ministers will offer Permanent Resident’s Card to foreign citizens who invest over 8 million escudos or €80,000 (in municipalities with per capita GDP below the national average) and 13.2 million escudos or €120,000 (in municipalities with a higher GDP than the national average) in tourist properties.

The Minister of the Presidency of the Council of Ministers, on Friday announcing the decisions of the Council of Ministers, said “this is a very important step towards putting Cabo Verde back on the investment map in the area of real estate tourism.”

The same meeting of the Council of Ministers also approved a draft law that grants legislative authorisation to the government to review foreign exchange legislation, Fernando Elísio Freire said that the current legislative framework is “outdated” and “ineffective.”

Under the proposed law, the government intends to approve the total liberalisation of foreign operations, eliminating prior authorisations and checks by the Bank of Cabo Verde, “allowing greater fluidity of capital and total freedom of movement of capital in Cabo Verde.” (18-09-2017)

GERMAN ELECTIONS: WHAT’S IN THEM FOR AFRICA?

The G20 presidency, Compact with Africa, the Marshall plan – never before has Africa had such a platform in German politics. But could elections change things? DW took a look at the German parties' manifestos.

Africa has, of course, not made it on to any German campaign posters. The most important topics for German voters are, after all, the national issues like social justice, security and fair wages. The African continent has, however, become something that German parties can no longer ignore. "If you look at the manifestos, each party has one or the other passage about Africa," said Bernd Bornhorst from the developmental umbrella organization VENRO.

That's no surprise. The high numbers of refugees have given rise to more discussions about Africa than ever. Chancellor Angela Merkel made Africa a focal topic for the German G20 presidency and three German ministers put forward new development approaches.

And while critics lament that Germany's G20 efforts have made little difference, aside from the creation of new investment partnerships with five African countries, Merkel's Christian Democrat (CDU) party is determined to maintain this course. The Compact with Africa program is supposed to continue beyond Germany's G20 presidency.

Both the CDU and the smaller FDP party have placed their hopes in private investment for Africa, which is meant to complement classical development aid. Skeptics say that this mainly benefits German companies instead of improving living conditions in Africa.

CDU wants private investment despite critique

"It's also my personal belief that the issue of poverty cannot be solved without additional private investment," said Andreas Lämmel, chairperson of the CDU's working group on Africa. "You can see that in the fact that we've pumped so much money into development aid for years and we haven't seen the kind of dynamic development that we had hoped for."

The Social Democratic Party (SPD) is more careful about this matter. "We believe that there is a lot of room for private investment in Africa, but we also believe that it's important that these investments create jobs and opportunities for the people there," said Gabriela Heinrich, the SPD's deputy speaker for development politics in the German parliament. The SPD, however, supported the government's G20 agenda. The SPD's Brigitte Zypries, Germany's current minister for economic affairs, started the initiave "Pro!Afrika" which also promotes private investment.

The SPD's manifesto reads like an attempt to cautiously distance itself from the CDU, its coalition partner. For instance, it has said that it also wants to work together with other partners, aside from firms, such as churches, unions and private development organizations. In actual fact, it reads more like the classical development approach. It, however, also wants to scrutinize controversial economic partnership agreements between Africa and the EU.

Greens want to change economic partnership agreements

Unlike the SPD, Germany's Green Party hopes to renegotiate current economic partnerships with Africa entirely. They've also called for a fairer European trade and agricultural policy. Germany would, of course, need the support of other EU member states for this. They want a tougher regulation for international financial markets in order to put a stop to commodities trading. And they want a reform of the World Trade Organization and for development work to become more efficient. They, however, offer little insight into how they intend to manage the latter.

In terms of migration politics, the Greens are against agreements that tie development aid to the readmission of people who were denied asylum. Furthermore, the Greens oppose migration agreements with countries that do not adhere to international human rights standards.

The manifesto of Germany's Left Party largely overlaps with that of the Greens: "German foreign policy should make an effort to create a socially just global infrastructure instead of holding on to unfair trade relations," the agenda demands. Germany's development policies should reorient themselves. The export of EU agricultural products and food products should no longer be subsidized as, according to the Left Party, these subsidies destroy agricultural production in developing countries. .

How important is Africa really?

The conservative FDP and the new rightwing AfD party also both address Africa in their manifestos. According to recent polls both parties have a chance of gaining seats in the next German parliament.

For the FDP, Africa is the continent of opportunities which should play a prominent role in development cooperation. Once again, the private sector should be involved.

The AfD sees Africa as more of a threat. It expects mass migration to Europe from Africa and it wants to see stronger ties between development, German trade and security interests. The AfD also sees a role for private investment in Africa but says very little about any specific measures. Interestingly, the party also calls for the opening up of German markets for products from developing countries.

While Africa now has a stronger presence on Germany's political agenda, VENRO's Bernd Bornhorst believes that the continent will not receive as much attention in the future as it received in recent months. " We believe that there was a lot of activity because elections are just around the corner and politicians needed to show that they were doing something," he told DW. "The activity will probably slow down and will only rise again when the next refugee crisis arrives." (DW 18-09-2017)

ANGOLAN COMPANY STARTS PRODUCING PARTIALLY ASSEMBLED MOBILE PHONES IN HONG KONG

Angolan company Lisa Pulsares will start producing mobile phones in a factory due to be inaugurated in 2018 that will have the capacity to manufacture 6 million units per year under an investment contract signed in Luanda on Friday, Angolan news agency Angop reported.

The project approved by the Technical Unit for Private Investment (UTIP) involves an investment of US$8.5 million, and the mobile phones will be produced in the Luanda plant from components partially assembled in Hong Kong and finished in Angola.

The company's managers intend, in a second phase, to start producing tablets, according to the investment contract signed with the UTIP, which grants the company a number of tax benefits.

On Friday the UTIP signed six contracts with Angolan and foreign businessmen with a joint investment of US$34.7 million at an event attended by the Minister of Industry, Bernarda Martins.

The minister stressed the importance of these industrial projects for the economic diversification of Angola, currently focused on the production of oil and diamonds, and announced a number of other industrial initiatives that could be put into operation in the coming months. (18-09-2017)

SOUTH AFRICA: PETROSA SIGNS LARGE OIL AND GAS DEAL WITH RUSSIA'S ROSGEO

The agreement was signed at the Brics Summit in China earlier in September and is worth $400m

State owned gas-to-liquid company PetroSA has signed a $400m oil and gas agreement with Russian exploration company Rosgeo, the Cabinet said in a statement on Thursday.

The agreement was signed at the Brics Summit was held in Xiamen China from September 3-5 and would "yield an amount of $400 million being invested in the development of SA's oil and gas sector," the statement said.

National oil company PetroSA and the Russian Federation geological exploration company, Rosgeo, have agreed to develop the exploration areas of blocks 9 and 11a off the south coast of SA.

"The search for oil and gas resources in SA is highly strategic for the country's energy security. Russia's Rosgeo will conduct geological exploration work as well as drilling exploratory wells.

"The project could lead to 4-million cubic metres of gas being extracted daily and subsequently delivered to PetroSA's gas-to-liquids refinery in Mossel Bay, on the south coast."

Trade between SA and Russia have increased from R5bn in 2012 to almost R8bn in 2016. Major South African exports include fruits and nuts, manganese ores, beverages, spirits and vinegar, wine, electrical machinery and equipment.

On the recent spurt in economic growth, the Cabinet was convinced that the country was seeing the first positive signs of what is hopefully the start of the country's economic recovery.

"The black industrialist programme has supported 62 projects that have attracted R26bn in private-sector investment and created 19,859 jobs to date. To support localisation, 21 products and sectors have been designated for local production.

"Operation Phakisa has so far unlocked an estimated R24.6bn in investment in the oceans economy, with the government contributing R15bn of this amount," the Cabinet said.

"Although the investments are mainly in infrastructure development in ports, marine manufacturing in particular boat-building, aquaculture and scientific surveys in the oil and gas sector, several government departments have made substantial contributions to ensure the growth of this sector. A total of 6,517 jobs had been created in the various sectors," the Cabinet said in the statement.

It said Finance Minister Malusi Gigaba, continued to engage with various sectors on the inclusive economic growth action plan, which is set to inspire confidence in the country. The minister will further unpack this when he delivers the medium-term budget policy statement in Parliament on October 18.(BD 14-09-2017)

EDM POWER COMPANY OWES US$90 MILLION TO CAHORA BASSA HYDROELECTRIC PLANT

Electricidade de Moçambique (EdM) "is working to pay off the debt it has with the Cahora Bassa Hydroelectric Power Station," the state-owned company's chairman said recently, in statements made in the district of Derre, in Zambézia province.

Mateus Magala, who acknowledged that the amount owed should have been paid in full in 2016, added that the company owes US$90 million to the management company of the largest hydroelectric facility in Mozambique.

The chairman of EdM announced that the electrification of the new district headquarters is expected to be completed by the end of the first half of 2018 and added that in the specific case of Derre more than 3,000 people will have access to electricity as part of a project in which the company will spend US$1.5 million.

With the arrival of electricity in the district, Magala said the time has come for "the population to think about setting up small, medium and large companies to transform raw materials into finished products, re-launch tourism and other activities that can develop the province of Zambézia." (18-09-2017)

KENYA TO HOST AFRICA-FRANCE BUSINESS SUMMIT

Event Coordinator Annemijn Perrin says they expect to connect businesses with the aim of closing deals at the summit.

Kenya is set to host the second edition of Africa-France Summit next month that is expected to bring over 200 French companies in the country for investment opportunities.
The business meet set for October 5 and 6 is projected to bring together over 2500 investors from Kenya, France and other African countries.

Dubbed 'The Encounters Africa 2017', the event is already attracting strong interest from French companies, as well as from Francophone countries.
Event Coordinator Annemijn Perrin says they expect to connect businesses with the aim of closing deals at the summit.
"Most companies are coming here to find partners to work together with Kenyan companies, either to set up in these countries, or to find a partnership to develop their business. Over 100 French companies have already signed up to come, dealing with agriculture, manufacturing, energy, education among others," Perrin told Capital FM Business.
The first edition was launched in 2016 in Paris, bringing together 2700 decision makers from 30 countries.
Bilateral trade between Kenya and France remains heavily skewed in favour of France as it's the is the third largest source market for Kenya's imports in Western Europe, and the sixth largest market for Kenya's exports in the bloc.
Official data shows that Kenya's exports to France grew 12 per cent to Sh5.6 billion between 2010 and 2014, while imports rose 20.4 per cent to Sh22.4 billion in the same period.
Business France opened its office in Nairobi in 2013 to assist French firms interested in investing in Kenya and neighboring East African nations.
Over 70 firms have invested in the country. (BD 04-09-2017)

TANZANIAN PRESIDENT'S TOUGH TALK IS TURNING OFF INVESTORS

Tanzanian President John Magufuli's deepening dispute with companies he accuses of being tax cheats is rattling investors and dimming the allure of one of Africa's fastest-growing economies.

Since taking office in late 2015, Magufuli has been on a drive to increase revenue from natural resources to help fund his industrialisation plans. His administration has passed laws enabling it to renegotiate contracts and ordered foreign mining firms to sell stakes on the local stock exchange to increase transparency.

The authorities have hit Acacia Mining with a $190bn tax bill, curbed its exports and detained a senior employee, and seized gems and questioned staff from Petra Diamonds, alleging it had not paid its dues.

"In his bid to do some good things like trying to reduce the level of corruption, President Magufuli has often taken steps that have actually gone outside of the formal rules," Nic Cheeseman, professor of democracy at the University of Birmingham in the UK, said by phone.

"Even people I think who have sympathy for his ends are starting to say that the means of achieving them might do more harm than good. It is a very worrying situation."

Acacia, whose tax bill and related penalties equate to 180 times its revenue last year, and Petra have denied wrongdoing. Acacia has shuttered some operations in Tanzania until its dispute is resolved. With Magufuli showing no signs of backing down, the closures may have an effect on tax income, deter other investment and stifle an economy that the International Monetary Fund expects to expand an average of 6.7% a year until 2021.

‘Economic war’

Magufuli, who was nicknamed the bulldozer because of the zeal he showed in his previous post of works minister, campaigned for the presidency on an anti-corruption ticket. His approach was welcomed by Tanzanians weary of years of graft in the public sector. He says Tanzania is in the midst of an "economic war" and if foreign investors want to leave, locals will take over their mines.

"They should not threaten us," he said in a televised address on September 7. "They are the ones that should be scared."

Financial markets have taken fright, with the Tanzanian All Share Index slumping 10.1% since the Acacia dispute erupted on March 3 and the company’s shares nose-diving 62% in London, where it’s based.

Petra’s shares fell in London on Monday after its annual earnings missed analysts’ estimates, bringing their decline to 6.9% since it announced the temporary closure of its Tanzanian operations on September 11. It said on Monday it has now resumed production at its Williamson mine.

Prospects ‘impeded’

"Exports could be hit," said Mark Bohlund, Africa economist with Bloomberg Intelligence in London. "A failure to entice foreign direct investment with a favourable regulatory framework and consistent government policy will impede Tanzania’s longer-term growth prospects."

Mining accounted for about 5% of Tanzania’s $47bn economy last year, a contribution the government intends to double by 2025. While efforts to derive more benefit from the country’s mineral riches should be welcomed, the government’s approach is flawed, according to Racheal Chagonja, a co-ordinator at HakiRasilimali, an association of civil-society groups that focuses on Tanzanian resource extraction.

"Are we asking what happens if an Acacia or a Petra leaves?" she said. "The way we are carrying on threatens the sustainability of Tanzania. We need investors and they need us."

Zitto Kabwe, who sat on a panel established by former president Jakaya Kikwete in 2007 to review the mining industry, anticipates disinvestment and warns the government’s approach could set the country back decades.

‘Bullying, unprofessional’

"It is too bullying, unprofessional," said Kabwe, who’s an opposition lawmaker. "There are genuine claims about Tanzanians not benefiting from the mining sector, but we need the investments. What the government is doing is turning away investors."

Finance Minister Philip Mpango has called for the nationalisation of the diamonds that were seized from Petra this month and alleged to be undervalued.

"Tanzanians are being robbed in broad daylight," he said in an address on state television. "We cannot continue in this way."

Calls to Mpango’s assistant didn’t connect when Bloomberg sought comment from the minister.

Alex Cobham, chief executive officer of the London-based Tax Justice Network, said many Africans countries’ natural resources had been systematically looted and greater transparency was needed, including country-by-country reporting by multinationals for each project, to ensure nations secured fair deals.

"What’s happening in Tanzania is the natural result of a process that has been going on for decades," Cobham said by phone. "It’s unfortunate the steps taken by the Tanzanian government have been seen to be unlawful and a deterrent to investor confidence, but their actions are understandable given how badly some of the companies have behaved."

Acacia is 64% owned by Barrick Gold Security guards at the company’s North Mara mine, near Tanzania’s border with Kenya, were in 2010 accused of shooting and killing people scavenging for gold-laced rocks to sell for cash. Barrick said at the time it frequently faced groups of intruders, often armed, who illegally trespassed on the mine and some thefts and vandalism were linked to organised crime.

Tanzania's recent actions may not be fully justified, Cobham said. "I think most people would say they have crossed the line in a number of ways." (Bloomberg 18-09-2017)

BOTSWANA CHANGES ITS LAW TO HAVE FIRST OPTION TO BUY BIG OR UNUSUAL DIAMONDS

Botswana is amending its law to give the government the first option to buy diamonds that are unusually large or have other unusual features found in its mines, such as the world's second-biggest 1,109 carat diamond discovered two years ago.

The cornerstone of Botswana's success has been one commodity, diamonds, coupled with a rigid adherence to prudent use of revenues, a rarity on a continent where natural riches are routinely squandered or stolen, or the cause of civil war.

A draft bill amending the Precious and Semi-Precious Stones Act says any producer coming into possession of what it terms an "unusual" rough or uncut diamond shall notify the minister within 30 days after which government shall have the first option to buy the stone.

The bill did not give a precise definition of "unusual".

But an official told a local newspaper that it referred to stones that were unusually large, were particularly clear or had an unusual colour.

Moses Tshetlhane, chief minerals officer in the Mineral Resources Ministry, told Mmegi newspaper the amendment was motivated by the recovery of "Lesedi La Rona", or "Our Light", the largest diamond uncovered in over a century.

"The price to be paid by government for a rough or uncut precious stone offered for sale by the producer shall be agreed between the parties in accordance with the current market price of the rough or uncut precious stone," the bill says.

The tennis ball-sized stone was found in November 2015 at Lucara Diamond Corp's mine in Botswana and is yet to find a buyer after it failed to sell at Sotheby's auction house in June 2016.

"These outliers carry special features and any producer would celebrate such or even have them in museums as national treasures. So it is not unusual for governments to have options in such unusual diamonds," Tshetlhane said.

Lucara also unearthed another 812.77 carat stone, "The Constellation", at the same mine, which fetched $63m at an auction in 2016. (Reuters 18-09-2017)

SOFALA PROVINCE, MOZAMBIQUE, TO HAVE ITS THIRD SUGAR FACTORY

Construction work on the EcoFarm Moçambique Lda cane sugar production plant is due to be completed next November after it began last April, said the director of the District Economic Activity Bureau of Chemba.

Emanuel Mandava also told daily newspaper Diário de Moçambique, which is published in the city of Beira, that the transformation of sugarcane into several types of sugar will start as soon as the works are completed.

Mandava said that EcoFarm Mozambique has 3,490 hectares of land for planting sugarcane, with 1,990 reserved for the company itself and the remaining 1,500 for production cooperatives.

With the start-up of the Chemba unit, Sofala province will have three sugar production companies in operation in Mafambisse, Dondo and Sena in Marromeu, with the Buzi plant yet to be rebuilt.

The EcoFarm Moçambique plantation is located in the district of Chemba, 565 kilometres from the city of Beira, the provincial capital of Sofala, where it will produce organic sugar for export to European countries.

A livestock farm, called Tsoni Farm, is also included in the business plan submitted by South African investors to produce fertilisers from the animal waste to be used by the sugarcane plantation. (18-07-2017)

Q2 2017: SENEGAL'S BUDGET REVENUE UP CFA44BLN

Senegal's budget revenue increased by CFA43.8 billion (about $70.080 million) in the second quarter of 2017, compared to the previous quarter, APA learned from the Directorate of Forecasting and Economic Studies (DPEE).

Such a revenue amounted to CFA1,003.4 billion, against CFA959.6 billion accrued in the first quarter of 2017, representing an increase of 4.6 percent in relative value.
This is due to the impressive collection of corporate tax, customs duties and, to a lesser extent, non-oil domestic VAT.

The corporate tax of CFA170 billion and the non-oil customs duties of CFA 234.2 billion thus saw increases of 9 percent and 18.7 percent, respectively, whereas the non-oil internal VAT went up by 6.8 percent to reach CFA129.8 billion.
Conversely, oil receipts declined by CFA36.1 billion, from CFA154.6 billion in the first half of 2016 to CFA118.6 billion at the end of June 2017, in line with the decline of CFA58 billion (minus 82 percent) of their component from the Petroleum Products Import Security Fund (FSIPP).

"This is due to the 30 percent and 3 percent increases in the price per barrel of oil and the dollar/CFA exchange rate in the context of maintaining price stability at the pump," DPEE explained.

However, import VAT on oil (40.7 billion CFA francs) benefited from the increase in the price of a barrel, registering an increase of CFA10.5 billion.
(APA 16-09-2017)

UN PLAN MARSHALL SERAIT « BIENVENU » POUR L'AFRIQUE, AFFIRME LA CNUCED QUI APPELLE A UN « VRAI NEW DEAL » CONTRE L'AUSTERITE

Dans son dernier rapport, intitulé « Au-delà de l'austérité − Vers une nouvelle donne mondiale », la Conférence des Nations unies sur le commerce et le développement (Cnuced) appelle à lancer un « New Deal » pour corriger plusieurs grandes tendances économiques vecteurs d'inégalités.

Vue de Victoria Island, à Lagos, au Nigeria, en mai 2014

Publié le 14 septembre, le dernier rapport de la Cnuced se penche particulièrement sur l'impact de la robotisation, notamment sur l'emploi. Au premier abord, ce phénomène ne semble pas concerner le secteur industriel africain, car « les emplois manufacturiers mal payés des secteurs tels que l'habillement ne sont dans une large mesure pas concernés par l'automatisation », note la Cnuced.

Mais ses effets négatifs risquent de se faire ressentir à terme dans les pays en développement. « Le recours à la robotique tourne pour l'instant à l'avantage des pays aux capacités industrielles bien établies, ce qui pourrait encore assombrir les perspectives de croissance des pays en développement dont l'activité manufacturière ne progresse plus ou qui sont déjà entrés dans une phase de « désindustrialisation précoce » », souligne ainsi la Cnuced.

La robotisation risque d'accroître la part du revenu revenant aux propriétaires de robots

Cette robotisation, qui « risque d'accroître la part du revenu revenant aux propriétaires de robots et aux détenteurs des droits de propriété intellectuelle qui y sont associés » selon le rapport, va de fait alimenter une autre tendance observée par la Cnuced : la concentration croissante du capital, au bénéfice des plus grandes entreprises.

« Les gains de productivité des précédentes révolutions industrielles étaient mieux répartis, et donc réinjectés dans l'économie, explique à *Jeune Afrique* Rachid Bouhia, économiste à la Cnuced. Ce qui n'est pas le cas aujourd'hui. »

Domination des grandes entreprises

« L'hypermondialisation a contribué à rendre les pratiques commerciales restrictives nettement plus répandues, et les rentes obtenues grâce à ces pratiques aggravent les inégalités, dans un contexte où les plus grandes entreprises raflent la mise », souligne le rapport.

En clair, la domination des grandes entreprises des pays développés ne risque pas de faiblir, au contraire. Car cette domination ne reflète pas tant leurs compétences que « l'inefficacité de la législation antitrust, la protection excessive de la propriété intellectuelle et leurs stratégies agressives de fusion-acquisition », selon la Cnuced.

Ce phénomène alimente aussi l'envolée des revenus les plus élevés qui « favorise la sous-consommation, l'endettement privé et l'investissement spéculatif dans un contexte où l'emprise des intérêts fortunés sur les agendas politiques et réglementaires se renforce, rendant ainsi le système financier plus vulnérable, d'où les crises », détaille l'organisation onusienne.

Redistribuer les excédents commerciaux accumulés par certains pays

Face à ce constat, Rachid Bouhia souligne que « la situation ne va pas s'améliorer outre mesure sans un vrai New Deal, pour mettre fin à l'austérité, mobiliser les ressources financières pour l'emploi et l'investissement et mettre fin aux activités de rente qui augmentent les inégalités ».

La Cnuced appelle donc à redistribuer les excédents commerciaux accumulés par certains pays pour rééquilibrer l'économie mondiale. À ce titre, « la récente proposition du G20 avancée par l'Allemagne − un plan Marshall pour l'Afrique − est la bienvenue, mais n'a pas le muscle financier nécessaire », note la Cnuced.

Outre cette politique de relance, Rachid Bouhia prône pour l'Afrique une série de mesures comme « l'approfondissement de l'intégration régionale, l'instauration d'un « soft protectionnisme » pour s'industrialiser, et le développement de chaînes de valeur africaines ».(JA)

MOZAMBIQUE AND MALAWI APPROVE EXPANSION OF NACALA DEVELOPMENT CORRIDOR

The governments of Mozambique and Malawi have decided to expand the Nacala Development Corridor, which includes a railway line that crosses the two countries linking Moatize, in Tete province, to the port of Nampula, in Nampula province, under a agreement signed on Friday in Maputo.

The agreement, which provides for additional funding of US$2.5 billion for development of the corridor, will allow the corridor to evolve, “as well as fostering economic growth by promoting and coordinating economically viable businesses in the transportation, agriculture , trade, mining and tourism sector,” according to the Mozambican government.

The agreement is an addendum to the original agreement between the governments of Mozambique and Malawi on the Nacala Development Corridor, signed on 28 September 2000, to respond to the challenges in the transport and logistics sectors due to recent economic growth of the two countries,” said the Mozambican Minister of Foreign Affairs and Cooperation, Oldemiro Balói.

The central objectives of the agreement are also to regulate and coordinate cross-border aspects, as the railway crosses Malawi and it is therefore necessary to take into account some practical aspects such as immigration and customs procedures.

The Nacala Development Corridor was formally inaugurated last May. It is a US$4.5 billion investment funded by Brazilian mining group Vale to link its mines in Moatize to the port of Nacala, from where coal is exported to the whole world. (18-09-2017)

ANGOLANS CROSS BORDERS TO SELL TVS, DIAPERS AND BEER FOR HARD CURRENCY

Desperate for hard currency, Angolans are coming up with new ways to convert their kwanzas into dollars and euros.

Filipe Afonso got tired of waiting in line at a bank to exchange his kwanzas for dollars. So he bought two second-hand BMW motorcycles, shipped them to Portugal and sold them for euros to pay for his family’s expenses back home. "You do what you need to do to get hard currency," said Afonso, who runs a truck dealership on the outskirts of Luanda, the capital of the former Portuguese colony.

Others travel hundreds of kilometres to sell diapers, flat-screen TVs or beer in the neighbouring Democratic Republic of Congo (DRC), where foreign currency is more readily available. Real estate and art are used to hedge against what many expect to be a precipitous decline in the kwanza.

Angola, Africa’s second-largest oil producer and an oil cartel Opec member, was one of the world’s fastest-growing economies for about a decade after a civil war ended in 2002. Flush with petrodollars, the government spent billions building roads, railways and other infrastructure, while skyscrapers went up across Luanda. But with the sharp drop in crude prices that began in 2014, economic growth slowed to zero last year, and foreign-exchange inflows dwindled.

Authorities are in a bind: a devaluation of the kwanza is needed to attract investment and spur exports, but that would also fuel inflation, which soared as high as 40% this year, in a country that imports almost all its consumer goods. Defending the currency’s peg is depleting foreign-exchange reserves, which have plunged in the past four years.

"There continues to be rumours and gossip on the streets about a potential devaluation of the kwanza, but I don’t think this will happen before the end of the year," said Tiago Dionisio, a Lisbon-based analyst for Eaglestone Advisory. "Devaluation would put further pressure on consumer prices. I think the local authorities will continue to defend the kwanza at the expense of international reserves."

The kwanza trades at 395 to the dollar on the black market, almost 60% weaker than its official rate of about 166, where it’s been pegged since April 2016. Though the central bank has let it depreciate more than 40% since mid-2014, making it one of the worst-performing oil currencies in that period, analysts say it’s still too strong. Renaissance Capital said in July its fair value was 314.

"The currency remains highly over-valued," David Earnshaw, an analyst at Fitch Group’s BMI Research, said in a September 12 note. He expects the central bank to shift to a more flexible regime in 2018 and drop the kwanza more than 20% to 210 against the dollar.

Money laundering

Concerns about money laundering in the banking sector prompted foreign banks to halt dollar supplies to Angolan lenders in 2016, worsening the shortage. The new government of João Lourenço, who takes over as president on September 21 as the 38-year rule of José Eduardo dos Santos ends, will have no choice but to devalue as the liquidity squeeze persists, Moody's Investors Service said in a research note on August 30.

Thousands of Chinese and Portuguese workers have already packed up and left because of difficulties in obtaining hard currency, according to the Angola-China Industrial and Commerce Association and Portugal's Construction Sector Union. Those who have stayed behind are getting creative.

Every Wednesday, Juliol Lusol catches one of dozens of buses in Luanda headed to Luvo, an open-air market 557km to the north on the border with the Congo.

"I'm not trying to make a profit," said Lusol, as he waited on the side of a dirt track in Luanda for a bus to load half a dozen boxes of diapers, TV sets and beer. "I just want to get dollars."

The flow of Angolan goods to the DRC became so intense that last month its government imposed a six-month ban on imports ranging from cement to beer from its neighbouring country.

Angola is not the only oil producer to try and defend its currency after the plunge in crude prices. Russia and Kazakhstan spent billions of dollars propping up their currencies before giving up and floating them. Nigeria, Africa's biggest crude exporter, has eased some capital controls this year, but maintains several restrictions and operates a system of multiple exchange rates to protect the naira.

Angola's foreign-exchange reserves have almost halved since 2013 to $17.5bn, their lowest level in six-and-a-half years, a sign that access to dollars is likely to remain limited for the foreseeable future. The government has started talks with international banks about raising $2bn through a Eurobond, which may enable it to maintain the kwanza's peg for longer.

Nuno Gaspar, head of the Luanda-based property developer Gestimóvel, is selling residential and office buildings by punting real estate's safe-haven status. "Most of our buyers are Angolans or Angolan companies eager to escape the possibility of a kwanza depreciation," Gaspar said. "People with kwanzas are looking to invest in property, art, wine and even cars to avoid losing their money."
(Bloomberg 14-09-2017)

SADC APPROVES SECURITY SUPPORT FOR LESOTHO

Leaders of the Southern African Development Community (SADC)'s Double Troika meeting in South Africa on Friday approved the deployment of a contingent force comprising military, security, intelligence and civilian personnel to assist the Lesotho government stablise the current volatile situation in the country.

The Double Troika summit was held in Pretoria to discuss Lesotho's political and security issues following last week's assassination of the country's Army Commander Khoantle Motsomotso by fellow senior army officers in his Maseru barracks office.

South African President Jacob Zuma, in his capacity as chairperson of the regional bloc, expressed concern at the killing of Motsomotso, saying it had set a dangerous pattern.

“The tragic death of Lieutenant General Motsomotso should not be allowed to pass by unnoticed by our regional organisation, especially because it happened two years after the killing of Brigadier Maaparankoe Mahao in 2015,” Zuma said.

He added: “The prevailing situation in this sister country should not be allowed to continue forever as if it is business as usual. There is a need for decisive action by the region.”

Zuma called on all Basotho (people of Lesotho), led by the government and all national stakeholders, to work together for peace, security and stability in the kingdom.

“As a region, we are committed to assist the government and people of Lesotho to implement all SADC decisions -- including the required constitutional, security sector, parliamentary, public sector and judicial reforms.

Zuma urged Lesotho Prime Minister Thomas Thabane and the people to finalise all the required reforms within 18 months consistent with the extended tenure of the SADC Oversight Committee.

Also speaking at the daylong troika summit, SADC Executive Secretary Stergomena Lawrence Tax said: “In the interim, the summit has approved an expanded mandate and composition of a total of 34 members of the oversight committee to include military, security, intelligence and civilians, and experts to be deployed to Lesotho for a period of a month.”

The summit urged the kingdom to expedite investigations into the assassinations of Motsomotso as well as former commander of the Lesotho Defence Force, Mahao, who was killed in June 2015. (APA 16-09-2017)

CHINA TO BUILD US$5.8 BILLION HYDROPOWER PLANT IN NIGERIA

The government of Nigeria has announced the award of a $5.8 billion contract to build the largest power plant in the country. The 3,050 MW Mambila hydroelectric power project in the state of Taraba will be delivered by various Chinese state-owned construction firms.
The mega project will feature four dams between 50 and 150 meters tall. It will take six years to complete, the Minister of Power, Works and Housing, Babatunde Fashola, told reporters in Abuja.
The Chinese Export-Import Bank will finance 85% of the development, with the Nigerian government contributing 15%.

Minister Fashola claimed the project will deliver far-reaching benefits. “Mambila will have a transformational effect on all of Nigeria’s socio-economic development,” he said. “It will have considerable positive impact on electricity supply nationwide, productivity, employment, tourism, technology transfer, rural development, irrigation, agriculture and food production,” he added.
The Mambila hydropower plant has been in development for over 30 years. However, previous administrations have been making very little progress. In 2007, the Nigerian government awarded a $1.4 billion contract to two Chinese construction firms. It was for a 2,600-megawatt plant, but the agreement broke down soon after.
There have been attempts to revive the deal but without success. However, the crisis was broken by conversations between the presidents of China and Nigeria in 2016. The conversation resulted in the creation of a consortium of Chinese companies to deliver the project. There was an agreement that the Chinese government would commit finance to it.

Power shortage

Despite being one of the largest economies in Africa, over 40% of Nigerians live without access to electricity. Hydropower, one of the cleanest and cheapest forms of power, is a key target for development as Nigeria is currently exploiting just a fraction of its potential resources.

The country is also seeking to shift away from oil dependency, after plummeting oil prices triggered a recession. The clear need for the Mambila project could make it more likely to succeed, some analysts believe.

"The prospects of project implementation starting are perhaps stronger than in previous decades," says Elizabeth Donnelly, deputy head of the Africa Programme at UK think tank Chatham House. "Nigeria continues, albeit slowly, with its complex power sector reform and badly needs to generate – and more importantly distribute – more power for its 180 million people. Hydroelectricity is an important part of this mix, particularly for rural electrification," she adds. (CRO 14-09-2017)

Fisheries in Africa, Caribbean & Pacific - Immense opportunity, critical challenges

*By **Mr. Viwanou Gnassounou, ACP Assistant Secretary General for Sustainable Economic Development and Trade***

Fish is big business. The latest figures show that more than 165 million tonnes of fish are either captured or harvested in a year, with each person consuming more than 20kg of fish annually, according to the world average. Roughly US$ 140 billion worth of fish is traded globally per annum, with millions of people relying on jobs in fishing and fish-farming, not to mention the seafood industry which involves processing, transport, retail and restaurants.

The fisheries and aquaculture sector is also crucial to reducing poverty and eliminating hunger. This is particularly true for Least Developed Countries and Small Island Developing States, the vast majority of which are members of the African, Caribbean and Pacific Group of States (ACP). ACP countries export as much as $US 5.3billion annually, with fisheries products making up half the total value of traded commodities in some countries.

Yet despite its undeniable importance, the sector faces severe challenges.

For a start, nearly a third of the world's assessed fish stocks are overfished, undercutting nature's ability to give high yields in the long term. Illegal, Unregulated and Unreported (IUU) fishing and overcapacity of fishing fleets are two of the biggest culprits, with IUU haemorrhaging billions in revenue for ACP states. In West Africa alone, more than €1 billion is lost each year due to IUU fishing while in the Western and Central Pacific Ocean, IUU claims at least €470 million annually, with actual lost revenue to Pacific Island countries around €140 million. Such losses hurt countries' efforts to cut poverty and sustain growth.

At the same time, ACP's share of world fisheries trade remains minimal, although its regions are home to some of the world's most iconic and productive maritime zones. Trade barriers hinder competitiveness, as local producers struggle to attain the high product standards demanded by international markets. Poor infrastructure holds back economic gains, whether it involves lack of access to aquaculture production zones, or lack of facilities to store or process fish in order to add value to products. Meanwhile, WTO rules, such as rules of origin, make it hard to take advantage of breaks given to vulnerable countries.

Environmental degradation is also a global challenge due to pollution, overfishing, and climate change. In the Caribbean for example, where more than 70% of the population lives along the coast, nearly two thirds of coral reefs are threatened by human activities, while a third is threatened by coastal development and pollution from inland sources. Climate change effects such as sea surface warming, ocean acidification, rising sea levels and extreme weather events all lead to habitat destruction, diminished fish stocks and damaged ecosystems.

Such grave and crosscutting challenges cannot be tackled by a country on its own.

Given the shared nature of fisheries resources and the similarity of the challenges, it is clear that solutions must come through regional and international cooperation. That is why government ministers in charge of Fisheries and Aquaculture in ACP countries are convening a major meeting in the capital of the Bahamas, Nassau from the 18th to 21st of September.

Ministers and senior officials from across Sub-Saharan Africa, the Caribbean and the Pacific will put their heads together to generate joint approaches to ensure the sustainable development of some of ACP's most precious resources. The meeting follows momentous steps already taken an the global level, such as the adoption of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) – including SDG 14, to conserve and sustainably use the oceans, seas and marine resources; the Paris Agreement on Climate Change; and the FAO Port State Measures Agreement.

In Nassau, ministers will take stock of the ACP Strategic Plan for Action for Fisheries and Aquaculture, set out in five priority axes: Effective Management for Sustainable Fisheries; Promoting Optimal Returns from Fisheries Trade; Supporting Food Security in ACP Countries; Developing Aquaculture; and Maintaining the Environment. The focus will be on bolstering high level shared commitments, sharing national or regional best practices and seeking consensus on priority issues that need multilateral action.

Promising opportunities for the sector will be examined, seeking to unlock the potential of the 'blue economy'. The blue economy promotes economic growth, social inclusion, and better livelihoods, while at the same time ensuring environmental sustainability of the oceans and coastal areas. At the meeting, the ACP Secretariat will launch the "Intra-ACP Blue Growth Initiative for Fisheries and Aquaculture", aimed at boosting private sector productivity and competitiveness of fisheries and aquaculture value chains in ACP countries and regions.

Fisheries and aquaculture are critical for poverty eradication and sustainable development in Africa, the Caribbean and the Pacific. But a joint approach amongst the various countries – including active South-South cooperation – is needed to tackle shared challenges. (12-09-2017)

5th Meeting of ACP Ministers in charge of Fisheries and Aquaculture

ACP Group calls for reforms in fisheries governance for sustainability

ACP Fisheries Ministers adopt roadmap to boost ACP economies through sustainable fisheries & aquaculture management

Resolution of the 102nd session of the ACP Council of Ministers on Fisheries

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