

# MEMORANDUM

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## **EGYPT: STRONG EIB COMMITMENT: NEW USD 600 MILLION FINANCING TO MEET ENERGY DEMAND**

The Arab Republic of Egypt and the European Investment Bank (EIB) signed a loan agreement worth USD 600 million for financing a project in Egypt contributing to a secure sufficient and affordable electricity supply.

In the presence of Egypt's Prime Minister, H.E. Sherif Ismail and Minister of Electricity and Renewable Energy Eng. Mohamed Shaker, the financing agreements for the Damanhour Power Plant loan were signed in Cairo today by Dr Sahar Nasr Minister of International Cooperation, Mr. Román Escolano, EIB Vice-President, Engineer Gaber Dessouky, Chairman of the Egyptian Electricity Holding Company and Engineer Mohamed Abd El-Baky Abu Senna Chairman of the West Delta Electricity Production Company.

"Developing energy infrastructure is key to promoting growth and employment", stated Mr. Román Escolano during the signing ceremony. He added "the Damanhour Power Plant project is a critical investment and a strategic choice for the country as it will contribute to increasing the electricity supply at competitive cost using modern technology with a low environmental impact".

The Damanhour Combined Cycle Gas Turbine Power Plant project involves the construction of a Combined Cycle Power Plant with a total installed capacity of 1800 MW in the Nile Delta area of Egypt, some 5 km northwest of Damanhour town. It will strengthen electricity generation capacity to cater for increasing demand with modern and high efficiency units that will partly replace smaller and less efficient production capacity. The project is part of a five-year plan to increase the capacity of the national electricity network of Egypt and is in line with EIB's External Lending Mandate and the European Union's Neighbourhood Policy. It will ensure electricity production with significantly lower CO<sub>2</sub> emissions compared to fossil-fuel based alternatives.

The USD 1.3 billion project is financed by the European Investment Bank (USD 600 million), European Bank for Reconstruction and Development (USD 200 million), Arab Fund for Economic and Social Development (USD 200 million) and West Delta Electricity Production Company's own funds.

EIB's lending activities in the Mediterranean region in general and Egypt in particular are based on a Mandate from the European Union – the External Lending Mandate (ELM) currently covering the period 2014/2020 – through which the Bank works together with the EU and the government of Egypt to support socio-economic development in the country.

"In Egypt, and in all the countries where we invest, we are working closely with the national and local authorities to ensure a more sustainable economic future by building stronger infrastructure, promoting business development and addressing persistent economic needs. The Bank is a long-standing partner of Egypt and we will continue providing financial support to the Egyptian Government to respond to the rising needs of the country", said Mr. Escolano. (EIB 07-12-2015)

## **ANGOLA AND MOZAMBIQUE EXPECT MORE INVESTMENT AND FINANCING AFTER AFRICA/CHINA FORUM**

The 6th edition of the China/Africa Forum served to approve a Chinese financing package of US\$60 billion for Africa and to convey a message of confidence in the existing relationship that was received positively by the leaders of Angola and Mozambique.

Since the 1st Forum on China/Africa, trade between China and Africa has increased 21 fold, exceeding US\$222 billion in 2015, but the ambition voiced by Angolan and Mozambican leaders at the Johannesburg summit was also reflected in their call for more investment in industry, technology transfer and financing projects.

The Angolan Finance minister, Armando Manuel said that the intervention of the Chinese president at the summit "demystified the belief that China's relations with Africa had at their core the raw materials that Africa offers," adding there was "a very precise strategy to respond to the three areas of infrastructure, human capital and financial resources," needed by African countries.

As for the package of US\$60 billion for development projects in Africa, US\$5 billion is expected to be donations and US\$35 billion in preferential loans, not including one-off loans from Chinese commercial banks, according to Armando Manuel, cited by the Angolan press.

The finance minister also highlighted the prospect raised by China of “moving Chinese industry to African economies,” while for the minister of Agriculture, Afonso Canga, Angola should take advantage of the financial and technological availability of China and the aim is a programme of investments in the agricultural sector with investors from both countries.

Max Tonela, Minister for Industry and Trade of Mozambique, told Radio Mozambique of a desire for greater technology transfer and installation of Chinese labour-intensive industries.

In a meeting with his counterpart Xi Jinping, the Mozambican president, Filipe Nyusi presented agriculture and mineral resources as two of the priority sectors for the beginning of the industrialisation of the country, which is needed to abandon the current model of exporting raw materials and move on to investing in selling processed products.

China International Radio reported that Xi Jinping asked for China and Mozambique to deepen cooperation in the areas of oil and gas, mining, processing, agriculture, infrastructure and finance.

The Angolan president, José Eduardo dos Santos in his speech at the summit called for the Johannesburg Declaration to reflect the “depth and strategic vision” of the Forum and the 2016-2018 Action Plan to open a “new era of cooperation and progress.”

On the sidelines of the meeting, Santos met with a delegation from the Industrial and Commercial Bank of China (ICBC), the world’s largest, which funded construction of the largest housing project in Angola, the city of Kilamba, and is funding construction of a combined cycle power plant in Soyo.

The Chinese President, Xi Jinping, asked his Angolan counterpart during a meeting between them, for more dynamic cooperation between China and Angola, stressing that bilateral relations “are experiencing the best period ever” with “mutual political trust” and “economic complementarity.”

José Eduardo dos Santos stressed the “success” of his six-day visit to Beijing last June, when Angola was granted a new loan from China totalling US\$6 billion.

Angola and China are negotiating at a very fast pace an agreement on visas and another on currency conversion, as well as an agreement for reciprocal protection of investments, said the Chinese ambassador to Angola, Cui Aimin, on the eve of the summit.

Also in Johannesburg was the President of Cabo Verde (Cape Verde), Jorge Carlos Fonseca, who in addition to being seen with the Chinese President also met with a Chinese company from the audiovisual sector that wants to invest in the archipelago. (07-12-2015)

## **CHINA PARDONS OUTSTANDING INTEREST ON MOZAMBIQUE’S DEBT**

China will pardon outstanding interest to 2015 of Mozambique’s debt and the interest rate on loans to be granted in the future will be reviewed downwards to lower than the current interest, which varies between 1.5 percent and 2 percent, the President of Mozambique announced in Johannesburg.

Filipe Nyusi, who spoke to the Mozambican press at the end of the China/Africa summit, said the move would allow more support and Chinese investment in the country and greater manoeuvrability for debt repayment.

At the end of a meeting with his Chinese counterpart Xi Jinping, Nyusi also said that any external funding that Mozambique gets should be used to foster economic development and for strengthening the national business sector and allow for the creation of more jobs.

According to Mozambican news agency AIM, the meeting that Nyusi had with Xi Jinping served to personalise the relationship between them in the new cycle of governance and to reaffirm cooperation with China.

President Filipe Nyusi gave no figures but data recently compiled by a Portuguese bank indicated that Mozambican debt to China totalled US\$886 million at the end of 2014.

At this 6th edition of the China/Africa Forum China announced support to African countries amounting to US\$60 billion, in addition to other measures such as support to countries affected by drought in the amount of one billion yuan or US\$156 million. (07-12-2015)

## **RWANDAN PRESIDENT TO DECIDE ON THIRD TERM AFTER REFERENDUM**

Rwanda's president has said he will decide whether to seek a third term in office after a referendum, possibly this month, on a constitutional change that would allow him to run again.

The US, a major donor that has long praised President Paul Kagame for rebuilding the nation after the 1994 genocide, has said he should set an example to the region by stepping down at the end of his second term in 2017.

The debate about term limits has flared across Africa. In next door Burundi, President Pierre Nkurunziza's election for a third term that faced opposition has plunged the nation into crisis. Other African leaders are also approaching term limits.

Mr. Kagame, who was first elected president in 2003 but was seen as Rwanda's main power broker long before that, has not announced his intentions but has said those who want him to stay must convince him.

"I am still listening," he told senior officials in the Rwanda Patriotic Front on Sunday.

"Whatever you want from me will be based on the decision of the referendum and thus my answer will come after the referendum."

He did not give a date for the ballot in his comments that were aired by the state broadcaster.

Senator Tito Rutaremara, a member of the ruling party, told Reuters the cabinet was expected to give a timeline this week.

"We would wish it to take place on December 18 but, you know, demanding is different from getting," he said.

The pro-government New Times daily cited officials saying that the vote should not be held later than December 18.

Under proposed constitutional changes approved by parliament and being put to public vote, Mr. Kagame would be allowed to run in 2017 for another seven-year term plus two more five-year terms after that, potentially allowing him to stay in power till 2034.

Rwanda's main but tiny opposition, the Democratic Green Party, tried to block the amendment to extend Mr. Kagame's term, but a court rejected the bid.

Although Mr. Kagame has been praised for rebuilding Rwanda's economy and delivering social change, rights groups say the government stifles critical voices in the media and in politics.

The government denies this.

The rebel force led by Mr. Kagame brought an end to three months of slaughter in 1994, when some 800,000 people were killed, most of them members of the Tutsi minority and moderates among the Hutu majority. (Reuters 07-12-2015)

## **PRESIDENT OF ANGOLA SUPPORTS CHINA'S ROLE IN AFRICA**

China is an "indispensable partner" for Africa's development, due to the increase in Chinese investment on the continent, the President of Angola said in Johannesburg, cited by Angolan state newspaper Jornal de Angola.

Speaking at a round table of African leaders with Chinese President Xi Jinping at the second summit of the China/Africa Cooperation Forum, José Eduardo dos Santos highlighted the indicators that made China the largest trading partner and also the origin of the most direct investments made in Africa in recent years.

The Angolan president said the Sino-African partnership, forged during the colonial period, as well as support for the development of each of the African countries in particular and the continent in general could contribute to the establishment of a new international political and economic order and promote the democratisation of international relations.

"China offer exemplary support to African countries in the fight against colonialism, on a political and diplomatic level, as well as material," said José Eduardo dos Santos, noting later that after national independence had been won and the nations were under construction, there was a need for a new partnership with new challenges and focused on the achievement of common objectives.

On the sidelines of the summit meeting, José Eduardo dos Santos met with the president and vice president of Industrial and Commercial Bank of China (ICBC), Yi Hiuman and Zhang Hongli, respectively.

The bank financed construction of the largest housing project in Angola, the city of Kilamba, is c financing, among other projects, construction of a combined cycle power plant in Soyo, and also took part in Angola's first eurobond issue. (07-12-2015)

### **ANGOLA JOINS NIGERIA TO INCREASE PRICE OF OIL**

The presidents of Angola and Nigeria have agreed on joint cooperation in seeking to reverse the trend in the price of oil per barrel on world markets, the international press reported.

The heads of state of the two major sub-Saharan oil producing countries, José Eduardo dos Santos of Angola and Nigeria's Muhammadu Buhari, held a meeting on the sidelines of the 6th edition of the China/Africa Forum.

Both presidents said it did not make sense to sell more oil for less money and called for a new consensus among oil producing countries to increase the price per barrel.

The two Presidents recognised the great dependence of their economies on oil and decided that the oil ministers of both countries will meet urgently in order to decide a joint action platform.

However, the Organization of Petroleum Exporting Countries (OPEC), meeting Friday in Vienna, decided to increase production from 30 million to 31.5 million barrels per day oil in order to reflect the real production of member countries, according to financial news agency Bloomberg.

The new limit does not include Indonesia's production, which returned to OPEC after a seven-year "separation".

The markets reacted immediately to the production increase with the US benchmark oil price – "West Texas Intermediate" – falling 3.1 percent Friday to US\$39.81 a barrel. (07-12-2015)

### **ZAMBIA TIGHTENS BELT AMID KWACHA, COMMODITY ROUTH**

Cash-strapped Zambia has postponed the launch of a national airline and placed strict restrictions on foreign travel for officials as part of an austerity drive to tackle the ravages of a plummeting currency and commodity rout.

President Edgar Lungu announced the austerity measures as he painted a bleak picture of the Zambian economy last week.

Copper prices have slumped by 26% since the beginning of the year leading to a fall in production and scaling back of some mining operations.

Poor rainfall, particularly in the 2014-15 agricultural season, has hit crop production and lead to a severe drop in electricity generation.

The kwacha has weakened sharply against major currencies, especially the US dollar, which has pushed up the rate of inflation.

According to Reuters, the kwacha was down almost 60% as of November 10 as waning demand for commodities from top-consumer China hammered the foreign exchange revenues of Africa's second-biggest copper producer, but then began rebounding.

Addressing a news conference soon after parliament had approved two "constitution-making bills", Mr Lungu appealed to all parties to avoid unnecessary confrontation in the creation of a new constitution for the country.

"There are many things in that constitution and in the nation in general where there is broad consensus and we must be able to agree and move on without unnecessary confrontation."

He said the Zambian economy had recently been facing challenges arising mainly from external, and in some cases domestic, events. "On the external side, a slowdown in economic activities mainly in China

and the eurozone, coupled with the strengthening of the US dollar, has led to a drop in commodity prices and a fall in investment inflows."

As a result, "foreign travel by various by ministers, government and quasigovernment officials shall be limited to essential meetings only, with the size of delegations restricted to the barest minimum.

"In this regard, I am directing all government ministries, provinces and spending agencies to start utilising the skills and resources available in our missions abroad. Further, local travel by ministers and other public servants must be significantly minimised". (BD 01-12-2015)

### **SWAZILAND: TEXTILE FIRM TO RETRENCH 350 WORKERS**

Over 350 workers at TQM Textiles Swaziland are due to be retrenched next week as a result of a reorganisation exercise where Tex Ray South Africa will take over, local media report here Monday.

The company manufactures fabric and supplies textile firms in the country, South Africa and Lesotho, among other countries, under the Tex Ray Group of Companies.

In a notice issued recently, the company notified the over 350 staff members that "The company is in a process of being owned and controlled by a new shareholder namely; Tex Ray South Africa, which would acquire a total of 51 per cent shareholding in the company. The remaining shares (49 per cent) will remain with Tex Ray Industrial."

The notice said the effect of the transaction was that Tex Ray South Africa would become the majority shareholder in the company. It also pointed out that Tex Ray South Africa intends to implement a new and different business strategy which could have an effect on the staff members' contracts.

"The parties have agreed that prior to the takeover, the company shall pay all terminal benefits due to all staff members as envisaged in terms of Section 33 of the Employment Act of 1980 as amended," reads another part of the notice.

The Tex Ray Group of Companies administrator confirmed the latest developments. He said the company was not closing down but there would be a change of directorship. (APA 30-11-2015)

### **FARMERS IN ANGOLA TO HAVE EASIER ACCESS TO FOREIGN CURRENCY**

The National Bank of Angola will carry out a sale of foreign currency aimed at the agricultural sector in order for operators to acquire inputs on the international market and thus boost production, announced the Angolan Secretary of State for Agriculture.

The measure, which was analysed at the 14th regular joint meeting of the Economic Commission and Commission for the Real Economy of the Council of Ministers, held Thursday in Luanda, aims to limit the effects of the strong currency crisis in the country, due to shortfalls in revenues from oil exports.

Secretary of State Amaro Tati said after the meeting the government had decided to create a commission, led by the National Bank of Angola (BNA) and including representatives of the ministries of Agriculture, Fisheries and Finance to prioritise the delivery of foreign currency to those operators.

These measures, said the secretary of state, are intended to "come to the aid of the agricultural season" that began in September and October, as it is necessary to guarantee at least US\$24 million in requests for foreign currency to import raw materials or machines.

The availability of foreign currency to the agricultural sector will be supervised by the commission led by BNA and must be validated in advance by the Ministry of Agriculture. (30-11-2015)

## **HIV DRUG STOCKS NOT REACHING AFRICAN PATIENTS, SAYS MSF REPORT**

Efforts to get lifesaving antiretroviral drugs to HIV-positive patients in many sub-Saharan African countries are routinely failing at "the last mile", an international medical group said on Monday. Despite stocks being available, the drugs often do not reach clinics because of "cumbersome procedures, logistical challenges or lack of resources," Medecins Sans Frontieres said in a report released at the International Conference on AIDS and STI (sexually transmitted infections) in Africa in Harare.

Nationwide surveys conducted in SA showed that between 20% and 25% of local health centres were unable to dispense the complete amount of one or more HIV or TB medication.

In 80% of the cases, the drugs were available in the country but did not reach the clinics.

"National and international shortages of medicines do get donor and government attention, but the availability of medicine in local health centres is not routinely monitored," said Tinne Gils, MSF's regional pharmacist.

Similar problems affecting an even larger percentage of clinics were experienced in the Democratic Republic of Congo and Mozambique, MSF surveys found.

"Improving medicine delivery to the last mile will require the commitment of countries and international donors," the report said.

"Antiretroviral treatment needs to be taken for life, without interruption," said Gilles van Cutsem, MSF's medical co-ordinator in SA.

"But how can patients be expected to remain adherent to their treatment if their medicines are not available when and where they need them?" (AFP 30-11-2015)

## **SIERRA LEONE: NATURAL RESOURCES SHOULD END POVERTY**

The Sierra Leone government has been urged to design and implement programmes that aim at ending poverty, a civil society activist said on Monday.

Abu Brima, Executive Director of the Natural Resources Governance and Economic Justice Network, which has championed a joint submission for the ongoing review of the 1991 Constitution, said natural resources should be the engine to drive poverty from the country.

Speaking following the submission to the Constitutional Review Committee, Brima said Sierra Leone is endowed with a vast wealth of mineral resources, notably diamonds, rutile and iron ore.

Diamonds have dominated the country's economy until the late 1990s when the war, fuelled largely by the precious stone, exposed the weakness in the governance of natural resources. However, since 2011, iron ore has dominated the economy. But none of these have been seen to benefit the masses.

Among the recommendations of the CSOs on natural resources governance for the new Constitution is that instead of focusing on exporting raw materials, the government should consider processing them here. This, they say, has the potential of leaving more benefit for the people.

The network wants a whole chapter dedicated to the governance of natural resources in the draft Constitution, as part of addressing these issues.(APA 30-11-2015)

## **AFRICA CAN REDUCE POVERTY, FOOD INSECURITY THROUGH TRANSFORMING AGRICULTURE**

"African agriculture is in urgent need of an upgrade and fast-track into 21st century productivity," said Mr. Adam Elhiraika, Director of the Macroeconomic Policy Division at the Economic Commission for

Africa (ECA), in a statement on behalf of the ECA Executive Secretary, during the opening of the African Economic Research Consortium biannual research workshop on 'Agriculture and Structural Transformation in Africa' held in Addis Ababa on Sunday.

Mr. Elhiraika pointed out that Africa is home to about 60% of the world's arable land and yet it remains the only region in the developing world where agricultural productivity is both low and falling with per capita output at 56% of the world average.

ECA studies have shown that Africa's per capita agricultural production fell by about 5% over the last 20 years up to 2013 while it increased by 40% in other developing countries. Loans and investments in the sector have equally plummeted during the past two decades.

About four out of five Africans rely on agriculture for their livelihoods. Most poor people not only depend on agriculture, they also live in rural areas. To realise the potential of the sector, researchers advocate for a sustained transformation based on consistent policies and effective implementation strategies.

"Agriculture in Africa remains where the greatest potential for increasing broad-based growth and sustainable wealth creation currently lies, and it can offer the greatest potential for the reduction of poverty and inequality" said Mr. Elhiraika, explaining the role agriculture can play in manufacturing, service and value-chain sectors. He stated that agriculture has the attribute of being the primary source of the income that goes into the pockets of the bulk of consumers.

"Increased agricultural productivity, combined with viable agribusiness that adds value to farmers' production and improved access to markets, can drive broader economic growth and make a tremendous contribution to the attainment of food security," he said.

Mr. Elhiraika declared agriculture can be expected to be one of Africa's key drivers for sustainable growth if funding for research and technology development is provided. There is also a need to develop targeted financing strategies and financial products suited to the agriculture sector and smallholder farmers.

The workshop, jointly organised by the African Economic Research Consortium, the African Union Commission and the Economic Commission for Africa, attended by approximately 200 academics, researchers, economists and policy makers will include discussions on climate change, finance mobilisation, poverty, income distribution and macro-economic policies and growth. (APA 30-11-2015)

## **ZIMBABWE POWER UTILITY SECURES LOAN FROM CHINESE BANK**

The Export-Import Bank of China will provide a \$1.2bn loan to upgrade two generators at Zimbabwe Power Company's (ZPC's) Hwange thermal power plant, the country's biggest.

ZPC, a unit of state-owned power utility Zesa Holdings, has raised concern that decisions by the State Procurement Board have been snarled by bureaucracy, delaying tenders for the replacement of ageing equipment at Hwange in the country's west. Daily power blackouts due to electricity shortages have hurt mines and businesses.

Government officials agreed to the deal, Zesa spokesman Noah Gwariro said by phone on Monday from Harare. He did not have further details about the loan terms.

Hwange generates between 380MW and 400MW of electricity against its installed capacity of 920MW. The country's next largest generation facility is the Zesa-operated Kariba hydropower plant in northern Zimbabwe, which is operating at half of its 750MW capability because water levels in the dam have fallen amid a drought.

Zesa's Zimbabwe Electricity Transmission Distribution Company unit borrowed \$150m from African Export-Import Bank, commercial director Ralph Katsande said on November 19. The funds would help



the operator pay off existing debt and purchase equipment, said a person familiar with the agreement who asked not to be identified because the transaction was private. (Bloomberg 01-12-2015)

## **CHINA AND ANGOLA NEGOTIATE AGREEMENT ON CURRENCY CONVERSION**

Negotiations between Angola and China for an agreement on the introduction of facilities in granting visa and another on currency conversion are taking place “at a rapid pace,” said Monday in Luanda the ambassador of China in Angola.

Ambassador Cui Aimin, speaking about the 2nd China/Africa Forum Summit due to be hold in Johannesburg on 4 and 5 December, explained that Angola and China were also negotiating the signing of an agreement for reciprocal protection of investments.

Cui Aimin said China’s cooperation with Angola, under the established strategic partnership agreement in 2010, contributed to the development of Africa, although he acknowledged he was not yet satisfied with the level of cooperation between the two countries, given the great potential there is.

The diplomat said that in addition to economic and trade cooperation, it was important to lay the foundation for cultural exchanges, particularly through the Chinese and Portuguese language, to positively influence other areas of bilateral cooperation, according to Angolan news agency Angop.

Trade between Angola and China in 2014 reached, US\$37.7 billion, while trade between Africa and China in the same period exceeded US\$200 billion.

The ambassador also said Angola had managed, using credit lines from China, to recover or build 2,800 kilometres of railway, over 2,000 kilometres of roads and 130,000 social houses.

Angola also built 1,000 kilometres of power transmission lines, 14 power substations, 78 schools, 39 hospitals and 10,000 hectares of agricultural irrigation projects.

The second Summit, based in Johannesburg, and taking place under the motto “China and Africa move forward hand in hand: Mutual Benefit Cooperation for Common Development”, has already confirmed the presence of at least 40 African Heads of State.

The China/Africa Forum, which this year celebrates its 15th anniversary, was set up in 2000 and the first summit was held in 2006 in Beijing. (01-12-2015)

## **MOZAMBICAN LEADER PLEDGES LOYALTY TO COMMONWEALTH VALUES**

Mozambican President Filipe Nyusi has said his country will continue to be guided by the values and principles of the Commonwealth, seeking to promote an atmosphere conducive to peace, security, good governance and sustainable development, state media reported on Monday.

According to the Noticias daily, Nyusi was addressing the media in Valletta, Malta where he was attending the Commonwealth Summit.

"The values of the Commonwealth fit perfectly into our programme of governance, and questions concerning peace, the separation of powers, and sustainable development are matters which are in alignment with our programme," he said.

Nyusi said his participation at the summit served to reaffirm Mozambique’s commitment to the principles of the Commonwealth, which it had joined in 1995.

Nyusi took part in the retreat of the Commonwealth leaders at the St. Angelo Fortress where they were able to discuss problems of concern to the member states and attempt to identify solutions. The issues discussed included migration, extremism and terrorism.

“There were many contributions seeking to avoid the perpetuation of this problem and Mozambique took

the opportunity to express our solidarity with what is happening in the world with regard to terrorism," he said.

Nyusi said the Commonwealth is a forum which brings universal experiences "from many continents and this miscellany of ideas helps greatly for us to evolve as states and nations".

Nyusi said the summit was also discussed the preparation of the climate change summit which began in Paris, France, on Monday.

The leaders endorsed a strong message to the Paris meeting at which Mozambique will be represented by Prime Minister Carlos Agostinho do Rosario.(APA 30-11-2015)

### **STANDARD BANK FINED \$33M FOR BRIBERY AT ITS TANZANIAN UNIT**

Standard Bank's London unit was ordered on Monday to pay about \$33m in fines, compensation and refunds relating to bribes paid to the Tanzanian government to secure a \$600m contract.

Shareholders will have to bear the brunt of the penalty as the group sold a 60% stake in the London unit to the Industrial & Commercial Bank of China (ICBC) and indemnified it against such action.

Standard Bank spokesman Erik Larsen said in a statement that "the issue" was self-disclosed to the UK Serious Fraud Office — which applied for the deferred prosecution agreement — within days of learning about it.

The deferred prosecution agreement was the first agreed by the fraud office and means ICBC Standard Bank will not face prosecution for bribery committed by two former executives.

The agreement lasts for three years after which the fraud office will withdraw all charges if the bank complies with the terms of the deal.

In his judgment ratifying the agreement, Lord Justice Brian Leveson said Standard Bank Plc and Tanzania's Stanbic Bank — which is a subsidiary of Standard Bank — jointly submitted funding proposals for the Tanzanian government's development and infrastructure plans in 2012.

The bankers proposed a joint fee of 1.4% of the total proceeds raised.

Justice Leveson said negotiations began in February that year, but did not get any further until Stanbic increased the fee to 2.4%, with 1% going to a local partner called Enterprise Growth Market Advisors.

Enterprise Growth's chairman Harry Kitilya was the commissioner of the Tanzania Revenue Authority; while its MD Fratern Mboya was the former CEO of the Tanzanian Capital Markets and Securities authority.

This presented a conflict of interest that Stanbic never addressed. There was also no evidence showing Enterprise Growth did any work related to the transaction, and its involvement was only disclosed to Standard Bank only after it had been proposed to the Tanzanian government.

"The only inference is that both the CEO of Stanbic, Bashir Awale, and its head of corporate and investment banking, Shose Sinare, intended the 1% fee promised to Enterprise Growth to induce Harry Kitilya, and perhaps other members of the government of Tanzania, to show favour to Stanbic and Standard Bank's proposal."

In order to claim its alleged bribe, Enterprise Growth opened a bank account with Stanbic in September 2012.

The Stanbic-Standard Bank bid then proceeded quickly — mandate and fee letters were signed with the government the following month, failing to mention Enterprise Growth as the third party.

Enterprise Growth received its \$6m cut in March 2013.

Within 10 days of Stanbic's payment, the vast majority had been withdrawn and the remaining balance was shortly after transferred to an Enterprise Growth account.

Standard Bank was punished for the sins of its subsidiary because it did not conduct "know your customer" and due diligence checks on Enterprise Growth, despite the possibility of bribery, said Justice Leveson.

Messrs Awale and Sinare have since been fired.(BD 01-12- 2015)

## MOZAMBIQUE AND SOUTH AFRICA LINKED BY NEW PIPELINE

South African petrochemical group Sasol and the governments of South Africa and Mozambique will invest US\$120 million to build a new pipeline that will be operational in 2017, the Rompco company announced.

This company – Republic of Mozambique Pipeline Investment Company (Rompco) – is a partnership between the Sasol group, Companhia Moçambicana de Gasoduto and South Africa's Gas Development Company (SOC) Limited (iGas).

The addition of this new pipeline, with a length of 127 kilometres, will allow South Africa to receive 212 million gigajoules of gas, compared to 188 million gigajoules currently, by sending natural gas to the South African group from the Pande and Temane fields in Inhambane province.

Construction of the first pipeline, called "Loop Line 1", cost US\$200 million, and Louis Bosch, Director-General of Rompco, said in a statement that the new pipeline or "Loop Line 2" represents the company's commitment to invest in development of Mozambique's infrastructure, as well as the use of local suppliers.

The new pipeline will run parallel to part of the first pipeline, which is 865 kilometres long and links the Temane gas field to the Sasol plant in Secunda, South Africa. (01-12-2015)

## BOTSWANA DEVELOPS CLIMATE CHANGE POLICY

Botswana is developing a Climate Change Policy and Institutional Framework which will be supported by a Strategy and Action Plan to operationalize the Policy, APA learnt here Monday.

A statement from the government states that the Policy will be approved by Parliament in 2016.

"In addition to the national policy, the development of a strategy will involve development of a long term low carbon strategy, a national adaptation plan, nationally appropriate mitigation actions, identification of technologies, plan for knowledge management capacity development, education and public awareness and a financial mechanism. This total package will ensure that the policy is implementable," reads the statement.

The country intends to achieve an overall greenhouse gases (GHGs) emissions reduction of 15 percent by 2030, taking 2010 as the base year.

"The emission reduction target was estimated based on the baseline inventory for the three GHGs being carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). The reductions will be realised from the energy sources which is categorised as the stationary and mobile sources," the statement said.

The country will also continuously implement mitigation measures for the livestock sector to reduce CH<sub>4</sub> emissions mainly from fermentation though these initiatives are not estimated in the 15 percent. (APA 30-11-2015)

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