# MEMORANDUM

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## SUMMARY

## GUPTAS ABOUT TO LOSE THEIR LAST BANK IN SOUTH AFRICA

Ajay and Atul Gupta

Bank of Baroda's South African unit has started closing accounts of companies controlled by the Gupta family, according to three people familiar with the matter, potentially leaving the friends of President Jacob Zuma without banking facilities in the country.

The Mumbai-based lender is winding down its relationship with companies related to the Gupta family to ensure it is in compliance with banking rules, the people said, asking not to be identified because the matter is confidential.

The Guptas, who are in business with Zuma's son, have been accused by opposition parties and some ruling party officials of using their friendship with the president to influence cabinet decisions and government contracts. They have denied the allegations.

Oakbay Investments, the Guptas' main holding company, said it was not aware that Baroda would close its accounts.

"Oakbay is not aware of any such information," the company said in an e-mailed response to questions. "I can only imagine that your source has their own agenda, and wants to put pressure on Bank of Baroda."

SA's four biggest banks last year closed accounts linked to the Gupta family, citing the need to comply with international banking rules when dealing with customers and concern over their reputations.

The family, led by brothers Atul, Ajay and Rajesh, asked Finance Minister Pravin Gordhan to stop the banks from terminating their accounts, spurring Gordhan to seek a court order in October stating that he could not prevent lenders from cutting clients.

The public protector called in November for a judicial inquiry into the allegations against the Gupta family.

**Suspicious transactions**

Bank of China's South African branch dropped the Guptas as clients in September, according to court documents filed by the family in January.

Gordhan's application included a document from the Financial Intelligence Centre listing 72 reports of suspicious transactions totaling R6.8bn that implicated members of the Gupta family and their companies.

The family have asked the court to dismiss Gordhan's application, while their lawyer has said that none of the transactions were dubious.

A Mumbai-based spokesman for the Bank of Baroda did not immediately respond to an email and two calls to his office phone.

Gert van der Merwe, the Guptas' lawyer, said he could not immediately comment and would check with his client. (Bloomberg 02-03-2017)

## VALE MOZAMBIQUE ENDS 2016 WITH A LOSS OF US$105 MILLION

Vale Mozambique, a subsidiary of Brazilian group Vale, had an operating loss of US$105 million in 2016, a figure which compares with a loss of US$508 million in 2015, said the mining group as it published it accounts for the fourth quarter and 2016.

The document said the improvement compared to 2015 was due mainly to the reduction of costs and expenses in the amount of US$344 million and an increase in prices, which increased the company's turnover by US$140 million.

Coal, exported through the port of Nacala along the railway out of Moatize that crosses part of Malawi and swings back into Mozambique, provided revenue of US$110 million while the coal transported along the Sena railway and loaded at the port of Beira posted a loss of US$215 million.

Coal transported along the Sena and Nacala lines totalled 8.8 million tonnes in 2016, more than double the 4.1 million tonnes carried in 2015 and the coal shipped at ports totalled 8.7 million tonns, also more than double the 3.7 million tonnes recorded in 2015.

Overall, the Vale group, which operates coal mines in Australia and Mozambique, improved its performance from a loss of US$508 million in this segment in 2015 to a US$54 million loss in 2016, mainly due to improvements in Mozambique and an increase in ore prices. (02-03-2017)

## COMMISSION CALLS FOR ACCELERATED DELIVERY UNDER THE MIGRATION PARTNERSHIP FRAMEWORK AND FURTHER ACTIONS ALONG THE CENTRAL MEDITERRANEAN ROUTE

Ahead of the European Council meeting next week, the Commission and the High Representative/Vice-President are reporting for the third time on the progress made under the Migration Partnership Framework and presenting the first steps taken to implement actions along the Central Mediterranean Route.

Ahead of the European Council meeting next week, the Commission and the High Representative/Vice-President are reporting for the third time on the progress made under the Migration Partnership Framework and are presenting the first steps taken to implement actions along the Central Mediterranean Route, as laid out in the Malta Declaration of 3 February and the Joint Communication from 25 January. Tangible progress has been made with the five African priority countries, Ethiopia, Niger, Nigeria, Mali and Senegal but efforts need to be stepped up to deliver results. Along the Central Mediterranean route, work is taken forward to better manage migration, continue saving lives, step up the fight against smugglers and traffickers and offer protection to migrants in need and increase resettlement and assisted voluntary returns, fully abiding to the EU's humanitarian imperative and the respect of human rights.

High Representative of the European Union for Foreign Affairs and Security Policy/Vice-President of the Commission **Federica Mogherini**, said: "*Partnership is a key word in all policies of the European Union: together with our partners we tackle the main challenges of our times. Through the Partnership Framework and the steps foreseen in the Malta Declaration, we have established a truly comprehensive migration policy, based on partnership and with the necessary investments and resources that will allow us to keep working together to save lives, dismantle criminal networks, provide people with better opportunities, manage together migratory flows in a sustainable, respectful and human manner.*"

**Accelerating operational delivery under the Partnership Framework**

Since the launch of the Partnership Framework in June 2016, a number of important results have been achieved. Action to combat migrant smuggling and trafficking and provide assistance to migrants is taking shape. For example, in **Niger**, the number of migrants supported in centres operated by the International Organisation for Migration (IOM) doubled in 2016, to over 15.000. Almost 5.000 people were assisted with voluntary returns to their communities of origin, and nine projects under the EU Trust Fund for Africa are supporting Niger's overall development. Negotiations with **Nigeria** on a readmission agreement continue, with the aim to conclude the readmission agreement by June 2017. Additional projects for **Senegal** and **Mali** in support of reintegration and the creation of employment opportunities have been adopted. Further programmes to support refugees and host communities for **Ethiopia** are in the pipeline and European Migration Liaison Officers have been deployed to all five priority countries.

A total of 42 new programmes worth €587 million were agreed in December 2016 under the EU Trust Fund for Africa, bringing the total number of adopted projects to 106, worth over €1.5 billion. The EU

Trust Fund operates in 26 countries, with a current allocation of more than €2.5 billion, including €152 million pledged so far by EU Member States and other donors.

**Actions taken along the Central Mediterranean route**

Work on the Partnership Framework is being complemented by an increased focus on the Central Mediterranean Route. The proposed actions are taken forward through an Implementation Plan by the Maltese presidency of the European Council, in close coordination with the Commission, High Representative and the Member States.

Priority is given to the **management of migration** flows along on the Central Mediterranean route, with €200 million being mobilised in 2017 for migration-related projects, in particular in **Libya**. The aim is to reduce the number of crossings and continue saving lives at sea, stepping up the fight against smugglers and traffickers, protecting migrants, increasing resettlement and promoting assisted voluntary returns and managing migrant flows through the southern Libyan border. Coordination has been intensified with international partners, such as the UNHCR and the IOM. For example, the IOM has been contracted under the EU Trust Fund for Africa to implement the **humanitarian repatriation and reintegration** of an initial target of 5 000 migrants in Libya. In 2017, so far, return assistance was offered to 560 stranded migrants.

Continued and increased cooperation with Egypt, Tunisia and Algeria is key, including through regional initiatives like the Seahorse Mediterranean network. CSDP operations and missions, in particular EUNAVFOR Med Operation Sophia and EUBAM Libya are instrumental in the implementation. Operation Sophia has completed a first training package for 93 Libyan Coastguard and Navy personnel and started a second package. The Commission complements this with the expansion of specialist training for the Libyan Coastguard and Navy conducted through Operation seahorse, with 15 new training courses planned until July 2017.

**Next steps**

The EU will continue to engage with third countries through the Partnership Framework, using all available policies and tools at its disposal, such as return policy, legal migration and operational tools, including the increased use of EU agencies, European Migration Liaison Officers and financial instruments. Synergies between the Partnership Framework and the new initiatives in the context of the Malta Declaration will be further developed in the next months, particularly in the Sahel belt and southern side of the Libyan border, as well as to facilitate the swift Assisted Voluntary Return of migrants stranded in Libya. Stock will be taken in the June report of the Partnership framework, a year into its implementation.

**Background**

Since the launch of the Partnership Framework in June 2016, EU institutions and Member States have – in close cooperation with partner countries – been working relentlessly to more effectively manage migration in all its forms. Complementary work continues in parallel through regional initiatives, such as the Khartoum and Rabat processes, as well as taking forward the Valletta Declaration and Joint Valletta Action Plan. The Valletta Senior Officials Meeting on 8 February provided an opportunity to evaluate the results achieved so far. Through the European Agenda on Migration, the EU introduced a comprehensive approach to better manage migration and address its root causes, linking the internal dimension to work done with third countries in this regard. In this context, this report is also closely linked to the renewed Action Plan on a more effective return policy and the Recommendation on the implementation of the Return Directive adopted today in parallel. (EC 02-03-2017)

## COMMISSION REPORTS ON PROGRESS UNDER THE MIGRATION PARTNERSHIP FRAMEWORK AND INCREASED ACTION ALONG THE CENTRAL MEDITERRANEAN ROUTE

Today, the Commission and the High Representative/ Vice-President presented the third Progress Report on the Partnership Framework with third countries under the European Agenda on Migration.

**What has the College adopted today?**

Today, the Commission and the High Representative/ Vice-President presented the third Progress Report on the Partnership Framework with third countries under the European Agenda on Migration, which also takes stock of progress achieved and sets out next steps in the EU's efforts to more effectively manage migration along the Central Mediterranean Route.

**What is new?**

Since the launch of the Partnership Framework in June 2016, a number of tangible results across the five sub-Saharan priority countries, Niger, Mali, Nigeria, Senegal and Ethiopia, have been achieved. Packages are better tailored to our partners, while more policies and tools are being harnessed. Also, the geographical scope has been broadened and the report also looks beyond the priority countries, in line with the discussions held at the December European Council. In particular, the current focus on the Central Mediterranean route is reflected and actions are outlined to respond to the continued high crossings on this route, as well as the still high number deaths in the Mediterranean. It sets out further actions to implement the Malta Declaration, adopted by EU Heads of State or Government on 3 February 2017, covering a wide range of measures to save lives, step up the fight against smugglers and traffickers, provide protection to migrants and improve border management.

**What results have been achieved?**

A detailed overview of results achieved since the last reporting period can be found in the report itself. However, some concrete results, both with the five priority countries can be highlighted:

**Ethiopia** will actively cooperate with the EU Trust Fund supported Regional Operational Centre to fight against trafficking and smuggling. It will also benefit from an additional Facility to support Sustainable and Dignified returns and reintegration and assist stranded migrants.

As regards **Niger**, after the visit of President Issoufou on 15 December 2016, progress has continued at good pace building on previous achievements. The EU has reinforced its presence with the deployment of a migration liaison officer and a Frontex liaison officer, as well as with the creation of a liaison office in Agadez. At the end of January 2017, three projects under the EU Trust Fund for Africa (EUTF) were launched in Agadez, targeting agriculture, vocational training and sustainable migration management. Two EU field missions took place in January to assess emerging alternative routes and to help identify rapid impact projects for creating economic alternatives in local communities reliant on income from smuggling.

Political dialogue with **Nigeria** continues with High Level visits and meetings. VP Ansip visited Abuja and Lagos on 2-3 February 2017. An interest for cooperation was expressed in the areas of cyber security and governance, with important by-effects on fighting corruption, promotion of trade and investment and migration management. Future cooperation on "Digital 4 Development" was equally explored.

Cooperation with **Mali** continues, in particular as Chair of the Rabat Process in the preparations of the Valletta Senior Officials Meeting in February 2017. During the Valletta meeting the HRVP and Minister Sylla agreed to focus next EU-Mali actions around the fight against migrant smuggling networks.

Four additional projects for **Senegal** have been adopted under the EU Trust Fund in December, addressing the root causes of migration, enhancing migration management, the integration of returning migrants and the involvement of the diaspora, and re-enforcing the civil registry.

**What are the next steps under the Partnership Framework?**

EU Institutions and Member States remain jointly committed to continue to translate the Partnership Framework into tangible results to the mutual benefit of the European Union and our partners. Thus, the substantial efforts already put into the Partnership Framework will be continued and will be enhanced. Concrete next steps foreseen include, but are not limited to, the following:

**Ethiopia:** Finalise actions on the pilot return cases (32) and use them as a blueprint for faster returns to be performed in the future, and continue to support Ethiopia as a country of origin, transit and destination of migrants and refugees. A Strategic Engagement sectoral dialogue on migration is targeted to launch in April 2017, while close dialogue will continue with Ethiopia, as Chair of the Khartoum process.

**Niger:** Intensified action is foreseen to support Niger to fight smuggling and trafficking, including support to a Joint Investigation team and full operationalisation of the EU antenna in Agadez, including for training. Contracts on all actions agreed under the EU Trust Fund should be signed swiftly, to ensure concrete implementation and provide alternative income opportunities to substitute the smuggling economy. At the same time, intensified monitoring of possible alternative routes will be conducted in the Agadez region and a working arrangement between the European Border and Coast Guard Agency and

Nigerien authorities will be put in place.

**Nigeria:** Finalise the Readmission Agreement by June 2017 and identify EU Trust Fund for Africa projects with a strong migration focus. Active cooperation on anti-smuggling and trafficking through the Africa-Frontex Intelligence Community and the recently launched Cooperation Platform on Migrant Smuggling will continue.

**Mali:** Step up work on the transit dimension, focussing on voluntary return of transiting migrants; ensure adoption of a National Border Strategy and explore options for cooperation and strengthening of capacities for border management and the fight against smuggling. Further cooperation on effective return of irregular migrants including of Malians attempting to cross the southern Libyan border irregularly should be strengthened, as well as close dialogue with Mali as Chair of the Rabat Process should be maintained.

**Senegal:** Improve day-to-day cooperation for both identification and issuance of travel documents; follow up missions were undertaken, to ensure the effective return of identified irregular migrants. Working arrangements between Senegal and the European Border and Coast Guard Agency should be finalised and on the basis of results achieved so far cooperation should be stepped up in other areas, including border management.

As regards policies and tools to be applied, a step-change is needed in the effectiveness of returns inside the EU and matched with the work with third country partners. In this regard, the report is closely linked to the renewed Action plan on return which proposes a number of concrete actions. Engaging with third countries through the Partnership Framework, using all the available policies and tools, will foster better cooperation with a view to identifying, re-documenting and readmitting their nationals.

In this context, the mobilisation of also other policy instruments will be considered, such as providing legal migration pathways, for example through Erasmus+, and other operational tools will be applied. This includes the increased use of EU agencies, like the European Border and Coast Guard Agency, European Migration Liaison Officers and financial instruments, in particular the EU Trust Fund for Africa.

For more information on the Commission's action to take this forward, please see here.

**What will you do under the Central Mediterranean Route?**

When it comes to Libya: Support is to be focussed on protection at disembarkation points, as well as on the humanitarian assistance to those migrants who are in reception/detention centres, while increasing the development of alternatives to detention. The contribution to socio-economic stabilisation in Libya will continue to be addressed, in particular through work at the municipality level.

**Humanitarian repatriation and reintegration** will be scaled up. The IOM has been contracted, as part of a project funded under the EU Trust Fund for Africa, to assist an initial target 5.000 migrant in Libya to return to their communities of origin. Reintegration will be provided to returnees across the whole of the area covered by the Trust Fund. The Commission and the IOM have signed a joint initiative in December 2016 for migrant protection and reintegration in Africa along the Central Mediterranean migration routes, worth €100 million.

**Training of the Libyan coastguard and Navy**: EUNAVFOR Med Operation Sophia and the Seahorse Mediterranean network have both already trained members of the Libyan Coast Guard. Operation Sophia has completed a first package of activities resulting in the training of 93 personnel. Operation Sophia has now started the training under the second package on Crete. The Libyan Coast Guard has expressed the ambition to further train 600 Coastguard personnel with a focus on generating 8 trained crews for the Libyan patrol vessels. Training should also align with the overall plans for the development of a Libyan a Maritime Rescue Coordination Centre and search and rescue area, which are foreseen to be completed in 2018.

Immediate action by the Commission includes the expansion of the Seahorse training of the Libyan Coast Guard, with 15 new training courses being planned for the period February-July 2017. This is also complemented by support to migration management under the Regional Development and Protection Programme.

**Increased cooperation with the neighbouring countries**

Increased cooperation with Egypt, Tunisia and Algeria, including through regional initiatives like the Seahorse Mediterranean network are key.

**Egypt:** The EU now has an agreement to launch a formal EU-Egypt dialogue on migration, fully embedding migration on our overall relations and existing frameworks such as ENP, Khartoum and

Valletta.

**Tunisia:** The EU remains committed to continue addressing the root causes of migration, and to reinforce governance in the field of migration. Furthermore, the EU intends to reinforce cooperation on irregular migration, concluding a Readmission Agreement in parallel with Visa Facilitation Agreement; In addition, focus will be on reintegration of returnees, promotion of legal migration and cooperation on border management.

**Algeria:** Cooperation with Algeria remains important to combat irregular migration to Europe. At political and technical level, discussions have been taking place since September 2015. Dialogue will continue to follow up on issues such as trafficking, preventing and combatting counterfeiting of travel documents, as well as visa liberalisation and cooperation on readmission.

**What about the funding?**

**Partnership Framework**

The EU is using a range of financial instruments to support the implementation of the Partnership Framework, most prominently the EU Trust Fund for Africa (EUTF). The EUTF operates in a total of 26 countries, with resources allocated amounting to more than €2.5 billion, including €2.5 billion from the European Development Fund and several EU budget financing instruments, and €152 million pledged so far by EU Member States and other donors (Switzerland and Norway).

Most recently, a total of 42 new programmes worth €587 million were agreed in December 2016. These include 28 new programmes under the Sahel/ Lake Chad window worth a total of €381 million; 11 additional programmes under the Horn of Africa window, worth €169.5 million and 3 new programmes under the North Africa window, for a total of €37 million.

This brought the total number to 106 adopted projects worth over €1.5 billion. Programmes contracted so far amount to €627 million.

**Central Mediterranean Route**

€200 million have been pledged by the EU for migration-related projects in Libya and North Africa through the EU Trust Fund. This comes on top of other projects launched in 2016, focussing on providing protection to most vulnerable migrants and creating socio-economic opportunities at local level.

Discussions are under way to focus support on protection at disembarkation points and in detention centres, as well as support for alternatives to detention. The contribution to socio-economic stabilisation in Libya will also be addressed through work at the municipality level. This will add to the work to enhance rescue at sea, including by the training of the Libyan Coast Guard. Strong coordination on the ground will also be sought with Member States. (EC 02-03-2017)

Factsheets for progress made with: Ethiopia, Mali, Niger, Nigeria and Senegal

Factsheet: EU relations with Libya

## ITALIAN GROUP ENI CONCLUDES SALE OF STAKE IN OIL BLOCK IN MOZAMBIQUE

The ENI group will in the coming weeks sign a contract to sell a stake in the Area 4 block of the Rovuma basin in northern Mozambique, CEO Claudio Descalzi, told the Financial Times.

Descalzi did not identify the buyer of the stake expected to cost a few billion dollars but US group ExxonMobil is considered the most likely candidate as it already has oil exploration licenses in Mozambique.

The sale of this stake comes ahead of the announcement of the final decision on investment in the Coral Sul field, the first zone of the Area 4 block to come into operation.

In October 2016, the president of the Mozambican government's national oil company ENH, Omar Mitha said the ExxonMobil group would be a partner of the Italian group in exploring the large natural gas reserves in that block.

At that time, Mitha said ExxonMobil's entry was a major gain, mainly due to the experience it has in the global production and distribution of natural gas.

"ExxonMobil is already working in Mozambique and we have had regular meetings as partners first in the fifth tender in which it has fields in Angoche and the Sofala and Zambezi blocks and, second, in relation to its entry in Area 4," said the CEO of ENH giving assurances that, in the particular case of Area 4, the US group will have a minority stake.

ENI is the operator of Area 4 with an indirect stake of 50% held through its subsidiary Eni East Africa (EEA), which in turn owns 70% of Area 4.

The other partners are ENH, with a 10% share, Portuguese group Galp Energia (10%), Kogas of South Korea (10%), and the China National Petroleum Corporation (CNPC) has an indirect stake of Construction of coal-fired Amu Power plant in Kenya now gets green light 20% through Eni East Africa. (02-03-2017)

## CONSTRUCTION OF COAL-FIRED AMU POWER PLANT IN KENYA NOW GETS GREEN LIGHT

Construction of coal-fired Amu Power plant in Kenya has received the much needed impetus after Kenya's energy industry regulator ruled against environmentalists' objection to Amu Power Company's planned 1 000 MW coal-fired power plant in the nation's coastal region.

Amu Power, backed by a conglomerate that includes Centum Investments and a group of Chinese companies, was primarily anticipated to start construction of the plant in Lamu in December 2015. Nevertheless, environmental group Save Lamu Natural Justice raised alarm about the effect the plant would have on marine life in the region, prompting the Energy Regulatory Commission to postpone issuing Amu Power an electricity generation license for the project.

The Energy Regulatory Commission said in a legal notice seen by Reuters on Tuesday that it had reviewed the views of the group and other involved parties and was content that all environmental concerns would be tackled sufficiently.

It also said that landowners who would be moved to make way for the plant did not go up against the plant's construction and that the government was tackling their compensation.

"Taking the above reasons into account, the Commission barred the objection," the Energy Regulatory Commission's legal notice said.

Construction of the plant is anticipated to take 30 months once it begins.

The project is part of a plan established in 2013 to add 5 000 MW of power to Kenya's installed electricity generating capacity by this year. The capacity stands at 2 341 MW at present.

The Amu Power conglomerate also includes Kenya's Gulf Energy and Chinese trio China Huadian Corporation Power Operation Company, Sichuan Electric Power Design and Consulting Company, and Sichuan No. 3 Power Construction Company.

Amu Power plant in Kenya was initially set to kick off in 2015 but has been hit by delays.(CRO 02-03-2017)

## MOZAMBIQUE PLANS TO RESTRUCTURE PART OF ITS PUBLIC DEBT

The government of Mozambique will request negotiations with creditors to restructure part of its debt, the country's Prime Minister said on Wednesday in Maputo.

Carlos Agostinho do Rosario, quoted by Mozambican news agency AIM, said that Mozambique intends to honour its commitments "to regain investors' trust."

Three public companies in Mozambique – Ematum (US$850 million), Mozambique Asset Management (US$535 million) and Proindicus (US$622 million) – borrowed more than US$2 billion, and the latter two were negotiated in secret.

The loan on to Ematum was restructured in April 2016, with the extension of the term of maturity and an increase in the interest rate of each coupon but Mozambique has since failed to pay an installment in the amount of US$59.7 million.

The Prime Minister also stressed that negotiations were underway with the International Monetary Fund (IMF) mainly focused on the question of reforms to be implemented with a view to economic recovery and the restoration of trust among cooperation partners.

In a meeting with the press, Carlos Agostinho do Rosario said there were signs of recovery in the economy, with key indicators recording an improvement, citing, for example, the stability of the Mozambican currency, the metical, which between October and now went from 80 to 70 meticais per dollar.

The Prime Minister stressed that foreign reserves had registered “a considerable increase” and are currently enough to cover five months of imports. (02-03-2017)

## KENYA SAYS NO TO GENETICALLY MODIFIED MAIZE TRIALS

Maize crop

Kenya is withholding approval for field trials of genetically modified (GM) maize because some officials argue that a ban on GM imports applies to controlled growing tests as well, according to a person familiar with the deliberations.

Talks involving representatives from the health and environment ministries and the Kenya’s National Biosafety Authority (NBA) reached a deadlock in meetings held to discuss applications last week, according to the person, who asked not to be identified because the discussions were private.

The National Environmental Management Authority halted the applications to test seeds from Kenya Agricultural and Livestock Research Organisation (Kalro) and the African Agricultural Technology Foundation (AATF) last year in October, after the two science research bodies had received the go-ahead from the NBA.

A spokesman for Kalro was not available to comment on the application. A representative from AATF declined to comment on Thursday.

The impasse is preventing Kenya from becoming the second nation in sub-Saharan Africa, after SA, to allow cultivation of GM maize, which is a staple food throughout much of southern and eastern Africa. The committee will need to seek guidance from Kenya’s cabinet on the way forward, the person said.

The trials would have been conducted by the Kenya Plant Health Inspectorate Service in multiple locations on small plots of about two acres, and would have lasted about one growing season, or about six months. Kenya is importing maize from Mexico and approved shipments of yellow maize from Ukraine for the first time since 2011, due to a drought. Maize yields in Kenya this season have halved because of the drought, the country’s National Drought Management Authority said on February 6. *(*Bloomberg 02-03-2017)

## TANZANIA $109.9M PHARMACEUTICAL IN OFFING

Regional Commissioner Anthon Mtaka has said that various government institutions have teamed up to execute a $109.5 million (Sh 250billion) pharmaceutical industry in Simiyu region which is scheduled to take off this year.

Following the project, the government, the government through its Medical Store Department (MSD), spends over $28.0million (Sh 48billion) annually in importation of drugs and other pharmaceutical products.

Mtaka said this on Monday while briefing journalists about the project in Simuyu region

“The agency sources about 80 per cent of its supplies from abroad, but we now have prospects of saving billions of public funds in importation of medicines,” he said.

He noted that the planned pharmaceutical factory is expected to offer reliable market to cotton growers in Simiyu region, which leads in cotton production in the country, with 150,000 tonnes of seed cotton, annually.

Upon completion, the factory will produce pads for women, pampers for children, drips and other medical products that use cotton as raw materials.

Simiyu region has been proved suitable for investment in cotton ginning, spinning and textile industries.

Other partners in the grand project include the National Health Insurance Fund (NHIF), Tanzania Investment Bank (TIB) and Tanzania Industrial Research and Development Organisation (TIRDO). (APA 13-02-2017)

## AFRICAN DEVELOPMENT BANK BOOSTS ENERGY ACCESS IN GAMBIA

The African Development Bank (AfDB)-managed Sustainable Energy Fund for Africa (SEFA) has set aside US $995,000-grant to enhance energy access in Gambia to assist private investments in Green Mini-Grids (GMG) through the formation of an enabling guidelines, institutional and regulatory framework and direct support to project development and financing.

Energy access in Gambia stands at approximately 40% nationwide and 12% in rural regions, and is typically powered by fossil fuel generation, which turns into one of the top consumer tariffs in the area.

The Government of The Gambia is concerned in realizing the opportunity of “greening” its power sector by integrating renewable energy in the nation’s energy mix, while giving access to the 1.91 million inhabitants in the nation by 2030.

Particularly, the SEFA-funded project will support the preparation of suitable guidelines and regulatory structure, develop technical standards and guidelines, carry out viability studies and makeup a tender process to draw the most appropriate investors.

The project will also offer technical and institutional capacity building, as well as on legal and regulatory issues, for the Ministry of Petroleum and Energy (MoPE), the Regulator (PURA), the National Power Utility (NAWEC), the communities and other private key stakeholders.

“At this time of change, we are delighted about supporting Gambia in drawing investments into clean energy mini-grids. These will be vital to giving energy to all rural homes and businesses, hence laying the basics for sustainable economic development,” affirmed Engedasew Negash Habtemichael, AfDB Renewable Energy Division Manager.

Established in 2012, SEFA is a US $95-million multi-donor facility funded by the governments of Denmark, the United Kingdom, the United States and Italy.

It supports the sustainable energy agenda in Africa through grants to assist the groundwork of medium-scale renewable energy creation and energy efficiency projects; equity investments to link the funding gap for small- and medium-scale renewable energy creation projects; and support to the public sector to expand the enabling environment for private investments in sustainable energy. SEFA is hosted by the Renewable Energy Department of the AfDB. (CRO 28-02-2017)

## LUCAPA DIAMOND COMPANY DISCOVERS ANOTHER LARGE DIAMOND IN ANGOLA

A top quality 62 carat (12.4 grams) diamond has been extracted at the Lulo concession in Lunda Norte province by Australia's Lucapa Diamond Company, which functions as operator with a 40 percent stake, the company reported in a statement issued to the market.

The diamond now found is the second large top quality diamond extracted this month at the Lulo mine, though this time it was found in a new alluvial exploration area along the Cacuílo River.

The first one extracted this month weighed 227 carats (55.4 grams) and was also top quality. It is the second biggest diamond ever found in Angola.

On 4 February 2016 the Lucapa Diamond Company announced the discovery of a 404 carat (80.8 grams) diamond at the Lulo mine in Lunda Norte province, the biggest ever found in the country.

The two diamonds found this month, weighing 227 carats and 62 carats, should be placed on sale rough in the next few weeks, the Lucapa Diamond Company indicated.

The Lucapa Diamond Company's partners in this concession are the state-held Empresa Nacional de Diamantes de Angola (Endiama), with a 32 percent stake, and the Angolan private company Rosas & Pétalas, with 28 percent. (28-02-2017)

## IN MOZAMBIQUE, PROMOTING VALUE CHAINS IN TOURISM AND AGRICULTURE IS STARTING TO PAY OFF

Massaca Reservoir, Mozambique

All signs seem to be pointing to strong economic progress in Mozambique: Economic growth averaged 7.9% per year between 1993 and 2014; foreign direct investment increased significantly between 2005 and 2013, peaking in 2013 at more than $6 billion; and progress has been made in reducing poverty; the country's poverty rate decreased from 68% to 52% between 1997 and 2009. The capital city, Maputo, has seen luxury hotels and skyscrapers starting to dot the skyline, as the government's efforts to cater to tourists and foreign investors have borne fruit.

But for the rest of the country beyond Maputo, the story is more complex. While Maputo has reduced its poverty rate to 10% over the last decade, progress has not been as strong in other provinces. Life for people in many rural areas has seen little progress: Two provinces – Zambezia and Nampula – are home to 38% of the country's population but account for almost half of its poor.

A recent World Bank Group project in Mozambique – the Competitiveness and Private Sector Development project – sought to energize economies outside Maputo province by promoting broad-based growth; by focusing investment on specific agricultural products; and by developing workers' skills to expand employment opportunities in the promising tourism sector.

Through a $25 million credit, the six-year project that began in October 2009 achieved noteworthy progress in three distinct activities:

- It set up a matching-grant program that provided 847 grants for technical assistance and training to Micro and Small and Medium-Sized Enterprise (MSME) owners with an average value of US$4000 per grant;
- It promoted the tourism sector in Inhambane province by developing tourism-related skills (e.g. financial accounting, management) for more than 1,300 people (nearly 900 of whom were from the private sector) and trained subsistence-level horticulture farmers on how to get their products to market;

- It established the National Fruits Training Center in Nampula, where 695 residents were given practical training and development services in tropical-fruits business operation.

The Nampula center provided small-business owners with general training on business management, quality and logistics, and provided farmworkers and supervisors with product-specific training in the production of bananas, pineapples, mangoes and papayas. It also hosted a demonstration farm where local producers could observe modern farming techniques and apply them to their own plots.

“Without a sustained focus on developing specific sectors of the economy, the rural areas of Mozambique seemed destined for continued stagnation,” said David Bridgman, Practice Manager for the World Bank Group’s Trade & Competitiveness Global Practice in Africa. “By taking a concentrated approach in key sectors – agriculture and tourism – and in specific geographic areas that have potential in those sectors – Nampula and Inhambane – we felt the economy would be able to unleash some of its untapped potential.”

**The MSME Matching Grant Program**

Capacity remains a serious challenge for small businesses in Mozambique, and the project aimed to tackle this by utilizing grants that connected entrepreneurs with much-needed business services. The Government of Mozambique identified three high-priority groups for the grant program: manufacturing, women-owned businesses, and enterprises located outside the Province of Maputo.

The program reached 363 unique firms and supported 847 total grants with an average grant size of $4,000 – primarily for the purpose of improving such business practices as marketing, promotional materials, website development, and the training of employees. Half of the enterprises reached by the program were located outside of Maputo, and 27% were run by women. Enterprises in a variety of sectors, including services, hotels and tourism, industrial, ICT, and agro-processing received grants.

Businesses benefiting from the program saw, on average, a 23.5% greater increase in sales by revenue compared to the control group of MSMEs that did not benefit from the program. This outcome is above the target set of 10%.

“In the first phase, the project supported the design of publicity materials and catalogues and provided training on customer service,” said Cacilda Correira of the Bride and Groom Costume Store in Maputo Province. “In the second phase, the project supported my participation in attending trade fairs in Brazil and China. This led to expanding my women’s product line and introducing the men’s product line. With all this support, I feel that I was able to realize my dream for my business.”

**Tourism in Inhambane**

Despite the region’s natural beauty and appeal to value-conscious tourists, Inhambane lacked trained personnel to work in the tourism industry. The Competitiveness and Private Sector project contributed to overcoming this vocational-skills gap by training people through more than 40 courses and workshops in tourism-related skills. Cumulatively, the project trained more than 1,300 people and certified 800. Upon graduation from the program in November 2015, 74% of those certified went on to gain employment in the province’s labor market.

According to Mazen Bouri, World Bank Group Senior Financial Sector Specialist and project lead, “The training offered in Inhambane was of very high quality, and it prepared participants well for employment in the region’s labor market.”

“The project supported training to our employees on management and financial accounting,” said Joao Sotho of the Massala Beach Resort in Gaza Province. “This led to increased productivity and efficiency. Our gross margin improved substantially.”

The project also created an opportunity to link tourism with local agriculture and horticulture by training local subsistence farmers – primarily women – to use greenhouses to improve the quality and production of local produce. With improved produce, these local farmers were better equipped to supply the businesses that cater to tourists with fresh, local tropical fruits. That helped the farmers increase their household incomes, while strengthening their capacity to produce more fruits and vegetables with fewer losses. A total of 78 linkages were established between newly trained farmers and tourism-related business which helped subsistence level farmers bring their goods to market.

In addition, as a result of increased capacity, producers were also able to begin exporting their fruit to new markets abroad.

“The project support helped us obtain the necessary quality certification in order to export our fruit produce to Europe,” said Christoph Cicarelli of C&C Agro-Alimentar in Inhambane Province. “There were some additional costs attached with meeting the quality standards, but it was well worth it, given the increase in our sales and new markets that were opened."

**Nampula Fruits Center**

The Nampula Fruits Training Center, established as part of the project as a public institute, aimed to offer experience-based training and development services in the tropical fruit industry. The Center has trained 695 participants, to date, through seminars and other training events.

Training offered by the Center helped battle malnutrition, with many of the trainees going on to plant their own farms based on what they learned at the Center. As a result of the training center, fruit available for family consumption is expected to increase from 50 tons to 150 tons per year (valued at US$40,000 and US$120,000).

In addition, specific training provided to 24 local producers is expected to result in US$3,900 in annual sales for a single producer – which amounts to US$325 per month, or about five times the established minimum wage (US$66 per month) for Mozambique's agriculture sector.

With increasing interest from both the public and private sectors to invest in fruit production, it is expected that there will be more efforts to promote the expansion of this industry in other regions of the country. To prepare its labor force for these opportunities, the government is aiming to replicate this approach with additional training centers.

"The project helped me to brand my various products," said Judite Celeste of WISSA Tipicamente Mocambicana in Nampula Province, "and this helped me overcome a major obstacle and allowed me to compete with imported products."

"Mozambique has a great deal of untapped agricultural potential, but it is a country facing many complex challenges," said Bouri. "This project was successful because it adopted an integrated approach – with applied training, community outreach, partnership with existing agribusiness investments, and adoption of technologies for the local context. It should also be emphasized that this is a long-term endeavor, and a continued partnership between the public and private sectors is essential to ensure the sustainability of the results attained." (WB 01-03-2017)

## ETHIOPIA ATTRACTS $1.2BN FDI IN SIX MONTHS

Ethiopia has attracted $1.2 billion foreign direct investments (FDI) over the first half this Ethiopia budget year, the Ethiopian Investment Commission (EIC) said on Saturday.

FDI inflows in the first half showed a slight reduction compared to the same period last year, Fitsum Arega, Commissioner of EIC said in a briefing.

According to the commissioner the country targeted to attract FDI worth close to $3.5 billion in current Ethiopian fiscal year that began in July 2016 and will end in June 2017.(APA 11-02-2017)

## WHY THE TRUMP ADMINISTRATION SHOULD NOT OVERLOOK AFRICA

As Donald Trump's administration begins to sort out its foreign policy priorities, Africa has been notably absent from the conversation. Africa policy was a nonexistent issue during the 2016 U.S. presidential campaign, aside from occasional bromides criticizing U.S. foreign aid expenditures and urging that resources instead be focused on fixing problems at home. During the transition, the sole public mention of Africa came in the form of a leaked memo from the State Department's landing team, which asked basic questions: What is the United States getting for its investments on the continent? Do terrorist groups like Boko Haram actually represent real threats to the United States? Is the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) becoming a massive entitlement program?

Security threats emanating from Africa may not be as strategically significant as those from the Middle East, Russia, and China. The U.S. trade and investment relationship with Africa is small compared to other regions in the world. Nonetheless, important U.S. interests are at stake in the region, and critical developments in numerous African countries will almost certainly put those interests to test in the next four years. The Trump administration can ignore Africa only at its peril.

**Why Africa Matters**

In the last two decades, spanning presidents from both political parties, the United States has increased its investment in and engagement with Africa. Signature programs, such as the Millennium Challenge Corporation (which has an overwhelming focus on Africa), Feed the Future, the African Growth and Opportunity Act legislation, and PEPFAR, have catalyzed major reforms, saved millions of lives, and transformed economies and infrastructure. These commitments reflect the range of economic interests and security priorities the United States has built in the region. But democracy remains a big question mark for Africa; if its countries fail to develop stable democracies and build legitimate political institutions, it raises doubts about whether the United States can accomplish its security and economic objectives.

On the security front, three engagements consume the bulk of U.S. time and attention: countering Boko Haram in Nigeria, confronting al-Shabab in Somalia, and fighting al-Qaeda in the Islamic Maghreb (AQIM) in Mali and the Sahel. All three insurgencies can be broadly characterized as extremist movements possessing a radical Islamist ideology that have led to widespread destabilization, destruction, and civilian deaths. There are specific lessons to be drawn from each, but the bottom line is that they are dangerous insurgencies with the potential to morph into direct threats to the United States.

Boko Haram provides a useful illustration. It started as a locally based, homegrown movement but rapidly transformed into a wide insurrection. Boko Haram brandishes violence of shocking intensity and brutality, and at one point controlled territory the size of Belgium. Last year, Nigerian and regional armed forces started to turn the tide against Boko Haram, but imagine if the group had continued its military success—the consequences would have been staggering. The group would have destabilized the most populous country in Africa—the seventh-most populous country in the world—and likely would have unleashed a massive humanitarian and refugee crisis in the region with implications for Europe and the United States. Boko Haram's emergence serves as an important reminder of why keeping a close watch on nascent insurgencies in Africa's often unstable politics is vital to U.S. security interests.

An equally alarming security trend has been the continued existence of large-scale conflicts, which have resulted in scores of civilian deaths and massive displacement. In 2016 alone, South Sudan continued its descent into civil war, Somalia remained bedeviled by the al-Shabab insurgency, and even while Boko Haram's hold on Nigerian territory receded, it caused the displacement of 7 million Nigerians, many of whom reside in appalling conditions in IDP camps. The United States has a security interest, as well as a humanitarian interest, in preventing and mitigating these crises.

On the economic front, there is still a long way to go before the continent fulfills its "Africa rising" promise, but signs on the horizon are auspicious. Africa will likely double its population by 2050, with a population 3.5 times larger than Europe's at that time. Africa's rapid demographic growth could be a boon for international markets. The continent is projected to have a larger workforce than either China or India by 2034. Over time, more and more Africans will manufacture goods and provide services to aging populations in the West. In addition, the growth of Africa's middle class will create a sizable new class of potential consumers with greater purchasing power. The McKinsey Global Institute estimates that current spending by African consumers and businesses will grow from $4 trillion currently to $5.6 trillion by 2025. Interestingly, McKinsey projects that extractive resources will play a decreasingly significant role in Africa; since 2000, resources have only accounted for one-third of Africa's economic growth.

Advancing stable, inclusive democracies is the key to ensuring that African countries can effectively confront extremist threats, address their security needs, and achieve their economic growth potential. Unfortunately, democratic advances on the continent have been halting in recent years. The Economist Intelligence Unit's 2016 Democracy Index notes "scant democratic progress" for sub-Saharan Africa. While political participation and political culture have improved, these gains have been offset by declining scores for civil liberties and government function. In fact, the index deemed only one country in Africa—Mauritius—as a "full democracy." Likewise, Freedom House observes that recent years have seen "backsliding" among top performers as well as more repressive states; it concludes that only 12 percent of Africa's population lives in a country designated as "free."

East Africa is one of several regions on the continent that is exhibiting alarming democratic regressions. Tanzania, for example, has been a high performer in recent years, but it is registering a sharp decline. New President John Magufuli has cracked down on free expression and civil society, annulled legitimate elections in Zanzibar, and even targeted the LGBT community. Ethiopia faces similar crosswinds. After massive demonstrations in the Oromo and Amhara regions roiled the country for most of 2015, the government declared a state of emergency in October 2016 and has imprisoned thousands of citizens, often without charge. In Uganda, longtime President Yoweri Museveni won another term in a disputed election and has proceeded to harshly crack down on the media and political opposition. The implications of these democratic setbacks are bleak—further repression empowers rebel-armed groups and increases the risk of instability.

Still, there are glimmers of hope. West Africa continues to set the pace for advancing democratic principles and upholding transitions of power. As the recent intervention by the Economic Community of West African States (ECOWAS) in The Gambia exemplifies, a new norm of respecting election results has taken hold in the region, building upon important democratic transfers of power in Côte d'Ivoire, Ghana, Nigeria, and Senegal.

## Six Priorities for Trump's Administration

To advance U.S. interests in the region, the Trump administration should focus on six priority issues: safeguarding elections in the Democratic Republic of the Congo (DRC), engaging closely with Ethiopia to prevent further backsliding into violence and unrest, strongly supporting democratic transitions and term limits, protecting civil society, crafting a tailored counterterrorism approach that emphasizes preventing security force abuses, and tackling corruption.

### *Safeguarding Elections in the DRC*

The DRC represented a partial end-of-term success story for Barack Obama's administration. For nearly two years, President Joseph Kabila tried a variety of tactics, commonly known as "glissement" or "slippage," to delay and obstruct constitutionally mandated term limits that dictated he step down in November 2016. He attempted to advance a constitutional referendum to get around term limits (widespread demonstrations in the streets put an end to that idea). He exiled his most credible rival, Moise Katumbi, under dubious corruption charges. He cracked down on civil society and opposition groups through selective imprisonment and sporadic killings and used the state machinery to slow the national electoral process to a halt.

As 2016 entered its final months, despite a massive diplomatic push and sanctions imposed by the United States and the EU, many expected widespread protests and bloodshed to result. At the last hour, when it appeared all sides were completely deadlocked, the Catholic Church, with tacit support from the diplomatic community, pulled together a New Year's Eve deal that established a transitional power-sharing arrangement. This guaranteed that Kabila would step down once citizens voted in a successor and set December 2017 as the deadline for national elections. Now all that needs to happen is for this fragile arrangement to hold together for the next twelve months while the country organizes enormously complex elections. The untimely death of the main opposition leader, Étienne Tshisekedi, on February 1 does not make the job any easier.

The Trump administration should make holding together the DRC's elections process a diplomatic priority for 2017. The president should nominate a new U.S. ambassador to the country promptly to ensure senior U.S. leadership, and Secretary of State Rex Tillerson should consider naming a replacement for departed Great Lakes special envoy Tom Perriello, at least for the duration of 2017. If Tillerson can help ensure a peaceful transition in one of Africa's most important and troubled countries, this will count as a big win early in his tenure.

### *Preventing Further Instability in Ethiopia*

The Ethiopian government is pretending that peace has returned to the country after a stormy and tumultuous 2016 that brought widespread protests and resulted in state security forces killing over 500 civilians. The government has instituted a state of emergency that has turned Ethiopia into a police state.

Many worry that when Ethiopia's security forces finally return to their barracks, larger and more intense demonstrations will occur and potentially induce an even more violent government response.

Ethiopia's political tensions come despite the fact that its government has done a fairly effective job of building and advancing a developmental state that has reduced poverty, brought impressive rates of economic growth and foreign investment, and slowly modernized the economy (although many observers point out that the primary beneficiaries come from a small elite dominated by the Tigrayan ethnic group).

But for all the economic benefits, Ethiopia's politics have been defined by intimidation, coercion, and one-party rule. National elections held in 2015 resulted in the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) coalition winning 100 percent of all parliamentary seats, a number that would have made even Fidel Castro blush. At one point last year, Ethiopia competed with Eritrea for the highest number of imprisoned journalists in Africa (although Eritrea narrowly edged Ethiopia). Thanks to its support for Western counterterrorism interests in Somalia and its developmental successes, Ethiopia has largely received a pass from the international community for its troubling human rights record, escaping even minor censure from the UN Human Rights Council. The year 2017 will be a crucial test for whether the Ethiopian government can continue to keep a lid on simmering discontent, or whether an increasingly alienated population will turn to violence for their voices to be heard.

The Trump administration should engage with the Ethiopian government early on, as well as reach out to key opposition, civil society, and diaspora voices. It should urge the government to take meaningful steps to alleviate tension: release key dissidents from prison, demonstrate a good-faith commitment to tackle real reforms, lift the state of emergency, and end associated human rights violations. It should emphasize that repression not only undermines Ethiopia's long-term stability but jeopardizes the bilateral relationship.

***Supporting Democratic Transitions and Term Limits***

The norms of democratic transitions, legitimate elections, and term limits are slowly taking hold in Africa, although strongmen still hold sway in many countries on the continent. Some of the big players remain at the pinnacle of power, despite ages that are rapidly approaching triple digits. José Eduardo dos Santos (Angola), Paul Biya (Cameroon), Idriss Déby (Chad), Isaias Afwerki (Eritrea), Omar al-Bashir (Sudan), Yoweri Museveni (Uganda), and Robert Mugabe (Zimbabwe) continue to rule their countries, all after more than a quarter century in power.

In addition, a new generation of authoritarians is using creative means to consolidate its power. In Rwanda, Paul Kagame has adeptly sold his country's economic performance on the international stage, while quietly constructing one of the most repressive states on the continent. Late in 2015, he called a snap constitutional referendum that sets aside term limits and allows him to stay in power until 2034. In Gabon, Ali Bongo Ondimba won a disputed election in 2016 that was racked by irregularities and even involved Bongo sending in the army to attack opposition headquarters.

These leaders stay in power by brutally suppressing demonstrations and ruthlessly jailing opposition members who dare challenge their mandates. This matters to the United States, not only because it is morally perilous to gun down innocent citizens who are exercising their fundamental rights to freedom of association and expression but also because, over time, repressive authoritarian states become increasingly unstable and susceptible to violent overthrow. Research shows that countries that experience coups witness heightened levels of repression than what existed before the coup, and that coups broadly tend to initiate new dictatorships and greater human rights violations.

But there are cracks in their ranks. In addition to the ECOWAS intervention in The Gambia that drove Yahya Jammeh into exile this year, in 2014, demonstrators forced Blaise Compaoré in Burkina Faso to flee after twenty-seven years of one-man rule. Even dos Santos, who has presided over Angola for thirty-eight years, has announced he will step down, although the smart money is on his daughter Isabel, recently appointed as head of the state oil company, Sonangol, eventually replacing him.

A key variable will be the outcomes of several contested elections scheduled for 2017. Kenya, Sierra Leone, and Liberia are running national elections that could potentially turn violent, and will be important harbingers of whether African leaders will respect legitimate results or continue stealing votes and overturning unfavorable outcomes. Rwanda and Angola will also hold national elections, although few believe Kagame will permit genuine competition, or that Angola's ruling party, the People's Movement for the Liberation of Angola (MPLA), will tolerate a real challenge.

The Trump administration should prioritize advancing democratic transitions and legitimate elections. This means several things. First, the administration should continue supporting the existing policy on term limits, which holds that heads of state should not change constitutions or modify term limits for personal gain. Africans widely support this approach—a 2015 Afrobarometer poll taken across a broad range of countries showed 75 percent supported a two-term limit on presidencies. Africans want governments that are less corrupt and more accountable in how they spend their resources, and when leaders block those aspirations, this often leads to conflict. Continuing the term-limits policy not only reduces the probability of conflict but helps promote accountability and good governance for how resources are used.

Second, the administration should promote free, fair, and legitimate elections, and not tolerate leaders who rig elections to their liking. As demonstrated in places like Kenya and Ethiopia, election irregularities can quickly devolve into chaos and violence. Heads of state will be carefully watching for U.S. policy signals. If the United States shows hesitancy or reluctance to strongly back democratic transitions, term limits, and legitimate elections, then the likelihood of democratic regression is real.

### *Defending Civil Society*

One of the big stories in Africa has been an unprecedented assault by authoritarian governments against civil society organizations. This is troublesome to U.S. interests because it removes a natural outlet for dissent and disagreement, and instead bottles up anger and frustration. The result, as evidenced in Ethiopia, is a vicious cycle of violent protests followed by an equally brutal crackdown. Civil society also plays an important watchdog role when it comes to exposing corruption and graft. When governments engage in rent-seeking behavior and solicit bribes with impunity, this sets the stage for decreased legitimacy and heightened political volatility.

A favorite approach by governments is to enact sweeping and repressive NGO registration and funding laws. Ethiopia's Charities and Societies Proclamation is a foremost example of the chilling effect this type of legislation can have on NGOs. Since the proclamation was established in 2009, most human rights and advocacy organizations in the country have either ceased formal operations or gone underground. In fact, the law's success has inspired many other countries to study and emulate it; governments in Burundi, Chad, the DRC, Kenya, Rwanda, Sierra Leone, Tanzania, Uganda, and Zimbabwe have all drafted and imposed similar restrictions.

Another common tactic employed by African governments is to pass so-called cyber crime statutes, which impose penalties for different types of online activity, such as posting blogs that are deemed unfavorable to the government and organizing demonstrations via social media. Legislation on cyber issues provides governments the authority to cut off citizens' Internet access based on very flimsy criteria, such as determining that online activity generally threatens a country's security. For example, over the past year, both Ethiopia and Cameroon have curtailed Internet access to quell rising discontent and subdue unrest.

Paradoxically, the rising state assault on civil society is an implicit recognition of the increased abilities of both traditional NGOs and Internet activists to harness youth discontent and challenge the legitimacy of long-standing regimes. Almost every African leader is aware of Burkina Faso's Le Balai Citoyen—the Citizen's Broom movement—that galvanized people to resist and topple Compaoré. Likewise, other grassroots movements, often bound together by social media, have emerged as potent threats: #ThisFlag in Zimbabwe, LUCHA in the DRC, and Citizen Whistle in Chad. The struggle between African governments attempting to suppress citizen voices and organizations seeking creative means to bring people together is a core part of the fight to advance democracy on the continent.

The Trump administration should build on the Obama administration's Stand With Civil Society initiative and visibly support civil society organizations overseas, with a major focus on Africa. One way to improve Stand With Civil Society's impact and reach would be to channel dedicated funds in support of organizations most in need, or to focus civil society resources on countries that are at greatest risk for democratic regression.

On the diplomatic front, the United States should continue challenging and calling out governments that enact NGO registration laws, cyber restrictions, or any other measure designed to silence civil society. The administration should also find creative ways to continue providing cutting-edge technology to help grassroots democracy groups circumvent these constraints. For example, when a leader like Museveni or Bongo decides to steal an election, their first move is to cut off mobile phone and Internet access. In response, the United States and its partner countries could more aggressively provide civil society groups with VPN or satellite phone technology to allow citizens to continue communicating and organizing.

Finally, the new administration should follow the Obama administration and continue organizing highly visible, senior-level interactions with civil society. It was symbolically powerful during the Obama administration to make sure senior U.S. officials regularly and visibly met with leaders of civil society organizations while on travel. Those meetings sent a clear signal to host governments that the United States prioritizes civil society, and that stifling this sector would negatively impact bilateral relations.

### *Addressing Counterterrorism Priorities and Reducing Security Force Abuses*

One of the quickest ways to turn citizens against their government and mobilize terrorist recruitment is for leaders to turn a blind eye when state security forces commit human rights abuses and terrify civilians. As the Trump administration considers how it will ramp up its counterterrorism programming, it should be careful not to prioritize building partner capacity at the expense of confronting rampant security force abuses. If the United States fails to emphasize the latter, this will undermine its counterterrorism objectives and deal a heavy blow to U.S. legitimacy.

Frustratingly, Africa is rife with reports of human rights violations committed by security forces. This not only undermines counterterrorism efforts but also has legal implications: the Leahy Law specifically prevents the United States from training and assisting foreign military units that have been credibly found to have committed gross violations of human rights. In recent years, human rights groups have documented the Nigerian army's scorched earth tactics in its campaign against Boko Haram, sexual assaults committed by African Union troops in the fight against al-Shabab, mass detentions and torture by Cameroonian troops fighting insurgents in the country's north, and extrajudicial killings undertaken by Kenyan police against suspected terrorists.

On the more positive side, African militaries are beginning to show a heightened awareness of international norms of conduct and civilian protection, even if adherence remains spotty. African police forces, however, maintain a shoddy record, with polling regularly identifying the police as the most corrupt institution in Africa. This represents a huge problem. Effectively countering terrorism in Africa is much more complicated than simply focusing on international links to groups like the self-proclaimed Islamic State and al-Qaeda and undertaking capture or kill missions. Homegrown movements like Boko Haram, al-Shabab, and AQIM have complex domestic roots and are significantly motivated by perceptions of marginalization and corruption. U.S. counterterrorism efforts will fail if due consideration is not given to specific, local drivers of conflict, or if the United States opts not to push security forces to be more accountable to their communities.

The United States has played an integral role incentivizing reform and advancing a rights-respecting security agenda; much of this progress will be lost without continued U.S. leadership. The Trump administration should make security force accountability and civilian protection a top priority for U.S. diplomats in Africa. Professional, rights-respecting militaries are much more effective at combating terrorist threats and insurgencies, and they represent a key front in protecting U.S. interests.

### *Tackling Corruption*

Corruption remains endemic in Africa. Since Transparency International first started conducting its Corruption Perceptions Index in 1995, it has scored countries in Africa at or near the bottom of the survey. In the 2016 edition, the region continues to score poorly, with key countries, such as Kenya, Nigeria, South Africa, and Tanzania, failing to make any progress at all. Despite intermittent rhetoric from African governments about the need to provide greater transparency and reduce graft, reforms across the continent are continually disappointing.

A big part of the problem is structural: political leaders deliberately ensure that institutional checks remain weak and under capacity. Strong political institutions do not serve the self-interest of dictators and autocrats. Impartial judiciaries and courts, independent legislatures, and uncompromising media outlets enable political competition and operate as critical points of accountability. They diminish the impunity, power, and discretion of the strongman and his inner circle. When rulers successfully muzzle and suppress these institutions, they create a set of perverse incentives, where access to valuable contracts, well-paying jobs, nice houses, and luxury cars is contingent upon loyalty to the president and the ruling party.

The correlation between weak institutions, token political competition, and systemic corruption is all too obvious and helps explain why genuinely tackling corruption is such a tough proposition—it is completely interwoven into the fabric of most political systems in Africa. Every stolen election, every unjustified firing of an honest bureaucrat, every imprisonment of a political dissident or a journalist asking too many uncomfortable questions, and every military abuse that continues unchecked all contribute to and reinforce the decay of the underlying system. As such, really fighting corruption requires a dramatic overhaul of how politicians pursue power, and how they oversee resource allocation and distribution. It is paramount that U.S. diplomats and aid workers can use all the tools at their disposal to support reformers, empower grassroots activists, and encourage new ways of thinking and new ways of governing.

The Trump administration should make fighting corruption a major priority, both in Africa and globally. Secretary Tillerson should streamline the State Department's bureaucracy to allow for better coordination and information sharing on anticorruption approaches and programming. The administration should encourage aggressive implementation of the Global Magnitsky Act, which provides extensive powers to prosecute corrupt foreign actors. The administration should not focus solely on political leaders who engage in corruption but should equally scrutinize the shadowy financial enablers who have created elaborate money-laundering networks that allow government officials to disappear millions of dollars without a trace.

**Conclusion**

Africa often brings policy surprises. Two of the most significant political moments in Africa—the street demonstrations that toppled Compaoré in Burkina Faso, and the surprisingly free and fair elections in The Gambia that ended Jammeh's rule—were wholly unanticipated. Smart and capable diplomats on the ground made all the difference in preventing either situation from barreling into a full-blown crisis. The right support and resources from Washington helped U.S. diplomats reinforce these unexpected democratic opportunities and facilitate peaceful transitions.

U.S. efforts have made a crucial difference in Africa during both the George W. Bush and Barack Obama administrations. They saved lives, prevented mass atrocities, brokered peaceful solutions, and helped create the conditions for more prosperous futures. The new administration should continue this engagement.(Carnegie 22-02-2017)

## EXXONMOBIL MAY HELP ANGOLA'S SONANGOL PAY FOR OIL PLATFORMS

The ExxonMobil Corporation may help resolve the payment for two oil platforms ordered by Sociedade Nacional de Comubustíveis de Angola (Sonangol) from South Korea's Daewoo Shipbuilding and Marine Engineering (DSME), reports the Angolan newspaper Novo Jornal.

Citing information disclosed in the South Korean press, the Angolan newspaper affirms that the American group is negotiating with Sonangol an advance of US$879 million which will enable DSME to release two large-scale structures to drill in blocs pertaining to the Angolan state-held company.

The new CEO of the South Korean company, Jung Sung-leep, said Sonangol is negotiating the acquisition of funding from two or three major groups in the sector, and that the ExxonMobil group is "the best positioned one".

If all goes well, as DSME hopes will happen, the two drilling platforms may be delivered to Sonangol after nearly a year of delay.

The two drillships ordered by the Angolan oil company from DSME were ready in mid-2016. But when delivery was already scheduled Sonangol, affected by the peak of an ongoing financial crisis, informed the South Korean company that it was unable to pay.

At stake was the contract-envisaged payment of 80 percent of nearly US$1.2 billion for construction and delivery of the two platforms that Sonangol was to put into service off the Angolan shore.

The newspaper also reports that there were negotiations in Luanda, with Isabel dos Santos already heading Sonangol, where agreement was reached on an end-2016 payment deadline, which did not happen.

The reason for yet another delay in closing the deal was the Angolan oil company's inability to find an institution, specifically a banking institution, ready to accept the high risk associated to Sonangol. (22-02-2017)

## NIGERIAN SOVEREIGN INVESTMENT AUTHORITY TO INVEST MORE IN INFRASTRUCTURE

The Nigerian Sovereign Investment Authority, which is the agency managing the Sovereign Wealth Fund, on Wednesday unveiled plans to inject more funds into the economy through investment in critical infrastructure.

The Managing Director, NSIA, Mr. Uche Orji, disclosed this while presenting the third quarter financial results as well as the 2017 economic outlook of the agency.

The SWF, which was set up in 2013 with about $1.55bn, has three pots from which investments can be anchored.

The pots are Future Generation Fund, Infrastructure Fund and Fiscal Stabilisation Fund.

The NSIA had allocated 20 per cent of the money in its custody to the Stabilisation Fund; 40 per cent to the Future Generation Fund; and another 40 per cent to the Infrastructure Fund.

Just last week, the National Economic Council gave approval that the sum of $250m be injected as additional capital into the SWF.

Orji said that the strategy of the agency in the 2017 fiscal period was to reduce the level of its offshore investment, while focusing on how to take advantage of the huge opportunities in the domestic economy.

He gave the priority areas as agriculture, health care, motorways, real estate and power. Others are communications, aviation, rail, waste and sewage, gas pipelines, ports, industrial parks, mining and refining.

He said, "We will be cautions in 2017 and also maintain a diversified portfolio. We are going to be increasing our domestic investment in infrastructure owing to the potential and opportunities that are in the domestic economy.

"The NSIA will invest $760m in the second Niger Bridge project being built in conjunction with Julius Berger. We will also directly invest in the Customs National Single Window project to improve the technology platform of the Customs to increase revenue collection and enhance efficiency.

"Also, the NSIA and Old Mutual will commit $500m for investment in commercial and retail assets. We will also invest in the middle market industrialisation projects to stimulate the economy."

He said the level of uncertainty in the economy had created fears among investors in the domestic economy, adding that the interest of the NSIA in it had been further rekindled by the investor apathy.

In a bid to achieve this, Orji said the management of the agency had decided to set aside 10 per cent of its funds for domestic investment this year.

He added that the agency would be taking over the Nigerian Commodities Exchange under a pre-privatisation investment arrangement, adding that this would enable the NSIA to inject about $10m to revive the Exchange.

Orji noted that under the arrangement, the NSIA would revive the commodities exchange by adding value to its operations and making it more attractive for investors before its final privatisation by the Bureau of Public Enterprises. (FWN 23-02-2017)

## AFREXIMBANK, ECOBANK SEAL DEAL TO PROMOTE AFRICAN TRADE, INVESTMENT

AFREXIMBANK

The African Export-Import Bank (Afreximbank) and Ecobank Transnational Incorporated (ETI) have signed a memorandum of understanding (MOU) to promote joint corporate objectives through the financing of private sector projects and trade finance transactions.

A statement by Afreximbank on Tuesday in Cairo noted that the trade financing will be focusing particularly on transactions involving trade and investment in Afreximbank member countries where Ecobank also has a presence.

It added that the cooperation between the two institutions would support efforts at promoting intra-African trade, facilitating industrial development and export development, and strengthening African trade finance leadership, with the ultimate goal of transforming the African continent.

Under the agreement, Afreximbank and Ecobank will design joint innovative and tailor-made financial instruments and solutions to support private sector corporates and select strategic public sector institutions, as well as small and medium enterprises or "SMEs."

This will enable them to participate effectively in the production of value added goods and services in national, regional and continental value chains.

According to the statement, the initiatives envisaged include the creation of a $500 million programme dedicated to financing trade among Afreximbank member countries where Ecobank conducts banking business.

"The two institutions will also explore other cooperation in financing trade operations in the form of exports and imports among African countries where Ecobank is present. These will be operations which are eligible for Afreximbank's interventions through co-financing, syndication of loans, risk participation or through any other appropriate mode of cooperation," the statement said.

Ecobank Group CEO Ade Ayeyemi said: "We welcome this win-win collaboration between Ecobank and Afreximbank. It is cooperation that will lead to a more efficient way of channeling trade finance towards supporting growth of intra-African trade and industrialisation."

"Inadequate access to trade finance remains one of the greatest obstacles to Africa's economic development," said Dr. Benedict Oramah, President of Afreximbank.

"This collaboration with Ecobank opens up more opportunities for African businesses to access much-needed financing for their trading activities. We are very proud at the opportunity to work with a pan-African financial institution like Ecobank to deliver on our shared goal of enhancing access to trade finance in Africa," Oramah said.

Afreximbank brings to this partnership solid expertise in financing trade among its member countries. Ecobank has a full service platform, providing end-to-end trade finance solutions to enterprises in Africa.

(APA 14-02-2017)

## L'AFRIQUE DU SUD, PAYS LE PLUS PROFITABLE POUR LES INVESTISSEURS DEPUIS 1900

Sur plus d'un siècle, les pays qui ont offert le meilleur rendement aux investisseurs sont ceux qui disposaient de ressources naturelles en abondance et qui ont réussi leur transition vers la finance, la technologie et les services. L'Afrique du Sud arrive en tête du classement du Crédit Suisse paru le 23 février 2017.

Parmi 23 pays développés, c'est l'Afrique du Sud qui a offert le meilleur rendement à ses investisseurs depuis 1900. Les pays riches en ressources naturelles dominent le classement paru le 23 février dans le Crédit Suisse Global Investment Returns Yearbook 2017, étude réalisée par la banque helvète et la London Business School (LBS). L'Australie arrive deuxième, les États-Unis troisième, la Nouvelle-Zélande quatrième, le Canada cinquième…

Les valeurs sud-africaines ont offert 7,2% de rendement, soit deux points de pourcentage de plus que la moyenne mondiale. « L'Afrique du Sud s'est bien comportée en partie grâce à ses ressources, elle s'est développée avec succès en diversifiant son économie et a réalisé une très bonne transition pacifique après l'apartheid, c'est un gage de stabilité « , explique à *Bloomberg* Paul Marsh, professeur émérite à la LBS, un des auteurs de l'étude.

**Diversification et transition, clés des rendements élevés**

Le rapport montre ainsi que ces ressources naturelles ont permis, sur un siècle, d'offrir aux investisseurs des garanties contre les plus gros risques de l'histoire (crise de 1929, les deux guerres mondiales). Il souligne aussi que les pays qui ont réussi sont ceux qui ont offert la meilleure diversification aux investissements et opéré la meilleure transition vers les secteurs porteurs des technologies, de la finance et des services.

Si l'or, autrefois clé de la richesse de l'Afrique du Sud, a perdu de son importance, la nation Arc-en-Ciel reste le plus grand producteur de charbon du continent et le plus grand producteur de platine, de manganèse et de ferrochrome au monde.

Par ailleurs, les finances représentent à l'heure actuelle 27% des valeurs cotées à la Bourse de Johannesburg, passée au peigne fin par les auteurs du rapport, tandis que les matières premières sont à la traîne avec seulement 13% de la capitalisation boursière. Pris ensemble, le secteur des médias et télécoms représentent 28% de l'indice du marché, rappelle le Crédit Suisse.(JA 28-02-2017)

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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), ELO,HTTC ,NABA,NABC (by posting selected news) and SwissCham-Africa to their Members.

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Fernando Matos Rosa

fernando.matos.rosa@sapo.pt
fernando.matos.rosa@skynet.be