

# MEMORANDUM

N° 05/2017 | 13/01/2017

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## SOUTH AFRICA: S&P GLOBAL RATINGS SAYS WEAK GOVERNMENT-RELATED ENTITIES REMAIN A DANGER



S&P Global Ratings has once again warned SA that its sovereign credit rating hangs in the balance if it enters recession, or wealth levels decline in dollar terms, but local observers are upbeat the economy has seen the worst behind it.

S&P has SA rated on its lowest rung of investment grade status at BBB-. A negative ratings action from the agency would result in SA entering subinvestment, or junk, status.

However, this comes as the South African Chamber of Commerce and Industry (Sacci) business confidence index showed on Wednesday that business sentiment had held steady in December 2016 compared to 2015.

In regional reports on emerging markets' sovereign ratings trends, S&P, which has SA on a negative outlook, said: "Downward rating pressure would also mount if net general government debt and contingent liabilities related to financially weak government-related entities exceeded our current expectations.

"A reduction in fiscal flexibility may also lead us to further narrow the gap between the local and foreign currency ratings."

Nedbank economist Nicky Weimar said there remained a 50% chance SA could be downgraded in June, but Sacci CEO Alan Mukoki said there was a higher probability of economic conditions improving.

Weimar said SA's objective indicators, such as economic growth, reliance on external financing, fiscal metrics and economic policies provided a varied picture. "I think what saved us in December is the belief that [Finance Minister] Pravin Gordhan is still there and ratings agencies believe he will do what he said he will do. There is still a vulnerability but for now that probably holds."

She said economic policy had deteriorated dramatically over the past couple of years, resulting in policy uncertainty, which is something ratings agencies have emphasised continuously. "That is bad and I don't think it's going to get better in the year you choose your new leadership within the ANC. You'll probably get that it will worsen and they [S&P] will probably anticipate that."

Weimar said there was likely to be little progress on improving state-owned entities, which are reliant on government funding. If the rand held steady, this would make SA's prospects more compelling.

"That would probably mean the Reserve Bank won't feel the need to hike interest rates any further ... Food prices [would] come down — that boosts disposable income. [With] interest rates coming down, consumers have a bit of cash in their pockets again," she said.

Mukoki said: "[There is a] high probability there will not be a junk status ... because the conditions will not deteriorate from where we are. Either we continue to get a stay of execution or they [credit rating agencies] will say we are on a watchlist, or things improve."

Mukoki said he hoped the improving business confidence was indicative of the fact that perhaps people had gone past the August issues around local government. Life had continued as normal after rating agencies provided a reprieve in 2016

and "people [were] a little bit calmer even...".

We need the private sector to be incentivised to commit to investment and taxes increasing might [be a] disincentive

Economist Lumkile Mondi, however, said the prospect of higher tax rates after the budget was tabled in February remained a dark cloud over economic growth momentum.

"We need the private sector to be incentivised to commit to investment and taxes increasing might [be a] disincentive." But also uncertainty over the finance minister's position remained a red herring. While Gordhan was wholly supported by the SA collective, from a political perspective, he remained uncomfortable in his position. "That uncertainty remains a concern, more particularly because there's lot

of murmuring around cabinet changes." How they played themselves out would "feed into the equation of a potential downgrade or keeping things steady", he said.

The monthly Sacci index, which tracks 13 sub-indices, registered a marginal decline of 0.1 index point to 93.8 in December 2016 from 93.9 in November. But the most notable difference was an improvement from a year ago when the index plunged 10.1 index points in December 2015.

Sacci said the latest reading was the first time in 10 months that the index had improved on a year-earlier period. It said the index had recovered well until July 2016 when it touched 96, after which it contracted to a low of 90.3 in September. Towards the end of 2015, the index had improved slowly and gradually, and remained steady.

Five sub-indices contributed positively between November to December, led by improvement in merchandise export and import volumes, the rand exchange rate and the real value of building plans passed. Six sub-indices weighed negatively.

The US dollar price of precious metals, credit to the private sector, real retail sales and share prices had the largest negative effect on the index from November to December 2016.(BD 12-01-2016)

## **US DONATES VEHICLES FOR MOZAMBIQUE'S MILITARY HEALTH PROGRAMME**

The United States government donated six vehicles and eight motor bikes to Mozambique's Ministry of National Defence in Maputo on Wednesday to support the military health sector in the southern African country.

The donation was delivered by the US ambassador to Mozambique, Dean Pittman at a ceremony attended by Mozambican Defence Minister Salvador M'tumuke.

Speaking during the event, the minister said the donation was expected to benefit the military and the Mozambican population at large.

He said the support means "the continuation and consolidation of bilateral cooperation and friendship between the two countries, particularly in the area of military health."

The minister also said cooperation with the US was important for Mozambique because it strengthens the health sector and military logistics.

Pittman said the donated mobile treatment vehicles would assist in the fight against HIV/AIDS and other epidemics in the Mozambican military.

"These new means of transport will support our partner in the military health sector to expand and improve HIV / AIDS treatment services in military hospitals throughout Mozambique," said the diplomat.

Mozambique has one of the world's highest HIV prevalence rates. The state contributes around five percent of spending on programmes, according to 2015 data, basically paying health worker salaries and allowing donors like the United States to pick up the rest. (APA 21-12-2016)

## **GEMFIELDS EARNS US\$30 MILLION FROM MOZAMBIKAN RUBY AUCTION**

A new Gemfields auction in Singapore to sell rubies mined in Mozambique has earned US\$30.4 million, the British company indicated in a statement released by the Alternative Investment Market of the London Stock Exchange.

Gemfields controls 75 percent of Montepuez Ruby Mining Ltd (the other 25 percent belongs to the Mozambican company Mwiriti). Since June 2014 it has held seven Mozambican ruby auctions, bringing in revenue of US\$225.7 million.

Company executive director Ian Harebottle said he was very satisfied with results of Gemfields' seventh auction of Montepuez rubies, "even though some of our clients cannot participate while they adjust to regional demonetisation policy changes occurring in recent weeks" – an allusion to the monetary changes under way in India.

Gemfields asserts that it is one of the world's leading suppliers of coloured gemstones. It specialises in emeralds from Zambia and amethysts and later rubies from Mozambique. (22-12-2016)

## SOUTH AFRICAN STARTUP "UBERS" EDUCATION



Cognition Online, a new mobile app for booking and paying tutors, has gone live in South Africa to connect tutors and pupils. The app was announced as a winner in the Samsung Launching People-Mixed Talents competition.

Cognition Online allows parents and students to find tutors in their area by subject specialisation, book lesson times and pay easily. Tutors can accept bookings via the app and receive their payment from Cognition. Online. Parents and tutors are free to negotiate fees and both tutors and pupils can be rated by the system.

Co-founder Kyle Dodds says Cognition. Online was born out of his own experience as a tutor while he was studying at the University of Pretoria. "As an engineering student, I tutored Maths and demand grew to a point where I took on other tutors to assist. The pool of tutors grew and administration of the bookings and payments became a challenge." Dodds began looking into a mobile app that would help him manage bookings, payments and subject pairing more efficiently. Fellow students came on board as split equity shareholders and the development of Cognition. Online got underway in 2015.

The system, initially launched in the Pretoria area, is currently recruiting tutors in the Johannesburg area and will soon expand to other major centres in South Africa.

The system simplifies bookings and payments for individual tutors and their pupils; but also has the potential to offer bookings and pre-payment services for larger education service providers. "After-school tutoring companies might engage us to offer a pre-payment and booking service for entire classes or courses, for example, avoiding admin and debt collection problems.

In addition, Cognition. Online is in talks to extend the system's functionality to support subsidised tutoring for disadvantaged pupils, sponsored by businesses as part of their Corporate Social Investment (CSI) programmes.

"The Samsung Launching People – Mixed Talents challenge is now in its second year and is supported by Samsung South Africa in line with our focus on creating continuous innovation as well as supporting new business development in our communities," Potgieter concludes. (IT News Africa 21-12-2016)

## KENYAN LEADER URGES CONSUMPTION OF LOCAL PRODUCTS



Kenyan President Uhuru Kenyatta on Wednesday inaugurated the Volkswagen production facility at Thika town with a call to Kenyans to buy products that are made, assembled or value-added in the country.

The President welcomed the decision by the Volkswagen Group to invest in Kenya, saying it resonated well with his administration's stated policy to industrialize the economy.

"We have adopted this policy because we know that industrialization is the surest way to the destination we seek to achieve, that of a prosperous Kenya. A Kenya that makes the best use of the energy and enterprise of our most important asset, our young people," he said.

During the inauguration of the vehicle assembling facility, President Kenyatta drove, on test drive, the first Volkswagen car assembled in Kenya in four decades. The test drive of the VW Polo Vivo signified the roll out of production line at the Thika Volkswagen production facility.

The President underscored that the inauguration of the automobile production facility was only the start of the journey the country has embarked on to industrialize the economy, under the strategy dubbed 'Kenya Industrialization Transformation Programme'.

"I assure the Volkswagen Group of our unqualified support to seeing this project succeed. This is just a start. We will do more in the shortest possible time," he added.

Kenyatta affirmed his administration's commitment to nurture a vibrant automotive sector that will create jobs for the youth and accelerate the country's economy.

"This we plan to achieve through supportive and progressive policies, and laws and regulations that will see a rapid shift from this initial investment to a full and scaled-up assembly," Kenyatta said.

He commended the German Government, the Volkswagen Group and other German businesses which have pledged to provide training not only for people working at the Kenya Vehicle Manufacturers facility but also to build capacity for the entire automotive sector.

Speaking during the event, Volkswagen Brand CEO Herbert Diess thanked President Kenyatta for supporting the establishment of the Thika VW production facility.

Mr. Diess noted that it was President Kenyatta's meeting with officials of Volkswagen in Berlin, Germany, earlier in the year that gave impetus to the rival of the automotive facility that was being re-opened.

"We thank you Mr. President for your support that has seen this project – which was only a dream a few months ago – become a reality in less than a year," Mr. Diess said.

He promised that the automotive assembling facility will produce high quality and affordable vehicles for the Kenyan and East African markets. (APA 21 12-2016)

## **SOUTH AFRICA LAUNCHES CREDIT LINE FOR ANGOLA**

The Development Bank of Southern Africa (DBSA) has opened up a credit line of 1.75 billion rand (US\$255 million) for Angola as part of the two-day visit to the country by South African president Jacob Zuma, which ended Friday.

The credit line will be managed in Angola by Banco Africano de Investimentos (BAI), Angola's largest retail bank, and the agreement for the credit line is due to be signed by the two banks within the next few months.

The BDSA, in its turn, set up this credit line in partnership with the African Development Bank (ADB), and both banks are part of the African Finance Partnership, along with Promotion et Participation pour la Coopération Économique – Proparco, the International Finance Corporation (IFC), of the World Bank group, the European Investment bank and DEG, of Germany's KfW Banken group.

Luis Lelis, the chief executive of BAI said that the credit line would speed up creation of employment and economic diversification, and noted that his bank was the first Angolan bank to open an office in South Africa. (21-12-2016)

## **ANC WOMEN'S LEAGUE WANTS PROBE OF 'FORCES' OPPOSED TO SOUTH AFRICAN AIRWAYS TRANSFORMATION**



The ANC Women's League on Thursday called for an investigation of alleged internal and external forces at South African Airways (SAA) that it alleges are trying to derail transformation at the airline. League secretary-general Meokgo Matuba said the women's league had noted an alarming number of reports that suggested forces were fighting transformation in terms of employment equity and procurement, with an aim of ensuring only white men occupied senior positions and white suppliers remained the major beneficiaries of tenders.

The league would push either for a judicial commission of inquiry or a parliamentary inquiry into the airline, and would meanwhile push for the airline to do business only with suppliers that are more than 50% black- and female-owned.

The reports it was referring to included the appointment of US-based Bain Capital to advise on a possible merger, continued lack of transformation among staff and pilots, and an allocation of just 2% of the R24bn annual procurement budget to black suppliers, the league said.

"State-owned companies must be the champions of radical economic transformation and employment equity. [The women's league] will persuade the ANC-led government to compel all state-owned companies, through legislation, to do business only with suppliers having more than 50% black women ownership," Matuba said.

Management and procurement at SAA has been under scrutiny for the past few years, amid management instability and multibillion-rand bail-outs and guarantees from the Treasury.

A newly appointed SAA board is expected to present a new turnaround strategy to Parliament in February.

SAA, along with other state airlines Mango and SA Express, are also facing possible rationalisation, with the Treasury and Department of Public Enterprises considering whether a new holding company should be created or whether the airlines could be merged.

Bain Capital and SA-based Abacus Advisory were appointed in October to advise on the airlines' corporate structure. (BD 12-01-2017)

## SÃO TOMÉ AND PRÍNCIPE CUTS DIPLOMATIC RELATIONS WITH TAIWAN AND RECOGNISES THE PEOPLE'S REPUBLIC OF CHINA



The government of São Tomé and Príncipe has decided to break off diplomatic relations with Taiwan and recognise the People's Republic of China, indicates a Council of Ministers statement released in São Tomé.

"After consulting with the head of state, the government has decided on this date to formally cut the diplomatic relations established with Taiwan," reads the statement released on Tuesday, adding that the government was implementing "a foreign policy shift and would henceforth recognise the principle of the existence of only one China, represented in international law by the People's Republic of China."

Commenting on the Council of Ministers decision, Prime Minister Patrice Trovoada said that "our view of development involves openness and cooperation with all; we have our agenda, our interests, our programme and the commitment with the people to improve their living conditions."

Trade relations between China and São Tomé and Príncipe stood at US\$5,108,900 from January to September, with China exporting goods worth US\$5,094,000 and buying products from the island country worth US\$14,900.

In September China recorded no purchases in São Tomé and Príncipe and sold goods worth US\$604,100, indicate official Chinese figures released by Forum Macau. (20-12-2016)

## MOZAMBIQUE RATIFIES TRADE FACILITATION AGREEMENT

Mozambique has ratified the Trade Facilitation Agreement (TFA), becoming the 105th member of the World Trade Organization (WTO) to join and reducing the number of states still necessary for the agreement to come into force to just five.

"Mozambique's instrument of acceptance was submitted to the WTO on 6 January. The TFA will enter into force once two-thirds of the WTO membership has formally accepted the Agreement," said a statement on the TFA website ([http:// www.tfafacility.org/mozambique-ratifies-trade-facilitation-agreement](http://www.tfafacility.org/mozambique-ratifies-trade-facilitation-agreement)).

The TFA is an agreement that aims to reduce the costs of international trade, which may fall by 12.5% to 17.5%, according to the website.

"The TFA has a huge potential to reduce trade costs thereby boosting trade between countries and raising world income," say the organisers, noting that a study by the Organization for Economic Cooperation and Development (OECD) concluded that exports in developing countries could increase by between 14 and 22% and become more diversified.

The TFA was formally launched on 22 July 2014 by the Director-General of the WTO, Roberto Azevedo and became operational on 27 November of that year, when members included the regulation in the WTO's general agreement.

On 9 January Saint Vincent and the Grenadines ratified the Trade Facilitation Agreement, the 106th WTO member to do so, and therefore only another four countries are needed for the agreement to come into force. (11-01-2017)

## **LACK OF JET FUEL MEANS MORE DELAYS AT NIGERIA'S AIRPORTS**

Nigeria is trying to import more jet fuel but air travellers tired of delays must be patient as a shortage of foreign currency will continue to hurt the airline industry, the minister of aviation said.

"The flight has been delayed due to a scarcity of aviation fuel," has become a standard announcement at Nigerian airports, where passengers spend much of the day waiting as the recession-hit West African nation struggles to buy jet fuel in from abroad.

Most domestic flights have been delayed for hours or cancelled in the past two weeks, with airlines unable to get jet fuel and, due to the subsequent loss of business, struggling to pay staff. Unions grounded the biggest local carrier, Arik Air, for one day on Tuesday over unpaid salaries.

Hadi Sirika, the minister of state for aviation, said that the central bank was releasing more hard currency but that fuel importers were competing with health, education, transport, social services and security agencies, which also need dollars.

"I was in the central bank three times since I became minister, soliciting for foreign exchange, and they have started to give airlines foreign exchange," he said on Tuesday. "The major challenge is that we have a foreign-exchange issue."

Nigeria's foreign-exchange reserves have dwindled as low oil prices have reduced a crucial source of dollars, pushing the country into recession. Oil accounts for 90% of Nigeria's foreign exchange.

"While this recession will last and while this problem of forex availability will last, we'll have to appeal to Nigerians and other people that pass through our airports to exercise patience and be aware of the situation," the minister said.

Sirika said that Nigeria's derelict refineries in Port Harcourt, Warri and Kaduna would soon resume jet fuel production, as the state oil firm was overhauling them.

"They have the capacity to refine A1 (fuel) but they have long stopped doing that. The petroleum resources ministry and NNPC (Nigerian National Petroleum Corporation) have assured us that they will resume production of jet A1 — that is for the long term," he said.

The central bank on Monday launched a special foreign exchange auction to provide dollars to airlines and fuel marketers.

The NNPC said on Monday that it would be releasing 26 days of aviation fuel to "forestall shortage". But a Lagos-based fuel trader said jet fuel shortages would probably continue until January, due to demand for tickets during the festive season.

The government's priority is to give hard currency to petrol importers to avoid queues at petrol stations, he said. (Reuters 21-12-2016)

## **IMF LIFTS SANCTIONS AGAINST ZIMBABWE, CLEARS WAYS FOR SUPPORT RESUMPTION**

The executive board of the International Monetary Fund (IMF) on Wednesday approved the removal of sanctions against Zimbabwe in a development that that will see the southern African country resuming to access financial support from the Bretton Woods institution.

The IMF said in a statement that the board has approved the recommendations of its staff to reinstate Zimbabwe's rights to access financial support from the Poverty Reduction and Growth Trust (PRGT).

This followed Harare's settlement of overdue financial obligations to the PRGT in October. Zimbabwe is now current on all of its financial obligations to the IMF.

President Robert Mugabe's government had been in continuous arrears to the PRGT since February 2001 and the country has for a long time been the only case of protracted arrears to the PRGT.

The arrears resulted in the IMF suspending financial support and technical assistance to Zimbabwe in 2001. The technical assistance was however partially lifted earlier last year after Harare showed commitment to clear its arrears. (APA 21-12-2016)



## CHINA SENDS MEDICAL MISSION TO SÃO TOMÉ AND PRÍNCIPE



In February China plans to send a medical mission to provide health care to the population of São Tomé and Príncipe, Yong Feng, a senior official from the Ministry of Health of China said on Wednesday in São Tomé.

The announcement of the deployment of this mission was made at the end of an audience granted by the Prime Minister Patrice Trovoada, about two weeks after the reestablishment of diplomatic relations between China and São Tomé and Príncipe, replacing Taiwan which applied more than US\$1 million a year in the health sector in São Tomé.

In addition to the priorities identified "in the areas of dentistry, cardiology and general surgery," Yong Feng also stressed "the need to introduce some Chinese technologies and medical innovations in São Tomé and Príncipe."

The Chinese delegation has visited hospitals, clinics and other health centres and contacted several health authorities in São Tomé and Príncipe.

"We are carrying out a reconnaissance visit on the real health needs," said Feng, who added "we already have an idea of the support that China will provide to São Tomé and Príncipe for the health sector," following the cut in support from Taiwan.

As well as contributing more than US\$1 million annually, particularly in malaria control actions, Taiwan also worked in other areas of health through medical missions as well as rehabilitation and construction of health facilities. (12-01-2017)

## CAPE TOWN IS RANKED UP THERE WITH WORLD'S LEADING CITY INVESTMENT MAGNETS



Cape Town ranks 21st in an international survey of leading cities in terms of its strategy to attract foreign direct investment.

The ranking was made by Foreign Direct Investment (fDi) Intelligence, a division of the Financial Times in its Global Cities of the Future winners for 2016-17. Other cities listed include Edinburgh, Hong Kong and Chicago.

"This accolade is indeed a massive feather in Cape Town's cap as it recognises all the ongoing efforts being made by the city and its private sector partners to ensure that Cape Town is on the international map for business and investment," said deputy mayor Ian Neilson.

"Attracting investment has been part of our strategy since 2006 so that we can create much-needed jobs."

Neilson said the city contributed to economic growth by providing stable governance, clear policy direction, delivery of infrastructure, support services, investment promotion, facilitation, economic research and striving to reduce the administrative burden of doing business.

Cape Town recently launched Invest Cape Town, an initiative aimed at sharing with the world the economic successes and attractiveness of the city a globally competitive business destination.

'This strategy is beginning to pay off, with a number of companies setting up their headquarters in Cape Town. Cape Town is home to most South African retail giant headquarters and investment houses. We are the green hub of Africa, accounting for most of the local manufacturing for the national renewable energy programme,' said Neilson.(BD 20-12-2016)

## ANGOLA'S PROJECTED POPULATION OVER 67 MILLION IN 2050



Angola will have an estimated population of 67.92 million inhabitants in 2050, indicates the 2014-2050 Population Projection produced by the country's National Statistics Institute (INE) and presented on Thursday in Luanda.

The document was presented by INE official Eliana Quintas, who specified that in that year the country will count 33.54 million men and 34.87 million women; 40 million people will live in urban centres and the other 27.89 million in rural areas.

Angola's population density will more than double from 21.5 inhabitants per square kilometre in 2014 to 54.5 inhabitants per square kilometre, Quintas said.

The projection of the country's total rural and urban population and for each province, as well as demographic characteristics, was estimated using the RUPAGG programme developed by the Census Bureau of the United States of America and provides information about Angolan population trends broken down by age group, sex and area of residence.

To produce the 2014-2050 Population Projection the INE worked with the Health Ministry and received technical assistance from the United Nations Children's Fund, ICF International via the Demographic and Health Survey Programme, and the United Nations Population Fund.

The 2014 Population and Housing Census revealed that Angola counted 25.78 million inhabitants that year, 12.49 million of them males. (23-12-2016)

## COMPANY FROM EQUATORIAL GUINEA TO PRODUCE LIQUEFIED PETROLEUM GAS IN SÃO TOMÉ AND PRÍNCIPE

The Equatorial Guinean company Sonagas has begun construction of facilities on São Tomé Island that will produce liquid petroleum gas (LPG) to supply the island country's market, company official Daniel Gomes Lopez announced on Thursday.

Lopez, the representative of Sociedad Nacional de Gas de Guinea Ecuatorial (Sonagas), specified that it was "an Equatorial Guinean project in São Tomé and Príncipe amid ongoing cooperation between the two countries' governments."

Four tanks are already in place at Neves in northern São Tomé and will store LPG, a mixture of hydrocarbon gases used as fuel in heating (ovens, etc) applications and in vehicles, Lopez said.

The installation should be complete within 12 months, he said, adding that beyond environmental protection, LPG production on São Tomé Island aims to make the product more affordable for the island country's inhabitants.

Sonagas, the company implementing the liquid petroleum gas project, was founded in 2005 by the government of Equatorial Guinea. A month ago, São Tomé and Príncipe and that country resumed talks on joint exploitation of petroleum resources in a common bloc along their border. (23-12-2016)

## ARMYWORM ON THE MARCH THROUGH SOUTHERN AFRICA'S MAIZE CROPS



Malawi, which was hit by a crippling drought last year, has become the third southern African nation to report an outbreak of armyworms, a voracious pest that devours maize and other crops.

"We have a reported invasion this week but we are confident in dealing with this because we have pesticides," Malawi's Minister of Agriculture George Chabonda told Reuters late Wednesday.

"We have been able to deal with such issues in the past."

The current outbreak is around Zomba, the former colonial capital in southern Malawi. A year ago, Malawi successfully contained an armyworm invasion that affected seven districts across the country. Malawi's outbreak follows one in neighbouring Zambia, where the military has been deployed to battle the bugs, and Zimbabwe.

The armyworms are caterpillars that "march" across the landscape in large groups feasting on young maize plants, wiping out entire fields.

Malawi's maize crop, the staple grain for the impoverished, landlocked nation, was devastated last year by an El Nino-triggered drought.

About 6.5-million Malawians, over a third of the population, will depend on food aid until this year's harvest in March, according to the United Nations World Food Programme. (Reuters 12-01-2017)

## AIRLINE FROM AZORES TO BEGIN FLIGHTS TO CABO VERDE IN 2017

Azores Airlines, a subsidiary of Portugal's SATA group, will begin flying connections to Cabo Verde and Barcelona in the 2017 IATA summer season (April to October), the group's CEO Paulo Menezes announced.

The operation will use company aircraft, similar to what was done in the summer of 2016, Menezes said while presenting the summer 2017 operational plan along with new Azores Airline products.

The chair of the SATA (Serviço Açoriano de Transportes Aéreos) group's board of directors explained that flights to Barcelona would begin in April and those to Cabo Verde (Cape Verde) only in June, "two routes that we have identified as having great potential."

The regional secretary for transport and public works, Vítor Fraga, said that SATA's operational plan "clearly shows the commitment of Azores Airlines to the region," using the islands "as a hub between Europe, North America and Macaronesia (Azores, Madeira, Cabo Verde and Canary Islands).

The current fleet of Azores Airlines comprises one A330 aircraft, three A310s and three A320s. Plans call for it to receive its first A321 "in the last quarter of 2017" and another aircraft "in the first quarter of 2018." (23-12-2016)

## GERMANY INVESTS €32.5M IN RWANDAN ENERGY SECTOR

Rwanda's efforts to boost power generation this week received a boost thanks to Germany's commitment to investing about €32.5million into the sector.

According to Ronald Nkusi, the director of external finances at Rwandan Ministry of Finance and Economic Planning speaking on Friday the intervention will help in the rehabilitation and privatisation of the hydropower stations Rusizi I and Rusizi II straddling the border between Rwanda, Burundi and the DR Congo.

He described the support as timely and will help boost sustainability in terms of energy generation and distribution capacity.

The German Ambassador Peter Woeste and the Executive Secretary of the Communauté économique des pays des grands lacs (CEPGL), Herman Tuyaga, exchanged documents finalising the German commitment with the energy sector.

The contribution, according to Amb Woeste, will strengthen regional cooperation and stability.

Ambassador Woeste commended the decision of the German government to release the huge grant.

Rwanda's ambition is to extend power to at least 70 percent of the households across the country by 2018.

To this end the government projects to boost electricity generation to 563 megawatts within the next two years.

Earlier this year, the government and the European Union, signed a financing agreement worth €177 million (about Rwf157 billion) to support the energy sector over the next five years.

The financing agreement was the first of a series of deals to be signed in the coming months as part of a €460 million programme of EU financial assistance to Rwanda agreed since 2015.

Rwanda's power generation capacity currently stands at about 190 percent, with hydro-power accounting for more than 97.37 megawatts of the country's total installed capacity, with thermal at 51.7 megawatts, methane accounting for over 10 megawatts, while 8.75 megawatts is produced from solar energy, among others. (APA 23-12-2016)

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The Memorandum is supported by the ACP-African, Caribbean, Pacific Secretariat, Chamber of Commerce Tenerife, AHEAD-GLOBAL, Business Council for Africa, Corporate Council on Africa, ELO - Portuguese Association for Economic Development and Cooperation, Hellenic-African Chamber of Commerce and Development, HTTC - Hungarian Trade & Cultural Centre, NABA - Norwegian-African Business Association, NABC- Netherlands Africa Business Council, SwissCham-Africa and other organisations.

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