MEMORANDUM

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11 YEARS OF UNINTERRUPTED PUBLICATION

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SUMMARY

JAPAN'S SUMITOMO CORP TO INVEST US$190M IN MOZAMBIQUE POWER PROJECT

Japan's Sumitomo Corp has agreed to invest US$190 million to raise power generation capacity at Mozambique's Temane Power Station in Inhambane to 110 megawatts from 15MW over the next few years, state radio reported here on Wednesday.

Radio Mozambique said a contract was formalised in the Japanese capital Tokyo on Wednesday between Mozambique's power utility Electricidade de Moçambique (EDM) and Sumitomo.

The broadcaster said agreement was signed by EDM chief executive Mateus Magala and a representative of the Japanese company.

Magala said Sumitomo would build the plant and revealed that preparatory work has already been completed.

"The next step is to work to complete the financing through the Japanese Bank in a concessional manner and also to ensure that the contract to guarantee the gas supply is signed with Mozambique Hydrocabons Company," he said.

Magala said after completion of the works, the supply and quality of energy in the central and southern regions was expected to drastically improve because Temane can supply the electricity to Dondo, Beira, and Manica.

"When we produce energy, we have in mind the regional context. The largest amount is to meet our needs and the surplus for the neighbouring countries, but also to raise some foreign exchange that allows us to continue making other investments," Magala said.

Sumitomo Corporation is an integrated trading company engaged in trading a range of goods and commodities, as well as in various business activities. (APA 15-03-2017)

IN KENYA, UBER FACES FAR MORE ROBUST COMPETITION THAN IN SOUTH AFRICA

With Uber's first-mover advantage in SA's ride-sharing market, there is concern it is growing into a monopoly.

The entry of Uber into passenger transport markets across the world has brought disruptive competition with substantial benefits to consumers. Africa is no exception.

The mobile technology ride-sharing service is currently the dominant such app used in Africa. It has rapidly grown its African footprint and has operations in eight countries: Egypt, Ghana, Kenya, Morocco, Nigeria, Uganda, Tanzania and SA.

Disruptive competition through technology can bring substantial benefits to consumers, but it also raises competition and socioeconomic issues. These result mainly from the displacement of traditional service providers.

These issues cannot be ignored in a developing country. Regulation needs to at least ensure that conditions for competition are consistent and not only free but fair across competing services where possible.

There are also concerns that Uber, with its first-mover advantage within the ride-sharing market, is growing into a monopoly despite the benefits to consumers.

These concerns have been raised by incumbent taxi operators in Kenya and SA. As is the case across the globe traditional metered taxis are seeing red. In SA, traditional metered taxi operators have protested and also tried, so far unsuccessfully, to get the competition authority to prosecute Uber for what they see as anticompetitive behaviour. In Kenya, there have been attacks on Uber drivers by business rivals.

But there are also signs of a rising challenge to Uber by new rivals. The Kenyan and South African experiences are worth noting. The different trajectories developing in these two markets make for an interesting comparison.

In SA, new entrants into the ride-sharing app market have made little progress in attracting substantial demand. These include the following:

• Taxify, which entered the market in 2015. It struggled and had to re-launch its brand with a new business model in 2016 to access a wider market, in which it now holds about a 10% share. Its strategy is based on 15% lower prices and higher proportional pay to drivers.

• Zebra Cabs, an incumbent meter taxi company, adopted the electronic taxi hailing technology to launch the Zebra Cabs app in 2016, a direct rival to Uber.

• Jozibear entered the market late in 2016 and currently operates in Johannesburg, Cape Town and Durban.

But Uber has built a strong brand among local customers since entry in 2013, in a market with important first-over advantages.

Even though competitors may offer better-quality or cheaper services, customers will be attracted to Uber because it has established a stronger brand and larger driver network. To compete, entrants have to develop rival platforms that are smooth and able to attract both drivers and passengers.

Changes in regulation to encompass ride-sharing have formalised aspects of the industry in SA. These include licensing and permit conditions. But these changes have not necessarily led to a stronger competitive position for rivals, including meter taxis.

The picture is very different in Kenya. There, Safaricom, the largest telecommunications operator, launched an app-based ride-sharing service called Little Cab in July 2016, in partnership with Craft Silicon, a local software firm.

Little Cab introduced free wi-fi to passengers in addition to the option to process payments using M-Pesa, the cellphone based financial service. M-Pesa is the most widely used mobile money service, developed by Safaricom, with 66% market share in Kenya.

Little Cab promises to be an effective competitor to Uber in Kenya's ride-sharing economy, particularly due to its link to the mobile money platform.

It is still not clear whether Uber can integrate the M-Pesa payment solution with its service in Kenya. A failure to address this challenge may limit the company's ability to retain its position in the market. This is partly because most Kenyans do not have credit cards, a fact that led Uber to introduce cash payments three months after entering the Kenyan market in January 2015. This adjustment has been pivotal to its growth in the country.

Little Cab appears to be performing well given its plans to expand into Uganda and Nigeria in 2017, its first operations outside Kenya. These are not entirely new markets for Safaricom, given that its largest regional operations are based in Nigeria under Craft Silicon.

Similarly, Safaricom has operations in Uganda, and plans to use its existing knowledge of these markets to gain entry and compete with other ride-sharing services.

Too early to call?

There is a fascinating competitive clash emerging in Kenya, which may play itself out throughout the East African region. M-Pesa’s attractiveness to both markets (ride-sharing and mobile money users) gives Safaricom and Little Cabs a competitive advantage.

Safaricom is able to leverage its large mobile-money subscriber base and technology to compete with Uber in a market where mobile money payments are ubiquitous. On the other hand, the rival has first-mover advantages in terms of branding and convenience in the ride-sharing economy.

However, Safaricom appears to have overcome the seemingly insurmountable first-mover position enjoyed by Uber, and brand-related entry barriers by simply leveraging its own strengths in Kenya.

Who will win the market in the region is now anyone’s guess.

Uber’s position in SA looks more assured. But it does face challenges. Ongoing protests, the most recent of which led to gridlock near OR Tambo International Airport, could lead to continued scrutiny of its operations.

And the company has had to adjust its model to suit local conditions. Uber grew rapidly when it first launched using its standard transacting mechanisms due in part to the fact that in 2015, 54.9% of South Africans had credit cards. But it has had to reconsider its banking card only payment mechanism and now allows cash payments(BD 14-03-2014)

NIGERIA: APEX BANK SET TO INJECT $195M INTO FOREX MARKET

Central Bank of Nigeria

The Central Bank of Nigeria (CBN) has said that it will inject $195 million into country’s foreign exchange market.

According to the Acting Director, Corporate Communications of the CBN, Mr. Isaac Okorafor, the amount comprises $150 million for the wholesale auction and $45 million in the invisible segment for such items as medical fees, tuition fees, Personal Travel Allowance (PTA) and Business Travel Allowance (BTA).

He told journalists on Tuesday in Abuja that the bank acted promptly and proactively in line with its promise to keep the market liquid enough to meet the needs of genuine requests.

Okorafor explained that more dollar liquidity was returning to the market, which has helped most banks to meet market demands.

He assured that the apex bank would continue to fund the importation of raw materials and plant and machinery for manufacturing, agriculture, and other eligible items. (APA 15--3-2017)

EU PROJECT LAUNCHES BUSINESS PLAN CONTEST IN LIBYA

The EU-funded Support to Libya for Economic Integration, Diversification and Sustainable Development programme (SLEIDSE) has launched the Business Plan Contest which will reward promising (formalised or not) business ideas in Libya.
Among all participants, 100 entrepreneurs will be trained on how to pitch their business idea in 3 minutes and convince investors. The 10 best entrepreneurs (5 women and 5 men) will be brought to Tunis for a final which will take place on 11 May where investors, European, Tunisian and Libyan businessmen, international incubators and international organizations will be judging the 3 winners.
The deadline for application is 26 March 2017.
The Support to Libya for Economic Integration, Diversification and Sustainable Development programme (SLEIDSE) aims to promote the development of a dynamic and diversified micro, small and medium enterprises capable of creating employment and livelihoods for the youth and the women in Libya. The programme is implemented by Expertise France. (EEAS 15-03-2017)
Contest information

US GOV'T EXPRESSES CONCERN OVER SWAZILAND'S PUBLIC ORDER BILL

The United States has raised eight concerns on Public Order Bill No.8 that Swaziland is trying to pass in order to meet to meet one of the benchmarks for the African Growth and Opportunity Act (AGOA).

The issues are carried in an invitation letter that the Swaziland government wrote to the International Labour Organisation seeking for technical assistance on the formulation of the Bill.
The eight concerns are; notification timeline, size of the group that triggers the notification requirement, compliance certificate requirement, documentation and information requirements, ban on spontaneous assembly, civil liability, guidance for prohibition of an event and narrow the definition of public space.
These are the same concerns that were once raised by the Trade Union Congress of Swaziland.
According to the bill, the notification timeline for planned activity by unions to government is seven days and the US argues that it should be 48 hours.
The US wants the Swazi government to unban spontaneous assemblies as allowed by the African Commission and UN Special Rapporteur.
Three years later, Swaziland has met only three of the five benchmarks to retain its AGOA status, which are full passage of amendments to the Industrial Relations Act; full passage of amendments to sections 40 and 97 of the Industrial Relations Act relating to civil and criminal liability to union leaders during protest actions; and establishing a code of good practice for the police during public protests.
The two that are remaining are full passage of amendments to the Suppression of Terrorism Act and full passage of amendments to the Public Order Act. (APA 15-03-2017)

POWER LINE IN DAR ES SAALAM GIVES RESIDENTS SIGH OF RELIEF

Completion of the construction of a 33KV power line in Dar es Saalam will give the residents relief over water shortages.

The 45-km power line in Dar es Saalam was constructed from Chalinze sub-station to Mlandizi, where the newly built water treatment plant is located and is set to enable pumping of 196 million litres of water from Upper Ruvu Water Treatment Plant to the city daily.
The major plant which is expected to address the long existed water woes among city residents was last year expanded to make it produce more water from 82 million litres to 196 million litres.
However, since completion of the construction project mid last year, the plant was unable to produce its full potential owing to insufficient electricity to pump water, until last weekend when the power line was put in place.
The only work remaining now is to connect the new line to the plant so that all water pumps could function.
DAWASA expressed their gratitude to the Tanzania Electric Supply Company Limited (TANESCO) for their cooperation and consultancy services that contributed to completion of the project.
Eng Gerson Lwenge, Minister for Water and Irrigation, last year said that with the completion of the project would see a total of 586 million litres of water produced for the city since the Lower Ruvu Water Treatment Plant now produces 390 million litres.
This would mean a surplus in the water needs for the city, which is currently at about 400 million litres per day. Minister Lwenge referred to the project as a big step ahead in ending water woes in the city.
He also said that since more water is going to be pumped, the government will move to focusing on improving water supply network because a large amount of water has been lost due to poor water supply infrastructure.(CRO 14-03-2017)

INDIAN-OWNED COMPANY RESUMES IRON ORE MINING IN MOZAMBIQUE

Damodar Ferro Limitada, a family business established in Maputo in June 2005, will resume iron ore mining in a deposit located in the Lalaua district, Nampula province, due to rising prices in the international market, said the provincial director of Mineral Resources and Energy.

The exploration of the mine located in the village of Namarrepo 2, in Lalaua was suspended for about a year due to a drop in the price of iron ore in the market, which made activity unsustainable, according Mozambican state news agency AIM.
Olavo Deniasse, provincial director of Mineral Resources and Energy in Nampula added that the creation in the province of an ore processing industry was another factor that encouraged Damodar Ferro Limitada to resume activities in Lalaua.
The processing capacity of the facilities at the mine is 75 tonnes per hour and since operations began in 2009 the company exported about 23,000 tonnes of iron ore to China. (20-03-2017)

CAMEROON, S/ARABIA IN AIR TRANSPORT DEAL

Cameroon and Saudi Arabia have signed an air transport agreement that allows airlines to serve the two countries, sources revealed.

The agreement initialed by both countries' ministers of Transport opens new prospects for economic exchanges between Cameroon and Saudi Arabia.

To this end, talks by the two countries are set to continue in the intervening months between Cameroon's national career CAMAIR-CO and Saudi Airlines with a view to implementing the agreement.

The agreement comes at a difficult time for the Cameroon National Air Transport Company (CAMAIR-CO), whose CFA60-billion restructuring plan proposed by Boeing consulting firm and adopted by the Cameroonian government is still proving difficult to implement.

Since the launch of its activities in 2011, the firm has been financially under life-support from the state. Its current debt is estimated at about CFA35 billion. (APA 15-03-2017)

WHITE HOUSE SEEKS TO CUT BILLIONS IN FUNDING FOR UNITED NATIONS

U.S. retreat from U.N. could mark a "breakdown of the international humanitarian system as we know it." State Department staffers have been instructed to seek cuts in excess of 50 percent in U.S. funding for U.N. programs, signaling an unprecedented retreat by President Donald Trump's administration from international operations that keep the peace, provide vaccines for children, monitor rogue nuclear weapons programs, and promote peace talks from Syria to Yemen, according to three sources.

The push for such draconian measures comes as the White House is scheduled on Thursday to release its 2018 budget proposal, which is expected to include cuts of up to 37 percent for spending on the State Department, the U.S. Agency for International Development (USAID), and other foreign assistance programs, including the U.N., in next year's budget. The United States spends about $10 billion a year on the United Nations.

It remains unclear whether the full extent of the steeper U.N. cuts will be reflected in the 2018 budget, which will be prepared by the White House Office of Management and Budget, or whether, as Secretary of State Rex Tillerson has proposed, the cuts would be phased in over the coming three years. One official close to the Trump administration said Tillerson has been given flexibility to decide how the cuts would be distributed.

On March 9 in New York, U.S. diplomats in a closed-door meeting warned key U.N. members, including wealthy donors from Europe, Japan, and South Korea, to "expect a big financial constraint" on U.S. spending at the United Nations, said one European diplomat. "There are rumors of big cuts to the State Department budget, but again, on our side, no figures," the diplomat said.

The cuts would fall heaviest on U.N. programs, like peacekeeping, UNICEF, and the U.N. Development Programme, that are funded out of the budget of the State Department's Bureau of International Organization Affairs. It remains to be seen whether other U.N. agencies popular with Congress, like the World Food Programme and U.N. refugee operations — which are funded out of separate accounts in the U.S. Department of Agriculture and the State Department, respectively — will get hit as hard. But one source tracking the budget proposal said the Trump administration is considering cuts of up to 36 percent on humanitarian aid programs.

Richard Gowan, a U.N. expert at the European Council on Foreign Relations, said cuts of this magnitude would create "chaos."

The U.N. refugee agency (UNHCR) received $1.5 billion of its $4 billion budget from the United States last year, he said. Cutting the U.S. contribution would "leave a gaping hole that other big donors would struggle to fill."

"Multiply that across other humanitarian agencies, like the World Food Programme, and you are basically talking about the breakdown of the international humanitarian system as we know it," he added.

The budget proposal reinforces a shift by the Trump administration from U.S. support for diplomacy and foreign assistance to increased financial support for the U.S. military. Late last month, the Trump administration argued that the proposed cuts in the budgets for the State Department, USAID, and other foreign assistance programs, including contributions to the U.N., would help offset a projected $54 billion increase in defense spending.

Those cuts, it now appears, are likely to fall disproportionately on the United Nations, which has less of a constituency in Washington than does the State Department.

U.S. officials in Washington and New York learned during the past week that they will be asked to find ways to cut spending on obligatory and voluntary U.N. programs by 50 to 60 percent from the International Organization Affairs Bureau's account. State Department officials, for instance, were told that they should try to identify up to $1 billion in cuts in the U.N. peacekeeping budget, according to one source. The United States provides about $2.5 billion per year to fund peacekeepers.

The reductions in diplomacy and foreign assistance represent a blow to Tillerson and Nikki Haley, the U.S. ambassador to the United Nations, who repeatedly cautioned against "slash-and-burn cuts" during her Senate confirmation hearing.

Haley has already been undertaking a review of the U.N.'s 16 peacekeeping missions to see if she can find room for cuts. She has previously expressed concern about the value of the U.N. Mission in South Sudan, which lacks government support. The United States could end missions by not extending their mandate when they come up for renewal or could negotiate savings in budget talks scheduled for May and June.

Trump's budget plans are encountering strong head wind in Congress, where Democratic and Republican leaders have voiced concerns about imposing steep cuts in the State Department budget. Senate Majority Leader Mitch McConnell said the president's budget is "probably not" going to be passed.

Peter Yeo, the president of the Better World Campaign, a U.N. advocacy group in Washington, said the budget is only an early salvo in what is likely to turn out to be a long, drawn-out battle.

"[Congress] is unlikely to go along with these strong and disproportionate cuts," he said. "This is only chapter two in a very long book."

The United States has to pay just over 22 percent of the U.N.'s $2.5 billion administrative budget. Additionally, Washington pays billions of dollars for peacekeepers and helps underwrite a swath of other programs that fight hunger, settle refugees, and battle climate change.

Brett Schaefer, a U.N. expert at the Heritage Foundation, said it would be a "hard stretch" to achieve cuts of more than 50 percent in peacekeeping costs. But he said several U.N. missions, including long-standing operations in Liberia, Ivory Coast, and Haiti, are already winding down, raising the prospect of significant cost savings.

And other troubled missions in the Democratic Republic of the Congo; South Sudan; and Darfur, Sudan, might be downsized. Two members of a U.N. panel investigating sanctions violations in Congo — Michael Sharp of the United States and Zaida Catalan of Sweden — were abducted near the village of Ngombe in Kasai-Central province, the Congolese government said Monday. Four Congolese nationals accompanying them on the trip were also kidnapped.

"Is Darfur still necessary in the way it is currently configured, or is it an opportunity to negotiate with Sudan to have a smaller mission?" Schaefer asked.

U.N. diplomats and foreign dignitaries say they expect the United States to seek to eliminate funding for some agencies unpopular with conservatives — including the U.N. Population Fund, which receives about $35 million a year from the United States for family planning programs, and the U.N. Framework Convention on Climate Change.

The U.N. Relief and Works Agency (UNRWA), which provides aid to Palestinian refugees, has long been the target of Israeli and congressional criticism on the grounds that it has a pro-Palestinian bias. But one diplomat said UNRWA might be spared because it relieves Israel of the obligation to care for some Palestinians and because Israel sees the program as ultimately promoting stability.

The United States has broad discretion to cut voluntary funds to humanitarian agencies, including the World Food Programme and UNICEF. But those programs are popular among Democrats and Republicans, and any move to slash funding could undermine Washington's case for leading those agencies.

If Washington fails to honor its funding commitments to the U.N.'s regular budget, which is obligatory, it could lose its voting rights in the General Assembly. U.N.-based diplomats say it is unlikely that other foreign donors would fill the entire gap in the event of massive U.S. cuts. For instance, European powers, including Germany, may step up funding to address the Syrian crisis, which has sent massive

waves of refugees across European borders, but they are not likely to muster the funds to match American funding on a range of other programs, including international development and peacekeeping.
Anticipating cuts to family planning programs, Dutch Development Minister Lilianne Ploumen recently established a fund to solicit contributions to institutions that have faced a cutoff of U.S. assistance because they perform abortions.
But sub-Saharan Africa has plenty of crises that could only get worse if the United States throttles back its financial support. Bathsheba Crocker, who served as assistant secretary of state for international organization affairs during former President Barack Obama's administration, said steep cuts in the U.S. voluntary funding account could imperil programs responding to major humanitarian calamities, dealing with political crises, and combating terrorists.
"We have U.N. warnings of famine in four countries," she said, referring to food crises in Nigeria, Somalia, South Sudan, and Yemen. "It is only the U.N. agencies that have the scale and ability to get in and address these challenges."

Meanwhile, a major U.N. peacekeeping mission in Mali is "helping with the counterterrorism threats in the region. This is deeply in the national security interest of the United States," Crocker said.(FP 15-03-2017)

EU DONATES TOWARD SECURING CAMEROON'S BORDERS

The European Union (EU) has donated a mainly rolling stock of vehicles and other security equipment to the National Security Delegation (DGSN) in Cameroon to help secure its borders at the height of its onslaught against the Nigerian militant sect Boko Haram, well-informed sources told APA on Wednesday.

The donation includes an automotive fleet consisting of five 4x4 pickups, a van and twelve all-terrain motorcycles, equipped with helmets and boxes meant for the four border posts of the national security services in Kousseri, Barndake, Demsa and Goulfey in the country's Far North.

According to DGSN, Martin Mbarga Nguele the donation is part of a "project to support the establishment of a climate of confidence between the state and its citizens in this part of the country, which is facing attacks from the Nigerian terrorist group Boko Haram."

The head of the Cameroonian police noted that in support of "the indisputable victories of our forces on terrorist groups and armed bandits in the border areas, Cameroon welcomes the contributions of its international partners in this fight against these transnational, obscurant and barbaric criminals."

The EU-backed project to the tune of CFA2.6 billion contributes to the restoration of the rule of law in that part of the country.

The Ambassador and head of the EU office in Cameroon, Françoise Collet said since the threat from terrorism is global and across borders, the response must be in like manner.
She added: "The war against Boko Haram underscored the highly strategic nature of border management and security".

According to the European diplomat, “as a result of this conflict and the population movements caused by it, the DGSN and the EU have realized that border security should be strengthened, not only to stem the tide of weapons and combatants, but also to secure the flow of people and goods vital for the strategic North and Far North regions.” (APA 15-03-2017)

ETHIOPIA’S GERD DAM WILL MAKE EGYPT’S NILE DELTA SINK UNDER THE MED, STUDY SAYS

The Grand Ethiopian Renaissance Dam, under construction on the Blue Nile, will be the largest hydroelectric power plant in Africa

It may be Ethiopia’s symbol of national pride, but the controversial Grand Ethiopian Renaissance Dam (GERD) being built for hydroelectric power on the Blue Nile will have grave and unexpected consequences for its downstream neighbour, Egypt, according to a report published in the US.
The multi-year study of Egypt’s Nile Delta estimates that GERD could reduce the flow of water to Egypt by as much as 25%, restricting its fresh water supply and diminishing its ability to generate power.

These are already matters of contention between the two countries, but the study published by the Geological Society of America (GSA) flags up another, unexpected risk – that of the eventual submerging of parts of the low-lying Nile Delta region under the waters of the Mediterranean Sea.

In their paper published in the journal, *GSA Today*, Jean-Daniel Stanley and Pablo L. Clemente argue that GERD’s restriction of Nile-born silt onto the delta, combined with sinking of the delta due to natural seismic compaction, could mean that parts of delta surface now above sea level will be underwater by the end of this century.

The scientists call for some form of arbitration by regional or global bodies to be applied to the “delicate situation”.

They worry, too, about the wider region, where some 400 million people live in the 10 countries along the Nile, with some now already experiencing severe droughts and unmet energy needs and “a multitude of economic, political, and demographic problems”.

Background

The soil-rich delta evolved as the result of natural conditions involving the Nile’s fresh water flow and transport of sediment northward from Ethiopia, across Sudan and Egypt to the Mediterranean.

About 70% of water flow reaching Egypt is derived from the Blue Nile and Atbara rivers, both sourced in Ethiopia.

“It is hoped that rather than resorting to threats and military action, some form of arbitration by regional or global bodies be applied to the delicate situation”– Geological Society of America paper
Over the past 200 years, rapidly increasing human activity has seriously altered flow conditions of the Nile. Emplacement in Egypt of barrages in the 1800s, construction of the Aswan Low Dam in 1902, and

the Aswan High Dam in 1965 have since altered water flow and distribution of nourishing organic-rich soil in the delta.

Egypt's population has rapidly swelled to about 90 million, with most living in the soil-rich Lower Nile Valley and Delta. These two areas comprise only about 3.5% of Egypt's total area, the remainder being mostly desert.

Due to much-intensified human impact, the delta no longer functions as a naturally expanding fluvial-coastal centre.

Less than 10% of Nile water now reaches the sea, and most of the nutrient-rich sediment is trapped in the delta by a dense canal and irrigation system.

Already sinking

The low-lying delta plain is only about 1m above present sea level. The northern third of the delta is lowering at the rate of about 4-to-8mm per year due to compaction of strata underlying the plain, seismic motion, and the lack of sufficient new sediment to re-nourish the delta margin being eroded by Mediterranean coastal currents.

While the coastal delta margin is being lowered, sea level is also rising at a rate of about 3mm per year. Delta lowering and sea-level rise thus accounts for submergence of about 1cm per year.

At present rates, saline intrusion is now reaching agricultural terrains in central delta sectors, and the scientists say parts of delta surface will be underwater by the year 2100.

Ethiopia, itself energy-poor and undergoing drought conditions, is nearing completion of GERD, the largest hydroelectric dam in Africa.

The large reservoir behind the dam is to be filled over a period lasting up to seven years, during which it is expected that the amount of Nile flow to the delta will be reduced by as much as 25%, the scientists say.

This down-river decrease of Nile fresh water will produce "grave conditions", they add.

Water and food shortages

Without GERD, the Nile supplies around 97% of Egypt's present water needs, with only 660 cubic meters per person, one of the world's lowest annual per capita water shares.

With a population expected to continue surging, Egypt is projected to experience critical fresh water and food shortages.

"It is hoped that rather than resorting to threats and military action, some form of arbitration by regional or global bodies be applied to the delicate situation," the authors write.(CGR 15-03-2017)

FRANCE COMMITS TO GAMBIA'S DEVELOPMENT AMBITIONS

France is committed, within the framework of the European Union, UN agencies and the Bretton Woods Institutions (Word Bank, IMF) to boosting the development ambitions of the new authorities in The Gambia, a joint statement on Wednesday said at the end of a two-day official visit to Paris by President Adama Barrow..

To this end, French companies met by President Barrow at the offices of the French Business Association (MEDEF) have been encouraged to explore the Gambian market, and introduce their capital and expertise toward the development of the tiny West African country.

French public organizations, especially the French Development Agency (AFD) have expressed willingness to support projects in The Gambia, according to the joint statement.

Both President Francois Hollande and Adama Barrow agreed to promote the Francophonie and to develop the learning of French especially in Gambian schools.

France has also welcomed the decision by the Gambian government to upgrade the Consulate General of The Gambia in Paris as a full-fledged embassy.

Paris and Banjul have also agreed to develop cooperation in the training of Gambian security forces.

Both leader resolved to strengthen ties between the two countries, in a move aimed at bolstering democracy and the rule of law in The Gambia.
A seminar on transitional justice will be hosted at the Alliance Franco-Gambienne in Banjul at a later date to demonstrate through African and foreign examples, the importance of justice and reconciliation processes.

President Hollande has hailed the announcement of reforms in The Gambia particularly regarding justice, human rights and security, and the launch of a justice and reconciliation initiative.

He has also acclaimed President Barrow's decision to rescind the process for the withdrawal of The Gambia from the International Criminal Court (ICC). (APA 15-03-2017)

KENYA TO ISSUE OUT E-PASSPORTS IN SEPTEMBER

The e-passport is an initiative that will be also launched in other East African countries.

Starting from 1 September 2017 the government of Kenya will start issuing out electronic passports according to reports by The Standard Media. The passports, which were due to be released in December 2016 and later pushed for April will have an electronic chip holding the same information as the current national passports. To get the e-passports, citizens will pay the same price as the current version.

Speaking on the postponement, Immigration Services Director Maj Gen (rtd) Gordon Kihalangwa said the postponement was due to unforeseen circumstances.

The e-passports will be launched in other East African countries such as Rwanda, Kenya, Tanzania, Uganda, Burundi and South Sudan. These passports will provide travellers with benefits such as use of automated border clearance or “E-gates”, automated issuance of boarding passes, and faster travel arrangements with airlines. Details of the passport will be registered with the International Civil Aviation Organisation.

The documents are said to be secure and difficult to duplicate when compared to the existing passports. This travel document is an initiative of the East African Community (EAC) and it will be used by the regional citizens for international travel. It is the EAC’s way of promoting intra African trade.(ITNA 16-03-2017)

CHINESE INVESTMENT IN MOZAMBIQUE IS CLOSE TO US$6 BILLION

China’s investment in Mozambique has been growing at a very fast pace and in cumulative terms is approaching US$6 billion, according to figures from the Chinese Embassy in Maputo.

The figures were cited on Thursday in Lisbon by the Chinese Embassy attache in Lisbon, Nie Quan, at the launch of a book by Portuguese tax specialists Bruno Santiago and Sara Teixeira, on the Mozambican tax law, focusing on the roles of Lisbon and Macau as platforms.

Nie Quan said that “the pace of growth of Chinese investment in Mozambique has been very fast,” with 100 Chinese companies operating in the country in diverse areas such as energy, agriculture, fishing, real estate, building materials, tourism, buses, telecommunications, infrastructure and trade.

“Chinese investment in Mozambique aims to help Mozambicans to be self-sufficient, both in industry and in agriculture, an example being the fact that Mozambique already has the first car brand in Africa: Matchedje,” said the diplomat, who also noted cooperation projects in the agricultural sector.

Nie Quan also said that China’s relations with Mozambique and Portugal are global strategic partnerships, making them more than straightforward economic investments, and that there is the potential for “tripartite cooperation” throughout the Portuguese-speaking world.

Together, he noted China and the Portuguese-speaking countries account for 17% of the global economy and 22% of the population, so there are “conditions for relations to be stronger and more prosperous.”

At the ceremony to launch the book, at law firm Morais Leitão, Galvão Teles, Soares da Silva e Associados, the ambassador of Mozambique, Fernanda Lichale, recalled the “longstanding friendship” of his country with China since independence to the present day, and also with Portugal, considering both to be privileged partner countries for development.

“Despite the vicissitudes of various kinds, Mozambique remains a preferred destination for foreign investment and Portugal certainly occupies a very special place, based on historical and cultural links forged over centuries of coexistence,” said the diplomat.

Economist Antonio Rebelo de Sousa, from the Company for Development, argued that, despite current political and economic problems, “Mozambique has evolved in the right direction in recent decades, opting for a relatively balanced growth model.”

The book “International Tax Law of Mozambique – Double Taxation Treaties” (Direito Fiscal Internacional de Moçambique – As Convenções de Dupla Tributação) highlights Macau and Portugal as platforms for investment. (17-03-2017)

MOST FINANCIAL INFLOWS NOT DEVELOPMENTAL

The World Economic Situation and Prospect report 2017 calls for a complete revamp of the international financial system to address development finance issues and ensure needed resource transfers to developing countries.

Recent disturbing trends in international finance have particularly problematic implications, especially for developing countries. The recently released United Nations report, *World Economic Situation and Prospects 2017* (WESP 2017) is the only recent report of a multilateral inter-governmental organization to recognize these problems, especially as they are relevant to the financing requirements for achieving the Sustainable Development Goals (SDGs).

Resource outflows rising

Developing countries have long experienced net resource transfers abroad. Capital has flowed from developing to developed countries for many years, peaking at US$800 billion in 2008 when the financial crisis erupted. Net transfers from developing countries in 2016 came close to US$500 billion, slightly more than in 2015.

Most financial flows to developing and transition economies initially rebounded following the 2008 crisis, peaking at US$615 billion in 2010, but began to slow thereafter, turning negative from 2014. Such a multi-year reversal in global flows has not been seen since 1990.

Negative net resource transfers from developing countries are largely due to investments abroad, mainly in safe, low-yielding US Treasury bonds. In the first quarter of 2016, 64 per cent of official reserves were held in US$-denominated assets, up from 61 per cent in 2014.

High opportunity costs

By investing abroad, developing countries may avoid currency appreciation due to rising foreign reserves, and thus maintain international cost competitiveness. But such investment choices involve substantial opportunity costs as such resources could instead be used to build infrastructure, or for social investments to improve education and healthcare.

The African Development Bank estimates that African countries held between US$165.5 and US$193.6 billion in reserves on average between 2000 and 2011, much more than the infrastructure financing gap estimated at US$93 billion yearly. The social costs of holding such reserves range from 0.35% to 1.67% of GDP. Investing about half these reserves would go a long way to meeting infrastructure financing needs on the continent.

This high opportunity cost is due to the biased nature of the international financial system in which the US dollar is the preferred reserve currency. As there is no fair and adequate international financial safety-net for short-term liquidity crises, many developing countries, especially in Asia, have been accumulating foreign reserves for ‘self-insurance’, or more accurately, protection against sudden capital outflows or speculative currency attacks which triggered the 1997-1998 Asian financial crisis.

Foreign capital inflows falling

Less volatile than short-term capital flows, foreign direct investment (FDI) in developing countries was rising from 2000, peaking at US$474 billion in 2011. But since then, FDI has been falling to US$209 billion in 2016, less than half the US$431 billion in 2015.

Most FDI to developing countries continues to go to Asia and Latin America, while falling commodity prices since 2014 have depressed FDI in resource rich Sub-Saharan and South American countries. Falling commodity prices are also likely to reduce FDI flows to least developed countries (LDCs), which need resource transfers most, but only receive a small positive net transfer of resources.

Bank lending to developing countries has been declining since mid-2014, while long-term bank lending to developing countries has been stagnant since 2008. The latest Basel capital adequacy rules also raise the costs of both risky and long-term lending for investments.

Portfolio flows to developing countries have also turned negative in recent years. Developing countries and economies in transition experienced net outflows of US$425 billion in 2015 and US$217 billion in 2016. The expected US interest rate rise and poorer growth prospects in developing countries are likely to cause further short-term capital outflows and greater exchange rate volatility.

Aid trends disappointing

Although aid flows have increased, aid's share of GDP has declined after 2009. The recent increase has been more than offset by counting expenditure on refugees from developing countries as aid. When refugee expenditures are excluded from the aid numbers, the 6.9 per cent increase in 2015 falls to a meagre 1.7 per cent. In five DAC countries, aid numbers fell once refugee costs were omitted. Thus, WESP 2017 emphasizes the importance of decomposing aid components and of separately tracking country programmable aid (CPA).

At 0.30 per cent of the gross national income (GNI) of OECD DAC members, official aid falls far short of the 1970 commitment by developed countries to provide aid equivalent to 0.7 per cent of GNI. Only six OECD countries – namely Denmark, Luxembourg, Netherlands, Norway, Sweden and the United Kingdom – met or exceeded the UN target in 2015. But aid to LDCs has been declining since 2010; even bilateral aid declined by 16 per cent in 2014.

Meanwhile, disbursements by multilateral development banks only increased marginally in 2015 while new commitments declined. Commitments by the World Bank's concessional lending arm, the International Development Association (IDA), which relies on donor contributions to provide concessional credits and grants to low-income countries, declined in real terms during 2014-2015.

Reversing resource outflows

Developing countries also lost an estimated US$7.8 trillion in illicit financial flows (IFFs) between 2004 and 2013 through tax avoidance, transfer-pricing, trade mis-invoicing and profit shifting by transnational corporations (TNCs). Over the past decade, IFFs were often greater than combined aid and FDI flows to poor countries.

Hence, WESP 2017 calls for a complete revamp of the international financial system to address these development finance issues and ensure needed resource transfers to developing countries. Failing to do so will put the SDGs at risk.(IPS 14-03-2017)

CHINA FINANCES CONSTRUCTION IN ANGOLA WITH US$1 BILLION

The People's Republic of China over the last two years has provided about US$1 billion to finance construction in Angola, said on Thursday in Luanda the vice president of the Angola-China Chamber of Commerce (CAC).

Chen Song was speaking at the inauguration ceremony of the members of the High Strategic Council of the institution, "an important act that will be part of the history of trade cooperation between the two countries and increase the interest of Chinese and Angolan business people."

The president of the CAC, Manuel Arnaldo de Sousa Calado, said at the time that the High Strategic Council aims to design and supervise policies to facilitate the implementation of the country's economic and strategic programmes, contributing to the development of the economic diversification process.

The Angola-China Chamber of Commerce (CAC), which aims to create a working climate that is conducive to interaction and trust between private entrepreneurs from the two countries and enhance trade relations, was set up a year ago and has 616 Angolan and Chinese companies as members, according to Angolan news agency Angop.

The council consists of 54 members from both Angola and China and is chaired by former Angolan member of parliament Lopo Fortunato Ferreira do Nascimento. (17-03-2017)

HUGE STORM IN MADAGASCAR WIPES OUT NEARLY A THIRD OF ITS VANILLA CROP

Madagascar accounts for more than three-quarters of global vanilla supply, and prices have doubled in a little more than a year to more than $500/kg

The worst tropical cyclone in 13 years to strike Madagascar may push up already record prices for vanilla beans that are used to flavour everything from cafe lattes to ice cream.

The storm that killed at least 78 people in the Indian Ocean island nation last week may have damaged as much as 30% of the crop, according to David van der Walde, director at Aust & Hachmann Canada, the world's oldest vanilla company.

The vanilla market, worth about $1.3bn a year at current prices, was already tight after output slipped and quality suffered over the past two years in Madagascar, which accounts for more than three-quarters of global supply. Prices have doubled in a little over a year to more than $500 a kilogram.

"It's most likely going to increase prices," said Craig Nielsen, CEO at US-based Nielsen-Massey Vanillas, a top-five US supplier. "How much they increase and for how long is still yet to be determined."

Demand for pure, natural vanilla has been growing after food manufacturers including Nestle and Hershey shifted from artificial flavouring. Farmers have not been able to keep up with increasing consumption, as it takes three to four years for plants to start producing vanilla beans, Nielsen said.

Mexican orchid

Producing the flavour is not easy. Vanilla comes from a bean pod that grows on a vine-like orchid that is originally from Mexico and was introduced to Madagascar in the 1800s. Because the island does not have a certain kind of pollinating bee, this is done by hand. The flowers that produce the pods open for less than a day each year and, if they are not pollinated during that time, that means no vanilla.

"A deadly cyclone hit is a nightmare for the product," said Bevahitsy Mariane, a grower in the country's northeast, where the storm first made landfall with wind speeds of more than 209km/h. Her plantation was completely flooded and now she is worried how she will pay for food and schooling for her five children.

If prices climb further, consumers may switch to natural or artificial substitutes, or blends. That happened when the cost of vanilla reached similar levels 13 years ago, according to Van der Walde.

"In 2003 and 2004 we saw $500 a kilogram; then prices quickly collapsed, demand fell off a cliff," he said. "I don't know where that cliff's edge is today but we are certainly very close."

Demand fell by 40% then, Nielsen said. With current prices, companies may slow or halt their development of existing and new products using pure vanilla until the market stabilises, he said.

Major user

Nestle, the world's largest food company and a major user of vanilla, said it considers price increases for its products as a last option when input costs are volatile.

"The prices of our products are not linked to short-term fluctuations in commodity markets," the company said in an e-mailed response to questions. "Neither do we reformulate our products in response to those fluctuations."

McCormick & Company, a US-based supplier of pure vanilla extract, said that while it was confident it would be able to fulfil existing commitments, it has raised prices because of rising vanilla costs caused by shortages before the storm.

Coupled with increased output from India, Papua New Guinea and Indonesia that will probably cover any losses in Madagascar, a drop in demand would ease any shortage, and prices will drop to about $250 per kilogram, estimates Laurent Bourgois, president at Eurovanille, a France-based supplier.

While it's still too early for an accurate toll of cyclone damage to Madagascar's crop, a 1,000-tonne harvest in 2017 was "certainly possible", according to Van der Walde.

The country probably produced no more than 1,200 tonnes in 2016, Aust & Hachmann said in February. Madagascar's average harvest is about 1,500 tonnes out of global production of slightly more than 2,000 tonnes, according to Nielsen.

There are fears that shortages may worsen.

"There will simply not be enough vanilla to meet the world demand," said Josephine Lochhead, president at Cook flavouring company, a century-old buyer in US. "Vanilla is literally gold." (Bloomberg 16-03-2017)

FIRST CASINO IN CABO VERDE OPENS ON THE ISLAND OF SAL

Casino Royal, the first gaming venue in Cabo Verde (Cape Verde) opened on Thursday on the island of Sal. The project is attached to the Hilton Hotel and cost 5 million euros, the Cape Verdean press reported.

The casino had been operating on an experimental basis since December 2016 and has 117 slot machines and 11 gaming tables. It is located on Avenida dos Hotéis in Santa Maria, Sal, the most popular island for tourists on the archipelago.

The Cabo Verde General Gaming Inspectorate (IGJ) said on its website that the concession period of the Casino Royal is 25 years, with a period of exclusivity of seven years in this gaming zone, starting from Thursday, the date of the official opening.

Since 2012 Cabo Verde has had five betting and gaming areas, spread over the islands of Santiago, Sal, São Vicente, Boavista and Maio, with the latter three available for concession.

The capital, Praia, on the island of Santiago, will also have a casino with the project that is being built on Gamboa beach and the islet of Santa Maria, an investment of 250 million euros by Macau businessman David Chow.(17-03-2017)

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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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6th EU-Africa Business Forum

The 6th EU-Africa Business Forum is slated for upcoming June 7th at the European Development Days (EDDs) in Brussels. The Forum will convene high-level business leaders and stakeholders from Africa and Europe in the run-up to the 5th Africa-EU Summit of Heads of State and Government, due to take place at the end of November in Abidjan, Côte d'Ivoire.

As it was the case in the previous edition of 2014, the success of the Forum will hinge on the strong support of the African and European business communities and their involvement in leading the discussions and running a range of activities (e.g. Success stories, Investment pitches, roundables).

For the organisation of thematic sessions within the Forum at the EDDs, a call for proposals has been launched, inviting businesses and organisations to play an active role and run thematic sessions in formats of your choice, but consistent with criteria that, among other, seek to achieve overriding objectives of common interest.

For any enquiry about the forum you may contact JAES Support Mechanism II team by e-mail at address info@euafrica-businessforum.eu

Fernando Matos Rosa

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