

Australia-Africa Mining & Energy News Brief

SUPPORTING AUSTRALIAN MINERALS AND ENERGY SUCCESS IN AFRICA



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Africa - General

Ramadan 2019

Ramadan will begin in the evening of Sunday, 5 May and end on the evening of Tuesday, 4 June.
(n.b. dates may vary).

Africa - General

Looming Debt Crisis in Africa: Myth or Reality?

Since 2013, the debt level for African countries has had a median debt-to-GDP ratio of 53%. This is fuelling concern in some quarters that the region is facing another systemic debt crisis. However, according to the research institution Brookings, another systemic sovereign debt crisis is not imminent, and although debt level and debt servicing costs are high and are indeed of concern, the debt-to GDP is now considerably lower in comparison to the period 2001 to 2013.

In the first instance, debt levels had increased because the GFC and the 2014 terms-of-trade shock hit all economies around the world, and Sub-Saharan African countries were not spared. The increase in debt was particularly rapid for the region's oil exporters. Second, in the face of low domestic saving rates, growing financing needs, particularly for infrastructure, led governments to

contract debt from a variety of sources. Thirdly, the ensuing ultra-low interest rates prevailing in the U.S. and other advanced economies' markets led private market lenders to step up lending to frontier markets, including to several African countries, in a search for higher yielding assets. Additional contributing factors include exchange rate depreciations, which raise the domestic currency value of unhedged foreign currency debt, and, in some cases, poor governance.

Looking ahead, most of the drivers for the increases in debt appear to be dissipating. Commodity prices have retracted their declines, economic growth is firming up, exchange rates have strengthened, and, in many cases, fiscal consolidation is under way. Accordingly, the debt ratio had begun to plateau in 2017 and, barring unexpected shocks or fiscal slippages, it is projected to decline to 47 percent by 2023.

Report based on source: 'Looming debt crisis in Africa: Myth or reality?'. Brookings, Report by Brahim Sangafowa Coulibaly, Dhruv Gandhi, and Lemma Senbet, 5 April 2019

<https://www.brookings.edu/blog/africa-in-focus/2019/04/05/looming-debt-crisis-in-africa-myth-or-reality/>

AfDB and ASEA sensitize market participants on the African Stock Exchange integration project

A meeting was held in Abidjan on 24 April to raise awareness on the proposed project of linking African stock exchanges. It was held at the same time as the 8th session of the Building African Financial Markets seminar (BAFM). The main objective of this meeting was to examine the different stages which will have to be implemented for this integration project and to assess critical points which would have to be addressed in the process. These include market and exchange regulation, availability of financial information on companies, transaction costs, conditions for the settlement of transactions.

Report based on source: 'La BAD et l'ASEA sensibilisent les acteurs du marché sur le projet d'intégration des bourses africaines'. Ecofin online, Report by BRVM, 25 April 2019

<https://www.agenceecofin.com/bourses/2504-65641-la-bad-et-l-asea-sensibilisent-les-acteurs-du-marche-sur-le-projet-d-integration-des-bourses-africaines>

Botswana

Tlou Downstream CBM Environmental Impact Statement Approved

Botswana has a significant energy shortage and generally relies on imported power and diesel generation to fulfil its power requirements and Tlou Energy (listed on the ASX, AIM and the Botswana Stock Exchange) has focused on delivering Gas-to-Power solutions Botswana to help alleviate this problem. Tlou Energy Limited announced on 1 May that the Botswana's Department of Environmental Affairs (DEA) had approved an Environmental Impact Statement (EIS) for up to 20MW Coal Bed Methane (CBM) power generation and a 66kV Transmission Line to Serowe.

This EIS approval, valid for 30 years, is a major achievement as it is the final environmental authorisation required to move the Lesedi CBM Project through to commercialisation. It provides the Company the flexibility to rapidly expand to 20MW of CBM generation. Following successful implementation of the first stage of this scalable project, the Company looks forward to evaluating longer-term prospects for the delivery of electricity generated from CBM in Botswana to its neighbouring countries.

DRC

DRC-USA cooperation: "there will be no American investment in this country because of insecurity and corruption" (Mike Hammer)

During US Ambassador Mike Hammer's recent official visit to South Kivu, on Wednesday 24 April, he indicated that insecurity and corruption are the basis of the absence or departure of American investors in the Congo. "The big problem is corruption. There will be no American investment in this country because there is insecurity and corruption", he said, forgetting that "the pot should not call the kettle black". Trump may have already contradicted his spokesman?

Report based on source: 'Coopération RDC-USA : « Il n'y aura pas d'investissement américain dans ce pays à cause de l'insécurité et la corruption »' Actu30 Magazine, report by Roberto Tshahe 24 April 2019 <https://actu30.info/2019/04/24/cooperation-rdc-usa-il-ny-aura-pas-dinvestissement-americaain-dans-ce-pays-a-cause-de-linsecurite-et-la-corruption-mike-hammer/>

Egypt

Constitutional reform extending the Presidency of Al-Sissi approved by 88.83% of voters

The constitutional reform allowing the extension of the Presidency of Abdel Fattah al-Sissi until 2030 has been approved by referendum by 88.83% of voters, according to the Egyptian national election authority. Turnout was 44.33% of the sixty-one million registered voters. Participation as announced by the ANE has however been questioned by local civil society groups.

Report based on source: "Égypte: la réforme constitutionnelle prolongeant la présidence d'al-Sissi jusqu'en 2030 approuvée à 88,83% » Ecofin Online , 28 April 2019 <https://agenceecofin.com/politique/2504-65646-egypte-la-reforme-constitutionnelle-prolongeant-la-presidence-dal-sissi-jusqu-en-2030-approuvee-a-88-83>

Ethiopia

Prime Minister Dr. Abiy visits China for the Belt and Road Forum

Prime Minister, Dr. Abiy Ahmed arrived in China on Tuesday this week to attend the second Belt and Road Initiative Forum being held Thursday to Saturday (April 25-27) in Beijing. Launched six years ago, the Belt and Road Initiative aims to strengthen infrastructure, trade, and investment links between China and some 65 other countries. Ethiopia was among the first group of African countries to sign cooperation agreements concerning building Belt and Road projects and it also plays a role as a bridge and a link for jointly advancing the initiative in Africa. This year's Forum is being held under the theme "Belt and Road Cooperation: Shaping a Brighter Shared Future," and representatives from over 100 countries, including 37 Heads of State and leaders of government are attending, including

the presidents of Chile, Mongolia, Nepal, Portugal, the Swiss Confederation, Austria, Egypt, Italy and Laos. Other countries, including France, Germany, the UK, Spain, Japan, South Korea and the EU are sending high-level representatives. The Forum includes plenary sessions as well as a leaders' round-table, high-level meetings, thematic forums, CEO conference and other side events.

The Forum is expected to produce a full range of deliverables, including governmental cooperation agreements and initiatives as well as concrete cooperation projects involving participation of relevant business sectors. It is also expected that participants will build on successful practices and develop a multi-tiered cooperation framework with increased higher quality results. Expectations include improved bilateral cooperation mechanisms to strengthen links between the BRI and development policies, plans and initiatives of participating parties; enhancing trilateral cooperation and cooperation among participating countries in third markets; and expanded multilateral cooperation, and enhanced cooperation with multilateral economic and financial institution to explore multi-party cooperation.

The BRI is well aligned to the UN 2030 Agenda for Sustainable Development, and at the regional level connects with regional development plans and cooperation initiatives such as the Agenda 2063 of the African Union.

Report based on source: 'Prime Minister Dr. Abiy visits China for the Belt and Road Forum'. A Week in the Horn" from the Embassy of Ethiopia, 30 April 2019

Kenya

Uhuru Kenyatta's risky gamble for the emergence of Kenya: The Big Four Agenda

On his re-election as head of State at the end of the year 2017, President Uhuru Kenyatta announced a comprehensive development plan for his country: the big four agenda. Building on four flagship projects: Food security; Affordable housing; Manufacturing and; Affordable healthcare, he plans to put right the economic emergence of the East African country by 2022. However, almost two years after its launch, the fallout of this Titanic project is still awaited.

Report based on source: 'Big Four Agenda : le pari risqué d'Uhuru Kenyatta pour faire émerger le Kenya'. Ecofin online, report Moutiou Adjibi Nourou 26 April 2019

https://www.agenceecofin.com/hebdop3/2604-65672-big-four-agenda-le-pari-risque-d-uhuru-kenyatta-pour-faire-emerger-le-kenya?utm_source=newsletter_10195&utm_medium=email&utm_campaign=ecofin-hebdo-n-075-semaine-du-26-avril-au-03-mai-2019

US\$ 590 million in commitments as part of the New Silk Road

Agreements signed on 27 April in Beijing at the "belt and road for international cooperation" Forum, amount to US\$ 64 billion, and Kenya announced that it had secured some 590 million euros of these funds. 37 international leaders gathered around Xi Jinping, the Chinese President at this forum , including four African heads of State: Ismail Omar Guelleh (Djibouti), Abdel Fattah al-Sissi (Egypt), Uhuru Kenyatta (Kenya) and Filipe Jacinto Nyusi (Mozambique) as well as Ethiopian Prime Minister Abiy Ahmed also participated in the meeting.

Report based on source: '590 millions de dollars d'engagements pour le Kenya dans le cadre de la nouvelle route de la soie' . Jeune Afrique online 29 April 2019

https://www.jeuneafrique.com/768679/economie/chine-afrique-590-millions-de-dollars-dengagements-pour-le-kenya-dans-le-cadre-de-la-nouvelle-route-de-la-soie/?utm_source=newsletter-ja-eco&utm_medium=email&utm_campaign=newsletter-ja-eco-29-04-19

Mauritania

A [Presidential] campaign with knives drawn

Two months before the first round of the presidential election, the war of words and images is already raging. The official presidential campaign opens on 7 June, at the end of Eid-el-Fitr [end of the month of Ramadan]. Will the holy month have eased the tension? At the moment in Nouakchott, all dirty tricks are allowed.

Since announcing his candidacy on 1 March, the former Chief of Staff of the army is working on all fronts and is continuously receiving dignitaries and elites who wish to show their support. On top of that and during the first half of April, the outgoing-president Mohamed Ould Abdelaziz, accompanied him to visit 36 towns and villages in the thirteen regions of the country. For this marathon, an army helicopter was commandeered by his campaign team thanks to the financial assistance of his tribe – the Ideiboussat – who have pledged 7 billion ouguiyas (17 million euros) to go towards his campaign efforts. On his return to Nouakchott, the General entrusted the logistics of his presidential campaign to Moctar Ould Diay, presently Minister of Economy and Finance, Treasury to Mohamed Abdel Vettah, Minister of Oil, Mines and Energy. The communication cell of his campaign, on the other hand, is already formed around the Minister of Youth and Sports, Djindah Mohamed Bal.

Report based on source: : 'Présidentielle en Mauritanie : une campagne à couteaux tirés'. Jeune Afrique online, Report by Alain Faujas 25 April

<https://www.jeuneafrique.com/mag/765069/politique/presidentielle-en-mauritanie-une-campagne-a-couteaux-tires/>

Morocco

The Change of Regime in Algeria brings Hope to Eastern Morocco

The possible re-establishment of trade with Algeria is bringing hope to the inhabitants of Eastern Morocco and especially the inhabitants of Oujda. "The trade business used to be great at one time... but at the moment.....!", according to Fouad, a local taxi driver.

Report based on source: 'Maroc : le changement de régime en Algérie fait naître l'espoir à l'Est'. Jeune Afrique online, report by Fahd Iraqi 26 April 2019

https://www.jeuneafrique.com/mag/765032/societe/maroc-lespoir-se-leve-a-lest/?utm_source=newsletter-ja-eco&utm_medium=email&utm_campaign=newsletter-ja-eco-26-04-19

Senegal

A surprising opposition silence against Macky Sall's revision of the Constitution

The draft law revising the Constitution with a view to deleting the post of Prime Minister will be submitted to the deputies' vote on 4 May.

While the Executive is pushing this reform through, the opposition has remained silent. Throughout the presidential campaign, the opposition had constantly denounced what it considered the increasingly authoritarian conduct of Macky Sall. However, since 6 April and the announcement of the draft constitutional revision to remove the post of Prime Minister and to legally increase presidential powers as a result, the opposition has been surprisingly quiet – even the usually strident ex-President Abdoulaye Wade!

Nevertheless, this change, similar to several other countries' recent constitutional change, seems to create an executive closer in character to that of the US.

Report based on source: 'Sénégal : le surprenant silence de l'opposition face à la révision constitutionnelle'. Jeune Afrique online, report by Manon Laplace 25 April 2019

<https://www.jeuneafrique.com/767385/politique/senegal-le-surprenant-silence-de-lopposition-face-a-la-revision-constitutionnelle/>

The rebellion in Casamance is weaker than ever... but!

According to Jean-Claude Marut, a specialist on the conflict in Casamance, the rebellion has greatly lost its strength some seven years after the beginning of negotiations with the government. However, a section of the rebels in the movement of democratic forces of Casamance (MFDC) are threatening to take up arms once again. Through a spokesperson in the village of Koundjoughor, the leader of the northern section of the secessionist MFDC, Salif Sadio, has threatened to once more take up arms in order to "speed up a government that seems in no hurry to respect its commitments". According to Marut, the group may have lost its initial strength with the fall of Yahya Jammeh and loss of its bases and supply chain in Gambia, but it is still in a position to carry out symbolic attacks. Furthermore, there are dissensions within the MFDC itself that weaken Salif Sadio's position, and this adds to the government's objective of weakening the group by stalling negotiations.

Peace and development go hand in hand and the State has made great efforts since the early 2000s in terms of improving infrastructure in Casamance. However, economic progress is difficult because of a lack of interested investors. Some development is occurring, such as the mineral sands project near the village of Niararang, in the region of Ziguinchor. The offshore discovery of potentially viable petroleum just to the northwest of The Gambia does augur for further viable discoveries further to the South and offshore Casamance, but full peace must come to give assurance to future investors.

Report based on source: 'Sénégal : La rébellion en Casamance est plus affaiblie que jamais'. Jeune Afrique online, report by Marième Soumaré 30 April 2019

<https://www.jeuneafrique.com/768832/politique/senegal-la-rebellion-en-casamance-est-plus-affaiblie-que-jamais/>

South Africa

The main problem with the ANC is its economic policy

Twenty-five years after the first multi-racial elections in South Africa, the country's political landscape remains dominated by the African National Congress (ANC).

Favourite in the coming general elections scheduled for 8 May, the aging anti-apartheid party will nonetheless have to convince voters on its economic policy, a challenge far from being won. Shaken by corruption scandals and threatened by opposition parties that is increasingly bringing voters to its side at each election, ANC nevertheless remains a strong and ubiquitous presence throughout the country.

Its President since December 2017 and present head of State since the resignation of Jacob Zuma in February 2018, Cyril Ramaphosa is still the great favourite in the coming general elections.

Report based on source: 'Afrique du Sud : Le problème de l'ANC, c'est surtout la politique économique'. Jeune Afrique online, report by Marième Soumaré 29 April 2019
https://www.jeuneafrique.com/768016/politique/afrique-du-sud-le-probleme-de-lanc-cest-surtout-la-politique-economique/?utm_source=newsletter-ja-actu-abonnes&utm_medium=email&utm_campaign=newsletter-ja-actu-abonnes-30-04-19

Sudan

A tentative deal in Sudan

The Sudanese military and civilian protestors have agreed, in principle, to a joint civilian-military council that will lead the country's upcoming transition.

Ever since Omar al-Bashir was forced out of power nearly a month ago, protestors have been demanding a civilian government. The army has made gradual concessions, but never agreed to completely hand over power. Even this latest breakthrough comes with some reservations.

The demonstrators want majority civilian control in a 15-person council. But there are reports that the military has not yet agreed to any division. The composition is critical, as this is the body that will oversee the transition to civilian rule – or derail it!

Report based on source: 'Sudan: A tentative deal'. Africa Insiders' Newsletter by African Arguments online 27 April 2019 <https://africanarguments.org/2019/04/16/insiders-insight-change-continues-incrementally-in-sudan/>