

# AFRICA BULLETIN

---

## FEBRUARY 2021



UGANDA

### Total, Eacop Oil Deal in High Gear After Call for Bids

Ugandan players are keen on a slice of oil and gas deals through local content provisions, with an estimated USD 8 billion to USD 10 billion worth of investment expected to flow into the country upon final signature being done. French oil major Total and its affiliate East African Crude Oil Pipeline (Eacop) have invited bids for various services, a sign that the long-awaited final investment decision (FID) oil deal that is expected to unlock USD 10 billion of investments, is around the corner. The tenders target Uganda and Tanzania-based firms to compete across 10 categories of offers.

According to the Chief Executive of the Association of Uganda Oil and Gas Service Providers (AUGOS), the group's members have been waiting for more than a decade for these oil and gas-related opportunities.

#### SIGNIFICANCE

During the early stages of exploration, oil companies spent an estimated USD 3 billion, 28.3 percent of which remained in the country. With bigger money and opportunities to tap into as the country readies for oil production, AUGOS targets between 30 and 40 percent of the expected investment flow to remain in Uganda.

Uganda's oil project has stuttered for more than a decade, but this month, Total and Eacop called for expressions of interest for service providers across 10 categories of tenders, both in Uganda and Tanzania. Players say this has brought optimism back into an industry where several entrepreneurs went on a borrowing spree to invest in the construction of hotels, transport and logistics, heavy lifting equipment and air transport services when Uganda announced the first oil for 2015.

## TABLE OF CONTENTS

---

<b>KENYA</b>	<b>3</b>	<b>SOUTH AFRICA</b>	<b>5</b>
British Products Get 25-Year Tax Free Entry in Kenya Pact		Cenfura, DNA Global Launch Mini-Grids With Payment in Encrypted Cash	
<b>MADAGASCAR</b>	<b>3</b>	<b>SUDAN</b>	<b>6</b>
IMF to Extend USD 320 Million to Madagascar For Economic Reforms		Sudan Seeks to Restore Global Banking Connections	
<b>MAURITIUS</b>	<b>4</b>	<b>TANZANIA</b>	<b>6</b>
Mauritius, India Sign Landmark Economic Cooperation Agreement		Power Project Sets Stage for Electric SGR Operations	
<b>MOROCCO</b>	<b>4</b>	<b>ZAMBIA</b>	<b>7</b>
Morocco Removed from EU's Grey List		Central Bank Increases Benchmark Interest Rate to Fight Surging Inflation	
<b>NIGERIA</b>	<b>5</b>		
USD 1.2 Billion Brazil Loan Set to Boost Agriculture Sector			

[Click Here to Subscribe to Africa Bulletin](#)

FEBRUARY 2021

# AFRICA BULLETIN



## KENYA

### British Products Get 25-Year Tax Free Entry in Kenya Pact

Kenya's trade pact with the UK will allow British firms to ship in goods duty-free for 25 years. The post-Brexit trade deal with the UK will, however, open the window for British companies to flood the local market with finished and unfinished goods that exclude agricultural and industrial products at the expiry of a seven-year moratorium. Kenya is offering to open 82.6 percent value of total trade to the UK over an extended transition period of up to 25 years, with a seven-year moratorium, constituting of mainly raw materials, capital goods, intermediate products and all other essential goods.

Kenya imports vehicles, machinery, nuclear reactors, boilers, pharmaceutical products, printed books, paper and paperboard, articles of pulp, paper and board newspapers, pictures and beverages, spirits and vinegar from the UK. It also buys electrical, electronic equipment, textile articles, sets, worn clothing, miscellaneous chemical products, ships, boats, and other floating structures.

#### SIGNIFICANCE

The agreement between Kenya and the UK provides full duty-free and quota-free market conditions for goods originating from East African Community partner state(s) into the market of the UK on a secure, long-term and predictable basis. The prolonged transition period of seven years seeks to protect infant industries as well as safeguards agriculture, industry and Kenya's market interest in the region. In addition, Kenya stands to benefit from untapped UK market potential estimated at USD 205 billion against Kenya's current level of exports which stands at 0.2 percent of the UK market size.

---

## MADAGASCAR

### IMF to Extend USD 320 Million to Madagascar For Economic Reforms

The Madagascar government has reached a staff-level agreement with the International Monetary Fund (IMF) for the disbursement of USD 320 million. Last year, Madagascar suffered an economic decline of more than 4 percent due to the harsh blow to the tourism industry caused by the pandemic. Lower exports, notably in the mining and textile sectors, and lower domestic demand also contributed to the GDP contraction.

Madagascar in 2016 benefited from an extended credit facility of USD 304 million and the facility was strengthened last year to support the response against COVID-19. Although the country has made significant progress, the IMF believes that further reforms are needed to reduce the country's exposure to climate shocks and fiscal risks. To this end, the Fund calls on the government to strengthen the strategy for mobilizing domestic revenue, which fell sharply last year, bringing the budget balance from a surplus in 2019 to a deficit in 2020 (-3 percent).

#### SIGNIFICANCE

In an official statement, IMF stated that the new deal is an Extended Credit Facility set up to assist the country in the implementation of its economic reforms. The goal is to support the post- COVID recovery, improve and sustain inclusive growth and reduce poverty.

FEBRUARY 2021

# AFRICA BULLETIN



## MAURITIUS

### Mauritius, India Sign Landmark Economic Cooperation Agreement

India signed a landmark Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with Mauritius, the first of its kind with an African nation, making the strategically located country a launch-pad for business expansion into the huge African continent. The India-Mauritius CECPA is broad-based, covering a wide remit that includes trade in goods, trade in services, non-tariff measures and technical barriers to trade, sanitary and phytosanitary measures, trade facilitation, investment, technical regulations, customs procedures, rules of origin, dispute settlement, trade remedies, etc. The historic trade agreement also covers bilateral services trade, which includes business services, educational services, communication, construction, environmental services, distributional services, financial, health-related and social services, recreational, cultural & sporting services, transport services, and travel & tourism services. The CECPA will provide a gateway for Indian exporters and businesses to expand their investments and commercial interests in the African continent.

#### SIGNIFICANCE

The agreement will provide a timely boost for the revival of the post-COVID economies and also enable Indian investors to use Mauritius as a launch-pad for business expansion into continental Africa, helping the prospect of Mauritius emerging as a 'hub of Africa'. Mauritius will get preferential access for the export of 40,000 tonnes of sugar into India at an early time frame. Similarly, there will also be access to the export of 7.5 million pieces of apparel. The CECPA could also facilitate Indian investment in the services sector in Mauritius, especially in the Information and Communication Technologies sector as Indian companies could benefit by leveraging the bilingual prowess of Mauritius for investments in Francophone Africa.

---

## MOROCCO

### Morocco Removed from EU's Grey List

The European Union (EU) has decided to remove Morocco from the "grey list" of non-cooperative third countries. The decision recognises Morocco's efforts to comply with international tax governance standards. The grey list is comprised of countries and jurisdictions that are identified as having strategic deficiencies in their anti-money laundering and counter-terrorist financing frameworks. Greylisting a country creates a negative perception of the economy given that foreign transactions with the country are closely monitored and thoroughly scrutinized and that some countries may choose to cut economic ties with a greylisted nation. Morocco has adopted a new law governing the activities of the Casablanca Finance City. The reform is meant to improve the city's scores on transparency and drive up attentiveness for companies eligible for obtaining specific status in Morocco's financial centre.

#### SIGNIFICANCE

The EU had been awaiting the finalization of the Organisation for Economic Co-operation and Development (OECD) assessment of the Casablanca Finance City tax system to pull out Morocco from the grey list. The decision to remove the country from the list of tax havens has been welcomed by industry commentators, noting that will make it easier for Moroccan companies to raise funds from international economic actors and development finance institutions. In addition, Morocco has taken concrete measures to comply with tax and good governance standards.

FEBRUARY 2021

# AFRICA BULLETIN



## NIGERIA

### USD 1.2 Billion Brazil Loan Set to Boost Agriculture Sector

Nigeria and the Brazilian Government have signed a USD 1.2 billion Memorandum of Understanding to boost the modernisation of the agricultural industry in the country. The credit facility provided by the Development Bank of Brazil is meant to support the Federal government's drive to provide agricultural mechanisation and agro-processing centres across the country. The loan is a bilateral agreement between Nigeria and the Brazilian Government and will be guaranteed by the Islamic Development Bank and Islamic Corporation of Insurance for Export Credit.

#### SIGNIFICANCE

The facility to be repaid in the next 15 years will facilitate the creation of market-oriented private sector-driven service centres across the country to address the two twin issues of agricultural modernisation and agro-processing. In addition, the Green Imperative Project (GIP) is a facility that will inject foreign direct investment of approximately USD 1.2 billion that has been structured financially to allow the government to use its bilateral negotiation and arrive at financing that is below three percent interest rate and has a long gestation period of 15 years to repay.

## SOUTH AFRICA

### Cenfura, DNA Global Launch Mini-Grids With Payment in Encrypted Cash

Cenfura signed a joint venture agreement with DNA Global Energy, a developer of clean energy projects based in London, UK. This partnership aims to develop 14 green mini-grid projects for off-grid communities in South Africa. These facilities will be similar to those already inaugurated by Cenfura in South Africa.

Recently, the company commissioned an off-grid solar system capable of providing 873 MWh of electricity per year to the community of Malachite Mews in the Gauteng Province of northern South Africa. The joint venture will integrate Cenfura's business model. Properties that benefit from the mini-grids will pay their electricity bills using the Cenfura platform's XCF Token digital asset. This is a platform based on a technology for storing and transmitting information without a controller, which is therefore based on the blockchain. According to Cenfura, its cryptographic system offers a unique fintech solution to the joint venture. This e-money is already available on the open market, mainly on the Liquid Exchange, a platform that offers buying capacity in most countries of the world.

#### SIGNIFICANCE

According to Cenfura, the facilities being built, which also have a battery storage system, have the potential to reduce the carbon footprint of the various properties connected to the mini-grid by 70 percent, from the current emissions of around 1.2 million tonnes per year to 360,000 tonnes per year. Cenfura's Token digital asset ensures that the financial system is safer. This in turn will allow individuals, private sector companies, and non-bank financial institutions to settle directly to their accounts while significantly reducing the concentration of liquidity and credit risk in payment systems.

FEBRUARY 2021

# AFRICA BULLETIN



## SUDAN

### Sudan Seeks to Restore Global Banking Connections

Sudanese banks are taking steps to re-establish relationships with foreign financial institutions after the US removed Sudan from its list of countries that sponsor terrorism. Large foreign banks began to withdraw gradually from 2000, as the US cracked down on dealings with Sudan. The US formally lifted economic sanctions on Sudan in 2017 but continued to classify it as a state sponsor of terrorism, partly due to its suppression of the rebellion in Darfur and the hosting of then Al-Qaeda leader Osama bin Laden in the 90s.

Now foreign banks can re-establish banking relationships and are only concerned that they may be subject to secondary sanctions in place against individuals with links to the Darfur war.

#### SIGNIFICANCE

Restoring international banking relations would give vital support to the economy still in crisis after more than 18 months of political transition since the ouster of former president Omar al-Bashir. Sudanese banks had been banned from correspondent relationships involving dollars and have had difficulty dealing in other major currencies for nearly 20 years. Restoring international banking relations will certainly be of very great value in terms of reducing costs as well as time to conduct transactions.

---

## TANZANIA

### Power Project Sets Stage for Electric SGR Operations

Tanzania's State power utility firm will supply 70 megawatts of electricity to power the first phase of the standard gauge railway (SGR), which starts operations in the coming few months. According to the Energy Minister, the construction of power lines between Dar es Salaam (Kinyerezi) and Morogoro (Kingorwira) is complete and Tanzania Electric Supply Company Limited (Tanesco) is ready to power the Tanzania Railways Corporation (TRC) locomotives. The Minister allayed fears that SGR train operations could be disrupted in times of power cuts, saying the locomotives will have inbuilt power-saving systems that will keep them charged for not less than one hour.

Tanzania is currently undertaking several power generation projects – including the 2,115 megawatts Julius Nyerere Hydropower Station - in an effort to meet the goal of producing 5,000 megawatts by the year 2025.

#### SIGNIFICANCE

The economy needs reliable infrastructure to connect supply chains and efficiently move goods and services across borders. Infrastructure connects households across metropolitan areas to higher quality opportunities for employment, healthcare and education. Clean energy and public transit can reduce greenhouse gases. With the supply of stable electricity to power the SGR, the economy improves as there is no downtime due to the breakdown of the SGR.

FEBRUARY 2021

# AFRICA BULLETIN



## ZAMBIA

### Central Bank Increases Benchmark Interest Rate to Fight Surging Inflation

Zambia became the second country in the world to increase its benchmark interest rate this year as it seeks to bring down spiralling inflation that is at a five-year high. The Monetary Policy Committee (MPC) lifted the rate to 8.5 percent from 8 percent, according to Governor Christopher Mvunga. That is the first increase since November 2019.

The MPC's decision was a delicate act of balancing between the need to fight inflation and propping up the economy and came after two days of complex deliberations, according to the Governor. The central bank stands ready to tighten policy further with inflation seen moving further from the bank's 6 percent to 8 percent target range over the next two years.

#### SIGNIFICANCE

This move reversed some of the 350 basis points of cuts announced by Mvunga's predecessor last year before he was replaced in August. It shows the central bank is serious about tackling inflation that accelerated to 21.5 percent in January and supporting the kwacha after it weakened 32 percent against the dollar in the past 12 months. The move should help boost capital inflows into the southern African nation that became the continent's first pandemic-era sovereign defaulter in November.

FEBRUARY 2021

# AFRICA BULLETIN



## SOURCES

<https://www.businessdailyafrica.com>

<https://www.ecofinagency.com>

<https://www.business-standard.com>

<https://www.moroccoworldnews.com>

<https://guardian.ng/business-services>

<https://www.afrik21.africa>

<https://www.theeastafrican.co.ke>

<https://www.theeastafrican.co.ke>

<https://www.bloomberg.com>

Engage with us on:



The information contained in this Bulletin is accredited to the named sources and does not necessarily represent the views of ALN. ALN accepts no responsibility whatsoever for any loss, direct, indirect or consequential, arising from information made available and actions resulting therefrom.