

Australia-Africa Mining & Energy News Brief

SUPPORTING AUSTRALIAN MINERALS AND ENERGY SUCCESS IN AFRICA



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Africa – General

Strong growth but more public revenues needed to finance development (without foreign assistance!)

In spite of the constant negative rhetoric, Africa is experiencing its best period of economic growth of modern times and although expecting a return to 3.4% overall GDP for 2019, it is predicted to once again keep rising to reach 3.7% in 2020. Nevertheless, this growth remains inadequate as almost all 54 African national states are not able capture increasingly needed public revenue from its different sources of income, including taxes.

According to a 2019 report by the Economic Commission for Africa, the continent needs an economic growth rate three times greater than today's to achieve stated UN Sustainable Development Goals (Seventeen SDGs were adopted in 2015 and are a blueprint to achieve a better and more sustainable future for all. They address the global challenges of poverty, inequality, climate, environmental degradation, prosperity, and peace and justice).

According to the report, 38 African countries have exceeded the public debt ceiling of 40% of GDP, indicating that any additional national borrowing will reduce debt sustainability and discourage investment in the country concerned.

The solution is simple: Rather than foreign borrowings, African countries must improve their collection of payroll tax, labour tax, and land tax, tackle the shortcomings of their fiscal policies by reforming their fiscal administration, improve tax governance as well as the principle of accountability through the fight against corruption. The integration of the informal economy and of agriculture into the tax system should also allow governments to broaden their tax base.

This increase in state revenues would greatly assist in reaching the UN's stated SDGs and fulfil the aspirations of Africa.

Report based on source: 'Accroître les recettes publiques pour financer le développement et ne plus dépendre de l'extérieur'. Ecofin online, Report by Moutiou Adjibi Nourou, 30 Apr 2019
<https://agenceecofin.com/hebdop1/3004-65780-accroitre-les-recettes-publiques-pour-financer-le-developpement-et-ne-plus-dependre-de-l-exterieur>

Upcoming Elections

South Africa	8/05/2019
Malawi	21/05/2019
Malagasy Parliamentary	27/05/2019
Chad	27/05/2019
Mali*	1/06/2019
Chad	1/06/2019
Mauritania Presidential	22/06/2019
Algeria Presidential	4/07/2019
Tunisia	6/10/2019
Mozambique	27/10/2019
Cameroon	27/10/2019
Libya	By end of year*
Botswana	27/10/2019
Namibia	?/11/2019
Tunisia Presidential	10/11/2019
Mauritius	?/12/2019

Africa – General

TOTAL bets on Occidental to succeed in the takeover of Anadarko and it's African assets

The French group TOTAL has unveiled an agreement allowing it to control the assets of Anadarko in Africa, if the latter chooses to be taken over by its fellow American Occidental Petroleum, against its competitor Chevron.

A war is raging for the acquisition of Anadarko, present on the continent in Algeria, Ghana, Mozambique and South Africa, between the American giant Chevron and its compatriot, Occidental Petroleum (Oxy). On 12 April, the former proposed to the shareholders of Anadarko some US\$ 33 billion, while the latter then arrived with a counter offer on 23 April at US\$ 57 billion.

The tycoon Warren Buffet supports Oxy through his Berkshire Hathaway Investment Fund, with an investment of no less than US\$10 billion, in exchange he will receive special shares at a guaranteed dividend of 8% per annum. However, it is now the turn of Total to become involved and the company announced on the evening of 5 May, a conditional agreement with Oxy, which will allow it, if the deal is successful, to acquire all of Anadarko's African assets for a sum of some US\$8.8 billion.

"If it is successful, the acquisition of Anadarko by Occidental offers us the opportunity to acquire a portfolio of world-class assets in Africa. This would reinforce our leadership position among international private companies on the continent," explained Patrick Pouyanné, Total's CEO, in a recent press release announcing the conditional agreement with Oxy.

Report based on source: 'Hydrocarbures : Total mise sur Occidental pour reprendre les actifs d'Anadarko', Jeune Afrique by Christophe Le Bec 6 May 2019 <https://www.jeuneafrique.com/771336/economie/hydrocarbures-total-mise-sur-occidental-pour-reprendre-les-actifs-africains-danadarko>

Africa's Continental Free Trade Area Agreement consolidating

On 29 April, the Chairperson of the African Union Commission, Moussa Faki Mahamat, and African Union Commissioner for Trade and Industry, Albert Muchang, received two further ratifications of the African Continental Free Trade Area (AfCFTA) Agreement, from Sierra Leone and the Saharawi Republic. This brings the number of ratifications to 22 and allows the AfCFTA Agreement to enter into force on 30 May 2019.

Ministers of Trade will meet in Kampala at the beginning of June to finalise supporting instruments including: rules of origin; schedules of tariff concessions on trade in goods; online non-tariff barriers monitoring and elimination mechanism; digital payments and settlement platform; and the African Trade Observatory Portal.

Report based on source : 'Africa and the African Union' In 'A week in the Horn' from the Embassy of Ethiopia 3 May 2019 https://gallery.mailchimp.com/d7a3bcd0c69207dcce8be2571/files/d19fc2fe-c4c5-4e6d-a1c8-47ed8a6ae278/A_Week_in_the_Horn_03.05.2019.pdf

Burkina Faso

Record growth in gold production

With production from twelve mines, Burkina Faso's gold industry has seen its production grow by more than 15% between 2017 and 2018. Production of gold for 2019 should be even better.

With less than 1 t/yr produced in the early 2000's, gold production in the country continues to grow: from 35t/yr in 2015, it increased to 38.5 t/yr in 2016, 45.6 t/yr in 2017 and 52.66 t/yr in 2018, and this excludes artisanal gold production, which according to the authorities could be in excess of 10 t/yr).

Report based on source: 'Or : croissance record pour les exploitations burkinabè'. Jeune Afrique, By Nadoun Coulibaly 7 mai 2019 <https://www.jeuneafrique.com/mag/767774/economie/or-croissance-record-pour-les-exploitations-burkinabe/>

Eighteen months remaining to convince his people

Despite real progress in many areas, the expectations of the population are still large. It remains to be seen how well the head of state, Roch Kaboré, satisfies the Burkinabé before the presidential elections of 2020.

Report based on source : 'Grand Format : Burkina Faso – Dix-huit mois pour convaincre', Jeune Afrique pp. 111 - 159 No. 3042-3043, 28 April to 11 May 2019

National growth continues on the positive

Despite a difficult socio-political environment, economic growth is expected to continue to rise, especially in view of the vitality of the agricultural and mining sectors.

The IMF predicts that it will grow to 6% over the next few years. Taking macroeconomic parameters into consideration, the prediction seems accurate: Inflation is moderate at 2% pa; budget deficit has reduced from 7.8% of GDP in 2017 to 4.7% in 2018, and is trending towards 3%; public debt remains reasonable (42.5% of GDP) and debt to foreign countries (24.2% of GDP) promises to decline. Many socio-economic reforms are being put in place, and the price of fuel has been set to automatically adapt to developments on the world market, which will limit public subsidies.

Hiring in the public service reduced by 40% in 2018, and the premiums and allowances regime is being amended. Despite a certain slackening last year, Burkina Faso has improved in its tax collection. "The country has made great progress in fiscal matters," confirms Arthur Minsat, head of Africa Unit at the OECD Development Centre. Tax revenues reached 18.1% of GDP in 2016, up from 10.2% at the beginning of the decade.

The list of improvements continues: electricity interconnection with Ghana has allowed for a doubling of supply; the agro-industrial cluster of Bagré is proving to be a success, and the cross-border triangle with Côte d'Ivoire and Mali (Bobo-Dioulasso-Korhogo-Sikasso) promises to be yet another success in the medium term. It must be remembered that Burkina Faso has been one of the few countries to honour the Maputo Declaration (2003), which calls on African countries to devote at least 10% of their budget to agriculture.

Report based on source: 'Burkina Faso: une croissance de bon augure'. Jeune Afrique, By Alain Faujas 6 mai 2019 <https://www.jeuneafrique.com/mag/767770/economie/burkina-faso-une-croissance-de-bon-augure/>

Central African Republic (CAR)

State-of-play three months after the peace agreement

A peace agreement between 14 armed groups and the CAR government was signed three months ago on 6 February 2019. This agreement was at the centre of Cabinet Council discussions on Tuesday 7 May in Bangui. The CAR government spokesman insisted on the need to explain the agreement to citizens, as impatience with poor results is being expressed by a restless and disappointed population.

Cut-off roads, violence and the list goes on, with numerous violations of the agreement according to observers in the Central African Republic. A member of the opposition, lawyer Nicolas Tiangaye, is president of the Republican Convention for the Social Progress party. He has stated that "We are waiting for this agreement to become effective in terms of securing the country and restoring the authority of the state. However, there are cases of violations of the agreement and, in particular,

numerous killings and massacres. However, there was no tangible reaction from the government. We are waiting for the government to strongly denounce these violations by armed groups", he said.

A spokesman of the government, Ange-Maxime Kazagui, however, replied that for such an agreement to be strong it must be well and carefully constructed over time. He indicated the government was not about to « rush for each and every incident to give a 'muscled' reply. We wish to give the agreement a chance to gain strength, and so we have to go through all the provisions that are in the agreement and then, if there is no evolution, then and only then after due deliberation, will we have to resort to such a strong and armed reaction. This is what our citizens expect ».

The agreement is presently slowly taking shape. A new government has been appointed and local peace committees are being set up. However, the creation of the Truth and Justice Reconciliation and Reconciliation Commission, as well as the much-awaited mixed special units, has fallen behind.

Report based on source: 'RCA: trois mois après l'accord de paix, l'heure est à un premier bilan'. On Radio RFI 9 May 2019 www.rfi.fr

DRC

Alphamin commences with hot commissioning at Bisie

TSXV-listed tin-focused mining company Alphamin Resources Corp. has commenced hot commissioning at its Bisie tin project. Construction of the mine, situated in northern Democratic Republic of Congo (DRC), was completed in the first quarter of 2019. Wet commissioning, whereby the plant runs on water, was completed. Hot commissioning, which involves feeding the plant with the material, checking instrumentation calibration, process flows and individual equipment throughput. The hot commissioning which builds up to instantaneous design throughput of 50 tph into the jigging section and 8 tph into the gravity concentration section is expected to be complete soon. Following the completion of hot commissioning Alphamin will enter the final commissioning phase of product optimisation.

Source: *Mining Review Africa*

Ghana

Aker Energy completes appraisal drilling campaign offshore Ghana, continues work on PDO

Aker Energy Ghana, as the operator of the Deepwater Tano Cape Three Points (DWT/CTP) block, announces that it has concluded its appraisal drilling campaign offshore Ghana. The Company is currently working on a revised Plan for Development and Operations (PDO), following scheduled

feedback from Ghanaian authorities. “Based on close collaboration with Ghanaian authorities, regulators and our license partners, Aker Energy submitted an application for approval of a comprehensive development plan with the objective of maximising oil recovery in the DWT/CTP area and ultimately unlocking significant potential value for the People of Ghana,” says Jan Arve Haugan, CEO of Aker Energy.

Source: *Africa Business Communities*

Guinea

Beny Steinmetz and Eduardo Bartolomeo on the battlefield

Beny Steinmetz had thought to have put an end to his troubles by signing an agreement with Guinean President Alpha Condé on 25 February 2019. By this text, which necessitated mediation by the former French President Nicolas Sarkozy, the Israeli boss of BSGR officially renounced his claims on blocks 1 and 2 of the mega-iron ore deposit of Mount Simandou, while Conakry undertook to stop the prosecution of corruption against him in Guinea, Switzerland and Israel. Beny Steinmetz and a new group of investors were even allowed to take up another iron extraction project in Zogota, as reported last week.

However, battle arms have been taken up by Beny Steinmetz, the head of his company BSGR, and the CEO of Brazilian giant Vale, Eduardo Bartolomeo. The head of Vale expects his former partner to pay a fine of 1.1 billion euros for hiding from him the fraudulent manner in which the Simandou licenses had been acquired.

Thus for Beny Steinmetz, the relief was rather short-lived. On 5 April, he and his group were sentenced by a London arbitral tribunal to settle the ‘mere’ sum of 1.1 billion euros with Vale.

The conviction, if executed, could bleed BSGR to death, and Vale fears that Beny Steinmetz has already organised its insolvency. To force him to pay, the Brazilian brought an action in the United States on 24 April.

Report based on source: ‘Guinée : le coûteux divorce de Beny Steinmetz et Eduardo Bartolomeo’. By Christophe Le Bec , in Jeune Afrique 6 May 2019

https://www.jeuneafrique.com/mag/767743/economie/guinee-le-couteux-divorce-de-beny-steinmetz-et-eduardo-bartolomeo/?utm_source=newsletter-ja-eco&utm_medium=email&utm_campaign=newsletter-ja-eco-06-05-19

Liberia

The President fires Minister for “creating ethnic tensions”

On Monday 6 May, the Liberian President, George Weah, suspended his Deputy Minister for Press and Public Affairs, accused him of reviving ethnic tensions in this West African country haunted by a civil war which lasted from 1989 to 2003 and left some 250,000 dead and an incredible number of people tortured and maimed.

George Weah announced in an official presidential communiqué that he and his government "remained committed to creating 'one country out of one people', with zero tolerance for divisiveness or tribalism policies. The presidential communiqué further announced that the suspension of Deputy Minister Eugene Fahngon was with immediate effect.

George Weah, in power since January 2018, is only the second president of the oldest republic of Africa not to belong to the elite 'American-Liberian', or 'Congo' – descendants of freed slaves who have dominated political life since their migration from the USA to this coastal region of West Africa 170 years ago.

Report based on source: 'Liberia : George Weah suspend un ministre accusé de raviver les divisions ethniques' by AFP 7 May 2019 https://www.jeuneafrique.com/771678/politique/liberia-george-weah-suspend-un-ministre-accuse-de-raviver-les-divisions-ethniques/?utm_source=newsletter-ja-actu-abonnes&utm_medium=email&utm_campaign=newsletter-ja-actu-abonnes-07-05-19

Mali

Boubou Cissé, Mali's new Prime Minister, names new government

Boubou Cissé, who had held the post of finance minister in the last government was selected two weeks ago to succeed Soumeylou Boubèye Maïga as Prime Minister by President Ibrahim Boubacar Keïta (IBK). Last weekend, he announced his new cabinet, after two weeks of consultations with various political forces.

Cissé will hold on to the finance and economy portfolio and will be joined by 35 ministers and 2 state secretaries. The cabinet named by Cissé has six members more than its predecessor, which reflects the need to balance the ambitions of various political forces, including some former opposition parties, which Cissé managed to bring on board. At the same time, it sports only nine women, two less than under Maïga.

Her Excellency Mme Lelenta Hawa Bah, retains her position as Minister of Mines and Petroleum.

How much impact the reshuffle will have on the security situation in Mali remains to be seen. New Defence Minister is General Ibrahim Dahirou Dembélé, a central figure of the 2012 coup against President Amadou Toumani Touré that contributed considerably to the current messy situation, will ironically be key to President IBK's strategy going forward.

Report based on sources : 'Mali's New Prime Minister names new government'. by Peter Doerrie in Africa's insiders newsletter by African Arguments, 7 May 2019

https://africanarguments.substack.com/p/bobi-wine-has-another-day-in-court?token=eyJ1c2VyX2lkIjoyMDE1MzlwLCJwb3N0X2lkIjo1NjQwOSwiXyl6IktYRG9XIiwiaWF0IjoxNTU3MzQwMzE1LCJleHAiOiE1NTczNDM5MTUsImIzcyI6InB1Yi0xNSIsInN1Yil6InBvc3QtcmlhY3Rpb24ifQ.bSyWYS1n5DQbEy881W6f7bHn7HeA2Kmy7IC_hWXFdg4

' Ce qu'il faut retenir de la composition d'un gouvernement d'ouverture inédit'. By Benjamin Roger, Jeune Afrique 6 May 2019 <https://www.jeuneafrique.com/771192/politique/mali-ce-quil-faut-retenir-de-la-composition-dun-gouvernement-douverture-inedit/>

Mozambique

Chevron acquires shares of Anadarko for LNG project in Mozambique

Global energy corporation Chevron announced that it has entered into a definitive agreement with Anadarko Petroleum Corporation to acquire all of the outstanding shares of Anadarko in a stock and cash transaction valued at USD33-billion, or USD65 per share. According to local media, the Mozambican National Hydrocarbon Company (ENH), Omar Mitha, assured the shareholders that the sale of shares will not change the dynamics of the projects to exploiting liquefied natural gas (LNG) in the Rovuma Basin, north of Mozambique. Meanwhile, Chevron's chairman and CEO, Michael

Wirth, said: “The combination of Anadarko’s premier, high-quality assets with our advantaged portfolio strengthens our leading position in the Permian, builds on our deepwater Gulf of Mexico capabilities and will grow our LNG business.”

Source: *ESI Africa*

Namibia

ExxonMobil acquires more exploration acreage offshore Namibia

ExxonMobil said it will increase its exploration acreage in Namibia with the addition of approximately 7 million net acres (28,000 square kilometers) following the signing of an agreement with the government of Namibia and the National Petroleum Corporation of Namibia (NAMCOR) for blocks 1710 and 1810, and farm-in agreements with NAMCOR for blocks 1711 and 1811A. The blocks extend from the shoreline to about 135 miles (215 kilometers) offshore Namibia in water depths up to 13,000 feet (4,000 meters). ExxonMobil plans to begin exploration activities in 2019, including the acquisition of seismic data and analysis. ExxonMobil will operate blocks 1710 and 1810 and hold a 90% interest; NAMCOR will hold a 10% interest.

Source: *Africa Business Communities*

South Africa

South Africa elections: Polls close after national vote

Provisional polling numbers will arrive by Thursday afternoon local time, according to Independent Electoral Commission (IEC) officials, with final results due to be announced on Saturday; South Africa's new president will be inaugurated on May 25.

This is the most hotly contested election in South African history, with a record 48 parties on the ballot, 19 more than last time around and nearly double the number that took part in the 1994 elections.

Pre-vote polls predicted that the ANC will win between 55 and 62 percent of the vote, while the centrist Democratic Alliance (DA) was predicted to get approximately 20 percent and the far-left Economic Freedom Fighters (EFF) between 10 and 14 percent.

The DA leader Maimane, who became the party's first black leader in 2015. While the most recent opinion polls predicted that it will comfortably retain its control of the Western Cape province, which it has governed since it unseated the ANC there in 2009, other provinces were harder to call.

There is the possibility that the ANC will have to form coalitions to retain its majority in Gauteng, the province that incorporates major cities Johannesburg and Pretoria, as well in KwaZulu-Natal.

The likelihood of a strong showing from the EFF in Gauteng, particularly among young and first-time voters, could see it become a kingmaker in the province.

<https://www.aljazeera.com/news/2019/05/south-africa-elections-polls-close-national-vote-190508162726771.html>

Sudan

Sudan's slow change to a transitional government

Sudan's military and the protest movement are continuing to be at odds over the structure and composition of the institutions which would manage the transition to an elected government after the ouster of President al-Bashir. While there seems to be agreement that a prospective government would consist of technocrats and not well-known politicians or military officers, opposition and security forces remain at odds over the the council that would fill the position of the President. Both sides want the majority of seats in this body, with the military saying that it considers a civilian majority a "red line".

The standoff comes as the slow progress of the talks, the onset of the holy month of Ramadan and continued support for the generals by friendly regimes in North Africa and the Arabian peninsula pose challenges for the protest movement to retain momentum.

Report based on: 'Sudan's slow transition to a transitional government'. Africa's insiders newsletter by African Arguments by Peter Doerrie 7 May 2019 https://africanarguments.substack.com/p/bobi-wine-has-another-day-in-court?token=eyJ1c2VyX2lkIjoyMDE1MzlwLCJwb3N0X2lkIjo1NjQwOSwiXyI6IktYRG9XIiwiaWF0IjoxNTU3MzQwMzE1LCJleHAiOiE1NTczNDM5MTUsImZcyI6InB1Yi0xNSIsInN1YiI6InBvc3QtcmlvY3Rpb24ifQ.bSyWYS1n5DQbEy881W6f7bHn7HeA2Kmy7IC_hWXFDG4

Tanzania

Tanzania approves USD309-million for Stiegler's Gorge contractor

The Tanzanian government continues to provide support for the development of the Stiegler's Gorge Hydropower project on Rufiji River, with the latest being the issuance of an advance payment totaling USD309-million to Egyptian company- Arab contractors to enable the construction of the project. According to the Citizen, the advance payment forms part of 15% of the total cost of the project, furthermore, clause 14.2 of the signed contract stated that the 15% advancement payment has been portioned at 30% local and 70% foreign currency (US Dollar). Permanent Secretary Ministry of Energy Dr Hamis Mwinyimvua elaborated: "What is being paid is 70% foreign portion of the advance payment. The local portion (30%) will be settled once contractual processes are finalised by the contractor." Source: *ESI Africa*

Kibo gets the nod from Tanesco to develop MCPP

Kibo Energy has received formal notice from TANESCO inviting it to develop the Mbeya Coal to Power Project for the export market. This enables Kibo to engage with the African Power Pools regarding off-take agreements. The Mbeya Coal to Power Project (MCPP) remains a bankable project, fully developed up to bankable feasibility stage, with a potential generating capacity of 1000 MW. The existing acute under supply of power within Tanzania and the Southern Africa region, means that there is an urgent demand for electricity and given that Tanzania has a target to deliver approximately 880 MW for the export market for the period 2020-2040, the MCPP is perfectly positioned to help meet this demand.

Source: *Mining Review Africa*

Oil trading firm expands storage facility at Tanga Port, Tanzania

The expanded oil imports storage warehouse operated by Gulf Bulk Petroleum (GBP) at Tanga Port will soon be operational. GBP Tanga Area Manager Amour Ali said that under the bonded warehouse system, the company would receive all oil consignments in bulk. He said that the company was negotiating with the government on the modalities for the commencement of bulk imports. "This will also enable shippers to cut down costs," he said. GBP, the first local firm to win a tender to import petroleum products in bulk, has announced plans to double its storage capacity in a bid to serve more countries in East and Central Africa. The company says it is planning to increase its capacity to store 300,000 tonnes, or 376.16 million litres of petroleum products.

Source: *Energy Mix Report*

Africa Day - 24 May

UWA has an upcoming public event in Perth on evening of Friday 24 May to celebrate Africa Day 2019. The theme is "Growing up African in Australia" and will feature an interactive panel discussion and Q&A followed by refreshments and networking. The event also serves as the WA launch of the recently published book by Black Inc. Books [Growing up African in Australia](#). Copies will be available to buy on the night. [Please register \(free\) here](#). The event is held in partnership with Black Inc. Books, the UWA African Students Union and the Organisation of African Communities in WA (OAC). We would also like to highlight [OAC's Africa Day 2019 Gala Dinner on 25 May](#)