

AFRICA BULLETIN

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SUDAN



Sudan Open for Business with International Community

The Ministry of Finance has announced that the US Department of Commerce and the US Bureau of Industry and Security has lifted restrictions on the export of American products to Sudan. US companies are now able to do business without anti-terrorism controls and restrictions on US exports and trade to Sudan. These restrictions on US goods, including computer hardware and software, telecommunications technology, and whole aircraft, were suspended following the removal of Sudan from the US State Sponsors of Terrorism list on 14 December 2020.

The announcement follows the signing of a Memorandum of Understanding for a loan of USD 1 billion between Sudan's Ministry of Finance and the Export-Import Bank of the United States on 7 January 2021.

SIGNIFICANCE

French President, Emmanuel Macron, has invited both the head of Sovereign Council and the Prime Minister to attend a donor's conference that will be held later this year in May. In a statement after his meeting with the President of the Sovereign Council, Lt Gen Abdelfattah El Burhan, the French envoy to Sudan, Jean-Michel Dumond, said that the conference will aim to ensure the full return of Sudan to the international community, and to encourage investment and financial flows from banks and businesses into Sudan. In the statement, he noted that it would now be possible to work, invest and develop business in Sudan, noting that the conference will open many horizons for new investments that will benefit the Sudanese people.

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ALGERIA

Ooredoo Algeria Deploys North Africa's First Cloud Mobile Gateway

Finnish telecom gear maker Nokia has announced that it has completed the modernisation of Ooredoo Algeria's network with a cloud-native Core software deployment which will help enable it to meet rising customer demands with greater bandwidth capacity. Ooredoo Algeria is a mobile network operator servicing Algeria. The deployment follows Nokia's support to help Ooredoo Algeria deploy North Africa's first cloud mobile gateway and facilitate the complete migration from the traditional core to its cloud-native core software technology. In addition to Nokia's Cloud Packet Core Cloud Mobile Gateway, the AirFrame cloud infrastructure has also been deployed to enable the telco in serving applications that demand low latency and high speeds.

SIGNIFICANCE

Moving its core network to the cloud gives Ooredoo Algeria tremendous automation capabilities in network management and the capacity to deliver a stronger customer experience in terms of both products and services. According to Djillali Erouane, the Technology Operational Director at Ooredoo Algeria, Nokia's cloud-native core solution, will enable the telco to deliver the latest services, while better controlling its operational costs and being positioned to deliver greater expectations in terms of innovation. In addition, moving the core network to Nokia's cloud solution can be expected to support industrial automation and the adoption of Internet of Things technologies in the country.

ETHIOPIA

wingu.africa Breaks Ground on Hyperscale Data Centre in Ethiopia

With the aim of improving internet access in Ethiopia, WebSprix, Ethiopia's only private Internet service provider announced investing in wingu.africa group limited, a pan East African data center, which recently entered the Ethiopian market to build the first private data center in the country. The Addis Ababa facility is located at the Addis ICT Park on 15,000 SQM of land, and it allows wingu.africa to deliver solutions to businesses requiring fortified server hosting for their critical services and operators.

SIGNIFICANCE

Of great importance is the fact that the new development will go a long way in shrinking the digital divide in the country. A strong information technology infrastructure is critical for any country, including Ethiopia, to achieve robust economic growth, competitive manpower development, high performing education system, and enhanced health care system. Given that fast, reliable and secure internet requires good connectivity, ideally through fiber and secure storage of data close to the user, the planned investment in several modern hyperscale data centers by wingu.africa will enable users, both individuals and companies, to store their data locally avoiding long delays for transmission and providing comfort that the data is securely stored in the country. This fits perfectly with the planned rollout by WebSprix of a national network of high-speed fiber which will in turn support the development of the critical ICT infrastructure needed in Ethiopia to meet the needs of the population and enable strong economic growth and job creation.

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KENYA

US Chamber Pushes for Kenya-US Trade Deal

The United States Chamber of Commerce has urged President Joe Biden to seal a new trade deal with Kenya, which was initiated by his predecessor Donald Trump. The influential US business lobby group wants the ongoing negotiations for a free trade agreement (FTA) between the two nations concluded fast to pave the way for uptake of business and investment opportunities. Kenya and the US on 8 July 2020 formally launched negotiations for the bilateral trade pact. The pace of the negotiations for the new trade pact was, however, slowed down by the coronavirus pandemic. A change of guard at the White House raised uncertainty over the FTA deal, with President Biden embarking on the reversal of numerous policies that had been rolled out by his predecessor.

SIGNIFICANCE

Kenya is keen on signing a new trade deal with the US before the expiry of the current arrangement under the Africa Growth and Opportunity Act (Agoa), which allows sub-Saharan African countries to export thousands of products to the US without tariffs or quotas until 2025. Agoa grants 40 African States quota and duty-free access to the US market of more than 6,000 product lines. Two-way goods trade between the US and Kenya totaled KES 118 billion (approx. USD 1.1 billion) in 2019, up 4.9 percent from 2018. The push by the chamber also comes at a time when there have been calls by American firms asking Kenya to strengthen its intellectual property laws as one of the conditions for backing the “model trade agreement” being negotiated by the two nations.

MOROCCO

Morocco's Public Investment at Unprecedented Levels Despite Crisis

Morocco's Head of Government, Saad Eddine El Othmani, has said that the average annual public investment under the current government is set to significantly increase, after revealing that the country saw nearly 50 percent rise in the number of investment projects carried out by the regional investment centers between 2019 and 2020. Morocco's government spent MAD 201.6 billion (approx. USD 22.5 billion) in 2020, far exceeding previous levels of public investment. Public investment between 2012 and 2017 reached MAD 186.6 billion (approx. USD 20.8 billion), a marked increase on the MAD 132.5 billion (approx. USD 14.8 billion) spent between 2007 and 2017, according to the Prime Minister at a monthly plenary session on general policy issues.

Morocco witnessed a decline in public financial revenues due to the COVID-19 crisis. Despite this, the Government has set ambitious targets for new public investments in 2021 of around 230 MAD billion (approx. USD 25.7 billion), of which MAD 45 billion (approx. USD 5.02 billion) will be financed by the Mohammed VI investment fund.

SIGNIFICANCE

The Morocco Government is eyeing significant reforms in support of improving the business climate and promoting the entrepreneurial fabric of the small and medium-sized enterprises. These investments seek to strengthen the competitiveness of the national economy, the production of wealth, the creation of job opportunities as well as support growth in Morocco's GDP. Morocco's reform targeting movable securities system has facilitated companies' access to capital, with a particular focus on small businesses. Addition reforms measures include considerations of increasing the import tax on finished products as well as evaluating Morocco's free trade agreements.

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NIGERIA

USD 36.4 Billion Foreign Reserves Keep the Naira Stable

The naira remains stable at the official and parallel markets, with the foreign exchange (forex) reserves standing at USD 36.4 billion, data from the Central Bank of Nigeria (CBN) website has shown. The naira's stability at the same exchange rate for the past four days ignites hope that previous volatility in the market is being subdued by rising foreign reserves. The naira on Tuesday exchanged at NGN 480 to the dollar at the parallel market and NGN 379 to a dollar at the official market, same rates since 28 January 2021.

The foreign reserves stood at USD 36.4 billion as at 25 January 2021 and have remained upbeat as the CBN continued to monitor dollar remittances by International Money Transfer Operators (IMTOs) and export proceeds.

According to the CBN Director, Trade and Exchange Department, O.S Nnaji, the apex bank will blacklist and close bank accounts of unlicensed companies facilitating diaspora remittances into the country. Analysts noted the need to continue to explore avenues to improve inflow from sources such as the IMTO, diaspora remittances and non-oil export promotion, given the current trajectory of crude oil prices.

SIGNIFICANCE

The CBN noted the increase in the level of external reserves, which stood at USD 36.23 billion as at 21 January, 2021 compared with USD 34.94 billion at the end of November 2020. This reflected improvements in crude oil prices and partial global economic recovery amid optimism over the discovery and distributions of COVID-19 vaccines by most developed economies.

SOUTH AFRICA

Ford to Spend USD 1 Billion in Biggest South Africa Investment

Ford Motor Corporation will plow USD 1.05 billion into a plant in South Africa, its biggest-ever investment in the country, as the carmaker scales back in other regions including Brazil and Europe. The move comes after Ford said last month it will cease production in Brazil after a century of building cars there, closing three factories and cutting 5,000 workers. The Dearborn, Michigan-based company has also eliminated thousands of positions in Europe as part of a sweeping USD 11 billion global reorganisation and culled about 1,400 salaried employees in the U.S. in 2020. Ford's fresh investment and jobs will come as a welcome boost to South Africa, where almost a third of the workforce is unemployed. The country has been hit hard by the coronavirus pandemic, with lockdowns and a resurgence of infections weighing on activity, and 2020 economic output probably contracted the most in at least nine decades.

SIGNIFICANCE

The auto industry in South Africa has been one success story, with international carmakers, including Toyota Motor Corp., Volkswagen AG and BMW AG operating plants in the country. The companies benefit from a manufacturing-incentive plan that runs through 2035, and Nissan Motor Co. and Daimler AG's Mercedes-Benz are among those to have announced additional local investment in recent years. The upgrades to the Silverton plant near the capital, Pretoria, will boost the site's annual capacity by almost a fifth to 200,000 units and create about 1,200 direct jobs, the company said in a recent statement. The outlay will support production of a new Ranger pickup truck starting in 2022, both for domestic sales and exports.

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TANZANIA

Glass Manufacturer Receives USD 10 Million Boost from IFC

World Bank's private sector lending arm has granted USD 10 million to Kioo Limited, the only glass container manufacturer in Tanzania, to invest in energy efficient machinery to reduce its carbon footprint in Tanzania. The International Finance Corporation (IFC) advanced the loan to the Tanzanian glass manufacturer to weather COVID-19 related challenges and invest in the latest modern energy-efficient machinery. IFC said the loan will provide Kioo with working capital as the region's beverage industry faces falling demand due to measures put in place to contain the spread of COVID-19, like closure of bars and restaurants.

Kioo employs 600 people and supplies glass containers to 12 countries in Africa and the Indian Ocean. Glass containers account for 90 percent of beverage packaging in sub-Saharan Africa.

Kioo has committed to reducing its environmental impact by installing energy-efficient equipment and production systems at its factory in Dar es Salaam. Kioo general manager Kumar Krishnan, said the firm continues to pursue its long-term vision of continuous improvement with IFC's support despite the effects of the COVID-19 pandemic.

SIGNIFICANCE

The loan to Kioo is part of IFC's USD 8 billion fast-track package announced in March 2020 to support existing clients, preserve jobs and economic activity during the COVID-19 pandemic, according to a joint press statement by IFC and Kioo.

ZAMBIA

Glencore Sells Mine to Government

Glencore has trimmed its tail of assets with the sale of a struggling Zambian copper business to the government in a USD 1.5 billion deal. The sale of its majority stake in Mopani Copper Mines comes after Glencore tried to delay the operation last year, triggering a furious row with the Zambian Government, which threatened to revoke its licences and briefly detained its country head. Mopani was previously one of Glencore's focus assets and a key plank of a wider plan to turn round the performance of its African copper business, which includes mines in the Democratic Republic of Congo. But despite heavy investment, the project on the outskirts of Kitwe, a city about 180 miles north of Lusaka, has continued to hemorrhage cash because of operational challenges and high costs. Glencore in August 2019 wrote down the value of Mopani by USD 1.1 billion to slightly more than USD 700 million, including tax rebates.

SIGNIFICANCE

Zambia's decision to take on USD 1.5 billion in debt comes in the midst of an economic crisis, with the Government in default since last year. Africa's second-biggest copper producer is yet to complete restructuring of about USD 12 billion in external debt. London-listed Glencore will transfer its 90 percent stake in Mopani to ZCCM Investments Holdings, a state-controlled investment vehicle. In return the government has promised to repay USD 1.5 billion of loans from future output. Glencore will also retain marketing rights for the copper production until the debt has been repaid.

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EAST AFRICA

EAC Countries Push for Harmonised Virus Protocols

Tourism players in the East African Community (EAC) are urging their governments to harmonise COVID-19 protocols to ease movement of local and regional tourists. The East African Tourism Platform (the platform) recently petitioned regional governments, pointing out some of the key pain points that travellers face, asking them to adjust. Prior to arrival, all EAC member states require travellers to take COVID-19 test hours before departure and present negative test certificates at the airports. However, for Kenya and Rwanda, the only accepted test is a SARS-CoV 2 Real Time Polymerase Chain Reaction performed within 96 and 120 hours before departure, respectively. Burundi requires the test to be taken within 72 hours before departure, Kenya requires it to be taken within 96 hours, while Rwanda and Uganda require the test be taken within 120 hours. Tanzania and Uganda do not have a mandatory quarantine requirement for arriving passengers while Burundi and Rwanda require travellers to quarantine for 72 hours and 24 hours respectively in designated hotels as a second COVID-19 test is carried out at their own expense.

SIGNIFICANCE

Harmonisation of COVID-19 protocols in the EAC will play a big role in bringing about economic development through the boosting of local and regional tourism. This will in turn support the process of economic development in the EAC. Tourism is one of the most significant sectors in all the economies of the EAC region. The sector contributes an average of approximately 17 percent to export earnings and its contribution to GDP is quite substantial averaging at 10 percent. It generates about 7 percent of employment in the region. Moreover, tourism has important linkages with other sectors of the economy, including agriculture, manufacturing, insurance, and finance, among others.

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