



English version

« The Letter » (Observatoire Europe-Afrique 2030)

n° 28 – November/December 2021

*The “Observatoire Europe-Afrique 2030” is a space for the exchange of ideas, open to all those interested in the **development of competitive and sustainable manufacturing sectors as part of a process of co-production between African companies and companies in the European Union**. Its purpose is to disseminate information, proposals and analyses to feed this debate.*

Headlines.....

"Financing Deep Tech" – Publication co-produced by IFC (member of the World Bank Group) and BpiFrance – October 2021 - By Anastasia Nedayvoda, Fannie Delavelle, Hoi Ying So, Lana Graf, Louise Taupin. This publication proposes a specific approach to optimize the financing of "deep-tech" in emerging countries, which are particularly concerned by current social and environmental challenges. For the record, "deep-tech" refers to technologies based on scientific or technical breakthroughs and which have the potential to be commercialized. These technologies include artificial intelligence and machine learning, materials, advanced manufacturing, biotechnology and nanotechnology, drones and robotics, photonics and electronics, clean technologies, space technologies and life sciences.

https://www.ifc.org/wps/wcm/connect/6e3e5d7a-0a65-4167-a033-efc7441dda76/EMCompass_Special+Note+1_Financing+Deep+Tech+Financing_web.pdf?MOD=AJPERES&CVID=nP8AY3y

Events

Europe-Africa meeting organized by the Aspen Institute France - 25 to 27 November 2021 - 14th edition - Centre des Pensières de la Fondation Mérieux (Annecy). Theme: "Agenda 2063: in search of an African business model". The World Bank will be an official partner of this meeting, chaired by Pascal Lamy. Six thematic sessions are organized around fifty

participants: business leaders, institutional donors, economists and European and African leaders.

<https://www.agenceecofin.com/gouvernance/2409-91795-14eme-rencontre-europe-afrique-de-linstitut-aspen-france-vers-un-business-model-africain>

Choiseul Africa Business Forum - Nice – 24 and 25/11/2021 – This forum intends to provide keys to understanding the sectors that make growth in Africa and bring together African and European decision-makers in an interactive way to develop collective intelligence and contribute to the opening of new fields of partnerships with the continent.

<https://www.choiseul-africa-businessforum.com>

News

South Africa

Regergen, operator of the "Virginia Gas" project, will produce LNG and helium. The company has entered into a helium sales contract with a leading car manufacturer based in South-Africa, which remains anonymous. First phase in 2021, with a planned daily production of 645 tonnes of LNG and the equivalent of 350 kg of helium. South Africa will thus become the only African commercial producer of helium (*CAVIE-ACCI - 16/04/2021*).

(Burkina Faso)

Start of construction of the West Africa Climate Competence Centre. Location: Ouagadougou. This centre will be a component of WASCAL (West African Science Service Centre on Climate Change and Adapted Land Use). It will house the WASCAL Research and Data Center and the Graduate School of Scientific Data Management of the University of Ouagadougou (*Ecofin - 23/08/2021*).

Cameroon

Tractafric Equipment's (Optorg) construction machinery assembly unit is operational. Location: industrial zone of the autonomous port of Kribi. Production capacity: 250 machines/year. Area: 3 hectares, including 2500m² of covered premises. Investment: 3Meuros. Markets: CEMAC zone. Products and services: construction machinery (excavators etc.), generators, equipment for the woodlot, machine maintenance, operator training, spare parts stock, maintenance workshop. Tractafric Equipment benefits from the tax and customs advantages provided for by the 2013 law on the incentive for private investment, which allows entrepreneurs with projects to benefit from tax and customs exemptions for a period of 5 to 10 years, in the installation and production phases. (*October 2021*).

China-Africa

According to AidData (A research lab at William and Mary University – USA), Beijing's loans to low- and middle-income countries are granted on less generous terms than OECD-DAC loans. A typical Chinese loan has an interest rate of 4.2% and a repayment period of less than 10

years. By comparison, a typical loan from an OECD-DAC lender such as Germany, France or Japan carries an interest rate of 1.1% and a repayment period of 28 years.

Ivory Coast

The Village of Technological Innovation (Vitib), located in Grand-Bassam (40 km southeast of Abidjan) includes 180 hectares of serviced land. 70 companies operate there including TV production studios for more than 1000 jobs created. Vitib includes four data centers (soon to be a fifth) including the Raxio Group based in Dubai. Free rent of the land during the first year, no deposit collected at the signing, royalty on the turnover reduced to 0.25% for the first three years. Tax and customs exemptions (0% income tax for 5 years and 0% VAT). 15 years after its creation, however, it seems that VITIB is struggling to build itself. (@bidj@n.net - *Connexionivoirienne.net* - 10/21/2021).

Ivory Coast

Tridem Pharma inaugurates the construction of a new pharmaceutical manufacturing unit. Start-up planned for 2023. Investment: 88.3 MUSD. Staff: 400 people (*Ecofin* - 15/10/21).

Ivory Coast

Start-up of the Cashew Processing Plant in Dorado Ivory (a subsidiary of Royal Nuts PTE Ltd, Singapore). Location: Toumodi (50 km from Yamoussoukro). Capacity: 20,000 tons/year of raw nuts. Area: 12 hectares. 2 storage warehouses (20,000 and 10,000 tonnes). Training Center. Staff: 300 (*Financial Afrik*- 06/08/2021).

Egypt

Assiut Oil Refining Company (ASORC) has signed a Memorandum of Understanding with two Egyptian companies for the supply of an atmospheric distillation facility at its Assiut refinery. Investment: 381.5 MUSD. Processing capacity: 5 Mt of crude oil per year. This is a rare fact in the country where this type of contract is usually won by foreign companies (*Ecofin* – 14/10/2021).

Nigeria

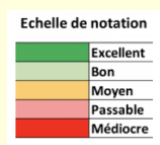
The commissioning of the Lekki petrochemical complex (80 kilometres east of Lagos) has been delayed. This complex includes 19 interconnected projects, including a refinery (capacity: 650,000 barrels per day), a polypropylene unit (capacity: 3.6 Mt/year) and a set of units that can produce 3 Mt/year of fertilizers. Overall investment: USD 19 billion. Discussions are under way to mobilise a supplementary loan. Nigeria's state-owned oil company (NNPC) takes a 20% stake in the refinery (*Jeune Afrique* – July 2021).

(Sudan)

The Turkish company Alapala launches a new feed manufacturing unit. Location: Khartoum. Production: white sorghum flakes, peanut cake, crushed straw and molasses. Processing capacity: 10 tons of imported raw materials/hour. Storage capacity: 12,400 tonnes of agricultural commodities. This is the 7th project developed by the Alapala Group on Sudanese soil (*Ecofin* – 17/09/2021).

Indicators

Note: The color code used in the following graphics is as follows:

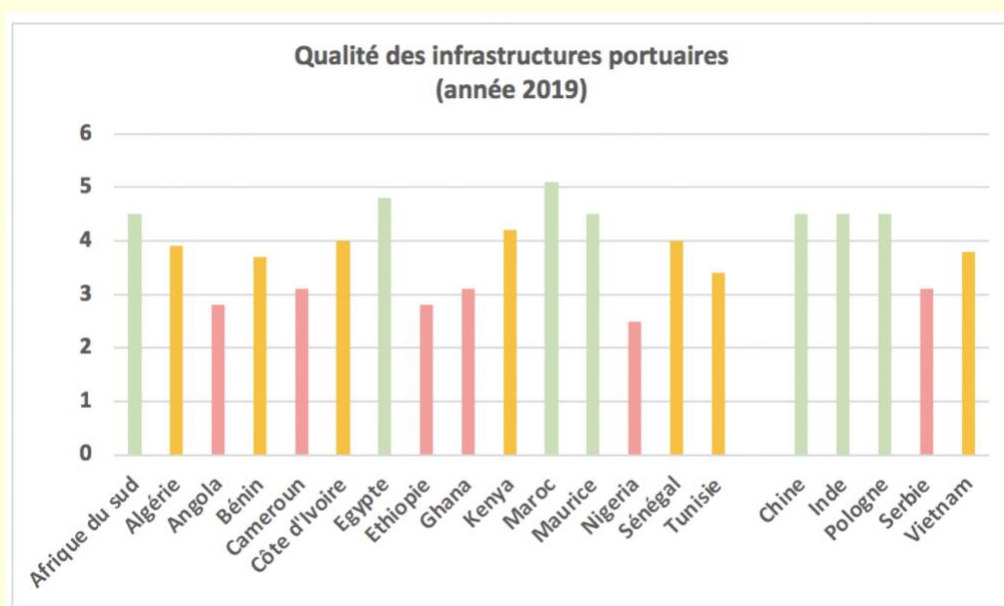


World Bank Doing Business Indicator

The World Bank announces that it will no longer publish a "Doing Business" report. This decision follows irregularities revealed in the data for the 2018 and 2020 editions of the report. Several members of the World Bank have reportedly been pressured, including by China, Saudi Arabia, the United Arab Emirates and Azerbaijan, to manipulate the data used in this report.

Quality of port infrastructure

Among the 15 African countries covered by the Observatory, South Africa, Egypt, Mauritius and Morocco have port infrastructures of equivalent or even higher quality than Asian ports, but overall lower than that of ports in northern Europe and the United States. In contrast, the ports of Angola, Cameroon, Ethiopia (transit through Djibouti) and Nigeria are penalized by significant infrastructure quality problems.



Sources: World Economic Forum.

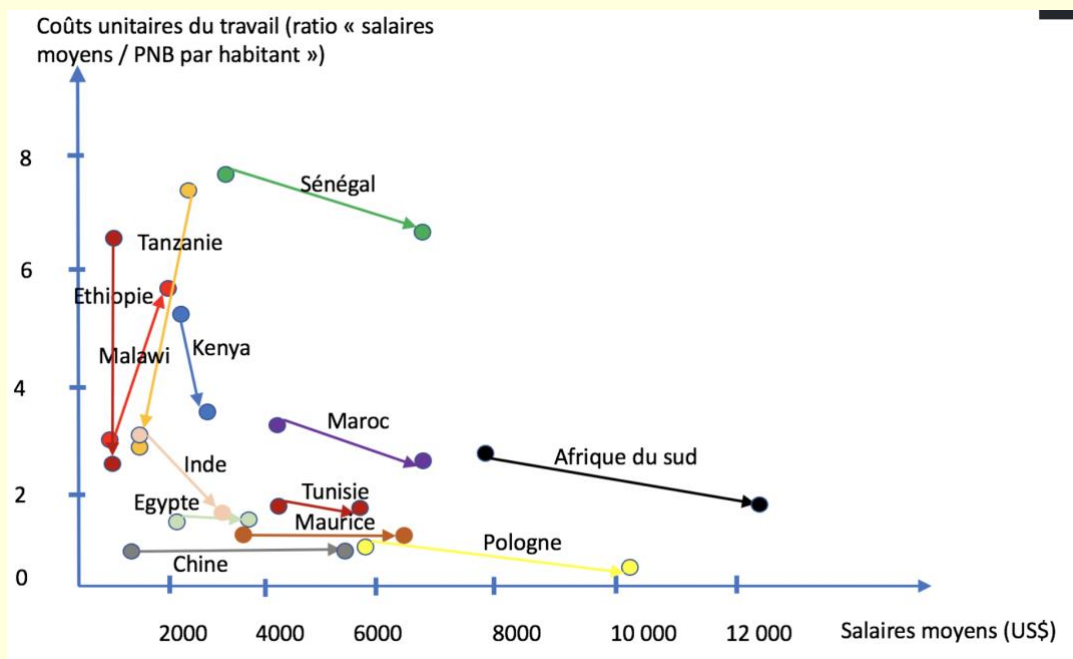
Rating scale: In your country, how would you assess the quality of seaports? [1 = extremely underdeveloped—among the worst in the world; 7 = extensive and efficient—among the best in the world].

Last updated table: October 2021

Unit labour costs

Developing countries have achieved sustained growth by participating in global value chains through measures that ensure low unit labour costs rather than low wages. This can be a challenge for low-income countries in Africa that do not have a comparative advantage in commercial goods (labour- or capital-intensive) compared to developing countries in other regions. For example, some countries in sub-Saharan Africa have higher labour and capital costs than some countries in Asia. Investment costs in Kenya are more than nine times higher than in Bangladesh. Yet industrial job growth in countries like Ethiopia and Côte d'Ivoire has been fueled by an abundant supply of labor at relatively low wages. Job creation has been accompanied by an increase in profits per worker for these firms.

Comparison of the evolution of unit labour costs and average wages over the period 2000 - 2010



Source: Graph prepared by the Europe-Africa Observatory 2030 from: "Ahmad.N and A. Primi 2017: From Domestic to Regional to Global: Factory Africa and Factory Latin America. In Global Value Chain Development" Report 2017: Measuring and Analyzing the Impact of GVCs on Economic Development – Chapter 3 – Geneva – WTO".

Chart last updated: August 2021.

To read, to view...

"SEZs: Catalysts for African Industrialization". Report co-produced by Africa CEO Forum and Okan Strategy Finance. As many Asian countries have demonstrated, SEZs can be formidable tools for industrial development. But success is not automatic and the pitfalls are numerous. This report proposes six recommendations, drawn from nearly 20 case studies, to make SEZs real catalysts for the continent's industrialization.

https://okanpartners.com/wp-content/uploads/2021/10/AFRICACEOFORUM-OKANPARTNERS_ZES_FR.pdf

"African economic recovery: The strategy of BOAD in a post-COVID-19 world" – Atlantic Council - Conference of 12/10/2021, available in replay on:
https://www.youtube.com/watch?v=KF_mmz86Lg8

"Africa's stability will guarantee Europe's stability and vice versa" - Patrice Anato (French MP) - 29/05/2021
<https://www.financialafrik.com/2021/05/29/patrice-anato-depute-francais-la-stabilite-de-lafrique-garantira-la-stabilite-de-leurope-et-vice-versa/>

"How China holds developing countries by debt" – Le Monde
https://www.lemonde.fr/economie/article/2021/09/29/comment-la-chine-tient-les-pays-en-developpement-par-la-dette_6096359_3234.html

"Port projects in West Africa: from Nouackchott to Luanda, the future terminals" – Ports and Corridors – 13/07/2021
https://portsetcorridors.com/2021/les-projets-portuaires-en-afrique-de-louest-de-nouackchott-a-luanda-les-futurs-terminaux/?utm_source=newsletter&utm_medium=email&utm_campaign=Newsletter+2021-29&utm_id=Newsletter+29

"One Planet, Two Worlds, Three Realities" - IMF - Regional Economic Outlook – October 2021. Sub-Saharan Africa is expected to grow by 3.7% in 2021 and 3.8% in 2022. The recovery is expected to be slower than in advanced economies, leading to a widening income gap. The latter is expected to continue in the medium term, partly because of differences in access to vaccines, but also because of clear disparities in public support measures. The outlook remains extremely uncertain and is likely to be revised downwards. Rising food prices, coupled with declining incomes, undermine previous progress in poverty reduction, health and food security. Without external financial and technical assistance, the divergent recovery trajectories of sub-Saharan Africa and the rest of the world could turn into permanent fault lines, jeopardizing decades of hard-won progress.
<https://www.imf.org/fr/News/Articles/2021/10/20/pr21306-sub-saharan-africa-one-planet-two-worlds-three-stories>

Learn more about the Observatory.....

<http://observatoire-europe-afrique-2030.org/fr/accueil/>

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Phone : 06 17 95 18 21 - contact@observatoire-europe-afrique-2020.org