



The Letter

(Observatoire Europe-Afrique 2030)

Letter n°33 – November/December 2022

"PROMOTE THE CO-DEVELOPMENT OF A MANUFACTURING INDUSTRY OF "GREEN" EQUIPMENT AND PRODUCTS IN AFRICA (solar mini-grids, wind farms, heat pumps, 2-wheelers, electric cars and buses, tramways, methanizers, waste sorting and recycling units.....).

The Europe-Africa 2030 Observatory is a space open to all those interested in this issue. Its purpose is to disseminate data, analyses and proposals to feed this debate.

Events

"Africa Tech Summit" – Nairobi – 15 et 16/02/2023
<https://www.africatechsummit.com/nairobi/>

EMWA – « Equipment and manufacturing West Africa Conference » – Lagos (Nigéria) – Du 30/05 au 01/06 2023
<https://www.emwestafrica.com>

« Africa Energy Forum » – Nairobi – Du 20 au 23/06/2023
<https://www.africa-energy-forum.com>

News

Africa

Investment in renewable energy in Africa is at an "alarming" level despite the continent's enormous potential, according to a report by the consulting firm BloombergNEF released on

09/11/2022. Only \$2.6 billion in capital was deployed for wind, solar, geothermal and other renewable energy projects in 2021, the lowest in 11 years. Global renewable energy investments climbed 9 percent year-over-year to their highest level in history last year. Meanwhile, it fell by 35% in Africa, which accounts for only 0.6% of the \$434 billion invested in renewable energy worldwide. The continent, which still relies heavily on expensive and polluting fossil fuels for power generation, is falling behind despite Africa's exceptional natural resources, rapidly growing demand for electricity and an improving policy environment. In particular, Africa has clear potential in solar energy but is home to only 1.3% of the world's solar capacity. The report also highlights the high concentration of investments in a few countries: South Africa, Egypt, Kenya and Morocco, which have since 2010 accounted for nearly three quarters of the total (*Le Monde* - 10/11/2022).

Africa

Throughout the continent, there are no factories specialized in the reconditioning of telecom equipment and telephones. Today, telecom equipment and phones are sent to Asia and Europe for refurbishment (*Ecofin* - 03/12/22).

Africa

In a recent report, Masdar and McKinsey & Company indicate that Africa could meet 10% of the world's green hydrogen demand by 2050. The continent could leverage its abundant "solar and wind resources" to produce 30 to 60 million tons per year of green hydrogen by 2050. It would also be able to become one of the most competitive sources of green hydrogen in the world by 2030, with costs estimated at €1.73/kg to €2.50/kg, but falling to €1.15/kg to €1.54/kg by 2050. According to them, about €307 to €587 billion of investments will be allocated to the renewable energies needed for hydrogen production, while electrolyzers will need €110 to €212 billion (*pv-magazine.fr* - 18/11/2022).

Africa

By leveraging the pay-as-you-go system in the solar kit segment in Africa, Sun King has distributed its products to 80 million customers worldwide, mainly in Asia and sub-Saharan Africa. The solar kits have already replaced 7.3 million kerosene lanterns, thus avoiding the emission of 22.9 million tons of CO2 equivalent (*Afrik 21* / 02/12/22).

Egypt

Egypt's Minister of Transport has signed contracts with two of the country's state-owned companies for the manufacture and procurement of 100 locally produced electric buses. The vehicles will be deployed on BRT (Bus Rapid Transit) lines being developed in the country, and will serve the outlying areas of the capital. The contract is part of the vision to produce 100% of the electric buses for public transport locally. Phase 1 of the BRT network has already been completed and the planned stations are being finalized (*Ecofin* - 06/12/2022).

Egypt

Egyptian Railway Industries Company (NERIC) will begin manufacturing electric locomotives at its Port Said East plant by the end of 2022. The plant is under construction. NERIC was established in late 2020 as a joint venture between Egypt's Sovereign Wealth Fund, the Suez Canal Economic Zone, the Ministry of Transport, East Port Said Development, Hassan Allam, Samcrete and Orascom Construction. The company specializes in the production and

refurbishment of locomotives. The South Korean company Hyundai Rotem has reportedly joined the JV (*Enterprise - 2022*).

Ghana

125 factories have already broken ground under the One District - One Factory (1D1F) project launched in 2016. According to Ghanaian authorities, 296 factories are under construction. 17 structures have been established in the Eastern Region, while 16 others are in various stages of completion and will soon be commissioned (*Ecofin - 10/25/2022*).

https://portsetcorridors.com/2022/nigeria-le-port-de-lekki-pour-decongestionner-les-terminaux-de-lagos/?utm_campaign=Newsletter%202022-36&utm_medium=emailNewsletter%202022-36&utm_source=Newsletter

Nigeria

The new port of Lekki has officially opened its quays. Intended to relieve congestion at the port of Lagos and Tin Can, this port brings together several companies, including CMA CGM. Located 65 km east of Lagos, the port of Lekki was created from scratch. The management of the port has been conceded to LPLEL (Lekki Port LFTZ Enterprise Limited). This company includes China Harbour Engineering Company Ltd (CHEC), which holds 52.5% of the structure, the Tolaram Group, which has 22.5% of the company, the Lagos government for 20% and the Nigerian Ports Authority with 5%. In total, the Lekki port will have required an investment of \$1.5 billion. LPLEL has contracted with CMA Terminals to manage the port's first container terminal (*08/11/2022 - Ports and Corridors*).

Senegal

The French company Lagazel has set up a new workshop to manufacture solar kits. Location: Thiès. Capacity: 5,000 products/month. Staff: 7 technicians and 2 supervisors. Products manufactured: solar lamps for lighting and recharging cell phones, solar kits for household or small business electrification, solar bollards for outdoor lighting and collective charging solutions for community projects. The recently developed Bumba USB station allows the simultaneous charging of up to 16 phones or tablets using solar photovoltaic energy. The community stations, manufactured in Senegal, are installed in schools, through the intermediary of actors in the field, notably NGOs. Since 2020, as part of its electrification policy, the Senegalese government has exempted solar energy production equipment and other clean cooking kits from VAT (*Afrik 21 - 25/11/2022*).

Togo

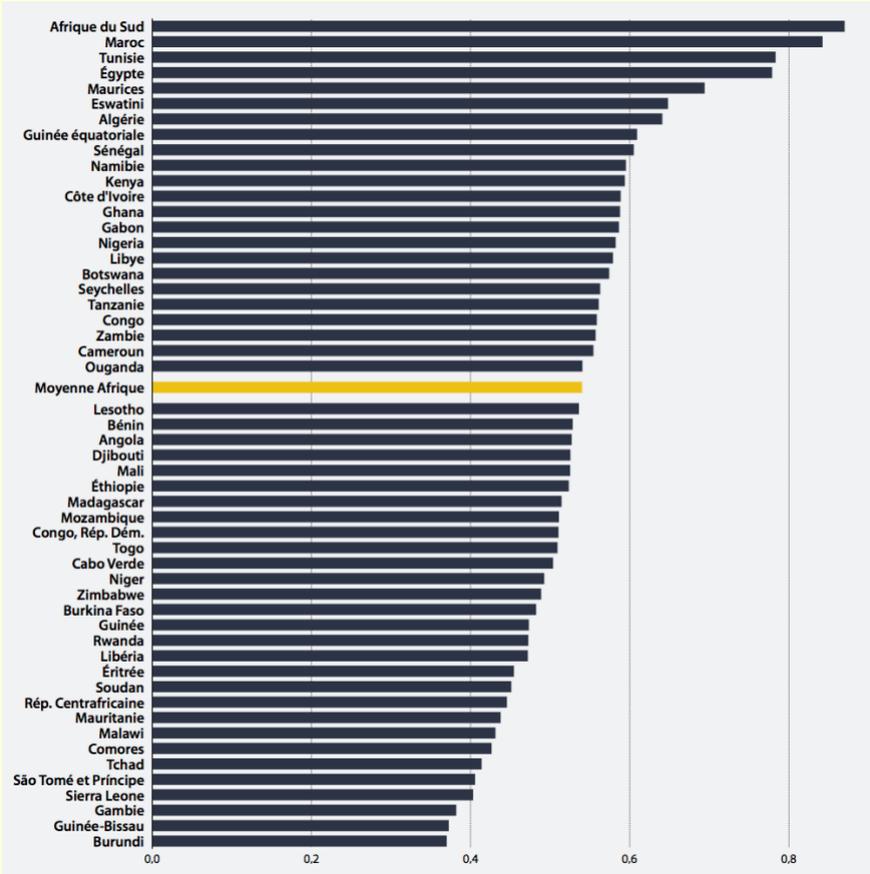
Lallé Nadjagou, a self-taught entrepreneur, manufactures intelligent solar panels, called "Solar Tracker" and "Panel Cleaner". The panels are made from materials that are allowed to be recycled (old car parts, electronic components and sensors collected from garages and dumps). The electronic system moves in the direction of the sun, increasing the charging capacity by 45% compared to fixed models and an automatic system that cleans the dust from the panels, allowing them to charge much faster. The manufacturing cost of this type of solar panel is 270 dollars (*Our Voice - 05/12/2022 - Togo*).

(Zimbabwe)

InfraCo Africa, an investment company of the Private Infrastructure Development Group (PIDG), has signed an agreement worth \$2 million to deploy 400 electric vehicles from the start-up Mobility for Africa in rural areas. The vehicles, called "hambas" ("go" in the local Ndebele language), are solar-powered and assembled in Harare (Afrik 21 - 02/12/22).

Indicators

Africa Industrialization Index

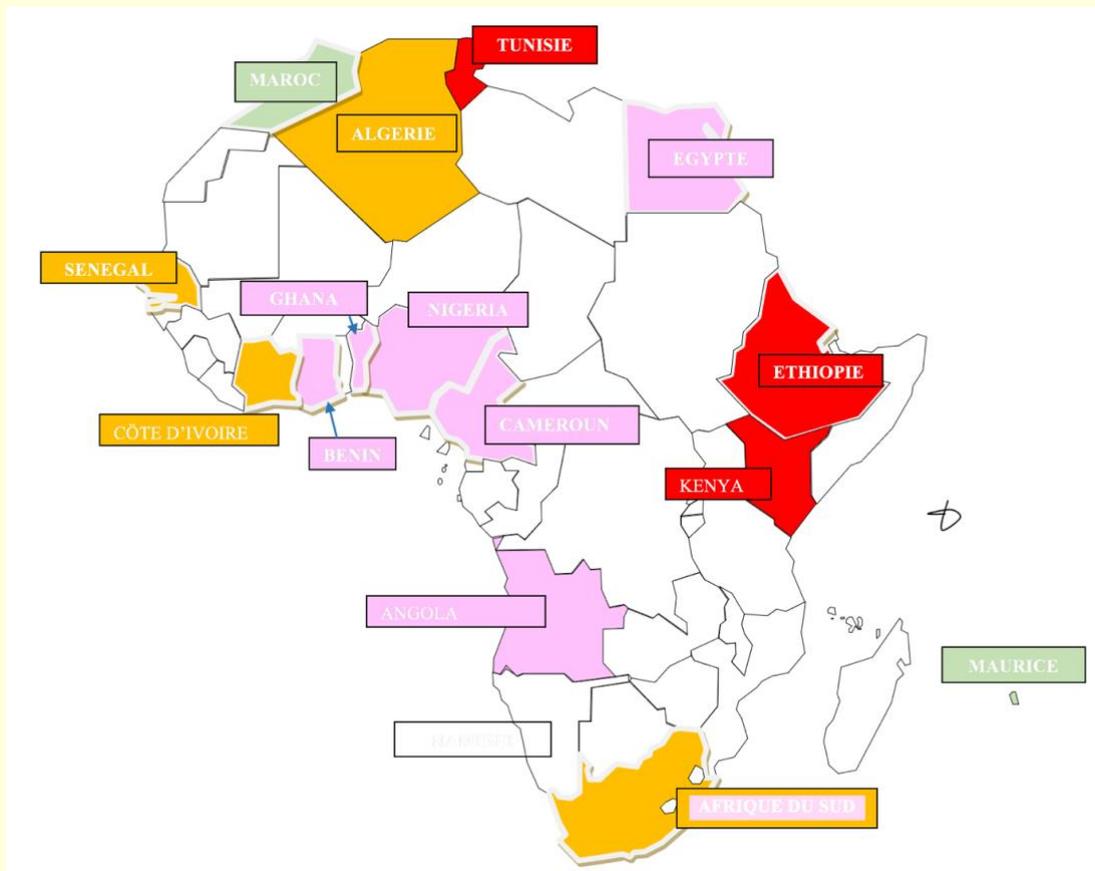


Source : African Development Bank

<https://www.afdb.org/fr/documents/indice-2022-de-lindustrialisation-en-afrique>

Overall political environment indicator

The outlook for the political environment in the short/medium term is favorable in Morocco and Mauritius. In contrast, they are problematic in Ethiopia, Kenya, and Tunisia.



Source: Credendo Group (short and medium/long-term political stability).

Date: October 2022.

Macroeconomic indicators (short-term forecasts)

Forecasts for 2023 are generally favorable for the economies of Benin, Cameroon, Côte d'Ivoire, and Morocco. On the other hand, South Africa, Algeria, Angola, and Nigeria will struggle.

	Croissance du PIB (%)	Inflation (%)	Balance courante (% du PIB)	Risque "pays" de la COFACE (risque de crédit moyen des entreprises)
(année)	2023	2023	2023	2022
Afrique du Sud	1.4	4.5	-1.0	C
Algérie	2.4	7.7	-0.2	C
Angola	3.3	12.0	4.9	C
Bénin	6.2	1.8	-5.5	B
Cameroun	4.9	2.0	-2.9	C
Cote d'Ivoire	6.7	1.7	-4.4	B
Egypte	5.1	8.6	-4.6	B
Ethiopie	5.7	28.1	-4.4	C
Ghana	5.1	10.3	-3.5	B
Kenya	5.3	5.5	-5.3	B
Maroc	4.6	2.2	-4.0	B
Maurice	5.6	5.6	-8.0	B
Nigeria	3.1	12.4	-1.1	D
Sénégal	9.2	3.4	-8.5	B
Tunisie				C
Chine	5.1	1.4	1.0	B
Inde	6.9	4.5	-2.5	C
Pologne	2.9	7.9	-2.7	A4
Serbie	4.0	4.0	-5.7	C
Vietnam	7.3	3.2	0.8	B

Sources: African Development Bank, Coface.

Criteria for the "Risque économique pays" (7 levels): A1 (very low risk), A2, A3, A4, B, C, D (very high risk).

Date: October 2022.

Credit risk / Debt rating

The highest rated African countries are South Africa, Ivory Coast, Morocco and Mauritius. All other countries have a high risk on their debt repayment.

	Standard & Poor's	Moody's	Fitch
	Rating	Rating	Rating
Afrique du sud	BB-	Ba2	BB-
Algérie			
Angola	B-	B3	B-↑
Bénin	B+	B1	B+
Cameroun	B-	B2	B
Côte d'Ivoire	BB-	Ba3↑	BB-
Egypte	B	B2↓	B+
Ethiopie	CCC↓	Caa2↓	CCC
Ghana	CCC+↓	Caa-	CCC
Kenya	B	B2↓	B+↓
Maroc	BB+	Ba1	BB+
Maurice		Baa3	
Nigeria	B-	B2	B
Sénégal	B+	Ba3	
Tunisie		Caa1↓	CCC
Chine	A+	A1	A-
Inde	BBB-	Baa3	BBB-
Pologne	A-	A2	A-
Serbie	BB+	Ba2	BB+
Vietnam	BB+	Ba2	BB↑

Source: Trading Economics.

Date: October 2022.

Note: The color scheme used for the above table is based on The Trading Economics credit rating (TE Rating) on a scale from 0 (very high risk) to 100 (no risk). The correspondence between the rating agencies' scales and the "TE rating" is shown in the following table.

TE	S&P	Moody's	Fitch	
100	AAA	Aaa	AAA	Prime
95	AA+	Aa1	AA+	High grade
90	AA	Aa2	AA	
85	AA-	Aa3	AA-	
80	A+	A1	A+	Upper medium grade
75	A	A2	A	
70	A-	A3	A-	
65	BBB+	Baa1	BBB+	Lower medium grade
60	BBB	Baa2	BBB	
55	BBB-	Baa3	BBB-	
50	BB+	Ba1	BB+	Non-investment grade speculative
45	BB	Ba2	BB	
40	BB-	Ba3	BB-	
35	B+	B1	B+	Highly speculative
30	B	B2	B	
25	B-	B3	B-	
20	CCC+	Caa1	CCC	Substantial risks
15	CCC	Caa2		Extremely speculative
10	CCC-	Caa3		In default with little prospect for recovery
	CC	Ca		
5	C	C		
0	D	/	DDD	In default

Echelle de notation	
	Excellent
	Bon
	Moyen
	Passable
	Médiocre

A lire, à voir...

How could green hydrogen meet the energy needs of the African continent?

Although interesting from a technological point of view, the ambitions around green hydrogen come with a number of risks or prerequisites to manage. The right energy infrastructure is already needed to start producing such an energy source. Another dimension to take into account is the investment in storage and security infrastructures. Hydrogen, whether it is green or not, is an unstable and highly flammable energy source, which requires a specific technology and a good mastery of conservation processes. And on these different aspects, the African Development Bank sees increased opportunities, especially in terms of new jobs and investments.

<https://ecomnewsafrique.com/2022/11/09/afrique-comment-lhydrogene-vert-pourrait-repondre-aux-besoins-energetiques-du-continent-africain/>

Lloyd's list of the most important ports for container transport.

<https://www.agenceecofin.com/transports/0811-102742-les-ports-africains-les-plus-performants-en-2021-en-matiere-de-traffic-conteneurs-lloyd-s-list>

Learn more about the Observatory.....

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

“The Letter » of the Observatoire Europe-Afrique 2030 is published by the Association « Observatoire Europe-Afrique 2030 »

Phone : 06 17 95 18 21 - contact@observatoire-europe-afrique-2030.org