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**UAM**  
Universidad Autónoma  
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## MEMORANDUM<sup>i</sup>

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**To:** AMENET, “*The European Union, Mediterranean and Africa integration in the Global Age*” (AMENET),

**Date:** 29<sup>th</sup> April 2020

**Subject:** **General approach from a legal/financial perspective**

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### 1. INTRODUCTION. WHAT IS AMENET. PHILOSOPHY AND OBJECTIVES

AMENET is a Jean Monnet Network, co-funded by Erasmus+ Programme of the European Union formed by 14 universities from 11 countries, under the leadership of the “*Universidad Autónoma de Madrid*” (Spain).

The AEMENET project is an answer from the heart of the UE that shows an absolutely and strong commitment to impulse the path started, among others, in 2010 by the African Union with the aim of closing the continent's development gap in 30 years by achieving the goals of an inclusive and sustainable growth and development of the African States.

In order to achieve this goal AEMENET appears to fill the a very important gap because so far, there are no structures for joint studies of research, as this Jean Monnet network of universities, to foster a network of think tanks on Africa, the Mediterranean and Europe (AME) regional integration. These structures of research would have to study the major sectorial and define development policies.

The main guidelines followed by AMENET are the following:

- **Employment, migration and refugees.** Employment creation is the top priority, supported by a conducive investment climate. Migration as an opportunity and not as a threat. International response to the refugee crisis.

- **Natural resources and climate change.** Climate change is not a remote threat but an immediate danger causing more frequent “extreme weather conditions” of drought and flooding.
- **Economic integration.** Integration experience of the EU and the regional integration initiatives of Africa.
- **Entrepreneurship and innovation.** Harness the value of innovation and create an environment of new ideas, products, services or introduce innovation in companies or organizations.
- **Security, public policies and governances.** Mapping and assessing the security-related activities, analysing and raising awareness about security and public policies/governance issues.

Taking into account the aforementioned guidelines, the objectives of AMENET can be summarized as follows:

- To identify the main trends of the evolution of the economic integration of the EU
- To learn from the European integration process
- To reflect the main teachings of the EU that are of interest to the AME regional integration and the economic development of Africa

**2. LONG TERM SUSTAINABLE LEGAL FRAMEWORK: (I) AFRICAN STATES- GUARANTEES TO ENSURE THE SUSTAINABLE GROWTH AND DEVELOPMENT OF THE AFRICAN STATES AND ITS POPULATION AND (II) SECURITY FOR EU INVESTORS AND (III) CULTURAL FACTOR**

In order to success in the guidelines and objectives mentioned in the introduction of this memorandum (please, see Section 1) it may be advisable to clearly distinguish two different lines of action:

- **African States.** In order to achieve the objectives related to local employment, local development, entrepreneurship and innovation in the African States jointly with the proper assessment and mapping about security and public policies/governance issues.
- **EU Investors.** As far as the idea is to generate the appropriate climate to integrate the experience of the EU so the African States could learn from the EU to implement, by adapting it to its own scenarios, its expertise, legal, financial and technical solutions.

**2.1 AFRICAN STATES. GUARANTEES TO ENSURE THE SUSTAINABLE GROWTH AND DEVELOPMENT OF THE AFRICAN STATES AND ITS POPULATION**

According to the AMENET's guidelines and objectives it is necessary to identify the mechanisms to ensure the implementations of all the proper policies, actuations and environments that triggers as much as organically as possible the necessary impulse to increase a healthy local employment, innovation and industrial fabric progressively orientated to a minor dependence on the foreign actors, and, for sure, taking into account the potential benefits and impact in the migration/refugees providing a mechanism to involve migrants/refugees that will lead to a win-win situation, because in that case we will finding a solution to improve the life conditions of millions of people, providing them tools to their personal fulfilment and also make them to contribute to the development of their own countries with the appropriate climate for them to return.

What options do we have to achieve that laudable and ambitious objective?

- From a macro perspective in terms of policies that propitiate this changes it would be very advisable to incorporate, indicatively:
  - Regulations that encourage the domestic companies to train its employees.
  - Regulations that encourage the domestic companies to hire and train specific population sectors that normally find more difficulties to be hired (for instance, women).
  - Regulations offering very attractive public programs for the formation of domestic population in necessary jobs for the development of the country and in those areas of innovation that will be the next step and future of the country.
- From a specific perspective in terms of achieving the aforementioned objectives could be considered and studied:
  - Offer tax benefits to those companies that follow the policies proposed by the government in order to innovate, train and hire domestic population for the benefit of the development of the country.
  - Specific regulations for the foreign investors making compulsory for them to, indicatively:
    - Have a local shareholder in all the projects to be developed in the region.
    - Have a minimum percentage of local employees.
    - Provide training programs to its employees.
    - Reimburse a minimum percentage of their incomes in the country.

In this sense we see African States as South Africa that has in place the National Industrial Participation Program and a mechanism of bids/tenders regarding essential infrastructures as, for example, renewable energy facilities (solar PV plants and wind farms, for example) and water infrastructures:

- [http://www.energy.gov.za/files/tenders/t\\_open.html](http://www.energy.gov.za/files/tenders/t_open.html) Link in which we can find all the requisites and structures for the open bids regarding energy projects.
- [http://www.dti.gov.za/industrial\\_development/nipp.jsp](http://www.dti.gov.za/industrial_development/nipp.jsp) Link that comprises the National Industrial Participation Program (NIPP).

## 2.2 SECURITY FOR EU INVESTORS

All the objectives pursued by the AMENET program will need large programs of investment from, among others, EU companies that, jointly with other measures, will lead to increase a healthy local employment, innovation and industrial fabric together with the additional goals of the AMENET program.

What are the main concerns for the EU investors and the financial institutions that will finance its investments?

### ➤ **Long term sustainable legal framework in the relevant industries**

Energy & Infrastructures are normally the main investments for foreign companies and financial institutions. In that regard, those kinds of projects will keep the investors attached the country and the financing, at least, 25 to 30 years. That implies that the foreign actors (investors and banks) will review very carefully the legal framework for those industries at least for a 20% time extra than their expectations to be attached to the project.

### ➤ **Financial strength of the relevant country**

In the kind of projects as infrastructure & energy ones that are going to be paid by the government (via concessions, subsidies, feed in tariffs, front payments, etc.) it is going to be very important to be able to explain the plans of the government to be able to comply with the financial obligations by its side.

### ➤ **Financial fabric**

It would be very advisable also to make the domestic financial institutions part of the projects by financing a small ticket.

### ➤ **World bank / International Financing Corporation (IFC)**

Also it would be very advisable to have a fluid communication with entities as the World Bank / IFC that are very proactive to provide partial financing to projects in Africa.

Once you have a clear picture of the aforementioned concepts it will be very attractive for the EU investors to participate in the bigger objective of sustainable and healthy development of the African States.

## 2.3 CULTURAL FACTOR

As an element of cohesion of all the above, the cultural factor and personal relationships are key, being crucial:

- Personal, social and economic relations, taking into account the uses and forms specific to the country/city/town in which the investment is to be made.
- Legal Security.
- Power, politics and ideology.
- Religion.
- Perception of European companies in the specific country.

### 3. CONCLUSION

AMENET faces a very challenging and motivating project that will, for sure, lead, to improve the lives of millions of people in Africa by creating the proper and sustainable development of the countries encouraging the governments and local authorities to make changes in the proper direction that will lead to a progressive diminution of the dependence of foreign actors.

With: (i) a multidisciplinary team with experts in all areas as technical, legal, financial and political that will be able to make the approach in each stage with the necessary expertise and managing the same “language” as its interlocutors and (ii) taking advantage of that countries with programs under development that can be adapted and improved and transposed to other countries; the objectives of AMENET are clearly achievable.

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Ref: “*Culture and Internationalization of the Spanish economy, case of Morocco*”. Asunción López López and José María Mella Márquez

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<sup>i</sup> This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.