MEMORANDUM

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SUMMARY

EU BOOSTS SUPPORT FOR SUSTAINABLE DEVELOPMENT IN LATIN AMERICA AND THE CARIBBEAN

The European Commission announced today around €230 million to support the efforts towards the sustainable development of Latin America and the Caribbean. The new projects unveiled today will take into account the progress made in several parts of the region in recent years and will address the new challenges that have emerged.

The announcement was made at the EU-CELAC (Community of Latin America and Caribbean States) Summit held in Brussels on 10 - 11 June.

High Representative/Vice President **Federica Mogherini** said: *"With this newly adopted EU cooperation package, we want to further strengthen and deepen EU-Latin America relationship. Throughout these new initiatives, we will work together to enhance sustainable development and promote more inclusive prosperous societies for the next generations in both our continents".*

Neven Mimica, Commissioner for International Cooperation and Development, said: *"The European Union seeks to develop a new type of cooperation that takes into account the fact that Latin America and the Caribbean have experienced very positive growth over the last decade and that development challenges are of a different nature today"*.

In order to adapt to this new reality, the EU has set up a **Facility for International Cooperation and Partnership**. The facility will support the consolidation of peer learning among countries in the Latin American and Caribbean region, and to promote joint cooperation with emerging donors in the region. It counts on a budget of €12 million to support the improvement of the design and implementation of public policies with a direct impact on poverty reduction.

Part of the new projects signed today address particular countries' challenges:

- **Bolivia** - with more than half a billion euro received in the last 20 years, Bolivia is the largest recipient of EU cooperation in Latin America, accompanied by a remarkable record of good results. Three new programmes have been signed: one to fight illegal drugs (€60 million), which will support the implementation of the Action Plan against drug trafficking and reduction of coca cultivation in respect for human rights and social dialogue; one to increase access to drinking water and sanitation facilities in suburban areas, while increasing resilience to the negative impacts of climate change (€12 million); and another one to improve water basin management and reduce water shortages, water pollution and the risks of flooding (€17 million). The objective is to give more than 200.000 people access to water and basic sanitation.
- **Colombia -** a programme worth almost €21 million will aim to overcoming the social and economic disadvantage of the marginalised and conflict affected regions. The programme will support local sustainable development in remote areas. It is expected to foster income generation opportunities for almost 2000 peasant families and improved livelihoods of around 3000 indigenous and Afro-Colombian families living in National Parks, where all kinds of social and environmental conflicts rule. This action will constitute the first building block of the EU's support to the Colombian peace process. Over the last decade, EU's cooperation has invested over €150 million in peace building in Colombia.
- **Honduras -**a programme on food security (€30 million) will be signed to improve the living conditions of 15,000 rural households in one of the most vulnerable areas of the country by building sustainable farming systems that will enable increasing food production while supporting education and nutrition. Another programme (worth €11,6 million) promoting decent work conditions and employment opportunities for young people in Honduras will also be signed. A third project (with an EU grant contribution of €10 million) will focus on the rehabilitation, upgrading and road safety improvements of one of the country's main roads, thus providing the poorest and most deprived regions in Honduras with ameliorated access to social services and increased commercial opportunities.

Other projects announced today have a regional scope, notably the **Coffee Rust programme for Central America** (€15 million). The coffee rust is a leaf disease that has affected about 50% of coffee plantations in the region and is causing considerable hardship to small producers and their families in the region. It is anticipated that the programme will contribute to improving the livelihoods of 330,000 producer families and 6,000 family farms in the selected coffee producing areas throughout Central America and Dominican Republic.

Also with a regional angle, but targeting this time Latin America region, the EU has also anounced today new support of €32 million to the **EUROsociAL+** project on social cohesion for the next four years, and €10 million to **COPOLAD,** to support the fight against drugs. This comes in addition to the Regional Indicative Programme (RIP) for the Caribbean.

All these programmes (€230 million) come on top of those announced yesterday in the context of the EU-CELAC Business Summit on investment and business support (€118 million) and, together with the regional envelope for the Caribbean (€346 million) announced also today, bringing the overall package of the European Union to almost €700 million in support of Latin America and the Caribbean.

In addition, the EU has signed two **Memoranda of Understanding (MoU) on International Cooperation with Chile and Uruguay**. The main objective of this is to promote and strengthen relations in the field of international cooperation with both countries and to work hand-in-hand on poverty alleviation. **(**EC 11-06-015)

THE EUROPEAN UNION INCREASES ITS SUPPORT FOR THE TRANSITION IN BURKINA FASO

The European Union is increasing its support for Burkina Faso's transitional government today with the signing of a €120 million budget support agreement covering a period of 18 months, financed under the 11th European Development Fund. This budget support has been quickly put in place to consolidate the country's democratic gains following the popular uprising at the end of October 2014. Its aim is to promote much-needed political, economic and social stability.

The support will guarantee additional funding for the state budget, which is in deficit in 2015 and has been severely affected by a significant drop in revenues. This funding will be especially useful for maintaining basic public services for the country's population and for organising the elections.

The support will be disbursed in two stages: an initial amount of €70 million in July and a second amount of €50 million at the beginning of 2016.

The two disbursements will be contingent upon fulfilment of the general conditions regarding the continued implementation of the national poverty reduction policy and good public fund management. In addition, special conditions will ensure an emphasis on the independence of the judiciary, transparency and the fight against corruption. The aim is to hand over a healthier state to the next elected government.

EU Commissioner for International Cooperation and Development, **Neven Mimica**, stated: *'The European Union is fully committed to working with the transitional authorities and President Kafando to help strengthen democracy and ensure stability and the necessary conditions for credible and inclusive elections.'*

He added: *'In a fragile context, but with the determination of Burkina Faso's people, our cooperation will also ensure that the achievements of the national poverty reduction policy are maintained and that progress towards the Millennium Development Goals is continued.'*

Since the popular uprising of 30 to 31 October 2014 which forced former president Compaoré to resign, Burkina Faso has been in a state of democratic transition. This transition, based on the Transition Charter, has been led by President Michel Kafando. President Kafando was appointed by consensus between all the parties involved in the transition process (political parties, secular and religious civil society organisations, and the army). The President is assisted in his duties by the National Transitional Council, acting as an interim legislative assembly.

Against this backdrop of transition, the economic outlook is bleak with the growth forecast for 2015 revised downwards. This is the result of a reduction in state revenues and a significant financing requirement, which will be met in part by this advance budget support.

The budget support, for which the financing agreement is being signed today, forms part of the sum of €623 million allocated under the 2014-2020 National Indicative Programme (NIP), signed in September 2014 and financed under the 11th European Development Fund (EDF). The NIP focuses on three areas: good governance, health and food and nutrition security. Its main objectives are to contribute to halving the number of people living in extreme poverty, reducing by two thirds the rate of malnutrition among children below the age of five and halving the percentage of the population with no access to drinking water and sanitation.

In addition to this budget support, technical assistance totalling €5.5 million financed by the Instrument contributing to Stability and Peace will support the Independent National Electoral Commission, civil society and the media in organising and monitoring the forthcoming elections.
The European Union's support under the 10th EDF, amounting to more than €692 million, delivered encouraging results. Between 2009 and 2013, 14% more girls attended school, the rate of malnourished children decreased by 20% and almost 8 million additional people had access to drinking water in rural areas. (EC 11-06-2015)

THAI GROUP READY TO INVEST IN GAS PROJECT IN MOZAMBIQUE

Thailand's PTT Exploration and Production is ready to invest US$1.5 billion in production of liquefied natural gas (LNG) in Mozambique, chief executive Tevin Vongvanich said in Bangkok.
The CEO said the group's investment plans for both this year and for 2016 already included development of natural gas fields in the Rovuma basin in northern Mozambique, after the consortium secured orders for 8 million tons per year.
The total investment is estimated at US$20 billion, with the Thai group responsible for a total of US$1.5 billion based on its 8.5 percent stake in the project.
Cited by English-language newspaper The Nation, Vongvanich said that of the forecast 12 million tons of annual production, 8 million had already been sold with long-term contracts, while the remaining 4 million tons would be sold on the spot market.
US group Anadarko Petroleum recently announced it had hired the CCS JV consortium as the main contractor for the project, which includes US company Chicago Bridge & Iron, Japan's Chiyoda Corporation and Saipem of Italy.
The group is the operator with a stake of 26.5 percent of the Area 1 block of the Rovuma basin in northern Mozambique, which has as its partners Mozambican state company ENH (15 percent), Mitsui E&P Mozambique Area1 (20 percent) , ONGC Videsh (16 percent), Bharat PetroResources (10 percent), PTT Exploration & Production Plc (8.5 percent) and Oil India Limited (4 percent). (11-06-2015)

TWO TERMS ONLY FOR AFRICAN LEADERS, SAYS ZUMA

There is growing consensus within Africa that its leaders should not serve more than two terms and that the days of coup d'etats are gone, President Jacob Zuma said on Thursday when opening the World Economic Forum.

He stressed the importance for African countries to have programmes to incorporate young people into the economy and empower them to lead. Estimates are that 18-million jobs have to be created on the continent annually to absorb the young people entering the labour market.
Mr. Zuma said the relations between Africa and the world have to change to become one between equals. The continent had harmonised its thinking about where it wanted to go.
"We have a vision for the future," Mr. Zuma told the gathering of business and government leaders from around the world.
Ghana vice-president Kwesi Amissah-Arthur, who also answered questions during the plenary session of the forum, stressed the need for education and skills development if youth were to become employed.
At a media briefing of the forum's joint chairpersons, Barclays group CEO Anthony Jenkins highlighted the risks to African growth, emphasising that for the continent to realise its potential growth was not something that could be taken for granted.
"There is a lot that can be done but it won't just happen. We all have to work together to create the conditions for Africa to experience and create its full potential."
While sharing optimism about Africa's future, Mr. Jenkins warned that the world was going through structurally lower economic growth that would mean every part of the globe would have to compete "vigorously and aggressively" to stake its place in the global economy.

He highlighted the importance of financial inclusion for fostering entrepreneurship and economic activity. Trade also needed to be promoted as a spur to economic growth.

African Rainbow Minerals chairman Patrice Motsepe noted the difficulties African countries were experiencing as a result of the decline in commodity prices. In this context it was critically important that they remained globally competitive in terms of attracting both foreign and domestic investment to reduce poverty and create jobs.

Mr. Motsepe said the production of oil and other commodities would continue to be a critical part of the continent’s economic growth for many years to come. The right conditions for beneficiation had to be created, he said.

United Nations under-secretary-general and executive director Phumzile Mlambo-Ngcuka emphasised the need for education and skills if African growth were to be led by industry. She said corruption in general and xenophobia in SA had to be addressed and there had to be prudent macro-and microfiscal and regulatory environments.

Unilever CEO Paul Polman said African growth could no longer rely on development aid because of economic difficulties in the US and Europe. It had to come from private investment. He highlighted the need to address infrastructure challenges and create enabling markets.

The benefits of commodity production needed to be harnessed to promote local functioning markets and the growth of the value-added manufacturing sector. (BD 05-06-2015)

MOZAMBIQUE PLANS TO GET FUNDING FROM THE ISLAMIC DEVELOPMENT BANK

The government of Mozambique plans to access funding from the Islamic Development Bank (IDB) to finance various investment projects of small and medium-sized enterprises, the Deputy Minister of Industry and Trade, Osmar Mitha said Monday in Maputo.

At the end of a meeting between the private sector, represented by the Confederation of Economic Associations of Mozambique (CTA) and representatives of the IDB, participating in the 10th Global Forum of the Islamic Development Bank, an event held this week in Maputo, the Deputy Minister stressed he was seeking funding for projects to develop the country and allow job creation.

Mithá, cited by Mozambican news agency AIM, said the IDB reacted positively to this request from Mozambique, but said the country still faces some obstacles, notably the introduction of some legal improvements.

The deputy executive director of the Confederation of Economic Associations of Mozambique (CTA), Eduardo Macuácua said the meeting was an opportunity for the private sector to raise funds for various projects, including those related to providing services to major projects.

The IDB has applied at least US$300 million in various sectors in Mozambique since 1995, the year the country joined the financial group.

Currently, there are 22 ongoing projects valued at more than US$160 million in sectors such as agriculture, education, health and water supply. (09-06-2015)

ISLAMIC BANK SPENDS $300M IN MOZAMBIQUE

The Minister of Economy and Finance, Adriano Maleiane has said the Islamic Development Bank (IDB) has invested around $300 million in Mozambique since the country joined the institution in 1995, APA can reveal Sunday.

According to Maleiane, currently 22 IDB-funded projects are underway, valued at over $160 million and the investment is concentrated in agriculture, education particularly vocational education, health and water supply.

These are areas which, taken together, contribute towards improving the country's Human Development Index, said Maleiane at a media conference late on Saturday convened to announce that the 40th annual meeting of the Saudi Arabia-based IDB, that will take place in the Mozambican capital on Wednesday.

IDB chairperson Ahmad Mohamed Ali promised that the bank will continue to invest in priority areas in Mozambique.

We want Mozambique to be the point of entry for the IDB group in southern Africa, he said.

The IDB has 56 member states, mostly Muslim-majority countries and 23 of the members are African, but Mozambique is the only member in the Southern African Development Community, (SADC) region.

The IDB is dominated by Saudi Arabia, which holds 23.5 percent of the shares. Mozambique's shareholding in the bank is a mere 0.05 percent.(APA 07-06-2015)

SWEDEN ANNOUNCES FINANCIAL SUPPORT TO MOZAMBIQUE FOR 2015-2019

Sweden will support the development of Mozambique with a financial package of 448 million euros over the next five years, under an agreement signed Monday in Maputo.

The funding will be applied to anti-poverty initiatives, consolidating peace and stability in the country, among other actions included in the five-year programme of the Mozambican government for 2015 to 2019.

Known as the Framework Agreement (Acordo Quadro), the instrument also serves as a platform for other agreements to be signed between the two countries within the five-year period.

Sweden’s support to Mozambique was announced by the Swedish Minister for International Development Cooperation, Isabel Lovin after signing a cooperation agreement with the Mozambican Minister of Foreign Affairs and Cooperation, Oldemiro Baloi.

“Mozambique is one of the main partners of Sweden, our strong ties give us the opportunity to share and develop a dialogue on issues important to both countries,” Lovin said. (09-06-2015)

AFRICA IS LESS RISKY THAN YOU THINK

The risks of investing in infrastructure in Africa are far less than imagined and can be mitigated, Gordon Brown, chair of the World Economic Forum Global Strategic Infrastructure Initiative told delegates at the forum’s Africa conference in Cape Town on Friday.

Mr. Brown, a former UK prime minister, has become a strong advocate of infrastructure investment in Africa. He was speaking on a panel along with several other global experts as well as President Jacob Zuma on how to accelerate infrastructure development on the continent.

Mr. Brown said that Mr. Zuma’s initiative in establishing the Presidential Infrastructure Co-ordinating Committee was an important place to start.

"You have got to have the political will; you have got to co-ordinate delivery; and have complete emphasis and focus on getting results," he said.

Mr. Brown said that the surplus of savings available in the developed world as well as low interest rates presented great opportunities to accelerate investment in African infrastructure.

However, the overriding issue in overcoming infrastructure hurdles was the perception of risk, he said.

"We have got to persuade investors that the risk they perceive is not as great as the risks that exist. We have to find a way to demonstrate that the risks can be dealt with."

For instance, the Grand Inga scheme could be the biggest hydroelectric project in the world and would have the capacity to provide 40% of the continent with energy. But private investors would need to be brought on board for it to materialise.

Washington-based Multilateral Investment Guarantee Agency (Miga) CE Keiko Honda told the panel that it was now more possible to mitigate against noncommerial risk through investment guarantees. Miga, for instance, offered guarantees against currency risk; political disturbances and war; expropriation; and breach of contract.

"The political risk insurance we have been doing is well tested in the market. Of the four, the most important is insurance against breach of contract," she said.

The initial stages of project funding, during which proposals were put together and feasibility investigated, remained the most difficult to fund, said the panel.

Development Bank of Southern Africa CE Patrick Dlamini said the main challenge of infrastructure development was the structuring of projects.

"We need effective deployment of risk capital in project preparation. This needs serious funding, which can only really come from national development finance institutions and multilateral banks."

Mr. Brown said that multilateral banks needed to take on more responsibility for the initial funding for projects as commercial funders were likely to fund a project only once they knew it would get off the ground. (BD 05-06-2015)

CABO VERDE HAS MORE MOBILE PHONE SUBSCRIBERS THAN INHABITANTS

The number of subscribers of mobile telephone services in Cabo Verde (Cape Verde) increased to over 613,000 in 2014, representing growth of over 18 percent compared to 2013, the National Communications Agency (ANAC) reported in Praia.

The number of subscribers of both postpaid and prepaid plans, exceeds the archipelago's population which, according to 2010 Census data from the National Statistics Institute, was nearly 492,000 people.

"The number of subscribers in the Cape Verdean market has shown an upward trend, driven by tariff policies and the various promotional activities by operators and by the mobility that the service offers, both in voice and data services," ANAC reported , cited by state news agency Inforpress.

In December 2014, the number of subscribers represented a penetration rate for mobile services of 118.13 percent.

The figures issued by ANAC show that traffic originating on mobile networks in 2014 totalled about 658 million minutes, posting a 22 percent increase over the previous year.

The number of minutes of calls between mobile networks was 593 million, which shows a considerable volume of traffic on mobile networks, confirming Cape Verdeans preference for this service, the news agency said. (09-06-2015)

SENEGAL'S PRIMARY SECTOR SUFFERS SLIGHT DECLINE

The primary sector activity (excluding agriculture and forestry) in Senegal declined by 1.7 percent in April 2015 after a 8.3 percent rebound in March of the same year, the Dakar-based Directorate of Forecasting and Economic Studies (DPEE) announced.

This reflects the respective folds of fisheries (less 2.8 percent) and the controlled production of meat (less 1.4 percent), DPEE noted.

However, compared to April 2014, the primary sector rose slightly by 0.6 percent in April 2015, because of the contrasting trends of controlled meat production (over 6.1 percent and fisheries outputs (less 15.8 percent). (APA 07-06-2015)

MASTERCARD SETS UP SHOP IN SOMALIA

MasterCard Worldwide this week started issuing credit cards in Somalia in a bid to tap the $1.6bn annual remittances business that has been disrupted by US and UK banks suspending their services on fears of inadvertently being involved in money laundering or terrorist financing.

MasterCard is linking up with Somalia's Premier Bank and has already distributed its first credit cards to Somalis, after a three-year process to set up shop in the strife-torn nation in the Horn of Africa, said Daniel Monehin, division president for sub-Saharan Africa.

The move signals Mastercard's willingness to undertake risks in Africa, even going into the continent's most dangerous corners ahead of its key competitor, Visa. It also heralds a first step in lifting the effective financial blockade of Somalia.

"We're not lowering our standards, we are keeping with all anti-money-laundering regulations," Mr. Monehin said in an interview on the sidelines of the World Economic Forum for Africa in Cape Town.

He said he expected the cards to be used for ATM withdrawals, to begin with.

Somalia has been increasingly financially cut off from the rest of the world, leaving its vast and wealthy diaspora unable to send money back home. After several banks in the US and the UK withdrew their services from Somalia, citing increasing regulatory costs, yet another blow came earlier this year when Kenya, home to a large Somali community, cracked down on informal money-transfer systems known as hawalas that were key in Somali remittances.

"If the country's not under sanctions, it's open for business," said Mr. Monehin of the decision to tap the Somalian market, adding that MasterCard won't charge over and above what it charges elsewhere because of the tough operating environment there, although additional fees may be extracted by the partner bank.

Somalia has been in the throes of a civil conflict for a quarter of a century. Al-Shabaab, an al-Qaeda-linked Islamic militant organisation, is engaged in constant battle with the local army and other African forces from Kenya and Ethiopia.

It ranks as one of the world's most corrupt countries by Transparency International. Remittances sent back home to Somalia are crucial for the majority of families and businesses and the government is keen to see MasterCard and other formal financial-services providers take root in the country.

"With the arrival of MasterCard in Somalia it is a major signal that in addition to hawala … there is now a safer, formal, more secure and more traceable way of transferring funds to Somalia," said Abdirahman Yusuf Ali Aynte, the Somalian minister of planning and international co-operation, in an interview.

And while he doesn't expect Somalis to stop using hawalas any time soon, Mr. Ali Aynte said that his government shares the concerns of British and American regulators and is eager to see more of the remittances business transferred to formal providers like MasterCard.

"From a government perspective we have the same concerns that the US and the UK have, but we are much more sympathetic to our population, so we are not able to cut it (hawala) off at the moment. But if we can transition to a more secure, traceable, safe, recognised system, that is our goal," he said. (WSJ 05-06-2015)

AFREXIMBANK ANNOUNCES SUPPORT FOR SMALL ENTERPRISE FINANCING

The President of the Bank of the African Export-Import Bank (Afreximbank), Mr. Jean-Louis Ekra, says the bank is negotiating to provide a financing facility to enable the Development Bank of Zambia boost its capacity for financing small enterprises and entrepreneurs in Zambia.

Speaking in Lusaka when he led a delegation of the Bank's Board of Directors on a courtesy visit to Vice-President Inonge Wina of Zambia, on Monday, Mr. Ekra said that the Bank was also working to revive and enhance the facility it had used to provide financing to support Zambia's mining industry in order to ensure an enhanced supply chain.

A statement by the bank on Monday stated that Afreximbank was focused on adding value to Africa's products as it was through such value addition that jobs would be created and increased revenue generated for governments.

Earlier, Vice-President Wina urged Afreximbank to enhance its financing directed at industries which engaged in value addition as a way to increase benefits from Africa’s trade.

She also said that Afreximbank should focus on transactions that promoted entrepreneurship, noting that such transactions brought enhanced benefits to women.

The Vice-President commended Afreximbank for its support to Zambia, which included credit facilities granted to the country’s mines and support to Greenbelt Fertilizers Limited for warehouse construction.

Also speaking, Dr. Denny Kalyalya, Governor of the Bank of Zambia, stressed the importance of collaboration between Afreximbank and Zambia as part of efforts to promote trade.

The Afreximbank team is in Lusaka for the Bank’s 22nd Annual General Meeting of Shareholders and related activities, which will run from 10 to 13 June. (APA 08-06-2015)

LIBERTY LOOKING FOR ACQUISITIONS IN NIGERIA

Liberty Holdings, South Africa’s fourth largest insurer, is looking at acquisitions in Nigeria to establish a strong regional presence in West Africa, its CE said on Thursday.

The Johannesburg-based firm, which is majority owned by Standard Bank, has an asset management outfit in Ghana and a regional health insurance business in Nigeria but wanted to expand its footprint, CEO Thabo Dloti said.

"Clearly the big area where we are looking to establish ourselves is Nigeria, both in insurance and asset management," Mr. Dloti told Reuters on the sidelines of the World Economic Forum Africa in Cape Town.

"It’s a journey we’ve travelled for the last year or so, looking for the right opportunity and finding the right partner."

Liberty reported a 3% decline in full-year profit in February, reflecting a contraction in earnings from its shareholder investment portfolio.

In all, Liberty has a presence in 16 countries in Africa. It has around R650bn of assets under management. (Reuters 04-06-2015)

RWANDA, ZAMBIA TO SWAP LANGUAGE TEACHERS

Rwanda and Zambia have agreed to exchange English and French language teachers, as part of a strategy to advance Technical and Vocational Education and Training (TVET) in both countries.

This intention was revealed by Rwandan Foreign Affairs Minister, Louise Mushikiwabo, on Monday, during a media briefing after bilateral talks with her Zambian counterpart, Harry Kalaba, who is in Kigali for a four-day working visit.

We have been exploring good teachers; Zambia has had a very good education system for many years and in our search for English teachers, we identified Zambia as one of the countries where we can source teachers Mushikiwabo said.

After the 1994 genocide against the Tutsi and moderate Hutu, Rwanda faced an acute shortage of teachers and since then the country has joined the Commonwealth, and has used its position to source English-speaking teachers from neighbouring countries.

We particularly need teachers in TVET schools where we are in the process of developing different curricula and try to get what is necessary for our orientation towards TVETs, Mushikiwabo said.

She added that her government is also seeking teaching expertise in areas such as mining and trade, to develop advanced skills, knowledge, legal, and technical capacity.

Currently, there are about 45,000 TVET teachers in both private and public schools, covering vocational training schools, technical schools and polytechnic institutions.

Zambia on the other hand expressed interest in sourcing French-teaching personnel from Rwanda in a bid to bolster its French-speaking community.

Rwanda showed extraordinary ability of moving from being a Francophone country to an Anglophone one and Zambia wants to extrapolate as much as it can from Rwanda.

With that regard we are looking into ways of how we can also have some French teaching teachers from Rwanda to come to Zambia Minister Kalaba said.(APA 08-06-2015)

NIGERIA POISED TO BECOME INVESTOR MAGNET

Criticism of Nigeria as a place to do business is widespread but misplaced. The scaremongers say the country is unstable, with a crumbling economy and threats from terrorist groups. They point to oil shortages, collapsing crude prices, the ferocity of the Boko Haram terrorist group and rampant corruption.

But these snapshots do not paint a fair portrait of sub-Saharan Africa's largest economy and overlook what the regional powerhouse offers to foreign corporations and investors.

President Muhammadu Buhari was sworn into office last week in the first peaceful handover of power between elected civilian leaders in the country's 16-year democratic history. This is a sign of democratic progress and stability. The improvements are underlined by the commitment of his party, the All Progressives Congress (APC), to raise governance standards by tackling insecurity, economic mismanagement and systemic corruption.

Nigeria, the sixth-fastest growing economy in the world, is among the largest recipients of foreign direct investment in Africa.

Shell, Chevron and Nestlé top the list of western companies committed to the country.

When its gross domestic product (GDP) was rebased recently, Nigeria overtook SA to become the largest economy on the continent.

With a new government, a booming economy and a popular mandate to tackle its pressing challenges, investors should not overlook Nigeria for fear of the risks.

Nigeria continues to benefit from its extensive oil reserves, but diversification is starting to take place.

The percentage of GDP from the mining and oil sector has fallen from 38% in 2008 to 14%. Finance, real estate and business services have increased to 15% from 6% in 2008, and agriculture now exceeds the oil sector as a proportion of GDP.

The infrastructure framework for supporting business should also improve under the APC's leadership. Buhari has committed to expanding the road network in order to "unlock a value chain of opportunities". Lagos intends to be Africa's "model megacity".

But equally important is Buhari's commitment to security. Significant gains have been achieved since Nigeria's combined military offensive with its neighbours forced insurgents back to limited strongholds along the Cameroon border. The situation remains fragile, but it bodes well for the north's future.

Threats from former separatist militants in the Niger Delta are another concern.

Buhari will need to proceed carefully in building alliances with local power brokers while extending state control to the marginalised region.

The Movement for the Emancipation of the Niger Delta (Mend), an umbrella group representing the region's armed factions, has backed Buhari for his anticorruption drive, but some former militant commanders have been less supportive.

Moreover, many former Mend commanders have reportedly been involved in rampant crude oil theft and coastal piracy.

Oil theft is having a critical effect on government revenues, with about 100,000 barrels stolen a day, allowing criminal syndicates to earn a figure equivalent to the output of a smaller oil-producing nation.
The newly elected Buhari will begin in the right place by initiating judicial reform, aiming to hold to account those responsible for embezzlement and bribery.
Reform of the dysfunctional oil industry will no doubt prove to be the most serious challenge, as demonstrated by rising fuel shortages ahead of Buhari's inauguration.
For the past two weeks, oil marketers in the nation have been on strike to demonstrate their ability to shut down the economy.
The challenges the APC faces are daunting. But Buhari's inauguration should be heard as a starter gun for foreign direct investment, to help Nigeria take up its long-awaited role as an engine for growth and democracy in Africa. (BD 05-06-2015)

S/AFRICA TO RESUME US CHICKENS IMPORTS

South Africa, under threat from Washington DC for reciprocal measures to stop its exports there, has agreed to resume importing poultry from the United States, Trade and Industry Ministry officials said on Monday.

“South Africa and United States have agreed on a framework to restore market access into the South African market for US bone-in chicken cuts,” the local trade officials said.

According to the officials, the deal follows a two-day meeting held from 4-5 June in Paris, France.

The meeting, facilitated by the US and South African governments with their respective industry associations, resulted in a breakthrough after several months of industry to industry negotiations, they said.

South Africa has had in place an anti-dumping duty on chicken portions coming from the US.

The ministry said the deal between the two countries will secure the continued participation of South Africa in the re-authorised 2015 Africa Growth and Opportunity Act (AGOA) that is being extended by the US congress for a further 10 years.

AGOA is a legislation that provides duty-free market access to the US for qualifying sub-Saharan African countries by extending preferences on more than 4,600 products.(APA 08-06-2015)

FITCH AFFIRMS SOUTH AFRICA'S SOVEREIGN CREDIT RATINGS

Fitch Ratings affirmed SA's sovereign credit ratings at BBB and maintained a negative outlook as expected on Friday. The affirmation means SA's borrowing costs remain unchanged.
The conclusion of wage negotiations in the public sector without a strike, government's fiscal consolidation, and expectations for the budget deficit to narrow and for the economy to improve by 2017 were among factors that supported the affirmation.
But the agency warned that weak economic growth, failure to reduce the budget deficit and stabilise government debt, and failure to materially narrow the current account deficit, were factors that could lead to a downgrade in future.
Economic growth was revised slightly and forecast at 2.1% this year and 2.3% next year. Growth was then seen picking up to 3% in 2017 as energy constraints started to ease somewhat.
The agency also warned that forthcoming wage negotiations in the gold and coal sectors could lead to further debilitating strikes or a sharp increase in wage costs. "Other policy proposals under discussion

such as parts of the mineral resources law, visa regulations, a minimum wage, and amendments to the labour law and land reform could have an adverse impact on growth, if implemented."

The current account deficit was seen narrowing to 4.5% of gross domestic produce this year and 4.3% next year, from 5.4% last year, helped by lower oil prices and weak domestic demand.

Government's fiscal consolidation would help bring down the budget deficit to 3.6% of GDP in the 2015/16 year, and narrow further to 2.9% of GDP in 2016/17, and to 2.5% in 2017/18, according to Fitch.

"The agency's fiscal projections are based on the assumption that the government will broadly stick to its budget deficit plans set out in the February 2015 budget," Fitch said. (BD 06-06-2015)

AU SUMMIT: AFRICANS URGED TO INTEGRATE, UNITE

Delegates attending preparations for the agenda for the African Union summit in South Africa have been urged to use the meeting to deepen Africa's economic integration and unity at a time when the continent's Agenda 2063 vision is taking shape, APA learnt on Monday.

The forthcoming summit, to be held in Johannesburg's Sandton Convention Centre, is taking place at a time the continent is grappling with terrorism, political instability and sluggish economic growth among some of its member-states.

Held under the theme, \"Year of Women\'s Empowerment and Development towards Africa\'s Agenda 2063\", the summit's focus is on the financial inclusion of women in key industries such as agro-processing and mining.

There will also be discussions on the continent's economic performance during the weekend summit, diplomats said.

The AU said although Africa's overall growth rate is short of the targeted seven percent, Africa has consistently been growing at an unprecedented average rate of four to five percent over the last decade.

AU Commission Deputy Chairperson Erastus Mwencha told delegates that if this pattern of growth continued, Africa could reduce widespread poverty in the next two decades.

“In fact, through the adoption of the post-2015 development agenda, the international community is rallying together to respond in a transformative manner to fundamental challenges facing the world today, eradicating poverty, reducing conflicts and insecurity,” Mwencha said. (APA 08-06-2015)

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