MEMORANDUM

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The Memorandum is issued daily, with the sole purpose to provide updated basic business and economic information on Africa, to more than 4,000 European Companies, as well as their business parties in Africa.
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IS RWANDA AFRICA'S ANSWER TO SWITZERLAND?

More than two decades on from a genocide that claimed 800,000 lives, Rwanda is taking another step towards looking like the closest thing Africa has to Switzerland.

The tiny, landlocked, mountainous nation's economy has outperformed almost all its continental peers, with annual growth averaging 7.8% since 2000. Like Switzerland, which hosts the World Economic Forum (WEF) in Davos every year, it is also about to welcome delegates to the organisation's annual African gathering.

"Nurturing an attractive business environment has become more important for many African nations to sustain growth, as commodity revenue and aid inflows have fallen," Mark Bohlund, Africa economist with Bloomberg Intelligence in London, said. "Rwanda has led the way by cutting red tape, providing tax incentives and improving governance, which has helped overcome the disadvantages of its small size, lack of port access and limited natural resources."

However, the Swiss parallel of Rwanda's economic success story, furthered with a ranking by the World Bank as mainland Africa's easiest place to do business, does not extend to its reputation for upholding democracy. Civil-rights groups accuse the government of stifling opposition and have criticised a constitutional change that will allow President Paul Kagame, who has been in power since 2000 and taken credit for Rwanda's economic success, to stand for a third term.

Tourism industry

Mr. Kagame's administration has built the tourism industry into the country's biggest foreign-exchange earner by hosting events such as the WEF and the African Development Bank's 2014 annual meeting and luring visitors to see endangered mountain gorillas and climb volcanoes. It has also boosted agricultural output and manufacturing by improving roads and electricity supply. Rwanda's experiences feature high on the agenda of the WEF gathering, which will focus on how African countries can harness technology and knowledge to spur growth.

"The slump in energy and commodity prices has demonstrated the urgent need for greater diversification and entrepreneurship across Africa," said WEF's head of Africa, Elsie Kanza. Rwanda "stands as a good example of how long-term planning and savvy investing can lead to sustainable and inclusive growth".

Mr. Kagame led the rebel army that ended the 100-day killing spree in 1994 that targeted minority Tutsis and moderate Hutus. He was cleared to stand for re-election next year, after more than 98% of people who voted in a referendum backed a constitutional amendment to extend presidential term limits.

Opposition parties have very little scope to function freely in Rwanda, while the government imposes tight restrictions on freedom of speech and its views dominate the domestic media, Human Rights Watch said in its 2016 global review. The New York-based group said it continued to receive information on people being held unlawfully in military custody and other unofficial detention centres.

Growth impetus

The government's determination to maintain security and its co-ordinated fiscal and monetary policy should continue to provide impetus for growth and new investment, said Maurice Toriotich, the CEO of Kenya Commercial Bank's Rwandan unit.

Foreign direct investment in Rwanda would probably rise 36% this year to $1.5bn, the nation's development board said in April.

"The government has a good PR machine," Mr Toriotich said. "Investment returns continue to be attractive. "

While global economic recovery was taking longer than expected and the slowdown in China limits growth for commodity-based economies, Rwanda had decided to focus on marketing itself as a conference destination to support growth, Finance Minister Claver Gatete said after briefing reporters Tuesday in Kigali.

"At conferences like these, we expect to sign deals during side events in key areas like energy, science and technology," he said. *(*Bloomberg 10-05-2016)

ARCELOR MITTAL NOT LEAVING LIBERIA NOW

The Superintendent for Governmental Affairs at Arcelor Mittal in Sanniquellie, Nimba County has debunked rumours that the global steel giant is about to phase out of Liberia and be replaced by the erstwhile Liberian-American-Swedish Mining Company (LAMCO).

"Arcelor Mittal is not leaving Liberia now," Ambrose Gbormie clarified in his remarks at the end of a stakeholder engagement forum under the auspices of the steel giant in Sanniquellie on Tuesday.

Gbormie told the 40 stakeholders that the company would stay in the country in compliance with its contractual agreement and in fulfilment of its social corporate responsibility to the people of Nimba and Liberia at large.

He assured the gathering and the citizens of the county that "the rumours are not true."

He added that the Yekepa Vocational Technical Training Center (VTC) reconstructed by Arcelor Mittal in 2014 will soon become operational to absorb and train over 100 students in auto mechanics, heavy duty mechanics, drafting and electricity, among others. (APA 11-05-2016)

PRESIDENT OF MOZAMBIQUE STARTS VISIT TO CHINA IN NANJING

The President of Mozambique began his five-day state visit to China in Nanjing, capital of Jiangsu province. He said he hopes the visit will result in "strengthening of financial support to the country," according to the Mozambican press.

Filipe Nyusi is accompanied on this visit by the Ministers of Foreign Affairs and Cooperation, Oldemiro Baloi, Industry and Commerce, Ernesto Max Tonela, Public Works, Housing and Water Resources, Carlos Bonete Martin, Culture and Tourism, Silva Dunduro and by officials from a number of state institutions.

In addition to the official delegation, this visit includes a delegation of 60 businesspeople, of the 71 who signed up with the Confederation of Economic Associations of Mozambique (CTA) to accompany the Head of State.

On Tuesday the President of Mozambique will take part in Nanjing in the Mozambique-China Business Forum, visit to the Military Academy and at the end of the day will meet with the Governor of Jiangsu Province, ahead of a banquet in his honour.

On Wednesday, the President goes to Beijing, where he will be received by his counterpart Xi Jinping in the People's Palace, followed by official talks between the two delegations, the signing of some cooperation agreements and the state banquet.

On Thursday in Beijing Nyusi is due to meet with the Chinese Prime Minister and to speak at the opening ceremony of the International Conference on the Development of Tourism. Later he will visit the headquarters of the China National Petroleum Corporation and take part in the II Mozambique-China Business Forum.

On Friday, the Mozambican delegation plans to travel to the province of Shandong, ending the visit on Saturday with a trip to the modern agriculture demonstration centre in Zhangqiu and the Jin Rong Foodstuff Co. Ltd factory. (17-05-2016)

M-PESA LIFTS SAFARICOM'S EARNINGS

Kenya's mobile phone firm Safaricom said its full-year earnings before interest, taxation, depreciation and amortisation (ebitda) rose 17%, lifted by revenue from its mobile data and M-Pesa mobile money service.

The nation's top mobile operator, which is 40% owned by Britain's Vodafone, said earnings were expected to climb 7%-10% this year.

Full-year ebitda to March 2016 was 83.1-billion shillings (about R12.55bn), while the forecast for ebitda in the year to March 2017 was for 89-billion to 92-billion shillings, CEO Bob Collymore told an investor briefing.

Capital expenditure for the year to March 2017 was forecast at between 32-billion and 33-billion shillings.

For the year to March 2016, revenues from M-Pesa climbed 27% to 41.50-billion shillings as customers with even basic handsets use them to increasingly pay bills, send money and make other transactions.

Mobile data revenue in the year to March 2016 climbed 43% to 21.2-billion shillings, but voice revenues climbed more slowly, by only 4% to 90.8-billion shillings. (Reuters 11-05-2016)

KENYA VOWS 3PERCENT DROP IN BUDGET DEFICIT

The government in Kenya on Wednesday said it is committed to trimming its budget deficit and implement a set of austerity measures to secure access to funding from the international monetary fund. National Treasury Cabinet Secretary Henry Rotich was quoted severally by the country's media as saying Kenya will cut down its deficit to three percent in the medium term, maintain inflation at below six percent and increase funding to priority areas.

Rotich's remarks came as the visiting IMF Deputy Managing Director, David Lipton told the government that, the fund is satisfied with measures being introduced by the government to encourage investments and economic growth.

Growing recurrent and development expenditure and thinning revenue collection has pushed Kenya's national budget deficit to the current 8 percent of the gross domestic product.

The government has set a target of 6 percent in the short term.

This has made the national treasury to embark on a borrowing spree, raising Kenya's loan portfolio to 46 percent of the GDP, raising fears that the country is living beyond its reach which poses serious economic risks.

The IMF has raised concern with Kenya's widening budget deficit, saying this is likely to overheat the economy.

IMF First Deputy Managing Director David Lipton said Kenya needs to reform her tax regime to mobilize more resources, reorganize its revenue management in order to direct her resources to priority areas.

In particular, it will be important to undertake a growth-friendly reduction in fiscal deficits over the medium term to maintain debt sustainability and reduce external current account deficits said the IMF First Deputy Managing Director was quoted saying by state broadcaster KBC television.

National Treasury Cabinet Secretary, Henry Rotich told the visiting IMF chief that Kenya will strive to cut deficit to around three percent in the medium term while at the same time reduce domestic and external borrowing. (APA 11-05-2016)

NIGERIAN, CHADIAN FIRMS TO BUILD ROADS IN CAMEROON

ATIDOF and SNER, Nigerian and Chadian companies respectively, successfully bid for two contracts totaling 53.7 billion CFA francs in a three-year emergency plan launched last year, reports said on Wednesday.
The biggest contract, worth 34.3 billion CFA francs, was awarded to the Atidolf Nigeria for the construction of the Soa-Esse-Awae highway in the country's Central Region.

For its part, the Chadian SNER has a contract amounting 19.4 billion CFA francs for the construction of the Maroua-Bogo road in the Far North region.

The successful bidders have 24 months to complete the work. (APA 11-05-2016)

TRANSNET STEAMS INTO REST OF AFRICA

State rail-freight operator Transnet is embarking on a major expansion drive in the rest of the continent, offsetting a slowdown at home caused by the slump in commodity prices, CE Siyabonga Gama said on Wednesday.

Transnet, which operates nearly three-quarters of all Africa’s rail network, is opening offices in West and East Africa and is looking to deploy its expertise in running ports and pipelines as well rail, Mr Gama told Reuters on the sidelines of the World Economic Forum on Africa in Rwanda.

"We have spent seven or eight years trying to fix our issues at home and we have not paid enough attention to the rest of the continent," he said. "The time is now ripe for us to do that." Any regional expansion would be financed on a project-by-project basis, rather than centrally, he said.

"We don’t intend, as SA, to fund all these things. We are looking at project finance. We are looking for the countries to come in as well," Mr Gama said.

At home, Transnet has struggled with declining commodity export volumes arising from a slump in minerals prices. Even though there are signs of a tentative recovery, this year’s results are likely to be worse than last year, he said.

"It’s starting to go up but it’s very slow. My sense is that we’ve bottomed out and it’s beginning to rise again. But our sense is that the trading numbers in 2016, if you look at our volumes, will be less than 2015."

The firm, one of the best-managed of SA’s state-run companies, is almost fully financed for this year and has no plans to issue any bonds, said Mr. Gama.

Any further funding, if required, will come from drawing down existing credit lines, most notably the outstanding $1.5bn of a $3bn loan facility with the China Development Bank, he said. (Reuters 11-05-2016)

IMF THUMPS UP GHANA FOR BAILOUT REFORMS

The Head of the International Monetary Fund (IMF) mission to Ghana, Mr. Joel Toujas –Bernate, has observed that Ghana was on track to achieving agreed results under the bailout programme with the fund, state-owned Daily Graphic reported on Thursday.
The paper quoted Toujas-Bernate as saying that Ghana virtually met all the performance criteria under its current fiscal consolidation programme in 2015.

At the end of its third review since the programme began in April last year, the IMF said in a release read to the media in Accra, on Wednesday that implementation of the programme was broadly satisfactory and on track to achieving the agreed results.

Ghana went for US$ 1 billion bailout from the IMF following financial crisis that hit the West African country last year.(APA 12-05-2016)

SHORTAGE OF LIQUID PETROLEUM GAS HITS SWAZILAND

Swaziland is faced with the shortage of liquid petroleum gas (LPG), hitting harder on people who are also experiencing power shortages, APA reports on Thursday.

Commercial consumers of the gas include food outlets that opt for gas cookers to cut down on the consumption of electricity in the cities.

Most individual consumers of this gas are in the rural areas and they utilise it on their stoves, refrigerators, heaters and geysers.

The various local companies that distribute this gas in the country have announced that the problem started in April this year when their South Africa-based supplier ran short of the gas.

We are hopeful we will receive a delivery before the end of the week, say an employee of one of the outlets.(APA 12-05-2016)

NIGERIA'S RELIANCE ON CHINESE CASH TO RESCUE ITS CURRENCY GETS SHORT SHRIFT

Strategists are criticising Nigeria's latest plan to rescue its currency — this time by relying on Chinese cash.

On a visit to Beijing last month, President Muhammadu Buhari signed a currency agreement aimed at encouraging trade with China and reducing Nigeria's demand for dollars to relieve pressure on its dwindling foreign reserves.

While the deal, details of which are still being negotiated, helps China's push into Africa's largest economy, it will buy Nigeria a few months, at most, before it is forced to follow the lead of other oil exporters and devalue, according to Citigroup and Bank of America.

The naira-yuan swap agreement is "very unlikely" to relieve pressure on the naira or Nigeria's reserves, says Andrew Howell, a New York-based frontier-markets strategist at Citigroup, the world's biggest foreign-exchange trader. "The market wants to see a clear path towards achieving a sustainable exchange rate, where supply and demand for foreign exchange are balanced."

Nigeria has held the naira at 197-199 to the dollar since March last year, even as oil revenue and export earnings plummeted and other crude producers from Angola to Russia let their currencies weaken. Reserves have fallen 29% since mid-2014 to the lowest in more than 10 years as the central bank's capital controls slowed foreign investment to a trickle.

While the level of devaluation implied by naira forward contracts has dropped as Mr. Buhari resists calls to let the currency weaken, they still predict a 37% decline in the next year. With the economy set to expand this year at the slowest pace since 1999, according to the International Monetary Fund, Mr Buhari last week signed off on a record budget that leaves the government with a deficit of 2.2-trillion naira ($11bn).

Oil rebound

The recent rebound in oil prices has not helped: Nigeria needs to produce 2.2-million barrels a day and sell them at $38 a barrel to meet its fiscal targets. Production slumped to 1.7-million barrels in April, the lowest since 1994, because of militant attacks on oil facilities in the Niger delta. The country relied on oil and gas for about 70% of government revenue and 90% of export earnings in 2014.

Details of the currency swap agreement, such as its size, maturity and exchange rate, have yet to be announced, making it hard for investors to have faith in the accord.

The People's Bank of China did not respond to faxed questions and Isaac Okorafor, a spokesman for the Abuja-based Central Bank of Nigeria, declined to comment when contacted by phone.

Beijing has signed several bilateral currency swaps in the past eight years, including with South Korea, Malaysia and Argentina, in a push to let the yuan trade more freely.

SA, which took on a 30-billion yuan ($4.6bn) three-year swap in April 2015, is the only African country to have agreed such a deal with China. Nigeria and China are considering a swap of about 20-billion yuan, Lagos-based newspaper ThisDay reported last month, citing unidentified sources in the Nigerian president's office.

Black market

Mr. Buhari and central bank governor Godwin Emefiele claim that letting the naira drop would hurt Nigerians by raising prices in a country that imports the bulk of its finished goods. Most businesses are forced to use the black market exchange rate, which trades about 60% weaker than the official rate, at 320 to the dollar. That is boosting inflation, which accelerated to 12.8% in March, the highest in almost four years.

"Nigeria runs a persistent trade deficit with China," says Oyin Anubi, a London-based economist at Bank of America. "Unless China is willing to take more naira than it needs to buy Nigerian crude, which it doesn't tend to do in big quantities, then Nigeria's deficit in foreign exchange, whether yuan or dollars, is likely to continue."

Investors are shunning Nigerian stocks and bonds until there is a devaluation, says Mr Howell at Citi, who predicts the central bank will be forced to let the currency depreciate to 226 per dollar by the end of 2016. Investors who still hold Nigerian assets are reluctant to sell as they would struggle to the buy foreign-exchange needed to exit the country, he says.

Nigerian equities have dropped 10% this year, the most in Africa after Zambia's. The Nigerian Stock Exchange all share index has lost more than 25% since Mr Buhari was sworn into office at the end of May last year.

Local-currency government bonds have lost 6% in dollar terms, the only debt not to have gained among 31 emerging markets monitored by Bloomberg, aside from Egypt and Mexico.

While Mr Buhari may use a swap with China to try and delay a devaluation, it will not give him much respite, JPMorgan Chase says. The deal may simply increase the nation's trade deficit with China, which ran to $15bn in 2015.

"It's unlikely to have any meaningful impact in the short term," says Yvette Babb, a sub-Saharan Africa strategist at the New York-based lender, which forecasts an exchange rate of 240-260 to the dollar by year-end. "A swap has limited ability to influence the structural mismatch between supply and demand."

(Bloomberg 11-05-2010)

DELTA PLOTS EXPANSION MOVES IN MOROCCO

Delta Africa is set to create a joint venture with a Middle Eastern investor as it looks for expansion opportunities in Morocco, CEO Bronwyn Corbett said.

"We own assets spread across various countries on the African continent. We feel that our Moroccan assets are performing well and … that country has become an attractive investment destination for many Middle Eastern investors. So, we are working on a tie-up with a Middle Eastern investor, which could help us to find opportunities in the country.

"The idea is to put together a separate Moroccan-focused real estate investment trust (Reit) structure, which can benefit from an exciting retail sector," she said on Tuesday.

"Morocco is seen as a developed country with close ties to Europe. Its shopping centres are doing very well, with many European brands trading strongly there. There are also various people who live in Spain and commute to Morocco for work. We want to invest in this economy, and details on our Moroccan plans will be unveiled soon," she said.

Head of listed property funds at Stanlib Keillen Ndlovu said the Moroccan expansion could be a good strategic move. "Delta Africa has a presence in Morocco with a team on the ground, so it makes sense to explore a listing opportunity once the Reit legislation there comes on line, as the company can tap into capital markets in order to unlock their pipeline," he said.

"Morocco is linked to the Middle East and there could be appetite from Middle Eastern investors for a Reit-type structure," he said.

Delta Africa will be renamed Mara Delta on Wednesday, following a merger with Mara Diversified Property Holdings that became effective this week.

Ms Corbett said that once all its existing deals were completed, Mara Delta would have a $200m market capitalisation, making it the largest African-focused listed property fund. It would have more than trebled in value since it listed in July 2014.

She said it was set to achieve dividend growth of 3%-5% in US dollars for the year to June.

"I appreciate that some investors may feel that our African investment plans may be slow to come to fruition. We have found that each country works very differently from the next, with us needing the right financial support and tax understanding in each. I believe the fund is gaining traction across Africa nonetheless, and paying a dollar-denominated dividend is good for rand-hedge investors," Ms Corbett said.

Delta Africa reported last Friday that for the nine months to March, it had declared a profit of $22.1m, compared with a $4.9m loss in the comparative nine-month period.

"We continue to enjoy strong support from our key institutional shareholders, having raised $28.6m and $8m post the period, respectively.

"These raises were at a premium to net asset value and proceeds were deployed in expanding the portfolio through strategic acquisitions and reduced our cost of funding significantly," she said. (BD 11-05-2016)

DESPERATE ZIMBABWE TRIES TO REVIVE LOCAL INTEREST IN THE RAND

Zimbabwe’s central bank governor is a man under pressure. John Mangudya is dominating the headlines in the country right now as he grapples with a serious currency crisis and cash shortages, amid accusations that he is trying to bring the reviled Zimbabwe dollar in through the back door.

This accusation stems from the decision to introduce into circulation bond notes, at par to the US dollar, to the tune of $200m as a short-term measure to tackle the cash crisis that has seen Zimbabweans queuing at banks for hours every day.

But Mangudya insists the multicurrency regime is there to stay. One of the longer-term issues under consideration is to boost the use of the rand to reduce the country’s dependence on the US currency.

The rand was part of the multicurrency regime introduced in 2009 to replace the old Zimbabwe dollar — a basket of nine currencies including the pound, Botswana pula, Chinese yuan and Indian rupee.

But Zimbabweans have made their preference for the dollar very clear. In 2013, the use of dollars and rand was at about 50-50, but three years later, 95% of people use the dollar. The rand’s volatility and rising political risk are concerns that have reduced its popularity.

But it is not practical. SA is the source of 60% of Zimbabwe’s imports and the destination of more than 40% of its exports. About 70% of Zimbabwe’s tourists come via SA, although numbers are declining as the destination becomes more expensive for rand-bearing visitors.

While using the US dollar as the domestic currency has brought about economic stability in Zimbabwe after the roller-coaster ride of the decade up to 2009, it has not enabled growth. It has contributed to making Zimbabwe a high-cost destination for business and manufacturing, which has undermined the economy’s competitiveness. It has also provided fertile ground for capital flight. Mangudya maintains that nearly $2bn evaporated from the country through externalisation last year, and from having to import goods, mostly from SA.

There is a push to get South African companies, which provide most of the consumer goods for Zimbabwe’s well-stocked supermarkets, to manufacture domestically.

Last week, the state-owned newspaper The Herald quoted the deputy industry minister saying that government should demand that South African companies produce within Zimbabwe for that market.

The Herald tends to convey government thinking on issues, and in the past President Robert Mugabe and his ministers have hit out at South African retailers for destroying domestic industry by importing the bulk of their stock from SA, contributing to the serious trade deficit.

Zimbabwe is not alone in pushing foreigners to manufacture locally, with countries such as Nigeria banning a range of goods to this end.

Last year, Zimbabwe banned the importation of secondhand clothes and shoes to protect its domestic industry, and now retailers are lobbying for a ban on finished clothing — despite the parlous state of the local industry.

But Zimbabwe is not an attractive prospect for investors right now. Apart from liquidity challenges and the high-cost operating environment, there is also the politics.

The country is riven by fierce faction fighting, and policy-making tends to be driven by political expedience and crisis management. The International Monetary Fund's approval of Zimbabwe's Staff Monitored Programme and Article IV consultations last week is good news. It opens up the opportunity for eventual debt arrears clearance and new capital inflows. But that is a long-term programme.

In the meantime, many holes have to be plugged. SA is seen as a country that could play a larger role in changing Zimbabwe's trajectory, particularly if it adopts the rand as the main currency. But efforts in this regard raise another fear among Zimbabweans — the longstanding fear that this may be the start of Zimbabwe finally becoming the de facto 10th province of SA. (BD 08-05-2016)

PRINCIPLES OF PUBLIC ADMINISTRATION: SIGMA SETS FRAMEWORK FOR REFORM IN ENP COUNTRIES

The EU-funded programme SIGMA programme (Support for Improvement in Governance and Management) organised a regional conference yesterday in Jordan to present a report on "The Principles of Public Administration: A Framework for ENP Countries".

These Principles aim to support the national authorities, the Commission services and other donors to develop a shared understanding of what public administration reform (PAR) entails and what the countries could aim at with their administrative reforms, whether through comprehensive public administration reform (PAR) programmes or only in one of the core areas of PAR.

The conference brought together representatives from central management institutions with responsibility in public administration reforms from Algeria, Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, Moldova, Morocco, Tunisia and Ukraine, as well as Belarus as an observer country. Representatives of the EU and the OECD also took part in the event. It allowed the participants to discuss key elements of PAR and to compare national and regional experiences of strengthening the public administration, with the aim of supporting social and economic development. (EC 11-05-2016)

FLOOD AND EARTHQUAKE SIMULATION EXERCISE FOR EGYPTIAN, JORDANIAN AND PALESTINIAN CIVIL PROTECTION OFFICERS

Egyptians, Jordanians and Palestinians officers from risk management structures will attend a simulation exercise on flood and earthquake at the Euro-Mediterranean Centre of Risk Simulation (Centre Euro-Méditerranéen de Simulation de Risques - CESIR) in Valabre, France from 17 to 20 May 2016, in the framework of the EU-funded PPRD SOUTH II (Prevention, Preparedness, and Response to natural and man-made Disasters) programme.

The objective of this workshop is to prepare the participants for the management of operational responses to major natural disasters. Participants will assess a crisis, share relevant information, manage and process information, organise on-site rescue, coordinate implemented resources, organize the return to normal situation.

PPRD South II (Prevention, Preparedness, and Response to natural and man-made Disasters) is a three-year programme with a €5 million budget which aims at raising national resilience of southern

Mediterranean partner countries (targeted by the European Neighbourhood Policy (ENP)) affected by a natural or man-made disaster, mainly through risk reduction (prevention, mitigation, public awareness) and preparedness (capacity building, contingency planning), including better cooperation at the international level. (EC 11-05-2016)
Press release

SWITCHMED: REINFORCING ENVIRONMENTAL MANAGEMENT ACCOUNTING IN MOROCCO, TUNISIA, JORDAN AND LEBANON

Under the scope of MED TEST II implementation, UNIDO reinforces the national capacities for Material Flow Cost Accounting in the implementing countries through workshops. Throughout March and April this activity was delivered in Jordan, Lebanon and Morocco. In total about 150 people of 50 companies from Jordan, Lebanon, Morocco and Tunisia were trained. These workshops have now taken place in five of the SwitchMed countries, bringing essential expertize to both industries and industry service providers.

Individual exercises in Lebanon

MFCA as a tool in TEST

Within the TEST integrated approach, MFCA is used to demonstrate that reduction in environmental impacts, as well as increased profitability for the industries, can be achieved by addressing the managerial aspects of preventive environmental management.

Developed by UNIDO, the integrated TEST approach consists of a combination of preventive environmental tools, whose elements are applied in a customized way based on the enterprise needs. Closely linked to Environmental Management Accounting, MFCA is a tool for improving material productivity in order to reduce the relative consumption of materials, energy and water that may consequently help reducing related environmental impacts.

The implementation

Moving forward with the implementation of MED TEST II within the SwitchMed project framework, UNIDO, together with the respective lead service providers of each country organized workshops on MFCA. Trainings were delivered by international MFCA expert, Ms. Christine Jasch, in close cooperation with the national MFCA expert from each country. Together, they conduct the company visits for more detailed MFCA assessments.

To date they have been delivered for Israel, Jordan, Lebanon, Morocco and Tunisia. The regional workshop in Morocco counted 35 participants of 20 different companies including not only participants from 12 Moroccan companies but also from 7 Tunisian companies participating in the SwitchMed project. The workshop in Lebanon had 42 people present from 14 companies. In Jordan 52 participants of 21 companies attended the workshop. Additionally, four company visits in Jordan are planned in the near future. A similar approach to training and enhancing national capacities will be carried out in Egypt, followed by Palestine and Algeria, with workshops planned for May.

In each country 4-8 companies participated in the data assessment part of the workshops. The data assessment of MFCA has four parts. Firstly, a calculation of the total inputs of materials, water and energy of the previous year is done, based on the profit and loss accounts. On average, two thirds of all expenditure on the profit and loss accounts was related to the consumption of materials, water and energy; therefore any improvements in resource efficiency would in turn lead to cost reductions.

Secondly, one calculates the mass balance of the previous business year. Thirdly, a calculation of the costs for Non Product Output (NPO) is made. The percentages of loss for raw and packaging materials, as well as the final product and the total costs for operating materials, water and energy are used to calculate the baseline for improvements. In addition, if available, costs for waste disposal and waste water treatment are added. While the costs for NPO are not expected to reach zero in the near future, in an ideal production all inputs should be used as efficiently as possible and mainly be converted into products. Finally, the MFCA costs are distributed to process steps and production centres.

As experienced during the workshops so far, the use of Material Flow Cost Accounting (MFCA) is often hampered by the lack of systematic recording of corporate environmental data and costs. However, through these initial workshops the concepts have been introduced to the participating industries and peaked interest on how this tool can be used to enhance productivity. The companies will continue to work with the national MFCA experts to collect data and further apply this approach in their companies. (EC 11-05-2016)

FEMISE ARTICLE ASSESSES ENP REVIEW

The EU-funded Euro-Mediterranean Forum of Economic Institutes (FEMISE) has published an article on the ENP review titled “The 2015 review of the ENP: the transformative power of the EU re-loaded?”.

In his article, which was also presented at the FEMISE annual conference held in Athens last February, Vassilis Monastiriotis (Associate Professor at European Institute, London School of Economics, FEMISE Researcher) says he *“conceptualised the relationship between the EU and the associated countries as one of exchange – whereby the associated countries “export” domestic reforms to the EU in exchange for material or political rewards; and the EU “exports” such rewards in exchange for domestic reforms.”*

FEMISE is an EU-funded project, which aims to contribute to the reinforcement of dialogue on economic and financial issues in the Euro-Mediterranean partnership, within the framework of the European Neighbourhood Policy and the Union for the Mediterranean. More specifically, it seeks to improve understanding of the priority stakes in the economic and social spheres, and their repercussions on the Mediterranean partners in the framework of their implementation of EU Association Agreements and Action Plans. (EC 11-05-2016)

EU-TUNISIA: EUR 212 MILLION SUPPORT IN 2015

The EU provided EUR 212 million in support to Tunisia in 2015, according to the EU-Tunisia cooperation report published by the EU Delegation in the country on Europe Day (9 May).

The report states that EU’s support to Tunisia tripled since the 2011 upraising to reach a total of one billion euro for the period 2011-2015. All activities funded by the EU in Tunisia in 2015 are presented in the report in 24 thematic chapters. (EC 12-05-2016)

RISKY AFRICA SLIPS DOWN INVESTORS' PRIORITY LIST

International investors were less likely to see investment in Africa as essential to their strategy than they were a year ago, a survey released on Wednesday by leading consulting firm FTI Consulting said.

Though they remain keen to explore business opportunities on the continent, the investors view it as too risky, with political instability, red tape and rampant corruption seen as obstacles to investment.

FTI Consulting surveyed "opinion leaders" ahead of the World Economic Forum (WEF) on Africa, which opened on Wednesday in Kigali, the capital of Rwanda.

FTI's findings chime with those of the latest annual foreign direct investment (FDI) confidence index from global consultancy AT Kearney, whose new list of the top 25 FDI destinations does not include a single African country.

AT Kearney reported that while there had been a surge in FDI globally over the past year, developed markets dominated the index, taking eight of the top 10 spots.

That reflected "a dramatic shift in investor preference from emerging to developed markets … driven by both a flight to the (perceived) safety of more familiar developed markets and by the slowdown of economic growth in China and other emerging markets".

For the second year in a row, only three Brics countries — Brazil, India and China — made it into the index, after Russia dropped out in 2013. SA fell off the list last year and failed to make it back this year.

AT Kearney compiles the index, which is now 18 years old, from its annual survey of senior executives of the world's leading corporations, in 27 countries, which account for 90% of FDI flows.

The survey has proved to be a reliable indicator of actual investment trends in subsequent years.

In Africa, the FTI survey found that the international business community still favoured SA as the gateway to the continent.

Three-quarters of those surveyed listed SA as the best location for regional headquarters. But Nigeria and Kenya are not far behind and the United Arab Emirates would be chosen as their Africa hub by one-fifth of the respondents.

The majority identified Rwanda as the country that is most successful at marketing itself as an investment destination and providing relevant information to investors.

East Africa emerged as the region with the most positive outlook for investment activity in the next 12 months.

The AT Kearney survey found the most important factors that drove decisions on the destinations of investments — whether greenfields or mergers and acquisitions — were the size of a country's domestic market, its cost of labour and "regulatory transparency and lack of corruption".

The WEF reports that this year's Kigali forum, with about 1,250 participants, is on a par with last year's meeting in Cape Town and it has more women leaders than before. It also has the biggest contingent of Chinese business leaders (25).

WEF spokesman Oliver Cann said the WEF chose Rwanda for this year's Africa forum because "at a time when many economies are facing challenging times, Rwanda's focus on strong institutions, well-functioning markets, low corruption and knowledge-intensive industries serves as a good model for development for the region".

One of the more interesting sessions could be this morning's panel discussion on financial markets, which is expected to include Finance Minister Pravin Gordhan and Bob Diamond, the CEO and founder of Atlas Merchant Capital. Atlas Merchant Capital is one of the parties to a consortium making a bid for Barclays plc's stake in Barclays Africa.

Deputy President Cyril Ramaphosa is leading a more than 250-strong Team SA at the WEF, which includes five Cabinet ministers as well as business people, academics and representatives of civil society.

The International Monetary Fund's latest regional economic outlook for sub-Saharan Africa published last week forecasts growth of only 3% for the region this year. It expects this to rise to 4% next year but that is still well down on the average 5.6% growth rate recorded in 2010-14. (BD 12-05-2016)

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The Memorandum is also made available by AHEAD-GLOBAL, Chamber of Tenerife (by posting it at the Africa Info Market), CCA - Corporate Council on Africa (USA), ELO,HTTC ,NABA,NABC (by posting selected news) to their Members.

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