MEMORANDUM

N°122/2016 | 07/06/2016

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SUMMARY

EUROPEAN COMMISSION LAUNCHES OPEN PUBLIC CONSULTATION ON THE FUTURE OF EU DEVELOPMENT POLICY

The European Commission has launched an open public consultation on the future of EU development policy to inform a future revision of the European Consensus on Development.

The 2030 Agenda for Sustainable Development, adopted by the United Nations (UN) in September 2015, represents an ambitious new blueprint to tackle the global trends and challenges that have emerged since the adoption of the Millennium Declaration in 2000. The core of the 2030 Agenda is the set of Sustainable Development Goals (SDGs) and associated targets, which replace the Millennium Development Goals (MDGs) from 2016, and run to 2030. Along with the other international summits and conferences over last year (in Sendai, Addis Ababa, and Paris) and recently at the World Humanitarian Summit in Istanbul the international community has an ambitious new frame for all countries to work together on shared challenges.

These fundamental changes in the global framework for sustainable development need to be reflected in EU development policy. The Commission would like to gather views from a wide range of stakeholders on how EU development policy might respond to the 2030 Agenda, to other important related international commitments and key global trends, to help inform the development of a revised European Consensus on Development. An open, internet-based public consultation will run for twelve weeks. (EC 01-06-2016)

Roadmap for the proposal for a revised European Consensus on Development

Consultation website

BANK OF CHINA'S ARRIVAL IN ANGOLA CREATES POSITIVE EXPECTATIONS

The arrival of the Bank of China in Angola is generating expectations in the business and financial sectors in the Angolan capital, as it will potentially facilitate payments abroad, currently constrained by a lack of foreign currency.

On 13 May the government of Angola authorised the Bank of China – the affiliate in Angola conducting banking activities, which in December 2012 was authorised to open a representative office in Luanda, justifying the decision based on increased economic and trade relations between China and Angola, "which has led to increased demand for financial services."

Portuguese weekly newspaper Expresso last weekend reported that the opening of a branch of the Chinese bank is seen as a solution to the problem of lack of foreign currency in Angola and is therefore eagerly awaited.

The shortage of foreign currency in Angola related to the decline in oil revenues comes at a time when the Chinese authorities have said they are committed to spreading the use of the renminbi as a means of payment in Africa.

In this process, Macau plans, with support from the Chinese central government, to become a bank platform for renminbi clearance between China and Portuguese-speaking countries, according to statements in January from Yao Jian, the Deputy Director of the Central Government Liaison Office in Macau.

The lack of foreign currency is currently one of the main constraints on economic growth in Angola, limiting the liquidity of local banks, hampering company payments and affecting foreign trade.

The governor of the National Bank of Angola (BNA), Válter Filipe acknowledged in May that the country's banks are being placed "on the margins" of the global financial system, an apparent allusion to the lack of access of Angolan banks to the international exchange circuit, a situation that "is serious for the prosperity of our families."

In August 2015 China and Angola signed an official agreement allowing reciprocity in the use of the currencies of both countries, which was interpreted by the Economist Intelligence Unit (EIU) as a result of Angola's "hope" that greater use of the renminbi will decrease the need for dollars.

According to Portuguese bank BPI, this agreement makes it possible to "make up for the lack of dollars," needed to pay for imports, but the effect in currency terms will likely be none.

South Africa, Africa's largest economy and China's main trading partner in Africa, was the latest country to embrace the renminbi, during a visit by the Chinese Foreign Affairs Minister, when the two countries launched an initial exchange platform between the two currencies.

Previously, Ghana, Nigeria, Mauritius and Zimbabwe accepted renminbi payments and reserves and the Nigerian central bank already has 10 percent of its foreign reserves in Chinese currency.

In recent statements to the ChinaAfrica (http://chinafrica.info/) website, Chinese economist Qu Hongbin said that "the increase of Chinese investment abroad – especially in Africa – is a key factor in the internationalisation of the yuan."

A recent HSBC study predicts that by 2020, the renminbi will be used in half of trade carried out by China abroad, compared to just 20 percent currently.

The IMF, which had decided to include the renminbi in its basket of reserves, recently announced that the member countries of the institution may, from October, register official reserves denominated in the Chinese currency as foreign assets available to meet the financial needs of their balance of payments.

In an article recently published on the website of the Council on Foreign Relations (http://www.cfr.org/), the financial consultant specialising in sub-Saharan Africa, John Casey argued that "dollar dominance is no longer a certainty" in the region and that 2016 will be the year of "solidification of the renminbi's role in Africa." (06-06-2016)

GHANA: PARLIAMENT APPROVES $2BN FACILITY FOR PURCHASING COCOA

The Parliament of Ghana on Wednesday approved a $2 billion credit facility for the Ghana Cocobod to finance the purchase of cocoa for the season 2016/2017 and other related activities.
The Ghana Cocobod is the main body tasked with purchasing cocoa from Ghanaian farmers for export and has targeted to export 900,000 tonnes of cocoa for the season under review.

The facility is being provided by the five international banks.

The facility was approved after the Finance Committee had presented its report after studying proposals submitted by the Cocobod for scrutiny.

Ghana is one of the leading producers of cocoa in the world, placing second to Ivory Coast.(APA 02-06-2016)

ZIMBABWEANS RAIL AGAINST MUGABE'S AUTHORITARIAN RULE, AS ANGER BOILS OVER

Dissent is seldom aired publicly in Zimbabwe after Robert Mugabe's 35 years of authoritarian rule but, against all the odds, individual voices are taking a stand and tapping into anger bubbling below the surface.

Mugabe, now aged 92, oversees a moribund economy, a food shortage crisis and a listless political scene with opposition parties weakened by rigged elections and constant intimidation.

Amid such gloom, pastor Evan Mawarire has emerged as a national hero in recent weeks after starting his This Flag campaign, which rapidly became an unlikely outlet for many Zimbabweans' frustration.

Two days after Mugabe recited a list of his achievements at a rally in April, Mawarire posted a video of himself on Facebook venting against state corruption and the government's failure to provide basic services.

The video, in which Mawarire was wearing a Zimbabwean flag, became a huge hit — viewed more than 100,000 times — and spawned a wave of internet activism in a country where any expression of protest can be dangerous.

"This is how political reform is going to happen," Mawarire said.

"I asked as many Zimbabweans as possible to carry our national flag as a way of saying to our government 'enough is enough'.

"Citizens are aware, they are watching the government when it comes to issues where we feel there is mismanagement of resources or an injustice." The campaign has unnerved the government due to its nonpolitical stance and its choice of the national flag as its symbol — making it a difficult target for official criticism.

Two cabinet ministers have instead sought to focus on Mawarire himself, alleging that he is linked to western powers supposedly plotting to oust Mugabe, who has ruled since 1980.

Mawarire, a father of two who describes himself as "just a regular guy who likes to express himself", says he now fears he will attract unwelcome attention from the authorities.

"I am afraid of being beaten, hurt or abducted," he said.

Sylvanos Mudzvova, an actor, knows all too well that Zimbabwe can be a violent and dangerous place for subversive voices.

He was mugged by unidentified assailants in 2013 after he wrote and staged a play about the Arab Spring.

The play told of disillusioned Zimbabweans ,including a street vendor and a motor mechanic, who planned their own version of the protests in Harare's main public square.

The mugging left Mudzvova with a paralysed left leg, and he still walks with a limp.

Mudzvova is also a close friend of Itai Dzamara, an outspoken antiMugabe protester and rights activist, who is missing — and feared dead — after being abducted in mysterious circumstances more than a year ago.

Last month, Mudzvova was briefly detained by police after staging a one-actor play outside parliament denouncing state corruption and environmental damage.

"There are issues that the government needs to address but hasn't and we shouldn't keep our mouths shut in a conspiracy of silence," Mudzvova said at Alliance Francaise in Harare while preparing to stage his solo act on the opaque diamond-mining industry.

To avoid arrest, Mudzvova often performs what he calls "hit-and-run" shows in a public places, such as shopping centres and marketplaces, without any warning.

He quickly performs his short play and leaves the surprised audience pondering the issues he has raised.

Another cleric, Patrick Mugadza, has vowed he will continue to speak out even after being detained for a lone protest carrying a placard that read "Mr. President, the people are suffering" outside the Zanu (PF) annual conference last year.

He was released on $50 bail after spending 16 days behind bars.

Undeterred, Mugadza last month gave a sermon while chained to a lamp-post in Harare, telling listeners "until we stand up and demand our freedom, we will watch our nation bleeding to death".

Such individual protests pose little threat to Mugabe, who retains a fierce grip on power despite increasing signs of ageing and has vowed to run for re-election in 2018.

But they offer glimmers of hope to the many Zimbabweans who wait for the country to begin a new chapter when Mugabe's long rule finally ends.

"This can get serious on the back of the deteriorating economy," Ibbo Mandaza, head of the think-tank Southern African Political and Economic Series, said. "Anything can happen." (AFP 01-06-2016)

MOZAMBIQUE'S ECONOMY WILL GROW BY ONLY 5.8 PCT IN 2016

Mozambique's economic growth is likely to slow to 5.8 percent this year, a forecast that is subject to risks if the investments remain moderate and an increase in public debt leads to severe adjustments, according to a World Bank report.

The downward review is based on "persistently low" commodity prices, a weak global outlook and drought in Mozambique, which will raise prices, especially of agricultural products, according to the Mozambique Economic Update report.

The World Bank says that the interventions of the Mozambican central bank to reduce the depreciation of the currency and contain inflationary pressures have significantly reduced foreign reserves and that in March they covered just over two months of imports.

“Given the current climate, it is important that Mozambique continues to move forward with reforms to ensure macroeconomic stability and simultaneously keep the focus on the long term to build a flexible and diversified economy,” said Mark R. Lundell, the World Bank Director for Mozambique, Madagascar, Mauritius, Seychelles and Comoros. (06-06-2016)

IMF SAYS SOUTH SUDAN ECONOMY IN BRINK OF COLLAPSING

The economy of the young state of South Sudan is collapsing, the International Monetary Fund (IMF) warned Friday.

IMF has warned that the economy is in a crisis due to instability and sharp decline of oil production, something that may lead to the collapse of the fragile peace agreement.

An International Monetary Fund (IMF) head staff team Jan Mikkelsen, visited Juba last Month said that the country is experiencing an economic crisis with a sharp decline in national income and high inflation, which approaches 300 percent, while the value of the South Sudanese pound has dropped by close to 90 percent since the exchange rate liberalization in December 2015.

In statement seen by APA, Mr. Mikkelsen warned that the country's central bank may not be able to cover the importation needs.

“South Sudan has suffered political instability and external shocks over the last two and a half years. Since the civil war started in December 2013, The decline in oil production by almost half and the sharp drop in international oil prices caused large shortfalls in foreign exchange receipts and government revenue'' IMF official stated.

''The country is experiencing an economic crisis with a sharp decline in national income and high inflation, which approaches 300 percent'' he further warned.

South Sudan government didn't comment on the IMF statement.(APA 03-06-2016)

ZIMBABWEAN BANKS FORCED TO LIMIT CASH WITHDRAWALS

Lenders in Zimbabwe and the central bank have blamed a shortage of cash notes in the country on money laundering, gold smuggling and a decision by the government to spread salary payments to civil servants over the month.

Banks will have to limit the amount of cash they supply to customers to cope with the continuing crisis, Barclays Zimbabwe MD George Guvamatanga said on Tuesday in the capital, Harare.

"I think weekly withdrawals of $500 will be adequate."

Steward Bank CEO Lance Mambondiani said banks needed to make charges on withdrawals "more punitive".

Zimbabwe, with no currency of its own, uses mainly dollars, with the euro and rand among banknotes that are also legal tender. The central bank will introduce $200m of what it calls bond notes in October to counter the cash shortage, printed in Germany and denominated in dollars.

Capital flight, money laundering and rising imports have forced the central bank to double its purchases of dollars, governor John Mangudya said.

"Where we used to import $20m in notes a month, now we’re importing $40m. One of the biggest crimes is money laundering, but there’s also capital flight, with money going out in wire transfers and carried physically by people crossing borders," he said.

The government now staggers the payment of civil-servant salaries, which is partly why customers line up at banks more often to make withdrawals, Mangudya said.

"In the past three days alone, the government has spent $100m on salaries." (Bloomberg 01-06-2016)

NIGERIAN PRESIDENT MAKES A BAD HAND WORSE BY FUMBLING CURRENCY

Muhammadu Buhari took office as Nigeria's president a year ago on a wave of optimism that the former military ruler could revive a nation battered by falling oil prices and decades of corruption. But now, Africa's biggest economy is on its knees.

Nigeria will soon enter a recession, according to the central bank, and an upsurge of militant attacks since February has sent crude production, which usually accounts for 70% of government revenue, plummeting to an almost 30-year low. Delays in approving a budget and a cabinet — by six months — as well as Buhari's refusal to weaken an overvalued currency have caused foreign investors to flee.

On Monday, Buhari gave the central bank the go-ahead to introduce a more flexible exchange rate system even as he remains opposed to devaluation of the naira.

"It was difficult to imagine a scenario in which things got worse," says Malte Liewerscheidt, a Nigeria analyst at UK-based consultant Verisk Maplecroft. "But it's been a lost year. What's missing is sound macroeconomic policies."

Foreign investors, fearing a devaluation, are staying away. Foreign direct investment was the lowest last year since the 2007-08 global financial crisis, and Citigroup says deals have ground to a halt.

Nigerian stocks and bonds have been sold off.

The curbs prompted JPMorgan Chase in September to kick Nigeria out of its local currency emerging market bond indices, tracked by more than $200bn of funds.

This year, Nigeria's local bond yields have climbed 270 basis points to 13.4%, leaving them as the only such securities among 31 emerging markets tracked by Bloomberg to make losses. Electricity output has plunged to about a 30th of that of SA, as attacks on pipelines cut the supply of natural gas to power plants.

When Buhari beat then president Goodluck Jonathan in the first election victory by an opposition candidate, US President Barack Obama's administration called it a "historic step for Nigeria and Africa".

A 73-year-old retired major-general who ruled from 1983 to 1985, Buhari campaigned to end the corruption he said was killing his country. He and his All Progressives Congress party promised to crush Boko Haram, whose war has led to thousands of deaths in the northeast since 2009, and foster economic growth of as much as 10%.

Now recession looms. The economy contracted in the first quarter by 0.4% — the first decline since 2004.

If Buhari does not alter his stance on the naira and loosen capital controls to defend its peg to the dollar, output will probably sink further, according to Mark Bohlund, an Africa economist with Bloomberg Intelligence in London.

"The Nigerian economy is at high risk of experiencing its first full-year recession since 1987," Bohlund says.

An improvement next year depends on security being restored in the oil-rich Niger River delta region and "a shift towards more market-based economic policy".

Buhari was dealt a tough hand. He inherited a virtually empty treasury and Jonathan's administration did little to diversify the economy, leaving it vulnerable to the crash in oil prices since 2014.

A rainy day fund known as the Excess Crude Account had been whittled down to barely $2bn when Buhari took office, from $21bn in 2008.

The president has won plaudits from investors for beating back Boko Haram and trying to overhaul graft-ridden institutions including the Nigerian National Petroleum Corporation, the management of which he sacked.

Yet, they have been left bemused by his economic policies. He opted to keep a cap on petrol prices until months of shortages and unrest over long fuel lines forced him to increase them by 67% in mid-May.

He has also clung to the naira peg even as evidence showed a dollar shortage was strangling the economy.

Under governor Godwin Emefiele, the central bank — with Buhari’s backing — began to fix the naira at 197/$-199/$ in late February 2015, even as other oil exporters from Russia to Colombia and Kazakhstan let their currencies drop.

In his first anniversary speech on May 29, Buhari appeared to accept that the currency should weaken, although he did not give details of policy changes.

But on Monday, Buhari gave the central bank the go-ahead to introduce a more flexible exchange rate system even as he remains opposed to devaluation of the naira, according to Garba Shehu, his spokesman.

"The president is opposed to devaluing the naira, he has said so repeatedly," Shehu said in an interview on state-controlled NTA Television on Monday.

Shehu said Buhari had given the central bank leeway to introduce what the president called "flexibility in managing" the currency’s value.

Buhari said at the weekend that he supported a stable currency, although he would keep "a close look at how recent measures affect the naira and the economy".

The comments, made four days after the Central Bank of Nigeria said it planned to introduce a more flexible exchange rate regime, left traders guessing whether he supported those measures.

"We see this as a welcome development as it will help reduce the uncertainties regarding the expected policy framework on foreign exchange flexibility announced by the (central bank) governor last week," analysts at Lagos-based Investment One said in an e-mailed note on Tuesday.

"We see the move towards a market-determined exchange rate from both fiscal and monetary authorities as a catalyst for increased economic activities," they said.

Foreign reserves have dwindled as the central bank of Africa’s largest oil producer defended the peg.

Three-month no deliverable naira forwards have weakened 35 naira to 285 per dollar since the central bank announced its change of direction, suggesting traders anticipate the currency may trade near that level in the event of a devaluation.

Emefiele said on May 24 that policy makers were considering a two-tier currency system, with the naira trading nearer a market-related level in the interbank market, while the central bank would continue to allocate dollars to strategic industries at a fixed rate.

He said the new system would be implemented "in the coming days".

Businesses are struggling to operate as the country’s central bank, whose reserves have fallen to a more than 10-year low, runs out of the dollars they need to import raw materials and equipment.

Many are forced to turn to the black market, where the naira value has plunged to about 350/$.

That has pushed the inflation rate to 13.7%, the highest in almost six years.

US carrier United Airlines says it will stop flying to Nigeria in June, in part because of the hard currency squeeze. Foreign airlines have the naira equivalent of $575m trapped in the West African country and they cannot repatriate it, according to the International Air Traffic Association.

The Africa president of Unilever, whose Nigerian division has seen its shares decline 29% since Buhari became president, called the currency policy "very insane".

The central bank’s monetary policy committee voted on May 24 to allow "greater flexibility" in the foreign exchange market, which investors hope means that banks will be allowed to trade the naira more freely.

Yet, while Emefiele said a new system would be unveiled "in the coming days", no changes have been made.

It is an "admission of the inevitable failure of the policy, which created a black market economy", says Kingsley Moghalu, a former deputy governor at the central bank who now teaches at Tufts University in Boston.

"The exchange rate policy contributed quite significantly to creating a recessionary situation. It hit manufacturers, who could not access forex. It has created unemployment."

Nigeria’s 36 states, most of which depend on monthly handouts from the federal government, are on average three to four months late on salary payments to teachers, doctors and other public servants, according to the oil minister.

The economy is so weak that Finance Minister Kemi Adeosun says officials will probably not be able to collect enough taxes to meet the revenue target in this year’s record 6.1-trillion naira budget, which was passed this month only after senators said Buhari’s team made mistakes in the first version sent to them.

"There's a sense of exasperation among investors," says Ronak Gopaldas, a Johannesburg-based analyst at Rand Merchant Bank.
"There's still a level of goodwill towards Buhari and his government, but it's dissipating. The man on the street is really struggling," Gopaldas says. (Bloomberg 01-06-2016)

POWER-SHARING DEALS ACROSS AFRICA ARE FAILING

For Africa's insurgents, the spoils of war can include top roles in national government. A power-sharing deal in the continent's youngest country may push this formula to breaking point.
From the Central African Republic (CAR) to the Democratic Republic of Congo, rebels have found themselves in uneasy coalitions with those they had bitterly opposed. In most cases, bloodshed has continued; in some instances it has worsened as other armed groups see how violence can bring political reward.
Now it is happening again, as South Sudan's president, who once dubbed his former deputy a "prophet of doom" and fought him in an often ethnically charged conflict that killed tens of thousands of people, accepts him back into government.
Among the fractious revolutionaries' tasks: co-operating with an African court intended to try them for atrocities, and rescuing an oil-dependent economy driven to the brink of collapse.
"Why we assume all of a sudden that this type of power-sharing would work better than it did in previous years is still not clear," says Harry Verhoeven, who teaches African politics at Georgetown University's School of Foreign Service in Qatar. "There are very few examples anywhere around the continent that suggests this could work."
Similar administrations have been tried in 16 African countries since 1992, according to the Southern African Peace and Security Studies journal.
South Sudan itself was a result of a power-sharing deal to end Sudan's civil war in 2005.
The agreement empowered the Sudan People's Liberation Movement (SPLM) at the expense of other groups, and failed to deliver on both a democratic Sudan and end insurgencies around disputed borders.
A power-sharing deal in the CAR in January 2013 broke down two months later when rebels forced the president to flee. Rivals in the Congo agreed to a transitional government in 2002. That has not stopped insurgencies in the east, which may be encouraged by the practice of rewarding armed dissidents with political office. National unity governments formed after violent elections in Kenya and Zimbabwe almost a decade ago led to incumbent domination and impunity, according to Verhoeven.
Conflict broke out in South Sudan in December 2013 after President Salva Kiir, who is from the majority Dinka ethnic group, tried to arrest his former deputy, Riek Machar, and other ruling party rivals for allegedly plotting his overthrow. The army fractured and civilians of Machar's Nuer community were massacred in the capital, Juba, the first of multiple atrocities by both sides.
As he waited in Ethiopia for the flight that would return him to the city, 63-year-old Machar voiced concern over South Sudan's prospects, as it grapples with the insecurity, economic strife, tribalism, and corrupt ruling clique that led to war.
"Nothing has changed," says Machar, who has a history of rebelling from the SPLM. After two years of negotiations and war, he and Kiir are supposed to overhaul the state, including slashing a bloated security sector, while they command parallel armies.
Following Machar's latest return, the SPLM factions divided an expanded set of 30 ministries, and the capital remained calm. The throb of private generators is constant in Juba, as the state barely supplies electricity. That is down to decades of neglect by the Sudanese and then the SPLM, which left 1% of the population with power and paved only 2% of roads. While oil receipts allowed annual spending of $2.5bn from 2005, maladministration meant infrastructure was not built, according to the International Monetary Fund.
Now, the SPLM camps do not have much left to spend. The war was centred in oil-rich districts populated by Machar's Nuer group, and crude production has tumbled about half since the conflict began to as little as 120,000 barrels a day, amid a fall in global prices. That has helped spur an economic crisis, with inflation surging to 266% last month, the highest official rate in the world.

Smoking a shisha pipe in Juba, Paul Isaac, a university worker, complains he has not been paid for two months as government funds dwindle. He is not expecting change from failed elites, yet holds a faint hope that they may unite for the country.

Prominent among Isaac's concerns is a decree by Kiir that increased the number of regional states, in contravention of the August peace accord. He says some groups welcome increased autonomy, while others will violently resist dispossession.

"The government made a mistake to divide the country according to tribes," he says.

For Verhoeven, the move was part of a zero-sum game of ethnic politics that is likely to spur the breakup of a peace settlement that was imposed by regional powers and backed by the international community.

Despite past failures and bleak prospects, he says power-sharing remained the default option for a global system geared to ending bloodshed rather than producing lasting solutions.

"We're not even aiming for the development of South Sudan," Verhoeven says. "We're just aiming for an end to open hostilities on a large scale." (Bloomberg 01-06-2016)

SOUTH AFRICA: MANUFACTURING SURGE LASTS ONE MONTH

The manufacturing sector in SA has come back down to earth, having failed to sustain the surge in April beyond a single month.

From a surprisingly robust 54.9 points in April, the Barclays purchasing managers' index (PMI) dropped to 51.9 index points in May — a level the Bureau for Economic Research (BER) said was probably more indicative of actual conditions in the sector.

"The pullback in key manufacturing PMIs in May does not surprise us and paints a more accurate picture of the … tentative state of the domestic manufacturing sector," agreed BNP Paribas Securities economist Jeffrey Schultz.

Despite the drop, the headline PMI managed to remain above the neutral 50-point mark for a third straight month.

This brings it more or less in line with PMIs in the eurozone, a key market for the country's manufactured exports.

All but one of the major subcomponents of the PMI declined in May from April, according to the BER, which compiles the index. Of these, the new sales orders index experienced the biggest decline (-6.6 index points).

It still remained above 50, however, as did the business activity index, although it dropped to 52.9 in May, from 56.4 in April.

"While some respondents indicated an improvement in export demand, local demand remained under pressure," the BER noted.

Investec economist Kamilla Kaplan expects manufactured exports to be restrained by the persistence of soft international trade flows given the lack of exuberance evident in global PMIs.

SA's employment index fell back below 50 points, to a level of just 48 in May.

"This is more in keeping with the dire labour market conditions currently being felt in the sector, given the loss of 100 000 manufacturing jobs in the first quarter," said Schultz.

But the future is not totally bleak. Purchasing managers remain relatively upbeat about the state of business conditions in six months' time.

Although the index measuring expectations declined slightly, it still remained at a healthy 54.1 index points.

The BER also noted that the new sales orders index remained slightly higher than the inventories index in May.

This means that the PMI leading indicator stayed just above one, which suggests that output could tick up in the coming months.

In contrast, economists see little scope for any meaningful improvement in manufacturing conditions any time soon, given the weakness in global and domestic demand conditions, depressed business confidence and the soft domestic jobs market.

Moreover, manufacturers are facing renewed cost pressures. After slipping to a four-month low of 77.7 points in April, the price index rose to 80.1 in May.

This was probably driven by renewed rand weakness as well as a rise in international oil prices towards $50 a barrel last month, the BER said.

The upshot was the hefty fuel price increases, effective from Wednesday, which will continue to keep manufacturers' input costs under pressure. (BD 02-06-2016)

ANGOLAN COMPANY PLANS TO BUILD ELECTRICITY TOWERS

Angolan engineering company CNJ – União Engenharia e Comércio plans to invest US$65 million in building a factory to make towers for power transmission lines, according to official information.

The investment in question, according to a presidential order, will be carried out in the municipality of Cacuso, northern Malanje province, and comes at a time when the government of Angola is moving ahead with the electrification of the countryside.

The private company plans to set up a factory to manufacture steel structures for construction of steel towers, with the Angolan government, according to the order quoted by Lusa, negotiating trading "facilities and tax incentives" with the investor.

With a significant deficit of electricity production based on its needs, Angola still faces a lack of distribution networks to supply rural areas, and most of the country's cities are supplied by networks of generators.

The population census conducted in 2014, whose final figures were revealed last March, found that access to the electricity grid is only guaranteed to 1.7 million homes (31.9 percent), almost exclusively in urban areas, as in rural areas only 48,000 households are served. (06-06-2016

ETHIOPIA SET TO ELECTRIFY 2,000 VILLAGES UNTIL SEPTEMBER

Some 2,000 Ethiopian villages will be electrified until the end of this fiscal year, the country�s Ministry of Water, Irrigation and Electricity said on Thursday.

Early this year, the country allocated more than $222 million for its rural electrification program.

During the past ten months, 320 villages have gained access to electricity, said Motuma Mekassa, Minister of Water, Irrigation and Electricity.

More efforts are also underway to make the remaining villages beneficiaries of electricity until the end of the September.

Infrastructure works that allow 132 villages to get electricity service has fully been completed, while the construction of power supply facilities is underway for 962 villages.

The ministry is preparing design for 493 villages and on process to receive site for the remaining villages, he said.

Ethiopia's electricity coverage has now reached 56 percent.(APA 02-06-2016)

SETTING OUT A NEW PATH FOR DEVELOPMENT AID

World leaders have agreed to the most inclusive, diverse and ambitious development agenda ever: the Sustainable Development Goals.

By doing so, we acknowledge that development challenges are global challenges, which have to be solved in a green and environmentally sustainable way. Reaching these goals will require all hands on deck, working together.

Over the last two decades we have made huge progress reducing poverty and are on track to eradicate extreme poverty by 2030 — but success is still elusive. For the poorest countries, there is no doubt that aid plays an important role in supporting their plans and paths to development. For countries such as Malawi, Tanzania and Mozambique, aid is essential for health, education, and the creation of livelihoods — without which, human development and an end to poverty cannot be achieved.

The member countries of the Organization for Economic Cooperation and Development's Development Assistance Committee donated a record high $131.6 billion in 2015. That is a lot of aid money contributing to a better world. But we need to remember that we will not find the really big investments in development cooperation. Both aid and private investment are needed to move the world. By believing in the market and the private sector, China, Ethiopia, South Korea and other countries have had enormous development success.

The debate within the development community on the importance of markets and private sector is a thing of the past. Aid and investment must go hand in hand.

And we need to recognize that the world has changed a lot since the Marshall Plan was established in 1948. We must move away from the perception that the OECD-DAC is an exclusive club of traditional donors that alone takes decisions on what counts as development cooperation. We need to change this, so that growing economies and recipients of aid have an active role in how the decisions are made.

The world no longer consists of a small group of rich countries giving development aid to a far bigger group of poor countries. Some developing countries are richer today than some of the developed countries.

Private investments are far more important than aid in many countries. There are an ever growing majority of countries being both recipients and providers of development aid. And big countries such as China and foundations such as the one created by Bill and Melinda Gates play a major role in developing countries, contributing far more than some OECD member countries.

Setting out the rules for development aid is important in order to be able to compare and measure different countries contribution to poor countries. A shared quality framework is also an important to tool to evaluate the success of the money given. Throughout the years, the OECD has developed ways of measuring this by peer reviews and extensive regulations for development aid.

Even though the DAC has modernized the work and included more partners in recent years, we need to better reflect today's world. Our future work will have to be even more inclusive and broader. China and other major countries, recipient countries, foundations and others need to have an active role in setting out the path for the future development aid.

That is why we now set down a panel that will propose options for a transformation and reformation of the DAC. The panel will make proposals and recommendations, focusing on the evolution of the committee and its work in line with the Sustainable Development Goals. In addition, the panel will look at how the DAC can contribute to global efforts and our relevance and impact. The panel will also evaluate the working methods and structure of the committee.

On our way to a better life for the poorest and a greener world, we need to work closer together, both recipients and providers of development aid. By sharing experiences and working with the same framework, both developing and developed countries will be better equipped to make sure all aid is spent well and effectively. I am optimistic that the new, transformed DAC will continue to be essential on our way to reaching the new and ambitious SDGs — aiming for a future of peace, prosperity, and dignity for all.(Devex 02-06-2016)

BUSINESSPEOPLE FROM PORTUGAL AND THE UNITED STATES EVALUATE INVESTMENTS IN GUINEA-BISSAU

Portuguese businesspeople plan to invest in the agricultural sector in Guinea-Bissau, said Thursday in Bissau the head of the Portuguese delegation at the end of an audience granted by the President José Mario Vaz.
Antonio Tavares said that this is a set of distinct projects that are likely to contribute to the development of agriculture with a view to establishing the country's food self-sufficiency.
Of these projects, Tavares mentioned one focused on rice production, involving production, husking, blanching and sale, in addition to technical support to be provided to local producers.
Also on Thursday, the president of the US company "T Control Incorporated," Jimmy Riggs, announced its intention to invest in Guinea-Bissau in tourism and in coal mining.
Riggs announced a forthcoming meeting between technicians from his company and the Institute of the Biosphere and Protected Areas (IBAP) of Guinea-Bissau to assess the environmental impact that another coal mining project is likely to have. (03-06-2016)

ORGANIZED RICE MARKET IMPROVES SENEGAL'S SMES FUNDING

In Senegal the reorganization of rice marketing has enabled small and medium enterprises (SMEs) operating in this sector to get funding from banks, Trade and SMEs Minister, Alioune Sarr said.

Mr. Sarr was speaking at the Executive Roundtable of the 8th Session of Africa Banking Forum on the theme "SMEs' Access to Funding and Banking Services."

Alioune Sarr reminded that at the beginning of the marketing of the rice produced in the Senegal River Valley (North), the National Agricultural Credit Fund of Senegal (CNCAS) was the only existing financing institution.

"Afterward, with the organizational system put in place, many other banks started funding SMEs," the minister explained.

He also promotes the idea that African States should have a better organizational system to support SMEs and upgrade their funding.

With regard to the issue of the guarantee that still blocks SMEs' access to bank financing, Mr. Sarr, though hailing the existence of the Priority Investment Guarantee Fund (FONGIP) in Senegal, considers however that this mechanism is not enough.

"Africa needs to work on innovative financing schemes, such as the Islamic Finance." According to him, the African continent has more choices, as all other parts of the world are moving forward.(APA 03-06-2016)

LACK OF WATER LIMITS MADAGASCAR'S CLIMATE-SMART AGRICULTURE

Most days, Hitasoa ignores breakfast and lunch. She is too busy finding enough money to buy food for dinner - and even that is a challenge in Madagascar's dry south, where the worst drought in 35 years has wiped out the maize crop.

"There has been no rain at all. We don't harvest anything. It's worse this year," said the 56-year-old who goes by one name.

Like other women in the region, Hitasoa turns wood into charcoal, hoisting it onto her head to sell at market every day.

"I'm losing my hair from carrying all this charcoal," she said, drawing laughter from friends as she bent her head and pointed to neat rows of glossy plaits. "There aren't even enough trees left."

Drought for a third year running has left more than 1.1 million Malagasy unable to feed themselves, including 665,000 who face severe hunger.

The worst El Nino weather pattern in years has exacerbated the crisis, bringing a new season of drought across southern Africa and fresh hardship to Madagascar, a country that sometimes seems to face no end of plagues, from cyclones, floods and locust infestations to political unrest.

Climate change combined with environmental degradation - more than 80 percent of Madagascar's unique forests have disappeared, half of them since the late 1950s - is only making life harder for people in the south, aid and development experts say.

To deal with hunger worsened by drought, the U.N. World Food Programme (WFP) and other international aid agencies such as the Catholic Relief Services, are distributing food rations.

But they are also trying to build more on-the-ground resilience to worsening crises. That includes providing seeds bred to produce in weather extremes, new farming know-how and fishing lines to help coastal dwellers exploit the ocean.

Agencies are also buying relief food locally, the better to support local markets. All of the changes aim to help drought-stricken communities more effectively generate food or income that may offer some kind of safety net in the future.

"Food distribution is good in emergencies but it can give the wrong impression. We don't want people just to wait around for help, but build their own resilience," said Victorien Raobsoarimanitrandrasana, head of the Food and Agriculture Organization's (FAO) field office in Ambovombe.

"In the semi-arid areas you only get 600 mm (24 inches) of rain a year. So it is best to make use of climate-smart agriculture and grow other types of crops that require less water."

Maize, sweet potato and cassava were given to Hitasoa's family to grow as part of a project by the Adventist Development and Relief Agency (ADRA) to help around 10,000 households get through the drought.

Poor rains meant the results were mixed but nevertheless, "if there wasn't this project, we would die," Hitasoa said as withered maize stalks crunched underfoot.

CHANGING TASTES

Agriculture is a mainstay of Madagascar's economy and rice is the preferred staple, especially in wetter areas. Roughly 80 percent of the population on the island, the world's fourth largest, depends on the land for food and a living.

Diversifying what is grown is a key element of so-called "climate smart agriculture", which aims to help farmers produce reliable crops even in unreliable weather. But the FAO and others are wary about promoting crops that locals may have little appetite for.

"What we're looking for is not to change the habit of the population, knowing that in the south they are used to eating maize and cassava," said Patrice Talla Takoukam, the FAO representative in Madagascar.

"We don't want to add another challenge to the ones they are already facing," he told the Thomson Reuters Foundation.

Sorghum, which can survive weeks without water, has been discussed as an alternative to maize, but it is unclear whether the local population would consume it, Takoukam added.

"They might produce it but end up selling it in the market. So we will not have resolved the issue because we need to be sure they eat what they are producing," he said.

Part of the answer lies in helping farmers get their hands on improved varieties of the staple crops they prefer - seeds resistant to drought, for instance. But access to them can be a problem.

"The southern portion of Madagascar (is) one of the poorest, one of the most vulnerable (regions)," Patrice Charpentier, an ADRA food security project manager, told the Thomson Reuters Foundation.

"You don't have a lot of (seeds) that are brought from outside because there's not enough incentives for suppliers, who can say, 'I can come here and make good money by selling seeds'," he said.

At another climate-smart agriculture project further south, Adeline Tahiriaza is tending to a large vegetable patch of spring onions, carrots, lettuce, melon and tomatoes. Water comes from a hole dug nearby.

The 20-year-old, who has four mouths to feed, is part of a cooperative supported by the FAO. The cooperative's 18 members are taught the benefits of seeking loans as a group rather than as individuals, and are taught farming techniques to conserve the little water they have.

The plan is to sell what they do not eat.

With her sleepy 16-month-old son tied to her back, Tahiriaza turns over soil around the fragile plants by hand. Tilling the earth like this causes less water to evaporate than ploughing.

"Before we only planted cassava the traditional way," Tahiriaza said. "Now we know how to use other seeds, and take care of the land."

Such knowledge and skills are vital to breaking the cycle of vulnerability but can enough people in the under-developed south tap into them?

"We have some efforts at resilience but are they at scale? And what would it take to get them to scale in southern Madagascar?" asked Dina Esposito, a senior official at the U.S. Agency for International Development during a tour of USAID-funded projects in the country.

CATCHING UP ON "PRACTICALLY EVERYTHING"

Water access in Madagascar is among the worst in the world.

U.N. Secretary-General Ban Ki-moon reminded Malagasy lawmakers of the fact on a visit to the Indian Ocean island last month, in a speech that drew attention to widespread poverty, high rates of under nutrition and corruption.

The country is only just emerging from a political crisis that ended with democratic elections in 2013, following a coup in 2009 that drove donors and investors away.

As a result, it is difficult for a government trying to catch up on "practically everything" to begin building wells and roads in the south, where desertification is likely to continue with climate change, according to Harrison Randriarimanana, a special adviser to the president.

"In my personal opinion, the south is a difficult region. It's a semi-arid area, which is difficult to develop," said Randriarimanana, a former agriculture minister.

But "it's not sustainable to be forever distributing food aid to this population. We must find another solution," he told the Thomson Reuters Foundation.

"Madagascar is a big country. We must encourage them to move ... to find better employment prospects and to feed themselves."

However, families that uproot themselves from drought-prone regions and migrate in search of work should not have to do so without support, Randriarimanana said.

"We need to support them and that's where the donors, international community, can help," he said.

CAR DIAMOND MARKETING PROCESS REVIVED

The Central African Minister of Mines, Leopold Mboli Fatrane, on Friday, re-launched the country�s Diamond and Gold Office (BCDOR) in Bangui.
As the CAR's diamond marketing process, an embargo introduced by the United Nations was lifted last year.

Despite stringent measures by the United Nations , the Kimberley Process, the organization dealing with the traceability of diamond marketing had delayed trading the precious stones from the Central African Republic.

This was to ensure that armed militias no longer plague the areas where its use is permitted, and that miners are left to work freely and take advantage of such a mineral resource.

According to Minister Fatrane, after several months of observation, the Kimberley Process has authorized the resumption of trade in Central African diamonds, exclusively in the southwest area where the exploitation of the precious stones can no longer feed the violence.

However, the embargo remains in force in other parts of CAR, specifically in the center and east of the country where armed groups are still very active.

On the eve of the seizure of power by the Seleka rebels who admitted then that the marketing of diamond and gold enabled them to buy weapons, the Kimberley Process had banned the sale of the country’s diamonds on the world market.

This has plunged the country’s economy into a dire situation, given the large number of Central Africans eking out a living from the exploitation of the precious stones.

Consequently, the new authorization is a breath of fresh air for the country, which will at last acquire additional resources to meet its obligations.(APA 03-06-2016)

USAID LAUNCHES WATER PROJECT FOR LIBERIAN CITIES

The United States Agency for International Development (USAID) has launched a project geared towards providing safe, potable water in three cities across Liberia.

Making the disclosure Thursday at the launch of the Feeder Roads Alternative and Maintenance Program (FRAMP), USAID Mission Director Anthony Chan named the three cities as Sanniquellie in Nimba County, Robertsport in Grand Cape Mount County and Voinjama in Lofa County.

Chan noted that the lack of access to clean water imposes severe social and economic burdens on ordinary Liberians, adding that unsafe water also causes illness that saps the productivity of many citizens, resulting to significant economic loss for the country.

According to the USAID official, the lack of access to affordable energy also stymies economic productivity, noting that without access to electricity also, Liberia cannot attract investors to create jobs for Liberians.

“That is why we fervently hope that our water and hydro projects will provide a useful template for scaled up efforts by the Liberian government to provide all access to affordable water and electricity,” he said.(APA 03-06-2016)

The Memorandum is supported by the ACP-African, Caribbean, Pacific Secretariat, Chamber of Commerce Tenerife, AHEAD-GLOBAL, Business Council for Africa, Corporate Council on Africa, ELO - Portuguese Association for Economic Development and Cooperation, Hellenic-African Chamber of Commerce and Development, HTTC - Hungarian Trade & Cultural Centre, NABA - Norwegian-African Business Association, NABC- Netherlands Africa Business Council, and other organisations.

The Memorandum is also made available by AHEAD-GLOBAL, BCA, 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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