MEMORANDUM

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SUMMARY

DEBATE, DISCORD MARK UN CONFERENCE ON TRADE AND DEVELOPMENT

The United Nations Conference on Trade and Development renewed its mandate at its annual summit last week, aiming to more closely align international trade policies and standards with the new global development agenda. But reaching consensus was not easy.

Negotiations were marked by intense discussions and a debate persists about whether UNCTAD is giving enough of a voice to the global south on issues of trade and development.

Many civil society groups contend that UNCTAD, with its development-centric mission, can go further still to embed the interests of developing countries on matters of trade and finance into international principles and agreements.

Prioritizing that development focus would go a long way to ensuring that aid indeed goes hand-in-hand with trade. But instead, groups argue, the UNCTAD has largely left it up to richer, industrialized countries to set those global standards.

Drifting focus?

The issue of an inclusive development agenda was the primary focus of civil society organizations leading up to the 14th UNCTAD summit in Nairobi, Kenya, where more than 5,000 delegates from 149 U.N. member states convened for the quadrennial UNCTAD meeting to debate high-level issues of trade and development.

UNCTAD's role in promoting global development stands out among other large international organizations. While institutions such as the World Bank, International Monetary Fund and World Trade Organization work to advance economic development, growth and stability, UNCTAD is primarily rooted in people-centered development with a specific purpose to improve livelihoods and well-being in the "global south." The agency promotes ways that governments can use trade to improve the lives of the poor and its mission has expanded over time to support finance, investment and technology.

However, civil society organizations have grown increasingly concerned that UNCTAD's development mandate has taken a back seat to advancing the commercial interests of industrialized countries, promoted through predominantly Western-led institutions.

Ahead of the summit a group of 331 civil society organizations sent a letter to UNCTAD member governments, urging the agency to recenter its focus on development and not tie its agenda too closely to the missions of other institutions. The more that UNCTAD moves toward seeing developing countries mainly as engines for global trade agreements, the more the U.N. body risks redundancy and irrelevancy, the groups argued.

Civil society organizations placed high hopes that the Nairobi summit would reverse that trend. The five-day meeting was the first UNCTAD summit since the Sustainable Development Goals were approved and offered the agency a fresh chance to integrate its work on finance and trade with the global goals.

"If we look at the challenge of fulfilling the SDGs, we need a drastic change of business," said Tove Maria Ryding of Eurodad, a Brussels-based network of civil society organizations that focuses on aid effectiveness.

Sticking points

As is customary, UNCTAD member states approved an agreement at the conclusion of the meeting that affirms the group's mandate and establishes its work plan for the next four years. Drafting that accord was largely procedural, said Ryding, whose group followed the negotiations closely. UNCTAD negotiators reached consensus on routine matters of identifying the role of trade in development and agreeing to more closely collaborate to advance the SDGs.

But a fierce debate emerged on whether UNCTAD should expand its mandate by endorsing specific principles on tax policy and debt management. Civil society groups advocated for standards and recommendations that put industrialized and developing countries on equal footing to address those issues.

Those sticking points ultimately pushed negotiations into the 11th hour. UNCTAD officials described two days of round-the-clock talks in which negotiators resorted to caffeine pills, candies and soft drinks to keep themselves alert.

On taxes, for example, UNCTAD already helps developing countries build capacity to manage their revenue collection systems and monitor tax flows in accordance with bilateral investment treaties. But civil society groups pushed for UNCTAD to give developing countries the right to participate on equal footing with developed countries in crafting global tax standards. Such wording, however, was left out of the final agreement.

On debt, a major point of contention was whether to shift UNCTAD's mandate simply from "debt management" to "debt crisis and prevention."

The agency has principles in place to guide responsible borrowing and lending between countries. But civil society urged for a new UNCTAD mandate to endorse specific practices to implement those principles. Types of practices would include restrictions against "vulture funds" that sue governments to recover debt or sustainable payback practices for highly indebted countries. Neither made it into the final agreement.

By not adopting a broader mandate, members of civil society believe that UNCTAD is limiting opportunities for developing countries to contribute to a global agenda in favor of industrial country interests. An UNCTAD mandate to build global consensus on tax standards, for example, would be a more inclusive approach than the current arrangement in which Organization for Economic Cooperation and Development countries establish much of the world's tax practices and norms.

"UNCTAD was set up as a body to help developing countries benefit from trade, stabilize their economies and escape unsustainable debt burdens," Ryding told Devex. "However, as soon as the negotiations started, we saw a strong resistance from rich countries to strengthen UNCTAD, and this behavior is the reason why the outcome is much less ambitious that we had hoped."

The issues of tax policy and debt management carried particular weight at the meetings. A new UNCTAD report warned of unsustainable debt burdens in many African countries and urged governments to add new revenue sources to finance development, such as remittances, public-private partnerships and a clampdown on illicit financial flows.

More broadly, a common theme of the meeting was the tenuous footing of the global economy and developing countries. The opening paragraph of the final agreement, for example, cites subdued growth, income inequality, financial fragility, volatile financial flows and a decreasing share in world trade among developing countries since the last UNCTAD summit.

Silver linings

Despite the qualms expressed by some civil society groups, the UNCTAD summit also produced positive achievements.

The meeting established an intergovernmental group to focus on financing for development, particularly around funding for the SDGs and Paris climate agreement.

The final agreement underscored the principle of common but differential responsibilities of developing countries in global trade — a key affirmation that as developing countries grow their economies they are held to different standards from industrialized ones on issues such as tariffs, the environment and intellectual property.

Ninety countries also signed a U.N. initiative to end fishing subsidies that total $35 billion globally and have contributed to sharp declines in fish stocks and degraded marine life.

Conference delegates also considered the structure and organization of the summit itself to be a success. "The event was very multifaceted," said Matthew Wilson, chief of cabinet of the International Trade Center. "From investment topics to a commodities forum, women's economic empowerment, small and medium-sized enterprise development, all of the key issues were covered," he added. "There were quite a few [issues addressed] that will be helpful for the international community moving forward and be direct contributors to achieving the SDGs."

While civil society was frustrated that some of their key demands were not met, Wilson suggests that those frustrations are perhaps misplaced.

"In many respects, the demands of civil society may be a bit more ambitious than the 150-plus members of UNCTAD can agree to," he noted. "Civil society wanted a bit more and deeper language on taxation, debt and investment treaties — some [of the language] was not reflected in the way that they liked, but all of the key issues were mentioned."

And while the official language of international agreements goes far to codify priorities, real progress comes from executing work programs, trade officials said.

"Some of the major hurdles to trade don't have to do with legal text, but on implementing regulations," said Ziad Hamoui, executive director of Tarzan Enterprise, a Ghana-based transport and logistics company, and the former president of a private sector-led advocacy group for regional economic integration in Africa.

Among the biggest barriers to trade, Hamoui said, are misaligned practices for processing and logistics between countries. Standardizing trade procedures at the border and along value chains would provide a major boost to commerce in developing countries, he noted. Eliminating this type of red tape and implementing a trade facilitation agreement is one of the WTO's top priorities that the UNCTAD mandate supports.
While several issues still remain unresolved the high-level discussions that UNCTAD raise about them at its summit last week were important in their own right. Perhaps the most pivotal question going forward is how far UNCTAD in collaboration with other international bodies will go towards building an equitable, inclusive agenda for global development. (Devex 27-07-2016)

MUGABE VOWS TO CRUSH ZANU PF REVOLT

Zimbabwe's President Robert Mugabe has threatened to crush his opponents and ordered the election of a new executive for the powerful body that represents veterans of the country's war of independence.

Addressing supporters at the ZANU PF headquarters in Harare on Wednesday, Mugabe took a swipe at the leadership of the Zimbabwe National Liberation War Veterans Association (ZNLWVA) for demanding his resignation.

In a hard-hitting communiqué last week, the ZNLWVA accused Mugabe of presiding over the collapse of Zimbabwe's economy, abusing state resources and failing to deal with corruption.

We have set up a committee of senior party officials to investigate the source of this document and its promoters. The party will take stern action against these people, Mugabe said.

He ordered the election of a new ZNLWVA leadership, accusing the current Christopher Mutsvangwa-led executive of allegedly working with the country's enemies.

A splinter ZNLWVA group called for the ouster of Vice President Emmerson Mnangagwa who is believed to be the power behind the Mutsvangwa-led executive.

Mugabe also criticised church leaders of dabbling in politics and threatened to deal decisively with exiled pastor Evan Mawarire who has led a social media campaign demanding the resignation of the veteran leader.

Mawarire went to South Africa two weeks ago, days after being released from police cells on allegations of trying to subvert a constitutionally elected government. (APA 27-07-2016)

SADC DECLARES DROUGHT A REGIONAL DISASTER

The Southern African economic bloc has declared El Niño-induced drought a regional disaster, and called on Tuesday for $2.4bn to help 40-million people in the region fight hunger.

The Southern African Development Community (Sadc) comprises 15 countries: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, SA, Swaziland, Tanzania, Zambia and Zimbabwe.

Here are some facts about the El Nino weather pattern and its devastating effect on the African continent.

pic

• El Nino is a climate phenomenon which sees a warming of sea-surface temperatures in the Pacific Ocean and occurs every 3-7 years, with consequences felt all over the world.

• It is often followed by an opposite weather cycle, known as La Nina, bringing below-average sea surface temperatures in the Pacific.

• El Nino and La Nina cause changes in rainfall and temperature and are linked to extreme droughts, storms and floods.

• The last El Nino started in March 2015. The World Meteorological Organisation declared it had "disappeared" on July 21.

• The US Climate Prediction Center, an agency of the National Weather Service, said there was a 55% to 60% chance that La Nina would develop during the latter half of 2016.

• More than 60-million people in 22 countries across Southern and Eastern Africa, Central America and the Pacific are facing food shortages because of El Nino, according to the UN.

• Two-thirds of them are in east and southern Africa where some 23-million require immediate humanitarian aid.

• The drought caused by El Nino has resulted in widespread crop failures and poor harvests, with a 9.3-million tonne regional shortfall in cereal harvest production, Sadc has said.

• El Nino has also affected livestock, with about

643,000 drought-related livestock deaths reported in Botswana, Swaziland, SA, Namibia and Zimbabwe alone.

• A report by World Vision, the United Nations Children's Fund (Unicef) and Plan International said the drought has resulted in increased numbers of children selling sex and doing domestic work to survive.

• The US, Britain and the EU have pledged $300m, £72m and €60m to the Sadc appeal. (Thomson Reuters Foundation/Reuters 27-07-2018)

ANGOLAN COFFEE ATTRACTS BUSINESSPEOPLE FROM BRAZIL

A delegation of businesspeople from Brazil from the coffee processing and marketing sector are visiting Angola's Kwanza Sul province, in order to identify possible partnerships, state newspaper Jornal de Angola reported.

The delegation, led by businessman André Skaff, held a meeting with the governor of Kwanza Sul province, Eusébio Teixeira and administrators of the coffee producing municipalities of Amboim, Seles, Conda, Libolo, Cassongue and Mussende to present a plan for possible partnerships.

The businessman, head of a company linked to coffee in Brazil, Skaf Trade (http://www.skaftrade.com/index.html), said the delegation in Kwanza Sul was seeking out information about the province's potential for coffee production and expressed optimism about setting up partnerships with local producers.

"We came on an exploratory visit and with figures on the province's potential in coffee production and we think that in the end we will find routes leading to the establishment of partnerships and business development," said Skafe.

The delegation also met with the authorities and coffee producers in the municipality of Amboim, where it listened to the problems and challenges surrounding the re-launch of the coffee crop. (25-07-2016)

AFRICAN AIRLINES ‘SHOULD DOMINATE CONTINENT’S AIR SPACE’

The Department of Transport says it is "looking closely" at South African Airways’ (SAA’s) investment in aircraft as it wants African airlines to dominate Africa’s air space.

SAA’s procurement of aircraft has been mired in controversy in recent years. In 2105, the Treasury turned down a proposal from the airline’s board to restructure a refleeting transaction with Airbus.

The department’s comment comes as Ethiopian Airlines on Friday landed the first of 14 new Airbus A350 aircraft at OR Tambo International Airport.

Ethiopian Airlines, Africa’s biggest and fastest-growing airline, is the first to have purchased these aircraft on the continent. It spent more than $2bn on the deal, which includes other smaller aircraft.

Regional manager Abel Alemu said the aircraft had been purchased as part of its strategy to stay competitive in the aviation market.

He said the Airbus A350 had new technology and was 25% more fuel efficient than other aircraft.

"One part of that strategy is fleet management, because when it comes to the aviation industry, aircraft is the major factor. If you have an efficient aircraft, it will contribute to costs and customer comfort," said Alemu.

He said Ethiopian Airlines was 100% owned by the Ethiopian government, but run by professionals appointed by a board.

The airline flies to 92 destinations around the world and 52 in Africa.

The airline recorded a $148m profit in the year ended June 2015.

The Department of Transport’s acting deputy director-general, Johan Bierman, said Ethiopian Airlines’ investment meant African airlines would take up space in the continent’s aviation market instead of airlines from outside the continent.

The AU Commission aims to establish a single African air transport market by 2017, but implementation of the Yamoussoukro Declaration, signed in 1999 to effect this, has been slow. African states prefer to sign bilateral agreements with Middle-Eastern and European states instead of opening their airline markets to regional competition.

"There is no use in having a single African sky if you don’t have any aircraft to actually fly in it," said Bierman. "We are looking at Kenya Airways in that regard. We are also looking closely at our own airline, SAA, to see what they can come up with. We are positive that we could (make this kind of investment) although that is not within the Department of Transport’s mandate," he said. (BD 25-07-2016)

MAURITANIA: ARAB LEAGUE SUMMIT KICKS OFF IN NOUAKCHOTT

The 27th session of the Arab League Summit opened Monday in Nouakchott in the presence of leaders from seven countries out of the 22 members of the League.

Apart from the Mauritanian president, Mohamed Ould Abdel Aziz, the meeting witnessed the participation of the emirs of Kuwait and Qatar and the Presidents of Sudan, Yemen, Comoros Islands and Djibouti as well as the Chadian head of State, Idriss Deby Itno, invited as current chairman of the African Union.

Several countries including Jordan, Lebanon and Libya are represented by their Prime ministers while

Algeria sent the president of the Council of the Ummah, the second dignitary of the State.

The Palestinian issue and support for the French peace initiative will be high on the agenda of the meeting.

In addition, the summit will also discuss the situation in Libya and Yemen and the “support to the Federal Republic of Somalia" and the “Arab position vis-à-vis violations by Turkish forces of Iraqi sovereignty."

The meeting held for the first time in Mauritania will also discuss the preservation of Arab national security and the fight against terrorism as well as the establishment of a joint Arab force.

It will also address “the occupation by Iran of the three Arab islands: Tomb Al Kobra, Assoughra Tomb and Abu Musa located in the Arabian Gulf and which belong to the United Arab Emirates.”

The “interference of Iran in the internal affairs of some Arab countries, will be tackled during the summit.”

Other issues related to the economic development of Arab countries are also scheduled for discussion by Emirs, heads of States and governments.

These include an initiative by the Sudanese President to initiate an Arab agricultural investment in his country to ensure Arab food self-sufficiency and water security policy in the Arab region.

Finally the participants to the summit will also discuss an Arab strategy for scientific and technological research as well as innovation initiatives towards the creation of an Arab center for cooperation and research on AIDS.(APA 25-07-2016)

MARA DELTA TO INVEST $110M MORE ON PROPERTY IN MOZAMBIQUE

Mozambique purchase of patrol boats with a loan meant for a new fleet of tuna fishing boats and an attempt to restructure the loan has plunged the transaction into a multimillion-dollar international controversy.

Mara Delta, which is an apse-listed pan African property owner, said on Monday it will invest a further $110m in Mozambique by acquiring an additional four properties, and the second stage development of its Anadarko building.

The company has, since 2014, invested in six commercial properties in Mozambique, valued at $160m.

"We are confident of the long-term growth prospects in Mozambique. The challenges that the country faces are not unique to emerging economies and we are continuously engaging with the Banco de Moçambique on these matters.

"Mara Delta has a solid risk strategy in place which includes careful cash flow management around investments, our ability to manage flow of funds through our liquidity facilities in Mauritius and ensuring our anchor tenants are blue chip internationals, securing most of our leases in US dollars," said the company’s head of developments Greg Pearson.

"We are currently engaging with financiers for a 7-10 year Mozambique debt package to refinance the in-country debt and fund the acquisition pipeline," he said.

"Real estate investment is a long-term play, and we certainly remain committed to the countries we invest in. We have long leases in place and have diversified our portfolio in Mozambique significantly to manage through the economic cycle," Pearson said.

Mara Delta has a management team with over 45 years combined African experience and relationships, and in-country asset and property management teams.

CEO Bronwyn Corbett said Mara Delta was focused on creating significant shareholder value, which ensured consistent growth on the African continent.

Mara Delta is listed in Johannesburg and Mauritius and also holds a portfolio of assets in Morocco, Zambia, Nigeria, Kenya and Mauritius.(BD 25-07-2016)

FITCH RATINGS KEEPS MOZAMBIQUE'S CREDIT RATING AT "JUNK" LEVEL

Fitch Ratings kept its "CC" rating on Mozambique's long term credit in local currency and the short term rating in foreign currency at "C", which means the country's debt is not considered to be investment quality, the agency said.

In a statement issued on Friday, Fitch said it had also given a new rating of "C" on short term debt in local currency, which is also not investment level or "junk".

The agency said neither of the two factors for the improvement of the credit rating are currently in place. These are indicators of strong public finances from foreign sources and previous preferential treatment of local investors in relation to foreign investors.

The "CC" credit rating means, according to the table prepared by Fitch Ratings, the debt issued presents a very high risk and the "C" rating that the issuer is expected to default on payment or is negotiating new terms with creditors.

Last week, the spokesman for Lazard Ltd. announced that the company had been hired by the government of Mozambique as a financial advisor to value its foreign debt and the Mozambican Minister of Economy and Finance, Adriano Maleiane, hired White & Case LLP as legal consultant to value foreign debt. (25-07-2026)

ZIMBABWE NOT OBLIGED TO BUY ELECTRICITY FROM SOUTH AFRICA, SAYS ESKOM

Power utility Eskom has said its northern neighbour, Zimbabwe, is under no compulsion to continue buying electricity from it, amid indications that Zimbabwe might struggle to keep up with tariffs.

Zimbabwe is spending $6.6m a month to buy electricity on a prepaid basis from Eskom.

The possibility of Zimbabwe pulling the plug on its power imports heightened after a 49% tariff hike sought early in 2016 by Zimbabwe's power utility company, the Zimbabwe Electricity Supply Authority (Zesa), was rejected last week by the Zimbabwe Energy Regulatory Authority (Zera).

Zera chairwoman Ester Khosa said the electricity tariff would remain at 9.86 US cents per kilowatt hour for the remainder of 2016.

"In coming up with the decision to retain the current tariff levels, we considered the performance of the economy in 2014 and 2015, the government's efforts to improve the ease of doing business, and to support the government in reducing the cost of doing business," Khosa said.

Instead of the tariff hike, she said there was a need for Zimbabwe's power utility to improve efficiency levels and to implement cost-cutting. The hike, among other things, would have been used to pay for power imports and would also have assisted Zesa pay for some of its infrastructure capitalisation projects.

Zimbabwe imports power mainly from SA and Mozambique.

An Eskom official told Business Day that Zesa has an agreement with it to import power of up to 300MW, but this could be less, subject to the daily power demands experienced in the country.

Eskom spokesman Khulu Phasiwe said: "For our side it's not a big deal even if no country buys electricity. We won't put a gun to their (Zesa) head; our first priority is the domestic market. We then sell to other nations in the Southern African power pool such as Namibia, Botswana and Tanzania.

"The sell of power to Zimbabwe is based on their demand, (and) where we only sell when we have excess capacity. So for as long as we have extra electricity, then we are in a position to sell."

Zesa spokesman Fullard Gwasira said strain as a result of the tariff hike rejection was inevitable.

Consumers in Zimbabwe owe Zesa arrears of up to $1bn.

This large debt has crippled power supplies in the country and negatively affected the productive capacity of Zimbabwe's industries. (BD 25-07-2016)

NATIONAL BANK OF ANGOLA WANTS TO IMPROVE SCHEDULING OF CURRENCY SALES

The National Bank of Angola (BNA) is working with commercial banks operating in the country to draw up a better schedule of sales of foreign currency, reported the Angolan central bank in a statement Friday.

Improved scheduling of the sale of foreign currency is intended, according to the BNA, "to replace in a gradual, planned, organised and prudent way the external resources for all sectors of the economy."

The BNA reported that in recent weeks it had had meetings for "consultation and consensus" with the Association of Commercial Banks of Angola (Abanc) and the chairmen or representatives of the boards of Banco Keve, Banco BIC, Banco Angolano de Investimentos, Banco Fomento Angola, Banco Económico, Standard Bank, Banco Millennium Atlântico, Banco Sol, Banco Pungo Andongo, Banco Prestígio and Banco Crédito do Sul.

At the meetings, which were aimed at "sharing information about the challenges of the Angolan financial system," the BNA reaffirmed its commitment "to a rigorous, prudent and sustainable management of foreign exchange resources, with the ultimate aim of providing the foreign currency necessary to the national economy."

In the same statement, the National Bank of Angola gave assurances that foreign sales would continue to be regular and called on the various economic agents, especially companies, to avoid the use of the informal market and prevent the indexing of the prices of products to the parallel foreign exchange market. (25-07-2016)

ZIMBABWE TO LAUNCH PROGRAMME TO BOOST MAIZE PRODUCTION

Zimbabwe has started rolling out a $500m programme to boost maize production to meet domestic food demand.

The three-year plan was aimed at raising plantings and expanding irrigation to increase production of the dietary staple to 2-million tonnes a year, Vice-President Emmerson Mnangagwa told reporters on Monday.

The country harvested 742,000 tonnes of maize in the 2014-15 season, less than the 1.8-million tonnes needed by the Zimbabwean population.

Zimbabwe is suffering food shortages as rural parts of the country have been hit by the worst drought in at least two decades. Southern African countries need $2.7bn to cope with the effects of the dryness that

has left 23-million people in urgent need of humanitarian assistance, the Southern African Development Community (SADC) said.
In June, the UN's World Food Programme stopped giving some people money to buy food in Zimbabwe because of the nation's lack of dollars. The initiative is aimed at helping 300,000 people affected by drought. (Bloomberg 26-07-2016)

ENI GAS PROJECT AWAITS APPROVAL IN MOZAMBIQUE

Mozambique's long-delayed offshore gas project with Italy's Eni could be approved within months, sources close to the deal said, sparking investments with the potential to transform one of the world's poorest countries into a major energy player.
Mozambique made one of the world's biggest gas finds in a decade in 2010, but negotiations with Eni and US firm Anadarko have dragged on for years due to disputes over terms and concerns about falling energy prices.
But Eni had in recent weeks struck deals with contractors and Mozambique's government that could help it to make a final investment decision on October 31, industry sources said.
The company's Mozambique concession is split between two huge gas fields called Coral and Mamba.
Reserves in Mozambique's Rovuma Basin amount to about 85-trillion cubic feet — enough to supply Germany, Britain, France and Italy for nearly two decades. It is likely to take at least five years after the investment decision before gas production begins.
Samsung Heavy said last week it was in exclusive talks with Eni to provide a floating liquefied natural gas (LNG) platform as part of a consortium with Technip and Japan's JGC, in a contract worth about $5.4bn. General Electric had also been approved as a contractor, two sources said.
Negotiations with government over tax terms and the funding of the Mozambique national gas company had also moved forward in the past two months, the sources said.
Eni has already reached a deal to sell the gas to BP. "There has been significant progress in the last few weeks.
"It's making investors a lot more optimistic the final investment decision isn't too far away," one banker involved in the deal said.
The last major sticking point was how Eni would finance the $11bn development, the sources said.
Eni was expected to raise billions of dollars by splitting its concession in two and selling up to 20% of its Mamba gas field, and the operating rights, to Exxon Mobil, sources involved said.
Any sale by Eni would provide a much-needed capital gains tax windfall for the Mozambican government during a period of economic crisis and as it struggles to make repayments on $1.35bn in controversial foreign loans.
The IMF suspended aid to Mozambique in April because of the hidden debt.
"There's definitely been more urgency on the government side to get these gas deals moving," one industry source said.
While Eni will drill and process gas from floating offshore platforms, Anadarko is building sprawling LNG facilities on the northern Mozambican mainland, causing complications due to local residents having to be relocated.
Anadarko submitted a plan in June to resettle thousands of mostly farmers and fishermen who would be displaced by the LNG project, one of the last hurdles to jump before getting the go-ahead on a $24bn project, two sources said.

Mitch Ingram, who was previously with BG, was hired by Anadarko in 2015 to head its LNG business. Ingram's experience had given investors more confidence about Anadarko's ability to raise financing, they said. (Reuters 26-07-2016)

UFM & GERMANY LAUNCH NEW PROJECT TO PROMOTE YOUTH EMPLOYMENT IN THE SOUTHERN MEDITERRANEAN REGION

The UfM labelled project "YouMatch – Toolbox Project" has been officially launched in Amman on Wednesday 20 July on the occasion of the Regional Dialogue on Employment Services for Youth (MENA), co-organised by the Secretariat of the UfM and, Germany's Agency for International Development (GIZ), promoter of the project.

The so-called **Toolbox Project**, developed under the UfM Med4Jobs initiative and to be implemented in Algeria, Egypt, Jordan, Morocco, Palestine and Tunisia, focusses on selected employment services for youth as pilot examples, taken from the service clusters of job orientation, job preparation or placement services. Based on good practices / case studies of existing approaches within the MENA region, peer working groups together with a facilitators' team will analyse substantial challenges and success factors for the implementation of the identified tools, engage in the further development and elaboration of innovative labour market solutions and ultimately implement innovation and transfer projects in partner countries.

The initiative will be presented at the upcoming UfM Ministerial on Labour and Employment, to be held in Jordan, on 27 September 2016. (UfM 25-07-2016)
You Match – Toolbox Project

SIGNATURE DE DEUX ACCORDS ENTRE LA CÔTE D'IVOIRE ET LE FONDS SAOUDIEN POUR LE DÉVELOPPEMENT

Le gouvernement ivoirien et le Fonds saoudien pour le développement ont signé deux accords portant sur la construction de 200 forages et la réalisation d'infrastructures de desserte d'eau potable dans le pays, a appris APA, mardi, de source proche de la primature ivoirienne.

Selon une note d'information de la primature ivoirienne, la signature de ces deux accords est intervenue, lundi, à Abidjan lors d'une audience accordée par le Premier ministre ivoirien, Daniel Kablan Duncan au Directeur Général du Fonds saoudien pour le développement, Yousef Al-Bassam.

Le responsable saoudien a indiqué à la presse l'importance d'échanger avec le chef du gouvernement ivoirien sur la finalisation d'un « certain nombre d'accords pour permettre aux investisseurs du Royaume saoudien de faire le choix de la destination Côte d'Ivoire ».

« Les mines, l'agriculture et l'agro-industrie sont des secteurs qui intéressent ses compatriotes, révèle le Directeur Général du Fonds », rapporte cette note qui ajoute que « toutefois, Al-Bassam redoute la double taxation qui pourrait ralentir la ferveur des opérateurs économiques de l'Arabie Saoudite ».

« Au chapitre des réalisations, deux accords de don ont été signés. L'un porte sur la construction de 200 forages pour l'approvisionnement de l'eau potable dans la partie nord du pays. L'autre concerne la réalisation d'infrastructures de desserte d'eau potable également à Abengourou et ses environs », poursuit le texte, concluant qu'à Yopougon, commune située à l'Ouest d'Abidjan, « le Fonds saoudien pour le développement » a un projet d'hôpital. (APA 26-07-2016)

UK AND SWISS REGULATORS QUESTION DEBT FINANCING FOR MOZAMBIQUE

Even by the standards of Africa, it has been a wild ride for Mozambique. There is little sign it will end well.
Blowing through more than $2bn of borrowed money just as the currency and the price of commodity exports plunged has left the former Portuguese colony with near-empty coffers. Its creditors, which bought debt sold by Credit Suisse Group and VTB Group, may be left holding the bag. Nor does it help that the IMF is raising questions about the government's transparency and its finances.
"Mozambique is not in a state of development where it can maintain a credible foothold in the global financial markets," said Jan Dehn, head of research at Ashmore Group, which manages $53bn of emerging market assets and opted not to buy Mozambican bonds. "It was more like, someone got an idea one day to issue a bond."
That was back in 2013, when the desperately poor country was a symbol of postwar recovery and Africa's rise. Anadarko Petroleum and Eni had discovered offshore gas fields so big that Standard Bank Group said Mozambique could turn into the next Qatar. Growth since the end of a 16-year civil war in 1992 had averaged 7.4%.
Credit Suisse and Russia's VTB provided financing to companies to help build the economy. The banks then went on to package and sell the debt to other investors hungry for high returns at a time when yields in the developed world were reaching record lows.
Mozambique's borrowing produced a few surprises. A loan for $850m, for instance, went to a new state-owned tuna-fishing company. What the offering documents did not say was that the government would also use some of those funds to purchase search and rescue and surveillance vessels. And two other loans from 2013 and 2014, totaling $1.4bn, were not disclosed to parliament or to the IMF and were only discovered in April.
Mozambique was in much more debt than had been known, at a time when the currency was plunging, gas exploration was delayed and prices of gas, coal and aluminium exports were down.
The April disclosure of the loans caused the IMF to halt a $286m bailout loan signed only last October. Managing Director Christine Lagarde in May accused the government of using debt for "concealing corruption". Western donors including the UK and Portugal have suspended about $500m in aid for this year.

Frozen spending

The nation missed an interest payment and yields on its dollar bonds have almost doubled in the past year, to 18.43%. The government has frozen spending aside from salaries, foreign investment has plummeted and companies are laying off workers, if not shutting down. Inflation has soared to 20%, which raises the risk of riots over higher food prices, according to Standard Chartered.

The crisis is visible on the main streets and in the shopping centres of Maputo, the capital, once a haven for wealthy expats. In Shopping 24, a multipurpose building opened in 2014, newspapers are pasted over the empty glass showcases. Many stores are vacant.

"It’s difficult to do business,"said Abdul Suleimane, whose shop sells computers, keyboards and other accessories and is suffering from the high prices of products he imports. "I don’t know how long we can hang on."

The office of President Filipe Nyusi and the finance ministry did not respond to letters and e-mails requesting comment. Former president Armando Guebuza, in office when the borrowing began in 2013, also did not respond to requests for comment.

While plenty of African countries rushed to the Eurobond market in the past decade to take advantage of surging demand for emerging-market assets, few binged on debt quite like Mozambique.Its ratio of debt to GDP has more than doubled from 2012 to 86%, the highest level among sub-Saharan dollar-bond issuers, the IMF said last month as it warned that the country was "at high risk of distress."

The first real sign of crisis came in the middle of last year, when Finance Minister Adrian Maleiane called for restructuring the $850m of securities for Empresa Mocambicana de Atum, the state tuna-fishing company known as Ematum. Originally a loan from Credit Suisse and VTB for the purchase of fishing boats, the money was repackaged into so-called loan participation notes, which can be issued more quickly than Eurobonds. They were sold to global investors and quickly became known as "tuna bonds".

Tuna yield

The yield of 8.5% was about six percentage points higher than they could get on Treasuries at the time, and more than three points above the emerging-market average.

Mozambique bought not just two dozen fishing boats, but three interceptors and three patrol vessels, according to the website of France’s Constructions Mecaniques de Normandie, which built them. The prospectus had said all amounts borrowed would go toward "the purchase of fishing infrastructure," including the fishing vessels, an operations centre and related training.

The contract was one of three to "secure Mozambique’s maritime sovereignty," according to e-mailed comments from a spokesman for Privinvest Group, of which France’s CMN is part. "The scope of the contracts was much wider than purely some vessels for Ematum."

Market access

Adam Bradbery, a spokesman for Credit Suisse in London, declined to comment, as did Alex Clelland, a spokesman for VTB. The Moscow-based bank said in an April statement the deals helped Mozambique "expand its access to capital markets and the transactions were completed in full compliance with national and international law".

Relief seemed in sight for Ematum’s investors when Credit Suisse and VTB arranged a deal in early April for them to swap into a $727m sovereign Eurobond with a 2023 maturity. Less than two weeks later, the IMF found out aboutthe $1.4bn of undisclosed government-guaranteed loans.

They were to two state companies partly owned by the intelligence services, named Proindicus and Mozambique Asset Management (MAM).The loans breached limits on guarantees set by parliament, a spokesman for the country’s attorney general said earlier this month.

Loan funding

VTB arranged the loan for MAM, though much has been sold off to other investors, Interfax reported. That should prevent losses, VTB CEO Andrey Kostin said in a June 17 interview. Credit Suisse arranged the Proindicus loan, Antoinette Sayeh, head of the IMF’s Africa department, told reporters on April 15. Credit Suisse declined to comment on the matter.

Regulators in the UK and Switzerland are asking questions. Switzerland’s Finma is in contact with Credit Suisse about the matter, said spokesman Tobias Lux. The UK Financial Conduct Authority is looking into whether Credit Suisse and VTB might have violated disclosure rules on debt financing for state-backed companies in Mozambique, the Wall Street Journal reported in June, citing people familiar with the situation.

The FCA and Credit Suisse declined to comment. VTB said in the article that it was not aware of any investigations and declined last week to comment further.

Bold move

Officials from the governing Frelimo party say that using the loans for defence or intelligence purposes was justified to protect gas infrastructure and that they had to keep them secret from former rebel group Renamo.

Now the main opposition party, its supporters have been attacking government offices and railways in the centre of the country. Frelimo and Renamo suspended peace talks July 25.

"The state needed to equip itself adequately to face the threats presented," Gabriel Muthisse, the transport minister at the time the debts were issued and an ally of Guebuza, said in an e-mailed response to questions. "How to do it when our multilateral partners do not support procurement of military equipment? It had to be, of course, a bold financial engineering, which would allow the country to equip, to meet the threats of military destabilisation and piracy." Muthisse did not specify to which or how many of the three loans he referred.

The new government last week hired Lazard as a financial adviser and appointed White & Case as a legal adviser. The two will "assist with the assessment of Mozambique's current external debt situation," according to a statement from the finance ministry.

Meanwhile, the currency, the metical, has lost half its value against the dollar since the start of 2015, making Mozambique's hard-currency debt payments more expensive. The swapped eurobond, the country's only sovereign issue, has lost 4.2% in the past six months. It is the only one of 66 emerging markets tracked by Bloomberg whose dollar bonds have made losses in that period.

The yield soared to 19.2% in June. Among sovereign issuers, only those of Venezuela, mired in an economic crisis, are higher. Moody's downgraded Mozambique two levels to Caa3 on July 8, saying it doubted the government's willingness to honor loans at state-owned firms.

"Mozambique was a nice story," said Victor Lopes, an analyst at Standard Chartered in London. "They had high growth and massive gas discoveries. But it's got worse and worse." (Bloomberg 26-07-2016)

LE FMI VALIDE LE PROGRAMME FINANCIER DU GOUVERNEMENT CENTRAFRICAIN

Le Conseil d'administration du Fonds monétaire international, au terme d'une mission de l'institution financière effectuée au mai dernier en Centrafrique, a validé le programme financier du pays en mettant à la disposition des nouvelles autorités une enveloppe de 60 milliards de FCFA, a annoncé, mardi à Bangui, le directeur de cabinet du ministère des Finances, Guy Samuel Nganatoua.

Pendant son séjour, la mission a tenu à s'assurer de l'amélioration de la compétitivité de l'économie centrafricaine et de la manière dont est promue la bonne gouvernance dans les finances publiques après plusieurs mois de crise humanitaire très couteuse.

Des recommandations ont été formulées par la mission en vue d'aider la Centrafrique à retrouver le chemin de la bonne gestion des finances publiques afin de prétendre à d'autres finances des partenaires.

L'approbation du programme financier du gouvernement par le FMI ouvre la voie à d'autres partenaires de Centrafrique de le soutenir financièrement dans l'avenir.

Cependant cette approbation démontre également la capacité du gouvernement à mettre en œuvre les recommandations du FMI.

Ainsi la table ronde des bailleurs de fonds de Centrafrique qui aura lieu à Bruxelles en Belgique au mois de novembre prochain augure de bonnes perspectives pour l'économie centrafricaine.(APA 26-07-2016)

GOVERNMENT OF MOZAMBIQUE WANTS ALL DISTRICTS TO HAVE A BANK

Seventy new bank branches, one for each district in Mozambique, will start operating by 2019, to bring financial services to citizens, a government spokesman said on Tuesday in Maputo.

The spokesman and deputy health minister, Mouzinho Saide, said this process of opening banks in all the districts is part of a project called "One District, One Bank".

Some 90% of the Mozambican population has no account at a formal financial institution and that formal credit is available to only 3% of the adult population, according to Mozambican daily newspaper Noticias.

Currently, only 78 of the 150 districts in Mozambique have a bank branch. (27-07-2016)

NEW REPORT SEEKS TO UNLOCK PRIVATE SECTOR POTENTIAL IN MENA REGION BY ADDRESSING CONSTRAINTS

The private sector can be an important driver for growth and rising prosperity in the Middle East and North Africa (MENA) if effective policies are put in place to address key challenges across the region, according to a report from the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the World Bank (WB).

The report asks "What's holding back the private sector in MENA?". It draws lessons from the MENA Enterprise Survey (ES) of more than 6,000 firms in eight countries. Many of those firms cited political instability, corruption, unreliable electricity supply and inadequate access to finance as factors that were holding them back. They also said that innovation and growth were constrained by barriers to trade and a scarcity of appropriately trained workers. In many places, they saw a disconnect between firms and formal financing channels, with the result that firms were losing growth opportunities.

The report concludes that *"Strategies to support firms in enhancing their productivity, as well as the process of resource reallocation towards more productive firms, should be a high priority for public authorities in the region."*

It highlights four specific areas where policy responses are required: to improve the business environment, to improve access to finance, to achieve better education, employment and skills, and to promote trade, competition and innovation. (EBRD 27-07-2016)
Report: What's Holding Back the Private Sector in MENA?
Report page

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