MEMORANDUM

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SUMMARY

STATE OF THE UNION 2016: STRENGTHENING EUROPEAN INVESTMENTS FOR JOBS AND GROWTH

"Europe must invest strongly in its youth, in its jobseekers, in its start-ups. The EUR 315 billion Investment Plan for Europe has already raised EUR 116 billion in investments in its first year of operation. And now we are going to take it global." – President Juncker, State of the Union 2016

On the occasion of President Juncker's 2016 State of the Union address, the Commission today set out how it plans to further boost investment to support jobs and sustainable growth, both in Europe and globally. The Commission proposes

- to extend its successful European Fund for Strategic Investments, at the heart of its **Investment Plan for Europe**, to increase its firepower and reinforce its strengths;

and

- to set up a new **European External Investment Plan** (EIP) to encourage investment in Africa and the EU Neighbourhood to strengthen our partnerships and contribute to achieve the Sustainable Development Goals.

High Representativeof the Union for Foreign Affairs and Security Policy/Vice-President of the Commission, Federica **Mogherini,** said: "*If we look at the Middle East and Africa, we see regions with a huge potential that is being held back by war, poverty, the lack of infrastructure, and weak governance. Our European Union is already the first donor worldwide: we invest more in development cooperation than the rest of the world combined. But we also know that public resources cannot be sufficient if we want to untap this huge potential and achieve the sustainable development goals. European firms are already creating jobs and growth in our entire neighbourhood and in Africa, for the benefit of our partners and of the European citizens. While creating the conditions for Europeans to expand their business and move into new countries, the new External Investment Plan will support our partners' economies and societies, as well as our strategic foreign policy goals, from security to global development."*

Vice-President Kristalina **Georgieva**, responsible for Budget and Human Resources, said:

"At a time of growing needs and shrinking resources, the EU has to come up with new ways to make public funding stretch further. We've done so again today, using the power of the EU budget to trigger investment that will create more jobs in Europe and tackle the root causes of migration abroad."

Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, said: "*The Investment Plan for Europe has proven itself to be a success. We are providing additional financing for innovative projects and SMEs under the European Fund for Strategic Investments; we are helping businesses prepare funding applications through the Advisory Hub; we are letting investors worldwide know what investment opportunities exist in Europe through the Project Portal; and we are bringing down barriers to investment through the Capital Markets Union and other EU initiatives. I am very satisfied with the Investment Plan's results so far and I look forward to discussing our new proposal with Members of the European Parliament and Member States in the weeks to come.*"

I. The Investment Plan for Europe

In November 2014, the Commission announced the Investment Plan for Europe only three weeks after taking office, with the European Investment Bank (EIB) as its strategic partner. After a successful first year, the European Fund for Strategic Investments (EFSI) – the heart of the Investment Plan – is already expected to mobilise EUR 116 billion across 26 Member States, benefiting more than 200,000 small and medium-sized enterprises (SMEs).

Given the success of the plan so far and its encouraging signals to sustainably increase low investment levels in Europe, the Commission is committed to doubling the EFSI, in terms of duration and financial capacity, providing the necessary certainty to promoters and allowing for it to be continued in the future.

Today the Commission presents a legal extension that would bring the initial three-year period (2015-2018) with a target of EUR 315 billion to at least half a trillion euro investments by 2020, the end of the current Multiannual Financial Framework. To enhance the firepower of the EFSI even further and to reach the aim of doubling the investment target, the Commission calls on Member States to also contribute. For the period after 2020, the Commission intends to put forward proposals to ensure that strategic investment will continue at a sustainable level.

The Commission also wants to stress the importance of additionality by mobilising an even greater amount of private financing. EFSI2.0 will put the focus on financing more cross-border and sustainable projects, linking the EFSI to the ambitious targets from COP21 climate deal. And the Commission proposes to increase transparency even further by detailing exactly why each project was chosen and how it meets the criteria set out in the EFSI Regulation, proving its "additionalilty".

To improve the EFSI further, the Commission plans to address the issue of geographical coverage by placing stronger emphasis on providing local, technical assistance in the Member States to those who wish to bid for funding. It also proposes to further simplify the combination of EFSI funding applications with other funding sources in the EU, such as the European Structural and Investment (ESI) funds.

Given its success, the EFSI SME window was scaled up already in July 2016 by transferring EUR 500 million of the EU guarantee from the Infrastructure and Innovation window. Furthermore, the Commission proposes to reinforce the social dimension of the EFSI by increasing the total amount of financial instruments in support of social enterprises and microfinance from EUR 193 million to EUR 1 billion, which is expected to mobilise almost EUR 3 billion in overall investment.

II. The European External Investment Plan

The Commission also announces today a new European External Investment Plan (EIP). The instrument will allow for the boosting of investments in Africa and EU Neighbourhood countries, in particular to support social and economic infrastructure and SMEs, by addressing obstacles to private investment. With an input of EUR 3.35 billion from the EU budget and the European Development Fund, the EIP will support innovative guarantees and similar instruments in support of private investment, enabling the EIP to mobilise up to EUR 44 billion of investments. If Member States and other partners match the EU's contribution, the total amount could reach EUR 88 billion.

By unlocking investments in partner countries, the EIP will contribute to implementing the 2030 Agenda on Sustainable Development Goals and the Addis Agenda on Financing for Development. It will also provide a key contribution to addressing the root causes of migration, reinforcing our partnerships and looking at the long term drivers behind the large movements of population.

The EIP consists of three complementary pillars:

- Mobilising investment by combining existing investment facilities with a new guarantee within the new European Fund for Sustainable Development (EFSD).The EFSD will be composed of two regional investment platforms for Africa and the Neighbourhood.
- Stepping up technical assistance for broader policy environment to support public authorities and companies in partner countries. The aim is to help them to better prepare and promote projects and attract more investment.
- Improving the general business environment by fostering good governance, fighting corruption, removing barriers to investment and market distortions.

In addition, the European Investment Bank (EIB)'s lending operations form an integral part of the EIP. For this purpose, the Commission will expand the EU budget guarantee under the EIB External Lending Mandate by a total of EUR 5.3 billion. In total, the EIB will thus lend up to EUR 32.3 billion under the EU guarantee between 2014 and 2020.

The EIP offers an integrated framework enabling full cooperation among the EU, Member States, partner countries, international financial institutions, donors and the private sector. It will improve the way in which scarce public funds are used and the way public authorities and private investors work together on investment projects.

Through the EIP the EU will take a further step to contribute to the global architecture for development and management of migration, the two themes that will be at the centre of the discussion during the upcoming UN General Assembly.

Background:

Since November 2014, the Commission has mobilised significant EU financial resources in an innovative way that maximises the impact of public funds and mobilises private investment. Sustainable investment, in particular in infrastructure and small and medium-sized companies, has been at the centre of its political action, notably through a more efficient use of the limited resources of the EU budget, accompanied by measures improving the general business environment. Outside the EU, this new approach will also be useful to address the multiple challenges both in the EU Neighbourhood and in Africa.

The Investment Plan for Europe consists of three pillars. First, the European Fund for Strategic Investments which provides an EU guarantee to mobilise private investment. Second, the European Investment Advisory Hub and the European Investment Project Portal which help investment projects reach the real economy by providing technical assistance and greater visibility of investment opportunities. Third, removing regulatory barriers to investment both nationally and at EU level.

The European Investment Advisory Hub was launched on 1 September 2015. Project promoters, public authorities and private companies can receive technical support to help get their projects off the ground, make them investment-ready. They can get advice on suitable funding sources, and access a unique range of technical and financial expertise. In order to provide investors with more visibility of what investment opportunities exist in the EU, the Commission created the European Investment Project Portal, which went live on 1 June 2016. Project promoters can submit their projects online, where they are matched with relevant investment opportunities – a kind of match-making service.

As for removing barriers to investment, the Commission has already tabled concrete initiatives to help support investment and facilitate the financing of the real economy, such as lowering capital charges for insurance and reinsurance companies as regards infrastructure investments.In addition, the Energy Union, the Capital Markets Union, the Single Market and the Digital Single Market Strategies, as well as the Circular Economy package all contain specific measures that will remove barriers, promote innovation and further improve the environment for investment, if fully implemented. Moreover, Member States must continue to implement the necessary reforms to remove obstacles to investment identified in the context of the European Semester in areas such insolvency, public procurement, judicial systems and the efficiency of public administration or sector-specific regulations.

Investment is also a key factor in transforming development policy and assistance in order to better support achieving the Sustainable Development Goals, and address the multiple challenges faced in both the EU's Neighbourhood and Africa. Smart and sustainable investment can play an essential role in boosting jobs and growth in developing countries, bringing in more stability and improving conditions on the ground in fragile countries affected by conflict.

Some of the main challenges for developing countries remain achieving inclusive and sustainable growth and employment. As regards foreign direct investment (FDI) going to developing countries, only 6% goes to fragile countries[1], pushing down the investment per capita to a level almost five times lower than in other developing countries. Similarly, the cost to start a business is almost three times higher in fragile countries than in non-fragile countries. Growth in Africa has slowed to the weakest levels since 2009, notwithstanding continued demographic growth. Combined with significant security issues, this trend exacerbates poverty.

In recent years, the EU has worked to address the most urgent needs of migrants and refugees from Africa and the EU Neighbourhood. The EU also supports host communities in partner countries.

On 7 June 2016, the European Commission adopted a Communication establishing a new Partnership Framework with third countries under the European Agenda on Migration, through which the EU has significantly increased its support to partner countries for managing migration and refugees. The launch and rapid deployment of the initial €1.8 billion EU Emergency Trust Fund for Africa is a tangible example. To date, projects worth around €930 million have been approved under the Trust Fund and the first ones have started to be implemented on the ground. Projects range from improving capacities to better manage migrant and refugee flows, to more long-term support addressing resilience, stability and job creation with a particular focus on youth.

Another example is the EU Regional Trust Fund in Response to the Syrian Crisis. The Fund provides for a more coherent, faster and integrated EU response to the crisis by merging various EU financial instruments and contributions from Member States into one single flexible and quick mechanism with a target volume of €1 billion, primarily longer-term resilience needs of Syrian refugees in Neighbourhood countries, as well as supporting host communities and their administrations. The Fund has now reached a total volume of €733 million.

The Sustainable Development Goals are part of the UN 2030 Agenda for Sustainable Development, of which the Addis Ababa Action Agenda on Financing for Development is an essential part. In Addis, the international community acknowledged that for development efforts to take hold, Official development Assistance (ODA) would have to be complemented by changes in countries practices (i.a. domestic resource mobilisation) and global practices (also in order to generate investments and to promote affordable and stable access to credit). These changes are required so that the international community can support partner countries in tackling economic, social, and environmental challenges.

The Communication: "*Strengthening European Investments for jobs and growth: Towards a second phase of the European Fund for Strategic Investments and a new European External Investment Plan*" is available here

[1] In 2012, this figure amounted to USD 38.7 billion according to the OECD (2015) 'States of Fragility' report.(EC 14-09-2016)

STATE OF THE UNION 2016: EUROPEAN EXTERNAL INVESTMENT PLAN: QUESTIONS AND ANSWERS

The European Commission proposes a new European External Investment Plan (EEIP) to encourage investment in Africa and the EU Neighbourhood to strengthen our partnerships and contribute to achieve the Sustainable Development Goals.

Why do we need the EU External Investment Plan?

Some of the main challenges for developing countries remain achieving inclusive and sustainable growth and creating jobs. The investment climate and the overall policy environment in the EU Neighbourhood and in Africa are not always supportive of private sector investment. This is particularly evident in fragile, conflict- and violence-affected countries, some of which are important countries from where irregular migrants originate.

Foreign Direct Investment (FDI) and other private financial flows have declined across developing countries since the 2008 financial crisis. In 2012, only 6% (€ 34.6 billion) of total global FDI to developing countries went to countries on the fragile states list. This was an average investment of €27 per capita compared to an average of €128 per capita in other developing countries. Among those on the fragile states list, the majority of FDI is attracted by resources-rich countries, with 72% concentrated in ten countries in 2012. This clearly marks a gap in investment and the added-value targeted action by the European Union can have.

What is new about the European External Investment Plan (EIP) and how does it add value?

The EIP sets out a coherent and consistent approach and its implementation will allow the EU to lead by example in developing more effective partnerships, with partner countries and at the same time implementing international commitments on financing for development. Grants remain essential but we need to go beyond classical development assistance, using guarantees and innovative financial instruments to support investment, trade, domestic resource mobilisation and good governance and multiply the impact on the ground. The EIP will improve the way in which public funds are used and the way public authorities and private investors work together on investment projects. The EIP provides, for the first time, a coherent overall framework to improve investment in Africa and the Neighbourhood, in order to promote sustainable investment and tackle some of the root causes of migration. It will do so by leveraging funds from the EU, its Member States, other donors, financial institutions and the private sector.

Furthermore, it offers a guarantee to the private sector to invest in contexts that are politically more risky than others, and it addresses the key factors that enable crowding-in private investment where investors would not otherwise go.

Investments will mainly be targeted to improve social and economic infrastructure, for example municipal infrastructure and proximity services, and on providing support to SMEs, microfinance and job creation projects.

What is already happening today, and is the EU drawing on lessons learnt?

The European Commission is drawing on the experience with existing investment programmes at EU level, for example, through the current EU blending framework. Blending is the use of a limited amount of EU money (grants) to mobilise additional support, for instance in the form of loans, from financial institutions and from the private sector to strengthen the development impact of investment projects. This way, the European Union already supports investments in modern infrastructure and access to finance for Micro Small and Medium Enterprises (MSMEs) in partner countries. The EIP will draw on these lessons and enable the EU, international financial institutions, donors, public authorities and the private sector to cooperate fully in a coordinated way.

The External Investment Plan also builds on the experience gained with the very successful Investment Plan for Europe. Its European Fund for Strategic Investments (EFSI) mobilised close to EUR 116 billion across 26 Member States in less than a year. During the same period, more than 200,000 SMEs have already benefitted from the EFSI.

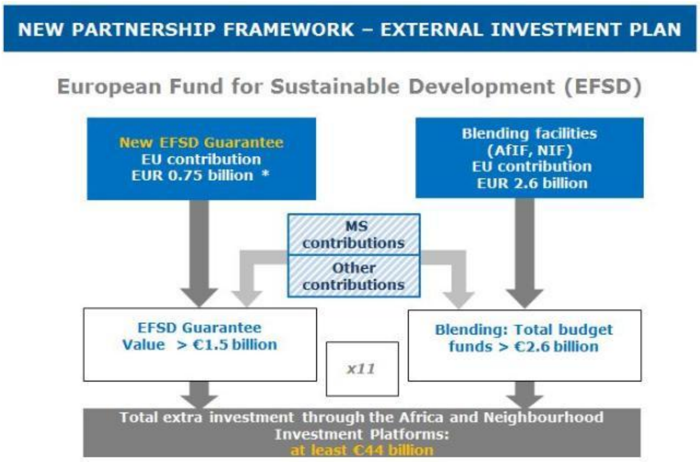
How does the EIP work?

The EIP will be based on three pillars:

- Pillar 1: a new investment fund, the European Fund for Sustainable Development (EFSD), which blending activities with a new guarantee to address and unblock bottlenecks to private investment.
- The EFSD will include two Regional Investment Platforms (Africa and EU Neighbourhood). They will combine existing blending instruments and will operate as a one-stop-shop to receive proposals from financial institutions and other public and private investors.
- The EFSD will also provide for a new guarantee, which will be passed on to intermediary financing institutions, which in turn will lend support, via loans, guarantees, equity or similar products, to final beneficiaries. The objective is to leverage additional financing, in particular from the private sector, as the EFSD guarantee will reduce the risk for private investment and absorb potential losses incurred by eligible counterparts, for example public financing institutions and private sector investors.
- Pillar 2: technical assistance for broader policy environment to help local authorities and companies develop a higher number of sustainable projects and attract investors, in order to further engage the private sector. The instruments available under the EFSD will be accessible to all investors through the provision of integrated services, offered by one-stop-shop.
- Pillar 3: a range of dedicated thematic, national and regional EU development cooperation programmes, combined with structured political dialogue targeted at improving the investment climate and the overall policy environment in the countries concerned.

In addition, the European Investment Bank (EIB)'s lending operations form an integral part of the EIP. For this purpose, the Commission will expand the EU budget guarantee under the EIB External Lending Mandate by a total of EUR 5.3 billion. This includes a EUR 3.7 billion EU guarantee in support of the EIB Resilience Initiative in the Southern Neighbourhood and Western Balkans, which aims to mobilise additional financing in support of sustainable growth, vital infrastructure and social cohesion in Southern Neighbourhood and Western Balkan countries. Like the EIP itself, the EIB has developed the Resilience Initiative in response to a call by the European Council.

Including these new resources, the EIB will be able to lend up to EUR 32.3 billion under the EU guarantee between 2014 and 2020.



* Plus a EUR 0.75 billion contingent liability.

How will Member States contribute?

Contributions from the Member States will benefit from the overall advantages of the new Investment Plan including coherence between actions on access to finance, technical assistance and business environment. In addition, there will be specific advantages for Member States' contributions. They do not have to take the form of cash payments, but could also be provided as second-loss guarantees. In that case, they would be relied upon only in a second stage after use of the EU guarantee. Furthermore, Member States could earmark their contributions for particular regions or sectors.

What role will the European Investment Bank (EIB) play in the EIP?

As the EU Bank, the EIB plays a key role in the EIP, notably via its implementation of the Resilience Initiative in the Southern Neighbourhood and Western Balkans (see above), the EIB External Lending Mandate and the EIB's operations in Africa under the ACP Investment Facility.

For the EFSD, the EIB, in addition to being one of the key implementing financial institutions, will provide an advisory role to further strengthen the quality and impact of the investment strategy. The EIB will also support the EIP by financing investments eligible under the EFSD and catalysing other sources of finance, in particular from the private sector.

The launch of the new EFSD proposal alongside changes to the ELM to facilitate further EIB lending, as part of a package, will ensure coherence between EU and other actors in the field of external investment to maximise effectiveness of available funding.

Who will be eligible to receive support through the EIP?

Public and private sector bodies are eligible counterparts and may submit investment proposals under the investment windows and sign guarantee agreements with the Commission, subject to the relevant financial assessments being carried out by by external, independent experts, for the Commission.

What will be the key criteria for investment proposals in order to get support through the EIP?

The investment proposals will have to:

- contribute to economic and social development, with a focus on sustainability and job creation, particularly for youth and women, and dealing with addressing the root causes of irregular migration;
- target socio-economic sectors (for example, infrastructure including energy, water, transport, ICT, environment, social infrastructure, human capital) and finance in favour of micro, small and medium-sized enterprises. Particular focus will be on private sector development;
- maximise private sector leverage by addressing bottlenecks to investment;
- be additional to the market and other instruments, in particular instruments funded by EU and Member State budgets, including EIB existing facilities and mandates;
- support the objectives of EU policies and with the relevant policy and political dialogues with partner countries, regional and multilateral fora as well as be aligned with partner countries' policies.

Which countries are targeted by the EIP?

As a start, African and EU Neighbourhood countries are eligible and can be supported, with the objective of addressing investment bottlenecks and contributing to sustainable development and job creation.

Where will the money come from?

The funding which will be used to finance and attract investments from other sources will come from the EU budget and other sources, including the European Development Fund. It will consist of EU funds totalling EUR 3.35 billion until 2020.

Additional funds could from Member States and other partners. If Member States match the EU contribution to the guarantee, this would bring the total investment volume to EUR 62 billion. If they also match the EU contribution to the blending, it would generate total investments of up to EUR 88 billion.

Can you give examples of types of projects that might in the future benefit from this new type of financing?

EU development cooperation already supports initiatives to enhance private sector engagement with a focus on blending. For example:

The Electrification Financing Initiative (ElectriFI), elaborated in close cooperation with representatives of the private sector and financing institutions, is a flexible tool aiming to support investments to facilitate access to reliable, affordable and sustainable electricity and energy services for populations in rural, underserved areas as well as in areas affected by unreliable power supply.

The SANAD Fund for MSMEs was established in August 2011 as a response to the Arab Spring. As MSMEs account for 60 % of GDP and 70 % of employment in the Middle East and North Africa, they are crucial to a vibrant economy and job market. SANAD provides financial instruments such as loans, subordinated debt, guarantees and equity to local partner financial institutions, but is not only limited to financial assistance. In addition, a Technical Facility, which is co-financed by the EU with €2 million, offers capacity building and support to PFIs, hence increasing the sustainability of the overall approach.

More information on the first results of the implementation of the blending facilities can be found in the Annual reports prepared for every blending framework:
https://ec.europa.eu/europeaid/policies/innovative-financial-instruments-blending_en

What is an "investment window" and what are possible thematic/sectorial/geographical investment windows?

An investment window is a targeted area for intervention in specific regions and/or partner countries, in specific sectors, in specific projects and/or for specific final beneficiaries. The targeted area is to be funded by specific eligible instruments to be covered by the EU Guarantee up to a fixed amount.

It will be crucial to identify if there is a specific market demand for or failure preventing certain investments, and also to assess if necessary markets can be created, which would not be developed without the access to the Guarantee.

Examples of investment windows could be:

An employment window in a region: to support industrial parks for increased employment creation in demand-driven markets;

An agriculture window: to increase agricultural productivity in areas with potential for high growth and exports;

An infrastructure window: to support transport infrastructure to connect areas of high agricultural productivity to local, regional and international markets, or to bring communications means to remote locations.

How will European companies benefit?

The Commission will consider appropriate project-based partnerships with private sector actors and increased visibility of investment opportunities outside the EU, in cooperation with partner countries. Defined investment windows under the EIP will provide for a closer and more targeted identification of priority areas in which private sector investors could tailor investment proposals; while the guarantee allows for risk-sharing.

New funding opportunities together with targeted work to improve the business environment and investment climate (under pillar 3 of the EIP) in the partner countries will create a "win-win" situation: for the local private sector to become more active and EU companies who wish to expand into developing countries.

Direct interaction with companies and their sectorial associations will also be sought through sector-level dialogue mechanisms to encourage more private sector engagement and market-based solutions in sustainable agriculture and agribusiness, sustainable energy, infrastructure and social sectors.

How can an International Financing Institution (IFI) propose a project?

The IFI verifies with the Secretariat of the Fund, managed by the European Commission, that the suggested portfolio would fit under an existing investment window. If not, the IFI may adapt it and re-submit. If it does correspond to an existing investment window, the IFI will develop a full proposal, indicating all the relevant modalities, including the additionality of the portfolio, the suggested guarantee conditions, etc.).

On the basis of an assessment made by external, independent experts, the Commission forms an opinion on the proposal regarding its financial aspects, taking into consideration the due diligence of prospective partners, the risks involved, pricing, etc. Moreover, the Commission assesses the political and general coordination aspects after relevant consultations.

In technical assessment meetings, a number of portfolios or projects submitted by different IFIs will be analysed. In the case of a positive assessment from the technical meeting, the portfolio is brought to the Operational Board, where EU Member States are represented.

After the Operational Board has given its opinion, the European Commission and the IFI sign an agreement, which will allow the IFI to contract all individual projects to be guaranteed under the portfolio. All actors involved will aim at an as smooth and efficient process as possible, in order to ensure short handling times and rapid certainty for all actors involved.

How can an individual company submit a project?

Through the EIP-Web portal, that will be established, the interested company can request a guarantee for an investment project.

Should the project not qualify for the EFSD Guarantee and since in general the guarantee would be passed through a finance institution, the Secretariat will suggest to the company a list of relevant financial institutions, which are active in the respective region of interest. The company can thus contact the financial institutions concerned for possible funding outside of the EU Guarantee coverage.

In case the project qualifies for the EFSD Guarantee and an investment window for the proposed project type exists (in terms of policy objectives, risk and pricing), the Secretariat will put the company in contact with the International Financing Institution (IFI) managing that window. The IFI will be able to accept or refuse, being however obliged to report their decision as well as the reasons to the Secretariat.

If there is no investment window, the Secretariat will issue a call for interest to all IFIs to identify whether any IFI is interested to either establish a new investment window or simply to support the project presented by that company.

Once an agreement is reached between the company and the IFI, the two together will fully develop the project and submit the project proposal to the Secretariat. For this, the procedure described above will apply.

How are you going to make sure that it makes a difference in people's lives, i.e that the efforts will actually translate into jobs and growth? How will you communicate the results of the efforts?

The Commission will closely monitor the progress of the EIP as we monitor the progress that the EU as a whole makes on its collective commitments on financing for development. The European Commission will report annually to the European Parliament and the Council on the activities related to this Plan. The Commission will also publish an annual activity report providing an overview of the financed projects. In addition, for each operation, a communication plan will be prepared by the selected eligible financiers to present the projects and results. (EC 14-09-2016)

INHAMBANE PROVINCE, MOZAMBIQUE SEEKS INVESTORS IN FUJIAN

A delegation from the Mozambican province of Inhambane, headed by Governor Daniel Chapo, visited Fujian province in southern China, looking for potential investors for the infrastructure sector, according to Mozambican newspaper Noticias.

The mission, which included heads of the fisheries, sea, tourism, culture and trade sectors as well as the head of Investment Promotion Centre seeks investors for the construction of the Mapinhane-Pafúri road, on the border with South Africa, whose investment is estimated at US$700 million, and for a cement factory in Pambara.

The construction of a fishing port is also on Inhambane’s list of priorities, along with the installation of a fish processing plant, as well as the installation of a unit for fruit processing.

Governor Chapo said the visit had enabled contacts for investments in the Limpopo Development Corridor, in projects in the fisheries, horticulture and agricultural sectors in particular, with the possibility of installing processing units.

Fujian province, with an area of 121,000 square kilometres and a population of about 38 million is one of the richest provinces in China and is home to factories owned by Boeing, Dell, GE, Kodak, Nokia, Siemens, Swire, TDK and Panasonic .

The province's main industries are rice production, fishing, fruit and sugar. (14-09-2016)

ETHIOPIA DISCLOSES PLANS TO PRODUCE OVER 7M QUINTALS OF SUGAR IN A YEAR

The Ethiopian Sugar Corporation is set to produce over seven million quintals of sugar during the Ethiopian New Year, APA learns here Wednesday.

Abraham Demise, the Corporation's Deputy Chief Executive Officer on Wednesday told APA that preparations have been finalized to attain the target and fully meet local demand in the New Year.

The long awaited Omo-Kuraz I and II sugar factories will enter into production in January, he said

Once they begin production, the two factories will be able to produce 12,000 quintals by crushing 12,000 tonnes of sugarcane per day.

The amount of sugar to be produced from these two new factories, together with production from the existing ones helps the country fulfill local demand and export surplus products, he indicated.

The East African nation has recently inaugurated new sugar factories including the biggest Tendaho Sugar Factory, which will enter into full production phases this budget year.

The Ethiopian Sugar Corporation has also disclosed that it is building seven new sugar factories on top of the existing six factories.(APA 14-09-2016)

BOTSWANA MULLS ABOLITION OF BUSINESS LICENSING

Botswana's Ministry of Investment, Trade and Industry might consider doing away with licensing of businesses except for those which have impact on the environmental, human health and safety, state run DailyNews reported here Monday.

The paper quotes Minister Vincent Seretse as saying that doing away with licensing will improve the ease of doing business as licenses are sometimes seen as an impediment to trade.

In this regard, Seretse reportedly said the government has developed the Doing Business Roadmap for Botswana, whose recommendations were approved in December 2014, as well as development of the draft bill to this effect.

Seretse is also quoted as saying that in order to achieve this, there was need for an intensive review of the Trade Act, 2003 and its subsidiary legislation, a process which he said had already commenced.

The minister however emphasised that doing away with licensing would not open up trade in reserved business activities to non-citizen-owned businesses as the reservation would remain in force. (APA 12-09-2016)

MUGABE'S BELEAGUERED REGIME DUMPS PLAN TO SLASH PUBLIC SERVICE

Zimbabwe's government has dropped plans to cut public sector jobs and bonuses less than a week after they were announced as activists call for more protests against economic mismanagement.

Finance Minister Patrick Chinamasa announced the unpopular cuts last Thursday, saying they were essential to rein in spending and a ballooning budget deficit.

But, six days later, Information Minister Christopher Mushohwe said the cabinet rejected the proposals, which included a plan to reduce purchases of local maize.

The about-turn raises questions on how Harare plans to tackle a financial crunch that has fuelled protests and alarmed neighbours.

"The president and cabinet want to assure the civil servants, the farmers and the public at large that the proposed measures are not friendly," Mushohwe said on Wednesday.

"After extensive deliberations, cost-cutting measures relating to the civil service were rejected."

Angry mass protests

Cuts in the wage bill, which ate up 97% of Zimbabwe's total revenue from January to June, were a central part of the reforms Chinamasa is pursuing as he seeks new funding from lenders.

Anger over cash shortages, citizens being unable to pay for utilities like water and electricity and a jobless rate above 80% has spilled onto the streets, leading to violent clashes between protesters and police.

The police slapped a month-long ban on protests against the government and President Robert Mugabe, 92.

But opposition parties shrugged off the ban, and said they would press on with Saturday's countrywide demonstrations.

Zimbabwe has been struggling to pay workers on time for the past three months and managed to settle outstanding 2015 bonuses for some public servants only in July.

The government has not announced pay dates for September. Soldiers, who are paid on the 14th of every month, said they were not paid on Wednesday.

Zimbabwe plans to introduce local bank notes next month alongside the US dollar, which Zimbabweans fear could open the door to rampant printing of cash, as happened in 2008 when sky-high inflation wiped out savings. (Reuters 14-09-2016)

MOZAMBIQUE SHOULD TAKE ADVANTAGE OF ITS NATURAL RESOURCES, SAYS PRESIDENT NYUSI

Mozambique's President, Filipe Nyusi in Manica on Monday, said Mozambique should start to take advantage of its natural wealth, daily newspaper Notícias reported.

Speaking at the opening of the First Business Forum of the Agricultural and Fishing sectors, the Head of State recalled that agriculture is the basis for the development of Mozambique but only contributes 25% to the country's Gross Domestic Product (GDP).

"Less than 4% use fertilizer, less than 5% use pesticides, less than 10% adopt improved seeds, only 4% use agricultural mechanization systems, less than 6% have access to credit, about 9% have access to agricultural extension services and only 25% regularly sells products on the market," said Nyusi adding that this situation must be reversed.

According to the president of Mozambique "the country should get over this shame of having unexplored natural resources, 41 years after independence." "We should look at the agricultural, livestock and fishing sectors as starting points for this change," he added.

Nyusi also suggested that fishing should be reactivated as Mozambique has vast potential in this area both in the sea and rivers and lakes. (14-09-2016)

NIGERIA EARNS OVER $5.6BN FROM CRUDE OIL EXPORT IN Q2

Nigeria earned N1.735 trillion (about $5.6bn) from the export of crude oil and gas out of N1.872 trillion earned from exports during the second quarter of 2016.

According to the second quarter foreign trade statistics released by the National Bureau of Statistics, earnings from oil and gas accounted for or 92.9 percent of the total export value.

The figures also showed that the natural liquefied gas recorded ₦198 billion of the total export value during the second quarter of the year.

Besides Nigeria's crude oil production dropped by 51,000 barrels per day (bpd) from the 1.520 million barrels per day it recorded in July to 1.468 mbpd in August, according to the August report of the Organisation of Petroleum Exporting Countries (OPEC).

A report by a local newspaper, the Guardian said that Nigeria imported N296.1 billion worth of petrol during the quarter under review.

The report added that out of the total N402 billion export earnings from India in the quarter under review, crude oil accounted for N362 billion while non-oil was N39.727 billion.

According to the report, Nigeria recorded N10.928 billion from non-oil export to the United States, while crude oil accounted for larger sum of N224.081 billion. (APA 14-09-2016)

NIGERIA'S BENUE STATE SIGNS MOU WITH US FIRM FOR $1BN AGRO-ALLIED CONTRACT

The Benue State Governor, Mr. Samuel Ortom, has expressed the determination of his government to partner with foreign and local investors to move the state forward and urged investors to invest in the state.

Speaking during the signing of the Memorandum of Understanding (MoU) with an America-based company, Juma International for the $1 billion agro-allied contract in Makurdi, Ortom said that the move was geared towards achieving his administration's objective of wealth creation for the Benue people.

According to a report by a local newspaper, the Sun, Senator Joseph Waku, who brought the investors to the state, said that the agreement was in the areas of agro-allied and clean water solutions and that over 15, 000 career jobs would be created for the people of the state.

In his remarks, the Managing Director/Chief Executive Officer of the company, Mr. Nelson Smith, said that the company's investment in the state would cover five areas.

The areas, according to him, include economic prosperity and empowerment, financing and science, proficiency and efficiency, social responsibility and hedging.(APA 12-09-2016)

FACEBOOK ANNOUNCES FEATURE FOR SOUTH AFRICAN BUSINESSES

Facebook is supporting South African businesses that want to grow internationally by providing them with powerful new tools and resources that enable them to connect with people in new countries. These new solutions help small businesses become large and local businesses become global.

More than 1 billion people on Facebook are connected to at least one business in a foreign country, and 1.57 billion people visit Facebook each month on mobile devices. In South Africa, 52% of people on Facebook are connected to a business in a foreign country and 63% are connected to a South African company.

Businesses can now use a new feature in the Lookalike Audiences tool to reach customers in new countries who are similar to their existing ones. They can do this by uploading a list of existing customers or high-potential leads.

Advertisers with website conversion or mobile app install objectives can use Facebook's extended location targeting capabilities by selecting a worldwide region or trade zone. Facebook will deliver ads to selected regions and then optimise delivery to the countries with the greatest return.

Facebook is also introducing solutions to help businesses optimise their global campaign strategy, including webinars on international marketing with Facebook and a handbook on finding the right customers in new countries.

Says Nunu Ntshingila, Head of Africa Facebook: "In today's globally connected world, mobile technology creates new opportunities for businesses to find more customers in other countries. On mobile, and on Facebook, people engage with the things that matter to them even outside their home countries making it an exciting way for small businesses to build a global community as easily as they could connect with people who live just down the road."

Many entrepreneurial South African companies are already using Facebook to connect with people around the world. For example, NinjApparel, a specialist in men's fashion e-commerce, started in South Africa. It now uses Facebook's custom Audiences, lookalike Audiences, location and interest based targeting, and Dynamic Ads to target a global audience.

Today, it spends 90%+ of its marketing budget on Facebook and Instagram and has customers from North America, Europe, Australia and New Zealand.

People in South Africa are also connected to businesses in other countries – the top 5 are US, UK, Australia, India and Canada. Over 40 million people from around the world are connected to a business in South Africa and across Europe; people from South Africa are connected to businesses in UK, Turkey, Italy, Germany and France. (IT News Africa 13-09-2016)

PRESIDENT OF MOZAMBIQUE VISITS UNITED STATES FOR ECONOMIC MEETINGS

The President of the Republic of Mozambique, Filipe Nyusi on Wednesday is due to start a visit to the United States with an economic and political agenda intended to overcome the difficulties facing the country involving the World Bank and the International Monetary Fund (IMF).

On this trip, the President is accompanied by the Ministers of Foreign Affairs and Cooperation, Oldemiro Baloi, Industry and Trade, Max Tonela, and Earth and Environment and Rural Development, Celso Correia.

Nyusi's meetings in Washington include one with US Secretary of State, John Kerry, the World Bank President Jim Yong Kim and the director of the IMF, Christine Lagarde.

Mozambican diplomatic sources cited by the press, consider that the bilateral relations between Mozambique and the United States and with the Bretton Woods institutions are good but were somewhat affected by the disclosure of hidden Mozambican public debt.

President Nyusi will meet with Gayle Smith, administrator of the US Agency for International Development (USAID), which is currently supporting projects to increase agricultural incomes of small farmers in the provinces of Nampula, Zambezia, Manica and Tete . (14-09-2016)

SENEGAL: 410,000 TONS OF FISH CAUGHT IN 2015

Over 410,000 tons of fish were caught in 2015 in Senegal by artisanal, industrial and aquaculture fisheries, the Assistant Director of Marine Fisheries, Sidya Diouf disclosed Thursday in Dakar.

“In 2015, industrial fisheries produced 49,565 tons as artisanal fisheries landed 361,377 tons. Aquaculture production is estimated at 1,215 tons,” said Diouf who noted that the country had 92 fishing boats and 116 land-based establishments in 2015.

Diouf was making a presentation on the status of fisheries in Senegal as part of a workshop on fisheries subsidies, organized by the Foreign Trade Directorate.

According to Diouf, the market value is estimated at 189 149 tons. “During the year, various types of fishing boats paid 2,570 billion CFA francs as fines. In total, 2,335 fishing trawlers were inspected, of which 646 were inspected at sea and 159 by VMS monitoring,” he said.

He stressed that 8318 fishing canoes were controlled and 13 vessels were boarded of which 9 were Senegalese vessels. “We also identified 19, 009 boats, representing a registration rate of 85.35 percent. The rate of fishing licenses is 40 percent,” he said. (APA 08-09-2016)

DO RWANDESE DESERVE SOUTH AFRICA’S BLANKET BAN ON TRAVEL VISAS DUE TO DIPLOMATIC TENSION?

A Rwandan professional offered employment by a Pretoria-based intergovernmental organisation has been prevented from entering SA. The South African authorities have chosen to take a diplomatic stance against the country by withholding all South African travel visas to Rwandese citizens.

Tensions between the two countries arose after Rwandan fugitives used SA as a base for what a popular Rwandan newspaper calls "subversive operations". The official South African version of events is summarised in the Department of International Relations and Co-operation’s reply to a Parliamentary question regarding the relationship between the two countries. It was clearly stated that the tension between the two countries was a result of the "third assassination attempt on a Rwandan refugee in March 2014".

Both countries have legitimate reasons to be upset. If the official communication of events is true, then SA has every right to take actions to protect its sovereignty. In the same respect, the three refugees (fugitives) had the right to seek and enjoy asylum in SA, an essential human right provided for in Article 14 of the Universal Declaration of Human Rights. Whether or not the three were involved in subversive activities has not been tested in a court of law.

The tension between the two countries shows no sign of being resolved anytime soon. Despite a commitment by SA’s deputy president that "the cocktail of issues" which includes the "easy flow of people between SA and Rwanda" will be addressed, Rwandan citizens are still being denied access to SA. At a World Economic Forum Africa media conference in May 2016, when asked when Rwandans would be allowed to move in and out of SA, Cyril Ramaphosa replied: "We (SA and Rwanda) share a great history together" and went on to state that "we are friends and share bonds of friendship".

Like Ramaphosa, the view that the relationship between the two African countries was normalising was shared by Rwanda’s minister of foreign affairs, Louise Mushikiwabo. She was quoted in a June 2016 article in The New Times, a leading Rwandan newspaper, that "there is no question as to the decisions by both countries to move forward and beyond some of the tension since 2010".

Apart from the diplomatic talk, hardly any visible progress has been made to overcome the tensions, which raises the question: does Rwanda’s actions warrant the blanket ban on travel visas for an entire population? And by doing so, does the ban stifle the commercial, cultural, political, sporting and intergovernmental opportunities.

Rwanda has made enormous progress in overcoming its historical issues, especially in terms of its post-genocide nation building activities. The country’s achievements present an opportunity for SA to learn from its reconciliation process and developmental gains.

The UN Foundation acknowledges some of the remarkable achievements by Rwanda, a country building on the ruin of a genocide and ensuing deep sociopolitical breakdown just 22 years ago. These achievements include that 64% of parliamentary seats are held by women, which is the highest in the world; 17% of its budget is spent on education, and primary and secondary education is compulsory for girls and boys; 90.6% of the population is enrolled in the public health programme; and average annual GDP growth has hovered at 7%-8% since 2003.

Rwanda is the most organised of the 28 African countries I have visited, where local management and community pride is manifested in the clean streets and general upkeep of urban areas. The country sets an example to other African countries on how, despite limited resources and huge adversity, national pride can be created and operationalised. I am a South African that is proud of Rwanda’s achievements.

Rwanda has not retaliated to the travel ban. South Africans are allowed to travel to Rwanda without visa requirements. This is probably because it is not in Rwanda’s national interests to deny access to citizens of one of Africa’s strongest economies. Despite the cause of tension between the two countries, and even if Rwanda is believed to be the initiator, mature states respond in ways that protect their national interests.

There are myriad commercial, geopolitical, strategic and security benefits in maintaining amicable and co-operative relations between the two countries. Despite the diplomatic fallout, Rwanda has been an important destination for South African exports and foreign direct investment since 2010. Exports to Rwanda have been growing steadily and totalled approximately $26m in 2015, which is relatively small, but extremely valuable in the context of Rwanda’s GDP of $8bn.

Putting in place a blanket ban on all citizens of a country because of a security violation, demonstrates short-sightedness that conflates an isolated security issue with the wide-ranging and multidimensional nature of international co-operation. It also points to a disproportionate and warped view of security considerations when deciding on ‘national interests’.

SA has so much more that it should be considering when it comes to national interests, other than a security threat from a country whose GDP is 47 times smaller. I suspect that SA also spends several times more than Rwanda on its security and intelligence services.

Several lessons on how mature states react in similar situations are plentiful. One such case is the poisoning of Alexander Litvinenko a former officer of the Russian security services and KGB. Litvinenko fled to the UK where he received political asylum. A Scotland Yard investigation produced credible evidence that the Russian state was involved in Litvinenko’s poisoning and subsequent death, on British soil.

Although the circumstances of Litvinenko’s death led to diplomatic complications between the British and Russian governments, it did very little to affect commercial, cultural, sporting and human movement between the two countries.

I suspect that the British government considered more than security when a decision needed to be informed by the "best interests" of the country.

Unless the "cocktail of issues" is filled with an unknown lethal mix, I suggest that Pretoria take the more mature approach.(BD)

ETHIOPIA: METER TAXIS TO BEGIN OPERATING IN ADDIS ABABA

Meter taxis are set to begin rendering service in the Ethiopian capital Addis Ababa as of Friday, APA learns here on Thursday.

About 836 meter taxis Thursday arrived in the capital and will begin providing service as of tomorrow (Friday) after the service is officially launched in the precense of high ranking government officials

Yigzaw Dagnaw, Public Relations Head at the Authority, said 26 share and three private companies were permitted to import 1, 163 taxis duty free.(APA 08-09-2016)

KENYA: CASH STRAPPED ENERGY FIRM SELLS LAND TO SUPPORT BUSINESS

Eveready East Africa Limited, one of the region's leading suppliers of dry cell batteries, announced on Thursday it has set in motion plans to dispose of its 18.5 acres piece of land in Nakuru, in Rift Valley to support its business.

In a notice published on 8 September 2016, the listed Company has called an extraordinary general meeting on 6th October 2016 where it will be seeking the greenlight in order to sell the property and change its name to Eveready East Africa PLC.

"The Company's levels of borrowing are unsustainable and the persistent high interest rate regime continues to hurt our business and erode shareholder value," Mr. Jackson Mutua, Eveready's Managing Director said in Nairobi.

According to the published accounts of 2015, the company spent KShs.104.1m ($1.02 million) on finance costs due to its borrowing levels which includes a foreign denominated currency component which contributed significantly to the loss recorded in the year. The Company was profitable at operations.

"This sale is also part of management's strategy to unlock funds for investment in more productive areas of the company" added Mutua.
The Nakuru Property has been largely idle since the company closed its manufacturing facility in 2014.

"A feasibility study conducted on the property failed to give an unequivocal go-ahead for the development of a mixed used complex. Investing in a distribution center in Nairobi complements our retail model and eliminates our property leasing costs," said Mr. Mutua.

The Company's business model changed to a retail one with the cessation of manufacturing in 2014.

The Company said it continues to pursue various initiatives as part of its five-year strategy aimed at increasing the size of its business through diversification and increasing efficiency in its business processes and in that regard recently signed a partnership with Clorox Sub Saharan Africa Ltd to distribute the Clorox® bleach in the Kenyan market.(APA 08-09-2016)

CAR INKS DEAL WORTH 6BN FCFA TO REVAMP HEALTH SECTOR

Central African Republic (CAR) and Cordaid International, a Non-Governmental Organisation, have signed an agreement to implement a project worth 6 million FCFA aimed at upgrading the health system destroyed by years of civil war.

Under the agreement signed Wednesday in Bangui, Cordaid agrees to implement projects in the country's health sector.

CAR's Prime Minister Simplice Sarandji Mathieu, who attended the signing ceremony, called for wise use of the funding in order for the populations to benefit appropriately.

He warned about any scandal related to the mismanagement of this fund.

The fund disbursed by the World Bank is meant for the refurbishment of hospitals, purchase of the equipment and drugs. It will also be used to support the nursing staff in the health facilities.
Cordaid has been active in CAR for nearly 10 years.(APA 08-09-2016)

US TRADE POLICY WILL SHIFT AFTER OBAMA, DAVIES TELLS MPS

SA expects US trade policy to shift under a new president, whether Democrat or Republican, after the November presidential elections.

The administration under President Barack Obama was keen to continue providing eligible African countries with preferential duty-free access on specified products to the American market and drove an extension of the African Growth and Opportunity Act (Agoa).

SA was included in exchange for granting US chicken producers greater access to its market.

Trade and Industry Minister Rob Davies said on Tuesday in Parliament that US trade policy was likely to change because both Hillary Clinton and Donald Trump "have a distinctly different stance on trade policy matters to the Obama administration".

Davies will visit the US in two weeks' time to participate in the last Agoa forum under Obama.

He told the trade and industry portfolio committee that SA had told the European Commission and its EU trade partners that Britain's exit from the EU should not result in a reduction in the access enjoyed by its products to the continent.

The timing and terms of the exit have not yet been negotiated, but SA is positioning itself ahead of the event, which will require it to negotiate a separate trade agreement with the UK, which to date has been incorporated into SA's trade agreement with the EU.

The main element of the economic partnership agreement signed in 2015 between the EU and several southern African states was to determine tariff quotas on products such as sugar and wine, which provided greater access for South African products.

Davies said he had made the point to the EU that when countries joined the bloc — for example, Croatia most recently — "the tariff quotas are not increased. So if there is an exit of Britain we don't expect the tariff quotas to be decreased.

"That is the message we have been sending around. So whatever we negotiate with Britain when it leaves will be different to what the arrangement ought to be with the remainder of the EU."

Focusing on continental integration, Davies said he had been having informal dialogues with the trade ministers of Kenya, Egypt and Nigeria on how to give more impetus to the process of uniting Africa in a free trade area.

The Southern African Customs Union was involved in negotiations on tariff schedules with the East African Community and Egypt.

SA was also looking to conclude a motor industry agreement with Nigeria in terms of which SA would support its motor industry in exchange for SA supplying inputs and completely-built-up units. (APA 14-09-2016)

AFRICAN LEADERS, PARTNERS COMMIT TO A US$30B BOOST FOR AGRICULTURE

Collective pledges amounting to US$30 billion were made by African leaders, business and major development partners towards increasing production, income and employment for farmers and African agriculture businesses.

The commitments were made under the Seize the Moment campaign on Wednesday in Nairobi, Kenya, during the official opening of the sixth African Green Revolution Forum (AGRF) attended by over 1,500 participants from 40 countries.

The Seize the Moment campaign is a frank acknowledgment that much more is needed for African countries to achieve inclusive economic development and ultimately realise the international community's Sustainable Development Goals, reads a statement issued by AGRF on Thursday.

Kenya's President Uhuru Kenyatta officially opened the three-day event of brokering new agricultural initiatives by outlining a clear vision for how agriculture transformation should play out in Kenya and across Africa.

He committed himself to deliver on both the political and policy agenda and also called on his fellow heads of state across Africa to step-up and invest aggressively over the next five years in agriculture-related endeavours.(APA 08-09-2016)

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, SwissCham-Africa 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) and SwissCham-Africa to their Members.

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