MEMORANDUM

N° 202/2015 | 01/12/2015

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SUMMARY

AFRICAN EXCHANGES NEED INNOVATION TO SEDUCE BUSINESS

The continent's stock exchanges are a hard sell to African companies. Of more than 1.5-million businesses registered in Africa, only 1,600 are listed on the stock exchanges of the 23 states that make up the African Securities Exchanges Association (Asea).

At last week's Asea conference in Johannesburg, delegates took a hard look at what Africa's exchanges need to do differently to boost performance and relevance to attract investors and build assets.

Asea president and head of the Nigerian Stock Exchange Oscar Onyema suggested that new ways of engaging business leaders were needed, not just to talk about the benefits offered by Africa's bourses, but for economies more broadly.

Poor corporate governance, he said, was responsible for most company failures in Africa.

The challenges of building up an asset base on a continent in which only about 2% of assets are traded are considerable. The weakness of the many stock exchanges across the continent is that most remain illiquid with little trade and few listed companies — and yet more and more countries want one. But many companies in Africa just don't see the benefits of stock exchanges. There are multiple reasons for this.

One is the structure of Africa's growing firms. Many are family-owned enterprises that are still controlled by the founding families even where they have become large conglomerates. They are generally reluctant to cede management control to shareholders or private equity firms and have no interest in complying with onerous corporate governance and financial regulations.

There are exceptions. Nigeria's Dangote Group, which is still run by its founder, Aliko Dangote, is the largest company on the Nigerian Stock Exchange by market capitalisation. Another problem is the size of most companies in Africa. They are categorised as small and medium enterprises (SMEs) but most are of a size where survival, rather than adherence to western governance standards, is their focus.

Some exchanges, Kenya's for example, have introduced boards to enable SMEs to raise capital and boost their profile. But the take-up has been slow.

Although bank lending is expensive in Africa, it remains the preferred way to raise capital. Companies often prefer to pay the premium than grapple with the intricacies of a stock exchange.

Asea event delegates talked about cultural resistance to transparency by companies that believe it is their proprietary information that keeps them ahead of the game.

A level playing field resulting from greater corporate disclosure is viewed as undermining their competitive advantage. Companies that are listed still often disclose the minimum for compliance purposes, which is out of kilter with the desire by exchanges for more disclosure.

These are all challenges that exchanges have to find innovative ways to tackle. The situation raises the question about whether Africa's smaller bourses, in their quest to attract international investment, tend to adopt regulatory and operational standards and requirements that are out of kilter with their markets. Another challenge is the reluctance by many bourses to expand their offerings and exposure through greater regional integration. Size matters. This was a key message at last week's event.

But sovereignty fears continue to undermine greater collaboration with other exchanges, despite initiatives that are under way in West and East Africa to link exchanges.

However, attitudes and business practices are starting to change in Africa's private sector as the next generation of leaders, open to more modern business practices, step up. To tap into this change, stock exchanges need to change; to find innovative ways to reach out to the African private sector and attract the kind of capital that mobile banking has shown exists in these markets.

As one speaker said last week, "We need to step away from our traditional methods to reach nontraditional assets."(BD 23-11-2015

ANGOLA EXPORTS 624,000 CARATS OF DIAMONDS IN OCTOBER

In October Angola exported 624,000 carats of diamonds, a year on year fall of 16.9 percent, which provided revenues of US$86.1 million (-40.4 percent), according to figures from the Ministry of Geology and Mines.

Each carat was sold at an average price of US$138, according to a ministry report released in Luanda.

In October 2014 Angola exported 751,100 carats of diamonds, which generated revenue of US$144.5 million, at an average price per carat of US$192.

Production in October reached 800,000 carats, an annual increase of 9.7 percent, driving an increase of revenues from diamonds sold, depending on the “quality and quantity of special stones from alluvial production in Cuango, Somiluana, Lulo and Chitotolo.”

In October industrial diamond production in Angola involved ten of the country’s 12 operating mines, with the Catoca mine, in Lunda Norte province, leading production with 576,776 carats in a single month.

In 2014 Angola raised about 10 billion kwanzas in taxes on the US$1.274 billion generated from the sale of 8.6 million carats of diamonds. (24-11-2015)

MOZAMBIQUE APEX BANK SAYS DEVALUATION OF CURRENCY DUE TO ECONOMIC FACTORS

Mozambique's Central Bank, Banco de Mocambique says the sharp devaluation of the country's currency, the metical against the US dollar is the result of cyclical factors and not of the high value of loans contracted for the implementation of some public works, APA learns here on Monday.
Central bank governor, Ernesto Gove is quoted by state-controlled daily newspaper Noticias as saying the dollar had been rising in value globally, reaching worrying levels not only against the metical but also significantly against the Russian ruble, the Brazilian real and some currencies in Southern Africa.

The newspaper says Gove was speaking during a National Conference on Public Debt. Gove denied that works such as construction of the $500 million Maputo ring road and the $750 million Maputo/Catembe bridge as well as setting up tuna company Ematum were the reasons for the sharp devaluation of the national currency.(23-11-2015)

BOTSWANA EXPLORES A FUTURE WITHOUT SPARKLERS

Botswana is world-renowned for two things: awe-inspiring game parks and diamonds. But unlike its timeless natural beauty, the diamonds are not forever. Botswana needs to prepare for an economic future without them.

For years, the government has talked about economic diversification, but in practice little has been done. That’s not to say Botswana has mismanaged its diamond inheritance. It is rightly held up as an example of what can be achieved when natural resources are harnessed responsibly. I feel this keenly because I spent much of the past decade working as a United Nations (UN) sanctions inspector in Sierra Leone, Liberia, Côte d’Ivoire and Angola, trying to stop rebel-controlled "blood diamonds" from contaminating global supply chains.

I have seen the human rights abuses and corruption, and the arms and ammunition bought by conflict diamonds. I have also seen governments fail to harness diamond mining effectively, losing precious tax revenues for the state.

Conversely, Botswana has managed its diamonds wisely since it discovered them in 1967, and has even used its experience of diamonds as a force for good elsewhere. In 2006, when I chaired the UN Group of Experts on Côte d’Ivoire, I worked closely with the presidency of Botswana on the Kimberley Process — an international programme to end links between diamonds and conflict — to help stop Ivorian and Liberian conflict diamonds passing through Ghana’s supply chains.

Botswana is fortunate. It has enjoyed protracted peace and responsible government, underpinned by robust functioning institutions. Its kimberlite diamonds are easily extracted through large-scale industrial mining, avoiding the political and bureaucratic headaches created by smaller-scale artisanal mining that have blighted Zimbabwe’s and Angola’s diamond industries.

Yet unlike Angola’s and Zimbabwe’s, Botswana’s diamonds are running out. So what to do?

In the short term, becoming more efficient and extracting more value from the industry is a good strategy. By late 2013, the largest beneficiation exercise in Africa was completed, with De Beers having relocated its aggregation and sales operations from London to Botswana.

An agreement to move some diamond-cutting to Botswana was also reached in 2011. This has created more domestic jobs, although given the high costs of cutting and polishing diamonds in Botswana compared with Asia, long-term prospects remain uncertain.

In the longer term, economic diversification will be necessary. In 2010, the government launched a programme to reduce the nation's reliance on mining — of nickel, copper, coal and iron ore as well as diamonds — that has registered more than 1,000 new businesses and created about 28,000 jobs so far.

High-end tourism has also grown but, on its own, will not be enough to replace diamonds. Other new industries need to be developed, ranging from agriculture to financial services and manufacturing. An international conference in Gaborone this week run by Chatham House, De Beers and the Botswana government, aims to help encourage a new approach.

Botswana is in a strong position to respond. The government still receives regular cash flow from taxes and royalties on diamond production, and enjoys an enviable reputation globally. It has Africa's fifth-highest per capita income of $7,183, according to data from the International Monetary Fund. Its A2 credit rating from Moody's Investors Service puts it on a par with Poland, and ahead of Hungary and Turkey.

Yet, in an increasingly globalised and competitive world, complacency can easily be punished by investors, and these advantages may not last. Botswana should prepare for the future now, particularly through enhancing human capital and building up new infrastructure.(BD 23-11-2015)

RWANDA FEELS PINCH FROM GLOBAL MINERAL TRADE RESTRICTIONS

Rwanda's State Minister for mines, Evode Imena, on Monday said that his country should no longer be considered a "conflict country", a tag that has sabotaged the East African country's chances of trading freely in minerals across the world.

Coupled with current law prices for Rwanda's basic minerals tin, tungsten and tantalum â€“ Rwanda's minerals are experiencing a shortfall due to current restrictions brought about by the Dodd Frank Act.

The act which orders all countries sharing border with Democratic Republic of Congo (DRC) to implement a mineral tagging scheme to verify the origin of the minerals to curb on the so-called conflict-minerals that aid rebel groups and destabilize communities.

In a hearing last week by the Monetary Policy and Trade sub-Committee of the US House of Representatives, which is assessing the Dodd-Frank Act, Imena told legislators that the act is burdening developing countries and favoring developed nations in the trade of minerals.

"Currently, more money is spent complying with conflict mineral regulation than is spent on government taxes. We would like Rwanda to be considered as conflict-free because there is no conflict in Rwanda," Imena said.

Five years after the act was signed into law by President Barack Obama on July 21, 2010, Rwanda is still judged by the west in the lens of the act, despite being one of the most stable and peaceful countries on the continent.

Imena argued that Rwanda suffers a defacto mineral embargo despite being stable - and requested that the country should be spared the application of the Dodd-Frank Act, which he termed as a blind â€œone size fits all" strategy that does not value the reality on the ground.

Early this month, Rwanda auctioned one of its largest mining sites on 22,000 hectares in the Western Province to four foreign companies which committed to spend at least $38 million in developing the site for a period of fifteen years.

But the current Dodd Frank Act and the international prices are expected to negatively affect the country's revenue targets projected at $400 million from minerals by 2017.(APA 23-11-2015)

MOZAMBIQUE'S FOREIGN DEBT REMAINS SUSTAINABLE AT $7BN

Mozambique's Minister of Finance and Economy, Adriano Maleiane has on Monday said the country's foreign debt is still at sustainable levels after a government move to keep the key ratio between the net present value of the debt and Gross Domestic Product (GDP) to below the ceiling of 40 percent.
"In 2014, that ratio reached 37 per cent, but in 2015 thanks to the work we have been doing there was practically no increase in indebtedness, however though, GDP this year is larger than it was last year, he said

According to Maleiane, there had been a steep increase in debt between 2012 and 2014.

The foreign public debt grew by 55.3 percent to $7 billion from $4.8 of which $1.5 billion of this debt derives from just three loans; one is $500 million for coastal protection, which is part of the $850 million borrowed by the Mozambican Tuna Company, EMATUM on the Eurobond market in September 2013.

Hence the debt to GDP ratio had declined; Maleiane put it at 31.9 per cent.

But he admitted that to reach this figure, he had eliminated the effect of changes in the exchange rate (which have been very substantial in the past few months due to the sharp devaluation of the Mozambican currency, the metical, against the US dollar.)(APA 23-11-2015)

SUB-SAHARAN AFRICA IN SHADOW OF BLACKOUTS

Despite a decade of strong economic expansion, sub-Saharan Africa is still far behind in its ability to generate something fundamental to its future — electricity — hampering growth and frustrating its ambitions to catch up with the rest of the world.
All of sub-Saharan Africa’s power-generating capacity amounts to less than South Korea’s, and a quarter of it is unproductive because of the continent’s ageing infrastructure. The World Bank estimates that blackouts cut the gross domestic products of sub-Saharan countries by 2.1%.
In Nigeria, the electrical grid churns out so little power that the country mostly runs on private generators. So when a fuel shortage struck a few months ago, a national crisis followed, disrupting cellphone services, temporarily closing bank branches and grounding aircraft.
The blackouts cast a harsh light on elected officials, causing rising anger among voters. Experts say the appointment of politically connected officials with little industry expertise at state utility Eskom in SA has led to mismanagement.
"It’s not only a symbol of failure when the lights go off," says Anton Eberhard, an energy expert and a professor of management at the University of Cape Town.
"It’s experienced directly by people. If you’re about to cook or if your child is studying for an exam the next day and your lights go off, people feel this very directly. There is a very concrete and dramatic expression of failure."
The demand for power in Africa has become a major international issue. China has taken the lead in financing many power projects across the continent — mostly hydroelectric dams but also solar power plants and wind farms. Private companies from Asia, the US and Europe are also supplying power to more countries.

Since 1999, Nigeria’s leaders have spent about $20bn to provide more power and dismantled the state National Electric Power Authority. Yet its power-generating capacity has remained virtually unchanged, about 6GW for a country of 170-million people. The US, with 310-million people, has a capacity of more than 1,000GW.

"Most companies don’t have four hours of power a day from the national grid," says Akpan Ekpo, director-general of the West African Institute for Financial and Economic Management. Most of the $20bn spent to overhaul the power sector is believed to have gone into the pockets of corrupt officials, Ekpo says.

In SA, since 1994 the electrification of households increased from less than a third to 85% — a remarkable accomplishment.

But energy experts say these households, many of them low-income, consume little electricity.

Instead, the shortages result from frequent breakdowns at ageing plants and the delayed construction of two new facilities.

SA has about half of sub-Saharan Africa’s power generating capacity, roughly 44GW. Still, the power cuts have led to people planning their days and evenings around them.

In Johnnesburg, Buhle Ngwenya, blames the African National Congress (ANC).

"I always supported the ANC. However, when it comes to load shedding, I don’t know. It’s not normal coming to a mall and carrying a torch.

"For me, this is the biggest failure of the ANC.

"We even have a name for it, ‘load shedding’. Why don’t they say ‘blackout’ once and for all?"(NYT 17-11-2015)

S/LEONE IN TALKS OVER LONDON-FREETOWN FLIGHTS

The authorities in Sierra Leone are reportedly in talks for a new flight linking their capital Freetown and London as repeated requests for British Airways (BA) to resumes its services remain fruitless.

BA first suspended its flights to Freetown on August 2014, claiming fears of a possible transmission of the Ebola virus.

That followed reports of cases where the disease was reported in foreign countries through air travel.

However, over two weeks after Sierra Leone was declared free of the virus, the airline is reluctant to resume flights to the country.

The new flight in the pipeline, according to the pro-government Torchlight newspaper in Freetown, which on Monday criticized the British government over BA`s continued reluctance, will be provided by Kevin McPhilips Travels.

About seven airlines subsequently suspended flights to Freetown during the peak of the epidemic, but almost all of them, with the exception of BA, have since resumed flying to Freetown.

BA has been a major concern because it was the only one linking directly the two cities.

Sierra Leoneans felt abandoned by the former colonial masters when even an attempt by Gambia Bird Airlines to resume direct flights was met with stiff rejection from the British government, the Torchlight said in its Monday editorial.

The paper said if all goes as planned, the new airline is scheduled to commence flight between Lungi International Airport in Freetown and Gatwick in London in December.

But, Tony Rogers, who in February 2015 worked at the British-built Kerry Town Ebola Treatment Center in Freetown, finds the suspension of the flights as an unjust attempt at isolating the country.

Rogers therefore set up an online petition on the site 38 Degrees.

I understand that there has been an enormous economic impact of loss of tourism and commercial trade by the airlines such as British Airways.

I understand that some airlines have returned but British Airways remains sadly reticent regarding reinstating flights, the UK nurse told APA in an emailed statement.(APA 23-11-2015)

JAMMEH'S DEVELOPMENT PROMISE, TRIBAL POLITICS DOMINATE GAMBIAN PRESS

The Gambian leader, Yahya Jammeh's promise to transform the country into a city state and his vow to deal with tribal politics in the country among other issues, were the headline stories in Gambian newspapers on Monday.
The Daily Observer reports on President Jammeh's promise to bring land mark developments in all parts of the country, thereby transforming it into a city state by the year 2025.

Jammeh made the pronouncement at a meeting in Kalagi, in the West Coast Region of the country on Saturday, the 13th-day of his countrywide tour.

The Point for its part zoomed on President Jammeh's promise to deal with “enemies bent on causing rift amongst Gambians using tribal politics”.

He strongly condemned tribalism, saying it destabilises the growth, peace and security of a nation.

The Standard newspaper reports on the end of a five-day forum on the elimination of Female Genital Mutilation (FGM) in the country on Friday.

It said, the forum was organized by the UK-based Guardian Global media Campaign Group in collaboration with local advocacy foundation in the Gambia, after an intensive training of journalists and activists on FGM issues.

Foroyaa and other local dailies reported on other issues making news in the country on Monday.(APA 23-11-2015)

AFRICA’S MIDDLE CLASS CAN POWER GROWTH

Opinion is divided on Africa’s middle-class opportunity. Earlier this year, when Nestlé announced its disappointment with the scale and growth of Africa’s middle class and cut its regional workforce 15%, the news dominated headlines. A few months later, AB InBev’s takeover of SABMiller — one of the largest corporate takeovers yet of a UK-listed entity — was motivated in large part by SABMiller’s proven growth markets in Africa.

Middle-class households are typically defined as those that spend at least half of their income on goods and services, beyond just food and basic necessities. The emergence of this "consumer class" helps to propel growth to the next level. Buoyed by supportive demographics, a rising middle class will mean that demand grows, businesses prosper, employment increases and economies flourish. It’s a virtuous cycle.
The middle class has also played an important political role. In sub-Saharan Africa the rise of multiparty politics in the 1990s, with calls for greater accountability, was often closely correlated with improved economic management and faster growth. Newly democratic SA saw an impressive emergence of a middle class, even against a sometimes disappointing overall growth backdrop. According to the Unilever Institute, a decade after apartheid ended, SA’s middle class had grown about 250% from 2004 to 2012. By the eve of the global financial crisis, the new "black" middle class exceeded the more traditional "white" middle class in spending power.

Elsewhere in Africa, accurate measurement is not as easy. Just how developed is Africa's middle class? Different studies offer very different interpretations. An African Development Bank study in 2011 attempted to generate a definition of middle class more suited to African conditions. Controversially, it defined middle class as those living on $2-$20 (adjusted for purchasing power parity) a day. This included the so-called "floating middle" — households living on $2-$4/day — who might be knocked back into poverty in a severe economic shock. The study, using this definition, suggested that roughly a third of Africa's population was middle class.

However, another study, published by Pew Research Centre this year using the narrower and more internationally accepted definition of middle class (incomes of $10/day or more) suggested only 6% of Africa's population could be classified as middle income. Pew implied that while African economies had made strides in lifting households out of poverty, many had not yet made the middle-income level. According to Pew, the proportion of poor in Nigeria fell 18% from 2001 to 2011. But while the share of low-income earners grew 17%, the share of middle-income earners rose only 1% over this time.

Should we be concerned?

Africa's experience is not too different from other regions; three or four decades ago, most Asians lifted out of poverty remained on low incomes, for a while at least. Development does not stop there. A steady income is now increasingly recognised as the one factor that distinguishes those living in poverty from those able to emerge as middle-income earners.

The decline in poverty is encouraging to build further on progress so far. Our priority is to reduce volatility of growth, particularly volatility of employment. There is an important role for countercyclical policy.

What does Africa need to lessen the volatility of outcomes? More investment, consistency of capital inflows — especially countercyclical flows — more democracy, and greater progress in improving governance. There are no short-cuts to future prosperity. Recent regional trends that have narrowed the space for civil society risk undoing a lot of the progress already made.

Important foundations for the emergence of Africa's middle class are in place with its success in poverty alleviation. It's in the ultimate interest of the global economy that this progress is built upon.(BD 13-11-2015)

AU INSPECTS CONTINENTAL LOGISTICS BASE SITE IN CAMEROON

A delegation of the African Union Commission on Monday began a technical assessment mission on the site of the Continental Logistics Base (CLB) of the African Standby Force (ASF) to be located in Cameroon's commercial capital, Douala, APA noted from a military source.

This mission which comes after the last in 2011, follows the headquarters agreement signed on 12 October 2015 between Cameroon's defence minister Joseph Beti Assomo and the AU Commissioner for Peace and Security, Ambassador Smail Chergui.

It is about "knowing how the needs have evolved in four years and what is to be implemented so that the base be operational as soon as possible", the source said.

The Continental Logistics Base which is located in Douala was created for storage and redeployment of logistics and equipment for the five regional standby forces of the FAA peace missions in Africa.

Accompanied by partners, including Americans, the AU mission carried out the visit to the different places offered by the Cameroonian government to host the CLB.

These are among other things, the container terminal of the port of Douala, the air base and the military engineering corps where the headquarters will be located.

From the observations made by Colonel Mor Mbow, head of mission and focal point of the CLB project, it appears that "these sites meet our expectations, that's why we believe that the technical assessment mission will go on in very good conditions".

At the air base for instance, the group toured the six hectares given to the CLB and where, besides what is to be built, some infrastructures are already available and only require renovation.

As for the 18 hectares allocated for military engineering, experts welcomed the presence of some facilities.

By including the Americans, the Chinese and the French, the AU mission expects from these partners, their backing and their support in the concrete setting of the CLB in a context where it is up to experts to encrypt the needs, leading to a conference of contributors.(APA 23-11-2015)

NIGERIA: 94 COMPANIES TO LOSE LICENCE FOR FAILURE TO RECAPITALISE

Nigeria's Securities and Exchange Commission (SEC) has said that 94 inactive companies, which could not comply with the new minimum capital base for capital market functions are to lose their licences.

In a circular issued at the weekend in Abuja, SEC directed the 94 firms to state on or before December 4, 2015 why "their registration as capital market operators should not be cancelled".

Extant capital market rules require the regulators to give quoted companies and operators notices before delisting them.

The circular served as both a pre-notice on the cancellation of the certificates of registration of the 94 firms as well as a notice to the investing public on the status of the firms.

SEC stated that the capital market firms "have consistently failed to render their statutory returns to the Commission and may have been unable to comply with the new minimum capital requirements before the deadline stipulated by the Commission which expired on 30th September, 2015".

The regulator had started post-recapitalisation audit of capital market operators with a view to providing a final list of active and well-capitalised bona fide capital market operators by the end of this year.

It had earlier released the preliminary list of firms that had met the September 30, 2015 deadline for recapitalisation.

Both the SEC and the Nigerian Stock Exchange (NSE) are engaged in coordinated concerted efforts to weed out poorly capitalised capital market firms, which they had fingered as sources of several infractions.(APA 23-11-2015)

SAA IN LIMBO AS TREASURY MULLS AIRBUS DEAL CHANGE

Finance Minister Nhlanhla Nene said on Tuesday the Treasury was still considering the application by the board of South African Airways (SAA) for a restructuring of a lease transaction with Airbus, and had not reached a decision yet.

The board's intention to restructure the transaction has led to the collapse of a previous agreement with Airbus, which in turn triggered contractual financial obligations for SAA.

Should these be enforced, the Treasury has warned, the financial sustainability of SAA would be threatened.

Concern over the renegotiation of the lease also lies behind the drafting of a legal opinion by SAA executives, which was published in this newspaper on Tuesday. Business Day, together with other publications, was interdicted from distributing this further.

After repeated requests for comment on the transaction and on the financial position of SAA, the Treasury issued a short statement on Tuesday.

"The Treasury's fiscal liabilities committee is currently studying the application and will make recommendations to the minister in due course," it said.

"A decision is yet to be made on the application. The minister will be looking for a deal that benefits the airline financially, or one that does not leave SAA in a worse-off position," it said.

The SAA board has argued that the restructured lease will save SAA money and reduce the currency risk.

The Treasury also expressed concern on the movement of top executives — last week SAA got its seventh CE in three years, when the board replaced Thuli Mpshe with Musa Zwane in an acting capacity.

In terms of the shareholder compact that the board has with Mr. Nene, the board may not remove executive directors without ministerial approval. This was not obtained.

"Leadership stability is crucial to implementing the long-term turnaround strategy so that the airline can return to financial sustainability.

"I have therefore requested the board to brief me on these developments and their impact on the operations of the airline," Mr. Nene said yesterday.

He has, however, not replied to questions about whether he was aware of the memo from SAA executives outlining its financial position or about his level of concern over the state of the national carrier.

SAA was handed over to the Treasury a year ago, on the pretext that it was better placed to meet its needs, rather than the Department of Public Enterprises.

SAA chairwoman Dudu Myeni had clashed with Public Enterprises Minister Lynne Brown several times. As a result of the conflict with Ms Brown, Ms Myeni faced an internal investigation.

This fell away when responsibility was moved to the Treasury. SAA executives welcomed the handover, believing that Treasury would enforce strict governance and prudent financial management. However, they have been disappointed as Mr. Nene has been slow to act despite being kept well-apprised.

In December last year, President Jacob Zuma assigned Deputy President Cyril Ramaphosa to work with the Treasury and oversee the turnaround of SAA.

On Tuesday, Ronnie Mamoepa, Mr. Ramaphosa's spokesman, said the Treasury worked everyday with SAA and that Mr. Ramaphosa, as chairman of an interministerial committee received regular updates. The committee was confident SAA's challenges would be addressed, he said.(BD 25-11-2015)

BOTSWANA PUTS MEASURES TO REVIVE DIAMOND INDUSTRY

Botswana's Minister of Minerals, Energy and Water Affairs Kitso Mokaila on Monday said the government has put together a task team comprising representatives from the ministry, diamond and the diamond industry to closely assess the performance of the sector.
Speaking at a conference organised by diamond giant De Beers in Gaborone, Mokaila said the task force was mandated to come up with ideas of how to assist the local industry to survive the downturn and remain sustainable in the long term.

"The taskforce handed over the report to me in June and we have already moved on to implement some of the recommendations, which are within our means to implement," said Mokaila.

He added that the government was committed to assisting the industry to, in the short to medium term, address issues of productivity through working more days and longer hours to move closer to their Asian competitors.

“This will result in improving from an average of 212 working days per annum to something closer to 283,” said Mokaila.(APA 23-11-2015)

IMF ON THE NEW AIRPORT AND EBOLA DOMINATE SIERRA LEONE NEWSPAPERS

Monday`s edition of newspapers in Sierra Leone was dominated by the apparent objection of the International Monetary Fund (IMF) to the idea of a new airport that Sierra Leone is planning to construct, to be bankrolled by the Chinese government.

An IMF official said last week that the deal is untimely and the story captured the front pages of a number of papers, notably the Concord, the African Young Voices and The Report newspapers.

Also occupying the front pages is the issue of Ebola, with particular focus on recent developments in Liberia, where at least three people are said to have been confirmed sick with the viral disease.

‘Three fresh Ebola cases confirmed in Liberia’, the Satellite reports. ‘Ebola returns to Liberia’, says the Torchlight.

The Awoko newspaper reported on an expression of resolve by President Ernest Bai Koroma to overcome the effect of the epidemic.(APA 23-11-2015)

SOUTH AFRICA SKIRTS RECESSION BUT REMAINS IN DOLDRUMS

SA NARROWLY escaped a recession with 0.7% growth in the third quarter but a leading indicator shows there is very little to cheer about.

Although fewer power outages helped manufacturing, the slow pace of growth was blamed on persistent weakness in global commodity prices, lower demand, a drought and a slowdown in China. The same factors threaten growth next year.

In the second quarter, the economy contracted 1.3% largely due to poor performance in the agriculture, manufacturing and mining sectors.

Now economists say SA will be lucky to grow at the 1.4% forecast for this year by the Reserve Bank.

The Treasury forecasts 1.5%.

Weak economic growth will be among the key factors that two ratings agencies — Fitch and Standard & Poor’s — will take into account in their reviews of SA’s rating next month.

Weak growth and large budget deficits prompted the agencies to downgrade SA’s credit ratings in the past.

The figures released yesterday by Statistics SA showed financial and business services, trade and a rebound in manufacturing production supported growth, while there were again sharp declines in agriculture and mining.

Mining is taking strain from lower Chinese demand and weak global commodity prices. The effects of drought are becoming more apparent in the sharp declines in agricultural output.

Droughts are often more than just single-year impact events and if below-average rainfalls are recorded into the first quarter of next year, the effect on the economy will be more widespread, said Credit Guarantee Insurance economist Luke Doig.

The Bank’s leading business cycle indicator, also released yesterday, fell for the fifth consecutive month in September to 92.4 points — suggesting that economic growth in coming months will be muted.

The indicator fell 5.5% in September this year compared with last year — the worst contraction since 2009 when SA was in recession — an indication of how sluggish economic growth is likely to be.

The growth numbers are little comfort for policy makers who are counting on SA growing more than 5% per year to at least halve unemployment by 2020.(BD 25-11-2015)

NIGERIA'S STERLING BANK SECURES $40M FACILITY FROM TURKEY EXIM BANK

Nigeria's Sterling Bank says that it has secured a $40 million facility from the Turkey EXIM Bank after the conclusion of a due diligence on the bank.

A statement by Sterling Bank on Sunday said that the facility would be used to support trade businesses and projects with Turkish origin.

It added that the facility would enable members of the Turkish business community in Nigeria as well as Nigerian businessmen and women doing business with Turkish partners have easy access to finance for their businesses, especially in the importation of necessary raw materials and other infrastructure for production which would also serve as a catalyst for economic development in the country.

According to the statement, the choice of the Bank by Turkey EXIM Bank may have been informed by its role in international finance, its reputation as a stable and reliable financial institution and its capacity to support both local and international institutions.

The Turkey EXIM Bank is a fully state-owned bank acting as the Turkish government's major export incentive instrument.

It explained that the Turkey EXIM Bank's main objectives are promoting Turkish exports through diversification of exported goods and services by increasing the share of Turkish exporters in international trade, finding new markets for traditional and non-traditional export goods and providing exporters and overseas contractors with support to increase their competitiveness and to ensure a risk-free environment in international markets. (APA 23-11-2015)

BOTSWANA SUCCESS UNDER RENEWED SCRUTINY

Former Bank of Botswana and local renowned economist Keith Jefferies said Tuesday that the country's success was not down to her productivity or competitiveness.
Speaking at the resource conference organised by De Beers and the government, Jefferies said that the government should make efficiency a priority if Botswana is to continue as a success story among its peers in the developing economies.

Botswana has been touted as an example of a success story in Africa as observers praised it for good governance and a flourishing economy.

Jefferies said that competitiveness needs to have a higher profile in government as it drives down costs and heightens efficiency.

Jefferies' concern is not unfounded.

The Global Competitiveness Report for 2015-2016 ranked Botswana 71 out of 140 countries in terms of competitiveness and noted that its productive was wanting.

Government bureaucracy was singled out as the most problematic factor for doing business in the country due to among other things restrictive labour regulations.(APA 24-11-2015)

The Memorandum is supported by the Chamber of Commerce Tenerife, ELO - Portuguese Association for Economic Development and Cooperation, Hellenic-African Chamber of Commerce and Development, NABA - Norwegian-African Business Association and other organisations.

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