MEMORANDUM

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Extra Edition

SUMMARY

SOUTH AFRICA: BELT TIGHTENING ONLY THE FIRST STEP, SAYS GORDHAN

FINANCE Minister Pravin Gordhan tabled on Wednesday a budget that stepped up the pace of fiscal consolidation by slowing spending and raising taxes as he made a brave effort to avert a downgrade in SA's credit ratings to junk status and reignite the faltering economy.

However, his room for manoeuvre was limited due to a rapidly slowing economy.

As part of a plan to force greater efficiency in state spending, as many as 20,000 jobs could be shed in the next three years with the Treasury imposing a "lock" on the government payroll system that will prevent departments and provincial governments making new hires, unless approved. This is expected to cut the wage bill by R7.2bn over this period.

Mr. Gordhan called on SA to remain resilient in tough economic times. He expressly said his budget was not an austerity one but he had just tightened the belt "one notch".

News, views and analysis of Finance Minister Pravin Gordhan's 2016 budget

Moody's Investors Service senior vice-president Kristin Lindow said the budget "aims at delivering faster fiscal consolidation in part by cutting the large civil servant wage bill while preserving growth-supporting capital spending".

"Moody's also views the planned tax increases as well-targeted given the weak economic backdrop."

But she said the specific measures that would reduce the deficits for the next two financial years had not been identified.

The revised growth forecasts of 0.9% and 1.7% were more optimistic than Moody's own predictions of 0.5% for 2016 and 1.5% for 2017, she said. Cuts in expenditure on goods and services are anticipated to save R5bn in the period while the centralisation of government procurement under the chief procurement officer is expected to save R25bn a year by 2018-19.

Taxpayers who have undeclared offshore assets and income have six months to regularise their affairs in exchange for income tax and exchange control relief.

Mr Gordhan announced cutbacks on spending on ministerial cars which have cost up to R1.2m in the past. Public Service and Administration Minister Ngoako Ramatlhodi said the new ministerial handbook would cap this expenditure at R750,000.

But some economists believe that the minister did not go far enough and have warned that the fiscal consolidation plans he outlined rested on a fragile foundation of overly optimistic economic growth projections.

The Treasury has forecast economic growth of 0.9% this year, 1.7% for 2017-18 and 2.4% for 2018-19, forecasts which Pan African Capital Holdings CE Iraj Abedian has dismissed as "dreaming". A "disappointed" BNP Paribas economist Jeffrey Schultz and Capital Economics senior emerging markets economist William Jackson also agreed the growth projections were optimistic. The government would struggle to meet its budget deficit targets.

The Treasury is planning a much faster reduction in the budget deficit than envisaged in the medium-term budget policy statement (MTBPS). The deficit is projected to fall to 3.2% in 2016-17, 2.8% in 2017-18 and 2.4% in 2018-19 compared to the MTBPS which forecast a deficit of 3.3% in 2016-17, 3.2% in 2017-18 and 3% in 2018-19.

The package included a higher tax burden for all, except low to middle income earners, a R6.8bn increase in the fuel levy and a lower rate of growth in government expenditure. These will enable the Treasury to fill the holes left in its budget by lower revenue collection.

Personal income tax relief of R5.5bn has been granted which is R7.6bn less than the R13.1bn that would have been required to account fully for fiscal drag.

The general fuel levy rises by 30c/l raising R6.8bn more for the fiscus, while increased duty on alcohol and tobacco will bring in R2.3bn more.

The real pain will come in later years as the Treasury plans to reduce the budget deficit at a much faster pace than previously projected as from next year. Expenditure will be cut by R10bn in 2017-18 and R15bn in 2018-19 while tax increases of R15bn in 2017-18 and R15bn the following year are planned.

The state's infrastructure programme is expected to contribute to economic growth. The public sector will invest R870bn in transport, energy, housing, health and water infrastructure over the next three years.

Real growth in state non-interest expenditure is maintained at 0.2% this year. In the next three years state expenditure will grow in real terms at an average of 0.8% annually. Mr. Gordhan emphasised at a media briefing before his speech that there would not be austerity and cuts of social grants and other essential services were not on the agenda. However, government programmes would be reviewed to see if they were necessary or whether their implementation could be delayed.

A reprioritisation of R31.8bn in allocations has been made over the next three years to cover the needs of higher education, the drought and the government's commitment to the New Development Bank.

Debt service costs remain the fastest item of expenditure consuming 12c of every rand of state revenue. They are projected at R147.7bn in 2016-17 and R161.9bn and R178.6bn for the next two years respectively.

Despite the government's repeated commitment to rein in debt, the ratio of total gross loan debt as a percentage of gross domestic product will reach 51% in 2017-18 before falling to 50.5% the following year. The public sector borrowing requirement is anticipated at R221.6bn for 2016-17.

The contingency reserve has also been boosted by R3bn to R6bn in 2016-17 and R10bn and R15bn in the following two years compared with the R2.5bn, R9bn and R15bn respectively provided for in the MTBPS. (BD 25-02-2016)

BOTSWANA EXPLORES ALTERNATIVE BEEF MARKETS

Botswana is targeting alternative markets in Asia, Africa and Eastern Europe as it seeks to expand the catchment area for its beef exports, a cabinet minister announced Wednesday.

Agriculture Minister Patrick Ralotsia said the country has sent "test consignments" to the Middle East, Far East, Angola, Mozambique, Democratic Republic of Congo and Eastern Europe.

Botswana's major beef export is the European Union (EU).

Presenting to the Parliamentary Committee on Supply on the recurrent and development budget for his ministry, Ralotsia said the country has fulfilled the Norwegian annual quota of 1,600 tonnes for chilled beef and exported 8,027 tonnes of beef to the European markets.

The minister said the EU carried out an audit of animal health and controls in Botswana in October 2015.

"The audit was a follow-up to the 2013 audit which had resulted in the suspension of the disease control areas mainly due to foot and mouth disease (FMD) concerns. The purpose of the audit was to verify progress made by the country in addressing the deficiencies identified in the 2013 audit," said Ralotsia.

He said these included deficiencies in disease surveillance and biosecurity to prevent incursion of the disease from non-free areas to free areas.

Ralotsia said the audit was largely positive, with the auditors acknowledging significant progress in addressing the deficiencies.(APA 24-02-2016)

BOTSWANA TO IMPORT FOOD TO CLOSE DEFICIT GAP

Agriculture Minister Patrick Ralotsia said Wednesday that Botswana will have to import food this year to make up for a deficit following a poor agricultural season.

Presenting the budget for his ministry, Ralotsia said 14,582 hectares have been ploughed during the ongoing 2015/16 agricultural season compared to 19,715 hectares planted during the previous season.

The minister said the low hectarage ploughed was attributed to low rainfall.

For the 2014/15 cropping season cereal production was 93,000 metric tonnes, which represented 43.9 percent of the 320,000 metric tonnes regarded as the national annual cereal requirement.

He revealed that to improve productivity of the small holder arable agriculture, the Botswana government and the International Fund for Agricultural Development (IFAD) are implementing a five-year co-funded project whose components include training of farmers on conservation agriculture and low-cost mechanization.

Through the Agricultural Support Service Programme, three service centres have been constructed across the country.(APA 24-02-2016)

WORLD ECONOMIC FORUM ON AFRICA – 11/13 -05-2016, KIGALI, RWANDA

The World Economic Forum on Africa 2016 will be hosted by Rwanda, under the theme “Connecting Africa’s Resources through Digital Transformation”.

NABA (Norway), supporter of the Memorandum, in partnership with the World Economic Forum welcome Nordic companies (at CEO/Chairperson level) to take part in a Nordic Business Mission to the WEF on Africa.

Africa’s positive economic outlook is under pressure – mainly due to adverse changes in the global economy – and is expected to remain just below 5% in 2016. As many countries in the region improve their investment climate and undertake macroeconomic policy reforms, foreign direct investment flows are expected to continue to grow, although at a slower pace. Low global prices for major commodity exports, currency devaluations and debt sustainability considerations, as well as geosecurity threats that have weakened growth in some countries underscore the urgent need for economic diversification for sustained inclusive growth.

In this context, Africa’s leaders need to pursue new approaches to ignite structural transformation, particularly in the face of rapid technological changes that have the potential to create new industries and reduce inequality. Rwanda, the land of a thousand hills, has dramatically transformed since the 1994 genocide and civil war. The country is emerging as a regional high-tech hub and boasts one of sub-Saharan Africa’s fastest GDP growth rates. It is one of the continent’s most competitive economies and a top reformer in improving the business environment. This remarkable progress showcases the country’s rapid evolution as a knowledge economy, powered by smart policies and investments. Nonetheless, further reforms and alliances are called for to accelerate development by leveraging digital transformation to expand socio-economic opportunities. Under the theme Connecting Africa’s Resources through Digital Transformation, the 26th World Economic Forum on Africa will convene regional and global leaders from business, government and civil society to discuss digital economy catalysts that can drive radical structural transformation, strengthen public-private collaboration on key global and regional challenges, and agree on strategic actions that can deliver shared prosperity across the continent.(NABA, Norway)

OSIWA EXCITED TO HELP LIBERIA ENHANCE ITS TAX ADMINISTRATION

- The Open Society Initiative for West Africa (OSIWA) has expressed delight in the partnership with the Liberia Revenue Authority (LRA) in enhancing tax administration to boost revenue collection and spur national development.

Speaking during talks with LRA Commissioner General Elfrieda Tamba and the LRA senior management team at the LRA headquarters in Monrovia, the OSIWA Program Officer for Tax Reform Support under its Fiscal Governance Program, Vera Mshana, said taxes are among the most sustainable support to development.

Mshana said while OSIWA will still have to figure out areas of cooperation, its support will be directed around taxpayer’s education and strengthening of Liberia’s tax policy.

The OSIWA official said strengthening Liberia’s tax policies and increasing public awareness activities was paramount to raising more taxes, adding that when activities are strengthened to raise taxes, the country’s development goals can be achieved.

Commissioner General Tamba, along with the LRA Senior Management Team briefed the delegation about the current status of the LRA, recounting progress, challenges and prospects of the Authority.

Mrs. Tamba specifically called on OSIWA to lend support to improving tax communications, education and awareness programs to enable the LRA better reach the public with tax education to enhance voluntary compliance.

The Commissioner General averred that the LRA continues to face challenges in effectively collecting the nation’s revenue due to the fact that revenue administration in Liberia is hampered by the lack of modern tax administration systems such as e-filing, e-payment, and automated tax registers.

She also identified inadequate funding, weak integrated management system, low level of technical capacities, poor infrastructure especially in rural tax administration, corruption in the revenue system, as well as low level of tax consciousness and compliance as major challenges the LRA is faced with at all levels.

Ms Tamba disclosed that as part of efforts to raise tax consciousness, a national tax summit is being planned for this semester, to bring together stakeholders including national leadership from all over the country to discuss the national obligation of each citizen to the nation aimed at improving partnership with communities and enhancing voluntary compliance, according to an LRA release issue (APA 24-02-2016)

LIBERIA, OPEC SIGN LANDMARK LOAN AGREEMENT TO PAVE GBARNGA-SALAYEA ROAD

The Liberian Government has signed a landmark loan agreement with the OPEC Fund for International Development (OFID) for the immediate paving of the Gbarnga-Salayea road.

According to a statement issued by the Finance and Development Planning Ministry received by APA Wednesday, Finance Minister Amara Konneh and Suleiman J. Al-Herbish, Director General of the OPEC Fund signed the loan agreement in the tune of US$20 million.

“I am pleased to sign this historic financing document, building on the many achievements of this administration under President Ellen Johnson Sirleaf and bringing development to the northwest of our country. This is a first step towards paving the road from Gbarnga to Mendicorma in Lofa County linking the country together,” the statement quoted Konneh as saying.

He acknowledged that paving the road from Gbarnga in Bong County to Salayea in Lofa County will directly contribute to the economic and social development of Liberia.

The statement said the agreement will provide US$20 million into a pool of funds meant for the paving of 81 kilometers of the road from Gbarnga to Salayea which is the first section of Lot 1 between Gbarnga and Salayea at a total cost of US$72 million.

The statement said the Ministry of Finance and Development Planning is working with the Ministry of

Public Works and other partners including the Arab Bank for Economic Development in Africa (BADEA), the Saudi Fund for Development (SFD), the Abu Dhabi Fund for Development (ADFD) and the Kuwaiti Fund for Arab Economic Development (KFAED) to finance the rest of the road project.

In remarks, the Director General of the OPEC Fund International Development (OFID), Mr. Suleiman J. Al-Herbish, said the loan is intended to raise the standard of living of the population in Bong and Lofa Counties, and he pledged the Fund' support to the development of Liberia.

The Liberian government in 2015 hosted a delegation of Arab lenders which included OFID, the Arab Bank for Economic Development and Saudi Fund for Development and Kuwaiti Fund for Arab Economic Development, who did an appraisal of the road project and pledged to complete the Gbarnga-Mendikorma Highway Reconstruction project.(APA 24-02-2016)

ALGERIA: EUROPEAN SUPPORT FOR PROMOTING THE PHOTOGRAPHIC HERITAGE

The EU is giving its support to an operation for 'listing a large number of old photographs of Algerian cities'. A statement from the EU Delegation in Algeria says that an European support programme for the protection and promoting of cultural heritage in this country will be implemented.

According to this press release, 'Several European experts are currently working on the identification and assessment of this photographic heritage,' and 'in the next phase, the team will proceed to archiving and scanning these photographs, before exhibiting them to the general public'. (EEAS 18-02-2016)

GROWING TOURISM A BOON FOR AFRICA'S ECONOMY

South African Tourism Minister Derek Hanekom has said that a successful and growing tourism industry "will provide the means for social and economic development on a vast scale in Africa."
Opening Meeting Africa 2016 at Johannesburg's Sandton Convention Centre on Tuesday, Hanekom said people throughout Africa would benefit significantly from a growing tourism footprint through the creation of more jobs, a bigger contribution to Gross Domestic Product and more opportunities to become part of the tourism value chain.

With this in mind, the minister said there is a big responsibility on the shoulders of tourism stakeholders in South Africa and in Africa.

"We should all take on this challenge with vigour and pride because, as we progress in this journey, we will be alleviating the load for future for generations of Africans that will follow us.

"We will be putting growth and progress within their grasp, and we will be helping them to reach out and take up opportunities with both hands," the minister said.

Hanekom said over the last two decades, tourism has grown phenomenally in South Africa from around four million in 1994, to just under nine million in 2015.

"Overall, this means more job opportunities for social and economic advancement. We can do it for South Africa. We can do it for Africa," he said, adding that his government will be investing US$6.3 million to boost local tourism. (APA 24-012-2016)

S/AFRICA, US RESOLVE OUTSTANDING ISSUES ON AGOA PRODUCTS

South Africa and the United States have finally resolved all outstanding issues related to agricultural imports from the North American country into the country, a cabinet minister has said.
According to Telecommunications and Postal Services Minister Siyabonga Cwele, the understanding has paved the way for South Africa to continue taking advantage of the African Growth and Opportunity Act (AGOA) benefits for the country's agricultural exports to enter the lucrative US market.

"South Africa is working with the relevant stakeholders to facilitate the first shipment of US poultry imports under the agreed quota," Cwele said at the International Cooperation, Trade and Security cluster briefing on Tuesday.

AGOA is a legislation that provides duty-free market access to the US for qualifying sub-Saharan African countries by extending preferences on more than 4,600 products.

Cwele said South Africa and the US have recommitted themselves to work towards resolving issues affecting South Africa's agricultural exports to the US. The affected agricultural exports include, among others, citrus, avocados, litchis, beef, mutton and racehorses.

AGOA was re-authorised in June 2015 for 10 years until 2025, with South Africa's inclusion. This move, the minister said, will secure continued market access for South African products, including in value-added generating sectors such as agriculture and automobiles.

"The renewal of AGOA beyond September 2015 and a pledge to support African-led peace initiatives in the continent are among the significant outcomes of the US-Africa Leadership Summit held in the US last year," Cwele said. (APA 24-02-2016)

INTERVIEW: SECRETARY GENERAL TALKS ACP FUTURE WITH CARIBBEAN LEADERS

The Secretary General of the African, Caribbean and Pacific Group of States H.E Dr. Patrick Gomes is attending the 27th intersessional meeting of the Conference of Heads of Government of the Caribbean Community CARICOM in Belize on 16-17 February, to facilitate a discussion on the future of the ACP Group of States. Dr. Gomes spoke with the ACP Press Office about the aims of his mission in Belize and the issues to be covered when meeting with regional leaders.
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ACP Press Office: Mr. Secretary General you will be attending the intersessional meeting of Caribbean Heads of Government this week. What is the purpose of your participation at this meeting?

ACP Secretary General Patrick Gomes: My purpose will be to facilitate a discussion on one of the items that the Heads of Government will deal with, namely, the question of the future of ACP-EU relations in the context of the 8th Summit of ACP Heads of State and Government, which is scheduled to take place in Papua New Guinea on the 31st of May and the 1st of June.

How is the 8th ACP Summit of special interest to the Caribbean region?

PG: I'd like to say that the ACP Group has its foundations in the Georgetown Agreement. Georgetown is of course the capital city of Guyana and the leadership that participated in the formulating of the ACP Group was the Caribbean. Therefore this occasion in particular will be very significant in how we see the future of a transformed ACP, looking not only at how we can restate our commitment to be united, and the solidarity that held us together as a combined force in dealing with common problems [as] developing countries, but also to see what type of relation we should entertain and pursue with the European Union, now that we are in a very different context than we had in 1975 when the first [ACP-EU] relationship was established under the Lomé Agreement.

What level of participation is being targeted for the 8th ACP Summit?

PG: Well I'm hoping for a big turnout. In one way the Caribbean heads would share a sense of responsibility because it was the Caribbean's turn to host the 8th Summit. It was likely to be hosted in one of our Caribbean countries and now its shifted to the Pacific - so I'm sure there's a commitment. Also, the subject areas that will be treated and the timing is so significant, given the great commitment that Caribbean heads have provided to both the Sustainable Development Goals, and more recently to the COP21.

As predominantly small island states and low lying coastal states that we all are in the Caribbean, CARICOM, we intend to look at ways and means in which our combined strength will address the implications and also the implementation of what is related to COP21 and of course how the Sustainable Development Goals can make a difference in our planning. For that reason, the theme of the Summit is: [Repositioning] the ACP Group to respond to the challenges of sustainable development.

It what ways should the Caribbean region be concerned about the future of ACP-EU relations and the future of the ACP Group?

PG: It's absolutely important for the Caribbean and the Caribbean Governments to take seriously the future relations. Because there is an underlying tendency that we can be fragmented, along the lines of what has occurred with the Economic Partnership Agreements [between the EU and ACP regions], which has an emphasis on regionalisation. That dilutes the possibility of the 79 countries of the ACP having a common voice and expressing their solidarity on major issues related to trade, major issues related to political engagement, to governance on a global level. But also for development cooperation - we must see development cooperation in a much more enlightening way.

It is not a question at all now about being anxious to receive aid, but to know how development financing can be supportive, conducive to the goals that society has set, and the goals that societies are setting in the Caribbean will also be mirrored in the larger Sustainable Development Goals. Food security, nutrition security, energy questions [for example], but also we want to see trade much more as an instrument that is going to help to transform our economies. We have to address the supply side constraints. We do that much better by learning from each other in the South, and we do that much more by looking at the ways and means in which the new regulations that are coming in to these markets of the developed world, need to have a common approach. The illegal fishing regulations, the questions of standards that have been introduced – we have to do all of this in a much more unified and coherent way.

What do Caribbean countries gain from being part of the ACP Group and how will the region be working closely with the ACP?

PG: The continuing membership and effective participation of the ACP Group is fundamental, as I tried to convey, to us understanding not only the market, but also understanding the global issues that we better address in a unified way.

Of course, from the point of view of development cooperation, the EU and the European Development Fund, which is a fundamental aspect with our relationship with Europe – that exists as a means by which we can development assistance for major concerns in our countries. And that funding has been able to be predictable, able to look at our long terms plans in the regions, in a significant way.

What we have to do now is together bargain with Europe to understand better the concerns of Middle Income Countries. We are not that same as the majority of African countries that are 'Least Developed', but because we are Middle Income Countries we have to look at ways by which we can be assisted in mobilising domestic resources. We have to look at ways and means by which we can, in fact, benefit from the programmes linking us [to] access to technology, to higher education and research, innovation, which is possible through Europe, and doing that through a legally binding contractual agreement [such as the ACP-EU Cotonou Partnership Agreement] that gives us an access that is different from just having a declaration of wanting to work together.

Most importantly, my going would really be an opportunity to listen to what are the goals, what are the concerns of [Caribbean] Heads of State and Government, but also how the region as itself would like to see ACP playing a more effective role. As you know, [under the ACP-EU partnership] there are 'National Indicative Programmes', and these are being reduced significantly in the Caribbean, given our Middle Income status. But then, there [are] 'Regional Indicative Programmes', and the regional programme under the EDF is to be complimented by what we can do at the 'Intra-ACP' level.

That is why the Intra-ACP level is one in which the Caribbean will play a much more significant part in dealing with certain matters, such as enhancing our health systems, but also looking at ways in which an integrated approach to our commodities, for moving them up the value chain, can be undertaken by working with other countries. (ACP 15-02-2016)

ANGOLA BANS RE-EXPORT OF IMPORTED FOOD PRODUCTS

Re-export of food products that Angola imports for domestic consumption will be banned under a joint decree of the Ministries of Trade and Finance currently being drafted, announced the Angolan Minister of Trade.

The issue, which was examined Thursday by the economic team of the Angolan government, is a reaction to the massive re-export of the basic basket of products, which has been recorded in recent months, mainly to neighboring countries.

Minister Rosa Pacavira said at the end of the joint meeting of the Economic Commission and the Commission for the Real Economy of the Council of Ministers that amongst the products with highest re-export rates are rice, sugar, beans, corn flour, soap and cooking oil.

The Trade Minister said that the decree to be approved would not include Angolans living in border regions, who cross the border daily to sell products for their livelihoods, according to Angolan news agency Angop.

Pacavira said licensing for export of foodstuffs of national origin must be endorsed by the ministerial department that oversees the product to be exported, “which means that if somebody wants to export cassava they have to request prior authorisation from the Ministry of Agriculture.” (19-02-2016)

SENEGAL: CEMENT PRODUCTION ROSE BY 13 PERCENT IN 2015

Senegal’s cement production recorded an increase of 12.9 percent late in 2015 compared to the year 2014, the Directorate of Forecasting and Economic Studies (DPEE) revealed on Tuesday.
The production, which only takes into account statistics provided by two cement plants (Sococim and Ciments du Sahel) over a three-year period, reached 5,576,800 tons against 4,939,200 tons in 2014.

This signifies an increase of 640,600 tons in absolute terms.

This is mainly due to the 22.3 percent increase in export sales, which rose from 1,842,300 tons in 2014 to 2,253,800 tons a year later.

Local sales for their part witnessed a slight increase of 6.4 percent, standing at 3,317,200 tons compared to 3,114,600 tons in 2014.(APA 23-02-2016)

ANGOLA’S STATE OIL FIRM SAYS ITS DEBT HAS SOARED 41% DUE TO LOWER OIL PRICES

Angola’s state oil firm Sonangol said on Thursday the debt it owed to foreign oil companies had risen sharply due to lower oil prices and it expected this year to be "very difficult" as crude prices remained low.

Sonangol’s net debt soared 41% year on year in 2015 to 1.24-trillion kwanza ($7.8bn) and revenues plummeted 54% due to suppressed crude prices, the company said in its annual results.

Much of Sonangol’s debt is outstanding investment and operational costs owed to foreign oil companies, including Total, Chevron, Exxon Mobil, BP and Eni.

"The results and the company’s financial performance will remain under heavy pressure," Sonangol said, adding that some planned investment projects would be placed under review.

Angola’s oil production averaged 1.78-million barrels per day last year, up 6%, compared with 2014 and a further slight increase was expected this year, Sonangol said.

Angola, a member of the Organisation of the petroleum exporting countries and Africa’s second-largest oil exporter after Nigeria, relies on crude export revenues for more than 90% of foreign exchange revenues.

A year of subdued oil prices has hammered Africa's third-largest economy and Angola's government is in discussions with the World Bank and International Monetary Fund about possible financial assistance. (Reuters 25-02-2016)

BOTSWANA: POWER, WATER SHORTAGE 'BLIGHTING ECONOMY'

Bank of Botswana Governor Linah Mohohlo said Thursday that the country's economic activity will also continue to be vulnerable to power supply and water shortages, weak global demand and low commodity prices.

Delivering the 2016 Monetary Policy Statement, Mohohlo said a 3.8 percent of GDP, is projected, leaving only limited room for further fiscal stimulus.

Botswana's economy is forecast to grow by 4.2 percent this year, which is an improvement on last year's one percent expansion.

She said that the most recent Business Expectations Survey points to a fragile local business confidence.

Although overall expenditure will be supported by government spending, severe revenue constraints explain a decrease of 2.7 percent in total government expenditures for the 2016/17 fiscal year, compared to the 2015/16 fiscal year.

So far as the exchange rate policy is concerned, Mohohlo said, it will continue to support domestic industry in achieving international competitiveness and contribute to economic diversification.

Mohohlo added that the bank's implementation of the exchange rate policy in 2016 will entail an upward crawl of 0.38 percent.

In line with the country's trade relations with the outside world, the weights in the Pula basket will be maintained at 50 percent each for the South African Rand, she said. (APA 25-02-2016)

S/AFRICA TO SPEND $54BN ON PUBLIC SECTOR INFRASTRUCTURE DEVELOPMENT

The South African government and its parastal firms are set to spend US$54 billion on public sector infrastructure development over the course of the next three years, Finance Minister Pravin Gordhan has said.

Delivering his 2016 Budget Statement in Parliament on Wednesday in Cape Town, the minister said: "Over the next three years, government and state-owned companies have committed US$54 billion for investments in housing, roads, rail, public transport, water, electricity and community infrastructure."

He said government was strengthening its collaboration with the private sector, labour and civil society, to speed up implementation of the structural reforms set out in the National Development Plan.

According to the minister, public-sector infrastructure spending remained a cornerstone of government's commitment to building a more agile, competitive economy.

Gordhan said investment in energy will amount to US$4.4 billion in 2016 and over US$11.3 billion over the next three years as construction of the Medupi, Ingula and Kusile power plants is completed.

Others are transport and logistics infrastructure which will account for nearly US$18 billion over the next three years, the minister said.

He added that the state-owned company, Transnet, is acquiring 232 diesel locomotives for its general freight business and 100 locomotives for its coal lines, among other infrastructure developments for the next three years. (APA 25-02-2016)

PALESTINE: NEW WASTEWATER PLANT TO SERVE PEOPLE AND AGRICULTURE

Prime Minister Dr. Rami Al Hamallah and the EU Representative Ralph Tarraf together with the Head of the Palestinian Water Authority and Tubas Governor laid the first stone for the construction of the wastewater treatment plant in Tubas. This large-scale project will serve around 34,000 people living in Tubas, Tayasir, and Aqqaba. It will also provide treated water for agricultural use for farmers in the Governorate that relies significantly on agriculture.

Currently, there is no any sewage network in the area. The wastewater from Tubas area flows untreated into the environment reaching agricultural areas and surrounding villages either through the cesspits and vacuum trucks. By helping to build the new collection and plant, this project will significantly reduce health risks for the population of Tubas and contamination of the environment. It will also allow the re-use of treated wastewater in agriculture hence conserving limited groundwater resources in Palestine.
"Access to clean water is a fundamental human right. Palestinians are not just facing severe drinking-water shortages but also limited quantities for agricultural use. This comes together with the issue of untreated waste water which has very negative consequences on health and environment," said the EU Representative, Ralph Tarraf at the stone-laying ceremony. "This project will help address these issues in the northern Jordan valley which is known historically as the food basket of Palestine. Around 34,000 Palestinians living in Tubas governorate will be connected to the sewage network. Farmers will be able to use the treated water to develop their land and expand cultivated areas. This will increase their income and contribute directly to the economic development in the governorate," added the EU Representative.
The €22 million project consists of a Wastewater Treatment Plant, sewage collection network, and an irrigation scheme for the reuse of treated water. The wastewater treatment plant has a capacity of 4,300 m^3 per day and the sewage collection network covers 53 km (with 13 km of house connections). The project also includes the installation of an irrigation infrastructure with a pumping station, two steel reservoirs of 1,000 cubic meters, and 4.3 km of distribution pipes. The project is expected to be completed in September 2017.

Background:
The EU is a major actor in water and environmental protection in Palestine. Since 2011, it has invested nearly €95 million in the water, sanitation and solid waste management sectors. In the West Bank, apart from Tubas, the EU is supporting the development of wastewater treatment plants in particular areas where water supply is scarce, such as Hebron and Nablus. In Gaza, the EU is investing both in large-scale solid waste management programmes as well as in medium-scale projects with high impact on the well fare of the population, such as the construction of desalination facilities that will provide safe water to thousands of Gazans. (EEAS 22-02-2016)

ANGOLA CREATES NATIONAL COUNCIL OF PRICES

The National Council of Prices of Angola’s main mission will be to draw up a national pricing policy to be approved by the government, according to an executive order signed by the Angolan finance minister, Armando Manuel.

The Council, chaired by the Minister of Finance, will also be responsible for managing "market regulation policies" and supervising "activities carried out in the area of pricing."

The Council, which will meet quarterly to review the prices in the country, will bring together the Economy, Planning and Regional Development, Trade, Agriculture and Fisheries Ministers.

"Because of the scope of prices in the sectors under its responsibility and the influence they have on the dynamics of the price formation process," in the rest of the economy, among other representatives of the government, the governor of the central bank and the Transport Minister will also be permanent guests at these meetings.

This body will also have the right to set up provincial pricing committees with the 18 provincial governments, as established by the new regulation.

In order to control rising prices, with annual inflation reaching 17.34 percent in January 2016, the Angolan government has a "monitored price list" of 32 products including bread, milk, potatoes and rice, and rates of public transport services, gas, electricity and water. (19-02-2016)

SOMALI HEALTH SECTOR IN FRAGILE STATE

The health sector in Somalia is currently in a fragile state and needs attention by donors, development partners and humanitarian actors, according to a paper published on Monday and endorsed by 26 aid agencies from the Somalia NGO Consortium.

The under-five and maternal mortality rates in Somalia are amongst the highest in the world; one out of every seven Somali children dies before celebrating their fifth birthday (137 deaths/1,000 live births) with a higher number in southern and central Somalia.

The WHO estimates 3.2 million people in need of urgent access to minimum health services in Somalia.

Every three hours a Somali mother dies due to pregnancy complications; and every hour, eight Somali children below the age of 5 die, said a statement issued in Nairobi.

According to the report, as of January 2016, approximately ten hospitals have either been closed or have majorly curtailed their services across the country, and basic health posts and clinics are currently struggling to meet primary health needs.

Funding to the sector has significantly reduced resulting in minimized services and coverage to areas of need.

Inconsistent funding and varying interests in supporting the health sector in Somalia has brought it almost to a definitive halt irrespective of there being an immense need in the sector, the report pointed out.

"While it is important that donors continue to support current mechanisms in place, it is equally important to expand these mechanisms, both geographically, in all those dozens of districts not supported yet, but also technically, to provide the communities with the minimum package of life saving services, from primary to secondary heath care," said AbukarGa'al, Deputy Country Director for Programs at the International Rescue Committee.

NGOs are forced to make difficult decisions in their operations which include withdrawing health workers from high-need areas due to lack of funding, and/or compromising on quality of healthcare to enhance access.(APA 22-02-2016)

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

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