MEMORANDUM

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SUMMARY

SOUTH AFRICA: S&P BLAMES ZUMA FOR 'JUNK' DOWNGRADE

The ratings agency cuts SA's foreign currency rating to 'junk' status, while the negative outlook suggests another downgrade

Last week's shock cabinet reshuffle has tipped SA over the edge of the investment-grade cliff, with ratings agency S&P Global Ratings downgrading SA's foreign currency rating to subinvestment grade, or "junk" status, on Monday evening, sending markets into a tailspin.

Moody's also put SA on review for a downgrade late on Monday, which suggests that a downgrade from the agency is imminent.

The ratings agency, whose next ratings review had been due only in June, departed from its schedule to do the downgrade, saying the executive changes initiated by President Jacob Zuma had put at risk the country's fiscal and growth outcomes, increasing the risk of policy shifts that could be negative for economic growth and fiscal discipline.

S&P also put a negative outlook on the new BB+ rating, suggesting a further downgrade could be on the cards if it sees deterioration in SA's economic or fiscal performance.

The rand lost almost 3% within half an hour of S&P's announcement. (BD 04-04-2017)

SOUTH AFRICA'S SOVEREIGN CREDIT RATING DOWNGRADED TO JUNK STATUS

S&P says last week's reshuffle poses a risk to fiscal policy

S&P Global Ratings cut SA's sovereign credit rating to junk status on Monday following an emergency meeting over the weekend.

The ratings agency decided the economic crises President Jacob Zuma plunged the country into with his midnight cabinet reshuffle on March 31 was too severe to wait until June 2 for its next scheduled review of SA's sovereign rating.

S&P also said the reshuffle posed a risk to fiscal policy.

Zuma's firing of finance minister Pravin Gordhan and his deputy Mcebisi Jonas saw the yields on the government's benchmark 10-year R186 bonds surge from 8.355% to 8.84% on Monday.

"The downgrade reflects our view that the divisions in the ANC-led government that have led to changes in the executive leadership, including the finance minister, have put policy continuity at risk," S&P said. "This has increased the likelihood that economic growth and fiscal outcomes could suffer."

S&P reduced SA's credit rating one notch to BB+ from BBB- on Monday, placing the country's bonds in "speculative grade" commonly called junk.

Colin Coleman, head of Goldman Sachs SA, said: "There's only one thing I want to say: South Africans have President Zuma to thank for the downgrade".

The rand fell by as much as 3% to R13.74 to the dollar in response to the news of the downgrade, while government bonds also weakened sharply.

"The rating action also reflects our view that contingent liabilities to the state, particularly in the energy sector, are on the rise," S&P said. "Higher risks of budgetary slippage will also put upward pressure on South Africa's cost of capital, further dampening already-modest growth."

The Treasury said after the announcement that while the leadership of the finance portfolio had changed, government's overall policy orientation remained the same.

"As indicated by Minister Gigaba earlier on Monday, "government has been, and will remain, committed to a measured fiscal consolidation that stabilises the rise in public debt"."

The Treasury said that it was committed to a predictable and consistent policy framework, which responded to changing circumstances in a measured and transparent fashion.

The yield on the R186 bond spiked at 10.4% on December 11 2015 when Zuma caused chaos by appointing Des van Rooyen as finance minister before bringing Gordhan back into the job to calm markets.

Moody’s is scheduled to release its sovereign rating review of SA on Friday. Moody’s is the most generous of the three major credit ratings agency, placing SA at Baa2 which is equivalent to BBB — two notches above junk — in S&P’s and Fitch’s nomenclature.

Fitch, which rates SA on the edge of junk at BBB-, does not forewarn when it will release its reviews.

“We think it is very likely that all the agencies will downgrade the sovereign credit rating by one notch each,” RMB currency strategist John Cairns said in a note on Friday.

“This means that the foreign currency credit rating from S&P and Fitch will fall to BB+, while it will sit at the edge of investment grade at Moody’s, Baa3. We think all three rating agencies will retain their negative outlooks. Moody’s action will occur as per schedule on April 7. Fitch is not bound by a timeline so it can also act quickly. It is not certain but S&P might bring forward its review to the coming weeks, ahead of the scheduled June 2 deadline,” Cairns said. (Reuters 03-04-2017)

MOODY'S ACTS SWIFTLY TO PUT SOUTH AFRICA ON DOWNGRADE REVIEW

The ratings agency says the abrupt change in leadership could have an immediate impact economic growth and public debt levels

Just hours after rating agency S&P Global downgraded SA’s foreign currency rating to junk status, rival Moody’s put SA on review for a downgrade in a move that suggests it will cut its rating sooner rather than later, possibly by more than one notch.

Moody’s rating on SA is two notches into the investment grade scale, so a one notch downgrade would still leave it investment grade, but some expect that it might opt for two notches when it publishes a scheduled statement on Friday this week.

Moody’s said its decision to put the rating on review was prompted by the abrupt change in leadership of key government insitutions, which raised questions about progress on essential reforms and about the effectiveness of SA’s policymaking institutions.

Given its potentially negative impact on fragile domestic and external investor confidence, the change in leadership could also have immediate implications for growth and public debt levels, Moody’s said.

The review will assess the likelihood of changes in key areas of financial and macro-economic policymaking as well as in strategic structural areas such as energy policy, Moody’s said.

Moody’s has been the most upbeat of the three major agencies, giving SA credit for the strength of its institutions and seeing last year’s local government elections and the increasing political contestation in SA as having the potential for more market-friendly changes in the medium term.

However, the agency said on Monday night that the timing and scope of the changes to the country’s government raised questions about the underlying strength of SA’s institutional framework, and its fragile economic and fiscal recovery.

Meanwhile, organized business has made a strong call for more accountable leadership that can create a more growth-friendly environment – and has highlighted the negative impact of the ratings downgrade, particularly for poor people.

Business Unity SA (Busa) on Monday night called for “accountable leadership and decisive action in the face of the S&P ratings downgrade”.

Busa CEO Tanya Cohen said the organisation would seek urgent meetings with officials in the tripartite alliance to map the way forward and re-set the economy on a positive trajectory. It has already initiated meetings with organised labour and civil society to seek this. “We have to urgently accelerate our efforts to create an environment conducive to stability and investment, and which will yield much needed growth and employment,” Cohen said.

Busa expressed concern that the political instability triggered by the extensive cabinet reshuffle was having a domino effect. “We are most concerned that it is the start of a negative spiral,” Cohen said. “With the cost of borrowing set to rise, and less capital being available as a result of the sovereign ratings downgrade by S&P, the country will find it increasingly difficult to service its debt and afford the necessary social development programmes and services,” she said.

Busa has encouraged all businesses to play an active role in holding government to account to build an environment conducive to growth and employment.

Business Leadership SA - which represents SA's largest companies - said president Zuma was directly responsible for SA's "catastrophic" rating downgrade by S&P and should be held to account. The cost of the downgrade to all South Africans, the poor in particular, would be felt in higher interest rates, higher inflation, higher food prices and lower economic growth which would reduce investment and employment, BLSA said.

The CEO Initiative, which had been working with government and labour over the past 16 months to try to stave off a downgrade, said SA's growth outlook had been dealt a severe blow by the downgrade and all South Africans would be poorer.

The Initiative said the downgrade could have been avoided had the structural reforms necessary to underpin sustained and inclusive economic growth been implemented in the interests of all South Africans. The downgrade should serve as a call to implement structural and policy reforms, the CEOs said. (BD 03-04-2017)

IMPLICATIONS OF S&P JUNK STATUS FOR SOUTH AFRICAN INVESTORS

S&P Global Ratings cut South Africa's sovereign credit rating to junk status late Monday -- the lowest possible investment-grade rating.

South Africa's foreign currency debt rating has been downgraded to non-investment grade by Standard & Poor's Global Ratings following last week's Cabinet reshuffle which saw Finance Minister Pravin Gordhan fired.

The downgrade was announced late Monday following an emergency S&P meeting over the weekend, Independent Online reported. Political uncertainty was one of the reasons for the downgrade, the rating agency said.

When countries get downgraded to non-investment grade, these are some of the things that can happen, depending on how authorities respond, according to Lesiba Mothata, chief economist at Sandton-based Investment Solutions:

Cost of funding increases, a recession ensues, currency depreciation induces inflation, which leads to monetary tightening. The short- to medium-term impacts could prove painful.

It is in times like these that investors need to hold on to a diversified and long-term investment strategy, Mothata said in a guest column in The South African. Even as a political storm is once again battering South Africa, history has shown that, in the long-term, markets have the ability to return to fundamentals even when short-term noise, especially from the political sphere, creates much angst.

President Jacob Zuma fired Gordhan and his deputy Mcebisi Jonas last week, replacing Gordhan with former Home Affairs Minister Malusi Gigaba, a rookie when it comes to finance and business, Bloomberg reported.

As part of a broader cabinet reshuffle, Zuma replaced cabinet members with loyalists, drawing public criticism from top party officials including Deputy President Cyril Ramaphosa, and calls to step down from former President Kgalema Motlanthe.

Rating agencies have warned of political risks in South Africa. S&P's results were expected on June 2, making Monday's announcement appear to be two months premature.

South Africa's banking index fell to its lowest in six months after S&P cut the sovereign's foreign-currency debt rating to junk, making it more likely that lenders will face lower returns and increased bad debts in the coming year, Bloomberg reported:

South Africa’s six-member banks index, which includes Standard Bank Group Ltd. and Barclays Africa Group Ltd., has plummeted more than 8 percent since Zuma fired Gordhan, making it the country’s worst-performing stocks gauge this year. Barclays Africa, still waiting for its London-based parent company to sell down its holdings, has been hit the hardest, sliding 16 percent in 2017. The rand has also weakened against major currencies while yields on benchmark government bonds have soared.

The S&P downgrade “is bad for banks’ net return on assets and return on equity, not just via lower performance on existing assets, but also via a higher incidence of non-performing loans,” said Adrian Saville, chief strategist at Citadel Wealth Management, in an email to Bloomberg Tuesday. “The real issue is the impact on economic growth, industrial performance and employment. There is an unambiguous negative relationship between economic growth and bank assets.”

South Africa’s banks have proved that they can weather the storm. When former Finance Minister Nhlanhla Nene was fired in December 2015, it wiped $11.2 billion off the index’s market value in two days. This time, Gordhan’s firing has cost the banks $4.5 billion so far.

South Africa escaped a downgrade in late 2016 after the ratings agencies did their final review for the year.

S&P is the first agency to downgrade South Africa’s sovereign debt to non-investment grade. Fitch is expected to do the same soon. This will be challenging for South Africa given that the local dominated debt (90 percent of total outstanding stock) is likely to go to non-investment by Fitch, Mothata said.

“The Moody’s outcome, even if it holds a more favorable outlook on South African debt relative to the other two agencies, could contribute negatively to the downward trajectory of South Africa’s ratings,” Mothata said in The South African:

Ratings agencies have different approaches to assessing the debt issued by the National Treasury in domestic and local currency. To fund government expenditure, Treasury borrows in local currency (90 percent of total outstanding stock) or in foreign currency (10 percent) in international markets. In other words, the so-called junk status relates to 10 percent of total debt issued by the Treasury.

Moody’s and Fitch ratings do not differentiate between the currencies used when debt is issued. The credit quality assigned to South Africa’s total debt is similar for both local and international currency issuances. In contrast, Standard & Poor’s (S&P) provides a rating on local and foreign debt. In its latest action on South Africa, the foreign currency component of debt issued (10 percent of the total) has been downgraded to non-investment grade BB+ (see the figure below) and local-currency denominated debt (90 percent) has been pushed one notch down to BBB-, which is still investment grade.

Before the S&P downgrade, bad-loan charges were at a multi-year low, the economic outlook was improving and South Africa’s bigger banks were considering easing lending criteria for the first time in five years, Bloomberg reported:

While the banks’ debt will have to be downgraded alongside the sovereign cut, that’s unlikely to lead to a banking crisis, according to Peter Attard Montalto, a London-based economist at Nomura International, who spoke on Bloomberg Television. The political crisis isn’t going to threaten financial stability, he said, because the banks are well capitalized.

Even with the downgrade, banks’ average return on equity remained above 16 percent in 2016, according to Ernst & Young LLP research. South African banks may continue to beat the ratios of their peers in Europe and the U.S.

“We have 50 percent more capital than in the global financial crisis and all South African banks came through that event fine,” said Mike Brown, CEO of Nedbank Group Ltd. “Banks are well prepared for this event and have conducted numerous stress tests — I’m confident all will remain stable in the months ahead.”

Bonds

S&P’s decision does not impact the country’s eligibility in global bond indices as yet, Mothata said.

South Africa’s benchmark 10-year government bond had become the fourth most heavily traded sovereign bond in Europe according to Trax. March was a record month for trading volume in South African bonds — 15 billion euros ($16 billion US), the largest number on record and 52 percent higher than the average monthly volume since July 2013.

The Citigroup World Government Bond Index is a widely-used global bond benchmark. According to its exit requirements, a country will be removed from the index for the following reasons:

- Market capitalisation of outstanding debt falls below half entry level (US$25 billion) for three consecutive months.
- A country gets downgraded into non-investment grade by both Moody's and S&P on its long-term domestic credit.
- Authorities deliberately introduce policies that materially change the ability of investors to replicate the returns of that country's portion of the index.

The three exit requirements are not yet triggered, and all rating agencies still have South African credit quality rated in investment grade, Mothata said. However, more ratings downgrades and increased trading volumes could impact South Africa's ability to raise funds and affect the flow of capital into South African bonds.(AFKI 04-04-2017)

COSATU CALLS ON PRESIDENT JACOB ZUMA TO RESIGN

Trade union federation says it said it no longer believes that President Jacob Zuma is the right person to lead the ANC

On Tuesday, ANC ally, the Congress of South African Trade Unions (Cosatu) called on President Jacob Zuma to step down. "Cosatu no longer believes that the president is the right person to lead the country and the movement ... the time has arrived for him to step down," said Cosatu general-secretary, Bheki Ntshalintshali. "Cosatu no longer believes in his leadership abilities." Ntshalintshali was briefing the media in Braamfontein after a special sitting of Cosatu's central executive committee on Monday. The federation has blamed Zuma for the country's downgrade by S&P Global Ratings on Monday.

Cosatu discussed last week's Cabinet reshuffle and used three guiding questions to assess its decision: whether the reshuffle was in the best interests of the ANC and the country; if it takes the fight against corruption forward; and if it was based on merit.

Ntshalintshali said Cosatu's answer to each of these was "No".

The influence of the Gupta family on Zuma and the Constitutional Court judgment on Nkandla all informed the federation's stance against Zuma. It also admitted that the Cabinet reshuffle was the first during Zuma's presidency about which he did not consult the federation.

Zuma has also failed to deal with incompetent ministers in his Cabinet, Cosatu noted, which also rejected Zuma's argument that it was his prerogative to choose his Cabinet. "Voters gave the ANC a mandate ... the president derives his mandate from the ANC," said Ntshalintshali.

Cosatu president, Sdumo Dlamini, said the decision was not taken lightly and follows lengthy consultation with the ANC on the Zuma matter. Business Day reported last year that Cosatu had decided it was time for Zuma to go after the local government elections in which the ANC dropped in support.

Cosatu decided back then, however, to first consult the ANC and deliver the message directly to the party leadership instead of publicly. "We cannot contain this any more," said Dlamini. "We need serious action to deal with this matter... for us, the call we are making is a very important one." (BD 04-04-2017)

MOZAMBIQUE GETS IDA FUNDING FOR VALUE CHAIN PROJECT

The International Fund for Agricultural Development (IFAD) will provide $2 million to Mozambique to finance implementation of a value chain development project. The project is in two development corridors, and targets 20,350 families in 20 districts of Maputo, Gaza and Inhambane provinces, south of Mozambique.

This is according to a press statement APA received on Tuesday from the executing agency, the Value Chain Development Project in the Maputo and Limpopo Corridors, PROSUL.
The value chain project aims to improve market linkages and ensure greater efficiency of producer organizations.
The project has five components ranging from horticulture, manioc, red meat, financial services and institutional support, to project management.

PROSUL is being implemented by the Ministry of Agriculture and Food Security (MASA), and the Agrarian Development Fund (FDA), the entity responsible for coordinating the project, through a management team based in Xai-Xai city, Gaza.

The project, which had been implemented in the country since 2012, seeks to support three value chains namely, horticulture, cassava and
red meat.
The goal is to guarantee a sustainable increase in the income of small producers, by increasing production volumes, productivity and quality.

Mozambique's three development corridors include the Maputo, Beira and Nacala corridors, which are strategically important to the southern African country´s neighbours, especially landlocked Zimbabwe, Malawi and Zambia.

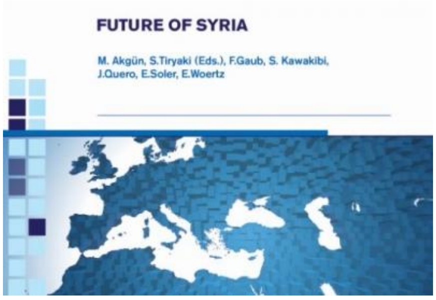
These corridors are slowly recovering from a lack of maintenance programmes as a result of the civil war. (APA 04-04-2017)

BRUSSELS CONFERENCE SUPPORTING THE FUTURE OF SYRIA AND THE REGION KICKS OFF TODAY

The Brussels Conference Supporting the Future of Syria and the Region (#SyriaConf2017), hosted by the European Union and co-chaired with Germany, Kuwait, Norway, Qatar, the United Kingdom and the United Nations, is taking place today and tomorrow (4–5 April). Ahead of the main Conference event tomorrow, High Representative/Vice-President Federica **Mogherini** will hold today a series of bilateral meetings and will also meet with the UN Special Envoy for Syria, Staffan de Mistura. They will hold a joint press point at 16:00 CET, live on EbS. Thematic sessions are also taking place today, focusing on various aspects of international support provided in response to the crisis in Syria and the region. Commissioner **Stylianides** opened (speech here) the thematic session "Humanitarian aid Inside Syria – Needs challenges and the way forward" this morning. Later in the afternoon, Commissioner **Hahn** will address the "Supporting the resilience of host countries and refugees" session. The interventions by the Commissioners are available live on EbS. All thematic sessions will feed into the main discussions tomorrow. Tomorrow, the main Conference event will bring together ministerial representatives from over 70 delegations, from the EU and the region, but also the wider international community, the United Nations, major donors and civil society, and humanitarian and development organisations. The Conference will begin with the arrival of the delegations at 7:30 CET; a ministerial meeting and the session on “Supporting the future of Syria“, which HR/VP **Mogherini** will chair, will take place in the morning. It will be followed by a live press conference by all co-chairs at

+/- 13:00 CET. Commissioner **Hahn** and Commissioner **Stylianides** will then co-chair the afternoon sessions on “Supporting the region and the refugees-implementation of London commitments and the way ahead” and “Syria - humanitarian assistance and resilience” respectively. All media opportunities will be transmitted here. For more information on the Conference, including the indicative programme, media advisories, and background information, visit the website. For more information on EU response to the Syria crisis, see here. For more information on the outcome of today's sessions, see here and here (EC 04-04-2017)

STUDY ON FUTURE OF SYRIA PUBLISHED AHEAD OF BRUSSELS CONFERENCE



Ahead of the EU Conference on “Supporting the future of Syria and the region” to take place tomorrow in Brussels, the network of think tanks EuroMeSCo (Euro-Mediterranean Study Commission) published a Policy Study on the “Future of Syria”. The Study was produced in the framework of the Project “Euro-Mediterranean Political Research and Dialogue for Inclusive Policymaking Processes and Dissemination through Network Participation”, co-funded by the EU and the European Institute of the Mediterranean (IEMed).

This Joint Policy Study attempts to assess the post-conflict phase of Syria through four chapters: state-building, political, structural, and legal issues; Syria’s military post-conflict; Syria’s economy and the war damage, possible peace keeping and reconstruction architecture; and reconciliation and minorities in Syria.

The Study emphasises that it is imperative that the primary discussants of Syrian issues should be the Syrians themselves as they will be the main stakeholders at the negotiating table that will eventually determine the fate of the country. “In a nutshell, the intersection of the optimum interests and expectations of global, regional and local actors as well as cues drawn from other conflicts will lead to a resolution of the Syrian conflict.”

The Study, which includes two policy recommendation papers, adds to the ongoing efforts towards a sustainable resolution of the Syrian conflict and the rebuilding of post-conflict Syria. (EEAS 04-04-2017)

Joint Study “Future of Syria”

The EU and the crisis in Syria

UAE INVESTMENTS IN SUDAN TOP $3 BILLION

Investments from the United Arab Emirates to Sudan have reached $3.5 billion, making it the second biggest foreign investor to the country behind Saudi Arabia, a senior Sudanese official said.

Investment ministry official, Najm aldeen Hassan told journalists on Monday during a tour of the Dubai Commercial exhibition in the UAE that most of its investment in Sudan is in agriculture.
He pointed out that Sudan is looking forward to raising the investment portfolio of the gulf country to a whopping $15 billion by the end of 2017 to neutralize current local and federal investment lows.
Sudan’s economy had hit torrid times since South Sudan declared independence in 2011 and inherited the oilfields in its territory.
Oil was one of the chief mainstays of the Sudanese economy before South Sudan seceded from the rest of the country. (APA 04-04-2017)

ETHIOPIA'S INFLATION RISES TO 8.5 PERCENT IN MARCH

Ethiopia's year-on-year inflation rose to 8.5 in March from 7.0 percent in February, the Central Statistics Agency said on Tuesday.

According to a statement issued by the agency, food inflation increased to 9.6 percent in March from 7.8 percent in the previous month.
There was an increase in the food prices of cereals, vegetables, pulses, potatoes and other tubers, as well as coffee, which contributed to the rapid rise in the inflation rate during March.
Non-food inflation also increased to 7.3 percent from 6.2 percent, mainly due to rise in the prices of clothing, footwear, firewood, household goods and furnishings, the agency added. (APA 04-04-2017)

MALTA MEDFISH4EVER DECLARATION SIGNED TO SAVE MEDITERRANEAN FISH STOCKS AND SUPPORT SMALL-SCALE FISHERIES

The Malta MedFish4Ever Declaration was signed today by Mediterranean ministerial representatives from both northern and southern coastlines who have committed to saving the Mediterranean fish stocks and protecting the region’s ecological and economic resources. Following months of negotiation, the declaration sets out a detailed work programme for the next 10 years based on ambitious but realistic targets. Over 300 000 people are directly employed on fishing vessels in the Mediterranean, whilst many more indirect jobs depend on the sector.
Commitments made by the signatories include:
- By 2020, ensure that all key Mediterranean stocks are subject to adequate data collection and scientifically assessed on a regular basis. In particular, small-scale fishermen are to acquire an increased role in collecting the necessary data to reinforce scientific knowledge;

- Establish multi-annual management plans for all key fisheries. For its part, the Commission has already initiated this process with a proposal for a multi-annual fisheries plan for small pelagic stocks in the Adriatic;
- Eliminate illegal fishing by 2020 by ensuring that all states have the legal framework and the necessary human and technical capabilities to meet their control and inspection responsibilities. The General Fisheries Commission for the Mediterranean (GFCM) will lead the development of national control and sanctioning systems;
- Support sustainable small-scale fisheries and aquaculture by streamlining funding schemes for local projects such as fleet upgrades with low-impact techniques and fishing gear, social inclusion and the contribution of fishermen to environmental protection.

The effective implementation of the declaration will be made possible by involving fishers – both men and women –, coastal communities, civil society, industrial, small-scale, artisanal and recreational fisheries in the process, as well as the UN Food and Agriculture Organisation and GFCM. Today's declaration is another contribution to the EU's international commitments under the Sustainable Development Goals (Goal 14: 'Conserve and sustainably use the ocean, seas and marine resources for sustainable development').

Today's declaration is the outcome of the so-called Catania process, launched by Commissioner Vella in February last year and entailing fruitful cooperation with stakeholders, the GFCM Secretariat, EU Member States and third countries. Important milestones include a first ministerial conference of Mediterranean fisheries ministers in April 2016, the GFCM annual session in June 2016, and the GFCM inter-sessional meeting in September 2016.

The following parties were represented at the Malta MedFish4Ever Ministerial Conference: European Commission, 8 Member States (Spain, France, Italy, Malta, Slovenia, Croatia, Greece, Cyprus), 7 third countries (Morocco, Algeria, Tunisia, Egypt, Turkey, Albania, Montenegro), the FAO, the General Fisheries Commission for the Mediterranean, the European Parliament, and the EU Mediterranean Advisory Council.(Malta MedFish4Ever 30-03-2017)

Malta MedFish4Ever Declaration

#MedFish4Ever campaign

SHANGHAI ELECTRIC POWER CO INVESTS US$3 MILLION IN MOZAMBIQUE

The Shanghai Electric Power Co will invest US$3.0 million over the next 12 months to ensure completion of work related to the construction of a thermal power plant in Mozambique, the Ncondezi Energy company said on Thursday.

The completion of the work, said the company listed on the Alternative Investment Market (AIM) of the London Stock Exchange is required to secure a concession contract, which will be granted by government decree.

The two companies have been jointly developing this project in Mozambique and the Shanghai Electric Power Co has committed to an investment of US$25.5 million in exchange for a 60% stake in Ncondezi Power Holding 2 Ltd, the company that will hold and manage the thermal plant.

This plant, which at an initial stage will have an installed capacity of 300 megawatts, will be expanded up to 1,800 megawatts and production will be sold to Mozambican state power company EdM.

The coal mine that will supply the power station has resources estimated at 4.7 billion tons, an amount which according to the Energy Ncondezi, can feed a large project with a long useful life. (31-03-2017)

HOW GHANA PLANS TO RESUSCITATE ITS DEFICIT-RIDDEN ENERGY SECTOR

Ghana’s new government is looking to fix a crippling power crisis with a complete overhaul of its deficit-ridden energy sector including a boost for solar energy.

Intermittent power supply issues have dogged the West African state since the 1980s and became particularly acute in the past five years — although there has been some improvement recently.

President Nana Akufo-Addo blames his predecessor John Dramani Mahama whose energy policies, he said last month, had led to "gargantuan debt".

Ghana’s energy sector was crushed by an accumulated debt of $2.4bn, he said, as the cost of buying fuel, paying energy suppliers and running inefficient state companies spiralled out of control.

Its bad financial situation "constitutes the single major hurdle to Ghanaians enjoying reliable and affordable electricity supply", he said last month in his first State of the Nation address.

Improvements in the provision of power were seen in the run-up to December’s election but Akufo-Addo said the challenges within the sector were far from over and high costs were a major stumbling block.

Akufo-Addo’s New Patriotic Party (NPP) has now begun to develop a new electricity masterplan, which also includes possibly listing state-owned power generation and supply companies on the stock exchange.

Such asset sales would not only move the underperforming utilities off the government’s books, but private ownership may well make them more efficient, experts say.

This year’s budget also included ambitious plans for renewable energy to provide two to 3% of supply to the national grid and, in addition, develop 38,000 solar-powered homes in "off-grid" communities.

Harnessing the power of Africa’s most abundant free resource — the sun — to provide electricity has long been a challenge for governments across the continent.

In Ghana there are hopes that more people will sign up to a 500-watt solar panel scheme started under Mahama for homes and businesses. The panels come free, but takers must still foot start-up costs of around $1,500.

The Energy Commission wants to see 200,000 such systems installed, but the scheme’s coordinator, Kenneth Appiah, says since it was launched in February last year only 409 units have been installed. Among those who have received the panels — each installation is worth about $450 — is accountancy lecturer Daniel Nkrumah-Afyeefi.

He said the programme was a good starting point to get his home off the grid and he planned to add more panels to lower food refrigeration costs and avoid hot, sleepless nights.

"When you live in a place like Accra and you need to store food items, when power runs off and on like that some of the things get spoiled," he told AFP.

"You tend to be buying as and when you eat, and that ends up increasing your cost of purchasing food items." Ghana has seen four different power crises since 1982 due to low water levels in the country’s dams, said Ishmael Ackah, head of policy at the Africa Centre for Energy Policy.

In 1997, the country began using thermal energy to complement hydro-electric power but struggles to keep its power stations going at full capacity, as the economy grows and demand increases.

Nigeria has been a major supplier of gas and oil but that has been erratic, as Ghana has struggled to pay its bills.

Scheduled rolling electricity blackouts to ration power — known locally as "dumsor" — have in recent years had a knock-on effect on businesses and productivity, and led to street demonstrations.

A 2015 report by Ghana’s Institute of Statistical, Social and Economic Research indicated the country was losing some $2.2 million a day because of the energy shortfall.

The government is hoping domestic oil and gas supply from offshore fields will help cut the energy deficit, alongside solar, for the country’s 27 million people.

Energy minister Boakye Agyarko has said he wants all government departments to be solar powered and vowed to "step on the accelerator and make sure we do even more than we are doing now".

A British-based firm, Blue Energy, is hoping to build a huge solar farm in western Ghana by December this year, with a capacity of up to 155 megawatts. Ackah said there is hope that solar power’s share in the overall energy mix will soar by the end of the decade.

"It is 0.5% in 2017. We are supposed to get 10% in the next three years," he said. (AFP 29-03-2017)

MAGNITUDE 6.5 QUAKE STRIKES BOTSWANA

A magnitude 6.5 quake struck 242 km north-northwest of the Botswana capital Gaborone on Monday, at depth of 35 km (21 miles), the US Geological Survey said.

Tremors were also felt in parts of neighbouring SA. Rosebank, Centurion, Roodepoort, Boksburg and even Pretoria were affected by the tremor — which lasted a few seconds at about 7.44pm.
Earlier on Monday an earth tremor measuring 4.6 hit Krugersdorp on the West Rand of Gauteng province.
Seismologist Ian Saunders of the Council for Geoscience said that tremor was "strong" by South African standards. (Reuters 03-04-2017)

SUDAN PLANS AIR CORRIDOR FOR FAMINE-HIT S/SUDAN

The Sudanese government has said it will open another humanitarian corridor to airlift much needed food aid to famine-ravaged communities in neighbouring South Sudan.

The air corridor will be opened from Al-Obyed airport to stave off the consequences of heavy rains that might hinder the distribution of food aid by land, the humanitarian aid commissioner in North Kordofan State, Ahmed Babeker al-Hassan said in a statement on Sunday.
He also announced a proposal to open a third land route to transfer subsidies to those affected inside South Sudan where five million people face serious famine.

Heavy rains often hinder road transport in most states of western Sudan and those bordering South Sudan, where major cities are cut off from remote areas for long periods.
Babeker al-Hassan said the third route would be opened to deliver humanitarian aid to South Sudanese citizens in North Bahr el Ghazal State.

The World Food Program (WFP) two days ago launched a humanitarian corridor along the Al Obyed-Hegelig-Rabkuna-Panteo road to deliver assistance to starving populations in South Sudan.

According to Ahmed Babeker the humanitarian aid currently in the warehouses of the WFP, which is scheduled to be distributed is about 27,000 metric tonnes, in addition to 1000 metric tonnes in the province of Dubaybat in South Kordofan State.

He said the volume of food aid to be delivered will have reached 54,000 metric tonnes by the end of April.

The first convoy of 27 trucks, carrying 1,200 metric tonnes has since left the central city of Al Obyed in Sudan bound for South Sudan's Bentiu.

After the outbreak of violence in South Sudan in December 2013, WFP continued to transport food aid through a corridor connecting White Nile State inside Sudan and the Upper Nile State in South Sudan.

To date, a memorandum of understanding signed between Khartoum and Juba the first time in July

2014, WFP has transported over 57,420 metric tonnes of miscellaneous aid to South Sudan through this corridor. (APA 02-04-2017)

NORWEGIAN ROYALTY VISITING LIBERIA AS UNDP GOODWILL AMBASSADOR

Crowned prince Haakon of Norway in his capacity as United Nations Development Programme (UNDP) Goodwill Ambassador is in Liberia to witness first-hand the country's progress in consolidating peace, and planning for and implementing the globally-agreed Sustainable Development Goals (SDGs).

The prince on Monday paid assessment visits to markets in Monrovia and held discussions with marketers and other businesspeople with Liberia's Commerce Minister Axel Addy in attendance.

Crown Prince Haakon, an advocate for UNDP's efforts to assist member states achieve SDG 1 to end poverty in all its forms everywhere, on Monday also held talks with officials of the program and other UN agencies in the country.

During his visit to Liberia which ends on Friday, April 7, the UNDP Goodwill Ambassador will also meet with senior government officials, youth and women's groups, civil society organizations, local communities and other partners.

He will also visit UNDP-supported projects focused on post-Ebola recovery and building resilience against similar types of shocks.

According to the UNDP, Crown Prince Haakon's visit is seen as a welcome recognition of Liberia's strides in post-war reconstruction, and its commitment to the Sustainable Development Goals.

“As the country takes on this ambitious agenda, UNDP has committed to continue to work with all Liberians and partners to ensure that people's lives are improved, that the country's natural resources work for everyone, and that nobody is left behind,” a UNDP press statement said. (APA 30-03-2017)

ALGERIA: CONFERENCE LOOKS AT MIGRATION

EU Delegation to Algeria

Mr. John O'Rourke, Head of the European Delegation in Algeria, chaired a workshop on the theme "the European Union in the new Mediterranean", as part of a conference organised by the Italian embassy in Algeria on "European integration and the Mediterranean". This event was held in the framework of celebrations of the 60th anniversary of the Treaty of Rome.
Being a topical issue and a major challenge for Europe as well as its southern neighbours, migration was one of the key subjects of the debate. Mr. O'Rourke said that it was "a mistake for Europe to consider Africa through a unique aspect, be it security, trade or migration". Algeria "does not contribute to the problem of European migration", he added. (EEAS 30-03-2017)

GERMANY HANDS OUT €43MLN FOR MAURITANIA PROJECTS

Germany has granted Mauritania €43 million to expedite a number of projects, including a sustainable fisheries resource management program and a support program for technical education and vocational training.

These projects also include the modernization of the Nouadhibou artisanal fishing port, the promotion of employment and professional integration in rural areas, and a program to promote human rights and dialogue.

They also include a project on sustainable artisanal fisheries, a natural resource management program, another on good governance, the diversification of the mining sector and strengthening the management of raw materials.

Two conventions formalizing this grant were signed in Nouakchott by Mauritania's Economy and Finance Minister, Moctar Ould Diay, and German Ambassador, Carola Müller-Holtkemper.

In a speech at the signing ceremony, Ould Diay recalled that the recent negotiations between Mauritania and Germany in December 2016, which outlined the general outlines of cooperation for the next two years, focused on support for sustainable ecological management of natural resources, especially marine resources, in addition to good governance, youth employment and mining research.

He added that the focal areas of the two conventions were given priority in the Accelerated Growth and Shared Prosperity Strategy (SCAPP), which would cover the period 2016/2030.

The minister pointed out that part of this funding would be devoted to the promotion of vocational training, in order to adapt the demand for employment to the needs of the market and to contribute to the fight against unemployment among young people.

The German diplomat said his country sees Mauritania as an important partner in the implementation of the priorities of cooperation and development policies in the fields of employment and the creation of promising prospects for young people, in terms of the sustainable use of natural resources and food security. (APA 01-04-2017)

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 - Canadian Council on Africa, CCA - Corporate Council on Africa (USA), ELO,HTTC ,NABA,NABC (by posting selected news) and SwissCham-Africa to their Members.

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ACP countries to negotiate as a unified entity with EU

Seventy-nine countries from Sub-Saharan Africa, the Caribbean and the Pacific will speak with one voice as they prepare to negotiate a major partnership framework with the European Union.
The new accord will follow on the current ACP-EU Partnership Agreement (also known as the Cotonou Agreement), which covers trade, development cooperation and political dialogue between the two parties until 2020.
Leading up to the launch of negotiations for the post-Cotonou period in 2018, there is a clear common interest in aligning future ACP-EU cooperation to the 2030 Agenda for Sustainable Development and the Sustainable Development Goals.

“**Wide stakeholder consultations are envisaged by the ACP Group while some basic premises have been discussed by member state representatives in Brussels and shared with European counterparts at the ACP-EU Committee of Ambassadors, under the Malta’s presidency of the EU.**

“These basic principles highlight the importance the ACP Group places on negotiating as a unified entity, aiming for a mature political partnership based on mutual respect. The ultimate aim is to facilitate poverty eradication, sustainable development and improve the livelihoods of the one billion people that live in our countries,” stated ACP Secretary General H.E. Dr. Patrick I. Gomes.

Based on the outcomes of the 7th an 8th Summits of ACP Heads of State and Government in 2012 and 2016 respectively, several basic points have been outlined to guide member states in preparing for negotiations to reshape relations with the EU after 2020:

1) The ACP Group of States is committed to remain **united as an inter-governmental organization;**

2) As a **unified trans-regional entity**, the ACP Group will negotiate a **successor agreement to the ACP-EU Cotonou Partnership Agreement**;

3) **Formally structured relations with regional and continental groupings** of developing countries will be an important aspect of the negotiations;

4) Principles and mechanisms for **inclusive policy formulation, decision-making and programme implementation with Non-State Actors** will be given serious consideration during the negotiations;

5) The substantive thematic areas and pillars of an ACP-EU post-Cotonou Agreement are (i) **Trade, Investment, Industrialisation and Services;** (ii) **Development Cooperation, Technology, Science and Innovation/Research**; and (iii) **Political dialogue and Advocacy**;

6) An ACP-EU post-Cotonou Agreement should maintain the **core geographic and geopolitical character** of the ACP Group structured in six regions of Central, East, Southern and West Africa, the Caribbean and Pacific, while **being open to different types of association with other developing countries**;

7) The negotiation process is envisaged as leading to a **legally binding agreement**;

8) A **dedicated development finance mechanism** is to be included within a negotiation framework for an ACP-EU post-Cotonou Agreement.

In addition, the ACP Group will also advocate for preferential trading agreements that are development-oriented, as well as structural support for debt management, trade facilitation and innovative development financing, especially for members with Middle Income status.

ACP and European countries have been in a comprehensive and structured partnership since 1975. The current treaty between the two blocs - the ACP-EU Cotonou Partnership Agreement - was signed in 2000 for a period of 20 years. Joint ACP-EU actions and programmes under the partnership have made valuable contributions to the sustainable development and growth of ACP developing countries, as well as global development objectives.

Aide Memoire - Basic Principles for ACP-EU relations post-2020 (ACP 03-04-2017)

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