# MEMORANDUM

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## SUMMARY

## EU PREPARED TO STRENGTHEN SANCTIONS ON BURUNDI

European Union (EU) foreign ministers said on Monday they were prepared to strengthen economic sanctions on Burundi following the failure of talks to end a political crisis in the Central African country in which more than 440 people have been killed.

The United Nations (UN) has repeatedly warned of Burundi sliding back into an ethnically charged conflict, more than a decade after a civil war that killed 300,000, and said it had reports of mass graves and gang-rapes by security forces.

But President Pierre Nkurunziza, whose decision last April to stand for a third term triggered nine months of violence, has refused to accept an African Union peacekeeping plan, saying it would amount to an invasion.

"The EU... stands ready to impose restrictive measures against those whose actions might have led or might lead to acts of violence and repression (and) serious human rights violations," ministers said in a statement released during a meeting in Brussels, adding that those hampering a political solution could also be targeted.

The EU last year imposed asset freezes and travel bans on four officials close to Mr. Nkurunziza who are accused of using excessive force during clashes in the run-up to his re-election.

However, the EU, Burundi's biggest aid donor, said it would not suspend aid to one of the world's poorest countries, although many of the funds were now being rerouted directly to humanitarian agencies rather than to the government.

The EU had hoped that, by inviting Burundian officials to Brussels for formal talks, they could chart a path to new elections, but the talks on December 8 failed to find a way forward.

The situation remained deadlocked and was likely to worsen as the economy weakened, the EU foreign ministers said.

Burundi is a nation with a similar ethnic mix to neighbouring Rwanda, where 800,000 people died in a genocide in 1994. According to the United Nations High Commissioner for Refugees (UNHCR), nearly a quarter of a million people have fled the violence in Burundi and a further 25,000 are displaced within the country. (Reuters 15-02-2016)

## WORLD BANK EARMARKS $100M FOR NIGERIA GIRL-CHILD EDUCATION

The World Bank has earmarked over $100 million for girl-child education in five northern states in Nigeria, an Official of the bank, Dr Tunji Adekola, said Tuesday.

Adekola made the disclosure in Sokoto on Tuesday at the inauguration of the state chapter of the Nigeria Partnership For Education Project.

Adekola enumerated the benefiting states to include Sokoto, Kano, Katsina, Jigawa and Kaduna.

He said that the four-year project is aimed at improving access and quality of basic education, especially for the girl-children in the states.

The project is also aimed at improving the issue of equity in education, as well as ensuring uniformity in access for all to education.

This is to bring back the out- of- school children to schools and also improve gender parity between boys and girls,'' he added.

In the same vein, Adekola who is also the Senior Education Specialist for bank in Nigeria added that the project aimed at improving enrollment, retention and completion of pupils in schools.

Governor Aminu Tambuwal of the state stated that the state government had provided a N 75 million counterpart funding for the project.(APA 16-02-2016)

## S/AFRICA AIRWAYS WILL REROUTE DOUALA FLIGHTS - SAA

The national flag carrier, South African Airways (SAA) has confirmed that with effect from March it will reroute its flights from Cameroon's Douala International Airport to an airport in Yaoundé due to the closure of the former to undergo rehabilitation and other construction work.

SAA spokesperson Tlali Tlali said on Tuesday that the airline's four weekly flights from Johannesburg to Libreville (Gabon) and onwards to Douala in Cameroon will be rerouted from 1 March to 21 March to the Nsimalen International Airport in Yaoundé for the duration of the airport closure.

Tlali said this alternative entry point into Cameroon would ensure that there will be no interruptions for SAA travellers to and from Cameroon.

We are pleased that an alternative entry point into Cameroon ensures that there are no interruptions in the service we offer during the time when the airport in Douala remains closed Tlali explained.

We continue to explore new ways of providing the best service to our clients to ensure that we remain the carrier of choice for customers when they travel for business and leisure, Tlali said.

According to the official, the Cameroonian government said that the closure of the facility was temporary due to the rehabilitation and upgrading of the main runway at Douala International Airport.(APA 16-02-2016)

## MUSEVENI SAYS HE WILL GO ONLY IF HE LOSES UGANDA'S PRESIDENTIAL ELECTION

Ugandan President Yoweri Museveni once said leaders who "overstayed" in power were the root of Africa's problems, but 30 years later he is intent on a fifth term of office.

The 71-year old former rebel leader seized power in 1986, ending years of brutal and murderous rule under Idi Amin and Milton Obote. "Those who say, 'let him go, let him go', they need to know that this is not the right time," Mr. Museveni said at a recent campaign rally held ahead of the February 18 election that he is expected to win.

"This old man who has saved the country, how do you want him to go? How can I go out of a banana plantation I have planted that has started bearing fruits?"

Mr. Museveni successfully changed the constitution in 2005, abolishing a two-term limit. Other African leaders have since followed suit, changing or redefining laws to stay in power, most recently Burundi's Pierre Nkurunziza and Rwanda's Paul Kagame. For now, Mr. Museveni has no intention of handing power to anybody, dismissing criticism from Western donors over graft and moves to grant sweeping powers to regulate civil society groups and nongovernmental organisations.

He has also shrugged off criticism of a tough anti-homosexuality law, later overturned on a technicality.

As he vies to enter his fourth decade in power, Mr. Museveni remains one of Africa's most wily and tenacious rulers, alongside the likes of Angola's Jose Eduardo dos Santos and Equatorial Guinea's Teodoro Obiang (both in power since 1979), Zimbabwe's Robert Mugabe (since 1980) and Cameroon's Paul Biya (since 1982).

For the most part, Uganda has enjoyed peace during the Museveni era. A northern rebellion, fought by crazed mystic Joseph Kony and his Lord's Resistance Army (LRA), was pushed out of the country a decade ago and his firm hand has kept the lid on armed unrest and Islamic terrorism.

Mr. Museveni studied in Dar es Salaam, Tanzania, in the 1960s, when the university acted as a kind of revolutionary finishing school for ant colonialists.

His wife Janet is a devout Christian, MP and Cabinet minister, but it is their son Muhoozi Kainerugaba, head of the elite Special Forces Command, who many believe is being groomed for succession.

The economy has ticked over but has never taken off, partly due to the corruption permitted as part of a system of political patronage that keeps Mr. Museveni in power. The promise of oil wealth from crude discovered beneath Lake Albert has yet to be realised. Mr. Museveni has welded state and party and undermined political opposition so effectively that any serious challenge to either him or his National Resistance Movement (NRM) is impossible.

A proud former military man, much of his authority still rests on his sway over the army, which he uses to maintain control domestically and project power regionally.

During the Democratic Republic of Congo's regional war between 1998-2003, Ugandan soldiers fought with their Rwandan allies and were charged by the International Court of Justice with looting Congo's resources, killing and torturing civilians, using child soldiers and razing villages.

Uganda denies the charges and has so far refused the court's 2005 order to pay $10bn in reparations.

More recently Ugandan troops were instrumental in preventing a rebel takeover of the South Sudan capital, Juba, and shoring up Salva Kiir's government after civil war began in late 2013.

Uganda's intervention in Somalia has been more warmly welcomed with its troops forming the backbone of an African Union mission that has battled the al-Qaeda-linked al-Shabab militants since 2007.

The Somalia intervention — unlike those in Congo and South Sudan — has won Mr. Museveni favour with foreign donors, who in return give him a pass when it comes to domestic oppression and corruption.

"His actions may not always be approved, but he has made Uganda a serious player in the region," said Magnus Taylor, from the International Crisis Group (ICG) think tank.

"While Uganda's drift towards authoritarianism, coupled with the high-profile introduction of legislation to criminalise homosexuality and regulate the operational environment for nongovernmental organisations may not win approval from Western actors, Mr. Museveni has embedded himself to the extent that the internationals accept his military contributions with one hand while wagging a censorious finger with the other," Mr. Taylor said.

Mr. Museveni was born in Rwakitura in western Uganda to a cattle-herding family, with some opponents saying he is older than the 71 years he claims.

"If I lose election I shall leave power," Mr. Museveni said in a recent interview. "I have got my job at home, I am a cattle keeper." Mr. Museveni specialises in rambling speeches peppered with folksy parables and military references that play better among poor — and poorly-educated — rural folk than among the urban population, where the opposition finds its strongest support.

But Uganda remains a predominantly rural country, in both demography and economy, and Mr. Museveni's popularity there is still high. (AFP 16-02-2016)

## SWAZILAND'S MINERALS RENDERED WORTHLESS BY DRASTIC DROP IN WORLD PRICES

The drop of about 30 and 40 per cent of the prices of iron ore and coal will render Swaziland's over $31.3 billion worth of minerals almost valueless, APA reports here on Thursday.

Information sourced from the commissioner of mines by local media reveals that Swaziland has 143.5 million tonnes of coal worth over $7.1 billion (when using the current price of coal per tonne) and there is over 617 million tonnes of iron ore worth over $25 billion.

"The fact that the Ministry of Natural Resources can struggle to attract investors for the mining these minerals stems from one of the biggest mining companies in the world - Anglo American, which is shedding dozens of mines and reducing head count by 78, 000 to focus on diamonds, platinum and copper," local media reports.

According to some publications, Anglo American will retain platinum mines through its 78 per cent stake in JSE-listed Anglo American Platinum, its 85 per cent stake in De Beers, and a number of copper mines.

Anglo, which was formed in 1917 by Ernest Oppenheimer, was for decades South Africa's largest company, a colossus on the JSE straddling a range of industries from mining to paper and steel. (APA 18-02-2016)

## MAURITIUS DOCTORS HELP BOTSWANA PERFORM CARDIAC PROCEDURES

Authorities at Botswana's biggest hospital, Princess Marina said Thursday that it will conduct another round of cardiac procedures starting 18th February until 26th February 2016 in conjunction with a Mauritius medical team from the Cardiac Centre at Pamplemousse, Mauritius.

In a statement, the hospital says 33 patients will undergo different cardiac procedures, four patients will get pacemakers, eight will do open heart surgeries, 22 will do angiograms and 33 echos.

The last batch of successful cardiac procedures was conducted in November 2015 where eight patients underwent open heart surgeries, 30 echos, 17 angiograms, three pacemakers and two stents.

The operations were all successful.

The Mauritius medical team has partnered with Princess Marina Hospital since 2009. So far, 108 open heart surgeries, 23 insertion of pacemakers (batteries), 212 angiograms, 19 stents (insertion of wires) and around 500 heart scans have been conducted.

Meanwhile, Princess Marina Hospital has just completed another round of successful round of hip and knee replacements recently. The team did seven knee replacements and seven hip replacements.(APA 18-02-2016)

## NIGERIA TALKING TO OIL GROUPS AND BANKS TO FINANCE NEW DRILLING AND REPAY DEBT

Nigeria is in talks with oil majors and banks to raise capital for new drilling and to repay up to $4bn in debt that the state oil company has accumulated over years of mismanagement, the company's head told Reuters.

Emmanuel Ibe Kachikwu, who is also the minister of state for petroleum, said he wanted to increase output to up to 2.5-million barrels a day by the end of 2016. Currently, the Organisation of the Petroleum Exporting Countries (Opec) member pumps 2.3-million barrels a day.

President Muhammadu Buhari has made reforming the oil sector a priority as a slump in oil prices hammers the economy. The former military ruler has fired the NNPC board and appointed Mr Kachikwu to overhaul a company whose opaque structures have allowed corruption and oil theft to flourish.

Nigeria's oil and gas output has been relatively stagnant as big offshore projects have been held up by much-delayed government funding and uncertainty over fiscal terms.

Africa's biggest economy produces oil with foreign and local firms through production-sharing contracts and joint ventures but investments have been held up because NNPC has been unable to pay its share: bills have been piling up since 2012.

Mr. Kachikwu said debt as of November stood at $3.5bn-$4bn, which NNPC wanted to cut through deals such as a $1.2bn multiyear drilling financing signed with Chevron in September.

"The target is that over 2017, we'll begin to look at zero," he said in an interview, referring to debt and the goal of ending the need for joint ventures to depend on NNPC cash.

NNPC was in talks with oil majors such as Italy's Eni and oil traders Vitol and Gunvor, seeking partnerships to revamp assets such as refineries after decades of neglect.

Cash-strapped for years, it reported a loss of 267.14-billion naira ($1.3bn) for 2015.

"My ideal would be to bring in third party capital, do a joint investment and management of the refineries and work out a payout process over five to six years basically on lifting of some portion of the finished products," Mr. Kachikwu said.

He said the government would also advertise concessions for pipelines and depots next month.

**Raising funds**

NNPC was also looking into revamping joint ventures with local firms to boost productivity but this would depend on the Petroleum Industry Bill, a project to revamp the sector that has been held up in parliament for years.

Mr. Kachikwu said NNPC was in talks with the senate to speed up the process by splitting the bill into three parts covering governance, taxation and business items such as oil block licensing.

NNPC would also restructure strategic alliance agreements held by Atlantic Energy to raise funds for oil blocks sold by Royal Dutch Shell.

The controversial deals were signed under the previous oil minister, Diezani Alison-Madueke, who was briefly arrested in London last year on suspicion of corruption.

Former central bank governor Lamido Sanusi alleged that Atlantic’s deals were one route through which tens of billions of dollars in oil revenue were diverted from state finances.

Mr Kachikwu said NNPC expected to conclude a deal within two months for a new partner to pay up to $1.3bn to take over the Atlantic agreements. The blocks were originally sold to indigenous oil companies by Shell.

"I’m saying to Atlantic, sorry, you’re out because there’s been a breach," he said. "Whoever comes in has to give a sign-in fee almost equivalent to what I’ve lost ... we’ll have a massive increase in volume out of those fields, we’re going to have 150,000-200,000 barrels a day from the current 40,000-50,000." (Reuters 15-02-2016)

## MOZAMBIQUE: APEX BANK RAISES BENCHMARK LENDING RATE

Mozambique's central bank has raised its benchmark lending rate by 100 basis points to 10.75 percent due to deteriorating growth, rising inflation and the effect of the worst drought to hit southern Africa in decades.

The bank's Monetary Policy Committee said in a statement that this is the highest interest rate that the apex bank has charged since September 2012.

The rate has fallen gradually over the past three years, before levelling off at 7.5 percent from November 2014 to around September last year.

It started rising again in October, perching at 9.75 percent in December 2015. That rate held in January, but now the upward trend has resumed.

The committee said it has increased the interest rates because of the probable impacts of the adverse international conjuncture, as well as the expected effects of drought in the south and centre of the country and floods in the north.

In addition, Mozambique's Gross Domestic Product was growing at less than the initial forecast, while projections for domestic inflation show the prevalence of pressure in the short and medium terms.

Figures from the National Statistics Institute, based on the consumer prices indices for the three largest cities of Maputo, Nampula and Beira, showed month-on-month inflation for January 2016 of 2.48 percent, down from 4.76 percent during the previous month.(APA 16-02-2016)

## NIGERIA INFLATION REMAINS STEADY AT 9.6% IN JANUARY

Nigeria’s National Bureau of Statistics (NBS) has said that the consumer inflation remained steady in January compared to December figure of 9.6 percent.

According to the data published by the NBS on Monday in Abuja, while divisions such as Food and Non Alcoholic Beverages, Clothing and Footwear, and others increased at a faster pace in the month, relative to December 2015, the Headline index was weighed upon by slower increases in other major divisions such as Housing Water, Electricity, Gas and Other Fuels; and Furnishings as well as Household Maintenance Equipment.

It added that the pace of increases in food prices as recorded by the Food sub-index increased at the same pace in January as in December, increasing by 10.6 percent year-on-year.

During the month, all major food groups which contribute to the Food sub-index increased at a faster pace during the month with the exception of the Fruit, Vegetables; Potatoes, Yam & Other Tubers; Sugar, Jam, Honey, Chocolate and Confectionery groups.

The percentage change in the average composite CPI for the 12 month period ending in January 2016 over the average of the CPI for the previous 12-month period was 9.1 percent, marginally higher from 9.0 percent recorded in December.

The corresponding 12-month year-on year average percentage change for the Urban index increased from 9.1 percent in December to 9.2 percent in January, while the corresponding Rural index also edged higher from 8.9 percent in December to 9.0 percent in January. (APA 16-02-2016)

## ONE LAST STEP FOR TIGER BRANDS TO END COSTLY FORAY INTO NIGERIA

Tiger Brands appears to have started to put the costs of its failed foray into Nigeria behind it, a trading update for the four months ended January shows.

The foods group said on Tuesday that the South African Reserve Bank and the Securities and Exchange Commission of Nigeria had approved its agreement with Nigeria's Dangote Industries to dispose of its shareholding in Tiger Branded Consumer Goods in that country. This had cost shareholders billions of rand in write downs.

"The only remaining condition is approval of the Nigerian Stock Exchange, which is expected shortly," it said.

Tiger Brands saw a 7% rise in turnover from continuing operations in the period, compared with the same period previously. But domestic sales volumes had softened marginally on increased pricing pressure from a weaker rand, and a slowdown in consumer demand.

"With consumers under considerable financial pressure, the impact of the depreciating rand and rising soft commodity prices was only partially offset by price increases," acting CEO Noel Doyle said.

But the group said exports and the international businesses had improved performance, gaining from rand weakness and the turnaround of underperforming operations. However, given sustained weakness of the rand, inflationary pressures on raw material costs were likely to rise in the year.

Mr. Doyle said the maize and sorghum businesses had been hit hard by drought. It was also fighting off volume declines in Western Cape bread markets amid fierce competition.

"In a constrained consumer environment where competition is intense, it is expected that trading conditions will remain challenging as the company seeks to pass through price increases," the group said. (BD 17-02-2016)

## NIGERIAN STATE SET FOR AGRIC-ALLIED EXPORT TO EU

The Anambra State government in south-eastern Nigeria and ABX World, a Nigerian based courier/cargo company, in collaboration with Arik Air and Skyway Aviation Handling Company (SAHCOL), have commenced export of agro-allied produce to European countries.

The export is valued at over $5.2 billion annually. ABX World is an EU certified (EUC) cargo agent, and Nigerian Civil Aviation Authority (NCAA) Authorised Cargo Agent.

Speaking on the development, Anambra State Commissioner for Africa, Afam Mbanefo, said that the state government's priority for agricultural development was to eliminate poverty, enhance job creation and improve the internally generated revenue (IGR) of the state.

Mbanefo said that the objective of Governor Willie Obiano's administration is to become economically independent and buoyant and reduce excess dependence on the federal government.

As a people oriented administration, Governor Obiano has always sought for ways to create security, create good road network, create night life; these are things that will get people involved, bring in investors and promote tourism.

Now, the agro-allied export is another testament to the state government's unrelenting efforts to ensure Anambra State farmers do not lack market to sell their products, he said.

According to him, it is very imperative to note that before commencing the exports, the farmers through their cooperative societies received training and certification and that these produce like pumpkin leaf (Ugu)and others will meet the market standard. (APA 16-02-2016)

## S/AFRICA SPENDS US$28M FOR DROUGHT RELIEF

In efforts to alleviate the worst drought in three decades, the South African government has invested US$28.1 million towards drought relief efforts nationwide, Social Development Minister Bathabile Dlamini said on Tuesday.
Dlamini said this during a Social Protection, Community and Human Development Cluster briefing in Parliament on Tuesday following President Jacob Zuma's State of the Nation Address (SONA) delivered in the House last week.

The cluster includes the ministries of Cooperative Governance and Traditional Affairs, Human Settlements, Public Works, Social Development, Sport and Recreation, Arts and Culture, Health, Science and technology, Basic Education, Water and Sanitation, Rural Development and Land Reform, Labour and Higher Education and Training, among others.

"The Ministry of Water and Sanitation has invested more than US$28.1 million to intensify drought relief efforts. The resources allocated have been utilised for motorised water tankers, borehole drilling and rehabilitation as well as the improvement of dysfunctional infrastructure," the minister said.

According to her, as water shortages hit several areas across the country, the government moved to assist those that were severely affected through the deployment of water tankers and the drilling of boreholes in order to provide them with water. Farmers who needed support were also urged to contact government urgently to receive the necessary assistance, she said.

During his SONA, President Zuma said with five provinces – North West, KwaZulu-Natal, Free State, Limpopo and Mpumalanga – having been seriously affected by drought, government has been responding to the water shortage challenges in these regions.

The President also commended the civil society initiative, Operation Hydrate, among others, who have gone out of their way to provide the much needed water resources to communities in distress.(APA 16-02-2016)

## SOUTH AFRICA: BLACK INDUSTRIALIST PROGRAMME RECEIVES RAND 30 BILLION IN PLEDGES

Trade and Industry Minister Rob Davies says the recently launched Black Industrialist Programme has already received pledges in excess of R30 billion from development finance institutions.

The Minister said this when he led a debate on President Jacob Zuma's State of the Nation Address at the National Assembly, on Tuesday.

Minister Davies launched the forum, set up to oversee the applications for the black industrialist programme, in December.

"I am happy to indicate that we already have pledges of over R30 billion from institutions like the Land Bank, the Industrial Development Corporation, the Small Enterprise Finance Agency, the Development Bank of Southern Africa and some provincial organisations like the KwaZulu-Natal Growth Fund.

"We have already received applications and I am pleased to be able to say that the funding forum will hold its first meeting next month," he said.

During his State of the Nation Address, President Zuma said economic transformation and black empowerment remain a key part of all economic programmes of government (BD 16-02-2016)

## KENYA: STATE BROADCASTER RAIDED OVER $20 MILLION DEBT

Drama unfolded on Tuesday in Nairobi as Nairobi County officials brought operations at the state-owned Kenya Broadcasting Corporation (KBC) to a halt over unpaid land rates accumulating to 2 billion shillings ($20 million).

County security officers stormed the offices and overpowered the heavily armed General Service Unit officers and proceed to erect a large board indicating the arrears in a bid to shame the corporation.

According to an agreement reached in 2014, KBC was to commence payments of the arrears to the County, but did not honour the agreement.

According to the agreement, KBC was to pay Sh500 million (($5 million) on a monthly basis, until the principal amount was paid.

The clamp-down means KBC will no longer get rent from tenants until it settles the debt with City Hall.

Head of Budget of the Nairobi County, Morris Okere said they will take control of the premises so that rent is channeled to the County until the whole debt is cleared as stipulated by law.

He said the KBC had not paid land rates since 2008. (APA 16-02-2016)

## SWAZILAND: IFAD-SUPPORTS PROJECT TO COMBAT DROUGHT, BOOST FOOD SECURITY

The Kingdom of Swaziland and the United Nations International Fund for Agricultural Development (IFAD) signed an agreement on Tuesday to finance the Smallholder Market-led Project (SMLP), an initiative that will improve food and nutrition security and increase the incomes of 10,900 households, in particular smallholder farmers living in Lubombo and Shiselweni regions where the drought has been most severe.

A press release issued by IFAD indicates that the total project investment is US$21.1 million, which includes a $9.6 million IFAD loan and a $500,000 grant. The government of Swaziland will contribute $6.6 million while local private sector companies will contribute an additional $600,000 while Swaziland is seeking co-financing of $3.8 million from other donors to make up the remainder.

The agreement was signed in Rome by the Swazi Minister for Agriculture Moses Malindane Vilakati and Kanayo F. Nwanze, President of IFAD.

The release indicates that in Swaziland, smallholder agriculture remains the backbone of rural people's livelihoods. Smallholder farms suffer from frequent droughts, aggravated by climate change effects, and poor access to services and markets, leading to low productivity and declining food and nutrition security which affects children most among the poor rural population. This situation has been further exacerbated by extreme drought conditions since May 2015.

Therefore, it is anticipated that the new project will address these challenges by helping farmers diversify their agricultural production and get their goods to markets, at the same time strengthening their resilience to the effects of climate change.

"The approval of SMLP by IFAD's Executive Board comes at the right time when Swaziland like many other Southern African countries are suffering from the severe drought and food shortage," said Thomas Rath, IFAD Country Programme Manager for Swaziland. "This is the concrete example of IFAD's commitments to work together with governments in a sustainable manner to help vulnerable smallholder farmers build up resilience to climate induced shocks."

The release adds that the project will promote adoption of modern agricultural technologies and techniques including post-harvest processing and storage, improved seeds and small-scale irrigation to improve the productivity of crop and livestock producers in the project areas. It will concentrate on the production of commodities that respond to demands of local markets as well as farmers' own needs for sustenance and income, including beekeeping and production of legumes, vegetables, fruits, chicken and goats. In addition, to safeguarding the food security of the farmers' households, the production of maize and sorghum will also be developed.

To be implemented by the Ministry of Agriculture, the new project will develop approaches for small producers to obtain market information, such as demand and commodities prices, provide extension services and create new jobs for young people in rural areas.

Since 1985, IFAD has invested a total of $44.4 million in 5 programmes and projects in Swaziland, generating a total investment of $163.5 million, benefiting some 41,555 rural households, the release says. (APA 16-02-2016)

## HOW THE US AND CHINA ARE EMPOWERING ETHIOPIA'S PRIVATE SECTOR

Ethiopia's footwear industry has long been known for producing fine-quality leather shoes and products. With reliable power sources, affordable labour and a fast-growing economy with a forecasted GDP growth of over 10%, it is no wonder that international companies and suppliers are flocking to Ethiopia to tap into this market.

Through the African Growth and Opportunity Act (AGOA), the US-Africa trade law that provides eligible African countries with duty-free and quota-free access into the US market, leather shoes exported from Ethiopia have simply exploded. Under AGOA, shoe exports jumped from $630,000 to nearly $7m between 2011 and 2012, a more than tenfold increase, according to statistics from USAID.

Ethiopia has the largest livestock herd in Africa and, indeed, one of the largest in the world. Local companies have been producing raw materials and leather products for export, dating as far back as the 1930s.

US companies stand to benefit from lucrative new business opportunities to either invest in and scale up Ethiopian companies, or enable that to happen by providing profitable access to the US market for quality and competitively priced products

A new class of Ethiopian entrepreneurs are taking advantage of AGOA to operate in a world-class space. SoleRebels, an Ethiopian eco-friendly footwear manufacturer, has transformed itself from a small enterprise into a global footwear company with projected yearly sales of $15m or more in revenue. But for the most part Ethiopia's homegrown businesses do not yet have the scalable manufacturing capacity to supply a US market.

So, who's taking advantage of AGOA's duty-free access to the US market? Interestingly, it's Chinese investors. Chinese companies are stepping in to fill the void in Ethiopia's manufacturing sector.

The Huajian Group, a Chinese footwear manufacturer that opened up a factory outside the capital, Addis Ababa, is a perfect example of Chinese investors taking advantage of AGOA. Huajian has committed to investing $2m over a 10-year period to build 'Shoe City', a global shoe-manufacturing hub in the country.

Chinese private-sector investments are providing a boost to the economy by creating jobs, building local capacity, and increasing funding for public services. Truth be told, it's helping pull many out of poverty in an environment of a bulging young population in search of employment.

With more Chinese private companies reaping the benefits of AGOA, some question whether the US is losing out. Not necessarily. It is up to US companies to choose what part of the value chain they wish to focus on. If they are focusing on the downstream role of buyers, branders and sellers of the shoes into the US market, so be it.

By providing the necessary infrastructure and reliable power, Ethiopia is enabling the Chinese to move some of their manufacturing offshore from China to lesser-cost production sites. In the end, Ethiopia is the ultimate winner. And AGOA has accomplished its mission of stimulating growth of the African private sector by opening US markets to African-made products.

US companies stand to benefit from lucrative new business opportunities to either invest in and scale up Ethiopian companies, or enable that to happen by providing profitable access to the US market for quality and competitively priced products.

Years ago, US business had little choice but to deal primarily with government officials. The African private sector was primarily structured for commerce and had very little capacity for manufacturing and industry.

US businesses today can find solid partners in Ethiopian small and medium-sized businesses, and certainly can find common ground with their Chinese counterparts in Ethiopia.

Chinese manufacturing companies produce leather goods at lower costs; US companies and markets have access to low-cost, high-quality goods; and Ethiopians gain new jobs and experience a boost in their economy. Ethiopian companies will also benefit from a transfer of knowledge and technical expertise to prime their business for the international market. A win-win for everyone. By Mima Nedelcovych President & CEO of the Initiative for Global Development (The Africa Report 11-02-2016)

## BUHARI LAMENTS NIGERIA'S OVER RELIANCE ON OIL REVENUE

President Muhammadu Buhari says that Nigeria is disorganised because it relied for too long on mono-economic product, oil.

Receiving a three-man team of British members of Parliament led by Honourable Chi Onwurah and the British High Commissioner to Nigeria, Mr. Paul Arkwright in Abuja, Buhari said that now with the fall in oil price, Nigeria had to go back to agriculture and solid minerals.

“Nigeria has found herself in a phase of development which is not a very welcome one. We are disorganized because we relied on mono-economic product for too long, and now that oil price is down, we have to go back to agriculture and solid minerals,” he said.

“Tin, columbite, cocoa, groundnut, and others, used to be the basis of our economy, but then, oil came, and everybody began to look for cheap money. Now, we need to start all over again,” he said.

According to him, Nigeria, in her rebuilding process, expects a lot from Britain owing to the affinity shared by both countries.

Earlier, Onwurah had told Buhari that her team visited the country to promote positive engagement between Nigeria and the United Kingdom “since we are stronger when we build on ties of the past”.

According to the Daily Trust newspaper report, the Nigerian-born MP for Newcastle added that her team was interested in how the Diaspora could support the economic progress of Nigeria as well as the promotion of trade and diversification of the nation’s economy. (APA 17-02-2016)

## NIGERIA: CHAMBER FAULTS POLICIES OF APEX BANK

The Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) has faulted the policies of the Central Bank of Nigeria (CBN) which are designed to stimulate the economy and salvage the naira.

The President of NACCIMA, Dr. Bassey Edem, told journalists in Lagos that the inflation rate in the country has continued to increase steadily and peaked at 9.55 percent last month as against 8.0 percent for the same period last year.

He lamented the low exchange rate of the naira to the dollar which according to him, hovered between N197 – N199 to the dollar as at February 4 this year as against N165 – N170 obtained in the same period of 2015 in the official market.

Edem noted that in the parallel market, it hovered between N300 – N330 to the dollar within the same period as against N180 – N190 in the corresponding period of last year.

Speaking of the controversial hike in electricity tariff, Edem said if the increase in the electricity tariff would be the elixir needed to attract investment, it should be allowed to stay.

He, however, said that estimated billing should be stopped by the electricity distribution firms because “it is exploitative’’. (17-02-2016)

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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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