MEMORANDUM

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SUMMARY

TREASURY OFFERS TAX DEDUCTION TO SOUTH AFRICA FIRMS IN AFRICA

South African companies with operations elsewhere in Africa, such as telecommunications giant MTN, have reason to breathe a little easier having earned a tax respite, albeit considered minor by tax experts.

The Treasury has made a concession on the proposed repeal of foreign tax credits for fees on services provided by such companies, offering them a tax deduction instead.

The new tax measure is scheduled to take effect from January 1 and will affect, among others, all companies active in the telecommunications, banking and retail in African markets that they serve from centres in SA.

MTN warned last month that the proposed withdrawal of the tax credits would result in MTN's shared service centre making a loss and could see it being relocated elsewhere. The removal of tax credits would also undermine SA's ambition of becoming a hub for the African headquarters of other multinationals.

Treasury chief director Yanga Mputa said on Thursday that to mitigate double taxation, such companies could claim a tax deduction under section 6quat (1C) of the Income Tax Act.

Ms Mputa was giving a report to Parliament's finance committee on the Treasury's response to public submissions on the draft Taxation Laws Amendment Bill and Tax Administration Laws Amendment Bill, which will be tabled in Parliament in about 10 days' time.

While tax experts welcomed the concession, they argued that it would provide only minimal compensation for income lost as a result of African countries not implementing the double taxation agreements they have with SA, and the imposition of a withholding tax on fees earned by SA-based service companies.

South African Institute of Chartered Accountants representative Peter Farber said the concession would still leave the taxpayer out of pocket, as the tax deduction would be far lower than the tax credit. He emphasised the need for the tax treaties to be enforced.

The Treasury's rationale for the removal of the tax credit is that it violates international tax rules and tax treaty principles, it is a compliance burden for the South African Revenue Service (SARS), it has been abused, and was recommended by the Davis Tax Committee, which viewed it as a form of tax-base erosion. Some taxpayers had been improperly using the tax credits for other income, such as royalties and interest.

Ms Mputa said procedures set out in tax treaties to deal with disputes were the appropriate mechanism for companies to use. It was not appropriate for SA to subsidise countries that did not comply with their tax treaties.

The Treasury has rationalised and restated the details that taxpayers would have to provide SARS to justify their use of legal privilege to withhold documents. The Treasury has also decided to retain the existing three-year period in which taxpayers can request a correction to their tax returns instead of reducing it to six months as proposed in the bill.(BD 19-10-2015)

ECONOMIC CLIMATE IN CABO VERDE MAINTAINS UPWARD TREND IN Q3

The economic climate indicator in Cabo Verde (Cape Verde) in the third quarter maintained the upward trend started in the first quarter of the year, which means that the pace of economic growth is accelerating, the West African archipelago's National Statistics Institute said Monday.

However, INE said, the indicator was below the series average and despite growth, remained below the figure recorded in the period from July to September 2014.

According to Cabo Verde's INE, this economic climate indicator is the collation of findings submitted by business owners from the sectors of construction, trade in property, tourism, manufacturing and transport and auxiliary services to transportation.

The figures show that the tourism sector is showing signs of recovery and the trade at fairs sector is having few difficulties, but construction and residential tourism had pulled the index into negative territory. (20-10-2015)

LEAGUE OF ARAB STATES EXPRESSES DESIRE TO SPREAD OUT IN ETHIOPIA

League of Arab States has revealed interest to expand its economic linkage with Ethiopia, APA can report on Friday.

Saleh Sahboun, Ambassador of the League of Arab States and Permanent Representative to AU and UNECA confirmed the interest from member states of the Arab League in an interview with media.

Ambassador Sahboun said being home to the AU and UNECA, Ethiopia presents itself for increased connection in political and socioeconomic field with the members of the Arab League.

Accordingly, 16 members of the Arab League have set up embassies in Addis Ababa with growing interest to step up the linkage.

According to the ambassador, the increased interest from the Arab League can be seen from the Foreign Direct Investment coming from Egypt, Sudan, Saudi Arabia, United Arab Emirates and other members of the League.

He said this trend will continue by bringing others on board. The Ambassador also mentioned favorable situations in Ethiopia including the investment policy and incentives as pulling factors for investment from the Arab nations.

Egypt, Iraq, Lebanon, Saudi Arabia, Syria, are among those credited with founding the Arab League in Cairo in 1945.(APA 16-10-2015)

ZAMBIA: SLOW GROWTH TAKES TOLL ON SHOPRITE

Shoprite Holdings on Monday reported slowing third-quarter sales, hit by weaker economic growth and lacklustre demand from its core customers.

Africa’s largest retailer said turnover for the three months to September rose 6.7% compared with a 12.3% increase in the same period last year.

"The core customer base of its flagship Shoprite chain in particular remained under pressure from mining job cuts, rising electricity costs, labour instability and (a) lack of job creation," the company said in a statement.

Third-quarter performance was also affected by fewer store openings but Shoprite said it expected better sales in the festive season.

Shares in Shoprite were down 4% at R152.50 at 11am falling short of a 0.5% rise in the JSE’s general retailers index. (Reuters 19-10-2015)

MOZAMBIQUE GETS $42M GERMAN DEVELOPMENT GRANT

Germany has approved a US$42-million grant for Mozambique for the fight against poverty and the development of districts despite pulling out of the group of donors who provide assistance directly to the Mozambican state budget, APA can report on Friday.

German ambassador Philipp Schauer announced the Support on Friday in Maputo after an audience with Mozambican Prime Minister Carlos Agostinho do Rosario.

We have a decentralization project and we intend to channel U$42 million to the development of the districts, since we have found that often the districts have no capacity, Schauer told journalists after the meeting.

The official said the German aid was focused on three Mozambican provinces of Manica, Sofala and

Inhambane, adding that the money was already available but the districts must draw up local development projects before accessing the funds.(APA 16-10-2015)

AFRICAN DRONEPORT PROJECT STARTS WITH TECH-SAVVY RWANDA

Rwanda may become the base for a network of so-called droneports for remote-controlled aircraft to deliver urgent cargo to remote parts of the tiny country known as the Land of a Thousand Hills.

The project by London-based architecture firm Forster + Partners and Afrotech, an African technology initiative by Swiss research university Ecole Polytechnique Federale de Lausanne, envisages a programme that could be replicated across a continent with a lack of adequate transport infrastructure.

Africa needs sustained investment of $93bn a year to fill its infrastructure gaps, according to African Development Bank estimates.

"We want to pioneer ghost railways in the sky," Afrotech director Jonathan Ledgard said in an e-mailed response to questions.

"Larger loads going longer distances in quiet, beautiful, ultra-cheap craft is a different vision from Amazon's insect approach of bristling tiny drones carrying small loads short distances."

Amazon.com, the world's largest e-commerce company, has been pressing for permission to deliver packages by drone in the US but has run up against proposed regulations.

In April, Amazon received a federal waiver allowing it to run tests in the US.

Construction of the first droneport in Rwanda, which the unmanned aerial vehicles can use for takeoffs and landings, may begin in the second half of 2016, Mr. Ledgard said.

The companies involved in the project were working out regulatory details with civil aviation authorities, Rwanda Development Board CE Francis Gatare said by telephone.

Scaling up

Afrotech plans initially to deploy 3m wingspan flying robots capable of conveying 10kg, and then wider machines carrying a payload 10 times bigger than that within a decade, according to a statement published on Foster + Partners' website.

The cost for research, development and regulatory work was estimated at $6m a year in the four years it will take to launch the first commercial drone, Mr. Ledgard said.

The project intends to have three droneports by 2020 creating a network that will cover about half the country.

That will gradually increase to 40 buildings across the country and allow expansion into neighbours such as the Democratic Republic of Congo, according to Foster + Partners.

The United Nations already has drones gathering intelligence on rebel groups operating in eastern Congo.

The droneport project plans an urban service for commercial deliveries such as e-commerce goods that will be known as the Blue Line.

It will subsidise a separate Red Line network ferrying medical and emergency supplies to remote regions at minimal cost, according to Foster + Partners.

Mr Ledgard said once the technology had been proven to be safe, popular and affordable, it would be easier to expand the service to cover Lake Victoria and Lake Tanganyika, and have flights down major rivers such as the Nile and the Congo.

While Rwanda's rugged terrain is a good candidate for the pilot project, it was the country's progressive attitude to advanced technology that lured the consortium, Mr. Ledgard said.

Rwanda has been positioning itself as a regional technology hub to attract Silicon Valley-type companies and multinationals.

"Rwanda is not the country of highest need," Mr. Ledgard said. "Remote parts of Angola, say, or Cameroon would have a larger effect, but we need a law code." (Bloomberg 19-10-2015)

DR CONGO, S/AFRICA REITERATE COMMITMENT TO AFRICAN INTEGRATION

President Joseph Kabila of the Democratic Republic of Congo (DRC) and his counterpart Jacob Zuma of South Africa expressed on Friday in Kinshasa their commitment to African unity and integration under the Constitutive Act of the African Union and its charter on the peaceful resolution of conflicts and the African renaissance, especially through the implementation of African Union Agenda 2063.
Following the work of the high joint commission between the two countries, both leaders noted with appreciation the work of the tripartite mechanism between Angola, DRC and South Africa which is used to support the implementation of the framework agreement for peace, security and cooperation in the DRC and the Great Lakes region, the final statement said.

Joseph Kabila and Jacob Zuma expressed their concerns about the ongoing conflict and instability on the continent, the statement indicated, stressing that in this regard, the two Heads of States condemned terrorist and extremist groups' activities that continue to cause human suffering and instability in some parts of the continent.

They agreed to coordinate their bilateral and multilateral positions through the African Group and the Group of 77 and China during the multilateral negotiations as part of the United Nations, particularly issues pertaining to climate change and terrorism.

Regionally, the same statement adds, the two Heads of State appreciated the adoption by the Southern African Development Community (SADC) of a strategy and a roadmap for industrialization which will serve as a catalyst for the development of the region. (APA 16-10-2015)

THE EUROPEAN UNION ANNOUNCES NEW SUPPORT FOR SOMALI REFUGEES

The European Union will announce €60 million in additional support for Somali refugees at a Ministerial Pledging Conference in Brussels

Today, High Representative / Vice President Federica **Mogherini** and the European Commissioner for International Cooperation and Development, Neven **Mimica,** will announce €60 million to support Somali refugees in Somalia and Kenya. This announcement will be made during a Ministerial Pledging Conference on Somali Refugees taking place in Brussels.

Prior to the conference, European Union High Representative for Foreign Affairs and Security Policy, Federica **Mogherini**, said: *"When it comes to migration, European and African countries work together. That's why dialogue is a key aspect of the EU's external policy on migration. I've recently travelled to Niger and Ethiopia to launch High Level Dialogues with these key countries. Today's event brings key-partners together to discuss how to join efforts to give Somali refugees and displaced persons a better future."*

Commissioner **Mimica** also commented: *"The EU stands ready to further build on its long-standing partnership with the Horn of Africa and to give €60 million to support the Somali refugees in the neighbouring countrie*s. *There can be no real peace building, state building or development without a durable solution for the Somali refugees. They account for almost 20% of the Somali population."*

The €60 million will address two key areas. First, a €50 million programme will be put in place to support the sustainable and durable reintegration of refugees and internally displaced persons in Somalia, for example by increasing access to basic services, enhancing livelihoods and reducing vulnerability in areas of return and departure. This will help to manage voluntary returns of refugees from Kenya, Yemen and Europe.

Secondly, the EU will finance a €10 million programme for northern Kenya designed to provide relief and better opportunities for Somalian refugees who find themselves in particularly vulnerable situations when returns are not yet possible. This money will also go towards helping their host communities, for example by promoting employment oriented skills for both refugees in the camps and surrounding host communities, in order to increase economic exchanges in vulnerable regions in Kenya.

Background

On the Ministerial pledging conference

The Ministerial Pledging Conference on Somali Refugees, taking place at the MCE (Management Centre Europe) Conference Centre in Brussels on 21 October 2015, is hosted by the European Union and United Nations High Commission for Refugees (UNHCR). The conference is being organised to mobilise international support for Somali refugees and displaced people and participants will have the opportunity to deliver statements and make financial pledges.

The event will contribute to the objectives of the Valletta Summit (11-12 November 2015). The conference will be opened by the United Nations High Commissioner for Refugees, Mr. António **Guterres**, the European Union High Representative for Foreign Affairs and Security Policy and Vice President of the Commission, Ms. Federica **Mogherini**, the Prime Minister of Somalia, H.E. Mr. Omar Abdirachid Ali **Sharmarke** and Cabinet Secretary for Interior and Coordination of National Government, Republic of Kenya, H.E. Rt. Maj. General Joseph Ole **Nkaissery**. European Commissioner for International Cooperation and Development, Neven **Mimica**, will co-chair various parts of the conference. During the lunch, a high-Level dialogue on migration at ministerial level will be held between the EU and the countries of the region.

On the EU's Horn of Africa Regional Action Plan

As a response to the current and recently more pronounced challenges in the Horn of Africa, the European External Action Service (EEAS) and the European Commission have come up with an EU Horn of Africa Regional Action Plan. This regional action plan focuses on migration, violent extremism and implications of the broader geopolitical framework. It complements existing policies, such as the EU-Horn of Africa Strategic Framework (2011) and will provide the EU's strategic direction for our activities in the period 2015-2020.

New EU approach to promote stability and address the root causes of irregular migration and displacement

During the event, Commissioner **Mimica** will set out a new initiative for the Horn of Africa entitled "New EU approach to promote stability and address the root causes of irregular migration and displacement", which has just been launched by the EU and which is based on three pillars of intervention. More support to the countries in the region will be provided, in order to increase their capacity to better handle migration flows and displacement. This includes actions aimed at improving the conditions of people that find themselves in a long-term displacement situation or along the migration routes, under the first pillar. The second pillar provides a targeted response to the needs for resilience in the region's most fragile areas and for the vulnerable populations. The third pillar promotes socio-economic development and increases work opportunities, especially for young people.

On the EU Emergency Trust Fund

The European Union recently announced an EU Emergency Trust Fund with an initial budget of €1.8 billion, in addition to the already allocated €4.3 billion to the region. The Trust Fund has been designed as a fast mechanism to address root causes of irregular migration and displaced persons in Africa whilst increasing stability. Three regions, including the Horn of Africa, have been identified as beneficiaries. The budget of this Trust Fund will be increased by additional contributions from EU Member States and other donors, some of which have already confirmed their contribution.(EC 21-10-2015)

MINISTERIAL PLEDGING CONFERENCE ON SOMALI REFUGEES - FACT SHEET

Somalia remains one of the countries with the largest and most protracted displaced communities worldwide with 1.1 million internally displaced and almost 1 million refugees in the Horn of Africa region.

EU Cooperation in Somalia

EU is the largest donor in Somalia, both in terms of political engagement and financial and technical support or expertise, with more than €1.2 billion being provided since 2008.

In line with the EU's Agenda for Change, whereby EU aid is targeted at the countries in greatest need, EU engagement in Somalia has been intensified over the years. The engagement is through a comprehensive approach based on active diplomacy and support to the political process, security support, development assistance and humanitarian aid.

The EU's long engagement in Somalia is rooted in the desire to build a state, improve stability and reduce poverty among the people of Somalia and promote self-sustaining economic growth by addressing the challenges that have increased its fragility. In this context, the Federal Government of Somalia and European Union (EU) co-hosted an international conference, 'The New Deal for Somalia' in Brussels, Belgium on 16 September 2013. The conference endorsed the New Deal Compact for Somalia, laying down the top priorities for the coming three years (2014 - 2016) and generated new support for reconstruction.

I. EU Development Cooperation under the 10th European Development Fund (2008-2013)

EU Development Cooperation under the 10th European Development Fund (EDF) amounted to **€425 million**. The main areas of support were state-building, education, economic development and food security.

1) Governance and state-building (€128m): The purpose of the EU's work in this area was to deepen peace, improve security, and establish good governance, including through supporting the effective participation of Non-State Actors. The EU support through this period contributed to the following achievements, amongst others:

- Agreement on a provisional constitution in 2012, enabling the selection of the current Federal Government of Somalia
- An improved democratisation process in Somaliland, including independent monitoring
- Planning for improved public financial management and public sector reform initiatives
- Expansion of access to justice across Somaliland and Puntland and accessible areas of South Central Somalia through support to police, courts, and legal assistance programmes

2) Education (€85million): The purpose of the EU intervention in this area was to support the delivery of relevant, sustainable and increasingly accessible education services which lead to improvements in literacy and increased employment levels. All over Somalia, and including Somaliland, the enrolment rate in schools increased from 35% in 2007 to 45% in 2012.

3) Economic Development and Food Security (€155 million): The purpose of the EU intervention was to reduce food insecurity by supporting disaster affected populations, reduce poverty and promote sustainable private sector-led economic development. Actions were complemented with funds from the thematic budget lines for Food Security.

II. EU Development cooperation under the 11th European Development Fund (2014-2020)

EU Development Cooperation under the 11th European Development Fund (EDF) amounts to **€286 million**. The focal sectors are state building and peace building (€100 million), food security and building resilience (€86 million) and education (€60 million). The three sectors are in line with priorities defined in the Somali Compact, which was
endorsed at the EU-Somalia Conference in Brussels on 16 September 2013.

1) State building and peace building (€100 million): The EU aims to develop actions to ensure greater access to justice, build the capacity and professionalism of civilian policing, establish and strengthen effective and accountable institutional structures, strengthen democratic legitimacy of formal institutions, support electoral cycles and Parliaments, as well as build the capacity of independent media.

2) Food security and building resilience (€86 million): The key objective is to strengthen resilience against predictable shocks. The EU will develop actions to support institutions in preparing and implementing resilience and natural resources management strategies, as well as in developing policy, legal and strategic framework for private sector-led growth and employment.

3) Education (€60 million): The EU is the largest donor in education in Somalia. The key objective is to improve access to quality education and training, as well as to strengthen the education systems. Activities include expanding access to education and technical and vocational training for marginalised groups, capacity development, training of teachers and curricula review.

III. Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa

The European Union recently announced an EU Emergency Trust Fund for Africa with an initial budget of €1.8 billion (expected to be increased by additional contributions from EU Member States and other donors), in addition to the already allocated €4.3 billion to the region.

This Trust Fund has been designed as a fast mechanism to address root causes of irregular migration and displaced persons in Africa whilst increasing stability. Three regions have been identified as beneficiaries: (1) the Sahel region and Lake Chad area (including Burkina Faso, Cameroon, Chad, the Gambia, Mali, Mauritania, Niger, Nigeria and Senegal), (2) the Horn of Africa (including Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, Tanzania and Uganda), (3) the North of Africa (including Morocco, Algeria, Tunisia, Libya and Egypt).

The aim of the Trust Fund is to help foster stability in the regions and to contribute to better migration management. The EU wants to help the region at large to face the growing challenges of demographic pressure, environmental stress, extreme poverty, internal tensions, institutional weaknesses, weak social and economic infrastructures, and insufficient resilience to food crises, which have in some places led to open conflict, displacement, criminality, radicalisation and violent extremism, as well as irregular migration and trafficking in human beings.

The EU Emergency Trust Fund also aims to tackle root causes of irregular migration and forced displacement in countries of origin and transit, in particular by strengthening the rule of law, creating economic and education opportunities, enhancing legal mobility and building better governance, including on border management, the fight against human trafficking and smuggling, and the effective sustainable return, readmission and reintegration of irregular migrants not qualifying for protection. This requires a firm commitment to supporting capacity building of third countries in the field of migration and border management, as well as to the stabilisation and development of these regions of Africa.

The EU Emergency Trust Fund would finance actions such as the establishment of economic programmes that create employment opportunities, especially for young people and women, with a focus on vocational training and the creation of micro and small enterprises. Another area of support could be projects supporting basic services for local populations such as food and nutrition security, health, education and social protection, as well as environmental sustainability.

Humanitarian Aid for Somali refugees in the Horn of Africa

Besides long-term development cooperation support, the EU also gives lifesaving humanitarian aid for the most urgent needs of the population.

As a direct consequence of two decades of instability, about 1 million refugees from Somalia have fled the consequences of recurrent droughts, armed violence, insecurity and lack of livelihood opportunities to find refuge in neighbouring countries, in particular Djibouti, Kenya, Ethiopia and Yemen. In addition, about 1.1 million people are internally displaced in Somalia.
The European Commission, through its Humanitarian Aid and Civil Protection department (ECHO), gives assistance to refugees solely based on needs, in order to: (1) provide basic life-saving services in the protection, shelter, health, nutrition, food and water sectors; (2) enhance self-reliance whenever possible; (3) support emergency preparedness measures to cope with potential influx of new arrivals.

In 2015, so far the European Commission has mobilised around €40 million in humanitarian aid to support refugees in the Horn of Africa (not including Yemen); the support targets Somali refugees but also those from South Sudan, Eritrea, Congo, Yemen and Sudan. Priority is given to life-saving assistance for newly arriving refugees. In addition, €21 million of humanitarian assistance has been provided in Somalia itself, as support to Internally Displaced Persons (IDPs) in the country.

Other EU interventions
In addition to development programmes and humanitarian aid, the EU has also launched three missions under the EU Common Security and Defence Policy (CSDP), to contribute to security challenges: (1) the Military Training Mission (EUTM) to support the Somali security forces, (2) the EU Naval Force (EU NAVFOR) operation "Atalanta" to fight piracy at sea, (3) the EUCAP NESTOR to develop regional maritime capacity of states in the Horn.

EU also provides substantial financial support to the African Union Mission to Somalia (AMISOM), close to €800m committed to date (since 2007). AMISOM remains a key force in providing the security space needed for development to take root and for the political process to continue until the Somali National Security Forces can fully take over this role.(EC 21-10-2015)

KENYA SECURES DFID FUNDS FOR CLIMATE CHANGE ADAPTATION

Makueni County in eastern Kenya is set to access 50 million shillings ($490,000) from DFID for Climate Change adaptation and resilience building, after becoming the first local government in Africa to pass the Country Climate Change Fund Regulation 2015.

The cash will be used to mitigate the negative effects of climate change such as drought, desertification, drying water catchments and human and livestock diseases.

This will be done through water harvesting and distribution, rehabilitation of forests and water towers, the county said on Wednesday in a statement.

Makueni has, out of this regulation, secured a seat at the UN climate change convention in Paris-France on December 11, to present its case study on climate change adaptation and lobby for more resources.

The county lies in the arid and semi-arid zones of the Eastern region of Kenya.(APA 21-10-2015)

DELTA AFRICA BUYS STAKES IN TWO ZAMBIAN MALLS

Delta Africa, formerly Delta International, has acquired significant interests in two Zambian shopping malls, extending its asset base into a third country.
Delta International was recently renamed Delta Africa better to express its business focus. It is the first Africa dedicated property fund listed on the JSE with a strategy to invest in already-built assets in Africa.

Many property funds are seeking investment opportunities in economies with a higher growth than SA's.

Delta Africa announced on Tuesday it would effectively acquire Rockcastle Global Real Estate's 50% interests in Kafubu Mall and Makuba Mall in Zambia.

The other half of each mall would continue to be held by Stephen Herring and his development company.

Rockcastle has said it wanted to focus its efforts on investing in Poland and other parts of eastern Europe.

The Kafubu Mall part of the transaction would be worth $4.08m and the Makuba Mall part is valued at $17.5m. The amounts would be settled in cash.

Delta would raise the cash through a placement of shares to third parties or by debt funding.

Kafubu Mall is located in Ndola. The acquired gross lettable area in the shopping mall is 11,964m².

It has a weighted average gross rental per square metre of $12.24.

The 50% stake would be purchased at a yield of 8.4%.

The Makuba Mall is located in Kitwe. The acquired gross lettable area is 28,235m². The weighted average gross rental per square metre is $14.45.

The stake is also being acquired at a yield of 8.4%.

Delta Africa CEO Bronwyn Corbett said the expansion into Zambia would send a positive message to South African listed property investors.

The decision to grow more aggressively and spread into more African countries than originally envisaged at listing would boost the fund, which had struggled to stabilise in Africa, she said.

"It's been tough. We have been in Mozambique and Morocco before this, basically looking at investing in office properties and retail properties, respectively.

It took us a while to make acquisitions there. But now we have set up a bigger team and our management is moving to Mauritius," Corbett said.(BD 21-10-2015)

NIGERIA: MANUFACTURERS LAMENT INABILITY OF SMES TO ACCESS OVER $2BN FUNDS

The Manufacturers Association of Nigeria (MAN) has lamented the inability of Small and Medium-scale Enterprises (SMEs) in the South-East and South-South to access the N520bn (about $2.6bn) provided by the Central Bank of Nigeria (CBN) to boost small businesses in the country. (APA 18-10.2015)

SOUTH AFRICA: FNB TARGETS ISLAMIC BANKING ON CONTINENT

First National Bank (FNB) says it is looking to expand its Islamic banking offering to Zambia and Tanzania before the end of its financial year in June next year.

FNB, which has been on an expansion phase in select countries in the rest of Africa, is looking to use the Islamic banking offering to capture clients, especially in those countries that have big Muslim communities.

"The two countries that we are focused on are Zambia and Tanzania," Amman Muhammad, the CEO of FNB Islamic Banking, said on Monday.

"We are hoping by the next financial year, we will be active there." Mr. Muhammad said about half of the 1.1-billion people in Africa were Muslim.

He said that in sub-Saharan Africa there were about 280-million Muslim people and the FirstRand group had a presence in countries that had about 200-million Muslims.

The bank already offers Islamic banking in Botswana.

As governments look to raise Islamic bonds, known as Sukuks, FirstRand is looking to position itself through its franchise, Rand Merchant Bank.

Last year, SA sold its first Islamic bond and raised $500m with the debt carrying a coupon as low as 3.9% over a five-year period.

Mr. Muhammad said there was now demand for Islamic banking.

Islamic banking does not invest depositors' money in what is considered "sin stocks" involved in activities Muslims frown upon.

Absa, the other company which offers Islamic banking in SA, said that as part of Barclays Africa group, it had the opportunity to team up with Barclays Bank Kenya and NBC in Tanzania to enhance their Islamic banking offering.(BD 20-10-2015)

NIGERIA: LICENSE ISSUANCE TO NEW VEHICLE PLANTS SUSPENDED

Nigeria has suspended the issuance of licences to new vehicle assembly plants, according to Mr. Aminu Jalal, the Director General of the National Automotive Design and Development Council.

Jalal confirmed in a statement released in Abuja on Sunday that the move was to enable the council to consolidate the country's vehicle assembly operations and concentrate on developing local content.

He explained that the suspension did not apply to investment in original equipment manufacturing (OEM), adding that applicants for OEM license would not be affected.

"The major objective of the National Automotive Industry Development Plan is to bring back completely knocked down (CKD) automotive assembly and develop local content.

"NADDC is investing over N5 billion to establish automotive test centres that will ensure that the vehicles and components meet international safety and environmental standards his statement said.

"The response to the policy so far has exceeded our expectations. The current status of implementation of the policy is that 14 existing assembly plants started assembling new products (cars, SUV, buses, pick-up trucks) in 2014" he added.

The DG listed some of the 14 plants as Volkswagen of Nigeria (VON), Peugeot Automobile Nigeria (PAN), Innoson Vehicle Manufacturing, ANAMMCO, Leyland-Busan, NTM and Steyr.

According to him, Nissan, VW, Hyundai, Kia, Honda cars and SUV, Shacman and MAN Trucks, and Ashok-Leyland buses are now assembled in Nigeria.

"Eleven new companies, including Century Auto (Toyota), TATA, Coscharis Auto (FORD, Joylong, Dongfeng) and Dana Motors (Renault) have been given bona-fide manufacturing status and are on track to start assembly operations this year he disclosed.

"Our emphasis has now shifted to the development of automotive local content.

"Sites for automotive supplier parks in excess of 400 square hectares have been acquired across Nigeria and effort is ongoing to acquire more" he added.

Jalal said the council was evaluating tenders by global consulting firms with experience in the establishment of industrial parks. (APA 18-10-2015)

BUSINESS THAT TRANSCENDS RHETORIC WILL HELP MAKE 'AFRICA RISING' A REALITY

In may 2000, respected magazine The Economist called Africa "the hopeless continent," ravaged by war, famine and disease. Little more than a decade later, in December 2011, the magazine's cover featured a boy flying a rainbow-coloured kite the shape of the continent, with the upbeat title Africa Rising.

Since then messages emanating from the continent have painted a glowing picture of a vast, growing and increasingly educated consumer class fuelling economies blessed with abundant mineral wealth. For the first time in post-independence history, African countries were successfully attracting global investment in infrastructure, energy, retail, electronics and agriculture. Moreover, many economies were delivering world-beating returns for those intrepid enough to beat a trail to Africa's hitherto unknown and poorly understood markets.

In recent months the full extent of China's slowdown has become apparent. At the same time the spectre of interest rate increases in a resurgent US persist as African currencies devalue in response to slower growth and investment flight. The rout is further fuelled by the failure of many African states to invest the windfalls of the commodity boom in energy and other economy-driving sectors.

Many African central banks currently find themselves contemplating the traditional developing countries' dilemma: how to balance onerous international debt repayments with pressing social need at home under conditions of reduced growth and investment. The cumulative result is a clear dissipation of the excitement and confidence that characterised the Africa Rising story over the last decade.

In response, traditional Afro-pessimism concerning weak government, even weaker economics and attendant social and political unrest, have resurfaced as part of the Africa story.

A low point for South Africans was The Economist's September 5 article Clueless and Immoral, describing how far the Rainbow Nation's foreign policy had deviated from its constitution's high-minded commitment to human rights. The article perfectly encapsulated the standard post-liberation failed state narrative.

More recently, the African National Congress's intention to withdraw from the International Criminal Court — and to encourage other African states to do the same — only highlights SA's loss of the moral high ground, compounding the continental narrative of decline.

The test of the Africa Rising story is not how well the continent can tell its story when things are going well. Instead, what is important now is how well Africa's business community, working with responsible governments, can demonstrate that the fundamentals that catapulted Africa onto the global investment radar over the last decade will continue to compel consideration and inclusion in future global investment strategies.

In short, what business leaders and governments in Africa do now to manage these changed realities will affect sentiment and growth levels well into the future.

Over the short to medium term, decreased investment along with the pressures of servicing debt generated during the commodities boom will drive a varying mix of deepening structural reforms and crisis across the continent. However, the fundamentals, which gave rise to the commodities boom, have not changed overnight and the continent's overall trajectory will be one of continued growth and development, albeit in a less dramatic form.

According to EY, a top-five accounting firm, Africa attracted $128bn in investment last year, up from $52.6bn in 2013. While Africa's 54 countries all have very different fundamentals and offer different investment prospects, the International Monetary Fund nonetheless predicts that sub-Saharan Africa will grow 4.4% this year. This is only 1% less than the continent expanded over the entire Africa Rising decade (2000-2011).

Similarly, the African Economic Outlook, a joint publication of the African Development Bank, the Organisation for Economic Co-operation and Development's Development Centre and the United Nations Development Programme, expects Africa's gross domestic product (GDP) growth to strengthen to 4.5% this year and then 5% next year, after subdued expansion in 2013 (3.5%) and last year (3.9%).

With current numbers indicating a slow, if patchy, improvement in the world economy, if the African Economic Outlook is right, the continent will soon be closing in on the impressive growth levels seen before the 2008-09 global economic crisis, ahead of a global recovery.

In short, Africa's young population is still growing, education and skills are improving, urbanisation continues apace, Africa produces more food each year, more of the continent's mineral wealth remains in the ground than has been extracted to date.

In 2005, when the commodities boom was in full flight, China's GDP was $2.3-trillion. Today it is $10.3-trillion. Even if Chinese growth remains in single figures, as a percentage of a much larger economy, 7% growth, or even half that in China, will still require the import of Africa's commodities and other resources for decades to come.

As growth in the US picks up and, eventually, in Europe too, the very real structural reforms and opening to global capital that Africa achieved over the last decade will stand the continent in good stead as it continues to invest and expand.

The important message in all this, however, is that Africa is not the passive victim of global trends and markets. The continent can continue to maximise its share of global growth by strengthening and deepening its financial markets. Increasing domestic tax revenues; issuing more sovereign bonds and establishing wealth funds; getting more Africans banked and growing local stock markets and pension funds will equip continental economies to raise a larger percentage of their development finance at home, relying less on sovereign or hard currency borrowing.

By driving and mobilising savings on the continent Africa will not only increase domestic investment but signal powerfully to global investment markets that it is open for business and able to manage funds efficiently. As governance and compliance levels improve, ever-more certainty and clarity will accrue to the Africa Rising story.

At home in SA we have some work to do in ensuring that we not only become part of the continental growth story, but also set an example of how being attractive to inward investment translates into real economic growth.

As South Africans we need, firstly, to recognise that we are viewed with suspicion, and sometimes worse, on the continent. South African business should not be blaming society or government for this. Instead we should be working with the many business partnerships that SA Inc. has built up since 1994 to demonstrate how, together, we can make the Africa Rising narrative a reality across the continent by establishing long-term business partnerships that transcend rhetoric and materially improve lives.

Secondly, we should learn from the rest of the continent’s experience in how to develop the perception that we are open for business, along with the legislation and official attitude to support this.

Thirdly, we need to accept that we are no longer the gateway to Africa, or even just to sub-Saharan Africa. Abandoning perceptions of South African exceptionalism will help us move closer to our brother and sister economies and markets on the continent. As we learn from other African growth stories SA can help drive the openness and market access that will deepen continental financial markets sufficiently to independently sustain continental growth, regardless of global uncertainty.

This will also drive growth at home, ensuring a more permanent linkage between SA’s own growth trajectory and that of the rest of the continent.

Finally, the private sector must organise better, both nationally and regionally across the continent, to influence governments to adopt rational growth-supporting policies, including human rights-based foreign policies. If we are to capitalise on Africa’s youth dividend any policy that works against job creation should be avoided. There is clear long-term mutual interest among all sectors and governments in finding livelihoods for Africa’s burgeoning youth population.

Stable, open and economically allied economies on the African continent will earn Africa a greater voice in global institutions. This can only be achieved if built upon sound, growth-focused economic and trade policies. In turn, human rights-based foreign policies that protect and grow the rights and property of citizens by deepening the global links that drive prosperity will support long-term investment and deeper integration with global capital.

This will not only assist African foreign policies in giving voice to the continental desire for historical redress, but also promote human rights by achieving prosperity.(BD 20-10-2015)

MORE ALGERIA SCHOLARSHIPS FOR UGANDAN STUDENTS

The Algerian government has pledged to increase the number of scholarships in petroleum studies for Ugandan students and to provide expertise to Kampala in the same sector.

According to a statement by the government in Kampala, the was confirmed during a tour of the Sidi Rzine, Sonatrach Refineries in the Algerian capital Algiers, by President Yoweri Museveni who is on a four-day official visit to the North African country.

The statement did not disclose the exact number of new scholarships Algeria was providing to Uganda which has received such educational facilities from that country since 2010.

Currently over 246 Ugandan students are studying in Algerian universities on scholarships, pursuing various fields of studies including Medicine, Computer Science, Agronomy, Economics & Commercial and Languages.

The statement quoted Museveni as commending the Algerian government for agreeing to send a team of experts to Uganda to work with its Ministry of Energy on various aspects of oil refinery and oil pipeline construction.

Sonatrach Refineries is an Algerian government-owned company established to exploit the hydrocarbon resources of the country.

Its diversified activities cover all aspects of production namely exploration, extraction, transport, and refining.

The oil refinery which was the first to be constructed by the North African country is one of the five refineries in Algeria that produce over 605,000 barrels per day.

Museveni commended the achievements of the government and people of Algeria in the oil and gas sector which have contributed to the development of the country.

He said Uganda looks forward to cooperating and borrowing the good practices of the Algerian oil industry as his country starts her own oil and gas production in the near future.(APA 19-10-2015)

ENERGY RENOVATION IN RESIDENTIAL BUILDINGS: FINAL CONFERENCE OF CBCMED ENERGY PROJECT IN TUNIS

The final conference of the RELS project (Rénovation énergétique des logements), funded by the EU under the CBCMed programme, is taking place in Tunis today in the presence of Italian, Jordanian, Spanish and Tunisian partners.

During the event, the common methodology designed for energy renovation of social dwellings and pilot projects implemented in Spain, Italy and Jordan will be presented.

The RELS project is funded under the **ENPI CBC Mediterranean Sea Basin Programme 2007/2013**, a multilateral cross-border cooperation programme funded by the European Union under the European Neighbourhood and Partnership Instrument. It aims at reinforcing cooperation between the EU and partner countries' regions located along the shores of the Mediterranean Sea. (EU Neighbourhood 20-10-2015)

TRAVEL BAN ON MAIDS NOT LIFTED - ETHIOPIA

Ethiopia’s Ministry of Labor and Social Affairs has refuted reports suggesting the lifting of a ban on its citizens to travel to the Middle East to work as housemaids.
In a press statement seen by APA on Monday, the ministry confirmed that the ban is still in place.

Citing what it called false information disseminated by some parties about the re-launching of the suspended voyage, the ministry said the government will make official announcement whenever the ban was lifted.

Agreements should be reached with recipient nations on rights, security and dignity of citizens before the reinstituting of the service, the statement said.

The government said it was giving due emphasis on well researched legal frameworks, structural organization and working systems to re-launch the service.

In the meantime, the ministry has requested for continued patience from the public until it finalizes the necessary requirements to officially lift the travel ban imposed on domestic workers.(APA 19-10-2015)

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