MEMORANDUM

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SUMMARY

STATE OF PLAY: MEASURES TO ADDRESS THE REFUGEE CRISIS

The European Agenda on Migration adopted by the Commission in May 2015 set out the need for a comprehensive approach to migration management. Since then, a number of measures have been introduced – including the adoption of two emergency schemes to relocate 160,000 people in clear need of international protection from the Member States most affected to other EU Member States, and the endorsement of the Commission Action Plan on Return.

On 23 September, the European Commission presented a set of priority actions to implement the European Agenda on Migration to be taken within the next six months. This included both short term actions to stabilise the current situation as well as longer term measures to establish a robust system that will bear the test of time.

The list of priority actions set out the key measures immediately required in terms of: (i) operational measures; (ii) budgetary support and (iii) implementation of EU law.

The list was endorsed by the informal meeting of Heads of State and Government of 23 September 2015 and again on 15 October 2015.

These measures now need to be swiftly and effectively implemented at all levels.

For a state of play of the commitments made at the Western Balkans Route Leaders' Meeting, see here.

Financial pledges

At the informal meeting of Heads of State and Government of 23 September, Member States recognised the need to deploy additional national funding. They repeated their commitment at the European Council on 15 October. The Commission has already proposed amendments to its 2015 and 2016 budgets, boosting the resources devoted to the refugee crisis by €1.7 billion. This means that the Commission will spend €9.2 billion in total on the refugee crisis in 2015 and 2016. Member States committed to deploying national funding to match. However, a large number of Member States still need to match EU funding for the UNHCR, World Food Programme and other relevant organisations (€500 million), the EU Regional Trust Fund for Syria (€500 million) and the Emergency Trust Fund for Africa (€1.8 billion).

Member States' financial pledges since 23 September 2015, € million

http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/press-material/docs/state_of_play_-_member_state_pledges_en.pdf

Relocation Schemes

The measures proposed by the Commission and adopted by the Council on 14 September and 22 September to relocate 160,000 people in clear need of international protection will allow for a significant, if partial, reduction of the pressure on the most affected Member States. It is of crucial importance that these measures will now be fully implemented. To allow these schemes to function effectively, Member States must swiftly respond to the call for national experts to support the work in the hotspots, notify the Commission of their reception capacities, and identify the national contact points who will coordinate relocations with Greece and Italy as well as national resettlement efforts.

Member States' Support to Emergency Relocation Mechanism

http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/press-material/docs/state_of_play_-_relocation_en.pdf

Hotspot Approach

Central to the EU's strategy and credibility is to demonstrate that the migration system can be restored to proper functioning, in particular by using Migration Management Support Teams deployed in 'hotspots' to help Member States under the most intense pressure to fulfil their obligations and responsibilities. For the Support Teams to work they need a strong core of EU Agencies, the closest of cooperation with the authorities in Italy and Greece, and the support of other Member States.

State of Play of Hotspot capacity

http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/press-material/docs/state_of_play_-_hotspots_en.pdf

Returns

Ensuring effective returns is a core part of the work of the Migration Management Support Teams in 'hotspot' locations. This also requires efficient systems to be in place inside the EU for issuing and enforcing return decisions. Concrete steps have been taken over the past month to develop a system of integrated return management and to make use of the EU's information exchange systems to include return decisions and entry bans. Member States' return agencies must also be given the necessary resources to perform their role. Member States should swiftly implement the EU action plan on return proposed by the Commission and endorsed by Member States at the October 2015 the Justice and Home Affairs Council.

Returns since September
http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/press-material/docs/state_of_play_-_returns_en.pdf

Support for Countries Triggering the EU Civil Protection Mechanism
The EU Civil Protection Mechanism is designed to offer practical support to Member States overwhelmed by a crisis situation. Serbia, Slovenia and Croatia are currently calling on its support. The Mechanism can mobilise various types of in-kind assistance, including teams and equipment, shelter, medical supplies and other non-food items, as well as expertise. A call is issued by the country activating the Mechanism, and participating States provide the assistance in response to the identified needs. The Commission has increased the amount of co-financing it will provide for the transport of relief items and experts during the current refugee crisis. So far, too few Member States have responded to these calls, and a large number of resources must still be provided for Serbia, Slovenia and Croatia to cope with the current situation.
Member States' Support to Civil Protection Mechanism for Serbia, Slovenia and Croatia
http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/press-material/docs/state_of_play_-_ucpm_support_en.pdf

Background
The European Commission has been consistently and continuously working for a coordinated European response on the refugees and migration front.
Upon taking office, European Commission President Jean-Claude Juncker entrusted a Commissioner with special responsibility for Migration – Dimitris Avramopoulos – to work together with the other Commissioners, coordinated by First Vice-President Frans Timmermans, on a new policy on migration as one of the 10 priorities of the Political Guidelines.
On 13 May 2015, the European Commission presented its European Agenda on Migration, setting out a comprehensive approach for improving the management of migration in all its aspects.
Two implementation packages under the Agenda, on 27 May 2015 and on 9 September 2015 have already been adopted and the measures therein are starting to be deployed. (EC 13-1-2015)

ENI DUE TO AWARD TENDER FOR FLOATING PLATFORM FOR NATURAL GAS IN MOZAMBIQUE

Italian group ENI is expected soon to award a short-term floating platform construction contract for the processing of natural gas to be extracted in the Rovuma basin in northern Mozambique, trade publication “Upstream” reported.
The newspaper added that the contract is expected to be awarded to the Reef Consortium, composed by French group Technip, by JGC, formerly the Japan Gasoline Company and Samsung Heavy Industries of South Korea.
The newspaper also wrote that construction of the floating platform, transport and on-site installation is expected to cost the Italian group around US$5 billion.
However, before the contract can be awarded the other partners in the Area 4 block of the Rovuma basin – China National Petroleum Corporation (20 percent) and Galp Energia of Portugal, South Korea’s

Kogas and the Mozambican state company Empresa Nacional de Hidrocarbonetos (ENH) Hydrocarbons, with 10 percent each – need to approve it.

The ENI group continues to say it plans to start the production of liquefied natural gas in 2019 but has not yet made the final investment decision, which is expected to happen in early 2016.

A major problem is that the price of gas is intrinsically related to the price of oil, which has dropped by over 40 percent in the last 12 months, in addition to new natural gas suppliers recently entering the market, putting downward pressure on prices.

Despite these problems, the Italian group has secured buyers for the natural gas due to be extracted in Mozambique and announced on 29 October it was about to conclude an agreement with the BP group. (13-11-2015)

JAPAN SUPPORTS REHABILITATION OF MALAWI AIRPORT

The Japanese government has granted Malawi 3.7 billion Yen (about US$30.4 million) for the expansion and rehabilitation of Kamuzu International Airport (KIA) in Lilongwe.
Speaking during the signing ceremony in the capital Lilongwe on Thursday, Japanese envoy Shuichiro Nishioka said his government has decided to support the rehabilitation of the airport after noticing the dilapidation of some buildings.

"The buildings at KIA need major rehabilitation and maintenance in order for the airport to be a safe landing place," he said.

He added that the airport also needed to install new equipment such as the airport surveillance system.

Malawian Minister of Transport and Public Works Francis Kasaila said the project would help KIA accommodate more planes once completed.

"At the end of the project, Malawi will be a safe landing place where people will be getting on and off their flights confidently," he said. The project is expected to start in 2016 and be completed in 2018. (APA 2015-11-05)

OIL IS NOT WELL WITH ANGOLA'S CAPITAL

A few years ago, Luanda, the capital of Angola, was on every ambitious investor's lips. With big infrastructure and housing projects rapidly changing its appearance, the city seemed to be leaving behind the country's 27-year civil war. But hopes for renewal are dissipating as the price of the commodity on which Angola's future was being constructed — oil — declines.

Angola is Africa's second-largest oil producer and one of the countries hardest hit by the fall in oil prices. The oil crash forced Angola to slash its 2015 budget by $17bn, a 25% reduction. Construction companies are having difficulties paying workers, and the Angolan central bank has devalued the kwanza. Construction threatens to screech to a halt.

The fantasy built on oil is crumbling, showing that its benefits were barely felt outside elite consumption. As criticism mounts and Angolans ask what happened to the glut of oil dollars, Luanda acts as a lesson that spectacle is no substitute for substantial political and economic change.

Angola's economic challenges seem dramatic given the optimism following the end of its civil war (1975-2002). The war left Angola shattered. Infrastructure was destroyed, an estimated 4.1-million people were displaced, and the economy outside of the oil sector collapsed. When peace was announced in April 2002, Angola's future was uncertain. This changed when the price of crude oil rose from $34.86 a barrel to $146.12 in 2008. Combined with increased oil production, Angola went from financially fragile to stable.

Angola initiated oil-backed credit lines, chiefly with China, the creditor extending a line of funding in return for Angola selling a fixed amount of future oil to the creditor. The reconstruction project included initiatives for improved social services and poverty reduction. But the primary focus was on real estate and infrastructure. Luanda, home to 6.5-million people, was the centre of these investments. Oil profits were sunk into redevelopment plans, including state land reserves for urbanisation; construction of a big rehousing zone, Zango, for people forcibly removed for reconstruction projects; the building of a satellite city, Kilamba, to house 500,000 people; and high rises in the city centre and real estate developments aimed at high-income earners.

Prices went through the roof, leading to Luanda being ranked the most expensive city in the world for expatriates. For those living in wealthy areas, it felt like a new world was emerging. But for three-quarters of Luandans who live in informal settlements, little changed. Their urban status was uncertain.

Central to the project was mass demolition of slums (bairros), and removal of residents to rehousing zones. Many were not rehoused and lost their homes. There was little legal recourse, as the Angolan state is the owner of all land.

After the oil price crash, Luandans are wondering what was achieved. Between 2004 and 2014 Angola failed to diversify its economy significantly. Foreign reserves are drying up and inflation hit a three-year high of 10.4% in July. This has led to a rise in food and consumer goods prices, negatively affecting even the small gains that the urban poor made during the boom years.

Ever stronger evidence is emerging of mismanagement and corruption in the administration of oil funds. A 2011 IMF report identified that public funds of $32bn linked to the state oil company, Sonangol, were unaccounted for. Although it later found that $27.2bn was due to unrecorded expenditure by Sonangol on behalf of the Angolan government, this left open the question of what had happened to the outstanding amount.

While Angola is now searching for new sources of financing, the general feeling is that its economic problems are set to continue.

A nascent urban youth movement emerged in 2011 calling for changes to the political system. Their demands included respect for civil liberties and the resignation of President José Eduardo dos Santos.

These signs of change have been crushed as the government has sought to contain political dissent. Seventeen youth activists have been charged with attempting to overthrow the government. Fifteen have been detained for more than 100 days. But crushing political dissent will not solve the problems. To bring change, financial resources have to be orientated towards the needs of the majority.(BD 09-11-2015)

NIGERIAN GOVT APPROVES PAYMENT OF OVER $2BN TO OIL MARKETERS

The Nigerian government has approved the payment of N413 billion (about $2.1bn) to petroleum products marketers as the outstanding payment for subsidy claims.

The Group General Manager, Group Public Affairs Division of the Nigerian National Petroleum Corporation (NNPC), NNPC, Mr. Ohi Alegbe, said in a statement in Abuja on Wednesday that it had injected additional volumes of petrol across the country to boost supply of the product and eliminate the long queues that have resurfaced in many parts of the country.

Alegbe noted that the payment of the outstanding N413 billion (about $2.1bn) subsidy claims to oil marketers is part of the Government’s initiative of zero tolerance to fuel queues nationwide.

”It is our belief that with the outstanding payment due to oil marketers now assured, the marketers and other downstream players will join hands with the NNPC to guarantee that the nation remains wet with petroleum products all year round,” he said. (APA 05-11-2915)

CIF CEMENT PLANT PROVIDES ELECTRICITY TO THE ANGOLAN PUBLIC GRID

The cement plant of the China International Fund group (CIF) in Luanda will provide 50 megawatts of electricity to the Angolan public grid, under a presidential order authorising the purchase of energy.
The order, cited by Portuguese news agency Lusa, said that the power purchase agreement would be valid for ten years but gave no figures for the amounts involved in the purchase of electricity by the state-owned Rede Nacional de Transporte (National Transmission Grid).
"Given that the studies conducted to assess the supply and demand for electricity in the Luanda region indicate a deficit of 400 megawatts (this contract is authorised) until structural projects that are underway start operating," said the order authorising the contract with CIF.
The government of Angola is working on several projects that will increase national electricity production, including construction of two damsby Brazilian construction company Odebrecht.
This is the case of the Lauca hydroelectric facility in the municipality of Cambambe (Kwanza Norte province), costing US$4.3 billion and financed by a credit line from Brazil and from 2017 will produce 2,070 megawatts and serve 5 million people.
Another of the works involves increasing the power of the Cambambe hydroelectric facility, in the same municipality, which will increase from 180 megawatts – since it opened in 1963, in the Portuguese colonial period – to 700 megawatts and be put into operation in stages during the second half of 2016.
The future Soyo combined-cycle plant, the construction of which is the responsibility of the China Machinery Engineering Corporation (CMEC) and that will cost the Angolan state more than US$900 million, will provide electricity to the capital, Luanda, and north of Angola from 2017 onwards. (13-11-2015)

ETHIOPIA ANNOUNCES PLANS TO CONSTRUCT MEGA AIRPORT IN ADDIS ABABA

Ethiopia has announced plans to construct a USD 4 bn mega airport in Addis Ababa that is intended to serve as many as 120 mn passengers annually when it opens in more than a decade's time.
The project reflects the scale of Ethiopia's economic ambitions and will form an important component in developing the country's tourism and light manufacturing sectors, as well as supporting the government's aim to transform Addis Ababa into an aviation hub for the African region.
The project nonetheless is at risk of delays due to challenges securing finance, while the huge costs entailed threaten to exacerbate foreign exchange shortages in the coming years.
The planned airport is set to be one of Ethiopia's most ambitious projects, surpassed only by the USD 4.8 bn Grand Ethiopian Renaissance Dam and demonstrates the government's ongoing commitment to state-led development through investment in huge infrastructure projects. The new airport is planned in addition to an ongoing USD 350 mn expansion of the current Bole International Airport in Addis Ababa, illustrating the importance the government has attributed to planned aviation sector growth. The current airport expansion is set to increase capacity from 6 million passengers annually to 22 mn by 2018. The two developments combined aim to transform Addis Ababa into one of the largest aviation hubs in Africa, with the new airport consisting of four runways, several passenger terminals and an airport city on the outskirts of the capital.

Airport to bolster manufacturing and aviation sectors
The construction of the airport is consistent with Ethiopia's aims to develop its tourism and light manufacturing sectors. In August the culture and tourism ministry announced it planned to triple Ethiopia's annual foreign visitors to 2.5 mn by 2020, declaring tourism represents a core pillar of the government's growth strategy. Tourism currently generates USD 2.9 bn for the economy and several international hotel chains have set up operations in the country in recent year. Increases to freight capacity will likewise support the light manufacturing sector, for which the government has already attracted several global brands and where Unilever, General Electric and GlaxoSmithKline are all planning investments that will supply international markets.
The new airport is also intended to support the state-owned national carrier Ethiopian Airlines to maintain its position as the leading airline in Africa. At a time when other major regional airlines,

including South Africa Airlines (SAA) and Kenya Airways, are scaling back operations or facing financial difficulties, Ethiopian Airlines reported record profits of USD 175 mn in 2014/15. Of the four African airlines that carry more than five million passengers annually, Ethiopian Airlines has doubled its passenger traffic since 2009 and increased the number of aircraft in its fleet, while the other three – SAA, Kenya Airways and Royal Air Maroc – have seen virtually no growth. With the arrival of the new airport, Ethiopian Airlines will be well positioned to consolidate its market share, benefiting from increased passenger traffic and air freight. This is likely to see Addis Ababa emerge as the principle aviation hub in East Africa, overtaking Nairobi over the next decade as passenger traffic surges.

The growth of these three sectors over the past decade has depended heavily on infrastructure improvements made under the 2010-2015 Growth and Transformation Plan (GTP I). The plan saw around 15 percent of GDP spent annually on public works projects, with a focus on road, railway and power projects. The development of infrastructure combined with the associated increase in trade with Asian markets have been vital to attracting manufacturing companies and increasing passenger numbers on flights bound for Addis Ababa. The new cabinet appointed this month is set to reveal the second phase of the Growth and Transformation Pan (GTP II) in the coming weeks, covering the five-year period from 2015-2020. The details of GTP II have not yet been revealed, but the airport is expected to be its flagship project.

Project financing and foreign exchange shortages to remain challenges in the near term

Despite the government’s clear commitment to infrastructure development, concerns persist over the effective implementation of construction projects. Many targets for GTP I were missed and are now expected to form part of GTP II, while power supply remains a major issue. GTP II is thought to be no less ambitious and, in addition to the airport, includes the USD 1.8 bn Gilgel Gibe 3 dam, a raft of geothermal, solar and wind projects, and a vast house building programme.

These various projects will put enormous pressure on Ethiopia’s public finances, which are already strained following GTP I. In its Article IV consultation from September 2015, the IMF reported Ethiopia’s public debt-to-GDP ratio was already at 50 percent and GTP II would see this increase further. Concerns around the sustainability of these debts could create challenges in securing finance for the new airport, particularly considering that even with passenger growth rates of 10 percent annually, it would still take at least two decades for the new airport to reach its full annual capacity of 120 mn. Without an immediate demand for the new airport, Ethiopian officials may struggle to secure finance from foreign lenders at concessional rates.(African Aerospace 04-11-2015)

ZIMBABWE EARNS US$1M FROM ELEPHANT SALES

Zimbabwe has earned US$1 million from the sale of 100 elephants to China early this year, state radio reported Thursday.

According to the Zimbabwe Broadcasting Corporation, the baby elephants were sold to the Asian country using guidelines of the International Convention in International Trade in Endangered Species.

It said the proceeds from the sale have been channelled towards conservation programmes being undertaken by the Parks and Wildlife Management Authority.

“The government has been receiving support from China for its anti-poaching initiatives and is currently awaiting the delivery of equipment for opening up of roads within the national parks, vehicles and new state-of-the-art communication systems to enhance effectiveness in the fight against poaching,” the state-run broadcaster reported.

The sale of the elephants in January caused outrage among animal rights and other civil society groups who protested at the export of the animals to China, France and the United Arab Emirates.

The Zimbabwean government however explained that the move was meant to avert an ecological disaster as the southern African country was fast running out of carrying capacity for the animals.

The Parks and Wildlife Management Authority has warned that the growing elephant herd, estimated at over 100,000, was 30,000 more than the carrying capacity of the game reserves.(APA 05-11-2015)

PHOSPHATE MINING IN GUINEA-BISSAU EXPECTED TO START IN 2018

GB Minerals is due to start mining for phosphate concentrate in Guinea-Bissau in 2018 after it builds a processing plant in 2017 in the Farim region in the north of the country, the project's manager said in Bissau.

Délio Darsano, from the Toronto Stock Exchange-listed Canadian company, made the announcement after an audience with Guinean Prime Minister, Carlos Correia.

Darsano said the economic feasibility study had already been completed and the company would soon approve the terms of reference for the environmental and social impact study.

The manager of this mining project in Guinea-Bissau also said he had informed the Guinean Prime Minister of the steps that GB Minerals had made in the last two years and outlined prospects for the future.

According to the company's website the phosphates in that region of Guinea-Bissau have proven deposits of 105.6 million tons with a phosphorus concentration of 28.4 percent and an inferred 37.6 million tons with a concentration of 27.7 percent.

Exploration of the Farim deposits has a cost of US$52.13 per ton of concentrate, with the capital needed to start the project estimated at US$193.8 million. (12-11-2015)

CHINESE FIRMS PLAN TO INVEST $300M IN ZAMBIA INDUSTRIAL PARK

Chinese companies plan to establish a new industrial park on the outskirts of the Zambian capital Lusaka with an initial investment of $300m, a visiting company executive said.

More than 30 Chinese companies would invest in areas including bicycle assembly, telecommunications and the manufacture of water pumps, Zou Lin, the chairman of construction services group Tianjin Taida Landun said.

Zambia's Commerce, Trade and Industry minister Margaret Mwanakatwe said the park would provide a further spur to Chinese investment in the southern African nation.

Chinese companies have invested heavily in mining and other sectors over the last 10 years with investment reaching $2.6bn in 2014, the Chinese embassy said.

China has lent Zambia's neighbour Angola around $20bn since a 27-year civil war ended in 2002, according to Reuters estimates. Angola is Africa's second largest crude oil producer, whereas Zambia is its second biggest copper producer.

The 1,000ha park would also host Chinese firms involved in international trade, the medical industry, packaging, agriculture and tourism, Zou said.

"Total investment will be $300m for the first phase and this will gradually rise to $1bn," Zou said, adding the park would lead to new infrastructure and jobs.

China plans to invest a further $900m over the next five years in an economic free zone, where firms will be exempted from some taxes such as customs duties. (Reuters 09-11-2015)

FOREIGN INVESTORS WITHDRAW OVER $200M FROM NIGERIA'S EQUITIES MARKET

The Nigerian Stock Exchange (NSE) has said that foreign investors withdrew N40.07 billion (about $204m) from the equities market in the month of September.

The NSE said in its domestic and foreign portfolio participation report in equity trading for September 2015 posted on its website that the Monthly Foreign Portfolio Investment (FPI) transactions at the exchange dropped to N69.33 billion (about $353m) in September, down from N81.13 billion (about $413m) at the end of August 2015, representing a decline of 14.54 percent.

It stated that domestic investors conceded about 6.72 percent of trading to foreign investors compared to the 11.38 percent they conceded in the previous month as domestic transactions increased from 44.31 percent to 46.64 percent, while FPI transactions dropped from 55.69 percent to 53.36 percent over the same period.

Foreign portfolio investors' inflows went down from N33.06 billion to N29.26 billion, while the outflows declined to N40.07 from N48.07 in August. In comparison to the same period in 2014, total FPI transactions decreased by 69.42 percent, whilst the total domestic transactions decreased by 79.53 percent.

Market analysts said the data confirmed that foreign investors had continued to withdraw funds out of the country while reducing inflows of funds into the market.

They said that it was likely that October would be worse considering the level of sell-offs that had occurred with the NSE All Share Index declined by 6.53 percent at the end of October 2015. (APA 05-11-2015)

AIRPORT IN BRAZIL PREPARES TO RECEIVE FLIGHTS FROM CAPE VERDEAN AIRLINE TACV

The Castro Pinto Airport, which serves the metropolitan area of João Pessoa, in the Brazilian state of Paraiba, will set up customs services in order to receive flights from Cape Verdean airlines Transportes Aéreos de Cabo Verde (TACV), said the president of the Paraiba state tourism company PBTur.

Ruth Avelino said that although the international airport is formally international it lacks customs services, "which is now required for the air carrier from Cabo Verde (Cape Verde) to begin regular connections", according to the Brazilian press.

The president of PBTur said that the connection had already been approved by the National Civil Aviation Agency (ANAC), and TACV is the first foreign airline to fly to that airport.

Although the start of scheduled flights was initial set for December, Avelino said they were now only expected to begin in April 2016 to allow time for customs facilities to be built.

TACV will offer a weekly flight every Friday, leaving the city of Sal, Cabo Verde, to João Pessoa, then head to Recife to later return to Sal, from where passengers can connect to Milan (Italy), Paris (France), Lisbon (Portugal) and Amsterdam (Netherlands). (12-11-2015)

TUNISIA: EU SUPPORTS SECURITY SECTOR REFORM

The EU has allocated €23 million to a support programme for reform and modernisation of the security sector in Tunisia, assisting in the establishment of a modern security policy, in line with the democratic values of the new Tunisian Constitution.

The programme focuses on the modernisation of internal security forces in line with national standards and human rights, and involves reform of evaluation, recruitment and training systems. Another priority of the programme is to provide the Tunisian state with appropriate means to respond to crises, through the establishment of an inter-ministerial crisis cell. It also strengthens the technical and operational capacities of land border security services to improve the fight against cross-border crime by creating three rapid operational centres in Medenine, Tataouine and Kasserine.

EU Ambassador to Tunisia Laura Baeza emphasised the participation of civil society in the reform, highlighting that *"the police reform goes hand in hand with the reform of justice, also supported by the European Union with €40 million"*. (EU Neighbourhood 09-11-2015)

IMF GIVES KENYA'S ECONOMY CLEAN BILL OF HEALTH

The International Monetary Fund (IMF) on Thursday gave Kenya's economy a clean bill of health, saying it's doing better than the rest of sub-Saharan Africa.

Speaking in Nairobi, IMF Regional Director Armando Morales said his organization projected the economy will grow at a rate of 6.4 percent.

Morales further noted that Kenya's debt is sustainable, and classified it as at low risk level of distress.

He however urged the country to consider cutting down on non-essential expenditure in order to reverse the high interest and exchange rates the country is grappling with.

His sentiments comes after the government last week admitted that the country was experiencing economic turmoil and urged Kenyans to "tighten their belts" as they worked on a turnaround.

The government has been facing criticism from the Opposition and economists who accuse the State of running down the economy through over-borrowing and corruption.

On Tuesday, the government borrowed an additional $600 million from international financiers to bridge existing deficit in its budget as it grapples with a cash crunch last experienced in the 90's.(APA 05-11-2015)

CABO VERDE'S FLAGSHIP AIRLINE TACV TAKES ON LOAN FROM ANGOLA

The government of Cabo Verde (Cape Verde) has authorised the country's flagship airline Transportes Aéreos de Cabo Verde (TACV) to take on a loan of 2 million euros from Angolan bank, Banco Angolano de Investimentos, according to the Cape Verdean press.

The authorisation, to ensure that TACV keeps its financial commitments and can send aircraft engines for repair, was given because the carrier is "facing financial difficulties as a result of consecutive negative results."

The resolution authorising the TACV to take on the loan, published in the Official Gazette states that the money will be used to balance operational activity, adjust investment capacity, ensure financial commitments are met on time, and pay for repairs of aircraft engines.

The government also authorised the Treasury to endorse TACV to securitise its loan portfolio, or convert those loans into cash through a bond issue in the amount of 950 million escudos.

On 4 November Prime Minister José Maria Neves announced the findings of a TACV audit would be published.

The prime minister added that the government could not find private partners interested in managing the company and acknowledged that the flag carrier is " in a very difficult and complex situation", given that costs are much higher than revenues, it has a liabilities of 10 billion escudos (around US$99 million) and insufficient equity. (12-11-2015)

PEGGING CURRENCY TO DOLLAR COSTS ZIMBABWE

Zimbabwe freed its economy from the nightmare of hyperinflation by dumping its currency and adopting mainly the US dollar. Six years on, the economy is back in crisis.

Deflation is hindering spending and investment, factories are closing and the government is struggling to find money to pay its workers.

The dollar’s appreciation has made imports cheaper, exports more expensive and fuelled a cash crunch, said Mark Ellyne, an economics professor at the University of Cape Town. Laws adopted in 2008 that compel foreign-and white-owned companies to sell at least 51% of their shares to local black investors have compounded the problem by deterring investment, he said.

"The dollar strength really works against them," Prof Ellyne, who worked at the International Monetary Fund (IMF) for 25 years, said by phone. "They’ve made a wrong choice about the currency and they’ve not opened up enough. They should have tried to do a deal with SA to use the rand."

Zimbabwe imported goods worth $2.5bn from neighbouring SA last year, more than from all its other trading partners combined, according to data compiled by Bloomberg. Their economies are further entwined by the estimated 2-million Zimbabweans who migrate to find jobs in Africa’s most industrialised economy, according to United Nations estimates.

Zimbabwe’s currency regime means its factories cannot compete with their South African and Zambian counterparts, said Busisa Moyo, president of the Confederation of Zimbabwe Industries, who has called on the government to enact laws to cut salaries and utility prices. The rand has slid 26% against the dollar since the start of last year, while the Zambian kwacha has dived 60%.

Zimbabwe’s economic meltdown dates back to 2000 when militants backed by President Robert Mugabe’s government began seizing white-owned commercial farms. Inflation soared as the central bank printed money to enable the government to pay its bills. The Zimbabwe dollar was scrapped in early 2009 and a basket of currencies, including the dollar and rand, became legal tender. Today all pricing and about 90% of trade is in dollars.

"There’s no immediate plan to return to the Zimbabwe dollar," Finance Minister Patrick Chinamasa said. "We’re tied into the multi-currency system and our focus is on creating growth."

When hyperinflation peaked, Zimbabweans had to pay for restaurant meals before they ate and quotes from repairmen and businesses were valid for 15 minutes. With a single egg costing more than 1-billion Zimbabwe dollars, shoppers carried money in suitcases and rucksacks. The experience still jars and few Zimbabweans favour renewed state control over the monetary system.

When the central bank introduced locally minted so-called bond coins to alleviate a shortage of US coins, they were widely rejected, with most people opting to take change in candy or pens instead.

"I doubt anyone will ever trust them with money again, not after 2008," said Fred Nyikadzino, who sells building materials in Harare. "It’s better we struggle now with a US dollar they can’t control than let them print trillions and trillions of worthless money."

More than 80 Zimbabwean firms shut last year, a trend that has continued this year, and just 34% of the country’s manufacturing capacity is being utilised, said Mr. Moyo. Consumer prices have fallen every month since March last year, dropping 3.1% in September from a year ago, without boosting sales volumes. About 700,000 Zimbabweans have formal jobs, the lowest number since 1968, government data show.

The dollar forces fiscal discipline on the government and is "a red herring" when it comes to assigning blame for Zimbabwe’s woes, according to Steve Hanke, professor of applied economics at Johns Hopkins University, who together with research associate Alex Kwok calculated that at the peak of hyperinflation, prices were doubling every 24 hours.

"Companies’ lack of competitiveness in Zimbabwe is largely influenced by the difficulties created by the government’s regulatory burdens," he said. "No-one knows from one day to the next what the rules of the game are and how secure their property rights will be.’’

Zimbabwe ranked 171st out of 189 countries in the World Bank’s 2015 Doing Business survey, which considers factors such as how easy it is to start a business, pay tax and enforce contracts. Public servant wages swallow about 83% of state revenue. In August, the IMF cut its 2015 growth forecast almost in half to 1.5%. (Bloomberg 10-11-2015)

MOZAMBICAN, CHINESE ENERGY FIRMS STRIKE PARTNERSHIPS

China's Petroleum Engineering and Construction and Mozambique's National Hydrocarbons company (ENH) have established a partnership to develop oil projects in Mozambique, APA observes here on Thursday.
According to local media reports, the partnership is the first ever established by state enterprises from China and Mozambique and will be known as CPECC.

A media statement issued by the new company says the new organisation will provide services in the chemical and refinery areas as well as in research, engineering, storage and long distance supply, in the gas and oil sectors.

The Director-General of CPECC, Hou Haojie said that his company would take this opportunity to promote its skills in areas such as human resources, management and technology in Mozambique.

The partnership's leaders are also considering future involvement in existing oil and natural gas exploration projects in Mozambique. (APA 05-11-2015)

TV DIGITAL IN CABO VERDE SCHEDULED FOR EARLY 2016

The first Digital Terrestrial Television (DTT) broadcasts, originally scheduled for June of this year, are due to begin in early 2016, predicted Wednesday the president of the National Communications Agency (ANAC) of Cabo Verde (Cape Verde).
David Gomes, commenting on the status of the introduction of Digital Terrestrial Television (DTT) in Cabo Verde, said the most important thing was that the content aggregator centre will be ready in December, so it can receive content from a variety of operators in the market in order to carry out its aggregation, transport and distribution.
"The first broadcasts in Praia will take place in late January and early February," he said, cited by Portuguese news agency Lusa.
Gomes said ANAC had met with some manufacturers and importers from China, Taiwan and Europe, and given that Cabo Verde is an island country it will not be easy to find companies that have ability to import in large quantities, as well as secure distribution and sales nationwide.
The president of ANAC also said that consumers would only pay for their set-top box, or spend more if they want to buy a compatible television, and the average price of a box would be around US$30-40. (12-11-2015)

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

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