MEMORANDUM

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SUMMARY

FITCH AFFIRMS SOUTH AFRICA'S RATING BUT REVISES OUTLOOK TO NEGATIVE

Rating agency attributes change to political risk as in-fighting within the ruling ANC is likely to continue for the next year as the ANC moves towards elective conference

Fitch said on Friday it had kept the country's rating at BBB- but the outlook had been dropped due to the fact that political risks to standards of governance and policy-making had increased and would remain high at least until the electoral conference of the ANC in December 2017, negatively affecting macroeconomic performance.

"The ANC will elect a new leader, who will be the ANC's presidential candidate in national elections in 2019."

The agency said in-fighting within the ANC and government was likely to continue over the next year and its view was that this would "distract policymakers and lead to mixed messages that will continue to undermine the investment climate, thereby constraining GDP growth".

Treasury said in a statement on Friday night that efforts made by SA to keep the country on an investment grade have paid off.

"The fact that the country's investment grade status has been maintained demonstrates the resilience of the country and its people, especially during difficult times, to achieve a common mission."

While the decision not to downgrade provides some relief, analysts have warned that changes to outlooks by other agencies may result in S&P Global Ratings downgrading SA to junk next week.

A downgrade to junk is potentially catastrophic. It would mean many investment funds would be obliged to pull investment from the country.

SA has been on tenterhooks about its ratings for the past year, having narrowly escaped downgrades twice, about six months ago and a year ago.

Agencies have repeatedly raised their concern about the need for structural reforms to remove impediments to higher growth in SA.

The Reserve Bank's latest forecasts for growth, at its announcement on Thursday that it was leaving interest rates unchanged, were unchanged from the September monetary policy committee meeting.

Growth of 0.4% is forecast for 2016, picking up to 1.2% in 2017 and 1.6% in 2018.

Fitch said although the South African economy has started recovering from a series of shocks business confidence "remains depressed and investment has continued to contract".

It said it expected modest GDP growth of 1.3% in 2017 and 2.1% in 2018.

It went on to say although this was an improvement from 0.5% in 2016, the economy had been hit in 2015 and 2016 by "electricity shortages, the worst drought in decades, a sharp fall in international prices for some of SA's main mining commodities and rising policy uncertainty".

Finance Minister Pravin Gordhan has been instrumental in the efforts to convince the agencies that SA is doing what needs to be done to put it on a higher growth trajectory, and to address concern about corruption at the highest levels of government.

The fraud charges instituted against him, and then withdrawn, and the allegations contained in former public protector Thuli Madonsela's State of Capture report, have only added to the concern about the direction SA is headed.

President Jacob Zuma this week bemoaned the "politicisation" of the rating agencies' decision.

Fitch will review SA's rating in June and warned that continued political instability that "adversely affects standards of governance, the economy or public finances could attribute to a downgrade".

It also highlighted the need to stabilise the government's debt to GDP ratio and warned that "failure of GDP growth to recover sustainably, for example, due to sustained uncertainty about economic policy" also posed a risk.

However, SA's institutions — especially its courts — and civil society have been lauded as a positive factor.

S&P, which said earlier this month that SA needed to make better progress on the areas of concern, said it rated SA's institutions as neutral, because checks and balances were enforced by the courts rather than other arms of the state.

Some progress has been made on economic reforms, however.

The Treasury, in its medium-term budget policy statement, announced further belt-tightening and plans to raise taxes to ensure net debt stabilises below 50% of GDP, despite slower growth.

In Nedlac, broad agreement has been reached on a package of labour stability reforms that organised business is optimistic will reduce violent and protracted strikes and heralds a more constructive era of labour relations.

But many economists doubt this is enough to stave off further downgrades.

This time last year

In December 2015, just as rating agencies were preparing their reviews of SA, "Nenegate" broke, when Zuma fired Nhlanhla Nene as finance minister and replaced him with the little-known Des van Rooyen. That decision was reversed after the outcry that followed, and Gordhan was installed as finance minister.

About a week after that, Moody's issued its rating review, maintaining the rating but cutting the outlook to negative from stable.

In June, all three agencies affirmed SA's ratings, but Moody's was the only one to offer an overwhelmingly positive assessment of the economy and the Treasury's ability to return SA to fiscal stability and reignite growth.

Moody's is expected to release its review on the country later this evening.*(* Reuters 25-11-2016)

RWANDA, ITALY SIGN MOU TO COORDINATE EFFORTS TO TACKLE CLIMATE CHANGE

Rwanda and Italy have signed a memorandum of understanding aimed at strengthening and coordinating their efforts to combat global climate change, a release issued here Thursday says.

The agreement was signed during the ongoing UN Climate Change Conference (COP22) in Marrakesh, Morocco on Tuesday by Rwanda's Natural Resources Minister Dr. Vincent Biruta and Gian Luca Galletti, Italy's Ministry for the Environment, Land and Sea.

The MoU seeks to enhance risk assessment, promote secure, clean and efficient energy, to stimulate the transition towards a sustainable low-carbon economy and to implement adaptation actions and opportunities to protect the environment and natural resources.

"I am especially pleased that we will work together on the implementation, monitoring, reporting and communication of Nationally Determined Contributions," Biruta said.

"With this year's COP22 dubbed the 'Action COP', there is no doubt that we must turn our climate action plans into reality. I look forward to learning from the Government of Italy and sharing Rwanda's experience in building climate resilience and adapting to a warming planet. By working together, we can ensure both nations reach our goals while also boosting ambition."

Biruta said that by 2050, Rwanda aims to be a developed, climate-resilient and low carbon economy.

"To achieve this, we need to rewrite the rules of development. Business as usual will not suffice. We must forge a new path by bringing together the best expertise, skills and resources. We must build economies that give dignity to our citizens and also protect the environment," he said.

Other areas of cooperation in the MoU include; implementation, monitoring, and communication of the Nationally Determined Contributions (NDCs) and promotion of sustainable crop and livestock production practices for greater food security and greenhouse gas emissions reduction. (APA 17-11-2016)

ZIMBABWE: MUGABE TO COMMISSION REFURBISHED VICTORIA FALLS AIRPORT

Zimbabwe's President Robert Mugabe is expected to commission the refurbished airport in Victoria Falls resort town on Friday.

According to the Civil Aviation Association of Zimbabwe, the new-look Victoria Falls International Airport refurbished at a cost of US$150 million now has a longer runway able to handle long-haul aircraft.

The refurbished airport also boasts of a new international terminal, refurbished domestic terminal, new control tower and a new fire station.

The development is expected to boost the airport's aircraft handling capacity and tourism in the resort town.

It is expected to increase efficiency in Zimbabwe's tourism sector as well as improve the southern African nation's image, which has had a severe bashing for the past 16 years due to socio-economic challenges. (APA 18-11-2016)

SOUTH AFRICA: INFIGHTING WORRIES FITCH AND MOODY'S

SA wins a short reprieve as two of the major ratings agencies hold back on downgrades, but both voice deep concern over political infighting

SA has won six more months of breathing space from two of the major ratings agencies, but it faces the most risky ratings hurdle when the third of the agencies, S&P Global Ratings, reveals on Friday whether it has opted for a downgrade.

Fitch changed its outlook on SA from stable to negative on Friday evening, as it had been widely expected to do. But Moody's surprised the market by simply holding fire, issuing a detailed opinion rather than affirming or downgrading the rating in what many took to be a positive move that reflected the success of the government, business and labour partnership to avert a downgrade.

The clear message from both agencies, however, was that they were concerned about the extent to which SA's political infighting and uncertain policy environment were holding back its growth — and that until it could tackle that, the pressure would be on for a downgrade.

Fitch's move puts it on par with S&P, which has SA's foreign currency rating at just one above subinvestment grade (junk status) and on negative outlook. A downgrade by S&P on Friday would take SA down into junk territory, with potentially dire consequences for the cost and availability of debt, but many in the market expect that S&P might instead cut SA's local currency rating, which is at three notches above subinvestment grade, while leaving the foreign rating unchanged.

The local rating covers rand-denominated debt issued in the domestic market but matters for certain global indices.

S&P's decision on Friday to cut Eskom's rating, which was already subinvestment grade, raised new fears about SA's rating, but Macquarie economist Elna Moolman said there was not necessarily a "clear read" through to the sovereign rating.

Fitch cited an increase in "political risks to standards of governance and policy making".

It said infighting within the ANC and government would distract policy makers and continue to undermine the investment climate, constraining GDP growth. It warned that it could downgrade SA's rating if GDP growth failed to recover and instability continued, but it gave government credit for its fiscal tightening — as did Moody's, whose lead analyst for SA Zuzana Brixiova noted the Treasury had consistently met spending ceilings introduced in 2012.

The Moody's report also cited the accountability and independence of key institutions, such as the judiciary, Reserve Bank and the Treasury as credit strengths.

The Treasury said efforts by SA to keep the country on investment grade had paid off. "Government, business, civil society, labour and politicians continue to work hard to build a foundation for faster growth," it said. It pointed to progress in areas such as energy, state-owned enterprises and the national minimum wage as among the measures that had ensured an investment grade status for SA.

Citadel Asset Management's Adrian Saville said, however, until such time as SA's policy makers could convert talk into results, it was only a matter of time before SA got downgraded. (BD 28-11-2016)

ZIMBABWEANS FEAR RETURN OF HYPERINFLATION WITH BOND NOTES TO CASH RUNS OUT

In Zimbabwe, where worthless $100-trillion banknotes are reminders of the perils of hyperinflation, President Robert Mugabe is printing a new currency that jeopardises not just the economy but his own long grip on power.

Six months ago, the 92-year-old announced plans to deal with chronic cash shortages by supplementing the dwindling US dollars in circulation over the past seven years with bond notes, a quasi-currency expected at the end of November.

According to the Reserve Bank of Zimbabwe, the bond notes will be officially interchangeable 1:1 with the US dollar and should ease the cash crunch. The central bank also promised to keep a tight lid on issuance.

But many Zimbabweans are sceptical, remembering the 2008 meltdown when the inflation percentage rate was running in the millions because of rampant money printing.

Mugabe's plan has already sparked a run on the banks as Zimbabweans empty their accounts of hard currency.

Internal intelligence briefings seen by Reuters raise the possibility that the bond notes, if they crash, could spell the end of Mugabe's 36 years reign.

The Central Intelligence Organisation (CIO) said in a report dated September 29 that the army was as unhappy as the rest of the population with the new notes and said Africa's oldest leader should "wake up and smell the coffee".

"Top security officers have told Mugabe not to blame them if Rome starts to burn," the report said.

Reuters could not find out who wrote the report or for whom. It is not clear if Mugabe has seen the report. Mugabe's spokesman did not respond to requests for comment, nor was the CIO available.

But the report offers a rare glimpse into the thinking of Mugabe's security forces — the backbone of his power — and their concern about the implosion of what used to be one of Africa's strongest economies.

"Mugabe was openly told that the bond notes are going to cause his downfall," the report said.

Waiting for the drop

The notes' first test will come in the informal foreign exchange markets on the streets of Harare.

If they fall heavily in value, they are likely to unleash an inflationary spiral that could bleed the banking system of its last few dollars and wipe out Zimbabweans' savings for the second time in less than a decade, economists say.

The same happened in 2008. Powerful individuals with access to dollars at the official 1:1 rate could buy bond notes at a discount on the unofficial market and then convert them back to dollars at face value.

"You start with one dollar, then you've got 10, then you've got 100, then you've got 1,000 — and it's not even lunchtime," said economist John Robertson.

In Harare's chaotic Road Port bus station, the main terminus for those heading to and from South Africa, some bus operators fear the worst.

Required to pay nearly all their expenses — fuel, road tolls and police bribes in Zimbabwe and SA — in hard currency cash, they are particularly exposed.

"It's like being on death row. You don't know when the hangman is going to open your cell door," said ticket seller Simba Muchenje, pulling a wad of worthless 2008 Zimbabwe dollars from his briefcase and tossing them on his counter. "It's just taking us back to the bad old days."

In interviews, none of eight money-changers trading rands and US dollars said they would accept bond notes at their $1 face value because of fears of immediate depreciation. The rand and the US dollar became Zimbabwe's currencies when the local dollar was scrapped in 2009.

Patience, a 32-year-old money-changer, said: "The banks may say 1:1, but here we say 2:1. We can't afford to pay the same as the banks. I'm running a business, not a bank."

'Export incentive'

Given Zimbabwe's recent history of hyperinflation, the central bank is keen to allay fears that the printing presses are about to go into overdrive and that the bond notes are a roundabout route to a new Zimbabwe dollar.

"The introduction of bond notes does not mark the return of the Zimbabwe dollar through the back door," it said on its website.

Instead, the bank has presented the notes as a 5% "export incentive", a top-up added by the central bank to the accounts of those receiving foreign exchange either from overseas remittances or via farming, manufacturing and mining exports.

They will also be backed by a $200m "loan facility" from Afreximbank, a Cairo-based lender owned by the African Development Bank and dozens of African governments and central banks. Afreximbank declined to comment.

Given monthly exports of roughly $250m, the 5% top-up suggests a monthly liquidity injection of just $12.5m, or $1 for every Zimbabwean.

In public statements, the central bank has given assurances it will not exceed the $200m issuance ceiling.

But it has not clarified how bond note balances will be recorded in US dollar accounts, nor how ATMs will distinguish between greenbacks and bond notes when they issue cash.

"Upon withdrawal, banks have an option to pay in any one of the legal tenders," the bank said. Its governor, John Mangudya missed a scheduled interview with Reuters and did not respond to e-mailed questions.

No dollars, no fun

Few Zimbabweans interviewed believed the bank will stick to issuance limits, especially while a large current account deficit continues to suck dollars out of the country.

After the bond notes' announcement, #ThisFlag and #Tajamuka, social media campaigns targeting the new system, drew the biggest anti-Mugabe protests in a decade before being crushed by riot police and the intelligence agency.

Meanwhile, tens of thousands across the country queue through the night to empty their accounts the moment their pay or pensions arrive, aggravating the liquidity crunch. Banks responded with daily withdrawal limits: $100 one day, $50 another, none another.

Customers have no idea until the banks open their doors at 8 am.

"Sometimes you get to the end of the queue and there's no money," said industrial fitter Edmund Panganai, 40, at a CABS building society branch in Harare. Every month, it takes him at least seven nights of queuing to get his pay.

In Harare, where most US dollar bills are stained deep brown with grime, a crisp 2009-edition $100 note is now worth as much as $115.

Conversely, the plastic and mobile money introduced to ease physical cash shortages is depreciating, forcing vendors to charge a 10%-15% premium.

A prostitute, who had been relying on e-wallet payment systems such as Ecocash, run by mobile firm Econet Wireless, said she and other sex workers were turning away customers without hard cash.

"Ecocash? No thank you. Dollars, dollars, dollars," said Patience, a 22-year-old working a Harare street corner. "No dollars, no fun."

Army rationed

Combined with unemployment at 90% and a government budget crunch that has delayed payment of civil service wages, discontent also pervades the army.

The September 29 report said soldiers applauded the social media protests as they had led to an improvement in daily rations.

"Before the demonstrations, government had stopped supplying them with breakfast. At lunch they were being fed with sadza (maize meal) and cabbage without cooking oil. Mugabe instructed for the army officers to be given descent meals so they will rally behind him," the report said.

Other intelligence reports from late September and early October suggested Mugabe had doubts about the bond notes. Reuters was unable to confirm this.

"The issue of the bond notes is giving Mugabe sleepless nights," one said. "Mugabe is seriously thinking of delaying the introduction of the bond until January next year."

Another report said army officers were frustrated with pay delays and withdrawal limits. "They are very angry as they are failing to access their money from the banks and do not want to be issued with bonds," it said.

"These junior and middle-ranked officers reckon that Mugabe has failed so he needs to step down for new blood to replace him."

Veterans at war

In July, veterans of the 1964-79 liberation war that swept Mugabe to power broke ranks, accusing him of "dictatorial tendencies" and blaming him for the "serious plight" of the economy and discord in the ruling Zanu-PF party. "We are dedicated to stop this rot," they said in a statement.

As fears over the bond notes mounted and the battle to succeed Mugabe intensified, they continued to flex their muscle. "Once you go wrong with us, you automatically go wrong with the whole state apparatus," veterans leader Chris Mutsvangwa told Reuters.

The veterans enjoy warm ties with the army and security services, and want Vice-President Emmerson Mnangagwa, a former security chief nicknamed "The Crocodile", to take over from Mugabe, political analysts say. On the other side is a faction attached to Mugabe's 51-year-old wife, Grace.

Mugabe responded to the growing pressure on November 19 with an address in which he admitted fallibility and gave a rare hint at retirement.

"If I am making mistakes, you should tell me. I will go," he said. Then he went on to say: "Change should come in a proper way. If I have to retire, let me retire properly." (Reuters 25-11-2016)

SAO TOME AND PRINCIPE RAISES US$5.7 MILLION IN COCOA SALES FROM JANUARY TO SEPTEMBER

Sao Tome and Principe saw income of 133.200 billion dobras (US$5.7 million) from January to September 2016 from cocoa sales, a product that accounted for 95.4% of exports of agricultural products in the period, according to a report published on Monday by the West African archipelago's National Statistics Institute (INE).

INE added that in terms of nominal values in dobras (the Sao Tome currency) there was an annual increase of 58.7% due to "improvement in the price of cocoa" on the international market.

In terms of quantity there was an increase of 51.6% with cocoa exports rising from 1,320 tonnes (January to September 2015) to 2,000 tonnes in the same period of 2016.

The remaining 4.6% on the list of agricultural products exported was made up of coconut, coconut oil, flowers, coffee and pepper.

The list of exporting companies is headed by cocoa cooperatives Cooperativa Exportação de Cacau Biológico (Cecab), Sociedade Agro-Comercial (Agricon) and Comércio, Gestão e Investimento (CGI).

The main importers of agricultural products from Sao Tome and Principe are Portugal, the Netherlands and Belgium. (22-11-2016)

EGYPT: SUEZ CANAL REVENUES DOWN 7 PERCENT IN OCTOBER

Egypt's Suez Canal revenues went down 7 percent in October compared to the same month last year, according to data on the government's information website on Monday.

Revenues edged up to $418.1 million from $416.6 million in September.

Egypt's net foreign reserves stood at $19.592 billion at the end of September. (APA 21-11-2016)

MOROCCO QUITS AFRICA-ARAB SUMMIT OVER POLISARIO DELEGATION

The walkout of eight Arab nations at the fourth Africa-Arab World Summit in Equatorial Guinea comes as Rabat is attempting to rejoin the African Union
Morocco and several Arab countries walked out of an Africa-Arab nations summit in Equatorial Guinea on Wednesday to protest the presence of a delegation from the Polisario Front, media reports said.
Morocco, which is a big investor in Africa, quit the fourth Africa-Arab World Summit, which focuses on economic co-operation, along with seven other Arab nations — Saudi Arabia, United Arab Emirates, Bahrain, Qatar, Oman, Jordan and Yemen — and Somalia.
The Moroccan delegation took the decision to protest "the presence of the emblem of a puppet entity in the meeting rooms", the Moroccan foreign ministry said, quoted by the Moroccan news agency MAP.
Morocco maintains that Western Sahara, a former Spanish colony under its control, is an integral part of the kingdom, while the Polisario Front, which campaigns for the territory's independence, demands a referendum on self-determination. The Moroccan delegation quit the one-day summit in Malabo as Rabat is attempting to rejoin the African Union which it left in 1984 — when it was then called the Organisation of African Unity — to protest the admission of the Sahrawi Arab Democratic Republic declared by the Polisario.
In 1991, the United Nations brokered a ceasefire between the two sides.
But a promised referendum to settle the status of the vast desert territory home to half a million people has yet to materialise.
Morocco's latest move was criticised on Equatorial Guinea's Africa 24 network, which is close to the government.
"Morocco has partnerships with Central Africa, West Africa and Southern Africa. We cannot allow such a blow", said one commentator. *(*AFP 23-11-2016)

MOZAMBIQUE EXPECTS TO PRODUCE 1.5 MILLION TONNES OF STEEL PER YEAR

The steel foundry to be built in the province of Tete, central Mozambique, will have an annual production capacity of 1.5 million tonnes of steel, said Monday the Minister of Industry and Trade, Max Tonela.

Presenting the results Bapba Resources' Feasibility Study for an Iron and Steel Industrial Project, in which there will be an investment of US$950 million, the minister said the project will create 2,580 jobs, 85% of which will be filled by Mozambican workers.
This Baobab Resources project includes, in addition to steel, a coal-fired power station with an installed capacity of 250 megawatts of electricity.
The project is being developed by Baobab Resources Limited, a company registered in the UK, in partnership with the International Finance Corporation (IFC) of the World Bank Group and has as the Metallurgical Corporation of China as a technological partner, said the minister.

Prosecutors, according to the Minister for Industry and Trade, have already invested more than US$50 million in research and studies for the project.

The minister recalled the government, after assessing the great potential of this project, had approved the creation of the Rovubué Industrial Free Zone, covering the districts of Chiúta and Moatize in Tete province, with an area of about 4,456 hectares.

The decision opens the way for installing other industries to complement Baobab's steel plant in the same area. (22-11-2016)

BURKINA LAUNCHES CFA339-BLN PROGRAM TO FIGHT POVERTY

Burkina Faso has launched a Support Program for the Development of Local Economies (PADEL), with a total cost of CFA339 billion, whose ambition is to alleviate poverty across the country, the Ministry of Economy and Finance said on Monday.

The ministry said "this ambitious program" was launched by the Burkinabe leader, Roch Marc Christian Kabore, during events celebrating the International Day for the Eradication of Poverty last Friday in Dori, the capital of the Sahel Region.

PADEL is a concrete translation of the country's new development framework, the National Economic and Social Development Plan (PNDES)
at the local level.

Its objective is to fight extreme poverty in Burkina Faso but above all to boost local development.

"PADEL believes in the need to calibrate for each decisive area of local development, the minimum level of equipment and resources needed
to enable people to develop their talents and to develop the potential of their locality," the Minister of Economy, Finance and Development, Rosine Coulibaly/Sori explained.

The minister stressed that PADEL is both "ambitious and innovative", adding that it is a "huge program because of its scale, coverage and ambition."

For its operationalization, the PADEL Program is based on scaling-up three programs that have already produced convincing results.

These include the multifunctional platform program, the social safety nets program, and the informal enterprise transformation and modernization program.

With an overall cost of CFA339 billion, this program will be funded 40 percent by the Burkinabe state, 5 percent by local authorities and 55 percent by technical and financial partners (PTF).

According to its initiators, the deployment of PADEL in the 13 regions of Burkina Faso will be carried out progressively according to an order of priorities established on the basis of a multi-criteria sorting grid.

By the use of this approach, the Sahel Region was chosen for the pilot phase. (APA 21-11-2016)

NIGERIA CENTRAL BANK HOLDS BENCHMARK INTEREST RATE AT 14%

Nigeria’s central bank favours the status quo as inflation hits an11-year high

Nigeria’s central bank kept its main interest rate on hold on Tuesday for the second month in a row, as Africa’s biggest economy contends with its first recession in 25 years due to low oil prices combined with high inflation.

Prices for oil, Nigeria’s main export, have languished in the past few years, while inflation accelerated to a more than 11-year high of 18.3% in October, creating the conditions for "stagflation" — low or no growth combined with high prices.

Governor Godwin Emefiele said the decisions to keep the benchmark interest rate at 14% and keep cash reserve ratios for commercial banks at 22.5% were agreed by all 10 members of the Monetary Policy Committee present.

"Considering the importance of price stability and being mindful of the limitations of monetary policy in influencing output and employment under the conditions of stagflation, committee decided unanimously in favour of retaining the current stance of monetary policy," said Emefiele.

The rate decision was expected by most of the economists polled last week who saw the policy in line with the central bank’s efforts to resuscitate growth in the economy.

The rate decision comes a day after data showed the recession was deepening, with Nigeria’s gross domestic product contracting in the third quarter by 2.2% year-on-year.

GDP shrank 2.1% in the second quarter, the Abuja-based National Bureau of Statistics said on Monday. The economy expanded a nonseasonally adjusted 9% from the second quarter, the statistics office said.

Government revenue has plunged and foreign currency became more scarce with the decline of oil prices, the country’s main export, since mid-2014, and production fell as militants in the Niger River delta blew up pipelines.

The authorities have struggled to manage the economic fallout, at one point pegging the exchange rate against the dollar for more than a year and more recently using law enforcement to bring down the street price of foreign currency.

"The key drag on the economy remains issues around oil production," Wale Okunrinboye, an analyst at Asset & Resource Management in Lagos, said. "We do not think this reading is a trough for the economy and see downside to growth from a combination of continued militant attacks, depressed real wages and persisting dollar shortages." (Reuters, Bloomberg 22-11-2016)

CABO VERDE RECEIVES 461,000 TOURISTS FROM JANUARY TO SEPTEMBER

The number of tourists arriving in Cabo Verde (Cape Verde) in the period from January to September increased 12.9% year on year to 461,600, while the number of overnight stays increased 11.0% to 3.0 million, reported the National Statistics Institute (INE) of the archipelago.

In the third quarter the number of tourists increased by 6.6% year on year to 138,000 tourists and overnight stays increased by 5.2% to more than 955,000, according to the same figures.

The survey carried out by INE showed that hotels continue to be the most sought after accommodation units, with 86.9% of the total, followed by tourist villages with 4.3%, inns with about 3.9% and bed and breakfasts with 2.4%.

The main source of tourists continued to be the UK with 20.5% of all entries, followed by Portugal with 15.2%, Germany with 10.7%, resident Cape Verdeans with 8.7% and Belgium/Netherlands with 7.3%.

Most tourists from the United Kingdom preferred the islands of Boa Vista with 58.1% of overnight stays and Sal with 41.5% and chose to stay in hotels (99.6%) and residents in Portugal opted for the islands of Sal (44.7%) and Boa Vista (42.5%). (18-11-2016)

MOZAMBIQUE: SWEDEN PROVIDES $8.7M TO BOOST EMPLOYMENT INITIATIVE

The Swedish government has provided the Mozambican government with a total of $8.7 million for the implementation of the National Employment Policy (PNE).

According to a Swedish Embassy statement seen by APA on Monday, the amount, to be disbursed over a period of five years as of now, is channeled through the International Labor Organization (ILO) and aims to implement, in particular, the "Decent Employment for Economic, Sustainable and Inclusive Transformation".

This is in accordance with the PNE policy which was approved by the cabinet in September this year.

The agreement for the implementation of the program was formalised in Maputo between the ILO regional director for Zambia, Malawi and Mozambique, Alexio Musindo and Swedish ambassador Irina Nyoni.

The aim of the program is to ensure that more women and men, especially young people and those living in rural areas, have access to productive employment opportunities and also contribute to the improvement of policies and regulations relating to employment and social dialogue in Mozambique.

In response to this support, the Minister of Labor, Employment and Social Security, Vitória Diogo said there should be clarity in the approach to be taken in the use of the resources now available.

"The Employment Policy is our compass, with the first priority being the development of the action plan with measures, targets and indicators and objectives that enable monitoring and evaluation," he said.

Diogo has committed to enhancing and maximizing the resources allocated so that more Mozambicans have access to employment and job opportunities.

In turn, Irina Nyoni explained that this support arises when the Mozambican population is very young, and there is a need for investment in PNE.

She said women are the majority in the informal sector and have even more challenges than men to enter the labor market.

“So an important part of the program will be to analyze these gender challenges and inform policy on how to address themselves” she added.

It is estimated that thousands of beneficiaries with incomes of less than two dollars a day will be covered in rural areas, of which at least 50 percent are women and 60 percent are young people. (APA 21-11-2016)

GOVERNMENT OF ANGOLA PREPARES DATABASE OF REFERENCE PRICES

The National Public Procurement Service (SNCP) of Angola’s Ministry of Finance is creating a database of reference prices, expected to be completed at the end of 2017, announced the Director-General speaking at a seminar in Luanda.

Rosaria Dias dos Santos Filipe said the database will allow contracting public authorities to know in advance the maximum payable for a contract or service.

On the sidelines of the Second International Public Procurement Congress, Filipe told the news agency Angop that the project is already being implemented and will reduce public expenditure.

The Director-General of the National Public Procurement Service said creating the database was a complex process and will be done in phases, starting with the road segment “as the government spending huge sums with these types of contracts.”

Comparative prices studies by the SNCP found there was a clear discrepancy in Angola between state supplier prices, including for IT equipment, for example.

Public eProcurement is another challenge for the near future, said Filipe, as is setting up a central purchasing system, which will allow for agreements to supply all the needs of public services. (18-11-2016)

IN MOROCCO, USAID BETS ON SOFT SKILLS

In a global conversation about whether job-creating foreign aid should keep its longtime focus on employability in traditional sectors or move toward stimulating entrepreneurship, USAID Morocco is saying, "Why not both?"

A fifth of Moroccan youth are unemployed, and the way out may include a combination of new businesses and traditional careers. That's the idea behind one of the U.S. Agency for International Development's largest projects, the Career Center program, which establishes and supports replicable Moroccan university career centers to equip youth with soft skills and link them with private sector internships.

Moroccan employers have sent a clear signal to USAID about their interest in soft skills training for youth to address the fact that much of the country's workforce doesn't currently possess the communication and interpersonal know-how to thrive. Skills ranging from how to professionally prepare a resume to working as part of a team are sorely lacking, Nadia Amrani, USAID Morocco's Career Center program manager told Devex.

Meanwhile entrepreneurship — and the policy, cultural shifts, funding and skill sets that will allow it to thrive — is still at its beginning stages in Morocco.

As entrepreneurial incubators refine their training systems and help more youth launch successful businesses, Amrani says USAID "expects to see permanent gains from these successful networks."

Devex caught up with USAID's Nadia Amrani in Rabat to find out more about the agency's current strategy.

With an unemployment rate of over 20 percent for university graduates, it's clear Moroccan youth need jobs. But entrepreneurs are just as, if not more, critical to livelihoods and development. Why the focus on youth employability and matching skills training with traditional private sector companies in Morocco over support for entrepreneurship?

USAID's long-term approach will not necessarily prioritize formal jobs versus entrepreneurial opportunities. We designed the Career Center program with market demand in mind and are focusing on the three most economically dynamic regions in Morocco: Tangier, Casablanca and Marrakech. In these cities and the surrounding areas, jobs are available, although employers say they cannot find satisfactory candidates.

USAID conducted an analysis of the demand for skills in five growth sectors: auto manufacturing, agro-processing, offshoring, aerospace manufacturing, and business tourism. We identified both employment and entrepreneurial opportunities in these value chains and are aware that Career Center must ultimately play a role in facilitating skills for both.

For example, we found that the most important internal constraint on growth of business tourism in Tangier — and to a lesser extent in Marrakech — comes from a lack of small tour and logistics operators and gaps in local transport. We will be mapping the local supply of support services for entrepreneurship skills and training in these areas to help Career Center ascertain how best to collaborate with other providers when responding to true entrepreneurial opportunities.

What are your early findings on what youth — or their employers — want most from the Career Centers?

Employers have sent a clear signal about their interest in soft skills training like effective communication; the value in peer and mentoring networks; how to professionally prepare a resume and even yourself for an interview; knowing what motivates you; matching job interests to skills and academics; successful negotiation; analyzing situations and providing recommendations; and working as part of a team.

Youth have responded well to online information and what types of training are associated with pursuing their careers. Younger students are asking for advice about what academic subjects might be suitable for their interests and goals. We have had employers ask Career Center to help identify candidates for new or open positions, so we are seeking to partner with local job placement institutions, be they public agencies or private recruiting firms. USAID would like Career Center to be a platform for soft skills and employability services, not an informal employment agency or direct job provider.

The Aspen Network of Development Entrepreneurs and Emory University are currently investigating what works and what doesn't across startup accelerator programs. Among their initial findings are that more effective programs emphasize communication skills, networking, and organizational structure over developing finance and accounting know-how. The Career Center program also focuses on soft skills — so might the program ever evolve an entrepreneurship angle?

Yes, however we think there is a critical distinction to be made between entrepreneurship training and the vast array of skills and acumen involved in starting a business or supporting business growth. In addition to the industry studies mentioned above, we conducted a review of the current soft skills offerings in Morocco. There are a number of courses that have been given or are currently available through local NGOs and educational institutions, including many that teach entrepreneurship. Yet it is clear that there aren't many successful startups coming out of these trainings.

The Career Center team discovered that these trainings had nevertheless been truly mind expanding for the youth who participated and even contributed meaningfully to employability. The team positively concluded — through their review and a review also of experiences in the U.S. with support to entrepreneurship — that entrepreneurial training has an intrinsic value and is generally something to be supported. Career Center is careful, however, not to set unrealistic expectations that entrepreneurial courses can, by themselves, lead to significant outcomes vis-à-vis business startups and growth.

Is there a vision for how USAID might see entrepreneurship as a means of economic growth in Morocco and support it in the future?

Yes, absolutely. We are constantly monitoring, adapting and learning from our current activity implementation and original five-year strategy design on youth employability. Approximately halfway through our five-year strategy period, we are certainly convinced that entrepreneurship in Morocco is a hopeful yet difficult path for many youth. We are analyzing ways to assist in making that path more viable.

What, in your opinion, are the existing or potential barriers to putting more foreign aid toward entrepreneurship initiatives?

A clear challenge is the lack of evidence in Morocco on what works and a lack of clarity on long-term results from existing programs. USAID helped Endeavor Morocco to establish itself as a platform to advance youth entrepreneurship, and as recently as 2015, we provided additional funding to highlight Endeavor's approach on high-impact entrepreneurs to help inspire a culture of innovation, job growth and economic generation.

As entrepreneurial incubators refine their training systems and help more and more youth launch successful businesses, USAID expects to see permanent gains from these successful networks. Better access to financing opportunities for early stage businesses with growth potential would also help. USAID is also investigating new opportunities in this area, not just in Morocco, but in several Middle Eastern and North African countries. The clear blue-sky opportunity to put more foreign aid toward entrepreneurship initiatives is in bringing U.S. entrepreneurial culture, policies, laws and practices to Moroccans through technical assistance and our collective foreign assistance programs at Embassy Rabat and Consulate Casablanca, such as USAID, the Millennium Challenge Corp., Public Affairs grants and Peace Corps volunteers. (Devex 25-11-2016)

TAIWAN DONATES RICE WORTH $360, 000 TO SWAZILAND

In a bid to mitigate food shortage in Swaziland as a result of drought, Taiwan donated 260 metric tonnes of rice worth $360 000.

The rice will benefit about 52, 000 hungry Swazis, out of the 300, 000 that are already in need of food aid.

Ambassador Thomas Chen presented the food donation to the National Disaster Management Agency (NDMA).

Deputy Prime Minister Paul Dlamini received the donation and lauded the Taiwanese government for the timely intervention.

The Taiwanese Ambassador said 8667 bags of rice were shipped into Swaziland a week ago after he requested assistance from his country on behalf of the country.

Swaziland is one of several countries in Southern Africa directly affected by prolonged drought. (APA 21-11-2016)

PUBLIC DEBT IS SUSTAINABLE, ANGOLA'S FINANCE MINISTER SAYS

The debt contracted by the government of Angola on the international market is sustainable, as these are resources used to finance capital expenditure, in order to create wealth, Angola's Finance Minister, Archer Mangueira said on Thursday in Luanda.

Mangueira, who was replying to questions raised by members of parliament during the discussion and consideration of the General State Budget (OGE) for 2017, said there were three ways to finance the budget, which are tax revenues, donations and loans.

Given that tax revenues fell as a result of the drop in oil prices on the international market, explained the minister, the state has to resort to external financing to make capital expenditure, which in the State Budget for 2017 have grown by 7% compared to the revised 2016 State Budget.

According to Mangueira, this is a clear sign that the government, despite meagre resources, continues to focus on public investments that can enable private investment.

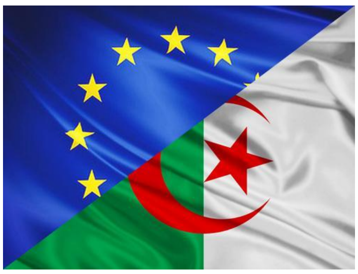
Expenditure on servicing public debt in the 2017 State Budget approved on Thursday totals 36.28% of total expenditure, or 2.6 trillion kwanzas.

The 2017 State Budget was approved in general with 150 votes in favour, 32 against and one abstention and the specifics of the budget will now be discussed by the specialised commissions of the National Assembly for final approval in December.

The budget includes expenses amounting to 7.3 trillion kwanzas, compared to 6.9 trillion in the 2016 revised State Budget.

The 2017 State Budget outlines an overall deficit of 1.14 trillion kwanzas, about 5.8% of Gross Domestic Product (GDP), which will be covered using internal and external loans. (18-11-2016)

ALGERIA: PROMOTING LOCAL DEVELOPMENT THROUGH PARTICIPATORY DEMOCRACY



The EU and the United Nations Development Programme (UNDP) signed earlier this month in Algiers, a financing agreement for the programme 'Participatory Democracy and Local Development' (CapDeL), which aims to strengthen the capacity of local authorities and civil society as actors in local development.

The programme, funded by the EU with a contribution of EUR 8 million, seeks to improve strategic planning and local democracy systems, particularly through the inclusion of women and young people, and their involvement at different levels of governance, mainly wilayas (governorates) and regional.

CapDeL will thus promote active and responsible citizenship, capable of contributing fully to local development. The initiative will operate in selected representative pilot communes to strengthen their capacities as well as the tools and mechanisms at their disposal, to ensure their governance and local development role by modernising and improving services to citizens in direct and active collaboration, through broader spaces of civil society representativeness or intervention, especially of women and young people. (EEAS 25-11-2016)

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

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