MEMORANDUM

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SUMMARY

AIRTEL EXPANDS FIBRE OPTIC NETWORK IN GHANA

With the continued growth of the network, people in more areas of Ghana will be able to take advantage of the speed and connectivity offered by the network.

Airtel Ghana has completed the expansion of its fibre optic cables in Accra, Kumasi and Takoradi in a development, according to Airtel, poised to enable customers experience superior network capability. This includes including speeds of up to 42mbps on compatible devices.

According to the mobile operator, the expansion is set to enable a more mobile lifestyle for customers who are continuously on the go – to watch video, access the Internet, connect to social media, do advanced transactions via Airtel Money, officials said.

According to Airtel Ghana, with the continued growth of the network, people in more areas of Ghana will be able to take advantage of the speed and connectivity offered by the network.

“We continue to offer the very best network, and we will continue to introduce new innovations and expand covered markets to ensure even more coverage across Ghana.

“Customers can take advantage of the benefits of the increased speed from 21.6mbps to 42mbps on compatible devices that the Smart Phone Network brings to consumers, small businesses and enterprises” said Manu Rajan, Marketing Director, Airtel Ghana.

Rajan added that: “This year represents a year of growth and investment in our network.” (IT Africa News 04-05-2015)

VIVO ENERGY OPENS ITS BIGGEST SERVICE STATION IN KENYA

Vivo Energy Kenya, which distributes and markets Shell-branded fuels and lubricants, has opened Shell Bonje Service Station in Kwale County, bordering Mombasa.
The service station which has a capacity to pump over one million litres of fuel per month – volumes that can translate to 50 trucks per day fuelling at the station – is strategically positioned at the soon to be opened Dongo Kundu by-pass, and will capitalise mainly on trucks that will be using the road.
The station is the first on to be opened on this road and it is also located within the free trade area zone, a project that is being implemented by the Ministry of Industrialization and Enterprise Development.

Speaking during the event Vivo Energy Kenya’s Managing Director, Polycarp Igathe, said: “Shell Bonje service station is a strategic investment for Vivo Energy Kenya, and has been opened at the right time and in the right place. Truck owners and other motorists will have an accessible, spacious service station that they can use on their way in and out of Mombasa.”

He added, “We looked at the proposed road opening and the employment opportunities that will be offered to the community around this area and concluded that it was a wise investment to make.”

The service station is a joint investment with one of Vivo Energy Kenya long time dealers, Abdul Salam Noorani.

The opening of the station, which will be operated 24 hours a day, will offer employment to 30 people in the area. The station will not only offer the conventional service station services but has also installed a weighing bridge.

This will be very useful for trucks, as once they fuel they are able to measure total weight load – enabling them carry the correct weight to ensure roads are not damaged by overloading. The station will also have a mosque and a canteen.

Other Shell service stations that Vivo Energy Kenya has opened this month are in Eastern, Central and Rift Valley regions. To date Vivo Energy Kenya has 145 Shell service stations. (BD 04-05-2015)

EUROMED INVEST CALL FOR PROJECTS: DEADLINE 30 JUNE

The EU-funded EUROMED Invest project has announced the opening of its second call for interest in implementing project activities.

The project invites affiliated organisations to submit their proposals by **30 June 2015**. Selected operations will be announced on the occasion of the second EUROMED Invest annual conference in September.

Activities implemented included roadshows, mentorships and masterclasses.

The objective of the **EUROMED Invest** project is to boost private business and investment within the Euro-Mediterranean region to contribute to an inclusive economic development. The project activities aim to empower Euro-Med business and investment networks to implement targeted strategies in support of SME development in specific sectors: agri-food, water and alternative energies, tourism, transport and logistics, cultural and creative industries. (EU Neighbourhood 05-05-2015)

STANDARD & POOR’S EXPECTS CAPE VERDEAN ECONOMY TO GROW BY AVERAGE OF 3.5 PCT BETWEEN 2015 AND 2018

The economy of Cabo Verde (Cape Verde) is expected to register average real growth of 3.5 percent between 2015 and 2018, according to Standard & Poor’s in the same report that kept the archipelago’s credit rating at “B/B” for the long and short term.

In the recently published report, S&P said economic growth was based on increased tourism revenue, increased domestic demand and lower energy prices.

The document also mentioned as positive factors that the country remained politically stable, continued to benefit from technical assistance and continued support from multilateral donors.

However, Standard & Poor’s said the assigned credit rating was a result of the country’s fiscal and external imbalances, as it is dependent on the tourism sector of the weakened European economies and has high levels of public debt.

Keeping the outlook for the archipelago’s economy at “stable”, S&P said exports of services, particularly tourism, would benefit from the likely recovery of European economies and continuing instability in North Africa. (05-05-2014)

TANZANIA'S ECONOMIC GROWTH SHOWS SIGNS OF TRICKLING DOWN

Tanzania's economic growth and concerted efforts to alleviate poverty have led to a decline of approximately one percentage point per year in the rate of poverty between 2007 and 2012, the World Bank said on Thursday.

According to a latest World Bank assessment, basic needs poverty rate in Tanzania declined from around 34 percent to 28.2 percent during that period.

The reduction in poverty is important news that should be applauded, says Philippe Dongier, Country Director for Tanzania, Burundi and Uganda.

But, according to Dongier, what is more important is for the country to accelerate the trend further so as to address the important challenges that still remain.

The majority of Tanzanians remain close to the poverty line. In fact, more than 70 percent of the population lives on less than $2 per day. There is a lot of work ahead to improve the living standards of all Tanzanians, he cautioned.

There are emerging signs of pro-poor growth, added Dongier. These can be seen in the improved levels of education, access to basic services and ownership of land and other assets among poor households. In addition, the economic returns to the poor's economic activities have also increased, particularly outside agriculture. (APA 07-05-2015)

SAFARICOM KENYA SETS TRIPLE-PLAY BOX PRICING

Kenyan telecom company Safaricom announced that it is prepared to release its triple-play set-top box by the end of the week. The move has already sparked interest from mobile analysts who believe that the additional options will give Safaricom an upper-hand in the market. The company was reported as saying the device, which they are dubbing "The Box," will retail for KES 3,499.

"It runs on Android software and will be equipped for high-speed Internet, HD TV, Video on Demand and gaming," the company said in making the announcement.

Communications Authority (CA) Director General Francis Wangusi said the watchdog "had approved Safaricom's set-top box," which many analysts say will give Safaricom an advantage "in capturing the emerging home Internet market."

Box customers will also have access to all free-to-air TV channels, which should allow for a larger segment of the population wanting to get in on the latest product on offer.

The company, which is among the largest in Africa, believes that in East Africa, the growth of the mobile sector and the decline of standard television needs has enabled the addition of the Box into the market for those seeking to watch their favorite shows, participate in gaming with friends and increase the overall market share of Safaricom in previously small sectors. (IT Africa News 07-05-2015)

ZIMBABWE: PICKSTONE-PEERLESS GOLD PROJECT CONTINUES TOWARDS COMMERCIAL PRODUCTION

AIM-listed resource and development company Vast Resources' Pickstone-Peerless gold project, in Zimbabwe, is progressing well towards commercial production having already been awarded its mining permit and having received both environmental and siting and works plan approval.
The Vast Resources board looks forward to producing maiden revenues from the mine in the latter half of 2015.

Vast Resources says that the minor capex overrun and the slight delay in completion of development and the commencement of mining is not expected to significantly impact the project's financial parameters.

The Pickstone-Peerless gold mine, situated in the midlands of Zimbabwe, is being jointly developed by Vast Resource's Zimbabwean subsidiary and Grayfox Investments via a co-owned operating company.

The co-owned operating company has a capex budget of US$4 million equity, funded by Grayfox, with Vast Resources retaining management control via a chairman's casting vote.

The mine will have an initial mining rate of 10 000 tpm from the open cast oxide gold cap, which is planned for the beginning of the second half of 2015 with first positive cash flows expected later, but also in the second quarter of the year.

Financial

The equity capital of $4 million is in place at the co-owned operating company level. A decision was made to acquire slightly enhanced processing equipment to facilitate and reduce the cost of the next phase of expansion. The increased working capital requirement is planned to be provided by facilities from local financial institutions which have indicated interest in the project. These facilities are now in the process of negotiation.

Management and operational staff

The majority of the required senior and middle management personnel are in place, with a significant part of the operational staff available. There are ample experienced mining specialists in Zimbabwe and no personnel shortages are expected.

Mining

The mining contractor is on site establishing its required facilities. Elements of the mining fleet are also on site and preparation of the opencast mine is under way. Pit preparation will be undertaken during May 2015 and an ore stock-pile (one month) will be created in June 2015, ready for hot commissioning and first production in August 2015. Annualised gold production of between 10 000 and 12 000 oz of gold is expected from the initial mining rate of 10 000 tpm. Grade control drilling has also commenced.

Processing

Refurbishment of the existing carbon-in-pulp/carbon-in-leach facilities and the civil engineering for the new facilities is 70% complete.

The new mill and crusher ex-China has arrived in Durban, South Africa, and is en-route by road to the mine.

Equipment being sourced in South Africa is in construction and will be available when required for installation, while equipment being refurbished or fabricated in Zimbabwe is well in hand.

Ancillary facilities such as the laboratory have already been commissioned and are operational.

Housing

All levels of housing have been either refurbished or constructed and will be enhanced as the mine expands. (Mining Review 06-05-2015)

NIGERIA SPENDS US$16 MILLION ON INTEGRATION PROJECTS IN AFRICA

Nigeria spent $16 million to execute projects on cooperation and integration across several African states between 2004 and 2014, Mr. Suleiman Shuaibu, the Acting Director-General, Directorate of Technical Cooperation in Africa (DTCA), said in Abuja.

He told journalists on Thursday that the projects were executed under the $25 million Nigerian Technical Cooperation Fund (NTCF).

Shuaibu said the fund, domiciled at Africa Development Bank (AfDB), was meant to promote and facilitate cooperation and integration of the African economy and assist it compete favourably with the global economy.

``Within the 10-year period, we received 153 projects and programmes from across Africa to be funded under the fund.

``We rejected 56 proposals because they did not meet the mandate of the fund and we were able to have 25 of the 153 projects and programmes completed.

``Right now, we have 45 projects and programmes that have gotten approval; some of them are just about to take off,'' he said.

Shuaibu said the initial $25 million fund had been drawn down to about $9 million because a lot of projects and programmes had been funded from it. (APA 07-05-2015)

COURT GIVES ZIMBABWE MOBILE PHONE OPERATOR REPRIEVE IN FOREIGN OWNERSHIP WRANGLE

A Zimbabwean judge on Thursday granted the country's third largest mobile phone operator a provisional order to continue operating while its dispute with the government over its ownership structure is being resolved.

High Court judge Nicholas Mathonsi ruled that Telecel Zimbabwe should continue operating beyond the June 1 deadline set by the Minister of Information Communication Technology Minister Supa Mandiwanzira for the company to cease operations.

Mandiwanzira gave Telecel Zimbabwe 30 days from May 1 to wind down operations following a dispute over the company's failure to comply with the country's controversial indigenisation laws.

The laws require foreign investors to control a maximum 49-percent stake in any firm operating in the country.

Telecel Zimbabwe is however 60-percent owned by Netherlands-based Global Telecom while the remaining shareholding is owned by a consortium of Zimbabwean groups.

Officials from Global Telecom are in the country to try and negotiate with the government.(APA 07-05-2015)

MALARIA REMAINS A MENACE IN MOZAMBIQUE

Health authorities in Mozambique say the number of known deaths from the mosquito-transmitted disease, malaria rose to 3,245 last year from 2,941 in 2013, representing a 10.3 percent increase, APA learns on Thursday.

State-controlled broadcaster, Radio Mozambique quoted Baltazar Coutinho from the Health Ministry as saying Mozambique continues to experience serious problems with malaria, which worsened last year when more cases and deaths were recorded nationwide.

Coutinho says the situation means malaria remains the leading cause of death in Mozambique health units.

The official added that 25 percent of the country\'s population of 25 million suffered a bout of the mosquito-borne disease last year.

According to Coutinho, the province worst hit by malaria is Zambezia where 55.2 percent of the entire population was infected by the malaria parasite.

The region is followed by the Northern Mozambique provinces of Cabo Delgado with 43.7 percent, and Nampula which recorded 42.2 percent of malaria cases nationwide.

Mozambique's malaria burden is typical of many places in tropical Africa, home to most of the roughly one million people who die each year because of the mosquito-borne illness.

Public health officials estimate malaria costs Africa US$12 billion due to deaths and lost productivity, a twin burden the world\'s poorest continent cannot afford. (APA 07-05-2015)

MOZAMBIQUE TO CREATE THOUSANDS OF JOBS THIS YEAR

The Mozambican government plans to create more than 300,000 jobs this year to meet the needs of the country's growing populating of unemployed young people, a cabinet minister said Thursday.

Labour Employment and Social Security Minister Vitoria Diogo told APA in an interview that her government recognised that there are millions of young people with jobs while millions others are not gainfully employed.

This was a response to about 40,000 workers who marched in the streets of the Mozambican capital on May 1 singing and carrying colourful posters as well as placards, demanding wage increases and jobs. (APA 07-05-2015)

COTE D'IVOIRE: PERSEUS MINING TO START CONSTRUCTION OF 2ND GOLD PROJECT IN SEPT '15 QUARTER

Perseus Mining, the ASX-listed African gold miner, has laid the first stone at its second gold mine, the Sissingué gold mine in Côte d'Ivoire, at a ceremony held on site on Sunday 26 April 2015.

Perseus owns and operates the Edikan gold mine in Ghana.

Subject to finalising debt funding arrangements, Perseus plans to commence construction at Sissingué in the September quarter of 2015 after a revised Feasibility Study found the project to be technically viable, economically robust and strategically compelling.

Perseus MD and CEO Jeff Quartermaine was on site at Sissingué with Prime Minister Kablan Duncan and Minister of Mining and Industry Jean Claude Brou Kassi, to participate in the laying of the first stone ceremony and gave the following address:

"It gives me great pleasure to welcome you here to the site of Perseus's next gold mine, to witness the laying of the first stone of the Sissingué gold mine. As a company we have been working for many years to advance this project to where it is today.

The Tengrela Project (as it was originally known) was formed 18 years ago in 1997 as a joint venture between Occidental Gold Sarl and Société Minière de Côte d'Ivoire or SOMICI, a company owned by Monsieur Mamadou Berthé for the purpose of applying for and exploring the Tengrela Est exploration permit. In 1998, this permit was granted to Occidental Gold and exploration began. Mr Berthé has been our loyal and patient partner over the journey, and for that I thank him.

Perseus Mining Limited has been sole funding the Tengréla Project since March 2004. Since then Perseus has funded exploration of both the Tengrela East and Tengrela South exploration permits, as well as the Mahale, Mbengue and Napié exploration permits that are also located here in the north of Côte d'Ivoire, not that far from Sissingué.

Now we are in a position where we can look forward with confidence to building and operating a mine at Sissingué that will produce its first gold towards the end of 2016. (Mining Review 06-05-2015)

NIGERIA: WORLD BANK DONATES U.S.$.28 MILLION TO PROCURE EQUIPMENT FOR MANGO CHIPS

The World Bank through the West African Agricultural Productivity Programme[WAAP] has donated four mango drying equipment worth $280,000 to some farmers in Nigeria for the production of mango chips.

Speaking at the Commissioning of one of the equipment in Sabo -Wuse in Niger State, the National Project Coordinator of WAAP, Prof. Damian Chikwendu, explained that the donation of these equipment for the processing or production of mango chips was intended to reduce post-harvest losses suffered by farmers as well as create jobs especially for the teeming youths and women in the rural areas which would in turn, mitigate rural-urban migration.

Chikwendu noted that it was the first time that these machines would be provided for farmers free of charge, adding that the machines would go a long way in reducing post-harvest losses which farmers have been grappling with in Nigeria.

The four equipment, he further explained, were given to Commercial Farmers in Lagos, Niger, Benue and Gombe States.

He also commended one of the beneficiaries of the equipment and the Executive Chairman of Longa-Ewa Lakes Limited, Njidda Ahmed, for the giant strides the farm has made within the short time it has embarked on the production of mango chips.

Also speaking, the Executive Chairman of Longa-Ewa Lakes Limited, commended the World Bank for its kind gesture, assuring that the production of mango chips would assist tremendously in reducing the post-harvest losses in mango production.

Ahmed said he had already planted over 3,000 mango trees that would serve as source of raw material for the production of mango chips, apart from the purchase of truckloads of mangoes from the mango producing States in Nigeria.

He expressed joy that through the assistance of the Work Bank, his farm would add value to mango through the processing of the chips. (Daily Independant 07-05-2015)

NAVIGATING RISK IN AFRICA: TREATIES, COURTS AND ARBITRATION

Geopolitical risk is never far from the surface in discussions around investment in Africa. For companies seeking to balance risks, understanding the legal mechanisms and potential hurdles investors may encounter will be vital to navigating their expansion plans in the region.

In a new report from insurer Aon, which maps changing geopolitical risks that affect businesses operating in emerging markets year on year, the highest concentration of risk in 2015 was found on the African continent. However Africa, as one might expect from a vastly diverse continent, includes countries ranging right across the risk spectrum.

The impacts of low commodities prices for resource-driven economies and security threats, particularly from non-state actors such Boko Haram in Nigeria and Al Shabaab in Somalia, emerged as key trends.

Similar challenges concern emerging markets across the globe. Africa is certainly no exception. However despite these challenges, companies in Europe, the Americas and in the East - Japan and China in particular - are unlikely to want to put the brake on their growth plans for the region.

As a result, companies looking to invest and develop their operations in Africa require a clear approach to the management and mitigation of risk. A sound strategy for the avoidance of disputes, and for their swift, effective and final resolution when they do arise, will be key.

International arbitration

International arbitration permits investors to ensure that their disputes are adjudicated by a tribunal under the laws of a chosen jurisdiction, unconnected with the location of the investment.

It also allows for investors to conduct proceedings under tried and tested procedural rules, and with the supervision of the courts of the "seat" of the arbitration, which can be selected on the basis of a record of independence and support for (and non-interference in) the arbitral process. By providing for international arbitration, investors can introduce a measure of predictability into the inherently uncertain landscape of a dispute in an unfamiliar territory.

These processes may allay some of the concerns commonly voiced about domestic courts in some African jurisdictions, including case backlogs and delays, lack of judicial familiarity with complex cross-border transactions and worries that the "home" party may be favoured at the expense of the investor.

A further crucial benefit of international arbitration is the international enforceability of an arbitral award through the 1958 New York Convention (to which some 30 African countries are party). As a result, the process of arbitration on investments in Africa can end up having little to do with the continent itself. In many cases, investment contracts provide for a foreign seat of arbitration, stipulate an administering institution (such as the International Chamber of Commerce (ICC) or the London Court of International Arbitration (LCIA)) from outside the continent and apply a substantive law from an overseas jurisdiction. In addition to this, foreign parties will often seek to enforce awards in jurisdictions outside Africa, provided that assets can be found.

An emerging trend among African governments, sometimes in response to public disquiet about international arbitral awards which have been unfavourable, is to insist that contracts with overseas investors are subject to locally-seated arbitration under local laws. Tanzania is a case in point. Coupled with the fact that to enforce an arbitral award the prevailing party must look to where the assets are located – which may well be on the continent - serves to highlight the importance of understanding the African legal and arbitration landscape.

Local arbitration centres

In recent years, a small but growing number of arbitration centres have been established within Africa. Prominent among these is the LCIA-MIAC Arbitration Centre in Mauritius. The centre reflects efforts by the Mauritian Government to capitalise on that country's strategic position between Africa and Asia (culturally, as well as geographically) and to develop a regional investment and arbitration hub.

In central Africa, Rwanda's Kigali International Arbitration Centre has also attracted attention, and a growing caseload. To the north, the Cairo Regional Centre for International Commercial Arbitration provides support for arbitrations in relation to the significant investment flows passing into Africa from the Middle East.

Investment treaties

Bilateral and multilateral investment treaties typically provide protections for investors against matters such as the expropriation of assets, denial of justice or discrimination. The countries of Africa are party to many bilateral investment treaties ("BITs") – indeed every African country is party to at least one.

The exact protections offered and the investors and/or investments which qualify for protection will depend on the terms of the particular treaty. Protection is also dependent on ensuring that there is a valid and current BIT in place between the investor's country of origin and the host state of the investment. Accordingly, an important consideration may be to ensure that that an investment is appropriately structured, perhaps routed through a third territory, in order to ensure that it benefits from the most appropriate treaty protection.

A BIT can provide an investor with a valuable negotiating tool. BITs typically provide for the arbitration of disputes before the International Centre for Investment Disputes (ICSID), and awards, once made, tend to be complied with.

A recent development that is causing some disquiet among investors is South Africa's recent termination of a number of its BITs with European states. The new South African Investment Promotion and Protection Bill serves to limit recourse to investor-state arbitration. It remains to be seen whether this course will be followed by other African countries.

As Aon's map aptly illustrates, the African landscape presents a mosaic of risk and opportunity. By controlling the former, the investor will be best placed to avail itself of the latter. Accordingly, an investor cannot afford to ignore the importance of the options, considerations and developments in dispute resolution as a key part of its overall risk management strategy. (This is Africa 22-04-2015)

SOUTH AFRICA: GAS DRAWS ATTENTION IN PRIVATE SECTOR

Considerable interest is likely to be shown by the private sector when SA's Department of Energy releases its request for information in advance of inviting tenders to supply up to 3,126 megawatts of gas-fired power, said Norton Rose Fulbright director Gary Rademeyer.

The request was expected last month but has not yet been released.

In an interview before the annual Powering Africa conference starting on Thursday in Maputo, Mr Rademeyer said gas power plants would be big offtakers. To meet their needs in the short term, the quickest option would be shipping liquefied natural gas and building terminals in Richards Bay and/or Saldanha.

But in the long term, SA's requirements would justify a pipeline from Mozambique's recently discovered gas deposits. "A pipeline to SA will assist Mozambique and likely lead to increased gas utilisation in Mozambique and the increased availability of gas in SA will help it achieve its carbon-emission reduction targets by reducing reliance on coal," said Mr Rademeyer.

In 2013, Sasol completed SA's largest gas-engine power plant at Sasolburg at 140MW. At the time, it said gas powered plants required only 20 to 30 months to build and install, compared with 40 to 50 months for a coal plant and 60 to 80 months for a nuclear plant. Sasol has built a gas plant at Ressano Garcia in Mozambique in partnership with Mozambique's electricity utility, EDM, to help meet Mozambique's energy needs.

Mr Rademeyer said after their experience with SA's successful independent power producers renewable energy programme, he had no doubt local banks would be interested in financing gas projects.

Standard Bank's global head of oil and gas, Simon Ashby-Rudd, said at the Offshore Technology Conference in Houston on Wednesday there was considerable scope for Mozambique's deposits to foster gas-based industrial development in the region. (BD 07-05-2015)

UFM, FAO AND EBRD SEEK TO BOOST FOOD SECURITY IN THE MEDITERRANEAN REGION

Boosting sustainable agricultural production and trade is one of the main priorities for the southern and eastern rim of the Mediterranean, where most countries produce insufficient quantities of food staples. For this reason, the Food and Agriculture Organization of the United Nations (FAO), the European Bank for Reconstruction and Development (EBRD) and the Union for the Mediterranean (UfM) co-organised the "Private Sector Forum on Food Security in the Southern and Eastern Mediterranean Region", a two-day conference (5-6 May) to deepen relationships between the public and private sector – from farmers and their organisations to small, medium and large agribusiness enterprises – and to develop initiatives to increase investment in agricultural and food systems.

Opened by the Mayor of Barcelona, Xavier Trias, the Secretary General at the Ministry of Agriculture, Food and Environment in Spain, Carlos Cabanas Godino, and the Catalan *Conseller* for Agriculture, Livestock, Fisheries, Food and Natural Environment, Josep Maria Pelegrí, the Forum has gathered high-level policy-makers, financial institutions and representatives from the private sector, research centres and academia. The Forum offers the opportunity to discuss how the public and private sectors can collaborate to bolster food security in the region by enabling sustainable private investment in a region characterised by population growth, natural-resource constraints and a structural deficit in the production of staple food.

Trade flows are growing

The countries of the southern and eastern Mediterranean region import half of their basic crops. Imports of agricultural food products to the region have risen by US$ 69 billion, or 63 per cent, between 2002 and 2013. Meanwhile, exports have risen fivefold since 2000, to US$31 billion, including dramatic increases in fruit and vegetable shipments to the Middle East and North African markets.

In 2013 the region imported 29 million tonnes of wheat. It is increasingly dependent on imports for key staples such as grains, sugar and vegetable oil, which supply the majority of calories consumed. Furthermore, moving grain from port to mill can cost up to four times more than the global standard, due to slow turnaround times for vessels, storage costs, and high product losses.

This high demand for basic food products is mainly due to rapid population growth in a region which has limited and fragile natural resources – in particular, land and water – and an acute vulnerability to climate change. The region also suffers from under-investment in agriculture and insufficient private sector participation.

During the two-day Forum, participants will examine ways to tackle these challenges. Discussions will focus on how to boost local production of fruit and vegetables for export; further diversify import suppliers and export markets; enhance procurement policies supplemented by well-designed strategic-reserve policies; better structure food value chains; increase investment in research and development; and make import processes cheaper. Furthermore, stronger regional integration of agricultural markets would help countries cope with supply shocks and would mitigate changes in food prices.

At the Forum, EBRD Vice President Philippe le Houérou noted: “In recent years, food security has become one of the EBRD’s priorities. A dynamic, competitive and inclusive agribusiness industry, driven by private sector participation, can be a powerful force to promote food security. In the next three years, the EBRD aims to invest over €300 million in the region’s agribusinesses, from SMEs and family farms to larger agro-processing companies, to reinforce the private sector role in enhancing food security. We are also combining our efforts to put in place policies that encourage investment, to build more efficient import value chains, and to encourage more inter- and intra-regional trade, which will help achieve this potential.”

Southern and eastern Mediterranean countries could shift from a model in which they seek to meet all of their own food needs, to an agricultural self-reliance model based on using comparative advantages. Under this model, export earnings generated by food products appropriate to the region are used to purchase imports of food goods that are not suited for local production.

Making the most of valuable water

While the Mediterranean region is an ancient agricultural heartland, it faces growing constraints on natural resources. Its population on the Southern and Eastern rim is expected to grow significantly, reaching 360 million by 2030. At the same time, climate-change forecasts suggest that precipitation levels in the region could decline by 10 to 40 per cent by 2050.

“To become as efficient as possible, investments in the agricultural sector must make the best use of scarce natural resources in the region. For example, every drop of water has to be used with extreme care and to generate the highest possible value,” said Laurent Thomas, FAO Assistant Director-General for Technical Cooperation.

He further noted: “FAO is active in providing policy and technical advice to member countries dealing with water scarcity as a corporate priority for the region, and I praise all actors investing in water-saving technologies. Other FAO priorities for the region include building resilience for food security and nutrition and supporting small-scale agriculture for inclusive development.”

A forthcoming FAO analysis will show that natural-resource constraints support the region’s comparative advantage in growing higher-value crops such as olives and other fruit and vegetables. Higher export levels of products in which the region enjoys a comparative advantage would also help cushion the effects of potential global food-price inflation such as the increases that shook much of the region in 2008.

Mobilising all private players, mapping priority initiatives

Although agriculture in the region is increasingly dynamic, it is also characterised by a myriad of smallholders and small rural enterprises. This profile poses a particular challenge for policy-makers.

“Youth employment is a burning issue in the region. We see agriculture as part of the solution because it can generate sustainable sources of income and jobs in rural areas”, said UfM Secretary-General Fathallah Sijilmassi. *“Small producers and enterprises should be properly included in agricultural food chains”.* He also noted that this Forum falls within the UfM strategy for private-sector development as a driving force to foster regional integration in the Mediterranean region.

As experience shows, agricultural economic growth is most effective when it is inclusive, allowing smallholders access to credit and market opportunities. Participants explored the role that cooperatives can play in procuring key inputs, and agreed that the domestic private sector can bring an array of innovative solutions to the region’s food security equation.

To help realise that potential, FAO, the EBRD and the UfM have reiterated their willingness to ensure that the voices of the private-sector and farmers’ organisations are heard in policy forums at regional and national levels.

Complementing the EBRD's promise of investment, the institutions are committed to mobilising technical assistance that can support policy platforms. These platforms would consider issues such as Egypt's grain import infrastructure, Tunisia's olive oil sector, Morocco's horticultural sector, the role of cooperatives, as well as water-efficient technologies and agricultural practices across the region. (UfM 05-05-2015)

CURRENCY WOES PILE PRESSURE ON KENYA TO UP LENDING RATES

Pressure is building on the Central Bank of Kenya to increase borrowing costs this year as a weakening currency erodes returns on local debt, a drought hinders food production and a number of Islamist militant attacks deter tourists.

While the central bank was expected to keep the key lending rate at 8.5% on Wednesday, economists say the Kenyan shilling, at a three-and-a-half-year low, is causing inflation to accelerate. That might mean the bank will need to raise rates for the first time since 2011, says ETM Analytics.

An index of local-currency government debt fell 1.4% last month in dollar terms, the most since July 2013.

"Inflation dynamics have picked up sharply in recent months as the windfall from a lower oil price filters out and local drought conditions hit food prices," said ETM market analyst Gareth Brickman.

Poor rains have boosted prices of crops including maize and potatoes and curbed production of black tea and an attack on a university by Islamist insurgents last month, cut Kenya's biggest sources of foreign currency.

The shilling's 4.7% retreat against the dollar this year pushed inflation to 7.1% last month, the highest since August, as food costs rose 13%.

The central bank has tried to defend the shilling by tightening liquidity through the sale of repurchase agreements and term-auction deposits, pushing the interbank lending rate to 10.4% on Monday, the highest in more than eight months.

The efforts are not helping the shilling, which was little changed at 95.10/$ in Nairobi on Wednesday, the lowest since November 2011. Yields on shilling debt sold last year and due in January 2024 rose 15 basis points in 2015 to 12.4%.

"There were concerns over the currency," Alexander Muiruri, head of fixed-income trading at Kestrel Capital said. People held off bidding for bonds "thinking the weakening currency would cause interest rates to rise".

Tourist arrivals dropped 11% last year as insecurity and concern about an Ebola outbreak in West Africa deterred visitors, the government said last month.

Al-Shabaab, an Islamist militant group, has carried out attacks it said are in retaliation for Kenya's deployment of troops across its border into Somalia.

Yet there is underlying strength in East Africa's biggest economy, says Jacques Nel, an economist at NKC Independent Economists. The World Bank projects growth of 6% this year as the country invests in infrastructure, accelerating to 7% by 2017.

"Taking a longer-term view, it does look like markets have overreacted," Mr Nel said.

"The country's economic fundamentals remain largely sound. While these factors are concerns, most of these elements should have temporary effects and market conditions are expected to improve," he added.

While the government is projecting a revenue shortfall of 17.8-billion shillings (R2.23bn) for the fiscal year ending in June, it cut the domestic borrowing target as it expanded foreign funding and issued its debut Eurobond.

Investors are still not convinced it will meet the projection, says Wegoki Mugeni, head of capital markets in East Africa at Standard Bank's Kenyan unit.

Last financial year, the government overshot its domestic borrowing target by about 70-billion shillings, Mr Mugeni said. "Despite the government being comfortably ahead of its 118-billion shilling domestic borrowing target currently, the market still seems unconvinced after last year's excessive borrowing." *(*Bloomberg 07-05-2015)

COMMUNICATIONS FROM THE INTERNATIONAL MONETARY FUND

Benin, Burkina Faso, Mali - http://www.imf.org/external/np/sec/pr/2015/pr15188.htm

Guinea - http://www.imf.org/external/np/sec/pr/2015/pr15197.htm

Guinea Bissau - http://www.imf.org/external/np/sec/pr/2015/pr15190.htm

Jordan - http://www.imf.org/external/np/sec/pr/2015/pr15185.htm

Jordan - http://www.imf.org/external/pubs/cat/longres.aspx?sk=42900.0

Morocco - http://www.imf.org/external/pubs/cat/longres.aspx?sk=42870.0

São Tomé e Principe - http://www.imf.org/external/np/sec/pr/2015/pr15194.htm

Senegal - http://www.imf.org/external/np/sec/pr/2015/pr15195.htm

South Africa - http://www.imf.org/external/pubs/cat/longres.aspx?sk=42841.0

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