MEMORANDUM

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European Business Council for Africa and the Mediterranean
The European Private Sector Organisation for Africa's Development

GERMANY'S 2015 BUDGET LEAVES OVERSEAS AID 'BY THE WAYSIDE'

The Bundestag's 2015 budget plan includes a €1.8 million increase in funds for development cooperation. However, civil society organisations are criticising the sum as being marginal, calling for a considerably larger increase.

For the first time since 1969, the German government has tabled a budget plan without any new debt.

The "black zero" stands for reliability, said German Finance Minister Wolfgang Schäuble on Tuesday (9 September) at the start of budget negotiations in the Bundestag.

Allocations for the Federal Ministry for Economic Cooperation and Development (BMZ) in the country's 2015 budget, are outlined under the section, "Einzelplan 23".

The section features a comprehensive list of the BMZ's income and expenditures according to origin and destination.

Within the German government, the BMZ functions as the coordinator for public development cooperation (ODA). It is responsible for allocating the largest share of ODA-related funds.

According to the draft budget, funding in Einzelplan 23 is meant to "keep Germany on a steady financing track, contributing 0.7% of its gross national income (GNI) to ODA".

After the first budget reading in the Bundestag, a number of NGOs criticised the "marginal increase" in funding for development cooperation by only €1.8 million to a total of €6.44 billion.

"In this way, Germany is continuing to let development cooperation fall by the wayside," said a joint press release submitted by the civil society organisations ONE, Plan International Deutschland e.V., Stiftung Weltbevölkerung, Save the Children and World Vision. The group is calling for a considerably larger increase in funds.

The German government has made an international pledge to invest 0.7% of annual GNI in development cooperation until 2015. But instead of working toward this goal, NGOs fear the government will continue to reduce the percentage.

With the 2013 share at only 0.38% of GNI, Germany's contribution remains far from the 0.7% target.

One of the organisations' demands is that the Bundestag increase Germany's annual contribution for the vaccine alliance GAVI from €45 million to €100 million - an amount that would be similar to contributions from donor-countries of comparable economic size.

Every year, 1.5 million children die of diseases that could be prevented by vaccination. GAVI, the Global Alliance for Vaccines and Immunisation, is a public-private partnership located in Geneva, Switzerland.

The alliance’s target is to save children's lives and improve the livelihoods of people in poverty stricken countries by offering access to vaccines. Since 2000, the organisation has immunised 440 million children, preventing an estimated 6 million deaths.

But GAVI depends on additional funding to expand its reach.

"As host of the 'replenishment conference' in January 2015, Germany must lead by example and provide greater financial support to GAVI", the five organisations emphasised.

During the last G7 summit in early June, member states – including Germany – called for greater financial support for the vaccine alliance. GAVI's plan to vaccinate an additional 300 million children by 2020 was especially well-received by the G7 states. (EurActiv 12-09-2014)

EPA: PRESSURE AS EU ISSUES NEW TRADE ULTIMATUM

Critics say Uganda should not sign because EPAs will lead to more poverty and not development in poor countries

October 1, 2014 is an important date in the ten-year old trade negotiations between the European Union and ACP countries over the so-called Economic Partnership Agreements (EPAs). While EU boss in Uganda is quick to point out that the date is neither an ultimatum nor a deadline; come Oct. 01, the EU – a grouping of 27 European countries – will withdraw its free market access to countries that have not yet ratified the agreements.

Apparently, the EU is forced to act because it is also under pressure from other sources. With the US initiated AGOA planned for extension for another 15 years and the US promising $33 billion in trade deals, and with the Chinese also becoming a key player in developing countries, the EU doesn't appear to have much time to tie up its trade relations with ACP countries. Development campaigners are crying foul, poor countries that depend on Europe as a key export market are feeling the pressure but the EU top officials say they have waited long enough.

Ambassador Kristian Schmidt, the EU Head of Delegation to Uganda, denied that the date was a deadline but suggested that the trade agreements are for the mutual benefit of both Europe and the ACP countries. "October 1 is neither an ultimatum, nor a deadline for EPA negotiations. It is the date when the Amendment of the so-called Market Access Regulation enters into application," he said in an e-mail to The Independent. "From that date, only those ACP countries that have opted for an EPA will continue to benefit from free access to the EU market, unless they are Least Developed Countries (LDCs) and can, as such, export their products to the EU duty-free quota-free anyway."

He added, "This regulation was always meant to be a temporary bridging measure, which advanced the application of the EU part of the deal while the ACP countries were proceeding with the signature and ratification of the interim EPAs made in 2007. It is therefore only normal that the EU is withdrawing free market access from those countries that have not seen through their commitments," says Kristian Schmidt.

Schmidt noted that the EU has always wanted the African members of the ACP to sign the EPA`s for three main reasons; the first being the conviction that the EPAs on the table would better allow EU/African partners to benefit from trade opportunities on European markets, and to deliver export growth and diversification. New generous so-called "rules of origin," for example, would allow African producers to accumulate added-value in the region, while still enjoying free access on EU markets, he added. "Our African trade partners had to find a way together to replace the previous ACP-EU trade arrangements that were found to be incompatible with the WTO rules because they discriminated against other developing countries," he said, adding that EPAs as region-to-region agreements, are "a perfect fit with Africa's own processes for regional integration, which Europe fully supports for both economic and political reasons." Citing the EAC, Schmidt said the EPA with the EU would help to make the EAC internal market a reality.

Schmidt however suggested that he partly understood why some African countries are reluctant. "All trade negotiations touch on vested interests and negotiators on both sides are subject to a lot of sectoral pressure and lobbying," he said. But at the strategic level, he added, African countries have repeatedly confirmed their strong commitment to the EPA agenda as is the case at the final declaration of the Africa-EU Summit 2014. "Agreement with West Africa was reached, so let's hope an agreement with the EAC is also imminent. If not, LDCs will continue to benefit from free access to the EU market under the so-called 'Everything But Arms' (EBA) scheme, but not from the new improved EPA rules. Other African countries that do not fulfil the requirements of the Market Access Regulation would still benefit from generous trade preferences under the Generalized Scheme of Preferences (GSP), according to Schmidt.

EPA opposition persists

For apparent fear of this situation, a couple of ACP countries have opted out of the regional blocs and are now ready to sign as individuals. If the EAC bloc continues to dillydally, Kenya, the only country in the region that is not an LDC, could go it alone.

The SADC grouping recently agreed to settle for the EPAs and have finalised the text of the agreement, confirmed by the chief negotiators, and is now going to be presented for signature and ratification according to the domestic procedures of each partner.

Relatedly, West Africa finalized its negotiations after the EPA was successfully closed in Brussels on Feb.06 before the agreement was initialed on June 30. On July 10, ECOWAS Heads of State endorsed the EPA for signature. This development has now heaped more pressure on other regional blocs.

Africa Kiiza, a program officer for trade negotiations at the Southern and Eastern African Trade Information and Negotiations Institute (SEATINI)-Uganda, is worried about the consequences of the pressure on poor countries like Uganda. “If Uganda signs basing on deadline other than content, this would put her economy at stake,” he says. Kiiza notes that even if Uganda signs the EPA, it still won’t benefit until it addresses her supply side capacity constraints. It should be noted that the EAC countries have not effectively utilized these preferences and have remained largely exporters of raw materials to the EU because of the critical long-standing market entry barriers in the EU i.e. Sanitary and Phyto-Sanitary measures, Rules of Origin, Technical Barriers to Trade and subsidies; and because of the supply side constraints within the EAC countries. However, Emmanuel Mutahunga, the acting executive director of the Uganda Export Promotions Board, and who has been a key figure in the EPA negotiations from the very onset, says there is nothing to worry about because significant progress has been made on the negotiations.

“Uganda has arrived at convergence on most of the EPA clauses apart from only two. The two remaining items where convergence hasn’t been arrived at are agricultural subsidies and a non-execution clause, which deals with good governance, democratic principles and human rights, which the EU is proposing should also be covered in the EPA to give it an opportunity to take measures against a party that is deemed to be in breach of those aspects. On agricultural subsidizing the EAC is yet to agree on either domestic support or export services, those are the areas where we have really not got convergence.” But Chris Opoka, a Ugandan legislator at the East African Legislative Assembly (EALA), appears to have another story. “The EALA passed the EAC Joint Negotiations Act in 2008 but the Council of Ministers wants it repealed, a decision that the Assembly has strongly objected to. The Bill to repeal it was sent to the committee on Communications, Trade and Investments in the last session,” he says.

The delay in having the EAC Joint Negotiations Act repealed now stands as a barrier to the signing the EPA. That paves the way for individual countries especially Kenya, which is not an LDC like the rest of her regional partners, to go it alone.

Moses Ogwal, the director for policy at the Private Sector Foundation Uganda (PSFU) also doesn’t see the deadline as a big issue though he does admit that most of the major issues had been agreed upon apart from a few things such as the issue of export taxes whereby the EU objects to the EAC imposing taxes on EU exports to the region.

“As PSFU, we see no major problem with Uganda appending its signature on the EPAs,” said Ogwal. “The negotiations so far done are okay and we have protected our products as Uganda. However we need to work on our competitiveness and we hope the EU will help us improve. We need to work on the power, infrastructure, skills, cost of transport, cost of money, etc.”

Mutahunga says a meeting with the EU is in the pipeline as a convergence is imminent but even it does not happen, there is no reason to worry because Uganda is not desperate. “As far as we are concerned as a country we appreciate the fact that there are alternatives to EPAs that we could fall back to,” he said. However, he said the priority is to ensure that we have convergence with the EU as the EAC bloc on the two outstanding issues, but that convergence must take into consideration our interests. “Should we opt for a fallback position, it will definitely affect our EAC integration process,” he added.

The African position

Africa Kiiza says African countries are not keen on the EPAs because of the contentious issues therein. He argues that the EPA in its current form cannot work for Africa’s development, given the extensive level of liberalisation (82.6%) that the EU demands as part of the agreement.

He says this would have negative consequences for a country like Uganda that has to-date not recovered from the shocks of Liberalisation under the Structural Adjustment Programs. The EU also objects to imposition of taxes on her exports to Africa yet given Africa’s low domestic resource mobilisation capacity, export taxes still form a critical component of her economy; among others. Mutahunga however, says African countries cannot reject the EPAs because it is part and parcel of the ACP-ECP partnership agreements which they signed.

“What we are terming as ‘opposition’ to the EPAs are voices on concerns on certain issues in the negotiations and that’s perfectly normal in any negotiation,” he adds.

Kiiza however insists that poor countries like Uganda cannot afford to lose customs taxes for whatever reason. “Signing of EPA will be a failure for Uganda but a triumph for the EU. Besides, it is better Uganda explores other markets like COMESA where it has competitive advantage,” argues Kiiza. However, some industry observers say the EU is keen on seeing Africa conclude the EPAs because of the growing Chinese influence in Africa.

Mutahunga reluctantly disagrees with this view. He argues that the relationship between Europe and the ACP countries is ages old. What is true is that the Chinese influence has had a great impact on the way the EU has approached the negotiations. That’s for a fact, somebody may not want to accept it, but that’s what it is.”

Critics say the EU wants continuous importation of raw materials from Africa. Subsequently, the EU uses these raw materials to manufacture products, which it then exports to Africa rather expensively and – tax free – which they fear could worsen Africa’s trade deficit. Despite the Ping-Pong, the EU remains an important market for the EAC with products including coffee, cut flowers, tea, tobacco, fish and vegetables worth altogether €2.2 billion being exported to that region per year. At the same time, the EU supplies the region with the mechanical and industrial equipment, vehicles and pharmaceutical products among others. (Tralac 10-09-2014)

EIB - IMPACT FINANCING IN AFRICA, THE CARIBBEAN AND PACIFIC

The EIB’s lending mandate for ACP and OCT countries is under the Cotonou Agreement, the legal framework for the EU’s relations with its partner countries in the regions. Financing is provided from EU Member States’ budgets through the European Development Fund (EDF), alongside EIB own resources. Since 2003, EDF funds have been channelled through the Investment Facility (IF), a revolving fund dedicated to the financing of private sector development.

The EIB has channelled nearly EUR 3.5 billion through the IF for over 200 projects, of which nearly 90% have been in the private sector, stimulating job creation and entrepreneurship by increasing SMEs’ access to finance. In parallel, the Bank supports public sector infrastructure projects, mostly from its own resources, which underpin private sector development and help to create a thriving business environment.

The Bank also has considerable experience in supporting public-private partnerships (PPPs), which combine the spirit of innovation of the private sector with the regulatory support and institutional capacity of public sector involvement, increasing the effectiveness of both.

The Bank’s risk-bearing innovative financing instruments

In line with the Agenda for Change, the EIB continually develops innovative financing instruments to ensure that its lending best meets its borrowers’ needs and addresses funding gaps. The blending of loans and grants is a key element of this, enabling the Bank to contribute to making projects happen in challenging sectors or countries where it might not otherwise have been able to.

Grants are provided in various forms: technical assistance, interest rate subsidies, investment grants or risk mitigation instruments.

Technical assistance supports project preparation and implementation and capacity-building for borrowers and final beneficiaries, and helps to raise environmental, social and governance standards, ensuring the projects’ long-term sustainability.

Subsidies boost the economic and financial soundness of projects offering substantial environmental or social impacts, or essential infrastructure projects in poorer or less developed countries, or those having suffered conflict or natural disaster. Investment grants and risk mitigation instruments may further help to render projects bankable or to reduce their risk level

Targeting higher development impact

In 2013, the EU Member States recognized the success of the Investment Facility as a unique risk-bearing revolving fund and decided to allocate an additional EUR 500 million of funds from the 11th EDF, to be dedicated to “impact financing” (the Impact Financing Envelope) – i.e. projects which generate superior developmental impacts with the overarching objective of poverty reduction. Projects

to be financed under this new envelope generally have lower – but still positive – returns. The activities carried out under this envelope will be aligned with the EU's Private Sector Development (PSD) Communication (May 2014).

Areas of focus

• Social and demographic challenges: unemployment, in particular in rural areas and among women and young people, food security, social and financial exclusion, migration, post-conflict / post-disaster recovery, access to healthcare, access to education and training, etc.

• Environmental challenges: climate action (including access to renewable energy and energy efficiency), forestry plantations and reforestation, waste management, preservation of biodiversity, water supply, etc.

The EIB's impact financing instruments

Social impact funds

The Impact Financing Envelope provides an opportunity to support an emerging population of venture capital / private equity / social impact fund managers that are explicitly pursuing social impact goals, committing to track and report on clear objectives, and, at the same time, targeting sustainability. Funds will be typically expected to focus on employment, working conditions, social integration of vulnerable populations, extreme poverty alleviation, access to healthcare, energy, education and training, inter alia. To obtain financing from this instrument, funds must (i) explicitly focus on the alleviation of social problems, (ii) deploy scalable and capital-efficient solutions through their investments, (iii) set and commit to impact objectives, measurement and monitoring, and (iv) target sustainability at the level of both the fund and the investee companies.

Loans to financial intermediaries

Providing local currency loans on a sustainable basis to smallholder farmers, microenterprises and SMEs operating in economically deprived countries in which it is normally challenging for the EIB to operate. Loans will be delivered through viable financial intermediaries: commercial banks, credit cooperatives, microfinance and non-bank financial institutions. As a rule, intermediated loans will be accompanied by technical assistance grants and advisory services aimed at strengthening the capacity of financial intermediaries and final beneficiaries. The Bank will work in close cooperation with other IFIs, UN agencies and other development partners to support projects requiring specialist knowledge and to benefit from synergies.

Risk-sharing facilitating instruments

Providing first-loss guarantees ("first-loss pieces") to facilitate risk-sharing operations with local financial intermediaries (mainly commercial banks) for the benefit of underserved SMEs and small projects. The first-loss pieces make it possible to leverage senior guarantee tranches from the EIB and other IFIs/DFIs.

Direct financing

Direct financing through debt (or possibly equity) instruments of financially viable projects with high developmental impacts promoted by sound and experienced investors. This instrument mainly focuses on underserved sectors such as agriculture, private health and education (EIB)

THE BIGGEST SOLAR COMPLEX IN AFRICA

With support from the European Union, the Moroccan Solar Energy Agency is busy setting up Morocco's first energy complex. The Ouarzazate plant, which will cover an area of around 2,400 hectares and will be one of the biggest in the world when complete, will be located in a vast area of desert. The complex will produce 500 MW, the equivalent of the volume of electricity used by a town of 250,000 inhabitants. The first tranche of work will be complete in October 2015. A journalist from the European Neighbourhood Information Centre visited the project and sent us this report. (Neighbourhood Info 11-09-2014)

SOUTH AFRICAN RETAILERS SET UP PARTNERSHIP TO OPEN SUPERMARKET IN CABINDA, ANGOLA

The Spar South Africa group is partnering the Webcor group, which has a large presence in the South African market, to open its first store in Cabinda, northern Angola, the South African press reported.

The supermarket, which will have an area of 2,700 square metres, will offer the usual supermarket services such as a bakery, butcher and takeaway counters, as well as household appliances and café/restaurant.

The payment system has also been ordered from South African company Arch Retail Systems, which signed an agreement to provide IT solutions for Spar South Africa's ambitious growth process in Angola.

The "Arch In-store" solution is already operating in the Kamba Market in Viana, Luanda, and Kamba is the brand name of a small chain of supermarkets operated by the Webcor group. (12-09-2014)

TUNISIA EMBARKS ON MEGA CITY DEVELOPMENT PROJECT

Tunisia on Tuesday launched a large-scale city development project which will incorporate economic, industrial, social, cultural and tourist zones on an area of 90 sq km in the locality of Enfidha in the central eastern part of the country.

The mega 'Tunisia Economic City' project will be funded by a number of investors and businessmen from the Gulf countries to create about 250,000 jobs during the next decade, the project chairman, Riadh Toukabri, told journalists at the launch of the project.

'It will serve as an open door in the Mediterranean and a communication, commercial and tourist hub between East and West as well as North and South,' he said, expressing optimism that the venture 'will create a new global vision for the economic development of Tunisia and the region."

Besides the proposed tourist hotels, the city is designed to host trade fairs, a free port, sporting activities and a modern centre for information and communication industries. (Pana 10/09/2014)

OIL PRODUCTION IN ANGOLA RECOVERS

Oil production in Angola is recovering with the commissioning of some fields and the launch of activities of the Clov project (Cravo, Lirio, Orquidea and Violeta) in Block 17, the country's Oil Minister said Thursday in Luanda.

Botelho de Vasconcelos gave assurances that with this recovery and increased production, the government had maintained its target of daily production of over 2 million barrels of oil from 2015, according to daily newspaper Jornal de Angola.

On opening a seminar on oil and gas organised by the International Association of Oil and Gas Producers Association, the minister noted that the prospects for oil and exploration and production in Angola were "positive and encouraging," considering the expected increase in investments in exploration, development and production in traditional areas, but especially in the pre-salt layer.

Due to a drop in oil production in the first half as a result of the shutdown of some oil fields, Angolan international reserves declined in July for the fourth consecutive month, to US$28.6 billion against US$29.5 billion in June this year, according to figures from the National Bank of Angola.

The CLOV project is expected to achieve daily production of 160,000 barrels "over the coming months," through four oil fields in the deep waters between 1,100 and 1,400 metres, in the Lower Congo Basin.

With estimated reserves of over 500 million barrels, the project has production potential of over 20 years and includes 34 wells and eight manifolds connected by 180 kilometres of subsea pipeline to a floating production unit.

Total, with a 40 percent stake, is the project's operator and its partners are Statoil ASA with 23.33 percent, Esso Exploration Angola (Block 17) with 20 percent and BP PLC with 16.67 percent. (12-09-2014)

AFRICAN NATIONS URGED TO JOIN GLOBAL DIGITAL REVOLUTION

Nigeria's President Goodluck Jonathan Tuesday in Ndjamena called on all African countries to become more active participants in the digital revolution going on in the world.

Speaking at an international conference on Information and Communications Technology (ICT) in the Chadian capital, President Jonathan observed that because of the strong correlation between the efficient deployment of ICTs and socio-economic development, Nigeria and other African countries stood to gain a lot from the effective adoption of the new technologies.

"Africa and Africans must be active participants in the digital revolution that is taking place all around the world. We must in fact be at the forefront of that revolution, creating information societies and knowledge based economies,' the President said in his speech, which was quoted in a presidency statement made available to PANA here.

"African governments must facilitate and support the deployment of the necessary ICT infrastructure required to connect our citizens to each other and the rest of the world, we need to educate our citizens on ICTs and make them digitally literate so they can actively participate in this revolution, we need to encourage the development of our local ICT industries, creating companies to drive added domestic economic value, create jobs and support sustainable growth in GDP," he told the gathering, hosted by President Idriss Deby of Chad.

President Jonathan said that to ensure Nigeria got the full benefits of new ICTs which include improving national commerce, the development of an ICT workforce, the creation of high skilled, high paying jobs, improved international competitiveness and the establishment of stronger, more competitive small and medium businesses, the Federal Government was judiciously implementing a National ICT Policy, National Broadband Strategy as well as Road-map and the Guidelines for Nigerian Content in the ICT industry.

"The results of our efforts in this regard include an ICT sector that is 19% of our Services sector which in itself is 54% of total GDP. In addition to this, the ICT sector has an enabling effect on other sectors of the economy, contributing a further 2.56% of added value," the President said.

He said that in addition to encouraging and facilitating the development of ICTs within Nigeria, his administration was also helping to increase the geographic spread of high capacity broadband networks to support the harmonious and integrated development of regional economies in Africa.

"With over 10 terabytes of undersea cable landing on our shores, we are, through the bi-lateral Nigeria-Niger Joint Commission, extending that capacity to Niger and we are in the process of entering into an MoU with the Chadian Government to interconnect the optic fibre networks of Chad and Nigeria," he told guests and participants in the conference. (Pana 10/09/2014)

ANGOLA EXPECTS TO RECEIVE 4.7 MILLION TOURISTS IN 2020

Angola expects to receive 4.7 million tourists in 2020, according to a forecast announced Thursday in Lisbon by the Director of the Angolan Institute of Tourist Promotion (Infotur), Eugene Clement, cited by Angolan news agency Angop.

At a meeting to raise awareness amongst Portuguese agents of the third edition of the “Bitur-Okavango” International Tourism Exchange in Angola, Clement said “cultural heritage, sport, sun, sea and nature are key components for economies of scale and investment in the tourism sector in Angola. ”

The third edition of the Angola International Tourism Fair, known Okavango, takes place from 9 to 12 October in Luanda, under the motto, “A reality, a challenge, an opportunity, a source of revenue and employment.”

The Angola International Tourism Exchange “Bitur-Okavango-2014″ aims to boost domestic tourism and attract international partnerships, as well as to promote the tourism and hospitality industry, as well as promote travel agencies and natural attractions.

The fair, sponsored by the Ministry of Hotels and Tourism, will include participation of national and international companies, including airlines, travel and tourism agencies, hoteliers and tourist developments.

The director of the Luanda International Fair (FIL), Suzana Gomes, present at the meeting, highlighted the fact that 44 percent of the 1.5 million foreign tourists that visited Angola in 2013 came from Europe, especially Portugal.

She also pointed out that between 2012 and 2013 Angola was the fifth most popular country as a holiday destination for Portuguese tourists after France, the UK, Germany and Spain. (12-09-2014)

ECOBANK CONCLUDES US$200M, AFREXIMBANK-SUPPORTED BOND ISSUANCE

Ecobank Nigeria, member of the Pan African Ecobank group, has successfully concluded a US$200 million bond issuance aimed at raising needed capital for its operations, with advisory services provided by the African Export-Import Bank (Afreximbank).

An Afreximbank statement made available to PANA here Tuesday said the publicly-placed coupon bonds, which were listed on the Irish Stock Exchange, was over-subscribed by investors.

In mandating Afreximbank to advise it on the bond issuance, Ecobank assigned the trade finance bank with the responsibility to assist in preparing documentation for the transaction as well as preparing Ecobank’s presentations to potential investors and arranging investor road shows.

Afreximbank was also tasked with the marketing and placement of the securities to be initially issued under the transaction.

“Afreximbank’s support for this transaction is part of our continuing effort at leveraging funds into Africa to finance trade activities,” said Afreximbank President Jean-Louis Ekra. “We remain fully committed to providing African financial institutions with much-needed access to the international financial market to enhance their capacity to support economic growth in Africa.”

The Cairo-based trade finance bank said Deutsche Bank and Standard Chartered Bank were the joint lead managers on the transaction, while Afreximbank, Ecobank Capital and Nedbank Capital served as co-lead managers. (Pana 10/09/2014)

MOZAMBIQUE CLOSE TO IMPLEMENTING CUSTOMS EXEMPTION AS PART OF SADC

Mozambique is expected in 2015 to conclude its implementation of customs tariff exemptions as part of the process to build a free trade zone in the Southern African Development Community (SADC), said the Director General of Customs, Guilherme Mambo.

The SADC free trade zone is part of efforts made by member countries for greater regional economic integration, which sets targets including such as a Customs Union, a Common Market as well as creation of a Monetary Union, ahead of a regional central bank and single currency.

The Director General of Customs told Mozambican daily newspaper Notícias, that Mozambique is on schedule for the removal of customs barriers, and the only barriers that have yet to come down are with South Africa, “because for the remaining members we have already completed the process.”
The Director General of Customs was speaking in Maputo on the sidelines of a meeting on the introduction of trade facilities and coordinated border management, which brought together senior Mozambique Tax Authority officials and from other public and private institutions involved in the international trade process. (12-09-2014)

BARTHI AIRTEL'S SALE OF TOWERS IN NIGERIA TO RAISE US$1BN

Barthi Airtel, India's leading mobile operator, is expected to reach an agreement on the sale of its telecom towers in Nigeria for more than US$1 billion within the next three weeks, said a news update released by Pyramid Research.

According to the report, American Tower Company (ATC) is believed to be leading the race to buy the 4,000 towers, followed by IHS Towers.

'Once the sale goes through, Bharti would have successfully sold almost half its towers in Africa,' said the update from PR.

But sources familiar with Bharti Airtel operations here indicated that the company intends to sell more than 3,500 of its mobile towers in six African countries to tower operator Eaton Towers, in its bid to reduce costs, exit non-core businesses and raise cash in the run-up to the upcoming spectrum auctions.

Malawi, Niger, Ghana, Burkina Faso, Uganda and Kenya are the countries where Airtel's towers, which are part of the deal with Eaton, are located, they said. (Pana 10/09/2014)

CABO VERDE AIRLINES WANTS SECOND ROUTE TO BRAZIL

Cabo Verde Airlines plans to start flying to the city of Natal, in the Brazilian state of Rio Grande do Norte, starting in November 2015, according to the press office of the government of that Brazilian state.
The information was disclosed after a meeting on 3 September, in Natal, between leaders of the Cape Verdean airline and Gina Robinson, the state’s secretary for Tourism.
The NewAvia website, cited by weekly Cape Verdean newspaper A Semana, said that Cabo Verde Airlines had submitted plans to connect the island of Sal to the city of Natal, from November 2015, a flight that is included in its restructuring and development programme.
Since 2009, Cabo Verde has had a weekly direct link to northeast Brazil, to Pinto Martins International Airport in Fortaleza.
The flight to Fortaleza mainly carries businesspeople and students studying at universities in that region of Brazil. (12-09-2014)

SOUTHERN AFRICA: LOW TRADE HAMPERS SADC INTEGRATION

South Africa and Namibia's refusal to sign a trade protocol last week during the Sadc summit in Victoria Falls clearly underlined the regional grouping is still far from achieving its main goals of economic and

political integration, which were the major reasons for its transformation from a conference into a community of nations 22 years ago.

The protocol is aimed at improving trade and infrastructure development among member states.

Initially established as the Southern African Co-ordination Conference (Sadcc) in 1980 to foster greater economic co-operation among member states and reduce dependence on the-then apartheid regime of South Africa, as well as to assist liberation movements in that country and Namibia, Sadcc was transformed into the Southern African Development Community (Sadc) whose major focus is achieving political and economic integration.

However, like previous summits, the 34th heads of state meeting in Zimbabwe's Victoria Falls, which was held under the theme Strategy for Economic Transformation: Leveraging the Region's Diverse Resources for Sustainable Economic and Social Development through Value Addition and Beneficiation, did not move any closer towards economic integration after the two countries requested more time to study the protocol before appending their signatures.

Zimbabwean President Robert Mugabe, who is the new Sadc chairperson, was justifiably peeved when he told journalists after officially closing the summit that South Africa should help in the industrialisation of the region rather than turn other countries into mere consumers of its products.

"We appealed to South Africa, which is highly industrialised, to lead us in this (industrialisation) and work with us, and co-operate with us and not just regard the whole continent as an open market for products from South Africa," Mugabe said.

"We want a reciprocal relationship where we sell to each other and not just receiving products from one source."

It is this kind of talk from Mugabe, well-known for his anti-imperialist rhetoric, suggesting that South Africa might actually be pursuing a neo-colonial agenda, which highlights that despite the solidarity borne from the struggle for independence for member states, Sadc is still a long way off from fostering overall integration.

As pointed out by analysts, while Sadc was successful in achieving the initial quest to liberate the region from colonialism, its aim of economic and political integration will remain a "pie in the sky" if member states continue along the path of self-interest rather than advancing a common agenda.

"The best that we saw in terms of regional integration has been in the change of name from the conference (Sadcc) to the community (Sadc)," said University of Zimbabwe political scientist Eldred Masunungure.

"Not much has been achieved in terms of economic integration, especially because the countries are at different levels of development. While countries like Zimbabwe are in urgent need of financial injections to spur economic recovery, the more developed ones like South Africa find it prudent to pool their resources with the Brics (Brazil, Russia, India, China and South Africa) countries outside the regional grouping which serves their interests better. This is what shapes their economic policies rather than regional solidarity."

In fact, there are advanced plans to establish a US$100 billion bank in the Chinese capital Beijing for Brics in which South Africa is the only country from Africa.

South Africa also has a Trade, Development and Co-operation Agreement with the European Union (EU).

Another political analyst, Alexander Rusero, concurred with Masunungure saying South Africa's behaviour, while frustrating some of its Sadc counterparts, is hardly surprising as the economic giant already has other arrangements which are serving its interests very well.

"South Africa has its own arrangements in Brics and with the EU for economic co-operation and its presence in these arrangements is meant to serve its own interests," said Rusero.

He said he did not expect South Africa to push for a monetary union along the lines of the euro for EU member states because it is already benefiting from the use of the rand in the South African Customs Union (Sacu, which includes Namibia, Lesotho, Swaziland and Botswana) that it has dominated since its inception in 1910, making it the oldest customs union in the world.

Botswana's pula is not pegged against the rand like currencies of other Sacu members.

The long talked-about uni-visa meant to enable citizens in the region to travel more freely across borders remains a pipedream as are one-stop borders to facilitate faster clearance of travellers and goods across countries.

By contrast, East Africans in countries such as Kenya, Tanzania and Uganda can travel across their borders without passports as identity documents suffice.

All of this is in stark contrast to the EU which, having been established in 1993 has made significant strides in economic integration through a common currency, among other initiatives.

To date the EU, which replaced the European Economic Community (EEC), has developed a high level of economic integration which has created a single market of 500 million people and a common currency (euro) which according to the website http://www.eumatters, is "now used by 320 million Europeans".

Moreover, the EU succeeded in creating a parliament which sits in Strasbourg, France, as part of efforts at political integration. These were significant steps although it should be noted that they continue to face challenges especially in member states like the United Kingdom where the government is still fretting over adopting the euro and staying in the union.

Like its West African counterpart, Sadc has largely failed in its quest to achieve economic integration, but has however scored notable successes in ending or mitigating some intra-state conflicts, notably in Angola, Zimbabwe and the Democratic Republic of Congo (DRC).

Studies show African countries; including those in Sadc, have less trade among themselves compared to the business they do with countries in other continents.

World Trade Organisation deputy director-general Valentine Sendanyoye Rugwabiza in 2012 presented a paper at the University of Witwatersrand in Johannesburg, South Africa, indicating that trade among African countries, including within Sadc, is still very low, showing low levels of integration among the continent's economies.

"Africa remains the most fragmented continent in the world with 54 countries with numerous border crossings. Intra-trade among African countries is very low. Last year, it stood at 10%," she said.

"The level of intra-trade among African countries compares unfavorably with other regions of the world. Intra-trade among the EU's 27 member states is around 70%, 52% for Asian countries, 50% for North American countries and 26% for South American countries."

Rugwabiza said this was further worsened by the fact that Africa's share in world trade is also very small.

"It was less than 3% last year. This is hardly surprising considering that the most integrated regions in the world are also the most competitive at the global level," she said.

"The rising share of Asian countries in world trade underscores this point. Whereas Africa's trade with external partners, in particular with emerging economies is growing very fast, trade among African countries is stagnant. Last year, the top trading partner regions for Africa were the European Union, Asia and the United States."

Africa's trade is overly dependent on a narrow range of primary products. In 2010, fuels and mining products constituted 66% of Africa's total merchandise exports, she said.

Rugwabiza said some of the causes of the problem were historical.

"During the colonial period, the economies of most African countries were designed to supply cheap raw materials to firms based in the former colonial powers.

As an example, Ghana and Cote d'Ivoire produced cocoa, Zimbabwe and Malawi produced tobacco, Kenya and Tanzania produced coffee and tea," she said.

"A rigid division of labour was a central part of the colonial system with no specialisation, value-addition or development of a chain production system between African countries.

After attaining independence, African countries failed to address this problem. Very little diversification in terms of export products and markets has taken place. Political independence was not followed by commercial and economic independence and the trade structure inherited from the colonial times remained largely unchanged."

Rugwabiza also said poor infrastructure was also hampering economic integration.

"The infrastructure built during the colonial era was outward-oriented with almost no internal networks to allow trade between African countries.

The good news is that spending on infrastructure began to pick up pace in the last two decades, but actual spending does not match identified needs. According to the African Development Bank, African countries need to spend around US$93 billion a year to upgrade their infrastructure, but only spend about half of this amount."

Rugwabiza said sub-Saharan African countries also impose more non-tariff barriers on trade between themselves than on trade with third countries. Efforts at harmonising technical regulations and standards, sanitary and phytosanitary measures as well as rules of origin have been slow adding to the costs of doing business.

According to the World Bank report entitled De-fragmenting Africa, South African supermarket chain Shoprite spends US$20 000 a week on securing import permits to distribute meat, milk and plant-based goods to its stores in Zambia alone. There could be up to 1 600 documents accompanying each truck Shoprite sends with a load that crosses a Sadc border.

Africa is almost the most expensive continent in which to do business: whereas it costs around US$900 to ship a container from South-East Asia, it costs almost US$2 000 to ship the same container from Africa. Likewise, whereas it costs US$935 to import a container from South-East Asia, it costs almost US$2 500 to import the same container from Africa.

This has had serious consequences on investment in Africa.

"Given the low level of intra-African trade and the high cost of doing business on the African continent, foreign investors have bypassed Africa even though there are several studies which suggest that returns on investment in Africa are far greater than returns on investment in Asia and Latin America. Last year, Africa attracted less than 5% of global FDI (foreign direct investment) flows. Whereas China attracted US$124 billion in FDI flows, African countries only attracted US$52 billion," Rugwabiza said.

"With its high dependence on trade with the outside world, Africa is very vulnerable to external shocks. The over-exposure to European markets and those of the United States and Japan meant that with the recession in those countries, there was reduced demand for Africa's exports which negatively impacted on its growth.

"The low-level of intra-African trade is a missed growth and development opportunity for African countries.

Several studies have indicated that if African countries were to increase their share in global trade by only 1%, this would represent an additional annual income of over US$200 billion which is approximately five times more than the amount the continent receives as Official Development Assistance. A steady source of income would help underpin the transformation of African economies and enable them to compete globally, as well as enable them to deal effectively with crippling poverty."

The other consequence of this is limited participation in global value chains.

"Another impact of the lack of integration of African economies is the limited participation of African firms in global value chains. The geographical fragmentation of production has created a new reality in global trade.

Currently, trade in intermediate products accounts for more than 60% of non-fuel merchandise trade and it is the most dynamic sector of international trade. The trade in parts encourages specialisation in 'trade in tasks' by different countries which add value to a product in the production chain.

Specialisation is now based on the comparative advantage of specific tasks completed by countries at specific steps along the global value chain. This new trend in global trade brings new opportunities as well as challenges. The high fragmentation of markets in Africa and high transaction costs is not conducive to the integration of African firms into regional and global value chains."

Rugwabiza said political will is needed to ensure integration and increase intra-African trade.

"The world economy has undergone substantial transformation in recent times and it is imperative for African countries to be fully integrated into it, otherwise it would be difficult for them to alleviate poverty and attain sustainable growth and improved living standards for their people. First and foremost, what is needed is strong and lasting political resolve to remove barriers to intra-African trade," she said.

"The priority should be to accelerate implementation of the agreed reforms at the national and regional level. What was desirable a few years back is now imperative in view of the current global context."

(Zimbabwe Independent 29-08-2014)

ZUMA FAILS TO BRING STABILITY IN LESOTHO

The political impasse in Lesotho is looking as intractable as ever after President Jacob Zuma failed to make a breakthrough during a one-day visit to the kingdom this week, official and diplomatic sources in Lesotho said on Wednesday.

The South African president held discussions with Prime Minister Tom Thabane and his opponents.

According to the sources, at the end of his visit on Tuesday, Mr Zuma had designated his deputy, Cyril Ramaphosa, to continue as mediator on behalf of SA and the Southern African Development Community. " The visit of Mr Zuma did not really bring any results," Mr Thabane's spokesman, Thabo Thakalekoala, told Business Day last night.

A senior foreign diplomat in Maseru agreed. " Our assessment was that it was kind of a disappointment and Mr Zuma went away without achieving his two objectives," the diplomat said.

The goals were ostensibly to persuade Mr Thabane to recall parliament and to resolve a crisis over who commands the army, the Lesotho Defence Force (LDF).

The crisis began on August 29 when Mr Thabane's government announced the dismissal of Tlali Kamoli as military commander. The next day Lt-Gen Kamoli tried to stage a coup and his loyalists disarmed the police, the prime minister's camp alleges.

Despite the mounting instability in Lesotho, the crisis has been relatively peaceful with a policeman being the sole confirmed fatality.

If Mr Thabane bows to pressure from Mr Zuma and others to recall parliament, the numbers there are stacked against him and he is likely to lose a confidence vote, political and diplomatic sources say.

Meanwhile Lt-Gen Kamoli clearly enjoys significant support, diplomats say. The military officer has denied that he has taken refuge in the mountains with his partisans and ammunition.

An SABC reporter said he had been spotted in Maseru. "You can see I am not in the bushes. I am here, but I cannot talk to you," the reporter quoted Lt-Gen Kamoli as saying.

South African officials had not confirmed on Wednesday that Mr Ramaphosa was now mediating in Lesotho, having been appointed earlier this year as SA's special envoy in the South Sudanese conflict.

But sources in Lesotho, including the senior diplomat, were in no doubt about Mr Ramaphosa' s role. " Mr Zuma appointed Mr Ramaphosa as his mediator," said Mr Thakalekoala, speaking from Ladybrand on the South African side of the border with Lesotho.

"(However), we don't know when Mr Ramaphosa will want to visit Lesotho."

Many Basotho civilian and security officials went into temporary exile in SA during the reported putsch, fearing for their safety.

Mr Thabane was among them but he returned home with South African police protection after Mr Zuma appeared to have brokered a compromise. The key element of that deal was the recall of parliament by September 19.

Mr Thabane suspended it in June, via the intervention of King Letsie, a virtually powerless constitutional monarch. But the hitch is that if the prime minister recalls the 120-member parliament he could immediately lose his post in a vote of no confidence because an estimated 74 members will vote against him, political analysts say. *(*AFP 11-09-2014)

TIMOR-LESTE PAY SALARIES OF GUINEA-BISSAU CIVIL SERVANTS

The government of Timor-Leste (East Timor) Thursday granted the Guinea-Bissau government funding of US$6 million to pay a month's salary to all Guinean civil servants, the Timorese cooperation agency said.

The funding, paid by cheque, was delivered by the head of the Timor-Leste cooperation agency in Guinea-Bissau, Alberto Carlos, to Guinean Prime Minister, Domingos Simões Pereira, according to Portuguese news agency Lusa.

The financial assistance to the new Guinea-Bissau authorities was decided by the Council of Ministers of Timor-Leste at a meeting on 12 August.

According to the statement the decision was taken in consideration of solidarity with a fellow member of the Community of Portuguese-speaking Countries and "the importance that payment of civil servants' salaries has in Guinea-Bissau's strategy for good governance as well as for the maintenance of peace and national stability."

Financial support was conditional upon the submission of a report on how the US$6 million is spent. (12-09-2014)

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Again we expect 700+ individual participants to join, making Africa Works the biggest business oriented conference focusing on Africa in the Benelux.

If you require more information or have any questions do not hesitate to contact via www.africaworks.nl or africaworks@nabc.nl.
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