



BOTSWANA'S ECONOMIC GROWTH EXPECTED TO NEARLY DOUBLE IN 2017

According to the country's Finance Ministry, Botswana's economic growth is expected to nearly double in 2017, as compared to the previous year, as global commodity prices and electricity supply improve. In his budget speech to Parliament this month, Finance Minister Kenneth Matambo stated that the economy would grow by an estimated 4.2 percent in 2017, compared with 2.9 percent in 2016. The optimistic outlook is based on the anticipated slight improvement in the mining sector and positive growth prospects for the non-mining sectors. Revenues for the 2017/18 financial year are estimated at USD 5.5 billion, with customs collections accounting for 29.8 percent of the total, followed by minerals at 28.6 percent.

Budget deficit is, however, expected to widen to 1.43 percent of GDP from 0.7 previously, as Government spends more on electricity and water infrastructure, following a severe drought in the region.

SIGNIFICANCE:

Botswana, which is considered one of the continent's most stable nations and boasts one of the highest rates of income per capita in the world, has been struggling with weaker growth in recent times as mineral sales slowed and electricity shortages hurt mining – the biggest source of income for the country.

ETHIOPIA

Ethiopian Airlines plans to launch seven new destinations in 2017

A press release issued by Ethiopian Airlines has announced that the airline plans to launch seven new destinations, three that are in Africa, within five months in 2017.

The new destinations include Victoria Falls (Zimbabwe), Antananarivo (Madagascar), Conakry (Guinea), Oslo (Norway), Chengdu (China), Jakarta (Indonesia) and Singapore (Singapore). In 2016, new flights to Moroni (Comoros), Windhoek (Namibia) and Newark (United States) were launched. The national carrier envisages reaching 120 international destinations worldwide by the year 2025.

According to the airline's Chief Executive Officer, its revenues were up 10.3 percent at USD 2.43 billion in the

2015/16 fiscal year, while passenger numbers rose 18 percent to 7.6 million. It was also declared Africa's best airline for a fifth successive year, by the African Airlines Association.

Ethiopian Airlines currently commands the lion's share of the pan-African passenger and cargo network operating the youngest and most modern fleet to over 95 international destinations across five continents.

SIGNIFICANCE:

Despite current economic slowdown especially in oil dependent economies in Africa, Ethiopia firmly believes that the continent is a magnet for foreign investment, trade and tourism, which are the engines of air travel growth, hence the expansion of its services.

KENYA

French automaker, PSA-Peugeot, to assemble cars in Kenya

France's PSA Group, the maker of Peugeot and Citroen cars, has signed a deal with the Kenyan Government to open a vehicle assembly plant in the country this year. President Uhuru Kenyatta and France's Economy and Finance Minister, Michel Sapin, signed the deal on 4 February 2017 at State House in Nairobi.

PSA will build the facility in collaboration with Kenya's Urysia Limited, which has been the importer and distributor for the Peugeot brand in Kenya since 2010. It will primarily assemble the Peugeot 508 and 3008 models. President Kenyatta stated that the USD 11 million investment by PSA Group comes at a time when Kenya is focused on industrialising its economy through such investments.

According to a press release on PSA Group's website, the assembly project is expected to begin in June 2017 with

an annual volume of over 1,000 units, in order to meet the expectations of the Kenyan market. The Peugeot brand previously assembled vehicles in the east African country between 1974 and 2002.

SIGNIFICANCE:

PSA-Peugeot becomes the second major auto maker to open an assembly plant in the country after German car maker, Volkswagen, opened the Thika plant to assemble vehicles, late last year.

The Kenyan Government, which is working hard to make the country a regional hub for investment and industry, has welcomed PSA, stating that it will be a boost for the country's economy. It also reiterated its promise to enforce the 'Buy Kenya, Build Kenya' policy, to support businesses that produce goods in the country.

MADAGASCAR

World Bank to give Madagascar USD 1.3 billion for human development and access to energy

The World Bank Vice President for Africa, Makhtar Diop, confirmed the Bank's commitment to supporting Madagascar with USD 1.3 billion over the next three years, as pledged in Paris last December during the international donors' conference. Diop made this announcement during a courtesy call to the President of the Republic of Madagascar, Hery Rajaonarimampianina. The money will be used to fund two key development areas: human development and access to energy.

President Rajaonarimampianina expressed his Government's appreciation, noting: "I welcome the continued and tangible support of the World Bank to help improve the social and economic development of Madagascar. I am very pleased that the commitments announced in Paris have begun to materialise into action through projects."

Other Madagascar officials in attendance were Minister of Finance and Budget, Gervais Rakotoarimanana; Minister of Economy and Planning, Herilanto Raveloharison; and the Governor of the Central Bank, Alain Rasolofondraibe. In addition, the World Bank Country Director for Madagascar, Mark Lundell, and World Bank Country Manager for Madagascar, Coralie Gevers, were also all present at the meeting.

SIGNIFICANCE:

With only 14 percent of the population with access to electricity, Madagascar is set to greatly benefit from the support from the World Bank.

MALAWI

Japan to give Malawi USD 33 million to renovate Kamuzu International Airport

The Japanese Government has pledged USD 33 million to assist Malawi to renovate and expand Kamuzu International Airport. Some of the upgrades expected to be made at the airport include facilities to accommodate more planes to land at the same time, expansion of the airport terminal building and rehabilitation and provision of surveillance equipment.

The airport was opened in 1983 and most of its equipment has since aged. Currently, the facility does not meet the surveillance standards set by the International Civil Aviation Organisation (ICAO). The project is expected to be finalised in two years' time.

SIGNIFICANCE:

ICAO is expected to blacklist all airports around the world which will not have surveillance equipment by 2020, so the support from Japan will enable Kamuzu International Airport to make the required upgrades before the deadline.

MAURITIUS

Business confidence in Mauritius rises in Q4, 2016

A survey of leading private companies has showed that business confidence in Mauritius rose in the last quarter of 2016. The Mauritius Chamber of Commerce and Industry's quarterly confidence index climbed 4.9 percent to 97.5 points, but remained below the long-term average of 100 points.

According to the Chamber of Commerce and Industry, the index rose on the back of a positive evaluation by business leaders of the economic situation between October and December 2016.

The Mauritius economy grew by an estimated 3.6 percent in 2016, higher than the 3 percent growth in 2015. Statistics Mauritius forecast growth to be at 3.8 percent this year, with an expected rebound in the construction sector.

SIGNIFICANCE:

The survey results indicate confidence in favourable business conditions for 2017 for the Indian Ocean Island.

NIGERIA

Abuja Airport to be closed for six weeks, starting 8 March 2017

Nigeria plans to shut-down Abuja Airport for six weeks, starting 8 March 2017, to repair its runway. During this time, the Government plans to divert flights to Kaduna, an airport used primarily for domestic flights.

Abuja-bound passengers will have to fly to Kaduna and travel in buses to the city. There are concerns about the capability of Kaduna Airport to handle all flights, since it registered 12 flights in December 2015, the last month for which Nigeria's airports authority has figures, compared with 812 flights registered at Abuja Airport.

There is also concern that the new terminal at Kaduna Airport is still under construction, with cables hanging from ceilings, less than two months before it is due to become an aviation hub.

The Aviation Minister is, however, optimistic that the airport terminal will be ready in time, stating that it has the capacity to accommodate 500 passengers.

SIGNIFICANCE:

Aviation labour unions and other stakeholders fear that the closure of Abuja Airport will cause the industry numerous loss of revenue and might also lead to the permanent shut-down of some operators.

International airlines operating in Nigeria have also outlined their demands to Government, before they can effectively fly to the Kaduna Airport. They have concerns over infrastructure and capacity at the airport.

RWANDA

Rwanda positions itself as a regional conference hub

Rwanda is positioning itself as a regional conference hub and investors in the country's hospitality industry have pledged to double their efforts to support the realisation of this goal. According to Seth Tugume, the Rwanda Hospitality Association Chief, it is not only the big players that are set to benefit from the Meetings, Incentives, Conferences, and Events (MICE) industry. Small players are also set to gain.

Rwanda has hosted key continental and global conferences over the past two years, including the Africa Hotel Investment Forum, the Interpol AGM, World Economic Forum on Africa, Africa Union Summit and African Nations Championship, among others. It has been named among top destinations for 2017 by global media. Bloomberg and CNN voted the country among

the 17 best destinations of choice for this year, while the San Francisco Chronicle placed it among the top 10.

Tugume has, however, urged Rwandan investors to become innovative to keep up with the market demands as far as the emerging trends in hospitality are concerned. This is especially in the areas of customer service and facilities like Internet connectivity and pickup services.

SIGNIFICANCE:

The MICE initiative was launched by the Rwanda Development Board in 2014 to position the country as a top conference destination to boost the tourism industry and improve its contribution to the national economy, as well as widen opportunities for sector players.

SUDAN

Sudan and South Sudan border commission to meet in April 2017

The Joint Border Commission (JBC) between Sudan and South Sudan announced that it will meet in Addis Ababa in April 2017 to settle the differences between the two sides.

According to the Co-Chair of the JBC, Abdallah al-Sadiq, 80 percent of the 2,400- kilometer border between the two countries has been demarcated. Since South Sudan's independence, the agreed border between the two countries has not yet been fully established.

Disputed areas of the Sudan and South Sudan border include Abyei, 14-Mile Area, Joudat Al-Fakhar, Jebel al-Migainais, Kaka, and Kafia Kingi enclave (Hofrat al-Nahas).

SIGNIFICANCE:

Continued talks between the two sides creates optimism that the remaining 20 percent disputed boundary, will be determined soon, bringing to an end one of the reasons for continued conflict in the region.

TANZANIA

AIIM acquires majority stake in DSM Corridor Group

African Infrastructure Investment Managers (AIIM), a leading African infrastructure equity investment manager and member of Old Mutual Alternative Investments, has announced the successful acquisition of a 60 percent effective interest in DSM Corridor Group Tanzania, a specialist dry bulk terminal operator in the Port of Dar es Salaam.

AIIM develops, advises and manages private equity infrastructure funds designed to invest long-term institutional equity in African infrastructure projects. The deal was executed via a strategic holding company, African Ports and Corridors Holdings, which will facilitate the acquisition of further terminals and other corridor expansions across Sub-Saharan Africa.

AIIM has a 16-year track record of infrastructure investments in Africa, across six infrastructure funds.

The firm's fund portfolio extends across 41 investments with aggregate USD 1.6 billion worth of assets under management. These funds are designed to invest long-term institutional unlisted equity in African infrastructure projects such as toll roads, power generation, renewable energy, airports, ports, pipelines and communication infrastructure assets.

SIGNIFICANCE:

According to AIIM Chief Executive Officer, Jurie Swart, the combination of a critical requirement for greater efficiency in African ports and the development of private investment programmes is driving a strong pipeline of opportunities, particularly in the dry bulk cargo area.

UGANDA

MMI Holdings enters the Uganda insurance market

South Africa-based insurance company, Metropolitan & Momentum International has entered the Ugandan insurance market with its subsidiary Metropolitan Life Uganda, which mainly targets low income earners with micro-insurance products.

Demand for these products has been growing over time, hence the need for an insurance company that specifically provides them. The Insurance Act 2011 provides for the regulation of micro insurance companies and has been amended to provide for micro insurance products.

The South Africa insurance company, which is listed on the Johannesburg Stock Exchange, had set aside USD

36.95 million in 2015 to fund acquisitions and expansion into newer African markets. In addition to Uganda, it also has operations in 13 other countries around the globe including Kenya, Tanzania, Ghana, Lesotho, Mauritius, Namibia, Nigeria, South Africa and the UK.

SIGNIFICANCE:

The entry of MMI in Uganda's insurance industry brings the number of companies offering life insurance products to nine, giving customers a wide range of providers to choose from. The South African company is also projected to boost the country's insurance penetration that currently stands at 0.86 percent, the lowest in the region.

ZAMBIA

European Investment Bank plans to open an office in Zambia

The European Investment Bank (EIB) plans to set up an office in Zambia by the third quarter of 2017. This is according to the Zambian Minister of Finance, Felix Mutati, who was on a tour of some European countries to strengthen economic cooperation between them and his country, this month.

The Zambian delegation, including the Minister, held a seminar with the European bank during a visit to the EIB headquarters, during which EIB Deputy Director, Patrick Walsh, stated that significant progress will be made to establish an office in Zambia, due to the bank's growing investment portfolio in the country.

Zambia will become the sixth country in Africa to host an EIB country office after South Africa, Kenya, Ethiopia, Ivory Coast and Cameroon. Meanwhile, the bank is in the process of arranging blend finance comprising loans and grants to Zambia totaling USD 342 million, this year.

SIGNIFICANCE:

According to the Finance Minister, the EIB's plan to set up an office in the country was a clear endorsement by Europe of Zambia's potential as a preferred investment destination in Africa.

SOUTH AFRICA

South Africa reports better FDI record than its resource-reliant counterparts in Africa, in 2016

South Africa continued to be one of the biggest recipients of foreign direct investment (FDI) in 2016, despite global economic growth remaining weak.

According to the UN Conference on Trade and Development (UNCTAD), global flows of FDI fell 13 percent in 2016 to an estimated USD 1.52 trillion (R20.46 trillion) as global economic growth remained weak and world trade volumes posted remained low.

The UN stated that FDI flows to Africa also registered a decline of 5 percent to USD 51 billion, with the region sharing similar external vulnerabilities with Latin America. Of particular concern is the sharp drop-off in manufacturing investment projects, which play such an important role in generating badly needed productivity improvements in developing economies.

UNCTAD, however, reported that South Africa saw a 38 percent increase in FDI inflows, though this had remained at a relatively low level of USD 2.4 billion.

SIGNIFICANCE:

Overall, South Africa reported better FDI performance than most African resource-based economies as the low level of commodity prices continues to have an impact on resource-seeking FDI.

FEBRUARY 2017

AFRICABULLETIN



SOURCES

af.reuters.com

www.cnbcfrica.com

www.forbes.com

www.africanews.com

www.independent.co.ug

www.newtimes.co.rw

www.ena.gov.et

www.mining.com

www.times.mw

www.iol.co.za

footprint2africa.com

www.economist.com

www.sudantribune.com

www.transformers-magazine.com

www.worldbank.org

The information contained in this Bulletin is accredited to the named sources and does not necessarily represent the views of ALN. ALN accepts no responsibility whatsoever for any loss, direct, indirect or consequential, arising from information made available and actions resulting therefrom.