SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

- Botswana
- Egypt
- Ghana
- Kenya
- Malawi
- Mauritius
- Nigeria
- Tanzania
- Zambia
- Zimbabwe

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	25-Oct-13	1-Nov-13	Local	USD	Local	USD
Botswana	DCI	8,711.53	8,750.79	0.45%	10.18%	16.52%	18.09%
Egypt	CASE 30	6,171.21	6,181.86	0.17%	13.77%	13.17%	13.22%
Ghana	GSE Comp Index	2,094.70	2,120.18	1.22%	13.38%	76.72%	73.44%
Ivory Coast	BRVM Composite	207.30	207.58	0.14%	-10.40%	24.61%	16.09%
Kenya	NSE 20	4935.91	4989.97	1.10%	2.13%	20.73%	25.23%
Malawi	Malawi All Share	12,049.49	12,219.25	1.41%	36.84%	103.13%	143.62%
Mauritius	SEMDEX	2,006.23	2,038.15	1.59%	-3.43%	17.67%	17.86%
	SEM 7	394.44	397.65	0.81%	-4.17%	17.90%	18.09%
Namibia	Overall Index	1,009.00	1,021.00	1.19%	20.20%	3.52%	6.68%
Nigeria	Nigeria All Share	37,461.94	37,765.82	0.81%	1.44%	34.50%	34.33%
Swaziland	All Share	294.04	294.04	0.00%	19.40%	2.93%	6.39%
Tanzania	TSI		2,442.49	4.32%	5.91%	64.41%	67.60%
Tunisia	TunIndex	4,471.50	4,489.50	0.40%	1.27%	-1.97%	-5.75%
Zambia	LUSE All Share	4,925.95	4,961.44	0.72%	8.58%	33.18%	41.36%
Zimbabwe	Industrial Index	209.71	209.86	0.07%	0.07%	37.70%	37.70%
	Mining Index			5.92%	5.92%	-22.77%	-22.77%

CURRENCIES

	25-Oct-13	1-Nov-13	WTD %	YTD %
Cur-	Close	Close	Change	Change
BWP	8.28	8.37	1.03	9.35
EGP	6.87	6.87	- 0.01	13.51
GHS	1.87	2.19	0.95	15.21
CFA	475.76	478.95	0.67	- 3.31
KES	83.37	83.77	0.49	- 2.13
MWK	361.15	386.08	6.90	20.27
MUR	28.99	28.97	- 0.08	- 5.18
NAD	9.77	9.97	2.05	17.63
NGN	157.27	157.23	- 0.02	0.73
SZL	9.77	157.23	2.05	17.88
TZS	1,568.45	1,571.53	0.20	- 0.22
TND	1.62	1.64	0.67	5.60
ZMW	5.27	5.44	3.34	4.95

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's central bank kept its interest rates on hold as expected on Thursday, as the government strives to stimulate the economy while keeping inflation in check. The economy has been badly damaged by political instability since the overthrow of former President Hosni Mubarak in 2011. It grew 2.1 percent in the year to June 30, tepid for an emerging economy and far too slow to make an impact on youth unemployment, estimated at more than 20 percent, in the Arab world's most populous state. Inflation picked up to just over 10 percent in September after a dip to 9.7 percent in August. "The pronounced downside risks to domestic GDP (gross domestic product) combined with the persistently negative output gap since 2011 will limit upside risks to the inflation outlook going forward," the bank said in a statement. "Given the mixed balance of risks surrounding the inflation and the GDP outlooks at this juncture, MPC (monetary policy committee) judges that the current key CBE (Central Bank of Egypt) rates are appropriate."

The bank kept its deposit rate at 8.75 percent and its lending rate at 9.75 percent. It also kept its discount rate and the rate it uses to price one-week repurchase and deposit operations at 9.25 percent. Eight out of nine economists in a Reuters survey had forecast the bank would leave its overnight rates unchanged. One expected a 50 basis point reduction. At its previous monetary policy meeting, the central bank cut its key overnight interest rates by 50 basis points, saying it was stressing higher growth over lower inflation. It was the second half-point cut in a row since August. The central bank is under pressure to keep interest rates high to attract funds out of foreign currencies and into the Egyptian pound. The bank has spent tens of billions of dollars supporting its currency since the 2011 uprising which hammered tourism revenues and foreign investment. Egypt's cabinet, appointed after the army removed Mubarak's successor, Islamist President Mohamed Mursi, from power on July 3 following mass protests against him, has said it will spend 29.6 billion Egyptian pounds ($4.3 billion) on a stimulus package to try and revitalise the economy. Gulf countries have pledged more than $12 billion in aid to Egypt since July. *(Reuters)*

Ghana

Corporate News

The board chairman of Ecobank Transnational Incorporated (ETI), Kolapo Lawson is expected to step down with immediate effect. This is to restore confidence in the pan African bank hit by corporate governance issues. ETI, parent company of Ecobank Ghana has seen its image marred by allegations from suspended head of finance, Laurence do Rego. Mrs. do Rego accused the board that she was asked to misstate 2012 results and that assets are being unnecessarily sold at a loss. Nigeria's Security and Exchange Commission is investigating the allegations, which Ecobank has denied, although its chief executive has said transparency could be improved. The pan African bank first came into the spotlight in April when Nigeria's Central Bank notified it of Lawson's failure to repay 1.4 billion naira in debts sold to AMCON, the state-owned bank. Ecobank has since said its board chairman has repaid the debts and no company rules have been broken. Presently an independent group appointed by the bank is investigating the allegations of corruption. *(Ghana Web)*

The Court of Appeal has dismissed an application by the Agricultural Development Bank (ADB) to stay execution of a judgement debt awarded against it in favour of one of its former managing directors. On July 31, 2013, the Accra Fast Track High Court ordered the bank to pay GH¢400,000, being entitlements, to its former Managing Director, Mr Yaw Opoku Atuahene. It also directed that the amount must include interest from July 2009 when the plaintiff's appointment was wrongfully terminated by the bank. But the bank appealed against the High Court's decision and, consequently, filed an application for stay of execution on the ground that its appeal had the likelihood of success, in which case it would suffer irreparable loss should it pay the amount before the final determination of the appeal. Unanimously dismissing the application, Justices F. Kusi-Appiah, F. Korbieh and Senyo Dzamefe were of the considered view that after carefully studying the arguments of parties in the case, the court "finds no exceptional circumstance to warrant the grant of stay of execution". The court was of the view that the bank had failed to canvass any serious point of law sufficient for a grant of stay of execution. Costs of GH¢1,000 were awarded against the ADB in favour of Mr Atuahene. Counsel for the ADB, Mr Stanley Amarteyfio, had informed the court that the payment of the judgement debt to Mr Atuahene would render the bank's appeal a nugatory in the event it succeeded eventually. That, according to him, would cause irreparable damage to the bank, especially when Mr Atuahene was currently unemployed and, therefore, not in a position to refund the money. In the alternative, the bank urged the court to direct it to pay the judgement debt into the court's coffers until the final determination of the appeal.

Holding a different view, counsel for the former managing director, Mr Godfred Yeboah Dame, prayed the court to dismiss the bank's application on the grounds that its request to the court to allow it to pay the money into the court's chest was a subtle attempt to ensure that Mr Atuahene did not enjoy the judgement debt due him. He indicated that the bank's position exposed the bad faith on its part because his client had rendered many years of meritorious service to many banks, including the ADB, across the country and was currently running his own business. The plaintiff was the managing director of the ADB until July 23, 2009 when his employment was terminated with effect from July 31, 2009 with the constitution of a new board after the change of government. The plaintiff had argued that consequent to the termination of his employment, various pecuniary obligations owed him by the bank had not been discharged. After persistent but unheeded demands for the satisfaction of same, he issued a writ of summons at the Fast Track Division of the High Court on May 21, 2010. *(Ghana Web)*

Economic News

Rashid Pelpuo, Minister of State at the Presidency in charge of Public Private Partnerships has disclosed that some investors in the energy sector have deserted the nation due to Ghana's low tariff regime. He told Joy News some licensed independent power producers argued that maintaining the previous electricity tariff would cause them to run at a loss. "Some of them are unhappy with the tariff levels, and they have decided that they won't come in because they can't come and invest this much and the people of Ghana will only pay a small bit of it, so they have pulled (out) and said they can't come and produce at a loss." But all was not lost, Mr Pelpuo hinted, adding that with the recent hikes in utility tariffs – electricity was increased by 78.9 percent – most of them are willing to start operations in Ghana. He appealed to those agitating, especially organized labour, to rethink and cooperate with government and the utility providers, to provide effective and efficient services. "As we get more energy into the system, prices will fall, but for now it is important for us to understand the price regime," he said. Meanwhile, some independent power producers currently working in the country are warning of a possible breakdown of the economy should government and Public Utilities Regulatory Commission heed the demand by organized labour for a reduction in utility tariffs. Director of the Sunon Asogli Plant - one of the private producers – told Joy News reducing utility tariffs will cripple producers' ability to generate power and growth in the industry.

Togbe Afede XIV says Ghana's economy will consequently collapse if government gives in to organized labour's demand for a one-third reduction. He claimed residents in neighbouring countries are paying twice as much as what organized labour is striking against. He said if a realistic price is not paid, the Electricity Company of Ghana will not have enough money to pay power producers, let alone take care of other operational cost. "As I am telling to you this now, Asogli has a big problem. Asogli supplies ECG about GHc7.5 million worth of power every week, ECG pays Asogli only GHc1.5 million. We find ourselves caught up in a vicious cycle where the government subsidy will increase the deficit, but the government has to fund by borrowing… it has serious economic consequences." *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Electricity generation firm KenGen is seeking nearly half a trillion shillings in three years to finance expansion of its power generation. Managing director Simon Ngure told an investor's briefing in Nairobi Wednesday that the money will be sought through debt and equity contribution by a rights issue. "KenGen needs to look for additional finance of $5.5 billion (Sh467 billion) in the next 40 months. Debt component will be 70 per cent while the rest will be equity," Mr Ngure said. The company expects to raise about Sh140 billion ($1.65 billion) from its shareholders through a rights issue. It expects to add up to 2,500 megawatts to the national grid, which is half of the 5,000 megawatts the Ministry of Energy and Petroleum has targeted to achieve in 40 months. Mr Ngure said the company would team up with private investors to develop the power plants. Private companies are expected to provide part of the debt capital for the projects, while the rest would be from financial institutions. KenGen is listed at the Nairobi Securities Exchange and is 70 per cent owned by the government. It is not clear whether the rights issue will dilute the government's stake as the company is yet to finalise talks with the Treasury.

"We are working with the government to see the best way to do it. It may include a mixture of options. "The government may want to cede some of its ground, but we are working together to develop that matrix. We do expect that some equity will come from Kenyans and joint venture partners," Mr Ngure said. KenGen hopes to generate 700 megawatts from geothermal resources, 120 megawatts from wind energy, 700 megawatts from natural gas and 960 megawatts from coal resources. A Ministry of Energy tender committee on Tuesday began evaluating 62 bids from private companies that want to develop the coal and natural gas fired power plants together with KenGen. *(Daily Nation)*

Kenya Commercial Bank Group profit after tax rose 15 per cent in the nine months ending September 30 on account of growth in net interest income and improved performance of its regional businesses. The bank's profit after tax rose to Sh10.8 billion in the period compared to Sh9.4 billion reported in the previous period. Net interest income grew by 12 per cent to Sh24.3 billion up from S 21.7 billion, buoyed by increase in net loans and advances. The bank's chief executive officer, Mr. Joshua Oigara, noted in a statement that its regional businesses in Uganda, Tanzania, Rwanda, South Sudan and Burundi improved remarkably, with all of them making profits. "The Group's performance was driven by cost transformation, top line growth, innovation and improved returns from international business," Mr. Oigara said. The international business posted an 81 per cent increase in pre-tax profit growth to Sh1.6 billion from Sh0.9 billion in the review period, making a 10.7 per cent contribution to the earnings. "This performance is in line with our expectations from subsidiary business and growth opportunities in cross-border trade in the region," said Mr. Oigara. The Kenyan unit, however, made 89.3 per cent contribution to the profit before tax and 82 per cent of total revenue. Total non-performing loans increased by 37.5 per cent to Sh17.6 billion from Sh12.8 billion due to the high interest rates which currently stand at an average of 16.9 per cent, according to the Central Bank. In the period, total operating expenses rose by 8 per cent to Sh19.5 billion from Sh18.1 billion. This was attributed to inflationary increase in cost of doing business in the region and a one-off restructuring cost. The group is seeking to use technology to widen its agency network to cut costs and drive up customer deposits which stood at Sh301.1 billion as of the end of the third quarter from Sh296.2 billion last year. *(Daily Nation)*

Safaricom has disabled a phone code that was being used to trade in Bonga Points by a Nairobi-based IT firm. Onfon Media developed the code, *981*400#, that it was using to buy the loyalty points from Safaricom subscribers at Sh0.20 each and selling them for Sh0.35, hence earning a return of 75 per cent. The platform started operation on Wednesday and is said to have handled more than 10,000 orders in the four hours it was on air before being shut down by Safaricom. Thursday, Safaricom said the platform was established without its approval and was mulling over what action to take against Onfon Media—which is owned by businessman Dennis Makori. "Onfon was contacted and a meeting has been scheduled to engage and establish the cause for this so as to determine action to be taken," said Safaricom in a statement. The Business Daily has established that Safaricom held a meeting with Mr. Makori, who declined to reveal details of the meeting. Sources close to Onfon Media reckon that it established the platform as a new revenue stream and offer Safaricom subscribers a window to make money from the Bonga Points. Customers earn one point for every Sh10 spent on voice calls, SMS, Internet and some chargeable M-

Pesa transactions. Bonga Points can be redeemed in the form of airtime, SMSs, data bundles and merchandise such as mobile phones, modems and laptops. They can also be transferred to other users. Since the launch of the loyalty programme six years ago, Safaricom customers had earned more than 50 billion Bonga Points by June. About 82 per cent have been redeemed, valued at Sh8.5 billion. In May, Bob Collymore, the CEO of Safaricom said there are more than 9.5 billion Bonga Points on Safaricom's network system and that the mobile telecommunication firm was looking to widen its offerings and unlock the royalty. This led Safaricom to sign a deal with Kenya Airways where passengers on KQ domestic flights can use the Bonga points to settle their air fares as the telecom opens a new frontier for its customers to enjoy its loyalty programme. Safaricom subscribers can exchange 28,000 Bonga Points for a one way ticket — and 40,000 for a return ticket — to fly economy on any of the four domestic routes served by KQ, including Mombasa, Kisumu, Malindi and Eldoret. *(Business Daily)*

Equity Bank is in court to block payment of Sh35.8 million to Esther Passaris following an arbitration that awarded the business woman the amount for a botched advertising deal. The Nairobi bourse listed bank claims that the award to Ms Passaris' firm, Adopt A Light Limited, was based on a re-drafted contract. The lender alleges that the arbitrator ignored the word ''all'' in one of the clauses in the advertising contract signed on July 2006, thus making it liable for claims of a breach of contract. The arbitrators — including lawyers Njoroge Regeru, Njeri Kariuki and Ahmednasir Abdullahi — awarded Adopt A Light Sh30.9 million in June and interest of Sh4.9 million. "By proceeding to impose or replace the word 'all' with the respondent's 'modus operandi' the Arbitral Tribunal effectively placed on the applicant what they were avoiding to place on the respondent; an unconscionable burden," says Equity in court documents. The lender claims that the skewed interpretation of the agreement meant that the second phase of the advertising deal had kicked off, hence exposing the bank to higher liabilities. "It is against public policy for a court or arbitral tribunal to re-write a contract between parties," says Equity, adding that full payment under the contract should not have been awarded since the contract was terminated before commencement of the second phase. Details of the advertising deal were not provided, but Adopt A Light has been providing outdoor publicity. The arbitrators found that the lender breached the contract and held that Adopt A Light performed part of the agreement. "The respondents (Adopt A Light) represented to the applicant that it had the required statutory approvals and consents including the consents of City Council of Nairobi to erect and maintain poles, billboards and masts within the City of Nairobi," says Equity Bank. Adopt A Light is yet to respond. The lender moved to the High Court under certificate of urgency arguing that the advertising firm had commenced the process to enforce the award. Commercial Court judge Eric Ogolla ruled that the matter was not urgent and directed the bank to get the hearing date from registry on priority basis. "Pending the inter-parties hearing and determination of this application, there will be a stay of execution and or further proceedings arising from the award of the arbitral tribunal," states Equity. Adopt A Light has separately been fighting with the Kenya National Highways Authority over plans to pull down its billboards. *(Business Daily)*

Economic News

Kenya's financial services sector lost almost a billion shillings to fraud in the 18 months through June, a new survey has shown. Released by Delloite Wednesday, the survey mainly focused on the banking, insurance, capital markets and real estate sectors, revealing their inability to contain technologically-savvy criminals. Regionally, according to the Financial Crime Survey, the financial services industry lost more than Sh2.7 billion ($30 million) in the period. However, Deloitte warned that the figures may be understated as most financial institutions remained tight-lipped about fraud figures in order to preserve their reputation. "The prevalence and magnitude of fraud is on the rise. Technology is turning out to be a double-edged sword," said Deloitte's forensic director, Mr Robert Nyamu. With the figures presented however, Mr Nyamu said Kenya accounted for 45 per cent of financial crime in the region due to its robust sector that makes it a soft target. Cash theft accounted for 72 per cent of the financial crimes in Kenya with cheque fraud accounting for 44 per cent. Real Time Gross Transfer System (RTGS) and Electronic Funds Transfer fraud stood at 40 per cent. Ironically, the RTGS system was introduced to curb fraud in processing payments of more than Sh1 million. Last year the audit firm reported that banks alone lost Sh4.06 billion ($48.3 million) to fraud in the 18 months ended June 2012. But as opposed to last year's survey which relied on the reported figures of 32 financial services firms, the new study relied on direct responses from the institutions on what they had lost and the way forward.

In what should worry the sector, the survey revealed that a majority of the financial crimes are perpetrated through collusion with employees, thereby compromising internal controls. Non-management personnel were cited as the biggest culprits. "IT Savvy employees are prone to compromising systems to their advantage due to their understanding of internal mechanism," said Mr Nyamu. In Tanzania and Uganda, segregation of duties and job rotation is the widely used fraud-prevention mechanism, in addition to conducting due diligence on employees before recruitment. A whopping 67 per cent of banks across the region were found to be lacking automated systems to report suspicious transactions while no insurance firm has any. Kenya and Tanzania, the survey found, have faith in the Anti-Money Laundering (AML) regulatory framework to combat financial crime. In Kenya, a process to migrate automated teller machines to a more secure technology is nearly complete as local banks move to tackle growing payment card fraud. The Kenya Bankers' Association last week said 96 per cent of all ATMs across the country have been upgraded to the Europay MasterCard and Visa (EMV) technology. *(Daily Nation)*

Malawi

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Mauritius

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Nigeria

Corporate News

Union Bank of Nigeria Plc at the weekend said it will divest its non-banking subsidiaries within the next 18 months in order to comply with the Central Bank of Nigeria (CBN) regulations separating business and retail banking. The central bank had three years ago repealed the universal banking model and enforced a new minimum capital requirements for banks in a bid to avoid a repeat of the 2009 near collapse of several lenders, including Union Bank. Union Bank scaled a recapitalisation hurdle after the central bank propped it up and it agreed a $750 million cash injection by a group of investors to keep it afloat. "Following (central bank's) approval, Union Bank will proceed to divest its interests in its non-banking and portfolio companies and operate as an international commercial bank," the bank's Chief Executive Officer, Mr. Emeka Emuwa, said in a statement. Reuters also quoted Emuwa to have said the bank had 18 months to implement the divestment, saying that owning non-banking units had become less important with the growth in its core business and its ability to partner with other firms to cross-sell products. The CBN Governor, Mallam Sanusi Lamido Sanusi, had launched a historic $4 billion bailout of nine banks shortly after taking office in 2009, pledging to reform the industry and get credit flowing to the productive real sector and small businesses. The new banking model requires lenders to sell all non-core businesses and form a holding company if they intend to carry out insurance, asset management and capital market activities. Sanusi had said his primary objective was to ensure banks were effectively supervised and to ensure the safety of depositors' funds by prohibiting them from speculative capital market activities. "The post-divestment structure will reduce the overall risk profile of the bank, while increasing the protection of depositors' funds," Union's Chief Risk Officer, Kandolo Kasongo, said, adding that the sale proceeds would be used to boost the bank's balance sheet. *(This Day)*

Strong indications have emerged that investors are awaiting the listing of leading pan-African Information Communications Technology (ICT) company, Computer Warehouse Group (CWG) on the Nigerian Stock Exchange (NSE) in November. THISDAY had reported the proposed listing of the 2.5 billion shares of the company at N5.48 per share. The Managing Director of Cordros Capital Limited, one of the financial advisers to CWG, Mr. Wale Agbeyangi, confirmed the proposed listing to THISDAY in interview last Friday, saying investors are eagerly waiting to buy into the company so as to diversify their portfolio and reap significant returns. The joint financial adviser to CWG is Stanbic IBTC Capital Limited. Agbeyangi said many investors have been making enquiries on how to be part of company, which was said to have posted an average return of equity in excess of 20 per cent between 2008 and 2012. "The excitement is understandable, considering the performance track record of CWG and the great future prospects. We are concluding necessary arrangements for the listing and come middle of November the shares would be listed for investors to acquire on the NSE," Agbeyangi said. The company has a diversified customer base including customers in telecom, oil & gas, government, education, manufacturing, and financial services sectors with operations in 18 of 36 Nigerian states and regional operations in Ghana, Cameroon and Uganda. Some of its customers include: Exxon Mobil, Royal Dutch Shell, First Bank of Nigeria, United Bank for Africa, Unilever, Cadbury, Nestlé, Etisalat and MTN Group amongst others. CWG, which has Mr. Austin Okere as Founder and Group Chief Executive Officer, has prominent individual and corporate shareholders including Aureos Africa Fund LLC, a leading private equity firm. CWG currently provides ICT infrastructure support to 14 of the 22 banks in Nigeria, and the largest data centre in Africa outside of South Africa. It has also deployed and supports over 3,500 automated teller machines (ATMs) in Nigeria out of the installed base of about 11,000 ATMs. In terms of software, CWG has deployed and supports the Finacle banking application which is being used by eleven financial institutions in Nigeria. *(This Day)*

Vice-President and Chairman of the National Council on Privatisation (NCP), Alhaji Namadi Sambo, will tomorrow formally hand over the physical assets of 14 Power Holding Company of Nigeria (PHCN) successor companies to their new owners. The hand over would coincide with the decision by the National Union of Electricity Employees (NUEE) to withdraw its members from all the PHCN facilities across the country by tomorrow. The federal government yesterday disclosed that it had paid a total of N214.22 billion to 40,093 workers of the workers as severance allowance. The event is expected to occur simultaneously at the headquarters of the successor firms across the country where the vice-vresident would be represented by the ministers and other top government functionaries. However, a statement from the Bureau of Public Enterprises (BPE), which was signed by its spokesman, Chigbo Anichebe, and made available to THISDAY yesterday, said the Sapele Generation Company (SGC) would not be affected by the exercise since the NCP had directed its legal committee to undertake a comprehensive legal review of the status of the company following the failure to complete payment by the preferred bidder. In a related development, the successor companies expected to be handed over to the new investors include Abuja Distribution Company (owned by KANN Consortium Utility), Benin Distribution Company (Vigeo Power Consortium), Eko Distribution Company (West Power & Gas), Enugu Distribution Company (Interstate Electrics Ltd) and Ibadan Distribution Company (Integrated Energy Distribution & Marketing Limited).

Others are: Ikeja Distribution Company (NEDC/KEPCO Consortium), Jos Distribution Company (Aura Energy Limited), Kano Distribution Company (Sahelian Power SPV Limited), Port Harcourt Distribution Company (4Power Consortium) and Yola distribution Company (Integrated Energy Distribution & Marketing Limited). The generation companies expected to be handed over are Shiroro (owned by North-South Power Company), Kainji (Mainstream Energy Solutions Ltd), Geregu (Amperion Power Distribution) and Ughelli (Transcorp Ughelli Power Plc). Top government functionaries, who would represent the vice-president at the various hand over venues are: Minister of Power, Prof. Chinedu Nebo (Abuja), Coordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala (Ibadan): and Minister of Petroleum Resources, Mrs. Deziani Alison-Madueke (Enugu). OtherS are Minister of Trade and Investment, Mr. Olusegun Aganga (Eko), Minister of Transport, Senator Idris A. Umar (Kainji/Jebba) and Attorney General of the Federation (AGF) and Minister of Justice, Mr. Mohammed Bello Adoke (Yola). Others include the Minister of Mines and Steel Development, Mohammed Musa Sada (Kano), Minister of Information, Labaran Maku (Jos), Minister of Labour and Productivity, Chief Emeka Wogu (Ughelli) and Minister of State (Works), Ambassador Bashir Yuguda (Shiroro). Also participating in the exercise are the Director General of BPE, Mr. Benjamin Ezra Dikki (Ikeja & Egbin), Permanent Secretary, Ministry of Power, Dr. Godswill Igali (Port Harcourt), Chairman, Presidential Task Force on Power, Mr. Beks Dagogo-Jack (Benin) and Group Managing Director of NNPC, Mr. Andrew Yakubu (Geregu). Dikki had noted that "This handover is a culmination of 14 years of painstaking effort by the NCP, BPE and other key stakeholders to reform and liberalise Nigeria's electricity industry, which began in 1999."

So far, out of the 14 successor companies scheduled for handover, a total of US$2, 525,824,534 was realised as proceeds. Out of the amount, US$1,256,000,000.00 came from the Distribution Companies (DISCOs), while the Generation Companies (GENCOs) raked in US$1, 269,824,534. The federal government has equally set aside the entire proceed of N384 billion from the transaction to settle labour liabilities. In its determination to resolve all labour issues before the handover, the BPE said it had despatched a team of consultants and its staff for the biometric data capture of 1, 478 employees of the Enugu Distribution Company who could not be audited because of virus attack on the system where their names were stored. Discussing the 4Power Consortium Limited's commitment to stimulating economic growth and improving electricity and service delivery in the South-south region, the Managing Director of Income Electrix Limited, a member of the consortium, Mr. Matthew Edevbie, stated that the Port Harcourt Electricity Distribution Company (PHED) "will foster a high performing culture that motivates employees to create value and make a difference in the lives of customers and in the communities they live and work." The Chairman of 4Power Consortium Limited, Hon. Augustine Wokocha, also said: "As a private company, we will breathe new life into PHED's programme of investment and innovation, and this will enable us to become the most efficient and sustainable utility company in Nigeria. That means our customers can expect an increasingly reliable power supply and also far better services."

Meanwhile, the federal government equally has said the sum of N80.290 billion had been paid as pensions and gratuities.While briefing State House correspondents at the end of a meeting of stakeholders in the power sector at the Presidential Villa, the Permanent Secretary of the Ministry of Power, Godknows Igali, said government would ensure that all PHCN workers, whose record had been validated are duly paid their entitlements. He further said the payment was coming ahead of the handover of the assets of the PHCN by private investors tomorrow simultaneously across the country. He stressed that an additional 605 workers have also been validated on Tuesday and their payment have just been paid. However, NUEE said the directive became necessary following the desperate move by the federal government to physically handover PHCN facilities to investors without the resolution of labour issues. The union also accused government of deploying armed military troops to all PHCN installations stating that the aim is to ostensibly to allow a forceful takeover of the installations without conclusively settling the labour issues In a statement signed by NUEE's Secretary, Joe Ajaero, claimed that only 68 per cent of the gratuity payment had been made, noting that "no member has received a dime of the pension funds savings into his/her Retirement Savings Account (RSA) as agreed. *(This Day)*

Italian oil giant, Eni saw its oil and gas production fall to average 1.65 million barrels of oil equivalent per day (boepd) in the third quarter, due to ongoing disruptions in Nigeria and in Libya. Its output was reduced by 50,000 boepd in the quarter "due to the relevant impact of force majeure events in Nigeria and Libya," which were only partly offset by field ramp-ups in Russia, Algeria, Angola and Egypt. Libya's oil exports have dropped to less than 10 percent of capacity as protests halt operations while Nigeria, Africa's biggest oil exporter, has seen production fall due to widespread oil theft and pipeline leakages. Eni cut its production outlook for the year to reflect shrinking volumes from Libya and Nigeria, saying it now expected full-year production to be lower than in 2012. This is second cut in 2013 target output this year. Paolo Scaroni, chief executive officer, Eni , said in a statement on Wednesday: "In the third quarter of 2013, we achieved significant exploration successes, made excellent progress in our development activities with new field start-ups and monetized part of our interest in Mozambique. These operating successes strengthen our profitability outlook against the backdrop of a quarter that has not only been affected by difficult market conditions in the European markets of mid and downstream, but also by the extraordinary reductions of production in Nigeria and Libya, and by the appreciation of the euro. Considering that these trends are temporary and given the solidity of our businesses, we will start the buyback program." In February, Eni had predicted a more-than 3 percent growth in its production this year, helped by the first volumes from the giant Kashagan oil field offshore Kazakhstan. But by August, Eni said outages in Nigeria and Libya would mean it would be unable to grow production, predicting output unchanged year-on-year from its 2012 average. During the first half of the year, the impact of pipeline thefts, sabotage, other security issues and flooding in Nigeria reduced Eni's production from the country by around 30,000 boepd, the company has said. In August, Scaroni said the company was reviewing its upstream portfolio in Nigeria in a bid to reduce its exposure to escalating levels of security related shut-ins which have been crimping its output from the West African producer. Eni has been present in Africa since 1954 with 8,000 people working for it across the continent and remains committed to its presence there. "We believe in Africa and it doesn't scare us to pump billion of dollars into new countries on whose stability, solidity and growth we willingly bet," Scaroni said in September.*(Business Daily)*

UBA Capital Plc, a non-bank financial services firm with strong investment banking, trust, asset management and securities trading brands has announced a growth of 341 per cent in profit after tax for the nine months ended September, 2013. The results showed that the company posted gross earnings of N3.23 billion, up by 306 per cent from the N795 million recorded in the corresponding period of 2012. Profit before tax rose by 336 per cent from N494 million to N2.161 billion, while profit after tax soared by 341 per cent from N389 million to N1.716 billion. Analysts said with this impressive performance, which translates to an annualised 38.5 per cent return on average equity, the company is positioned to create wealth for its shareholders. Commenting on the results, Group Chief Executive Officer of UBA Capital, Mr. Rasheed Olaoluwa, said the performance reinforced the dedication towards sustaining the strong start in the year. "As we deliver on our strategic focus of enriching customer experience and value creation across all our business lines, we are convinced that we will continue to grow our market share in Nigeria, with a strong prospect of building our brand in the impact African markets. Our performance reflects the growing momentum of our strategic businesses, as we remain committed to value creation to ensure the loyalty of our existing clients as well as to drive new business development. We are convinced that as we ensure the success of our clients with a disciplined cost structure, we will sustain our strong earnings growth feat." According to him, the company will not relent on its dedicated focus on staff training and development. "Interestingly, our work environment is increasingly attracting new talents, thus enriching our pool of knowledge base and competitive advantage in the market. As we build on our innovative delivery of value to our clients, we will sustain our impressive performance through the year. Thus, we reiterate our commitment to delivering exceptional return to our shareholders, who have invested in us, just as we will remain dedicated to our clients and every other stakeholder in the markets we operate," Olaoluwa said.*(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Revenue earned by Nigeria this year may be as much as $12 billion short of budget estimates as theft of crude and output disruptions persist in the oil-rich Niger River delta, the Finance Ministry said. With a 2013 budget based on a daily output of 2.53 million barrels and an oil price of $79 a barrel, Africa's biggest oil producer expected revenue of almost $80 billion from exports. In the first half of the year, oil receipts amounted to $28.2 billion, more than $7 billion below the estimate, according to central bank figures. "What is amazing now is that we've had this quantity of shock and we were able to weather it," Finance Minister Ngozi Okonjo-Iweala said in an interview late yesterday in Abuja, the capital. "You can say theft, but it's still a quantity shock." Nigeria, Africa's most populous country of more than 160 million people, depends on crude exports for about 80 percent of government revenue and 95 percent of export income. The country saves the balance of revenue above the budgeted price in a special account, "designed for these kind of incidents," according to the minister. The average price of Nigeria's light, sweet crude has stayed above $100 a barrel this year. Criminal gangs tapping oil from pipelines for illegal sale have posed the biggest threat to output since a government amnesty in 2009 reduced armed attacks led by rebels fighting for greater control of the region's resources.

"When there's a breakage the impact is that the pipes are shut down, the effect is that 400,000 barrels are shut down," Okonjo-Iweala said. "The actual theft is like 70 to 80,000 barrels a day." The overall impact on the budget this year is between $6 billion and $12 billion, said Bright Okogu, director of the Budget Office, who sat in on the interview with the finance minister. Income earned by Nigeria from crude exports, taxes and other sources are shared among the three tiers of government, including the federal, 36 state governments and 774 local councils. At allocation meetings in August and September, funds received were not enough to meet expected allocations, prompting protests from some states. Savings in the special crude account have dropped by half as President Goodluck Jonathan's government tries to make up for the drop in oil revenue and fund a deficit that has reached 2.5 percent, according to the central bank. The account currently holds just below $5 billion, down from about $9 billion at the beginning of the year, according to the Budget Office. The disputes over allocations "are over," Okonjo-Iweala said. "Everybody realizes that we have to allocate what comes into the coffers." *(Bloomberg)*

Tanzania

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia's Bond and Derivatives Exchange plans to start trading currency futures next week after it appointed two banks to handle the clearing and trading, its deputy chief executive said on Monday. The exchange will trade in currency futures to hedge against foreign exchange risk after the government introduced a law reinforcing the use of the local kwacha currency, Peter Sitamulaho told Reuters. Sitamulaho said Zambia's Zanaco Bank had agreed to be the clearing bank and Bank ABC would handle the trading for the exchange. "We have set 5th November as the tentative date to start trading but that will depend on how quickly our colleagues can conclude their internal support systems," he said. Sitamulaho said Zanaco Bank was scheduled to hold a meeting to review its preparedness as the clearing bank on Tuesday. "Finance Bank has also expressed interest to come on board but they are still a little bit behind," Sitamulaho said. Last year, Zambia introduced a law requiring mining companies and other exporters to write their contracts in the kwacha currency, exposing exporters and importers in Africa's top copper producer to foreign exchange. (*Reuters)*

Fitch on Monday downgraded Zambia's credit rating to B from B-plus on the country's crumbling government finances and expectations the deficit will remain high. The African country's outlook is now stable, Fitch said in a statement. "The authorities expect a deficit of 8.5 percent of (gross domestic product) in 2013, against an expected deficit at the time of the budget of 4.5 percent and an average of 2 percent - 3 percent between 2006 and 2011," the statement noted. "In contrast, Fitch expects further spending over-runs and revenue shortfalls and predicts a deficit of 9 percent of GDP for 2013." Earlier this year the International Monetary Fund said that Zambia's fiscal deficit is expected to reach 8.5 percent of GDP this year, roughly double the budget target of 4.3 percent due to delays in scrapping a fuel subsidy and higher pay for government workers. Fitch also said Zambia's deficit will remain elevated in 2014. Standard & Poor's rates the country B-plus with a negative outlook. Moody's Investors Service rates Zambia B1 with a stable outlook. The ratings from all three agencies are in speculative, or junk, territory. *(Reuters)*

Zimbabwe

Corporate News

Aquarius Platinum Ltd. (AQP) and Impala Platinum Holdings Ltd. (IMP) are assessing whether to dig a second shaft to expand production at their Mimosa platinum mine in Zimbabwe, Winston Chitando, chairman of the operation, said. "We are in the process of undertaking a feasibility study," Chitando said in an Oct. 26 interview at the mine, near Zvishavane, 299 kilometers (186 miles) southwest of Harare, the capital. "There is work taking place in assessing various options," he said, declining to give further details. Mimosa is one of three operating platinum mines in Zimbabwe, which has the second-biggest reserves of the metal after South Africa. Zimbabwe Platinum Mines Ltd., a unit of Johannesburg-based Impala, and Anglo American Platinum Ltd. (AMS) also run mines in the country. Mimosa produced about 218,000 ounces of platinum group metals in its last financial year. By law, mining companies operating in Zimbabwe must sell or cede 51 percent of their local assets to black citizens of the country or the government. "There are discussions which are taking place with government," Chitando said. "So far we are happy with them."*(Bloomberg)*

ECONOMIC analysts have expressed reservations on the proposed US$50 million rescue package for Hwange Colliery by British mogul Mr Nicholas van Hoogstraten, saying this could be tantamount to handing over a national energy asset to Westerners for a song. Mr van Hoogstraten, through family investment vehicles, controls about 30 percent of the mining firm. Responding to a request for a US$20 million bailout by the cash-strapped Hwange Colliery, the controversial businessman demanded five years of exclusive control of the coal mining giant in exchange for a US$50 million cash injection through obscure share transfers. Hwange Colliery chairman Mr Farai Mutamangira said yesterday his board was looking at the proposal, but would proceed with caution. "Like any other proposals that we receive, we are looking at it carefully," he said. Under the proposed transaction, Mr van Hoogstraten wants effective management of Hwange Colliery through a designated Special Purpose Vehicle falling under Willoughby's Consolidated, a London- based company owned by his family. A co-ordinating committee comprising three of Willoughby's representatives and two Hwange directors would be put in place, after which the US$50 million loan would be made available. According to the agreement, the US$50 million capital injection will be formalised and secured by the issue of convertible loan stock with a 10 percent interest rate, a conversion rate of one new US25c ordinary share for each US0,50c of loan stock and convertible at the end of the fourth year. The Government's 37,08 percent shareholding would be maintained while debts owed to statutory bodies will be converted into five-year preference shares at a par value of US$1 and a 5 percent interests rate.

Banks owed by the company would receive an immediate 50 percent cash payout. But analysts have questioned Mr van Hoogstraten's benevolence, saying the proposal was clear that for five years, he would have monopolistic rights over national coal reserves, but it was silent on the critical issues that would securitise national interests of ensuring that resources exploited would translate in equal measure into development for the country, in particular workers and residents of Hwange. "Hwange is a strategic national asset," said one analyst who spoke on condition of anonymity. "Granted, Hwange needs urgent cash injection but this has to be undertaken in a manner that does not compromise national resources. Our desperation for investment must not be used to force us to give away our mineral resources. More importantly, when a Western-based business character like Van Hoogstraten makes propositions in the format he has done, those acting on behalf of the State have a mandate to proceed with caution so as to minimise the risk of donating local mineral resources to Westerners without any matching development coming into the country for our people. We are a country under Western economic sanctions, and to have London-based firms presiding over our national assets is suicidal . . . it's playing into the hands of the enemy and recreating the whole cycle of colonization. "For example, the proposition being made is centred on creating viability for Hwange through increased production and new machinery but the question is for whose ultimate benefit?

"The national priority right now, as enunciated by President Mugabe in the manifesto of the ruling party, is industrial viability coupled with community development in the form of the Indigenisation and Economic Empowerment Act culminating in Share Ownership Schemes for the workers and the community. We have to avoid a situation where five years down the line, a London-based consultancy has made billions from our resources, the coal fields are exhausted, Hwange becomes a ghost town but there is no evidence of an equally empowered community as evidence that we once owned that resource. This whole deal is flying in the face of our indigenisation drive." Deputy Foreign Affairs Minister Ambassador Christopher Mutsvangwa said Mr van Hoogstraten wanted to capitalise on brighter prospects for coal exports to overseas markets in light of the new railway line linking the Moatize coal basin in western Mozambique with the northern port at Nacala-a-Velha, passing through Malawi. It will start operating by September 2014. Ambassador Mutsvangwa said Mozambique would soon become a gateway for Zimbabwe coal exports, particularly to Asia. "The prospects of exporting coal to energy-starved markets in now real due to the real value being created by Mozambique," said Ambassador Mutsvangwa in an interview. "He wants to be seen like 'Father Christmas' but he is not. "He wants to enjoy the development dividend (created by Mozambique at the expense of Zimbabwe) for a US$50 million loan." clause in the proposal that has got worker representatives at Hwange Colliery seething with rage is that the new management would study and decide on the level of engagement with workers on a needs and skills basis and come up with new contracts.

'It is very clear that the whole deal is being dominated more by commercial interests than human welfare," said one worker. "When private individuals take over management control of huge companies like Hwange, the priority is viability through job cuts. "As workers, we have dedicated many years of loyal service here and we have been hopeful that some form of employee share ownership scheme could suffice to guarantee the future of our children. "But the new structure in the proposal will not be interested in loyalty, it is most likely that focus will be on amassing as much of profits as possible during the five-year period of exclusive control and what becomes of the 3 500 workers, nobody knows." An investment analyst suggested Government could raise its stake by converting some of the statutory loans into shares.
"What is lacking is the Government control and that is why most resolution gets blocked unnecessarily," said the analyst. Hwange Colliery is Zimbabwe's primary source of the best quality coal accounting for the energy needs of major sectors such as beer manufacturers, power generators, among others strategic industries driving the economic performance of the country. Despite the serious capital constraints affecting the performance of the coal concern, economic analysts have warned solutions must not be rushed into without taking a full stock of their long-term ramifications on the fabric of national development. *(Herald)*

Econet Wireless Zimbabwe has revealed that it has invested $1.2 billion in the Zimbabwean economy since the country's largest telecommunications company was started 15 years ago, with at least $1billion of that amount spent in the last five years alone. Announcing the investment figures, the company's CEO Douglas Mboweni also said more than 50 000 direct and indirect jobs had been created, more than 20 000 small businesses had been sustained by the company and in excess of 25 000 young people are now employed selling airtime and other services. Mr. Mboweni said the investment by Econet, even in the face of economic challenges in Zimbabwe, was a demonstration by the Zimbabwe Stock Exchange-listed company of its commitment to the country's economic future. This year alone, Econet will have spent $180 million on further capital investments, he said. Making an impassioned appeal to other companies to follow Econet's example to invest in Zimbabwe, Mr. Mboweni said Econet's expansion had created capacity to provide telecommunication services to more than 8.5 million customers. As a result of Econet's investment, Zimbabwe now had the highest number of people accessing banking services via the mobile phone in Africa after Kenya, following the introduction of EcoCash. Discussing the impact of the business over the last 15 years of its operations, Mr. Mboweni said Econet had paid government $815 million in taxes, fees, and duties. This amount includes $137.5 million which has been paid in full to the government over the last few months to renew Econet's licence. Shareholders of the company, who are the largest group on the Zimbabwe Stock Exchange, had received more than $190.5 million in dividends and share buy backs, he said.

Mr. Mboweni said Econet was also the mainstay of the Zimbabwe Stock Exchange, stating that "more shares are traded in Econet than any other company and we are the main vehicle by which foreign investors are still investing in the country, by way of the stock exchange." On employment creation, Mr. Mboweni said the number of direct and indirect jobs had not only been provided by Econet, but also by its suppliers, dealers, vendors, as well as construction firms contracted by the company. "We are the biggest empowerment company, and the biggest 'empowerer' of others in the economy of Zimbabwe," he said. Mr. Mboweni said the company was "working flat out, to help the country, stimulate economic revival. We are working hand in hand with government, to help our country get back on its feet". He said the key to Econet's success from its inception, was based on its tireless efforts to ensure that Zimbabweans enjoy world class services in telecommunications. "No matter the conditions prevailing, we have never given up in our responsibility to ensure our people get access to the latest, most advanced facilities," he said. "Today, we are second only in the region when it comes to the number of people who have access to telecommunications. And when it comes to Internet access, a higher percentage of Zimbabweans now have access via their cell phone. Mr. Mboweni said according to the GSMA sub-Saharan Africa Mobile Observatory Report issued in November 2012, Zimbabwe mobile accounts for over half of all web traffic at 58.1% compared to a 10% global average. "The majority of Internet access in Zimbabwe is due to investment by Econet," said Mr. Mboweni. "Zimbabwe is now second only to Kenya in terms of the percentage of its population that uses mobile banking. All this is provided by Econet. We are not going to stop trying to serve our community, despite what has at times been a very difficult environment because of factors like sanctions," said Mr. Mboweni.

On the $1.2 billion in investment, Mr. Mboweni said: "For a cellphone to work, it is not because of SIM cards, or steel towers, but a massive investment in equipment, which people cannot see. This year alone we will spend $180 million on capital investments for the business." The Econet CEO called on other Zimbabwean businesses to emulate his company to continue investing in Zimbabwe. "We cannot afford to give up, as business people we have to do everything possible to mobilise investment, and to find innovative solutions, for everything we do," he said. *(Bulawayo24)*

Platinum mining giant Zimplats recorded an operating profit of US$39,8 million for the quarter ended September 30, 2013 representing an 84 percent increase over the same period last year. Revenue for the quarter was US$145,5 million, an increase of 56 percent from the prior year, while operating costs were up 47 percent from last year. "An increase in the revenue generated was a result of price adjustments on pipeline sales made at year-end (June 2013) which consequently pushed operating profit upwards." During the period under review, production from mining activities went up 7 percent from the same period last year while from the previous quarter it increased by 6 percent mainly because of the introduction of production fleets at Mupfuti Mine. "Mining production for the period was 6 percent higher than in the previous quarter following the introduction of two fleets at the Mupfuti Mine in the quarter and they achieved design capacity on schedule of 20 000 tonnes per month in October. "Design of the new mine remains on schedule to reach design production in early 2015," the company said in a statement.

Zimplats, however, said production at Bimha Mine went down by 21 000 tonnes from the previous quarter due to effects of a shear zone (Mutambara shear) which is impacting mining operations. The company added that implementation of identified stabilisation measures was progressing well while other contingency plans are also being implemented to avoid any ore shortages. Zimplats also indicated that its local spend, exclusive of payments to Government and related institutions, remained unchanged at US$42 million, while it paid US$32 million to Government in direct and indirect taxes, 7 percent higher than prior quarter. This is largely as a result of an increase in withholding tax on foreign services, royalties on metal sales and withholding taxes on technical fees received from the operating subsidiary. The company added that their tax penalty appeals and the review of interest on the prior years' tax liabilities are still pending finalisation in the courts, while payment of the prior years' tax liabilities has continued in terms of the agreed plan. Zimplats also said work is in progress in terms of the company's indigenisation plan. "Our indigenisation plan will now be reviewed by the new Minister of Indigenisation and these discussions will also include further engagement on the previously announced land acquisition by Government," said the company.*(Herald)*

MIMOSA Platinum plans to set up a smelting plant at its Zvishavane mine, an official said without disclosing financial details of the plan. "Plans are already at an advanced stage to establish a smelting plant and I am pretty sure we will be part of the pioneering process," said Mimosa executive director, Herbert Mashanyare recently. It will be the second such plant in Zimbabwe, after the one owned by Zimplats at the Selous Metallurgical Complex, which also holds a concentrator. Mashanyare said Mimosa, which is jointly owned by South African miners, Implats and Aquarius Platinum was also considering starting generating electricity from platinum using technology already in use in South Africa. "The technology is there in South Africa and it is a possibility that we can import that technology," he said. He refused to discuss the financial details. Anglo Platinum, which owns Unki Platinum mine near Shurugwi is pioneering the use of platinum-using fuel cells to generate electrical energy. South Africa holds 75 percent of the world's platinum reserves with Zimbabwe holding the second largest reserves. Mimosa, along with Zimplats and Unki, are also in discussions to set up a refinery in the country which would likely cost $3 billion. Mashanyare said two refineries are needed; one for base metals which separates nickel, copper and cobalt and a precious metals furnace which separates nine different metals including platinum, palladium, gold and rhodium. *(New Zimbabwe)*

CENTAR, a company founded by former JP Morgan Chase & Co merger adviser Ian Hannam, has won regulatory permission to mine in Zimbabwe in a venture with Meikles Ltd. Approval from the Competition and Tariff Commission was received this month, Andrew Lane-Mitchell, company secretary for Harare-based Meikles said in a written response to questions. The venture will be established by the end of March, he said. "The two mining ventures will be concluded by the end of the group's financial year end," Lane-Mitchell said. "At this stage we cannot comment any further," he said, without specifying what the company will be mining. Centar, based in Guernsey, was founded in 2011 to mine gold in Afghanistan. Hannam, who advised on the combination of Xstrata Plc and Glencore International Plc, left JPMorgan last year. Hannam, JPMorgan's chairman of equity capital markets, stepped down in April 2012 to appeal a decision by the U.K.'s Financial Services Authority to fine him $721,000 for market abuse. He e-mailed a potential customer in 2008 with details of a bid for his client Heritage Oil Plc, as well as news of an oil find, the FSA said. Hannam said in a statement at the time that he would appeal and planned to continue his financial career after the dispute was over. Zimbabwe has the world's second-biggest reserves of platinum and chrome as well as deposits of coal, gold, iron ore and nickel. Meikles runs hotels and supermarkets. *(New Zimbabwe)*

Economic News

Zimbabwe's government is determining how to structure the sale of the country's first international bond and is seeking advisers as it aims to raise financing to fund mining development, Walter Chidakwa, the country's mines minister, said. Chidakwa said he will meet with Finance Minister Patrick Chinamasa to discuss the plan ahead of the release of the country's budget, scheduled for next month. "We haven't worked out how much we are going to raise and who is actually going to work in putting together the bond," Chidakwa said in an Oct. 26 interview at Mimosa platinum mine near Zvishavane, 299 kilometers (186 miles) southwest of the capital, Harare. On Oct. 10 Chidakwa told an industrial conference in Bulawayo, the country's second-biggest city, that the government was considering a bond sale to create a fund to finance mining. The government of Zimbabwe, which has the world's second-biggest platinum and chrome reserves, is compelling mining companies to sell or cede 51 percent of their local assets to black citizens of the country or the state. Companies including Rio Tinto Plc (RIO), Mwana Africa Plc (MWA) and Anglo American Platinum Ltd. (AMS) dig minerals and metals ranging from diamonds to gold and platinum in Zimbabwe. Mimosa is an equally owned venture between South Africa's Impala Platinum Holdings Ltd. (IMP) and Aquarius Platinum Ltd. (AQP) The platinum industry needs as much as $5.3 billion if it is to expand to produce more than 500,000 ounces of the metal and to construct precious and base metal refineries, the Platinum Produces Committee said in a report this month. Production is forecast at 365,000 ounces this year, according to the group, which represents Impala, Anglo American Platinum and Aquarius. Chidakwa declined to comment further on the planned bond. *(Bloomberg)*

ZIMBABWE earned US$1,38 billion from mineral exports in the nine months to September 2013 largely driven by sales of gold and platinum, official figures from the Chamber of Mines of Zimbabwe show. However, the figures do not include exports of diamonds, which earned the country US$684 million last year. It means the country earned more from minerals than industry figures have indicated. Gold contributed the biggest chunk of the export inflows after US$483 million worth of the bullion was sold while platinum exports totalled US$424 million during the period under review. According to the Chamber of Mines monthly production report, a total of 10,4 tonnes of gold were produced during the period while 9,8 tonnes of platinum were also mined and exported. Other notable exports were recorded in nickel, which brought in US$111,9 million, high carbon ferrochrome US$72,5 million, coal US$47,2 million, copper US$33,2 million, palladium US$153 million, rhodium US$25,2 million, iridium US$7 million and graphite US$3 million. A total of US$939 million from the export of minerals in the six months to June 2013 with gold and platinum contributing the most earnings at US$329 million and US$292 million respectively. Considering that Zimbabwe is generally under- explored and holds the second biggest known deposits of platinum, the country has potential to earn significantly more from mineral exports.

Zimbabwe is host to more than 40 mineral occurrences with all the country's provinces endowed with at least one mineral, the reason why it has the highest per capita resource ratio. The mining sector, which accounts for 50 percent of exports, has been officially declared by Government as the centrepiece of Zimbabwe's economic growth in the short to medium term. It has also grown to become the biggest contributor to Gross Domestic Product, marginally overtaking agriculture at 16,7 percent in 2012 and is seen maintaining this position beyond 2018. While the sector is expected to underpin the country's economic growth at least in the short to medium term, a plethora of challenges are militating against unhindered growth of the sector. The challenges include shortage and inconsistent power supply, high cost of labour and other utilities, shortage and inadequate water supplies, a number of mining charges, fees and royalties. Mining companies in Zimbabwe also face serious challenges in terms of access to affordable lines of credit considering that mining is a generally capital intensive business. Zimbabwe is reeling from choking liquidity constraints after enduring a decade of economic recession due to the negative impact of illegal sanctions imposed on the country by Western countries after the country repossessed land from white farmers for equitable distribution among locals. *(Herald)*

Zimbabwe is set to resume gold refinery next month in preparation for re-admission to the London Bullion Marketing Association, sources have said. Fidelity Printers and Refinery, a State-owned firm, ceased operations in 2007 after gold output hit a record low of three tonnes in eight years. Since then, Zimbabwe has been sending its bullion for refinery and marketing to Rand Refinery of South Africa. "If everything goes according to plan, Fidelity will resume operations next month, but even after refining it locally, we still have to market it through Rand Refinery until we are re-admitted to the LBMA," said one source. We need to do that (refining) for three years before we can make an application for our re-admission to the LBMA." For a country to be re-admitted to the LBMA, it has to produce a minimum 10 tonnes per year. The LBMA cancelled Zimbabwe's membership in 2008 after it produced only three tonnes of gold. In the nine months to September this year, gold output rose 29 percent to 10,4 tonnes from the previous comparable period, earning the country US$483 million, the Chamber of Mines said. Last year, gold production was 14 743kg, earning the country US$1,9 billion. Zimbabwe is targeting 17 tonnes of the yellow metal this year, but may fall of the target due to the fall in international prices. At its peak, Zimbabwe produced 27 tonnes in 1999. Gold prices have fallen more than 20 percent this year to about US$1 350 per ounce. *(Herald)*

NAMIBIA power utility, Nampower, is expected to invest nearly $180 million to finance expansion projects at Harare and Bulawayo thermal power stations. According to the Zimbabwe Power Company — a unit of State-owned power company, Zesa, Nampower has expressed keen interest in increasing generation capacity of the two power stations to 120MW as the country continues to grapple with power outages. "The Namibian Power generation unit, Nampower, has once again shown interest in partnering with Zimbabwe to improve the local power situation. In August this year, a delegation from Namibia visited Zimbabwe Power Company and expressed their interest in funding the Harare and Bulawayo projects," ZPC said. "It will take about 24 months to complete. Harare Power Station will have a firm capacity of 120MW from the current 50MW, while Bulawayo's firm capacity will increase from 30 MW to 90 MW." The repowering project will see the replacement of the current boiler technology with a circulating fluidised bed which was more efficient and cost effective. The Harare repowering project, according to ZPC, went to tender earlier this year and was currently in the adjudication process. "Harare power station is strategically located to supply power directly to industry in Harare and of late its dependable capacity had declined due to problems on the machines. This meant a gap had emerged thereby creating a deficit of power. The coming in of TA/2 with 30MW will help to reduce the power deficit currently affecting the nation and will ensure a dependable capacity to industries in Harare," ZPC managing director Noah Gwariro said. Nampower is a strategic partner to Zimbabwe and in 2007 funded the $40 million refurbishment of Hwange Power Station. The power station, according to ZPC, now has all six units running and was generating 600MW out of its installed capacity of 920MW. The Nampower debt, according to Zesa was expected to be cleared later this month. Zesa has been clearing that debt through power exports to Nampower. Zimbabwe has a daily peak demand of 2200MW against supply of 1 200MW. Turning to the expansion of

Kariba hydro power station, Gwariro said the design review was in progress while the final report was expected by month end. *(News Day)*

Government will address the issue of funds taken from various companies' Foreign Currency Accounts by the Reserve Bank of Zimbabwe at the height of the country's economic challenges in the 2014 National Budget, Finance Minister Patrick Chinamasa said yesterday. Speaking at an interactive session with policy makers in Harare yesterday, Minister Chinamasa said these debts and other fiscal debts were now the responsibility of Government and would be addressed adequately. "All fiscal and quasi-fiscal debts that were accrued by the RBZ have to be cleared, that includes all the money that was taken from the FCAs. Treasury will assume legal responsibility for all those debts so that we can restore confidence in the financial services sector. We need to restore the RBZ's mandate as a central bank and lender of last resort," he said. According to the RBZ, the money was taken to fund critical national obligations at a time the economy was haemorrhaging due to the effects of illegal Western sanctions. The decision to address the issue comes at a time when the Supreme Court recently awarded a judgment in favour of a Chinese firm, China Shougang International, which was suing Standard Chartered Bank over US$47 739 taken by the RBZ from its FCA. Central bank officials and those from Standard Chartered Bank will also appear at the High Court, accused of misappropriating an estimated US$500 000 from the Zimbabwe Aids Network which was transferred to the RBZ in 2008. The High Court in June also ordered the central bank to return over US$1 million to Trojan Nickel Mine firm, whose funds were taken through its BancABC account.

Minister Chinamasa said paying off the foreign currency debt was one of the measures that Government was taking to make sure that the economy takes off. He said his ministry was in the process of engaging creditors to verify what the country's actual debt is and find ways to deal with it. "In the past we would avoid creditors but now we are engaging them openly and we have told them that while Zimbabwe has no capacity to service those debts, we need new money to help us broaden our tax base and be able to start servicing the debts," he said.
He said the biggest challenge the country faced was lack of self-confidence which was preventing foreign investors from making a commitment in the country. He said Zimbabweans were speaking negatively about the country instead of working towards rebuilding the country's image. "How do we expect investment if we are speaking badly about the country to possible investors? It is important that we address the issue of country risk which is determined by what we say about ourselves to other people. It can determine investor perception," he said. He said the reason why most loans got to the borrower at high rates was because multilateral financial institutions always added 6-7 percent country risk on the loans they gave to local institutions who also had to add their interest. This, he said, resulted in local people accessing money at 15-30 percent interest. Minister Chinamasa said he would take business people and bankers on most of his ministry's trips to other countries so that they could forge relationships with investors in those countries and make way for Public Private Partnerships. He said Government would engage partners for most big projects which needed intensive funding and encouraged the private sector to link up with foreign investors and take up big projects that would be put up for bidding "Every good project, be it in energy, roads, railways, will be put to PPPs as long as there is a taker and we agree on the terms of the partnerships," he said. *(Herald)*

An International Monetary Fund (IMF) team is expected to arrive in Zimbabwe next week as part of a Staff Monitored Programme (SMP) to examine the implementation of the country's economic programmes. This is the first visit by the Bretton Woods institution since President Robert Mugabe and his ruling Zanu-PF won a landslide victory at July 31 polls, which ended an inclusive government in which the party was sharing power with two MDC formations led by former prime minister Morgan Tsvangirai and former industry minister Welshman Ncube. Former finance minister Tendai Biti, a member of the MDC formation led by Tsvangirai, was responsible for engagement with the IMF during the inclusive government. Patrick Chinamasa, who took over the government portfolio, has said he would maintain relations. The IMF managing director, Chritine Lagarde, approved an SMP for Zimbabwe in June covering the period from April to December 2013. An SMP is an informal agreement between country authorities and IMF staff. SMPs do not entail financial assistance or endorsement by the IMF Executive Board. "An SMP is an informal agreement between country authorities and Fund staff to monitor the implementation of the authorities' economic program. SMPs do not entail financial assistance or endorsement by the IMF Executive Board. This is Zimbabwe's first IMF agreement in more than a decade," a June statement by the IMF said. The statement was issued by the multilateral funder before Zanu-PF formed the current government. It would appear the staff visit is meant to recalibrate economic targets with the new government and agree on the way forward in terms of policies implemented when Biti was still in government.

"The SMP focuses on putting public finances on a sustainable course, while protecting infrastructure investment and priority social spending, strengthening public financial management, increasing diamond revenue transparency, reducing financial sector vulnerabilities, and restructuring the central bank." "In particular, fiscal consolidation efforts aim to move the primary budget balance from a deficit in 2012 to a small surplus in 2013, helping start what should be a gradual rebuilding of fiscal buffers and international reserves. "A decline in commodity export prices, financial sector stress, and uncertainties related to the election year, however, pose some of the risks to the program," said the IMF. The IMF has noted that Zimbabwe made considerable progress in stabilising the economy since the end of hyperinflation in 2009. GDP grew by an average of over seven percent and inflation has remained in the low single digits, thanks largely to the multi-currency system. Government revenues more than doubled from 16 percent of GDP in 2009 to an estimated 36 percent of GDP in 2012, allowing the restoration of basic public services. But it said the economic recovery had been accompanied by very large current account deficits in recent years, while international reserves remained very low, at around one week of imports.

"In 2011 and 2012, sizeable public sector salary increases crowded out spending in key areas. Those increases, combined with significantly lower-than-expected diamond revenue in 2012, resulted in fiscal stress, including the accumulation of domestic payments arrears, which necessitated significant adjustment in the second half of 2012. In addition, rapid credit growth combined with slow implementation of financial sector reforms, has exacerbated financial sector vulnerabilities," it noted. It warned that the strong rebound seen after the end of hyperinflation appeared to have run its course. "GDP growth has moderated from over 10 percent in 2011 to an estimated 4,5 percent in 2012, with marginally better growth projected for 2013, as mining output expands. Going forward, sustaining high growth will require determined efforts at economic reform. In this regard, the SMP already envisages important reforms in public financial management, financial sector regulation, and other areas. The IMF expressed concern over Zimbabwe's external debt which it said was "high and largely in arrears, cutting off the country from access to most external financing sources". "In particular, Zimbabwe remains unable to access IMF resources because of its continued arrears to the Fund. ? strong track record of maintaining macroeconomic stability and implementing reforms, together with a comprehensive arrears clearance strategy supported by development partners, will be essential for resolving Zimbabwe's large debt overhang."The Financial Gazette's Companies & Markets understands that debt clearance was among key talking points on Zimbabwe during the recent WB/IMF spring meetings attended by Chinamasa. When the IMF staff arrive in the country next week, they will be confronted by worsening economic fundamentals than they encountered last year. Company closures have escalated and the country's economic and political crises have become dangerously intertwined. Since the IMF's visit last year, the economic situation has deteriorated, with only 10 out of the 74-companies listed on the Zimbabwe Stock Exchange in good shape while over 700 companies have collapsed, a situation that signifies the importance of the SMP. A Confederation of Zimbabwe Industries' manufacturing sector survey released last month revealed that capacity utilisation in the manufacturing sector slid by 5,3 percentage points to 39,6 percent this year, compared to 44,2 percent in 2012. *(Bulawayo24)*

TOTAL after tax profit for local banks reporting half-year results for the year ending June declined to $52 million from $63 million following an agreement to lower bank charges, a local brokerage and advisory firm has reported. According to the MMC Banking sector survey for the period under review, the signing of a Memorandum of Understanding putting a cap on bank charges and interest rates in February affected profitability in the financial services sector as bankers engaged the central bank over the matter. Financial reports for thirteen (13) Commercial banks, three (3) Building Societies and one (1) Savings bank were analysed in this report. "Total profit after tax for the reporting banks amounted to $52,1 million for the half year ending 30 June 2013 relative to $63,3 million in 2012. The deterioration in earnings was partly due to the Memorandum of Understanding (MoU) which took effect on the 1st of February 2013," read the report in part. "The signing of the MoU with the central bank resulted in banks taking a knock in non-funded income. Historically, Non-funded income has been the major contributor to most banks' revenue and the MoU was a major blow to the top line. Yields on assets were capped whilst the cost of funds was growing. For most banks, Interest expense has been growing ahead of interest income, tightening the margins." This came as most banks have embarked on growing their e-banking transactional activities in a bid to restore the lost revenues. E-banking channels are cheaper than the traditional channels and the growth in e-banking-related transaction reduces costs. Cost to income ratio, according to the survey, remained relatively flat at 72%. Total banking assets grew by 19% from $4,35 billion as at June 2012 to $5,16 billion as at June 2013. "The outlook for the economy remains fraught with uncertainty as the national savings rate has been declining and is faced with heightening headwinds. Liability gathering is likely to prove to be a challenge as low income growth and weak investor confidence will militate against deposit mobilisation from the unbanked population. As the dust which was caused by the MoU is yet to settle, the introduction of the EcoCash Save, in our view, is likely to be another game changer going forward," the report added. *(News Day)*

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