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:

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	Index	8-Dec-17	15-Dec-17	Local	USD	31-Dec-16	Local	USD
Botswana	DCI	8888.81	8850.43	-0.43	0.54	9700.71	-8.77	-6.37
Egypt	CASE 30	14294.73	14651.42	2.50	2.09	12344.00	18.69	20.68
Ghana	GSE Comp Index	2508.53	2533.91	1.01	1.24	1689.09	50.02	40.86
Ivory Coast	BRVM Composite	223.62	224.00	0.17	-0.62	292.17	-23.33	-17.79
Kenya	NSE 20	3750.53	3707.76	-1.14	-1.27	3186.21	16.37	14.50
Malawi	Malawi All Share	21480.88	21480.98	0.00	-0.01	13320.51	61.26	60.14
Mauritius	SEMDEX	2164.19	2155.74	-0.39	-0.16	1808.37	19.21	21.70
	SEM 10	410.53	410.10	-0.10	0.13	345.04	18.86	21.34
Namibia	Overall Index	1196.92	1198.44	0.13	2.23	1068.59	12.15	14.91
Nigeria	Nigeria All Share	39257.53	38436.08	-2.09	-2.08	26874.62	43.02	20.39
Swaziland	All Share	406.45	406.45	0.00	2.10	380.34	6.86	9.49
Tanzania	TSI	3862.32	3863.34	0.03	5.38	3677.82	5.04	4.58
Zambia	LUSE All Share	5347.15	5343.61	-0.07	5.16	4158.51	28.50	28.12
Zimbabwe	Industrial Index	335.97	328.44	-2.24	-2.24	145.60	125.58	125.58
	Mining Index	132.79	141.47	6.54	6.54	58.51	141.79	141.79

CURRENCIES

	8-Dec-17	15-Dec-17	WTD %	YTD %
Currency	Close	Close	Change	Change
BWP	10.36	10.26	-0.97	2.62
EGP	17.79	17.86	0.39	1.67
GHS	4.52	4.51	-0.22	-6.10
CFA	575.25	579.83	0.80	7.22
KES	103.11	103.25	0.14	-1.61
MWK	715.92	716.01	0.01	-0.69
MUR	33.97	33.89	-0.24	2.09
NAD	13.60	13.32	-2.06	2.46
NGN	360.04	359.99	-0.01	-15.82
SZL	13.60	13.32	-2.06	2.46
TZS	2245.25	2131.16	-5.08	-0.44
ZMW	10.35	9.84	-4.97	-0.30

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's national budget recorded a cumulative surplus of 100 million pula ($10 million) half way through the 2017/18 fiscal year, but was still expected to record a full year deficit. The southern African nation's central bank said it received more mineral revenues than expected in the six months to September, resulting in a surplus. Botswana recorded a deficit of 1.7 billion pula by the same time last year. The country's fiscal year runs from April to March. A budget deficit of 6.5 billion pula was forecast by Finance Minister Kenneth Matambo in February. The deficit is seen widening to 8 billion pula in the 2018/2019 fiscal year leading to cumulative budget gap of 15 billion pula by 2020, the ministry of finance has said. *(Reuters)*

The Botswana Stock Exchange (BSE) on Wednesday listed a 250 million pula ($25 million) bond for the International Finance Corporation (IFC), the exchange's first local currency bond issued by a non-resident issuer. Through the bond, the IFC, a member of the World Bank Group, will invest the 250 million pula in BBS Limited, a 41-year old building society in the process of demutualizing and converting into Botswana's first homegrown commercial bank."The long-term funding will support the transformation of the (building) society into a full-service commercial bank financing underserved clients, including small and medium enterprises," IFC Regional Director for Africa Oumar Seydi said. The IFC investment in BBS is a senior loan, Seydi added. *(Reuters)*

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Egypt

Corporate News

No Corporate News This Week

Economic News

Foreign investment in Egyptian securities hit $19 billion as of December 6 since the flotation of the pound currency in November 2016, Finance Minister Amr El Garhy said. Egypt floated the pound as part of a $12 billion International Monetary Fund loan aimed at reviving its economy which has struggled since a 2011 uprising. The central bank since November 2016 has raised key interest rates by 700 basis points, generating appetite for Egypt's debt. *(Reuters)*

Egypt's inflation rate is expected to drop to 20 percent in January and to 13-14 percent by August, Finance Minister Amr El Garhy said on Sunday. Egypt's annual urban consumer price inflation fell to 26 percent in November from 30.8 percent in October, the official statistics agency CAPMAS said on Sunday. Inflation has soared since the country floated the pound currency in November last year, slashing its value by half. *(Reuters)*

Russian state nuclear company Rosatom said on Monday a power station it will build in Egypt will cost up to $21 billion and is expected to be finished by 2028-2029. Russian President Vladimir Putin and his Egyptian counterpart Abdel Fattah al-Sisi will sign an agreement on the project on Monday, the Kremlin said. Moscow and Cairo signed an agreement in 2015 for Russia to build a nuclear power plant in Egypt, with Russia extending a loan to Egypt to cover the cost of construction. Rosatom Chairman Alexei Likhachyov said the loan would cover 85 percent of the construction costs and the company would service the plant's four reactors for 60 years. *(Reuters)*

Moody's Investors Service, ("Moody's") has today's affirmed the B3 local-currency long-term deposit ratings of the three government-owned banks, National Bank of Egypt SAE (NBE), Banque Misr SAE (BM) and Banque du Caire SAE (BdC) while upgrading their respective standalone baseline credit assessments (BCAs) to b3 from caa1. Concurrently, the agency has affirmed the B2local-currency long-term deposit rating of Bank of Alexandria SAE (Alex Bank) and B3 local-currency long-term deposit rating of Commercial International Bank (Egypt) SAE (CIB), as well as their b3 BCAs. The primary driver for the upgrade of the government-owned banks' BCAs is the improvement in the Egyptian operating environment, with better growth prospects, stronger institutions and lower political risk, which will support the solvency of the banks. The improving trends in operating conditions was captured by Moody's in an increase in Egypt's macro profile score, to "Very Weak +" from "Very Weak", which in turn pushed up the government-owned banks' BCAs to b3 from caa1. The affirmation of their local currency deposit ratings at B3 balances the banks' improved standalone profiles against the B3 rating of the government, to which the banks are heavily exposed -- primarily in the form of government security holdings -- and which constraints their ratings at that level. The primary driver for the affirmation of the BCAs and all ratings of Alex Bank and CIB is their significant exposure to the government. The b3 BCAs and all ratings of Alex Bank and CIB were affirmed despite the improved operating conditions, as their standalone ratings are already at the government's rating level. CIB's local currency deposit rating is also constrained by the government's rating and was affirmed at that level, while Alex Bank benefits from a one-notch rating uplift due to Moody's affiliate support assumptions and its local currency deposit rating was affirmed at B2. Alex Bank is primarily owned and controlled by Intesa Sanpaolo S.p.A. (Intesa, long-term deposits rating: A3 negative, senior unsecured debt rating: Baa1 stable, BCA: baa3).

The banks' Caa1 foreign-currency long-term deposit ratings, which are constrained by the country's foreign-currency deposit ceiling, as well as their Not Prime short-term deposit ratings have also been affirmed. The outlook on the long term deposit ratings remains stable. The primary driver for the upgrade of the government-owned banks' BCAs to b3 from caa1 is the improvement in the Egyptian operating

environment (as captured by an increase in Egypt's macro profile score), while their local currency B3 deposit ratings were affirmed, constrained by the government's own rating of B3. The b3 BCAs and all ratings of Alex Bank and CIB were affirmed despite the improved operating conditions, as their standalone ratings are already at the government's rating level. CIB's local currency deposit rating is also constrained by the government's rating and was affirmed at that level, while Alex Bank benefits from a one-notch rating uplift due to Moody's affiliate support assumptions and its local currency deposit rating was affirmed at B2. The improving operating environment prompts change in macro profile. Today's ratings actions incorporate the improvement in the operating environment, mainly better economic growth prospects, higher institutional strength and lower political risk which will provide the banks with a stronger footing to grow their business. These improvements prompted the rating agency to change the macro profile assigned to banks operating in Egypt to "Very Weak +" from "Very Weak". Egypt's "Very Weak +" macro profile score takes into account downside risks related to currency volatility, which pose asset quality and profitability risks, as well as weaknesses in the country's loan recovery and foreclosure framework. For a detailed analysis of Egypt's macro profile please click on the following link: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1100869.

The upgrade of National Bank of Egypt SAE's, Banque Misr SAE's and Banque du Caire SAE's BCAs is driven by Moody's expectation that the banks' solvency and funding positions will continue to benefit from the improvement in the operating environment. Despite modest capitalization levels (shareholder's equity to total assets around 6.5%), compared with rated domestic peers (around 10%), NBE and BM have enhanced their solvency as the quality of their loan books has considerably improved in recent years, with the ratio of non-performing loans (NPLs) to gross loans declining to below 4.0% based on most recent numbers provided by the banks, from above 10% in 2014. Provision coverage against NPLs is relatively high with the ratio of loan loss reserves to NPLs above 100%. BdC's solvency will benefit further from the initial public offering planned for 2018, which will increase its capital. Their b3 BCAs also incorporate these banks' high profitability, with return on assets above 1.4%, as well as their strong funding profiles and high liquidity buffers, with the ratio of liquid assets to tangible banking assets above 50%. The rating action also reflects these banks' high exposure to the government, with investments in government securities ranging between 40% - 43% of their asset base according to the most recently available financial statements which remains a key concentration risk rendering the banks' vulnerable to sovereign credit strength and linking their credit profiles with the sovereign's. The ratings affirmation reflects Moody's expectation that CIB's and Alex Bank's performance will remain strong and that their financial fundamentals, mainly asset quality and capitalization metrics, will benefit from the improvement in the operating environment. CIB and Alex Bank maintain higher-than-peers NPLs but benefit from thicker capital buffers and cash provisions, strong earning power, stable mainly deposit-based funding structures and high liquidity buffers.

The shareholder's equity to total assets ratio for CIB was 9.4% and the Basel III leverage ratio was 7.7% as of September 2017. Alex Bank's corresponding ratios were 11.18% and 8.37%. The two banks' NPL ratios were 6.9% and 5.5% respectively; while their coverage ratios were high at 155% and 159%, buffering them against unexpected losses. As of September 2017 CIB's reported annualised return on assets was 2.6% and Alex Bank's 3.81%. Deposits funded 88% of CIB's assets while the ratio of liquid assets to tangible assets was a high 49%. The corresponding ratios for Alex Bank were 82% and 56%. Nevertheless these banks' standalone credit profiles are highly correlated with the government's owing to their high exposure to Egyptian government securities. This high concentration makes them vulnerable to sovereign credit risk and constrains their ratings. As of September 2017, around 17% of Alex Bank's and 44% of CIB's assets were invested in Egyptian government securities. While the deposit rating of CIB is constrained by the Egyptian government's rating of B3, Moody's methodology allows for the deposit or bond rating of a bank to be positioned higher if support is expected from a stronger foreign affiliate, which is the case with Alex Bank. Alex Bank's affirmation of its B2 local currency deposit rating is derived from a BCA of b3 and one notch of affiliate support uplift, reflecting Moody's assessment of a Moderate probability of support from its high-rated foreign parent, Intesa. The one notch uplift reflects Intesa's controlling 70.25% ownership stake in Alex Bank, the clear association of Alex Bank with the Intesa brand and the long dated commitment of Intesa to its Egyptian subsidiary. The Moderate support assumption also considers the high-risk Egyptian environment reflected in the B3 Egyptian government bond ratings. *(Moody's)*

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Ghana

Corporate News

Access Bank Ghana shareholders have approved a programme of capital raising via bonds and rights issues worth 450 million cedis ($100 mln), the bank said on Tuesday. This would include a 300 million cedi rights issue and a bond issue worth 150 million cedis, the bank said. The move was in response to new requirements by Ghana's central bank that banks meet a stricter minimum capital requirement by the end of December next year. *(Reuters)*

Economic News

Ghana consumer price inflation was roughly flat at 11.7 percent in November, compared with 11.6 percent in October, the statistics office said on Wednesday. *(Reuters)*

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Kenya

Corporate News

Safaricom has announced that its high-speed 4G network is now available in all 47 counties with the number of customers enjoying the service now standing at one million. The telecom provider said its multi-billion shilling investment in the high speed network since its launch in December 2014 had seen the business achieve 1,400 4G sites, covering over a third of the country's population. Around 224 of these sites use the enhanced 4G+ technology, allowing customers achieve speeds in excess of 150 Megabits per second on the data-enabled devices. "The country has consistently stood out as a global innovation powerhouse and a leader in global mobile technology adoption," said Joseph Ogutu, Safaricom's director for strategy. "This milestone further cements Kenya's position and establishes a strong foundation for future innovation." Kenya's telephony market evolved over the past five years, with customers making less voice calls but using more data, forcing service providers to adapt in order to secure their revenues. Safaricom, which controls up to 71.2 per cent of Kenya's telcoms market, has been leading the charge, having been offering the 4G service to its customers for three years now. Competition in this space is growing, the latest being Jamii Telecom Limited's recent launch of its 4G proposition, offering data at prices relatively cheaper than what is in the market. *(Daily Nation)*

Listed telco Safaricom has introduced voice biometric system aimed at reducing fraud and helping its customers to reduce cases of identity theft. The system, dubbed Jitambulishe, will allow customers to access Safaricom services such as resetting M-Pesa PIN and PUK requests through a faster and less intrusive vetting process. The system aims to cut down the number of steps a customer goes through before they are assisted, significantly reducing time spent while seeking customer services. A pre-recorded registration process will be done by the telco to make the feature functional. Voice patterns Safaricom's system will capture customer's voice patterns to create a unique "voiceprint and store it as a secure string of numbers and characters, attributes that will help identify and verify callers when they reach out for customer care". "We are redesigning our customer care approach to remain in line with shifting trends in the market and to take advantage of emerging technologies. The introduction of voice biometrics will be a major step towards reducing fraud and identity theft, providing us with ways to serve our customers even better," said Safaricom director of strategy Joseph Ogutu. "Our contact centre agents spend a greater portion of their call time verifying customers over the phone. The introduction of this service will ensure that customers get faster and more accurate services." "We anticipate that the number of fraud incidents shall also reduce as a result." Safaricom call centres receive over 300,000 calls a day and investing in new technologies to enhance customer experience has been part of the firm's strategy over the years. A while back, Safaricom upgraded their technical infrastructure to be able to accommodate even more customers at their call centres, a move that has helped more than 50 per cent of customers get through to customer care agents within 20 seconds. *(Business Daily)*

Uchumi Supermarkets has postponed its Annual General Meeting (AGM) by more than three months to allow for conclusion of negotiations with a potential investor, the retailer announced on Wednesday. The publicly traded firm says the meeting, scheduled for December 20, has been pushed back to a date likely to be before March 31, 2018. The coming on board of a new investor has to be ratified by shareholders and the loss-making retailer appears keen to have this done at the AGM. "Once the negotiations are concluded, a new date for the Annual General Meeting will be agreed and a formal notice and agenda will be published within the statutory notice period," company secretary Enid Muriuki said in a statement on behalf of the board. Uchumi had in August exuded confidence in clinching a deal with an undisclosed strategic investor who is expected to inject at least Sh3.5 billion into the company for an equity stake. "The transaction process will come to a conclusion within the stipulated time or less, marking the last mile of Uchumi's recovery," former chief executive Julius Kipng'etich had said. The troubled retailer's turnaround strategy, however, appeared to have suffered a setback after Dr Kipng'etich, who left his role as chief operating officer at Equity Bank in August 2015 to lead recovery efforts, threw in the towel on December 9. The board has appointed chief financial officer, Mr. Mohamed Ahmed Mohamed, as acting CEO. Dr Kipng'etich, whose first two-year contract expired in October, had managed to narrow the retailer's full-year net loss for the period ended June to Sh1.7 billion from Sh2.8 billion a year earlier, largely on cost-cutting measures.*(Business Daily)*

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TRADING

Kenya Airways Ltd. expects second-half revenue to decline after violence during the country's protracted presidential elections scared off passengers, Chief Executive Officer Sebastian Mikosz said. Travelers canceled bookings as a rerun of the vote and court disputes over the outcomes stretched over three months, Mikosz said in an interview Wednesday in the Mauritian capital, Port Louis. The impasse triggered violence that left at least 80 people dead, according to human-rights groups. "We forecast a big impact in terms of revenue," Mikosz said. "We are going to have a huge impact on the second half due to the fact that there were several weeks of uneasiness." The drop in income comes as Sub-Saharan Africa's third-biggest carrier pursues a turnaround plan to return to profit after it posted a record loss last year. The airline last month completed a reorganization that resulted in Kenya's government increasing its stake to 48.9 percent from 29.8 percent, and domestic lenders owning 38.1 percent after a debt-for-equity swap. KQ, as the company is known, has begun talks with lenders about renewing its hedging strategy to offset the impact of rising fuel costs, which represent about a third of the airline's total expenses. Oil prices are heading for a second yearly gain as the Organization of Petroleum Exporting Countries and its allies including Russia extend output cuts through the end of 2018. "We have been using the hedging products in the past," Mikosz said. "The products expired roughly three months ago. What we want, now we are in post-restructuring, is to start talking hedging again." Kenya Airways last month posted a first-half loss of 3.8 billion shillings ($37 million), compared with 4.78 billion shillings a year earlier, after revenue dropped 0.4 percent to 54.5 billion shillings. Kenya Airways shares fell 0.3 percent to 17.70 shillings on Thursday, its first decline this month. The stock has tripled in value this year after a share split last month. Mikosz was in Mauritius to sign a letter of intent with Air Mauritius Ltd. to boost collaboration between the two airlines. *(Bloomberg)*

Telecoms firm Safaricom has relaunched its Internet-enabled digital TV decoders in the market a year after it suspended sales to address technical malfunctions. The telco started selling the Safaricom Digital TV and Internet Box for Sh9,999 at its shops last month, promising customers better user interaction, more applications and a stable system. Safaricom's new set-top box has Wi-Fi capability, an embedded 4G SIM card slot, is running on the second latest Android software Nougat 7.0 and will air several free-to-air channels. The new decoder, which has dropped the name Big Box, will now come with personal video recorder capabilities as well an internal storage space of 32 gigabytes allowing users to download and store movies for offline viewing. "The box is available in Nairobi and Mombasa and we shall be rolling it out in coming weeks to other towns where we have our 4G network," said Safaricom director for consumer business Sylvia Mulinge. Safaricom launched the Big Box in May 2015, betting on the demand created by the migration of analogue TV broadcasting to digital platforms to drive sales of the decoder. The telco sold more than 1,500 devices in the first seven months of its offering, but technical glitches, Wi-Fi function was too weak to support indoor Internet access, forced it to suspend sales to facilitate an upgrade. The decoder was relaunched in November 2015, and its retail price slashed by half to Sh4,999, in an attempt to address the device's low uptake. Months later, the device was quietly removed from the market until its reintroduction last month. "We factored in customer feedback from the first box and have upgraded both the memory and storage on the new box," Ms Mulinge, adding that the box would be embedded with streaming services such as Showmax and iFlix. The reintroduction of Safaricom's digital box comes at a time when the telco is investing significant capital in deploying fibre to the home, taking the fight for Internet customers to players such as Jamii Telecom and Wananchi Group. *(Business Daily)*

Retail chain Uchumi is betting on the sale of its prime land in Nairobi's Kasarani to fuel a comeback bid that started yesterday in earnest with the restocking of its stores countrywide. Andrew Dixon, the company's chief operating officer (COO), said that the land, which is now valued at Sh3 billion, had attracted very competitive bids that should come through in due course. "We have a willing buyer and we are closing in on the Sh3 billion land deal, hoping it will help us bounce back," Mr. Dixon said. Proceeds from the land sale will be used to settle part of the retail chain's huge debts, including money owed to suppliers and landlords. "We hope to settle our liabilities and use the money to refurbish some of our stores in order to improve the retail environment," said Mr. Dixon during the restocking of Uchumi's Capital Centre branch in Nairobi. The retail chain had closed its stores on Wednesday for cleaning and restocking in readiness for a big comeback during the festive season. Mr. Dixon said Uchumi will be restocking all its 20 stores at the weekend in a bid to revive the local brand. "The company has been struggling for years, but today (Thursday) we are opening a new chapter of success in our books. We will have restocked 95 per cent of our 20 stores by weekend," he said. News that Uchumi was restocking its stores kicked off a share price rally at the Nairobi Securities Exchange that hit Sh4.10 Thursday from Sh3.50 on Wednesday. Mohamed Mohamed, Uchumi's acting chief executive, said that the retail chain was about to ink a deal with the much-awaited foreign investor as part of the recovery plan, opening a new chapter for the local

brand. "We are locking down on our financial investor and we are hoping the funds will come through around next January," said Mr. Mohamed."We are looking at Sh3.5 billion from the equity investor." Uchumi put up the Kasarani land for sale in 2015 and owners of the Thika Road Mall are said to be among the bidders who had expressed interest in acquiring the 20-acre piece of land. Sale of the land was to inject much needed liquidity on Uchumi's balance sheet. The land, which is located on the Thika super highway has, however, been the subject of protracted court battles between the retail chain and squatters who had claimed ownership of the prime property but the court in September declared the cash-strapped retailer to be the legal owner of the land. *(Daily Nation)*

Economic News

President Uhuru Kenyatta Tuesday said his administration will pay special attention to four key sectors he believes will drive Kenya's economic agenda during his second term in office. The youth, he said, will be at the centre of the four pillars plan, dubbed the 'Big Four', that includes food security, affordable housing, manufacturing and affordable healthcare. Mr. Kenyatta said growth in the key sectors will ride on the foundation laid in his first term in sectors such as transport, electricity distribution, education and ICT. "I believe in you. You are my partners. And this is why my Big Four plan is centred on you. You will drive the big shift from politics to prosperity," he told Kenya's youthful population at Nairobi's Kasarani Sports Complex during celebrations to mark the 54th Jamhuri Day. Mr. Kenyatta gave a detailed breakdown of what his administration intends to do to achieve the set goals while warning that selfishness and corruption will not be tolerated. Measures taken to boost the manufacturing industry include a directive that the disciplined forces procure all boots, leather products and textiles from local manufacturers beginning the 2018/19 financial year. The decision, intended to grow the leather industry, will also have hides and skins processed locally. The President also directed that Kenyan coffee, tea, fruit and vegetables be processed locally to increase their value in foreign markets. "This will create more value for Kenyan produce and create employment, which will in turn transform the lives of our people from that of hardship and want, to new lives of greater comfort and well-being," he said.

The goal is to create an additional 1,000 small and medium enterprises focused on manufacturing through capital support. On the blue economy, Mr. Kenyatta directed the ministries of Defence and Fisheries to intercept all illegal fishing vessels and suspend licences of all international trawlers operating in Kenya's waters until they comply with requirements for local input. "These boats must land their catches in Kenya. Packaging fish for export must be done in Kenya by Kenyans," he said in a speech delivered to a handful of Kenyans that turned up at the stadium for the fete. He explained that the intention was to grow the blue economy seven-fold from the current 2,500 metric tonnes of fish processed annually to 18,000 metric tonnes. "This means that young people from Migingo to Mbita, from Kiunga to Vanga, and from Faza to Chale, will find jobs and reliable incomes as fishermen, as fishmongers, as processors, as wholesalers and retailers. We will also expand our shipping industry in order to maximize on our maritime opportunities," he said. Mr. Kenyatta said his administration will work on mechanisms to bring down the cost of mortgages with intention of having 500,000 more Kenyans own homes by 2022. Under the Big Four plan, the government guarantees to buy cotton from local farmers who grow the crop. It will also give incentives to investors to build more modern ginneries and textile manufacturing plants. On universal healthcare, the President said the government will make major policy and administrative reforms in the medical sector, to ensure everyone has access to quality and affordable medical cover by 2022. *(Business Daily)*

The World Bank wants the rate capping law, partly blamed for a slowdown in credit growth, reversed, but with more policy reforms to improve access to credit and financial inclusion. Kenya introduced the law in September 2016 effectively fixing interest rates on loans at four percentage points above the benchmark central bank rate and imposing a minimum deposit rate of 70 per cent of the key rate. The law has been partly blamed for accelerating a slowdown in credit growth to a low of 1.7 per cent in September—the lowest in over a decade—from 25 per cent in mid-2014. While acknowledging the slowdown started before the caps due to external shocks, the multilateral lender said they [caps] had further squeezed funds for long-term investment and tied the central bank's hands in pointing where the monetary policy should be. "Though important, the reversal of the interest rate cap, will not be sufficient to improve access to credit," the World Bank said in its economic update. The lender said this could also hinder recovery of the economy from shocks experienced this year. It cut 2017 growth forecast for the country to 4.9 per cent from an earlier estimate of 5.5 per cent, citing headwinds such as a severe drought in the

first half of the year, a slowing credit access, partly caused by rate cap law and prolonged politicking. Among the policy changes recommended by the Brenton Woods institution include reduction of the fiscal deficit and better management of the public debt that will help lower yields on benchmark government papers. Interest rates on Kenya's 184- and 364-day Treasury bills have averaged 10.3 per cent and 10.6 per cent respectively this year making it attractive for commercial banks to buy them since they are considered risk-free and ignore lending to businesses. "This crowding out has a significant adverse effect on private investment and potential growth," the World Bank said. "The government can reduce its domestic borrowing requirement, and the cost of credit, thereby crowding in the private sector." The bank also said a stronger credit scoring and sharing system would help bring down interest rates for borrowers and improve bank lending policies, while the implementation of a moveable collateral registry muted by the National Treasury earlier in the year could help in resolving bank bad loans. *(Daily Nation)*

The Treasury's emergency borrowing at the Central Bank of Kenya (CBK) has risen to the highest level since mid-last year, signalling increased demand for cash amid below-target revenue generation. Latest statistics show the government overdraft rose to Sh40.66 billion on December 1 from Sh33.88 billion a week earlier, pushing domestic debt to a new Sh2.23 trillion record. The overdrafts' share of gross domestic debt rose to a fresh high of 1.8 per cent as a result of consistent tapping post the August 8 General Elections. That's the highest level since July 1 to 15, 2016 when the value stood at Sh44.20 billion—a high level signalling cash flow struggles at the beginning of government financial year that begins in July. "There's a correlation (between shortfalls in revenue and trapping of overdraft) there," chief executive of Sanlam Investments Kenya Kennedy Muriithi said on phone. "Sometimes you will have a mismatch in how projects commence and how revenue is raised." Since the week ended August 11 through to December 1, the Treasury has held a weekly average of Sh23.54 billion in the overdraft at the CBK. Prior to the second week of August, the Treasury had kept off the overdraft facility since April, tapping it only in two weeks– that ended May 5 and June 2 when it borrowed Sh2.7 billion and Sh30 million respectively. The State is confined to borrowing five per cent of the last audited accounts following abuse of the facility during the infamous Goldenberg Scandal in the early 1990s. At the latest levels, the Treasury has tapped nearly 3.75 per cent of Sh1.085 trillion in revenue in financial year 2014-15, the last audited accounts. The facility attracts interest at the prevailing CBK rate, which has remained steady at 10 per cent since November 2016. The government has struggled to meet its revenue targets since beginning of this financial year, raking in Sh405 billion in collections in four months through October. That represented a shortfall of Sh94.60 billion against a pro-rated Sh499.82 billion target, according to analysts at Genghis Capital. "The government is still behind its domestic borrowing target for the current fiscal year, having borrowed Sh72.1 billion, against a target of Sh181.4 billion," analysts at Cytonn Investments wrote in this week's market report. *(Business Daily)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

WEEKLY AFRICAN FOOTPRINT

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Mauritius

Corporate News

No Corporate News this week

Economic News

The central bank of Mauritius said on Wednesday it expected the current account deficit to reach 5.1 percent of gross domestic product in 2017, up from 4.5 percent of GDP in 2016. The Bank of Mauritius estimated, in the minutes of its November Monetary Policy Committee meeting, a 2017 current account deficit of 23.3 billion rupees ($684 million), up from 19.7 billion rupees a year earlier. "The goods account deficit is forecast to widen from 72.8 billion rupees in 2016 to 84.7 billion rupees in 2017, mainly as a result of higher imports and lower exports of goods," it said. The Indian Ocean island nation is working to diversify into offshore banking, business outsourcing, luxury real estate and medical tourism and away from sugar, textiles and tourism. The bank held its repo rate at 3.50 percent at its November meeting. *(Reuters)*

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Nigeria

Corporate News

Flour Mills of Nigeria Plc (FMN) has applied to the Nigerian Stock Exchange (NSE) to raise about N39.856 billion from the existing shareholders. The funds would be raised through the issuance of 1,476,142,418 ordinary shares of 50 kobo each at N27 per share Rights Issue to existing shareholders on the basis of nine new shares for every 16 shares already held. The company had been contemplating raising fresh capital to since 2015 to ease the debt burden and reduce high interests. However, the company's stockbrokers, Stanbic IBTC Stockbrokers Limited, formally applied to the NSE for the Rights Issue last week. Following the high bank charges FMN was paying on borrowings, which has driven costs of finance upwards for many years, shareholders authorised the directors to raise up to N40billion of additional equity via a Rights Issue in 2015. However, the directors in July 2016 put the right issue on hold and planned to later raise the funds in three tranches. According to the directors, given the economic headwinds, they decided to undertake the Rights Issue through a Shelf programme (a situation whereby securities are sold over a period of time) to enable the company raise the required funds in several transactions over three year period. The directors said they had already registered a N40 billion Shelf Programme with the Securities and Exchange Commission (SEC), adding that they would continue to assess the economic climate to determine the most appropriate time to launch the first tranche. But last October FMN said board of directors had given approval to commence with the activities to raise the funds through the right issue and a Medium Term Notes (MTN).

Apart from the rights issue, the company had also said it would to raise up to N70 billion through the MTN. The leader in food and agro-allied products in Nigeria recently announced improved financial performance for the half year ended September 30, 2017, growing its revenue by 17 per cent from N255.30 billion in 2016 to N298.44 billion in 2017. Profit before tax rose from N8.80 billion in 2016 to N13.38 billion in 2017, while profit after tax improved from N6.46 billion in 2016 to N9.36 billion in 2017. Commenting on the results, the Group Managing Director of the company, Mr. Paul Gbededo, said: "Our half year results show continued growth through most segments of our businesses, especially in the food business, delivering strong top and bottom line financials in line with our objectives. The Group recorded growth from volume and product mix. This growth was despite what continued to be a challenging business environment. Overall, the business shows an impressive performance in the first half of the year. We are positive that we are on track to meet our growth targets for the remaining part of 2017/18 financial year." *(This Day)*

Ecobank Nigeria has unveiled Ecobank Xpress Account, a digital product expected to drive financial inclusion in the country. The Ecobank Xpress Account is a digital account that is mobile based. It is simple and does not require any form of documentation for opening, therefore making it easy and convenient for all, while affording the customers the same services available to regular account holders. The Ecobank Xpress Account can be opened on the Ecobank Mobile App by smartphone users and or via USSD for feature phone users. At the unveiling ceremony in Lagos, the Managing Director, Ecobank Nigeria, Mr. Charles Kie said it was part of Ecobank's "Roadmap to Leadership Initiative," where the financial institutionis focused on becoming a force in the banking industry by leveraging its digital channels to drive financial inclusion for the un-banked in the different parts of Nigeria – urban, semi-urban and rural areas. "The Xpress Account is an easy to open account. It requires no documentation; but just a few basic information about the customer. It can be opened on any phone and from the moment it opens, it allows to transact within the Ecobank Agency Network throughout Nigeria. "The objective is to ensure that we on-board as many customers as possible, so that within the next five years, we expect that that the target of reaching 40 million customers would be reached. "We believe that the more we make it easy for anyone in Nigeria to have access to that account, the better it can be for them to have access to financial services," Kie explained. According to the Ecobank Nigeria boss, the development also supports the bank's retail strategy, saying that the fees are extremely minimal. On her part, the Executive Director, Consumer Banking of Ecobank Nigeria, Carol Oyedeji highlighted the benefits of the account type.

They include simple account opening process without any paper documentation or stringent form of identification; ability to immediately do transactions from the account and withdraw cash through the Xpress Cash via Ecobank Automated Teller Machine (ATM) or Ecobank Agent

locations. In addition, she said it would promote savings culture in the country. Oyediji said it enables Ecobank customers withdraw cash from any of the over 1000 Ecobank ATMs without a card. "The customer simply generates a token pin (code) that enables him or her do a card-less withdrawal from any Ecobank ATM across the country or Ecobank agent. The token (code) generated can also be sent to anybody through test message or WhatsApp and the recipient can withdraw cash from the ATM or agent," she added. *(This Day)*

Nigerian Breweries Plc on Tuesday notified the Nigerian Stock Exchange (NSE) of the appointment of the new managing director/ chief executive officer, Mr. Jordi Borrut Bel. The appointment takes effect on January 22, 2018 and he will succeed Mr. Johan Doyer, who has served as MD/CEO on an interim basis since June 16, 2017. Mr. Borrut Bel is currently the MD of Heineken's subsidiary in Burundi, Brarudi S.A. and a Board member of Bralirwa Limited, Rwanda, also a Heineken's subsidiary in Rwanda. The company explained that Borrut Bel joined Heineken Spain in 1997 as Sales Representative and subsequently held increasingly senior management positions in different countries, first as Distribution Project Manager in Slovakia, Brand Manager in France and Trade Marketing Manager at the Head Office in The Netherlands. In 2006, he returned to Heineken Spain where he evolved in the organisation and eventually became the On-Premise and Distribution Director and a member of the Management Team. "Mr. Borrut Bel was appointed the MD of Brarudi S.A. in 2015 and has successfully led the company through a very turbulent period, strengthening the company's route-to-market and launching successful innovations.

The Board is confident that Bel's track record and broad experience stand him in a very good position to drive Nigerian Breweries Plc' strategy and consolidate its leadership position in the Nigerian market," the company said. In a related development, the company has also announced the resignations of Mr. Victor Famuyibo (Human Resource Director) and Mr. Hubert Eze (Sales Director) from the board with effect from January 27, 2018 and January 31, 2018 respectively. While Mr. Famuyibo's resignation follows from his attaining the company's mandatory retirement age of 60 years, Eze's resignation is preparatory to his taking up a higher role in the Heineken organisation. Mrs. Grace Omo-Lamai will replace Famuyibo, while Mr. Uche Unigwe will replace Eze. Omo-Lamai joined the company on October 23, 2017 from Nigerian Bottling Company Ltd, where she was the Director of Human Resources. Mr. Unigwe, on the other hand, joined the company in 1989 as a Trainee Brewer. He is currently the General Manager, Heineken East Africa, based in Nairobi. Meanwhile, the stock market resumed for the week on negative note on profit taking. The NSE All-Share Index fell 0.88 per cent to close at 38,913.99, while market capitalisation shed 119.6 billion to close at N13.6 trillion. *(This Day)*

Economic News

The federal government is set to release another N750 billion to its ministries, departments and agencies (MDAs) as part of the capital component of the 2017 budget. It had earlier released N450 billion for capital projects since the budget was signed into law last June. Should it make good its promise, it would have released almost 50 per cent of its capital spending plan for the 2017 fiscal year. The Minister of Finance, Mrs. Kemi Adeosun, who made the disclosure Monday during a meeting with a delegation of investors from France, said the sum of N450 billion had previously been released for capital projects, adding that with the additional N750 billion, the sum of N 1.2 trillion would have been invested in infrastructure projects. The delegation was made up of 30 companies from France that had expressed their readiness to invest in key sectors of the Nigerian economy. Adeosun said: "What the government is doing is to provide the enabling infrastructure that would bring the country's potential to reality. "Last year, we released N1.3 trillion of the capital budget and so far this year we have released N450 billion and this week we will release another N750 billion and this will take the releases to N1.2 trillion by the end of the year." In his remarks, the head of the French delegation, Mr. Philippe Labonne, said the investors had indicated interest in investing in key sectors of the economy such as banking, infrastructure, renewable energy, agriculture and youth empowerment. The decision of the companies to invest in Nigeria was taken following a directive by the government of France encouraging French companies to increase their investments in Nigeria. He described the Nigerian economic environment as encouraging owing to the stability in the foreign exchange market in recent months.

To achieve their investment objectives, Labonne said most of the French companies would form strategic partnerships with their Nigerian counterparts. "We are here to assess the investment environment in Nigeria to enable us to take advantage of the country's investment opportunities. "We have about 30 companies in this delegation in sectors such as infrastructure, services, agriculture and banking and the purpose of this meeting is to identify key sectors where we can invest. "We are interested in many areas such as energy, agriculture, services especially towards youths and we will identify other areas subsequently," he said. Before the meeting with Adeosun, the delegation met with the Executive Secretary of the Nigerian Investment Promotion Commission (NIPC), Ms Yewande Sadiku. Sadiku had informed the French investors that Nigeria remains a top destination of capital inflows on the African continent. She said: "Nigeria is strategically located in Africa to serve the needs of many countries as a regional hub on the continent. "We have a compelling population that provides the market which means that Nigeria can serve as a manufacturing hub for investors." While expressing delight in the interest shown by the investors, Sadiku noted that France was one of the many countries that Nigeria was targeting in its investment strategy. On investment flows into Nigeria, Sadiku said France was number 10 on the list, accounting for about $1 billion of the capital importation into Nigeria. *(This Day)*

High trading in the shares of Dangote Cement Plc on Tuesday lifted the overall value of transactions at the equities market by 445.4 per cent to N26.809 billion invested in 462.670 million shares, from N4.915 billion staked on 350.595 million shares the previous day. Dangote Cement accounted for 86 per cent of the transaction value as it recorded N25 billion invested in 95.478 million shares. In all, the market rebounded rising by a marginal 0.03 per cent after declining the first trading day on profit taking. The Nigerian Stock Exchange (NSE) All-Share Index (ASI) closed higher at 38,924.63, while market capitalisation ended at N13.56 trillion. The appreciation recorded in the share prices of Nigerian Breweries, GTBank, Dangote Cement, FBN Holdings Plc and Nestle Nigeria was mainly responsible for the gain recorded in the index. However, Union Bank of Nigeria Plc led the 21 price gainers with 10 per cent, trailed by Diamond Bank Plc with 7.1 per cent. Berger Paints Nigeria Plc chalked up 4.9 per cent, just as Caverton and NASCON Allied Industries Plc garnered 4.5 per cent and 4.0 per cent in that order. Unlike the previous day when Nigerian Breweries Plc fell despite the news of appointment of a new group managing director/ CEO, the stock appreciated yesterday to close higher at N143.32. The brewing giant has appointed Mr. Jordi Borrut Bel. as the new MD/CEO effective on January 22, 2018.

He will succeed Mr. Johan Doyer, who has served as MD/CEO on an interim basis since June 16, 2017. .Conversely, FCMB Group Plc led the 23 price losers, shedding 4.69 per cent. Fidelity Bank Plc and NAHCO trailed with 4.64 per cent apiece, while Linkage Assurance Plc and Sterling Bank Plc fell 4.62 per cent and 4.5 per cent respectively. Meanwhile, performance across sectors was largely bearish as four of five indices closed in the red. The NSE Oil & Gas Index was the biggest loser shedding 0.4 per cent due to losses in Double One (-3.7 per cent). Following closely were the NSE Industrial Goods Index and NSE Insurance Index which fell 0.3 per cent apiece against the backdrop of price depreciations in Lafarge Africa (-0.9 per cent) and AXA Mansard (-0.5 per cent) respectively. Similarly, sell offs in ETI (-4.0 per cent) and Access Bank (-1.4 per cent) dragged the NSE Banking Index 0.1 per cent lower. On the positive side, the NSE Consumer Goods Index was the lone gainer, adding 0.3 per cent due to gains in Dangote Sugar Refinery and Nigerian Breweries Plc. *(This Day)*

The Managing Director of the International Monetary Fund (IMF), Christine Lagarde on Tuesday stressed the need for Nigeria and other African countries to ensure that they diversify their economies in other to be able to withstand shocks. Lagarde stated this in a paper titled: "Harnessing the Power of Economic Diversification," she presented in Cotonou. She said promoting economic diversification was akin to weaving a beautiful traditional fabricas well as weaving an economic fabric that is more complex, more resilient, and more beneficial to all families and communities. She noted that by improving policies and strengthening institutions, governments in sub-Saharan Africa have contributed to fundamental progress over the past generation. "Many countries have enjoyed much longer periods of uninterrupted growth, rather than episodes of boom and bust. And millions of people now enjoy longer, healthier, and more prosperous lives. "Over the past 25 years, life expectancy in the region has increased by a fifth; infant and maternal mortality rates have halved; and primary school enrolment is up to 80 percent. At the same time, several countries are struggling to lift living standards. This year, 12 of 45 countries in sub Saharan Africa—home to about 400 million people—are expected to see negative per capita income growth. So there is work to do—especially when it comes to demographics. "We are at the beginning of a major transition—one that is driven by young and growing populations.

By 2030, half of the annual increase in the global working age population is expected to come from sub-Saharan Africa," she added. Lagarde noted that diversification should also be driven by openness and trade integration, as well as foreign direct investment—which helps transfer technology, promotes skills development, and fosters competition. Moreover, diversification is supported by lower income inequality and higher gender equality, she added. The IMF boss pointed out that Africa remains the largest recipient of the Fund's capacity development efforts. "By strengthening revenue collection, countries can support investments in infrastructure, education and training, and even research and development. The goal is to help create a virtuous circle of diversification, stronger economic activity, and more revenue. "These experiences show that there is no typical diversification pattern, and successful efforts will reflect countless individual decisions by people and businesses," she said. *(This Day)*

The interbank window of the foreign exchange market received another boost of $210,000,000.00 from the Central Bank of Nigeria (CBN). According to figures obtained from the Bank, Tuesday's interventions were for the wholesale, small and medium scale enterprises (SMEs) and invisibles segments of the market. The acting Director, Corporate Communications at the CBN, Mr. Isaac Okorafor disclosed that the Bank offered the sum of $100million to the wholesale segment, while the SMEs and invisibles segments each received the sum of $55 million. He reiterated that the releases were meant to boost liquidity, trade and ease of remittances for legitimate personal commitments. In spite of the stable rate of N360/$1 and the expected inflow from various sources such as the Eurobond and remittances from the Diaspora, Okorafor said the Bank would continue to intervene in the inter-bank forex market to guarantee liquidity. *(This Day)*

TAV Havalimanlari Holding AS, Turkey's biggest airport operator, is planning to bid for concession contracts for four airports in Nigeria, according to two people with knowledge of the matter. The Istanbul-based company, majority owned by Aeroports de Paris, has already submitted a non-binding bid for the airports, which include those in Lagos and Abuja, the people said, asking not to be named because the plan isn't public. The company is also considering capital expenditures in some of the four airports if it wins the contract, one of the people said. "I know TAV has made a presentation, but I can't confirm at this moment if they formally submitted any offer," James Odaudu, a spokesman at Nigeria's aviation ministry, said by phone on Wednesday. Companies from the U.K., Germany and Nigeria have also expressed interest in operating the four airports in Lagos, Abuja, Kano and Port Harcourt, he said. Transaction consultants will advise on the timing for formal bidding, as well as on a plan to start a national Nigerian airline, Odaudu said. TAV operates more than a dozen airports including Turkey's largest, Istanbul Ataturk. It is seeking to add more airports abroad to its portfolio to compensate for the termination of the concession agreement for Ataturk, its biggest revenue earner, at the end of 2020. TAV declined to comment when reached for a response on Wednesday. *(Bloomberg)*

The Debt Management Office on Wednesday said it was set to issue Green Bonds worth N10.69bn to finance some aspects of the 2017 budget. According to the DMO, the Green Bond is being issued following Nigeria's endorsement of the Paris Agreement on Climate Change on September 21, 2016. The agreement aims to strengthen the global response to the threat of climate change. Since its signing, various countries who are parties to the agreement have initiated several steps aimed at making the environment better. The Green Bond proceeds will be used to finance projects in the 2017 Appropriation Act that have been certified as green because of their positive effects on the environment, the DMO said in a statement made available to our correspondent in Abuja on Wednesday. Among the projects to be financed with the proceeds of the Green Bond issuance are renewable energy micro utilities and afforestation programmes of the government. As part of the preparation for the bond, which is to be issued in collaboration with the Ministry of Environment, the DMO will hold a roadshow in Abuja today (Thursday) to sensitise prospective investors to what to expect from the bond. Another roadshow with the same objective will hold in Lagos on Friday. Chapel Hill Denham has been appointed as financial advisers to the transaction. The DMO said with the issuance, Nigeria would become one of the few countries in the world and the first African country to issue a Green Bond. The Federal Government had in November issued Eurobonds worth $3bn. Out of the amount, $2.5bn was earmarked for financing deficits in the 2017 budget. Should the National Assembly fail to pass the 2018 budget proposal early enough for implementation in January, the 2017 budget is expected to last till May 2018 since it was passed into law in May 2017. *(Punch)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The International Monetary Fund (IMF) has said Nigeria remains investors' choice, saying, it was pleasantly surprised to receive numerous indication of interest by investors eager to invest in Nigeria. Senior Financial Sector Expert, Debt and Capital Market Instruments Division, Monetary and Capital Markets Department, International Monetary Fund (IMF), Miriam Tamene stated this during a visit of IMF Team to the Securities and Exchange Commission (SEC) in Abuja recently. However, she urged monetary and regulatory authorities in Nigeria to introduce policies that would bring down the inflation rate in the country as well as increase access to domestic funds in order to ensure that the economy attains further growth in 2018. According to her, Nigeria remains investors' choice, noting many of the investors still nurse the fear that they may not be able to repatriate their funds anytime they decide to exit. She said: "At the annual meetings of IMF, we were pleasantly surprised when we saw many investors interested in the Securities Market in Nigeria. A lot of people thought that Nigeria is still investors destination, the main concerns most of them had was the fear that they might not be able to take out their money anytime they want to hence they are being very watchful. "Investors are interested in Nigeria, but with difficulties they had in getting their money out recently, that confidence is not there yet. It has improved though, but they are still watching. It is still so much fragile and not what they can take for granted just yet." In his remarks, acting Director General of SEC, Dr. Abdul Zubair said the future outlook appeared good as several initiatives had already been rolled out by the commission which will help to grow the capital market and increase investors' confidence. According to him, in the long term, more initiatives will be rolled out to ensure that Nigerian capital market remains one of the best performing in the world. The IMF Team were in Nigeria for consultations to get update on developments covering all the financial and other key sectors of the Nigerian economy. The report of their consultations is expected to be presented to the IMF Board in February 2018. Meanwhile, the Nigerian Stock Exchange All Share Index (NSE ASI) depreciated by 1.00 per cent to close at 38,534.64 following profit taking by investors. *(This Day)*

Nigeria's central bank repaid a total of 340 billion naira ($1.1 bln) worth of treasury bills on Thursday instead of rolling them over, in a move to lower government borrowing costs, traders said. They included 131.4 billion naira worth of treasury bills issued by the Debt Management Office (DMO), while the balance was in open market bills issued by the central bank. The DMO has said it will repay treasury bills maturing on Dec. 14 and Dec. 21 totalling 198.03 billion naira. Yields on treasuries held up across the board at around 10 percent on Thursday. They fell to 7 percent after the repayment plan was announced this week. Thursday's payoff increased banking system credit to almost 500 billion naira, lowering overnight rates to one percent from five percent last week. The DMO said it sold 108.66 billion naira worth of naira-denominated bonds maturing in 2021 and 2027 at an auction on Wednesday. It issued 50 billion naira of 2021 debt at 13.19 percent, from 14.79 percent at the previous auction in November. The same tenor bond closed at 13.11 percent on the secondary market on Wednesday. A total of 58.66 billion naira worth of the benchmark bond maturing in 2027 was issued at 13.21 percent, compared with 14.8 percent in November. The 2027 paper closed at 13.23 percent on the secondary market on Wednesday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

CRDB Bank, one of the largest banks in the country, said yesterday it will increase the lending amount to industrial sector. The bank said The bank's Managing Director, Dr Charles Kimei, said the increase set to enable industrialists to borrow more in a bid to implement the industrialisation talk. Dr Kimei said to beef up the industry lending portfolio "we have borrowed 650bn/- from international lenders" at competitive rate. "Our strong balance sheet and rating enable us to secure the loan that will lend in long term for between 8 to 10 years" Dr Kimei said during the launching of the bank fifth branch and the largest in Dodoma yesterday. The amount, according Dr Kimei, was lent from IFC, the investment arm of World Bank, Africa Development Bank, SwedeFund and European Investment Bank. President John Magufuli, who was the chief guest of the event, praised CRDB move to increase the industry lending saying it helps lifting people out of poverty and economic growth. "I am told out of the bank's 3.5tri/- loans 1.1tri/- was directed to agriculture and industry," Mr. Magufuli said. The president said if all privatised parastatals were operating like CRDB, "we could have made big strides on development. Unfortunately, many [parastatals] are not performing." He also called for banks, now 58 in the country, to go to rural areas where there is big number of unbankable population. "Most of the banks are in Dar es Salaam and other big cities and towns, you should go to the rural as well by that way you (banks) foster development," President Magufuli said. According to 2015 statistics 36.3 per cent of bank branches were in Dar es Salaam, followed by Arusha (7.1%), Mwanza (6.5%), Mbeya (5.4%) and Moshi (4.6%). The president said in 2014 the financial sector liquidity was 22.5tri/- which was very low to the nation need of 107tri/- that needed to finance the country development plan as per the second five years development plan of 2016/17. *(Daily News)*

Economic News

DAR ES SALAAM Stock Exchange (DSE) turnover decreased by 11 per cent to 3.72bn/- from 4.16bn/- of the previous period.. TBL and CRDB Bank emerged as top trading equities dominating the bourse by 60 per cent and 33 per cent of the market share respectively. According to Zan Securities, top gainer for last week was TBL appreciating in value by 2.27 per cent, closing at 13,500/- per share. Total market capitalisation decreased by 2.04 per cent, closing the week at 20.82tri/- while domestic market capitalisation increased by 0.88 per cent, ending the period under review at 10.13tri/-. Comparatively, key benchmark indices were in both green and red territories with the Tanzania Share Index (TSI) capping at 3,862.32 points, 0.88 per cent higher than the preceding week. TSI measures domestic stocks depth. The All Share Index (DSEI) closed at 2,162.27 points, 2.04 per cent lower than last week. Similarly, the three sector indices were in the green and red territory with the Industrial and Allied Index closed the show at 5,371.89 points, up by 1.48 per cent. Banks, Finance and Investment Index went down by 0.02 per cent, closing at 2,461 points, whereas Commercial Services Sector Index closed the same as last week at 2,462.24 points. *(Daily News)*

THE domestic debt stock has increased by 24 per cent to 12.37tri/- in a year ending September from 10.01tri/-. The Central Bank's monthly economic review for October showed that treasury borrowed through the government securities—Treasury bills and bonds—issued in September for budget financing. According to the report the amount borrowed directly form government securities amounted to 630bn/-, out of which, 417.5bn/- were T-bills and 212.6bn/- Treasury bonds. The central bank statistics further showed that commercial banks are leading lenders to the government with 43.3 per cent share followed by pension funds with 29.5 per cent stake. It shows that the composition of domestic debt stock by holders remained the same as in August and last September positions. "Banks remained dominant, holding of the debt stock followed by pension funds and BoT," the MER report said. The central bank report indicated that despite domestic debt increase by 2.36tri/- in a year ending September, the growth aligned with the monetary policy. "The growth bodes well with the implementation of the medium-term debt management strategy…," the report said. The medium-term strategy entails lengthening of maturity profile of domestic debt in endeavour to mitigate refinancing risk. The banks have lent the government a total of 5.36tri/-, pension funds 3.64tri/-, and BoT 1.38tri/- or 11.2 per cent of total debt.

Other lenders were insurance 1.13tri/- of 9.1 per cent, other public entities 155.7bn/- or 1.3 per cent and others 690.5bn/- or 5.6 per cent. Most of the domestic debt was long-term debt, comprising bonds and stocks, altogether accounting for 68.8 percentof the debt stock compared with 65.3 percent and 68.4 per cent last September and this August, respectively The government securities—Treasury bills and bonds—issued in September for budget financing amounted to 630bn/-, out of which, 417.5bn/- were T-bills and 212.6bn/- Treasury bonds. Cumulative from September 2016, government securities issued were 7.51tri/- of which, 63.6 per cent were T-bills. Meanwhile, the external debt stock, comprising public and private sectors, amounted to 19.23 billion US dollars at the end of September, an increase of 28.4 million US dollars and 1.7 billion US dollars from this August and last September, respectively. "The increase on month-to-month was mainly accounted for by private sector debt, while on annual basis, it was mostly on account of new disbursements and exchange rate fluctuations of the currencies," BoT said. *(Daily News)*

Tanzanian president John Magufuli ordered the central bank on Wednesday to tighten controls on the movement of hard currency and take swift action against failing banks in a bid to tackle financial crimes and protect the local shilling currency. The move comes as the International Monetary Fund (IMF) called on Tanzania to speed up reforms and spend more to prevent a slowdown in one of the world's fastest growing economies. Magufuli pledged to reform an economy hobbled by red tape and corruption and begin a programme to develop public infrastructure after he was elected in 2015. "We now have some 58 banks in Tanzania, the (central) Bank of Tanzania should closely monitor these banks and take swift action against failing institutions. It's better to have a few viable banks than many failing banks," he said in a statement issued by his office. "I also want restrictions on the use of U.S. dollars. As I speak, $1 million cash was confiscated at the ... (main) airport in Dar es Salaam and there is no explanation on the movement of this money into the country. We have to be careful." Magufuli said his government was taking several monetary policy measures to improve lending to the private sector, and this had already started to ease pressure on shilling liquidity. The IMF said late on Tuesday Tanzania's banking sector remained well-capitalised, but some small and mid-sized banks face a sizable reduction in capitalisation ratios. It said that progress has been slow, while a lack of public spending - coupled with private sector concerns over policy uncertainty - was curtailing growth in East Africa's third-biggest economy.

"Improvements in the business environment - policy predictability based on a strong dialogue with the private sector, regulatory reforms, timely payment of value-added tax (VAT) and other tax refunds, and eliminating domestic arrears — must be pursued with urgency," the IMF said late on Tuesday. Tanzania's economy grew at an annual rate of 6.8 percent in the first half of this year from a 7.7 percent in the same period in 2016. The economy has been growing at around 7 percent annually for the past decade, but the World Bank said in November growth will likely slow to 6.6 percent in 2017. The IMF said a sharp fall in lending to the private sector, prompted by high non-performing loans, pointed to a continued slowdown in growth. In June, the IMF said Tanzania may have to delay implementing some of its infrastructure projects because its revenue expectations for 2017-2018 may not be achieved. In a bid to profit from its long coastline, Tanzania wants to spend $14.2 billion over the next five years to build a 2,560 km (1590 mile) railway network, part of plans that also include upgrading ports and roads to serve growing economies in the region. The IMF said subdued government revenue collection and delays in securing financing for projects have held back development spending and hurt economic growth. *(Reuters)*

The International Monetary Fund (IMF) called on Tanzania to speed up reforms and spend more to prevent a slowdown in one of the world's fastest growing economies. President John Magufuli pledged to reform an economy hobbled by red tape and corruption and begin a programme to develop public infrastructure after he was elected in 2015. But the IMF said in its latest review that progress has been slow, while a lack of public spending - coupled with private sector concerns over policy uncertainty - was curtailing growth in East Africa's third-biggest economy. "Improvements in the business environment - policy predictability based on a strong dialogue with the private sector, regulatory reforms, timely payment of value-added tax (VAT) and other tax refunds, and eliminating domestic arrears, must be pursued with urgency," the IMF said late on Tuesday. Tanzania's gross domestic product (GDP) growth slowed to 6.8 percent in the first half of this year from a 7.7 percent expansion in the same year-ago period. The economy has been growing at around 7 percent annually for the past decade, but the World Bank said in November that growth will likely slow to 6.6 percent in 2017. The IMF said while Tanzania's first half GDP growth in 2017 was "still strong", a sharp fall in lending to the private sector - prompted by high non-performing loans - pointed to a continued slowdown in growth. In June, the IMF said Tanzania may have to delay implementing some of its infrastructure projects because

its revenue expectations for 2017/18 may not be achieved. In a bid to profit from its long coastline, Tanzania wants to spend $14.2 billion over the next five years to build a 2,561 km-railway network - part of plans that also include upgrading ports and roads to serve growing economies in the region. The IMF said subdued government revenue collection and delays in securing financing for projects have held back development spending and hurt economic growth. *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia's 2017 copper output is expected to increase to between 800,000 and 850,000 tonnes due to stable power supply and higher copper prices from 774,290 tonnes in last year, mines minister Christopher Yaluma said on Thursday. Zambia's copper production is next year likely to increase further to reach 1 million tonnes, Yaluma said, citing improved power generation and higher prices. "As we see it right now there is a good picture. We have sufficient power and the price has gone up. With the new trends, we have projected at least 800-850,000 tonne this year and next year will manage to hit a million," Yaluma said. Zambia in September estimated copper production to inch lower to 753,992 tonnes this year mainly due to lower output from Konkola Copper Mines, a subsidiary of London-listed Vedanta Resource. Other foreign mining companies operating in Zambia include First Quantum Minerals, Barrick Gold and Glencore Plc. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

KWEKWE based chrome smelting company, Zimbabwe Mining and Smelting Company (Zimasco), has agreed on a scheme of arrangement with its creditors and is set to be removed from judicial management next month. This comes after Zimasco made a turnover of more than $ 158 million within the past 16 months. A scheme of arrangement is a court-approved agreement between a company and its shareholders or creditors. It may affect mergers and amalgamations and may alter shareholder or creditor rights. In an interview, Zimasco Judicial Manager, Mr. Reggie Saruchera of Grant Thornton International, said once the largest ferrochrome producer in the country and a force to reckon with in Africa would be weaned next month after being incubated for close to two years under judicial management. Zimasco last week invited creditors to deliberate on the scheme of arrangement, which was then passed unanimously. The scheme of arrangement is expected to reschedule the debt and free up some space for capital and recurrent expenditure. "We recently had a meeting with Zimasco creditors to discuss the scheme of arrangement. They voted in favour of it. The company will be standing alone by end of next month and will no longer be under judicial management. We are just waiting for a handover take over," he said. Mr. Saruchera said Zimasco had posted a profit of more than $ 45 million over a period of 16 months. Since the beginning of the year Zimasco has contributed more than $ 103 million of the country's total chrome proceeds. "We are happy to announce that we have managed to turn around Zimasco during the first 16 months of judicial management.

Zimasco has made a turnover of more than $ 158 million and a profit of more than $ 45 million," said Mr. Saruchera. Zimasco, which is rising from a debt overhang that had buried the group for years and currently under judicial management, has started making efforts towards liquidating debt owed to various creditors while a scheme of arrangement is in the pipeline. Zimaso owed a total of $144 936 691 to creditors including $21 780 307 to Sinosteel Singapore (in liquidation), $11 350 142 to Sinosteel International and $3 309 850 to the National Social Security Authority, pension funds and NEC. Zimasco owes $34 738 364 to financial institutions, $7 295 513 for retrenchment packages, $2 787 316 towards salaries and wages arrears (three months), among other creditors. For some debts the company considered rescheduling and repaying over 6,5 years with some over 18 months. These negotiations have been going on and the company expects that a scheme of arrangement could be in place later this month. Zimasco, an integrated ferrochrome producer with chromite mining locations in Shurugwi, Guinea Fowl, Lalapanzi, Mutorashanga and tributor operations along the Great Dyke, has been in the doldrums for the past decade bedevilled but is seeing a turn of fortunes. *(Herald)*

EDIBLE oil manufacturer, United Refineries Limited (URL), which is in the process of transforming into a fully fledged grocery manufacturer, plans a Zimbabwe Stock Exchange (ZSE) listing to raise capital, chief executive Busisa Moyo has said. The Bulawayo-based cooking oil manufacturer has both foreign and local shareholding, but chief executive officer, Busisa Moyo, said the company's long term strategy was to scout for more capital and increase its foreign shareholding. Moyo said the new economic trajectory brought about by the new Emmerson Mnangagwa-led administration presented the company, which has been in existence for 82 years, with an opportunity to strengthen its units and expands its business. "We have a plan to list in the next three years, so we are developing into a grocery manufacturer to rival the current food giants in the country," Moyo told The Financial Gazette in an interview. URL has been operating for over eight decades as a private company, making it one of the oldest manufacturers of edible oil, as well as soaps, among other grocery related products. The new political dispensation, brought about by the resignation of former president Robert Mugabe who was succeeded by Mnangagwa, has been met with optimism by industry, with local firms now eyeing strategic partnerships with foreign players.

"The future is very bright. With the plans of listing, we see capital; we think the stock market is the place to be (for) capital raising, expansion and foreign capital. We already have foreign shareholding; we are looking to increasing that," Moyo said. URL has been on recovery since 2013 following its acquisition by South Africa's logistics giant Grindrod Ltd for an undisclosed amount. Grindrod purchased an 84 percent shareholding in the company and injected over US$2 million in working capital. Grindrod is a holding company listed on the JSE Securities Exchange, with more than 100 years experience in South Africa's freight movement and related industries. "We think that we can realise

synergies by combining logistics and brands," said Moyo, adding that plans for diversification were driven by the need for competition in the grocery manufacturing sector, where the company has already introduced a variety of products on the market. He added that the new strategy was meant to strengthen existing brands. "We are very excited, we have a new mayonnaise that is out and a new mealie meal later before the year ends. As you know, we are mutating from a cooking oil manufacturer into a grocery manufacturer with revalitised brands," said Moyo. URL already has edible oils, soaps, general hygiene products and other grocery products in its current product portfolio. *(Financial Gazette)*

Economic News

Finance and Economic Planning Minister Patrick Chinamasa, on Friday said the prevailing cash shortages will not disappear "overnight", and urged people to be patient as Government starts implementing measures to address the shortage of banknotes. He also hinted that Government may consider building gold stocks to back up the local currency in the event it decides to reintroduce it. Addressing the 2018 post-budget seminar organised by the Confederation of Zimbabwe Industries, Minister Chinamasa said the shortage of cash had largely emanated from high level of expenditure of Government and widening budget deficit being funded through Treasury Bills. The TBs had resulted in excessive "printing" of money and this had driven real money out of circulation and replaced it with bank balances, Minister Chinamasa said. "There will be no quick fix to the cash shortages, it will happen but not overnight. That is why we need to increase exports and keep an eye on imports coming into the country," said the minister. Zimbabwe has grappled with cash shortages since April last year with authorities blaming externalisation, the hoarding of cash and depressed exports and low foreign investment. It is understood that about $3 billion was externalised from Zimbabwe since 2015 and the Government has since granted a three-month moratorium within which individuals and corporates that externalised the money and assets are expected to bring them back. The amnesty stretches from December 1 to February 28, 2018. The Government will neither ask questions nor prefer charges against those that will be repatriating the money.

In his inauguration speech on November 24, President Mnangagwa pledged to resolve the country's cash shortages. "In the immediate, the liquidity challenges, which have bedevilled the economy must be tackled head-on and must be dealt with as a matter of urgency." "People must be able to access their earnings as and when they need them," Mnangagwa said. He said the Government would expedite relations with the "countries who control the global financial markets'. Minister Chinamasa said while it would be imperative to address economic fundamentals necessary to re-introduce the local currency, the Government may also looking at building gold reserves to back up the Zimbabwean dollar. "That is where my mind is going. Meanwhile industry welcomed Minister Chinamasa's budget, describing it as "business and investor friendly," said Minister Chinamasa. While there would be some areas needing public and private sector dialogue, business leaders said the fiscal policy had positively responded to most of the challenges facing the economy. Minister Chinamasa assured policy "consistency and predictability" while challenging the business to play its part. "We have made clear the direction the economy is going; supporting infrastructure, re-orenting the budget, supporting productive sectors and there is convergence on that. We are creating conducive environment for you the economic players and investors and the ball is on your court." *(Herald)*

ZIMBABWE's telecommunications companies registered a 19 percent growth in cumulative revenue to $292,7 million in the third quarter to September 2017, compared to $244,5 million recorded in the previous quarter driven by growth in data usage. According to regulator, Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ) mobile internet data usage was up 39,1 percent to 4 129 terabytes. The country has been experiencing an increase in mobile data usage as mobile phone and internet penetration have been growing exponentially. Figures from POTRAZ show that the mobile penetration rate increased by 3,5 percentage points to 100,5 percent from 97 percent in the second quarter. The active internet penetration rate increased by 0,9 percentage points to 49,5 percent from 48,6 percent recorded in the previous quarter of 2017. All the three mobile operators registered an increase in data usage while Econet having the highest market share of 70 percent. NetOne recorded the highest increase in data or internet consumption at 86 percent, which resulted in its market share increasing by 5,7 percentage points to 22 percent of total market share. Of the total industry revenue, mobile operators

contributed $224,8 million during the quarter under review, representing a 36 percent growth. "The increase in overall operator revenue is attributable to the growth in internet and data usage as well as mobile money services," said POTRAZ. The industry's aggregate revenue per user per month increased by 10,8 percent to $4,41 from $3,98 recorded in the previous quarter. Total operating costs for mobile operators declined by 6,3 percent to $123 million from $131 million the prior quarter. POTRAZ said the decline was a result of efforts by mobile operators to cut down operating expenditure. The aggregate average cost per user per month declined by 9,3 percent to $2,72. However, investment by mobile operators declined by 37,2 percent to $31 million. Active fixed telephone lines declined by 2,3 percent to reach 260 183 while fixed tele-density remained at 1,9 percent. Since the advent of the mobile phones, fixed network services have continued to face stiff competition resulting in declines in voice revenues as, consumers opt for the more convenient mobile phones. According to POTRAZ, most of the fixed telephone lines in rural areas belong to local authorities as well as educational and health institutions. The national mobile voice traffic increased by 7,6 percent to record 924,7 million minutes from 859 million minutes recorded in the previous quarter. Revenue from other services such as postal and courier revenues decreased by 1 percent to $13,8. Postal services provider, Zimpost said recently that it was working on growing other services such as money transfer to offset the decline in mail postal services. However, the firm is still upbeat of good returns from postal and courier services driven by increased online based purchases, as the purchased goods still require to be couriered to customers. *(Herald)*

GOVERNMENT has slashed the rate of royalty for all platinum group mining companies to 2,5 percent from 10 percent, a move the Chamber of Mines of Zimbabwe says will go a long way in enhancing viability at a time prices are depressed. This also comes as Government indicated it had deferred the 15 percent levy on raw platinum exports cognisant of progress towards implementation of an agreed road map to construct value addition plants. The levy has been deferred further for raw and semi-beneficiated platinum until January 1, 2019. The decision to cut the platinum royalty was taken as part of measures to ensure equity and fairness in the taxation of PGM miners, with or special leases or special mining title. The royalty is charged on gross annual revenue. The new framework is with effect from April 1, 2017, Finance and Economic Planning Minister Patrick Chinamasa announced in his 2018 National Budget last week. He said the provision will last until August 2019. Effectively, the development will enable all platinum group companies to reserve significant amounts of capital for reinvestment, since royalty charges are calculated on the mining companies' gross annual revenues. Government entered into Special Mining Lease Agreements with some platinum group mining companies, which provide for a specific royalty rate of 2,5 percent, but mining companies who do not have special mining leases continued to be levied at 10 percent. PGM mining is strategic to the domestic economy since platinum is Zimbabwe's second biggest foreign currency earning mineral, after gold, and together the two minerals generate more than half the receipts from mining.

According to the 2018 National Budget, Zimbabwe projects 3,7 billion in export earnings next year from mining, from 3,4 billion in 2017. "In line with the principles of equity and fairness in the taxation system, Government committed, in April 2017, to align the royalty rates to 2,5 percent as part of the 2018 Budget measures. The 2018 Budget, therefore, proposes to regularise royalty rates for platinum on all platinum group mining companies with effect from April 1, 2017, until August 2019," Minister Chinamasa said last week. Zimbabwe has three producing platinum mines, Zimplats, Unki and Mimosa Mining Company. Chamber of Mines of Zimbabwe chief executive Isaac Kwesu said the reduction of the rate of royalty was taken in the spirit of equity and fairness for all PGM mining firms, which must be treated in the same way. "It (reduction) ensures fairness and equity. All platinum miners are faced with depressed prices; platinum prices are low. All miners are struggling for viability, so the cost are the same whether one holds a SML or not, all the companies need to survive," Mr. Kwesu said. In Zimbabwe, SMLs are normally given to an investor who hold adjoined or contiguous mining claims they intend to develop and may result in investment of over $100 million. Zimbabwe's platinum mining companies have in the past few years been battling to secure more favourable fiscal taxation regime amid claims the current framework means they lose half the revenue to taxes. Most recently, they have been fighting to have the proposed 15 percent levy on unbeneficiated platinum exports, arguing the tax would render their operations unviable. The producers have already started on the beneficiation projects. However, only Zimplats is now smelting and exporting PGMs in matte form. Unki expects to complete its smelter for matte in August next year while Mimosa Mining Company is on feasibility studies. According to Minister Chinamasa's budget, all three still have base metal and precious metal refineries outstanding. Government had eventually agreed to suspend the levy this year, until January next year, on condition the miners demonstrated commitment to building

beneficiation facilities to optimise returns from PGMs. However, the tax was reduced through the 2018 Budget from a blanket 15 percent to 5 percent for concentrate exports, 2,5 percent for white matte, 1 percent for PGM and base metal stage and 0 percent for precious metal refinery. While the Government noted the investment being put into beneficiation facilities, Minister Chinamasa said there was concern over the slow progress towards the agreed targets, which perpetuates export of raw and semi-processed PGMs. Zimbabwe also has the world's second biggest known platinum deposits after its neighbour South Africa. The southern African nation is the world's third largest producer behind South Africa and Russia. *(Herald)*

ZIMBABWE'S foreign currency shortages that culminated in a cash crisis have been worsened by growing economic activity. Finance and Economic Planning Minister Mr Patrick Chinamasa's economic growth forecasts for 2018 are at 4, 5 percent, up from 3,7 percent in 2017, driven by growth in agriculture and mining as well as policy interventions across the board. In his 2018 National Budget, Minister Chinamasa said economic growth is expected to be above 4, 5 percent in the outlook. As productivity and the economy grows, demand for foreign currency to support the development swells, Reserve Bank of Zimbabwe (RBZ) international banking and portfolio management deputy director Mr Ernest Matiza has said. "I think there is more foreign exchange which we have received this year, but also what we have seen is the economy is picking, which implies that all sectors of the economy are demanding more foreign exchange in order for them to be able to operate," Mr Matiza told a Chamber of Mines State of the Industry Survey report launch last Friday in the capital. Matiza said the extractive industry requires a lot of foreign currency running into billions annually, with gold producers requiring about $70 million on monthly basis while platinum and chrome requirements are in the range of $100 million each month. "If you are looking at all these sectors there is demand for electricity. If you look at it on a weekly basis we need to compliment what we are producing in terms of electricity by importing plus or minus $5 million worth of electricity (and) major demand for that electricity is from the mining sector," he said.

"If you look at the gold sector there is also the small scale producers who are paid in cash so every week we need to import plus or minus $5 million to pay for that gold which is coming from the small producers," Mr Matiza added. Other sectors of the economy also have their demands. "Take your cooking oil, on average you need $5 million every week, your medicals you need $4 million every week, take your fuel which needs $50 million every month and which also goes to the mining sector. "The suppliers on average $5 million every week so we are looking at $170 million which I receive, these are just basics (and) I have not even incorporated other sectors which come for raw materials for production as well. This is not even enough, that is why we talk of a pronounced foreign exchange shortage but otherwise we have seen actually better,"Mr Matiza said. Between the month of August and December, foreign currency demands are exacerbated by fertilizer imports which cost the economy between $80 and $100 million, excluding agro chemicals which require an extra $25 million. If you look at the issues of foreign exchange, we have done very well as a country but also there is demand as the economy is also picking up," he said. *(Herald)*

The African Export-Import Bank (Afreximbank) yesterday announced a $1,5 billion economic stabilisation package for Zimbabwe that will go towards the revival of the productive sector to stimulate more exports. Afreximbank president and board of directors chairman Dr Okey Oramah said the bank was keen to support the stabilisation of the Zimbabwean economy by providing currency liquidity to avoid bank queues. He said Afreximbank would also be supporting nostros of the different banks to ensure that those dealing in American dollars had access every time they needed them to pay for goods. The funds being provided by Afreximbank would also provide investment guarantees for investors, to entice them to come to Zimbabwe. Dr Oramah was speaking after paying a courtesy call on President Emmerson Mnangagwa at his Munhumutapa offices. He also revealed that the $600 million nostro stabilisation facility extended to Zimbabwe to meet its foreign currency requirements for productive foreign payments had been finalised. Dr Oramah was leading the delegation that met President Mnangagwa. The $1,5 billion facility will support the productive sector through banks, especially the mining and manufacturing sectors. "We are here to extend congratulations to President Mnangagwa and to also reaffirm our continued support for the Government and people of Zimbabwe under his leadership," said Dr Oramah. "We discussed various areas where we have been intervening and will continue to intervene. We also informed the President that the $600 million we engaged a few weeks ago has now been finalised.

We also discussed a number of areas that will involve additional investments from us, something that will be in the order of $1 billion to

$1,5 billion that will include certain kinds of guarantees to encourage investors to come into Zimbabwe at this time. "It will include a $150 million facility we are doing for banks to enable them to confirm letters of credit to ensure that we have good supply of essential items like fuel, fertilisers and so on." Finance and Economic Development Minister Patrick Chinamasa said he was delighted that Dr Oramah had been able to come to Zimbabwe and pay a courtesy call on President Mnangagwa after his inauguration. "His visit sends very good signals to the rest of the world that Zimbabwe is open to do business," he said. "It is open for investment and this is the support that I think we deserve. As you are aware, Afreximbank has been a pillar of strength throughout our most difficult times and I am happy to say that they have been with us from beginning and they will be with us even in the new era of prosperity that is beckoning to us. "As things stand now we have, through the inaugural speech by the President and through the Budget that I delivered in the National Assembly on Thursday, given a clear policy direction as to where we are headed as far as the management of the economy is concerned." Minister Chinamasa said Afreximbank's interventions were going to support the country to have an investment guarantee. He said this was adequate demonstration that next year the country should register a higher growth rate than he anticipated in the Budget. Minister Chinamasa anticipated a 4,5 percent economic growth in the Budget delivered last week. He said with these developments, Zimbabwe should do better. "The support they (Afreximbank) are going to give is to support the productive sector, of course through our banks, mining sector, especially the gold sector, retooling of our manufacturing, all those are good things that are going to happen to our economy and I believe this economy is going to be in for a good time ahead," he said. The funding is expected to restore confidence in the economy, a good foundation for attracting both domestic and foreign investment.

Botswana and Zimbabwe are expected to sign various memoranda of understanding in the coming few months once current engagements between the two Governments are completed. This was said by Botswana's Minister of International Affairs and Cooperation, Dr Pelonomi Venson-Moitoi after paying a courtesy call on President Emmerson Mnangagwa at his Munhumutapa Offices yesterday. "I came to convey a congratulatory message to His Excellency the President from my president," she said. Commenting on areas of cooperation the two Governments are going to engage on after years of strained relations, Dr Venson-Moitoi said she was already in discussions with her counterpart Major- General Sibusiso Moyo. "That I will be discussing with my colleague the Foreign Affairs Minister and we will be discussing a lot of memoranda of understanding between our two countries that we have to speed up and exchange in the next few months," she said. Meanwhile, a Special Envoy from the Saharawi Arab Democratic Republic Mr. Mohamed Yeslem Beissat also called on President Mnangagwa to brief him on the situation in the North African country. "I was honoured to be received by His Excellency, President Mnangagwa and I delivered a letter from his brother and colleague President Brahim Ghali. "I briefed the President of the situation in Western Sahara and North Africa in general and the President assured us of the continuation of the support and solidarity that has always linked the Saharawi Republic with the Republic of Zimbabwe and has always been between Zanu-PF and the Polisario Front.

"We and Zimbabwe have created a relationship that was built during our common struggle for freedom and anti-apartheid and for the betterment of our continent Africa. As members of the AU we have renewed our strong resolve for the implementation of AU resolutions regarding the situation in our continent and the well being of its peoples," Mr. Beissat said. Zimbabwe has stood by the Saharawi Republic in its struggle against Moroccan colonisation of its territory in Western Sahara. Mr. Beissat thanked Zimbabwe for leading in the fight against colonialism and the dignity of African people. "Zimbabwe was the leader of the Frontline States for the freedom of South Africa and Namibia and is the leader of the Frontline States in supporting the Saharawi Republic to bring about the end of the last colonial issue in Africa. Zimbabwe has always been at the forefront when it comes to the dignity and freedom of African people, which we are very grateful," he said. Mr. Beissat who is also a member of the national secretariat of the Polisario Front will also attend the Zanu-PF Extraordinary Congress tomorrow. *(Herald)*

ZIMBABWE has earned $871, 2 million from 176,4 million kilogrammes of tobacco exported mainly to South Africa and China since the beginning of 2017. Statistics from the Tobacco Industry Marketing Board's latest weekly bulletin show that China accounted for over 58,2 million kg valued at $457,2 million while South Africa bought 23,5 million kg for $75,6 million. With an estimated 350 million smokers, China has been spending over $200 million per annum on Zimbabwean tobacco. "As at November 10, 176,4 million kg were exported to 62 countries so far, generating $871,2 million into the local economy. During the same period last year tobacco exports generated $870,4

million from 154,2 million kg. The golden leaf is presently being exported to these countries at an average price of $4, 94 a kg compared to $5, 64 (in) the same period last year. "Belgium has so far bought 21,7 million kg worth $65,04 million (average price of $2,99/kg), followed by Indonesia, which has spent $40,5 million on 9,7 million kg, while United Arab Emirates stands at 8,6 million kg worth $16, 8 million," TIMB said in its latest weekly bulletin. Other buyers include Russia, Bulgaria, Vietnam, Hong Kong, France, Netherlands, Germany, Holland, Sudan, Spain and Tanzania. Last year, tobacco exports topped $933 million, which was a marginal surge from $855 million from the previous season. During the 2017 marketing season, farmers sold 189 million kilogrammes of flue-cured tobacco, with contract farmers contributing most of the deliveries at 158 million kg, while self-financed farmers weighed in with 31 million kg. Meanwhile, farmers have planted more tobacco than last season. Manicaland Province is still leading all the country's provinces in terms of the hectarage that has been put under flue-cured tobacco, having 12 703 hectares under the cash crop out of the 42 283ha planted countrywide. The TIMB bulletin showed that the 42 283ha of tobacco planted throughout the country is a 0, 9 percent increase from the 41 496 ha planted in the same period last year. The bulk of the hectarage, at 27 885, is under dry land, while 14 398 is under irrigation. Mashonaland Central tobacco farmers, who usually lead the pack are in second position, having so far planted 12 014ha, followed by Mashonaland East with 10 225ha and Mashonaland West with 6 319ha. Many tobacco farmers are under contract farming where beneficiaries often access inputs such as fertilisers and chemicals timely. Some contracts even cover labour costs. Agribank has come up with a $28 million tobacco kitty, which will ensure that the tobacco auction system remains in place as the domination of the contract system will entirely affect the tobacco sector through manipulation of the system as what happened to the cotton sector. Tobacco registrations for the 2017 /8 season rose 37 percent to 100 723ha from 73 658ha last season, showing a high appetite of growing the golden leaf among farmers. Tobacco is the country's highest foreign currency earner followed by gold. *(Herald)*

THE $400 million National Railways of Zimbabwe (NRZ) recapitalisation deal will be finalised in the first quarter of 2018, Finance and Economic Planning Minister Patrick Chinamasa has said. A consortium of non-resident Zimbabwean professionals, the Diaspora Infrastructure Development Group (DIDG) partnered South Africa's Transnet to win the contract to revive the NRZ in August this year. The deal received Cabinet approval in October. "Following government approval, negotiations to recapitalise NRZ, in partnership with a Consortium of Diaspora Infrastructure Development Group (DIDG) and Transnet of South Africa, are at an advanced stage," Chinamasa told Parliament during his 2018 national budget presentation last week. "The 'Framework Agreement' has been finalised, paving way for the development of a Model Agreement, which will be submitted to Cabinet for approval, with all the processes expected to be concluded by the first quarter of 2018." The recapitalisation of the NRZ will restore the key economic role of rail transport, an affordable mode for bulk transportation which eases the cost of doing business and, hence, domestic production competitiveness, Chinamasa added. "The recapitalisation programme targets refurbishment and replacement of NRZ rolling stock, signaling, ICT and track infrastructure, among others, under a joint venture partnership model estimated to cost US$408 million," the Finance Minister said. "This will raise NRZ's capacity to move cargo from the current 3,8 million tonnes to its peak of 18 million tonnes per annum. Meanwhile, a budget provision of US$10 million has been set aside to cater for required emergency works on the rail network."

Meanwhile, the Johannesburg-based DIDG this week donated sanitation chemicals, equipment and promotional material worth thousands of dollars towards the typhoid awareness and environmental health action initiative. Speaking at the handover event held at The Immaculate Conception & Our Lady of Lourdes church in Harare's Highfield suburb on Tuesday, DIDG's chief financial officer Washington Mashanda said the group would also consider investing in water and sanitation infrastructure. "We should never underestimate the importance of sanitation, and hygiene in our communities. As DIDG it is our firm belief that good health and sanitation services are an essential part of the country's critical infrastructure," Mashanda said. "Adequate drinking water, wastewater management, sanitation, and hygiene are all essential ingredients to ensure a sustainable human health system. DIDG's investment focus includes targeting investments that provide sustainable solutions for the country and improve the capacity of the country to deliver safe and reliable clean water supply that is accessible all the time. As DIDG, we are exploring various projects aimed at building a preventive and efficient water infrastructure which is critical for ensuring the effective functioning of the economy while protecting its citizens from such water-borne diseases like typhoid." *(Financial Gazette)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The Zimbabwe Revenue Authority (Zimra) has surpassed its November 2017 revenue target by 30 percent to $352,24 million from $269,83 million driven by strong performance in collections from the Value Added Tax revenue head, data from the authority reveals. Net collections were 24,29 percent above target. Zimra corporate communications manager, Canisio Mudzimu, told The Herald Business that revenue collection enhancement measures such as systems automation, audits and anti-corruption initiatives were bearing fruit. He said measures to improve taxpayers' awareness of their obligations and rights under fiscal laws were paying off, as the authority continues to surpass monthly targets. "Gross collections for the month of November amounted to $352,24 million against a target of $269,83 million, which translates to a positive variance of 30,54 percent. Net collections of $335,38 million were 24,29 percent above target. The November 2017 net collections grew by 34,21 percent from the $249,90 million that was collected during the same period last year," said Mr. Mudzimu. While presenting the 2018 National Budget, Finance and Economic Planning Minister Patrick Chinamasa, lauded initiatives implemented by Zimra to enhance revenue collections and he acknowledged that the measures were key to the improvements in revenue performance recorded during the year. "Tax revenue collections by Zimra have been running at levels above 2017 Budget targets, with total receipts to November 9 percent higher than envisaged. Tax administrative measures instituted in the recent past are also facilitating improved revenue collection in 2017," said Minister Chinamasa.

Some of the strategies that Zimra has implemented include intensified information dissemination, automation, expansion of the tax base, fighting corruption and enhancing operational efficiencies. Tax heads that spurred November collections were Value Added Tax (VAT), Customs Duty and Excise Duty. Zimra believes the positive performance is due to improved awareness by the taxpaying public of their rights and obligations under tax laws. Revenue performance in the first 11 months of 2017 was higher than the same period in 2016, except for April and June. Zimra's board believes that current collections are still a tip of the iceberg and is determined to stir up management to double the current measures to ensure increased compliance. Lifestyle audits are also expected to continue, covering Zimra officials and high-profile individuals to ensure that taxpayers account for their incomes and pay their fair share of taxes as a contribution to the national economy. The revenue measures that are being proposed seek to consolidate the gains realised by local industry through support measures provided by Government to improve the tax administrative system, thereby enhancing tax collection, as well as provide relief to Taxpayers. The measures also seek to facilitate formalisation of informal business operations. More so, Government has started rolling out of electronic cargo tracking system to all borders as well as harmonising container depot operations to 24 hours in line with the border post operating hours. Zimra will also speed up the connection of mobile scanners to ASYCUDA World Server in order to enable real time entry and timely acquittal of goods and implementation of the e-customs initiative for the advance clearance and online payment of relevant charges for tourist motor vehicles. *(Herald)*

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