WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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

Country	Index	30-May-14	6-Jun-14	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9096.73	9114.93	0.20%	-1.11%	0.68%	-0.67%
Egypt	CASE 30	8242.94	8498.65	3.10%	3.05%	25.30%	21.45%
Ghana	GSE Comp Index	2319.12	2343.98	1.07%	1.07%	9.27%	-13.61%
Ivory Coast	BRVM Composite	230.61	238.49	3.42%	173.78%	2.79%	169.04%
Kenya	NSE 20	4881.56	4847.80	-0.69%	-0.33%	-1.61%	-2.65%
Malawi	Malawi All Share	13233.53	13237.97	0.03%	-0.61%	5.64%	12.76%
Mauritius	SEMDEX	2077.87	2091.96	0.68%	0.76%	-0.18%	-0.61%
	SEM 7	405.98	406.45	0.12%	0.19%	0.70%	0.26%
Namibia	Overall Index	1094.17	1105.80	1.06%	-1.60%	10.91%	8.51%
Nigeria	Nigeria All Share	41474.40	41602.09	0.31%	0.20%	0.66%	-0.48%
Swaziland	All Share	284.32	284.32	0.00%	-2.63%	-0.47%	-2.63%
Tanzania	TSI	3206.25	3212.71	0.20%	-0.73%	12.98%	7.11%
Tunisia	TunIndex	4537.54	4528.48	-0.20%	-0.38%	3.36%	3.81%
Zambia	LUSE All Share	6027.98	6033.80	0.10%	2.80%	12.81%	-7.52%
Zimbabwe	Industrial Index	174.89	178.58	2.11%	2.11%	-11.65%	-11.65%
	Mining Index	35.44	38.69	9.17%	9.17%	-15.51%	-15.51%

CURRENCIES

Currency	30-May-14 Close	6-Jun-14 Close	WTD % Change	YTD % Change
BWP	8.65	8.76	1.32	1.36
EGP	7.13	7.13	0.05	3.17
GHS	1.87	2.98	-	26.48
CFA	482.10	182.11	- 62.23	- 61.79
KES	86.31	86.00	- 0.36	1.07
MWK	384.10	386.56	0.64	- 6.31
MUR	29.17	29.15	- 0.08	0.44
NAD	10.44	10.72	2.70	2.21
NGN	161.19	161.36	0.11	1.14
SZL	10.44	161.36	2.70	2.22
TZS	1,626.90	1,642.11	0.93	5.49
TND	1.63	1.63	0.18	- 0.44
ZMW	6.89	6.70	- 2.63	21.99

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana will not sell back its troubled 600 megawatt power plant to the Chinese company that built it, as had been widely expected, and will instead offload it to a different Beijing-controlled firm, according to government documents seen by Reuters on Friday. Documents from the Ministry of Mineral Resources, Green Technology and Energy Security showed that negotiations with China Machinery Engineering Corporation (CMEC) will start soon over the proposed sale of the coal-fired station. The power plant was built by an another Chinese company, China National Electric Equipment Corporation (CNEEC) at a cost of $970 million, but has broken down repeatedly since commissioning in 2012, leading to a reliance on diesel generators and imports from South Africa. It is not clear if there is any relationship between the company that built the plant, CNEEC and the potential buyers, CMEC. On its website, CMEC says it operates in 150 countries and is a part of the Sinomach group of companies. *(Reuters)*

Botswana has changed its consumer price index base year to 2016 from 2006 and modified how it calculates inflation to factor in changes in consumption patterns, a Statistics Botswana official said on Tuesday. The changes are expected to be factored into the October CPI figures due out this week, acting manager of national accounts and prices Phaladi Labobedi said. New products in the CPI basket included tablets, USB flash drives and second hand cars. Rebasing and the change of weightings and products would not have a significant statistical impact, he said. Botswana's annual consumer inflation was 2.8 percent in September. *(Reuters)*

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Egypt

Corporate News

Orange Egypt has completed payment for its fourth-generation mobile services licence and submitted the outstanding $242 million it owed the Egyptian government, a company official told Reuters on Monday. The subsidiary of French telecoms group Orange, signed the deal last month, agreeing to pay $484 million to operate 4G services in the country of 90 million after the government agreed to offer it additional frequencies. The mobile operator said last week that it had agreed on a 500 million euro ($553 million) loan from its parent company to cover the cost of the licence. Egypt sold four 4G licences as part of a long-awaited plan to reform the telecoms sector and raise money for stretched government finances. Orange was the first mobile phone operator in Egypt to sign the licence deal and was followed by Vodafone and Etisalat. All three had initially turned down the licences before reaching agreements to purchase additional spectrum. *(Reuters)*

Economic News

Egypt's stock market rose sharply early on Sunday in heavy volume, heading for a 12th straight session of gains following the International Monetary Fund's approval of a three-year, $12 billion loan for the country. The IMF has already disbursed an initial installment of $2.75 billion to Egypt's central bank. The IMF loan approval had been widely expected, but this plus Egypt's decision to float its currency on Nov. 3 has made investors optimistic that the market can look forward to major inflows of foreign money. Analysts at Bank of America Merrill Lynch recommended buying Egyptian Treasury bills unhedged, reviving a trade that had been popular among foreign investors before political upheaval in 2011 ushered in years of economic instability. Egypt's blue chip stock index climbed 2.6 percent in trading volume that looked set to be the biggest daily amount on record. Financials and exporting firms were some of the top gainers, with Egypt Kuwait Holding jumping 6.3 percent and Arabian Food Industries rising as much as its 10 percent daily limit. A few blue chips declined on profit-taking following strong gains over the past week. Telecom Egypt was down 1.7 percent. The broader stock market index was up 2.0 percent. *(Reuters)*

Egypt's banks have bought $1.4 billion since the country's pound currency was floated earlier this month, Central Bank Governor Tarek Amer said on Saturday to Al Mal, a local financial newspaper. The central bank abandoned its currency peg of 8.8 pounds to the U.S. dollar this month in a dramatic devaluation welcomed by the International Monetary Fund and the World Bank. The pound traded at just over 16 to the dollar on Friday. Amer said banks bought $1.4 billion from individuals exchanging their foreign currency for Egyptian pounds during the first six days in which banks began operating on the newly liberalised exchange rate. *(Reuters)*

Egypt is targeting a budget deficit of 8.5 to 9.5 percent of GDP for the 2017-18 fiscal year, down from a 12.2 percent deficit for 2015-16, the finance ministry said in a draft budget released on Sunday. Egypt on Friday secured a three-year $12 billion IMF lending programme aimed at reducing its budget deficit and re-launching economic growth. Egypt's financial year starts in July. *(Reuters)*

Welspun India said it had acted to address concerns over the quality of its Egyptian cotton as the departure of two major U.S. customers over the issue led to a quarterly loss. The bedding and towel maker also warned on Tuesday of muted revenue growth next year after Target Corp and the world's largest retailer Wal-Mart Stores Inc said they would stop buying its Egyptian cotton products. Target alleged in August that Welspun had passed off cheap sheets as premium Egyptian cotton. Egyptian cotton uses high-end fibre, and hence sells at a premium to regular cotton. Chairman B.K. Goenka said that while the contribution of Egyptian cotton had fallen to 3 percent of Welspun's total revenue, nearly half of last year, as a result of the quality issue, the firm has no plans to exit the business. Goenka said the fault with the cotton products supplied to Target was due to "a complex supply chain" that Welspun is now working on simplifying by bringing it in-house rather than outsourcing. "The outsourcing has helped us meet our volume requirement ... however, the increasing complexity of our supply chain has presented a challenge toward tracking and traceability," Goenka said. He said consultancy EY had completed an audit and Welspun is implementing suggested remedial measures to its supply chain. "This is opportunity for us to improve our processes across our products," Managing Director Rajesh Mandawewala said. Welspun said it had been in touch with all its clients about the Egyptian cotton quality issue.

With the exception of Target, which said in August that it had severed all ties with Welspun, the rest of its clients planned to continue working with the company, Goenka said. Those include the U.S. retailers JC Penney and Bed Bath & Beyond, which conducted their own audits of Welspun. Welspun reported a consolidated net loss of 1.48 billion rupees ($21.87 million) for July-Sept, as against a profit of 1.79 billion rupees a year earlier. It also took a provision of about 5 billion rupees to cover costs related to the Egyptian cotton issue, and any costs that may result from U.S. lawsuits. Wal-Mart was sued last week on behalf of consumers who alleged the retailer sold products falsely labelled "100% Egyptian Cotton" from Welspun for many years after it first became suspicious about the quality of their fibre. Welspun's stock price is down 42 percent since August, and closed down 4.47 percent on Tuesday, after falling as much as 10 percent earlier in the day. *(Reuters)*

The Egyptian pound strengthened slightly on Monday and importers reported increased dollar liquidity at banks days after the International Monetary Fund (IMF) approved a $12 billion loan the government hopes will jump-start the economy. Banks were selling the pound at around 15.7 to the dollar and buying it at around 15.2 compared with a sell price of around 16 and a buy price of around 15 on Sunday. Egypt floated the pound on Nov. 3 in a dramatic move welcomed by businesses as the key to unlocking investment. It devalued the currency by about a third from the former peg of 8.8 against the dollar and allowed it to drift lower. The pound initially fell to a rate of roughly 18 to the dollar, in line with prices quoted on the country's currency black market just days before the float. The currency has been strengthening since last Wednesday, however, when IMF Managing Director Christine Lagarde said she would recommend the international lender approve Egypt's lending programme. Monday's stronger pound rate is in line with reports that importers of strategic goods are increasingly able to source their dollar needs from banks. One importer said he had been receiving his full currency requests on the same day, a dramatic improvement from the lengthy queues experienced before the float. Moody's said in a report on Monday that increasing dollars sales to banks was credit positive "because it increases the availability of U.S. dollars to them, which, in turn, will help service their customers' need for foreign currency, allow the banks to improve their dollar liquidity and reduce their net foreign liability position." Central Bank Governor Tarek Amer said this week Egypt's banks bought $1.4 billion in the first six trading days after the float. While banks have been buying dollars to supply clients, a shortage of dollar liquidity in the banking system as a whole means interbank trading is off to a slow start.

Under the currency peg, dollar supplies were rationed by the central bank, forcing businesses to go to the black market for foreign currency. Bankers have said it will take time for those dollars to be absorbed into the banking system after the float. Egypt's benchmark stock index closed down 2.04 percent, its first decline since the currency float, with foreign investors the sole net buyers, according to a research note from Pharos Holding. Yields were mixed at Egypt's treasury bond auction, with the country's three-year bond yields increasing but yields on longer term seven-year debt falling. *(Reuters)*

A $12 billion loan by the International Monetary Fund to Egypt highlights the extent of the multilateral lender's re-engagement with the Middle East and the risks of a backlash against governments carrying out painful reforms return for the aid. From the late 1980s through the Arab Spring uprisings in 2011, the IMF was vilified in the region as an agent of Western big business pressuring countries into austerity policies that impoverished their populations while benefiting foreign bankers. After IMF-inspired spending cuts triggered riots in Algeria, Jordan and Sudan, many governments shunned cooperation with the Fund. At least one Egyptian minister privately compared it to British imperialists who seized the Suez canal. The loan to Egypt, approved on Friday, shows how much has changed. The IMF, touting a new, softer image, is now a key part of efforts to shore up many Middle East economies; as well as Egypt, it is providing billions of dollars of support to Iraq, Jordan, Morocco and Tunisia, and advising Algeria on reforms. For the first time, it is also giving detailed advice on a large scale to rich oil exporters in the Gulf such as the United Arab Emirates and Kuwait, on issues including the introduction of value-added tax to boost non-oil revenues. That is good news for investors, who are reluctant to put money into the region without the IMF's seal of approval. But it exposes the IMF and its partner governments to public anger if they fail to solve deep-rooted economic problems. Mohsin Khan, who headed the IMF's Middle East department from 2004 to 2008, said its re-engagement with the region was tricky because while the Fund knew how to fix state finances and external deficits, it was, like economists in general, less expert at reducing inequality and creating millions of jobs. "Governments are undertaking difficult economic reforms. If after a few years they haven't succeeded in improving living standards, people will point fingers," said Khan, now senior fellow at the Rafik Hariri Center for The Middle East at the Atlantic Council in Washington.

The shift towards the IMF is partly due to huge economic pressure: the turmoil of the Arab Spring slashed investment in poorer countries while the plunge of oil prices from mid-2014 squeezed the Gulf's energy exporters. In the past, poorer countries preferred loans, aid and migrant workers' remittances from the Gulf, which attached political conditions to its aid, to money from the IMF, which demanded tough economic reforms. By hurting the Gulf's finances, cheap oil has made that model unsustainable. But the IMF itself has also changed. It is less insistent on dogma such as freeing currency rates, and more focused on reducing poverty and inequality, said Bessma Momani, senior fellow at Canada's Centre for International Governance Innovation, who is writing a book about the Fund. For example, last week Cairo floated its currency and hiked fuel prices - classic IMF policies. But to limit the pain for poorer citizens, it plans - with IMF acquiescence - to boost spending on a consumer subsidy scheme and keep the price of bread flat, which will slow the drive to cut its budget deficit. "I think we've learned," Masood Ahmed, who ran the IMF's Middle East department from 2008 until last month, said of its role in the Middle East. In the past, the IMF sometimes focused solely on macroeconomic numbers such as deficits and growth rates; it now looks more at other issues which can affect the macro picture, such as poverty, he said. After the Arab Spring, Ahmed mounted a public relations campaign to improve the IMF's image in the region, launching an Arabic-language blog to explain its policies and meeting frequently with politicians and journalists. Reham El Desoki, senior economist at regional investment bank Arqaam Capital, said that partly as a result of such efforts, the IMF's ties with Egypt had changed since the 1990s. "The relationship has developed. It's more of a partnership than a carrot and stick relationship," she said. Khan said the IMF had changed because it was shocked by the fragility of economies during the Arab Spring, as rapid growth rates evaporated and investment dried up overnight. "The Arab Spring had a humbling effect on the staff of the Fund."

So far, the IMF appears to have succeeded in avoiding the public outrage that marked many of its past forays into the region. Ordinary Egyptians are complaining about the fuel price hikes but few are blaming the Fund, and many say they understand the need for austerity. Coming years may test that success, however. The three-year Egyptian loan may just be the start of a long-term financial burden; many economists think it will have to be renewed. Syria and Yemen will need aid when conflicts there eventually end. Meanwhile, the IMF will be caught in the middle as governments in both oil importers and exporters cut back welfare benefits. Fuel prices are expected to rise further and new taxes to be imposed in many countries. "This means the IMF can't avoid political engagement in countries, exposing it to a backlash if economic transitions prove painful," said Momani.*(Reuters)*

Egypt's central bank kept its key interest rates unchanged on Thursday in a meeting of its Monetary Policy Committee, it said in a statement, two weeks after it surprised markets with a 3 percent hike in its key rates. The bank kept its overnight deposit rate at 14.75 percent and its overnight lending rate at 15.75 percent, it said in a statement, meeting expectations of all 15 respondents in a Reuters poll. The bank had already raised rates by a cumulative 550 basis points this year. Egypt had been struggling to revive its economy since a popular uprising in 2011 drove away tourists and foreign investors - both major sources of hard currency. On Nov. 3, the bank ditched its peg of 8.8 per dollar and hiked rates by 300 basis points to stabilise the newly floated pound. Its initial guide level was 13 to the dollar and on Thursday it allowed the pound to drift to about 15.75/16.00 to the dollar. Last week Egypt secured a $12 billion loan from the International Monetary Fund but must push through with painful economic reforms which include imposing a Value Added Tax, cutting electricity subsidies and raising fuel prices. The reforms contributed to a rise in Egypt's core inflation, which jumped in October although annual urban consumer price inflation eased for the second consecutive month after hitting an eight-year high in August. Yields on Egyptian treasuries jumped significantly in auctions following the surprise hike on Nov.3 but later dropped as demand for government treasuries rose. On Thursday, the average yields on six-month and one-year treasury bills dropped significantly at an auction. The 182-day treasury bill yield dropped to 17.716 percent from 18.469 percent at the previous auction, and the yield for the 357-day treasury bills dropped to 17.606 percent from 18.903 p

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Ghana

Corporate News

AngloGold Ashanti said on Monday that illegal miners who have occupied its Obuasi mine in Ghana were slowly leaving the site after the military returned to the area. Up to 5,000 miners were working at Obuasi in mid-October, a more than 100-year-old mine where production was halted in 2014 when falling gold prices made it uneconomic to access new and deep-lying reserves. "The government ordered the military to return in mid-October. And that has been a very pain-staking process and one that we support," AngloGold spokesman Stewart Bailey said on a media call with journalists after the group unveiled its third-quarter update. "The illegal miners are slowly leaving ... There is still a significant number of illegal miners on the site albeit far less than there was before," he said. AngloGold has said the presence of the illegal miners has hampered efforts to attract new investment or complete a study on how much it would cost to bring the mine back to life. A higher spot gold price helped AngloGold realise free-cash flow of $161 million in the three months to the end of September compared to a $50 million outflow in the third quarter of 2015. Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) rose 36 percent to $395 million from $291 million in the corresponding period last year, the company said. Production in the quarter declined to 900,000 ounces from 974,000 ounces in the same period in 2015, in part because of lower ore grades. *(Reuters)*

Illegal electricity connections by post-paid meter subscribers in the Ashanti Region cost the Electricity Company of Ghana (ECG) 14 per cent of its revenue annually, the Director of the Ashanti Strategic Unit of the ECG, Ing. Joseph Amachi, has stated. He, however, declined to give details on the monetary value of the 14 per cent loss and the total revenue of the company per annum. Ing Amachi made this known when he addressed the media after a quiz competition as part of the safety week celebration by staff of the ECG in Kumasi. Messrs Eugene Osae Asamah and Kofi Yeboah of the regional headquarters were adjudged the best in the finals of the quiz competition. According to Ing Amachi, the percentage of the commercial losses was high as compared to the internationally acceptable standard of two per cent. To address the challenge, he said the company had replaced more than 75,000 out of the 500,000 post-paid meters in the region with smart prepaid meters that had the capacity to record any attempt at altering the system to steal power. Ing Amachi said in Ashanti East, the ECG had been able to replace 60,000 post-paid meters with the smart ones and expressed the hope that they would be able to cover the entire region. In a similar exercise in Kumasi West, the company replaced 15,000 post-paid meters. "By the middle of next year, the company will have replaced all the post-paid meters," he stated. The director said he was hopeful that there would be speedy trial of suspects in power theft cases when they were arrested and brought before the courts. *(Ghana Web)*

Economic News

Records from the Ghana Chamber of Telecommunications indicate mobile money wallets have grown 420 percent from an estimated 2.5million in 2011 to over 13 million currently. Over the same period, the volume of mobile money transactions grew from about 10 million to a whopping 267 million, while the monetary value of those transactions also rose from about GH¢400million to hit a staggering GH¢ 35billion ($9bn). In 2011, there were just about 6,000 mobile money merchants, but currently, between the four telcos that run mobile money service in this country, there are over 80,000 merchants serving Ghanaians across the country. This is way more than all bank, savings and loans and other financial service companies branches put together. Mobile Money, has over these five years been a major platform for the money transfers, airtime purchase, and payments such as school fees, utility bills, for goods and services, foreign remittances and for government stipends to person pro-poor programs among others. Recently, wallet holders started earning quarterly interests on the daily balances on their mobile money wallets, a move expected to even boost the use of the service further and to promote financial inclusion. Telecoms market leader, MTN, has, for instance, made it possible, through a partnership with Ecobank, for wallet holders to make financial investments through the purchase of treasury bills using their wallet. Banking industry players have indeed admitted that mobile money will lead the national drive towards a cashless/cash-lite society and financial inclusion.

Telecoms Chamber CEO, Kwaku Sakyi-Addo believes the influx of affordable smartphones, interest on mobile wallet balances, and the other benefits mobile money promises will eventually get Ghana to its cash-lite destination. Meanwhile, the report from Telecoms Chamber indicates that, beyond the exponential growth in mobile money over the last five years of the Chamber's life, the sector also made a tremendous contribution in terms of taxes and other payments to the state. The sector contributed as estimated GHC4.92 billion in total taxes to the state in the last five years, while making additional payments of about GHC595million in other remittances on international incoming traffic, among others. The additional remittances include regulatory fees, spectrum fee, local authority levies, row fees to road agencies, BOPs, the outmoded National Fiscal Stabilization Levy, and surcharge . Indeed, in 2015 alone, the sector paid GH¢1.42 in total taxes and some GH¢168 million in other remittances.

Over the same five-year period, industry players also invested some GH¢3.82 billion in capital expenditure geared at improving the quality of services. Indeed, in the last five years, the National Communication Authority's Quality of Service trends consistently show improvements in telecoms quality of service in the country, even though there is still room for more improvement. Part of the big investments in the sector within the period was MTN Ghana's purchase of a 4G LTE spectrum for $67.5 and plus an initial $18 million to deploy the services across six regional capitals in the country. It is also worthy of note that in those five years the sector also saw very significant growth in both voice and data subscriptions. Voice subscriptions grew by over 71 percent, from 21 million in 2011 to the current over 36 million, while data subscription grew by 125 per cent, from eight million to 18 million over the period. The telecom ecosystem, particularly, those which constitute the Chamber, till date, provide some 6,200 direct jobs and about 1.6 million indirect jobs. The NCA subscriber base trends indicate the sector is growing every month in spite of the fact that there are six players serving an estimated population of about 27 million, out of which about 17 million are estimated to be eligible phone users. *(Ghana Web)*

President John Dramani Mahama has expressed the commitment of the government to reduce the public debt to about 40 per cent of the country's gross domestic product (GDP) by 2021. He said the government had been able to reduce the country's debt from 73 per cent of GDP to 67 per cent of GDP and had put a cap of GH¢500 million on borrowing each year to prevent a situation where the country's debt stock could be worsened. President Mahama was speaking at the Ghana Investment Promotion Centre (GIPC) 12th quarterly Chief Executive Officers (CEOs) Breakfast Seminar held in Accra yesterday. The GIPC Breakfast Meeting series, dubbed: "The Presidential Breakfast Meeting with the Ghanaian business community", was introduced in 2013 by the CEO of the GIPC, Mrs Mawuena Trebarh, with the objective of developing dynamic and innovative solutions to some national economic challenges. "We've come from a high of at least 73 per cent of GDP to about 67 per cent of GDP currently and my indication is that this will continue to go down because we have put a cap on commercial borrowing", he stressed. The President said the government had also introduced, as part of the International Monetary Fund (IMF) programme, a public debt management strategy to control government borrowing and stop crowding out the private sector. President Mahama told the business community that all the tough decisions that were taken regarding the economy were in the interest of the business sector. "The success of business and industry is our success. We've had to take tough decisions – I am sure that you all understand that we had to take them in order to create a better environment for you.

Touching on inflation, the President said its major cause was the rise in the deficit, which also resulted in interest rates ballooning and the cedi depreciation. While asserting that no business could survive in an environment like that, he thanked the business and private sector for its support, saying that the tough decisions that were taken were beginning to yield results. "Inflation did a dramatic dip and we hope that it will end at what we targeted — at least 14 per cent by the end of the year. And we hope that going into 2017, we can bring it down to a single digit," he said. President Mahama said there was the need to find other ways to support the private sector, especially those in the export business, saying that had birthed the Ghana EXIM Bank, which would be inaugurated in the next few days. The President said the government was also looking at improving lending to the small and medium-scale enterprise sector through the skills development fund and had also asked the banks to introduce SME lending, which he hoped could become a strong growth area in the financial services sector.

President Mahama listed five areas where great strides had been made by the government — the country's wage burden, dealing with what he termed an unsustainable petroleum subsidy, electricity generation and tariffs, water supply, as well as education, health care and roads. He indicated that from a high chunk of 70 per cent of the budget that the about 600,000 public sector workers took yearly in wages, the government had gradually brought it down to 51 per cent and hoped to further bring it down to 49 per cent and then to 40 per cent by 2020 to get closer to the ECOWAS agreed figure of 35 per cent. On electricity, he said the government had fast-tracked the generation capacity to pool 850MW of additional power, making it the fastest ever in Ghana and the second highest generation in West Africa with over 2,000MW. President Mahama said the country was at the risk of experiencing over generation and urged businesses to build more industries that would require power because the cost of the excess power generated would have to be paid for. *(Ghana Web)*

Since 2015, the trade relations between France and Ghana have increased substantially, exceeding €1 billion. This is due to the sharp increase in French exports. Also, about 40 French companies are currently investing in the country, with an investment stock of about €1 billion. Mr. Patrick Prado, President, Chamber of Commerce and Industry France Ghana (CCIFG), disclosed these facts in an interview in Accra. He said there is a considerable potential for development in areas such as water, energy, luxurious consumer goods and tourism-related services, as well as telecommunications, which is also a rapid developing market in Ghana. "Agriculture also plays an important role in the economy, with produce such as cocoa, palm oil, food crops and fruits. With the need to develop the agro-food industry, more infrastructure needs to be installed across the regions, and French investors are considering these sectors," Mr. Prado explained. Mr. Prado, who doubles as the MD, Allianz Insurance, said the French Prime Minister's presence in Ghana as part of his West African tour showed that not only Francophone countries count on France. He also complimented the new alliance between France and Ghana and between Europe and Africa, declaring that Africa is the future. He announced the opening of a Business France office in Ghana, which will help in the international development of French SMEs in Ghana as well as exports. Business France is a French public operator which promotes French companies, its operations and its terrains. Business France currently supports the activities of the Chamber of Commerce and Industry France Ghana. This will increase the business volume of the CCIFG.

Mr. Prado said during the visit of the Prime minister, he complimented the works of French companies operating here in Ghana, such as Touton, Air France, and recently Decathlon. Meanwhile, Delphine Adenot-Owusu has been appointed new Director of the CCIFG. Before her appointment, she was the Press Officer at the Embassy of France. She studied business management in France and Spain. She participated in the setting up of a business incubator in Mauritius before becoming Sales Manager for French companies in France. The CCIFG was inaugurated in 2014, a little over two years ago with 40 members. It currently has 90 members represented in 20 business sectors. Fifteen prospecting missions have so far been organized during the year. The CCIFG usually organises networking events and conferences, among others, with the aim to promote the bilateral relation that exists between Ghanaian and French businesses. Since July 2015, the Chamber has been part of the International Network of the Chambers of Commerce and Industry, which represents 167 chambers in 82 countries comprising 370,000 companies. This is clearly a recognition of the excellence in its operations as well as prospects and access to a wider network. *(Ghana Web)*

Government is working to reduce the wage bill from the current 51 percent to 40 percent in 2017 in order to invest in social and economic services. President John Mahama disclosed this at the 21st breakfast meeting with the Ghanaian business community organized by the Ghana Investment Promotion Center (GIPC) in Accra on Monday. One of the intractable problems the NDC government faced was the wage bill, the Single Spine Salary Structure (SSSS), which the government implemented, spiraled out of control to the extent that remuneration of public sector workers was consuming more than 70 percent of total tax revenue. "But we have managed to bring it down. It is now hovering around 51 percent, and we are hoping we can bring it down to 49 percent by end of this year. We are hoping that next year we will be able to bring it further down to 40 percent. "But the ideal percentage recommended by ECOWAS is 35 percent. We hope that we should be able to achieve that in the next couple of years," the president said. He said wage negotiations for 2017 were concluded about two months ago and "we know exactly how much it is going to cost us when we present the budget to Parliament. I am happy to say that wages and salaries have been put under control." *(Ghana Web)*

The Ministry of Finance has signed a three loan agreement with the German government for 40.82 million euros (approximately 176

million Ghana Cedis) of which 22.82 million euros soft loan (approximately 98 million Ghana Cedis) would be use to build a 12 megawattz of solar power plant in Kalio in the Upper West Region. The second loan agreement of 13 million euros (approximately 56 million Ghana cedis) will increase the performance of the Ghana Audit Service (GAS) to ensure that all financial resources are fully spent for the purpose of planned programs and development activities. The third loan agreement of 5 million euros (21.5 million Ghana Cedis) goes to the Ghana Revenue Authority (GRA) for the construction of an IT training institute. The Deputy Minister of Finance, Hon. Mona Quartey said the Ghana Audit Service is expected to support the construction of 22 district offices, 3 regional Ghana Audit Service regional offices in Cape Coast, Koforidua and Ho. This is expected to enhance the work of the GAS to reduce office accommodation problems and helping to better position the service to carry out its mandate as the supreme audit service of Ghana. With regard to the GRA project, she added that it involve the construction of an IT training institute in Tema and forms part of the modernization of the GRA which is expected to support sustained improvement in the IT literacy within the Authority. According to him, in respect of the renewable energy project, which would be implemented by the Volta River Authority (VRA) involves the establishment of 12MW solar power plant at Kalio for 8MW and Lawra for 4MW in the Upper West Region.

Mona Quartey said, this is line with the Renewable Energy Act 2011 (Act 832) which envisages the attainment of 10 percent of electricity generation mix from renewable energy sources by 2020. She added that currently Ghana has about 3 percent electricity generation mix from renewable sources. According to her, the financing terms of the facility includes that the grant element for both the GAS and VRA project is 54.5 percent whiles that of GRA is 68percent which is important for debt management. The German Ambassador to Ghana, H.E. Christopher Retzlaff said Ghana is a strategic and key partner for the Republic of Germany in West Africa and the whole of Africa. He added that the progress we have seen in democracy and market economy and economic development within the last 25 years is indeed remarkable. They have four priority areas for investment that which includes the Economic Development, Good Governance, Agriculture and lastly Renewable Energy which was added lately. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Barclays Bank of Kenya said on Wednesday its pretax profit fell 4.4 percent in the first nine months of this year to 8.7 billion shillings ($86 million). The lender said its total operating expenses rose to 15.7 billion shillings, from 12.6 billion shillings a year earlier, as provisions for bad debts surged. *(Reuters)*

A partnership between Bamburi Cement and a global waste management firm will see the manufacturer produce energy and raw materials from the unwanted products. Geocycle has entered into a partnership with the cement manufacturer that will see the firm's Kenyan subsidiary Geocycle Kenya incinerate waste in Bamburi's kilns. During the incineration, Bamburi will tap energy from the kilns that burn at averagely 2,000 degrees hence possibly cut on the high cost of power associated with running manufacturing industries in the country. At the same time, Bamburi will be able to get raw materials from the ashes of the fuel used to heat the kilns which creates clinker that is later ground to form cement. Bamburi Chief Executive Officer Bruno Pescheux described the partnership as timely considering that Geocycle's waste management solution leaves no residue after disposal. This also makes Geocycle Kenya the only waste managing firm in the country with such technology that runs from collection, transportation, and segregation to disposal with zero waste residues as per the National Environment Management Authority (NEMA) 2015 strategy.

"The current waste management solutions focus on dumpsites, open burning and incineration of hazardous and medical waste. Such do not result to zero waste and have adverse impact to the environment and society," said Pescheux. Apart from the hazardous medical waste, Geocycle will also be recycling used tyres, and other solid wastes. He said the technology which is utilised internationally will ensure nil toxic emissions: "The partnership will leverage on Geocycle's worldwide presence to implement innovative technologies, adapt best practices and use international approaches to provide waste management solutions in Kenya." Head of Geocycle Kenya Simon Wathigo noted that big chunks of waste generated in the country are from by-products of manufacturing, service, industrial and agricultural processes. In Nairobi alone with a population of 3.8 million persons the city coughs out 3,000 tons of waste which just 10 per cent is recycled. With Dandora dump site 98 per cent full, Wathigo noted that it is a high time an alternative solution is sought as the population is rapidly growing. "The biggest challenge in waste management is at the final stage of discarding as county and waste management companies do not have the mechanisms to ensure zero residue," said Wathigo. *(Standard Media)*

Economic News

The Kenyan shilling was steady against the dollar on Wednesday, but traders saw it weakening with demand from multinational companies outweighing inflows. At 0707 GMT, commercial banks quoted the shilling at 101.70/90 to the dollar, unchanged from Tuesday's close. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Mauritius sugar producer Alteo Ltd posted an 88 percent jump in its first-quarter pretax profit to 721.5 million rupees ($20.04 million), helped by larger sales volumes and improved sugar prices. Alteo, the largest sugar miller on the Indian Ocean island with interests in property development and hotels, said on Monday earnings were also boosted by gains on disposal of land amounting to 47 million rupees. Group revenue rose to 2.64 billion rupees from 1.99 billion rupees a year earlier, while earnings per share increased to 0.93 rupees from 0.39 rupees. Alteo, which is also present in Tanzania and Kenya, said it expected better results from these operations in the second quarter. *(Reuters)*

Mauritius Commercial Bank Group's (MCB) pretax profit rose 8 percent year on year to 2.05 billion rupees ($57.34 million) in its fiscal first quarter to Sept. 30, driven by higher net interest income. MCB Group said on Monday that net interest income grew 5 percent to 2.33 billion rupees on the back of increased investment in government securities. "On current trends, results for the semester to December 2016 are projected to improve on last year," MCB said. Earnings per share rose to 6.70 rupees from 6.49 rupees. *(Reuters)*

Economic News

No Economic News This Week

Nigeria

Corporate News

The Board of Directors of Ashaka Cement Plc has opted for a voluntarily delisting of the company from the Nigerian Stock Exchange (NSE). In an explanatory to the NSE, made available wednesday, directors of Ashaka Cement said the voluntary delisting follows the company's violation of the exchange's Free Float Deficiency provision of 20 per cent. According to the directors, Lafarge Africa Plc currently holds 84.97 per cent o f Ashaka Cement, bringing the free float that is tradable on the NSE to 15.03 per cent as against 20 per cent stipulated by the exchange. The directors explained that is not improbable that given this free float deficiency, the NSE could take enforcement action and initiate a regulatory delisting, given that the free float deficiency is not likely to be remedied, hence the decision to delist and operate as an unlisted company. Besides, the free float deficiency, the directors said over the last five years there is little or no trading activity with only 0.20 per cent of the shares held by the minority shareholders being traded. “Neither the company nor any shareholders are benefiting from the continued listing as shareholders are not getting any exit opportunity and their investments have been locked up and they find it difficult to dispose of their shareholding. Moreover, the company is bearing unnecessary cost in complying with its listing obligations,” the directors said.

They disclosed that through the voluntary delisting of AshakaCem, they are exercising a regulatory provision that will shield the company from any enforcement action that the NSE may effect and are also providing an exit consideration to minority shareholders who do not wish to remain in an unlisted company. The directors said minority shareholders of AshakaCem may exit prior to the delisting by trading their shares on NSE or receive 57 shares of Lafarge Africa Plc in exchange for 202 AshakaCem shares held as at the date of the special resolution approving the voluntary delisting. In addition, a cash consideration of N2 per share will be paid to every shareholder exchanging their AshakaCem shares for Lafarge Africa shares. The directors noted that where a shareholder desires to remain a shareholder of AshakaCem, such shareholder shall be free to do so and there is no obligation to trade their shares or receive the exit consideration. *(This Day)*

Nigeria's largest airline, Arik Air, has reduced the number of domestic flights it offers due to a scarcity of aviation fuel, its spokesman said on Thursday, the latest carrier to limit services due to a currency squeeze in the country. A sharp fall in the naira this year has made it difficult to get the U.S. dollars needed to buy jet fuel, almost all of which is imported, creating periodic shortages throughout the country. Nigerian airlines have struggled to remain profitable amid the currency crisis, as passengers pay in naira but fuel suppliers are paid in dollars, and some international carriers have cut or stopped flights to Nigeria because those services are not profitable. Arik Air spokesman Ola Adebanji said major oil marketers began to ration jet fuel supply to airlines last week, and as a result there had been a "reduction of flights" with immediate effect. He did not say how many flights would be cut. "This will last until the supply situation improves," he said. Arik Air is west Africa's biggest carrier by passenger numbers, flying to London, New York and Johannesburg, and also has a maintenance contract with Germany's Lufthansa. "We are managing the situation to ensure our international flights are not affected," Adebanji said. Fuel shortages earlier this year forced domestic airlines to ground some flights, while foreign airlines flying to Nigeria started to refuel abroad because the hard currency shortage meant fuel was only available at a very high price. *(Reuters)*

Economic News

Nigeria's debt office has a short list of banks to manage its planned $1 billion Eurobond sale, but the government has not made a final decision, a senior official said on Friday. Nigeria, Africa's largest economy, wants to sell $1 billion in Eurobonds by the end of the year, although no bank has been appointed yet to arrange the issue. The official, who did not wish to be identified, said the list has been sent to Nigeria's Bureau of Public Procurement (BPP), after which the finance minister will offer the names to the cabinet for approval. He did not disclose how long the process might take. "The names have been picked but it has to go through government process," he told Reuters. "The issue will happen this year." Nigeria has $500 million of commitments for the planned Eurobond and any decision to increase the size of the offer will depend on pricing, Finance Minister Kemi Adeosun has said. The official said Adeosun met with Moody's Investors Service on Friday to discuss Nigeria's ratings before the bond sale. Moody's downgraded Nigeria's sovereign rating to B1 from Ba3 in April, citing risks to government efforts to diversify revenues away from oil, its mainstay. Citibank and Deutsche Bank managed previous issues by Nigeria in 2010 and 2013. *(Reuters)*

Annual inflation in Nigeria accelerated in October to 18.3 percent, the National Bureau of Statistics said on Monday, its highest in more than 11 years and the ninth straight monthly rise, in another sign of the crisis in Africa's biggest economy. The rise from 17.9 percent in September reflected higher prices for electricity, clothing and food, a separate index for which rose to 17.1 percent from September's 16.6 percent, the statistics office said. "During the month, the highest increases were seen in housing, water, electricity, gas and other fuels," the statistics bureau said in a statement. Nigeria, an OPEC member and Africa's most populous nation, has seen its economy fall into recession for the first time in 25 years, largely because oil prices have fallen. Crude oil sales account for two-thirds of government revenue. In addition, a series of militant attacks since January have cut oil output and a dollar shortage has frustrated businesses that have struggled to import raw materials for production. In October, the statistics office revised its forecast for year-end inflation, estimating that the index would end at 17.1 percent to 18 percent, up from its forecast of 9 percent at the start of the year. *(Reuters)*

Capital importation into Nigeria's oil and gas sector has declined from the $200 million (N90 billion) from the second quarter of 2016 to $172 million (N78 billion) in 3rd quarter, according to the National Bureau of Statistics (NBS). But this decline has been attributed to uncertainty in the country's oil and gas sector occasioned by insecurity, delay in the passage of the Petroleum Industry Bill (PIB) and delay in meeting contractual obligations in the services industry. NBS stated in the report that the oil and gas sector maintained a high level of capital importation; although it decreased by 14.4 per cent relative to the previous quarter; but still elevated relative to previous periods at $171.63 million. It noted that the sector is characterised by isolated periods of high capital importation, adding that it is therefore unusual that the level has remained high for two consecutive quarters. This sector, it said, accounted for the third highest amount in the third quarter of 2016.The oil and gas sector, had for the first time, during the second quarter of the year, recorded the largest amount of capital, which accounted for $200.39 million, or 19.23 per cent of the total. NBS explained that in all previous quarters, the sector that imported the most capital had been banking, financing, production or telecommunications. It noted that oil and gas is characterised by occasional high levels of capital importation, interspersed with periods in which very little capital is imported. "This sector imported $20.83 million in first quarter and only $4.86 million a year previous," it added. Giving reasons for the decline in capital importation to the country's oil and gas sector, former President, Nigeria Society of Petroleum Engineer, Dr. Emeka Ene, said it was due to increase of uncertainty, which he said repels investors' interest in the sector. Ene, also a former Chairman, Petroleum Technology Association of Nigeria (PETAN), and Managing Director of Oil Data Nigeria Limited, noted that some major projects in the oil and gas sector have suffered delays.

He said that there is gap in policy alignment on gas, PIB versus Ministry of Environment and security situation in the country."Until we have an alignment, there may not be substantial investment in the sector. Majority of the investment end up with the service industry, which executes most of the jobs. Right now, the service industry is in a very comatose state because the contractor's obligations are not being met. A lot of money is being owed to Nigerian service companies over a very long period of time, which creates uncertainty," he said. Ene warned that the effects of the present lack of substantial investments are going to impact negatively on the Nigeria's oil sector in the future."We are going to be feeling the effects when the oil industry turns around. It is going to be worse. Some service companies are being owed for over two years. Bear in mind that the companies borrowed from the banks to execute the contracts and they're not being paid for two years, how will the companies be able to take another loan to service any other business? This is exactly the uncertainty we are talking about."

Speaking on the possibility of low oil prices having effects on investment inflow into the oil and gas sector, Ene citing Kuwait as an example, said: "Between 2015 and 2020, it planned to spend $50 billion in the oil industry. This is because it recognised that this is the best time to drill and produce and that the pricing issues will definitely be tackled in the future and that prices will rise in the future. "Nigeria service industry should be encouraged, because they can do the work cheaper, and get people employed for longer, so that when the industry turns around, these people will still be alive to do the work. "The oil industry is strategic and will continue to be strategic in Nigeria for long time for economic security. We have seen Nigerian government not having the dollars to pay for goods imported and its impact on the wider economy. "Although the oil industry does not contribute so much to the country's Gross Domestic Product (GDP) like agriculture, but the impact of the oil industry is definitely much more because we are still part of the global economy. Most of the infrastructural projects being undertaken by government need dollars for execution. "The service industry is facing severe challenges. We were asked to reduce service charges; we are being owed for two or three years and at the same time, and the government refused to reduce systemic costs. For example, we have some agencies, which have not reduced their fees and licenses running to billions of naira." Ene therefore called on the Federal Government to tackle the local challenges confronting on oil sector is make it attractive to more investment. On his part, PETAN Chairman, Mazi Bank-Anthony Okoroafor, emphasised the need for the Federal Government to reduce contracting cycle from three to four years to six months. Okoroafor said that there also need to create good image for Nigeria through institutional transparency, well-articulated policy consistency and building of enabling infrastructure. He said there is need to restructure the country's oil and gas industry operations by simplifying access to assets, maintaining sanctity of contracts, instilling corporate governance in all our dealings and reducing overall project costs for cost effectiveness. *(Guardian)*

The World Bank said it has currently committed to about $400 million into the Nigerian agriculture, and also unveiled plans to commit another $200 million in the nation's livestock development. The Bank representative, Shehu Salau, who disclosed this at the Regional Wrap -up meeting of the West Africa Agricultural Productivity Programme (WAAPP) Implementation Support Missions, on Monday, said the World Bank has prioritized agriculture and energy in the African economy due to the fact that Africa is largely agrarian. His words: "Our portfolio in Nigeria is about $400 million, but we have an engagement to scale up the support, we have a $200 million staple crop processing zone project, we also have about $200 million livestock project." "World Bank has prioritised agriculture and energy because if you look at the economy of Africa, you will see that it is largely agrarian, so the Bank stands worthy of pushing investment and support the government to achieve these objectives". When asked if the World Bank will continue the WAAPP-Nigeria programme, which would be rounded up this year, Salau said the government was yet to declare interest to continue the programme, as such the Bank may not continue with the programme in the country. "The World Bank works with the government and if the Bank does not receive a request from the government to continue the project, the Bank will comply. As I speak now, the Bank is yet to receive any official communication from the government of Nigeria to continue the programme," he added. Also speaking, the ECOWAS Commissioner for Agriculture, Environment and Water Resources, Tchambakou Ayassor said the aim of the WAAPP programme in West Africa is to achieve food security in the region.

According to him, "ECOWAS adopted the agricultural policy (WAAPP), in 2005 and since then, so many programmes have been taken up to implement the policy, and in areas of research and agricultural productivity, we are implementing those programmes in order to reach the regions. "We are promising that the whole region will get together to continue working on the improvement of agricultural productivity. The main objective of ECOWAS in Nigeria is mainly to get food security for all the regions," he noted. While delivering his address, the National Project Coordinator of WAAPP-Nigeria, Dr James Apochi recalled that the programme facilitated farmers' access to genetic materials including crop seed and fingerlings. He also said the programme piloted new models of advisory services with the introduction of adoption of improved technologies, and also imported technologies from the sub-region to help curtail wastages and post-harvest losses. *(Guardian)*

The Presidency has warned that Nigeria, currently Africa's largest producer of cereals and grains risked famine from early next year, following a huge demand in the global market that is targeting the country's surplus production. Giving the grim forecast in a radio interview in Kano on Monday, a spokesman of the President, Mallam Garba Shehu, said the "huge demand for our grains in the global market is creating an excellent environment for the mindless export of Nigerian grains across our borders and unless this curtailed, Nigerian markets will be bereft of food by January next year." Shehu in a statement made available to State House correspondents in Abuja, on Monday said the Ministry of Agriculture has advised the President on the need to draw the attention of all Nigerians to this issue which, if not addressed promptly, could lead to a shortage of grains in the country by January. "Over the past year, Providence has blessed Nigeria with a bountiful harvest of grains, more than enough to feed the country and to export to other countries. At present, there is a high demand for grains from Nigeria, from African countries as distant as Libya and Algeria, and from places as far away as Brazil. However, the ministry of agriculture has raised concerns about a massive rate of exportation, which could lead to a shortage of grains in Nigeria by January," Garba said.

He explained that Nigeria currently enjoys a free market situation. "President Muhammadu Buhari is not in any way opposed to or intend on tampering with that. On the other hand, exporters also have a moral obligation to make their produce available to Nigerians who live within our country's borders, to ensure that our citizens have access to food." The President's Senior Special Assistant on Media and Publicity informed that the Ministry of Agriculture estimates that no fewer than 500 trucks laden with grains leave the Nigerian markets every week, headed for other countries. The major markets involved in this exportation are: the Dawanau market in Kano, Naigatari in Jigawa, Bama in Borno, and Ilela in Sokoto, as well as three other main markets in Kebbi State. He further explained that President Buhari has on various occasions reiterated his plan for Nigeria to become a food-producing giant, self-sufficient to the point of depending very little on imported food. "This noble plan could easily be defeated by the pull of the foreign market if food continues to leave our shores to feed people elsewhere. If care is not taken, Nigeria could face a famine by January," he stressed. "Building our country into the edifice we envision it to be will require sacrifice and strategy from every single Nigerian. Let us remember that charity begins at home," said in the pro On what the government is doing to avert the frightening situation, the Presidential Spokesman said that President Buhari has asked the Ministry of Agriculture to present a quick plan for the purchase of surplus grains to be stored in warehouses across the country to save for the rainy day, but opined that there were a need for moral pressure on exporters by traditional and religious authorities to curtail the depletion of the home market. *(Guardian)*

The European Union says it is committed to ensuring the sustainability of the economic ties between Nigeria and Europe through strategic investment in key sectors, especially the Small and Medium-scale Enterprises. The Head, EU Delegation in Nigeria, Ambassador Michel Arrion, said this at the fifth EU-Nigeria Business Forum in Lagos. The forum was declared open by Governor Akinwunmi Ambode of Lagos State. The business forum, tagged 'Harnessing Nigeria's potential for economic growth', was the follow-up to last year's edition, which focused on the development of agriculture and allied businesses. According to Arrion, Nigeria has economic potential that is conducive for Foreign Direct Investment from the EU. The EU official said the forum was organised to allow business leaders and policymakers to discuss ways to improve the business environment and attract European investments into Nigeria. He said, "The European Union and Nigeria have developed robust economic relations with very large trade volumes at €30bn in 2015. Nigeria is also a key beneficiary of the EU Foreign Direct Investment." According to him, the EUNBF has been put together to explore opportunities in the EU and Nigerian SMEs to enable them to increase their business through the Enterprise Europe Network platform, which was formally launched at the forum. Other objectives of the forum included exploring available options for accessing long-term finance for the power sector in Nigeria, and to identify opportunities in the textile value chain. Arrion believes that the EEN will provide increased business and partnership opportunities between Nigeria and European SMEs. The State Secretary, Ministry of Foreign and European Affairs, Slovak Republic, Lukas Parizek, said they were in the country to strengthen the economic partnership between Nigeria and the EU. He said, "We are here to help diversify the Nigerian economy. Moreover, it will be helpful in the current context of persisting low oil prices that Nigeria has to face. Not only does Nigeria represent a key partner for the EU, it is also a hub for the whole region and Africa. "Although bilateral relations between the EU and Nigeria have always been strong, trade and investment links can still be improved.

We have a clear interest in enhanced commercial relations between our regions." The President, Lagos Chamber of Commerce and Industry, Dr. Nike Akande, informed the forum that the Federal Government was taking steps to reduce its reliance on oil by focusing attention on manufacturing, infrastructure, agriculture and agro-allied industries, solid minerals among other non-oil sectors. Akande urged the EU investors to focus less on risks and impediments in the Nigerian market and pay attention to the huge opportunities in the economy. *(Punch)*

Trading at the stock market resumed for the week, sustaining the negative trend. The Nigerian Stock Exchange (NSE) All-Share Index fell by 0.70 per cent to close at 25,986.81, while market capitalisation dipped below N9 trillion to N8.945 trillion. Year-to-date, the market has declined by 9.2 per cent on the continuing bearish trend in the past weeks. The market had dipped by 3.0 per cent last week due to depreciation recorded in the shares of high-capped stocks across consumer goods, cement and banking sectors was responsible for the huge loss. "Continued downward valuation revisions following the announcement of the widely unimpressive July-September corporate earnings, and exacerbated by the weak prospect of a recovery in the near term, may have contributed to the selloffs in the latter sectors," analysts at Cordros Capital had said. Apart from the NSE ASI that fell, trading activities declined by 92 per cent and 57.6 in value and volume terms respectively. The total value of stocks traded was N1.12 billion, down by 57.64 per cent from N2.63 billion recorded the previous trading day. Twenty-two stocks declined in value yesterday led by Forte Oil Plc. The oil stocks fell by 9.7 per cent to close at N10.18 per share.

Honeywell Flour Mills Plc trailed with a depreciation of 5.0 per cent to be at 1.14 per share. Cadbury Nigeria Plc and NASCON Allied Industries Plc went down by 4.9 per cent in that order. Oando Plc shed 4.8 per cent, just as CAP Plc and Champion Breweries Plc fell by 4.6 per cent apiece. Vitafoam Nigeria Plc and PZ Cussons Nigeria Plc lost 4.4 per cent and 4.3 per cent respectively. On the other hand, May & Baker Nigeria Plc led the price gainers with 4.7 per cent to close N0.89 per share. WAPIC Insurance Plc appreciated by 4.0 per cent, just as Livestock Feeds Plc and Mansard Insurance Plc gained 2.5 per cent and 1.6 per cent respectively. Market analysts at Meristem Securities Limited, said: "We attribute the day's negative outing to continued investors' apprehension towards the equities market, given the weak economic fundamentals. We expect the mix of profit taking and bargain hunting activities to determine the direction of market sentiments going forward." *(This Day)*

The Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC) yesterday said it had recovered N4.2 billion in remittances from collecting banks into the federation account. Mr Shettima Gana, the commission's acting Chairman, said this while inducting the lead consultants and other auditors on the verification and reconciliation of revenue collections and remittances by the collecting banks. The collecting banks collect excise duties and taxes on behalf of the Federal Inland Revenue Service (FIRS) and the Nigeria Customs Service (NCS). He said that the money was recovered during the exercise that was carried out on banks' collections of these taxes and duties between January 2008 and June 2012. Gana said that there was about N20 billion that was still outstanding but had not been recovered from the banks. He also said that the success recorded in the first phase of the exercise made the National Economic Council (NEC) approve a second phase which would cover July 2012 to December 2015. Gana said that the commission had the constitutional mandate to monitor accruals into the Federation Account and disbursements of the revenue. "Several years ago , the commission observed discrepancies regarding the excessive charges, Commission On Turnover (COT) for collections and delayed remittances made by banks on behalf of FIRS and NCS,'' he said. The chairman said that the second phase of the exercise would involve about 109 consultants and two lead consultants as against the 53 consultants and one lead consultant in the first phase. Un-remitted funds of government "From the first exercise we realised that the work was quite enormous because the banks have branches all over the country collecting these revenues. It requires quite a number of man hours to go through all the records of the banks to check when the money came in and when it was remitted and the various charges that were made.

Now we want it done quickly and efficiently so as to get the funds into the federation account quickly,'' he said. The Chairman of the commission's Non-oil committee, Mr Fagboyegun Ajibola, said that the exercise was important at this time to recoup all accruals that should be in the Federation Account. This is because the Federal Government cannot afford to allow any bank, individual or corporate body hold on unnecessarily to its money. "We are expecting that as a result of this exercise, those responsible for monitoring these accounts will ensure that we do not continue having our monies lying in the banks un-remitted. It is not just to bring in these monies but to ensure that there is efficient and effective collection without any delay or un-remitted funds of government.'' Mr Olanrewaju Akinloye of Icon Festus and Co., one of the lead consultants, said that the major challenge encountered during the first phase of the exercise was the unwillingness of some banks to open up their books to the consultants. He added that RMAFC had to call all the banks' executives to tell them the importance of the exercise to the Federal Government. He said that the banks that remained resisted the exercise had their cases transferred to the Economic and Financial Crimes Commission (EFCC). *(Van Guard)*

Nigeria has reached a deal to pay $5.1 billion in unpaid bills to oil majors including Royal Dutch Shell and Exxon Mobil , the minister of state for oil said on Thursday. The Nigerian National Petroleum Corporation (NNPC), the OPEC member's state oil firm, has amassed a total of $6.8 billion in unpaid bills up to December 2015, so-called cash calls, that it was obliged to pay under joint ventures with Western oil firms, with which it explores for and produces oil. Oil minister Emmanuel Ibe Kachikwu said the agreed amount, which is $1.7 billion less than the total amount owed, would be paid within five years, interest free. Under the arrangement, payment will be in the form of crude oil cargoes but only when Nigeria's production exceeds 2.2 million barrels per day, Kachikwu said, which is the nation's current production when all fields are operating properly. "If for any reason we did not meet (the) threshold we will not pay the $5.1 (billion), so that is fantastic," he said of the deal, which has been approved by the National Economic Council, an advisory body to the government. Kachikwu last week said Royal Dutch Shell, Exxon Mobil, Italy's ENI, Chevron and France's Total had "accepted" what he described at the time as an "outline settlement". All five of the oil majors declined to comment when approached by Reuters. The petroleum ministry has for more than a year been trying to reduce its financial obligations, which have accumulated over several years. Kachikwu said there is at least $2.5 billion in additional debt that has accrued this year that it is still working to repay. *(Reuters)*

Nigeria issued 39 billion naira ($128.2 million) in local currency bonds on Wednesday, far short of its original offer as the government, which is struggling to curb its borrowing costs, did not want to pay a higher coupon on the notes. Africa's largest economy had wanted to raise 95 billion naira from bonds maturing in five, 10 and 20 years time. But investors demanded higher yields for the notes so the government issued a lower amount, traders said. *(Reuters)*

Tanzania

Corporate News

DAR ES SALAAM Stock Exchange Plc (DSE) net profit has increased by 46 per cent to 574m/- in quarter three as it continues to reap big after self-listing. The bourse attributed the profitability mainly to self-listing in June this year, increased transaction fees and investment income that account to almost 80 per cent of total revenue of 1.5bn/-at end of September. The total revenue recorded, of slightly over four month listed exchange, was an increase of 22 per cent compared to the same quarter in 2015 and 35 per cent to previous quarter. The financials show that investment income topped the list after generating 477.32bn/-, followed by listing fees 439.2bn/- and transaction fees 326.22bn/-. "The DSE expects growth backed by trading, listing and investment activities," Interim Chairman Emilian Busara, said in statement regarding the future ahead. During Q3, market depth, measured by market capitalisation, from domestic listed companies and liquidity increased by 11 per cent from 102bn/- in Q2 to 113bn/- in Q3. "This was a result of both DSE listing its shares as well as the increase in prices on some of the counters," DSE said in CEO Quarterly Report. In the first nine months of this year DSE emerged as the best performer, measured by indices, in East Africa despite global headwinds that affected performance of the markets in the correspondence period. The bourse was the only stock market in the region to register a positive trend, measured by index performance on adjusted returns (in dollar terms) that climbed by 5.4 per cent. The report issued then said other exchanges in the bloc in Kenya, Uganda and Rwanda registered negative returns. Burundi and South Sudan have yet to establish a stock market. The Nairobi Securities Exchange (NSE) index curved in to negative 5.0 per cent, while Uganda Securities Exchange sank negative 13.2 per cent and Rwanda Stock Exchange also registered a negative 19 per cent. *(Daily News)*

Economic News

According to the Bank of Tanzania (BoT) monthly economic review, the value of exports went up by 7.1 percent to 9,477.2 million US dollars due to an increase in travel, manufactured goods and gold exports. The value of traditional exports amounted to 822.6 million US dollars, which is 2.6 percent lower over the preceding year. The decline was due to low value of cashew nuts export in both volume and prices, which more than offset the increase in values of other traditional export crops, namely tea, sisal, cloves and coffee. The value of tobacco remained broadly the same as in the corresponding period while strong growth of tea was on account of increase in price and that of sisal and cotton driven by price and volume. The value of coffee and cloves increased owing to volume increase despite recording lower prices, consistent with the general subdued prices of commodities in the world market. The value of non-traditional export commodities amounted to 4,389.3 million US dollars compared with 4,010.7 million US dollars recorded in the corresponding period in 2015. Much of the increase was registered in manufactured goods, gold, horticultural products, re-export and category of 'other exports' namely cereals, hides and skins, cocoa and wood products.

Export of manufactured goods increased by 5 percent to 1,330.9 million US dollars with a notable increase recorded in edible oil, textile apparels, plastic goods, fertilisers and paper products. On the other hand, gold increased by 5.9 percent to 1,307.7 million US dollars on account of a slight recovery in gold price in the world market and increase in volume. Services receipts amounted to 3,744.1 million US dollars compared to 3,512.3 million US dollars in the preceding year due to the increase in receipts from travel and transportation services.
Travel receipts grew by 12.8 percent to 2,267.4 million US dollars following an increase in the number of tourist arrivals. Meanwhile, transport receipts increased by 2.8 percent to 1,034.6 million US dollars owing to the increase in transit goods to and from neighbouring countries. Travel and transportation remained dominant in the services receipts, accounting for 60.7 percent and 27.5 percent, respectively. *(Daily News)*

TANZANIA needs at least 5bn US dollar (11trl/-) to set up a plant for processing copper concentrates in the country, the Chairman of Tanzania Chamber of Energy and Minerals, Mr Ami Mpungwe has said. Mr Mpungwe said on Wednesday that mining companies are currently continuing to airlift copper concentrates for processing abroad due to lack of required facilities in the country. He was speaking during the 2016 Tanzania Investment Forum, which took place in Dar es Salaam. He told participants from different countries including Chief Executive Officers of major mining companies that it is impossible to process copper concentrates in Tanzania at the moment because the process is very expensive and there is no required machines to facilitate the exercise. "It is quite clear that processing copper concentrates is very expensive. It is difficult to process copper concentrates in the country at the moment because we still need to build up capacity, therefore exporting copper concentrates abroad remains the only option for now," he said. However, Mr Mpungwe wanted the public to understand that mining companies do not export mineral sand and instead they take copper concentrates to Japan to undergo required procedures. In August, this year, President Magufuli told a public rally in Kahama that gold miners should invest in smelters right here in Tanzania instead of "exporting" sands to recover minerals in them that include tin, copper and silver.

They (investors) must now build processing plants in Tanzania to purify the copper concentrates," he said, adding: "This is because when they export the copper concentrates, the government loses some revenue." Commenting on the contribution of mining to the country's economic growth, Mr Mpungwe said the sector is committed and focused at bringing about development in the country. "We have been paying all required taxes and loyalties and our financial statements are audited by both internal and external auditors, parliament, Controller and Audit General Office (CAG), Tanzania Revenue Authority (TRA) Tanzania Minerals Audit Agency (TMAA) and other agencies," he said. He added: "We cannot hide anything because we understand this is best for our country," Mr Mpungwe said until December 2015, at least 3000 mining companies had been registered and offered mining licences and more than 20,000 Tanzanians are employed in the mining sector. The sector contributes 4 per cent to the GDP and it is ranked highest in Tanzania for attracting Direct Foreign Investments (FDI). *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

ZCCM Investments Holdings, the state-controlled Zambian company that holds minority stakes in most of the country's copper mines, plans to claim as much $1.4 billion from First Quantum Minerals Ltd. after accusing the Vancouver-based company of fraud. The Canadian company's stock fell. The claim includes $228 million in interest on $2.3 billion of loans that ZCCM-IH said First Quantum wrongly borrowed from the Kansanshi copper mine, as well as 20 percent of the principal amount, or $570 million, according to an internal company presentation, dated Nov. 4, obtained by Bloomberg. The company is also seeking $260 million as part of a tax liability the Zambia Revenue Authority said Kansanshi owed it, as well as the cost of the mine borrowing money commercially that ZCCM-IH said could have been avoided. ZCCM-IH, in which the Zambian government has a 77 percent stake, said in papers filed in the Lusaka High Court on Oct. 28 that First Quantum used the money as cheap financing for its other operations. ZCCM-IH also last month filed a notice of arbitration against Kansanshi in London over the same matter. ZCCM-IH owns 20 percent of Kansanshi. No figure was mentioned in the court filings. First Quantum says the claims are "inflammatory, vexatious and untrue," and that the loans were at fair market rate. First Quantum is in talks with Zambian government representatives to resolve the matter, it said in an Nov. 11 statement. It declined to comment on Monday. The company's shares fell as much as 1.8 percent after earlier gaining 3.2 percent. It traded 1.7 percent down at C$13.96 as of 10:26 a.m. in Toronto. FQM, as the company is known, is disregarding the rights of minority owners in ZCCM-IH in dealing directly with government, Philippe Bibard, a spokesman for a minority shareholder group based in France, said by phone Nov. 11. *(Bloomberg)*

STANDARD Chartered Bank has this year injected about K2.8 billion into the Zambian economy through the financing of key sectors as the bank aspires to remain amajor player in the country's growth. Standard Chartered Bank managing director Andrew Okai said the bank's loan book currently stands at about K2.8 billion, demonstrating its commitment to ensure that access to finance is achieved to growth sectors. Mr Okai said the bank, which is celebrating 110 years of its existence in Zambia, has supported various sectors of the economy citing the US$60 million loan provided to Zesco Limited in partnership with United States Agency for International Development among other projects financed this year. In addition, the bank is also supporting between 6,000 and 7,000 small-medium scale enterprises (SMEs) in various sectors in the country. He said this at a press briefing on Wednesday evening to announce the commemoration of 110 years in the country and launch of the brand campaign, '110 years in Zambia- Here for Africa', aimed at reiterating its commitment to continue investing in Zambia and Africa. "We will use the campaign to demonstrate that the bank remains firmly committed to Zambia. Standard Chartered Bank has stayed in Zambia through tough and prosperous economic cycles.We will remain a force for good," he said.

Mr Okai said the bank, which opened its first branch in Kalomo in 1906', will also continue to pioneer banking innovation with the group expected to roll out US$1.5 million programme over the next three years aimed at accelerating digital banking with the Zambian subsidiary being a beneficiary. Under corporate social responsibility, the bank has invested US$ 3 million to prevent blindness under the Seeing is Believing programme from 2009 to 2019. At the same occasion, Standard Chartered Bank chairman Michael Mundashi also pledged the firm's commitment to invest in core growth sectors in Zambia to ensure sustainable development. In a speech read for him by board member Robbin Miller, Mr Mundashi said despite the market conditions being unfavourable, the bank will remain committed to supporting the country. *(Daily Mail)*

Economic News

Zambia's central bank left its benchmark lending rate unchanged at 15.5 percent, governor Denny Kalyalya said at the end of a monetary policy meeting on Wednesday. "The committee took into account the continued decline in inflation in 2016, with inflation expected to fall to single digit by the end of 2016," he told a media briefing. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

GLOBAL Industries Limited has invested US$90 million in a soya bean seed crushing plant for the extraction of edible oil and stockfeed. About 250 jobs are expected to be created when in full operations. Company chief executive officer Malolan Sampath said the plant, which is able to crush 800 metric tonnes of the soya bean seed per day, is one of the largest in Africa. "In order to help the farm ers engaged in soya beans farming, we have invested in the soya bean seed crushing plant with an investment outlay of US 90 million. "We are very happy and proud to let everybody know that this soya bean seed crushing plant is one of the largest on the continent," Mr Sampath said when Minister of Finance Felix Mutati visited the factory in Ndola on Wednesday. Mr Sampath said to fulfil President Lungu's vision of dive rsifying the Zambian economy to agriculture, the company is ready to build on the country's economic prospects. "Currently, we have employ ed about 400 people in the refinery, soap and packaging divisions. On the new crushing plant when it is fully operational we will empl oy another 250 people, now, have hired about 100 people working on it. "It is a completely computerised plant, so we take very good care of the soya bean seed in the factory and we also take good care of the soya meal that we produce," he said. Mr Sampath also said the firm has applied high quality technology in the plant to ensure value addition to the soya bean seed and the livestock industry. And Mr Mutati said to keep the investment afloat, Government will continue to provide support to initiatives similar to that of GIL because of their decisio n to help the local farmers. *(Daily Mail)*

BANK of Zambia governor Denny Kalyalya says the decision to remove Government from direct engagement in the procurement of fu el should be supported as the measure will save the country millions of dollars spent when importing the commodity. Last week, Minister of Finance Felix Mutati said Government will no longer be a key player in the procurement of fuel but will instead allow the pri vate sector to take up the responsibility by March 2017. Government spends in excess of US$100 billion per annum in subsidising prices of ma ize, mealie meal, fuel and electricity. When asked about the impact of the removal of consumption subsidies and engagement of the private sector to procure fuel, Dr Kalyalya said the central bank has welcomed the move taken by Government. "Subsidies are not sustainable sin ce the country doesn't have resources. Government has challenges, for example, importing fuel in US dollars but selling the commodit y in Kwacha, do you know how much the treasury loses when there is a slight change in the foreign exchange market? "Of course, we all need cheap fuel, but do we need to be subsidised? How many cars are arriving in Zambia on a daily basis? Who is running the various fuel servi ce outlets? As a country, we need to address this challenge so we welcome the engagement of the private sector to procure fuel because we do n't have resources but the private sector has and can handle it," he said. Dr Kalyalya said the engagement of the private sector to pr ocure fuel is a matter that can be handled by relevant authorities. "It is a regulatory issue just like we [BoZ] regulate banks, the Energy R egulatory Board can do the same," he said. *(Reuters)*

Zimbabwe

Corporate News

PPC Zimbabwe says it expects to increase exports into the region after commissioning a $85 million plant in Harare which will double the firm's cement production capacity to 1.4 million tonnes per year. Apart from PPC Zimbabwe's cement industry comprises of two other players, Larfarge Zimbabwe and Sino-Zim with installed capacity of 450,000 tonnes and 250,000 tonnes respectively. The country's demand for cement for the year is estimated at 1,17 million tonnes. "At the moment we are exporting very little into Zambia, Malawi and Mozambique but it is nothing really to write home about," said PPC managing director, Kelibone Masiyane on Friday during a tour of the new plant. "We have to intensify our efforts to try capture that market but already we are at a disadvantage because the manufacturing cost in Zimbabwe is pretty high. So to compete in those markets will be pretty difficult but we are looking at the benefits that will come from this increased capacity," he said. PPC has two other plants in Zimbabwe, in Bulawayo and Colleen Bawn near Gwanda with production capacity of 700,000 tonnes annually. "The market might be depressed at the moment but this investment it is strategic. We understand that currently the economy is in turmoil but we have a long range view for Zimbabwe we have confidence that it will take a turn. Apart from South Africa and Zimbabwe, PPC also has units in Botswana, Ethiopia, Rwanda. *(Source)*

Food processor Colcom on Friday said sales were higher in the quarter to September 30 compared to the same period last year, with revenue also on the rise. Chief executive Dino Tumazos told the company's annual general meeting that although revenue was higher, this did not translate to an increase in gross profit due to lower average selling prices. He did not give figures. But profit before tax was higher because of modest savings in operating expenses, he added. The company's Triple C recorded an increase in volumes as well as increased revenue. However, the cost of key raw materials, particularly maize rose significantly, offsetting the benefits of production efficiencies achieved. "The group's auxiliary pig production facility, which came on line in March 2016, added 150 pigs per week to production has contributed to a 34 percent increase in pigs delivered in Q1 (compared to) deliveries last year," said Tumazos. The high maize prices were a major concern to the group, he added. "At the end of the quarter, the cost of maize was 15 percent higher than last year. The regional shortage of maize will result in further increase in raw material prices before the next harvest," he said. Southern Africa experienced the worst drought for 25 years, induced by El Nino weather phenomenon, which left millions in need of food aid. The ongoing cash crisis was posing a problem in procuring beef, particularly from communal farmers, Tumazos said.
Its retail unit, Texas Meats opened shops in Makoni, Chegutu and Harare. Colcom's major shareholders include Innscor, which holds a 79.27 percent stake, Old Mutual Life Assurance with an 8.57 percent stake and Old Mutual Zimbabwe Limited with a 1.26 percent shareholding. *(Source)*

Caledonia Mining Corporation has posted a 19 percent increase in after-tax profit from $1,5 million to $1,8 million in the three months to September 30 driven by increased output and firmer commodity prices. Gold prices during the quarter at $1,312 per ounce were higher compared to $1,106 per in the prior period while production rose by 23 percent to 13,428 ounces. Revenue increased by 45 percent to $17,6 million due to higher sales and gold prices. Caledonia has produced 36,760 ounces in the nine months against its yearly target of 50,000oz and is targeting to mine 60,000oz in 2017. "We continue to see the benefits of our investment in the mine over the past two years. As we approach the middle of the investment programme at Blanket, we are increasingly confident that the growth in production and declining cost trends will continue as we ramp up production to 80 000 ounces by 2021," said chief executive Steve Curtis in a statement. All in sustaining costs marginally decreased by 3,6 percent to $969,000, while adjusted earnings per share increased by 59 percent to 4.4 cents. "Delivering increased ounces at a lower unit cost, into a stronger gold price, has resulted in adjusted earnings per share for the third quarter that are 59 per cent higher than quarter three of 2015," added Curtis. Total assets stood at $85 million from $72,8 million as at December 31 in the prior year. *(Source)*

South African retailer and wholesaler Spar Group has closed its distribution centre in Zimbabwe due to weak economic growth and will now supply independent stores from South Africa, the firm's chief executive said on Wednesday. "The economy was just too tough...

payment issues, infrastructure issues, so it was better that we exited," Spar Group Chief Executive Graham O'Connor told Reuters. *(Reuters)*

NHIMBE Fresh Exports has secured a $2,5 million loan facility from the Europe-based United Exports, which is aimed at boosting the production of blueberry, raspberry, stone fruit and some vegetables. The three-year loan facility has already been approved by the Reserve Bank of Zimbabwe (RBZ) and will attract an 8% annual interest rate. Nhimbe owner, Edwin Moyo, said the company was aiming to increase its exports to more than $10 million. "The RBZ on October 10 approved an investment of $2,5 million meant to develop the current projects at Churchill and Rakodzi farms in Marondera. Currently, our exports are at $6 million, but our projections are that next year, they will increase to $11m," he said. Moyo said about 20 hectares were currently under blueberry production and 12ha for raspberry, while 85ha has been dedicated to tobacco production. He said Nhimbe Fresh Exports was partnering with government through remitting 1% of its exports profit for research purposes. Speaking on the sidelines of a tour of Churchill and Rakodzi farms in Marondera on Tuesday, Agriculture, Mechanisation and Irrigation deputy minister David Marapira (crops and mechanisation) said there was need to capacitate the horticulture sector to increase production and boost exports.

"We are happy with the work that is being done at these farms despite the harsh economic conditions that we are currently experiencing as a country. As a ministry, we are supporting such farming activities so that we will be able to feed our nostro accounts. Horticulture will bring in the foreign currency through exports," he said "As part of efforts to support that, exporters do now enjoy a 5% incentive per export, while on the other hand, we will try to engage banks to reduce their interest rates. We are ready to assist the horticulture industry by giving farmers inputs and machinery. "Currently, horticulture is contributing much to the country's gross domestic product (GDP), though there is need to increase production." He added: "The farmer next door should emulate the activities being done here. "The horticulture industry should go back to (contributing) 10% of GDP from the current 6%. We need to export. It doesn't make sense that we export $600 million worth of tobacco at the same time importing maize worth the same amount. Farmers should work hard." Nhimbe Fresh Exports runs Springvale, Rakodzi, Sable and Churchill farms. *(News Day)*

Star Africa shareholders have approved a debt-equity swap arrangement which will see the central bank's asset manager assuming its $32.2 million liabilities in a transaction that will see quasi-government entities taking a controlling stake in the sugar manufacturer. Under the deal, the Zimbabwe Asset Management Company (ZAMCO), created by the central bank in 2014 to mop up bad loans in the banking sector, will take up a 48 percent shareholding in Star Africa. Statutory pension fund, National Social Security Authority (NSSA) will hold 30.7 percent in the firm, giving the two institutions effective 78.7 percent control. Other creditors will own 13.58 percent while current Star Africa shareholders will remain with 7.29 percent. NSSA has been Star Africa's life-line since 2012, when it lent the struggling sugar manufacturer $7 million to refurbish its Harare refinery. Star Africa owes significant amounts to several banks, including BancABC $15.8 million, Afreximbank $10.9 million and the Infrastructure Bank of Zimbabwe $2.1 million. It also owes the now defunct AfrAsia Bank Zimbabwe $2.5 million and Stanbic Zambia and Intermarket Bank Zambia $600,000 and $659,000, respectively. Since its establishment two years ago, ZAMCO has been involved in efforts to rid several firms of debt in a bid to aid their revival. These include miner Rio Zimbabwe, cotton processor Cottco as well as fast moving consumer goods manufacturer Cairns, among others. By June 30, 2016, ZAMCO had purchased up to $524.8 million in bad loans, according to RBZ data.

Another Star Africa creditor, Zimbabwe Sugar Suppliers (ZSS), will convert its $11 million debt to a loan at seven percent rate interest for five year tenure. "They have agreed to convert what they are owed, $11 million, into a secured and convertible loan with an interest rate of seven percent and it's a five-year instrument. Their security will remain, which is the pledge of shares in Botswana together with a guarantee value of $5,4 million," said meeting convener Edwin Manikai. Established in 1935 solely as a sugar refiner, Star Africa, which traded as ZSR Corporation until its changed its name in 2006, was part of Tate & Lyle until 2002, when the global sugar giant divested and sold majority control to local management and workers. *(Source)*

GLOBAL beverage giant, Coca-Cola Company, says it is in talks with a potential new partner and expressed its long-term commitment to the Zimbabwean market. Coca-Cola Company last month reportedly issued a notice to terminate its agreement with Delta Beverages, following the acquisition of SABMiller by AB InBev, a bottler of rival Pepsi products. Delta Beverages was previously a subsidiary of London-headquartered SABMiller before its acquisition by AB InBev. Company public affairs and communications manager, Meghna Laxman MacDonald, in emailed responses to NewsDay, said Coca-Cola would continue to serve its customers in Zimbabwe, as it had been doing for the past 68 years. "Our discussions are still at a very early stage so we would not be able to comment on the below at this point in time," she said. MacDonald said a recent PriceWaterHouse Coopers study showed that Coca-Cola's contribution for 2015 was 1,5% of Zimbabwe's gross domestic product and 0,9% of the country's total employment. "With respect to our partners, we have many options, including a number of existing partners, who are highly qualified and interested in these bottling territories. We cannot comment on specific names until those negotiations are complete," she added. Delta shareholder, SABMiller combined with AB InBev, making Delta an associate of AB InBev. "We will advise the market at the appropriate time of any development in this regard," Delta Corporation secretary Alex Makamure said. Delta posted a decline in profit-after-tax to $30,9 million for the half-year ended September 30, 2016, compared to $35,7m in the same period in 2015. Earning per share were down by 13% to 2,52 cents, while revenue shrunk by 8% to $246,6m. *(News Day)*

Economic News

The International Monetary Fund has removed remedial measures against Zimbabwe after the country settled its overdue financial obligation to the Fund's Poverty Reduction and Growth Trust last month, the IMF said on Monday. The move by the IMF's executive board lifts a declaration that Zimbabwe is not cooperating with the organization, ends a suspension of technical assistance to Zimbabwe and restores Zimbabwe to the list of countries that are eligible to benefit from the trust. Zimbabwe restored about $107.9 million in arrears on Oct. 20, ending more than 15 years of arrears to the trust. The board decision is another step towards normalizing relations with the Fund. But the IMF has said it cannot consider a new IMF loan program for Zimbabwe until the country clears more than $1 billion in World Bank arrears and another $600 million-plus owed to the African Development Bank, as well as any arrears to bilateral lenders and private creditors. *(Reuters)*

Zimbabwe's consumer prices declined 0.95 percent year-on-year in October, after contracting 1.33 percent in September, data from the national statistics agency showed on Tuesday. On a month-on-month basis, prices were up 0.09 percent after a 0.26 percent dip previously, Zimstats said. *(Reuters)*

THE South African rand could be the panacea to Zimbabwe's cash challenges, as it can be used without joining the Common Monetary Area and is also part of the multicurrency basket, a leading economist has said. Speaking on Monday evening at a public lecture on Fiscal, Trade and Monetary Issues, Ashok Chakravarti said countries such as El Salvador, Panama and Ecuador, that had adopted the The public lecture was held at the Confederation of Zimbabwe Industries (CZI) offices. "The obvious currency of choice is the rand, because of the strong trade link with South Africa. Seventy percent of our exports go to South Africa and 40% of the imports come from South Africa. The rand is an answer to many of our problems exports, imports financial and export links and Diaspora remittances. The rand is a non-convertible currency that will remain in the region and, therefore, cash will be maintained," he said. Chakravarti said 90% of the country's exports were to the Sadc region and trade links with the US were negligible. "Immediately adopt the rand informally as what was happening in 2009 for all transactions and maintain other currencies as foreign currencies. Take the $200 million and get R2 billion and put that into the economy," he said. In the medium term, the country will have to assess joining the Common Monetary Area and start discussions, he said.
Reserve Bank of Zimbabwe governor, John Mangudya has said the country cannot just start using the South African rand without having its own currency.

According to a paper by Daniel Makina, the overall consideration on a currency should be underpinned by the acceptance that the use of the US dollar, as both a reference currency and transactional currency, was not sustainable and that the monetary regime of choice should be one that restores competitiveness and provides sufficient liquidity in the economy. "Using the rand would enable the economy to ride on the competitiveness of South Africa brought about by the depreciation of the rand for as long as the rand continues to trade at historical lows against the US dollar. Furthermore, the mere change from the US dollar to the rand would trigger a correction of the cost structure of the economy, because prices of goods and services would be benchmarked with those in South Africa," he said. Makina said the rand would inject liquidity in the economy because most of the external trade was conducted with South Africa and, hence, rand currency circulation would be "a two-way flow, unlike the US dollar, which has a multi-way flow". The paper was produced by CZI and the National Economic Consultative Forum. Chakravarti said bond notes were a partial solution to the liquidity crisis in the economy and they could be used effectively if sufficient US dollar notes were available for conversion when the bond notes were deposited at the bank. The central bank is set to introduce the bond notes, which are supported by a $200 million African Export Import Bank-backed facility. The facility is expected to give an incentive of 5% to exporters but denominated in bond notes. *(News Day)*

The total volume of transactions recorded in Zimbabwe's National Payment System (NPS) declined marginally to 7,838,439 in the week ended November 4 from 7,952,480 in the previous week, a recent weekly report by the central bank shows. However,mobile payments and point-of-sale transactions continued to surge, reflecting a deepening shortage of bank notes,which has seen an increase in alternative settling methods. "The total value of transactions processed through the National Payment Systems (NPS), decreased from US$1, 371.80 million in the previous week, to US$ 1,312.16 million during the week under review," the RBZ noted in the report. According to the central bank's weekly economic highlights, in the first week of November, banking transactions processed through the Real Time Gross Settlement (RTGS) system stood at US$1,060.66 million – a nine percent decline from the US$1,171.73 million recorded in the previous week. Cheque transactions also went down four percent to $1,53 million from $1,60 million in the previous week.

However, mobile transactions increased by 15 percent to $115,74 million from $100,31 million while Automated Teller machines (ATMs) transactions surged 38 percent from $20,48 million to $28,35 million in the week under review. Point of Sale (POS) transactions also grew significantly by 36 percent from $77,68 million to $105,89 million in the period under review. The growth in transactions carried through POS and mobile platforms is largely driven by the current central bank efforts to promote the use of electronic means of payment in order to conserve the scarce dollar. Interest rates for all classes of deposits remained unchanged as the bittering liquidity crunch continues to prevail in the money market. "During the week ending 4th November 2016, average deposit rates for savings deposits and deposits of 3 month tenors remained unchanged at 3.01 percent and 5.75 percent, respectively", the reserve bank also noted. "Commercial bank weighted lending rates for corporate clients increased from 6.93 percent in the previous week, to 6.97 percent during the week under review. Weighted lending rates for individual clients, however, declined to close the week under analysis at 10.67 percent." *(Source)*

The European Union on Wednesday said it had allocated an additional $8,4 million to shore up Zimbabwe's food security in response to a 'deteriorating situation' in the country. Zimbabwe is suffering from an El Nino induced drought which has left at least 4,1 million people needing food aid. In February, Zimbabwe declared a state of disaster in rural areas hit by the drought and appealed to local businesses and charities for $1,5 billion in aid. The EU and its 28 member states have contributed a total of $112,4 million in response and the additional funding will be channelled through the multi-donor Zimbabwe Resilience Building Fund (ZRBF) which is managed by the United Nations Development Programme (UNDP), it said. The funding will help build 'resilience capacities of target communities,' the EU said. "When we look at resilience, we need to look at capacities and coping strategies of people and communities, and explore ways to strengthen them so to ensure that all are better able to adjust, react and bounce back when shocks occur," said Philippe Van Damme, EU Ambassador to Zimbabwe. "It is about protecting key assets and gains, such as livestock and other farming inputs and tools, and about preventing anyone from falling into wider destitution and poverty." The aid package is expected to benefit about 3,1 million people until March next year. *(Source)*

The United Nations on Thursday said its budget to assist people suffering from Zimbabwe's worst drought in a quarter of a century that left millions in need of food aid had fallen short by $140 million. Some four million people require food aid this year after the severe drought, and the U.N. said the figure would rise to 5.2 million in the first quarter of next year. "Of the $352 million being sought under the humanitarian response plan (April 2016-March 2017), nearly $212 million has been committed, with the current funding gap at $140 million," the U.N. said in a statement. The El Nino-induced drought that hit southern Africa has been particularly bad for Zimbabwe, whose economy is in the grips of severe cash shortages, that has helped fuel anti-government protests in recent months. *(Reuters)*

Zimbabwe is set to receive a $25.5 million grant from the United Nation's International Fund for Agricultural Development (IFAD) to support irrigation projects in the country, Finance Minister Patrick Chinamasa has said. Zimbabwe has been a member of the 178-member fund since independence, receiving technical and financial assistance for several smallholder irrigation projects in the rural areas, but IFAD cut off support in 2006 because of non-payment of arrears. The grant marks a resumption of relations after IFAD approved a proposal by Harare last December to reschedule a $23 million debt owed to the UN agency. In a statement on Thursday, Chinamasa said the financing agreement would be signed at the IFAD headquarters in Rome on Friday after the IFAD executive board approved the grant in September.
"The project is targeting 4,000 hectares of smallholder irrigation schemes in communal and old resettlement areas in Manicaland, Masvingo, Matabeleland South and Midlands provinces," said Chinamasa. "The objective of the programme is to sustainably increase diversified production, productivity, income and improve resilience of households in the selected areas." Last week, government announced that it was negotiating with the Kuwait Fund for Arab Economic Development for funding amounting to $35.7 million to implement an intensive citrus irrigation project in Matebeleland South province, which is expected to benefit 5,000 households. *(Source)*

THE introduction of bond notes will have a negative impact on foreign direct investment (FDI) and Diaspora remittances, the Zimbabwean Diaspora Network in North America has warned. The Bulawayo City Council recently issued the network with a permit to develop a $1,6 million housing project in Hillside suburb, but the proposed introduction of bond notes now posed numerous challenges to the venture. "The high-end Leander Villas development comes at a time when the government is introducing bond notes which will likely have a negative impact on attracting investments into the country," head of the Diaspora Network and Comfort Creek Land Developers chief executive officer, Pedzi Makumbe, told NewsDay in a telephone interview from his United States base. "We secured financing for the project a while ago. Hence, we don't think the bond notes will have much impact on our ability to develop the properties. However, it will likely impact our potential clients, and we are monitoring the market developments carefully." According to the Reserve Bank of Zimbabwe, the bond notes are supported by a $200 million African Export Import Bank facility as a 5% incentive to exporters. Zimbabwe is desperate for FDI and Diaspora investments, but due to poor economic policies, it has lost out to regional peers like South Africa and Zambia. Last year, FDI inflows into Zimbabwe went down by 23% to $421 million from the previous year's $545m. The 2014 numbers were the highest since the country embraced a multicurrency regime in 2009

The Diaspora community contributes over $1 billion to the Zimbabwean economy and, as such, the country is eager to attract more from its nationals living elsewhere. According to statistics, more than three million Zimbabweans live outside the country and contribute about 10% to GDP through remittances. But the introduction of the surrogate currency could have negative effects on these figures. As a solution to liquidity crisis, the Confederation of Zimbabwe Industries is lobbying the government to use South African rand as a transacting currency and United States dollar as a reserve currency. The Bankers' Association of Zimbabwe told the Parliamentary Portfolio Committee on Finance a few months ago that the use of the South African rand was ideal as it was no longer sustainable to continue use the greenback. *(News Day)*

Disclosures Appendix

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