SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	11-Oct-13	18-Oct-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,593.48	8,665.77	0.84%	12.22%	15.39%	16.94%
Egypt	CASE 30	5,986.80	5,986.80	0.00%	13.58%	9.60%	9.65%
Ghana	GSE Comp Index	2,056.27	2,088.92	1.59%	13.76%	74.12%	70.89%
Ivory Coast	BRVM Composite	209.94	207.32	-1.25%	-9.93%	24.46%	15.95%
Kenya	NSE 20	4929.60	4948.77	0.39%	1.93%	19.74%	24.20%
Malawi	Malawi All Share	11,626.60	12,001.52	3.22%	38.74%	99.51%	139.28%
Mauritius	SEMDEX	1,969.50	1,980.84	0.58%	-2.91%	14.36%	14.55%
	SEM 7	384.50	387.92	0.89%	-2.60%	15.01%	15.20%
Namibia	Overall Index	980.92	1,008.00	2.76%	24.27%	2.20%	5.32%
Nigeria	Nigeria All Share	36,991.60	37,342.73	0.95%	2.51%	32.99%	32.82%
Swaziland	All Share	293.68	293.68	0.00%	21.56%	2.80%	6.26%
Tanzania	TSI	2,191.51	2,219.64	1.28%	3.01%	49.41%	52.31%
Tunisia	TunIndex	4,472.80	4,468.27	-0.10%	1.90%	-2.44%	-6.19%
Zambia	LUSE All Share	4,908.05	4,992.85	1.73%	9.75%	34.03%	42.26%
Zimbabwe	Industrial Index	212.68	213.36	0.32%	0.32%	40.00%	40.00%
	Mining Index	48.99	51.87	5.88%	5.88%	-20.35%	-20.35%

CURRENCIES

Cur-rency	11-Oct-13 Close	18-Oct-13 Close	WTD % Change	YTD % Change
BWP	8.40	8.37	- 0.34	9.42
EGP	6.87	6.87	- 0.00	13.53
GHS	1.87	2.18	0.16	14.29
CFA	484.96	483.45	- 0.31	- 2.40
KES	83.79	83.52	- 0.31	- 2.42
MWK	359.73	362.39	0.74	12.89
MUR	29.44	29.46	0.07	- 3.55
NAD	9.94	9.84	- 1.05	16.12
NGN	158.72	158.42	- 0.19	1.49
SZL	9.94	158.42	- 1.05	16.37
TZS	1,571.29	1,578.90	0.48	0.25
TND	1.64	1.64	- 0.34	5.73
ZMW	5.27	5.25	- 0.29	1.34

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's headline consumer inflation slowed further in September, braking to 5 percent year-on-year from 5.6 percent in August, the lowest it has been since November 2009, data from the statistics office showed on Wednesday. On a month-on-month basis, CPI quickened to 0.3 percent from 0.2 percent in August. *(Reuters)*

Egypt

Corporate News

Economic News

Morale in Egypt's tourism industry is at rock bottom; a summer of bloodshed has frightened away all but the bravest foreign visitors from Cairo and the pyramids, and things are little better in the Red Sea beach resorts. Yet if the business could survive the 1997 bloodbath at Luxor, when Islamist militants killed dozens of tourists at a pharaoh's temple, it can probably recover from its current convulsions. Already visitors are gradually returning after the worst civil violence in Egypt's modern history, offering hope to an industry that has been brought to its knees, depriving millions of their livelihood and the economy of badly needed dollars. However, Egyptians know that numbers can never climb back to anywhere near their 2010 peak as long as security crackdowns, street protests and militant attacks on the government persist. Like other countries in trouble, Egypt could try an advertising campaign to lure back the Europeans, Asians, Americans and Gulf Arabs who are now largely holidaying elsewhere. But for now it won't even bother. "There is really no point in trying to embark on a PR campaign," said Karim Helal, an adviser to Egypt's tourism minister. "If you cannot convey the feeling that it is safe, nobody will come," said Helal, a dive company owner turned investment banker. Egypt has endured almost constant upheaval since a 2011 popular uprising toppled autocrat Hosni Mubarak, but things have got much worse since the army's removal of Islamist President Mohamed Mursi in July and the bloodshed that followed. As international media broadcast scenes of mosques and morgues filled with bodies, governments in the main tourist markets issued warnings on travelling to Egypt. Visitors are a rare sight in Cairo these days, even though October had always marked the start of the peak season when a gentle breeze from the Nile eases the stifling heat. In July, only about one in six of the capital's hotel beds were occupied, according to research firm STR Global. Even in the Red Sea resorts, largely shielded from the violence in the big cities, occupancy rates are drastically down. In Hurghada, a destination usually popular with Russians fleeing their bitter winters, only 11,000 of 50,000 hotel rooms are occupied, provincial governor Ahmed Abdullah told Reuters.

Nobody has felt the consequences more than the many Egyptians - from hotel workers to guides and gift shopowners - who rely for their living on tourism, traditionally a pillar of the economy and the second biggest foreign currency earner. Horse carriage driver Ramadan Iraqi has lost hope that he will soon see tourists return to the five-star Cairo hotel which once gave him work. He cuts a lonely figure late at night in Zamalek, an upscale district on an island in the Nile, searching for a customer so he can feed his family of six. "I am an old man," said Iraqi, 55. "What am I supposed to do?" It's been 20 days since anyone rode in his carriage along the Nile embankment. Iraqi can scarcely feed his gaunt horse and can no longer afford medicine to ease severe pain in his knee. Such individual misery is reflected at a national level. Tourism earned Egypt $9.75 billion in the 2012-2013 financial year which ended in June, before the worst violence erupted. Even so, that was down from $11.6 billion in 2009-10, the peak before the overthrow of Mubarak. In July and August, tourist arrivals crashed by 45 percent, Tourism Minister Hisham Zaazou said. He estimated losses since the army takeover at $1 billion per month. There are no signs Egypt's divisions will soon heal. People continue to die in protests in cities and towns. Adding to foreigners' anxiety, police and soldiers are coming under almost daily attack from Islamist militants in the Sinai Peninsula, site of the Sharm el-Sheikh resort. A Sinai-based group said it tried to kill the interior minister in September in Cairo in a suicide bombing, and earlier this month two rocket-propelled grenades were fired at a satellite station in a suburb of the capital. Anyone who wants to visit Cairo's Tahrir Square, the rallying point for Egyptians during the 18-day revolt that toppled Mubarak, may think twice about going. Soldiers manning armoured personnel carriers and riot police keep a close eye on it and try to keep members of Mursi's Muslim Brotherhood from protesting. Only a few hundred metres away stands the Egyptian Museum, which houses some of the greatest pharaonic treasures including King Tutankhamen's burial mask.

Nevertheless, Egypt has been here before. On November 17, 1997 gunmen descended on Queen Hatshepsut's temple near the Nile town of Luxor. In a short time they shot or hacked to death 58 tourists and four Egyptians in their campaign for what they regarded as a pure Islamic state. The following January and February, visitor numbers were down almost 60 percent from the previous year. Hotel occupancy rates collapsed from 70 percent just before the massacre to just 18 percent. Yet the indus1try staged a remarkable comeback. In 1999 almost 4.5 million visitors came to Egypt, well up on the 3.7 million in 1997. At that time Mubarak's security apparatus was able to keep the streets much quieter than they are now. Nevertheless, hope remains that the industry can again recover, if more slowly. Holidaymakers from Germany, one of Egypt's biggest markets, have been starting to return since last month, when the Berlin government relaxed a travel advisory that had said tourists should stay away from Egypt entirely. Tour agents and operators said many clients were still opting for quieter destinations. "Bookings to Egypt are coming back but they have not caught up to levels seen a year ago," said a spokeswoman for the Lastminute.de booking website. "Customer interest is there, but it's cautious. Bookings to the Spanish islands or the Turkish Riviera have increased instead." But some were surprisingly upbeat. "Weekly bookings are above those seen one year ago," said a spokesman for DER Touristik, one of Germany's biggest tour operators. "We have cut capacity but can react quickly to demand. We expect a swift recovery for tourism to Egypt and expect a wave of demand for March and April." Most Germans seeking Egyptian winter sun are heading for the beach. TUI Germany, along with its rivals, has not resumed trips to Luxor or Nile river cruises in accordance with German foreign ministry advice to avoid overland travel in those areas. But the company, which is part of Europe's largest tour operator TUI Travel, can fly guests directly to Cairo. The United States, Britain and Russia still have strict travel warnings. However, Maya Lomidze, executive director of the Association of Tourism Operators of Russia, told Reuters that tens of thousands are ready to visit their favourite destination, Hurghada, immediately if Moscow eases its warning.

Some hotel operators, like Alexander Suski of Kempinski Hotels, expect Egypt to bounce back one day. "We really still believe in Egypt as a destination," said Suski, who thinks a recovery would be possible in two to three years and has no plans for the hotel group to leave Egypt.
Austrian-based Kempinski already runs an upmarket hotel in Cairo which opened shortly before the 2011 uprising, and another on the Red Sea near Hurghada. A third on the outskirts of Cairo is due to open next year. However, much depends on whether Egypt can regain some degree of stability following the long period of turmoil. Capital Economics estimated the industry's losses ranged from $250 million to $650 million a month. William Jackson, an economist at the London-based group, said a rebound is possible, but that "the events over the past two and a half years give us every reason to be cautious about thinking that will happen". There are bright spots; unlike in 1997 Islamist militants have not targeted tourists. Cairo visitors are probably at much greater risk crossing the road through the capital's anarchic traffic than they are of getting caught up in the street violence, which affects only small areas of a huge city. In the meantime some tourists are enjoying a once-in-a-lifetime opportunity to see the riches of the Egyptian Museum or the Sphinx up close, without being jostled by tour groups. "It's paradise: the pyramids, the museum, everywhere is empty because of the situation," said Alvero Rocca from Argentina, a country which has endured its own upheavals in recent decades. "For Westerners, perhaps it's more problematic ... We in Argentina are more used to the chaos," Rocca said at Cairo's Khan al-Khalili bazaar which was nearly empty of tourists. "For us it's better. I know for Egypt's economy it's a catastrophe." *(Reuters)*

Egypt's economy grew by 2.1 pct in the year to end-June, the state news agency MENA quoted Planning Minister Ashraf al-Arabi as saying on Sunday, down from the 2.2 percent reported in 2011/12. The economy saw several years of 7 percent growth before the popular uprising that brought down Hosni Mubarak in February 2011, but since then has suffered from a collapse in tourism and foreign investment and an increase in domestic labour disputes. *(Reuters)*

Relations between the United States and Egypt are now in turmoil and the entire Middle East could suffer, the Egyptian foreign minister said in remarks made a week after Washington moved to curtail military aid to Cairo. Nabil Fahmy told state-run Al-Ahram newspaper that Egypt had been dependent on US aid for too long but Washington was wrong to assume the Cairo government would always follow its line.
"We are now in a delicate state reflecting the turmoil in the relationship and anyone who says otherwise is not speaking honestly," he said in comments published on Wednesday. US officials said the aid cut reflected Washington's unhappiness with Egypt's path since the army overthrew freely-elected president Mohammed Morsi of the Muslim Brotherhood on 3 July. Egypt has already criticised the decision and suggested it could turn to other countries for military aid, possibly Russia. Egyptian security forces have cracked down hard on Islamists since the army seized power, killing hundreds and arresting thousands, including Morsi and other leaders accused of inciting or carrying out violence. Muslim Brotherhood leaders say they face more severe repression than under veteran autocrat Hosni Mubarak, who was toppled

by a popular uprising in 2011. The army-backed government calls the Brotherhood terrorists. Islamists accuse the military of staging a coup and sabotaging democratic gains made since Mubarak's demise. Egypt has long been the second-largest recipient of US aid after Israel and its military - the largest in the Arab world - has worked closely with Washington for decades. The United States now faces a policy dilemma - how to promote democracy while not alienating an Arab ally which has a peace treaty with Israel and controls the strategic Suez Canal. Fahmy said an extended period of instability in ties would "reflect negatively on the entire region, including American interests". The current situation was not solely the result of the US decision to withhold aid, he said. "The truth is that the problem goes back much earlier, and is caused by the dependence of Egypt on the US aid for 30 years. [The aid] made us choose the easy option and not diversify our options," he said. The long-standing military relationship caused Washington to wrongly assume that Egypt would always go along with its policies and goals, Fahmy said.

Most worrying for the United States is the possibility that the army will turn to a rival country for military aid. Egypt's army is exploring its options. Military sources told Reuters last week that the army is planning to diversify its source of weapons, including a possible turn to Russia. The government has insisted Egypt would not bow to US pressure, saying it found American policy strange at a time when the country was facing what it calls a war against terrorism. US military aid to Cairo, put at $1.3bn a year, was born out of the 1979 peace treaty between Egypt and Israel. The US State Department made clear it was not cutting off all aid and would continue military support for counterterrorism and security in the Sinai, bordering Israel, where al-Qaeda-inspired militants have stepped up attacks on soldiers and police since Morsi's overthrow. Egypt's Western allies had been trying to persuade the government and Muslim Brotherhood to engage in an inclusive political process, but neither side demonstrated enough flexibility to ease the crisis. *(Reuters)*

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TRADING

Ghana

Corporate News

Vivo Energy, distributor and marketer of Shell-branded fuel and lubricant across Africa, has acquired a majority shareholding in Shell Ghana Limited. The deal was concluded on August 1, said Mr Christian Chammas, Chief Executive Officer of Vivo Energy, on Thursday at a press conference organised in Accra. He said, with the addition of Ghana to their portfolio, Vivo Energy now operates in 16 countries. The company, established in 2011 by Vitol, Helios Investment Partners and Shell to distribute and market Shell- branded fuel and lubricant across Africa, is operating in Ghana, Botswana, Burkina Faso, Cape Verde, Cote d' lvoire, and Guinea. Including Kenya, Madagascar, Mali, Mauritius, Morocco, Mozambique, Namibia, Senegal, Tunisia and Uganda. According Mr Chammas "Africa is a fast growing continent and our shareholders will invest 250 million dollars over the next three years to take advantage of this growth. Ghana is an important market and a growing economy which is set to benefit from significant developments in the energy sector." "We are acquiring a business with great potential; a long history in Ghana, a high caliber workforce, quality assets and a large and diversified customer base," he said He also pledges their commitment to ensure that the business realises its full potential. 'Our intention is to grow the market and retain their position in the year to come saying this would take time but "we will get there. Already, we planned to open 50 new station sites per year within the three-year period in the 16 countries we operated in. The Chief Executive Officer said the three main focal priorities- education, road safety and environment, are their Corporate Social Responsibility (CSR) focus for the continent. He said all CSR projects would be around the three priority areas to enable them have a unified approach.

Managing Director of Vivo Energy Ghana, Mr Fred Osoro, said their commitment to the Shell brand would not change. He added that "for our retail customers; our service stations will continue to be Shell branded and provide high quality products, with highest level of service. He said the company in Ghana would continue to meet customers' business needs by ensuring the supply of quality products and by building and maintaining an unrivalled reputation for safety, service excellence and technological leadership. Shell brand has been operating in Ghana for 85 years, and has been the leading marketer of fuel and lubricant. *(Ghana Web)*

PZ Cussons, Ghana has re-launched the new-look Imperial Leather brands onto the Ghanaian market. The Imperial brand has products ranging from bar soaps, shower gels, deo-roll-ons and talcum powder. The Commercial Director of PZ Cussons, Mr David Afflu, who launched the products in Accra, said the new Imperial Leather bar soap came with new features such as enhanced fragrance, look and delivery. He said the re-launch was the beginning of a series of new products under the Imperial Leather product range. "This new range of products will cater for various personal care needs of the Ghanaian consumer, while delivering on its brand promise of providing a little luxury everyday'. Mr Afful said as part of efforts to further enhance the luxury experience offered to customers, the new bar soap came with enhanced features such as the improved fragrance, new and more attractive packaging. He said to continue the engagement with the public, PZ Cussons had created online platforms and a Facebook page for customers to share their luxury experiencse and win some amazing prizes. *(Ghana web)*

Economic News

A new law is to compel mining companies in the country to disclose the terms of their contracts to the general public as part of efforts to ensure transparency in the disbursement and management of revenues from mineral resources. It is expected that the disclosure will help inform the public about revenue issues in the minerals sector, especially on how much the companies are paying government for what; what goes into the determination of that cost; how revenues from contracts are shared; when and how the contract in question can be terminated. The initiative, the first of its kind in the country, is being championed by the Ghana office of the Extractive Industry Transparency Initiative (EITI), a global body fighting for transparency in the extractive industry. The Co-ordinator of the Ghana Extractive Industry Transparency Initiative (GHEITI), Mr Franklin Ashiadey, told the Daily Graphic in Accra that the law was expected to come into effect in the first quarter of next year. He added that the provision on the disclosure of mining contracts by the companies was part of the proposed legislation on EITI that GHEITI was pushing. Mr Ashiadey made the disclosure in an interview after he and other members of the GHEITI board briefed a visiting team from the EITI global office on how the country was progressing in the area. The delegation, led by Mr Olivier Bovet, a board member of the EITI, will be in the country from October 13 to 15, within which they are expected to hold discussions with officials of the ministries of Finance, Lands and Natural Resources and Petroleum and Energy, as well as some civil society organisations. Speaking to the paper after the briefing, Mr Ashiadey said access to relevant and timely information on the operations of companies in the extractive industry had been the bane of the initiative's operations.

"Most of the companies are always not willing to disclose the information and this delays our reports. To overcome this challenge, we decided to come out with a legislation that will force them to open up to us," Mr Ashiadey said, adding that the legislation would also force the mining companies to disclose the terms of their contracts to the public and us in particular." A Deputy Minister of Finance and Economic Planning, Mr Kweku Ricketts-Hagan, said the country was committed to ensuring transparency in the extractive industry and therefore called on the EITI and CSOs to join in the fight against non-disclosures in the sector. "For us in Ghana, EITI is not a fanciful exercise to please development partners but a deeply thought-out exercise meant to enhance the development outcomes of mineral resources in this country," the deputy minister, who is also the NDC Member of Parliament for Cape Coast South, said. Dignitaries at the programme included the Minister of Lands and Natural Resources, Mr Inusah Fuseni and the Chief Executive Officer of the Ghana Chamber of Mines, Dr Tony Aubyn. *(Ghana Web)*

Fitch Ratings cut Ghana's credit rating by one level as the government said it won't be able to meet its target to narrow the budget gap. The sovereign rating was lowered to B from B+, with a stable outlook, Fitch said in an e-mailed statement today. The government is unlikely to meet its deficit target of 9 percent of gross domestic product, Deputy Finance Minister George Ricketts-Hagan said by phone today. The B is five levels below investment grade. Standard & Poor's has an equivalent rating, while Moody's Investors Service has it rated a level higher. Both companies have a stable outlook for Ghana. Ghana is struggling to narrow a fiscal gap that rose to 12.1 percent of gross domestic product last year because of spending before elections in December. The government on Oct. 1 raised water and electricity rates after gradually removing fuel subsidies earlier in the year. It also introduced four new taxes, including a 5 percent stabilization levy on earnings of specific companies. Falling gold prices are further curbing earnings for Africa's second-largest gold producer. "Ghana's creditworthiness has been further weakened by the government's failure to fully implement its fiscal consolidation plan in 2013," Carmen Altenkirch, a London-based Fitch analyst, said in the note. "The authorities continued to overrun on wages, interest costs and arrears."

Fitch's analysis is "extremely narrow," Finance Minister Seth Terkper said by phone after the decision. "The rating is not fair, it does not reflect our efforts at fiscal consolidation and short and medium adjustments to curb the deficit," he said. "No country completes adjustment within one year." Last month, Terkper said Ghana was on track to reduce the deficit to 9 percent this year through austerity measures. The government may fall short of its budget deficit goal this year because of the falling price of gold, Societe Generale SA said in August. Economic growth will slow to 7 percent this year from 8 percent in 2012, according to the International Monetary Fund.

Ghana will probably target a budget gap of 9.5 when Terkper presents his new budget later this year, David Cowan, Citigroup Inc. Africa economist, said in an interview in Johannesburg. "If you look at the fiscal deficit and the current account deficit, they are significantly worse compared to their comparatives like Kenya or even Zambia," he said. "It will be a big test for them, because they have to get it down." Spending on wages climbed to 72 percent of tax revenue last year, fueled by an 18 percent wage increase for civil servants. The state plans to lower the wage bill to between 30 percent and 35 percent of tax income by 2015. The Bank of Ghana left the benchmark interest rate unchanged for a second consecutive meeting on Sept. 18 to counter sluggish growth and a weaker cedi. Inflation quickened in September to 11.9 percent, the fastest pace this year, while the currency remained at a record low, boosting the cost of imports. The cedi fell 0.6 percent to 2.19 per dollar as of 3:39 p.m. in Accra. The yield on the 2023 dollar bond dropped 3 basis points to 7.87 percent. *(Bloomberg)*

Ghana will continue its tight monetary policy and expects increased inflows from oil and gas production to help stabilize its finances in early 2014, central bank Governor Henry Kofi Wampah said in the wake of a downgrade by Fitch on Thursday. "The combintion of monetary policy and increased flows from the external sector as well as the fiscal consolidation going forward are factors that we believe will normalise the situation and ease pressure on the markets," Wampah told Reuters by telephone. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Kenya

Corporate News

Kenya's CfC Stanbic Bank and China's ICBC Bank will finance a 83 megawatt (MW) thermal power plant in the African country costing $108 million, the Kenyan bank said on Wednesday. The heavy fuel oil plant will be built by private power company Triumph Kenya. ICBC will provide $80 million of the debt financing while CfC Stanbic said in a statement it will provide the rest. Kenya plans to add 5,000 MW of power supply capacity to the existing 1,664 MW generated by 2017. The country suffers from frequent blackouts due to supply shortfalls and an aging grid, with many businesses and wealthy households turning to standby generators. Standard Bank, CfC's parent company, said the World Bank's Multilateral Investment Guarantee Agency (MIGA) would provide insurance of $102.5 million, in part to cover a breach of contract should distributor Kenya Power fail to adhere to its 20-year power purchase agreement with Triumph. Earlier this month, CfC Stanbic Bank said it was also providing $90 million in debt for a $150 wind power generation project in the country. ICBC has a 20 percent stake in Standard Bank. *(Reuters)*

Economic News

Kenya is ranked the third biggest borrower of World Bank loans in Africa over the past five years, a new report by the global lender has showed. Nigeria and Ethiopia are ranked the biggest and second biggest recipients of World Bank Loans in this period. Kenya has received a total of Sh53 billion World Bank loans since July 2008, indicating the country's heavy reliance on the institution for development and infrastructure funding. Since 1945, a year after the World Bank's formation, Kenya has borrowed a cumulative total of Sh732 billion, the sixth-largest amount on the continent. Other big African borrowers are listed as Egypt, Morocco and Tanzania in the World Bank's Annual Report 2013. Kenya has been borrowing from the bank to finance development and infrastructure projects over the years. However, out of the amount of Sh274 billion ($3.2 billion) made available to the country in the past five years, less than half or Sh130 billion has been disbursed. The reasons for the slow disbursement are however unclear from the report. The Controller of Budget Agnes Odhiambo has said in recent reports on Budget implementation that donors have sometimes been slow to release funds because the government has not committed its expected contribution to co-sponsored projects. An official in the Ministry of Devolution and Planning Sabina Maganga said last week that donor cash often failed to be disbursed because of inability of ministries and department failure to meet the stringent conditions that some times change midstream and disagreements on procurement rules. "Resources are occasionally not released by donors because ministries are unable to meet the stringent conditions set, and which sometimes change midstream," Ms Maganga told a Parliamentary Public Accounts Committee meeting while presenting the case for an external resources policy at the Treasury to regulate relations with donors.

The World Bank is the single largest lender to Kenya, with loans given for projects in a multiplicity of sectors ranging from agriculture to energy and other infrastructure. "Wherever feasible or appropriate, future projects to expand access to electricity will include clean energy dimensions. For example, the Lighting Africa project, which has developed off-grid solar lighting markets in Kenya and Ghana, will be replicated across the continent, as well as in India, with the goal of reaching 250 million people by 2030," said the report. Most of the funds have been channelled to Kenya through International Development Association (IDA), the bank's concessional lending arm. The funds are supposed to have a grant element of at least 35 per cent and also carry a grace period. Grants and concessional loans help to minimise external debt obligations that impact on foreign exchange reserves and budgetary allocations. The World Bank country director Diarietou Gaye and Treasury secretary Henry Rotich signed a new loan agreement last month for Sh22 billion, which is not included in the report which covers up to June this year. The cash is intended to supplement a Sh13.5 billion government allocation designed to finance cash transfers to the vulnerable groups such as orphans, the elderly and those living in abject poverty. hrough IDA, the bank is financing the Eastern Electricity Highway that is intended to improve electricity transmission. The project should also facilitate the import of electricity from Ethiopia to Kenya. The total cost of the project is Sh109 billion ($1.263 billion). The bank is financing the Sh36 billion ($413.1 million)

National Urban Transport Improvement project aimed at improving regional transport efficiency, strengthening institutional capacity in the urban transport sub sector, and promoting private-sector participation in transport systems operation. The Judicial Performance Improvement project, which is being carried out at a total cost of Sh10.3 billion ($120 million), is financed by IDA. It supports improvements to the administrative and case management performance of the judiciary to provide services more effectively and accountably. *(Business Daily)*

Kenya has reclaimed lost ground, to stand at position 21 in 2013 rankings of Ibrahim Index of African Governance (IIAG), for solid human development policies. But for the second time since 2011, the Mo Ibrahim Prize for Achievement in African Leadership (IIAG) will not be awarded to anyone after judges failed to recognise a recipient who met its requirements. The IIAG 2013 report shows Kenya is closing in on several East African nations which have often held top positions in the governance ranking. Overall, Kenya scored 53.6 points out of a possible 100, a slight growth from 52.7 last year when it ranked position 25. This is two points above the continental average score of 51.6. The rankings, however, have fallen three places since 2000 when it was recognised as the 18th best governed nation in the continent. The recent ascendancy in rankings, the report says, was largely driven by Kenya's impressive performance in the category of human development where it ranked 17 out of 52 African nations with a score of 63.9 points. The index, a brainchild of Sudanese-British billionaire Mo Ibrahim, has been assessing levels of governance in Africa since its launch in 2007. The IIAG, a component of the Mo Ibrahim Foundation, is focused on areas such as safety and rule of law, participation and human rights, sustainable economic opportunity and human development. Kenya, however, ranked poorly in the safety and rule of law category where it scored 47.6 to rank at position 33 in the continent, making it the lowest scored category. The report said that Kenya scored highest in sub-categories of public management and rural sector (position 13 out of 52) and lowest in sub-category of national security (42 out of 52).

The report recognises Rwanda as the best governed country in East Africa, having garnered 57.8 points to stand at position 15 in Africa. It was closely followed by Tanzania (17), Uganda (18) and Kenya (21). The governance report noted that top nations in sound governance practices had retained their spots in the survey. "The top-ten performers over the years have remained relatively stable, with eight countries managing to remain in this grouping since 2000," the report said. The best governed countries are Mauritius, Botswana, Cape Verde, South Africa, Seychelles, Namibia, Tunisia and Ghana. Mauritius topped the table with 82.9 points followed by Botswana (77.6) and Cape Verde (76.7). Somalia bagged the bottom slot with eight points followed by Democratic Republic of Congo at position 51 and Eritrea at 50. *(Daily Nation)*

The cost of printing bank notes and minting coins doubled to Sh2.4 billion last year, with the Central Bank of Kenya (CBK) attributing the jump to expenses of printing new generation currency under the Constitution. CBK's annual financial statements for up to June this year show currency production costs rose by Sh1.2 billion in the past 12 months, even though the regulator is yet to make public the progress of the expected switch to new-look cash. The 2010 Constitution required production of new currency that does not bear the image of an individual, unlike currently where Kenyan notes and coins bear portraits of former presidents. "Currency costs increased to Sh2.4 billion from Sh1.2 billion in 2012 as the bank makes investments in the new generation currency to comply with constitutional requirements," said CBK in its financial statements. The Constitution requires the new currency to be in circulation by February 2015. The current stock of cash will continue to be legally acceptable until it is phased out. The Central Bank, which mainly outsources production of currency, did not provide details on what had led to the sharp increase in costs. "We are not in a position to comment on the detailed aspects of the accounts until deliberated upon by the Public Investments Committee of Parliament," said CBK governor Prof Njuguna Ndung'u told Business Daily.

In August, the Secretary to the Cabinet Francis Kimemia said the Cabinet had approved the design of new generation currency, and was working on a production date of 2015. The designs were said to have been selected from the proposals made by the public. "New currency with our country's heritage as its key features will be unveiled in the next two years. Cabinet approved the proposal that is set to be ready earliest February to May 2015. Latest being January 2016 which is the worst scenario," said Mr Kimemia in a tweet sent on August 17. At present, Kenyan notes and coins bear the images of the first two presidents of the country, Mzee Jomo Kenyatta and Daniel arap Moi. The Sh40 coin, which was released in 2003 to mark the country's fortieth Independence anniversary, bears the image of former President Kibaki.

The Sh100 and Sh50 notes have a one-year life span while the others have a two-year utility period. The coins have a longer lifespan of 25 years. As per the financial statements, the currency in circulation, which represents the nominal value of all notes and coins held by the public and commercial banks, increased by 15 per cent. In June, the total cash in circulation was Sh183 billion, compared to Sh159 billion a year earlier.

A parliamentary committee heard last year that the Central Bank had procured from De La Rue Company four interim orders of current generation bank notes totalling 1,487,050,000 since 2006 at a cost of Sh5.6 billion. Currency printing contracts have been the centre of controversies in Kenya, with the public said to have lost more than Sh1.8 billion in irregular procurement of the services. In a report tabled in Parliament last year, the Parliamentary Accounts Committee (PAC) said that interferences by the National Treasury (then Ministry of Finance) which cancelled a contract between CBK and printing firm De la Rue had seen the public pay Sh1.8 billion more than the initial amount. The government has stated its intentions to buy a 40 per cent stake in De La Rue's operations in Kenya at an estimated cost of Sh650 million in a deal that would see the firm increase its investment in the country and produce the currency locally, cutting on the production costs. The deal is yet to be completed and De La Rue is still engaged on short-term annual contracts. *(Daily Nation)*

The average price of top Kenyan tea edged down to $3.90 per kilogramme at auction on Tuesday from $3.93 at last week's sale, market participants said. The east African nation is the world's largest exporter of black tea, which is an important source of foreign exchange. Africa Tea Brokers (ATB) said in a market report the Best Broke Pekoe Ones (BP1s) fetched $3.00-$4.80 per kg from $3.15-$4.72 per kg attained at last week's sale. Brighter Pekoe Fanning Ones (PF1s) sold at $2.08-$2.75 per kg, compared with $2.26-$2.80 per kg at the last auction. Almost a quarter of all packages, or 6.97 million kgs, of tea went unsold, ATB said. Last week, 17.5 percent of the 105,738 packages offered for sale did not attract buyers. *(Reuters)*

Kenya's total debt increased by 3.15 percent in the year ended July from a month earlier, reflecting higher borrowing in the local and foreign markets, the ministry of finance said on Wednesday. The east African nation, which is planning a debut Eurobond for up to $2 billion, owed a total of 1.96 trillion shillings, or 53.3 percent of its annual output, to creditors at home and abroad. Rated sub-investment grade at B1 with a stable outlook by Moody's last November, Kenya has a sustainable public debt with very low risk of external debt problems, the International Monetary Fund said in July. The external debt, which is 44.8 percent of the total, had an average interest rate of 1.9 percent with an average maturity of 36.2 years, reflecting the government's preference for concessional debt from institutions like The World Bank. Outstanding local debt had an average maturity of 5.3 years, unchanged from the previous period, the Treasury said. *(Reuters)*

The Kenyan shilling held steady on Thursday, underpinned by a short supply of the currency that traders said was stifling demand for dollars in the market. At 0751 GMT, commercial banks quoted the shilling at 84.95/85.05 per dollar, matching Wednesday's closing price. "The money market is very short on shillings," said Wilson Mutai, a trader at Gulf African Bank. "Unless this liquidity improves the market is not going anywhere." Heavy demand from both offshore and local investors for Kenyan government debt as well as equities was draining shillings, traders said. Earlier this week, Kenya raised the full 16 billion shillings sought in a 12-year infrastructure bond tap sale. The tight liquidity has left the overnight borrowing rate rising steadily for more than a month, with the central bank quoting a weighted average overnight rate of 10.7062 percent on Wednesday compared with 6.9383 on September 17. *(Reuters)*

The Kenyan shilling was steady on Friday, with traders expecting the currency to firm as banks shed long dollar positions due to a liquidity squeeze in local money markets. At 0812 GMT, commercial banks quoted the shilling at 84.70/90 per dollar, barely changed from Thursday's close of 84.75/95. Overnight lending rates have risen steadily for more than a month on the back of an acute liquidity squeeze in the money markets. "Funding is expensive, so most people would like to remain over-sold on the dollar," said Duncan Kinuthia, head of trading at Commercial Bank of Africa. The weighted average interbank rate rose to 10.8224 percent on Thursday, having risen gradually from 6.9383 on September 17. "Whenever we see short term debt trading at double digits levels we always see offshore money coming in because of the decent returns, noting that inflation is still below those levels," Kinuthia said. Kenya's year-on-year inflation rose for the fourth straight month to 8.29 percent in September from 6.67 percent the previous month.

SECURITIES AFRICA
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PAN-AFRICA

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TRADING

Securities Africa

Malawi

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Economic News

Norway has suspended budget aid to Malawi, one of the poorest nations in Africa, because of alleged corruption and embezzlement, the foreign ministry said on Friday. "There are clear signs that substantial funds have been embezzled from the Malawian ministry of finance," Norway said in a statement. "We have a policy of zero-tolerance for corruption, and cannot disburse any more budget support to the Malawian authorities until this matter has been fully resolved," development Heikki Eidsvoll Holmaas said. So far this year Norway provided $41.4m worth of aid to Malawi, a fifth of which was in the form of budget support. Norway is one of the world's biggest foreign donors and expects to donate $5bn this year to dozens of developing nations. Earlier this month it decided to reduce its aid to Afghanistan, signalling to Kabul that it has not done enough to combat corruption and violence against women. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius sold 5-year Treasury bonds at a weighted average yield of 4.40 percent on Wednesday, up from 4.28 percent at the last auction in August, the central bank said. The Bank of Mauritius received bids worth 920 million rupees and accepted bids worth 890 million Mauritius rupees. The coupon rate was 4.30 percent. *(Reuters)*

Mauritius' central bank said on Wednesday it was re-opening a three-year Treasury note worth 1.5 billion Mauritius rupees with a coupon rate of 3.75 percent. The Bank of Mauritius, in a statement on its website, said the auction would be held on October 23 and the paper would have a maturity date of September 20, 2016. *(Reuters)*

Nigeria

Corporate News

A total of eight banks have signed a Memorandum of Understanding (MoU) with Total E&P Nigeria Limited and Total Upstream Nigeria Limited for the $7.5 billion Nigerian Contractors' Initiative. The banks include Ecobank Nigeria, Zenith Bank, Diamond Bank, Guaranty Trust Bank (GTBank), United Bank for Africa (UBA), Standard Chartered Bank, Access Bank and Fidelity Bank. Under the arrangement, the accredited banks would specifically finance Total's local contractors and the payment would be domiciled in the banks. The Managing Director/Chief Executive, Total, Mr. Guy Maurice, said in a statement at the weekend that the essence of the initiative, was to bridge the funding gap for the company's local contractors which included vendors and suppliers. According to Maurice the MoU provides for sustainable funding relationship between the banks and Total's indigenous contractors, adding that, the initiative was line with the Nigerian local content laws. Also speaking at the event, the Managing Director, Ecobank Nigeria, Mr. Jibril Aku, said the programme was laudable, noting that Ecobank was pleased to have been selected as one of the participating banks.

Aku explained that the banking finance programme was being put together by Total to effectively manage its value chain, including suppliers and distributors. According to him the whole essence was to make the local contractors play more active role in the oil and gas sector through sustainable funding. Aku assured that Ecobank would remain a major player and add value to the initiative. "This is a good initiative and we are pleased to have been selected as one of the banks after a rigorous process. We have long relationship with Total and some of our customers work with them. "I can assure you that we will add value to the programme. The key challenge now is how to make a success of this programme, so that we can continue to develop and grow new customers coming to the bank," he stated. *(This Day)*

Wema Bank Plc Monday became the first bank to announce its reults for the nine months ended September 30, 2013, announcing a return to profitability. The results, which were made available to stock market operators by the Nigerian Stock Exchange (NSE), showed a profit before tax of N563.8 million in 2013; up from a loss of N1.875 billion in the corresponding period of 2012. The bank ended the period with revenue of N26.3 billion compared with N21.5 billion in 2012, while net income rose from N7.7 billion to N8.2 billion. Similarly, net fee and commission income increased from N3.16 billion to N3.7 billion, just as other income grew from N878 million to N1.72 billion. After deducting taxes and other expenses, Wema Bank posted a profit after tax of N479.2 million as against a loss of N1.875 billion in 2012. The bank also ended the nine months with positive earnings per share (EPS) of five kobo, compared with a negative EPS of 15 kobo in the corresponding period of 2012.

Positive reactions by investors to the results boosted the equity price of the Bank by 2.5 per cent to close higher at N1.25 per share. A stockbroker, Mr. Ayo Oguntayo, said the results pointed to a better future for investors in the bank, adding that its future performance would be bolstered by the recent N40 billion capital injection. The Securities and Exchange Commission (SEC) recently approved the N40 billion fresh capital raised by the bank through special placing of shares. Speaking on the outcome of the special placing, the Managing Director/Chief Executive Officer, Wema Bank, Mr. Segun Oloketuyi, had thanked the shareholders and customers and reiterated the board and management's commitment to ensuring that the bank regains its pride of place in the industry without compromising on values and standards. Meanwhile, trading at the stock market was bullish as the NSE All-Share Index closed 0.16 per cent higher at 37,054.14, while market capitalisation ended at N11.804 trillion. Thirty-two stocks appreciated while 24 stocks dipped in value. *(This Day)*

Investors will have the opportunity to invest in a pan-African Information Communications Technology (ICT) firm in the stock market, as the Nigerian Stock Exchange (NSE) prepares to list the shares of Computer Warehouse Group (CWG) in November. Although details of the listing were sketchy on Monday, it was gathered that the company would be listed by introduction and it is the first company to be listed this year. Since the 2008 stock market downturn, companies have been reluctant to list on the exchange until last year when Austin Laz

Company Plc and Fortis Microfinance Bank Plc were listed by introduction. However, THISDAY checks revealed that preparations are in top gear for the admission of CWG in the Daily Official List of the NSE. A reliable market source told THISDAY that barring any last minute change of plans, the shares of CWG would be listed in middle of November. "CWG has had a very successful history operating privately as a pan-African ICT company. Now it is moving to a new level and it is a good opportunity for members of the investing public to acquire the shares and enjoy significant return on their investments," the source said. In terms of return on equity CWG is said to have posted an average return of 30 per cent between 2008 and 2012. CWG with regional operations in Ghana, Cameroun and Uganda, was incorporated in February 2005, as a holding company for CWL Systems Limited, DCC Networks Limited and ExpertEdge Software Limited. The company, which has Mr. Austin Okere as Chief Executive Officer, also has other prominent individual and corporate shareholders including Aero Africa Fund.

CWG benefits from a diversified revenue base generated across the ICT industry value chain comprising communications, hardware and software. CWG is said to have long standing partnerships with leading global ICT players such as Cisco, Oracle, Microsoft and Symantec. Market operators said the listing of a new company is a good development, adding that the only segment of the market yet to bounce back is the initial public offerings (IPOs). However, the Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri, recently raised hopes that the IPO segment would soon be active. Speaking with THISDAY in an exclusive interview in Lagos, the NSE ED had said, given the performance of the market so far, there were strong indications that the IPO would be floated before the end of this year or early next year. According to him, already the market has seen some additional listing that were done through rights issues, stressing that the next level would be an IPO. He said, "The cycle in a recovery market is that foreign investors will come first, and then local institutional investors will follow. You will see the retail investors coming because they are the always the last ones to come back. And from an issuance perspective, there is always a freeze in IPO and new listing when there is such a downturn. But then you begin to see either listing by introduction, rights issues or special placements before IPOs will follow. The rights issues market has been tested and has been successful. I can tell you that the market is ripe for an IPO and we are likely to see one before the end of the year or early next year." *(This Day)*

Oando Plc has received commitment letters for up $815 million of credit facilities from local and foreign banks to pay for the acquisition of ConocoPhillips' (COP) Nigerian asset portfolio. The purchase price for the assets is about $2 billion. Already the company has paid $435 million and with the availability of $815 million in credit, Oando has only $400 million to pay and conclude the transaction. A statement from the company indicated that the $815 million credit is being arranged by three foreign banks and two Nigerian investment banking firms. The banks are BNP Paribas, Standard Bank and Standard Chartered Bank while the investment banking firms are FBN Capital and FCMB Markets. Specifically, $465 million Reserve Based Lending (RBL) facilities are being arranged by BNP Paribas, Standard Bank and Standard Chartered Bank. On their part, FBN Capital and FCMB Markets are arranging a $350.0 million senior secured loan to complement the $465 million. Market analysts said with the debt financing in place, a subsequent equity financing seems easier to manage and the timely completion of the transaction appears likely. The acquisition of the assets is expected to be a transformational event for Oando, making it the largest indigenous exploration and production company in Nigeria. "With large annual cash-flow and guaranteed gas sales contracts in place, the assets seem to be self-sustaining even with a large degree of leverage," an analyst said. The Chief Executive Officer, Oando Energy Resource, Pade Durotoye, said the receipt of the commitment letters represents an important step towards closing the COP acquisition and concludes the second stage in their financing plan, having initially paid a $435 million deposit to COP. "We have sought to optimally finance this acquisition to retain maximum value for our shareholders. We will now proceed to the final stage of concluding the financing required for completion of the COP Acquisition," Durotoye said.*(This Day)*

Economic News

Faced with unpleasant tight monetary policy conditions, Deposit Money Banks (DMBs) in the country anticipate that their 2013 full year weighted funding cost will trend upward, a report has shown. According to the report, the tighter liquidity condition in the market would be felt more by the smaller banks that rely heavily on this form of funding to meet most of their obligations. It also noted that although treasury bills rates looked attractive, the cost of purchased (term) deposits had also risen. The Renaissance Capital Limited (RenCap), stated this in a report titled: 'Nigeria Banks- Feedback from Management Meetings,' obtained yesterday. The Central Bank of Nigeria (CBN) had in July, imposed a 50 per cent Cash Reserve Requirement (CRR) on public sector funds, which saw the sterilisation of N1.2 trillion from the system. In addition the increased contributions to the Asset Management Corporation of Nigeria's (AMCON's) sinking fund, the reduction in the Commission on Turnover (COT) for banks and other regulatory amendments had been putting pressure on the banks' earnings. In fact, the Nigerian Interbank Offered Rates (NIBOR) had on September 18, spiked to an average of 56 per cent, before the situation was brought under control. Continuing, the RenCap report noted: "For some of the banks, the benefits of playing the treasury bills market (tax-free, risk free rate of 12 to 13 per cent) still outweigh aggressive loan growth as their best corporates are still borrowing at 14 to 15 per cent."

It added: "On the asset side of the balance sheet, banks have lost interest income on all cash set aside for the CRR. To mitigate these pressures, banks appear to have: cut the deposit rates on public sectors funds; attempted to re-price their loan books by 100 to 300 basis points. "Not all of the proposed increases have stuck, we estimate about 40 to 60 per cent of the increase has gone through. On balance, we would expect to see Net Interest Margins (NIMs) decline by 25 to 100 basis points for most of the banks as we head to the end of the year." Commenting on the full year loan projection of banks, the report anticipated that most of the bigger banks will record around 15 per cent loan growth, with the exception of Access Bank. It forecast over 20 per cent loan growth for Access Bank. *(This Day)*

Nigeria's consumer inflation fell to a fresh five year low of 8 percent in September, down slightly from 8.2 percent in August, the National Bureau of Statistics (NBS) said on Wednesday. Food inflation also fell to 9.4 percent over the period, down from 9.7 percent the previous month. "This was largely as a result of a slower rate of increase in food prices as the recent harvest season continues to constrain rising food prices," the NBS report said. Nigeria's central bank expects inflation to remain below its single-digit target throughout 2014, as it has this year, but it has resisted pressure to cut rates as a result. The central bank held its interest rate at 12 percent for a twelfth time in a row at its committee meeting in September, citing what it said were successes at stabilising inflation and the naira, but noting that high government spending meant there were dangers ahead. *(Reuters)*

Tanzania

Corporate News

No Corporate News this week

Economic News

No Economic News this week

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Zambia

Corporate News

South African grocer Shoprite has repealed a decision to fire 3,000 striking workers in Zambia after the government threatened to revoke its licence, the labour minister said Thursday. "We told them we would revoke their trading licence if they went ahead with the dismissals. They claimed the workers had gone on illegal strike. I have now given them 10 days in which to negotiate and resolve the problem," Fackson Shamenda told Reuters. "All the outlets are working normally now and I am on my way to buy bread from Shoprite." *(Reuters)*

Economic News

ZAMBIA's external debt is estimated to have increased marginally by 1.8 percent to US$3.13 billion as at end of September 2013, from US$3.08 billion as at end of 2012. This increase was on account of net disbursements on the existing loan portfolio, Finance Minister Alexander Chikwanda says. "The interest paid on the current external debt portfolio as at September 30, 2013 was US$90.78 million. As at September 2013, the stock of domestic debt, including arrears, stood at K18.52 billion representing an increase of 22.5 percent from K15.12 billion at the end of 2012. "As a result, interest payments on Government securities rose by 40.8 percent to K1.69 billion at the end of September, 2013 from K1.20 billion in the corresponding period last year. The rise in the stock is largely on account of higher borrowing induced by the need to increase efforts to grow the economy," Mr Chikwanda said in his budget address to Parliament on Friday. To support the provision of long-term financing to the private sector, he said the Government approved issuance of Kwacha-denominated bonds by the International Finance Corporation (IFC) and African Development Bank. Subsequently, in September 2013, the IFC successfully issued a five-year K150 million bond. According to the minister, these resources are now available to the private sector for investment in Zambia's economy. He said with regard to fiscal policy, Government undertook measures to address long-standing structural challenges relating to fuel and maize subsidies as well as distortions in the public service pay structure. "This was done to reinforce fiscal prudence, as well as enhance productivity for better public service delivery. As a result of these developments, the projected fiscal deficit for 2013 will be 8.5 percent of gross domestic product, compared to the budget estimate of 4.5 percent," he said. *(Daily Mail)*

FORMER Economics Association of Zambia (EAZ) president Mwilola Imakando says compromise is essential in coming up with mineral taxation rates that ensure a win-win situation for both mining companies and Zambians. Dr Imakando said striking a balance on what mineral taxation rates should be levied is critical if both Zambians and mining companies are to benefit from the country's mineral wealth.
"There is always this fight to get more without paying Speaking in Lusaka at a seminar on mining industry taxation in Africa, he observed that the increased demand for public services is a weak argument for raising taxes and arguments that mineral tax rates should be relatively higher because copper is a wasting asset that can impact negatively on future investments, hence the need for stakeholders to agree on the rates that benefit everyone. Dr Imakando said while the debate on mineral taxation is healthy and necessary, it should be backed by facts and figures to ensure the effective implementation of mineral taxation rates in the country. "Debate must however be informed by facts and figures as transparency in mineral production figures is critical. Likewise costs of production and declared profits must be supported by accurate information," he said. He also said it is important to ensure that the debate takes into account the benefits that come with mining activity such as increased employment, the forward and backward businesses linkages and increased incomes for both mining companies and the treasury. Dr Imakando however said that Zambia Revenue Authority's capacity to inspect and audit production must be enhanced to allow for audit of production to encourage companies to be more compliant with tax obligations. He said this will encourage meaningful diversification as diversification will be supported by financial resources from the mines. Dr Imakando commended Government for increasing tax revenues from mining by increasing mineral royalty tax to six percent from the previous three percent and placing restrictions on hedging. Earlier, University of Zambia vice chancellor Stephen Simukanga said mineral resources remain a source of debate not only in

Zambia but all mineral-rich countries in Africa, hence the need for consensus among various stakeholders. *(Daily Mail)*

ZAMBIA'S fiscal policy in 2014 is anticipated to be affected by structural imbalances, Minister of Finance Alexander Chikwanda notes. Mr Chikwanda said 2013 has been a challenging year for fiscal policy but, important steps have been taken to address policies that have created structural imbalances. He said this when he presented the 2014 national budget last Friday. "Challenges will remain in 2014, but Government is actively engaged in creatively resolving them to maintain prudent fiscal management," he said. Mr Chikwanda said Government aims to enhance public infrastructure development to achieve sustainable economic growth by strengthening domestic revenue. He said the 2014 budget is aimed at addressing bottlenecks in tax administration to enhance domestic revenue. Government proposes specific intervention to enhance domestic revenue mobilisation. "Therefore, I will propose specific interventions including a continuation of tax policy reforms, improving the performance of value added tax and execise duties, rationalising the investments tax incentives regime, promoting efficiency and simplifying tax administration," he said. He said to reduce the cost of compliance and increases operational efficiency, the Zambia Revenue Authority has introduced a web-based tax administration. He said the system will make it easy for tax-payers to comply with their tax obligations anywhere with internet connectivity available. With regards to non-tax revenues, Mr Chikwanda said Government will continue to modernise current payment systems and update the Fees and Fines Acts to enhance domestic revenue mobilisation. "To improve accountability, Government will implement the requirement for all statutory bodies collecting public funds to channel all their revenues to the treasury," he said. *(Daily Mail)*

THE National Pension Scheme Authority (NAPSA) has expressed concern at the low liquidity levels in the 23 listed firms on Lusaka Stock Exchange (LuSE), saying the situation is hindering the institution to increase stake in equity market. The authority currently has shares in Zanaco, Zambia Sugar and Zamefa. NAPSA director of investments David Chewe said investing in equity market will give the authority more capital gains. Mr Chewe, however, was quick to point out that lack of available shares to purchase on the local bourse is worrying. "The floats are so low and there is very little on the table in the equity market, we want to acquire shares but stocks are not there…," he said. Mr Chewe said this at the NAPSA investment forum held for key stakeholders in Lusaka recently. He, however, urged firms to issue bonus shares to help improve the liquidity on the LuSE. When a company issues bonus shares, the price of its existing shares reduces by about the same ratio as the bonus shares that have been issued. In this regard, listed firms issue bonus shares because when the prices reduce, the liquidity of the share improves. Mr Chewe said while the LuSE market capitalisation is steadily growing, the authority's share is minimal, standing at only 2.4 percent. LuSE market capitalisation stood at US$3.7 billion as at first half of this year. The capitalisation, which essentially captures companies with significant presence on the market, has been growing steadily over the months. Recently, Stock Broker Zambia Limited (SBZL) rated Zanaco as number one and leading stock performer on LuSE after posting a significant price increase of over 80 percent during the first half of this year. Apart from Zanaco, Standard Chartered Bank also recorded an increase in its share price by 66 percent and British America Tobacco Zambia rose by 50 percent. Other firms that registered increases in share price included Zambeef Products Plc by 48 percent and African Explosives Zambia Limited by 33 percent. *(Daily Mail)*

THE Jesuit Centre for Theological Reflection (JCTR) says the cost of living for an average family of five dropped by slightly K40 to K3,536 due to reduction in the unit cost of basic food items. Meanwhile, JCTR says the recent salary increment for civil servants came at a time when the cost of living, with particular emphasis on transport costs and mealie-meal prices, has increased. This is according to a statement availed to the Daily Mail yesterday. "The cost of living for the month of September 2013 as measured by the JCTR's basic needs basket for an average family of five living in Lusaka stood at K3,536.69 in comparison with the August 2013 basic needs basket total of K3, 581.13. The reduction is due to decreases in the unit cost of basic food items such as kapenta by an average of 23 percent between August 2013 and September 2013,"it says. It says the salary increment, coupled with increased tax free threshold of K800 as announced in the 2014 budget may help struggling families meet their basic needs. JCTR noted that it would be advisable that civil servants at house hold level focus more on long term investments and savings as opposed to increasing consumption in the short term to be able to sustain their livelihoods. JCTR anticipates that the salary increment will serve as a motivating factor and hence translate into higher productivity amongst civil servants. It says higher productivity among civil servants may not be possible, if measures are not put in place to that ensure efficient service delivery. JCTR says Government's decision to expand the value added tax (VAT) base by shifting several categories of zero rated goods and services to standard rated category may increase the cost of living. Majority of civil servants last month expressed happiness due to the salary harmonisation implemented by Government. *(Daily Mail)*

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TRADING

Zimbabwe

Corporate News

MORE than $1 billion exchanged hands through the Econet Wireless mobile payment platform in the first nine months to September as the country's formal banking sector pushes for more financial inclusion, Reserve of Zimbabwe governor Gideon Gono has said. Addressing delegates attending a cocktail recently after the launch of a new EcoCash product, Gono said while the number of people using the banking sector remained low due to various factors including lack of confidence and high bank charges, the mobile banking platform had narrowed the gap between financial inclusion and exclusion. EcoCashSave, the latest value-added product launched by the mobile phone operator under its EcoCash platform, enables customers to move money from their eWallet to an interest-bearing account in a matter of seconds, without the attendant traditional charges. According to results of the government-commissioned FinScope survey, 40% of adults were financially excluded and only 24% were banked. "Between January and September this year, EcoCash pushed a total of $1,1 billion. This represents about 90% of the mobile transactions over the same period. We are in no doubt that this is a measure of success. With this sort of product, we will see 90% of our people, if not 100% being financially included," Gono said. Econet agents, who receive $1,15 for every $100,90 cashed in and $2,30 for the same amount cashed, could have also immensely benefited from commission received during the period under review. Gono said despite this growth, liquidity constraints continued to confront the economy, starving key economic sectors of funding. He added that the launch of EcoCash almost suffered a stillbirth after Zanu PF politicians raised concern that the service could be used to boost financial coffers of opposition parties. "A lot was said. It was said the product is a political product that will be used by Econet to determine voting patterns against a certain party. "It was said this was a conspiracy by Econet to send out money to voters and bribe them when the time comes and the governor is part of this conspiracy," Gono said. "Various economic formulas were developed which were meant to get the (Zanu PF) politburo and my President (Robert Mugabe) not only to fire the governor, but also to shut down Econet and EcoCash. Of course, our wise leaders were able to see through this mischief." *(News Day)*

Medical supplies manufacturer and distributor MedTech Holdings has returned to profitability after posting a modest US$161 169 net profit for the year ended June 30, 2013 from a US$278 000 loss during the same period last year. Buoyed by the disposal of its loss-making subsidiary, Zimbabwe Pharmaceuticals, and an improvement in the performance of its medical division, the Zimbabwe Stock Exchange-listed company recorded a jump in turn over to US$7 million from US$6,4 million. Group chairperson Mrs Rose Mazula said the group had diversified its operations by forming a new associate company involved in beverages production. "The group is in the process of investing in an associate company, MedTech Food and Beverages, and has commenced distribution operations for beverage products which are bottled in Zambia and Mozambique," she said while presenting the company's financial results. The group has also set up a toiletries manufacturing subsidiary in Ruwa as part of initiatives to expand revenue streams. Basic earnings per share also benefited from the profitability, recovering to a gain of US$0,006 from a loss of US$0,007 last year. Mrs Mazula said the group had not declared a dividend due to demand for cash to pursue its growth strategy.

She said the outlook was positive for the last half of the year given the peaceful environment prevailing in the country after the July 31 elections won by Zanu-PF and the company's improved liquidity position. "Liquidity has improved following the discontinuation of Zimbabwe Pharmaceuticals, given that financing of losses and recapitalisation of that unit ceased in November 2012," she said. The company has divided its operations into medical and manufacturing division, with the former involved in the sale of fast moving consumer goods. In the period, the group's total assets surged to US$8,7 million up from US$7,6 million, with fixed assets only amounting to US$1,2 million. Currents assets increased to US$8,7 million from US$7,6 million in the prior year. *(Herald)*

THE High Court has ordered the sale of Caps Holdings (Ltd) head office through a private treaty nearly two months after an initial disposal of the property was reversed following a $1,5 million bid by Chinese investors. The development could be a new twist to the case after the group's chairman Frederick Mtandah promised to repay funds owed to creditors and reclaim control of the property. Caps Holdings owes CBZ Bank $6,5 million. According to a newspaper advertisement carried yesterday, the Sheriff of the High Court on Monday instructed StoHill Properties, a local real estate firm, to invite offers for the sale. Responding to questions sent by this paper, CBZ Bank managing director Peter Zimunya said the bank was expecting to recover its funds after the sale by private treaty. In August, CBZ Holdings group chief executive officer John Mangudya told NewsDay Business that the sale of the property was overturned despite a $1,5 million bid. He said Chinese investors had shown interest in the asset during the auction, but the sale had to be put on hold in line with a government directive. Mtandah said the group did not owe the bank anything apart from the interest which had accumulated from last year. Mtandah said the reason why the bank wanted to auction the property was because of the interest and the company had since repaid the first loan of $533 000 which was due on June 1, 2012 and the other one of $420 000 which was due October 1. "We are saying we don't owe the bank money, but the bank has been charging us interest from last year to date which is not more than $600 000," Mtandah said. "We are not liable as we were stopped from clearing the debt by the former manager. We have paid all the two loans and what has remained are the interest charges." Early this year, Mtandah described earlier attempts to auction the property as illegal, saying he had agreed on a repayment plan with CBZ and FBC Bank, which Caps owes in excess of $4 million. He also argued that government, through Natpharm, had undertaken to settle funds owed to Caps, which would in turn help the company pay its creditors. In June, the Caps Holdings boss said last year Cabinet made a decision to take over the company's debts as a way of rescuing the erstwhile pharmaceutical giant. *(News Day)*

HWANGE Colliery Company Limited has invited bids for the provision of contract mining services as the coal mining firm seeks to more than double production. Contract mining is engagement of a third-party miner by the holder of mineral rights to a mine. Under most contract mining agreements, the mineral rights holder is responsible for the permitting of the mine site. The contract miner is generally responsible for providing all equipment, financing for its operation, internal mine capital needs, employee salary and benefits and all other requirements associated with an independent business. Hwange Colliery spokesperson Mr Burzil Dube said although they are going to commission equipment that they bought recently from Sany Heavy Equipment Corporation of China there was need for additional capacity to achieve optimum output levels. The coal mining firm is currently producing about 200 000 tonnes of coal per month, but is targeting to achieve 300 000 tonnes after commissioning the new equipment and 500 000 tonnes as a result of additional capacity from contractors. In a tender notice, Hwange said prospective bidders should have capacity to mine a minimum of 800 000 bank cubic metres per month. "Work . . . will include the opencast mining sequence of bush clearing, drilling and blasting overburden, overburden mining, drilling and blasting of coal and coal mining. All other ancillary activities like haulage road maintenance, dust suppression will be done by the contractor," said Hwange. "In addition, bidders should also indicate separately capacity to commission in-pit coal dry screening and crushing plants to process a minimum of 200 000 tonnes of coal per month."

Contract mining companies would be paid on a set price per tonne of coal mined, said Mr Dube. "This will enable us to meet our obligations as a company as this will see us realising at least US$13 million in revenue. The terms of the contract will also require the winner to employ Hwange workers," said Mr Dube. Hwange is operating way below its installed capacity, largely due to production inefficiencies associated with the use of old machinery, shortage of working capital and skilled labour force. Contract coal mining is being employed in Australia where the coal industry is undergoing major reforms and the government is trying to encourage the development of new mines and the revival of old mines. Contracting companies are enabling mine owners to intensify their focus on fewer business functions while contractors focus on mining. The arrangement has proved effective in open-cast coal mines. *(Herald)*

DIAMOND production at Murowa mine rose marginally to 279 000 carats during the first nine months of the year from 277 000 carats mined in the corresponding period last year, parent company Rio Tinto has reported. Located near Zvishavane in the Midlands province, Murowa is a 78/22 percent partnership between Rio Tinto and RioZim Limited (RioZim), an independent Zimbabwean-owned and listed company. It is one of about six diamond mines operating in Zimbabwe. Output at the mine for the third quarter which ended on September 30 declined to 90 000 carats from 119 000 carats mined in the same period last year. Overall, diamond output for the group during the third quarter increased due to upgrade of underground mining. "Diamonds recovered in the third quarter are 7 percent higher than in the previous quarter due to ramp- up of underground mining and higher grades recovered," the company said. Meanwhile, Rio Tinto said total share of production for the group during the first nine months reached 11 529 000 carats compared to 9 873 000 carats mined in the same period in 2012. Output at Argyle mine in Australia increased by 27 percent to reach 8 205 000 carats while production at its 60 percent owned Diavik mine in Canada dropped 3 percent to 3 106 000 carats. Rio Tinto chief executive Sam Walsh said the group had achieved positive results. "We maintained good progress against our strategic priorities to improve the performance of our businesses, strengthen the balance sheet and deliver our approved growth projects. We are also making further important gains in productivity across our operations and continue to drive costs out of the business," he said. Rio Tinto, which had considered divesting from the diamond business, expects to mine 15,7 million carats of diamonds in 2013 compared with 13,122 million carats recovered in 2012. The diamond industry is currently going through a lean spell mainly due to the eurozone debt crisis coupled with slowing Asian purchases while demand for end products continues to decline. This resulted in rough diamond prices slumping 16 percent last year with the gem market growing by about 3 to 4 percent compared with growth of 10 percent in 2011 while in 2013 it is expected to register marginal growth again. Industry experts, however, expect a rebound in prices this year following an announcement by De Beers, the world's largest diamond producer, late last year that it was going to constrain supply in 2013. *(Herald)*

THE Insurance Pension Commission (IPEC) yesterday said telecommunications leader Econet Wireless was being investigated after it emerged that it was providing insurance services for farmers without a valid licence. The IPEC probe comes at a time when Econet has launched a micro-insurance product, EcoFarmer, to provide crop cover against bad weather conditions. IPEC commissioner Manett Mpofu said the telecommunications company was not licensed in terms of section 7 of the Insurance Act to offer any insurance services. "With respect to their weather index micro-insurance product (EcoFarmer) advertisements in the print media, it is not clear from the same advert whether Econet Wireless is the underwriter of the product or a duly registered insurance company using their mobile platform to offer the product. Meanwhile, investigations into the matter by the commission are underway," Mpofu said. The insurance regulator further revealed that early this year, Zimnat Lion Insurance approached IPEC with the weather index product in a bid to solicit input into the same product.

"When the presentations were made, Zimnat indicated that it intended to offer the micro-insurance product through the Econet Platform and was going to incorporate our input to seek the necessary approvals," Mpofu said "We have also since asked Zimnat Lion Insurance Company to confirm if they are underwriters of the product and they have professed ignorance on who the underwriter is." But, Econet services chief executive officer Darlington Mandivenga said the bottomline was that Econet had in fact engaged an underwriter, who was working with IPEC. "EcoFarmer is currently in its initial phase of registering farmers for the service while awaiting the finalisation of relevant regulatory requirements related to the appointment of the underwriter to partner in the venture. We are excited with the opportunity to offer weather-indexed cover for the benefit of our farmers as soon as IPEC has given its approval," he said. Econet Wireless corporate communications manager Rangarirai Mberi also said insurance was a component of the new product and sent a statement on the product to NewsDay. The statement showed that the insurance product was earmarked for Mashonaland East province as a pilot project and would run between November 2013 and March 2014. "Under the Econet scheme, which is part of a programme known as EcoFarmer, a farmer can buy insurance for as little as eight cents per day, which is deducted from their prepaid phone account during the agricultural season. If the rain does not fall, resulting in a drought, the farmer will be given as much as $100 for every 10kg seed pack planted," Econet stated. Econet further said that if a farmer is hit by a drought, $100 will be paid for every 10kg seed pack planted. Insurance experts, however said Econet should be licenced by the regulator if it was to offer the service as most players pay fees to provide insurance services. Econet in 2010, entered into insurance services partnership with FML and Namibia-based Trust Co, but when the deal collapsed after the withdrawal of Trust Co, 1,2 million subscribers were left stranded. *(News Day)*

Economic News

THE Zimbabwean government has climbed down on its aggressive indigenisation thrust saying it is now willing to discuss the implementation of the controversial policy with individual companies. In his first public statement as new minister of youth, indigenisation and economic empowerment, Francis Nhema told captains of industry last week his ministry was open to dialogue. "We have never said one size fits all. If the manufacturing sector needs its own size, we can talk. We don't want to drive you out of business, there is no vindictiveness at play as we just want dialogue," said Mr Nhema. "I cannot go to a company that is failing and look for a 51% stake, when it has no value. Instead, we must help the ailing companies." This approach is a marked departure from the hardline policies pursued by his predecessor, Saviour Kasukuwere, who rattled the mining, tourism and financial services sectors by demanding controlling stakes for locals. This strategy had the net effect of scaring away investors and discouraging capital expansion. Mr Nhema proposed a gradual implementation over five years of the 51% indigenisation programme. A breakdown of the proposed thresholds would be 26% in the first year, raised to 33% in the second, 46% in the third and total compliance to 51% achieved in either the fourth or fifth year. "The indigenisation sector is very flexible, it is neither an ambush nor an imposition on the operations of industry," he said. Industry chiefs said they were essentially not opposed to the indigenisation policy, but were not enthused by the manner in which it had been "overdrilled". Callisto Jokonya, a former president of the Confederation of Zimbabwe Industries, said: "Indigenisation must be implemented, but not as a vendetta." Trevor Maisiri, a senior analyst at the International Crisis Group, said President Robert Mugabe bringing Mr Nhema on board was a deliberate strategy to "sanitise" the empowerment ministry. "His (Mr Nhema's) stance indicates that the broader indigenisation framework will remain in place, but the micro-issues of its application will be relaxed and ensure it does not become as radical as it has been exhibited in the past." *(BD Live)*

THE World Bank says the new Constitution has put Zimbabwe back on the road to economic recovery as its promotion of transparency and accountability would help to boost investor confidence and encourage inflows of much needed funds. Speaking at the Southern Africa Association of Accountants 14th annual conference held in Nyanga on Saturday, World Bank representative Mr Daniel Domelevo said the Constitution was clear on issues to do with public finance management. "The new Constitution has come up with principles to guide financial management. It is clear on issues to do with financial management and procurement which provides accountability and transparency," he said. "When you are transparent and accountable, you attract funding which is what Zimbabwe needs at the moment. I am happy to say that Government took some of the recommendations made by the World Bank in 2001 and enshrined them in the Constitution. This shows that Government is serious about turning around the economy of this country." Mr Domelevo said transparency was important in any society because if people were told how their money was being used, it would avoid speculation which could have negative consequences such as civil disobedience and corruption. He said it also brought about better performance as one could not be transparent about inefficiencies without demonstrating how he or she was resolving them. "It is critical that governments work to establish greater trust between themselves and their constituents; this should be one of the highest priorities for national leaders and public officials. To establish such trust, it is important that governments provide accurate and complete information on expenditures and transactions, in order to demonstrate accountability and stewardship, and to reinforce their own credibility. "This means providing clear and comprehensive information regarding the financial consequences of economic, political, and social decisions," he said.

He added that the Zimbabwean Government had been compiling annual financial statements since 2011 which was contributing to the improvement of investor confidence in the country as people outside Zimbabwe had closed their eyes and ears and didn't want to notice the changes that were happening in the Government. Mr Domelevo urged accountants to work with Government in coming up with solutions to the economic challenges instead of pointing fingers when things do not go right. "We should stop sitting on the fence criticising but it would be good if we send proposals to Government and create Public Private Partnerships that will assist in solving the problems Government is dealing with," he said. "Instead of the Auditor General and Accountant General's offices recruiting many workers to oversee Government accounts, why not use the private ones already available through PPPs and create a win-win situation for all?" He said the World Bank was doing its part in mobilising resources and accountants should put in their expertise for the changes in the way public funds were being handled to be noticed. Speaking at the same event, SAAA president Mr Farai Masabana said most of their accountants were already employed in the public sector and this strategically placed them to assist Government in turning around the economy. "We already have many accountants in the public sector and we want to come in handy and support the initiatives put in place by Government. We urge our accountants to participate so that our economy and the country as a whole will prosper," he said. He said SAAA had programmes that cater for public accounting and the association was working with accounting boards to make sure that accountants offer the necessary help to the Government. "We want to make sure that our accountants are ethical in their behaviour so that they are also able to meet regional and international standards," he said. *(Herald)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

THE Securities Commission of Zimbabwe says it is in the process of tightening disclosure rules for public listed companies to protect the interests of vulnerable shareholders. While it has made great strides in improving disclosure of material information by listed companies, SECZ remains worried by the passiveness of most shareholders in protecting their interests. Already, SECZ has revamped and enhanced regulations and frameworks governing licensed entities such as the Zimbabwe Stock Exchange and stockbrokers to monitor compliance. The securities and exchanges supreme authority has also facilitated the expedited installation of an electronic trading platform and establishment of a central securities depository. Listing rules are also being reviewed to improve disclosure of material information to help investors to make informed decisions about their investments in virtually all public listed companies. When completed, the financial disclosure framework will compel directors to immediately and adequately disclose to the market important material information once a board has made a decision. SECZ chairperson Mrs Willia Bonyongwe in an interview yesterday said they were looking at a whole spectrum of issues to put Zimbabwe's capital markets at par with other standard global exchanges. "The disclosure framework will have been enhanced when all other rules have been gazetted. Listing rules are being reviewed and will be completed by the first quarter of next year," she said. The regulator said cautionary statements should provide adequate information about material developments in a company for shareholders to make informed decisions about their investment. She also pointed out that material information should be announced as soon as directors have made a decision as there is the danger they may reveal it some parties at the expense of others. SECZ has already directed the ZSE to set up a review committee in partnership with the Public Accountancy Board to look at financial statements and order republication where deficiencies are noted.

It contends that while tightening the disclosure and regulatory framework is meant to protect all investors, often, it is the fragmented and powerless minorities who suffer from abuse of systems. In most cases, related party transactions between major and influential shareholders take place in companies in front of minorities who are made to ratify the deals or are simply rolled over. Companies that have already borne witness to the disclosure framework SECZ is working on include Masimba, African Sun and Lifestyle Holdings which had their results reviewed by a review panel. As part of the continuous and extensive measures to raise Zimbabwe's capital markets regulatory systems to global standards, SECZ also wants directors to understand their duties. And besides full appreciation of board of directors fiduciary duties, SECZ says measures should be taken to ensure that directors have the skills to effectively discharge their fiduciary duties. Mrs Bonyongwe expressed strong reservations about the lack of desire among investors or shareholders such as insurance firms and pension funds in making directors accountable for their actions. She said most investors go to extraordinary general meetings and annual general meetings but never question the conduct of directors or simply endorse majority shareholders agendas and proposals. "When shareholders go to AGMs and EGMs nobody questions directors even when (as SECZ) say majority shareholders should not vote, the people we are trying to protect do not do anything. People need to follow their money by taking board members to account," she said. *(Herald)*

THE question of food security, endemic corruption and the chaotic land reform exercise sparked heated exchanges in the House of Assembly yesterday with Zanu PF MPs blaming sanctions for the looming food shortages, which have left 2,2 million people vulnerable. But, MDC-T legislators blamed the chaotic land reform exercise, citing violent land grabs and Zanu PF's failure to introduce a comprehensive land policy as the biggest single threats to the country's food security. During the heated exchanges, Speaker of the House of Assembly Jacob Mudenda had to interject and ordered Zhombe MP Daniel Mackenzie Ncube (Zanu PF) to withdraw his unparliamentary language when he referred to ex-Finance minister Tendai Biti (MDC-T, Harare East) as "this guy". Mudenda said it was wrong to refer to Biti as a "guy" after Ncube had chipped in saying: "This guy, Biti, has not been funding agriculture." Responding to a motion on food shortages which had been introduced by Lobengula MP Samuel Sipepa Nkomo (MDC-T) and seconded by Kuwadzana MP Lucia Matibenga (MDC-T), most Zanu PF MPs blamed the sanctions imposed on President Robert Mugabe and senior party officials by the West and Biti for contributing to the crisis.The Zanu PF MPs accused Biti of having failed to adequately fund the agricultural sector during his tenure at the Treasury. In response, Nkomo, however, blamed the food shortages on the unplanned land reform exercise and cited corruption in the distribution of agricultural inputs resulting in poor yields and starvation. "This crisis is very much man-made and there was replacement of experienced farmers with inexperienced ones who sold equipment and the land was under-utilised," Nkomo said. "The government has been accused of partisan distribution of food and poor drought mitigation programmes and it is primitive that government can deliberately starve its people for purposes of political expediency."

Nkomo and Matibenga urged government to come up with a comprehensive land policy and carry out a land use audit, as well as introduce drought and hunger mitigation measures. The MDC-T MPs said a committee should be set up to probe the land issue. Zanu PF chief whip and Mberengwa West MP Joram Gumbo said Nkomo and Matibenga's arguments emanated from sour grapes, accusing them of failing to introduce those policies themselves during their tenure as ministers in the inclusive government. "The ministers who have spoken have been in government for the past five years and were responsible for steering government policy, but they did not. In my view, there is no need to set up a committee to investigate that issue," Gumbo said. Mberengwa East MP Makhosini Hlongwane (Zanu PF) added: "It is sanctions that are impeding growth in our agriculture. There are no lines of credit in this country to fund agriculture." Most Zanu PF top officials and companies associated with the party have been on travel and economic sanctions imposed against them by the Western countries over alleged human rights abuses. However, many of them were recently delisted, while Mugabe and a few others remained blacklisted. Meanwhile, MDC MP (proportional representation) Priscilla Misihairabwi-Mushonga castigated failure by Parliament to solve the issue of seating space shortage, saying it showed lack of respect for the legislature. She said it was imperative for the 2014 National Budget to be crafted with all MPs present and seated in the House and recommended that a temporary venue for the legislature should be found while a long-term solution was sought. "We need to do some introspection and do something about seating space and even basic things like having wireless networks are not there in this Parliament, yet soon we will be attending pre-budget seminars," she said. Misihairabwi-Mushonga said it was disturbing that three months after the new Constitution was passed, it had already been breached through failure to swear in Provincial Councils. "We have already started violating the Constitution and Local Government minister Ignatius Chombo should immediately call those Provincial Council members so that they can be sworn in." She said it was high time Parliament sessions were televised so that mediocrity was exposed and people knew the calibre of MPs they voted for, adding women should be appointed to lead parastatals as men had failed. *(News Day)*

Zimbabwe's consumer inflation braked to 0.86 percent year-on-year in September from 1.28 percent in August, the national statistics agency said on Tuesday. On a month-on-month basis, prices inched up just 0.05 percent after dipping by 0.15 percent in August. *(Reuters)*

Government intends to grow the economy that suffered a major knock from the illegal sanctions imposed by the West for over a decade by at least 9,9 percent in the next five years through value addition in various sectors. These projections are contained in the economic blueprint dubbed "Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset)." The policy was adopted by the Zanu-PF Politburo on Wednesday. The policy document also says Government would mobilise local resources to liquidate the US$6,1 billion external debts. Zim Asset will guide economic transformation and development in the next five years, as the Zanu-PF Government sets key priority areas founded on uplifting both social and economic factors of Zimbabweans. "During the plan period, the economy is projected to grow by an average of 7,3 percent," reads the policy document. "It is expected to grow by 3,4 percent in 2013, 6,1 percent in 2014 and continue on an upward growth trajectory to 9,9 percent by 2018." The document that has identified four key priority clusters namely; food security and nutrition, social services and poverty reduction, infrastructure and utilities and value addition and beneficiation, banks on key drivers that are expected to facilitate the economic growth. Value addition in various sectors among them mining, agriculture, infrastructure focusing on power generation, transport, tourism, information communication technology and enhanced support for small to medium enterprises, are the key drivers of the projected economic growth. For the Zim Asset policy to be successful, the document identifies key factors that would guarantee positive outcome including among the following; "Strong collaborative partnership among Government agencies, the private sector, citizens and other stakeholders.

"Total commitment and the strong desire to meet people's development expectations and continued use of the multi-currency regime to consolidate macroeconomic stabilisation. "Introduction of specific economic zones and creation of special funding vehicles such as acceleration of the implementation of the Public Private Partnerships. "The establishment of the sovereign wealth fund, institutionalisation of Results Based Management across the public sector-civil service, parastatals, state enterprises and local authorities and value addition and beneficiation in productive sectors such as mining and agriculture," reads the document. Rehabilitation, upgrading and development of key infrastructure and utilities comprising power generation, roads, rail, aviation and water are some of the target areas. Government would

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