SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		31-Dec-14	YTD % Change	
Country	Index	25-Sep-15	2-Oct-15	Local	USD	31-Dec-14	Local	USD
Botswana	DCI	10818.03	10626.12	-1.77%	-2.08%	9,501.60	11.84%	1.20%
Egypt	CASE 30	7346.54	7310.71	-0.49%	-0.49%	8,942.65	-18.25%	-25.35%
Ghana	GSE Comp Index	2039.12	1999.92	-1.92%	-0.30%	2,287.32	-12.56%	-25.63%
Ivory Coast	BRVM Composite	296.60	303.62	2.37%	1.93%	258.08	17.65%	8.02%
Kenya	NSE 20	4221.10	4109.60	-2.64%	-1.50%	5,112.65	-19.62%	-30.32%
Malawi	Malawi All Share	15815.26	15819.98	0.03%	-4.20%	14,886.12	6.27%	-10.87%
Mauritius	SEMDEX	1913.05	1915.30	0.12%	-0.37%	2,073.72	-7.64%	-18.41%
	SEM 10	364.69	366.63	0.53%	0.04%		-4.97%	-16.05%
Namibia	Overall Index	987.15	979.59	-0.77%	-0.17%	1,098.03	-10.79%	-25.12%
Nigeria	Nigeria All Share	30543.17	30588.41	0.15%	0.34%	34,657.15	-11.74%	-18.76%
Swaziland	All Share	307.41	309.25	0.60%	1.20%	298.10	3.74%	-12.93%
Tanzania	TSI	4593.15	4623.23	0.65%	0.55%	4,527.61	2.11%	-18.05%
Tunisia	TunIndex	5302.71	5240.05	-1.18%	-1.48%	5,089.77	2.95%	-2.60%
Zambia	LUSE All Share	5799.02	5800.70	0.03%	-11.67%	6,160.66	-5.84%	-49.59%
Zimbabwe	Industrial Index	132.43	131.45	-0.74%	-0.74%		-19.25%	-19.25%
	Mining Index	25.15	23.97	-4.69%	-4.69%		-66.57%	-66.57%

CURRENCIES

	25-Sep-15	2-Oct-15	WTD %	YTD %
Cur-	Close	Close	Change	Change
BWP	10.38	10.41	0.31	10.17
EGP	7.81	7.81	0.00	9.51
GHS	3.80	3.74	-1.63	19.52
CFA	585.19	587.70	0.43	8.44
KES	103.93	102.72	-1.16	16.71
MWK	528.80	552.16	4.42	14.19
MUR	34.28	34.44	0.49	12.65
NAD	13.90	13.82	-0.59	19.85
NGN	197.01	196.62	-0.20	8.86
SZL	13.90	13.82	-0.59	19.85
TZS	2,117.38	2,119.51	0.10	24.48
TND	1.96	1.96	0.31	5.38
ZMW	10.47	11.86	13.24	64.93

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Botswana

Corporate News

No Corporate News This Week

Economic News

The value of rough diamonds exports from Botswana's mines fell 15 percent in the first six months of the year to $1.7 billion, official data showed on Tuesday. Diamond exports contribute 30 percent to the GDP of the southern African nation. But diamond demand has slowed since late 2014 as middlemen who buy rough stones struggle with a stronger dollar and liquidity problems. The bulk of Botswana's diamond exports are from Debswana, a joint venture between the government and diamond giant De Beers. Debswana's output slid 4 percent to 12 million carats in the first six months of this year. Debswana, the world's biggest diamond producer by sale value, has trimmed its full year production target to 20 million carats from 23 million carats. *(Reuters)*

Egypt

Corporate News

Egypt's EFG Hermes, one of the Middle East's largest investment banks, will reduce its capital by 184.782 million Egyptian pounds ($23.61 million) through terminating treasury stocks, it said on Thursday. The company's capital will fall to 3.074 billion pounds, from 3.259 billion, it said in a statement to the Egyptian bourse. *(Reuters)*

Economic News

Egypt's tourism industry, hit by years of political upheaval and militant violence, is expected to post moderate growth this year and hopes a global advertising campaign will revive the sector vital for economic recovery, the tourism minister said. Last year, 9.9 million tourists visited Egypt, a far cry from the 14.7 million that visited in 2010, before an uprising the following year triggered turmoil in the land of ancient sites and sea resorts. President Abdel Fattah al-Sisi has restored some stability since the army toppled Islamist President Mohamed Mursi in 2013 following mass protests against his rule but not enough to persuade large numbers of foreigners that it is safe to return. Minister Hisham Zaazou expects around 10 million tourists this year or slightly higher, one million less than the previous forecast of 11 million. "From January until the end of August the rise was very little, barely 5 percent," he told Reuters in an interview. "So if we move at the same rate the numbers will be around 10 million... or slightly higher." Around 6.6 million tourists visited so far this year, producing revenues of $4.6 billion, compared with 6.3 million in the same period last year, when $4.509 billion was generated. "I cannot say that the general climate is positive but the figures show that there is a modest improvement," Zaazou said. Zaazou expects tourism receipts to range between $7.5-8 billion by the end of the year. Receipts once peaked at $12.5 billion. Tourism is a major source of hard currency in Egypt, where foreign reserves have tumbled from $36 billion before the uprising to $18 billion at the end of August. Zaazou expects the tourism sector to pick up next year with double digit growth in the number of tourists and revenues ranging between $9-10 billion.

The rapid advance of Islamic State -- a group seen as more extreme than al Qaeda -- has worried governments across the region, including in Egypt, a strategic U.S. ally which has a peace treaty with Israel and controls the Suez Canal waterway. Egyptian officials say authorities have made great progress in the battle against militants and accuse Western media of exaggerating security threats. Egypt has witnessed a rise in attacks on soldiers and police since then army chief Sisi toppled Islamist President Mohamed Mursi in 2013 after mass protests against his rule. Sinai-based militants who support the ultra-hardline Islamic State group have killed hundreds, and have recently claimed attacks on Western targets, such as a bombing outside the Italian consulate in Cairo. In a bid to restore confidence, Egypt will launch a global advertising campaign in November. "The focus has been on such (negative) news even though we are sitting here, going to our work and dealing with the situation as if it is completely stable but this picture is not portrayed abroad," Zaazou said. "I believe that (changing perceptions) must be a priority at this stage because the current views on the situation in Egypt is not good, so we must work on that." Egyptian tourism has survived big setbacks in the past. On Nov. 17, 1997 Islamic militants 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. The following January and February, visitor numbers were down almost 60 percent from the previous year. Yet the industry staged a remarkable comeback.

Last year, the bombing of a tourist bus in Sinai killed two South Koreans and an Egyptian, reviving memories of an Islamist uprising in the 1990s that often targeted tourists and took years for then President Hosni Mubarak to crush. So far, militants have not carried out high-profile attacks on tourists under Sisi. This month, Egyptian security forces mistakenly bombed a convoy of Mexican tourists in the western desert while pursuing militants. Eight Mexicans and four Egyptians were killed. Zaazou said steps would be taken to ensure such incidents do not occur again. The tourism minister said he would concentrate on Red Sea resorts which have managed to attract visitors despite the uncertainty since 2011. "I will focus on the bulk of tourist movement. While desert tourism is important, the highest figure for it was 350 thousand (people a year). Sharm El Sheikh, on the other hand, received more than 4 million tourists at some point, on its own," he said. "I am going to work on everything related to those areas, from securing them and all else. I will focus on starting there." *(Reuters)*

Egypt aims to generate around 98.5 billion Egyptian pounds ($12.58 billion) of additional revenue this financial year by launching economic legislation and financial reforms, Finance Minister Hany Kadry Dimian said on Tuesday. Egypt in July projected revenue for the financial year 2015/16 of 622.2 billion pounds. It also said it expected a budget deficit of 8.9 percent of gross domestic product. Speaking at a conference in Cairo, Dimian said that the implementation of a long awaited value-added tax (VAT) by the end of 2015 would help generate the biggest bulk of the additional revenue, 31 billion pounds. He also said a re-examination of existing service fees that had been implemented for many years would raise an additional 6.5 billion pounds. Other chunks of extra revenue would include 3 billion pounds from steel licenses, 2.8 billion pounds from issuing telecom licenses and 12.5 billion from agricultural land settlement. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana is seeking to raise as much as $1 billion in its third Eurobond sale in as many years to help finance its budget deficit and repay debt. The West African nation may sell the securities on Tuesday, "depending on the market," after investor meetings in London and the U.S. that started on Sept. 23 and were scheduled to run until Sept. 30, according to a person familiar with the matter, who asked not to be identified because the information is not yet public. The amortizing bonds will have an average maturity of 10 years, the person said. Moody's Investors Service rated the debt B1, two levels above Ghana's sovereign rating, because $400 million of the total amount will be guaranteed by the International Development Association, a unit of the World Bank. Finance Minister Seth Terkper told lawmakers in July the nation would seek to raise as much as $1.5 billion, of which the Washington-based World Bank would guarantee $400 million. Part of the bond's proceeds will be used to pay down dollar debt due in October 2017, Terkper said. Ghana agreed on an almost-$1 billion program, three-year program with the International Monetary Fund in April to help narrow the budget gap and support the cedi, then the world's worst-performing currency. Terkper didn't respond to two calls to his mobile phone on Monday. Yields on Ghana's $1 billion debt maturing in May 2023 climbed 15 basis points to 10.77 percent as of 2:04 p.m. in Accra, the capital. The cedi gained 0.9 percent to 3.79 per dollar, paring its loss this year to 18 percent. *(Bloomberg)*

As the debate on whether or not commercial banks should increase their base rates following the Bank of Ghana's (BoG) hiking of its policy rate, Managing Director of HFC bank, Robert Le-Hunte, has told Citi Business News it will be difficult for banks not to increase their interest rates. According to Robert Le-Hunte, the hiking of the Bank of Ghana's policy rate by 100 basis points from 24% to 25% is a clear signal for the banks to raise their lending rates to remain profitable. The monetary rate is the rate at which the central bank lends to commercial banks and is also used by banks to calculate their base rates. Industry players in the banking sector had warned that though the hike may tame inflation, banks will increase interest on loans as well as reduce access to credit. Ghana has one of the highest interest rates in the world. Interest on bank loans in the country on the average are currently between 25 and 35 percent.

However, pressure has been mounting on the financial sector, especially commercial banks, not to increase their interest rates weeks after the Bank of Ghana increased its monetary policy rate citing inflationary pressures and uncertainties within the foreign exchange market as the main reasons for the increment. Speaking with Citi Business News on the sidelines of HFC Bank's annual corporate social responsibility ceremony, Robert Le-Hunte was optimistic the lending rates will drop after a while. 'There is a formula for which banks work out their minimum lending rate and that formula is handed over from the central bank so therefore when the BoG sends a signal to increase the rate it automatically raises'. HFC Bank this year donated over 340,000 cedis to fourteen institutions as part of the bank's corporate social responsibility contribution to society. Some of the institutions that benefited are Ghana Blind Union, Ridge Hospital, and the Accident Centre of the Korle-Bu Teaching Hospital, Ghana Heart Foundation, Catholic Action for Street Children and Help Age Ghana, Bonwire Anglican Primary school among others. *(Reuters)*

Ghana's cedi gained for the first quarter in three as traders anticipated dollar inflows from the government's planned Eurobond sale this week. The currency of the world's second-biggest cocoa producer advanced a fourth day, strengthening 0.4 percent to 3.7600 per dollar by 2:04 p.m. in the capital, Accra. That brought the gain since the beginning of July to 13 percent, the most in a quarter since Bloomberg started compiling the data in 1994. It had weakened 36 percent over the previous two quarters. Ghana is concluding investor meetings in London on

Wednesday for its third Eurobond sale in as many years. The nation is planning to raise $1 billion and the sale may price this week, according to a person familiar with the situation who asked not to be named because the information isn't public. "The Eurobond is part of it; with all this money coming in, the cedi will make some more gains," Nana Yankson, a currency trader at Universal Merchant Bank Ltd. in Accra, said by phone. "There's not a lot of demand for dollars, I think speculative buying has reduced." *(Bloomberg)*

More troubles await Ghana's economy as it is expected to shrink further in size this year to about $36.6 billion from $38.5 billion in 2014, according to figures released by the Ghana Statistical Service (GSS). Excluding oil, the economy is expected to reduce in size from $35.9 billion last year to $34.5 billion in 2015. This is due mainly to a weakening currency which has lost more than 20 percent in value to the US dollar this year as well as rising interest rates and inflation. In cedi terms, the total value of goods and services produced within a year is however expected to increase in size from GH¢113.3 billion in 2014 to GH¢140.0 billion in 2015. Already, the Institute of Statistical, Social and Economic Research (ISSER) of the University of Ghana has predicted a bleak future for the economy, as businesses suffer from high taxes and imbalances. According to provisional estimates from the GSS, per capita income in dollar terms will also shrink from $1,426 last year to $1,325 in 2015. However, it was expected to go up from GH¢4,192 to GH¢5,016 in cedi terms. The economy was also expected to grow by 4.1 percent this year though job opportunities from this growth are little. In its State of the Ghanaian Economy Report, 2014, ISSER said Ghana's continued falling growth appears to be in contrast with that of the global economy which actually improved slightly from 3.0 percent in 2013 to 3.4 percent in 2014. The implications are that growth of businesses will be slow while fewer jobs will be created, and livelihood of people will also be affected. According to the GSS estimates, industry will shockingly lead the growth of the economy in 2015, expanding by 9.1 percent followed by the services sector which will grow by 4.7 percent. Agriculture will, however, record no growth in 2015. As a norm, the services sector will record the highest share of annual GDP of 54.1 percent, followed by industry with a share of 26.9 percent. Agriculture will record the least share of 19.0 percent. Meanwhile, the Statistical Service says further revisions to these estimates will be carried out in December 2015.

For the second quarter Gross Domestic Product (GDP) estimates, services recorded the highest share of 59.8 percent while industry and agriculture followed with 29.6 and 10.6 percent respectively. Agriculture, however, grew at -0.1 percent between April and June 2015. The livestock sub-sector, however, recorded the highest year-on-year growth rate of 13.4 percent while the crops and cocoa sub-sector recorded the lowest growth rate of -5.6 percent. With regard to industry, it grew at an astonishingly 15.3 percent in the second quarter of 2015. The construction sub-sector recorded the highest year-on-year quarterly GDP growth rate of 43.3 percent while the Electricity sub-sector recorded the lowest of -23.5 per cent. For the second quarter of 2015, the Services sector recorded a year-on-year quarterly growth rate of 5.3 percent. Finance and insurance sub-sector recorded the highest year-on-year quarterly GDP growth rate of 52.7 percent while the transport and storage sub-sector recorded the lowest growth rate of -11.3 percent. The quarter-on-quarter seasonally adjusted GDP growth rate for the second quarter was 0.9 percent. This means that the value of goods and services produced in the period grew by 0.9 per cent relative to the 1.0 percent growth rate recorded in the first quarter of 2015. The growth rate for GDP for 2014 was 4.0 percent compared to 7.3 percent in 2013. This is consistent with the growth rate of 4.0 percent for the GDP measured by the Production Approach released earlier in June 2015. Consumption (households and government expenditure) grew by 5.3 percent in 2014 compared to 7.4 percent in 2013. Investment (gross fixed capital and changes in stocks) Expenditure grew by 3.3 percent in 2014 compared to 7.3 percent in 2013 and Net exports of goods and services contracted by 42.3 percent in 2014 compared with an expansion of 21.3 percent in 2013. *(Ghana Web)*

Ghana's petroleum revenues earned for the year 2014 were not maximized and utilized effectively, the Public Interest and Accountability Committee (PIAC) has said in its report. The committee, which is mandated by law to oversee the management of petroleum revenues, maintained that revenues accruing to the sector were spread too thinly over a wide range of projects, diluting its impact, instead of being utilized on only a select few. The concerns which were aired at the launch of the report in Accra last week, noted for instance that an amount of GH₵215.69 million which is the portion of the Annual Budget Funding Amount (ABFA) allocated to "Road and other infrastructure" – one of four areas to benefit from the ABFA that year – was spent on three sub-sectors: roads and highways, education and energy, in contrast with five sectors in 2013 and 8 in 2012. The Petroleum Revenue Management Act 2011 (Act 815), requires that government concentrates the petroleum annual budget funding amount (ABFA) which is the budgetary allocation from petroleum revenues, on four or less socioeconomic areas to maximize impact. "Although this is a positive move which deserves commendation, a detailed analysis of the roads and other infrastructure projects indicates that the ABFA is still being spread thinly on several projects within the sectors, effectively minimizing its potential impacts," the report says. The committee said the impact of the ABFA to the "roads and other infrastructure" sector and each other sector that benefitted from it, will be very insignificant if measured. The total contribution of the petroleum revenues to the roads and highways budget for 2014, was about only 16 per cent. The average expenditure of the various road projects meanwhile is about GH₵1.62 million. The wide utilization of the ABFA on many projects in contrast with concentration on a handful of projects, is believed to be resulting in initiation of several road projects, many of which do not get completed and often attract payments for delays and arrears. Chairman of PIAC, Professor Paul K. Buah-Bassuah stressed the need for a clear focus as to specific items the revenues could go to support and develop. "If one or two or three projects have been identified and they can be executed and finished, it is better than touching a whole lot of projects and not finishing – and trying to pay arrears on those projects", he said. Indeed the concerns are not new since other Think Tanks such as the Africa Centre for Energy Policy (ACEP), the Natural Resource Governance Institute and Imani Ghana have lamented the manner in which the oil revenues are applied. *(Peace)*

Kenya

Corporate News

Kenya Commercial Bank has received a favourable rating from global credit research firm Moody's in its maiden rating of a Kenyan bank. Moody's rated KCB 'stable' based on its solid profitability metrics; strong capital buffers; and deposit-based funding structure, with high levels of liquid assets. The bank was rated B1 (Not-Prime) on the global local-currency deposit ratings; B2(Not-Prime) on foreign currency deposit ratings and a B1 standalone baseline credit assessment (BCA). Moody's BCAs are a measure of an issuer's standalone financial strength that describe the probability of a bank defaulting on any of its rated instruments, in the absence of external support. KCB's standalone baseline credit assessment of is currently placed at the same level as the government bond rating. "These strengths are balanced against the bank's high asset risk, amid elevated non-performing loans (NPLs) and credit costs, and structural challenges in Kenya's operating environment," a statement to newsrooms read. Moody's also assigned a Counterparty Risk Assessment (CR Assessment) of Ba3(cr) (Not Prime(cr).

KCB is the biggest bank in the country with Sh566.6 billion assets and Sh443 billion customer deposits. The bank has Sh320.6 billion in loans with a shareholding funds of Sh78.1 billion. KCB has over 250 branches and more than 7milion customers. According to Financial Analysts Cyton Investments, KCB Mpesa, a partnership with Safaricom, is expected to be a key growth driver for the bank in terms of deposits and loans. Mobile banking and agency banking are also pitted to enhance digital payments and more efficient delivery of services. Cyton Investments say the launch of KCB Insurance will enhance integrated service offerings on bancassurance and investment banking and will continually offer 28.7 per cent return on equity in the coming four years. Moody's assessed KCB's operating environment as well as risks stemming from its regional operations. The banks operates in five East African countries, including Tanzania, Uganda, Rwanda, Burundi and South Sudan which make up less than 10 per cent of net profit and around 12 per cent of loans. The international credit research firm says the chances of improving KCB's ratings will depend largely on an upgrade in the sovereign rating and an improvement in the overall operating environment. They however recommended a reduction in non–performing loans and strengthening in its provisioning coverage to put upwards pressure on the bank's ratings.*(Daily Nation)*

Kenya's Mumias Sugar reported a wider loss before tax of 6.31 billion shillings ($60.04 million)in the year to June from 3.41 billion shillings in the year-ago period, hurt by falling revenues. The company said in a statement on Tuesday its total revenues fell to 5.53 billion shillings from 13.08 billion shillings in the year to the end of June 2014. *(Reuters)*

Kenya's Equity Group said on Wednesday it had secured regulatory approval to acquire 79 percent of ProCredit Bank Congo, expanding its banking operations into the Democratic Republic of Congo. James Mwangi, chief executive of Equity Bank, which also operates in Uganda, South Sudan, Tanzania and Rwanda, said in May that the acquisition was subject to regulatory approval. The purchase, completed on Sept. 29, is part of the banking group's bid to expand outside of East Africa. ProCredit has assets of more than $200 million and a customer base of 170,000. It is the seventh-largest bank by assets in Congo. Equity Bank posted a 12 percent rise in pretax profit to 12.1 billion shillings ($115.13 million) in the first half of 2015. *(Reuters)*

East African Breweries Limited (EABL) said on Thursday it had concluded the sale of one its subsidiaries, Central Glass Industries, to South Africa's Consol Glass Africa Proprietary. EABL, controlled by Britain's Diageo, said in April it planned to sell the bottle-making subsidiary subject to the approval of the regulator, the Competition Authority of Kenya, and its shareholders. EABL did not disclose the sale price. *(Reuters)*

Kenyan flour miller Unga Group Ltd posted a 12 percent increase in pretax profit for the year ended June 30, helped by increased sales. Unga's pretax profit rose to 635.7 million shillings ($6.1 million) from 567.7 million a year earlier. It said turnover rose to 18.7 billion shillings, up from 17.0 billion shillings in the previous year. "Maize grain availability improved compared to the previous year, with prices remaining relatively stable over the first three quarters of the year," the company said on Thursday, adding that imported wheat prices were also "favourable". It said total earnings per share rose to 5.27 shillings from 3.65 shillings. The board recommended a first and final dividend of 1 shilling per share.*(Reuters)*

Equity Investment Bank (EIB) has nearly Sh2.04 billion funds under management, barely three months into the soft launch of unit trust products. EIB has developed unit trust products with an entry premium from Sh1,000, as it seeks to demystify asset and wealth management, while encouraging a savings culture. Equity Investment Bank Managing Director, Irungu Nyakera, disclosed that the firm's Money Market and Balanced Fund unit trust investment products had been designed to provide further financial inclusivity for clients wishing to enjoy higher returns on their savings. The mutual fund products by EIB, Nyakera said, provide a low denomination entry point with a Sh1,000 minimum investment for both funds. This week, EIB commenced the publishing of its daily yields for the mutual funds as part of the standard regulatory requirements. "At Equity Investment Bank, we are glad that our mutual funds have provided us with a solid take off momentum that will allow us to revolutionise the local Asset and Wealth Management market," Nyakera said. Currently, EIB's Money Market fund, stands at Sh1.95 billion while the Balance Fund is at Sh95.2 million. The Managed Accounts comprising both equities and fixed income contribute an additional Sh1.09 billion. With a Sh1,000 minimum balance tag, the EIB Money Market fund is geared at providing a high level of yields (10-15 per cent) in the short term.

To achieve this, the portfolio is invested in fixed income securities of various durations at attractive yields to ensure the return on the Fund is maximised. On the other end, the EIB Balanced Fund also with a minimum investment tag of Sh1000 aims at realizing a reasonable level of current income and enhanced capital growth. This is achieved by investing in a diversified spread of equities and fixed income securities. The EIB Balanced Fund has a strong bias feature on equities and related securities offering long-term value for an anticipated 15-18 per cent return on investment yield. However, the Balanced Fund is presently more biased towards fixed income securities due to high yields and slightly negative performance of stock market. Plans by Equity Investment Bank are at an advanced stage to avail the two funds countrywide as they are currently available only in Nairobi, across the Equity Bank branch network. *(Standard Media)*

KenGen is planning to boost the contribution of wind energy to the national grid from the current 2.5 per cent to 10 per cent as it steps up investments in environment friendly renewable energy. KenGen Managing Director and CEO, Eng. Albert Mugo, said that additional contribution from wind energy would add impetus to the Government's 5000MW plus initiative to expand power generation and access. "Kenya has a lot of potential in wind energy owing to the good wind regime in various parts of the country. Very soon we will be able to boost our installed capacity in wind to meet the rising power demand," said Eng. Mugo. The power generator is already implementing the first phase of a wind plant in Meru, which will be expected to inject a further 100MW into the national grid. Eng. Mugo was speaking after conducting the Belgian Secretary of State for Foreign Trade, Pieter de Crem, on a tour of the Ngong Wind Farm in Ngong Hills. Pieter de Crem lauded KenGen for investing heavily in renewable energy. "I am here to see the extent to which the two governments have been working together on the development of renewable energy and I am very impressed with what I have seen here today. What's most outstanding is that all this is green and renewable energy. Wind energy is both stable and sustainable," he said. He was accompanied by Belgian Ambassador to Kenya, Ms. Roxane de Bilderling.

Part of the 25MW wind farm is funded by the Belgian government, which is seeking further opportunities to invest in the country's renewable energy sector. Eng. Mugo said the contribution of wind to the national grid currently stands at about 2 per cent but this will soon go up as the national electricity generator scales up renewable energy development. The power generator is also focusing on increased geothermal generation, which has helped to significantly reduce the dependence on hydro generation which is vulnerable to weather conditions. The company's installed capacity stands at 1,595MW. "With renewable energy, especially wind and geothermal being at the core of our strategy, KenGen is helping the nation achieve a transformation by increasing the quantity of power, reducing the cost of electricity and ensuring regular supply," said Eng. Mugo. Eng Mugo added that KenGen will also consider investing in solar in the future to supplement wind energy once the cost of equipment and storage comes down. He disclosed that a feasibility study conducted three years ago revealed solar is not attractive due to costs involved but expressed hope that with the downward trend currently being witnessed in the cost of equipment it will offer opportunities for power generation. *(Standard Media)*

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Economic News

Kenya's central bank said on Monday it planned to mop up 13 billion shillings ($124 million) in excess liquidity from the money markets. The bank uses term auction deposits and repurchase agreements to absorb the liquidity, making it costlier to hold onto dollars, which partly lends support to the shilling. *(Reuters)*

Kenya is set to benefit from a Sh21 billion ($200 million) private equity fund established by the African Development Bank (AfDB) to finance development of renewable energy. The African Renewable Energy Fund, which is headquartered in Nairobi, will invest in small and medium hydro, wind, geothermal, solar and biomass projects in the Sub Saharan region. AfDB and its Sustainable Energy Fund for Africa are the fund's lead sponsors with equity investment of $25 million and $25.5 million respectively. It was set up in March last year with an initial commitment of $100 million. Other stakeholders of the fund are Global Environment Facility with a contribution of $4.5 million, European Investment Bank and the Global Energy Efficiency and Renewable Energy Fund. "AfDB is pleased to see that the African Renewable Energy Fund is fully capitalised to deliver on its pan-African mandate. This is key for accelerating deployment of modern, clean and affordable energy in the continent," said Mr Alex Rugamba, director of AfDB's energy, environment and climate change department in a statement. The fund will be managed by Mauritius-based Berkeley Energy Africa Ltd. It will target independent power producers (IPPs) with projects between five and 50 megawatts, where it will take a controlling stake. The Berkeley team comprises, among others, Mr Eddy Njoroge, former chief executive officer of the Kenya Electricity Generating Company (KenGen) and who was recently appointed to the board of UK-owned independent power producer Globeleq. The government plans to increase the installed power generating capacity by 5,000 megawatts by the end of next year. *(Nation)*

THE International Monetary Fund has completed its first review of Kenya's 12-month standby arrangement and credit facility performance and granted the country waivers on the temporary delays in its debt service payments. It said Kenya would further get additional special drawing rights or supplementary foreign exchange reserve assets of 54.28 million, bringing the cumulative amount available so far under the standby arrangement and credit facility to $610.7 million (Sh64.28 billion). "In completing the review, the executive board approved Kenya's request for the waivers of the non-observance of the continuous performance criterion on external arrears and the modification of performance criteria for end-September 2015," acting chair Min Zhu said in a statement. "The continuous performance criterion on external arrears was not observed due to the emergence of temporary technical arrears on external debt - since fully repaid - for which the authorities request waivers under both arrangements." In February 2, the lender approved $688.3 million (Sh72.45 billion) as Kenya's quota under the stand-by arrangement and standby credit facility, which would be given in two equal tranches upon completion of semi-annual program reviews. It availed $535.3 million (Sh56.35 billion) immediately for the National Treasury to draw on in the event that exogenous shocks lead to an actual balance of payments need. Zhu said the state requested waivers on the basis that net international reserves had declined, following the decline of capital flows, persistent fall in tourist arrivals, and occasional Central Bank's interventions to contain exchange rate volatility since April.

The missed debt targets include the indicative target on net international reserves for end-June and the indicative target on Central Bank's net domestic assets. "These arrears reflect a coordination failure among government's entities rather than inability to pay, and the authorities have adopted corrective measures. Strengthening capacity at the National Treasury's debt management office and the introduction of the Treasury single account should be decisively implemented," he said. According to Zhu, Kenya's economy has been robust, and in spite of the shilling depreciation, inflation is within Kenya's range and external buffers to date have remained adequate. Over the medium term, he said, continued efforts are required to boost fiscal space to accommodate development priorities and an orderly process for devolving fiscal responsibility to lower tiers of government while maintaining public debt sustainability. "Recent decisive steps by the Central Baank to tighten monetary policy are appropriate. These steps will help contain the impact of the recent shilling depreciation on domestic prices and anchor inflationary expectations," he said. *(The Star)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The European Union (EU) has given Kenya a Sh1.4 billion grant to acquire equipment that will ensure Kenyan goods are fit for sale in international markets. Livestock Principal Secretary Fred Segor and his Industrialisation counterpart Wilson Songa told a joint press conference that the foreign market for animal products and processed goods has remained untapped for long due to lack of first-rate facilities to inspect and approve goods before export to the European market. The two spoke when they attended a steering committee meeting at Serena Hotel for the Standards and Market Access Programme (SMAP) which is looking into ways to fast track implementation of the project through training of staff, awareness promotion among stakeholders and acquisition of essential equipment to test for chemical levels in foodstuffs before export. Professor Segor said Kenyan goods would only access foreign markets once the SMAP projects comes up with acceptable market standards recognized by the European Union. "To ensure sanitary and phytosanitary challenges do not disrupt trade lies in meeting the set market standards. Pests and diseases, ill-equipped border inspection points and newly set maximum residue levels are a major threat to our export trade. We can only achieve the set standards by adhering to the set standards that SMAP will support," said Livestock PS Segor.

Dr Songa said there was a need for Kenyan traders to look into ways of expanding the manufacturing line saying this could create more jobs and unlock value for agricultural produce. He said the multi-sector committee will undertake to improve standards on processes and products so as to reduce the traditional norm where Kenya exports raw agricultural products mainly, fruits, flowers, tea, coffee and horticultural produce. "A major emphasis is urging farmers to embrace the green orientation strategy that ensures an efficient use of water as a resource and reduced use of chemicals. This has to be done to ensure the export market is sustainable," he said. Segor added that officials from the EU will also be involved in setting up the standards to be adhered to for all products to help Kenyan products to penetrate the export market. Meat products which currently have a total ban on the EU market will also be included in the SMAP project as a way of enabling Kenyan companies in the meat industry access foreign markets. Kenya Plant Health Inspectorate Services, Department of Veterinary Services, and the Kenya Bureau of Standards will enforce the new standards for all manufactured goods and farm produce produced for the local and foreign market.*(Daily Nation)*

Kenya's economic growth slowed to 5.5 percent year-on-year in the second quarter as manufacturing, construction and financial services weakened, the statistics office said on Wednesday. Gross domestic product expanded 6 percent year-on-year in the same period of 2014, Kenya National Bureau of Statistics said. On a quarterly basis, the economy grew a seasonally adjusted 1.7 percent in the second quarter of 2015, compared with 0.6 percent in the first quarter, the statistics office said. Growth in construction slowed to 9.9 percent year-on-year from 16.6 percent. Manufacturing grew 4.5 percent compared with 8.3 percent in the second quarter of 2014. Financial services grew by 6 percent, down from 7.9 percent, data showed. Tourism contracted, although by less than it had done in the same period of 2014. Many tourists have shunned Kenya after a spate of attacks by Islamist militants. Western governments warned against travel to some areas, including parts of the usually popular coast. But prospects have improved since Britain, the source of more than half the nation's tourists, lifted a travel advisory covering most of the coast in June. Agriculture performed better in the second quarter of 2015, growing by 5.4 percent year-on-year compared with 2.1 percent in the second quarter of 2014. "During the review period, the country experienced good rains that led to improved agricultural activities despite suppressed demand of key agricultural exports," the statistics office said. The Finance Ministry forecasts the economy will grow 6.5 to 7 percent in 2015. The current account deficit widened by 61.8 per cent to 151.21 billion shillings, the statistics office said. The growing gap has contributed to pressure this year on the shilling, which has lost more than 15 percent of its value against the dollar since the end of 2014.*(Reuters)*

Business confidence among Kenyan firms increased in September compared to August according to the latest investor confidence poll by Standard Chartered. The Standard Chartered poll shows business confidence rose by 14.5 percent in September compared to August. This was the second highest rise since the poll was started. The 200 formal sector businesses which were polled showed reduced order backlogs, increased new orders and production. "An increase in new orders, reflecting stronger domestic demand, likely contributed to higher order backlogs and supplier delivery times," says the study released Monday. Respondents were asked whether business activity had increased, decreased, or remained the same, compared with August. They were also asked about their expectations over the next quarter. The poll also asked questions on orders, production, pricing, inventories, credit availability and the impact of the exchange rates trends. The firms reported increased employment and production. The report shows firms' assessment of both current conditions and the near-term outlook is more optimistic than it was in August. The report however warns that while overall sentiment was more optimistic in September, risks remained. "While conditions are improving, there are still headwinds," it says, citing the Kenyan shilling volatility and depreciation which continues to be of concern to local investors. The currency has depreciated 14 per cent since the start of the year and 1.5 per cent in September alone. The study says despite hopes that a weaker exchange rate could lead to improved competitiveness and stronger international demand for Kenyan goods, there has yet to be any evidence of this with export orders having dropped by 33.4 per cent in September compared to August. *(Daily News)*

The construction industry is set for further contraction over the next few months as high interest rates continue to bite. Investors in the industry are calling on the regulator to check high interest rates, saying cheaper loans will offer a lifeline to the segment. "The lending rates are ridiculous. Something needs to be done about them as they have driven the construction costs to the roof," said Mr Joe Mungai, managing director, Tamarind Properties. Athi River Mining Deputy Managing Director Surendra Bhatia added that high lending rates had stalled the industry's performance as investors shy away from credit. "The high interest rates and the depreciation of the shilling, whose ripple effect has been high capital costs, have seen developers hold back," said Mr Bhatia. "We also want the government to protect the local manufacturing sector by raising import tariff on cement and clinker," said Mr Bhatia Thursday. Ministry of Transport and Infrastructure Permanent Secretary John Mosonik refused to comment on the status of national infrastructure projects, even as analysts warned of further contraction. "The construction sector is set to slow down further. It's clear we have a massive overhang of supply and it is also clear the developer class is over-leveraged. I expect the sector to contract over the next 12 months," said economic analyst Aly Khan Satchu. A spot check by the Nation showed major national projects, including the 10,000 kilometre roads project, have stalled. The Central Bank left its benchmark interest rate on hold at 11.5 per cent on September 22. On Wednesday, data from the Kenya National Bureau of Statistics showed that the construction industry contracted 9.9 per cent during the second quarter this year, compared to a 16.6 per cent jump during the same period last year. Loans extended to the sector, however, grew from Sh77.1 billion during the second quarter of last year to Sh87.5 billion during the second quarter of this year. *(Daily Nation)*

Africa is now positioning itself as a major business hub for overseas investors, according to the Institute of Chartered Accountants in England and Wales (ICAEW) latest Economic Insight report. Where aid was the traditional source of finance, the continent is now seeing a dramatic five-fold increase in Foreign Direct Investment (FDI), with Nairobi topping the list as the most attractive destination. The report, commissioned by ICAEW and produced by the Centre for Economics and Business Research Ltd, provides a snapshot of the region's economic performance, focusing specifically on Kenya, Tanzania, Ethiopia, Nigeria, Ghana, Ivory Coast, South Africa and Angola. ICAEW launched the Africa Q3 2015, in Nairobi on Wednesday night. According to the report, drawing on estimates prepared by the World Bank, the total level of external financial inflows into Africa has increased from $40.4 billion in 2000 to $192 billion in 2013. This is largely attributed to the inward FDI from China with investment mainly going into primary resource sectors and infrastructure. "China has approached African economies in a very different way to Europe, focusing less on official aid and engaging more aggressively through foreign direct investment and trade. This has been a game changer for the development industry, forcing European countries to rethink their strategy of connecting with the continent," explained Michael Armstrong, regional director, ICAEW Middle East, Africa and South Asia.

Thanks to resource wealth, West Africa and Southern Africa are leading the way, attracting the majority of FDI; although East Africa is catching up. While the latter region currently has the lowest level of African foreign development investment inflows at $6.8bn, its share grew at a rate of 11 per cent between 2013 and 2014. This is partly due to efforts for closer regional integration in the East African Community, which has involved harmonising investment regulations across the region and reducing red tape. Despite this low level of investment overall, Nairobi still tops the list as Africa's most attractive destination for FDI. This is predominantly motivated by the fast-growing middle class that is setting the stage for a booming consumer market. In addition to a growing entertainment and media industry, Kenya is also emerging as a global leader in the financial services sector thanks to mobile money systems such as M-Pesa. According to Danae Kyriakopoulou, ICAEW economic adviser and the report's author: "While economic development naturally varies across the continent, Africa's regional outlook as a whole remains bright with a number of projects expected to bolster growth." *(Standard Media)*

WEEKLY AFRICAN FOOTPRINT

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Malawi

Corporate News

Malawi's economic growth will slow to 3 percent this year from 5 percent in 2014 due to severe flooding in January that affected food production, the International Monetary Fund said on Wednesday. "The Malawian economy is facing difficult challenges due to weather-related shocks. As a result, a looming food crisis is expected to negatively impact an estimated 2.8 million persons," the IMF said following a visit to the southern African country. The IMF said the slowdown in growth reflected the steep decline in the 2015 maize harvest, disrupted by floods early this year that killed at least 79 people. *(Reuters)*

Economic News

No Economic News this week

SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

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TRADING

Mauritius

Corporate News

Mauritius hotels group Lux Island Resorts said on Monday its pretax profit for the full-year to June rose by 34 percent to 449.6 million rupees ($12.68 million), helped by increased tourist arrivals, including from Asia. Tourism is a major source of foreign currency for the Indian Ocean island known for its luxury spas and beaches. Total tourist arrivals to Mauritius for Lux Island's financial year to June 30, 2015 rose by 8 percent to 1.08 million, the company said. The island has enjoyed a big increase in tourists from China.. Arrivals from Asia in the full year rose by 16 percent. "We are confident that we will maintain our strong performance throughout 2016." the company said. Revenues rose to 4.65 billion rupees from 3.97 billion while earnings per share climbed to 3.03 rupees from 2.36 rupees. The luxury hotel group, which has properties in the Maldives and Reunion as well as Mauritius, said its share price has been on an upward trend and hit a five -year high of 63.25 rupees on June 30. Its shares were unchanged on Monday at 62.50 rupees. *(Reuters)*

Mauritius Commercial Bank Group's (MCB) pretax profit for the full year to June rose 26 percent to 6.90 billion rupees ($195.19 million) on the back of higher net interest income, fees and commissions, it said on Tuesday. MCB, the biggest bank by market value in East Africa and the Indian Ocean region, said that net interest income increased by 12 percent to 8.15 billion rupees in spite of pressures on margins posed by excess liquidity and restrained demand for credit locally amidst subdued private investment. In a statement, MCB said loan book growth was supported by its international financing activities. Net fee and commission income rose 17 percent to 3.36 billion rupees, driven by growth in revenues from regional trade finance, wealth management and card business activities. â€œWe are confident to grow the business further, which should result in higher profits for FY 2015/16,â€� the statement said. Earnings per share rose to 24.04 rupees from 18.34 rupees. Shares at MCB Group closed lower at 206.50 rupees from 207 rupees before the results were released. *(Reuters)*

Economic News

The unemployment rate in Mauritius was unchanged at 7.8 percent in the second quarter of 2015, compared with the same 2014 period, but fell from 8.7 percent in the first three months of this year, official data showed on Monday. The Indian Ocean island has become one of Africa's most stable and prosperous economies after diversifying away from sugar and textiles into tourism, information technologies, business outsourcing and offshore banking. "Employment of Mauritians is estimated at 542,600 at the second quarter of 2015 compared to 527,900 at the second quarter of 2014 and 529,100 at the first quarter of 2015," Statistics Mauritius said in a statement. It said there were 46,000 unemployed in the second quarter. Finance Minister Seetanah Lutchmeenaraidoo told parliament last week he expects the unemployment rate to further improve this year with various infrastructure projects underway. The statistics office forecasts an 8 percent unemployment rate for the full year 2015, from 7.8 percent in 2014. *(Reuters)*

The Mauritius economy expanded by 3.0 percent in the second quarter of 2015 compared to a year earlier, the statistics bureau said on Wednesday. It also said it had revised down first quarter growth to 3.5 percent from 3.7 percent. Full-year growth is now expected to be 3.6 percent, instead of 3.8 percent, the bureau said in a statement earlier on Wednesday. *(Reuters)*

SECURITIES AFRICA

Nigeria

Corporate News

Dangote Cement Plc has concluded plans to commission its new 3.0 million metric tonnes cement plant located in Mtwara District of Tanzania on October 10, 2015. According to a statement, the company will also unveil its 25 hectares of Jetty land at Mgao village in Mtwara District the same day. The company noted that the commissioning of the new cement plant is part of its Africa expansion strategy and will be the fourth in the series after Ethiopia, Zambia and Cameroun, adding that cement plants due for commissioning this year include that of Senegal and South Africa, while construction works are ongoing in several other African countries. With the plant in operation, Tanzania is on its way to becoming one of African countries that are self-sufficient in cement production. Vice President, Professor Yemi Osinbajo Osinbajo, while speaking at the commissioning of Zambian plant, lauded Aliko Dangote on his investment in several African countries, saying the Federal Government is proud of the company. Osinbajo, who described Aliko Dangote as an exceptional African entrepreneur, commended his phenomenal vision, entrepreneurship and commitment to the development of Africa and Africans. He said: "Dangote is a Nigerian from Kano State and he is a pan-Nigerian and pan-African who has done us all proud and his companies spread over 16 African countries, are a signal of an African multinational enterprise."

Zambian President, Edgar Lungu, who also praised the business ingenuity of the Aliko Dangote, said "his business expansion across African is worthy of emulation by African businessmen in the task of continental development." Cameroun's President, Paul Biya at the commissioning of the 1.5 million metric tonnes per annum Dangote Cement Grinding Plant in Douala, thanked Aliko Dangote for his massive investments in cement plants across Africa adding that Dangote has shown willingness to play a significant role in the industrialization of the Cameroonian economy. For Edo State Governor, Adams Oshiomhole, Aliko Dangote is Africa's most potent investor who has rebranded Nigeria through cement plants located in many African nations. According to him, Dangote Cement billboards are located across many African streets in countries where the company has plants which he said presents Nigeria as a source of investment in other nations. He said: "Dangote has spurred the industrialization of many African economies through the establishment of integrated cement plants which are geared towards making those countries self-sufficient in cement production, the real sector is the engine room of any economy therefore investments in the sector will have a multiplier effect on other sectors leading to massive direct and indirect job opportunities." *(The Guardian)*

Ecobank Transnational Incorporated has secured a $285m senior unsecured loan facility from Deutsche Bank AB. The Nigerian Stock Exchange said in its weekly report that the ETI notified it last week that it had received the one-year senior unsecured loan facility. The Exchange also said Ecobank notified it that it had appointed Deutsche Bank to be the initial mandated lead arranger, book-runner and facility agent, together with a syndicate of international banks to arrange the financing. "Deutsche Bank has successfully closed primary syndication with an over-subscribed order book. The final size of the facility was maintained at $285,000,000," the Exchange said. "ETI stated that it worked with Deutsche Bank on this transaction in view of the latter's strong distribution platform and rapid execution capabilities. ETI will use the loan facility to refinance existing loans." ETI, the parent company of Ecobank Nigeria, had said in June that it would sell a stake in the subsidiary by end of 2015 to boost the Nigerian unit's capital. Its Chief Executive Officer at the time, Mr. Albert Essien, had disclosed the plan without specifying how much the lender was planning to raise in an interview in Cape Town at the World Economic Forum on Africa, Bloomberg had reported. Ecobank Nigeria is ETI's biggest subsidiary with $9.4bn of assets. ETI, whose largest shareholders are Johannesburg -based Nedbank Group Limited and Qatar National Bank SAQ, owns all of Ecobank Nigeria. "It will be up to Ecobank's shareholders if they want to buy equity in the Nigerian business," Essien had said. ETI had also in June announced the appointment of Mr. Ade Adeyemi as its new Group Chief Executive Officer, effective September 1. The bank had described Adeyemi, 52, as a highly experienced banker with a long and successful career with Citigroup.*(Punch)*

Nigerian Breweries Plc has established a N100bn commercial paper programme as part of efforts to diversify its funding sources and optimise funding costs. A statement by the Corporate Affairs Adviser, Nigerian Breweries, Mr. Kufre Ekanem, said the company established the programme on Monday with a view to launching its inaugural commercial paper issue on or before October 8, 2015. The signing ceremony to mark the establishment of the programme was held at the head office of the company in Iganmu, Lagos, the statement said. The Managing Director, Nigerian Breweries, Mr. Nicolaas Vervelde, was quoted as saying at the ceremony that, "This transaction underscores our continued commitment to winning with Nigeria and represents the largest ever commercial paper programme to be established by a (non-financial institution) corporate issuer following the 2009 guidelines on commercial paper from the Central Bank of Nigeria. "In that regard, this effort clearly demonstrates our leadership status in the industry and an innovative approach towards executing our company's financing strategy, in an increasingly competitive market environment." On his part, the Finance Director, Nigerian Breweries, Mr. Mark Rutten, explained that the programme would, among other things, complement the company's sources of working capital. "This programme is expected to complement our company's other sources of working capital, whilst diversifying our funding sources to include non-bank investors that would provide Nigerian Breweries with additional tools to help manage and optimise its overall funding cost," he said. The statement said the signing ceremony for the programme was witnessed by representatives of the transaction advisors, Stanbic IBTC Capital Limited and FBN Capital Limited; Banwo & Ighodalo as legal counsel; KPMG as auditors to the issuer (for the relevant financial years under review), and Stanbic IBTC Bank as the issuing calculation and paying agent. Also in attendance were officials of the FMDQ OTC Plc to witness the event.*(Punch)*

Economic News

The federal government has been enjoined to leverage on the growing e-commerce industry for sustenance of its economic diversification policies. Nigeria's electronic commerce market is projected to have a potential value of $10 billion with about 300,000 online orders currently being made on daily basis. Although e-commerce in Nigeria is still in its early stage when compared to other countries, the market is developing rapidly with estimated output growth of 25 per cent annually. Sales by the three leading online stores averaged $104 million in 2014. Also, the sector has attracted $200 million foreign investment since 2012. Experts therefore advised the federal government to use the online stores to market the small and medium-sized enterprises (SMEs), which they stated are growth engine for Nigeria's economy. While stressing that the leading online retail platforms are already incorporating SMEs to drive their businesses, analysts at FBN Capital said the medium could be used to market made-in-Nigeria products to Nigerians in diaspora. This, the analysts added, could stimulate growth of the non-oil economy and contribute to its diversification in the medium to long term. "Industry players are keen on developing their platforms to promote "made-in-Africa" products. If projected onto the online marketplace, products made by SMEs will become more accessible to consumers across the country and even overseas, particularly Nigerians in diaspora, "they stated. Furthermore they said the major obstacle faced by the industry is data security, which constrains the expansion of online purchases. "According to the Nigeria Inter-Bank Settlement System (NIBSS), the greatest number of fraudulent transactions took place on ATMs in 2014. E-commerce accounted for 8.8 per cent of the total. An Electronic Transactions Bill has been under discussion in the National Assembly to counter this problem. "The 2015 second quarter gross domestic products (GDP) figures showed a weakening of consumption demand due to the imported macro headwinds. This was the analysis of the communiqué following this week's meeting of the MPC.

However, we are confident that the e-commence industry will continue to record strong growth beyond these near term challenges", the analysts added. A surge in internet penetration, the analysts stressed, could lead to a significant increase in electronic business transaction activities. The Nigerian Communications Commission (NCC, the regulator), revealed that active internet subscription via GSM was estimated at 93.4 million in July, equivalent to penetration of 55 per cent," they said. Chief Executive Officer of Lead Capital Group, Mr. Bimbo Olashore recently called on the government to diversified economy in order to reduce dependency, guarantee economy in order to reduce dependency, guarantee security, and peace of mind to the nation. He said areas such as VAT, rate, Tourism Development, Property Rights and Piracy, Company Income, and formalising the informal sector, should be put into consideration. "Nigeria has some non-revenue areas which include VAT, Custom & Excise, Company Income Tax, amongst others. I believe we can look into the VAT rate which is currently too low, Tourism development, which is lacking but has huge potentials, Property Rights and Piracy, which is currently growing rapidly and company income," he said. *(This Day)*

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President Muhammadu Buhari said on Thursday he had submitted a cabinet list to parliament for approval but asked Nigerians to continue to be patient with his four-month search for a government. Foreign investors and Nigerian businessman have criticised Buhari, a 72-year old former military ruler, for taking so long to nominate cabinet members when Africa's largest economy is taking a hammering from a plunge in oil prices. "Impatience is not a virtue," Buhari, who took office on May 29, said in a televised speech on Independence Day. "The first set of names for ministerial nominees has been sent to the Senate. Subsequent lists will be forwarded in due course." Buhari gave no names or time frame, saying only: "Careful and deliberate decisions after consultations get far better results." He stressed he was restructuring the mismanaged state oil firm NNPC and conducting audits of key state institutions such as the central bank and customs and tax authorities as part of the anti-graft campaign that got him elected in March.

Buhari, a former military ruler, did not offer a concrete action plan to tackle an economic crisis as oil prices have eroded public finances, sent the naira currency plunging and delayed payment of public sector salaries. "Prudent housekeeping is needed now more than ever in view of the sharp decline in world market oil prices," he said. "It is a challenge we have to face squarely." Senate President Bukola Saraki will read the cabinet list to the upper house of parliament on Tuesday, the Senate said in a statement. *(Reuters)*

Nigeria's foreign exchange reserves fell 3.14 per cent to $30.48 billion by September 23 from $31.47 billion a month ago, data published by Central Bank of Nigeria showed on Wednesday. The reserves were down 23.03 per cent from a year ago, according to Reuters. To reduce the deterioration of the reserves, the Central Bank of Nigeria has been implementing a dose of restrictions on imports of non-essentials. Nigeria to Re-issue 10-year Bond after JP Morgan Index Expulsion Nigeria plans to re-issue its five- and 10-year bonds in the last quarter of the year to raise up to N270 billion after JP Morgan on Wednesday delisted half of the maturities belonging to Africa's biggest economy from its Government Bond Index-Emerging Markets (GBI-EM). The 10-year bond, among those to be delisted on the influential index, edged higher to yield 15.09 per cent after the Debt Management Office (DMO) on Wednesday released its calendar showing it will re-introduce the benchmark paper, which was not issued in the third quarter, a report by Reuters stated.

The DMO said it will sell between N60 billion and N90 billion each in five- and 10-year bonds in each of the remaining three months of the year as re-openings of outstanding maturities. JP Morgan removed half of Nigerian bonds listed on its emerging markets bond index (GBI-EM), as part of its month-end index rebalancing, cutting the West African country's weight to 0.79 per cent. Traders said bond yields were muted on Wednesday as foreign buyers had cut their exposure to 0.69 per cent ahead of the index expulsion. The 2024 bond to be issued from October will pay a coupon of 14.20 per cent while the 2020 paper will pay 15.54 per cent. *(This Day)*

THE Central Securities Clearing System (CSCS) Plc has launched Securities Lending and Borrowing (SLB) in the capital market to ease process of operators. The General Manager, Operations, (CSCS), Joseph Mekiliuwa, said in Lagos that the SLB arrangement would enable market participants to lend securities from a registered Securities Lending Agent (SLA), and is open to the Custodian Banks and brokers. According to him, the arrangement would help market participants to sell securities that they do not have and lend from the SLA to cover their short fall before settlement date. The post–trade allocation arrangement will enable stockbroking firms buy securities en-bloc into a pool account on behalf of a custodian firm and on the same day re-allocate same securities to the beneficial owner's accounts domiciled with the custodian firms according to the beneficial owner's mandate. Mekiliuwa said, "foreign institutions that are willing to participate in the SLB are required to appoint a local SLA in Nigeria, who will act on their behalf. It is the responsibilities of the parties to ensure that the securities lending contracts agreements are in compliance with the best practice and applicable laws accordingly." However, he said, this document covers the account holding structure, securities transfers or detachments and other related processes to facilitate timely delivery of securities". CSCS, however, will not allow lenders such as custodians or dealing firms lend shares on behalf of the owner of the shares either from a segregated or omnibus account without the Securities Lending Authorization Agreement (SLAA). For transfers that is required by a borrower to settle short term transactions, he told participants that the SLA and borrower would have to complete the transfer request latest by noon, two days before settlement. This, he said, would allow CSCS deliver the shares into the borrower's account a day to settlement. *(Guardian)*

NIGERIA'S crude oil export for November may have been slightly affected, as Shell Petroleum Development Company of Nigeria Ltd

(SPDC) operated Joint Venture declared force majeure on exports from Forcados Terminal, thereby shutting-in about 150,000 barrels per day. The Corporate Media Relations Manager, SPDC, Precious Okolobo, who confirmed this in a statement to The Guradian, said force majeure was effective 15:00hrs, Nigerian time on September 30, 2015, following a leak that was detected on the Trans Forcados Pipeline (TFP). The leak, according to him, has therefore affected crude receipts into Forcados Terminal, which is operated by the Nigerian Petroleum Development Company (NPDC.). Although, he did not disclose the amount of crude shut-in, Forcados has the capacity to export about 150,000 bpd. This is coming as indications emerged that Nigeria's crude oil exports may fall by about 10 per cent in November, as loading were assessed to be on the lower scale. The provisional loading programmes showed that Nigeria plans to export a total of 56.66 million barrels of oil, or 1.89 million barrels per day (bpd) of crude oil in November, which is a decline from the 63.1 million barrels, or 2.04 million bpd, planned initially for October loading. Shell had earlier on September 2nd lifted the force majure on its Bonny Light grade, thereby recovering about 320,000 barrels per day (bpd) of the nation's oil exports after about one week delay.

The two major trunk lines-Trans Niger Pipeline (TNP) and Nembe Creek Trunkline (NCTL) earlier shut by the oil multinational was immediately repaired and operations resumed to aid October export programmes. Shell has continued to record oil leakages in its operational area, leading to incessant oil spills that trigger community agitations. But the oil multinational claimed that more of the spills were cause by sabotage act from the local, while operational failure only responsible for about 25 per cent of the spill. The company's latest briefing note stated that crude oil theft, sabotage and illegal refining are the main sources of pollution in the Niger Delta today and were the cause of 75 per cent of spill incidents from pipelines in 2014. "An average of 37,000 barrels per day (bpd) were stolen from the SPDC JV network in 2014, with an additional 110,000 bpd of production deferred due to illegal interference with pipelines and other illegal activities such as theft of well head equipment," it stated. To reduce the number of operational spills, Shell said, it focused on implementing a work programme to appraise, maintain and replace key sections of pipeline. "132 km of new pipelines were installed during 2014, bringing the total for the last four years to more than 900km," it stated, adding that, "the SPDC JV pipeline network is covered by surveillance contracts to ensure that spills are discovered and responded to as quickly as possible. There are also regular over-flights to detect new theft points." *(Guardian)*

Tanzania

Corporate News

THE National Microfinance Bank has closed a six-year 35 million US dollar (about 73.5bn/-) syndicated loan facility with Netherlands Development Finance Company (FMO) to boost its lending to small and medium enterprises (SMEs) and corporate borrowers. According to a statement issued yesterday, the loan was arranged by FMO, in syndication with Proparco, a subsidiary of the Agence Francaise de Development (AFD) which will provide 15 million US dollars and Swedfund 5 million US dollars. "By supporting NMB Tanzania, we will contribute to providing credit to SMEs and Corporates in Tanzania, supporting economic development," FMO's Chief Investment Officer, Linda Broekhuizen is quoted as saying. "NMB is a leading financial institution in Tanzania, which performs well and has a presence in most of its regions. The lenders are therefore very pleased to be part of this transaction." NMB Chief Executive Officer, Ms. Ineke Bussemaker said they were pleased with the deal as it would boost their growth in SMEs and corporate business with a special focus in agribusiness. "We are pleased with the positive response of the international lenders to this transaction. This is the second time we have entered into a transaction with FMO, this time supported by Proparco and Swedfund. Again the loan will be used to accelerate our growth in SME and Corporate business, this time special focus on Agribusiness," she is quoted as saying in the statement. "This partnership reflects the international financial institutions' confidence in NMB's solid fundamentals -- strong capital levels, well diversified loan portfolio and quality assets, and strong balance sheet with sustainable growth." The Dar es Salaam Stock Exchange (DSE) listed bank, is one of the largest commercial banks in Tanzania, providing banking services to individuals, small to medium sized corporate clients, government services, large businesses and agriculture lending. *(Daily News)*

CRDB Bank has launched customer service week, a special period of year for the bank to meet and get feedback from its customers. During the event, CRDB Bank donated and handed over various medicines and other health facilities worth 15m/- to fight the outbreak of cholera in Kinondoni Municipality in Dar es Salaam. The outbreak of cholera in Dar es Salaam, Morogoro and Coast regions last month left 13 people dead and 800 others were admitted to various health centres for treatment after contracting the disease. A water-borne disease is an infection of the small intestine by some strains of the bacterium Vibrio cholerae. Its classic symptom is large amounts of watery diarrhea that lasts a few days. Vomiting and muscle cramps may also occur. Diarrhea can be so severe that it leads within hours to severe dehydration and electrolyte imbalance. CRDB Bank Managing Director, Dr Charles Kimei, said in Dar es Salaam on Tuesday that the bank's customer week is an important period set aside during the year for the bank to meet and get feedback from its customers. The CRDB customer service week is celebrated in the first week of October and for this year it will be held officially next week.

"We have donated these health facilities to support government efforts to end the problem in the municipal council and save lives of the citizens, some of them may be CRDB customers," he said adding that it is also a wakeup call for other institutions to join hands to support in providing health facilities in address problem in other parts of the country. He said the bank every year sets aside one per cent of its profit for the corporate social responsibility and give back to the society for which it serves and provides banking services. During the bank's customer service week and as the bank that listens, he said CRDB top management is expected to go to the branches to meet and serve customers. On his part, the Kinondoni Municipality Executive Director Mr. Musa Natty said many people are dying for ignorance for not observing sanitary and others failing to access health facilities. He thanked CRDB Bank for the donation while asking other institutions to emulate in order to address the deadly disease. *(Daily News)*

THE Dar es Salaam Stock Exchange (DSE) listed firm, Tanzania Cigarette Company (TCC) has posted four per cent profit fall to 34bn/- for half year to June 2015, compared to 35bn/- largely due to shilling devaluation. According to the financial results from the year to date performance, the currency headwind will significantly affect the TCC full year results that its shares traded at 16,300/- yesterday. The Dar bourse's analysts say the long term prospects of most listed companies that experienced increased operation costs and reduced profit due to exchange rate fluctuation remain bright. Also, the carry-over impact of the 25 per cent excise tax increase imposed in July 2014 and a one

-off 5bn/- restructuring cost of the export division contributed to profit fall. However for the full year outlook, "we anticipate a better volume momentum in the second half of the year. Coupled with further costs optimisation, we expect full year operating costs to be in line with prior year," The top line grew 10 per cent to 246bn/- in the period under review compared 224bn/- in June 2014 driven by volume and pricing. We continued to drive operational efficiencies and reduced our normal operating costs by 15 per cent by June 2015 to 34bn/- compared to 40bn/- in June 2014.

However, these savings were off-set by unusual and one-off costs. Accordingly, the overall operating costs increased by 15 per cent over the corresponding period in the prior year. The company generated 46bn/-in cash flow, of which 18bn/- used to pay corporate tax to June 2015 and a final gross dividend of 40bn/-for the year ended December 2014. Despite the decline in net profit, the net cash position as at June 2015 remained strong at 42bn/-. During the period under review, the Board of Directors declared an interim gross dividend of 300/- per share for the half year ended June 30 (June 30, 2014: TZS 250 per share). This will be paid on or about November 12, 2015 to all shareholders on the Register of Members as at October 19, 2015. The last day of trading cum dividend will be October 13, 2015 and; ex-dividend will be October 15, 2015.*(Daily News)*

Economic News

DECLINE of volume and prices of cloves contributed immensely to the worsening of the Zanzibar current account balance in the year ended July 2015 compared to the corresponding period 2014. Goods export decreased to 43.9 million US dollars from 79.7 million US dollars following a decline in both volume and price of cloves. The volume of cloves export declined by a half from 5,400 tonnes recorded in the year ending July 2014 due to the cyclical nature of the crop. According to the Bank of Tanzania month economic review, the current account deficit widened to 140.3 million US dollars compared 40.5 million US dollars recorded in the corresponding period in 2014. The situation was largely driven by a decline in exports value of goods, increase in imports of goods and services, as well as a decrease in inflow of current transfers. The annual export of goods and services amounted to 183.6 million US dollars in July 2015 compared with 201.9 million US dollars in the corresponding period in 2014. Service receipts improved to 139.7 million US dollars from 122.1 million US dollars in the year ending July 2014. Travel receipts, which are mainly from tourism activity, increased to 73.6 million US dollars from 55.2 million US dollars. The improvement was on account of a rise in tourist arrivals. The value of import of goods and services amounted to 340.8 million US dollars in the year ending July 2015 compared with 296.7 million US dollars in the corresponding period in 2014. Goods import amounted to 284.0 million US dollars compared with 283.0 million US dollars on account of an increase in oil imports. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

THE Copperbelt Energy Corporation has linked the current electricity crisis in the country to the government's lack of faith in local developers to undertake huge hydropower projects. Last week, the government and CEC signed an implementation agreement for the 40 megwatts Kabompo Hydropower expected to come on stream in 2019 at US$210 million. The agreement was a concession from the government to CEC to guarantee that all necessary requisites to the development of the project like land and water could be accessed. CEC executive chairman Hanson Sindowe said CEC's attempt to develop the 750 megawatts Kafue Gorge Lower and massive potential on the Luapula River went ignored by the government. "CEC has made no secret of its deep desire to be fully involved in finding solutions to the country's energy challenges. Even before the award of the Kabompo project, we had made an unsolicited bid to the government, in partnership with one of our customers, to develop the Kafue Gorge Lower hydroelectric project but our bid was not accepted," he said. "That was in 2004 and to date, this project has not yet taken off. We will leave it to the imagination of what the outcome of accepting that bid may have been in the light of the power deficit being experienced today. Again, through unsolicited efforts, the government permitted CEC to undertake pre-feasibility studies of the hydro potential of the Luapula River.

More than five years later and the company having spent over US$3.5 million on the initial phase of feasibility studies, we are still uncertain of what our involvement in the project, if any, would be." Sindowe said CEC was currently expanding inter-country transmission capacity by investing US$18 million in erecting a second Zambia-DRC interconnector line to increase the carrying capacity to a firm 550 megawatts. "CEC has always desired to be considered a true partner in developing not only the energy industry but also the country's economy," said Sindowe. "The company has always looked inside to try and contribute to the sector but we have been less successful than we would have liked, not because of failure on our part but on account of not being given the opportunities that we see and are keen to exploit." About two months ago, Zambia and the Democratic Republic of Congo signed an intergovernmental memorandum of understanding on the utilisation of the shared waters of Luapula River for the development of the river's hydropower potential. *(Post Zambia)*

Economic News

Zambia's government has urged investors to ignore a credit downgrade from Moody's, saying the rating was "unsolicited." "The assessment made by Moody's that Zambia's credit rating had deteriorated should be ignored because its correctness was not discussed with any authorized representative of the Zambian government," it said in a statement on its Facebook page. Moody's on Friday downgraded the credit-worthiness of Africa's second-biggest copper producer to B2 from B1, citing slower economic growth, depressed commodity prices and power shortages. *(Reuters)*

THE kwacha, which last week collapsed to an all-time low and was only 10 ngwee short of breaching the K11 psychological mark, is set for further fall this week if BoZ does not intervene. Last week alone, the kwacha depreciated by 7.5 per cent as falling copper prices and a power crisis curb foreign currency inflows. And FNB-Zambia has linked the current kwacha collapse to most companies converting their kwacha deposits into foreign currency. Some bureaux in Lusaka quoted the stressed local currency at over K11 as the currency comprehensively posted a 41 per cent fall from January to date to make it the worst performing in the world among the currencies tracked by newswire Bloomberg. By lunch time, against the US dollar on interbank, the kwacha was averaging K10.71 and K10.90 for bid and offer; the British pound was trading between K16.16 and K16.55 while the euro was pegged at K11.88 and K12.17 for bid and offer. The South African rand was trading between K0.77 and K0.79 for bid and offer. According to market sources, the fall of the kwacha against major convertible currencies has been aggravated by lack of intervention by Bank of Zambia through offloading of US dollars onto the local foreign currency market. "Mid [this] week, we saw the kwacha take a huge beating in line with most emerging currencies but this kwacha fall has been consolidated by lack of intervention from Central Bank," a market source said on condition of anonymity. "Certainly, K11 is in sight and only intervention from the central bank may prevent that, but even that will just provide temporary sterilisation." In an unprecedented move, in the first week of September, State House announced that the Ministry of Finance through the BoZ, would inject US$120 million to help halt the kwacha fall. Although the US$120 million initially helped to halt the kwacha's rapid fall, the domestic currency is back on its depreciating trend. And in its daily newsletter, FNB-Zambia stated that conversion of savings from kwacha to foreign currency, and not high local demand for dollar, was influencing the kwacha fall. "We are not seeing much demand for the greenback in the local market but have seen most corporates converting kwachas into US dollars," stated FNB-Zambia, adding that sustained fall of the kwacha would lead to most importers converting their money to dollars as a safe haven. *(Post Zambia)*

Zambia's kwacha went into freefall on Monday, hit by a worsening outlook for key export copper as the metal's price hit a one-month low, amid fears that mining giant Glencore might further rein in its extensive operations in the country. The currency fell more than 17 percent, its biggest one-day fall on record, with a rating downgrade by credit agency Moody's that the government criticised as unsolicited also weighing. "We have a double-whammy happening, meaning copper prices continue to soften, and production targets are really at risk because of the Glencore news," said Kevin Daly, portfolio manager at Aberdeen Asset Management in London. Glencore's Mopani Copper Mines is the second largest employer in Zambia after the government, but fears over the mining and trading company's ability to withstand a prolonged fall in metals prices sent its shares tumbling 25 percent on Monday. Moody's, which cut its sovereign rating to B2 from B1 on Friday, said it expected Zambia's fiscal and debt positions to worsen, and Daly said on Monday the country might now have "little choice but to turn to the IMF". The International Monetary Fund said in May the economy risked being hit by large fiscal imbalances, lower copper prices and policy uncertainties, and Finance Minister Alexander Chikwanda told Reuters this month it was likely to grow less than 5 percent this year. The kwacha fell to as low as 12.69 to the dollar at around 1225 GMT on Monday before recovering slightly to 12.54, still down 16 percent. Zambian policymakers did not immediately comment on the kwacha's slide. Zambia's Eurobonds also felt the reverberations, with the dollar-denominated issues falling as much as 1.2 cents across the curve to hit record lows. The 2022 issue and the 2024 bond weakened by around 1 cent to 73.891 and 83.490 cents in the dollar respectively, according to Tradeweb data. The 2027 issue chalked up the biggest losses, shaving off 1.232 cent to 83.018 cents.

All of them were yielding well above 10 percent. Mopani Copper Mines (MCM) last week notified the government that it plans to lay off more than 3,800 workers due to lower metal prices and high production costs. The global mining firm and commodities giant said on Sept. 7 it plans to take 400,000 tonnes of copper out of the market to try to boost prices. Three-month copper on the London Metal Exchange fell 0.6 percent on Monday to its lowest in a month on worries about upcoming data that may show weak industrial activity in top metals consumer China. Aberdeen Asset Management's Daly said Zambia was particularly vulnerable to market declines as around 70 percent of its foreign earnings came from copper. "You could see a double-digit fiscal deficit very easily this year," he said. While mindful of the need to maintain debt at sustainable levels, Zambian authorities said the Moody's downgrade "should be ignored because its correctness was not discussed with any authorized representative of the ... government." Analysts suggested criticising Moody's was ill-advised. "A better way would be for Zambia to assure investors that they are taking steps to alleviate the rampant power crisis," Irmgard Erasmus, Cape Town-based Zambia analyst at NKC African Economics said. "The central bank will have to step forward and we also need to see some vocal concern from the government... We expect (the central bank) to tighten liquidity. Absent of that you will see a panic-buying increase. The kwacha has halved in value over 18 months and hit a series of record lows recently amid a sharp selloff in commodity-linked currencies as top global consumer China's economy has weakened. Other foreign firms running mines in Zambia include Barrick Gold Corp and Canada's First Quantum Minerals. *(Reuters)*

Zambia will review rules governing its currency market after the kwacha's steep fall earlier this week and could counter inflationary pressures from the depreciation by tightening monetary policy, a central bank official said. The kwacha plunged 17 percent against the dollar on Monday to a record low due to the sharp slide in prices for its copper exports and a credit rating downgrade. The currency of Africa's second largest copper producer recovered somewhat on Tuesday, with traders citing intervention by the central bank. The sharp decline is worrying Zambia's commercial banks and central bank, said Bwalya Ng'andu, deputy governor for operations at the Bank of

Zambia. "The move in the exchange rate is not reflecting a move in the fundamentals ... the supply side and the demand side seem to be more or less the same," Ng'andu told Reuters on the sidelines of an investment conference in London. "We need to look at the way the market is performing; it is possible that the market rules are ... not responding correctly to a situation when there is low liquidity in the market ... rules are made, and at some point the rules may become part of the problem," he said. Ng'andu declined to give any further details on what the possible changes could be but added that regulators would look to tweak existing rules rather than create additional ones.

Currencies across sub-Saharan Africa where currencies from the Ghanaian cedi to Angolan kwanza have depreciated steadily this year. While Ghana has raised interest rates, Nigeria has chosen to defend an official naira rate by freezing interbank currency trading. Asked how the central bank would balance increasing inflationary pressures caused by the depreciation with slowing economic growth, Ng'andu said one response would be to look at monetary policy and whether to tighten it. "We will look at all the options on the table and apply appropriate measures as the situation develops," he said. "(Tightening) is an option." Ng'andu added he expected to see the effect of the latest depreciation to feed through to inflation numbers in three to four months' time, though simulations showed the pass-through was 0.02 percent. "The most likely impact will probably show in December." He declined to predict where the depreciation may leave the current account or fiscal deficit in the short to medium term, though added it was in the early stages of fiscal consolidation. "It is absolutely essential that it starts and that it will be happening." *(Reuters)*

China's central bank said on Tuesday that it had signed a memorandum of understanding on yuan clearing with Zambia's central bank. The People's Bank of China said in a statement that a yuan clearing arrangement in Zambia will boost the use of yuan in trading among. *(Reuters)*

Zambia's kwacha gained 1 percent against the dollar to 11.85 in early trade on Thursday, continuing a steady recovery following a 17 percent plunge to a record low on Monday triggered by a sharp slide in copper prices and a ratings downgrade. It was not immediately clear what buoyed the currency on Thursday. Zambia's central bank intervened by selling dollars in the market for the previous two days, lifting the kwacha. *(Reuters)*

Zimbabwe

Corporate News

RADAR Holdings Limited has recorded a 17% decline in revenue to $6 864 047 for the full year ended-June 30 2015, due to reduction in sales volumes. In the same period last year, revenue was $8 233 199. In a statement accompanying the company abridged audited results, Radar chairperson Zondi Kumwenda said the decline was as a result of an 11% reduction in sales volumes at Mcdonald Bricks in the period under review. "The year under review was characterised by macro-economic difficulties mainly, low confidence in the economy, policy uncertainty, infrastructure deficiencies and increased company closures. "The group's performance was negatively affected by the worsening economic environment that resulted in low construction expenditure in both the private and the public sector," Kumwenda said. Occupancy at Radar Properties was flat while impairments totaling $179 302 were recognised for an available for sale investment and receivables. In the period under review operating profit declined to $124 302 compared to $1 336 515 achieved in the same period prior year. "The prevailing economic environment is expected to persist characterised by tight liquidity and subdued aggregate demand in the construction sector. The management will continue to pursue market growth through private developers as they remain a key driver of construction activity in the country," Kumwenda said.

Net finance cost marginally declined to $971 324 from $1 million on the back of a 9% reduction in borrowings. The group borrowings were reduced by $599 835 to $5 941 428, the bulk of which remains short-term in nature. "This continues to weight down on the group's working capital. The board and management will continue to pursue accelerated debt reduction initiatives," he said. Turnover for Macdonald's Brick declined by 17% to $6,7 million compared to $8,1 million in prior year. "The decline was as a result of an 11% reduction in sales volumes in the period under review. The construction industry remained subdued throughout the year and liquidity constraints continued to affect construction projects. "Sales volumes continued to be dominated by individual's developers as well as the retail sector which contributed 73% of sales volumes for the year under review," Kumwenda said. On Radar Properties, he said that rental income increased marginally driven by residential properties while commercial property occupancy was flat. Kumwenda said voids and rental defaults continue to be high in the period under review. *(Newsday)*

THE country's sole glass manufacturing firm, Zimglass, is facing liquidation after a potential Mauritian investor pulled out of the deal due to the company's indebtedness, opting instead to buy its assets. The investor wanted to inject $10 million into the business. However, the judicial manager, Winsley Militala of Petwin Executor and Trust, told creditors during a meeting at the High Court on Wednesday that the deal had fallen through and that the only option was to liquidate the company. As at June 2014, Zimglass' assets stood at $20,6 million against liabilities of $30,2 million. "The extent of indebtedness is so large and as such scares potential investors, as well as raising doubts as to future viability. "It is, therefore, my considered opinion that the company be liquidated and efforts made for the sale of the assets to the best advantage of stakeholders," he said. Zimglass-workers-mill-outside-the-company-offices-in-Gweru-with-the-police-in-attendance. Militala, who has been the firm's judicial manager for over a year, said all efforts to revive it had not borne fruit after meeting a number of potential investors showing some "seriousness" and others "time wasters". "Faced with such a scenario, Zimglass is insolvent and has not traded even for a couple of hours. People came, did due diligence and walked away," he said. He said investors such as Sahara Holdings Limited were prepared to buy the assets but not liabilities. Sahara expressed interest in acquiring the assets and business of Zimglass in January this year and subsequently signed a non-disclosure agreement. Sahara's local representative Industrial Development Corporation (IDC) and the judicial manager toured the plant in Gweru. In July, Sahara advised that it had established an investment vehicle in Mauritius called Ekhaya Investments, to focus on the financing structure of the deal. Ekhaya would mandate Trustlink International Limited (an asset management company) of Mauritius to package the transaction.

Militala said a second tour was conducted leading to Ekhaya appointing a local consultancy firm, Quest Consultants, as financial advisors. On August 26, Quest Consultants, Militala said, made a conditional offer on behalf of Ekhaya amounting to $3 million in cash for the purchase of book assets of Zimglass as opposed to the business. "They prefer to go for the assets and this can only be made possible by liquidation. It's best prudent that the provisional liquidator should widen the takers to get better value to benefit all stakeholders," he said. An employee opted for debt-equity swap and to allow the company to operate saying that liquidation would result in losses. In response, Militala said the continued judicial management would erode the remaining assets and that non-secured creditors may walk away with nothing. The IDC which was represented in the meeting, said government as a shareholder had no capacity to rescue the company. Among the creditors who supported the liquidation was AfrAsia Bank. Other banks owed are ZB Bank ($3,3 million), Agribank ($630 000), FBC Bank ($1,8 million) and IDCSA-Agribank ($11, 2 million). At the end of the meeting creditors voted on whether or not the company should go into liquidation. The results of the vote will be announced today amid indications that the majority of creditors supported liquidation. A subsidiary of IDC, Zimglass manufactures glass packaging material for alcoholic and sparkling beverages, food, liquor and pharmaceutical segments. Its major domestic customers included Delta Beverages, African Distillers, Mutare Bottling Company, Straitia Investments, Olivine Industries, Datlabs and E Snell and Company. *(News Day)*

ECONET Wireless Group (Econet)'s telecommunications infrastructure carrier Liquid Telecom is eyeing a listing on one of Europe's lucrative stock exchanges in 2016. Econet founder and executive chairman Strive Masiyiwa confirmed the development, saying the group had already appointed advisers for the potential listing of Liquid. "We have received several unsolicited offers for Liquid, but we want it to remain an independent access provider for Internet in Africa. We are going to raise more capital in the market and strengthen its market leadership in this vital space," Masiyiwa said. This comes as Econet has received and repeatedly turned down multi-billion dollar offers for the telecommunications company. Currently, Liquid Telecom is probably the largest operator of fibre and business satellite services on the African continent. Liquid has been growing rapidly over the last few years fuelled by the demand for infrastructure to support broadband Internet on the African continent. The company, which has so far built a fibre optic network that spans 15 African countries from South Africa all the way to the border of South Sudan in East Africa, now wants to move into West Africa. *(News Day)*

Resources group RioZim has placed orders with a Chinese firm for the manufacture of a plant with capacity of processing up to 2 500 tonnes of ore per day, as it moves to revive Cam and Motor Mine. The group recently raised $10 million to re-open Cam and Motor Mine, which was closed in 1968. In a statement accompanying the group's interim results, RioZim board chairman, Lovemore Chihota said the successful capital raising exercise has secured the future of the project, which "can now be implemented to completion". "Plant commissioning is scheduled for early 2016 and the project is expected to produce at least 120kg per month," he said. Before its closure in 1968, Cam and Motor had historically been the largest gold producer in the country, having produced 5 291 100 ounces of gold. In January, RioZim said geological and metallurgic tests revealed that with the current technology and at the current grades of ore, Cam and Motor "is capable of producing significant amounts of gold at a competitive cost of production". In the six months ended June 30, RioZim's revenue was 41% lower than the comparable period last year, where revenue stod at $23,1 million. RioZim said its performance was weighed down by Empress Nickel Refinery, which had not received matte from its sole supplier. Chihota said the supplier was facing constraints, but "committed to resuming supplies in the first quarter of 2016".

He said the company had also engaged alternative local matte suppliers and "once negotiations are concluded, it is anticipated that these suppliers could start supplies beginning the first quarter of 2016". "The refinery remains in a sound technical state and is ready to resume production as soon as matte supplies become available," Chihota said. Gold output at Renco Mine was up 24% to 366kg aided by an improvement in grades and increase in ore generation. RioZim's share of loss in Murowa Diamonds was 573 000 from a profit of $414 000 registered in the same period last year. RioZim has a 22% shareholding in Murowa. Chihota said there was no significant mining that was done at Murowa in the first half of the year adding that losses at Murowa will continue into 2016. *(News Day)*

MEIKLES Limited has recorded a 20% growth in trading income for the five months to August 31 2015 driven by growth in sales. Speaking at the group's annual general meeting yesterday, Meikles chairperson John Moxon said group sales went up by 15%. Interest expenses went down while trading expenses went up 9% mainly contributed by TM/ Pick n Pay supermarkets. In the period under review, TM sales went up by 17% attributed to affordable prices and promotions being run by the supermarket chain. "TM sales went up 17% and this means our market share is growing as no other supermarket has recorded this significant growth in the past few months. "The growth in TM sales means the group market share is growing and the customers are very pleased with TM," Moxon said. Overall retail sales went up by 50%. Moxon said the group was also working on opening eight new shops under the Meikles retail division between October and January next year made up of Meikles Mega Market, Meikles Stores and Barbours. He said the existing stores in Mutare would be restructured to Meikles Mega Market stores. Moxon said Meikles Hotel's occupancy levels grew by 4% and turnover went up by 5% while in Victoria Falls occupancy went up by 2%. He, however, said sales went down by 16% due to value-added-tax (VAT) on accommodation and foreign arrivals.

Government introduced 15% VAT on non-resident tourist accommodation. The industry has been pushing government to remove the VAT which has made the destination uncompetitive. Moxon said that Meikles' agricultural concern, Tanganda, was well on course with 800 hectares of tea, 500 hectares of avocado and 400 hectares of coffee. "Tanganda has installed state-of-the-art packaging machinery in Mutare which will improve quality and reduce costs. As packed tea offers higher margins, this will help achieve Tanganda's objective," Moxon said. He said Tanganda was getting into the competitive South African market and the group expected to make a profit soon. *(News Day)*

Resources group Mwana Africa on Tuesday said it had raised $4,43 million (GBP2,92 million) from an open offer of new ordinary shares for developing its Klipspringer diamond mine in South Africa and to boost its balance sheet. The group had sought to raise $5,6 million (GBP3,67 million) through the offer for 367.6 million shares at one pence per share in the open offer to 'qualifying shareholders,' and 110,340,621 'excess shares.' The offer, which closed on Monday, saw 292,364,768 shares or 79.52 percent being taken up, raising $4,43 million. Majority shareholder, CIMGC now holds 275,338,243 shares, representing 16.3 percent of the enlarged share capital, from 15.6 percent before the offer. Executive chairman Yat Hoi Ning increased his shareholding in the group to 6.30 percent after buying 119,554 open offer shares and 105,306,913 excess shares. Another director, Yuan Ching Hu bought 119,554 shares under the offer to put his stake at 574,099 shares, although his total shareholding remains flat at 0,03 percent.

Both Ning and Hu are substantial shareholders and directors of CIMGC, which Ning chairs. The move to develop its diamond mine will diversify from its mainly Zimbabwean operations where it owns Freda Rebecca, the largest single gold mine in the country and Trojan nickel mine in Bindura through locally-listed Bindura Nickel Corporation. Falling gold and nickel prices left the group exposed, with its profit for the full-year to March 31 falling to $7 million from $50,6 million in the prior year. BNC is Africa's only integrated nickel company with a mine, smelter and refinery. The smelter is undergoing refurbishment and is expected to be in operation in the first quarter of next year. In addition to developing its Klipspringer diamond operation, the funds will be used to cover corporate restructuring and re-organisational costs following board changes in June. *(The Source)*

Delta Beverages has slashed prices for its lager beers by between five and 10 cents from Thursday to offset softening demand, the company said on Wednesday. "The price of the popular pint and quart packs has been reduced from $0,90 to $0,80 and $1,55 to $1,50, respectively. All other brands and pack prices remain unchanged," the listed brewer said in a statement. However, all other brands and pack prices remain unchanged. The general manager for the Lager beer business unit, Munyaradzi Nyandoro said the cuts will improve affordability. "It is our sincere hope that our consumers will be happy with the early cheer ahead of the festive season," he said. Delta, 38 percent owned by global brewing giant SABMiller, has been registering reduced sales in the past two years due to falling disposable incomes that are forcing drinkers to find alternatives to lagers.

Delta reported a four percent decline in revenue to $576,6 million for the full year to March 2015 on depressed sales from both its sparkling drinks and larger beers. Lager beer volumes were down 17 percent on prior year while soft drinks volumes, comprising both sparkling and alternative beverages, slumped six percent on prior year. Sorghum beer sales were up eight percent on prior year driven by Chibuku Super with the brand attaining a 50 percent contribution to total volumes by March 2015. In its audited financial results for the year ending 31 March, the company reported that the rate of decline in sales volume and value had decelerated in the last half of the year following price reductions that improved affordability. At the time of its financial results announcement in May, Delta said an excise duty rate reduction from 45 percent to 40 percent by government as from 1 January 2015 had helped stem the rate of declining demand. *(The source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Struggling coal miner Hwange Colliery Company (HCC) widened its half year losses by more than 90 percent to $15,6 million as sales plummeted, the company reported on Wednesday. Coal and coke sales were down 10 percent to 685,759 tonnes during the period under review resulting in an 11 percent decline in revenue to $35,3 million. Finance costs were flat on last year's amount of $1,1 million. Operating loss was $19,5 million from $7,6 million in the comparative prior period. "The burden of servicing legacy debts continued to strain the company's cash flows and this presented working capital challenges. The board and management are diligently sourcing working capital from local money market to inject into operations," said board chair Farai Mutamangira in a statement accompanying the results in Wednesday. The company said it is engaged with government over conversion of a $5 million tax liability to equity, which will be structured through a fully underwritten rights issue and private placement. The company had litigation brought against it amounting to $40,7 million. Cases worth $20,1 million have been awarded against the company while the rest are still pending. Headline loss per share more than doubled to 0,09 cents. *(The Source)*

The local unit of global building materials manufacturer Lafarge Holcim reported an after tax loss of $1,39 million for the half year to June from a loss of $1,32 million in the prior comparable period, on weak demand as the country's construction industry remains subdued. Cement maker Lafarge Zimbabwe on Wednesday said volumes of cement sales were down seven percent during the first half of the year, resulting in a decline in revenue to $25,4 million from $28,2 million. "The construction industry remained largely subdued due to lack of major national and large commercial infrastructure projects. However, low scale projects and independent home development projects continued although at a lower momentum than the prior year," said acting chair Muchadeyi Masunda in a statement. Operating loss widened to $1,8 million from $1,7 million incurred in 2014. As at 30 June the company had invested $1,2 million in plant upgrades against a capital expenditure commitment of $5 million. Earnings before interest, taxes, depreciation, and amortization (EBITDA) increased by six percent to $730,000 Basic loss per share was flat at 0.02 cents. *(The Source)*

Mwana Africa's board of directors have approved a proposal to change the company's name to Asa Resource Group Plc at the annual general meeting in London on Tuesday as it moves to spread its interests beyond the continent. The board said the future of the company lies in diversifying and reorganising its business along commodity lines focusing on nickel, gold, diamonds and copper and to stimulate growth through global international investment. It felt that its name limited the scope of its activities to the continent. "The company's name is being changed to Asa Resource Group Plc. It is expected that trading in the company's shares on AIM under its new name of Asa Resource Group Plc will commence on Thursday 1 October, 2015," said the company after the AGM. It said the new name would move forward from the company's previous heritage and become recognisable on a global scale as it diversifies from its mainly Zimbabwean operations where it owns Freda Rebecca, the largest single gold mine in the country and Trojan nickel mine in Bindura through locally-listed Bindura Nickel Corporation.

The name change also removes vestiges of its founding chief executive, Kalaa Mpinga who left the group in June after sharp differences with the Chinese and other minority shareholders at last year's annual general meeting over the company's strategy. Mpinga founded the group in 2003 and built it up by pulling together assets disposed by Anglo American and Ashanti Goldfields. Mwana's romance with CIMGC started in 2012 when the Chinese company came in with a $21 million investment to restart the group's Bindura Nickel Corporation (BNC) which had collapsed at the height of the country's economic meltdown. Yat Hoi Ning took over as executive chairman following Mpinga's ouster. He was re-elected at the AGM, along with non-executive director Yuan Ching Hu.
The meeting also approved the appointment of Brian Ching Fung Hung as a non-executive director of the company. The company said it is seeking new auditors to replace KPMG Audit Plc after a resolution to reappoint them was rejected at the AGM. *(The Source)*

Starafrica Corporation it is actively looking for a strategic investor to inject working capital in the struggling company and will seek shareholder and creditor approvals to change the terms of its scheme of arrangement at an extraordinary general meeting in November citing a change in the market dynamics. The group owes creditors $60 million and is under a High Court sanctioned scheme of arrangement agreed to on August 7, 2013 requiring it to dispose its two assets within six months from 14 August 2013 and settle its obligations. Loan tenures of up to 36 months were agreed by the lenders and creditors from that time but none of the obligations have been met. The group has so far failed to sell off the two assets — its 33.3 percent stake in Tongaat Hulett Botswana (THB) and its Bluestar Logistics subsidiary — while the price of sugar has fallen by over 20 percent, affecting its cash flow. Also, the market uptake has been slow as most of its potential industrial customers are still running down stockpiles of imported sugar before committing to buying from the troubled firm. "The company is in default with regards to the part settlement and instalments due to the challenges in disposals and delays in the Gold Star Sugars plant upgrade," said chief executive Regis Mutyiri at the annual general meeting on Wednesday.

"The board and management have re-examined the scheme in light of changed market conditions which have resulted in the price of sugar falling from $940 per tonne at the onset of the scheme to the current price of $750 per tonne." Mutyiri said the business was viable, but there was an urgent need to address the balance sheet of the company to ensure its status as a going concern. "Management and the board have engaged key creditors and shareholders on an option to restructure the company's balance sheet. The shareholders will be asked to pass a resolution to that effect at an EGM ahead of a meeting with creditors expected before end of November this year," he said. In August its auditors, Ernst & Young, raised alarm over the group's going concern status after it reported significant losses for the sixth year running, with its current liabilities exceeding assets by $52,2 million. In the full-year to March, starafrica corporation also exceeded its borrowing powers by $41,3 million, although $37,3 of that was ratified at last year's AGM while the remaining $4,2 was ratified at the Wednesday meeting. Both THB and Bluestar are operating profitably, generating dividends that the group uses as working capital and their disposals are likely to be shelved and Mutyiri told The Source that the future of the subsidiaries would be discussed by shareholders taking into account the market dynamics.

On the group's new plant, he said remedial work on 40 percent of the plant — which has not been upgraded — was ongoing at a cost of $300,000 and would be completed by mid-October. "The upgrade will enable consistency and achieve an output of 300 tonnes per day. That output will be sufficient to meet all domestic requirements at the moment." At full capacity, the new machine will produce 600 tonnes of sugar per day and the company is exploring export opportunities in the region. In the five months to August, Starafrica produced 3,607 tonnes of refined sugar over two weeks but shut down the machine for two months due to capital constraints and the slow uptake of sugar by the market because of lower priced imports. Production resumed mid-September and is targeted to consistently hit 300 tonnes per day from the latter half of October, added Mutyiri. Raw sugar suppliers have lowered prices while government's move to introduce a duty of 10 percent plus $100 per tonne has made local sugar competitive against imports, but weakening regional currencies against the United States dollar used locally neutralised that advantage. Mutyiri, who took over as chief executive from Sam Mushiri in June this year, said the company had concluded an agreement with a wholesaler which has a countrywide reach which will make its sugar reachable to most domestic consumers. The company plans an aggressive campaign to increase domestic consumption of sugar to match or pass industrial usage, a feat it enjoyed 10 years ago. Currently, 80 percent of its output is for industrial use. *(The Source)*

Telecel Zimbabwe has now doubled its kiosks to 200 in line with long-term plans to compete aggressively in the market. In a Press release yesterday, Telecel chief commercial officer Nkosinathi Ncube said the retail expansion was on target and was already bringing added convenience to the company's subscribers to complement existing retail infrastructure. "Telecel's retail presence initiative, which we launched in early July this year with the deployment of franchise shops and kiosks, is on course and to date we have more than doubled the number of kiosks to a total of 200," Ncube said. The kiosks offer a wide range of products and services including sales of airtime to both end users and vendors, SIM cards, reconnections of lines and Telecash cash-in and cash-out transactions. The kiosks are expected to markedly improve convenience and ease of service provision on Telecash especially on cash-ins and cash-outs as they will increase availability of agents in all areas for customers needing the services. Currently, Telecel has 24 corporate shops and 12 franchise shops countrywide. "These kiosks are empowering local businesspeople by making them part of our business ecosystem.

Entrepreneurship has become even more important than ever before because our current economic environment is characterised by a shrinking formal job market," Ncube said. "These kiosks will help create jobs and provide income streams which are needed to improve people's lives. Telecel views these kiosks as income and job creation opportunities." Telecel is 60% owned by Netherlands-based VimpelCom. VimpelCom is currently in negotiations with government for full restoration of Telecel Zimbabwe's licence suspended by the Postal and Telecommunication Regulatory Authority of Zimbabwe over the mobile operator's failure to pay the $137,5 million licence fee.

Telecel Zimbabwe contends that it has an agreement to pay the fee in instalments. Since 2009, VimpelCom has spent over $237 million investing in Telecel Zimbabwe. *(News Day)*

Economic News

THE government on Monday signed five agreements with the European Union under the 11th European Development Fund (EDF) amounting to EUR89 million (about US$98 million) for health, agriculture and institution building. Speaking at the signing ceremony Secretary for Finance Willard Manungo said the latest advance brings the total draw-down from a facility with the Fund to Euro123 mln in addition to the initial 34 million extended at inception. Head of EU Delegation to Zimbabwe, Philippe Van Damme, said EU member states are engaging with Zimbabwe not only in the aid front but through trade and investment. He said this has seen various EU trade missions visiting Zimbabwe on business exploratory trips. Finance Minister Patrick Chinamasa said: "The signature of these five financial agreements confirms the continuing normalisation of relations in terms of development cooperation between EU and Zimbabwe". The funding will contribute to the implementation of the national priorities espoused in the government's ZIMASSET economic plan. Under the deals signed Monday, the health sector is the largest beneficiary at EUR55 mln which will be channelled to the Health Transition Fund and Health Development fund administered by UNICEF. A total EUR15 million has been allocated for resilience building in the Food and Nutrition Security Sector and will be administered by UNDP while Public Finance Management reforms will be supported with EUR10 mln through the World Bank's Zimbabwe Reconstruction Fund. Ambassador Van Damme said the European Investment Bank is also assessing the possibility of extending new credit lines to the local banking community for on-lending to SMEs.*(New Zimbabwe)*

The Zimbabwe government on Tuesday said that more than 60 percent of the country's 13 million people have no access to electricity as the country struggles to meet demand, accelerating deforestation and woodland degradation. Energy ministry Permanent Secretary Partson Mbiriri told delegates attending commemorations of the Clean Energy Week in the capital that most people in the country were still using traditional sources of energy such as firewood for cooking. "A recent survey by the Institute of Environmental Studies (IES) of the University of Zimbabwe, shows that of the 13,1 million in Zimbabwe about eight million or 60 percent have no access to electricity," said Mbiriri. The southern African country is in the throes of biting electricity shortages causing rolling power cuts and produces about 1,000 megawatts of electricity daily, less than half its peak demand, forcing local industries to use costly diesel generators to keep operations running while households resort to firewood. According to the United Nations Environment Programme (UNEP), Zimbabwe lost an annual average of 327,000 hectares of forests between 1990 and 2010 and Mbiriri said the environmental impact could be devastating.

"We need to look for innovative solution to help the bulk of the population residing in rural areas access modern forms of energy. We cannot continue to think that it is normal for the bulk of the population to continue using firewood, more so when our forests are dwindling," he said. Mbiriri noted that access to modern forms of energy could unlock a lot of potential in rural areas and other areas deprived of such energy. Last week, the power utility ZESA Holdings published a load shedding schedule showing that all towns and cities will experience up 18 hours per day as it grapples to meet demand. Recently, Zesa announced that Hwange thermal power station would undergo maintenance until October 7, while Kariba, which has cut back on generation due to low water levels, would see its maintenance stretch to January 28, 2016. *(The Source)*

Tourist arrivals in the first half of the year grew by 7% to 930 276 driven by the rise in mainland Africa, although the Zimbabwe Tourism Authority (ZTA) believes the number could be higher if cumbersome Visa processes are removed. In the same period last year, arrivals were at 867 163. "Arrivals from mainland Africa registered 811 717 foreign tourist arrivals, up from 745 566 in 2014 representing a 9% increase. To a large extent, the increase in arrivals from South Africa (38%) boosted the rise in arrivals from Mainland Africa due to the big market share it commands," ZTA said. Africa contributed the biggest chunk to arrivals at 87%, Europe was a distant second at 6%. Americas had 3% of the market share, Oceanic and Asia had 2% apiece while Middle East contributed 0,2% to arrivals. Arrivals from Europe declined by 1% from the same period last year, with declines in major markets that included France, Germany, Italy, Nordic countries and Spain pulling down the overall performance of the region. "The arrivals fell from 60 530 in 2014 to 60 021in 2015. The European market share stood at 6% down 1% from 7% in 2014. Europe remains the greatest overseas market for the country," ZTA said. Arrivals from the Asian market fell by 8% to 14 999 from 16 370 in 2014 with Japan and South Korea (the major markets) declining too. However, arrivals from China rose by 46% during the period under review. ZTA said the bulk of the Chinese coming through the Harare International Airport was for business purposes. "It is important to note that cumbersome visa procedures have been the major inhibiting factor for the growth of this market in Zimbabwe. Steps are already underway to improve the visa regime so as to attract more from this global outbound giant," ZTA said. ZTA said the Americas continued to be the second greatest overseas region for Zimbabwe since 2014. "Arrivals from the Americas, like most other regions, fell by 11% from 30 373 in 2014 to 27 117. This decline was largely a result of the pulling down effect of the fall in United States of America by 16 %," the authority said. Despite the up-tick in arrivals, average hotel room occupancy level was 41% down from 42% recorded in the same period last year weighed down by declines in Masvingo, Nyanga and Mutare. Masvingo is largely dependent on domestic tourism and on average these constitute 92% of clients in accommodation facilities. "Conferencing business greatly influences utilisation of facilities. Unfortunately, the current economic hardships have had an adverse impact on conferencing. On the contrary, Kariba and Hwange experienced positive growth in occupancies," ZTA said. *(News Day)*

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