SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	12-Sep-14	19-Sep-14	Local	USD	Local	USD
Botswana	DCI	9415.95	9424.67	0.09%	1.04%	4.10%	0.06%
Egypt	CASE 30	9427.42	9729.10	3.20%	3.35%	43.44%	39.06%
Ghana	GSE Comp Index	2233.70	2286.67	2.37%	3.06%	6.59%	-29.47%
Ivory Coast	BRVM Composite	248.53	257.68	3.68%	2.88%	11.06%	3.83%
Kenya	NSE 20	5169.50	5307.52	2.67%	4.10%	7.72%	4.60%
Malawi	Malawi All Share	13883.31	13959.70	0.55%	-0.47%	11.40%	17.78%
Mauritius	SEMDEX	2125.64	2121.58	-0.19%	1.72%	1.24%	-1.95%
	SEM 7	400.65	400.88	0.06%	1.97%	-0.68%	-3.81%
Namibia	Overall Index	1105.26	1118.19	1.17%	0.92%	12.16%	6.60%
Nigeria	Nigeria All Share	40672.94	41049.28	0.93%	1.06%	-0.68%	-2.63%
Swaziland	All Share	297.73	298.01	0.09%	-0.16%	4.32%	-0.85%
Tanzania	TSI	4906.09	4885.29	-0.42%	1.00%	71.81%	63.42%
Tunisia	TunIndex	4622.98	4609.39	-0.29%	-0.92%	5.21%	-2.67%
Zambia	LUSE All Share	6204.36	6216.53	0.20%	-0.62%	16.22%	3.63%
Zimbabwe	Industrial Index	199.85	195.35	-2.25%	-2.25%	-3.35%	-3.35%
	Mining Index	103.45	92.82	-10.28%	-10.28%	102.71%	102.71%

CURRENCIES

Cur-rency	12-Sep-14 Close	19-Sep-14 Close	WTD % Change	YTD % Change
BWP	9.08	8.99	- 0.94	4.04
EGP	7.14	7.13	- 0.14	3.15
GHS	1.87	3.57	- 0.67	51.14
CFA	505.91	509.83	0.78	6.96
KES	88.85	87.63	- 1.37	2.99
MWK	386.29	390.26	1.03	- 5.41
MUR	30.54	29.96	- 1.87	3.25
NAD	11.01	11.03	0.25	5.21
NGN	162.95	162.73	- 0.13	2.00
SZL	11.01	162.73	0.25	5.21
TZS	1,660.00	1,636.57	- 1.41	5.13
TND	1.76	1.77	0.63	8.09
ZMW	6.11	6.16	0.82	12.15

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Bank projects profits to grow by 15% this year as it plans expansion in upscale Cairo suburbs. Barclays bank in Egypt will open two new branches in the coming months, chief of staff Shady Kamal said on the sidelines of the Euromoney conference on Wednesday. One branch will be located in the Cairo Festival City Mall in New Cairo, while the other will be in 6 October's Mall of Arabia. Shady expects the bank to realise LE490 million ($68.5 million) in 2014, compared to LE425 million ($59.4 million) last year. "Those will be the highest profits we've ever reached," Kamal said. Barclays has 54 branches in Egypt. Deposits are currently up to LE14 billion ($2 billion) and credits to corporates have reached LE5.5 billion ($800 million), plus LE700 million ($98 million) for individuals, said Kamal. *(Ahram)*

Economic News

Egypt said on Sunday it expected to receive around $425 million in funding from the Islamic Development Bank to develop an oil refinery in Assiut and an airport in the Red Sea resort of Sharm el-Sheikh. The first agreement is for $198 million earmarked for the refinery, a finance ministry statement said. A further $8.23 million will go towards the first phase of the Sharm el-Sheikh airport project, it said. Egypt has requested a further $223.2 million for the second phase of the project. The Islamic Development Bank is an international financial institution that funds development projects in Muslim countries and communities in accordance with Islamic law. Egypt's economy has been in turmoil since the 2011 uprising that ousted Hosni Mubarak. The government is navigating a difficult course as it seeks to cut its deficit, while reviving flagging growth and encouraging investors and tourists spooked by the political upheaval. Gulf Arab states have provided more than $12 billion in cash and petroleum products to prop up Egypt's economy since the ouster of Islamist President Mohammed Mursi a little over a year ago. But the government has introduced painful cuts to energy subsidies as it seeks to curtail spending and shore up finances. The lending will come in the form of a tenancy contract, which is an Islamic funding structure, and will be repaid over 15 years. It will be guaranteed by the finance ministry. The Islamic Development Bank made financing contributions worth about $1.85 billion in Egypt between July 2013 and August 2014, the statement said, adding that Egypt would also seek external sources of funding for other development projects. (Reuters)

Egypt's stock market edged up in early trade on Sunday after the Cairo government said it would invite an International Monetary Fund mission to visit, while Qatar's bourse rose after the country took a step to reconcile with its Gulf neighbours. The Cairo benchmark rose 0.6 percent shortly after opening as most stocks were up. Developers Medinet Nasr and Talaat Moustafa Group were the main supports, gaining 3.8 and 1.1 percent respectively. Egypt will ask the IMF for a long-delayed economic assessment in the hope of improving the country's image before a February investment conference, the country's finance ministry said in a statement on Saturday. The assessment will not necessarily lead to an IMF loan deal, but it is key to maintaining working relations with the global lender and could provide the government with valuable feedback and recommendations. It is also another step towards rehabilitating Egypt in the eyes of many Western investors. Egypt has not held Article IV consultations, in which IMF experts assess a country's financial and economic state of affairs, since March 2010. Qatar's main index rose 0.2 percent on the back of Qatari Investors Group, which jumped 4.2 percent and Industries Qatar, up 0.5 percent. The Doha government has asked seven senior figures from Egypt's outlawed Muslim Brotherhood to leave the country, a step that could help Qatar reconcile with its Gulf neighbours. Tensions over Qatar's support for the Brotherhood led Saudi Arabia, Bahrain and the UAE to withdraw their ambassadors from Doha in March. Meanwhile, Dubai's bourse was nearly flat. The emirate's largest listed developer, Emaar Properties, was also unchanged after announcing a price range for the initial public offer of its malls unit. Emaar said it sought 2.50-2.90 dirhams per share and expected to offer 2 billion shares, meaning it would raise up to $1.58 billion. The range was in line with analysts' expectations. Abu Dhabi's index slipped 0.2 percent as large lender Abu Dhabi Commercial Bank lost 1.1 percent. (Reuters)

Egypt's tourism industry, battered by three years of political upheaval and street protests, could fully recover by the end of 2015 if

current levels of stability persist, the tourism minister said. Hisham Zaazou also told Reuters in an interview that the number of tourists could rise by up to 10 percent this year. Zaazou said late on Sunday he was concerned tourism would take another hit if Islamic State militants, who have seized parts of Iraq and Syria, showed any signs of infiltrating Egypt, the biggest Arab country. (Reuters)

Egypt's gross domestic product grew 3.5 percent in the fourth quarter of the 2013/14 fiscal year, signalling that the economy was finally recovering from recent turmoil, the official Mena news agency quoted Finance Minister Hani Dimian as saying. Political turmoil since the 2011 uprising that ousted Hosni Mubarak has hurt Egypt's economy and hit investor confidence. The government is now walking a fine line between trying to cut its deficit whilst luring investors and restoring growth. Egypt's gross domestic product grew 2.1 percent in the 2012/13 fiscal year. Official fourth quarter growth figures have yet to be published. (Reuters)

Egypt is targeting a budget deficit of around 11 percent for the fiscal year that began in July and aims to boost economic growth to 5-6 percent within three years, Finance Minister Hani Dimian told a conference on Tuesday. Political turmoil since the 2011 uprising that ousted Hosni Mubarak has hurt Egypt's economy and hit investor confidence. The government is now walking a fine line between trying to cut its deficit whilst luring investors and restoring growth. Dimian said last week that Egypt's gross domestic product (GDP) grew 3.5 percent in the fourth quarter of fiscal 2013/14, suggesting the economy is finally recovering from the turmoil. Egypt's economy expanded 2.1 percent in fiscal 2012/13. Official fourth quarter growth figures have yet to be published. *(Reuters)*

Power cuts dogging Egypt have become the biggest obstacle to luring back foreign investment after three years of political upheaval, the country's investment minister said on Tuesday. Electricity shortages mean the country often has intermittent outages for hours a day, hitting factory production, frustrating many Egyptians and raising questions over whether foreign firms can operate here effectively. Although he did not offer short-term solutions, Investment Minister Ashraf Salman said the government hoped foreign investment would help alleviate the problem in the long run. "It's a top priority for investment attraction," he told Reuters in an interview, promising that the government would soon unveil solar and wind power projects that he hoped would draw in foreign funding. Blackouts deepened discontent with Islamist President Mohamed Mursi before then army chief Abdel Fattah al-Sisi ousted him last year following mass protests against his rule. Sisi has since taken over as head of state and although his supporters credit him with a magic touch, there is no quick fix for the decrepit power grid, which, like much of the economy, has suffered decades of mismanagement. Most officials cite political turmoil and militant violence as the biggest impediments to foreign investment, but Salman, a former investment banker, appeared more worried by the daily blackouts. "Energy. The gap in energy," he said, when asked what was the biggest challenge facing the nation. Before an uprising toppled Hosni Mubarak in 2011, foreign direct investment in Egypt stood at about $8 billion a year. It subsequently tumbled to some $3 billion, before recovering to $6 billion in the last fiscal year, which ended in June. Salman said he was hoping for $10 billion in foreign investment in the current fiscal year and hopes Egypt will attract $18 billion a year by 2018 -- highly ambitious targets.

For that to happen, Cairo must tackle longstanding problems, such as Egypt's notorious bureaucracy and corruption. "The second (challenge) is the bureaucracy and inconsistencies of policies. We are trying very much to work on that on the presidential and cabinet level," said Salman. When it comes to tackling graft, Salman says major work was needed. "We are fighting it everywhere. It's not easy. It is even an impediment for the local investment not just foreign investment. We are putting this at top of the agenda," he said. Foreign investors have also been unnerved by legal challenges to deals. In April, Egypt's cabinet approved a draft investment law that prevents third parties from challenging contracts between the government and an investor. Investors are also watching the case of billionaire Egyptian businessman Nassef Sawiris, who is locked in a tax dispute dating back to Mursi's year in office. An Egyptian court is due to issue a final ruling on Oct. 28 and the case has raised concerns in the business community."These are people who put big investments into the country. And they can invest more. They are international players," said Salman, appearing to express concern that the trial might deter others from investing in Egypt. Salman said the cabinet was also expected to consider in about three weeks a new law that was designed to lure foreign cash and would tackle issues such as bankruptcy and labour. "The unified investment law will not solve problems like a crystal ball. We have to work on simplifying business procedures," said Salman. Economic reforms could make it easier for Egypt to secure an International Monetary Fund loan if needed. Mursi failed to seal a $4.8 billion deal because he was unwilling to implement politically-explosive reforms. "No doubt

we need the IMF. ... The IMF is a signal of restoring investor confidence," said Salman. Earlier on Tuesday, Egyptian Finance Minister Hany Kadry Dimian would not be drawn on whether Cairo would resume its bid for the loan package. *(Reuters)*

Egypt will buy 65 percent of its oil product imports for the next year from the United Arab Emirates, in the latest Gulf lifeline to an economy rocked by three years of turmoil. The deal, approved by the Egyptian government on Wednesday and announced in a statement, covers gasoline, diesel, heavy fuel and liquefied petroleum gas (LPG) that is used in homes. Egypt has struggled to curb its swelling budget deficit whilst meeting soaring energy demands, resulting in daily electricity cuts around the country of 86 million people. Lines at petrol stations and a shortage of gas were among the main public grievances against former President Mohamed Morsi of the Muslim Brotherhood. Oil-producing Gulf countries have come to Egypt's aid since the army, prompted by mass protests, ousted Morsi last year. Egypt also introduced deep cuts to energy subsidies in July, which have resulted in price rises of more than 70 percent, as it seeks to curb public spending and fuel waste.

Egypt's cabinet said in a statement on the deal that the price was "appropriate" but gave no details. An oil ministry official said last month, however, that Egypt was seeking to buy about $9 billion of oil products from the UAE and that some of the products would come as grants and the remainder under a credit agreement that would be repaid in installments. The official said Egypt imports petroleum products worth around $1 billion to $1.3 billion a month. The United Arab Emirates, Saudi Arabia and Kuwait have together provided Egypt with billions of dollars in grants, loans and petroleum products since Morsi's overthrow. But Egypt wants long-term investments to improve the country's economy, which has been suffering ever since an uprising toppled President Hosni Mubarak in 2011. It will hold a conference in February to attract investment and has already awarded major contracts to Gulf firms, including for the Suez Canal expansion project. *(Ahram)*

Ghana

Corporate News

No Corporate News This Week

Economic News

The unbanked sector of the country's population remains a vital market for Cal Bank as it develops strategic products and services to further penetrate this untapped area for many banks in the country. Mr. John Amu Inkoom, Manager, CAL Bank, Nhyieaso, in an interview with the media at the inauguration of Asafo branch observed that CAL Bank is creating suitable products to attract the unbanked sector of the Ghanaian society. The evolving trends in the banking environment have always required innovative products and services, and commitment to ideal banking values to gain a breakthrough in the country's ever-developing and competitive banking sector. This goes to support efforts of universal banks in the country that are implementing strategies to capture the unbanked sector, which hitherto has been the primary target of microfinance institutions. This follows the seeming collapse of microfinance institutions creating fear for small and medium business operators to save. Easily accessible loans and mobile services provided by the institutions offered a great resort and convenience for petty traders and small businesses. Meanwhile, the sudden liquidation of most microfinance firms in the country -- largely attributed to mismanagement -- eroded the confidence and trust of many customers among others in the microfinance business; seemingly creating a breakthrough for some universal banks. Branch manager of the newly inaugurated Asafo branch Mr. Onasis Asamoah, said CAL bank is ready to provide flexible services that will revive the trust of small and medium business in the financial sector. *(GhanaWeb)*

Bank of Ghana's rate setting committee will keep its policy rate at 19.0 percent this week on an expected foreign exchange liquidity boost, despite inflation surging above target, a Reuters poll showed on Monday. Twelve out of 14 economists polled about Wednesday's rate announcement expect the bank's Monetary Policy Committee (MPC) to hold the rate as recent Eurobond and cocoa loan proceeds hit the West African economy. But with consumer inflation currently at 15.9 percent, above the government's comfort zone of 13 percent plus or minus two percent, two economists expected a further 100-basis-point hike in November. Ghana on Thursday raised $1 billion from a third Eurobond sale to finance the government's budget. It also signed a syndicated loan of $1.7 billion from international banks for the purchases of cocoa in the 2014/15 crop year. Analysts believe the inflows would provide additional foreign exchange liquidity to shore up the local cedi currency's nascent stability after it slumped nearly 40 percent in the first half of the year. "Following the recent retracement in the Ghana cedi, market optimism over the recent Eurobond and proceeds from the Cocobod syndication, there is less immediate pressure on the Bank of Ghana to tighten rates," Razia Khan, head of Africa global research at Standard Chartered Bank said. The bank had held the rate at 18 percent from February until July when it hiked it to 19 percent. "That said, we do not think we are at the top of the cycle yet. We expect a pause now, and a hike of 100 bps in November, taking the prime rate to 20 percent," Khan added. The country, which has a record of political stability and sustained strong economic growth, is currently battling a stubbornly high budget deficit, escalating inflation and widening current account imbalance. Economist Sampson Akligoh also predicted a rate hold to reflect the inflationary pressures and the stability of the cedi. "I think the balance of risk in the economy supports a rate decision within the band of 19-19.5 percent, which shows a steady rate decision or a marginal increase to continue a signal of monetary tightening," Akligoh said. President John Mahama's economic management team, led by veteran finance minister Kwesi Botchwey, is set to begin talks with the International Monetary Fund (IMF) on Tuesday for a possible bailout to fix the fiscal challenges. *(Reuters)*

Ghana opened talks with the International Monetary Fund (IMF) on Tuesday, hoping to secure financial assistance to restore its fiscal balance but knowing the road to success runs through painful public sector reform. The government is in a stronger position than when it announced the talks in August because it launched a $1 billion Eurobond at a rate that surprised the market last week. It has also secured a record $1.7 billion loan to fund cocoa purchases. That money and seasonal inflows from cocoa will boost government coffers, but Accra is

still grappling with underlying problems such as inflation close to 16 percent and a budget deficit above 10 percent since 2012. The government can agree with the Fund to expand its tax base and trim some services. However, with public sector wages accounting for 70 percent of expenditure, it faces the tricky task of pushing through reforms ahead of an election in 2016. "Once the IMF says you have to cut public spending, freeze salaries and sell more state assets, I can't see any of the recommendations not being politically controversial," Sebastian Spio-Garbrah, managing director of DaMina Advisors. Ghana's Trades Union Congress has urged the government to pursue its own reforms rather than accept IMF austerity. It says workers are already struggling and Fund reforms never last. It wasn't supposed to be this way. When Ghana discovered oil in 2007, many said it heralded an era of prosperity for the West African state that already exported cocoa and gold. Gross domestic product growth spiked to nearly 15 percent in 2011, the first full year of oil production, making the country a model for the region as it appeared to combine rapid growth and a stable democracy. Now it finds itself afflicted by a problem faced by many countries that export raw commodities and import nearly everything else: how to sustain growth in an unbalanced economy? The problem was worsened by a civil service reform policy that dramatically raised spending in 2012. "Ghana has lost all sympathy and there is no trust. They have had three years of deficits over 10 percent. That is unheard of," said a senior international economist. Ghana's team at the talks is led by former finance minister Kwesi Botchwey. He will be joined by Finance Minister Seth Terkper, Bank Governor Henry Kofi Wampah and others. This has raised eyebrows, given that the finance minister must sign off on any deal, but President John Mahama told Reuters he brought in fresh blood to broaden advice. The initial talks will audit expenditure and revenue and no deal is expected before November, government sources said. The clamour for progress is high, not least from business leaders who complain that fiscal instability hurts producers suffering interest rates far higher than the central bank's policy rate, which stands at 19.0 percent. The bank is likely to hold its policy rate on Wednesday at 19.0 percent, according to a Reuters poll. "It (the economy) is hurting so much," said Ato Pamford, vice president of the Association of Ghana Industries. He said interest rates, inflation and power cuts all hurt business. Mahama said his vision was for much wider transformation of the economy than simply restoring short-term fiscal balance. To do that, the government will need to explain the need for austerity and its long-term plans to voters, as well as take steps that satisfy investors, according to analysts. "There is little room to disappoint markets," said Razia Khan, head of Africa global research at Standard Chartered Bank. *(Reuters)*

Ghana's central bank kept its benchmark interest rate unchanged after the government sold $1 billion in Eurobonds and began talks with the International Monetary Fund, helping to revive confidence in the economy. The Monetary Policy Committee maintained the rate at a decade-high of 19 percent, Governor Kofi Wampah told reporters today in the capital, Accra. That matched the forecasts of eight of 10 economists surveyed by Bloomberg. Two analysts predicted an increase of 50 basis points to 100 basis points. Ghana is struggling to contain an economic crisis that's pushed inflation to 16 percent in August and caused the currency to lose a third of its value against the dollar this year, the worst-performing currency in sub-Saharan Africa. The cedi has gained 9.2 percent in the past month after the government said it will seek support from the IMF. "The key test will be whether the recent performance of the Ghana cedi can be sustained," Razia Khan, head of Africa economic research at Standard Chartered Plc in London, said in an e-mail. "We expect inflation to continue to rise as the impact of earlier currency weakness is still felt." The bank may raise the benchmark rate by 100 basis points in November, she said. Proceeds from the Eurobond sale this month may also help to bolster foreign-currency reserves, which stood at $4.2 billion at the end of August, covering 2.4 months of import needs, Wampah said. The bank has a target of four months of import coverage, he said.

The cedi gained 1 percent to 3.5528 against the dollar as of 4:14 p.m. in Accra. Yields on the Eurobond sold last week fell two basis points, or 0.02 percentage point, to 8.12 percent. There is currently a discrepancy between the exchange rate advertised by banks and that of the central bank, Wampah said. The gap, which is due to a shortage of dollars to banks, will narrow as proceeds from the Eurobond and $1.7 billion in cocoa loans flow in, he said. "The government's fiscal consolidation efforts are expected to be strengthened under the IMF program, which will also provide additional balance-of-payments support," Wampah said. The Bank of Ghana has increased the key rate by 3 percentage points since January to halt inflation and support the economy. Inflation will probably peak in the "near term," remaining slightly above the upper band of the central bank's revised target for 2014 of 13 percent, plus or minus 2 percentage points, Wampah said. Concern that the government's budget gap will exceed 10 percent of gross domestic product for a third consecutive year prompted Moody's Investors Service to lower Ghana's credit rating in June to B2, five levels below investment grade. The budget deficit in the first seven months of the year was 5.3 percent of GDP, compared with a target of 5.1 percent, Wampah said. "The growth outlook is generally positive based on expected higher cocoa and oil output," he said. A recovery in the economy as production from new oil fields come onstream, a

better cocoa crop and output from gas projects, may help support a credit-rating upgrade in the medium term, he said.*(Bloomberg)*

A cut in the supply of gas from Nigeria to Ghana through the West African Gas Pipeline (WAPCO) is "not good news" and could damage the country's economy if prolonged, Ghana's central bank governor Henry Kofi Wampah told a news conference on Wednesday. A senior official at WAPCO in Ghana said on Wednesday gas supplies through the pipeline, which serves, Togo, Benin and Ghana, have been cut due to a strike in Nigeria. Ghana's economy was hurt in 2013 by an energy deficit. *(Reuters)*

Kenya

Corporate News

Safaricom shareholders have approved the telecommunication company's joint bid for rival yuMobile, on condition that the Sh7 billion buyout will not affect their dividend pay. Shareholders approved the buyout at Safaricom's annual general meeting Tuesday after they were assured that the transaction will not affect their dividend payout and that the acquisition was necessary as it will offer the firm a wider frequency spectrum. "We are seeking your approval for the purchase of 100 per cent of East Africa Tower Company that is owned by Essar. Tthe acquisition will provide us with much needed frequency spectrum that will enable us accommodate more customers and roll out new services," said Safaricom chairman Nicholas Ng'ang'a. Safaricom intends to acquire yuMobile's assets that include its frequency spectrum, the building that houses Essar and IT equipment, in a joint buyout deal that will see Airtel acquire 2.5 million yuMobile subscribers.

Mr Ng'ang'a said the firm will finance the buyout from its cash reserves and that it will not have any effect on the Sh18.8 billion set aside for paying shareholders a dividend of 47 cents per share in October. The yuMobile buyout will still need to get approval from two regulators, the Communications Authority of Kenya, and the Competition Authority of Kenya. Bob Collymore, Safaricom's CEO, said the firm is ready for the competition envisaged with the licensing of the Mobile Virtual Network Operators (MVNOs) that has been awarded to three firms including, Equity's subsidiary—Finserve, Tangaza money and ZionCell. "As I have said before, Safaricom is not afraid of competition. In the past some operators have thought that they have silver bullet solutions to solve the challenges in the industry and they tried the number portability, and the reduction of the mobile termination rates (MTR). We warned the industry but no one listened to our advice. All these have not worked." Mr Collymore said. Mr Collymore added that the firm is looking forward to boost its revenue through the second generation M-Pesa platform that is being tested at its headquarters. "With the new platform that is now located here in Kenya and is currently undergoing tests, we expect to increase the number of M-Pesa transactions to 600 per second from the current 320 per second," Mr Collymore said. This he said will solve the problem of delays. Currently, M-Pesa transactions are routed to Germany and bounced back to Kenya. This has been blamed for system delays and service outages when connection is disrupted due to under-sea fibre optic cable cuts. *(Daily Nation)*

NIC Bank cash call has received a shot in the arm after top shareholders said they will take up their rights. The bank said its anchor shareholders have opted to take up their shares in the upcoming issue, increasing the lender's chances of successfully raising Sh2 billion. "The anchor shareholders are ready to support the rights issue," NIC chief executive John Gachora said during the listing of the bank's Sh5.5 billion bond at the Nairobi Securities Exchange (NSE). The information memorandum on the bond shows the top 10 shareholders held a combined 52.6 per cent stake as at June 30. First Chartered Securities was the biggest shareholder with a 15.84 per cent stake, followed by ICEA Asset Management (9.16 per cent) and Livingstone Registrars with 8.62 per cent. NIC will join Diamond Trust Bank in undertaking a rights issue to replenish its capital. DTB rights issue was heavily subscribed with the bank attracting Sh15.9 billion against the Sh3.6 billion it was seeking. The bank also applied for a Sh4.8 billion loan from the International Finance Corporation which should bring the fund raising this year to around Sh12.3 billion NSE chief executive Peter Mwangi said this is the right time to raise cash as there is huge demand from both institutional and retail investors. "It is a great time to come to the market and take advantage of the opportunities available," he said. *(Business Daily)*

Nakumatt Supermarkets is set to open a new branch in Donholm, near Kayole estate, in one of the retail chain's rare forays into relatively low-income neighbourhoods. The retailer, whose branches are predominantly located in middle to high-income residential areas, says it will spend Sh150 million to set up the Donholm store. The new branch is expected to open next month and will employ 100 permanent staff. "We chose the location due to its high population, also factoring in the growing economy in the area," said Nakumatt Holdings' head of strategy and operations Thiagarajan Ramamurthy. The supermarket chain recently acquired three stores in Tanzania previously owned by South African retailer Shoprite at a cost of Sh3 billion. The new branch will mark Nakumatt's entry into the sprawling middle and lower middle-income Eastlands estates where it has only one outlet, the Embakasi branch. The retailer is making inroads to areas where other

supermarket chains such as Naivas, Uchumiand Tuskys have already gained their footing. Nakumatt has adopted a business model of packaging some of its products under the "Nakumatt Blue Label," which are cheaper than branded goods – a strategy that it could use in wooing new customers in the lower middle class. *(Reuters)*

Economic News

Kenya's energy regulator has cut retail prices of diesel, petrol and kerosene to reflect lower import costs, in a move likely to temper rising inflation. Fuel prices have a big effect on inflation in the east African nation, which relies heavily on diesel for transport, power generation and agriculture, while kerosene is used in many households for cooking and lighting. The Energy Regulatory Commission cut the maximum retail price on a litre of diesel by 0.62 shillings to 102.36 Kenyan shillings ($1.15) in the capital Nairobi and that of kerosene by 1.42 shillings per litre to 81.63 shillings. The price of petrol fell by 4.98 shillings per litre to 111.64 shillings. The regulator said the cost of importing crude fell in August compared with the previous month. The government started a monthly review of retail fuel prices in 2010 after they shot upwards, driving up the cost of living. Kenya's inflation rose to 8.36 percent in the year to August from 7.67 percent in July. The price adjustments take effect on Sep. 15 and will stay in place for one month. *(Reuters)*

Commercial banks are on course to ride high lending rates to another year of record profits, despite persistent calls to lower them to reflect the real cost of money. The banks have earned Sh92 billion in profits before tax in the eight months to August this year, helped mainly by interest income from loans. The latest data from the Central Bank of Kenya (CBK) shows bank profits grew by Sh11.4 billion (12 per cent) compared to a similar period last year. They seem set to beat last year's full year earnings of Sh120 billion. Lending rates remained unchanged, despite the introduction of a new pricing formula in July that was expected to reduce their margins and make loans cheaper. The regulator's data also shows that non-performing loans — those left unpaid for more than six months — declined for the first time in three years. Bad loans dropped marginally to Sh100 billion from Sh101.7 billion in June following release of delayed payments to contractors by the Treasury. Banks also reported slightly higher lending, with their collective loan book growing to Sh1.84 trillion from Sh1.78 trillion in June. "The momentum in growth of loans is still there and it is coming at a lesser cost," said Francis Mwangi, the head of research at Standard Investment Bank. "This means we may be seeing accelerated lending in the coming periods as banks drop their conservative lending policy." Mr Mwangi said he did not expect the banks' profits to be hurt by the introduction of the KBRR, the root of the central bank's pricing formula, because they had protected their profits in the medium term through the premium they were allowed to load on the standard base rate. The KBRR was introduced alongside a requirement to disclose the total cost of loans in an Annual Percentage Rate (APR) that would make comparing loans easier and pressure more expensive banks to reduce their premiums. "We have not seen an outright war for market share, so we don't see (the formula) exerting pressure on margins in the medium term," said Mr Mwangi.

Lending rates are still at an average of 15 per cent, as reported by the lenders, despite the introduction of the KBRR formula. They stood at 14.55 per cent in June and 16.91 per cent in July. The interest spread — the difference between lending rates charged by large banks and what they are paying depositors — is also growing.Data from the central bank shows that the spread increased to 11.3 per cent in July when the KBRR was introduced, up from 11 per cent in June. Six banks classified as 'large lenders' control more than half of the Kenyan market. The government has been pushing for lower interest rates in efforts to spur growth of the private sector. This led the central bank to introduce a new pricing system expected to ensure transparency by having all lenders use the standardised base rate, the KBRR. Individual banks then load a premium on the rate, which they are to disclose, depending on their operational efficiency. The CBK set the first standard base rate at 9.13 per cent, based on its benchmark rate and the weighted two-month moving average rate of the 91-day Treasury bill. Commercial banks have loaded an average premium of three per cent for commercial mortgage loans and four per cent for commercial loans. The sector regulator says it will publish details of the premiums loaded by different commercial banks so as to make the sector more competitive. "Publication of the premium (K) values in the mass media will be done after completion of data clean-up exercise," said the CBK.

The premium marks the profit appetite of banks as well as the costs incurred, such as operational and interest expenses. Banks have been able to cut their deposit costs by reducing rates paid to corporate depositors in line with a drop in returns on government securities. Banks are currently holding Sh2.21 trillion in savings up from Sh2.15 trillion in June. Last week the CBK retained its indicative rate, CBR, at 8.5 per cent in spite of rising inflation. Analysts attributed this to support for the government policy of pushing down interest rates. Interest paid on the three-month government debt dropped from 11.4 per cent in June to the current 8.4 per cent. Banks, however, are not expected to respond with lower rates. Mr Mwangi said this is due to the volatility of the cost of funds as reflected in the interbank rate, which has been fluctuating owing to tight liquidity in the market. Rates will be kept up to maintain profitability. Bank shareholders are unlikely to take higher dividends home though, as most lenders are expected to retain more profits to boost their capital levels. The CBK requires commercial banks to hold a capital buffer to help them absorb any economic shocks that may come their way. Despite the expectation of lower profit-sharing and plans to raise additional capital from shareholders, investors have continued to flock to banking counters at the Nairobi Securities Exchange. Three of the listed lenders — Standard Chartered, KCB and Equity — are currently trading at one-year highs. Johnson Nderi of ABC Capital said Kenya's banking sector was expected to continue growing because the economic targets spelt out by the central bank are pegged on increased lending to private sector. "Kenya's banking sector is structured in such a way that growth is built in the system," said Mr Nderi.The CBK had expected banks to have loaned out Sh1.87 trillion by end of the year, but they have surpassed that target. This development has not alarmed the regulator, which argues that the credit growth is not inflationary and it is going to productive sectors of the economy. *(Business Daily)*

Kenya's President Uhuru Kenyatta has signed into law a 5 percent capital gains tax that investors say could affect investment in property, equities and the country's nascent oil and mining sectors. The finance bill approved by parliament in late August will take effect on Jan. 1, changing how taxes are applied in East Africa's biggest economy, the presidency said in a statement late on Sunday. Kenya's government is trying to raise funds for development projects to spur economic growth and create jobs, but analysts say such taxes could deter foreign investors. The plans for a capital gains tax were first announced in June 2013's budget, leading to a sharp decline in share prices as investors fretted the tax might sap the appeal of equities. The shilling also came under pressure, reflecting concerns about possible damage to the economy. "It will have an effect, especially on equities and fixed income. Paying taxes is not something people enjoy doing. It complicates a lot of things. So I would say yes, it would really affect how foreign investors view the market," a senior fixed income analyst at one investment bank said on Monday. Capital gains tax was dropped by the country in the mid-1980s to attract foreign and local investment. "I think given the fact that it is optically such a low number, and keeps Kenya at the bottom of capital gains tax... we'll look through this and move on," said Aly Khan Satchu, independent analyst. "If ... they are thinking of putting it higher, then I think we are in a little different situation." Tanzania, the region's second-biggest economy charges a capital gains tax at 20 percent for foreign-owned firms and 10 percent for residents. Uganda has a capital gains tax of 30 percent while nearby Mauritius does not tax capital gains. Kenya's Finance Minister Henry Rotich has said he expects the economy to grow by 5.8 percent this year from 4.7 percent in 2013, driven by plans for new railways, roads and airports. Rotich set spending for the financial year starting on July 1 at 1.581 trillion shillings ($17.8 billion) in his budget speech in June, saying the capital gains tax would apply to mining, gas, oil exploration and extraction operations. Under the new law, a firm acquiring a stake in mineral blocks or oil exploration block will pay a premium tax, or net gain tax, on the value of the transaction. Rotich and other Treasury officials were not available to give details of how the tax would be applied or how much it could raise annually. Analysts estimated the country could rake in an additional $85 million a year.*(Reuters)*

Kenya's central bank said on Tuesday it was seeking to mop up 10 billion shillings ($112.49 million) of excess liquidity in term auction deposits (TADs) and repurchase agreements (repos). The central bank has regularly soaked up excess liquidity since last year, and this is the ninth trading session in a row it has taken such action. Draining excess liquidity supports the shilling by making it more costly to hold dollars. *(Reuters)*

The maximum price of Kenya's top-grade tea rose to $3.82 per kg at auction on Tuesday from $3.51 last week, Africa Tea Brokers said. Best Broken Pekoe Ones (BP1s) fetched $2.21-3.82 per kg, compared with $2.20-3.51 last week, ATB said in its market report. Kenya is the world's leading exporter of black tea and the crop is a leading foreign exchange earner for the economy, alongside horticulture and tourism.

Best Brighter Pekoe Fanning Ones (PF1s) sold at $2.42-2.78 per kg, up from $2.34-2.70 last week. Most of the tea offered at the weekly Mombasa auction is from Kenya, but tea from Uganda, Tanzania, Rwanda, Burundi and other regional producers is also sold. ATB said buyers from Pakistan, Egypt, the United Kingdom and Kazakhstan bought more tea than last week. *(Reuters)*

The Kenyan shilling rose from a 32-month low after the central bank said the government's first sale of Eurobonds propelled foreign-currency reserves to a record $7.4 billion. The reserves have climbed by $1.1 billion since August, to the equivalent of 4.85 months of imports, the Nairobi-based Central Bank of Kenya said today in an e-mailed statement. The law requires at least four months of import cover. The level is adequate to buttress the currency against "unforeseen market developments" and indicates inflows to the foreign-exchange markets have continued, the central bank said. "This gives the central bank and the economy a cushion to weather any shocks that may affect the economy," it said. Kenya's currency gained 0.5 percent, heading for the biggest increase in more than three weeks, after the central bank published its comments. The shilling traded at 88.95 per dollar by 3:29 p.m. in the capital, Nairobi, rising from the weakest level since December 2011 earlier in the session. In June, Kenya raised $2 billion of five- and 10-year Eurobonds in its debut sale of sovereign debt. The central bank has been draining liquidity in the financial markets this month by offering repurchase agreements and term auction deposits.*(Bloomberg)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Foreign direct investment in Mauritius jumped 67.3 percent to 7.926 billion rupees ($253 million) in the first six months of 2014 from a year earlier, helped by a flow of money into real estate, the central bank said on Friday. The island nation has been trying to shift an economy traditionally focused on sugar, textiles and tourism towards luxury real estate, offshore banking and medical tourism. The largest part of the money went into real estate development, which attracted 3.18 billion rupees in the first six months, up from 2.94 billion rupees a year earlier, said the Bank of Mauritius. France was the biggest source with 543 million rupees followed by the United Arab Emirates which put in 188 million rupees, according to the data. Ken Poonoosammy, Managing Director of the country's Board of Investment, said the foreign cash was helping push Mauritius from a dependence on agriculture towards more lucrative sectors. "In quantitative terms, FDI inflows into Mauritius are not high. Yet they play a significant role in boosting national growth," Poonoosammy said in the BOI newsletter. The Bank of Mauritius also said the current account deficit rose to 9.64 billion rupees in the second quarter this year although sizeable foreign direct investment inflows allowed for a further build-up of gross international reserves. It said current account deficit was almost twice the level reached in the first quarter of 2014 and 30 percent higher than the second quarter of 2013. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

In continuation of its international expansion and growth strategy, the Qatar National Bank (QNB) has announced its acquisition of an additional 11 per cent stake in Ecobank Transnational Incorporated (ETI). A statement from QNB said the bank acquired 2,047,877,260 ordinary shares of ETI yesterday. This brings the total investment by the Doha-based bank in ETI to 23.5 per cent, thereby making it the largest investor in the pan-African bank. QNB, about a fortnight ago, acquired 12.5 per cent minority stake in ETI. The cost of the additional stake was also put at $283 million. According to the statement, the latest acquisition was funded through "existing resources and QNB will account for Ecobank as an associate in accordance with International Financial Reporting Standards." QNB Capital and Morgan Stanley acted as financial advisors to QNB in relation to the transaction. "This enables QNB Group to become the largest shareholder whilst strengthening the partnership with Ecobank, a leading pan-African bank and is a fundamental step towards QNB's strategy of being a Middle East and African (MEA) icon by 2017," it added. Ecobank was set up in 1985 in Lomé, Togo, where it is headquartered. Ecobank is a leading pan-African bank with a presence in 36 countries across the African continent and in four other countries across the globe. The bank is one of the top three banks (by assets) in 14 of the countries in which it is present. As at June 2014, Ecobank had $23.4 billion of assets and had generated $255 million of profit before tax (for the 6 months to 30 June 2014) and operates across its unique network of 1,241 branches, 2,500 ATMs and 16,245 point of sale (PoS) terminals servicing over 10.8 million customers. The statement added that the QNB Group's ambition of being a MEA icon by 2017 was brought closer to realisation through the potential opportunities and commercial benefits resulting from the partnership. "This move further consolidates the growth strategy pursued by The QNB Group over recent years. QNB Group, through its subsidiaries and associates (including Ecobank), operates in 61 countries and three continents around the world. "QNB was recently recognised as "The Best Bank in The Middle East" by Euromoney magazine and was voted "One of the Top 50 Safest Banks in the World" by Global Finance Magazine in 2013." it added. QNB was established in 1964 as the country's first Qatari-owned commercial bank. It has an ownership structure split between the Qatar Investment Authority (50per cent) and the private sector (50 per cent).

"QNB Group has steadily grown to be the largest bank in the Middle East and North Africa region and is by far the leading financial institution in the country with a market share exceeding 45 per cent of banking sector assets," it added. Its total assets increased by 7.9 per cent from June 2013 to QR466 billion ($127.9 billion), the highest ever achieved by the Group. The Group had also extended its regional reach by acquiring stakes in various financial institutions including 35 per cent stake in the Jordan-based, the Housing Bank for Trade and Finance (HBTF); 40 per cent in Commercial Bank International (CBI) based in the United Arab Emirates (UAE); 99.96 per cent of QNB Tunisia; 51 per cent in the Iraqi-based Mansour Bank; 49 per cent of the Libyan based Bank of Commerce & Development and 20 per cent stake in Al Jazeera Finance Company in Doha. Meanwhile, Ecobank yesterday said the move by the Doha-based bank would not lead to a takeover bid, adding that QNB's stake would be reduced later this year. Ecobank's spokesman, Richard Uku welcomed QNB's increased stake, but reiterated that the bank has a 20 per cent limit for institutional investors set by the board. The conversion of a loan from South Africa's Nedbank to shares in Ecobank later this year would bring QNB's stake down to that limit. *(This Day)*

Lafarge Africa Plc, formerly, Lafarge Cement Wapco Nigeria Plc has announced the completion of its acquisition of Lafarge group's shareholdings in Lafarge South Africa Holdings (Pty) Limited, United Cement Company of Nigeria Limited, through Egyptian Cement Holding BV, AshakaCem Plc and Atlas Cement Company Limited. Lafarge Africa Group Chief Executive Officer, Guillaume Roux, who disclosed this in a chat with newsmen in Lagos yesterday, stated that it had received all shareholder and regulatory approvals and met all the requirements to create the leading sub -Saharan Africa building materials company. He stated that the transaction will help the company consolidate on its position in Africa and enhance its balance sheet to enable it finance expansion projects. Lafarge Africa is the 6th largest entity listed on the Nigerian Stock Exchange (NSE), with a market capitalisation of â‚¦521.9 billion. With current cement capacity of 12 million metric tonnes per annum, he said the company is already on the path to further growth, with an additional 5.5 million metric tonnes (2.5 million metric tonnes from Unicem's on-going expansion project by second half of 2016 and 3 million metric tonnes in Ashakacem by mid-2017). The consolidated company, he added, has a strong balance sheet and cash flow generation potential, which position it for future

growth opportunities and increased product range and services to meet the growing building materials demand in Sub Saharan Africa. Roux, said: "The achievement of this transaction was made possible through the support of our various stakeholders in these markets who have been supportive of this vision. We are now better positioned for the acceleration of the growth and development of our business, with a renewed focus on serving our customers and delivering value through provision of new products and services." Commenting on the completion, Chairman, Lafarge Africa, Chief Olusegun Osunkeye, said: "Lafarge Africa enters an exciting new chapter, today. We thank our shareholders for their overwhelming support and the Nigerian regulators whose approval has gotten us to the completion of this landmark transaction. I am confident that Lafarge Africa Plc will go from stride to stride to continue to be the backbone of building better cities in Africa." Lafarge Wapco, prior to its name change to Lafarge Africa, had on June 2, 2014, announced its intention to consolidate all of Lafarge's Nigerian operations and its South African assets in order to create a stronger platform for growth in sub-Saharan Africa, with value creating opportunities. Under the terms of the transaction, Lafarge group received 1,402,575,984 ordinary shares of Lafarge Africa and $200 million in cash, for its 100 per cent shareholding in Lafarge South Africa Holdings. Lafarge South Africa Holdings owns 72.4 per cent of the Lafarge group operating companies in South Africa, 35 per cent equity stake in Unicem, a 58.61 per cent controlling stake in Ashaka and 100 per cent of Atlas. The total transaction is valued at approximately US$1.35 billion. *(This Day)*

Access Bank Plc has said it will next month seek shareholders' approval to raise additional equity capital of up to N68 billion through a rights issue. The bank, in a notice for an extraordinary general meeting expected to hold in Lagos, also said with shareholders' approval, the rights issue may be underwritten on terms to be determined by its directors, subject to obtaining approvals from the relevant regulatory authorities. The bank would also seek shareholders' approval that its authorised share capital be increased from N13 billion, made up of 24 billion ordinary shares of 50 kobo each and two billion preference shares of 50 kobo each, to N20 billion by the creation of 14 billion ordinary shares of 50 kobo each. "That the memorandum and articles of association of the bank be and are hereby amended deleting the words "The authorised share capital of the bank is N13 billion divided into 24 billion ordinary shares of 50 kobo each and two billion preference shares of 50 kobo each, from clause 6 if the bank's memorandum of association and article 7 of the bank's article of association," it added. The fund is expected to expand Access Bank's operations and bolster its cash reserves. The Nigerian Stock Exchange has placed Access Bank's shares on technical suspension, so as to preserve shareholders' value before the rights issue. Access Bank Plc had successful issued a $400 million seven-year tier-2 capital issuance, which is callable at the end of five years. Access Bank Plc is rated BB- (Standard & Poor's) and B (Fitch). "Access Bank needs to boost its common stock to be able to fund operations in the face of the central bank capital adequacy rules," Head of Research at Sterling Capital Limited, Sewa Wusu said. *(This Day)*

Stanbic IBTC Asset Management, a member of Standard Bank Group, has opened its initial public offering for the Stanbic IBTC Exchange Traded Fund 30 (ETF 30), with 10,000,000 units of the fund available at N100 each at par. The offer closes on Wednesday, October 15, 2014. The offer, which has received approval from the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE), will have a minimum subscription of 10,000 units and multiples of 5,000 units thereafter. Stanbic IBTC Capital Limited is the issuing house to the offer. "The opening of the Stanbic IBTC ETF 30 is a direct response to increased investor demand for passive investment strategies that will deliver the market return for the index being tracked, which in this case is the NSE 30 index. "Our ETF is merely providing a transparent and flexible structure that allows investors efficiently gain exposure to the securities of these companies that have over time out-performed the broad equity market," said Chief Executive Officer of Stanbic IBTC Asset Management Limited, Olumide Oyetan. The Stanbic IBTC Asset Management Limited are the mangers of the fund. Oyetan stated that the fund was designed to track the performance of The NSE 30 index, which comprises the top 30 companies listed on the NSE in terms of market capitalisation and liquidity. The index serves as the flagship benchmark for the stock market as it represents 92 per cent of the NSE's market capitalisation and the Stanbic IBTC ETF 30 will replicate the price and yield performance of the index. "The Fund represents a convenient and efficient way for investors to have access to the top 30 most capitalised and liquid stocks on The NSE, in a cost effective manner. We believe that it will appeal to sophisticated and institutional investors that believe in the growth story of companies listing on The NSE and by extension in the abundant growth opportunities that exist in Nigeria" added Oyetan. An Exchange Traded Fund ("ETF") is an investment vehicle that tracks an index, a basket of assets, or a commodity but trades like regular shares on a stock exchange. The Fund will invest 100 per cent of its assets in the same portfolio of securities that comprise The NSE 30 Index in proportion to their weightings in the Underlying Index. Stanbic IBTC Asset Management Limited is a wholly-

owned subsidiary of Stanbic IBTC Holdings Plc, while Stanbic IBTC Holdings Plc is part of the Standard Bank Group, Africa's largest bank by assets. Standard Bank Group has been in operation for 151 years and has direct on-the-ground representation in 20. *(This Day)*

Access Bank plc, with operations in eight other countries, plans to raise N68 billion ($420m) in a share sale as it pursues expansion and stronger cash reserves. Shareholders will vote on October 13, on the proposal to sell shares to existing investors, Busola Osilaja, a spokeswoman for the Lagos-based lender, said. The Nigerian Stock Exchange suspended movements in the bank's share price until January 27, to "preserve shareholders' value" before the planned stock sale, the bourse said in a statement. Nigerian banks are preparing to sell equity and debt after the central bank last month changed the way lenders calculate capital buffers. The central bank is seeking to increase banks' ability to withstand losses five years after saving the industry from collapse. The regulator removed some assets lenders can count as capital in preparation for the implementation of Basel II and III, while limiting Tier 2 capital to 33 percent of Tier 1 capital, according to an August 5 circular. Access Bank received shareholder approval to raise $1 billion by methods including debt and equity funding, CEO, Herbert Wigwe said April 30. The bank's shares were unchanged at N9.59 at close in Lagos, paring this year's decline to 0.1 percent.*(Business Day)*

Niger Delta Exploration and Production Plc, a Nigerian independent company, has unveiled plans to raise $450 million to acquire and develop crude fields in the country. This is coming as Lafarge Africa, Finland's Wartsila and the World Bank's International Finance Corporation (IFC) have agreed to build a 220 megawatt gas-fired power plant in Nigeria to boost electricity supply. Speaking at the company's Annual General Meeting (AGM) in Lagos yesterday, the Chief Executive Officer of Niger Delta Exploration and Production Plc, Dr. Layi Fatona, said the company was planning a "public offer or special placement of shares. "The first tranche of $200 million will be raised before the end of 2014." He disclosed that FBN Capital Plc and Chapel Hill Denham had been appointed financial advisers for the fundraising, stating that the fund would be raised in the local or international markets. According to him, NDEP also plans to expand to South Sudan and Zambia. The company operates the Ogbele oilfield in Oil Mining Lease (OML) 54, through its subsidiary, the Niger Delta Petroleum Resources (NDPR) Limited. NDPR was the first Nigerian independent oil company to supply gas to the Nigerian Liquefied Natural Gas (NLNG) plant in Bonny Island in Rivers State, and also the first Nigerian independent oil company to build and operate a private refinery using crude oil from the company's Ogbele flow station. Built at Ahaoda East Local Government Area of the state, the refinery, which was completed in December 2010, began operation in 2011.

Fabrication work had started in January 2010 by Chemex Incorporated of Texas, in the United States. Meanwhile, Lafarge Africa, Finland's Wartsila and the World Bank's IFC have agreed to build a 220 MW gas-fired power plant in Nigeria to boost electricity supply. Under the agreement, Wartsila will build and manage the power plant, while Lafarge Africa, the Nigerian arm of the world's biggest cement maker, will manage the project. The IFC, the World Bank's private sector development division, will provide financial support and advisory services. The companies said in a statement that their plan was to help fast track increased power supplies to the national grid and that they expected to provide more electricity to about 1.4 million households. Accordingly, the plan is to add a 220mw power plant to Lafarge Africa's existing 90mw plant, which is used mainly for its cement operations in Nigeria. The plant supply about 40mw of excess power already, so once the new plant is built, about 260 MW will go to the national grid under a power purchase agreement. *(This Day)*

Economic News

Nigeria's inflation rose for the sixth consecutive month to 8.5 percent in August, up 0.2 percentage point from a month ago, the statistics office said on Sunday. Food inflation also climbed, to 10 percent in August from 9.9 percent in July, the National Bureau of Statistics said. *(Reuters)*

The federal government yesterday concluded an elaborate plan targeted at boosting trade between Nigeria and countries in Asia by 100 per cent in the next 24 months. The fresh Nigeria-Asia trade strategy was fine tuned last weekend by the officials of the Federal Ministry of

Industry Trade and Investment and its parastatals, along with Nigeria's ambassadors across the Asian countries, in a two-day meeting in New Delhi, India. The strategic meeting was the first of its kind in over 50 years aimed at brainstorming on a synergy targeted at further improving the trade and investment ties with the 15 Asian countries. The Minister of Industry, Trade and Investment, Mr. Olusegun Aganga, told journalists at the end of the two-day meeting that the ministry and the ambassadors resolved to work on doubling the volume of trade between Nigeria and Asia to over $80 billion (N13.2trillion) within two years. Currently, trade volume between Nigeria and 15 Asian countries stands in excess of $40 billion (N6.62 trillion). India is currently Nigeria's largest trading partner with a trade volume of about N2.95 trillion, followed by China (N2.143 trillion). Trade volume between Nigeria and Australia stands at N534.3 billion; Singapore (N293.4 billion); Indonesia (272.8 billon); Japan (N263.5 billion) and Bangladesh (N84.5 billon), among others. 14 ambassadors, including the Ambassadors of Nigeria to India, Japan, Hong Kong, Singapore, Indonesia, Thailand, Philippines, North Korea, Vietnam, China, South Korea, Sri Lanka, Guangzou and Pakistan attended the, meeting. Key agencies of the ministry, such as the Nigerian Export Processing Zones Authority, Nigerian Investment Promotion Commission, National Automotive Council, and the Oil and Gas Free Zone Authority, were also at the roundtable. Aganga said the meeting was necessitated by the emergence of Asia as Nigeria's major trading and investment partner, adding that there was an urgent need to maintain Nigeria's current position as the preferred investment destination in Africa and globally. The meeting also opened up fresh investment commitments by major Indian companies, who were not yet present in Nigeria. The minister said: "Why is this important meeting happening in India, some may ask? Why not in one of the western nations with whom Nigeria traditionally had strong trading ties? The reason is that over the last decade, there has been a shift in the dynamics of how Nigeria does business globally. We have seen our nation move from a nation historically joined at the hips with the western world to one which is more and more eastward.

"This is evidenced in the fact that Nigeria's biggest trading partner is now India, with China following closely behind. Nigeria also sells a large portion of its crude to India, while our traditional major buyer - the United States - has moved to 10th place. This scenario mirrors the shift in trading patterns." He added that: "Whilst the western countries have been beset by economic instability, the fastest growing economies have been those in the African and Asian regions. We want to arm you with relevant information to help in your roles as Chief Marketing Officers for Nigeria in your various stations. "That is why we have ensured that many of the parastatals and directorates under the supervision of the ministry provide key information on the progress and policy thrust in key sectors of the Nigerian economy to guide you in this critical assignment." The minister stressed that there was the need for Nigerian missions abroad to key into and play active roles in promoting Nigeria's investment opportunities and strengthening trade ties with their countries of assignment, in line with the transformation agenda of the President Goodluck Jonathan. "He said: "This administration has, within the last three years, been implementing far-reaching transformational policies such as the Nigerian Industrial Revolution Plan National Automotive Industry Development Plan, National Sugar Master Plan, the National Enterprise Development Programme among others. "These policies are aimed at diversifying our economic base and achieving sustained and inclusive economic growth. The role of Nigeria's ambassadors in Asia is important in promoting and attracting Foreign Direct Investment to Nigeria. We have Nigeria's best across all our missions and I am delighted that we are today laying the foundation for stronger collaboration in the collective struggle for an even stronger economy." In his speech, the Nigerian High Commissioner to India, Mr. Ndubuisi Amaku, said the country stood to benefit a lot by increasing the current level of economic partnership with Asian countries. "It is only those who live in the past that still believe that the West can help us. The Asian continent has great regards for Nigeria as a country. We welcome this move and will do everything to support the transformation agenda of the President," he said. *(This Day)*

Nigeria is considering offers of more than $20 billion for the assets of its national electricity transmission company as it struggles to provide adequate power to Africa's largest economy, Power Minister Chinedu Nebo said. The sale of state-owned Transmission Co. of Nigeria may start "in a few years," Nebo said in a Sept. 12 interview with Bloomberg Television Africa in Abuja, the capital. The government will also focus on developing renewable energy projects to diversify its supply of electricity, he said. "The interest now for transmission is over $20 billion," he said on Sept. 12. "People are coming from everywhere." Transmission is the only segment of the power industry that the government still controls as it seeks to curb regular blackouts in Africa's largest oil producer. The country generates about a 10th of the power that South Africa does even though its population of about 170 million is more than three times larger. The government of President

Goodluck Jonathan is spending $3.5 billion to boost transmission capacity by 50 percent. Nigeria sold 15 state-owned generation and distribution companies to raise funds. The current transmission capacity of Abuja-based TCN is 5,500 megawatts compared with an installed generation capacity of 8,000 megawatts, Nebo said. This means that if generation companies were operating at full capacity, the grid would be unable to transmit all of the power to homes. The government wants transmission capacity to exceed 6,000 megawatts by 2016, Nebo said. Power generation is significantly lower than capacity, partially due to problems of transporting gas to power plants. Many companies and individuals are compelled to use diesel-powered generators to ensure adequate electricity. "Gas supply has been a limiting factor," said Nebo, who is working with Minister of Petroleum Resources Diezani Alison-Madueke to make enough gas available to generation companies to match the transmission capacity by the end of next year. "Nigeria is moving in the direction of trying to have a robust energy mix," he said. Coal is another resource that could generate 3,000 to 5,000 megawatts of power "in the next several years" after government reclaims unused coal blocks, the minister said. "We are working on making sure those coal blocks are taken away from those who have refused to develop them over the decades and are given to those who can actually develop them," he said. Officials are deciding which model to adopt for the company's sale. Manitoba Hydro-Electric Board of Canada's three-year management contract ends next year. The process could take the form of a public-private partnership, a concession or a build-operate-transfer, Nebo said. While divesting from most other parts of the power industry, the government is planning to invest more in renewable energy such as solar and hydro power, Nebo said. "The government is very intent on making sure that the renewable energies kick off because we cannot continue to depend on only one or two means to continue giving electricity to our people," the minister said, citing the planned 700-megawatt and 3,050-megawatt hydropower plants in Zungeru and Mambila. Both plants are in central Nigeria.*(Bloomberg)*

France's Total SA, Europe's second largest oil company, has put one of its offshore Nigerian oil fields up for sale again, the company said, after a 2012 deal with Sinopec Corp failed. Total has hired BNP Paribas to find buyers for its Usan deepwater oil field located in the Nigeria Oil Prospecting Lease (OML) 138, which could be worth about $2.5 billion, according to sources familiar with the matter. "We have selected an advisor to pursue the sale process of Usan," a spokeswoman for Total said. Usan is not expected to be an easy sale for Total because deepwater exploration requires significant investment and the new owner's returns could be limited if Nigeria rises taxes on foreign investor profits as part of a long expected sector reform called the Petroleum Industry Bill (PIB). Before deciding to sell the asset, which is about 100 km off the coast, Total was planning to drill several horizontal deepwater wells and build a deep offshore drilling rig. "Anything in Nigeria is a tough sell," said a London-based sector banker. "And anything with capex is even tougher these days. Very few players would be willing to acquire assets that have big investment commitments attached." Total said in November 2012 it had sold its 20 percent interest in the field to China's Sinopec for about $2.5 billion in cash. It is not known why the sale failed. The Nigerian National Petroleum Corporation (NNPC) is the OML 138 concession holder. Other partners include Chevron, ExxonMobil and Nexen, which is owned by Chinese state company CNOOC Ltd. Total is working on several asset disposals to meet a $10 billion 2015 cash flow generation target. The French group is seeking to raise about $2.5 billion through the sale of its Super Glu maker Bostik, Reuters reported.

A deal for the Usan field may have to involve a local company because Nigeria, Africa's top oil producer, is renewing efforts to recoup the benefits from its oil and gas sector. But few Nigerian players would have the money and ability to complete the necessary drilling and building works, several sector bankers said. This means Total's hopes may lie again in the hands of Asian buyers like China's CNOOC, which already has an interest in the USAN field, or India's ONGC and Indian Oil. International oil & gas majors are not expected to show interest because most of them are under pressure from shareholders to cut capital expenditure and improve dividends. Most are seeking to leave Nigeria instead. Earlier this year, ConocoPhillips sold its Nigerian operations to Nigerian oil company Oando for $1.5 billion. Chevron is also in the process of selling assets in Nigeria and Shell recently sold off four oil fields in the West African country. Taleveras and Transcorp are among the best placed Nigerian potential buyers because they have the strongest financial firepower, said one of the sources. A sector banker said state-backed NNPC could also be interested though it already has a number of commitments with foreign investors, Oando is digesting the ConocoPhillips deal and Seplat is focused on Chevron's assets. "(Total) needs a couple of local players with deep pockets. The international banks aren't showing as much interest as they were, and the local banks no longer have capacity to raise that kind of debt," said a local industry source. Commodity traders and miners such as Glencore or Mercuria could also be interested, in theory, as they have been actively hunting for oil & gas assets to diversify from volatile mining operations, said several sector bankers. But trading houses may

not have the required expertise to operate deepwater assets, said one of the bankers. Glencore and Mercuria were among the short-listed bidders for Shell's Nigerian energy assets worth about $3 billion, sources previously told Reuters. RBC Capital Markets said in a report this week that Total was likely to miss production and cash flow targets for next year as it grapples with project disruptions. Total will update the market at a mid-year outlook investors day on September 22. *(Reuters)*

The Nigerian Stock Exchange (NSE) has granted anticipatory approval for the shares of Access Bank Plc ("the Bank") to be placed on Technical Suspension. The approval follows the application made by the bank to the Exchange. Technical suspension is the interruption of price movement in listed shares for a specified period so that any dealings in the shares, which occur during the period of the suspension will not result in any change in price, which change may have occurred had the suspension not been implemented. The bank will hold an Extraordinary General Meeting (EGM)on Monday, October 13, 2014 to seek its shareholders' authorisation for the board of directors to raise additional equity capital in the sum of up to N68 billion by way of a rights issue. Access Bank said its board believes that the Technical Suspension is in the overall interest of its shareholders and will preserve shareholders' value, on account of the proposed corporate action. The Technical Suspension will be lifted on January 27, 2015 and normal trading activities will resume on January 28, 2015. Meanwhile, trading activities on the NSE increased significantly yesterday as investors bought 2.18 billion shares worth N47.74 billion, in 4,084 deals, compared to 263.85 million shares worth N2.79 billion, in 4,780 deals exchanged last Friday. Transcorp Plc, Guaranty Trust Bank Plc, and Zenith Bank Plc were the most actively traded stocks on the exchange in terms of volume, while Guaranty Trust Bank Plc and Zenith Bank Plc, topped in terms of value. Consequently, the benchmark Index appreciated by 0.24 per cent or 96.06 points to close at 40,769.00 from 40,672.94 attained last Friday. In the same vein, market capitalisation increased to N13.46 trillion from N13.43 trillion the previous trading day. A total number of 22 stocks gained on the bourse yesterday while 31 stocks declined leaving 59 stocks unchanged. PZ Cussons Nigeria Plc emerged the toast of investors as it appreciated by 3.04 per cent to close at N34.95, followed by Ashaka Cement Plc with a 3.03 per cent gain to close at N33.29. Others on the gainers chart include; Ecobank Transnational Incorporated, Dangote Cement Plc and Diamond Bank Plc.*(This Day)*

Again, production challenges including a force majeure declared by Shell and series of shutdown of trunk lines and pipelines at various terminals impacted negatively on monthly receipts as gross revenue for August further dropped by about N28.67 billion to about N601.64 billion compared to about N630.3 billion in July. The situation becomes worrisome in view of the huge monetary interventions and other initiatives by the federal government to check pipeline vandalism, illegal oil bunkering and other hiccups in order to improve revenue generation in the treasury. Nevertheless, a total distributable revenue amounting to about N611.70 billion was yesterday shared among the three tiers of government for August. It came as Chairman, Forum of Finance Commissioners, Mr. Timothy Odah, also said the Federation Accounts Allocation Committee (FAAC) believes the recent court judgment that the judiciary be put on the first line charge was unimplementable although it does not intend to bring the court judgment into contempt. He said the matter was still being considered by the respective state governments to a final resolution on the issue. Odah also re-echoed the committee's stance that the oil subsidy programme be removed and the monies given to the states to better manage and prioritise the needs of their people. However, addressing journalists after the monthly meeting of the committee in Abuja, Minister of State for Finance, Alhaji Bashir Yuguda, said gross revenue from value added tax (VAT) within the month under review also dropped by about N3.95 billion to about N61.51 billion compared to about N65.46 billion in July. The minister also said the Nigerian National Petroleum Corporation (NNPC) had paid N10 billion as first installment as part of its N206 billion indebtedness to the federal government. According to the breakdown in statutory distribution, the federal government received about N238.08 billion while the states got about N120.76 billion as well as about N93.10 billion to the local governments. The sum of about N44.84 billion was shared to oil and gas producing states as under the derivation principle. For VAT, the federal government received about N8.85 billion, while the states got about N29.52 billion as well as the local governments which got about N20.66 billion for the month. *(This Day)*

Nigeria's cocoa production is expected to more than double within three years after farmers were supplied with better-yielding seeds, Minister of Agriculture and Natural Resources Akinwunmi Ayo Adesina said. Nigeria has given farmers hybrid seedlings to boost yields fivefold, Adesina said in a Sept. 14 interview with Bloomberg Television Africa in Abuja, the capital. "In another 2 1/2 to 3 years you're going

to see a huge bump in the production of cocoa," the minister said. "We expect that within a couple of years you will see that jump to 800,000 metric tons" a year. Nigeria is the world's fourth-largest cocoa producer behind Ivory Coast, Ghana and Indonesia, according to the London-based International Cocoa Organization. Nigeria produced 240,000 tons this season, according to the organization. The minister estimated production at 350,000 tons. "We can afford to lose to the Elephants of Ivory Coast and the Black Stars of Ghana in soccer, but not in cocoa," Adesina said, referring to the national teams of Nigeria's cocoa-growing rivals. "So we are after them." Ivory Coast produced 1.73 million tons of cocoa in the current season while Ghana produced 920,000 tons, according to the International Cocoa Organization. Cocoa futures traded in London jumped 16 percent this year to 2,005 pounds ($3,269) a ton today on the Liffe exchange. Nigeria also is expanding rice production as part of a government drive to reduce annual food imports of more than $10 billion, Adesina said.

The country, Africa's most populous nation of about 170 million people, aims to become a net exporter of rice in three years, the minister said. "Every single day, I have people coming to my office who want to do rice, not import," said Adesina, citing Singapore-based Olam International Ltd (OLAM) and Nigeria's Dangote Group's investments. Olam said in 2012 it was investing $50 million in its rice farm in the central Nasarawa State. Africa's richest man Aliko Dangote is investing $1 billion in local rice production. "Rice is the most profitable commodity in Nigeria," with a rate of return for investing in rice sitting between 42 and 45 percent, Adesina said. Nigeria would first have to become self-sufficient, he said. Nigeria produced about 2.77 million tons of rice and imported 3 million tons in the 2013-14 marketing year, according to the U.S. Agriculture Department. The gap between output and annual local consumption of 6 million tons, the biggest in Africa, was met from stocks. Nigeria also imported 4.55 million tons of wheat, the most in sub-Saharan Africa, and 1.47 million tons of sugar. As part of its drive to boost local crop production Nigeria is encouraging seed companies to set up and expand and is considering legalizing the use of genetically modified seeds and food. Monsanto Co. (MON), the world's largest seedmaker, and Syngenta AG (SYNN), the fourth-largest, are among the companies expanding operations in Nigeria as the country seeks to pass regulations to allow the use of GMOS. GMOs, which are permitted in South Africa, are barred in many African countries and the European Union bans the cultivation of most biotech crops.

"I make absolutely no apologies at all for Nigeria to use modern science," Adesina said. "What is important is regulation. You have to make sure that you are regulating properly, that you're looking at impact and the risks and you are managing them." Concerned that farmers often lose as much as half of their harvest, the government is working with investors who plan to put $250 million in building warehouses that "will help us significantly in reducing the losses," Adesina said. The creation of 14 "staple crop processing zones" will further help reduce losses, potentially adding $9 billion to the GDP, he said. The government also plans to start a micro-insurance program for farmers against setbacks such as drought and flooding. "I pray quite a lot, but I don't believe African or Nigerian farmers have to wake up in the morning to pray before they sow, pray after harvest, pray for every single thing," the minister said. Nigerian farmers have suffered from the encroachment of the Sahara desert and violence from a four-year Boko Haram insurgency that seeks to impose Islamic rule. More than 350,000 people in the northeastern states, where the violence is fiercest, fled their homes in the first seven months this year, according to the National Emergency Management Agency. Adesina said that violence has disrupted the production of some 400,000 farmers out of 14 million in the country, compromising less than 4 percent of national production. He said the government was providing additional support to farmers in other areas to compensate for the loss.*(Bloomberg)*

Nigeria's oil savings account stood at $4.1 billion as at Sept. 16, broadly flat compared with $4 billion in August, deputy Finance Minister Bashir Yuguda said on Wednesday. The Excess Crude Account (ECA) had around $11.5 billion in January 2013 but after several bouts of spending had fallen to $2.5 billion at the beginning of this year. Nigeria's oil savings usually get depleted during an election cycle, when the demands of patronage surge. The country faces presidential polls in February 2015. *(Reuters)*

A strike by Nigeria's oil unions is not having any immediate impact on crude oil exports from Africa's top exporter, despite moving into a third day, spokesmen for leading operator Shell and Nigeria LNG said. Nigerian oil unions say the strike could affect exports if no agreement is reached with the government. The spokesman for NLNG, the gas exporter which is run jointly by Shell and the government, said he did not foresee any impact from the strike, which began on Tuesday. The dispute is over pensions and a lack of crude supplied to

refineries. Also indicating that the strike has yet to have any impact, the Qua Iboe grade of crude oil for November export came to market on Thursday, on schedule. Oil traded slightly lower below $99 a barrel, pressured by ample supply and concern over the weakening of demand growth in major consumer nations, as well as a rise in the U.S. dollar. The employees on strike work for the state-owned oil firm the Nigeria National Petroleum Corporation (NNPC), not the international oil majors, which operate the oil blocks and export terminals. *(Reuters)*

The federal government has initiated fresh plan to establish a national carrier, which it believes would be the pivot of the Aviation Master Plan that hopes to transmute the sector into a key contributor to the nation's Gross Domestic Product (GDP). Just yesterday, federal government started the assessment of the defunct Nigerian Airways Limited (NALS) assets that have not been sold out or privatised as part of the plan towards the establishment of another national carrier, which would be largely privately owned. The Permanent Secretary of the Ministry of Aviation, Mr Yemi Adelakun, who was at the Murtala Muhammed International Airport (MMIA), Lagos to carry out the assessment on behalf of the federal government, said the purpose of his visit was to see what could be salvaged and to move the sector forward to actualise the set goals, guided by the Aviation Master Plan. Adelakun said part of the Aviation Master Plan was to establish a national carrier that should anchor the air transport aspect of the plan, which include manpower development and the development of aircraft maintenance, repair and overhaul (MRO) facility.

"We are trying to see how we can take aviation section to the next level, so we want to go back and see the wrongs of the past and see where we can correct them. That is why we decided to come for this tour to see for ourselves what is on ground; in fact, like here used to be Nigerian Airways property (Sky Power Catering Services) and we want to see what has become of it. "The purpose is to take this sector to the next level so that all of us as Nigerians can become proud of the sector. We are also looking at the possibility of bringing back our national carrier, if Gabon or Gambia can have its airline, why not Nigeria?" Adelakun said. The Permanent Secretary said Nigeria would not benefit from the aviation sector unless it is able to develop a hub and it cannot develop a hub without establishing its own national carrier. He further explained how government intends to establish a national carrier: "It is going to be run as a commercial entity, where you and I can be part owners of the organisation. "We are going to invite foreigners with expertise and money to invest in the new airline. They have money, they have the technical know-how and they will be our partners. It is not going to be a government business like Nigerian Airways," Adelakum said. When he visited the premises of Skypower Catering Services Limited, which used to be the subsidiary of the defunct Nigeria Airways Limited, he challenged the management of the firm to ensure that it furnished the Ministry of Aviation with the relevant documents of the operation of the airline at its facility, which he described as unofficial and also queried the audacity of the company to collect money from the airline without remitting same to the Ministry of Aviation, the body supposedly in charge of supervising the firm. Adelakum also said government wants to sustain the accident free operation of Nigerian airlines this year and in subsequent years, adding that government was determined to ensure safety and security of lives and property in air transport in the country. "We have to secure our airspace; we have to make our customers very comfortable, they have to be happy. We are determined to bring the industry to the world's best standards and we want to make Nigeria the aviation hub in West Africa," Adelakum also said. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzania has signed an agreement with French oil producer Maurel et Prom and Wentworth Resources for the supply of gas aimed at doubling the country's power generation capacity to 3,000 megawatts by 2016. Oslo Stock Exchange and London AIM-listed Wentworth Resources said in a statement on Monday initial gas delivery was expected to begin between Jan. 22 and April 22 next year. The natural gas will be supplied to a 532-km government-owned pipeline from the south of the country to the commercial capital Dar es Salaam. "The signing of the Mnazi Bay gas supply agreement is a significant advancement in the development of the gas industry and lays the foundation for the future domestic gas development in Tanzania," Bob McBean, Wentworth Resources's executive chairman, said in a statement. Maurel et Prom is the operator of the Mnazi Bay licence with a 48.06 percent production interest, while Wentworth owns a 31.94 production stake. State-run Tanzania Petroleum Development Corporation (TPDC) retains the remaining 20 percent production interest in the licence. Under the agreement, the Mnazi Bay partners will deliver to the government's pipeline up to a maximum of 80 million cubic feet per day (mmcf/d) of natural gas during the first eight months, with an option to increase over time to a maximum 130 mmcf/d of gas for up to a 17-year supply period. The gas price is set at $3 per million metric British thermal unit (mmbtu) escalating with the United States CPI Industrial index, according to details of the gas deal released by Wentworth. The pricing formula is based on a take-or-pay basis, which contractually binds Tanzania to purchase a fixed minimum quantity of natural gas even if it does not need it during the duration of the contract, one analyst said. The deal is still subject to final regulatory approval. Tanzania has 46.5 trillion cubic feet (tcf) of proven natural gas reserves, and expects exploration off its southern coast will result in more finds. *(Reuters)*

Tanzania plans to lift gold production at its Stamigold Biharamulo gold mine, formerly owned by African Barrick Gold, to 40,000 ounces next year, almost four times its expected output for 2014. Stamigold became the first state-owned gold mine in Tanzania, Africa's fourth-biggest gold producer, after the country passed a law in 2010 that allowed the government to own a mining stake. Stamigold's parent company said in a statement on Wednesday that production, which restarted last month, would jump from just 10,700 ounces expected this year. The mine produced 44,338 ounces in 2012, and 84,101 ounces in 2011. "We have started mining a new open pit and extended the life of the mine for three more years," the company's acting managing director, Edwin Ngonyani, told Reuters. "We are still doing some more exploration work and there is a possibility that the life of the mine can be further extended if we find sufficient gold reserves." Tanzania's government bought African Barrick's Tulawaka gold mine in November, and renamed it Stamigold Biharamulo. African Barrick sold due to declining gold production, but the Tanzanian government acquired both the mine and some exploration rights in the area to try to boost output. Total cash costs at the mine, located about 160 km (96 miles) in the country's gold field region near Lake Victoria, are expected to fall to $800 per ounce from the current $920 per ounce, Stamigold said. Many gold and silver miners have been forced to shelve new projects and slash costs, after prices of the precious metal fell from their 2011 highs. *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia and Zimbabwe have obtained pledges of $280 million to rehabilitate the Kariba dam, a crucial source of energy built more than 50 years ago that requires urgent maintenance, the authority managing the dam said on Wednesday. The European Union (EU) will provide $100 million, the World Bank and African Development Bank (AfDB) $75 million each, Sweden $30 million, and the balance will come from the Zambezi River Authority (ZRA), it said. Failure to invest in the rehabilitation of the dam could result in the gradual degradation of key safety features to a level below international standards, ZRA said. "It is urgent and the document is going to the board for approval very soon so that work can begin," AfDB Zambia Country Representative Freddie Kwesiga told Reuters. The Kariba dam and hydro-electric scheme were built across the Zambezi river between 1956 and 1959 and have been central to energy security and economic development in Zambia and Zimbabwe. Kwesiga said the $75 million that the AfDB has pledged will be a loan but some of the institutions had given grants for the project. *(Reuters)*

Zimbabwe

Corporate News

ZIMBABWE'S largest beverages maker, Delta, has reviewed the prices of beer across the whole portfolio in response to the declining large volumes due to low disposable income. The new prices came into effect on Monday and have already been communicated to clients. Delta Beverages general manager for lager beer business unit Munya Nyandoroh said yesterday affordability has become a big issue for the Zimbabwean consumer thanking customers who have been complying with the recommended retail prices thereby keeping the products affordable. "The price of the quart pack has been reduced to $1,60 from $1,75 making it the most affordable bottled mainstream beer offering. Eagle quart which was retailing at $1,20 has been reduced to $1," Nyandoroh said. He said the magnum 660ml returnable bottle for Golden Pilsener, Zambezi Lager and Bohlingers has also been reduced to $1,75 from $1,80. Also reduced is Castle Lite non-returnable bottle which was retailing at $1,20 now down to $1,15 including its popular 440ml can which is now $1,25 from $1,30. Nyandoroh said while most outlets in the country tend to price the 375ml returnable bottle (pint) at $1, Delta Beverages recommended retail price was $0,95. Nyandoroh said all other pack prices remained unchanged. In the financial year ended March 31 2014, Delta said lager volumes had declined by 18% due to waning demand. It said sorghum beer grew by 12% as imbibers shift to affordable beer. *(News Day)*
NATIONAL Foods posted a solid set of results for the year ended 30 June 2014 on the back of an increase in volumes sold during the period under review. The group which is one of Zimbabwe's largest manufacturers and marketers of food products, delivered revenue growth of 11% on an increase in volumes sold of 8% compared to the previous financial year. The group's margin grew fractionally to 23% despite reviewing pricing in order to remain competitive while it also recorded a non-recurring profit of $1,5 million realised primarily on the disposal of some assets. "Whilst the deficit in locally grown maize, wheat and soya beans remains we are compelled to maintain long future priced pipelines of imported raw materials which can affect our margins in periods of commodity pricing volatility," chairman Todd Moyo said. Although the maize milling division posted good results, with volumes increasing by 19%, the flour milling division experienced subdued trading patterns. Revenue decreased by 1% due to lower realisation per tonne of wheat sold. Year on year profitability dropped by 13% as the company continued to sacrifice margin in order to hold volumes against flour imports.

Bakers are still permitted to import duty free flour, as the country's wheat cropping is insufficient to cater for demand. "Spot traders of flour have the ability to import cheap products into Zimbabwe whereas National Foods is committed to a five-month pipeline of pre-priced wheat," said Moyo. This scenario leads to the company having to compromise margin in order to hold volumes against flour imports. Moyo said in this financial year, the company's maize pipeline was well priced thereby supporting the margin. The company's current ratio stood at 2,12 and this liquidity ratio estimates the ability of a company to pay back short-term obligations. This high ratio indicates the increased capability of the company to pay back its debts. The debt-to-equity ratio which quantifies the company's financial leverage stood at 0,63. Lower values of debt-to-equity ratio are favourable indicating less risk. The company had a high interest coverage ratio (ICR) of 14,4. This ratio is a measure of a company's ability to meet its interest payments and determines how easily a company can pay interest expenses on outstanding debt. An interest coverage greater than 5 is basically desirable. *(News Day)*

Economic News

ZIMBABWE and Russia yesterday commissioned a historic $3 billion platinum mining project in Darwendale that is expected to stimulate growth in various sectors of the economy over the next few years. This is the biggest joint venture Government has entered with a foreign investor in the history of independent Zimbabwe, with nearly a million ounces of platinum expected to be produced annually, while thousands of jobs would be created. The Russians have already secured funding for the project and drilling is ongoing with Zimbabwe availing swathes of land with vast platinum deposits. The joint venture, Great Dyke Investments,is between the Zimbabwe Mining Development Corporation and a Russian consortium made up of three corporations, including a national bank. The corporations are VI Holdings, Rostec, a technology partner and Vnesheconombank, the financier. Investment levels are expected to reach $4,2 billion over the

next 10 years as there are plans to set up a refinery to promote value-addition, which is a key pillar of Zim-Asset, the Government economic blueprint. During the commissioning of the project, three agreements were signed, with the first being the inter-governmental agreement on co-operation in the implementation of the project, which was signed by Foreign Affairs Minister Simbarashe Mumbengegwi and Russian Minister of Industry and Trade Mr Denis Manturov. Also signed was the financing agreement for Darwendale project, signed between Afromet and VB Bank and another agreement on staff training between Great Dyke Investments and Russia University of Science and Technology. The project, launched in the presence of President Mugabe, Cabinet Ministers, diplomats traditional leaders, legislators and Russian senior Government officials and businesspersons, would be implemented in three phases. Russian Foreign Minister Mr Sergey Lavrov, a highly respected international diplomat led the commissioning of the project. The first phase will run from 2014-2017 and will see the exploration and infrastructure establishment as well as construction and commissioning of the first stage of facilities for mining being carried out.

During the second phase (2018-2021) there will be construction and commissioning of two underground mines and the second processing plant with additional mines being constructed in the third stage (2022-2024). Great Dyke Investments board chairperson Dr Hesphina Rukato, said the launch of the project marked the fruition of a vision started in 2006 but had been stalled because of lack of funding. "Between 2013 and 2014, new shareholders came on board and previous geological data was restored, reanalysed and confirmed," she said. "In line with Zimbabwe's policy of value-addition and beneficiation, as expounded in the country's economic blueprint Zim-Asset, it is planned that a refinery will be established so that value is added in country. This project has the potential to contribute significantly to the socio-economic landscape of Zimbabwe." She added: "Additional benefits will be realised in service sectors such as technological transfer and skills development, education, health as well as development of infrastructure."President Mugabe said the "historical act" would turn around the fortunes of the Zimbabwean economy. "It will see us rise as a nation and will see our performance, socio-economic, also rise as greater development takes place with greater addition and beneficiation of our natural resources," he said. "We couldn't do it with enemies, No, we can only do with our friends so hand in hand, heart to heart we shall succeed." He thanked President Putin and the people of Russia for standing by Zimbabwe against Western onslaught and for their commitment to strengthening the existing bilateral relations. "It is a message we reciprocate and say yes, yesterday you were our good friends you helped us to become what we are--an independent people," President Mugabe said. "And today you have proved once again that your act, historical yesterday, has once again demonstrated that you still are one of our greatest friends in the world and we reciprocate by saying small though we are, our heart is as large as your own. "Small though we are, our thoughts and beliefs are as good as your own. Small though we are, our dedication and commitment to the revolution, ideas and objectives of the revolution of yesterday that commitment continues. We are sure as a Government of the people, a Government which is custodian of the natural resources that belong to the people that we would want to see exploited in the interest of the people, exploited in partnership with those who are like ourselves. "Ngati tendei nemoyo wese shamwari dzedu dzakatibatsira zuro pfuti nepfuti tikapihwa dzidzo yevana vedu vakaenda ikoko semaendero avaita kuChina ndivo vatinavo zvakare vatiri kuti nemi tichaenderera mberi. Hushamwari hwazuro, hushamwari hwanhasi." Minister Lavrov said Russia and Zimbabwe were "very old friends". "This is based on a mutual understanding of interests and on the common understanding on the future of the Russian and Zimbabwean people," he said. "I am very gratified on this occasion that the visit of the Russian Foreign Minister took place to Zimbabwe and we had a very rich discussion with the President of Zimbabwe and my colleague minister of Foreign Affairs of Zimbabwe reiterating our resolve to provide all political support for promoting trade and economic investment cooperation between our countries (and) to promote human and cultural cooperation including cooperation in the field of education where not only the Russian government provides scholarship to Zimbabwean citizens but also Russian companies are joining the process and participate in financing the training of Zimbabweans who will be working on this and many other joint ventures." *(Herald)*

The annual inflation rate trended southward again in July, dropping 0,16 percentage points to 0,15 percent in August, but analysts believe the rate will stay in positive territory. According to the Zimbabwe National Statistical Agency, this means that prices of goods and services increased by an average of 0,15 percent in the 12 months period to August 2014. The year-on-year food and non-alcoholic beverages inflation, prone to transitory shocks, stood at minus 2,79 percent while the non-food inflation rate was 1,1 percent. Monthly inflation in August came in at minus 0,31 percent, shedding 0,32 percentage points on the July rate of inflation. This means that prices of

goods and services moved by an average of 0,31 percent between July and August this year, the national statistical office said yesterday. ZimStat said the month-on-month food and non-alcoholic beverages inflation stood at minus 0,81 percent in August 2014 shedding 0,35 percent on the July rate. Economists said yesterday that Zimbabwe was likely to remain with low, but positive annual inflation rate after last month's increase caused by a hike in utility charges. "If you remember last month we had the load up factor of electricity and utilities factored in that figure (July annual inflation), which means there is a minute difference in rates because we are coming from a high base," said Harare economist Mr Blessing Sagwati. He said that producers had factored high operational costs due to utilities charges from Zesa, Zinwa, rental charges as well as the effect of the garnishee orders by Zimra.

"The other factor towards depressed price movement pertains to product diversity and consumer resistance," he said. Mr Sagwati said the rate of inflation was likely to stabilise around the now prevailing low but positive rate at a time consumers were limiting consumption to basics. He also pointed out that the fact that consumers were also doing most of their shopping in less formally structured retailers to avoid paying high prices, meant pressure on inflation was also set to remain generally stable. Bulawayo-based economist Dr Eric Bloch said inflation marginally declined because there has not been significant upward movement in price of goods and services. "There was little movement in prices, measured against the previous month. In the short term the prices will stabilise around these levels. Going forward it depends on what happens in agriculture," he said. Dr Bloch said if the country receives good rains in the period November to January next year, there could be better chance of maintaining low positive inflation rate. "If we have good rains, we will maintain price stability, but if we do not, it means we will have to rely on imported products and we will see some inflation." Zimbabwe has had negative territory for the better part of this year, prompting conflicting reactions from economic analysts with some saying it was deflation, when prices keep falling, pushing inflation into negative zone. Others however dismissed the school of thought claiming negative inflation was mere price correction as products sold in Zimbabwe were over-priced. *(Herald)*

THE World Bank has approved the establishment of the Zimbabwe Reconstruction Fund (Zimref) to support private sector development, capacity building and policy dialogue among others. Zimref will be implemented over a period of five years (2014-2019) and is a successor to the Analytical-Multi Donor Trust Fund (A-MDTF) and is aligned to the economic blueprint, Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset). It will also be implemented under the Zimbabwe Interim Strategy Note III, an engagement framework between the country and the World Bank. Finance and Economic Development minister Patrick Chinamasa told Parliament last week that the fund had received pledges from co-operating partners estimated at $44 million and the envelope was expected to grow over time as results are demonstrated. Britain's Department for International Development pledged £10 million (about $16,2 million), the European Union,€5-10 million (about $6,5 million to $13 million) and Sweden and Norway ($5 million apiece). Denmark and Germany pledged $1 million apiece. "Zimref will support private sector development, capacity building, resilience and livelihoods, and policy dialogue," Chinamasa said. The A-MDTF has been the World Bank's main vehicle for financing support to Zimbabwe over the last five years. Supported by 12 donors, the A-MDTF had funding of over $19 million for 2008-2012, and was extended through 2013. It has also improved donor coordination.

The bank said the objective of the A-MDTF was to contribute to analytical work on Development challenges facing Zimbabwe and to design instruments to enable government and donors to respond quickly as conditions for re-engagement change. In the interim strategy note for Zimbabwe, the World Bank said the A-MDTF had "significant impact in informing government policy; building up technical knowledge (through studies and workshops) related to Zimbabwe's development issues; supporting government capacity improvement; establishing the basis for transparency and accountability; and informing the public debate on international best practices in specific areas. "Although initially it had a broad remit, after the mid-term review it was decided that the A-MDTF would focus on economic management and governance; agrarian issues; and infrastructure, mainly water, and that it would be better aligned with the AfDB-managed Zim-Fund," the World Bank said last year. The ISN for Zimbabwe was done by the International Development Association, International Finance Corporation and Multilateral Investment Guarantee Agency— all arms of the World Bank Group. It began last year and end in 2015. This was the third roadmap for Zimbabwe after one in 2005 and the other which ran from FY 2008-2009. It is aligned to the World Bank's Africa region strategy, premised on competitiveness, employment, vulnerability and resilience with a foundation of governance and public sector

capacity. Its first priority is fostering private sector-led growth, addressing competitiveness and employment by working to improve Zimbabwe's "business environment and the agriculture sector, easing infrastructure constraints, and improving overall growth conditions". While capacity in the private sector has suffered from a decade of poor investment, the ISN contends that it could, with a better environment be a driver of growth. It said Zimbabwe has a competitive base for private sector development, largely "on account of the substantial investments made in human capital and infrastructure" after Independence. The ISN aims to address governance and public sector capacity by strengthening core public systems and focussing on the demand side of good governance. *(News Day)*

Zimbabwe will cut the royalty imposed on gold producers to 5 percent from 7 percent to boost production because companies are struggling with low prices, the government said. "International prices of precious metals, in particular, gold, remain subdued, thereby threatening the viability of most of the mining houses," Finance Minister Patrick Chinamasa said in a statement seen by Reuters on Monday. "I, therefore, propose to review downwards, royalty on gold produced by primary producers from 7 percent to 5 percent. These measures take effect from 1 October 2014." Zimbabwe's gold production fell 26 percent to six tonnes during the January-July period this year, according to official data, and the spot price for the precious metal has been pinned down around 8-month lows below $1,250 an ounce. The country's gold mines are also struggling with power shortages and high borrowing costs. Minerals and precious metals account for 52 percent of Zimbabwe's export income and gold is the number two earner after platinum. The royalty on platinum remains at 10 percent. Gold mining firms in Zimbabwe include Freda Rebecca, which is owned by London-listed junior producer Mwana Africa plc as well as African Consolidated Resources and RioZim Ltd. *(Reuters)*

Diamond mining company Alrosa is partnering a Zimbabwe-Russia joint venture company to prospect for diamonds in the southern African country, Russia's trade and industry minister said on Monday. Russia's major investment in Zimbabwe is a joint-venture diamond and gold mining company in eastern Zimbabwe, DTZ-OZGEO, and Moscow is also planning a joint platinum mining operation outside the capital Harare. Diamonds are mined in the south of the country by private company River Ranch, in central Zimbabwe by Rio Tinto and in the eastern Marange area, which caused controversy when 20,000 illegal miners were evicted by soldiers and police in 2008. Denis Manturov said Alrosa and DTZ-OZGEO would prospect for diamonds throughout Zimbabwe. The Russian firm also wants to help Zimbabwe with sorting and evaluating its diamonds. "I would like to point out that Alrosa has come up with a proposal to the Zimbabwean side to extend expert assistance to Zimbabwe in the field of organising the system of sorting, valuation and marketing of its diamonds," Manturov said. Shunned by western countries over charges of vote fraud and human rights, President Robert Mugabe has reached out to Beijing and now to Moscow for badly needed investment in a country where only two in 10 employable people hold formal jobs. Russia, like China, has strong political ties with Zimbabwe, which began when Moscow helped train independence fighters. In 2008 Russia vetoed a Security Council resolution by Western countries to impose sanctions on Zimbabwe. Russia is now the target of sanctions by the United States and European Union. *(Reuters)*

An International Monetary Fund team arrived in the country yesterday to negotiate a successor Staff Monitored Programme (SMP) and immediately held meetings with the Minister of Finance and Economic Development Patrick Chinamasa, among other senior Government officials. The IMF will also conduct the third review of the SMP. The team will be in the country until the beginning of October. "Yes we have the IMF in the country for the next two weeks for the third review of the SMP. They are also here to negotiate a successor SMP," said Zimbabwe Aid and Debt Management Office head Mr. Andrew Bvumbe in an interview with The Herald Business. Mr. Bvumbe said the IMF team yesterday met Minister Chinamasa and the Governor of the Reserve Bank of Zimbabwe, Dr John Mangudya. They are scheduled to meet with the Chief Secretary to the President and Cabinet Dr Misheck Sibanda, the Ministries of Mines and Mining Development and Agriculture, Mechanisation and Irrigation Development. The Bretton Woods Institution team will also meet officials from the Chamber of Mines, the Bankers Association of Zimbabwe, development partners, the Confederation of Zimbabwe Industries and the Parliamentary Portfolio Committee on Finance and Economic Development. Some of the development partners the IMF will meet include the African Development Bank and the World Bank. Mr. Bvumbe said the IMF is pleased with the outcome of the review. "We are positive of the outcome of the review. We have met all the targets and we remain positive," said Mr. Bvumbe. Following the conclusion of the first and second SMPs in June, the IMF said Zimbabwe's performance under the programme had been broadly "satisfactory". "The authorities have

begun implementing policy measures and a programme of reforms aimed at addressing the fiscal gap that has emerged for 2014; improving the quality of public expenditures; enhancing financial sector stability; and moving forward delayed structural reform measures. "The authorities have reiterated their continued commitment to the policies agreed under the SMP, and to enhanced engagement with the creditors and the international community," the IMF said. The international financier said a successful conclusion of the third review "could pave the way to a successor SMP, which the authorities have indicated they may request, in order to build on their achievements and support a stronger policy framework". "IMF staff will remain engaged with the authorities to monitor progress in the implementation of their economic programme, and will continue providing targeted technical assistance in order to support Zimbabwe's capacity-building efforts and its adjustment and reform programme," the IMF said. *(Herald)*

Three Chinese firms led by Shanghai Electric Group are considering setting up a coal mine and a 1,200 MW thermal power station in western Zimbabwe, company officials said. Industries and households in the southern African country have endured electricity cuts for years because the state power utility produces only 1,100 MW of power, half the national demand. Under the deal, Shanghai Electric would partner Shenergy Co Ltd and Nan Jiang Group to form Southern Africa Shanghai Energiser Company (SASEC), which would mine coal and build the power plant in Zimbabwe's western coal mining belt. The companies signed a memorandum of understanding on the project on Wednesday night, joining a growing list of Chinese enterprises seeking business opportunities in a country desperate for foreign investment.
The consortium and Zimbabwe's government are in talks over a mining and power generation licence, Jonathan Kadzura, chairman of the southern Africa unit of Nan Jiang, told Reuters. The first 300 MW would take three years to produce. "They want to build the power station in three stages up to 1,200 MW and they are going to finance it as an independent power producer," Kadzura said. SASEC would sell its electricity to the state-owned Zimbabwe Power Company and also export to the region. Zimbabwe's long-serving President Robert Mugabe has increasingly sought aid from China in the absence of funding from the West, which accuses him of human rights abuses and election fraud. The 90-year-old leader denies the charges. Earlier this month, China's Sino Hydro started work to add 300 MW to Kariba hydro power plant. Sino Hydro was awarded a $1.3 billion contract in June to add 600MW at the Hwange coal-fired power station while China Sunlight Energy is working on energy projects worth $2 billion. "We can also offer finance and investments in the power industry. We hope we can help you build power stations and to mitigate the shortage of power," Shanghai Electric's president Zheng Jianhua said at Wednesday's signing ceremony. *(Reuters)*

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