SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	14-Aug-15	21-Aug-15	WTD % Change Local	WTD % Change USD	31-Dec-14	YTD % Change Local	YTD % Change USD
Botswana	DCI	11087.03	11035.41	-0.47%	-0.75%	9,501.60	16.14%	9.19%
Egypt	CASE 30	7879.82	7172.63	-8.97%	-8.97%	8,942.65	-19.79%	-26.75%
Ghana	GSE Comp Index	2148.77	2164.22	0.72%	-2.75%	2,287.32	-5.38%	-27.18%
Ivory Coast	BRVM Composite	302.97	296.33	-2.19%	-2.15%	258.08	14.82%	5.25%
Kenya	NSE 20	4496.23	4405.29	-2.02%	-3.80%	5,112.65	-13.84%	-24.50%
Malawi	Malawi All Share	15913.90	15805.06	-0.68%	-4.48%	14,886.12	6.17%	-7.82%
Mauritius	SEMDEX	1965.02	1959.39	-0.29%	-0.38%	2,073.72	-5.51%	-15.96%
	SEM 10	376.36	376.31	-0.01%	-0.11%	385.80	-2.46%	-13.25%
Namibia	Overall Index	1069.17	1025.70	-4.07%	-5.08%	1,098.03	-6.59%	-16.04%
Nigeria	Nigeria All Share	30705.62	29878.33	-2.69%	-2.07%	34,657.15	-13.79%	-20.14%
Swaziland	All Share	306.63	306.63	0.00%	-1.06%	298.10	2.86%	-7.55%
Tanzania	TSI	4611.56	4595.96	-0.34%	-0.16%	4,527.61	1.51%	-16.83%
Tunisia	TunIndex	5571.05	5546.68	-0.44%	-0.37%	5,089.77	8.98%	4.04%
Zambia	LUSE All Share	5843.32	5851.23	0.14%	-1.81%	6,160.66	-5.02%	-24.15%
Zimbabwe	Industrial Index	141.38	135.82	-3.93%	-3.93%	162.79	-16.57%	-16.57%
	Mining Index	39.36	35.52	-9.76%	-9.76%	71.71	-50.47%	-50.47%

CURRENCIES

Currency	14-Aug-15 Close	21-Aug-15 Close	WTD % Change	YTD % Change
BWP	9.99	10.02	0.29	6.06
EGP	7.81	7.81	-0.00	9.50
GHS	3.99	4.13	3.57	25.46
CFA	588.95	588.69	-0.04	9.14
KES	99.78	101.63	1.85	12.06
MWK	513.00	533.38	3.97	10.78
MUR	34.18	34.21	0.10	12.33
NAD	12.77	12.91	1.07	10.08
NGN	196.62	195.37	-0.64	8.64
SZL	12.77	12.91	1.07	10.08
TZS	2,079.73	2,076.10	-0.17	22.27
TND	1.95	1.95	-0.07	4.81
ZMW	7.79	7.95	1.98	22.78

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana halved its 2015 growth forecast due to expected weakness in the diamond market, the finance ministry said in a 2016/17 budget strategy paper on Thursday. The government now expects the economy of the world's biggest diamond producer to grow by 2.6 percent this year. In February, Finance Minister Kenneth Matambo had announced a growth target of 4.9 percent for 2015. The southern African nation is now seen posting a deficit of 4.03 billion pula ($394 million) or 2.61 percent of the gross domestic product against a previous estimate of a surplus of 1.23 billion pula or 0.8 percent of GDP. "The domestic economy is forecast to grow by 2.6 percent in 2015, underpinned by expected decrease in demand for diamonds in the global market," the strategy paper said. "A higher growth rate of 4.9 percent in projected for 2016. However, the downside risk to these projections continues to be the country's high dependence on diamonds, whose demand and prices are subject to global fluctuations." A sustained weakness of the diamond market throughout the year has seen diamond prices softening while annual output targets have also been trimmed. Sluggish sentiment in the market has seen both De Beers and Botswana's Okavango Diamond Company (ODC) sales falling by over 20 percent in the first half of this year. De Beers, whose sales fell 21 percent in the first six months of the year, last month trimmed production targets for 2015 due to globally weaker diamond demand. *(Reuters)*

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Egypt

Corporate News

Egypt's Orascom Construction Industries said it made a net profit in 2014 of 4.6 billion Egyptian pounds ($588 million), having made a loss in 2013 of 1.4 billion pounds. Sales rose to 7.8 billion pounds from 6.2 billion pounds. *(Reuters)*

Egypt's Ezz Steel's net loss in the first quarter of 2015 widened to 136 million Egyptian pounds ($17 million) from a 19 million pound loss in the same period last year, the company said on Thursday. Net sales were 4.8 billion pounds in the first quarter of 2015, down from 5.3 billion in the same period last year, it said in a statement. *(Reuters)*

The chairman of Juhayna, Egypt's largest dairy products and juices producer, has been barred from trading on the Cairo bourse and his shares have been frozen, two informed stock market sources told Reuters on Thursday. A committee formed by the government last week issued a ruling to freeze the assets of Safwan Thabet due to his alleged links to the banned Muslim Brotherhood. *(Reuters)*

Economic News

Egypt is looking to add 500,000 new Internet users by the end of 2015 and increase its internet penetration rate to 50 percent from 34 percent by the end of 2016, communication minister Khaled Ali Negm said. The communication and information technology ministry mandated reduced prices at the start of August as part of its plan to expand Internet access across Egypt and improve speeds. "Every 10 percent increase in Internet penetration increases Egypt's gross domestic product by 1.8 percent," the minister told Reuters in an interview. The ministry hopes to add 1.5 million additional users by the end of 2016 to its current base of 3.4 million ADSL broadband users and increase the minimum speed to 2 megabits per second from the 1 megabit per second currently offered, he said. Since the lower prices came into effect at the beginning of August, 31,000 new Internet subscribers have come online. "By the end of 2016, the Internet in Egypt will look completely different," Negm said. Egypt will also begin offering 4G mobile services in the first quarter of 2016 and allow Telecom Egypt, the country's landline monopoly, to become the country's fourth mobile provider, the minister said. The government approved a unified licence last year, opening the way for Telecom Egypt to offer mobile services in competition with Vodafone Egypt, Etisalat and Mobinil, but implementation has been delayed repeatedly. Asked about whether Telecom Egypt, which is 80-percent government owned, would have to sell its 45-percent stake in Vodafone in order to participate in the unified license, the minister said: "We will preserve the company's assets and maximise them," but did not elaborate. *(Reuters)*

Egypt's unemployment rate edged down to 12.7 percent in the second quarter of 2015, from 12.8 percent in the first quarter and below the 13.3 percent recorded for the same period last year, the statistics agency said. President Abdel Fatah al-Sisi has pledged to reduce joblessness to 10 percent over the next five years. The 2011 uprising against Hosni Mubarak was partly fuelled by anger over the lack of job prospects for young Egyptians. Egypt's labour force added 66,000 new jobs during the second quarter to reach 27.8 million, the statistics agency said in a statement, citing an "improvement in some economic activities." But unemployment for those between the ages of 15 and 29 was 26 percent for the second quarter and 44.6 percent for those holding a university degree or higher, it said. A survey earlier this month showed that non-oil private sector employment in Egypt fell in July at the fastest rate in three months, although the decline was modest.*(Reuters)*

Egypt's Oriental Weavers has been referred to the public prosecutor for "monopolistic practices", the Egyptian Competition Authority said in a statement on Tuesday. "Oriental Weavers agreed with several distributors not to distribute products made by any company that it competes with," the statement said. If a court rules against the company, it faces a fine of up to 300 million Egyptian pounds ($38.31 million), the authority said. *(Reuters)*

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Egypt will lower the top tax rate and threshold for companies and individuals in high income brackets and freeze a 10 percent tax on capital gains within two weeks in order to attract investors and boost the economy, the finance minister has said. "We await the issuing of amendments lowering the income tax ceiling to 22.5 percent as well as amendments to the capital gains tax within a few days; one or two weeks at the most," Finance Minister Hany Dimian told Reuters in an interview. The government had initially announced the decisions to lower the top tax rate on companies and individuals from 25 percent to 22.5 percent for 10 years in March, but it is yet to be signed into law by President Abdel Fattah al-Sisi. "The highest income bracket right now is 250,000 Egyptian pounds ($32,000) annually and is taxed at 25 percent. This will be reduced to 22.5 percent and will be applied to those earning 200,000 pounds, not 250,000 like before," Dimian said. In May, the government said it would freeze a 10 percent tax on capital gains, reversing a central component of its economic reform agenda that investors had criticised, but the freeze is yet to be signed into law. It kept in place a 10 percent tax on stock dividends. The Cairo bourse had previously been exempt from any taxes on capital gains or dividends. The taxes, approved by Sisi in July 2014 as part of efforts to overhaul an economy battered by years of political turmoil, were in April challenged in court. Former army chief Sisi, who ousted Egypt's first freely elected president following mass protests against his rule, has promised a programme of reforms to win back foreign investors who fled the country after a 2011 uprising. Egypt must balance attempts to narrow a budget deficit of around 10 percent of GDP with efforts to boost business activity.*(Reuters)*

Egypt agreed a three-month oil products deal worth $1.4 billion with Saudi Arabia's state-owned Aramco to begin in September, the oil minister told Reuters on Thursday. The deal stipulates that Egypt pay Aramco within a year, Sherif Ismail said. Financial support from Gulf states such as Saudi Arabia has helped Cairo keep its economy afloat and ease an energy crisis. The deal includes 500,000 tonnes of diesel fuel, 220,000 tonnes of heating oil and 150,000 tonnes of gasoline per month, Ismail said.*(Reuters)*

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Ghana

Corporate News

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Economic News

Ghana's main opposition party asked the electoral commission on Tuesday to create a new voters' register before next year's election, after allegations of fraudulent registration overshadowed the West African nation's last vote. The New Patriotic Party (NPP) said it had overwhelming evidence that the electoral roll used for polls in 2012 was bloated with ineligible voters, including the names of Togolese nationals. Togo is home to the Ewe ethnic group that is also found in southeastern Ghana, where its members are regarded as strong supporters of President John Mahama's National Democratic Congress (NDC). "The votersâ€™ register is incurably flawed and cannot be relied on for the 2016 elections," NPP vice presidential candidate Mahamudu Bawumia told a news conference. "This morning we presented our arguments and evidence on this matter to the electoral commission. "The evidence is damning and shows that Ghanaâ€™s voters register has been compromised," he said. The new register should be created by June next year and be independently audited by an internationally reputable firm ahead of December's election, Bawumia added. The NPP challenged the results of Ghana's 2012 presidential ballot in court, saying Mahama had benefited from illegitimate ballots. The court upheld Mahama's win after eight months of legal wrangling. Ghana is considered a model of African democracy thanks to a track record of peaceful elections, regular changes of power and respect for the rule of law since its return to democratic rule in 1992. The West African state enjoyed years of strong economic growth from its exports of gold, cocoa and oil but was obliged to adopt a $918-million, 3-year deal with the International Monetary Fund in April to correct a persistent fiscal deficit. The West African country is also grappling with a prolonged power crisis that has crippled industries, leading to stunted economic growth and angry voters. Mahama is seeking re-election next year in what is expected to be a tight contest between him and the NPP's Nana Akufo Addo. *(Reuters)*

The Cedi's continuous depreciation against major foreign currencies has negatively affected the operations of most companies in the country. The demand for the US dollar continues to outweigh its supply. The Central Bank, in the middle part of this year, announced that it had sufficient foreign exchange to inject into the country's economy to stabilize the cedi against major foreign currencies. It earlier announced plans to inject $20 million daily into the money market. Despite the assurances and claims, the depreciation scourge has resurfaced, casting into doubt the ability of the Bank of Ghana (BoG) to bring the situation under control. As at yesterday, it was buying at GH¢3.9777 and selling at GH¢3.817. A British Pound was buying at GH¢6.2382 and selling at GH¢6.2465. The Euro was buying at GH¢4.4540 and selling at GH¢4.576. Government has on numerous occasions touted its ability to salvage the situation on the strength of the flotation of Eurobonds and the cocoa syndication loans but all these have not been able to correct the anomaly. By the middle of this year, the local currency had depreciated by over 25 percent. Latest to add his voice to the cedi's unstable performance is Ken Thompson, Chief Executive Officer (CEO) of Dalex Financial Services. He predicted that the local currency would fall against the major trading currencies and hit close to GH¢6 to a dollar by close of year. In an interview with Citi Fm recently, Mr. Thompson stated: "When I made my prediction in February, I remember the Finance Minister came on air the very next day and said that he agrees with me that the cedi has been overvalued but he didn't think it will fall to 6. Till now, nothing has happened and changed for me to change my predictions. Also the cocoa crop has failed, the amount we expect from cocoa is going to be nowhere near what we expect therefore the supply demand situation has not changed."*(Daily Guide)*

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Kenya

Corporate News

Kenya's Pan Africa Insurance reported on Monday a 16.77 percent fall in first-half pretax profits to 412 million Kenyan shillings ($4 million). The firm blamed lower returns on its investments, which fell to 65 million shillings from 223 million in the same period last year, while gross premiums dropped 7 percent. Foreign insurers have been entering the Kenyan market, mainly through acquisitions, attracted by its growth potential, with less than 10 percent of the population having access to insurance services. *(Reuters)*

Mumias Sugar expects to suffer more loss that it recorded last year. In a profit warning statement released on Tuesday, newly appointed company managing director Errol Johnston said cane shortages saw the company close for two-and-a-half months last year. Mumias Sugar suffered Sh2.7 billion annual loss in 2014. Cash flow problems made it difficult for the plant to undergo annual maintenance which has affected operations. "The company herby announces that the projected loss for the year ended June 30, 2015, will be more than 25 per cent compared to the loss reported for the same period in 2014," a statement of disclosure signed by Mr Johnston says. Mr Johnston, whose appointment was submitted to the Nairobi Securities Exchange on Tuesday, said that the board is looking into the future with confidence and is taking measures to safeguard shareholder value in responding to the challenges facing the company. The new boss says the senior management team will be hired competitively and the company operations will be restructured to enhance its strategy. The government bailed out the cash-strapped miller with a pledge to change the company's management and prosecute any managers who may have led to its near-collapse. The firm, whose sugar output accounts for about a third of Kenya's annual production, has been dragged in debt to the tune of over Sh5 billion that nearly saw it collapse. Mr Johnston took over from former chief executive Coutts Otolo who handed over after serving for a year, having replaced Mr Peter Kebati. *(Nation)*

Kenya's NIC Bank increased lending in the first half to boost its pretax profit 10 percent from a year earlier to 3.2 billion shillings ($31 million), it said on Wednesday. The lender, which also operates in Uganda and Tanzania, said loans grew 18 percent to 108 billion shillings, with growth spread across corporate and retail clients. "For the second half of 2015, our focus remains on managing funding costs and operating expenses in addition to minimizing impairment costs through proactive risk management," John Gachora, group chief executive, said in a statement. NIC said profit growth also reflected the performance of its insurance and securities brokerage businesses. *(Reuters)*

Standard chartered Bank of Kenya said on Thursday its first-half pretax profit fell 31 percent to 5.59 billion shillings ($54 million), hurt by increased operating costs and loan impairments. The bank, a unit of Standard Chartered Plc, said net interest income fell to 8.75 billion shillings from 8.76 billion shillings. Its loan impairments jumped 51 percent to 1.3 billion shillings, while operating expenses rose to 5.3 billion shillings from 4.8 billion shillings, the bank said. *(Reuters)*

Economic News

The Kenyan shilling weakened on Tuesday as liquidity increased in the money markets and firms in the manufacturing sector bought dollars, traders said. At 0730 GMT, commercial banks posted the shilling at 102.90/103.00 per dollar, from Monday's close of 102.75/102.85 per dollar. "I expect cautious trading. People are cautious at these levels," said a trader at a commercial bank, adding he expected the local currency to remain in the 102.50-103 level. A second trader said that the shilling is unlikely to weaken beyond 103.00 in the short term because of concerns that the central bank would intervene. "There is still an imminent threat that any level above 103 will attract interest from the central bank, so traders are keen to keep the shilling below that level," the trader said. The central bank sought to mop up 26 billion shillings ($253 million) from the market saying there was excess liquidity. Traders say the shilling was expected to remain under pressure in coming days, hurt by a wide current account deficit and scarce tourism receipts due to dwindling visitor numbers following a spate of attacks by Somali Islamists. *(Reuters)*

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Kenyan Finance Minister Henry Rotich on Tuesday promised further steps, including cutting the budget deficit, to stabilise the currency after a 12 percent fall against the dollar so far this year. The weakness in the Kenyan shilling threatens to feed inflation, and has forced policymakers to raise lending rates by 300 basis points since June. "We will continue to do more including tightening the fiscal deficit to ensure stability in our currency," Rotich told Reuters. Patrick Njoroge, the governor of the central bank, last month called for prudence in fiscal policy to ensure stability in the currency, inflation and interest rates. Dealers blame the shilling's weakness on a combination of factors including dollar strength, a surge in demand for imports and weakness in the tourism sector - a key source of foreign currency - after a series of deadly attacks by al Shabaab militants from neighbouring Somalia. Rotich said the government planned to review personal income tax laws to boost revenue collection. "This is the next stage of our tax reform initiative and we plan to present a bill to parliament by end of this fiscal year." The Treasury set the fiscal deficit at 570.2 billion shillings ($5.54 billion), or 8.7 percent of GDP, for the financial year starting last month. Rotich said the bulk of this gap was covered by funds already secured from China for the construction of a modern railway linking the port of Mombasa to Nairobi.

"This deficit includes investments in mega-infrastructure projects such as Standard Gauge Railway (SGR), power generation and in security modernisation," the minister said. "Excluding expenditures related to the SGR, the overall deficit would decline to equivalent to 6.5 percent of GDP." The projects, Rotich said, were partly responsible for creating more than 800,000 jobs in Kenya last year and they would help the government hit its growth forecast of 6.5-7 percent for this year. Farming, which makes up nearly a quarter of the economy, was expected to do better than last year due to good rains in the second quarter, he said, adding tourism would improve in the second half after some key source markets like Britain lifted security-related travel warnings. Kenya would borrow more funds from international capital markets, the minister said, rejecting claims it could struggle because of an expected U.S. rate hike that has caused investor flight from riskier assets. The economy is growing at high rates and provides higher yields than those on the developed markets. We do not expect any difficulty to raise funds in international markets," he said. Kenya successfully issued a debut Eurobond last year and Rotich has said it may return to international debt markets with other instruments like an Islamic law-compliant sukuk bond. *(Reuters)*

The Kenyan shilling weakened on Wednesday on dollar demand from various sectors but was expected to remain a range through the week, traders said. At 0730 GMT, commercial banks posted the shilling at 103.20/103.30 per dollar, from Tuesday's close of 103.10/20 per dollar. "It's everyone looking for dollars," said a trader at a commercial bank. Typically, dollar demand comes from the energy, telecommunications and manufacturing sectors. The trader said he expected the local currency to remain in the 102.75-103.50 range through the week but the shilling could weaken further next week as businesses begin buying dollars to meet their regular end-of-month obligations. Traders say the shilling was expected to remain under pressure, hurt by a wide current account deficit and scarce tourism receipts due to dwindling visitor numbers following a spate of attacks by Somali Islamists. *(Reuters)*

Shipping activity at Kenya's port of Mombasa, East Africa's biggest, rose by 11 percent in the first half of 2015 as vessel wait times fell, the national port authority said on Wednesday. Gichiri Ndua, Kenya Ports Authority managing director, said the performance reflected progress in the integration of east African countries to ease the flow of trade. The port, a major trade gateway to east Africa, handles imports such as fuel for Uganda, Burundi, Rwanda, South Sudan and eastern Democratic Republic of the Congo. Kenya, which faces increasing competition from other countries like Tanzania and Djibouti in the bid to serve land-locked and rapidly-growing neighbours, said increasing port efficiency is central to its infrastructure plan. Kenya has begun construction of a Chinese-funded rail line, which will connect Mombasa to the Ugandan capital Kampala, speeding the flow of goods and taking pressure off its congested road network. In the first half of this year, the port handled 13.21 million tonnes of goods, 1.3 million tonnes more than in the same period a year ago, Ndua said. Last year, it handled 24.9 million tonnes of cargo - the highest volume in the port's history and an 11.5 percent increase from 2013, he said. Between 2013 and 2014, the so-called dwell time of cargo ships dropped by a day, to 3.9 days. Average turnaround time remained the same - 3.5 days - from 2013 to 2014, despite the increased activity at the port, he said. Inefficiency at the port, including long wait times to unload cargo, has long been seen as a major stumbling block to increasing growth. *(Reuters)*

Kenya is considering whether a $40 million to $50 million mineral and oil analysis laboratory that would give the nation better access to

its resources information should be privately run or government-operated. "This will service the whole of East Africa, it's in demand by industry as it reduces their costs and the time to process the data," Mining Secretary Najib Balala said in an interview Thursday in the capital, Nairobi. Companies including Tullow Oil Plc. have found oil in Kenya, which has an estimated 600 million barrels so far, while neighboring Uganda could hold 6.5 billion barrels. Kenya is the world's third-biggest producer of soda ash, used to make glass, and ranks sixth in output of fluorspar, used in steel, according to the U.S. Geological Survey. It also has deposits of coal, gold, rubies and sapphires. Randgold Resources Ltd., a producer of the metal in Africa, said last year it planned a study of Kenya's gold-mining potential. Balala said it was too early to say when the service would start as the report on the facility only landed on his desk Wednesday. "Small issues" were preventing lawmakers from passing a Mining Bill that would provide policy stability, Balala said, without elaborating. Kenya ranked third from bottom on the Investment Attractiveness index published in the Vancouver, Canada-based Fraser Institute's annual survey of mining companies last month. Shortly after his appointment in 2013, Balala canceled 43 prospecting and mining licenses after saying the government discovered irregularities in the way they were granted. *(Bloomberg)*

Kenya's telecoms regulator said on Thursday that new regulations to prevent large firms abusing their dominant position in the sector are not targeted at Safaricom, the country's biggest operator, or any other company. Amendments to the sector's competition law, due to come into effect any time, will give the regulator more powers to declare a firm to be dominant, a step that could lead to penalties. However, the Director General of the Communications Authority of Kenya, Francis Wangusi, said the regulator did not aim to penalise any company just for being dominant, but only if there was abuse of its position in the market. Wangusi said it could be up to 18 months before enough work had been done to determine if any player was dominant - defined as having more than a 50 percent share of a market segment. He denied media reports that the regulations were targeted at Safaricom, which is 40 percent-owned by Britain's Vodafone. "There are various markets and we would not want to identify ourselves with anybody who wants to say that we have chosen a certain player to be able to make rules around it," Wangusi told a news conference when asked if Safaricom was the target of the new rules.

Safaricom has 67 percent of Kenya's 23 million phone customers, and leads segments such as voice and phone-based financial services. Its rivals, subsidiaries of India's Bharti Airtel and France' Orange, have complained its size gives it unfair advantages. The regulator is hiring a consultant to do a study of the telecoms, postal and broadcast markets, Wangusi said. "And that is why it is too early for us to come up to say 'Safaricom you are dominant', because Safaricom can be dominant in certain markets, but not dominant in others," he said. Safaricom said last month that the new rules could discourage investment by targeting large players; prevent a dominant operator from freely setting prices of retail services; force it to share its network infrastructure at prescribed rates and could potentially lead to the break-up of such a company. Wangusi said the new regulations would further break down the telecoms sectors into segments including mobile and fixed voice, data, text messaging and mobile money transfer services. "In all these markets, we would not apply the same rules. If for example you have significant market power in retail services, you will not have the same rules regulating you like when you have it in wholesale," he said. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economics News this week

WEEKLY AFRICAN FOOTPRINT

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Mauritius

Corporate News

Terra Mauricia, a leading Mauritian sugar producer, said on Friday its first half pretax loss narrowed, helped by improved results from its Ivory Coast operations and reduced operating costs. Terra Mauricia, whose businesses range from sugar, electricity and alcohol production to property development and financial services, posted a loss of 10.6 million rupees ($300,283) from a loss of 156.7 million rupees a year earlier. The loss of its sugar segment fell to 191.7 million in the half to June 30 from 323.5 million rupees a year ago. It said improved six months results from its Ivory Coast operations helped contain the loss incurred by its sugar unit. "Other than the sugar segment, which will substantially improve on last year but is still unlikely at current prices to be profitable, all other segments and associates are performing well," the firm said in a statement. "Barring exceptional events, group results are expected to show a marked improvement on last year." Terra Mauricia said its loss per share fell to 0.23 rupees from 0.85 rupees a year earlier. Its shares ended 2.5 percent lower at 29 rupees. The results were released after the stock market had closed. *(Reuters)*

Mauritius-based Sun Resorts swung to a pretax profit of 265.8 million rupees ($7.5 million) in the second quarter of the year due to higher room occupancy rate as tourism in the Indian Ocean island state recovered slightly. Sun Resorts, which also operates in the Maldives, posted a pretax loss of 143.02 million rupees in the second quarter of 2014 as the vital tourism industry struggled mainly due to the economic slowdown in its main markets in Europe. The group said room occupancy rose to 71.9 percent in the three months to end-June, from 61.1 percent a year earlier. However, it said revenue was down 15.8 percent to 753.28 million rupees compared with the same period last year due to the impact to the closure of two of its units since April. The group is renovating its Le Touessrok hotel and Four Seasons in Mauritius, it said in a statement. Earnings per share rose to 2.92 rupees in the second quarter of this year against a loss per share of 1.29 rupees. In March 2014, the group changed its financial year-end from December 31 to June 30. The group's shares rose 0.26 percent to 39 rupees. *(Reuters)*

Economic News

The weighted yield on a four-year Bank of Mauritius bond rose to 4.29 percent at auction on Monday from 4.24 percent at the last sale on July 28, the central bank said. The bank sold all the 1.5 billion rupees ($42.49 million) worth of the debt it had offered. Bids received amounted to 1.805 billion rupees at yields ranging from 4.08 percent to 4.62 percent. The bond will mature on Aug. 18, 2019, and has a coupon rate of 4.08 percent. *(Reuters)*

Tourism revenue in Mauritius fell by 3.5 percent in the first half of the year as earnings per tourist dropped, official data showed on Friday. Statistics Mauritius said that revenue in what is a key industry for the Indian Ocean island fell to 21.78 billion rupees ($616 million) from 22.57 billion rupees in the same period last year. The number of tourists who visited the Island famed for its azure waters, beaches and luxury spas rose 8.9 percent year on year to 534,182, but earnings per visitor declined by 11.4 percent. The agency added that the Bank of Mauritius has cut its revenue forecast for this year to 46.5 billion rupees from 48.5 billion, though the new projection still represents a 5 percent increase on 2014. *(Reuters)*

Nigeria

Corporate News

Access Bank Plc Tuesday announced successful completion of the Rights Issue of N41.8 billion following the approval of the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC). The bank opened the issue on January 26, 2015 offering a Rights Issue of one ordinary share for every existing three units at a price of N6.90 per share. According to the bank, the N41.8 billon, which was realised, accounts for 80 per cent of the total number of new shares offered to shareholders. The bank said capital raise puts investors firmly at the centre of the its strategy, ensuring sustainable dividends through one of the strongest capital buffers as well as providing the means for further investment to exploit target markets. Fomenting on the result of issue, Group Managing Director of Access Bank, Mr. Herbert Wigwe, said: "We are putting in place the building blocks for our future as we work to becoming a top three bank in Nigeria by 2017. The capital raised will allow us to retain our place amongst Nigeria's best-capitalised banks and underscores our continued commitment to prudent risk management as we seek growth opportunities both in Nigeria and abroad. This additional capital will allow us to invest in our infrastructure and technology, which will make speed, service and security a guarantee for all our customers, as well as providing the firepower to diversify our geographic focus and target Africa's fastest-growing industrial sectors." Shareholders commend the performance of the bank and ability of its management to consistently enhance the quality and value of their investments, particularly through some of the strategic initiatives and decisions taken in the last couple of years, which signalled the direction the institution is heading.

Access Bank Plc is a full service commercial bank operating through a network of 367 branches and service outlets located in major centres across Nigeria, Sub Saharan Africa and the United Kingdom. Listed on the Nigerian Stock Exchange in 1998, the bank serves its various markets through four business segments. Meanwhile, the equities market recorded its first gain after seven consecutive days of losses with the Nigerian Stock Exchange (NSE) All-Share Index, rising by 0.68 to close higher at 30,112.62, while market capitalisation increased by N69.64 billion to close at N10.32 trillion. A 4.97 gain in the shares of Dangote Cement Plc led to a 1.74 rise in the NSE Industrial Goods index, the sole gainer amongst the five NSE sector indices. On the other hand, the NSE Insurance index had the worst performance with a 1.80 per cent decline, the NSE Oil/Gas index followed with a 1.38 per cent drop, while the NSE Banking index lost 1.07 per cent. Similarly, the NSE Consumer Goods index shed 0.78 per cent. *(This Day)*

Access Bank Plc, the Nigerian lender with offices in seven other countries, failed to reach its target in a share sale as investors avoided the West African nation struggling with low prices of oil, its major revenue earner. The company raised 42 billion naira ($211 million), short of a target of 53 billion naira, it said in an e-mailed statement on Wednesday. The Lagos-based bank offered 7.63 billion shares at 6.90 naira to existing shareholders in March at a ratio of one for three. Africa's largest economy and oil producer is reeling from a halving in Brent crude prices in the past year and central bank Governor Godwin Emefiele has imposed foreign-exchange trading restrictions in an effort to stabilize the naira after two devaluations since November. "Foreign portfolio investors are pooling out as a result of uncertainties in crude oil and the foreign-exchange market," said Ayodeji Ebo, head of research at Afrinvest West Africa Ltd. in Nigeria's commercial hub, Lagos. "The market sentiment is still very low." Access Bank's shares retreated 3.1 percent to 4 naira at close of trading in Lagos, the lowest since December 2011. The stock has fallen 38 percent this year compared with the Nigerian Stock Exchange All Share Index, which has declined 13 percent.
"This additional capital will allow us to invest in our infrastructure and technology" as the company seeks new opportunities in its home market and abroad, Chief Executive Officer Herbert Wigwe said in an e-mailed statement.*(Bloomberg)*

Access Bank Plc Thursday reported an impressive half year results, showing significant increases and deliver an interim dividend of 25 kobo per share despite the headwinds in the banking sector. The audited results for the half year ended June 30, 2015, showed that Access Bank Plc a gross earnings of N168.3 billion, representing an increase of 43 per cent over the N117.9 billion recorded in the same period in 2014. Growth in gross earnings was boosted by an 18 per cent increase in interest income to N98.9 billion, up from N83.6 billion in the comparative period of 2014. Similarly, non-interest income rose 101 per cent to N69.4 billion in 2015 from N34.6 billion in 2014. Access Bank posted a profit before tax of N39.1 billion, showing in increase of 44 per cent from N27.1 billion in 2014, while profit after tax grew by 39 per cent from N22.6 billion in 2014 to N31.3 billion in 2015. Commenting on the results, Group Managing Director, Access Bank, Herbert Wigwe, said: "The results reflect the bank's concerted efforts to deliver on its growth objectives for 2015. The first half of the year was defined by significant macro-economic and policy headwinds with major impact on all aspects of our business.

The group despite those challenges reported improved profits in the first half of the year with significant contributions from our securities trading business. According to him, they are particularly pleased with the strong support from the bank's shareholders as they exercised their Rights during the recently concluded Offer which raised N41.8 billion. "The successful capital raise underscores the overwhelming support of our shareholders and their belief in Management's ability to deliver long term value. With our capital position secure, our priority will be to focus on; driving migration of our customers to alternative platforms to boost profitability of our channels; implementing our customer service improvement initiatives; generating low-cost liability from continued engagement with customers; growing risk assets by deepening market share in target sectors; optimising and improving penetration of our customers' value chain and driving operational efficiency through cost containment and procurement optimisation measures," Wigwe said. *(This Day)*

Nigeria's Sterling Bank said on Thursday its first-half pretax profit rose 1.34 percent to 6.05 billion naira ($30.4 million) from 5.97 billion naira in the same period a year earlier. Gross earnings rose to 55.04 billion in the period to June 30, from 49.38 billion naira last year, the bank said in a statement without giving reasons for the increased earnings. *(Reuters)*

Nigeria's Guaranty Trust Bank (GTBank) reported an 18.2 percent rise in first-half pretax profit to 63.11 billion naira ($317 million), compared with the same period last year. Gross earnings also climbed to 152.99 billion naira in the six months to end-June from 132.98 billion a year earlier, the bank said in a statement. Interest income increased to 113.88 billion naira from 99.71 billion naira last year, the bank said.*(Reuters)*

Economic News

The new head of the Nigerian National Petroleum Corp (NNPC) said on Sunday he will review all production-sharing contracts and joint venture agreements with its partners "to reflect current day realities in the global oil and gas industry". Emmanuel Kachikwu, who was appointed two weeks ago to head the state oil company, which has been accused of corruption and mismanagement, said he would remit all crude oil proceeds due to the Nigerian government and plug all revenue leaks throughout the oil sector. "The mandate ... is to turn around the entire commercial processes and procedures in order to impact on the growth trajectory and operations of the corporation," Kachikwu said in a statement. The NNPC works alongside local and international oil majors such as Shell, Exxon, Chevron as well as global oil traders, including Trafigura, Vitol and Glencore. President Muhammadu Buhari appointed Kachikwu, a former Exxon Mobil executive, with a brief to restructure the NNPC, which has been accused of failing to account for tens of billions of dollars in recent years. The NNPC has not been publishing annual reports and its bookkeeping has been criticised as opaque, which appears to have allowed billions of dollars to disappear. The Nigerian arm of global corruption watchdog EITI welcomed Kachikwu's restructuring of the NNPC.

It recommended reforms should also focus on ensuring accurate measurement of crude and a review of pricing for expired legal agreements with oil companies. Other areas for reform are the huge costs of fuel subsidies, crude oil swap and product-exchange agreements, repair of refineries, oil theft, review of the existing fiscal regime and acquisition and assignments of oil blocks by discretion, NEITI said in a statement. Kachikwu said he had started a three-pronged restructuring of the NNPC that should lead to "a new NNPC", which he expects to emerge over the next five to six months. He has already dismissed all of the company's executive directors, other top layers of management and cut the divisions by half, to four. *(Reuters)*

Nigerian stocks fell to a four and half months low on Monday, undermined by heavyweight cement and energy firms, while the naira currency firmed on the parallel market on weak demand. The local bourse index declined 2.59 percent to 29,909 points, its lowest since

March 25, with Dangote Cement , which accounts for a third of market capitalisation, and energy firm Seplat fell 5 percent apiece to 171.48 naira and 270.75 naira each. Nigeria's stock market, which has the second-biggest weighting after Kuwait on the MSCI frontier market index, fell for the sixth consecutive day as investors switched funds to shorter-dated money market instruments with higher yields. Four Mills of Nigeria shed 4.96 percent to 26.63 naira, Nigerian unit of South Africa's Standard Bank Stanbic IBTC fell 4.98 percent to 18.88 naira and beverage maker Cadbury was down 4.98 percent to 31.64 naira.

On the foreign exchange market, the naira traded at 217 to the dollar in the parallel market, better than the 221 it closed last Friday amid improved dollar liquidity as central bank sustained its dollar sales in the market, traders said. "The market has started feeling the effect of the dollar sales by the central bank in the last two weeks and tight measures introduced to prevent cross boarder currency trafficking," Aminu Gwadabe, president of Nigeria's bureaux de change association, told Reuters. The central bank increased the frequency of dollar sales to the bureau de change operators two weeks ago to twice-weekly from the usual once a week previously in a move meant to increase liquidity in the market and support the local currency. Traders said many people are no longer willing to hold dollars after the central bank banned dollar cash deposits in dollar accounts held locally by bank customers. "We expect to see more rallies in the market if the central bank could sustain its support for the naira," Harrison Owoh, a bureau de change operator said. The naira was unchanged at the official interbank market at 197 to the dollar, where the central bank has maintained a tight control by pegging it to the rate of 197 to the dollar. *(Reuters)*

Nigeria's oil export has suffered setback as Total E&P Nigeria Limited (TEPNG) has stopped expedition of crude on its Obagi – Rumuekpe 12-inch oil export pipeline in Rivers State. The stoppage of oil expedition on the pipeline followed what the company described as an abnormal situation which was experienced during crude oil expedition on August 16, 2015. The company's Deputy General Manager in charge of Media and Public Affairs, Mr. Charles Ogan, said in a statement Tuesday that during crude oil expedition operation on August 16, it was observed that the oil expedited from Obagi was not received at Rumuekpe metering station. "Expedition was immediately stopped and a helicopter over-flight was carried out, which revealed oil spill and fresh excavations on the pipeline Right Of Way," he said. Ogan stated that the relevant authorities have been informed. According to him, in view of the highly volatile nature of the area and the security concerns, the company is working with the security agencies to secure the location and provide safe access for intervention teams. Ogan did not disclose the volume of crude oil affected as he noted that the volume of oil spilled and area of impact have not been estimated. He however gave the assurance that further updates on the incident which occurred within Oil Mining Lease (OML) 58 would be provided in due course. Crude oil production in OML 58, which is located approximately 85 kilometres North-west of Port Harcourt began in 1966, while gas production started in 1999. Gas is supplied from the facility to the Nigeria LNG plant in Bonny Island, while crude oil is transported to Shell Bonny Export Terminal through Shell pipelines at Rumuekpe. Total E&P Nigeria operates OML 58 with a 40 per cent interest, alongside the Nigerian National Petroleum Corporation (NNPC) which has 60 per cent. *(This Day)*

Nigeria's total external merchandise trade decreased by N20.3 billion to N4.37 trillion in the second quarter of the year (Q2 2015) compared to N4.39 trillion in the previous quarter, according to the National Bureau of Statistics (NBS). It previously dropped by N110.2 billion in the first quarter against the fourth quarter of 2014. However, the 0.5 per cent drop in foreign trade for Q2 2015 occurred despite a rise in the value of exports worth N214.1 billion or eight percent of the total merchandise and a decline in the value of imports, which stood at 234.4 billion or 13.6 per cent. This, according to the NBS, improved the country's trade balance, which increased by 47.9 per cent or N448.6 billion during the quarter. But year on year, the country's trade balance declined by 48.8 percent as imports declined by 24.5 per cent while exports declined further by 38.5 per cent. Compared to the corresponding quarter of 2014, the value of the total merchandise trade decreased by 34.3 percent or 2.28 trillion. According to the Foreign Trade Statistics for the second quarter which was released by the statistical agency yesterday, the value of imports stood at 1.49 trillion, representing a decrease of 13.6 percent from 1.72 trillion recorded in the preceding quarter. Boilers, machinery, dominated an import and appliances, which accounted for N356.0 billion or 23.8 per cent of the total value of imports in the period under review.

On Year-on-year basis, import trade was lower by 484 billion or 24.5 per cent. On the other hand, the value of exports amounted to N2.87

trillion in Q2, 2015, representing an increase of N214.1billion or eight percent over the value recorded in the preceding quarter, nonetheless, a decline of 1.80 billion or 38.5 per cent year on year. The structure of the exports was dominated by Crude Oil, which contributed about N2.12 trillion, or 73.7 per cent to the value of total domestic exports in the period under review. Natural Liquefied Gas accounted for the second largest export value at N260.7 billion or 9.1 per cent of the total exports in Q2 2015. India, Spain, Netherlands, South Africa and Brazil accounted for N406.1 billion or 14.1 per cent; N297.4 billion or 10.3per cent; N296.3 billion or 10.3 per cent; N240.9 billion or 8.4 per cent; and N147.8 billion or 5.1 per cent respectively of Nigeria's total exports respectively. Conversely, China, United States, India, Belgium and Netherlands accounted for N336.5 billion or 22.5 per cent; N143.6billion or 9.6 per cent; â,¦115.4billion or 7.7 per cent; â,¦83.4billion or 5.6 per cent and â,¦ 80.9billion or 5.4 per cent respectively of the total value of goods, which Nigeria imported during the quarter.*(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

CRDB right issue has been subscribed successfully by full amount thanks to three underwriters who bought the remaining amount. The bank in June 26, staged the right issue in a bid to raise slightly over 150bn/- to finance the firm's expansion drive and meeting the regulator's minimum core capital requirement. The bank's shareholders bought 70.5 per cent of the share at a price of 350/- a stock leaving the rest 29.5 per cent to underwriters. The CRDB Bank Managing Director, Dr Charles Kimei, said the right offer exercise was successful as shareholders purchased 306,833,746 shares. "We have reached our targeted goal by hundred per cent. This is a great success," Dr Kimei told a news conference. He added: "At the moment the bank has finalised listing of the said changes in shares on Dar es Salaam Stock Exchange (DSE) as per regulations." The exercise of updating shareholding status at the bourse is expected to end on Wednesday. The underwriters -- CDC Group Plc, International Finance Corporation (IFC) and Africa Capitalisation Fund Ltd -- gave a 32/- per share for those who failed to buy thus maintained a 100 per cent subscription of 435.5 million shares. The bank expects another robust performance in the second half of the year, after a better first half thanks to a recent expansion drive and marketing mix. In this year's first half, CRDB posted a pre-tax profit of 92.5bn/- up from 58.81bn/- of the same period last year.

The CRDB share price in the week ended last Friday appreciated by 1.25 per cent to 405/- a piece. During the week the counter moved 1,107,719 shares. "This week (last week) CRDB counter was the most active counter on the banking segment," Tanzania Securities said in a weekly report. Earlier, the Orbit Securities Chief Executive Officer, Mr Laurian Malauri, said brokers were pushing the right issue sale to at least 95 per cent and let the underwriters to remain with 5.0 per cent. "The previous (CRDB right issue in 2007) sale was 80 per cent, this one we (stock brokers) want to achieve 95 per centÉ as if we fail to sell, most of shares will be locked to underwriter," Mr Malauri said. Orbit is sponsoring brokerage firm. The Orbit CEO said failure to maximise sale will reduce liquidity circulation at stock market hence are out to make sure the right issue maintains good sale. The workshop idea was to enable LGAs understand CRDB services which are tailor made for them. To bring banking services closer to its customers, CRDB has 123 branches, 1,500 agency banking under FahariHuduma, 400 ATMs and over 900 Point of Sales across the country. *(Daily News)*

KCB Tanzania Limited has increased an extended overdraft facility of 500,000 US dollars (over 1bn/-) to 1m US dollars (about 2bn/-) to Tancoal Energy Limited for the financial year 2015/16 to finance expansion of its coal production. In a statement by Intra Energy Corporation Limited of Australia which is the parent company of Tancoal, the overdraft facility attracts an 8.0 per cent annual base rate.
Currently Tancoal has a 625,000 US dollars loan facility with KCB. "The increase in the overdraft facility will assist to fund proposed capital expenditure in FY16 to facilitate the anticipated increase in production during the year," the company said in the statement. IEC which has a joint venture with National Development Corporation of Tanzania in developing Mbalawala and Ngaka coal mines in Nyasa district of Ruvuma region, targets to increase annual production to half a million tons. The latest debt increase means that Tancoal's outstanding debt facilities at KCB totaled over 3.3 million US dollars as of July 2015. An amount of US$255,000 of the bank guarantee is available for use, with the balance having been previously applied, the statement noted.

The expiry date of the debt facilities remains 30 November 2015. In its statement, IEC further noted that there is significant opportunity in Tanzania for domestic coal producers to play an important role in supplying fuel for power generation. "Currently, most coal is imported and lands in Tanzania at a relatively high cost. Companies that are strategically located, good quality thermal coal resources that can overcome the limited infrastructure hurdles and obtain long term stable off take agreements, will have a competitive edge," the company said. IEC's flagship coal project in the country is the Tancoal Mbalawala mine in the Ngaka basin. The Mbalawala Bankable Feasibility Study completed in September 2010 showed the Tancoal Mbalawala mine has a mineable reserve of 40 million tonnes of coal and a resource of 251 million tonnes. Intra Energy commenced supplying thermal coal to local and regional industry from the Tancoal Mbalawala mine having received its Mining Licence in August 2011. *(Daily News)*

CRDB Bank's 152bn/- right issue has been described as the biggest capital raising initiative in the history of the Dar es Salaam Stock Exchange (DSE). The right issue, conducted in a span of one month, was successful by 100 per cent and was staged when there were three primary offers, from two banks and unit fund. The DSE Chief Executive Officer, Mr. Moremi Marwa, said the right issue breaks all records to become the biggest capital raise followed by TBL's 120bn/-. "Since it started listing shares in 2008, CRDB has demonstrated the real meaning of creation of liquidity through the stock exchange," Mr. Marwa said during the listing of addition of the bank. The DSE chief also said the addition 435.3 million shares elevated the bank to become the biggest listed firm with huge number of trading shares standing at 2.6 billion. The Capital Market and Securities CEO, Ms Nasama Massinda said the right issue's full subscription demonstrated investor's confidence on stock market. "This situation is an indication that there is high demand for capital market products," Ms Massinda said in a speech read on her behalf by CMSA marketing manager. The bank right issue which was the second since listed at the bourse almost a decade ago was subscribed 70.5 per cent by shareholders and 29.5 per cent by three underwriters. The CRDB Chairman Mr. Martin Mmari said the right issue would enable the bank to post good financial results as the capital base has increased. "The second half results will be good more than of the first half, and the following years," Mr. Mmari said. He added the Burundi unit is progressing well and expect to break even this year giving the happening of the political situation.

The CRDB acting Managing Director, Ms Esther Kitoka said the issue despite to be subscribed 70.5 per cent by shareholders compared to 80 per cent of pervious because of various options. "The previous right issue happens when our shares were not listed but this time around shareholders have various option of accessing the shares," Ms Kitoka said "while those who did not buy were paid by underwriters." The Orbit Securities Managing Director, Mr. Juventus Simon, said the subscription rate was low to the previous one due to the fact that it went parallel with three primary offers. "The right offer was conducted parallel with three IPOs namely Umande Unit Trust, Yetu Microfinance Bank and Mufindi Community Bank," Mr. Simon told Daily News. He said share prices are envisaged to stabilise for a while since the shareholders might like to hold following the entrance of underwriters. The share exchanged hand at 400/-. The bank during the first half of this year CRDB posted a pre-tax profit of 92.5 bn/- which went up from 58.81 bn/- of same period last year. The reason of raising capital follows the regulator decision to increase core capital and total capital adequacy ratio by 2.5 per cent each to 15bn/-. Others are expansion drive and embrace state-of-the-art IT.*(Daily News)*

Economic News

THE shilling is expected to stabilise in the near future on the back of foreign exchange inflows from tourism, agricultural export proceeds and donors' support, the Central Bank has said. The bank said in its latest monthly economic review that the expected increase in foreign exchange inflows would build on the corrective measures by the central bank that had helped the local currency to rally against the US dollar towards the end of June. "With the coming of high season for tourism and agricultural exports, coupled with realisation of some of the budgetary inflows, the exchange rate is expected to stabilize in the near-term," it said. The rapid depreciation of the shilling against the US dollar from March to the end of June this year, was compounded by shortage psychology and speculative activities in the market, the central bank said. "Under such circumstances people buy foreign exchange now for payments they intend to make in the future, while those who have foreign exchange choose to sell later, and some decide to convert their shilling assets to foreign exchange, causing artificial shortage.
"This behaviour contributed to the rapid depreciation of the exchange rate in April, May and June 2015, although it cannot be sustained." The bank said it took several measures, which included increasing sales of foreign exchange in the market and tightening money supply by increasing the minimum reserve requirement. The Bank also lowered the net open position of banks and restricted them from transacting in foreign exchange derivative without evidence of an underlying economic activity to ensure orderly market practices. "These measures contributed to some correction in the trend of exchange rate, especially towards the end of June 2015" it said.

The bank attributes the depreciation of the shilling against the US dollar to both external and domestic factors, with the latter aggravating the situation made worse by the former. It said the US dollar had strengthened against currencies across the world in the second half of 2014 following improved economic performance in the US, which led to increased demand for US dollar as investors preferred investing in the US economy. As a result of the phenomenon, annual depreciation of the shilling picked up from 2.5 per cent in July 2014 to 9.0 per cent in March 2015, a trend that was also observed between other currencies and the US dollar. In fact, the shilling was depreciating against the US dollar at relatively lower rate than that of most of Tanzania's trading partners currencies up to March 2015, the bank said. It further adds that from April 2015 onwards though, the depreciation of the shilling against the US dollar accelerated as it was compounded by domestic factors that included continued decline in receipts from some exports, particularly gold and cotton which coincided with low season for receipts from tourism and agricultural exports and large payment of dividends to foreign investors. "Meanwhile, delays in the disbursement of budgetary programme assistance and external non-concessional borrowing, fuelled foreign exchange shortage psychology leading to an increase in speculation in the market," it said. *(Daily News)*

Zambia

Corporate News

The synergies expected from the merger of the world's two biggest building materials companies-Lafarge, the French giant and Holcim, its Swiss rival, are beginning to manifest as LafargeHolcim's Zambian operations reported a jump in profits and Moody's affirmed the new cement giant. LafargeHolcim is a major player in the Nigerian market with significant or complete ownership of Ashaka Cement, Atlas Cement, Lafarge Ready-mix, UniCem and WAPCO. Lafarge Zambia Plc, a subsidiary of LafargeHolcim reported a four per cent rise in profits in the first six months of 2015 to K187 million. The firm also saw its sales turnover jump by 14 per cent to K700 million over the same period, while earnings per share rose by 4 percent to ZMW 0.936. "The Company is ready to leverage the benefits of belonging to such a strong Group. It is determined to keep its market leadership and continue to offer our customers the best quality products and services," Lafarge Zambia Chief Executive Officer Emmanuel Rigaux said. The LafargeHolcim $40 billion merger was completed in July 2015, creating the world's most advanced building materials company. The new firm has vast Research and Development capability, comprising 13 product development laboratories around the world employing over 1,100 experts. The global dimension of the merger meant the new Group is benefitting from the size of its industrial network, which will facilitate optimisations . About €1.4bn in targeted synergies from the merger has already been confirmed. There would also be a significant reduction in net debt of the combined company through divestitures, target for solid investment grade credit ratings, solid margins (c.24 percent post synergies) and an attractive dividend policy.

Ratings agency, Moody's Investors Service, affirmed the merged entity's strong balance sheet by upgrading the erstwhile standalone entity of Lafarge to Baa2. "This brings the ratings in line with that of LafargeHolcim which has a stronger credit profile," says Falk Frey Senior Vice President and lead analyst at Moody's for Lafarge "Moody's generally views the strategic rationale of the merger as positive as the merged group will have an even more geographically balanced presence than former Holcim and Lafarge on a stand-alone basis. This business profile should provide a better resilience to cyclical swings in demand for cement, aggregates and ready-mix concrete in individual countries," Frey said. On a combined pro forma basis, LafargeHolcim sold 263 million tons of cement and 288 million tons of aggregates in 2014 with an installed cement production capacity of 386.6 million tons per annum. On a pro forma basis, the group recorded net sales of CHF32.6 billion and an operating EBITDA of CHF6.7 billion for fiscal year 2014. LafargeHolcim generates approximately 60 per cent of pro forma 2014 revenues in emerging markets. The remaining 40 per cent are generated in developed markets. LafargeHolcim is a major player in the Nigerian market with significant or complete ownership of Ashaka Cement, Atlas Cement, Lafarge Ready-mix, UniCem and WAPCO. The business continues to be known as Lafarge Africa Plc in Nigeria-Lafarge Africa Plc is a holding company of LafargeHolcim assets in Nigeria and South Africa-it's HQ is in Lagos where it is listed on the Nigerian Stock Exchange.

"The merger would have a positive impact on the ongoing consolidation of the Nigerian operations of Lafarge," Kayode Omosebi, a research analyst at Lagos based Investment firm, United Capital Plc, said. "We expect to see synergy gains from its consolidation in coming quarters as a combination of economies of scale, cost efficiency, innovation, better scope of operation and a more diversified product portfolio will boost performance and increase market share. We anticipate an increase in market share supported by its differentiated product offerings and its focus on corporate demand. Furthermore, increasing production from UNICEM and a more stable Ashaka will support growth from the company," Omosebi said. In the Philippines listed cement maker Holcim Philippines Inc., (which is a subsidiary of LafargeHolcim) is confident that its output target for 2017 of 10 million metric tons (MT) is achievable by late 2016. "We are now a part of the LafargeHolcim group… What we're after is to supply customers. If we supply more customers and eventually increase market share, then it's better for us," Holcim President and Chief Executive Officer Eduardo Sahagun said. LafargeHolcim is listed on the stock exchanges in Paris and Zurich.*(This Day Live)*

WEEKLY AFRICAN FOOTPRINT

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Economic News

PROCEEDS of the recently acquired US$1.25 billion Eurobond will be disbursed in form of loans to recipients unlike the previous funds from two sovereign debts, which were disbursed as grants, Minister of Finance Alexander Chikwanda has disclosed. Mr Chikwanda said recipients will be required to repay the loans with interest within the same period that Government will be paying back the Eurobond in 2025, 2026 and 2027. He said Government has for a long time provided grants but, it is time public institutions started repaying to cushion the Treasury's debt repayment. "In the past, we [Government] have given, for example, public sponsored institutions such as Development Bank of Zambia, National Savings and Credit Bank, Citizens Economic Empowerment Commission and Zambia Railways Limited grants for recapitalisation… we cannot always give them for free," he said in an exclusive interview on Thursday. Mr Chikwanda, however, said the interest rate for the recipients will be low so that the cost of repayment does not negatively affect the beneficiary companies' operations. Government acquired the Eurobond at about nine percent to finance infrastructure projects and stimulating economic activity.

Mr Chikwanda who could not disclose when and how much will be allocated to the recipients, said, the release of the funds will be governed by a series of factors and conditions. "There has to be documented evidence that the money will be used for purposes that will yield positive results," he said. He also said a significant amount will go towards repayment of arrears owed to road contractors although he could not state how much. On concerns that the country has over borrowed, Mr Chikwanda reiterated that Government's borrowing is within acceptable threshold saying it is also exercising caution. Mr Chikwanda said the establishment of the sinking fund will enable the country service the debt. *(Daily Mail)*

Zambia's government will stop supplying cheap electricity to large industries as Africa's No.2 copper producer battles a power crunch affecting its economy. The move away from subsidised electricity tariffs for large consumers will happen immediately, while state utility Zesco will source energy from private producers to plug the deficit, government spokesperson Vincent Mwale said. *(Reuters)*

THE Kwacha is among several currencies in Africa that have sharply depreciated against the United States dollars although the US$1.25 billion euro bond recently acquired by Zambia is likely to ease pressure on the local unit in the medium term, Barclays Bank Africa chief economist Jeff Gable says. Mr. Gable said the local unit which has been under pressure due to, among other issues, trade deficits arising from the falling copper prices on the international market and strong US dollar, will be cushioned by the sovereign debt in the medium term but the Kwacha is expected to depreciate in the longer term. Giving a presentation on Zambia and the global economy on Wednesday evening, he projected that the local unit will trade at K8.10 in the last quarter of this year and hit K8.20 and about K8.43 in the first and second quarter of next year when the foreign exchange reserves from the Eurobond reduce. "Large current account deficits are a drain on foreign exchange as seen in the trade deficit Zambia has recorded [but] in the next few months, the proceeds from the euro bond will provide more foreign exchange reserves for the country and the country will be less vulnerable and potentially gives more power to support the foreign exchange market," he said. Mr. Gable said the rebound of demand for copper, which is Zambia top export earner, by China will stimulate copper prices and support the Kwacha. China has reduced demand for copper resulting in the fall of copper prices on the international market following that country's switch to a service-led economy and this move blunts manufacturing demand and threatens to pin back economic growth to the weakest pace in a quarter of a century. He said Zambia which produces copper at about US$4,000 per tonne is more disadvantaged than countries like Chile whose production cost is around US$1,000. *(Daily Mail)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Old Mutual Zimbabwe says it intends to provide infrastructure for the country's growing informal sector as the company adjusts its products range to suit the changing economic environment, an official has said. Zimbabwe's economy has rapidly turned informal in the last few years as the key sectors of agriculture and manufacturing collapsed after the country's chaotic exercise to resettle landless blacks on white-owned land as well as the current crusade to localise control of all foreign-owned enterprises. The country has an estimated unemployment rate of 80 percent — although official figures place it at 11 percent — while at least 4,600 companies closed shop between 2011 and October last year according to official data with nearly 65,000 workers losing their jobs, most of whom are now in the informal sector. Labour unions say over 20,000 workers have been retrenched in the last three weeks following a Supreme Court ruling that allows employers to dismiss their staff on three months' notice, swelling the ranks of the unemployed.

The central bank estimates that more than $3 billion circulates in the informal sector and OMZ chief executive, Jonas Mushosho recently said the company has a sound capital base and would develop products to tap into the sector. "With so many people now operating in the informal sector we believe a group of our size and resources must make ourselves relevant in the informal space," Mushosho said. "We have a raft of measures that we are putting in place to support business in the informal space. One of the major things we will be initiating during the course of this year is providing infrastructure for the informal sector within the CBD." Mushosho said the increasing void levels on the property markets had impacted the company's investments in property. Old Mutual has a sizeable property portfolio with several office complexes and shopping malls around the country. *(Source)*

Anglo American Platinum's Zimbabwe unit Unki said on Wednesday it was considering either building a new smelter or expanding facilities at larger rival Zimplats. President Robert Mugabe's government last week suspended a 15 percent tax on raw platinum exports after mining companies committed to building smelters and refineries. "These efforts are part of the solution agreed with the government which have resulted in the suspension of the 15 percent tax," Colin Chibafa, Unki Mines chief financial officer said in emailed responses to questions from Reuters. Unki is the smallest of three platinum mines in Zimbabwe and has previously said it would take two years to build a smelter. Mines in Zimbabwe send platinum group metal concentrates for refining to South Africa but the government wants the process to be done locally to increase the value of mineral exports. Platinum was the largest mineral export in Zimbabwe last year, and the southern African nation holds the world's second-largest reserves of platinum which can be used in catalytic convertors or for making jewellery. Chibafa said the company was considering "a green fields smelter at Unki using some of the equipment that Anglo American Platinum Limited has available."

The equipment was initially set for constructing other furnace projects at Amplats mines in South Africa, he said. Chibafa said Unki was also looking at the possibility of expanding the smelter facilities at rival Zimplats, Zimbabwe's largest platinum mine, which is majority-owned by Impala Platinum Holdings. The second plan would also see the Zimplats smelter processing platinum from Mimosa Mines, a 50-50 joint venture between Implats and Aquarius Platinum Ltd. Zimplats' officials were not available to comment. Unki was likely to finalise the cost for both options by the end of October, Chibafa said. The company said a plan to upgrade two furnaces owned by two ferrochrome producers in Zimbabwe for smelting PGMs was discarded because it was costly. Unki's platinum output rose 6 percent to 32,000 ounces in the half-year to June, from the previous year. The company resumed exports last month after suspending them on April 10, following the introduction of the platinum tax.*(Reuters)*

LISTED hospitality group African Sun Ltd is mulling rebranding its premium hotels — Crowne Plaza Monomotapa and Elephant Hils — to Legacy Hotels and resorts after management signed a deal with the South African hospitality group. Legacy operates the opulent Da Vinci Hotel in Sandton. Businessdigest has also established that while African Sun attributes the recent chopping of nine managers to a general re-organisation meant to align costs to revenue generation and mitigate continued financial constraints, sources said the move was a contrived step towards creating modalities to adopt the new franchise. Well-placed sources say general managers from Legacy Hotel will be assigned to Zimbabwe to align legacy hotel standards to African sun. African Sun dismissed managers John Mwanza — group operations director, Mluleki Mangena — supply chain manager, Francis Muswere — group technical services manager, Mevis Geddes — marketing manager, Fadzai Ndudzo — senior auditor, Morlin Rusike — systems support manager, Levy Mutandazuru — internal auditor, Julia Sithole — central reservations and revenue manager; and Colletta Tapfumaneyi — payroll manager. The move to bring the Legacy franchise was mainly driven by African Sun's controlling shareholders Brainworks Capital management led by George Manyere, sources said. Private equity investment and advisory firm, Brainworks Capital Management shored up its shareholding in African Sun to 55,11 % after the closure of its mandatory offer to the hotelier's minority shareholders in May this year. While it is not yet clear whether all African Sun hotels will be rebranded to the franchise, sources say Elephant hills and Crowne Plaza Monomotapa hotel are earmarked to bear the Legacy franchise. African Sun hotels in Zimbabwe are Holiday Inn, Harare, Elephant hills, Victoria falls, Holiday inn, Bulawayo, Troutberg Nyanga, Carribea bay, Kariba, Beitbridge express, Crowne plaza Monomotapa, Harare, Great Zimbabwe, Masvingo, Victoria Falls hotel, Kingdom at Victoria Falls and Hwange safari lodge.

Sources say efforts to bring the new franchise by the beginning of October this year were deferred to the beginning of next year as the group was still weighing options. However, the hotel group's acting CEO Edwin Shangwa said the group had not signed an agreement with any firm with a view to franchise, nor were there any such discussions. "Please not that African Sun ltd is a listed entity on the Zimbabwe Stock Exchange and as such, if there are any issues of this nature, they will be communicated to the investing public and key stakeholders formally. "While the board and management of African Sun ltd always strive to maximise on the returns to its shareholders, continuously reviewing business strategies in order to ensure the same, we advise that at present, there are no material engagements within the group. As such, there are no discussions going on, let alone agreements that have been signed with anyone regarding the issues you raised," Shangwa said. Legacy prides itself in offering guests a collection of Africa's most unique and unforgettable four and five-star hotels, resorts and bush lodges with footprints in South Africa, Ghana, Nigeria, Namibia and Gabon. Sources say the adoption of the Legacy franchise by African Sun may result in poor market share which may be triggered by a hike in hotel charges to meet Legacy standards, which may be unaffordable to a market grappling with poor liquidity crunch and low consumer demand in a country experiencing deflation. Efforts to get comment from Legacy Hotels were unsuccessful as the group had not responded to emailed questions at the time of going to print. African Sun also operates hotels in Ghana and Nigeria and the group's profit before tax in the half-year to March 31, 2015 tumbled to US$670 000 from US$1,77 million in the same period the prior year.*(The Independent)*

Economic News

THE past two months have seen two announcements by the government regarding the lifting of restrictions on the export of key mineral commodities. During the second week of June, Harare announced that it had temporarily lifted a ban on raw chrome exports (introduced four years ago) and scrapped a 20 per cent export tax on the metal, aiming to boost earnings from a struggling sector. Zimbabwe holds the world's second-largest chrome ore reserves (after South Africa) and banned the export of raw chrome in April 2011 in an attempt to force mining companies to process the metal locally. The country exported $40 million worth of chrome ore and concentrate during 2010, falling to $14 million in the year that the restrictions were implemented, and just $1 million in 2012. On August 10, Mines Minister Walter Chidhakwa told state media that he has suspended a 15 per cent tax on raw platinum exports implemented from the start of 2015. The minister indicated that mining companies asked the government to give them another two years to set up smelters and refineries after missing an end-2014 deadline. Zimbabwe holds the second-largest reserves of platinum group metals (PGMs) after South Africa. Anglo American Platinum, Impala Platinum and Aquarius Holdings own mines in the country. Anglo's Unki Mines unit said during March it would take two years to build a new smelter to comply with the government's demands. Unwrought exports of PGMs were worth an average of $130m p.a. during 2011-14 with a mean production of 10,000 tonnes p.a. The central bank's mid-term monetary policy statement released on August 5 stressed the importance of export earnings in growing the country's monetary base and bank deposits in the absence of a sovereign currency. The statement pointed to the Reserve Bank of Zimbabwe's (RBZ) desire to provide affordable pre- and post-shipment export financing through normal banking channels.

The RBZ would also like to see the synchronising and streamlining of export permit issuance by various regulatory agencies in order to reduce export barriers and delays. Revenues from tobacco exports will be lower this year. The auction season started a few weeks later than usual due to the impact of adverse weather conditions delaying the maturity of tobacco crops and the drying process. Auctioning started on March 5 and the official selling window closed on July 15. Contract and auction sales of flue-cured tobacco reached 188.5 million kilogrammes by mid-July, down 8.5% from last year's 206 million kilogramme haul. This was also the first decline in tobacco crop volume in almost ten years and will have an adverse impact on overall economic growth in the country – half of all Zimbabweans are directly or indirectly dependent on the tobacco sector for household income. The value of this year's tobacco sales declined by just over 15 per cent to $441 million. The country's export revenues are expected to decline to the lowest level in five years during 2015. The government is now trying to boost foreign earnings by undoing some questionable restrictions on mineral exports implemented in recent years. This is in an attempt to boost a fragile economy that we currently think could grow by less than 1 per cent this year. At the same time, Zanu PF is juggling the fallout from a crackdown on street vendors in the capital, a Supreme Court ruling making it easier to dismiss workers, and plans to make (over time) a significant cut in the public sector payroll. We believe that Zimbabweans' extraordinary patience and resilience is wearing thin, and amidst a moribund economy and regime excesses, one of these straws will one of these days break the camel's back. *(New Zimbabwe)*

Zimbabwe's consumer prices fell by 2.77 percent in July year-on-year compared with a 2.81 percent drop in May, statistical agency Zimstats said on Friday. On a month-on-month basis, prices rose 0.06 percent in July after declining by 0.14 percent in June. The central bank said early this month inflation was expected to remain in sub-zero levels to the end of this year. *(Reuters)*

President Robert Mugabe's government on Friday issued new labour regulations that sought to reverse a July 17 Supreme Court ruling allowing employers to terminate contracts on notice, but analysts said the proposals could lead to more confusion and are open to legal challenge in their current form. An estimated 20,000 workers have been laid off in the month since the court decision, with struggling firms taking advantage of the ruling to cut jobs without being encumbered by onerous retrenchment procedures. The new regulations, dubbed Labour (General Conditions of Employment) (Termination of Employment on notice) Regulations, 2015, only allow employers to terminate employee contracts by mutual agreement, at the end of fixed-term contracts, in terms of a registered code of conduct or in terms of retrenchment procedures laid out in the law. "These regulations shall have retrospective effect from 17 July 2015," reads the government notice. The government also published the Labour Amendment Bill which compels employers who have terminated employment following the Supreme Court's July 17 ruling to follow the proposed laid down retrenchment procedures retrospectively. However, labour experts said the proposals were unlikely to pass in their current format as they are in violation of current legislation. "The law cannot be applied retrospectively in violation of existing rights," labour lawyer Selby Hwacha told The Source on Friday. If passed, the proposals were open to legal challenges by employers, he said. Analysts also said more job losses were likely in the next few weeks as companies continue streamlining their workforce. The Bill is subject to approval by the country's Parliament. *(Source)*

Zimbabwe's bid to join the African Trade Insurance Agency (ATI) has received a major boost after the African Development Bank (AfDB) chipped in with $4 million of the money required to get registration, Finance minister Patrick Chinamasa has said. Zimbabwe requires $15 million as minimum capital subscription to the ATI. "Government has since secured $4 million from the African Development Bank towards the minimum capital subscription of $15 million. The balance is being mobilised from local private financial institutions during the last half of 2015," Chinamasa said. He said the Ministry of Industry and Commerce had initiated the ratification process which was expected to be finalised before the end of the year. ATI provides political risk and trade credit risk insurance products with the objective of reducing the business risk and cost of doing business in Africa. It aims to help increase investments into African member countries and two-way trade flows between Africa and the world. Chinamasa said ATI membership would enhance the country's capacity to borrow from international financial markets by significantly reducing the country's sovereign risk premium arising from negative perception by the international community. Joining the ATI ties in with government's thrust of reducing the cost of doing business and mobilising resources from international financial institutions to help reboot the economy which has shown signs of stress. ATI has 10 African member countries that include Benin, Burundi, Democratic Republic of Congo, Madagascar, Malawi, Rwanda, Tanzania, Uganda, Kenya and Zambia. Its other members include AfDB, Africa Reinsurance Corporation, Atradius Group, SACE, Comesa, PTA Bank and Zep Re.

ATI was launched in 2001 with the financial and technical support of the World Bank and the backing of seven African countries. Since 2003, it has supported over $13 billion worth of trade and investments across the continent. The membership has expanded over the years and ATI plans to attract even more African member countries and international financial institutions. *(News Day)*

Zimbabwe's parliament on Tuesday overturned an adverse report by its legal committee, which argued against the retrospective application of proposed changes to the Labour Act, as both major parties railroaded amendments to the law that labour experts say will leave it open to challenge and adds more confusion. The Parliamentary Legal Committee (PLC), made up of Fortune Chasi (ZANU-PF), Jonathan Samkange (ZANU-PF) and Jessie Majome (MDC-T) and which is required to give its opinion on the constitutionality of proposed legislation, had unanimously passed an opinion that found the retrospective effect of the proposed changes to be defective. Clause 18 of the proposed labour law amendments would have the effect of revoking the rights of employers to terminate job contracts on notice, as upheld by a July 17 Supreme Court ruling. Labour unions say about 20,000 people have lost their jobs since the ruling and have urged the government to extend protection to those affected. "The clause provides for the retrospective application of section 12 of the Act to every employee whose services were terminated on three months' notice on or after the 17th of July. The committee unanimously agreed that the clause violates section 3(2) (e) of the Constitution regarding the separation of powers in that the judgment made by the Judiciary was correct at law and in seeking to nullify that by an insertion of the retrospective clause, Parliament will have violated the principle of separation of powers," the PLC found.

"Additionally, since the employers acted from the correct position at law, and having vested rights in terms of the Act, applying the retrospective positions in the clause would be punitive on the employer and violates section 56 of the Constitution relating to equal protection of the law." However, parliament voted to override the PLC, after lawmakers from both sides of the aisle fell over each other to condemn the committee's adverse report. Labour Minister Priscah Mupfumira then proceeded to rifle through the first and second readings, with the relevant labour and public service portfolio committee also presenting its report and endorsing the Bill. Earlier on Tuesday, the Zimbabwe Congress of Trade Unions (ZCTU), the country's main labour body, gave a mixed review of the proposed labour law amendments.
"The bill is progressive in restoring the rights of workers eroded by the Supreme Court judgment of 17 July 2015. The provision has a retrospective application and employers who cannot reinstate are compelled to pay compensation to the employee of two weeks' pay or wages for each year served," ZCTU said in its commentary on the Bill. The union, however, argues the compensation is inadequate, and also criticizes the Bill for ignoring "commitments Zimbabwe made to the International Labour Organisation concerning alignment of some provisions of the Labour Act to ratified convention, in particular the right to collective bargaining and freedom of association."

The ZCTU also criticizes the Bill for "attempting to strengthen ministerial interference in employment councils, trade unions and employers' organizations." But labour lawyer Selby Hwacha described Parliament's move as 'highly unusual and controversial.' "Those amendments are very much open to challenge, not only because the Parliament's own legal committee finds the proposals against the constitution, but for also for the impracticality of what it purports to do. Employers cannot be asked to compensate workers that have been retrenched legally at law or be punished for exercising a right that existed constitutionally, it's like building an enclosure for a horse that has bolted," he told The Source. "More pertinently, this matter needs to find closure for the sake of the economy's productive sectors so that they can move on and what Parliament has done instead is to create more controversy that will leave everybody in limbo." *(Source)*

THE gesture by the World Bank in the form of a $20 million grant to assist Zimbabwe improve its public finance management systems is plausible, as this is crucial for sustainable economic management and to boost efforts aimed at improving public service delivery. This, coming from the influential multilateral institution, which Zimbabwe is in the process of re-engaging, gives hope that all is not lost for the country. According to World Bank senior financial management specialist Mr. Daniel Yaw Domelevo, the project is expected to start before year end. Addressing an ACCA regional public sector governance and internal control conference in Victoria Falls Mr. Domelevo said the grant will assist the Government in improving its financial reporting through installing new models of software which are better and more efficient than the ones they have been using. Further, he said the World Bank help the office of the auditor-general to perform its function and the Bretton Woods institution would also assist Government to improve its auditing skills.

This entails the use of the accrual-based accounting through adoption and implementation of internal public sector accounting standards which promote greater transparency and accountability in the public sector finances and allows for enhanced monitoring in respect of Government debt and liabilities. Governments require effective, transparent and accountable public finance management to ensure efficient allocation and application of resources into priority areas for effective service delivery. This is all the more important for developing countries such as Zimbabwe, which, faced with serious resources handicap, require optimal, efficient and appropriate utilisation of public finances. Since governments get most of their revenue from tax payers, contributors have a constitutional right to know how and where their money is used and whether it goes to improve their lot. If religiously followed proper public finance management systems can help direct resources towards enhancing economic growth, Government operations and the general welfare of the citizenry, who cannot call the State to account for its actions on a daily basis. Appropriate application and accountability for public finance may also give confidence to external development partners and investors to provide resources in the knowledge they will be put to good use with systems for transparency and accountability. This is because Government systems span a wide spectrum of areas from central Government to State arms, departments, institutions and enterprises, which require uniform systems for resource accountability to ensure effective monitoring and control.

Such resources management systems also come amid regular reports by Government auditors exposing serious governance deficiencies relating to the handling and application of public finances. These financial misdemeanours border on lack of accountability and transparency, which collectively results in leakages, inefficient and ineffective use of State resources, which are in short supply. Governance weaknesses have also been observed in areas of internal controls of financial resources, record keeping, diversion of resources from fund accounts to ministries, reconciliations, late submission of fund accounts and management of Government properties and resources among other areas. If the deficiencies are not urgently addressed, through strong accountability systems, they will continue to drain critical resources. As such strong public financial management systems are essential for effective and sustainable economic management and public service delivery. This is so particularly because states are effective and accountable when underpinned by good public finance institutions and systems. Such systems are also indispensable in ensuring that aid is being used to achieve stated development goals. *(Herald)*

Zimbabwe is ready for business with other countries from any part of the world and is willing to welcome foreign direct investment on a win-win situation, a Cabinet Minister has said. In an interview on Tuesday, Economic Planning and Investment Promotion Minister Simon Khaya Moyo said Government's economic agenda was anchored on economic emancipation of Zimbabweans. He said his ministry was spear heading a number of initiatives expected to steer sustainable economic activity. "We welcome investors because we know that some of them are fairly advanced in terms of machinery and knowledge," he said. "This is why as a Ministry of Economic Planning and Investment Promotion, we are moving very fast to ensure that we create a One-Stop Investment Centre. "We don't want investors to move from ministry to ministry, from pillar to post and spend three to four months without knowing exactly what they are here for." The minister said Government wanted to do away with the bureaucracy that investors go through before they open shop. He said there had been various exchanges between Zimbabwe and other countries with the intention of establishing or consolidating economic relations.

Minister Khaya Moyo said several foreign investors were willing to pour their capital in Zimbabwe given its divergent resource base. "We have to make sure that we take serious measures on infrastructural development and indeed on utilities, for instance energy, because once you have problems with energy it is also difficult to develop in the way which you want," he said. "We are saying lets get into a game where the outcome is a win-win situation. We are not here to exploit anybody. We are proud of ourselves as a country and we are also proud to promote relationships with other countries. "By and large, Zimbabwe is ready for business. We must know that nobody will build Zimbabwe for us. It must start from us and we must show that in all we do, (and) exercise maximum discipline. We must also ensure that we don't nurse corruption because corruption has destroyed nations. We must deal with this animal called corruption ruthlessly." Minister Khaya Moyo said Zimbabwe was on the right course to sustainable development given the lead that President Mugabe has taken in spearheading industrialisation. He said there was need for Government ministries to be co-ordinated in their operations. "We must not work individually and pronounce policies that are conflicting," said Minister Khaya Moyo.

"We must have one vision, one destiny and of course I am very satisfied that so far we seem to be on the right track and we believe that the difficulties that our people are going through are temporary. "We shall do our best as Government to promote quality of lives of our people together and we must show that unity amongst ourselves. We must work together and shun these "isms" that are negative, for instance tribalism and regionalism."*(Herald)*

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