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	28-Nov-14	5-Dec-14	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9523.27	9510.89	-0.13%	-1.67%	5.05%	-1.07%
Egypt	CASE 30	9325.95	9458.57	1.42%	1.40%	39.45%	35.19%
Ghana	GSE Comp Index	2266.92	2300.11	1.46%	1.22%	7.22%	-20.47%
Ivory Coast	BRVM Composite	243.96	244.96	0.41%	-1.03%	5.58%	-5.54%
Kenya	NSE 20	5156.33	5184.92	0.55%	0.48%	5.24%	1.01%
Malawi	Malawi All Share	14626.91	14677.86	0.35%	2.56%	17.13%	0.68%
Mauritius	SEMDEX	2100.46	2101.59	0.05%	-0.57%	0.28%	-4.48%
	SEM 7	395.25	394.49	-0.19%	-0.81%	-2.27%	-6.91%
Namibia	Overall Index	1111.21	1090.20	-1.89%	-3.98%	9.35%	2.43%
Nigeria	Nigeria All Share	34543.05	33289.29	-3.63%	-6.70%	-19.45%	-28.55%
Swaziland	All Share	298.01	298.01	0.00%	-2.13%	4.32%	-2.28%
Tanzania	TSI	4887.41	4798.07	-1.83%	-2.75%	68.74%	53.63%
Tunisia	TunIndex	4969.76	4981.27	0.23%	-0.69%	13.69%	0.67%
Zambia	LUSE All Share	6166.79	6170.85	0.07%	-0.76%	15.37%	0.15%
Zimbabwe	Industrial Index	171.45	168.36	-1.80%	-1.80%	-16.70%	-16.70%
	Mining Index	63.49	67.59	6.46%	6.46%	47.61%	47.61%

CURRENCIES

Currency	28-Nov-14 Close	5-Dec-14 Close	WTD % Change	YTD % Change
BWP	9.04	9.18	1.56	6.19
EGP	7.13	7.13	0.02	3.15
GHS	1.87	3.18	0.24	34.83
CFA	525.12	532.76	1.46	11.77
KES	88.58	88.64	0.07	4.18
MWK	490.63	480.04	- 2.16	16.35
MUR	30.28	30.47	0.62	4.99
NAD	10.96	11.20	2.17	6.75
NGN	174.12	179.85	3.29	12.73
SZL	10.96	179.85	2.17	6.75
TZS	1,693.81	1,709.85	0.95	9.84
TND	1.83	1.85	0.92	12.93
ZMW	6.28	6.33	0.83	15.20

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Egypt's Suez Canal revenues reached $482.3 million in October, up from $469.7 million in September, the state information website said on Thursday. The fastest shipping route between Europe and Asia is one of Egypt's main sources of foreign currency. A major expansion of the 145-year-old waterway is planned. *(Ahram)*

Economic News

The Ministry of Finance has asked local banks to manage funds worth EGP 10.5bn from which the ministry can borrow to finance the budget deficit on Sunday and Monday. The Central Bank of Egypt (CBE) said Saturday it will supply treasury bills in two parts totalling EGP 6bn on Sunday. The first one will be worth EGP 2.5bn over a period of 91 days, the second worth EGP 3.5bn over a period of 373 days. On Monday, the CBE will present treasury bonds worth of EGP 1.5bn over a period of year and half, and another bond amounted EGP 2bn over a period of three years, and a bond amounted EGP 1bn over a period of seven years. The ministry had received funds worth $1.8bn, from dollar treasury bills over a period of one year, which were sold to local banks and foreign financial institutions. The budget deficit for the fiscal year (FY) 2015/2014 is worth approximately EGP 240bn. The deficit will be financed by the CBE through treasury bills and government debt bonds on behalf of the finance ministry. This comes in addition to aids and grants from Arab countries and international loans. The ministry said it will put forward treasury bills and bonds totalling EGP 214.5bn, the equivalent of $29.8bn during Q2 of the current FY. This is compared to EGP 206.5bn, the equivalent of $28.7bn in Q2 of the FY 2013-2014, an increase of 3.8%. The ministry said on its website Thursday that there will treasury bills over the period of 182 days with average return by 11.86%, as well as treasury bills over 364 day with average return by 12.06%. An National Bank of Egypt (NBE) led union, which includes the National Bank of Abu Dhabi (NBAD) and HSBC, collected a loan worth $1.5bn to pay part of the dues Egypt owes foreign oil companies operating in the country.

In a joint statement issued by the union on Friday, they will arrange a joint loan for the Egyptian General Petroleum Corporation (EGPC), and the payment will be on three-year quarterly instalments. The union won the deal after strong competition with five other alliances or unions participated in EGPC tender to choose the union, which can secure the required funding. The statement said the Commercial International Bank (CIB), the Arab African International Bank (AAIB) and Arab Bank were joining together as part of the arrangement as secondary finance guarantors and mandated arrangers of the union. NBE head Hisham Okasha told Reuters that the disbursement of the loan will start before the end of December 2014, with each bank getting a $500m share. Okasha added that Egypt is experiencing the worst energy crisis in decades. He attributes this to the steady decline in gas production and fear of foreign companies increasing their investments in the country because they did not receive their dues. The government has begun to address the problem of energy sector payments. The Ministry of Petroleum declared this month that it hopes to repay $4.9bn owed to oil and gas foreign companies within six months. The CBE declared in a statement at the beginning of this month, that the reserve balances of foreign exchange raised to $ 16.909bn by the end of October. This compares to $16.871bn by the end of September with an increase of $ 38m. *(Daily News)*

The global fall in oil prices is unlikely to ease the financial strain on Egyptian consumers right away, further adding to risks of instability, despite potential gains on the macroeconomic level, economists and business leaders said. Egypt, a net oil importer, will see its state budget and trade deficits fall as fuel costs drop, but it will be up to policy makers to determine whether this will help economic growth, William Jackson, an economist with London-based Capital Economics said. Consumers will not feel a dent in prices as the government already subsidises energy, he said. The Egyptian government used $105 per barrel to forecast its expenses in 2014/15, expecting to spend LE100 billion on energy subsidies, the state budget showed. Oil has been falling since OPEC declined to curb output to raise prices last week. Prices fell to their lowest in five years on Monday, hitting $68.54 per barrel. The fall in prices means the government will spend 25 percent less on energy subsidies this year, Tarek El-Molla, chairman of state-run Egyptian General Petroleum Corp (EGPC) said, Reuters reported on

Thursday. "If the government diverts spending that had previously gone to energy subsidies, this would boost growth," Jackson said in an emailed response to questions. "Given the government's desire (and need) to reduce the budget deficit, they may not react, in which case there wouldn't be much of an impact on economic growth." Egypt's government has introduced a series of reforms to revive an economy suffering from weak growth, high inflation and rising unemployment. This year it cut energy subsidies and raised taxes in a bid to reduce the budget deficit to 11 percent of GDP, down from 12.8 percent last year.

Egyptian households have seen their expenses grow as pump prices rise – up by as much as 78 percent in July – leading to a hike in general price level in the economy. The government also raised electricity prices, saving about LE11 billion in the state budget. The urban inflation rate has recorded double digits in every month since July's price hikes, reaching 11.8 percent in October. Consumers may feel a rise in their purchasing power as a result of the drop in global oil prices, but not right away, Hany Genena, chief economist at Cairo-based investment house Pharos Holding said. Inflationary effects of the subsidy cuts "will ease by the end of 2015 or early 2016, not by 2018 as originally expected," he said. Genena expects inflation to slow to 6 percent by the end of 2015. Managing subsidies has been a politically explosive issue in Egypt since a popular uprising forced former president Anwar Sadat to revoke price increases in 1977. However, Egypt's current President Abdel-Fattah El-Sisi was able to avoid popular backlash against his price increases, a decision he took right after he won 96 percent of the vote in June's presidential election.

The rise in inflation in Egypt is also linked to the depreciation of the pound, which fell to around 7.65 to the dollar in the black market last month. In the 2013/14 fiscal year, Egypt imported $10 billion worth of food products and $13.2 billion worth of petroleum products, according to Central Bank data. Local industries also depend heavily on imported machinery and inputs needed for production. The Egyptian government has a monopoly over supplying energy to industries, which is why their energy expenses will not change even with drops in international prices, said Mohamed El-Bahey, a member of the executive bureau of the Federation of Egyptian Industries. But consumers may feel a drop in prices of locally manufactured products as the prices of imported raw materials, especially petrochemicals, fall, El-Bahey said in a phone interview. "But this could take months, because factories' inventories are priced at old oil rates," he said. Omar Mehanna, chairman of Suez Cement, Egypt's largest listed cement maker, said he did not expect changes in oil prices to have a large impact on his industry. The cement sector in Egypt is turning to using coal, a source of fuel "whose prices are historically stable, unlike the volatility of oil," he said.

If oil prices stay around the level of $75 per barrel, Egypt's $59 billion annual import bill could be reduced by around $4 billion, or 1.5 percent of GDP, Jackson said. "This in turn would reduce the current account deficit and Egypt's dependence on foreign financing, thus easing strains in the balance of payments," he said. Egypt saw its foreign currency reserves fall from about $36 billion before the 2011 uprising to $16.9 billion in October, as the Central Bank defended the local currency against shocks of investors fleeing. Following the ouster of Islamist president Mohamed Morsi in July 2013, oil-rich Gulf states pledged billions in support of El-Sisi's regime, giving $10.6 billion in cash and oil products to date. Gulf support to Egypt, however, should not be affected as oil prices drop, Jackson said. "Even with current oil prices, the Gulf should – in aggregate – run a current account surplus, so it will still be accumulating FX assets," he said. Also, the political nature of aid from countries like Saudi Arabia – which backs Egypt's ongoing crackdown against Morsi's Muslim Brotherhood – secures it against any fiscal hits, according to Genena. "Gulf aid to Egypt is considered defence expenditure, which is not influenced positively or negatively due to its relation to national security," said Genena. *(Ahram)*

Egypt's benchmark GEX30 index dropped 0.8 percent to 9,233 points on Monday, following downward movement in Gulf markets. Most Gulf markets fell on Monday amid fears of a plunge in oil prices – but with a slower pace than the day before. In the Egyptian market, Arab investors were the only net-sellers for LE49.6 million ($7 million), while non-Arab foreigners and Egyptians were net buyers. Turnover continued to slide compared to last week's sessions, registering only LE574.5 ($80.9 million). Market bellwether Commercial International Bank (CIB) fell 1.01 percent to LE48.99. Other big caps Telecom Egypt and Global Telecom Holding lost 0.35 percent and 0.94 percent to LE14.18 and LE4.22, respectively. T M G Holding, the largest listed real estate developer, fell 0.89 percent to close at LE10.05. Orascom Telecom Media and Technology Holding continued to rise, however, gaining 2.26 percent to LE1.36. Out of 186 stocks listed over the day, 110 declined and 52 gained in value. The broader index EGX70 lost 0.3 percent. *(Ahram)*

A total of 2.77 million tourists visited Egypt in the third quarter of 2013, official figures show, a jump of 70 percent compared to the same period last year despite an Islamist insurgency in North Sinai. The figure brought the total number of visitors this year to 7.27 million up to the third quarter, welcome news in an industry hammered by three years of political turmoil. At the same time a year ago, much of Egypt was under curfew and many foreign countries had issued travel warnings due to the army's removal of President Mohamed Mursi in July 2013 and its crackdown on Muslim Brotherhood supporters, when many hundreds were killed in one of the bloodiest periods of Egypt's modern history. Although political calm has for the most part returned to the country, the government faces a growing Islamist insurgency based mainly in the Sinai Peninsula, which borders Israel, the Gaza Strip and the Suez Canal. Officials say the insurgency is contained to a small corner of Sinai far from the popular beach resorts further south. But the tourist industry suffered a blow in February when a coach carrying Korean tourists was bombed near Taba in southern Sinai, not far from an Israeli border crossing often used by vacationers. Tourism is a main source of foreign currency for Egypt but it was badly hit after the uprising that toppled autocrat Hosni Mubarak in 2011 and then again following the army's overthrow of Mursi. Tourism revenues, once peaking at $12.5 billion a year, were less than half that in 2013 at $5.9 billion. They dropped to around $3 billion in the first half of 2014, when 4.5 million tourists visited. *(Reuters)*

Business activity in Egypt expanded in November for a fourth month but growth slowed almost to a standstill, a survey showed on Thursday, suggesting the economy is more stable but still fragile. The HSBC Egypt Purchasing Managers Index (PMI) for the non-oil private sector stood at 50.7 points in November, down from 51 points in October and a near-record 52.4 points in September. Readings above 50 indicate expansion while those below 50 point to contraction. "Another month with the PMI running above 50 provides further evidence that the Egyptian economy is stabilising," said Simon Williams, Chief Economist for the Middle East at HSBC. "There are a raft of difficult policy issues still to address, but we continue to look for a pick-up in growth in the year ahead." Egypt has undergone nearly four years of political and economic turmoil following the 2011 uprising that toppled Hosni Mubarak after 30 years in power. The government is trying to strike a balance between cutting its deficit and reviving economic growth, which at 2.2 percent in the 2013/14 fiscal year remains too slow to create enough jobs for a youthful population of 87 million. Though output and new orders continued to expand last month, they did so at a fractional pace, the PMI showed. Employment, which grew in September for the first time in 2-1/2 years, continued to rise but also at a slower rate. Egypt raised fuel prices by up to 78 percent in July in a long-awaited step to cut subsidies and the budget deficit. The government is targeting economic growth of up to 5.8 percent in the next three years, with the deficit staying at around 10.5 percent of gross domestic product. Egypt has been steadily resolving legal disputes with foreign investors and promising reforms of its stifling bureaucracy before a mid-March conference it hopes will help attract billions of dollars in investment. Weaker foreign demand was at least partly to blame for the slower rate of expansion in November, with new orders falling for the first time since July. Companies reduced their selling prices last month even as input prices continued to rise, squeezing margins. *(Reuters)*

Ghana

Corporate News

Delta Air Lines Inc. (DAL), the U.S. carrier with the most service to Africa, is cutting flights to Accra, Ghana, by about 20 percent as the Ebola outbreak in nearby countries damps travel demand. The third-biggest U.S. airline wouldn't say yesterday whether the epidemic in West Africa was turning away consumers. Airlines including British Airways and Emirates have cited the virus in canceling trips to the hardest -hit regions, which don't include Ghana. Round trips between New York's John F. Kennedy International Airport and Accra's Kotoka International Airport were pared to 18 in November from 22 a year earlier, said Anthony Black, a spokesman. Delta cut one flight per week from the route starting in November and expects the reduced schedule to continue indefinitely, Black said. Black didn't cite a reason for the slackening interest in trips to Ghana, whose government cut its 2015 economic growth forecast to about half of this year's estimates because of power shortages, a slumping currency and inflation. Ghana is outside the heart of the Ebola outbreak in Liberia, Sierra Leone and Guinea.

Delta's Africa flights go to Johannesburg; Lagos, Nigeria; and Dakar, Senegal, along with Accra. It stopped serving Monrovia, Liberia, in August. United Continental Holdings Inc. (UAL) flies only to Lagos and American Airlines Group Inc. (AAL) has no African destinations. U.S. carriers have added new routes into the continent over the last decade only to retreat because of disappointing financial results or political turmoil. United, for example, flew from Washington to Accrabetween 2010 and 2012 and pulled the flight because it failed to meet projections, said Rahsaan Johnson, a spokesman. The airline stopped flying into Cairo in 2011 when the Middle Eastern uprising reduced demand, he said. Delta also stopped flying into Cairo and Abuja, Nigeria, in 2011 and 2012, respectively, according to Black. "I would call it a measured success in the market," Black said in an interview in October. "Ultimately, we're going to fly where we expect to continue to be successful." Africa poses significant challenges for U.S.-based airlines, so they must be creative to make money there, said Craig Jenks, an industry consultant with Airline/Aircraft Projects Inc. in New York. Among them, the high altitudes of major economic centers such as Addis Ababa, Ethiopia, hurt airplanes' fuel efficiency. Delta can fly to Dakar, located on the continent's western edge, because it can use a shorter-range, narrow-body Boeing 757 instead of a less fuel-efficient wide-body aircraft, Jenks said. Other challenges include widespread theft of customer luggage and company equipment and a prevalence of leisure travelers, said Bob Mann, the president of aviation consultant R.W. Mann & Co. in Port Washington, New York. "There's a large diaspora in the U.S., but it is exclusively visiting friends and relatives, very low yielding traffic," Mann said by telephone. "You don't get the typical business travel profile that really makes the route perform for a network carrier."*(Bloomberg)*

Ghana said it will cut power to factories including ones run by Unilever NV and Coca-Cola Co. to offset a worsening shortage of electricity. Factories will lose power for 48 hours and then have continuous supply for six days, the Electricity Company of Ghana said on its website. Electricity will be available to residential areas for 24 hours, followed by cuts for 12 hours, the company said. The new schedule runs from yesterday through Jan. 1. Ghana is West Africa's second-largest economy and the second-largest gold producer in Africa. "The power cuts are a matter of necessity," Melissa Verreynne, an economist at NKC Independent Economists based near Cape Town, South Africa, said "The negative impact on economic growth, productivity, in the manufacturing sector especially, will be notable." Ghana cut its economic growth forecast for 2015 in about half because of soaring inflation and chronic power shortages that are curbing investor sentiment. President John Dramani Mahama created a Ministry of Power last month to deal with shortages that worsened this year because of a lack of natural gas and low water levels at the largest hydroelectric dam. The world's second-largest cocoa producer has struggled to chip away at power and water shortages that have held back investment in the economy since the discovery of oil in 2007. A delay in opening a natural gas processing plant in Atuabo has worsened a drop in supply of the fuel from Nigeria. The operator of the nation's largest dam has shut down two turbines because of low water levels. Factories run by Ghana Cement, Fan Milk Ltd., SABMiller Plc's Accra Brewery Ltd., will also face cuts, according to the Electricity Company of Ghana. Peak demand for power is about 2,000 megawatts in the country of about 26 million people. The gap between demand and supply widened to as much as 600 megawatts earlier this year. The Electricity Company is reducing supply to factories by 120 megawatts and by 300 megawatts to homes, Stephen Doku, director of power at the Ministry of Energy, said by phone. The government plans to add 770 megawatts of supply to the national grid by 2015, Energy Minister Emmanuel Armah-Kofi Buah said in October. Perseus Mining Ltd. said yesterday it agreed to a 25 percent reduction in power supply from the national grid to its Edikan gold mine. Five other international mining companies also signed on to the cuts, the company said in a statement. While the company plans to use stand-by generators, it is not clear how much production and unit costs will be affected, the company said. Gold Fields Ltd. has diesel generators on 24-hour standby because of ongoing power cuts, Sven Lunsche, a spokesman for the Johannesburg-based company, said. The company produces about a third of its gold from Ghana. "This has been an issue for a number of years and there have been no significant production stoppages as a result," he said.*(Bloomberg)*

Economic News

Finance Minister, Seth Terkper has indicated that government would soon publish how it used proceeds from the Eurobond sale. The assurance follows insistence by a former deputy governor of the Bank of Ghana, Dr. Mahamudu Bawumia that the funds have been misappropriated. Dr. Bawumia, who is the running mate for the New Patriotic Party (NPP) in the upcoming 2016 general election accused government of sinking the $1 billion Eurobond it raised for capital investment into reducing debts incurred at the Bank of Ghana. "In the prospectus that sought to convince investors, the minister of finance indicated that a substantial portion of the amount borrowed will be used for infrastructural development and critical projects. "What project did the minister have in mind? The minister should list and provide a detailed plan of what projects he has in mind." But speaking to Joy Business after the PricewaterhouseCoopers forum on the 2015 Budget, Mr. Terkper said all these concerns would be answered soon. "We are going to publish it…Joy FM I promise you we are going to publish it," he assured. He admitted that "so much" of the funds was used to pay off maturing bonds. A Deputy Finance Minister, Cassiel Ato Forson, has told Joy News the money from the Eurobond sale is being used judiciously, adding not all the $1 billion have even been expended on earmarked projects. "What we said is that we are going to use $250 million for capital expenditure, and to take another $300 million for counterpart and matching funds and also to use $200 million for maturing short time debts", said Ato Forson. Meanwhile Senior country partner at PricewaterhouseCoopers, Felix Addo says the 2015 Budget did little to expand the tax net.*(My Joy)*

Ghana and the International Monetary Fund probably won't come to an agreement on aid until April and the country will struggle to meet revenue targets next year, according to Fitch Ratings Ltd. The world's second-biggest cocoa producer turned to the Washington-based lender as it struggles to narrow its fiscal deficit. A target to reduce the gap to 6.5 percent of gross domestic product in 2015 from 9.5 percent is "exceptionally ambitious," said Carmen Altenkirch, director of the sovereign group at Fitch. "I've penciled in a figure of 8 percent," she said at a conference today in London. "The real challenge for them will be raising revenue at a time when the economy isn't performing well." Lower earnings from exports and higher spending weighed on the budget in West Africa's second-biggest economy and added pressure on the cedi, the continent's worst-performing currency this year. Rising debt, power shortages and soaring inflation prompted President John Dramani Mahama to open the door to IMF aid in August. The government would probably finish talks with the lender by February, James Klutse Avedzi, chairman of the finance committee in Parliament, said on Nov. 19. "The first time, all things going well, that we're likely to see an IMF program is April next year," Altenkirch said, without giving details. "If they don't have an IMF program, they won't be able to issue another Eurobond. Then, you're going to get a very large drain on reserves."

Ghana sold $1 billion of January 2026 bonds, priced to yield 8.25 percent, in September, according to data compiled by Bloomberg. That was its third offering in dollars and was issued a few weeks after signaling it wanted IMF aid. The country's international bonds returned 8.7 percent this year, less than the 10.4 percent average gain for the Bloomberg USD Emerging Market Sovereign Bond Index. After losing access to domestic capital markets, Ghana was forced to borrow money from the central bank, according to Altenkirch. "Banks have become net sellers of government paper, while non-banks have purchased only half of what the government was intending," she said. "The central bank has financed roughly 90 percent of Ghana's budget this year." Two calls made to Finance Minister Seth Terkper and his deputy, Cassiel Ato Forson, weren't answered. The cedi, which is down 26 percent this year, weakened 0.4 percent to 3.2152 per dollar by 5 p.m. in Accra, the capital.*(Bloomberg)*

Kenya

Corporate News

Safaricom has revealed that it has a commercial interest in the cashless fare payment card dubbed My 1963, which puts the telco among the biggest beneficiaries of the new system expected to start operating Monday. My 1963 card was launched about a month ago in a high-profile ceremony presided over by President Uhuru Kenyatta and Safaricom CEO Bob Collymore, generating speculation on the ownership of the card which also appeared to have the backing of matatu (public service vehicle) owners. Most of the other matatu cashless fare payment options also rely on mobile money top-ups, again providing a major revenue earning opportunity for Safaricom. "My 1963 is a partnership between Safaricom and Fibre Space (a Nairobi-based IT firm)," said the chief officer in charge of new products at Safaricom Betty Mwangi-Thuo in an interview last Friday. Kenya's lucrative PSV industry grossed Sh218.1 billion revenue last year, whetting the appetite of banks and mobile money firms who stand to rake in a minimum of Sh2.1 billion annually in commissions, assuming a processing fee of one per cent. Safaricom said it has a "partnership" interest in My 1963 travel card with Mwakio Ngale, a Nairobi-based techie through his IT firm Fibre Space Ltd. The Nairobi Securities Exchange-listed telco however said Matatu Owners Association (MOA) has no stake in the venture, contrary to earlier speculation. It has branded the My 1963 card "a product of Safaricom |M-Pesa." The National Transport Safety Authority (NTSA) set Monday's deadline for a ban on cash fare payments in Kenya's public service vehicles as part of a plan by the government to formalise the matatu sector. Safaricom has ring-fenced the My 1963 card to have it exclusively recharged via M-Pesa unlike other cards that can also be topped up using other mobile cash service providers.

Other cashless payment service platforms include BebaPay (run by Equity and Google), Abiria (Kenya Bus Service), Pepea (KCB), Tangaza Pesa PSV card and Co-op Bank's M-Nauli. Safaricom is pursuing a multi-pronged approach to cash in from the cash-lite matatu policy by rolling out its own commuter card and also assigning M-Pesa paybill numbers to matatu operators. The service is called Lipa Fare na M-Pesa where travellers do not incur any transaction charges and matatu owners pay a one per cent commission based on the value of total fares collected via the mobile platform. Safaricom's entry into bus fare payments steps up the firm's efforts to increase mass usage of M-Pesa having already launched payment schemes such as Lipa Kodi for rent, Lipa Karo for schools fees and Lipa Na M-Pesa for retail merchants. My 1963, just like its rival commuter cards, comes with contactless payment technology known as Near Field Communication (NFC) where commuters will use a mobile phone or point of sale to pay their fares. Holders of commuter cards such as BebaPay, Abiria, Pepea, Tangaza Pesa PSV, My 1963 and M-Nauli will tap them on any mobile point-of-sale (mPOS) terminals which will generate mini-receipts. The government was forced to push back regulations that will outlaw the use of cash for bus fare payments to today from the earlier date of July after matatu operators asked for more time to comply. This was after the Central Bank of Kenya (CBK) and the NTSA set out fresh regulations requiring all commuter cards issued by rival players to be inter-operable to allow customers to use them across all networks. NTSA also requires providers of cashless matatu payment systems to seek clearance from CBK as a strategy to ensure commuters' deposits are protected. A digital fare collection system will help curb employee fraud by matatu crew as owners can track payments in real time and the money collected in a bank account, making it easier to access loans. *(Business Daily)*

Kenya Power is targeting a nearly five-fold jump in income from Nairobi street lights to Sh2.4 billion per annum beginning June next year, when it expects to have completed a new plan to light up the capital city. The electricity distributor currently earns Sh392 million every year from 3,172 customers connected to street lights countrywide, according to its latest annual report. Nairobi contributes a lion's share of this with Sh372 million. The NSE-listed firm is now banking on the recently-launched Sh10 billion project to light up Nairobi streets to significantly boost this revenue stream. "We forecast that the street-lighting business in Nairobi will earn the company a monthly revenue of Sh200 million from the end of the current financial year," said Kenya Power managing director Ben Chumo on Friday. He said the company plans to install lights along 491 city streets in a quest to turn the capital into a 24-hour economy. "At the moment, 116 Nairobi streets have the necessary lighting infrastructure while 374 others will require new poles and cabling," he added. Nairobi, which is home to about four million people, has approximately 24,000 street lights and 7,300 public lighting masts covering 30 per cent of the city. Forty per cent of this infrastructure is not working and requires refurbishment. Kenya Power in October received the first tranche of Sh381.2 million (of the Sh10

billion) from the Treasury to kick-start the Nairobi street lighting project.
The refurbishment expenditure in the new plan stands at Sh953 million while Sh9.84 billion will be spent on installing 12,959 new public lighting masts and 54,029 street lights. Crucial economic areas like Baba Dogo, Kariobangi Light Industries, Industrial Area, Kamukunji and Gikomba are some of the places set to benefit from better lighting. Others include the Central Business District (CBD), Eastleigh, Kahawa West, Buru Buru and Embakasi. Kenya Power's street lighting customers countrywide were 3,172 as of June this year, having grown by 52 per cent in the past five years, a record the electricity distributor is keen on improving. The power firm earned Sh415 million in 2010, but this has since dropped to Sh392 million. Dr Chumo says the company now plans to expand the street lighting plan to other major cities across the country, adding that the expansion drive would in the long run boost the firm's bottom line. "The plan is to now expand the project to other cities like Nakuru, Eldoret, Mombasa and Kisumu and ensure that street lighting revenues become a major earner for the company," he said. The company's net earnings increased 88 per cent to Sh6.4 billion in the period to June 2014 compared to Sh3.4 billion a year earlier, helped by higher electricity tariffs. *(Business Daily)*

Investment group TransCentury has deepened its stake in Kenya's power sector with the launch of a 50-megawatt wind farm in Limuru, Kiambu County. The Nairobi Securities Exchange-listed infrastructure-focused firm has teamed up with Chinese company HydroChina and Aperture Green Power to construct the Sh11.7 billion ($130 million) wind power project. TransCentury is involved in the power project through its subsidiary Civicon, which will offer engineering support in installing 33 wind turbines at the firm located about 40 kilometres north of the capital, Nairobi. "The potential for wind energy generation in Kenya is significant and we shall be using the Limuru Wind farm project as a pilot programme to fine-tune our delivery capacity," said Gachao Kiuna, chief executive at TransCentury Group. The wind power project adds to TransCentury's recent deals in geothermal and coal mining, a pointer that the company is betting on the power sector for growth. TransCentury was last week named among three bidders shortlisted to exploit the controversial Mui Coal Mines in Kitui. It made a joint bid with Continental Coal, a South African thermal coal producer and Russian firm Power Machines OJSC. Civicon is also part of a consortium developing 35 MW of steam power at Menengai geothermal field. The company is constructing the power plant for New York Stock Exchange-listed Ormat Technologies. TransCentury's engineering and construction services unit Civicon last month began construction of the 300 MW Lake Turkana Wind Power Project that involves 365 wind turbines each with a capacity to generate 850 kW of power. *(Business Daily)*

Flour miller Unga Group has ventured into sale of cereals to diversify its revenue base and grow earnings. The Nairobi bourse-listed cereal miller has begun retailing beans, green grams, pigeon peas, black beans (njahi) and plans to start selling premium rice varieties next year. Unga told shareholders at its annual general meeting on Tuesday the new business unit is targeting high-end shoppers who prefer buying all their supplies in malls and retail stores. The commodities are trading under the 'Amana' brand. Shareholders approved Unga's planned acquisition of a majority stake in Ennsvalley Bakery. The miller, however, declined to disclose the amount it had invested in the commodities trading business, but said it was partnering with local small and mid-sized firms in sourcing for rice and pulses. "The middle class is growing very quickly and for us it is natural to go into the food business rather than just flour," said Isabella Ochola-Wilson, chairperson of Unga Ltd. Unga will have to fight it out with retailers such as Tuskys and Nakumatt which have taken to packaging grains under their own brands to capture the urban consumers. "More people want to have nutritious food. Shopping patterns have changed, people no longer buy foodstuff in the open market but more shoppers are making purchases in supermarkets," said Ms Ochola-Wilson on the sidelines of the AGM.

The company said the grains would be locally sourced but rice would be a mix of local pishori and imports. Kenya imports rice from producers such as Pakistan, Thailand, India, South Africa and Vietnam. Unga reckons that consumption of grains has been gaining currency in urban areas, fuelled by an increasingly health-conscious middle class with higher disposable incomes and growing appetite for nutritious meals such as legumes. Unga's venture into the retail commodity market comes on the back of increased deal making and divestitures by the flour miller. The firm announced that it would spend Sh542 million to buy a 52 per cent stake in Ennsvalley Bakery owned by inflight caterer NAS Holdings. The move for a second bite of Kenya's lucrative baking business comes decades after it exited Elliots Bakery. It also comes after Unga sold its 51 per cent stake in paper-packaging firm Bullpak in a deal worth Sh335 million. "The shift in strategy would enable the company to improve its gross margins that have been dwindling over the years due to a fiercely competitive milling industry," Unga said in a statement to shareholders. Ms Ochola-Wilson said Unga has introduced its line of animal feeds under the brand name 'Fugo' to Tanzania as it searches for a bigger market. The entry of Unga into the retail rice market puts the miller in a head-to-head battle with established brands such as Pearl, Daawat, Sunrice, Royal, Ranee, Tastic and Golden Harvest. Rice is ranked third among Kenya's staple foods. Its rate of consumption has been growing rapidly over the past decade in tandem with economic growth. "Rice is quickly replacing maize meal as a staple food. We've chosen to offer a premium brand at a premium price," said Nick Hutchinson, managing director at Unga. *(Business Daily)*

Equity Bank has received a Sh5.6 billion (50 million euro) credit line from the European Investment Bank (EIB), that it hopes will boost its loan book by lending to small and medium enterprises. Equity Bank Group CEO James Mwangi Wednesday said the funds will be lent to eligible SME firms across the region. The credit line is part of EIB's global loan facility that will be channelled towards a growing number of regional SMEs seeking local or international currency-denominated business loans. Ongoing infrastructure development has created high demand for such funds, Mr. Mwangi noted, pushing up demand for medium-term business loans. "Beyond providing SME loans, we shall also provide them with access to technical business development specialists from Equity Consulting Group to enable them grow," the chief executive said. "Our commitment is to advance an integrated solution that literally guides the SME transition to a small corporate level," he added. Other than the credit line advanced to Equity, the lender will also be eligible to enjoy the EIB Technical Assistance programme support, which is geared towards raising the technical capacity of financial and related development partners. Over the years, Equity Bank has significantly grown its lending to SMEs as a proportion of the its loans book. In 2013, the bank advanced more than 170,000 loans to SMEs totalling over Sh35.6 billion ($412 million). The group has subsidiaries in Rwanda, Tanzania, Uganda and South Sudan, making it one of the largest banking institutions in the East Africa region with a market spread of more than 10 per cent of the total bank lending. It has more than 9.2 million customers.*(Business Daily)*

Nakumatt Holdings Ltd., East Africa's biggest retail chain by outlets, expects to bring a "strategic" investor to buy a stake by mid-2015 as it looks to expand in the region, the head of strategy and operations said. The company, with annual sales of $600 million, has held talks with at least two "serious investors" who have shown an interest in partnering with Nakumatt, Thiagarajan Ramamurthy said in an interview yesterday in the Kenyan capital, Nairobi. The company said in August it plans to sell a 20 percent stake after announcing last year it's seeking to raise as much as $50 million in a possible partnership with other retail chains. "We are looking for both a financial and strategic investor to partner with," he said. "We are currently assessing the right partner and the deal should be through by mid-next year." Kenya, East Africa's biggest economy, is expected to grow 5.7 percent in 2015 and 6 percent the year after, compared with 5.1 percent this year, according to a Bloomberg survey of economists published on Nov. 21. The retail industry in East Africa is "attractive" because of its rapid population growth, urbanization, macroeconomic stability and growth potential, A.T. Kearney, the Chicago-based consulting firm, said in March.

Nakumatt competes with Uchumi Supermarkets Ltd., the biggest publicly traded retailer, and closely held Tuskys and Naivas Ltd. Wal-Mart Stores Inc. (WMT)'s South African unit, Massmart Holdings Ltd., said in August it's met "several important players" in Kenya's retail industry as it seeks to expand on the continent. Ramamurthy declined to identify the investors Nakumatt has spoken to and wouldn't say how much the company plans to raise. "The talks are still under discussion," he said. Nakumatt has 7,000 employees and 38 branches in Kenya. It also has operations in Uganda, Tanzania and Rwanda and plans to expand into South Sudan and Burundi. The company is also considering trading its shares on the Nairobi Securities Exchange by the end of the decade, he said. "We plan to list in the Nairobi Securities Exchange most probably in 2020," said Ramamurthy.*(Bloomberg)*

Safaricom launched Kenya's first fourth-generation (4G) Internet services on Thursday, seeking to capitalise on burgeoning mobile Internet use in the country. The government of the east African nation of 40 million people wants the use of 4G high-speed broadband network to help raise the Internet's contribution to economic growth to 10 percent in 2017 from about 3 percent this year. Safaricom - Kenya's largest telecoms phone firm - saw web data revenue rise by more than half in the six months to September. The 4G service is a central part of its attempts to further expand its data business to counter slower growth in voice calls revenue. The operator, 40 percent-owned by Britain's Vodafone, signed a 15 billion shilling ($166 million) deal with the government last month to build a national security and surveillance system, and was offered the chance to buy the 4G radio spectrum - or frequencies - as part of the agreement. Safaricom Chief Executive Bob Collymore said the company paid $75 million for the spectrum and would roll out the 4G service countrywide within 36 months. Kenya had more than 32 million mobile subscribers in the quarter ended June, representing a penetration of about 80 percent of the population. Of those users, around 14 million had mobile data subscriptions. Safaricom's first-half pretax profit rose by almost a third to 21.1 billion shillings due partly to growth in data usage, offsetting sluggish voice revenues. The company's need for extra capacity was shown by its joint bid with Bharti Airtel for the assets of Essar's Yu in April. The deal, which gave Safaricom Yu's spectrum and infrastructure, was cleared by regulators in November. Collymore said Safaricom had paid $82 million for Essar's infrastructure and spectrum. *(Reuters)*

Economic News

Kenya will issue its debut sukuk in the next financial year, not this one as some had expected, after it opted to borrow an additional $750 million from its maiden $2 billion Eurobond issued in June, its finance minister said on Monday. Parliament is set to consider a recommendation by its finance committee to double the government's external debt ceiling to $28 billion to fund the construction of a new railway, port, roads and power plants. There were expectations in the market the government would issue a bond compliant with Islamic law or shariah this financial year, partly to reduce domestic borrowing and lower interest rates. Henry Rotich, the cabinet secretary for the Treasury, said the re-opening of the Eurobond, which is expected to be completed on Wednesday, had given the government time to prepare the documentation for the sukuk issue. "We will prepare for sukuk but for the next financial year," he told Reuters on phone, without indicating the potential size of the bond. He said it would be issued in the finiancial year in the financial year ending June 2016. Kenya's central bank chief, Njuguna Ndung'u, said last month the country's public debt was sustainable at 46 percent of gross domestic product (GDP) because much of it was supporting transport and other projects that will fuel growth. A senior government source who did not wish to be identified told Reuters last week that the re-opened Eurobond was getting good demand from investors who were willing to pay a premium. *(Business Daily)*

Kenya's shilling weakened modestly on Monday due to corporate demand for dollars, while the benchmark share index edged up. At 1300 GMT when the Kenyan market closed, commercial banks posted the shilling at 90.20/30 per dollar, compared with Friday's finish of 90.10/20. Companies tend to buy dollars at the end of the month but some were still seeking the U.S. currency on Monday, said Chris Muiga, senior trader at National Bank of Kenya. "There's spillover demand from the end of the month," he said, adding sometimes demand for dollars emerged earlier in December than other months because of approaching holidays. Traders said higher shilling liquidity was helping push the Kenyan currency lower. Overnight lending rates for banks fell to 7.0045 percent on Friday from 7.11756 percent the previous day. The shilling is down about 4.6 percent this year, mainly because of militant attacks that have damaged the tourism industry, a key source of hard currency. In the share market, the benchmark NSE20 index edged up 16.25 points to 5,172.57 points. *(Reuters)*

The Kenyan shilling stayed close to a three-year low on Wednesday after an Islamist attack in the northeast of the country the previous day spooked the market. At 0735 GMT, commercial banks posted the shilling at 90.20/40, close to the 90.30/40 level it fell to on Tuesday, after al Shabaab militants from Somalia attacked a quarry in Mandera and killed 36 workers. "It (the attack) does not provide comfort for the shilling," said a senior currency trader at a commercial bank. Frequent attacks by the insurgents this year have scared tourists away from Kenya, reducing the supply of hard currencies they bring in, piling pressure on the shilling. The latest attack, which followed another one in the area 10 days ago in which 28 people were killed, has cast a shadow over tourism during the Christmas period, which along with the summer months, is the peak period for the industry. *(Reuters)*

The Kenyan shilling inched lower against the dollar on Friday after dollar demand from the energy sector and lack of hard currency inflows weighed on the local unit. At 0800 GMT, commercial banks posted the shilling at 90.30/40, slightly weaker on Thursday's close of 90.25/35 to the dollar. Joshua Anene, trader at Commercial Bank of Africa, said demand for dollars from the energy and mining sectors was putting pressure on the shilling, while "on the other side, inflows have dried out as tourism is on its knees." A spate of bombings and gun attacks by the Somalia militant group al Shabaab has hurt Kenya's tourism industry, one of the main sources of hard currency for east Africa's biggest economy. The local currency has weakened 4.6 percent against the dollar this year despite frequent interventions by the central bank to prop up the shilling, including dollar sales. Traders said they expected the central bank would sell dollars to support the currency if the currency weakens towards the 90.50 level, after the bank sold dollars on Wednesday helping to lift the shilling from its intraday low of 90.40/50. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Guaranty Trust Bank Plc said it was recently adjudged the 'Best Bank in Nigeria for 2014' by The Banker Magazine. The bank said it achieved the feat for promoting industry-wide excellence in Global Banking Ethics as well as its adherence to the highest corporate governance standards. The award ceremony took place in London and had in attendance more than 350 senior executives from well over 120 countries. The Banker is one of the world's leading monthly journal of records for the banking Industry, with over 90 years expertise in publishing development in the banking industry both Africa and on the global scale. For over 1000 applications collected, The Banker selects one winning bank for each of the 120 countries shortlisted. Commenting on the award, the bank's Chief Executive Officer, Mr. Segun Agbaje said: "we are happy to receive this award," and attributed the bank's achievements to the hardwork and commitment of its employees and loyalty of its customers. He added that the financial institution is committed to building an enduring institution with strong values and sound corporate governance standards, which would ensure that it continues to deliver over and above the expectations of all its stakeholders. "GTBank has continued to push the boundaries with the introduction of products and services tailored to meet the needs of its customers," he said. *(This Day)*

Fidelity Bank Plc last week introduced leisure banking at the University of Benin through the construction of Automated Teller Machine (ATM) gallery. Christened: "Round the Clock Banking ATM Facility," the gallery includes free WiFi internet, phone charge hub, green park and bus shelter. Speaking at the event, the Managing Director and Chief Executive Officer of the bank, Mr. Nnamdi Okonkwo, explained that the facility was the bank's fulfilment of a clearly thought out social responsibility strategy anchored on education, environment and social welfare. Okonkwo, who said the facility was built to ensure that students have better environment suitable for learning, added that while at the ATM building, student could also charge their phones as well as enjoy free internet facility. His said: "The students here who are undergoing studies have a place they can socialise. They can do free internet browsing at zero cost. It is just very exciting that you can recreate and learn in this environment." Unveiling the facility, the Vice-Chancellor of the University of Benin, Professor Osayuki Oshodin, urged staff and students of the university to promote the communal culture of the institution by avail themselves of the various facilities provided within the university. The vice-chancellor described the facility as an edifice which would cater for the financial needs of the students. While urging members of the university community to make good use of the facility, he pointed out that it would reduce the risk involved in the withdrawal of large sums of money outside the campus. "Any student, instead of going to town, can just cash money right here. The internet service is free, you can charge your phone and relax while waiting for a bus. These will benefit the students and staff and we thank Fidelity for that", Oshodin stated.*(This Day)*

Shareholders of Oando Plc who were at the 37th annual general meeting (AGM) of the company, last October were not particularly excited about the dividend of N2.4 billion they got; they were happy because of the future prospects of the integrated oil group, based on information provided by its board and management. Most exciting to the shareholders was the acquisition of Nigerian upstream oil and gas business of ConocoPhillips for a total cash consideration of $1.5 billion after customary adjustments plus a deferred consideration of $33 million. Although the acquisition of ConocoPhillip's assets dug a big hole in the finances of the company, the shareholders were comforted by the fact that in the long-run, Oando will be better for it. With the completion of the assets acquisition Oando's upstream subsidiary, Oando Energy Resources, now has a total hydrocarbon production capacity of approximately 45,000 boe/d, 2P Reserves of 230.6MMboe and 2C Resources of 547MMboe, and expects annual revenue of over $600 million, and annual free cash flows of $150 million.

Going by the results of Oando for the nine months ended September 30, 2014, the positive impact of the acquisition has started to manifest. The company posted a turnover of N338 billion, compared to N386 billion in the corresponding period of 2013. Gross profit rose by 97 per cent from N46.7 billion to N79.5 billion. However, high administration administrative expenses, financing moderated the profit after tax. While the company reduced selling and marketing expenses from N5.2 billion to N4.2 billion, administrative expenses rose from N26.6 billion to N47 billion. Similarly, net financing cost soared by 203 per cent from N8.612 billion to N26.137 billion. Consequently, profit after tax stood at N11 billion, showing an increase of 83 per cent compared to N6 billion posted in 2013. Highlighting the impact of Oando's $1.5 billion acquisition of COP Nigeria, the Group Chief Executive Officer of Oando, Mr. Wale Tinubu assured shareholders of further improvements in the company's performance. According to him, the acquisition is set to increase daily oil production exponentially by 600 per cent equivalent to 45,000 boe/d, annual revenue of over $600 million, and annual free cash flows of $150 million. "With an eye to the future, we took on our largest and most daring feat with the acquisition of COP, adding capacity to support our future growth plans. Our strategic refocus on the higher margin promises to create profitable growth for us and immense value add for our stakeholders in the near term," Tinubu said.

Impressed with the nine months performance, analysts at Dunn Loren Merrifield (DLM) updated their views on the Oando, put a buy rating on the stock with a 12-month price target of N29.63, presenting a strong upside potential considering its price of ……Revenue surged on COP assets acquisition According to DLM, Oando, with the acquisition of COP upstream assets in Nigeria, added capacity to support earnings growth and future cash flows. The company recorded sales revenue of N143.55billion in third quarter(Q3) of 2014, compared with N109.29billion and N105.92billion recorded in second quarter (2Q) 2014 and Q3 of 2013 respectively. "Supportive of the strong growth in the quarter was a notable progress in upstream production which grew by 272.7 per cent to 4.1 million boe in the nine months ended September 2014 due to the newly acquired working interest in OML 60 – 63, which contributed 2.9 million boe in the review period. In addition, the increase was also driven by increased production efficiency from producing wells and recommencement of production in the Abo 10 well earlier than the planned September date, while total production from OML 125 during the first nine months of 2014 increased by 11 per cent. This resulted to an expansion in revenues from the upstream business," they said.

The analysts added that in their opinion, the upstream activity of the company is expected to enhance the group's aggregate earnings in the medium-to-long term despite falling oil prices and the potential impact this might have on upstream activities of the company. Oil prices have recorded a decline of over 25 per cent year-to-date, mainly due to acceleration in supply from US shale oil and recovering markets such as Libya coupled with slowdown in oil demand caused by stagnation in Europe's economy and slower growth in China. "In our opinion, if this trend continues and demand does not increase, then there will be negative impact on upstream activities of the company as the price decline would make oil production less profitable in relation to cost of production. If prices shrink to 2008 levels, when oil were sold less than $35 a barrel, Oando might be forced to take more drastic steps to alter its exploration and production activities. Nevertheless, we do not foresee a scenario where prices will get so low that Oando can't cover its exploration and production cost. Every upstream operator makes assumptions on crude oil break-even market prices that will make projects viable; break-even is mostly influenced by the unit costs of exploration and production," they said. According to DLM, on the average,

Oando needs prices around $65 a barrel to make exploration and production worth its while, although break-even prices are set between $67 and $65, respectively by most oil producers. Noticeably, Oando is partly protected from the slump in crude oil prices given its risk mitigation strategy with the use of hedge tools such as – financial derivative instruments that allows it to sell a pre-determined amount of crude oil at an average price of $100 per barrel even if the broader market is in free-fall. Specifically, in August 2014 Oando, through its subsidiary Oando Energy Resources hedged: .8,000 bbl/day of oil production at $97/bbl until July 2017; hedged an average of 2,223 bbl/day of oil production at an average price of $91/bbl until January 2019. While some E&P companies are rethinking their plans amid predictions that the drop in crude prices will restrain cashflows, we are optimistic that Oando have the means to return ample profits even at lower prices as the derivative contracts limits the company's exposure to the market. Accelerated gross profit and margin Oando reported cumulative cost of sale of N 258.51billion, a decrease of 23.86 per cent compared with N339.53billion recorded in the same period of 2013. As a result, gross profit accelerated by 70.36 per cent to N79.60 billion from N46.72 billion recorded in the same period of 2013. Further to the decrease in COS, cost of sales to revenue ratio fell to 76.46 per cent from 87.90 per cent recorded in the corresponding year of 2013. The deceleration in cost of sales reflects the impact of increased contribution of higher margin upstream segment.

Despite the significant increase in operating expense, core operating profit accelerated by 84.84 per cent to N27.46billion compared with N14.86billion recorded in the same period of 2013. Consequently, operating profit margin rose to 8.12 per cent from 3.85 per cent in

2013. "Notably, in our review period, Oando's operating expense rose 63.60 per cent to N52.13 billion, (N31.87 billion in Q3 in 2013) driven largely by two major factors such as higher depreciation, and amortization charges from the acquired upstream assets, a non-recurring expense of $41.2 million ministerial consent fee levied by the Nigerian government due to the COP acquisition. Nonetheless, total cost to revenue ratio declined to 91.88 per cent from 96.15 per cent in the same period of 2013 – a reflection of management's cost efficiency," DLM said. The acquisition of COP upstream assets made Oando to book a solid fixed asset position rising by 69.27 per cent year-to-date to N291.50 billion(N172.21 billion in 2013). This in addition to intangible assets resulted in a growth of 97.71 per cent in non-current assets. As a result, total assets of the firm rose by 77.55 per cent to N995.46billion (N554.41 billion). Shareholders' equity was N162.37billion at the end of 2013, but improved by 32.59 to N215.28billion largely due to increase in share capital and share premium accounts. However, gross loans increased by 37.77 per cent to N 351.72billion (N244.29 billion in 2013). Consequently, debt-to-equity ratio rose to 1.63x. "This implies that the firm has been aggressively financing its activities through debt, which has resulted in high interest expense. It also means that more assets are been financed by debt than those financed by shareholders funds. The ratio in our views is high but we remain positive since the company's assets can generate good returns and cash flow than the interest payments," DLM said. *(This Day)*

Lafarge, a global leader in building materials production is to introduce more solutions to the Nigerian construction industry. Lafarge Group operates in 62 countries and has 64,000 employees. In Nigeria, Lafarge (now Lafarge Africa) operates as the second largest cement maker with stakes in the United Cement Company of Nigeria and Ashaka Cement. The company has been operating in the country for over 50 years. Speaking in an interview with THISDAY recently in Lyon, France, the Prospective Research and Development Director, Lafarge Group, Gilles Rochard said new solutions were being tested at the company's research centre that would be pushed into the global market including Nigeria. "We don't research for the sake of it. We research to create products that will add value for our customers," he said. According to Rochard, one solution of Lafarge for Nigeria is to reduce the quantity of clinker in each ton of cement with a view to making more clinker available for the future and reducing the level of carbon (Co2) emission. Also, the company plans to introduce OneCem, a low density cement product for the oil and gas sector.

The product will replace off-site blending with industrially controlled solution. It is flexible to tailor performance needs as a system platform, while having the capacity to integrate into conventional blending and pumping equipment. Rochard emphasised that Lafarge Group places high premium on research and development, hence its centre in Lyon is occupied by 240 researchers, 60 per cent of whom have PhDs in different disciplines. "Our cutting-edge research is in collaboration with the world's best teams of researchers from institutions such as Princeton University, Massachutes Institute of Technology (MIT), Ecole Nationale des Ponts and Chaussees and the Navier Laboartory, Tsinghua University (Peking) as well as Swiss Federal Laboratory for Materials Science and Technology, among others," he said. Rochard disclosed that the company will soon establish an international research centre in Nigeria as part of its transition from manufacturer of building materials to provider of construction solutions. Lafarge and Holcim another leading building materials firm based in Switzerland have agreed to merge to form a new entity to be known as Lafarge Holcim. The merger, according to Executive Vice President, Operations, Lafarge Group and Chief Executive Officer of Lafarge Africa, Mr. Guillaume Roux, said the merger would benefit investors, customers and other stakeholders of Lafarge Africa Plc. Roux had said the objective of the merger is to create the most advanced building materials group, considering the fact that both firms are leaders in their area of business.

"It is a merger of equals between the two groups who share the same values and standards of professionalism and performance, while also benefiting from very complementary geographic portfolios," Roux said. He explained that the merger is high value-added creation project to their customers, shareholders, staff of both companies and their local suppliers, noting that by combining their forces, the two groups will offer the best products, solutions and services in cement, aggregates and concretes. "With a global, diversified and balanced geographical presence, LafargeHolcim will benefit from both accelerating demand in growing markets and the economic recovery in developed countries. With the merger , our combined know-how will enable us to become more innovative, more competitive and faster off the market to meet the extraordinary challenge of global urbanisation-there will be two billion new country dwellers by 2050," Roux said. *(This Day)*

Access Bank Plc has announced the commencement of its 'Access Savings Challenge.' The scheme, according to the bank, is aimed at promoting financial inclusion and literacy as it seeks to encourage savings culture. The bank explained that the campaign kicked off the same day the world celebrated the World Savers Day 2014. It added: "The Access Savings Challenge is designed to spawn consciousness of customers on the importance of having a savings culture as prosperity begins with the first coin in the piggy bank. "The challenge is riding on the Access Bank target savings account which is designed to help customers meet set target by saving a certain amount for a period of one year." Speaking on the scheme, Head, Inclusive Banking, Access Bank, Ope Wemi-Jones said: "What is seemingly a simple idea – setting aside small sums in a savings account – actually has profound consequences on economic development and on personal financial well-being."Savings guard against risks like illness, unemployment and other economic hardship. And they are crucial for the economy. "This is why Access Bank Plc has designed this campaign to encourage our customers set and meet their financial target, in a guided manner.

All they need to do is get on the challenge by filling the ASC form at any of our branches nationwide to set a target to consistently save a certain amount of money for the period of one year." According to the bank, the challenge is open to individuals 18 years and above. However, parents can take the challenge on behalf of their children who are less than 18 years On his part, Head, Products and Segments Team, Access Bank, Adeola Kusemiju said: "We have also designed various means of encouraging our customers to excel in the Access Savings Challenge. "This includes attractive interest rates, Interesting and enlightening articles in our Quarterly Target Saver Newsletter and monthly reminders." It said existing customers could also open the target savings account, fill the pledge form and set up a standing order to start this challenge. The first World Savers Day was launched in October 1924 in Milan and Access Bank Plc with the Access Savings Challenge is proud to continue in this tradition.*(This Day)*

Economic News

The Central Bank of Nigeria has begun moves to strengthen the level of coordination between monetary and fiscal policy instruments, following the challenges currently facing the economy. This, according to the apex bank, will help to achieve the broad objectives of macroeconomic growth in the country. The Deputy Governor, Economic Policy, CBN, Dr Sarah Alade, while speaking at the opening session of the Fiscal Liquidity Assessment Committee retreat in Abuja, said there was the need to strengthen the effectiveness of monetary and fiscal policies in the country. Speaking on the theme, 'Can monetary or fiscal policy alone achieve macroeconomic stability and growth?,' the DG said the recent emerging challenges facing the country had made it imperative for the monetary and fiscal authorities to better coordinate their activities. She listed some the challenges as low fiscal buffers, expansionary fiscal policy, high volume of maturing instruments, impact of external shocks, dwindling foreign exchange earnings, declining reserves, weak oil market and high unemployment. These challenges, she noted, had all redefined the boundaries of macroeconomic management thus necessitating the need for redressing mutual suspicion and hostility experienced globally between the two macroeconomic management institutions. She said, "At the moment, the economy faces significant downside risks of reversal in capital flows, reserve depletion, depreciation of naira, financial market instability and higher inflation and we cannot afford not to understand ourselves and work together.

"In the next couple of months, political activities would peak. anticipated level of injection would require enormous effort to manage domestic excess liquidity to reduce inflationary pressure. "Against this background, FLAC members at this workshop are enjoined to appreciate the importance of their individual and collective roles in confronting the enormous challenges that lie ahead. "It is my hope that this year's retreat will offer participants the opportunity to evaluate the recent challenges confronting monetary and fiscal policies and to build the trust required in sharing information, which will be key to strategising for the growth and stability of our economy in the days ahead." Also speaking at the event, the Director, Monetary Policy Department, CBN, Mr. Moses Tule, said there was a need to sustain macroeconomic stability through effective and efficient domestic policies. Current development had provided the committee with a strong motivation for strengthening coordination between monetary and fiscal policies. The theme of the conference, he noted, was structured to elicit discussions that were invaluable in developing monetary and fiscal policies that would consistently address macroeconomic stability. *(Punch)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria's naira fell 2.5 percent on Friday, despite central bank intervention, and it briefly touched a record low on concerns OPEC's decision not to cut oil output would put further pressure on Nigeria's shaky finances. The central bank has struggled to keep the naira within its preferred band even after devaluing the currency by 8 percent on Tuesday in a bid to halt a slide in Nigeria's foreign reserves. Oil sales provide around 95 percent of those reserves. The naira briefly touched a record low of 180.90, according to Thomson Reuters dealing data, before the bank intervened with dollar sales to lift it to 178.75 at the close, dealers said. The bank's target band after devaluation is 5 percent plus or minus 168 to the dollar, but doubts remain about whether it went far enough given the bleak outlook for oil prices. The naira has consistently tested the lower end of the new band. "The market is saying: 'We like what you're doing, but have you done enough?' Now the oil price is at $71 a barrel, all bets are off," Bismarck Rewane, economist and CEO of Lagos-based consultancy Finance Derivatives, said. Foreign reserves in Africa's leading energy producer dropped 17.3 percent year-on-year to $36.9 billion by Nov. 26, according to central bank data released on Friday. Falling world oil prices and a retreat from emerging markets have put pressure on the currencies of several oil exporters, including the Russian rouble and Angola's kwanza. Brent crude fell more than $6 to $71.25 a barrel after OPEC ministers meeting in Vienna left the group's output ceiling unchanged despite huge global oversupply, marking a shift away from its long-standing policy of defending prices.

In Nigeria, Saudi Arabia's decision on Thursday to block calls from poorer OPEC members to cut oil output came as a disappointment to many. "Nigeria gets short end of the stick as OPEC fails to cut output," read the front page headline of local daily Business Day. Oil prices have lost a third of their value since June and with OPEC's decision set to send them lower still, pressure on Nigeria's foreign currency reserves and the naira is set to increase. "Many importers are bringing forward their obligations in view of the persistent fall in oil prices," one dealer said. "A number of them ... anticipate a further depreciation of the naira, so they are stockpiling the dollar." Pressure on the currency risks reigniting inflation, which has stabilised in single digits for two years, creating a headache for President Goodluck Jonathan who will seek a second term in elections in February. Unlike Gulf countries, which have squirreled away large foreign currency reserves, Nigeria's oil savings fell during the boom times, partly owing to theft of its oil by criminal gangs, hurting output, and partly because too much money was spent by the government. Finance Minister Ngozi Okonjo-Iweala admitted on Thursday that a significant portion of the billions of dollars drained from the oil savings account over the past two years was distributed to powerful governors instead of being saved for a "rainy day". "The sun is not shining any more and there's not much left in the Excess Crude (oil savings) Account," Rewane said. The country's fiscal problems are adding to challenges to stability posed by an Islamist insurgency raging in the northeast, seen as the country's biggest security threat.*(Reuters)*

The banking sector put up a surprising performance last week in terms of price appreciation despite the fact that most of the decisions of MPC are expected to impact on their operations. For instance, the MPC's decision to further increase Cash reserve ratio (CRR) on private sector deposits to 20 per cent from 15 per cent will act to reduce liquidity and limit growth potential, which might result in tempered full year 2014 performance for most of the banks. However, 11 stocks in the sector gained as against three that declined, while Unity Bank Plc remained unchanged. The top advancers included: UBA (17.4 per cent), Diamond Bank Plc (12.7 per cent), and FBN Holdings Plc (6.76 per cent), while the losers included: Fidelity Bank Plc (5.88 per cent), Access Bank Plc (2.81 per cent), and Zenith Bank Plc (2.05 per cent). According to analysts at MSL, "We are of the opinion that many of the stocks in the banking sector are undervalued at their current prices, and so we expect investors to continue to channel funds toward the sector's fundamentally justified stocks. Although we note that there are headwinds for the market, and banking sector especially which might cause drag to returns. The analysts envisaged that the renewed investors' confidence in the Nigerian equities market might be sustained, at least in the short term. "Albeit, some uncertainties, notably political tensions and depressing oil prices, still loom on the horizon. We are of the opinion that these risk factors may result in gyrations in market returns until after the elections in 2015. However, we expect there may be a resurgence post-elections, and position taking during this period of depressed prices may present a good opportunity for alpha-seeking investors," they said.*(This Day)*

Plummeting oil prices, increasing Islamist militant attacks and rising political tensions before a general election in February are diminishing Nigeria's status as a prime frontier-market investment destination. Seven months since the government rebased its economy to claim it was Africa's largest, at about $523 billion, the central bank has devalued its currency and pushed the benchmarki nterest rate to a record 13 percent, while Finance Minister Ngozi Okonjo-Iweala announced austerity measures in next year's spending plan. Suspected members of the Boko Haram group have carried out a string of attacks, including a triple bombing on Nov. 28 that killed more than 100 people in the north's biggest city, Kano. After attracting at least $59 billion in investments in the past five years, according to Trade and Investment Minister Olusegun Aganga, the perception of Nigeria is changing. Its currency has fallen 11 percent against the dollar this quarter, the most among 24 African currencies tracked by Bloomberg after Malawi's kwacha, while its stocks have plummeted 17 percent. "We have been running an underweight position in Nigeria," John Mackie, head of Johannesburg-based Stanlib Asset Management's Pan African Investment portfolios, said by phone yesterday. "I think investors would play a wait-and-see game now until after the elections next year and have a look at where the oil price is. If the oil price keeps on dropping, that's a huge risk."With the approach of elections in February, investors seem to be increasingly wary of the weaknesses in Africa's biggest oil producer.

Portfolio flows into the country fell 40 percent year-on-year in the second quarter to $3.9 billion dollars, according to data published on the central bank's website. The 12-day decline of the Nigerian Stock Exchange All Share Index last month, the longest losing streak since January 2009, was partly due to foreign portfolio investors exiting the market. "A lot of people are concerned about the political situation," David Wickham, senior investment specialist at HSBC Global Asset Management, said by phone from London. "The team's made the decision that we will wait and see what happens." The price of oil, which accounts for more than 70 percent of government revenue and 95 percent of foreign-exchange income, has fallen 37 percent this year. "The country is already going through a rough patch with a seemingly intractable Boko Haram insurgency," said Nnamdi Obasi, senior analyst for Nigeria at Brussels-based International Crisis Group. "The added impact of falling global oil prices will only drive her deeper into troubled waters."

President Goodluck Jonathan, 57, who's seeking re-election, is facing the stiffest opposition challenge to the ruling People's Democratic Party party in 16 years after three opposition groups merged last year to form the All Progressives Congress. A Christian from the south, he will probably run against a northern Muslim in a campaign that may deepen fault lines between the mainly Christian south and Muslim north. "One only has to look at history to understand that African markets get nervous ahead of elections," Oliver Bell, London-based money manager at T. Rowe Price's Africa & Middle East Fund, said in a Nov. 20 e-mail. "Generally, the incumbent government overspending their budget in an attempt to get re-elected causes this." In spending proposals sent to the parliament in October for next year's budget, the government had used an oil price of $78 a barrel. As prices continued to tumble in the following weeks, the price was later adjusted to $73.

Even that may be optimistic, mainly because of shale-oil production in what used to be Nigeria's biggest market for crude, the U.S., said central bank Governor Godwin Emefiele, while announcing the rate increase and devaluation. "The current downturn in oil prices is not transitory but appears to be permanent, being a product of technological advancement," he said. The end of 15 years of military rule in 1999 was followed by market reforms and more than a decade of relatively high oil prices, helping boost a surge in consumption that fueled foreign investment in stocks, bonds, telecommunications, retail and banking, in addition to the mainstay oil industry. Now foreign reserves have dropped to $37 billion from $60 billion in 2008.

Successive governments missed the opportunity during times of high crude prices to make infrastructure investments that would have helped develop and diversify the economy, Melissa Verreynne, an economist at NKC Independent Economists, based near Cape Town, South Africa, said in a Nov. 26 e-mailed response to questions. While Nigeria's population is more than three times bigger than South Africa's, its power generation capacity is about a 10th. "Had oil revenue been better managed not only in recent years but in previous decades as well, one can only imagine how well developed the economy and infrastructure would have been," she said. "This would also have lowered the government's dependence on oil for revenue." The government has also made no headway against Boko Haram's five-year-old campaign to impose its version of Islamic law in Nigeria. "What is worrying is the continuing ability of the group to generate negative headlines with frequent bomb attacks and kidnappings despite consistent, heavy-handed government security operations," said Raza Agha, an economist in London at VTB Capital. Some investments into Nigeria were probably "somewhat ill-considered," said Peter Leger, who heads Cape Town-based Coronation Fund Managers Ltd.'s Africa's ex-South Africa unit. "You have seen investors across the world digging deeper into the risk bucket," he said. "This results in new investors who I think don't fully appreciate the risk they have taken on in some of these markets. Nigeria is an unfolding story, and I think is a good example of that." *(Bloomberg)*

Nigeria's share index fell 1.74 percent on Monday, dragged lower by oil stocks Oando and Seplat, trailing tumbling global oil prices. The index had fallen to 33,941 points by 1255 GMT. Oando fell almost 10 percent while Seplat lost 5.9 percent. Brent crude oil fell to a five-year low below $68 on Monday before recovering some of the losses as investors looked for a price floor after last week's OPEC decision not to cut production. *(Reuters)*

The distortion of the relative stability in prices of crude oil that was until June this year enjoyed by oil producers in the Organisation of Petroleum Exporting Countries (OPEC) was majorly in the minds of OPEC oil ministers, when they converged last week for their general meeting in Vienna Austria. Before the oil organisation announced its decision to ignore the dramatic fall in prices of crude oil by around $30 per barrel since June and take no further action but to allow the market to self-stabilise, anxious analysts and journalists had before-hand attempted to pick the minds of heads of delegations of key OPEC countries such as Nigeria, Saudi Arabia, Kuwait and Iran amongst others on the likely outcome of their meeting. For instance, Nigeria's Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke, who was later elected the President of OPEC, had told journalists before going into the meeting that notwithstanding the outcome of the meeting would be, Nigeria was already putting in place measures to cushion the effects.

"The current fall is been sustained, we hope that the balances level out very quickly but while this happens, we really have to ensure that we are competitive, particularly in terms of end user markets. I don't want to preempt the outcome of our discussion; we hope that we can come to an agreement because it impacts many of our countries. Nigeria has no recourse at this point in time other than to fully develop our gas infrastructure for domestic use and I think that we are pushing ahead with that in all ramifications," Alison-Madueke had said. Expectations were rife that OPEC was keeping the market guessing because none of the oil ministers was specific on the group's likely position. Irrespective of earlier statement, by Iranian oil minister, Bijan Namdar Zangeneh that his country was not going to cut production, to in perspective lend support to the stance of leading producer and fellow Gulf neighbour, Saudi Arabia, analysts still had no clue as to what direction OPEC would go. There was possibly no uniformity in the thoughts that were offered by OPEC oil ministers prior to their meeting. It was until the reports of its Secretary General, Abdalla El-Badri was considered and deliberated on that the organisationl was able to reach a decision that was made quite easier, perhaps by the argument and stance of its unofficial leader and key influencer, Saudi Arabia to retain the existing 30 million barrels per day (mb/d) production level, which it adopted in December 2011 unchanged.

In the run up to the meeting, member countries that are most impacted by the price decline; Nigeria, Venezuela and a couple of others had indicated their preference for a production cut, but were unsure where the cut would come from or the buy-in of other member states. These countries perhaps lacked the kind of influence and market voice that Saudi Arabia had and could not but agree to go with the bloc in its decision. Oil price further dropped by $2 when OPEC announced its decision. Supported by Kuwait, Qatar and United Arab Emirates (UAE), Saudi Arabia had made clear its support for the OPEC to retain its production level, moreover, the country would not want to lose, but keep its lead in the market amongst member OPEC countries, hence, its stance. In announcing the decision, OPEC's outgoing President and Libyan Vice Prime Minister for Corporations, Abdourhman Ataher Al-Ahirish noted the organisation's concern over the recent rapid decline in oil prices but explained that stable oil prices at a level, which does not affect global economic growth but which allowed producers to at the same time receive decent income and to invest to meet future demand were vital especially in the interest of restoring market equilibrium.

He stated the agreed decision of the group to remain vigilant given the uncertainties and risks associated with future developments in the world economy. In this regard, its Secretariat was directed to keep a close watch on developments in supply and demand as well as on non-fundamental factors such as speculative activity for members to be fully aware of developments. "As always, in taking this decision, member countries confirmed their readiness to respond to developments which could have an adverse impact on the maintenance of an orderly and balanced oil market," Al-Ahirish said in a press briefing. Al-Ahirish explained that the production level will remain the same for the next six months, considering the fact that its next general meeting will not come up until June 5, 2015. He also noted the conference's forecast of an increase in world oil demand in 2015 by 1.36mb/d from non-OPEC supply. What was discovered before the meeting however was that the internal argument to reduce output from the official 30mbpd level to something less was possibly not strong enough considering that countries like Iran, which had earlier favoured production cut were suddenly found sitting on the fence. Moreover, Saudi Arabia was able to have its wish come true because member countries like Angola, Algeria and Kuwait who are amongst OPEC producers that have also suffered revenue losses due to lower oil prices, all seemed relaxed and content with their crude oil sales volumes now been transferred from the Western to Eastern markets.

They probably followed Saudi Arabia in seeing the bigger picture which some member countries fail to see yet. Saudi Arabia in pushing for its argument may have recognised and readying to respond to possible changes that will come with uncertainty in crude oil supply from non-OPEC and non-OECD (Organisation for Economic Cooperation and Development) supply sources in Eastern Europe like Russia which is in conflict with Ukraine; Middle East, which witnesses increased tension between Israel and Palestine, Syrian war and the rise of the Islamic State with impacts on Kurdistan, Iraq and Turkey thus leading to the return of US troops to the region as well as political division and tension of Libya in Africa. Saudi Arabia also sees the approaching winter with freezing temperatures in Florida and severe snow storms in the northern parts of the United States which oil prices are yet to respond to as possible hopes. Analysts had at the announcement of the decision, explained that if OPEC imposed a dramatic reduction in output, it wouldn't have found a balance to orchestrate such because of suspicion by Saudi Arabia that other members could step in and capture the market share if it agreed to production cut. OPEC in this regard favoured members receiving a decent income from the prevalent price and investing same to meet future demand, this it added were vital for the world economic well-being.

In 2009 when oil prices were making their way back up beyond $70, OPEC had expressed concern that the global economic recovery following the 2008 financial crisis would falter because of oil price rise and it would be blamed for that especially when it was not too sure about the price drivers. OPEC's decision simply showed that the current oil prices still stand at a level that is acceptable and don't pose a threat to the economies of its member because supply is growing in parallel with demand. The development however presents challenges to both OPEC and non-OPEC members who Alison-Madueke said will have to share in the burden of future production cuts. Alison-Madueke said in her reaction to the decision that: "I think $70 is a challenge for most oil producing countries not just OPEC. I think all of us are in this together. If non-OPEC countries don't cooperate with us, there is little that can be done." She had earlier stated that the US Shale oil had a lot of impacts on all major oil producing economies and that Nigeria was going all out to cushion the impacts on her. "It is a major game changer for all of us across the globe and we are having to deal with that and for Nigeria as you know, as our major export destination.

I think quite clearly, we have to look at setting up an enabling environment, we have to readdress our enablers to ensure that we have access to other markets other than the major market of north America which have now been shut from us with the advent of the US shale oil and gas and to do that we have to look very stringently again at the Petroleum Industry Bill (PIB) to ensure that the enablers there even though is under the purview of the parliament, that we can be more and more competitive," Alison-Madueke said. Nigeria being a price taker and not a price setter by any means will in this regard have to make the most of the situation especially as suggested by the Group Coordinator, Corporate Planning and Strategy of the Nigerian National Petroleum Corporation (NNPC), Dr. Timothy Okon. Okon explained that the option available to Nigeria in this regard was not to press the panic button but to find the means to maintain as much value as possible in markets destinations that are still open amongst others. "The market would do what it does. We need to do what others are doing which is strategic marketing of our crude and through that we can maintain value as much as possible. I think it is a general consensus that the market is over-supplied but from the analysis that I have seen, it is believed that over-supply will be significantly reduced next year as supply will balance later next year," Okon said. He further added that: "On pressing the panic button, I think the first quarter of next year will be good to do a re-appraisal of the situation. With growing economy globally, I think demand will pick up next year. On the overall, I don t think the over-supply is too much of a problem."*(This Day)*

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TRADING

The naira rose sharply against the dollar yesterday as the Central Bank of Nigeria (CBN) intervened three times to lift the nation's currency from yet another record intra-day low, some dealers revealed. The naira closed at N181 against the dollar yesterday, up by 3.6 per cent, from its early session low of N187.55 to a dollar, Reuters revealed. The currency had closed at N184.10 the previous day. As oil prices stayed persistently weak around five-year lows, the central bank, which devalued the currency by eight percent last week, has been struggling to keep the naira trading within its new band of N160-N176 to the dollar. The naira has lost 12.3 percent this year. Dealers said oil companies were also selling dollars and some banks were buying naira ahead of a today's treasury bills auction. It was gathered that Addax Petroleum supplied $4.5 million to the market, while Mobil's $36 million and Saipem's $15 million Monday sales hit the market on yesterday. "We expect the naira to strengthen further ... if the central bank continues to intervene this way ... coupled with the market expecting large dollar sales from (state-owned oil company) NNPC," one dealer said. The central bank failed to meet dollar demand at its twice-weekly auction the previous day when it sold about $169 million dollars at N168 versus last week's rate of N165, dealers said. The banking sector regulator has typically sold between about $200 million and $300 million at previous auctions. The central bank had devalued the naira last Tuesday to try to halt a decline in the foreign reserves of Africa's leading energy producer as oil prices slump. Nigeria's external reserves were down to $36.8 billion as at November 28, compared with the $44.6 billion it stood a year ago. *(This Day)*

Barely two weeks after it revised the 2015 budget oil benchmark price from $78 to $73, the federal government yesterday again resubmitted the 2015-2017 Medium Term Expenditure Framework (MTEF) with a revised oil benchmark of $65 a barrel, effectively slashing next year's budget by another 12 per cent, in the face of dwindling oil prices. Oil prices have fallen more than 30 per cent since June, although Light Brent crude rose 44 cents to $70.98 a barrel in yesterday's trading, while the US' West Texas Intermediate (WTI) rose by 67 cents to $67.55 a barrel. Oil prices had tumbled by about $2 on Tuesday after Iraq announced plans to boost the country's crude oil exports after striking a deal with the autonomous Kurdish region. The Coordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala, who disclosed the second revision of the 2015 budget benchmark in an interview with THISDAY Tuesday night, said the new benchmark price of $65 per barrel had been approved by President Goodluck Jonathan and a revised expenditure framework for the next three years was resubmitted on Wednesday to the parliament for its approval. The minister said: "If you recall, I had said as recently as three, four days ago that we have a central scenario of a reduced budget benchmark of $73 because we talked to a lot of analysts. We got ranges of $60 to $85. And so, we took a mid-point and that was how we arrived at $73. "But we have always been clear that the price could certainly fall lower, and that's why we took this scenario-based approach. I have said openly that we have done scenarios around $70, we've done $65, we've done $60, and we will kick those scenarios in as the situation evolves."So, yes, we have looked at it and we decided that we are going to propose a lower benchmark than what we have. Mr. President has approved a price of $65 a barrel and we are sending a new MTEF to the National Assembly tomorrow (yesterday).

She explained the revision was nothing new, as her ministry and the budget office had considered a number of scenarios, adding: "As soon as we look at the situation, we kick the appropriate scenario in. We have been prepared, that's why the turnaround has not been that long." On whether the revised MTEF will not delay the passage of next year's budget with the elections around the corner, the minister said the National Assembly deserved commendation because of their collaborative disposition, adding that everyone was aware of the situation in the country and expressed optimism that the legislature would be cooperative. "You recall that the other time when we had to revise, they were quite understanding and asked us to submit it. Similarly, what we are doing is that we've not been waiting to execute. "To take the kind of approach we took, it means we were already preparing the budget… So we are hoping to send the budget to the National Assembly pretty soon," she said. The minister, who had recently announced a cocktail of measures to stem the shocks to the economy arising from the drop in the prices of oil, said as part of efforts to further boost revenue, the president recently personally met with the heads of the revenue generating agencies in the country, where he read the riot act to them. According to her, the president did not mince words in telling them to sit up and deliver on their mandates by remitting 25 per cent of their revenues to the Consolidated Revenue Fund (CRF), and where they are unable to do so, they would get fired. The minister said: "The agencies have been given targets as part of measures to boost revenue for the economy. They have been mandated to deliver 25 per cent of their gross revenues to the Consolidated Revenue Fund as opposed to the past practice of their net revenue."

She added that the federal government would be liaising with the Central Bank of Nigeria (CBN) and commercial banks to monitor the revenue streams of the revenue-generating agencies to prevent them from reducing their remittances. In June last year, the minister had mandated the Office of the Accountant General of the Federation to close the accounts of all federal agencies, which generated independent revenue totalling about N58 billion but had refused to remit the funds to the CRF, in contravention of the law. Following that directive, about N34 billion was recovered barely two weeks later. Okonjo-Iweala explained that this time her ministry intends to be serious about enforcing compliance by ensuring that all funds due to the CRF are paid by the relevant agencies of government. On the need for the Nigerian National Petroleum Corporation (NNPC) to seek alternative markets other than China and India for Nigeria's crude oil, the minister said NNPC and the Ministry of Petroleum Resources were already doing so, but insisted that the technicalities of finding new markets were not under her purview. In a related development, the Petroleum Minister, Mrs. Diezani Alison-Madueke, has said that Nigeria needs to develop a new strategy to stay competitive in the dwindling crude oil market.

Alison-Madueke, who was elected President of the Organisation of Petroleum Exporting Countries (OPEC) last week, made the remark while speaking to State House correspondents yesterday, adding that the country could no longer afford to "do business as usual" considering the prevailing decline in the global demand for the product. "Nigeria has to become much more competitive at this time and going into the future. We cannot continue to do business as usual."We must ensure that we have the right enabling parameters and indices in this country to attract the right end user markets and end user demands for our products because there are so many other countries that would be competing for those end user markets to get that end user demand. "So we will have to sit down and reformulate our entire approach immediately to make ourselves competitive in the market," she said.

While acknowledging that the falling oil prices were proving to be a challenge for OPEC, she said the task before the cartel was to stabilise plummeting crude oil prices in the international market. To that end, she said OPEC would watch the market closely and decide when it would convene an extraordinary meeting to consider the issues at stake. "This is a very challenging time for OPEC and for the global crude oil sector wells as a whole. "Quite clearly, there has been a battle of wills between certain OPEC countries – the big players, and certain non-OPEC countries who are big players in the world crude oil production markets at this time. "So it is a challenging time to take over as OPEC president and our prayer of course is that we will be able to stabilise crude oil prices over this period because it is critical as many countries, both OPEC and non-OPEC are suffering immensely. "Even as we speak, Venezuela has adopted austerity measures and is rationing food because the country is completely dependent on oil. "Angola, Algeria, (and) Iran are all under duress, as is Nigeria, because (the fall in oil prices) has affected our budgetary benchmark. And even non-OPEC countries like Russia, which would not cut production, are already seeing a drop in the value of the rouble. "And so we will be watching very closely, and as president of OPEC at this time, at what point we have to call OPEC extraordinary meeting and reconvene to see whether other strategies can be put into play," Alison-Madueke stated. On her recent election as OPEC president, Alison-Madueke gave the credit to President Goodluck Jonathan for his courage to appoint her Minister of Petroleum Resources. "First of all it would not have happened if the president had not had the courage to appoint a woman as the Minister of Petroleum Resources, which meant that I now head the country's delegation to OPEC. "And I must say that that was quite a daunting thing, as three-and-a-half years ago, I went into a body which is completely male-dominated and mostly Arab-dominated as well. "But I have found that they have come to respect me and respect Nigeria's voice over the last three years in OPEC very highly," she said.

Meanwhile, it has emerged that Saudi Arabia will only consider cutting oil production if other countries, including non-OPEC producer, Russia, joins in limits, former Saudi intelligence chief, Prince Turki bin Faisal has said. "The Kingdom is not going to give up market share at this time for anybody and allow producers whether in Russia, Nigeria, Iran and other places to sell to Saudi customers because we cut our production," Prince Turki was quoted by Reuters as stating during a visit to London yesterday. "If there is a reasonably guaranteed oversight of production quotas - if they ever are agreed with and someone can definitively say there will never be under-the-table selling of the oil from these other countries - maybe then I think Saudi Arabia and other oil producers would be willing to cut down production," he said. "But we have tried that in the past and unfortunately other producers took advantage," the prince added. Prince Turki said the Kingdom had accumulated sufficient foreign reserves over recent years to finance requirements even if oil prices fell. "I see no immediate crisis for Saudi Arabia in the coming couple of years or so," he said.*(This Day)*

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Nigeria yesterday got a facility worth $200 million from Germany to develop her small scale renewable energy sector. The green loan received from the German Development Bank (KFW) would support small and medium enterprises specifically for development of renewable energy sources and other energy efficiency projects. This was disclosed by the leader of the German delegation; Renate Von Bodden at a Bi-national Commission's meeting on energy between both countries in Abuja. Von Bodden equally announced the provision of another facility worth €5 million, which was set aside for technical assistance to Nigeria's power sector through the same KFW. She explained that with its endowed capacity, the German agency was willing and able to provide the required experience that would be useful to Nigerians in developing her capacities in renewable energy projects. While pledging Germany's continued support to Nigeria's power sector in various energy related initiatives, Bodden stated that the only social issue in Nigeria that is competing for Germany's attention with the power sector of Nigeria is polio eradication.

She stressed in a statement from the ministry of power that with the commitment so far exhibited by Nigeria, the country was on track with its plan to provide electricity to the country's huge population, adding that Germany had been working with Nigeria on a number of energy related projects to conclude that. The statement however quoted the Minister of Power, Prof. Chinedu Nebo, who was represented by the permanent secretary in the ministry, Godknows Igali to have stated that: "The co-operation between Nigeria and Germany is a good example of how we can mutually work together for the benefit of our people." Nebo commended the Germans for the various projects they had undertaken in Nigeria, as well as their support for the Azura project which has reached an advanced stage for fund draw down. He also noted that Germany had approved the 1 megawatt (MW) renewable electricity project for the University of Ibadan after the last Bi-national meeting in Berlin, adding that will also create opportunities for research for better renewable sources of power against the nuisance created by diesel run generators. The success of this project, he said would be a template upon which others would be replicated in universities across the country. The minister also commended the Germans for their intervention in rural development programmes through the provision and access to power for farmers in the rural areas to undertake irrigation activities. He also said on gas flaring which Germany perhaps expressed worries on, that a comprehensive gas master plan to address such concerns will soon come into effect. He however called the Germans to key-in into this gas plan.*(This Day)*

Nigeria has slashed the oil price assumed in its 2015 budget by 11 percent to $65 a barrel from $73, in light of lower world oil prices, a Finance Ministry spokeswoman said on Thursday. It was the second time in a month the benchmark has been cut, after initially being lowered from $78 a barrel. Other oil exporting countries including Russia and Mexico have said they expect oil prices to be lower next year than assumed in their budgets, which may be revised. The spokeswoman gave no further details but said Finance Minister Ngozi Okonjo-Iweala was working on a statement. No time was given for when the statement would be issued. Nigeria depends on oil for around 75-80 percent of government revenues and its finances have been hammered by a steep drop in oil prices since June. Its oil money is distributed between three tiers of government -- local, state and federal, with the federal portion being used to fund finance ministry budgets, along with tax receipts. The budget assumes a benchmark price that is usually conservative, so money over and above that is deposited into an oil savings account to cushion against shocks. The minister has often wrestled with parliament to keep the benchmark low and accumulate more savings, but the Excess Crude Account (ECA) is all too easily raided for spending. It has declined by billions of dollars to around $4 billion over the past two years even while oil prices were at record highs. The allure of Africa's biggest economy to foreign investors has been growing, especially for buyers of its attractively priced debt, but they worry about its tendency to squander its oil windfall in bloated government spending and patronage. Nigeria's central bank devalued the naira by 8 percent and raised interest rates sharply last week, as it sought to stem losses to its foreign reserves from defending the currency against weaker oil prices. The naira has consistently tested the lower end of the new band. Okonjo-Iweala has said Nigeria still has funds to pay salaries and keep debt obligations but with crude likely to fall, the government would increase taxes on luxury items and ban non-essential government travel to cut expenditure. *(Reuters)*

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Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzania's energy regulator cut on Thursday the retail prices of petrol, diesel and kerosene due to the global oil price slump, in a move likely to further ease inflationary pressures. Fuel prices have a big effect on inflation in east Africa's second-biggest economy. The Energy and Water Utilities Regulatory Authority (EWURA) slashed the maximum retail price on a litre of petrol by 6.83 percent to 2,029 shillings ($1.1634) in the capital Dar es Salaam and that of diesel by 5.85 percent to 1,909 shillings per litre. The price of kerosene was reduced by 7.16 percent to 1,888 shillings per litre. "This notable drop in retail and wholesale local prices has been caused by a continued trend of falling world oil market prices and a decrease in the supplier€™s premium," EWURA said in a statement. "Prices would have dropped further had it not been for the depreciation of the Tanzanian Shilling against the U.S. dollar." The price adjustments take immediate effect and will stay in place for one month. Tanzania's year-on-year inflation fell to 5.9 percent in October from 6.6 percent the previous month. *(Reuters)*

Zambia

Corporate News

No Corporate News this week

Economic News

Zambia will resist a "stampede" by companies trying to force amendments to a planned new mining-tax system, said the finance minister of Africa's second-largest copper producer. "It will pass through in its current form," Alexander Chikwanda said in an interview today at a conference in Lusaka, the capital. "These people don't allow us to think about our own ideas, they just want to think for us." Zambia plans to replace its profit-centered mineral tax system with one based on royalties that mining companies including First Quantum Minerals Ltd. (FM) say will deter investment and lead to some operations closing. The government argues a revenue-based tax will enhance transparency in the industry and prevent tax avoidance. Acting President Guy Scott will meet with Barrick Gold Corp. (ABX), which has said the new system would threaten the viability of its Lumwana mine, Chikwanda said in an earlier speech. Some mining companies "want to stampede us to change the tax regime," he said. In his October budget speech for next year, Chikwanda proposed introducing a 20 percent mineral royalty on open-pit operations and an 8 percent levy on underground mines. The current mineral royalty is 6 percent. Parliament must approve the budget that includes the tax changes before it's implemented on Jan. 1.

An early presidential poll set for Jan. 20 prompted by the death of President Michael Sata in October won't lead to a higher-than-planned deficit, Chikwanda said. "These are cash-flow management issues," he said. Spending 500 million kwacha ($80 million) on the election won't automatically mean a wider deficit, he said. A "messy and divisive selection process" to replace Sata as the ruling party's president could lead to populist measures ahead of the ballot, which will cause fiscal slippage, Clare Allenson, an analyst with Eurasia Group in London, said in an e-mailed note on Nov. 20. "A significant reduction in the proposed 20 percent royalty on open pit mining is likely, but will be difficult to execute prior to the polls," she said. Zambia lost its place as Africa's biggest copper producer to the Democratic Republic of Congo last year. Companies including Glencore Plc (GLEN) and Vedanta Resources (VED) also operate in the country.*(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

MEIKLES Limited has this year posted a loss of $2,8 million for the six months ended September 30 2014 compared to a profit of $37,5 million registered during the same period last year. The group's executive chairman John Moxon said Meikles recorded an Earnings Before Interest Depreciation Tax Amortisation loss of $1,5 million compared to a profit of $1,5 million. "Depreciation went up by 53% to $4,4 million, while occupancy costs and employee costs have increased by 11% to $10 million and 7% to $23,2 million respectively. These increases are due to substantial group expansion and renovation projects that have been undertaken in all divisions. The group has not yet had an opportunity to benefit fully from these projects," Moxon said. The group's revenues increased to $196 million from $190 million the prior year due to the exceeded that of the quarter to September compared to the quarter to June by 6% and TM Supermarkets being the major driver. "TM Supermarkets grew by 8%, hotels by 36% and Mega Mart by 21%. Stores declined by 38%, but this decline was largely expected due to rationalisation undertaken by the division.

Shareholders will be pleased to learn that October turnover in TM Supermarkets relative to the previous financial year, grew by over 11% and that November is expected to exceed this rate of growth in comparison with November of the previous year," he said. Moxon said approvals have now been received from the Reserve Bank of Zimbabwe and the Ministry of Youth Indigenisation and Economic Empowerment for the participation of our foreign partners in gold mining in Matebeleland. Moxon said shareholders would be advised of developments as they progressed, adding that the Guard Services continued to grow and Tanganda was beginning to benefit following the commissioning of a new packing machinery. He said the shareholders were advised of acceptance by the international market of the first coffee crop following plantation development in recent years which has been very encouraging. *(News Day)*

IT started with a plea to help 60,000 orphans in the company's care. The children, who were being looked after in Zimbabwean orphanages set up by telecoms operator Econet Wireless, could not study at night because there was no power and lighting, and many were getting sick from breathing in the chemicals emitted from candles. "The chairman's wife came to me and said 'look some of the kids are getting sick, some of the kids are struggling'," says Marco Signorini, director at Econet Wireless UK and Econet Mobile. "She said to me 'surely there's something you could do'." The company has offices around the world including in Hong Kong, so on one of Signorini's business trips he brought back five solar lights and showed them to some of Econet's engineers, who then built their own version of them.
They made 10,000 solar lanterns and were inundated with inquiries. "By default we even got a Zimbabwe Post Office order for 10,000 lights. "We looked at it and we said 'OK let's make 10,000 for the post office but while we're there, let's order another 20,000 and see if they move among some of our own retail stores'," says Signorini, who is also managing director of Solarway, the company Econet set up to make and sell the solar lights. Four years on, Solarway, which is headquartered in Dubai, has sold half a million lanterns. And last year it sold more than one million products. But it has not become fat on the proceeds, like many other firms might have. Solarway is a social enterprise – one which puts people ahead of profit, operating to improve the well-being of its customers and society as a whole. The company will not reveal what its profit margin is, except to say it is less than 10 per cent before tax. "Social enterprises need to have a different business model than other corporations because, while they need to make money, their primary goal is not to make money," says Ramesh Jagannathan, New York University Abu Dhabi's inaugural vice provost for entrepreneurship, research professor of engineering and associate dean of engineering. "It's to help the society. "It's not just totally profit- based. Also they are aiming at a social population who cannot afford to pay such high prices."

The number of social enterprises is on the rise, fuelled by the increase in a wage group whose needs are not being met by products and services provided by government or private corporations, says Jagannath. "There is a whole class of people in the wage group of about $5 a day to about $30 a day, who are above the poverty line but whose needs are not really met." While there is no shortage of low-income earners living in Solarway's target African market, it was still tough to persuade some to buy the products, a legacy of Africa's status as a dumping ground for technology. "If I walk into 10 shops with a solar light or a solar product, or a solar phone charger, the response from all

10 is exactly the same, we don't want those products. They don't work. Is it made in China? We are not interested," says Signorini. Suppliers from China usually make people pay for the stock upfront, so to get around the issue Solarway has given stock on consignment – allowing shop owners to pay for the items once they have been sold. The company's price point was also an issue initially – the lanterns, which are sold across Africa, range from $20 to $29. Wholesalers are used to making larger margins, so are unwilling to work with Solarway, forcing the company to find its own model. "We get 10 field angels, we stock them in the morning. They go out in the day. They come back at night and hopefully they bring back the sales." But Solarway has also donated 10,000 solar lanterns to help doctors fight the Ebola crisis in West Africa as more than 90 per cent of the affected areas are surviving without light on a daily basis. "Watching the epidemic unfold on the news and seeing how these people could really benefit from our help using solar lights, not only did we want to help, we needed to," says Signorini. "The lanterns also make it possible for those without the use of a typical plug socket to charge their mobile phone, which is another crucial part of supporting these people – communication. "It is unbelievable how this one lantern has the potential to save so many lives."*(New Zimbabwe)*

THE country's largest locally-owned commercial bank, CBZ announced Wednesday that it had managed to raise US$53 million for the Agricultural Marketing Authority (AMA). The funds were raised through AMA bills which were floated in June this year and targeted at raising US$55 million for the procurement of maize produced during the 2013/14 agricultural season. As a result the Grain Marketing Board (GMB) has paid for 141,000 metric tonnes of maize out of the 250,000 tonnes delivered to their various depots. The success of the issue has allowed maize farmers to procure inputs in time for the 2014/15 agricultural season. Government has already requested AMA and CBZ Bank to canvass the market for a second issue of US$50 million in order to pay farmers for all the maize delivered to GMB this coming season. *(New Zimbabwe)*

Economic News

FINANCE minister Patrick Chinamasa has revealed that several foreign investors have expressed interest in investing in the country's horticultural sector, adding that one prospective investor would be arriving soon to carry out due diligence checks. Speaking at a Confederation of Zimbabwe Industries (CZI) breakfast meeting last Friday, Chinamasa said most of the prospective investors were from Badea, Kuwait, Dutch and Arab countries. "We have $10 million and we can plough it. I have also been speaking to the Dutch. They asked me, 'Do you banks have the capacity to give out the loans?' The Dutch also said they want to support horticulture. Badea investors are coming to have a due diligence on financial institutions. It is important to put on lipstick to make yourselves attractive," Chinamasa said. He said some of the Arab countries had offered to do public relations work for Zimbabwe. "My major concern is I am wondering whether the institutions are there. I wonder if I have people behind me," he said. Chinamasa told local businesspeople to scout for foreign partners and re-equip their businesses. The country has attracted $1,45 billion foreign direct investment (FDI) inflows since 2009-2013 which is below some of its regional counterparts such as Zambia and Mozambique that had FDI inflows of $16,1 billion and $7 billon respectively during the five year period.

The horticultural sector used to earn $142 million in 1999, but the country is now earning less than $40 million from horticultural exports according to statistics released in 2013. Some of the horticultural produce include flowers grown and exported, no to leave out proteas, asters and chrysanthemums. Annual varieties produced in large volumes include ammi majus and buplearum. Smaller volumes of delphinium, carthamus, craspedia, euphorbia, callistephus and molucella were also produced Chinamasa said the clarification of the indigenisation law was a major milestone for him. In his 2015 National Budget presentation, Chinamasa said it was critical that Zimbabwe restated the 51%-49% ownership structure enshrined in the indigenisation and Economic Empowerment Act applied across all sectors of the economy. But government, he said, recognised that this might not be achieved overnight. "The period necessary for compliance with the law will be a matter for negotiation between the would-be investor and the respective relevant line ministry responsible for the particular sector."*(News Day)*

Treasury has issued $110 million eight-year bonds to raise funds to capitalise the Reserve Bank of Zimbabwe (RBZ), Finance minister Patrick Chinamasa has said. This comes as the central bank has been failing to perform the key role of lender-of-last-resort since 2009 after government ditched the inflation-ravaged local dollar to adopt a multi-currency system — dominated by the United States greenback. Chinamasa noted that between $150 million and $200 million is required to capitalise the apex bank. "Capitalisation of the Reserve Bank is critical in facilitating it to discharge its mandate and to bring confidence in the financial sector," he said in his 2015 National Budget. In a functional economy, a central bank's role includes lending money to banks and other financial institutions when they have no other means to raise funds. While adoption of the foreign currencies also limited the RBZ's interventions through monetary policy, an economist with a local bank, who preferred anonymity, said "should these and ancillary appropriate actions be pursued, the RBZ will transform into an effective, autonomous central bank, enabling it to fulfil, directly and indirectly, a substantive role in restoring confidence in the banking sector." "In general,this will accelerate a significant upturn of the economy, and maintain the attained economic revival," she added. Chinamasa also said authorities were pursuing the operationalisation of the interbank lending facility. "…there has been significant progress in operationalising the African Export Import Bank (Afreximbank) guaranteed interbank facility, albeit after missing many deadlines," the Treasury chief said, adding that the facility is expected to be operational by year-end. In March, Afreximbank availed $100 million to Zimbabwe aimed at reviving the interbank market amid an acute liquidity crisis. At the time, Afreximbank's president Jean-Louis Ekra said "the initiative can only be successful if confidence is restored in the banking and financial sector." The financier's support to Zimbabwe — through various facilities — stands at around $800 million. Meanwhile, the prevailing tight liquidity conditions have resulted in high interest rates, which government hopes can be lowered by resuscitation of the interbank market anchored by a well-capitalised central bank. Experts say the move by government to recapitalise the RBZ would help bring confidence in the banking sector. Zimbabwe's financial sector has remained fragile in the multi-currency regime due to multiple factors that include an unstable deposit base, poor corporate governance and high non-performing loans, but most importantly, the RBZ's undercapitalisation and lack of lender-of-last-resort capacity.*(Daily News)*

The United Nations through the Zimbabwe United Nations Development Assistance Framework has mobilised and extended $393 million to Zimbabwe during the first three quarters of the year. ZUNDAF is the UN's strategic programme framework to support national development priorities as well as the achievement of the Millennium Development Goals by 2015. United Nations Resident Co-ordinator Mr. Bishow Parajuli yesterday said ZUNDAF has played a critical role in alleviating poverty and improving the food and nutrition cluster of Zimbabwe. "The $393 million brings the total resources delivered through the current ZUNDAF to approximately $1,2 billion since 2012," said Mr. Parajuli. He said official development assistance has played a critical role in Zimbabwe's recovery and will continue to do so in the coming years. As such, as the United Nations will work to support continued and improved partnerships so that these gains can be sustained while challenges will be addressed. Mr. Parajuli said UN will look forward to seeing sustained and enhanced ODA in Zimbabwe, increasing this ODA to perhaps 1,5 or even 2 billion annually. The ZUNDAF has served as a robust platform to establish and maintain viable partnerships for development results. It has facilitated development action amidst a sometimes challenging environment. Mr. Parajuli said major national surveys and studies have been supported, including National Population Census; Poverty,

Income and Consumption Expenditure Survey and the Multi-Sector Indicator Cluster Survey. He said a National Food and Nutrition Policy was launched and implementation was under way. "On this, I wish to highlight that all these development results were made possible with strong partnerships among all stakeholders and under national leadership. "Likewise, this has been supported with very generous contributions of the donor community in Zimbabwe," said Mr. Parajuli. In 2012, Zimbabwe received $1,1 billion, the highest ODA since independence. About 48 percent of the money was channelled through the United Nations. He said the Zimbabwe Agenda for Sustainable Socio-Economic Transformation stand as a strong national development plan to co-ordinate and steer the actions of all stakeholders. Mr. Parajuli said recent efforts by Government to translate Zim-Asset into concrete action plans are noteworthy in that all development partners can contribute to clear priorities. "We need to link both Zim-Asset and ZUNDAF to harmonise all our actions so that we move with speed in the implementation of Zim-Asset and show results. "In this regard, I am pleased to note that among the reforms which have been set in motion through Zim-Asset and the 2015 Budget include strengthening the business and investment climate, including new rules on the indigenisation policy," said Mr. Parajuli. He said while these are all critical steps that need to be taken, UN is also aware that they are operating in an environment where over 90 percent of the National Budget is earmarked to wage bills and recurrent costs.*(Herald)*

THE European Union is working with the government to identify priority projects that could be funded through the 1.3 billion Euro Regional Indicative Program which will be launched in Botswana next week. In an interview, EU ambassador Philippe Van Damme said Zimbabwe needs a comprehensive strategy to derive maximum benefit from the program as allocation will be demand driven. "We will be receiving funding from the 1.3 billion euro Regional Indicative Programme that will be formally adapted in Gaborone next week. "The program, which will cater for the COMESA region, will focus on peace and security and regional integration and will also include development of regional infrastructures," he said. The program will also focus on trade related support. The allocation for Zimbabwe will compliment the National Indicative Programme. "There are 25 countries in the COMESA region; as Zimbabwe, we are discussing with the ministry of Finance and the ministry of Industry and Trade to put our act together so as to tap into this fund," Van Damme said. "We need to identify priority actions that could be funded through the regional programme. The allocation process will be demand driven, so we need a comprehensive strategy that will draw a substantial allocation." The ambassador said the country is likely to receive funds for the National Indicative Programme early next year. The EU will extend 234 million Euros to support socioeconomic programs in Zimbabwe over the next five years. "We have consulted widely with government, EU member states and the civil society on the National Indicative Programme. We now have what we believe is an interesting program as it is aligned to ZIMASSET," he said. "The programme is currently undergoing an adoption procedure in Brussels, as all programs have to be discussed in the Economic Development Fund committee. Thereafter it will be formalized in the legal department. "The decision process will take us a couple of weeks. However we hope that, if all goes well, we will be able to finalize and sign the National Indicative program in early 2015 which is valued at 239 million euros." The EU last month lifted its decade-long economic sanctions on Zimbabwe, paving way for the regional trading bloc to resume financial support to the southern African country. *(New Zimbabwe)*

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