MEMORANDUM

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SUMMARY

COMMISSIONER MIMICA TO VISIT EAST AFRICA

During his visit to Rwanda, Kenya and Uganda, Commissioner Mimica is expected to outline the EU's new Emergency Trust Fund, set up to address the root causes of migration, promote work opportunities in Africa and to counter radicalisation and extremism.

European Commissioner for International Cooperation and Development, Neven Mimica, will travel to Rwanda, Kenya and Uganda (14 - 19 September). This will be the Commissioner's first visit to these three African countries. During the visit, the Commissioner is expected to outline the EU's new €1.8 billion Emergency Trust Fund, set up to address the root causes of migration, promote work opportunities in Africa (especially for young people and women in local communities) and counter radicalisation and extremism.

The main objective of the Commissioner's visit is to discuss the EU's cooperation with these countries, as well as to look at the challenges with regard to economic growth, migration and the recovery from shocks and disasters. The visit is particularly timely as it comes just before the United Nation's General Assembly in New York (24-28 September) where the new set of Sustainable Development Goals (SDGs), following up to the Millennium Development Goals, will be formally adopted by the International Community.

Ahead of his visit, Commissioner **Mimica** said: "*This is my first visit to these three countries and my message will be clear: Africa is on the move, with people and the economy enjoying unprecedented opportunities for growth. I can confirm that the EU, a long term partner to the region, is committed to doing all it can to continue to help boost trade and support to these East African countries on their path to growth. After all, it is clear that there can be no development without growth and jobs.*"

Background information on the visit

Commissioner Mimica will visit **Rwanda** between 14 and 16 September to reinforce the already strong EU-Rwanda partnership on development. He will inaugurate the new Kigali-Gatuna road, to which the EU contributed €57 million. This road infrastructure project is extremely important for a landlocked country like Rwanda to facilitate road transport and communication networks. He will also visit another EU-supported project, related to agriculture and located in Byumba, where he will meet farmers and view their terraces, built in order to address the issues on the slopes caused by scarcity of land, high population pressure and the negative effects of climate changes.

During his visit in Rwanda, Commissioner Mimica will hold a bilateral meeting with President Kagame to discuss EU cooperation with Rwanda. He will also meet other senior ministers and representatives of civil society.

Last year, the EU announced a contribution of €460 million for 2014-2020 for Rwanda through the 11th European Development Fund (EDF), mainly in the areas of sustainable energy, sustainable agriculture and food security, and good governance. This is underpinned by support to civil society, as well as capacity building of relevant ministries and public institutions.

Between 16 and 18 September, Commissioner Mimica will visit **Kenya**, where he will meet President Uhuru Muigai Kenyatta to discuss the EU's partnership with Kenya and how to maximise Kenya's opportunities for growth. They are also expected to address issues related to migration and the implementation of the Sustainable Development Goals (SDGs) which will be replacing the Millennium Development Goals (MDGs). He will also meet women leaders and representatives of Civil Society to look at women's development in the country and how the EU can continue to support it.

The EU has allocated €435 million to Kenya through the 11th EDF for 2014-2020. These funds will used to address challenges related to food security, resilience to climate shocks in arid and semi-arid areas, sustainable infrastructure, support to the accountability of public institutions, and to help in governance decentralization, increase access to transport, energy, water and sanitation throughout the country and other social issues.

Commissioner Mimica will take time to visit projects during his visit, namely the Sasini Coffee Plantation and factory which now has two new climate smart coffee varieties (Ruiru 11 and Batian) able to withstand broad variation of weather and produce a high yield. This renovation was possible thanks to EU cooperation and research efforts.

Finally, Commissioner Mimica will also be in **Uganda** on 19 September. He will hold a bilateral meeting with President Museveni to discuss economic growth, the challenge of youth unemployment and governance, amongst other issues. He will also meet Members of Parliament and civil society and private sector representatives. Finally, he will visit an innovative youth centre in Bwaise (a densely

populated slum in Kampala), which aims to empower up to 800 young Ugandans with vocational, leadership, entrepreneurship and financial literacy skills every year.
Through the 11th EDF, the EU is providing €578 million for Uganda over the period 2014-2020 in three main areas: transport infrastructure, food security and agriculture and good governance.(EC 14-09-2015)

INDUSTRY IN ANGOLA OCCUPIES 0.6 PCT OF THE WORKFORCE

The manufacturing industry in Angola has just 45,100 employees, a number that accounts for 0.6% of the workforce, said Thursday in Luanda the secretary of State for Industry, Kiala Gabriel.
In first place is retail, banking, insurance and services, which together account for 7.7 percent of the working population, followed by public works and construction with 4.7 percent, said the secretary of state, cited by Angolan news agency Angop.
Gabriel stressed that despite the growth of the gross domestic product since the end of civil war, Angola continues to import almost every type of consumer product, with exports represented by oil (97 percent of the total) and, on a much smaller scale, diamonds and coffee.
Referring to the dynamics of the industrial sector, the Secretary of State said that this situation was reflected in the GDP structure in which, according to figures from the Ministry of Planning and Territorial Development for 2012, almost half is associated with the oil sector (47 percent), followed by market services, with 22 percent, construction 8.6 percent, agriculture and fisheries, 7.2 percent and industry with 6.8 percent.
In 2002, the manufacturing sector had 2,140 active companies (about 11.5 percent of total Angolan economic units), which employed 29,800 workers (about 10.5 percent of the total), and it accounted for 4.3 percent of GDP. (11-09-2015)

NIGERIA LIFTS BAN ON OIL TANKERS

Nigeria has lifted a ban on 113 vessels into its territorial waters, a letter from national oil company Nigerian National Petroleum Corporation (NNPC) seen by Reuters on Thursday showed.

The letter, dated September 8, said the president had approved the consideration of all incoming ships subject to a letter guaranteeing that they would not be used for any illegal activity.
It added that the president had directed a review of activities of all affected vessels to determine culpability in illegal operations in Nigerian territorial waters.
The edict, sent out in July, to ban vessels came directly from President Muhammadu Buhari’s office and was in line with a campaign pledge to crack down on corruption and theft.
Nigeria is Africa’s biggest oil producer, exporting about 2-million barrels a day, but it is plagued by oil theft, with transparency groups saying that illicit revenue from oil went to individuals connected with the former regime.
Traders said that the ban caused confusion, while analysts said that it could cause more problems for Nigeria in its attempts to get the best price for its oil, than for the tanker owners who could choose not to send their vessels there.
Oil revenue, the government’s biggest source of income, has been hammered by a slump in the oil price, which has fallen to about $48 a barrel from $115 last June.
The NNPC is also looking to overhaul the way in which it sources its fuel from overseas and has set up new crude swap contracts to replace the ones it cancelled in August. *(*Reuters 10-09-2015)

PAKISTAN PLEDGES TO ASSIST NIGERIA DEVELOP AGRIC, POWER SECTORS

The Pakistani High Commissioner to Nigeria, Lt. Gen. Agha Farooq (rtd) has promised that Pakistan will assist Nigeria in the areas of agriculture, economy and power sector development.

Nigeria's Punch newspaper said that Farooq told the Oba of Lagos, Rilwan Akiolu, during a courtesy visit in Lagos that his country could assist Nigeria on irrigation development and power generation for fertilizer plants and small scale industries.

A statement from the Information office of the Pakistani High Commission on Friday in Abuja said that the High Commissioner expressed his country's commitment to the prosperity and progress of Nigeria and that Pakistan had been cooperating with the country in the areas of education, agriculture and the economy for a long time.

Farooq, according to the statement, noted that Pakistan, with its huge human resources in agriculture, technology and industrial development, could help to deepen the growth of critical sectors in Nigeria.

"Pakistan has already built bridges and is looking to build new bridges as we very much honour and believe in the priority attention being given by President Muhammadu Buhari to agriculture, education and the economy and Pakistan is there to help the growth in this progression and to also contribute tangibly," he said.

It added that Farooq also lauded Akiolu for his commitment to the peace and prosperity of Lagos and Nigeria as a whole.(APA 11-09-2015)

GOVERNMENT OF ANGOLA PREPARES TO INCREASE CONSUMER TAX

The government of Angola will increase consumer tax on some products, especially luxury goods and oil derivatives, under a legislative authorisation granted by the National Assembly to review the rates in currently in force.

The document, which gives the President, as the holder of executive power, 90 days to legislate on the subject, says that in addition to allowing a review of the rates in force it is, "intended to introduce greater justice and equity in terms of tax."

The Consumer Tax is levied on goods produced or imported in Angola, with an overall rate of 10 percent, but that can vary between 2 percent and 30 percent, depending on the nature of the good or service.

Since the end of 2014 Angola has been facing an economic and financial crisis due to the fall in the international price of oil, which has halved tax revenues from oil exports.

The document, approved by the Angolan parliament, adds that the government should take into account a taxation model "that introduces greater progressiveness to charges for surplus goods, alcohol and luxury goods, protecting the basic necessities and promoting a reduction of goods harmful to health."

Oil derivatives are not currently taxed, while water and energy services are charged at a rate of 5 percent, as are telecommunications, among other services. (11-09-2015)

BOLLORE INVESTS €30M IN IVORY COAST-BURKINA RAIL LINK

Bollore has invested €30m to buy trains for the freight and passenger line it operates between Burkina Faso and Ivory Coast, the French company says.

Landlocked Burkina Faso relies partly for its exports and imports on the ports of its southern neighbour Ivory Coast, the biggest economy in French-speaking West Africa. It also uses ports in other neighbours Ghana and Togo.

"We have invested around €30m to acquire trains, including six received today," Lionel Labarre, director of Bollore Africa Logistics, said on Wednesday.

"We are still waiting for nine locomotives that will add to the 20 that are already in service," he said, adding that Bollore would also develop the station in Abidjan, Ivory Coast's main city.

Trains take about 36 hours to do the 1,260km journey between Abidjan and Burkina Faso's capital, Ouagadougou, and carriages are often packed with people, trade goods and animals being carried to market.

Bilateral trade between Burkina Faso and Ivory Coast hit 290-billion Central African francs ($495m) in 2014, up from 165-billion in 2011, Prime Minister Daniel Kablan Duncan said at a ceremony to mark the arrival of the six new engines.

Most of the trade runs via rail and road links. Cargo traffic between the two countries stood at 610,000-tonnes last year, up from 402,000-tonnes in 2011, Mr. Duncan said.

Developing the rail line is a strategic priority for Ivory Coast and a tool for regional integration, said Mr Duncan, adding that the country was aiming for 2-million passengers a year in the next few years up from 300,000 now.

Bollore has operated the Ivory Coast-Burkina Faso railway since 1995 and has recently been awarded a concession for a rail link between Niger, Benin and Togo. (Reuters 10-09-2015*)*

SENEGALESE CAPITAL GEARS UP TO HOST ECOWAS EXTRAORDINARY SUMMIT

An extraordinary summit of heads of state of the Economic Community of West African States (ECOWAS) called by the Senegalese President Macky Sall, opens tomorrow, on Saturday at 12am (GMT) at King Fahd Palace Hotel in Dakar, APA learns from a reliable source.

Focused on the broad theme entitled “Political and security situation” within ECOWAS area, the meeting will enable West African heads of state to discuss the political situation in Guinea-Bissau and the presidential elections that many countries of the sub-region will organize before the end of 2015.

Along with the summit, the West African Civil Society Forum (Wacsof) envisages a symbolic event to get the heads of state to hear their plea on presidential term limits. (APA 11-09-2015)

ANGOLA'S BORDER TOWNS WILL HAVE LOGISTICS PLATFORMS

The Angolan border towns of Massabi (Cabinda), Luvo (Zaire) and Santa Clara (Cunene) in the next few years will have logistics platforms, which will be managed under concessions, said Thursday in Luanda the Minister of Transport, Augusto Tomás.

The minister, speaking at the end of the joint meeting of the Economic Commission and the Commission for the Real Economy of the Cabinet, said the approved document aims to create conditions to start the negotiation process for a concession contract grant for implementation of the three platforms.

The diploma, Tomás said cited by Angolan news agency Angop, will regulate the conditions of the partnership between the state and the private sector and establish a maximum concession period of 30 years.

The national network of logistics platforms is a programme that has already been approved by the Angolan government that covers the entire country and has over 40 platforms deployed in 18 provinces. (11-09-2015)

FACE BOOK RAKES IN USERS IN NIGERIA, KENYA, EYES REST OF AFRICA

Facebook has nearly 20-million users in major African markets Nigeria and Kenya, statistics released by the social network showed on Thursday, with the majority using mobile devices to access their profiles. Facebook opened its first African office in Johannesburg in June as the continent's growing population and relatively low levels of internet access present a large untapped market for the social network to earn advertising revenue.

The numbers, the first Facebook has published for Nigeria, Africa's most populous nation and Kenya, East Africa's most developed, show the two nations as important entry points on a continent of nearly 1-billion people.

Nigeria had 15-million monthly active users as of June 30 this year, all of them using mobiles to like, share and upload content on the social network. In Kenya, 95% of the 4.5-million monthly active users did so via mobiles.

"Mobile is not a trend; it's the fastest adoption of disruptive technology in the history of communication," said Nunu Ntshingila, Facebook's head of Africa, in a statement.

SA has 12-million monthly active Facebook users, the data showed, and Facebook said with its strong advertising partnerships in Africa it would use the new office in Johannesburg to expand its business across the continent.

Facebook said its active user population in Africa grew 20% to 120-million in June from 100-million in September last year. A large portion of these users were in North Africa. (Reuters 10-09-2015)

INVESTORS INTERESTED IN RECOVERING COMPANHIA DO BUZI IN MOZAMBIQUE

A group of investors has expressed an interest in recovering Companhia do Búzi (CB) in the Mozambican province of Sofala, which has been at a standstill since 1994 due to the obsolete state of its equipment, said provincial governor Maria Helena Taipo.

The governor told Mozambican newspaper Notícias that the group of investors expressed the interest during the Maputo International Fair (Facim), which ended on Sunday in Marracuene district, Maputo province.

In addition to the interest shown in the recovery of Companhia do Búzi, founded on 13 September 1898 and which was once a major sugar producer in Mozambique, Taipo also mentioned an investment in a factory for processing tomatoes, also in Búzi.

In 2011 an announcement was made that Companhia do Búzi would start producing sugar again in the first half of 2014 after a standstill of 15 years.

The company's president, Jorge Petiz, cited by the Mozambican press, said at the time that the business plan for this project, which would involve investment of US$120 million, was being drafted by Portuguese bank BPI, which will also negotiate and set up its financing operation, with an appropriate capital structure by the end of the year.

Açucareira do Búzi is one of six sugar factories that existed in Mozambique during the colonial period and, if it is recovered, will increase the number of sugar factories in Mozambique to a total of five. Investors have yet to be found for Açucareira do Luabo, in Zambézia province.

Mozambique is currently served by four sugar manufacturers, Maragra and Xinavane in the south, and Mafambisse and Marromeu, in the central region. (11-09-2015)

BOTSWANA ROLLS OUT CHEAPER WI-FI IN REMOTE AREAS

Parastatal Botswana Fibre Networks (BoFiNet) on Monday announced the roll out of its major projects: Fibre to the X (Business, Curb, Home) Project and Wholesale Wi-Fi around remote areas in the country.

Both projects are funded by government through the Ministry of Transport and Communications (MTC) with aimed at transforming the lives of citizens through broadband connectivity.

Speaking at the launch of the project in Chobe District in western Botswana, Ministry of Transport and Communications, Tshenolo Mabeo said the project is in line with government's ICT Policy, as part of the expansion of the National Fibre Backbone Network.

Mabeo said the projects are an expansion to the current national network backbone connecting all the villages in the routes with high capacity telecommunications infrastructure in areas that need replacement of the microwave systems that have limitations in delivering broad band connectivity.

The commercial hotspots will boost tourism sector in the country particularly in Chobe District. BoFinet Fibre cables and Wi-Fi hotspots will also boost investor confidence, job creation in the country, said Mabeo.

He added that We believe that communities will see more service providers& investors now coming to your villages to provide services and investment.•

Mabeo says he is optimistic that services such as voice and data services should easily be available from the current service providers.(APA 14-09-2015)

AFRICAN NATIONS WHO BET ON CHINA FACE FALLOUT

As the global oil price slump passed its one-year anniversary in June, Angola's President José Eduardo dos Santos booked a trip to Beijing.

The long-serving autocrat hoped fresh loans and investment from China, Angola's top trading partner, would buoy his country's oil-dependent economy through choppy waters, according to financiers who do business with his government. On a week-long visit, he signed a deal for China to build a $4.5bn hydroelectric dam and a series of other projects.

"China and Angola are good brothers and long-lasting strategic partners," China's President Xi Jinping said during meetings with Mr. dos Santos at the Chinese capital's Great Hall of the People.

Now, Angola's economic links to Beijing illustrate a broader problem across Africa: nations that tied their fortunes to China find themselves hostage to its economy's turbulence.

Mr. Xi is straining to arrest an economic slowdown in China, and that is aggravating a painful correction for oil-rich Angola, Beijing's top African trading partner.

Angolan importers are struggling to pay for critical items like medicine and grain. Moody's Investors Service last week said rising government debt had put Angola at risk of a rating downgrade. Since January, the country's kwacha has shed a quarter of its value against the dollar.

"Without the Chinese, there's no money," said one Angola-based financier, who said he feared retribution from Mr. dos Santos, whose family controls much of the economy. "The country hasn't prepared itself by developing in other areas."

While forging closer economic ties with China, Angola and others also sought to consolidate their political power and aspire to Beijing's state-led growth model. But those that bet on China's demand for their oil and iron ore are realising Beijing might not always be buying — and might not be able to teach them how to hang on to power indefinitely, either.

In Zimbabwe, President Robert Mugabe has declared China's currency, the yuan, official legal tender along with the dollar. In the past five years he has secured deals for Beijing to develop roads, telecoms networks and farm projects worth about $4bn.

Last week, in his first state of the nation address in eight years, he took a step back from that partnership.

"Government recognises the importance of strengthening re-engagement with the international community," Mr. Mugabe said, in a sharp reversal of the Look East Policy — tethering the economy to Beijing as a way to free it from Western meddling — that he had long touted.

In Zambia, successive democratic governments have had a love-hate relationship with the Chinese miners tapping the country's rich copper deposits. As Beijing's appetite for the metal cools, firms say they may lay off thousands of workers and abandon expansion plans.

"As China rebalances toward a consumer-led growth model, Africa clearly needs to rebalance as well," Deloitte-Frontier Advisory MD for emerging markets and Africa Martyn Davies said in Johannesburg. "The question is from commodity-driven to what? Anybody thinking that China's model was transplantable to Africa was naive to begin with."

To be sure, China's vast economic presence on the continent extends beyond commodities trade and its leading role in developing energy and transport infrastructure on behalf of African governments seems to be better shielded from escalating financial troubles at home.

The largest economies in East Africa have less to fear, investors there say, because Chinese contractors are building huge infrastructure projects that look all the more appealing to Beijing.

In Kenya, a $3.8bn China-led project to build a railway from the port of Mombasa to Nairobi and onward to other East African capitals is going full steam ahead.

Aly Khan Satchu, the CE of Nairobi-based Rich Management, called it "the Holy Grail of Chinese projects in Africa".

A state-owned Chinese bank is also funding a light-rail network under construction in Ethiopia's capital, Addis Ababa.

"Their investment isn't affected by the maelstrom in commodities or oil," Mr. Satchu said.

But such projects are a big strain on the finances of relatively isolated African economies confronting waning risk appetite among global investors. If the bill for Chinese-built construction projects balloons drastically, countries like Kenya and Ethiopia could be made more vulnerable by their ties to China.

"Project execution would have to be flawless — an unlikely scenario, even more so if there is a slowdown from China," said Ahmed Salim, a senior analyst for East Africa with Teneo Intelligence consultancy.

Africa's largest economies, meanwhile, rely heavily on China's demand for oil, diamonds and other minerals, so a deeper downturn in the East could take a big bite out of the continent's economic trajectory overall.

"SA has this urge to please the Chinese and to see the Chinese developmental model as almost perfect," said Mzukisi Qobo, a political scientist and former director in SA's trade ministry.

John Ashbourne of Capital Economics expects sub-Saharan Africa to average growth of 3.3% this year, after clocking 5.4% average growth for a decade. "This will be a very difficult year," he said.

In SA, the ruling African National Congress (ANC) has matched tighter trade ties to China with bold diplomatic overtures. Last October the Dalai Lama cancelled a trip to SA after failing for a third time to obtain a visa from South African authorities. China has long considered the exiled Tibetan spiritual leader a separatist and has discouraged world leaders from meeting him.

President Jacob Zuma arrived in Beijing last week, his second visit to China in less than a year, to attend a parade marking 70 years since the defeat of invading Japanese forces there.

Now, with cracks in the Chinese model widening, South African executives say they are paying the price for betting too heavily on China's rise. With factories and mines reeling from China's waning demand, the government said recently that the economy contracted 1.3% in the second quarter.

"This caught us with our pants down," South African Chamber of Commerce and Industry president Vusi Khumalo said. (WSJ 09-09-2015)

FREIGHT TRAIN WILL LINK MOZAMBIQUE, ZIMBABWE AND ZAMBIA

An express freight train could start this month linking Mozambique, Zimbabwe and Zambia, an approximate distance of 1,000 kilometres to be covered in less than ten days, the chairman of Mozambican state port and railway company CFM said in Beira.

Victor Gomes told Mozambican newspaper Notícias that the launch of the connection was scheduled for Monday but added that a new date was under consideration during a technical meeting to be held in Beira (central Mozambique) involving representatives of railway companies of the three countries.

The chairman of CFM said that, fundamentally, the aim is a return of the cargo traditionally carried by railways, such as fertilisers on the trains leaving the port of Beira and copper on those arriving from Zambia.

This initiative, Gomes said, was the result of a study conducted by the Southern Africa Rail Association (SARA), which pointed to the need to reactivate a total of 11 “corridors” and initially selected eight, the first of which is the Beira corridor.

Mozambique considered four lines, including Goba, Ressano Garcia, Limpopo and Machipanda and in the future should connect with Zimbabwe, Zambia and probably the Democratic Republic of Congo.

Gomes noted that at the technical meeting in Beira, the Mozambican state company, National Railways of Zimbabwe and Zambia Railways Limited also discussed the railway safety, handling and cargo transportation time, including rolling stock such as locomotives and freight cars. (11-09-2015)

BOTSWANA RANKED SECOND IN 2015 AFRICAN RETAIL DEVELOPMENT INDEX

Botswana has been ranked second in the retail market in Africa by the African retail development index with Gabon occupying the 1st spot, APA learnt here on Monday.

The 2015 African retail industry index states that Botswana is often cited as a good example of what an economy can achieve in Africa.

Although it is small (about 2 million people), the landlocked, diamond-rich country has a strong Gross Domestic Product (GDP) per capita and a stable, well-developed economy, with growth driven not just by minerals but also agriculture and tourism.

"Unlike Gabon (ranked 1st), Botswana's modern retail sector is well developed, led by a number of active local and South African players. Local chain Choppies has more than 70 stores in Botswana” along with big African expansion ambitions," says the report.

The grocer has opened stores in neighboring countries and recently opened its first distribution center in South Africa. Most of the other big international players are South African retailers such as Shoprite, Woolworths, Pick n Pay, SPAR, and Massmart (whose majority owner is Walmart).

The report states that although the market is saturated in terms of players and market share, the market as a whole is still growing. "Considering Botswana's proximity to neighboring attractive markets Namibia and South Africa, this Southern Africa gem could be an interesting entry point, if you have something new to offer," states the report.(APA 14-09-2015)

ZAMBIA BATTERED BUT BALKS AT IMF LOAN

Zambia’s Finance Minister Alexander Chikwanda is no admirer of the International Monetary Fund (IMF). But with the nation’s currency plunging to a record and yields on foreign bonds approaching 11%, he might soon have to change his mind, according to Rand Merchant Bank.

The kwacha slumped 27% this quarter, the most among more than 150 currencies monitored by Bloomberg, driving up debt-service costs and threatening to fuel inflation and undermine efforts to cut the budget shortfall. The nation’s dollar bonds lost 10% in the period — the most after Ecuador out of 31 emerging nations monitored by Bloomberg indices — as yields on benchmark securities soared 251 basis points to 10.88%.

While Zambia’s treasury has said it will not need an IMF loan, Mr. Chikwanda is running out of options. Copper prices near six-year lows are weighing on the economy, which relies on the metal for more than 70% of exports. An electricity shortage owing to low water levels at the Kariba Dam hydropower station is reducing mining output at a time when slowing growth in China is cutting demand for commodities and the prospect of a Federal Reserve interest rate draws money away from emerging markets.

"They will probably have to turn to the external market at some stage and seek out multilateral assistance,"Nema Ramkhelawan-Bhana, an analyst at Johannesburg-based RMB, a unit of FirstRand, says.

"If we continue to see the downward trajectory in commodity prices, specifically base metals, then it would force the finance ministry's hand."

President Edgar Lungu would consider exchange controls to arrest the kwacha's "freefall, "his spokesman, Amos Chanda, says.

That comes after Mr. Chikwanda and central bank governor Denny Kalyalya said last week that currency restrictions would be a backward step.

Mr. Lungu directed Mr. Chikwanda last week to work with the IMF to "assess additional market intervention measures to address the observed excessive volatility", the presidency said.

But "the IMF is not the best mechanism for helping countries which are down", Mr. Chikwanda said in a speech in Lusaka. "In some cases it even compounds your difficulties."

Zambia's budget deficit will climb to 6.7% this year, wider than the targeted 4.6%, according to the finance ministry.

Standard & Poor's, which downgraded Zambia's credit rating to B on July 2, says the shortfall including debt payments could reach 14% of gross domestic product.

The government should focus on ensuring the targets to cut the deficit, outlined in its medium-term expenditure framework for 2016 to 2018, were achieved, IMF resident representative Tobias Rasmussen says.

"There is still major political resistance to seriously undertaking a formal aid request," Gareth Brickman, a market analyst at ETM Analytics in Stamford, Connecticut, said last week. "It can only be assumed that shortfalls will continue being financed by excessive local debt issuance."

Higher debt levels would worsen Zambia's credit profile, increasing the need for IMF assistance, Mr. Brickman said.

The last time the deficit significantly overshot the target, it prompted the government to consider an IMF programme. The 2013 deficit was almost double the government's 3.1% target. In May last year Fredson Yamba, secretary to the treasury, said the government would start formally engaging the IMF on an aid programme. A year later he said the government did not need the aid and was already undertaking most of the fiscal measures an IMF programme would have required.

The IMF had not received an approach from the government and would move quickly if it did, Mr. Rasmussen said.

"A staff team would visit Zambia to work with the authorities to develop policies and measures needed to stabilise the situation and put the country on a path of sustained and inclusive growth," he said.

With an election looming, fiscal prudence might be difficult to maintain, says Irmgard Erasmus, an economist at Cape firm NKC African Economics.

Zambia sold $1.25bn of Eurobonds due 2027 in July at a yield of 9.37%, the highest yet for an African issuer. Yields on the securities have risen to 11%. The kwacha weakened to a record low of 10.28/$ on Monday before paring losses to trade 1.2% down at 10.11/$ in Lusaka.

"With next year being an election year, there's not much scope for an aggressive cut in expenditure now," Mr. Erasmus says. "With the IMF you can get a more favourable debt. I don't think that'll be their first choice. I don't think they like the strings attached." (Bloomberg 09-09-2015)

ZAMBIA IMPORTS ELECTRICITY PRODUCED ON SHIP MOORED IN MOZAMBIQUE

Zambia began to import 148 megawatts of electricity produced on a ship docked at the Mozambican port of Beira owned by Scottish company Aggreko, said in Lusaka the spokesman for ZESCO, the Zambian state-owned electricity producer and distributor.

Henry Kapata told the Lusaka Times that ZESCO had begun importing power produced in Mozambique and added that "although not in enough quantity it helps to reduce the current gap between production and consumption."

Kapata was speaking after the acting deputy spokesman of the Zambian government, Vincent Mwale, announced that the state-owned company had started to import electricity from Mozambique under a supply contract signed with Scotland's Aggreko.
Zambia is currently faced with a deficit of 560 megawatts in its energy supply because of unusually low water levels in the Kariba dam reservoir.
Aggreko, which is based in Glasgow, is the world's largest supplier of temporary solutions for power generation and a major supplier of temperature control equipment. (11-09-2015)

IMF LOWERS ZIMBABWE'S GROWTH FORECAST AFTER EXPORTS FALL

The International Monetary Fund (IMF) on Wednesday lowered Zimbabwe's growth forecast for this year to 1.5% from 2.8%, blaming lower commodity exports.
"We expect a slowdown in economic activity as a result of drought, as well as low prices for Zimbabwe's exports," the IMF head of mission Domenico Fanizza said.
Zimbabwe has been struggling for five years to recover from a catastrophic recession that was marked by billion percent hyperinflation and widespread food shortages, and some analysts say Zimbabwe could tip back into a downturn this year. (Reuters 09-09-2015)

CHINA CONSTRUCTION HYWAY DELIVERS MOÇÂMEDES RAILWAY RECONSTRUCTION PROJECT IN ANGOLA

The reconstruction project of the Moçâmedes Railway, underway since 2006 by the China Hyway group, was provisional completed and delivered Friday to the Angolan government, Angolan news agency Angop reported.
Over nearly 10 years China Hyway built 56 stations along a railway line of over 800 kilometres, from Namibe to Kuando Kubango, passing through Huila province, three of which are so-called special stations, Saco Mar (Namibe), Lubango (Huíla) and Menongue (Kuando Kubango) and seven first class stations.
Eleven second class stations and 35 third class stations were also built as part of the project that included replacing the entire railway line and repairing the Jamba and Tchamutete branchlines, and other ancillary works.
At the delivery the ceremony, the Director-General of China Hyway, Wei Ruihai, pointed out that this railway will promote development of the Namibe and Menongue transport, transit and logistics corridors, facilitating agriculture and industry and economic growth along the line.
The formal act of provisional acceptance of the project took place in the municipality of Matala, Huila province, with the president of the Moçâmedes Railway, Daniel Quipaxe saying that the ceremony marked the relaunch of rail activity in the region. (14-09-2015)

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