implemented across the country to ensure all-year-round crops. Agriculture has buoyed economic growth in the last four years, averaging 7%, with tobacco still the leading cash crop.

At number two in terms of funding is road construction in the Transport and Infrastructure sector. Kandodo has allocated K30.27bn ($217m) and out of that, about K28bn ($200m) would go to the Roads Fund Administration for the construction of roads across the country and the remainder to the Ministry of Transport, he said.

Education, Science and Technology is the third biggest recipient with K24.54bn ($175.9m), K4bn higher than in 2008-09 but does not include funding to universities. "The allocation would help teacher training, rehabilitation of technical colleges and production of learning materials", he said.

With the country still fighting to change some of the worst Health statistics in the world and grappling with one of the worst doctor ratios at 50,000 people to one doctor, the Health sector is the fourth largest beneficiary. It has an allocation of K23bn ($164m) and this, according to the Minister, would help the sector recruit additional doctors and nurses to improve staffing. Government has also increased its contribution to the Health Sector Wide Approach (Swap) to K5bn to help fight the HIV and AIDS pandemic. The money will help increase the number of HIV patients on treatment. Currently 250,000 people are on free ARV treatment.

Irrigation and Water Development has had its allocation cut by 25%. The Minister said that the sector had been given K10.1bn less because it is one of the areas which completed implementation of large projects in 2008/09. Part of the funding, says the statement, will be used to construct 740 boreholes and 798 sanitation and hygiene units. *(The Nation website, Blantyre, in English 7 Jul 09:BBC/© BBC Mon.)* **Budget 2008-09 Vol. 45 p. 17955C**

Budgets In Brief

Angola: The National Assembly on July 2nd passed the bills of revision of the State Budget and the national plan for 2009. The revised state budget, foresees fiscal income of Kwanzas 1,615bn, against the initial K2,371.5bn and spending cut to K2,371.5bn against 2.848bn previously. It includes a fiscal deficit of K756.3bn that represents 15.2% of Gross Domestic Product (GDP), above the expected 448.7 (7.7% of GDP). *(Angop, Luanda 2/7)*

Uganda: MPs have blocked a Shs62bn supplementary budget, privately-owned Ugandan newspaper *The Daily Monitor* website said on June 18th. State Minister for Finance Aston Kajara came under fire in parliament after he failed to explain why the government spent more than the legal ceiling of 3% above the budget provisions without prior parliamentary approval. MPs across the political divide voted to block a new government request to clear Shs 62.5bn ($29m) which had been spent. The government in the last financial year spent Shs137.1bn ($64m) as supplementary budget and yet the 3% ceiling should have been Shs74.6bn ($34m). (*Daily Monitor website, Kampala 18/6)*

FINANCE AND BANKING

AFRICAN DEVELOPMENT BANK

Counter-Cyclical Strategies

In its continuing efforts to help African economies survive the current market constraints, a $500m investment in a global trade liquidity programme is approved.

The Board of Directors of the African Development Bank (**AfDB**) Group has agreed a US$500m investment in the Global Trade Liquidity Programme (GTLP) as the second phase of its

AFRICAN CURRENCIES

Latest market or official rates of African currencies against the pound sterling, US dollar and euro.

Country or Area	Local Unit	Value of Sterling	Value of Dollar	Value of Euro
Algeria	Dinar	118.67	73.24	102.10
Angola	Kwanza	126.07	77.80	108.47
Botswana	Pula	11.42	7.04	9.82
Burundi	Burundi Franc	1993.84	1230.50	1715.50
Comoro Islands	Comoro Franc	571.78	352.88	491.96
DR Congo	Congolese Franc	1240.36	765.49	1067.21
Djibouti Rep.	Djibouti Franc	281.94	174.00	242.58
Egypt	Egyptian £	9.05	5.58	7.78
Eritrea	Nakfa	24.30	15.00	20.91
Ethiopia	Ethiopian Birr	18.44	11.38	15.86
Franc Zone*	CFA Franc	762.38	470.50	655.95
Gambia	Dalasi	43.46	26.82	37.39
Ghana	Cedi	2.43	1.50	2.09
Guinea	Guinean Franc	7980.23	4925.00	6966.19
Kenya	K Shilling	124.44	76.80	107.07
Liberia	Liberian $	113.42	70.00	97.59
Libya	Libyan Dinar	2.01	1.24	1.73
Madagascar	Ariary	3151.58	1945.00	2711.62
Malawi	Kwacha	227.82	140.60	196.02
Mauritania	Ouguiya	428.68	264.56	368.83
Mauritius	Maur. Rupee	52.17	32.20	44.89
Morocco	Dirham	13.10	8.08	11.27
Mozambique	Metical	43.20	26.66	37.17
Nigeria	Naira	239.66	147.91	206.20
Rwanda	Rwandan Franc	922.99	569.62	794.14
Sao Tome e Principe	Dobra	25034.40	15450.00	21539.60
Seychelles	Sey. Rupee	21.97	13.55	18.90
Sierra Leone	Leone	5366.70	3312.06	4617.51
Somali Republic	Som. Shilling	2211.78	1365.00	1903.01
South African Rand†	Rand	13.31	8.21	11.45
Sudan	Sudan Dinar	3.88	2.40	3.34
Tanzania	T Shilling	2137.24	1319.00	1838.88
Tunisia	Tun. Dinar	2.17	1.34	1.86
Uganda	U Shilling	3512.92	2168.00	3022.52
Zambia	Kwacha	8385.31	5175.00	7214.73
Zimbabwe	Zimbabwe $	710.52	438.50	611.33

*Franc Zone in Africa includes Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo Republic, Cote d'Ivoire, Equatorial Guinea, Gabon, Guinea Bissau, Mali, Niger, Senegal, Togo.
†South African Rand Parity includes Lesotho Maloti, South Africa, Namibian Dollar, Swaziland Emalangeni.

Trade Finance Initiative. The first phase approved in March 2009 was $500m in lines of credit to support trade finance by African banks, bringing the combined ceiling for both phase 1 and 2 to US$1bn.

The initial US$500m investment by the Bank makes the GTLP the single-largest contributor to African trade finance. The Bank's presence helped increase the share of GTLP resources specifically targeted for Africa.

"The Bank's Trade Finance Initiative is a temporary strategy to respond to the request by African ministers of Finance to address current market constraints. Therefore the GTLP aligns well with both Regional Member Countries and Bank priorities," says Bobby Pittman, AfDB Vice President for Infrastructure, Private Sector and Regional Integration. "In this period of crisis, the AfDB intends to use its maximum capacity, innovate and work in complementarity with other agencies to play a countercyclical role while continuing to finance long-term development," he added.

The GTLP is a temporary crisis-response initiative among development finance institutions (DFIs) and donors to support trade finance in the developing world. The GTLP will pool resources from DFIs and donors and will use two primary investment structures: (i) a risk-sharing structure, whereby funding will be channelled to local trade finance banks through international banks; and (ii) direct dedicated lines of credit to local banks with regional coverage.

By providing liquidity and sharing risk with African financial institutions, the GTLP will facilitate Africa's exports and imports at a time when the global

Africa–IMF

New Funding

Benin: The International Monetary Fund (IMF) has completed its sixth Poverty Reduction and Growth Facility (PRGF) review for Benin and approved an increase of financial support of US$14.4m to a total of about $38.44m allowing disbursement of the final $15.83m. The Fund also granted a waiver for Benin's non-observance of the programme's end-December 2008 performance criterion on net domestic financing, which resulted from unforeseen lending to the state-owned electricity company in response to high oil prices. The authorities have taken remedial actions, including plans to increase electricity tariffs and undertake a financial audit of the electricity company. Real GDP growth in 2008 reached 5%, the highest rate since 2005, the Fund said, but the outlook for 2009 and 2010 is worse. *(IMF press release 24/6)*

Burkina Faso: The IMF on June 22nd completed the fourth review of economic performance under a programme supported by the PRGF, opening the way for the government to request a further disbursement amounting to $1.55m under the three-year arrangement. As a result, total disbursements to Burkina Faso will amount to about $20.08m. Economic growth rose to an estimated 5% in 2008 thanks to a rebound in agricultural production but is expected to drop to 3.5% in 2009 due to the effects of the global financial crisis, including lower world cotton prices. *(IMF press release 22/6)*

Cameroon: The IMF on July 2nd approved a $144.1m disbursement under the Exogenous Shocks Facility to help Cameroon weather the effects of the global shocks on its balance of payments. The approval enables the disbursement of the full amount immediately. The IMF financial assistance will help contain the decline in Cameroon's foreign reserves and ensure that priority outlays (investment, health, and education) are protected. (*IMF website 2/7)*

Cape Verde: The IMF has completed the sixth review under a three-year Policy Support Instrument (PSI) and has also agreed, at the authorities' request, to extend the current arrangement by one year as a bridge to a new three-year PSI. The Fund said Cape Verde was coping with the global economic crisis from a position of strength. The main programme objectives were achieved ahead of schedule: domestic public debt was reduced sharply, foreign reserves accumulated substantially, and external debt was kept stable. In recent years, the economy has been boosted by buoyant tourism, foreign direct investment in real estate, and remittances. However, near-term growth prospects have moderated significantly because of the recession in the euro area. (*IMF website 19/6)*

Central African Republic: The IMF has completed the fourth review under the PRGF arrangement and approved a six-month extension and an increase of access of about $38.7m. The decision increases the overall value of IMF funding for the arrangement to an amount equivalent to $107.5m and extends the arrangement to June 30th, 2010. Of that, an amount equivalent to $21.99m is now available for disbursement.

Major shocks including electricity outages due to breakdowns at the main hydro power plant and a plunge in timber and diamond exports reduced the Central African Republic's economic growth to 2.2% in 2008. Nevertheless, fiscal performance was satisfactory, with an increase in the tax-to-GDP ratio. Growth in 2009 is expected to rise only marginally to 2.5%, significantly lower than previously expected. With a drop in exports, which are now projected to be 40% down on initial expectations, and reduced private financial inflows, official foreign reserves are projected to drop to 2.6 months of imports even with the increased access approved by the IMF.

Meanwhile, the IMF and the World Bank's International Development Association (IDA) have agreed that the Central African Republic has made sufficient progress and taken the necessary steps to reach the completion point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative, making it the 25th country to reach the HIPC completion point. (*IMF website 29, 30/6*)

Comoros: An IMF mission team visited Moroni on June 9th–23rd to assess performance under the Emergency Post-Conflict Assistance (EPCA) programme and discuss a new programme under the PRGF. It called performance "broadly satisfactory" and said programme implementation had been facilitated by the resolution of the Anjouan crisis in 2008. Provided final agreement is reached to cover a residual financing gap, the IMF Executive Board could consider the authorities' request for a PRGF in mid-September 2009. (*IMF website 23/6)*

Republic of Congo: The IMF Executive Board has completed the first review under the PRGF arrangement for the Republic of Congo and approved a $1.86m disbursement. *(IMF website 17/6)*

Djibouti: The IMF has finished the first review of the PRGG and approved the immediate disbursement of $2.3m, bringing the total amount disbursed under the programme to $8.2m. (*IMF website, 17/6)*

Guinea Bissau: The IMF has approved a US$2.737m purchase under Emergency Post-Conflict Assistance. The assistance supports the authorities' 2009 economic programme and is the third purchase under the EPCA, which is designed to promote a strengthening of administrative and institutional capacity, which will be necessary to sustain economic recovery and a higher level of financial assistance. *(IMF website 19/6)*

Seychelles: The IMF has completed the second review under Seychelles' stand-by arrangement and has approved a disbursement of US$1.4m. (*IMF website 30/6*)

Sierra Leone: The IMF has completed the fourth review under the PRGF arrangement and has approved an increase in the country's access of about US$16.8m or 10% of the quota. The completion of the review enables the disbursement of about $18.8m, which would bring total disbursements to about $50.3m. The Fund said that declining world market prices for Sierra Leone's main export commodities - diamonds and bauxite – were severely compressing export proceeds and reducing government revenues. *(IMF website 24/6; Concord Times, Freetown 27/6)* financial crisis is cutting off critical funding. The projected $15bn GTLP resources for African trade finance will thus support African economies and reduce job losses. The GTLP is also expected to have a strong demonstration effect to catalyse African and international banks back into the trade finance sector.

The programme is in line with the Bank Group's response to the economic impact of the financial crisis, which comprises an Emergency Liquidity Facility; Trade Finance Initiative and Framework for Accelerated Resource Transfer to countries eligible for African Development Fund (**ADF**) support. (*AfDB website, 1/7)*

Debts Written Off and New Loans

Burundi: The AfDB has written off a debt worth US$150m owed by Burundi, AfDB Research Director, Leonce Ndikumana, said. The bank was also to release $15m earmarked for supporting the country's employment programme.

The project is the third to be carried out by the bank in Burundi and is geared towards the fight against poverty through job creation and the strengthening of the productive base. The target beneficiaries include urban, semi-urban and rural populations, community associations, as well as small and medium enterprises and farmers' associations.

The project will cover three districts located in the central and northern parts of Burundi. The affected areas have high population density and a large number of vulnerable people, including refugees, ex-combatants and displaced victims of the last decade's civil war. *(PANA, Bujumbura 26/6)*

Liberia: The AfDB Group has approved a US$5m subordinated loan for the Liberian Bank for Development and Investment (LBDI).

The facility will provide LBDI with the required funding to meet the increasing demand for long-term financing from certain key sectors of the Liberian economy including SMEs, services, construction, agri-business and light manufacturing. The facility has been designed to provide LBDI with an instrument that has an extended tenor and can qualify as Tier II capital in meeting regulatory requirements.

It will cater to the needs of one part of LBDI's total fundraising programme, which consists of two parts. On the one hand, the institution is planning a share offering of 500,000 new common stocks of US$20 each. If fully subscribed, the share offer will increase the company's share capital to about US$16m. In addition to the proposed capital increase, LBDI plans, over the medium-term, to procure debt finance for a total amount of US$10m, the first phase of which is the AfDB sub-debt facility.

This facility will play a crucial role in restoring LBDI's capacity to provide medium- and long-term funds for development-oriented projects and respond to the needs of the critical SME sector, which accounts for over 80% of economic activity and employs over 90% of the workforce. *(AfDB website, Tunis 12/6)*

NIGERIA

Banks Under Pressure

Categorising banks as 'strong, satisfactory, shaken or stressed' sparks panic withdrawals.

Depositors have started panic withdrawals of their funds from Nigerian banks, said to be performing poorly in a report published recently by the bimonthly Paris-based *Groupe Jeune Afrique*, according the privately-owned *Nigerian Tribune* newspaper.

Called "The Africa Report (TAR)", the report categorised the rating under those banks that are strong, satisfactory, shaken and stressed.

When banks re-capitalised under the regime of former Central Bank governor, Charles Soludo, 25 institutions came out strong while many others went underground or merged with the stronger banks. According to TAR, only four Nigerian banks have been classified as strong, nine as satisfactory, seven shaken and four stressed.

The categories were as follows:

- Strong: Diamond, First, Guarantee Trust and Skye.
- Satisfactory: Afribank, Citibank, Equatorial Trust, Fidelity, Platinum Habib, Stanbic IBTC, Standard Chartered, UBA, Zenith.
- Shaken: Access, Ecobank, First City Monument, Intercontinental, Oceanic, Sterling and Union.
- Stressed: First Inland, Spring (pending takeover appeal), Unity and Wema.

According to the *Nigerian Tribune*, as soon as the report was published by a leading Nigerian newspaper, the various banks said to have problems were besieged by customers asking for their money.

A bank manager in one of the 'stressed' banks, who pleaded anonymity, told the *Nigerian Tribune* in Lagos that his branch had been inundated with enquiries and they had witnessed massive withdrawals of funds. If the trend continued, it would snowball into a run.

In his reaction to the report, the former National President of the Association of National Accountants of Nigeria (ANAN), Dr. Samuel Nzekwe, said the series of events and unguarded comments on the banking sector were highly regrettable.

According to him, the industry could not thrive without having the confidence of customers, regretting that the regulators, including the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (NDIC), had not done much to assist the sector. He regretted that some unguarded remarks by the regulators fuelled the latest reports, stressing that it would take time to restore stakeholders' confidence.

Another report released under the Fitch Ratings on July 4th stated that the Nigerian banking sector was under intense pressure but well capitalised. "Nigeria's strong sovereign balance sheet is the main support to its ratings. Despite a reduction in reserves to $44.8bn in May 2009, since the peak of $62.1bn in September 2008, low foreign liabilities of both the public and private sectors mean that Nigeria's external balance sheet remains robust," the Fitch Ratings affirmed.

The rating agency stated that the banking sector consolidation had resulted in a well-capitalised banking system. "This factor, together with Nigeria's strong overall and public net external creditor position and low government debt, has helped to cushion the economy against the collapse in oil prices, the global recession, a reversal of capital flows and the banking sector's exposure to a sharp fall in equity prices," the report stated.

Fitch also commended government's economic foresight and swift move to base the 2009 budget on a lower benchmark oil price of US$45/barrel (the oil price is currently around US$70/barrel). Nevertheless, the ratings said oil production fell below the budgeted 2.3m b/d and would still present some revenue challenges. *(PANA, Lagos 6/7)*

Meanwhile, the Federal Government has said that it has renewed its plan to borrow $500m (about Naira75bn) from the international capital market, months after jettisoning the plan because of the global financial crisis. The funds are needed to plug the budget deficit because of the dwindling oil revenue. (*This Day, Lagos 19/6*)

Access Bank Plc has opened a branch in **Cote d'Ivoire** in an effort to further consolidate its operations in Africa. The move follows the acquisition of 88% interest in *Omni Finance*, through a combination of purchase of existing shares and injection of fresh capital.