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

				WTD % Change		YTD % Change	
Country	Index	13-Mar-15	20-Mar-15	Local	USD	Local	USD
Botswana	DCI	9669.40	9674.99	0.06%	1.64%	1.82%	-1.65%
Egypt	CASE 30	9640.77	9518.28	-1.27%	-1.28%	6.44%	-0.22%
Ghana	GSE Comp Index	2189.46	2190.84	0.06%	-2.72%	-4.22%	-16.43%
Ivory Coast	BRVM Composite	264.47	264.41	-0.02%	2.00%	2.45%	-8.94%
Kenya	NSE 20	5350.30	5304.41	-0.86%	-0.76%	3.75%	2.59%
Malawi	Malawi All Share	14915.52	14917.94	0.02%	1.97%	0.21%	8.23%
Mauritius	SEMDEX	1977.94	1955.89	-1.11%	-3.95%	-5.68%	-18.01%
	SEM 10	373.25	368.97	-1.15%	-3.99%	-4.36%	-16.86%
Namibia	Overall Index	1142.61	1154.04	1.00%	1.55%	5.10%	0.11%
Nigeria	Nigeria All Share	30719.36	29334.23	-4.51%	-2.61%	-15.36%	-21.11%
Swaziland	All Share	299.67	299.67	0.00%	0.54%	0.53%	-4.24%
Tanzania	TSI	4771.49	4826.68	1.16%	1.69%	6.61%	1.63%
Tunisia	TunIndex	5369.91	5311.16	-1.09%	1.08%	4.35%	-0.59%
Zambia	LUSE All Share	6144.05	6128.53	-0.25%	-3.32%	-0.52%	-15.38%
Zimbabwe	Industrial Index	162.70	162.36	-0.21%	-0.21%	-0.26%	-0.26%
	Mining Index	49.79	48.42	-2.75%	-2.75%	-32.48%	-32.48%

CURRENCIES

	13-Mar-15	20-Mar-15	WTD %	YTD %
Cur-rency	Close	Close	Change	Change
BWP	9.91	9.75-	1.55	3.54
EGP	7.60	7.61	0.01	6.68
GHS	1.87	3.64	2.86	14.61
CFA	619.44	607.18-	1.98	12.52
KES	90.15	90.06-	0.10	1.13
MWK	437.13	428.77-	1.91-	7.41
MUR	34.00	35.00	2.96	15.03
NAD	12.25	12.18-	0.54	4.98
NGN	198.02	194.17-	1.95	7.29
SZL	12.25	194.17-	0.54	4.98
TZS	1,793.69	1,784.21-	0.53	4.89
TND	1.99	1.95-	2.15	4.97
ZMW	7.23	7.46	3.17	17.56

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Orascom Construction (ORAS) is planning to raise $1.95 billion in syndicated loans which will be used for the $3 billion first phase of a coal-fired power station in Egypt, the company said in a statement on Monday. Orascom and Abu Dhabi state fund International Petroleum Investment Company (IPIC) formed a joint venture to build the much-needed power station. Last week, Orascom|s chief executive said the first phase of the project would be funded through roughly 80 percent debt and 20 percent equity. National Bank of Abu Dhabi will be the project|s co-financial advisor, and is joined by Arab African International Bank, Arab Bank, Banque Misr, Commercial International Bank, National Bank of Egypt and QNB Alahli as lead arrangers, Orascom said in a statement. *(Egypt.com)*

Telecom Egypt (TE) (ETEL) allocated EGP 3bn for investments in the infrastructure sector this year, with an increase of EGP 500m than 2014, said Mohamed El-Nawawy, CEO of TE, to Daily News Egypt. According to Nawawy, revenues from marine cables amounted to EGP 1.2bn, with the support of two giant projects with two Chinese companies. The company also allocated EGP 300m for tax differences during the next three years, which strengthens its financial position. TE announced that revenues of retail business grew by 8% in 2014, due to adding 350,000 new clients. The sector of renting infrastructure to communication firms also witnessed a growth rate of 19% last year, to raise the business value to EGP 4.6bn. TE's revenues retreated by 31% during 2014, due to tax increase, to reach EGP 2.03bn compared to EGP 2.9bn in 2013, despite the fact that the company achieved a 9.2% increase in revenues, to reach EGP 12.16bn in 2015 compared to EGP 11.14bn in 2013. TE, with EGP 17bn capital, seeks to boost its revenues through entering the mobile phone market via the unified licence system. However, the government did not decide yet to activate the unified licence for communications. The decision has been repeatedly delayed due the disputes between the working companies in the country. Three companies in Egypt provide mobile phone services: Vodafone Egypt, Mobinil, affiliated to France Telecom, and Etisalat Egypt, affiliated to the Emirati Etisalat. *(Egypt.com)*

GB Auto (AUTO), has submitted details on the planned LE960 million capital increase to Egypt|s Stock exchange, EGX said on Thursday. The company is planning to increase its issued capital to LE1.095 billion through issuing 960 million shares at a par value of LE1 each. Egypt's bourse said the documents will be presented to the listing committee. *(Egypt.com)*

Egypt's stock exchange said its listing committee approved listing Wadi Kom Ombo Land Reclamation CO (WKOL) shares after its two-for-one stock split. The company plans to split its stock on March 23 to shareholders of record on March 22. The split will reduce the stock par value from LE10 to LE5, with a capital of LE28 million divided on 5.6 million stocks instead of 2.8 million. EGX said company's shares after split will start trading on March 23. *(Egypt.com)*

Economic News

Egypt needs $200-$300 billion to develop, President Abdel Fattah al-Sisi said at an international investment conference on Sunday, pressing his campaign to lift the Arab world's most populous country from years of economic turmoil. Egypt, with a population of about 90 million, has been hit hard by economic and political upheaval since an uprising that toppled autocrat Hosni Mubarak four years ago. Investment shrivelled, tourism dwindled as did foreign currency reserves. With the high-profile, glitzy 3-day summit in the Red Sea resort town of Sharm el-Sheikh, Egypt aimed to project an image of stability and attractiveness to investors whom it hopes to secure billions of dollars from. The country announced deals worth several billions of dollars in energy and real estate projects at the summit, which brought together major regional and international firms. The United Arab Emirates, Kuwait and Saudi Arabia have also pledged billions in investments and central bank deposits. "Egypt needs at least $200-$300 to (develop) .. I know Egypt and its problems ... Egypt needs at least $200-$300 billion so that there is real hope for the 90 million," Sisi said in his closing remarks at the conference. Cairo wants to double foreign investment in this fiscal year to $8 billion, despite an Islamist insurgency in northern Sinai and frequent militant attacks across the country. *(Reuters)*

Egypt expects greater investment and ongoing fiscal reforms to boost economic growth in the 2015/16 fiscal year to 4.5-5 percent and shrink its budget deficit to 9.5-10 percent of gross domestic product (GDP), the finance ministry said on Wednesday. The government is pushing an economic agenda focused on reforming taxes and subsidies while attracting billions of dollars from foreign investors scared away by political turmoil that began with a 2011 uprising. The finance ministry said in a preliminary statement about next year's budget that it would continue to cut subsidies gradually and make cash transfers to the poor, which make up about 40 percent of Egypt's 90 million people. Economic growth slowed to two percent in 2011, but recovered to 5.6 percent in the last six months of 2014. The International Monetary Fund expects growth to reach four percent in the current fiscal year ending on June 30. The budget deficit, long beset by costly fuel and bread subsidies, is set to exceed 10 percent for the same period. Investors have praised Egypt's reforms, including a five-year plan to eliminate energy subsidies which began last summer without sparking popular unrest. The government clinched deals worth $36 billion at an investment conference last weekend. The finance ministry said it would boost spending on infrastructure as well as education and health. A value-added tax is also part of the reform agenda, but it is not clear when that would be introduced. *(Reuters)*

Egypt's current account deficit widened to $2.9 billion in the three months to December from $1.4 billion in the same period the previous year, according to Reuters calculations. The deficit stood at $4.3 billion in the first half of the fiscal year which began on July 1, compared with a deficit of $866 million in the same period a year before, the central bank said on Thursday. The deficit was driven by a wider trade gap and a contraction in net transfers, according to a statement posted on the bank's website. Official transfers, including cash and commodities, fell to $1.1 billion for the quarter, down from $1.9 billion a year earlier, calculations showed. Saudi Arabia, the United Arab Emirates and Kuwait have supported Egypt with $23 billion in loans, grants and oil products since the army ousted Islamist elected President Mohamed Mursi in mid-2013 following protests. The Gulf Arab allies pledged an additional $12 billion in investments and central bank deposits last weekend at an international economic summit in Egypt. Merchandise imports reached $16.2 billion in the second quarter of the current fiscal year, compared to $14.5 billion a year earlier, while exports dropped to $5.8 billion from $7 billion. Portfolio investment in Egypt also witnessed a net outflow of $2.4 billion in the quarter compared to a $42 million outflow the previous year, which the central bank attributed mostly to the repayment of bonds. Foreigners' net investments in the Cairo bourse increased by $106 million in the quarter.

A flurry of initial mergers and rights issues have boosted activity on the EGX, which struggled to win investor confidence during four years of political and economic turmoil since the Arab Spring uprising. The deficit was partly offset by a rise in tourism, with receipts for the quarter more than doubling to $1.92 billion. That is up from $947 million at the height of a security crackdown last year against Mursi's Muslim Brotherhood supporters. Tourism has slowly begun to recover despite an Islamist insurgency based in North Sinai that has killed hundreds of members of the security forces in the past 20 months. The new tourism minister told Reuters last weekend he expects Egypt could generate $20 billion in annual revenue from 20 million visitors by 2020. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana said this year's budget deficit would be wider than previously projected after a fall in crude oil prices curbed revenue. The target for the gap was revised to 7.5 percent of gross domestic product from 6.5 percent, Minister of Finance Seth Terkper told Parliament last week in the capital, Accra. The deficit has averaged about 10 percent in the past three years. The benchmark oil price in the budget was cut to $52.80 per barrel from $99.38, he said. "This is the fiscally responsible and prudent thing to do," the minister said. The revisions "address the impact of these shocks." Ghana is seeking to rein in inflation and stabilize a currency that has been Africa's weakest, plunging 40 percent against the dollar over the past year. The government reached an agreement with the International Monetary Fund last month for almost $1 billion of loans. Brent crude oil traded in London has dropped 47 percent in the past year. The target for revenue and grants was cut 8.3 percent to 29.7 billion cedis ($8.3 billion), while the target for spending was lowered 3.6 percent to 39.7 billion cedis, Terkper said. The government will take money from the Stabilization Fund to help finance the budget deficit, he said. Terkper slashed the oil revenue estimate to 1.5 billion cedis from the previous estimate of 4.2 billion cedis. Oil output will remain around its 2014 average of 102,000. *(Guardian News)*

Ghana had its credit rating cut by Moody's Investors Service after the West African nation warned that tumbling oil prices will worsen its government budget deficit. The sovereign's foreign-currency rating was lowered one step to B3, six levels below investment grade, Moody's said Thursday. The outlook on the grade is negative. Standard and Poor's assesses Ghana at an equivalent B-, while Fitch Ratings has it one grade higher, at B. The move was the second downgrade by Moody's in less than a year for a nation that's seeking a $1 billion loan from the International Monetary Fund. The second-biggest economy in West Africa is struggling to rein in inflation and grappling with a sliding currency that's the continent's worst performer so far this year. "The negative outlook reflects further downside risk to the country's debt dynamics and liquidity pressure in the short-term if the country's policies fail to successfully contain its fiscal deficit, stabilize its currency and address current impediments to higher economic growth," Moody's said.

The IMF has pledged to help bolster Ghana's currency, the cedi, on condition the government reduces spending on salaries of civil servants. Finance Minister Seth Terkper said in a speech to parliament last week the budget deficit will be wider than previously projected because a decline in crude prices has hurt revenue. The target for this year is 7.5 percent of gross domestic product, instead of 6.5 percent forecast in November, Terkper told lawmakers. Ghana became an oil exporter in 2010. The government doesn't have money to fuel power plants, which since December has led to planned power outages that last as long as 24 hours in the capital, Accra. Inflation accelerated to 16.5 percent in February. *(Bloomberg)*

Ghana's microfinance industry is expected to be hit by mergers and acquisitions as the regulator demands recapitalization of companies in the sector. The Bank of Ghana wants microfinance firms to increase their capitalization from the current Gh100,000 to Gh250,000 by June 2015 – this should further go up to Gh500,000 or more in 2016. There are concerns some companies may be challenged in meeting the requirement and the deadline. Businesses operating in the sector would have to explore available options if they are to survive. The Ghana Association of Microfinance Companies (GAMC) says there are arrangements to engage the regulator in managing the process. National Chairman, Collins Amponsah Mensah however acknowledged the directive would help build stronger institutions, whilst instilling discipline and sanity in the industry. According to him, members are encouraged to open up for mergers and acquisitions. "I'm very hopeful that as we go forward, a lot more of our members will be coming together to form stronger institutions and in that case be able to raise the capital that is expected to be able to raise this kind of business," said the GAMC Chair.

Mr. Amponsah Mensah also believes there are opportunities for the public to invest in the industry. "People who want to even start new microfinance institutions should rather be looking at the possibility of acquiring equity in existing ones or even acquisition," he noted. The Bank of Ghana has also initiated action to flush out firms operating without licenses – names of companies which are not under regulation have been published in the dailies. Mr. Amponsah Mensah has endorsed the exercise, stating that the savings public is getting increasingly discerning in entrusting their funds with an institution. *(Ghana Web)*

Ghana's power deficit represents enormous opportunities for foreign direct investment as well as public-private partnerships in the energy sector, Minister of Trade and Industry, Ekwow Spio-Garbrah, has declared to some 600 top global business leaders attending the Africa CEO Forum in Geneva, Switzerland. According to Dr. Spio-Garbrah, the deficit of some 500 megawatts of power and the projections for additional power demand in Ghana has led to more than 20 proposals being submitted by a wide range of companies from the US, Germany, Denmark, India, China, South Africa, Turkey, Brazil and others for thousands of megawatts of additional generation. These projects are from all sources of energy, including gas, coal, wind, solar, biomass, waste-to-energy, mini-hydro and even sea wave. On account of these developments, Dr. Spio-Garbrah was convinced that the medium term prospects for Ghana's industrialisation were good.
Dr. Spio-Garbrah was speaking at the Africa CEO Summit, an annual conference of the CEOs of major African enterprises and top executives from global companies interested in Africa. The conference was organized by the Paris-based publishing firm, Groupe Jeune Afrique, with support from the African Development Bank and numerous other private sponsors. Speaking on the subject of: "The African Urban Explosion: Turning Challenges into opportunities", Dr. Spio-Garbrah noted that while rapid urbanization and the growing slums in some African cities were a cause for concern and needed better planning and management, the urbanization also offered numerous investment opportunities.

The Minister for Trade and Industry indicated that if investors considered the human life cycle, "from birth to death or from cradle to grave", or even the average person's daily needs, opportunities for investment in the urban communities of a country such as Ghana ranged from housing to transportation, to shopping centres, food supply, building and office equipment and supplies, and utilities. Increasingly, for major public investments in utilities such as water, sewerage, sanitation and water treatment, and waste disposal and management involved various models of public-private partnerships. Dr. Spio-Garbrah described Ghana as a country with the second-highest penetration of power to the general population, at 76% of the population, second only to South Africa in sub-Saharan Africa, 80% of whose population had access to electricity. Dr. Spio-Garbrah explained that Ghana's rural electrification project is a major success factor to Ghana's capacity for rural industrialization. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Kenyan media company Standard Group posted an 8.4 percent rise in pretax profit for 2014 due to growth in print, TV and radio advertising. The publisher of Kenya's oldest and second-largest daily paper, the Standard, and an operator of a radio and TV station, said profit before tax climbed to 326 million shillings ($3.6 million), while revenue nudged marginally lower. Standard Group said it was optimistic about 2015 and wants to tap into Kenya's fast economic growth, seen at 6.9 percent this year after the economy expanded an estimated 5.3 percent in 2014, according to the government. "We therefore expect a more robust economic environment which should provide new business opportunities," the company said in a statement. However, it cautioned that a shift by the government - a major buyer of advertising in Kenya - from newspapers to digital platforms for public announcements could hurt business. Despite growing usage of the internet in Africa, traditional media such as newspapers remain profitable. The company said it would pay a final dividend of 0.50 shillings per share, unchanged from last year. *(Reuters)*

Kenya Commercial Bank Ltd., the East African nation's second-biggest lender, is targeting a 30 percent increase in transaction volumes handled through its mobile banking system this year. In 2014, the bank handled 125 billion shillings ($1.4 billion) through mobile banking, and expects to increase this by 30 percent this year after starting to offer the KCB Mpesa Account, Chief Executive Officer Joshua Oigara said in an e-mailed response to questions Monday. The bank on March 10 began a partnership with Safaricom Ltd., East Africa's biggest mobile network operator, to offer paperless banking accounts, known as KCB-Mpesa. The bank has said it seeks to gain 15 million customers who do transactions on their mobile phones within the next two years. Safaricom, 40 percent-owned by Vodafone Plc, started M-Pesa, a mobile phone-based transfer and micro financing service, in 2007. It now has 12.6 million registered users in Kenya, "pesa" being a Swahili word for money. *(Bloomberg)*

Co-operative Bank of Kenya posted on Wednesday a 0.5 percent rise in 2014 pretax profit to 10.92 billion kenyan shillings ($118.63 million), slowed by a one-off payment for staff redundancies. The lender, which serves individuals and co-operatives in the east African nation, said it incurred a one-off payment of 1.34 billion shillings to cut staffing as part of its restructuring programme, and projected a 30 percent growth in profitability in 2015 resulting from the restructuring. *(Reuters)*

Listed telecoms firm Safaricom's market value has risen to a record Sh630 billion, placing it in a league of its own at the Nairobi Securities Exchange (NSE). The company is currently trading at Sh15.75 a share at the NSE, having gained 12 per cent this year and translating to a capitalisation gain of Sh68 billion in the first two-and-a-half months of the year. At Sh630 billion, Safaricom's market value is equivalent to half of what the Kenya Revenue Authority (KRA) is expected to collect this year, and is nearly twice the price Kenya is paying for ongoing construction of the standard gauge railway between Mombasa and Nairobi. Analysts reckon the share price rally is being driven by a steady stream of positive corporate announcements and improved financial results that have convinced investors that the company has still got an upside to its growth. The counter has been especially popular with foreign investors, who largely limit significant activity to the big blue chip counters like Safaricom, EABL, Equity Bank and KCB. "We assess that Safaricom's share price rally has been driven by investors' anticipation of the 2014 full year ending March results, which we expect will show continued growth in the company's non-voice revenue as a share of total revenue as the firm continues its gain from Internet or data up-take and mobile money uptake," said analysts at risk and research firm Stratlink Kenya. Safaricom was less than two years ago behind EABL in the market valuation list. Both companies were then valued in the range of Sh270-Sh300 billion.

In May 2013, EABL had become the first company to break the Sh300 billion market valuation mark when its share rose to a high of Sh400. Safaricom was at that time trading at Sh7.10 a share with a market cap of Sh284 billion. Since then, Safaricom has enjoyed a price rally that has seen its share price double, resulting in today's market cap that is more than EABL, KCB and Equity Bank combined. EABL is currently valued at Sh248 billion, Equity at Sh190 billion and KCB at Sh179 billion. The four companies together are worth more than half the entire

NSE, which currently stands at Sh2.4 trillion, meaning that Safaricom alone carries a quarter of the total market capitalisation. Analysts said such valuation poses a big risk to the market in case the company's share price falters. "A case in study is the performance of the NSE-20 share index in the last two weeks which has been moving in tandem with Safaricom's share price performance. This creates a big risk to the market especially if the investors rely solely on the indices to depict market performance," said Genghis Capital analyst Mercyline Gatebi. Safaricom has more recently been active in the corporate event circles signing deals with banks to leverage on its M-Pesa platform, as well as staking a claim in the nascent cashless transport segment through a partnership on the My1963 card. The telecom operator, together with rival Airtel, recently acquired Essar Telecom's (yuMobile) Kenya business worth Sh7.2 billion. The deal left Safaricom with yuMobile's infrastructure, frequency spectrum and employees while Airtel acquired yu's 2.6 million mobile subscribers. Last week, Safaricom announced that it had been allowed to import set-top boxes with the ability to deliver broadband Internet, a plus for its data business. It has also applied for a digital broadcasting licence.

Safaricom is also seen to be benefitting from additional business coming from its leveraging on the nearly 20 million M-Pesa customers. The telco has two major partnerships in place with Commercial Bank of Africa and KCB that offer loan products based on the platform. KCB M-Pesa allows subscribers of the telecom's mobile money platform access to loans of between Sh50 and Sh1 million repayable between one and six months. CBA's M-Shwari, which has been operational since 2012, has helped the lender raise the number of its retail accounts to 10 million, the highest in country. Safaricom is also targeting a share of the commission income from the Sh12 billion annual remittances sent between Kenya and Tanzania through a new M-Pesa tie up with Vodacom, a Tanzanian subsidiary of its single largest shareholder Vodafone. "With a substantial unbanked population transacting mainly in cash, the Tanzania-Kenya corridor represents a significant opportunity for M-Pesa to give people and companies an accessible, low-cost alternative to traditional international remittances," said the Vodafone director of mobile money and former Safaricom CEO Michael Joseph in a statement. The growth of Safaricom's business, especially M-Pesa, has however caught the attention of the market regulators, who have for long kept an eye on the telco to see whether it abuses its position as market leader. The Communications Authority of Kenya (CA) announced last month that it had started a process to formulate regulations that will give it powers to automatically declare any firm with more than 50 per cent market share as a dominant player.

The new law provides that the threshold be pegged on control of 50 per cent of the relevant gross market, meaning an operator may be declared dominant if it controls 50 per cent of revenue in specific segments such as voice (either mobile or fixed), data or mobile money transfer. Safaricom's market share, as per the latest industry statistics, stands at 75.6 per cent for the voice business, mobile data at 70 per cent, SMS at 93 per cent, and mobile money at 66.7 per cent. But the Competition Authority of Kenya came out to offer some respite to Safaricom, saying that there is no evidence the company is abusing its position in the market. *(Business Daily)*

An international audit firm Deloitte and Touche is on the spot for allegedly lying about the financial state of Mumias Sugar Company between 2006 and 2012. Deloitte has been accused by a parliamentary committee of not giving the correct financial picture of the company during the period when the sugar miller had sunk into monetary problems that almost grounded it. The National Assembly's Agriculture, Livestock and Cooperatives Committee said the firm was the sugar miller's auditor when questionable dealings took place and yet there was no report of those misdeeds. The parliamentary committee noted that despite there being questionable dealings in the sugar company between 2006-2012, Deloitte and Touche gave the miller a clean bill of health, according to the report tabled in Parliament by the committee for debate. During that period, the company reportedly recorded fictitious sugar exports amounting to Sh3 billion, according to the report, but the internal auditor did not raise the red flag.

The committee also recommended "that Deloitte and Touche be held responsible for misleading the government, other stakeholders and the public on the state of affairs in MSC during the period of their engagement as auditors." The committee also recommended that Kenya Revenue Authority be held responsible for the loss of Value Added Tax amounting to Sh577 million for the fictitious exports. The KRA also came under scrutiny for allowing a company called Dantes Peak Limited to import sugar using a licence that had been unprocedurally transferred to it from Mumias. The report said the KRA admitted having noted the illegal transfer, but still went ahead to release a consignment of sugar that had been impounded. A sugar dealer, Rising Star Commodities Ltd, was also fingered for importing more quantities than it had been allowed by the Kenya Sugar Board. "Rising Sugar Commodities Ltd, a licensed sugar importer, brought in sugar beyond licensed quantities and needs to be further investigated over claims that it denied the Kenya Sugar Board entry into its go-downs for verification," said the report. *(Daily Nation)*

Safaricom will start selling its digital set-top boxes next month as the telecoms operator eyes a piece of the broadcasting sector. The company told the Nation that it had already received approval for the model of its gadget from the Communications Authority of Kenya and was about to ship in the first batch. Safaricom Corporate Affairs Director Nzioka Waita said the decoders were expected within the next three weeks, with distribution scheduled to start immediately. They will be sold through the company's existing distribution network. "We have gotten the approval for the set-top box and a vendor's licence, which now allows us to start selling the devices in Kenya. We are still in talks with the regulator for the award of a broadcasting licence. Hopefully it will come through soon," Mr Waita said by telephone. By entering the broadcasting sector, the company is targeting a piece of the Kenyan TV space, but with a greater focus on offering Internet connectivity to every home with a television set. The set-top box will operate as a hotspot, which members of a household can use to connect to the web. Officials from the CA said they were reviewing Safaricom's application with a view to concluding the matter soon. *(Daily Nation)*

Economic News

Kenya will award contracts by next month for a $3.2 billion program that envisages almost doubling the paved-road network within five years with help from the nation's banks, a Treasury official said. The government announced last week it will set up a Road Annuity Fund to expedite construction of roads in a country where less than 10 percent of the 161,000-kilometer (10,000-mile) network is paved, according to the Kenya Roads Board. Instead of the government financing projects while they are in progress, contractors will pay for construction themselves and then be reimbursed at a premium on completion. The Treasury will hand out 45 contracts "in two to three weeks" to groups of developers and financiers to build 10,000 kilometers (6,214 miles) of roads by 2020, said Public Private Partnership Unit Legal Expert Ronoh Tuimising. Kenya Commercial Bank Ltd., which has a 10th of the money it has lent out in road projects, estimates the projects would cost about 300 billion shillings ($3.2 billion). Kenya, East Africa's largest economy, plans to raise as much as 1.2 trillion shillings ($13.1 billion) over the next decade for the annuity fund as part of a plan to improve infrastructure and accelerate economic growth to more than 10 percent from 5.4 percent last year.

An overhaul of the road network will improve links between cities in the country, President Uhuru Kenyatta said on July 30. "The way we see it working is for banks to team up with builders in consortia to bid for projects," Tuimising said in a March 12 interview in the capital, Nairobi. Lenders may overlook past experiences of delayed payments from government, which disrupted cash flows, and plan to increase lending to contractors, said Joshua Oigara, chief executive officer of Kenya Commercial Bank, the nation's biggest by assets. The bank may expand its lending for road construction by 5 percentage points after government awards the contracts, he said in an interview on March 12. "It's a very ambitious project, and we want all those who are able to, to support it," said Oigara, who is also the chairman of the Kenya Bankers Association. "We are fully behind the program." A separate Project Facilitation Fund, or PFF, of about 750 million shillings will be established to finance activities including feasibility studies for proposed roads, according to Tuimising. Budget allocations to the roads industry will go to the Road Annuity Fund with effect from the start of the new fiscal year on July 1, Tuimising said.

Funds that aren't required immediately will be invested in assets including Treasury bills, he said. "The proposed sources of funds to the annuity fund will include disbursements from the exchequer, a fuel levy and grants from development partners," Tuimising said. "It won't be a self-perpetuating fund." Funding for the PFF will come from the same sources, he said. In addition, so-called success fees of not more than 0.5 percent of the value of a contract will be paid by successful bidders into the fund, according to Tuimising. "We have already got word from organizations like the Department for International Development that it is willing to contribute 52 million pounds ($77 million) to the facilitation fund," Tuimising said. Kenya Commercial Bank is already funding six pre-qualified contractors for the roads projects, Oigara said.

He declined to provide further details.*(Bloomberg)*

Medium-sized lender Chase Bank is to raise an additional Sh2.5 billion through a private placement to fund its fast-paced growth, the institution's management has disclosed. The bank's capital ratios have grown thin following rapid growth mainly from lending to small- and medium-sized enterprises. The bank expanded its loan book by Sh16 billion or 38 per cent to Sh57.2 billion from Sh41.2 billion in the previous year. A private placement means the bank will get cash from investors invited privately and not from the general public. At the end of last year the bank raised Sh1.3 billion from its shareholders who include European-based private equity firms through a rights issue. "We are growing very fast hence the need for occasional additional capital. Existing shareholders have the capacity and the intention to continue supporting the bank in its growth trajectory," said the bank's chief executive, Paul Njaga. The bank set up several branches last year after receiving a cash boost. It got Sh4 billion from the Netherlands Bank and another Sh1.6 billion from the Microfinance Enhancement Facility SA to boost its long-term lending to small and medium enterprises (SMEs). Chase Bank has been involved in a series of capital raising ventures including inviting three strategic investors in the last two years. The total long-term debt it has taken during the period is in excess of Sh10 billion. "The shareholders have always anticipated this growth and the related need for capital. All capital raising activities have always been pre-planned well in advance," said Mr. Njaga. This will be the second private placement by the lender in the recent past after it conducted one in 2011 for Sh810 million. It followed the placement with two rights issues in 2012 of Sh400 million and last year's Sh1.3 billion underlining its capital thirst.

Chase Bank joins other privately owned banks such as Commercial Bank of Africa and Family Bank in raising cash from a limited group of investors. CBA raised Sh1.5 billion through a private placement in 2013 to finance its entry to Uganda. Recently listed companies Atlas and Frame Tree raised cash through private placements last year before their listing in the growth enterprises market segment on the Nairobi Securities Exchange. The bank owns micro-lender Rafiki Deposit Taking Microfinance and investment bank Genghis Capital. Chase group also owns investment advisors Orchid Capital, real estate firm Lighthouse Properties, and medical insurance company Tulip Healthcare. The group is associated with leasing company Rivieres Finance. Chase Bank posted a 48.8 per cent growth in after-tax profit following rapid expansion in lending. It recorded a profit of Sh2.3 billion last year compared to Sh1.5 billion the previous year. The rapid growth in lending however cut the bank's capital position leaving it with little room for further growth. Its total capital as a ratio to its loan book stood at 15.3 per cent in December compared to the minimum ratio of 14.5 per cent —leaving a headroom of only 0.8 percentage points. Mr. Nyaga said the banks' customer numbers had risen to 140,000 from 50,000 in 2013, riding on the recently introduced agency banking model. It recorded a 50 per cent increase in customer savings to Sh79.8 billion from Sh53.3 billion a year earlier. The bank had been ranked 12th in size out of Kenya's 44 banks in 2013 by the Central Bank of Kenya, with a market share of 2.4 per cent.*(Business Daily)*

The Nairobi Securities Exchange's main index broke out of a two-and-a-half week slump Wednesday with a gain of 28 points backed by higher share prices among big counters. The NSE 20-share index stood at 5,342 points at close of trading on Wednesday, up from 5,313 points registered on Tuesday. The NSE All Share Index (NASI) was also up by 0.64 points to stand at 172.63. The market had been on a downward trajectory since the beginning of March, having opened the month at 5,499 points and seemingly poised to break into the 5,500 points territory for the first time since September 2007. However, a combination of profit taking activities on the surging counters combined with some price corrections on some counters checked the upward trajectory of the index, causing a 2.8 per cent drop in the market this month. The gains that helped the market stem a fall came from the big cap counters, with Safaricom,EABL and Equity Bank being among the gainers. Much of the day's activity revolved around the banking, commercial and services, and telecommunications segments. "EABL, Safaricom and KCB were the leading movers accounting for 51.4 per cent of activity. For the second consecutive session, EABL was the best performing mover with local investors scooping the counter on higher prices. Equity Bank was up ahead of books closure for a Sh1.80 dividend on March 20," said Standard Investment Bank (SIB).

There were only 16 gaining counters on Wednesday as opposed to 23 losing, but the index gained on the heavier weight of the gaining counters as those which dropped in value were largely small and medium caps. EABL led the big cap gainers, up 1.6 per cent to Sh314, while Safaricom and Equity were both up 0.9 per cent to Sh15.75 and Sh52 respectively. The top gaining stock overall was Sasini which closed at

8.7 per cent at Sh14.90, followed by Flame Tree Group which was up 4.4 per cent to Sh9.40. On the losing side, the day's biggest drop was recorded by East Africa Portland Cement Company which shed 9.1 per cent to close at Sh60. Standard Group was down 8.6 per cent to close at Sh37, followed by Sameer Africa which ended the day eight per cent lower at Sh6.30. Co-operative Bank, which announced a 10.9 per cent drop in net profit to Sh8 billion for the 2014 financial year, shed 1.2 per cent to close at Sh20.25. The announcement was made ahead of trading. Turnover for the market declined to Sh658 million from Tuesday's total of Sh950 million, coming as the number of traded shares declined from Tuesday's 26 million to 21 million on Wednesday. The market's attention will now turn to book closures by companies which have already announced their financial results. .*(Business Daily)*

The drought ravaging the country has hit farmers hard as some tea factories begin to scale down their operations due to a shortage of green leaf. Three factories in Kisii County are operating below capacity and have been forced to reduce the number of tea picking days to two or three a week. Officials from Kiamokama Tea Factory say they only operate on Mondays, Tuesdays and Thursdays due to the shortage of green leaf. Mr Robert Maina, factory unit manager told the Nation that it was uneconomical to work daily as the prolonged drought had caused tea on many farms to dry up. "Before we start processing the tea leaves, we have to ensure they are enough. This means that if the leaves we collect on Monday are still not enough, we will have to wait for the next day's collection before we start processing," he said. "If we don't do this, then it will be very costly for us to produce. We normally do about 70 to 80 tonnes a day, but we are now doing below 30 tonnes even when we combine the two days' collections," Mr Maina said. Mr Julius Mwai, the unit manager at Nyamache Tea Factory, said they were also planning to "significantly scale down operations to one day a week if the rains do not come soon. "We process about 60 tonnes of leaves in one day, but are now doing a meagre 20 tonnes a day," he said. "We now see a situation where we will halt production completely or stay open only for a day because there are simply no tea leaves on the farms," he said. At Ogembo Tea Factory, the situation is similar if not worse. Not only have they cut down on operation to three weeks, but as Mr Joseph Aridhi, the unit manager says: "If it does not rain in the next two weeks, we are going to have to stop production completely." *(Daily Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation slowed to 19.7 percent year-on-year in February from 21.2 percent in January, data from the National Statistical Office showed on Wednesday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

Lafarge Africa Plc, one of the leading cement and building solutions providers, last Friday recommended a dividend of N3.60 per share for the year ended December 31, 2014. The dividend is six per cent higher than the N3.30 paid the previous year. Details of the audited results showed that Lafarge Africa Plc ended the year with gross revenue of N205.8 billion, compared with N206.1 billion recorded in 2013. Gross profit rose marginally from N67.3 billion to N68.5 billion. However, profit before tax (PBT)and profit after tax (PAT) declined by 36 per cent from N64.3 billion to N41.2 billion and 43 per cent from to N61 billion to N34.4 billion respectively. THISDAY analysis of the results showed that the dip in PAT and PBT were largely due to 12 per cent rise operating expenses and N2.4 billion loss from UNICEM. Despite the reduced bottom line, the company has proposed a dividend of N3.60 per share which is about nine per cent above what was paid in 2013. Also, the company generated cash of N49 billion from the operations. In his statement, the Chairman of Lafarge Africa, Chief Olusegun Osunkeye said: "It is with pleasure that we publish the first audited results of our newly transformed company. The good performance even in a volatile market affirms the strength of our new Company and our commitment to achieving excellence".

Also commenting on the performance, the Group Managing Director/CEO, Lafarge Africa Plc, Mr. Guillaume Roux said: "our company has shown impressive performance. Our business combination plans have been well executed within set timelines. We are committed to improving operational performance by leveraging on opportunities this presents to us to deliver sustainable returns to our shareholders. "Lafarge Africa Plc has shown remarkable performance in the year and According to the company, it remains highly committed to driving business excellence. "We expect cement demand to increase both in Nigeria and South Africa in 2015. In Nigeria, the demand growth should be supported by increasing needs for housing and infrastructures, but could be lower than normal growth levels given the exchange rate development. This should be partly cushioned through the South African cash flow. We remain very optimistic and highly committed to delivering innovative building materials while leveraging on the operational strength and pedigree of the Lafarge Group," the company declared. *(This Day)*

Africa's richest person, Aliko Dangote has said the company's $400 million cement plant in Zambia's Masaiti district in Copperbelt region will start operating in two weeks' time, the result of a delay in securing the necessary approval. "There was a delay in getting a permit from Zambia Environmental Management Agency (ZEMA), which actually made us start production late, but I think we are overcoming that, hopefully we can start in two to three weeks or so," said Dangote after touring the Zambia plant on Thursday. "The rainy season this year has been intense but it has given us a lesson to protect ourselves next time we are in operation," said Dangote. The plant is expected to create more than 1,000 jobs, with a production capacity of 1.5 million tons annually. Dangote Cement plans to have capacity of more than 60 million tons across the African continent by 2016. The firm is Africa's leading cement producer with three plants in Nigeria and plans to expand in 13 other African countries, including Ethiopia, Senegal, Republic of Congo, Liberia, Tanzania, Kenya and Zambia. "We are making progress across our other African projects and continue working to become Africa's leading cement company," former CEO, Devakumar Edwin said in a November statement, after the firm released 9 months results. Sub–Saharan Africa cement consumption rose by 6.8 percent in 2014, compared with 5.2 percent in India, 3.5 percent in China, 6.4 percent in North America, and 3.7 percent in South Asia, according to data from global cement report, Morgan Stanley and DaMina Advisors. Dangote Cement grew its consolidated group revenue by 7.3 percent to N310.2 billion ($1.5bn), with pre-tax profits for the 9M 2014 period up by 1.5 percent to N154.1 billion ($770m). *(Business Day Online)*

Transcorp Hotels Plc has declared a dividend of 37 kobo per share for the year ended December 31, 2014. In a notice announcing the proposal and published on the Nigerian Stock Exchange's website on Monday, the company said the closure date for the dividend was March 30, 2014. The proposal will be presented to the company's shareholders at its Annual General Meeting on April 15 and if approved by the shareholders, the dividend will be paid on April 17. The company's Board of Directors declared the dividend following the release of its audited financial statements for the year ended December 31, 2014. The financial statements, however, showed that the company recorded declines in its profit and revenue. Revenue for the year under review at N15.105bn was 1.6 per cent lower than the N15.349bn it generated a year earlier. Profit before tax fell from N6.122bn in 2013 to N4.540bn in the year under review, while profit after tax dropped from N4.409bn to N3.221bn in the year under review. Transcorp Hotels had in January this year listed its entire 7.6 billion ordinary shares of 50 kobo each at N10 per share on the NSE for trading. The listing of the company via initial public offering on the Exchange had boosted the market capitalisation of the listed equities by N76bn and helped it close on a positive note for the second time this year.

Transcorp Hotels had tried to raise N4.2bn in the IPO, which opened in September 2014 and closed a month later, in October, by offering 800 million ordinary shares of 50 kobo each to investors at N10 per share with a minimum subscription of 1,000 ordinary shares. At the listing, the Managing Director and Chief Executive Officer, Transcorp Hotels, Mr. Valentine Ozigbo, had explained the group's plans for sustained growth and sector leadership this year, and in the future. He said, "We are leveraging a formidable team of experts, and we are well-positioned to continue delivering world-class hospitality services to our stakeholders. As a publicly-listed company on the NSE, our shareholders can be assured of high standards of disclosure and transparency, in addition to achieving superior returns to shareholder and consistent delivery of world class experience to all our guests." The President and Chief Executive Officer, Transcorp Plc, Mr. Emmanuel Nnorom, told stockbrokers and other market stakeholders at the event that the move was part of the company's expansion drive. He had said, "Our target is the establishment of Transcorp Hilton Hotel in Ikoyi, Lagos and another in Port Harcourt. We are delighted to be able to offer the Nigerian public the opportunity to participate in our potential for success in the future." *(Punch)*

Nigeria's Access Bank reported a 20 percent rise in 2014 pretax profit to 52.02 billion naira ($261 million) compared with the previous year, it said on Monday. Revenue also rose to 245.21 billion naira during the year to end-December against 206.89 billion naira in the previous year, the bank said in a statement. Access Bank said it will pay a total dividend of 0.60 naira per share, unchanged from the previous year. *(Reuters)*

International Finance Corp (IFC) has lent $175 million to Nigeria's Guaranty Trust Bank (GT Bank) to expand its lending portfolio in Africa's biggest economy, the private arm of the World Bank said on Tuesday. It said the financing comprises $100 million for IFC's own account and $75 million through an IFC managed co-lending portfolio. GT Bank is a top tier commercial lender with 233 branches in Nigeria. *(Reuters)*

The Nigerian Stock Exchange, NSE, has placed the shares of Union Homes and Savings Plc on full suspension. By full suspension, stockbrokers are not permitted to execute any transaction on the shares of the company within the stipulated period. This, according to a regulatory filing obtained by Vanguard, is pursuant to a March 10 2015 directive of the Securities and Exchange Commission, SEC and will enable Union Homes and the holders of its fully paid ordinary shares conclude the Scheme of Reorganization of Capital between them. The suspension, according to the exchange took effect on Monday16 March and will be terminated on Friday, 20 March 2015, while normal trading resumes on the shares on Monday, 23 March 2015. Union Homes, a subsidiary company of Union Bank of Nigeria Plc is Nigeria's leading mortgage finance institution. Since its inception in 1994, it has continued to excel in its operations in Nigeria's housing sector. It provides mortgage finance services, builds estates, funds estate developers and estate development, supports investors in housing schemes even at state government levels, and purchases houses and estates for resale to corporate and private customers within and outside Nigeria. *(Vanguard)*

The management of Guaranty Trust Bank Plc has set a profit before tax target of N120 billion for the 2015, which is only 3.4 per cent higher than N116 billion recorded for 2014. GTBank is one of the two banks that first declared their 2014 financial results, impressing stakeholders with improved bottom lines. The bank ended 2014 with PBT of N116 billion and profit after tax of N98.7 billion. However, providing guidance of its performance for the current financial year, GTBank put its PBT a conservative N120 billion, showing a growth of 3.4 per cent compared with a growth of 8.7 per cent in 2014. Commenting on the projection, analysts at FBN Capital Limited said the bank's management provided what appears to be a deliberately conservative 2015 PBT guidance. According to the analysts, they have increased their forecast by 8.5 per cent to N125.7 billion, implying a growth of eight per cent. "Given the current macro environment, this is quite strong. The drivers supporting growth in 2015 include a combination of slight margin expansion (thanks to re-pricing of assets, increased yields on fixed instruments and loan growth predominantly being driven by naira), loan growth of 15 per cent and stable asset quality ratios (in line with guidance). Despite increasing our 2015 estimated earnings per share (EPS) forecast by 7.8 per cent, we have raised our price target by only 1.6 per cent to N23.2 because our risk free rate assumption is now 16 per cent (previously 15 per cent). We retain our Neutral rating," they said.

The 2014 results of GTBank showed positive performance across most of all financial indices, reaffirming bank's position as one of the most profitable and well managed financial institutions in Nigeria. The bank's balance sheet remains strong with 12.4 per cent growth in total assets, from N2.10trillion in 2013 to N2.36trillion in 2014. Loan book growth up by 27.12 per cent to close at N1.28trillion from N1.01trillion in 2013; driven primarily by growth of the foreign currency loan book, on the back of the 2013 $400 million Eurobond issue. The bank's non-performing loans (NPL) ratio remained low at 3.15 per cent, down from 3.58 per cent in the comparative period of 2013. Managing Director of GTBank, Mr. Segun Agbaje, had said the bank's financial performance in 2014 attests to the inherent soundness of our strategy and resilience of our earnings. "The Group has delivered a respectable PBT of N116.39billion in spite of all the headwinds the industry experienced in 2014. We remain committed to maximising shareholder value and delivering superior and sustainable returns. Our objective is to remain a leading player in the financial services sector whilst expanding our franchise in select, high growth African markets where we believe we have competitive advantage," Agbaje said. *(This Day)*

As part of efforts to boost the activities of operators of small and medium scale enterprises (SMEs) in Nigeria, First City Monument Bank (FCMB) Limited and Ecobank Nigeria Limited Thursday introduced separate initiatives to support the sector. Both financial institutions respectively unveiled special initiatives at separate media briefings held in Lagos. Specifically, Ecobank Nigeria launched an SME club, FCMB introduced an empowerment scheme. Ecobank Nigeria launched an SME Club to offer preferential business support, products and services to its teeming customers across the country. The club also serves as a platform for adding value to SMEs through information mining, networking and capacity building. Managing Director of Ecobank Nigeria, Mr. Jibril Aku while speaking at an event in Lagos, noted that the initiative aimed at empowering SME operators, was in line with the bank's vision "to contribute to the economic development and financial integration of Africa." "There is no better way to grow Africa and her component countries other than by empowering our SMEs, the engine of growth. Today our bank, the pan-African bank celebrates our SMEs as we recognize your impact and contributions to the growth of our economy", he added. On his part, the Executive Head, Business Banking, Ecobank Nigeria, Kingsley Aigbokhaevbo, in giving an overview of the project, explained that the objectives of developing the SME Club are along the path of developing a cohesive and enduring strategic framework that focuses on growing and tracking the progress of the SMEs, adding that the SME club members would become catalyst to economic growth and transformation of the country.

According to him, "The launch of our SME club is to propel us to the top chart in provision of banking services to SMEs. KPMG in collaboration with Enterprise Development Bank (EDC) carried out a comprehensive survey of SMEs in the country between November, 2013 and March, 2014 The SMEs were selected across the nations' business/market hubs." He added: "The survey report showed that 10 per cent of SMEs in the market are being financed by Ecobank Nigeria and that 18 per cent of them transact their business with the bank. The survey ranked Ecobank Nigeria as the third and fourth place respectively amongst 18 banks that were surveyed." Also, the Head of SME, Ecobank Nigeria, Sunkanmi Olowo explained that the SME Club offers preferential business support, products and services. On its part, FCMB announced the commencement of an empowerment programme for SMEs to enhance their financial, marketing and management skills. The exercise, according to FCMB, was aimed at equipping SME operators with the necessary skills they can readily deploy to effectively operate, grow their businesses and bottom-lines. Tagged ''FCMB Capacity Building Initiative: Empowering the Nigerian SMEs'', the empowerment programme was in partnership with Shopping Internet Services Limited. It involves series of free training and radio programmes cutting across various topical issues concerning SMEs.

Speaking at the event, FCMB's Executive Director, Lagos and South-west, Mr. Olufemi Bakre, said the training was conceived by the bank to build the capacity of SMEs by exposing them to modern and innovative skills that would help them realise their objectives. This, he added was in line with one of the Corporate Social Responsibility (CSR) focal areas of the Bank and its value as a helpful financial institution. According to him, "FCMB realises that SMEs play pivotal roles in the growth of the nation's economy. We also understand that a number of factors combine to determine the success or failure of SMEs." Bakre added: "we are focused on being a strategic partner to such businesses, considering the huge opportunities they offer in the areas of job creation, poverty eradication and economic development." Also speaking, the Group Head, Business Banking Group of the bank, Mr. George Ogbonnaya, stated that FCMB was committed to building a strong SME base in the country. He added that apart from funding SMEs, the bank developed a product, known as FCMB Personal Business Account (PBA) to offer protection to traders and other business owners against unexpected disasters, such as fire and flood incidents. *(This Day)*

Royal Dutch Shell said on Friday it had completed the sale of its stake in a Nigerian oil field for $737 million as the Anglo-Dutch oil major nears the completion of a strategic asset review in the West African country. Oil and Mining Lease (OML) 18 and "related facilities in the Eastern Niger Delta" were sold to Eroton Exploration & Production Company Limited. Eroton also acquired French oil major Total's 10 percent stake and Italy's Eni's 5 percent stake in OML 18, giving it a total 45 percent holding, Shell said in a statement. OML 18 produced around 14,000 barrels of oil equivalent per day in 2014. Shell announced last October that it had signed sales agreements for all five Nigerian oil assets it put up for sale following a 2013 review of its business in Nigeria. The Anglo-Dutch company completed the sale of OML 24 in November. *(Reuters)*

As part of its continued drive to improve local content in the nation's oil and gas industry, Access Bank Plc has thrown its weight behind the 2015 Nigeria Oil and Gas Conference which is scheduled to hold in Abuja between March 16 and 19, 2015. The conference is the largest business network platform for players in Nigeria's oil and gas sector. The Executive Director, Corporate and Investment Banking Division, Access Bank Plc, Elias Igbinakenzua said that the Bank is delighted to be a part of the Oil and Gas Conference , adding that its involvement in the sector was in line with the commitment to contribute to the economic growth of the country. "Our support for the oil and gas industry remains strong. This further demonstrates our commitment to increase the capability of corporate customers as we continue to put them first in the heart of our business" he stated. Igbinakenzua said Access Bank has been a major sponsor of the Conference noting that the Bank's presence and active participation at the 2015 event reflects its focus on being a strategic partner to key stakeholders across the industry value chain. He promised the Bank's continued partnership with and assistance to the oil and gas companies by supporting initiatives that will create business opportunities and investments in Nigeria and the African continent. According to him, "Access Bank has played, and will continue to play, a significant role in supporting the growth of the industry by arranging appropriate financing for operators to enable them execute their projects." As part of its continued growth strategy, Access Bank is focused on mainstreaming sustainable business practices into its operations. The Bank strives to deliver sustainable economic growth that is profitable, environmentally responsible and socially relevant. *(Vanguard)*

Economic News

THE reign of low market rates in the previous week ended as the week started with a declining liquidity levels, causing transactions of various securities to trend higher. Specifically, market rates had on Monday, inched higher by 46 basis points (bps) and 38bps to settle at 12.1 per cent and 12.4 per cent for Open Buy-Back (OBB) and the overnight. The development, which was on the backdrop of a lower liquidity level of N233.4 billion against the previous week's close of N260 billion, caused the OBB and overnight rates to close higher at 13 per cent and 13.3 per cent respectively on Tuesday, as liquidity level sustained downward trend. Additionally, lower levels of liquidity in the system were sustained as the Deposit Money Banks (DMBs) struggled to meet customers' foreign exchange demands and that of the Open Market Operations (OMO) auctions by the Central Bank of Nigeria (CBN). Still, rates persisted in upward trend to 15 per cent and 15.3 per cent for the OBB and Overnight respectively, but declined 25bps to 14.7 per cent and 33bps to 15 per cent in that order as OMO bills worth N240.2 billion matured. However, rates firmed up at 22 per cent (OBB) and 24 per cent (overnight) amid expectations of maturing three treasury bills instruments- 91, 182, and 365 days this week. For Afrinvest Securities Limited, "we do not expect liquidity levels to improve as new issues of the same value will be auctioned on the same day. Consequently, as the CBN continues in its contractionary policy stance and DMBs continue to scramble to meet customer foreign exchange demands, rates may continue to trend higher in the coming week.

Meanwhile, the bond market performance last week was generally bullish as average yields rebounded to 15.4 per cent though short of the previous week's average yields, which closed 16 per cent. The improvement in bond performance was attributed due to recent perceived stability in the economy, despite the socio-political tension in the country. But analysts at Afrinvest, said there is expectation that "bond performance will turn bearish in the coming weeks as uncertainties towards the elections become more pronounced. Last week the Debt Management Office (DMO) re-opened the 15.54 per cent FGN FEB 2020, 14.20 per cent FGN MAR 2024 and 12.15 per cent FGN JUL 2034 bonds. While N95 billion was offered at the close of the auction, a total of N91 billion was allotted as marginal rates settled at 16.5 per cent, 16.8 per cent and 17 per cent respectively. "In comparison to February when these bonds were initially auctioned, subscription rate was lower in the latest auction at 90.3 per cent against 171.7 per cent in February for the 15.54 per cent FGN FEB 2020 bond, while it was higher for the FGN MAR 2024 and 12.15 per cent FGN JUL 2034 bonds at 160 per cent and 128.4 per cent against 117.9 per cent and 112.6 per cent respectively. "Success rates for the bond auctions were also computed to be lower for the 15.54 per cent FGN FEB 2020 bond at 57.1 per cent against 97.1 per cent in February, while they were higher for the other bonds at 133.3 per cent and 103.3 per cent against 83.3 per cent and 70 per cent respectively. "The result of the auction clearly reveals investors' appetite for higher yields given the various political and economic uncertainties enveloping Nigeria's investment space. "However, given the stability in the country's fiscal environment, lower oil prices and issues that may surround the up-coming elections, investors' confidence seems to be pressured at this time. Although these have been evident in the yield environment, we do not expect better performance in the coming weeks," the securities company said. *(Guardian News)*

Nigerian stocks fell the most in over a month as political tension rises less than two weeks before a presidential election and as oil slumped to a six-year low. The Nigerian Stock Exchange All Share Index dropped 2.6 percent to 29,929.56, at the 2:30 p.m. close in Lagos, the commercial capital. That's the worst performance since Feb. 12, extending the gauge's loss this year to 14 percent. U.S. oil futures slumped to the lowest level since March 2009. "We've always expected that as the elections draw near, investors will get cautious and pull out," Seun Olanipekun, a Lagos-based analyst at Investment One Financial Services Ltd., said by phone. "That's the major reason for the fall. The consumer names, the banking names, the oil and gas names -- all have significantly declined." President Goodluck Jonathan and his main rival Muhammadu Buhari will face each other on March 28 in what is set to be the tightest election since Nigeria, Africa's largest oil producer, ended military rule in 1999. The poll was delayed by six weeks after security forces said they needed more time to end Boko Haram's insurgency in the north-east. A victory for Jonathan, a Christian from the crude-producing south, would pose a "real potential for civil unrest" in the north, Thomas Horn Hansen, senior Africa analyst at Control Risks, said last week in Lagos. There's also a risk of a backlash in the oil-rich Niger River delta if former military ruler Buhari, a Muslim northerner, unseats Jonathan. Nigeria's capital markets had already been hit by crude prices falling around 50 percent since June, battering an economy that relies on the commodity for over 70 percent of government revenue and 90 percent of export earnings. Nine stocks gained, 34 fell and 138 were unchanged. Zenith Bank Plc, the West African country's second-biggest lender by market value, slumped 8.7 percent to 18.80 naira and Seplat Petroleum Development Co. weakened 5 percent to 408.50 naira. Nigeria's Independent National Electoral Commission will be able to hold credible elections, its Chairman Attahiru Jega said Monday. "From all the information available to me, there is evidence indicating that we are much better off security-wise than we were before the postponement of the election," Jega said. *(Bloomberg)*

The Board of the Securities and Exchange Commission (SEC) has given the go-ahead to the management of the commission to come out with new rules that will make the market more efficient and attractive to investors and issuers. THISDAY checks revealed that the approval was given during the board meeting last Thursday in Abuja. Although details of the rules remained sketchy as at press time on Monday, sources close to the commission confirmed the development, staying that the rules are all encompassing and would be issued in phases. "Determined to ensure that the market is well regulated in line with international best practice and market dynamics, the commission, from time to time, looks at its rule and guidelines, amend some and introduce the new ones. In this regard, the Board of the commission approved some rules that will soon be unveiled after the necessary rules making process. They are meant to make the market to be more efficient and attractive. The process of bringing the rules out is on," the source said. The management of SEC had since February renewed its effort in the area of giving the market proper direction by releasing guidelines which operators had waited for very long. For instance, the commission last month released rules and regulations on demutualisation three years after, a committee set up submitted its report. Before then, the rules on Complaint Management Framework, which had been with the commission for over three years were also released. Under the proposed draft regulations for demutualisation of securities exchanges in Nigeria, SEC said, "no single entity/person or related entities/persons should be permitted to own, directly or indirectly more than five per cent of the equity and/or voting rights in the demutualised securities exchange."

The commission said that the aggregate equity interests of members of any specific stakeholder group (for example, brokers and broker/ dealers) in the demutualised securities exchange should not exceed 40 per cent. SEC added that the trading participants who are shareholders of the securities exchange shall with effect from the date of demutualisation reduce their cumulative shareholdings in the demutualised securities exchange to not more than 10 per cent within five years. The regulations make room for a strategic investor, on the conditions including: that it should provide evidence of technical expertise through previous experience in managing other exchanges, the aggregate number of shares to be offered to the strategic investors shall not be more than 30 per cent of issued and fully paid up capital of the securities exchange. "However, if the Exchange is in dire need of funds, it could issue a higher number of shares subject to approval of the commission," SEC added. Also, the regulations require that the process of demutualisation of the securities exchange should include an exchange of membership rights in the securities exchange for ownership of shares in the demutualised securities exchange. According to SEC, prior to the commencement of demutualisation, the securities exchange should initiate a process for determining the accurate list of members of the exchange. *(This Day)*

Although Nigerians are waiting for the 2015 budget to be signed by President Goodluck Jonathan, they can expect a more aggressive stance from the revenue collection agencies, THISDAY can report. The Coordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala recently announced new taxes on luxury goods and a review of the many waivers and exemptions currently in place. However, in the view of analysts, these welcomed steps and the elimination of ghost workers and pensioners from the federal payroll will not be sufficient. To this end, the federal government plans to embark on aggressive tax drive and block loopholes to avoid having to borrow heavily to fund deficit. "That spending compression has become unavoidable is clear from the sharp fall in gross revenues in the federation account for monthly distribution from N630 billion in July 2014 to N416 billion in January," said analysts at FBN Capital. They added: "Details of the harmonised position of the assembly are very limited. We do know that its projection for statutory allocations amounts to N368 billion, which includes a N30 billion reduction from recent years to N120bn for the assembly itself. The Senate's earlier draft increased the FGN's capital spending by 10 per cent (from the executive's proposals of mid-December) to N700 billion, and trimmed the recurrent budget from N2.61 trillion to N2.58 trillion."

Furthermore, they said: "At this stage and in the absence of new figures for revenues, it is difficult to put the impact of the oil price slide into context. The federal minister for works told the Senate last week that just N46 billion had been released from his ministry's capital budget for 2014 of N99 billion, and that his allocation for the current year had been slashed from N100 billion to N11 billion." The analysts added that the agreed a harmonised position by the two arms of the national assembly is a conservative assumption, which would leave the federal government with some room for manoeuvre. "We recall the revised threshold of just $40/b in the Angolan budget for 2015. Our own forecasts, which date from early January, have an average price of $58/b for the year, with $65/b for end-year. Their headline assumption is $53/b for the oil price this year, a compromise between the Senate's $52/b and the House of Representatives' $54/b. We noted at the time of the Senate's approval of its draft that the legislature had "smelt the coffee" following the slide in the oil price, "the analysts stressed. *(This Day)*

Nigeria's government revenues fell 2 percent to 401.5 billion naira in February, from 410 billion naira in January, on lower oil, gas and other revenues, the accountant general said on Thursday. Nigeria's excess crude oil savings account remains unchanged at $2.06 bln, Jonah Otunla told reporters. Lower revenues because of the decline in oil prices and a fall in the price of natural gas, as well as lower non-oil revenues in February contributed to the decline, he said. "The persistent shut down and shut in of trunks and pipelines at various terminals continued to impact negatively on the revenue performance," he added. Nigeria will distribute 522 bln naira to its three tiers of government -- federal, state and local -- for the month of February, including revenues, cash from vat and gains on the exchange rate, Otunla said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

No Corporate News This Week

Economic News

INCREASED trade between Tanzania and China has resulted into signing of an agreement for promotion of commercial and investment opportunities in the country. Speaking in Dar es Salaam, Head of government communication unit in the Ministry of Industry and Trade, Mr. Athuman Nkungu, said the agreement has made it possible for China to increase items under preferential trade. "The country signed an agreement last year where China increased the number of items for importation from Tanzania under duty and quota free arrangement from 95 to 97 per cent," he said. Adding that "the increased trade transactions is what is now being experiencing where many Tanzanians go to China and vice versa under the bilateral relationship." He said the government was working at its best to ensure that all conflicting laws that dog trade performance were eliminated. Business Administration Officer in the ministry, Ms Prisca Mbaga said they were now educating the local business operators to tap the opportunities available in East Africa and Southern African countries. "There are a lot of opportunities which we encourage Tanzanians to utilise to improve their welfare and the national economy as wel," she said. *(Daily News)*

Tanzania's government budget is expected to stay unchanged in 2015/16 from projections of the current fiscal year due to a sharp fall in financial aid flows to east Africa's second-biggest economy, according to a budget guidelines document. Donors have withheld more than three-quarters of $558 million of promised budget support to one of Africa's biggest per capita aid recipients in the current fiscal year 2014/15 following allegations of high-level graft in the country's energy sector. Tanzania plans to spend 19.853 trillion shillings ($10.77 billion) in its upcoming 2015/16 financial year that starts in July, unchanged from estimates of the current budget, according to a new fiscal guidelines document seen by Reuters on Tuesday. Although the overall level of spending is flat, development expenditure is expected to decline 26 percent to 4.78 trillion shillings in 2015/16 from an estimated 6.47 trillion shillings in the current budget. Recurrent expenditure is seen rising to 15.06 trillion shillings from 13.38 trillion shillings previously largely due to increased government spending for presidential and parliamentary elections expected in October.

Total expenditure is estimated to be 20.7 percent of GDP in 2015/16. To offset reduced donor funding, the government plans to boost domestic revenue collection to 14.68 trillion shillings from an estimated 12.17 trillion shillings previously. "The government intends to borrow 4.22 trillion shillings from both domestic and external sources," said the budget guidelines document. "The government will borrow 1.37 trillion shillings from external non-concessional sources. The funds will be raised through issuance of a eurobond and other modalities including tapping into syndicated loans and export credit agencies." The budget guidelines did not say how much the bond would be worth, but the country had in the past said it planned to raise up to $1 billion, but this was delayed as it sought a credit rating. While the 2014/15 budget allocated 922.16 billion shillings for programme loans and grants, the government said it would not make any provisions for financial aid in its future budgets until actual disbursements are made due to the unpredictability of donor fund flows. "The challenge that the government faced in accessing general budget support (GBS) funds in the first two quarters of the 2014/15 budget has cast a shadow on the realism of projecting GBS funds into the budget," said the guidelines. "To minimize crowding out the private sector, in the year 2015/16 net domestic financing is fixed at 1 percent of the GDP which is equivalent to 959.58 billion shillings, consistent with the PSI benchmark." Tanzania's final 2015/16 budget proposals are scheduled to be approved by parliament in June. *(Reuters)*

Tanzania will receive a total of $380 million in loans from India to finance two major water projects in the east African nation, the president's office said on Tuesday. India's government has offered $100 million to improve water supply in the commercial capital Dar es Salaam and $280 million to help supply water from Lake Victoria to Tabora, Nzega and Igunga towns, the presidency said in a statement.

Earlier this month, Tanzania said it would get a $300 million concessional loan from the World Bank's International Developme nt Association (IDA) to help improve roads and other facilities in its commercial capital of Dar es salaam. Fast-growing Dar es Salaam, which authorities expect to more than double its population to 10 million people in 15 years, generates more than 40 percent of Tanzania's GDP. However, it is suffers from flooding, water scarcity and insect-borne diseases. *(Reuters)*

Zambia

Corporate News

CIVILSTRUST Consortium Limited has teamed up with a group of Zambian experts in various fields to put in a bid to run the embattled Collum Coal Mine. Executive chairman for the consortium, Peter Kapala, revealed that Civilstrust wants to acquire a large-scale mining licence and restore operations at the defunct Sinazongwe-based mine, which has been under ZCCM-IH's control for the last two years. Kapala said Civilstrust had teamed-up with 10 Zambian engineers, an environmentalist and a firm of accountants to restore operations at Collum Coal Mine. Recently, government officials revealed that ZCCM-IH was under intense pressure running the Collum Coal Mine due to swelling costs and a raging fire in one of the shafts. According to the officials, ZCCM-IH was spending close to K1.2 million per month on salaries to maintain a workforce at a mine that was currently not producing. On top of that, the company was also spending significant amounts everyday to pump water out to avoid flooding at the mine. ZCCM-IH managing director, Dr Pius Kasolo, could not respond to a press query sent to him. The mine has been a centre of controversy since the government took control in 2013, with its Chinese former owners seeking compensation for its core mining assets. "That mine has been very important for the people of Sinazongwe. It was their source of employment and it is important its operations are restored and we are keen and ready to do that ,"

Kapala said in an interview. He said Civilstrust Consortium had also engaged in a technical agreement with Civilstrust Consulting Engineers of Zambia, RSV Enco of South Africa and Tetra Tech of UK to come and train locals and help run the mine efficiently. Chief executive officer for RSV Enco, Allan Wingrove, also confirmed the development along with Andy Johnson, a senior mining engineer at the same company. Wingrove said RSV Enco had sufficient experience in coal mining and the agreement would bring a level of expertise needed to modernise the mine. "We believe most Zambian workers at the mine were either semi-skilled or unskilled but with our level of experience in mining, we can train them and in the next three to five years, the mine can run efficiently with Zambians at all levels," he added. Wingrove said currently, RSV was redesigning the mine plan to modernise it and also conducting seam modelling to determine the life span and quality of the coal reserves. Downstream improvements to the mine, according to Civilstrust's plans, would include setting up a 150 mega watts coal-fired power plant and a fertiliser plant. "It is hoped that the project will employ over 4,000 people permanently at all the ventures," the company added. If the consortium proceeds with its plans for Collum Coal Mine, it will become the only Zambian investor with a large-scale mining licence. *(Post Zambia)*

Economic News

Zambian President Edgar Lungu inaugurated Denny Kalyalya as central bank governor and immediately tasked him with stemming a drop in the nation's currency. The kwacha tumbled for a 10th day to a record low to the dollar. "We expect you to find the magic wand and I know that you will," Lungu told Kalyalya in comments broadcast over Lusaka-based Radio Phoenix during a swearing-in ceremony on Wednesday. "We cannot say because the currencies in the region are failing we should allow our kwacha to slide to where it is today." The kwacha weakened as much as 1.5 percent to 7.55 per dollar, an all-time low, in the longest streak of losses since October. It was trading 1 percent down at 7.5079 per dollar as of 4:08 p.m. in Lusaka, extending declines for 2015 to more than 15 percent, the biggest decrease among 24 African currencies tracked by Bloomberg. Currencies from Johannesburg to Lagos and Manila to Brasilia are contending with a stronger dollar as the Federal Reserve prepares to raise U.S. borrowing costs for the first time since the global financial crisis. A slump in copper prices to a 5 1/2-year low in January has also pressured Zambia, the continent's second-biggest producer. Kalyalya, 57, a former central bank deputy governor who was last a director at the World Bank, started his job as Zambia faced a standoff with mining companies over increased royalties and a fuel shortage. Lungu appointed Kalyalya a month ago to replace Michael Gondwe, who had been governor for three years. "There is an element of overshooting involved in the kwacha depreciation," Irmgard Erasmus, a fixed-income analyst at NKC Independent Economists in Paarl, near Cape Town, said in reply to e-mailed questions. Any recovery in the currency will probably be limited "and fall short of regaining recent losses," she said. Fitch Ratings on March 13 downgraded its outlook on Zambia's government debt to stable from positive while maintaining a B rating. The country may need to sell a third Eurobond this year to plug a balance of payments deficit, Fitch said. *(Bloomberg)*

ECONOMICS Association of Zambia has warned that Fitch's downgrading of the country's economic outlook will unsettle foreign investors and affect FDI inflows. Last week, Fitch Ratings maintained Zambia's credit rating at 'B', but revised the outlook down from 'positive' to 'stable' owing largely to poor policy coherence and credibility. Fitch also noted a growing fiscal deficit and possibility of slower growth. Commenting on the Fitch report, EAZ president, Isaac Ngoma said the outlook is indicative of some serious concerns, which require urgent attention, and that it is of paramount importance that the government focuses more on economic management. "The outlook itself can influence a lot of issues externally and internally. Internally, it would mean that it becomes a source of worry for the investors, and externally, it would actually affect the inflow of foreign direct investment. So, it sends some jitters on the part of foreign investors," he said in an interview on Tuesday. Ngoma said the consequences of the downgrading also have a negative knock-on effect on the country's ability to access credit at cheaper rates. "If today Zambia was to go to the international capital markets, it would mean they would have to pay higher premiums," he added. Ngoma also added that the areas Fitch cited as key factors in its downgrading needed to be addressed by the government to reverse the negative trend. "We are quite challenged as a country, so we need to exert all our energies towards addressing the many economic challenges.

We can only implore government to focus more on economic management than anything else. There must be some coherent way of doing things and good strategic focus to address the issues that have been cited so that we can reverse the Fitch rating from stable to positive," said Ngoma, adding that the mining tax regime needs a "timely and amicable" solution to bring comfort in the mining sector. Fitch stated in their report that numerous policy decisions undertaken by the government since 2012 - most recently changes to the VAT regime and mining taxes - appear to have been legislated without widespread private sector consultation and have contributed to weakening the business environment. And Professor Oliver Saasa, an economic consultant, said Fitch's downgrading of Zambia's economy is real. *(Post Zambia)*

Zimbabwe

Corporate News

ABC Holdings (ABCH) has secured a $50 million loan from the African Development Bank Group's (AfDB) private sector funding to expand its small and medium enterprises (SMEs) portfolio. The facility, which will be spread across its subsidiaries in Botswana, Mozambique and Zimbabwe, is expected to increase the average loan tenor for the group's SMEs clients. The financial institution is gradually increasing its SME portfolio share and has targetted to achieve a 30 percent market share locally by end 2018 through expanding its retail banking footprint. "The AfDB will provide local currencies, Botswana Pula and Mozambique Metical to support local currency lending and promote development of the financial sector in these countries," AfDB said in a statement. The group added that the facility will enable ABCH to reach a larger number of SMEs across a wide range of sectors by offering medium- to long-term loans, which are not currently accessible for local SMEs. "This facility will also cover Zimbabwe where many enterprises face liquidity challenges. The facility is expected to support at least 200 SMEs and generate 800 jobs, including 400 jobs for women, during the period of the project," said AfDB. ABCH is the parent company of BancABC. *(New Zimbabwe)*

Global Telecom Holdings SAE's Zimbabwe unit is working with the government after it was told the business will be shut down for failing to pay its license fee and not complying with the country's black empowerment laws. Global Telecom, a Cairo-based unit of wireless carrier VimpelCom Ltd., operates Telecel Zimbabwe, one of three mobile phone service providers in the southern African country. Telecel is "fully committed to Zimbabwe and to working with the government in order to comply with all legal and regulatory requirements within the agreed time frame," the company said in a statement on Monday. "Telecel Zimbabwe takes very seriously its legal, financial, operational and social responsibilities." Zimbabwe's Daily News reported Sunday that foreign-based executives from the mobile phone company had arrived in the country to help resolve the dispute. Information and Communication Technology Minister Supa Mandiwanzira said March 12 that the mobile phone company would be closed down because of the license fee and empowerment breaches. Telecel competes with Econet Wireless Zimbabwe Ltd., the country's biggest mobile phone company, and state-owned NetOne in Zimbabwe. The company has more than 2 million customers and employs in excess of 1,000 staff and contractors, it said in the statement. *(Bloomberg)*

State-owned Air Zimbabwe needs $260 million in new capital because it is insolvent and wants the government to take over $298 million in debts to help turn around the loss-making carrier, its officials said on Monday. Like most state-owned firms, Air Zimbabwe has been making losses for years due to mismanagement, high operating costs, old equipment and aircraft that are no longer profitable to fly. Out of 10 aircraft, only three are flying, two are undergoing maintenance and the rest are out of service. "What's currently happening right now is that Air Zimbabwe is like a patient who is in dire need of fluids otherwise they die of dehydration," Pagiel Chimudzi, the airline's general manager for finance, told a committee of parliament. "The airline is actually insolvent. I came in two weeks ago and I will tell you what I saw on the ground, it's people who are running fire-fighting," said Chimudzi, who took up his role this month. Chimudzi said the new capital would have to come from the government or the airline would seek a new shareholder. He said the airline's debt comprised of salary arrears, outstanding taxes, payments to the national pension fund and employee health insurance and foreign debts of $26 million. Air Zimbabwe's acting Chief Executive Edmund Makona said with new capital, the carrier would develop new regional and international routes, upgrade its equipment and cut costs. He said Air Zimbabwe, which has over the past years lost experienced pilots and engineers mostly to Middle Eastern airlines, was in talks with Bombardier Inc to purchase two short haul aircraft for domestic routes. Makona said the airline would this month invite officials from the European Aviation Safety Agency to certify its aircraft, adding that this would attract European Union-registered planes to be maintained in Harare at cheaper prices. *(Reuters)*

GLOBAL resources giant Rio Tinto plc paid $14 million in taxes to Zimbabwe out of a universal figure of $7,1 billion in 2014, reflecting its receding footprint in the country. Rio Tinto sold off most of its assets in the country to RioZim in 2004 but retained a 78 percent interest in Murowa Diamonds near Zvishavane. Rio Tinto and RioZim also jointly own the moribund Sengwa coal mine near Gokwe. Murowa is an open pit mining operation which began in 2004 and produces about 400,000 carats per annum of large, predominantly white, gem-quality diamonds. At 442,000 carats in 2014, Murowa production was seven per cent higher than in 2013. The company reserves 10 percent of production for the local cutting and polishing industry as per government regulations. In a tax report, the company said it had paid $1 million in corporate tax and $13 million in royalties. Regionally, it paid $2 million in Mozambique, $6 million in Namibia and $110 million in South Africa. *(New Zimbabwe)*

FOOD processing group Dairibord Holdings has reported an operating profit of $1, 4 million for the full-year to December from a loss of $ 1, 8 million in the previous year on improved sales and production efficiencies. Revenue was flat at $99 million despite an 8 percent increase in sales. Presenting the company's year-end results on Wednesday group chief executive Anthony Mandiwanza said the rationalization procss undertaken by the group in 2013 was beginning to bear fruit."The results you are seeing are because of the wise decision we took to rationalize our operations. Going forward we will leverage on investments made in 2014 to support both the domestic and export market," said Mandiwanza. "We expect volumes to increase by a further 8 percent to grow our profit margin in the region of 4 percent." During the year, the group had capital expenditure of $ 9, 9 million, most of it on rehabilitation of its plant in Chipinge which is expected to be complete next month. Mandiwanza said the group's first quarter performance was trending in the right direction without giving figures. On the local market, Dairibord enjoys a market share of 40 percent. The group's Malawi unit posted a $351,000 loss, which Mandiwanza said was driven by erratic supply of utilities and high production costs. *(New Zimbabwe)*

Zimbabwe coal producer Hwange Colliery said on Wednesday the company had signed an agreement to sell coke and coke products to global miner Glencore on a six-month trial period. Hwange, in which Zimbabwe's government is the biggest shareholder with 37 percent shares, is the nation's second largest coal producer and supplies coke to national electricity company ZESA. "The contract is actually for coke. So there is a spot purchase, they are buying stock that we have right now as well as trial of our coke products for some of their operations over a six-month period," Thomas Makore, the firm's managing director told Reuters. He said the agreement took effect immediately but declined to give details on tonnage or value of the agreement. Hwange mines coal in the northwest of Zimbabwe on some of the southern African country's richest coal deposits. Last month, Makore said Hwange was targeting to produce more than 300,000 tonnes of coal monthly this year. *(Reuters)*

SANLAM Emerging Markets says it is looking to expand into Zimbabwe in the next year or two after its Kenyan subsidiary made an acquisition in a short-term insurance business in the east African country. Sanlam Emerging Markets said Kenyan subsidiary Pan African Insurance Holdings (PAIHL) had bought a 56% stake in Gateway Insurance Company for about $8m. The deal gives Sanlam an opportunity to sell the full gamut of nonbanking financial services in Kenya. "Historically we have always been in Kenya. We had a life and asset management company … We needed to get into general insurance," Sanlam Emerging Markets corporate development executive Thabied Majal said on Thursday. Mr Majal said the company had an option to grow its 56% stake in PAIHL to 60%, but would wait for the right time to do so. The Sanlam Emerging Markets deal comes after Old Mutual Emerging Markets acquired a majority stake in UAP, the third largest general insurer in Kenya, in January for about $253m. The acquisitions form part of a strategy by South African companies to tap into the higher economic growth and lower insurance penetration in the rest of Africa.

Sanlam Emerging Markets said gross written premiums in Kenya's short-term insurance industry have been growing at 20% per annum. Previously Old Mutual has said insurance penetration in Kenya was low, at 3.16% of gross domestic product (GDP). The World Bank valued Kenya's GDP at $44bn in 2013. "I think the obvious gaps for us … we still need to do Zimbabwe. Zimbabwe is a key market for us and Angola is another market that we need to look at. We have now done the deal in Mozambique … we need to get to Angola," Mr Majal said in reference to Sanlam Emerging Markets' appetite to expand into Lusophone countries. "We have to be in Zimbabwe. It's a matter of when. It's finding the right asset at the right price. I think Zimbabwe hopefully we will do it in the short-term in the next year or two and Angola in the medium-term." Sanlam said earlier this month that it was looking to invest R3.3bn of its discretionary capital in acquisitions in the rest of Africa and southeast Asia. *(Business Live)*

The country's sole gold buyer and refiner, Fidelity Printers and Refiners sees joint ventures with gold producers and an investment in

mining rather than gold buying being among a raft of measures to increase output in the yellow metal. Gold output has been on the rise from 4 tonnes in 2009 to 13,9 tonnes recorded last year. In written responses to NewsDay, Fidelity said the gold sector had a number of opportunities that needed to be tapped into to increase output. Fidelity said there was need to encourage "potential investors interested in participating in the gold supply to enter at the mining level as buying is currently oversubscribed". It said national production was influenced by exploration work, investment in mining equipment, availability and cost of working capital and power. Fidelity said syndication of artisanal and small-scale miners with appropriate equipment and technology would also help in increasing output. "Financial institutions need to be persuaded to consider funding such groups, thus ensure funds are directed towards productive areas," Fidelity said. Fidelity said the increase frequencies of extraordinary gold finds indicated a high gold potential for the country and it "continues to explore ways of playing a key role in the gold sector to sustainably increase gold production". The country's sole gold buyer and refiner said the formalisation of artisanal and small scale miners would enhance gold flows from those previously operating outside the system. The ministry of Mines and Mining Development is working on a programme to take on board artisanal and small scale miners. "The current law precludes FPR [Fidelity] from buying gold from unlicensed sources," it said. *(News Day)*

SOUTH African sugar producer Tongaat Hulett said its spending on communities in Zimbabwe should count as equity to enable the firm comply with a black economic empowerment law. President Robert Mugabe's government is promoting indigenisation of company ownership, forcing all foreign-owned firms to sell a minimum of 51 percent shares to blacks. Tongaat said it has trained farmers, bought them farming inputs and paid for roads, schools and hospitals in communities where it operates in the southern African country. "I respectfully submit that the indigenisation law requires review to remove the emphasis on shareholding and focus on empowerment credits," Sydney Mtsambiwa, Tongaat's managing director in Zimbabwe told a committee of parliament. Empowerment credits are points awarded to a company for investing in communities and count as equity, authorities say. Mtsambiwa said the requirement for foreign companies to sell their shares as stipulated by the law was scaring off investors. In October 2012, the government gave Tongaat two weeks to submit a plan showing how it planned to sell 51 percent of its shares in its Zimbabwean operations, or face forcible seizure. The government has not followed through on its threat but Mtsambiwa said very few foreign investors would accept losing control of their investment. Mtsambiwa said Tongaat was developing 4,000 hectares of virgin land to resettle black cane farmers and had already secured $20 million from banks to fund part of the project. This is part of a plan by Tongaat to use a total of 24,000 hectares of land to resettle black farmers, he said. Tongaat has a 50.35 percent stake in Hippo Valley Estates and wholly owns unlisted Triangle Sugar Corporation. *(New Zimbabwe)*

Economic News

BILATERAL trade between Zimbabwe and China has increased by 12,7% to $1,24 billion as compared to $1,1 billion in 2013, a Chinese government official revealed yesterday. Speaking during the handover of 5 400 tonnes of rice donated by the Chinese government in Harare, charge d'affaires at the Chinese Embassy Cui Chun said: "In 2014, our bilateral trade rose to $1,24 billion , growing 12,7%. Our bilateral trade is in Zimbabwe's favour as Zimbabwe's exports to China is $840 million and its import from China is $400 million." "The above mentioned successes cannot be achieved without the deep political trust and close political ties between our two countries, which could be dated back to the liberation struggles of Zimbabwe. Currently we have enjoyed frequently high level exchanges, such as the state visit of President Mugabe to China last year and the visit by Chinese State Council Yang Jiechi to Zimbabwe last month," Chun said. He said in the past three years, China's official assistance to Zimbabwe had reached $100 million. He added that China was helping Zimbabwe on the expansion of the Kariba South Hydro Power Station which is envisaged to generate an additional 300 megawatts, the expansion of Victoria Falls Airport to promote the local tourism sector and construction of the agriculture technology demonstration centre in Zimbabwe. He said China had also provided farming machinery and fertilisers worth $80 million. "Now, Zimbabwe is one of the largest recipients of Chinese aid in Africa. China has provided over $1,5 billion worth of concessionary and commercial loans to Zimbabwe in recent years," he said. "In terms of trade, China is now one of the most important trade partners of Zimbabwe."

Speaking at the same event, Public Service, Labour and Social Affairs minister Priscah Mupfumira said during the last official State visit by President Robert Mugabe to China, the Asian country donated 5 400 tonnes of rice to the people of Zimbabwe. "We are gathered here to celebrate the generosity expressed by the government of China. This is a gesture showing true friendship between China and Zimbabwe," Mupfumira said. "The government of Zimbabwe is indeed grateful for your donation and this will go a long way in alleviating food shortages amongst vulnerable communities." She said the donation will be distributed to registered institutions accommodating vulnerable children, older persons and people with disabilities and prisons. She added that it was the State's responsibility through the Social Welfare Assistance Act to ensure that the vulnerable and ultra-poor households receive social protection services and possibly devise mechanism that prevent them from plunging back into poverty. Mupfumira handed over some of the donations to Harare Childrens home, Bumhudzo Old People's Home and also donated 100 tonnes of rice to Zimbabwe Prison and Correctional Services. *(News Day)*

The year-on-year inflation rate for the month of February stood at -1,40% as measured by all-items Consumer Price Index (CPI) shedding 0,12 percentage points on the January rate of -1,28%. "This means that prices as measured by the all-items CPI decreased by an average of 1,40% points between February 2014 and February 2015," a statement by the Zimbabwe Statistical Agency has shown. Month-on-month prices decreased by 0,07% between January and February this year. The year-on-year inflation rate is given by the percentage change in the index of the relevant months of the current year compared with the index of the same months in the previous year. The year-on-year food and non-alcoholic beverages inflation prone to transitory shocks stood at -2,87% whilst the non-food inflation rate was -0,68%. The month-on-month inflation rate in February was 0,07% gaining 0,27% points on the January 2015 rate of 0,34%. The month-on-month food-and-non-alcoholic-beverages inflation rate stood at 0,05% in February 2015, shedding 0,35 % points on the January 2015 rate of 0,40%. The month-on -month non-food-inflation rate stood at -0,13%, gaining 0,57 percentage points on the January 2015 rate of -0,69%. Prices of furniture in stores have been dropping with some companies running promotions since December last year to date. The prices of shoes, clothes, cars and building materials have also not been spared by the decline in prices that has been witnessed in the country. The consumer basket for an average family of six declined by $5,64 to $584,91 at the end of January this year due to fuel price reduction and government's introduction of bond coins in the market. Groceries have been on a downward trend with prices of cooking oil, sugar and soap having been reduced. Delta and Schweppes have reduced the prices of their beverages.. *(News Day)*

GOVERNMENT has granted a one-year rebate to the clothing and textile industry which will allow 52 manufacturers to import textile materials duty-free. The development comes at a time the clothing sector is facing stiff competition from cheap imports that have flooded the market, making locally manufactured clothing uncompetitive. A rebate is an amount paid by way of reduction, return, or refund on what has already been paid or contributed. According to statutory Instrument 32 of 2015 cited as Customs and Excise (Clothing manufacturer) rebate Regulations gazetted on March 6, the Ministry of Finance granted a one-year reprieve ending December 2015 as part of efforts to boost the operations of local producers. "These regulations may be cited as the Customs and Excise Clothing Manufacturer Rebate Regulations 2015. These regulations shall be deemed to have come into effect on January 1 2015 and shall be valid for a period of twelve months to December 31 2015." Treasury said the rebate duty shall be granted on material referred to in the second schedule imported or taken out of bond by a manufacturer for use in the manufacture of clothing.

Materials eligible for the rebate include cotton sewing thread containing 85% or more by weight of cotton, cotton sewing thread, denim, plain weave weighing more than 100g per square metre, sewing thread of man-made staple fibres, not put up for retail sale, woven fabrics of polyester staple fibres, chenille fabrics, tulles and other net fabrics. The textile and clothing industry at its peak used to employ at least 35 000, but the figure has since plunged to about 8 000 due to a number of problems bedevilling the industry. Last year, government in partnership with the private sector launched the cotton-to-clothing strategy as part of efforts to revive the sector. Companies that will qualify to import raw materials under the rebate include Archer Clothing, James North Zimbabwe, Enbee Stores and Carousel (Private) Limited among others. *(News Day)*

RETRENCHMENTS quickened by nearly 40 percent in 2014, with nearly 4,000 workers retrenched across all sectors of the economy as company closures accelerated, the Reserve Bank of Zimbabwe has said. The International Monetary Fund early this month said

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe's economy is expected to weaken further this year after growing by 3.1 percent in 2014, with key sectors underperforming. Analysts say weak commodity prices, poor rainfall this season and company closures as a result of cheap imports and high interest rates will curtail the economy's growth. Quoting quarterly retrenchment statistics obtained from the Retrenchment Board, the central bank said 3,881 workers lost their jobs compared to the 2,376 who were retrenched in 2013. "Owing to viability challenges, a significant number of companies resorted to downsizing and restructuring, while some were placed under judicial management and yet others even closing down completely. "This action resulted in extensive job losses in the formal sector," said RBZ in the Inflation report for 2014 released this month.

Finance minister, Patrick Chinamasa in the 2015 budget statement said 4,600 companies closed shop between 2011 and October last year, with nearly 64,000 workers losing their jobs. "The continued decline in economic activities that manifested in the closure of companies resulted in the reduction of purchasing power in the economy, effectively worsening the already low aggregate demand situation,'" said the central bank. Meanwhile, the RBZ said on the outlook, the country's inflation is expected to remain subdued throughout the year, hovering between -1,5 percent and -0,1 percent. *(New Zimbabwe)*

Britain has given Zimbabwe $72m to help increase food production by rural farmers over the next four years, as the southern African country faces the prospect of poorer harvests this year due to inadequate rains. Once the bread-basket of the region, Zimbabwe has since 2000 struggled to feed its people due to droughts and President Robert Mugabe's seizure of white-owned farms to resettle landless blacks, which badly affected commercial agriculture. Catriona Laing, Britain's ambassador to Zimbabwe, said with 70% of Zimbabweans living in rural areas and mostly surviving on farming, supporting agriculture would speed up economic recovery. The money would be paid out through the Food And Agriculture Organisation and other relief agencies. Zimbabwe and Britain have had frosty ties since 2000, with London, the European Union and United States, accusing Mugabe of rigging elections and human rights abuses. Mugabe denies the charges, saying Britain is leading the West in trying to remove him from power as punishment for the land seizures. *(Reuters)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

SECURITIES AFRICA®