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:

- **Botswana**
- **Egypt**
- **Ghana**
- **Kenya**
- **Malawi**
- **Mauritius**
- **Nigeria**
- **Tanzania**
- **Zambia**
- **Zimbabwe**

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	15-Feb-13	22-Feb-13	Local	USD	Local	USD
Botswana	DCI	7,829.49	7,861.91	0.41%	4.99%	4.68%	6.09%
Egypt	CASE 30	5,715.87	5,626.92	-1.56%	9.19%	3.01%	3.06%
Ghana	GSE Comp Index	1,396.93	1,447.69	3.63%	1.26%	20.67%	18.43%
Ivory Coast	BRVM Composite	180.16	184.73	2.54%	-5.56%	10.90%	3.31%
Kenya	NSE 20	4614.75	4477.89	-2.97%	1.03%	8.34%	12.38%
Malawi	Malawi All Share	6,070.88	6,086.97	0.27%	33.22%	1.19%	21.36%
Mauritius	SEMDEX	1,850.95	1,872.82	1.18%	-2.42%	8.13%	8.30%
	SEM 7	362.11	369.32	1.99%	-1.64%	9.50%	9.68%
Namibia	Overall Index	1,000.70	978.00	-2.27%	4.20%	-0.84%	2.19%
Nigeria	Nigeria All Share	33,258.45	33,895.07	1.91%	1.48%	20.71%	20.56%
Swaziland	All Share	286.84	286.84	0.00%	7.33%	0.41%	3.79%
Tanzania	DSEI	1,490.48	1,499.53	0.61%	3.99%	0.94%	2.90%
Tunisia	TunIndex	4,656.56	4,614.95	-0.89%	-4.56%	0.77%	-3.11%
Zambia	LUSE All Share	3,863.57	3,900.30	0.95%	6.97%	4.70%	11.13%
Zimbabwe	Industrial Index	181.92	186.60	2.57%	2.57%	22.44%	22.44%
	Mining Index	76.69	80.48	4.94%	4.94%	23.59%	23.59%

CURRENCIES

	15-Feb-13	22-Feb-13	WTD %	YTD %
Currency	Close	Close	Change	Change
BWP	7.89	7.94	0.59	3.77
EGP	6.71	6.71	0.05	10.91
GHS	1.87	1.90	0.26	- 0.18
CFA	489.72	495.85	1.25	0.10
KES	85.92	86.10	0.21	0.59
MWK	355.63	360.00	1.23	12.15
MUR	29.42	29.49	0.25	- 3.47
NAD	8.77	8.80	0.34	3.81
NGN	155.64	156.39	0.48	0.18
SZL	8.78	156.39	0.37	4.23
TZS	1,596.88	1,611.96	0.94	2.35
TND	1.55	1.56	0.81	0.96
ZMK	5,176.20	5,176.20	-	- 0.17

SECURITIES AFRICA

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Botswana

Corporate News

Global diamond giant, De Beers will look to the size and quality of Jwaneng Mine's produce to anchor its recovery this year following a sluggish performance in 2012. Due to the weak global economic environment, the group's rough diamond sales dropped 15 percent to P44 billion ($5.5-billion), compared with P52 billion ($6.5-billion) the previous year as demand for the larger and more expensive stones was hit the hardest. De Beers CEO Philippe Mellier has told Mmegi Business that on the back of tough economic conditions, demand for smaller and cheaper stones was higher in 2012 and the company was 'cautiously optimistic' of a recovery this year. "We observed that customers went down on quality in 2012 and in the end, there was actually a shortage of smaller and sometimes lower quality stones. This is why we had to ramp up production in the second half of the year at Jwaneng mine to cater for the customer's specific needs. We see this trend continuing this year with moderate growth in production at Jwaneng," he said. On the outlook, Mellier said that the expected recovery in the Chinese economy will improve the mix of goods on demand while India, despite liquidity challenges in its market, will help boost diamond sales this year.De Beers forecast moderate growth in jewellery demand in 2013, in a turnaround from a 12 percent decline in rough diamond prices last year, which it said was in line with polished diamond prices. Total sales slid 16 percent last year, but a modest recovery in major jewellery markets during the holiday season helped stabilise prices. Trading conditions in other developed markets are likely to be challenging, with stocks of unprocessed diamonds still high, De Beers added. "Some upside is possible in the US, while trading conditions in other developed markets are likely to be challenging. The rough diamond manufacturing sector closed 2012 with high levels of inventory, particularly in the higher-end categories of diamonds, and faces continued pressure in terms of midstream liquidity," said the London based CEO. In the medium to long term, industry fundamentals are expected to strengthen as diamond production plateaus and demand continued to increase. For the financial year ended December 31, 2012, De Beers says retreating diamond demand led to a slump in gem production from 31.3 million carats in 2011 to 27.9 million carats. This year, Mellier said that production is likely to be steady at around 28 million carats in line with the 'new normal' strategy of producing to demand, with operations continuing to focus on maintenance and waste stripping backlogs. The company's flagship Debswana operation produced 20.2 million carats, which was 2.7 million carats lower than in 2011, mainly as a result of a slope failure in the rich Jwaneng Mine. Debswana is a 50-50 joint partnership between the Botswana government and De Beers, with the latter now 85 percent owned by global mining house, Anglo American. While Debswana lost output in the third quarter due to a slope failure at Jwaneng, the company ramped up production by 26 percent in the fourth quarter to 5.5 million carats from 4.3 million carats. Debswana had produced 4.9 million carats and 5.3 million in the first and second quarter of the year respectively. The resumption and subsequent ramping up of production at Jwaneng Mine lifted the output of global mining giant, De Beers in the fourth quarter of 2012 by 24 percent. However on an annual basis, De Beers' production fell by 11 percent to 27.8 million carats in 2012. The Jwaneng Mine traditionally supplies about 70 percent to Debswana's production. Debswana contributes the same percentage to parent company, De Beers' output. *(Reuters)*

Economic News

The ailing textile sector is keeping its fingers crossed as the trade ministry prepares a strategy that will accompany the re-tabling of a bailout request to Cabinet for P500 million over five years. Last year, Cabinet coolly received the initial tabling by the ministry, questioning where the funds would be sourced from in a time of fiscal consolidation and asking for further justification of the request. The new bailout request follows a P38 million rescue package government pumped into the sector between 2009 and 2011, which ultimately secured 5,591 citizen jobs, mostly through wage support. On Tuesday, Trade and Industry Minister Dorcas Makgato-Malesu told BusinessWeek that a textile sector strategy currently being developed by the National Economic Diversification Council (NEDC) would accompany a new attempt at Cabinet consideration. "I went to Cabinet with this proposal and they asked where the funds would come from and also how sustainable this was," she said during a press briefing. "(As the ministry) we said, 'under the NEDC there's a textile strategy. 'Let's take what the strategy

says and put it against this bailout proposal so that we can say this is how the sector will perform against the bailout amount.'""It should be that if government grants the bailout, in return the sector will produce these jobs and contribute in this way. After the strategy is produced, that's when I can go back to Cabinet and say 'this is what we have.'" The textile strategy, due out soon, is expected to take the form of a blueprint for the extraction of optimal economic value from the sector on a public and private sector platform. A similar strategy for the leather industry, containing proposals for a P245 million Leather Industry Park in Lobatse, is circulating in senior government circles. That strategy suggests that the P151 million in annual leather imports could be wiped away and replaced with greater exports of processed hides and leather, thus enhancing economic diversification and growth. Makgato-Malesu traced the roots of the textile sector's current request for relief. "Government came up with a bailout of P38 million and it was given out over two years," she said."As is usual, the private sector came back and asked for an extension. They were now looking at P500 million in total over five years as an extension. Compare that to P38 million over two years."The developments come as latest export figures indicate that textile exports up to November 2012 amounted to P575.5 million compared to the full year 2011 figure of P1.8 billion. During the P38 million bailout years, by comparison, textile exports averaged P1.45 billion, as the government support enabled factories to focus on arranging capital, rebuilding capacity and securing markets. The key US market, guaranteed to local exporters via the duty and quota free AGOA, remained underutilised last year, with only one firm able to export. Boosted by the entry of Asian investors eager to tap into AGOA, the textile sector has generally been a fragile sector where market availability has not always been matched by technical or financial capacity. The 2009 global recession jolted the sector while the removal of a key Southern African Customs Union (SACU) trade provision further eroded the industry's viability. *(Reuters)*

Inflation will likely average 7.3 percent this year - down from 7.5 percent last year - and spend 2013 outside the Bank of Botswana's (BoB) three to six percent medium term target, a local analyst has said. Investec Asset Management investment analyst, Tsitsi Hatendi projected that imported inflation from South Africa and potentially higher global food and oil prices would keep inflation outside the central bank's target range in 2013. "We do not foresee inflation coming back within the three to six percent target range for this year, given the underlying factors," she said in an analysis released yesterday. "We also maintain our view that the central bank is unlikely to make any changes to the bank rate in the medium term, and rates should remain sideways for longer." Investec's projections for inflation in 2013 are a shade gloomier than the BoB's own forecasts. The central bank sees external inflation pressures in 2013 as 'modest' and believes that when this is combined with weak domestic demand, inflation should reach the target range towards the end of the year. However, the BoB has also been quick to point out the fragility of its forecasts. "This outcome could be adversely influenced by any unanticipated large increase in administered prices and government levies, as well as international food and oil prices increasing beyond current forecasts," the BoB said last week in announcing the continuing freeze on the bank rate. Another asset management firm, Bifm, recently forecast that inflation could fall within the BoB's target range in the second half of 2013, "barring unfavourable developments with regard to international oil prices".Meanwhile, inflation continued to trend away from the target range being pegged at 7.5 percent in January, up 10 basis points from December. The last time inflation fell within the BoB target threshold was in March 2010 when it was pegged at six percent. Last Friday figures from Statistics Botswana indicated that January inflation was driven by year-on-year price increases in alcohol and tobacco, transport and food. According to the data, the group index tracking alcohol and tobacco prices rose by 12.1 percent year-on-year in January, while another tracking transport rose 10.9 percent. The food and non-alcoholic beverages group index rose 7.5 percent year-on-year in January.Within the 12 indices making up the inflation basket, food and non-alcoholic beverages has the biggest weighting, followed by transport. "Future fuel increases remain a threat to Consumer Price Index, as the price of oil has been steadily increasing since the beginning of the year," Hatendi said."The Pula is linked to the price of fuel (and) the currency has weakened against the Dollar in the last few months, with the outlook remaining uncertain as the Pula closely tracks the currently weaker South African Rand. "It is worth noting that the Rand is generally weaker in January, as importers hedge their positions for the year. This weakness filtered through to the Pula, which would have had a negative impact on inflation overall."The Investec analyst said increases in food inflation were linked to pressure on grain and meat prices following lower rainfall in most farming regions last year. Hatendi said inflation on imported food was a concern that warranted 'close monitoring'. *(Mmegi)*

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Egypt

Corporate News

EFG-Hermes maintained, in a recent study, Orascom Construction Industries (OCI) (OCIC) fair value at LE 275 per share with Neutral rating. Hermes stated that, now that OCI N.V. share exchange offer has been approved by shareholders, OCI will formally submit the Mandatory Tender Offer (MTO) to EFSA for approval tomorrow, Thursday 14 February 2013. According to OCI management, EFSA should respond within 48 hours. Once approval is granted, the offer will be valid for 21 business days. Strategically, we expect OCI NV to further invest in the US market, where the impressive shale-gas-driven cost advantage offers several attractive opportunities, Hermes added. *(Reuters)*

Juhayna Food Industries - (JUFO) reported consolidated financial results posting a net profit of LE 325,414,877 for the period from 01/01/2012 till 31/12/2012. Noting that, it posted net profits of LE 185,937,239 for the same period of the previous year. *(Egypt.com)*

Alexandria New Medical Center - (AMES) reported financial results posting a net profit of LE 9,610,991 for the period from 01/01/2012 till 31/12/2012. Noting that, it posted net profits of LE 8,287,648 for the same period of the previous year. *(Egypt.com)*

Commercial International Bank , Egypt's biggest listed bank, said on Tuesday fourth-quarter net income rose 7 percent year-on-year to 588 million Egyptian pounds ($87.4 million). CIB said in a statement it made "record" revenue of 5.34 billion pounds for full-year 2012, and net income of 2.23 billion pounds for the full year. Egyptian banks such as CIB have been able to keep their bottom lines growing thanks partly to high interest rates paid by the state last year for its short-term borrowing. State borrowing costs soared as foreign investors exited the local treasury market, tax receipts suffered from a weak economy and the government boosted spending to meet popular demands for better living standards after an uprising against President Hosni Mubarak in 2011. But Egypt's business sector has been struggling to recover from the disruption that followed Mubarak's overthrow. Last week, ratings agency Moody's cut the credit ratings of five Egyptian banks including CIB, citing the weakening of the country's creditworthiness and the banks' high exposure to Egyptian government securities and related instruments. The operating environment was also weakening, as was the Egyptian authorities' capacity to support government-owned banks, it added. CIB said its total standalone gross loans were 44.4 billion pounds at the end of 2012, up 1.42 billion over full-year 2011. Customer deposits were 78.8 billion pounds on a standalone basis, up 10 percent over year-end 2011, it added. *(Reuters)*

Economic News

SODIC ("Sixth of October Development & Investment Company") (OCDI) announced that SOREAL (99.99% owned subsidiary and owner of the Eastown plot) has received a letter from the Secretary General of the Council of Ministers on the 14th of February stating that the Conflict Resolution Committee (CRC) canceled the decision issued by NUCA on the 8th of Jan 2012 to revoke SODIC's Eastown land contract. The decision by the CRC has been adopted and ratified by the Council of Ministers in its meeting of the 30th of Jan 2013 rendering it binding to all administrative bodies of the country. The CRC has granted SODIC a 3 year timeline to develop. The Company will have to pay a fee calculated as a percentage of the difference between the price of the land at time of allocation and current land prices, while taking into account all expenses incurred by the company on the named plot. SODIC will disclose the payment amount as soon as it has agreed the methodology of calculation and payment terms with the administrative body. The company is pushing for agreeable payment terms to fund payment through new sales created by project. On a parallel track, SOREAL's court case hearing of the 16th of February 2013 has been postponed to the 2nd of March 2013. *(Egypt.com)*

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Egypt will implement its delayed plans to ration subsidised fuel through a system of smart cards at the beginning of July, the country's minister of petroleum and mineral resources said on Monday. Egypt's government is in the process of reforming subsidies in order to cut its budget deficit and secure a $4.8 billion loan from the International Monetary Fund, which is crucial to support its ailing economy. "We are working, as part of the programme, to implement it at the beginning of the new financial year (in July)," Osama Kamal said, when asked about the smart cards, in an interview broadcast on Egyptian channel CBC. The quotas, to be implemented through a system of cards allowing drivers a limited amount of subsidised fuel, were due to start in April, just as the country is set to hold parliamentary elections. On February 12, the minister said that the smart cards would be implemented between April and July. The Islamist-led administration that took office in July vowed to push through a reform of subsidies, which swallow as much as a quarter of the state budget, to lower its deficit but is reluctant to hurt voters. It eliminated subsidies on 95-octane gasoline, the highest grade available, late last year, prompting many motorists to switch to subsidised lower-octane fuel. Egypt, which has endured two years of political instability since the ousting of President Hosni Mubarak, reached a preliminary agreement with the IMF in November. *(Reuters)*

Egypt plans to invite an IMF mission to Cairo within a week, the government said on Thursday, flagging an early resumption of negotiations for a $4.8 billion loan as it struggles with an acute foreign currency shortage. Planning Minister Ashraf al-Araby said foreign investment had all but dried up, predicted a huge budget deficit as food and fuel subsidy bills soar, and announced data also underlining the depth of Egypt's crisis before elections expected in spring. Araby said growth had been just 2.2 percent year-on-year in the December quarter, noting that strong investment was needed to reach seven percent - an annual rate economists see as needed to soak up the waves of young people entering the labour market. He also predicted the budget deficit could hit 10 percent of annual economic output in the financial year to June, a level Egypt cannot afford without outside help. "The Egyptian economy is recovering extremely slowly due to the security and political situation," Araby's ministry said in a statement. Analysts had expected the government of President Mohamed Mursi to try to delay a deal with the International Monetary Fund until after the parliamentary elections, as the loan's terms will demand highly unpopular austerity measures. However, Araby predicted rapid movement. "God willing, we expect to invite the IMF delegation within days," he told a news conference. Asked to be more specific, he said: "Within days, no more than a week." Egypt's upper house of parliament adopted a revised electoral law on Thursday, clearing the way for Mursi to call the lower house polls expected to be held in April or May. Egyptians are angry as the crisis drags ever more of them into poverty. Cairo reached an initial agreement with the IMF on the loan in November but postponed ratification the next month due to violence on the streets. This followed Mursi's move to expand his powers and push through a new constitution seen by opponents as favouring his backers in the Muslim Brotherhood and more hardline parties. Araby announced foreign investment in Egypt was dire in the six months to the end of December - the first half of Egypt's financial year. "We had almost an absence of new direct foreign investments during the first half of the year," he said. Egypt's pound has tumbled 8 percent against the dollar this year as its international reserves fell to $13.6 billion, less than the $15 billion needed to cover just three months' imports. This drop has inflated the budget deficit by forcing up the cost of subsidising energy and food staples, such as bread. The government announced new fuel prices for many sectors of the economy on Tuesday which industry sources said were 50 percent higher than previous levels, drawing protests by factory owners affected by the increase. Private industry and individuals are struggling to borrow or get access to dwindling supplies of dollars. Mahdi Ibrahim, who runs an import-export business with Brazil, expressed anger about problems in getting hold of even relatively small sums in dollars - difficulties which are forcing businesses to turn to the black market for funds. "I have pulled all my money out of the bank because of the restrictions on my ability as a client to buy dollars or transfer hard currency abroad. I have business to take care of abroad," he told Reuters. *(Reuters)*

Foreign investment in Egypt was almost non-existent in the six months to the end of December, Planning Minister Ashraf al-Araby said on Thursday, illustrating the depth of the economic crisis facing the Arab world's most populous nation. He added that the country needed strong investment to reach the 7 percent annual economic growth rate commonly cited by economists as the level needed to lower unemployment and soak up new entrants to the labour market. Growth was only 2.2 percent year-on-year in the three months to the end of December, he told a news conference. (*Reuters)*

Ghana

Corporate News

The West Africa Gas Pipeline Company (WAGPCO) has set April 30 as the tentative day of resuming gas flow through its pipeline. "If all things go well, by April 30, 2013, gas should start flowing," Mrs Harriet Wereko-Brobby, General Manager in charge of Corporate Affairs of WAGPCO gave the assurance on Tuesday, during an interaction with the media at Aboadze in the Shama District of the Western Region. She said the damaged gas pipeline is receiving intensive repairs including tests for leakages. She said while fisher folks, shipping companies and stakeholders are being educated on the need to protect the pipelines during their operations at sea, Naval personnel from the four countries have also been charged to protect the facility. Mrs Wereko Brobby said efforts are underway for WAGPCO to enter into an agreement with Togo's Navy to institute strict surveillance on the gas equipment to avoid damage. The Company has adopted the Environmental Impact Assessment Plan to free the environment from pollution. In December 2008, the first free flow of gas in small quantities travelled from Nigeria through Benin and Togo, to Ghana's two port cities at Tema and Takoradi. Commercial operations through the compressors begun in 2011. The equipment was damaged off Togo, which affected operations and the basis for the repair work that should be completed by April. Ghana, Nigeria, Benin and Togo have entered into an agreement for the flow of the gas. *(Ghana Web)*

Economic News

Ghana cut fuel subsidies on Sunday as its new government took measures to curb spending after the West African exporter of cocoa, gold and oil overshot its budget deficit target by almost 100 percent last year. The National Petroleum Authority (NPA) said in a statement that fuel price hikes were necessary to cover the cost of an increase in crude oil prices and the depreciation of the local cedi currency by about 14 percent last year. The new prices, which took effect on Sunday, saw premium petrol and diesel prices jump 20 percent per litre in cedi terms, while Liquefied Petroleum Gas (LPG) rose 50 percent. Prices of kerosene, marine diesel and residual fuel oil also increased 15 percent per litre. The decision to cut subsidies came days after Fitch rating agency revised the nation's outlook to negative from stable, citing the severe deterioration of its fiscal deficit. "The government has funded the budget deficit mainly through borrowing at high interest rates on the domestic market, at 22.8 percent for 91-day T-bills," the agency said on Friday. "While current expenditure has surged, the share of capital expenditure has fallen, which could harm longer-term growth prospects and worsen debt dynamics," Fitch said. Decisions by governments in the region to cut fuel subsidies have previously led to social unrest. Nigeria's government was forced last year to reinstate some subsidies it had cut after several days of strikes and protests, while Ghana's last attempt to cut subsidies more than two years ago resulted in opposition-led street protests. Ghana's 2012 deficit reached 12.1 percent of gross domestic product (GDP), almost double its target of 6.7 percent, due to excess public sector wages, shortfall in projected tax revenue and widening fuel subsidies, the central bank said last week. Like several other countries in West and Central Africa, Ghana had planned to cut the swelling fuel subsidies last year following pressure from the International Monetary Fund and the World Bank, who see them as wasteful and inefficient. But Ghana's government delayed taking the measures ahead of national elections in December which confirmed President John Dramani Mahama in office after he took over following the surprise death in July of his predecessor John Atta Mills. NPA's chief executive Alex Mould said fuel subsidies for last year totalled one billion cedis and were expected to rise to 2.4 billion cedis this year. Mould said that despite the new price hikes, the government was still maintaining a total fuel subsidy outlay of about $23 million, based on a crude oil price of $116 per barrel. The subsidy would target particular social programmes. Finance Minister Seth Terkper, who is expected to present the new government's first budget to parliament on March 5, said it would aim to narrow the budget deficit through subsidy cuts and boosting tax revenue. *(Reuters)*

The Bank of Ghana said on Friday that the yield on its 91-day bill rose to 22.9940 percent at a February 15 auction from 22.9322 percent at the last auction. The Bank said that all 301.43 million cedis worth of bids tendered for the 91-day paper were accepted at the auction. *(Reuters)*

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TRADING

A delegation appointed by President John Dramani Mahama is soon to go to China to resolve the difficulties of the Chinese development loan to Ghana to make for easy disbursement, Vice President Paa Kwesi Bekoe Amissah-Arthur announced on Wednesday. The Vice President praised the co-operation between Ghana and China over the years, making for the Asian nation assisting with projects such as the Bui Dam in recent years. He, however, called for a reversal of the imbalance in trade so that Ghana would export a little more to China. In a discussion with Mr Gong Jianzhong, the Chinese Ambassador to Ghana, who paid a courtesy call on him at Flagstaff House in Accra, Vice President Amissah Arthur Vice President Amissah-Arthur noted that Ghana was developing new trade relations with China. Vice President Amissah-Arthur recalled the many years of bilateral relations between Beijing and Accra, noting that the relations had been characterized with visits of Ghanaian presidents to China. He was hopeful that China would continue to support Ghana with her development programmes. Mr Jianzhong, who said he had been in Ghana for the past two and half years, also commended the friendly relations between the two nations. Recalling that Ghana was one of the countries in Sub Saharan Africa to establish diplomatic ties with China, Mr Jianzhong compared the "Better Ghana" programme to the Chinese current development paradigm that aims at eliminating poverty. He said the China was ready for learning for a win-win situation, adding that by 2021, China hoped to achieve a very high standard of living devoid of poverty, hunger and other social challenges. Mr Jianzhong reiterated that China was committed to the pursuit of "socialism with Chinese characteristics" "We are going to build a modern society," he said, adding "we have to learn from each other and support each other. "I will work hard to promote the bilateral relations and take the opportunity to learn of the rich Ghanaian culture," he said. *(Ghana Business News)*

Ghana will target minimum GDP growth of 8 percent over each of the next four years, President John Dramani Mahama said on Thursday in his first state of the nation address since his election in December. The cocoa, gold and oil exporting West African country has recorded two and half decades of uninterrupted economic expansion, culminating in estimated growth of 14.4 percent last year. It is now one of the world's fastest growing economies. "My vision in this first term ... is to work to sustain economic growth rates at a minimum of 8 percent in line with our goal of moving our country from a lower-middle income status to the full middle income bracket," he said. While analysts predict the expansion of its new oil and gas production will likely guarantee healthy growth over the next several years, Ghana has struggled to bolster its weak cedi currency, combat inflation and control budget deficits. Last year's deficit ballooned to 12.1 percent, nearly double a government target, leading the rating agency Fitch to downgrade the country's economic outlook from stable to negative. The government cut fuel subsidies, which last year totalled about one billion cedis, on Sunday, as one of its measures to curb spending. *(Reuters)*

Kenya

Corporate News

Kenyan group NIC Bank said full-year pretax profit rose 25 percent, lifted by strong growth in its loan book that outpaced the increase in non-performing loans. Ranked in the second tier of Kenyan banks, NIC said on Wednesday pretax profit rose to 4.5 billion shillings mainly because of 26 percent growth in its loan book to 14.9 billion. NIC, which also operates in Tanzania and Uganda, said its total assets jumped 37 percent to 108 billion shillings. "Net interest margins remained favourable despite the upheavals in the financial markets and we registered impressive growth in our balance sheet," managing director James Macharia said. Commercial lending rates jumped to about 25 percent in late 2011 from 15 percent after the central bank raised its main 0lending rate by more than 11 percentage points to 18 percent to fight inflation and a slump in the currency. The high interest rate regime made banks cost of deposits expensive and even dearer for borrowers in the first half of the year before policymakers eased the key rate 850 basis points since July to 9.5 percent. Its provision for bad loans rose 15 percent to 297 million shillings, while its net interest income was up 28 percent to 5.5 billion shillings. The bank doubled its dividend to 1 shilling per share, from 0.5 shillings per share the previous year, while its earnings per share rose to 6.03 shillings from 5.54 shillings in 2011. By 1157 GMT, NIC shares were up 0.6 percent to 45.50 shillings each . *(Reuters)*

Kenya's main electricity producer, Kengen, said on Thursday it planned to raise 30 billion shillings via a 20-year bond to build geothermal power plants. The firm said the capital raising was still in its initial stages and it expected to seek approval from regulator Capital Markets Authority in a few months. In September, Kengen invited bids for the construction of geothermal plants with a 560 megawatt (MW) capacity. Outgoing Managing Director Eddy Njoroge said on Thursday that Kengen needed about $5 billion in the next five years to raise electricity supply to 3,000 MW to meet the growing power needs of east Africa's biggest economy. Kenya, the first country in Africa to tap the vast hot steam in the earth's crust, frequently faces blackouts due to generation shortfalls and an ageing grid. Kenya, which is racing to diversify its electricity supply and wean itself off unreliable rain-fed hydroelectric dams, has the potential to produce 7,000 MW of geothermal power and is targeting production of at least 5,000 MW by 2030. The country's electricity demand stands at 1,700 MW against a supply of 1,250 MW. Kengen produces 1,232.5 MW of power mainly via hydropower, while the rest is generated by independent producers which mostly rely on renewables such as wind power. Kengen posted an 11 percent rise in its pretax profit to 4.05 billion shillings for the full year ended June. *(Reuters)*

Economic News

A team experts from the International Monetary Fund is in the country to assist the government in developing a policy to manage the national mineral wealth. In a telephone interview yesterday, the IMF resident representative Regnar Gudmundsson said the team of five has already held meetings with delegates from the ministries of Energy, Environment and Mineral Resources, Finance and the Kenya Revenue Authority with the aim of understanding the legal framework currently governing the sector. "The five-member team has been in the country since February 12 and will use the information gathered through those meetings to advise on future legislation," Mr. Gudmundsson said. Last week, Finance Minister Njeru Githae said the Treasury had approached the Bretton Woods institution to assist in the formulation of a fiscal policy on mineral wealth following the recent discovery of oil and gas deposits in the country. "We have approached the IMF to assist us in coming up with a fiscal policy on mineral wealth. This will enable us put in place the right systems to deal with potentially viable mineral discoveries to avert possible chaos that can come up as a result of these discoveries," said Mr. Githae Once in operation, the regulations will guide on revenue sharing from mining as well as compensation plans for communities living around mining areas in line with the provisions of the new Constitution among other things. Recent developments in the energy sector indicate that Kenya could become a producer of oil and or natural gas, creating urgency for laws to be put in place to govern the business. "This is the first visit the technical assistance team has made. The aim is to take stock of the existing regime and initiate result of how future regime will look like.

The key issue is that discoveries have been made for potentially viable deposits of oil and gas, creating a need to put in place new structures to deal with these resources," said Mr. Gudmundsson.*(Daily Nation)*

The top price of Kenya's benchmark grade AA coffee shot up to $420 per 50-kg bag from $376 per bag last week, the Nairobi Coffee Exchange said on Tuesday. The east African nation is a relatively small producer compared with Brazil and other growers, but roasters prize its speciality beans for blending with those from other countries. A total of 21,233 bags of coffee were offered for sale and 8,573 bags were bought, NCE said in a market report. Last week, some 21,672 bags were offered and 4,461 received buyers. Grade AA sold for $123-$420 per bag, compared with $150-$376 in the last sale, NCE said. Grade AB sold at $132-$251 per bag, from $134-$208 in the last sale. Overall, the beans sold fetched a total of $2.07 million with an average price of $198.20 of per bag. During the last auction coffee worth $1.05 million was sold at an average price of $191.91 per bag. Kenya has said it expects its coffee export earnings to dip marginally in the 2012/13 (Oct-Sept) season due to poor international prices and lower volumes. *(Reuters)*

Kenya Power, the country's sole electricity distributor, has proposed annual increments that would triple its tariffs over the next three years, pending approval by the Energy Regulatory Commission (ERC). The new prices, if approved, would have a significant impact on the rate of inflation in east Africa's biggest economy. Inflation rose for the first time in 13 months in January, to 3.67 percent from 3.2 percent in December. According to a statement from the ERC, the power firm is proposing to raise commercial rates charged to manufacturers by about 213 percent per unit of electricity to 2,500 shillings per month by June 2015. The proposal will also see its domestic retail tariffs rise by 150 percent to 300 shillings over three years, from the current 120 shillings per month, the statement said. The increases are likely to cause a ripple effect of price increases by manufacturers, and will be debated by power users at a public forum on Monday. This would be the second time the tariffs were reviewed after a previous one in June 2008. The review, which is supposed to be done every three years, was put on hold in June 2011 after the ERC declined to approve a 25 percent increase in the charges proposed by Kenya Power, in an attempt to cushion consumers from rising prices then. Kenya's inflation had soared to peak at nearly 20 percent in November 2011 due to high global oil prices and a drought that caused food prices to jump. The rate has since fallen, after policymakers adopted a tight monetary policy. Kenya Power supplies 1,250 megawatts of power to over 2 million customers connected on the national grid, against a demand of 1,700 megawatts, with most of the fuel generated from hydro power stations by KenGen. Kenya Power also supplies fuel-based electricity, for which it charges extra depending on the fluctuation of international oil prices, as well as a further surcharge to cover itself against foreign exchange movements. The firm has said it plans to spend $210 million on an electricity expansion project, $530 million on other distribution projects and acquiring support equipment and $200 million on improving its transmission system over the next few years. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

State workers in Malawi have told the government and airlines they will shut the main international airport in the capital Lilongwe on Wednesday as part of a week-long public sector strike. The airport closure would cut off the main air routes serviced by Kenya Airways, South African Airways and Ethiopian Airlines. More than 100,000 public sector workers went on strike last week demanding a 65 percent wage increase - about double the inflation rate - to counter a rising cost of living triggered by a devaluation of the kwacha currency. "We are joining the strike and are shutting down the airport," Joel Mkandawire, a union leader, told Reuters on Tuesday. Finance Minister Ken Lipenga said the government cannot afford to increase wage costs and is negotiating with the striking workers. "Currently our wage bill is 97 billion kwacha (179.5 million pounds), and if we agree to their demands, this will almost triple to 276 billion kwacha, which is equivalent to the whole national budget," Lipenga told Reuters. The strike has closed schools and paralysed major hospitals, which are already short of health workers and pharmaceuticals. It also has piled pressure on President Joyce Banda, who took office a year ago and instituted painful economic reforms backed by the International Monetary Fund and donors, whose aid traditionally accounts for about 40 percent of the budget. "I want to go back home because I can't get any help and I have seen people dying because no nurses or doctors are attending to us," Sugzyo Phiri said from her hospital bed where she is seeking treatment for malaria. The growing public disquiet over falling living standards, perceived government waste and corruption was discussed by a visiting IMF mission and the authorities, the IMF said in a statement at the end of its visit on Tuesday. IMF mission chief to Malawi, Tsidi Tsikata, said there were "encouraging signs" that Malawi's economy is on the mend, with foreign exchange more available and good rains set to increase farm output. Tsikata said the devaluation of the currency "seems to be stimulating the production of exports and import substitutes while restraining demand for imports." "It also discussed the scope for policy actions to stabilize the exchange rate and lower inflation," Tsikata added. Given budgetary pressures, Tsikata said the IMF suggested tightening expenditure controls even more, welcoming a moratorium announced in December on government-funded travel. It also recommended cutting or postponing non-essential spending. The IMF said it would ask its board in late May to release the next tranche - about $20 million (12.9 million pounds) - of a $156.2 million IMF loan approved in July last year. *(Reuters)*

A two-week state workers strike in Malawi has ended after union leaders and authorities agreed on a 61 percent pay hike for the lowest paid public-sector employees and a 5 percent rise for high earners, union officials said on Thursday. More than 100,000 public sector workers went on strike last week demanding a 65 percent wage increase - almost double the inflation rate - to counter a devaluation of the kwacha currency and rises in the cost of living. "We have agreed with government on a 61 percent increment for the lowest paid civil servant and 5 percent for the highest to be paid in arrears from January 2013 effective from next month," civil servants trade union president Kamphinda Banda told reporters. During the strike, schools and the international airport were closed, forcing Kenya Airways and Ethiopian Airlines to cancel flights to Lilongwe. Major hospitals, already short of health workers and medicine, were paralysed. Finance Minister Ken Lipenga said on Tuesday that the government could not afford to increase wages and was negotiating with the striking workers. But the head of the government negotiating team, Ben Botolo, said the state could meet the agreed increments with cuts in other areas. "Of course a few services are going to suffer with this increment because we have had to cut off some money in some other sectors," Botolo said. President Joyce Banda has instituted painful economic reforms backed by the International Monetary Fund and foreign donors since winning office last year. Aid traditionally accounts for about 40 percent of the budget. The IMF's mission chief to Malawi, Tsidi Tsikata, said on Tuesday there were "encouraging signs" that the country's economy is on the mend, with foreign exchange more available and good rains set to increase farm output. The IMF also recommended cutting or postponing non-essential spending. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Mauritius

Corporate News

Luxury hotel group New Mauritius Hotels (NMH) posted a 14.5 percent fall in first quarter pretax profit and said on Friday it expected earnings to maintain a downward trend though the second quarter. Ranked among the Indian Ocean island's most traded stocks, NMH said profit for the three months ended December 31 fell to 536.6 million rupees, extending the 25 percent profit fall registered in 2012. "Bookings on hand indicate that earnings for the second quarter are likely to follow the same downward trend as in the first quarter," NMH said in an interim financial report. Visitor numbers to Mauritius in January fell 6 percent year-on-year as arrivals from Europe, the island's most important source market, declined. Amid a festering debt crisis and stagnant economic growth, Europeans have cut down on the number of long-haul holidays taken to sun-drenched destinations like the Indian Ocean. Hotel operators were still offering heavy discounts to fill beds, NMH said. Shares in NMH climbed 1.3 percent to 77.50 rupees on Friday, Thomson Reuters data showed. "NMH comes out with an honourable performance in the present difficult economic context," Neeraj Umanee, manager at Anglo-Mauritius Financial Services, told Reuters. Basic earnings per share for the period dipped to 2.92 rupees from 3.40 rupees a year earlier, it said. *(Reuters)*

First-quarter pretax profits at Mauritius-based conglomerate Rogers jumped to 1.61 billion rupees from 128 million a year ago, it said on Friday. Analysts said the rise was due to the inclusion in its accounts of its 17.6 percent stake in luxury hotels chain New Mauritius Hotels. Rogers, which has interests in the Indian Ocean island's financial, property, hotel, aviation and logistics sectors, said earnings per share excluding exceptional items rose to 8.32 rupees from 8.08 rupees. *(Reuters)*

Mauritius' Lux Island Resorts said on Friday first-half pretax profit rose to 36 million rupees versus 15 million a year ago, boosted by its Maldives resorts. The luxury hotel group, which has also resorts in the Maldives and Reunion islands in the Indian Ocean, said tourist arrivals in Mauritius ticked lower by 0.3 percent to 498,690. Arrivals in the Maldives improved by 3 percent to 495,701 for the six month period to the end of December. Earnings per share climbed to 0.26 rupees from 0.18 rupees, the company said in a statement. "Germany and France, both shrank markedly in the last three months of 2012 suggesting that the Euro zone has slipped deeper into recession and throwing a first quarter (of 2013) recovery for the block into doubt," Lux said. The company said the continuing growth in additional rooms in its Mauritius resorts was also a source of concern given that it was not matched by a corresponding growth in arrivals. However, the resort said it hoped its third quarter results should show an improvement on last year due to improved efficiency and cost controls, without elaborating. *(Reuters)*

Economic News

Mauritius's trade deficit narrowed 27.4 percent in December from the same month a year earlier to 5.14 billion rupees on lower import costs of fuel, official data showed on Thursday. The trade deficit in December 2011 came to 7.08 billion rupees. The value of imports overall fell by 9 percent to 13 billion rupees with the cost of fuel and lubricants slowing to 2.2 billion rupees from 3.4 billion a year earlier, Statistics Mauritius said in a statement. Exports rose by 8.8 percent to 7.9 billion driven by higher sales of food and live animals. Britain was the main buyer of goods from Mauritius in December, accounting for 17.3 percent, while China overtook India as the main supplier with 18.9 percent of the island nation's imports. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Union bank of Nigeria Plc at the weekend announced the transfer of legacy pension for Post-2005 pensioners to their Pension Fund Administrators (PFAs) in line with the Pension Reform Act (PRA) 2004. According to a statement, the PFAs would consequently take over full responsibility for pension payments for affected Pensioners (excluding Pre-2006 Pensioners) with effect from February, 2013. It stated that the affected pensioners have been informed of the development. "This exercise is a further push by Union Bank to ensure that it fully complies with the Pension Reform Act of 2004. On completion, this category of Union bank pensioners would have been integrated into what had been achieved with the current employees of the bank. It would be a continuous exercise until all the pensioners are covered," it added. *(This Day)*

The Group Chief Executive Officer of Oando Plc, Mr. Wale Tinubu, has assured investors of high dividend payout as the rights issue to raise N54.6 billion closes tomorrow. Speaking yesterday at the Facts-Behind-the-Figures presentation to the management of the Nigerian Stock Exchange (NSE), stockbrokers and financial journalists in Lagos yesterday, Tinubu said the company's cash flow would improve going forward and would lead to higher dividend payout. According to him, Oando had a strategy in place to enhance value for shareholders through a balance sheet optimism that would lead to a reduction in debt and improvement in earnings. He explained that shareholders did not receive dividends for 2011 due to decision to terminate a management service agreement with Ocean and Oil, saying that the cash used to service that agreement would be retained in the company for shareholders' benefit. "By not paying a dividend, we were punished, which affected our share price. Going forward, our forecast sees us paying 50 per cent of our earnings as dividends. It is therefore a wise thing for investors to take advantage of the our share price which is grossly undervalued. Our downstream assets would begin to yield significant earnings and this will impact our performance going forward," Tinubu said. He said the proceeds from the rights issue would assist the company to executive its growth strategy. The Securities and Exchange Commission (SEC) had to approve the extension of the rights issue due to the industrial action by pensioners of the Nigerian Postal Services (NIPOST) last month, which resulted in the disruption of distribution of rights circulars to majority of Oando's shareholders. Shareholders hailed the extension with the President, Association for the Advancement of the Rights of Nigerian Shareholders (AARNS), Dr. Farouk Umar, saying it showed that the regulators, board and management of Oando had the interest of shareholders at heart. Meanwhile, the NSE All-Share Index declined by 0.02 per cent to be at 33,251.50, indicating that the bulls were gradually returning to the market.*(This Day Live)*

Nigeria Liquefied Natural Gas Company (NLNG) has appointed France's BNP Paribas and GT Bank to help raise around $1.6 billion for six LNG carrier ships, a banking source close to the deal said on Wednesday. The company, which is majority owned jointly by the state oil company NNPC and Royal Dutch Shell, told Reuters a year ago it had contacted global banks to appoint advisers in other to explore the best option to raise funds. The banking source said the loan was being structured as a medium to long term financing with the close expected by the end of March 2013. NLNG had said last year it would seek loans from the international market to expand the operations of its shipping subsidiary Bonny Gas Transport Limited, which currently has 24 LNG ships. The company was set up over two decades ago to harness Nigeria's natural gas resources and produce liquefied natural gas and natural gas liquids for export. It has long-term supply contracts with buyers in Italy, Spain, Turkey, Portugal and France and also sells on the spot market. NLNG has a capacity to produce 22 million metric tonnes of liquefied gas a year. It obtains its gas supply from the upstream oil companies and liquefies it for export. *(Reuters)*

Nestle Nigeria shares soared 9.89% to a new record high on Wednesday on low volumes, as investors poured in cash on expectations of a healthy full-year dividend announcement this week, traders said. Nestle climbed 89.9 naira per share to 990 naira at 1115 GMT, on 48,934 units traded, helping lift the all-share index up 1.44 percent to 33,814 points. Nestle shares have risen more than 30% since the interim dividend was paid 10 weeks ago, on low volumes, to become the most expensive stock on the bourse on a per share basis.

The company, which is majority owned by Swiss food firm Nestle SA, paid an interim dividend of 1.50 naira per share in December, raising hopes of a healthy full-year payout. It pays out around 90 percent of its local profits as dividends, brokers say. *(Reuters)*

Economic News

Yields on FGN bonds dropped last week as investors continued to take advantage of the stock market which has been upbeat since this year. Most equities listed on the Nigerian Stock Exchange (NSE) have recorded significant capital appreciation since this year. In fact, the NSE All Share Index has increased by 17 per cent in the 36 trading sessions observed this year from 28,501.21 basis points, to 33,342.02 basis points on Friday. Also, the NSE market capitalisation has climbed by N.559 trillion this year, to N10.668 trillion as at Friday, compared to the N9.109 trillion it stood at the beginning of the year. But data obtained from the Financial Market Dealers Association (FMDA) showed that this contributed to the slide recorded by bond yields. For instance, while yields on the 8th FGN Bond 2014 Series one, fell to 10.83 per cent on Friday, from 10.94 per cent the preceding Friday, yield on the 7th FGN Bond 2015 Series two, also slipped to 10.84 per cent on Friday from 11.02 per cent the preceding Friday. In the same vein, while yield on the 9th FGN Bond 2019 Series three also dipped to 10.74 per cent on Friday, from 10.88 per cent the preceding Friday, yields on the 9th FGN Bond 2022 Series one also dropped to 10.74 per cent on Friday, from 10.92 per cent the preceding Friday. Yields on the 7th FGN Bond 2030 Series three also fell to 10.80 per cent on Friday, from 12.04 per cent. However, the direction of bond yields this week would be largely influenced by the inflation figures for January to be announced by the National Bureau of Statistics (NBS) during the week. Inflation stood at 12 per cent in December 2012. Analysts at FSDH Merchant Bank Limited at the weekend predicted that year-on-year in the month of January 2013 should fall to single digit of 9.1 per cent due to base effect. The illiquidity in the interbank market persisted last week as the Nigerian Interbank Offered Rates (NIBOR) jumped to an average of 15.23 per cent on Friday, compared to the 14.21 per cent it was the preceding Friday. As a result of this, the overnight tenor climbed to 14.33 per cent on Friday, from 13.21 per cent the preceding Friday. Also, just as the 7-day tenor advanced to 14.58 per cent from 13.54 per cent the preceding Friday, the 30-day tenor climbed to 14.87 per cent on Friday, from 13.87 per cent the preceding Friday. The 60-day tenor also climbed to 15.25 per cent, from 14.21 per cent. Meanwhile, the liquidity position of the market is expected to improve this week as part of the funds from the Federation Account Allocation Committee (FAAC) shard among the three tiers of government would hit the system. FAAC had shared a total of N575.46 billion to the three tiers of government as allocation for the month of January 2013.

The naira fell slightly by 13 kobo against the dollar at the interbank to close at N157.40 to a dollar, compared to the N157.27 to a dollar it attained the preceding Friday. At the Wholesale Dutch Auction System (WDAS), the CBN offered a total of $330 million to dealers last week, higher than the $270 million it offered. But the value of the naira remained unchanged at N155.74 to a dollar. As part of efforts to stimulate the growth of the Nigerian economy through long-term funding, the Federal Government last week said it intends to establish a development finance institution that will enable investors borrow fund for 10 to 15 years to invest in the economy. The Coordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala, said that the focus of the government was to ensure that more investments are made in the economy to create jobs and reduce unemployment rate. Okonjo-Iweala pointed out that although there were a lot of investment opportunities in the economy, the much-needed long term finance for such investments was lacking, hence government would "create a development finance institution that will be a wholesaler that will be able to provide long term finances and have private sector multilateral participation." The Governor of the Central Bank of Nigeria (CBN), Mallam Sanusi Lamido Sanusi, last week also disclosed that the apex bank will soon introduce measures to regulate the lending between financial institutions that have adopted the Holding Company (HoldCo) and their subsidiaries. Sanusi said the policy was initiated in order to prevent the build-up of risk in the system. Sanusi explained: "We want to place a control so that if you place money with the subsidiary of your HoldCo and it is not secured, we take that from your capital. If you lend money to the parent, we take it as return on equity. "So the idea that people can set up a bank, put in capital and then turn back and borrow it is no longer possible. So we are making it difficult for people to take deposit and trade with it."

The CBN governor also said that apex bank would not bow to pressure from members of the public to relax monetary policy. In fact, Sanusi insisted that the apex bank was not in a hurry to loosen its stance on monetary policy, citing the need to ensure economic stability. Sanusi explained: "Since the last three MPC meetings, there has been this orchestrated attempt in the run up to the MPC to intimidate and harass

us into lowering interest rate. "Why we are no longer dealing with banking system that was on the verge of collapse, external reserves that was crashing, with multiple exchange rates, with inflation at 15 per cent, it is nice for people to be complaining whether interest rate should be 50 basis points or 100 basis points lower." Transactions recorded by the Nigerian Inter Bank Settlement System (NIBSS) under its NIBSS Instant Payment (NIP) and Nigerian Electronic Fund Transfer (NEFT) have increased significantly to about N40 billion daily. NIP and NEFT are products used by corporate organisations to make payment for huge transactions electronically, in line with the cash less policy. Head, Shared Services, CBN, Mr Chidi Umeano explained that the data were gathered from the NIBSS. He also revealed that as a result of the cashless policy, cheques, Point of Sale (PoS) and Automated Teller Machines (ATMs) usage have continued to record huge volume and value. He added: "Banks have continued to roll out more innovative electronic payment platforms to meet customers' expectations. The cash less policy has been very successful in Lagos, considering when we started and how far we have gone in terms of PoS deployment." The Bankers' Committee last week said it is currently working on a new guideline on bank charges which will lead to a significant reduction in the amount paid by customers from this year. Group Managing Director/Chief Executive Officer, Access Bank Plc, Mr. Aigboje Aig-Imoukhuede, alongside other banks chief executives, said although bank charges had been on the decline in recent times, the new guideline which is yet to be ratified, would see charges decline further. The committee also disclosed plans to sign a memorandum of understanding (MoU) with the Borno State government for the implementation of the pilot phase of National Financial Inclusion Strategy in the state. The total non-oil export earnings by Nigerian exporters increased by 72.9 per cent to $987.10 million at the end of the fourth quarter of last year, the CBN revealed last week. This, according to the bank, also reflected an increase of 65.6 per cent above the level in the corresponding quarter of 2011. The CBN's economic report for the fourth quarter of 2012 however attributed the development largely to the significant rise in the export of food, agricultural products and industrial sector during the quarter under review. Nigeria's dollar-denominated borrowing costs rose last week to the highest in more than two months on speculation that a United States' economic recovery will drive up the global borrowing benchmark rate. According to Bloomberg, yields on the Eurobond expected to mature 2021 climbed three basis points to 4.21 per cent in London yesterday, the highest since December 4, 2012. London-based Emerging Markets Strategist at Standard Bank Group, Samir Gadio, was quoted to have said: "Should the US economy recover, US Treasury yields will possibly back up, negatively affecting the 21s." *(This Day)*

The economy of Nigeria, Africa's largest oil producer, will probably expand 6.8 percent this year, the National Bureau of Statistics said. The outlook compares with an estimated growth rate of 6.6 percent in 2012, the statistics bureau said, and a 6.5 percent target in the budget presented by President Goodluck Jonathan to Parliament in October. The economy expanded 7 percent in the fourth quarter, compared with 6.5 percent in the previous one, the statistics office said, citing provisional estimates. In the past year, the "non-oil sector was affected by the incidence of flooding, as well as muted consumer demand for the most part of the year" in industries including wholesale and retail and telecommunications, the bureau said in e-mailed statement. "Infrastructure challenges still hampered manufacturing." While the growth forecast for this year "is modestly below the multi-year trend recorded in Nigeria," the 6.8 percent forecast "would still be robust" compared with other African and emerging-market countries and with global standards, Samir Gadio, a London-based emerging-markets strategist at Standard Bank Plc, wrote in an e-mailed reply to questions today. "What really matters is the pace of structural reforms that would allow Nigeria to unlock her investment and economic potential," he said. "Clearly the key challenge is to achieve a growth model that ensures structural transformation and makes the elevated growth rates more relevant for the Nigerian population."Inflation is forecast to average 9.8 percent this year, the statistics office said. The rate fell to 9 percent in January from 12 percent in the previous month. It is forecast to drop to 9.5 percent next year, 9.8 percent in 2015 and 10 percent in 2016, the agency said."These trends are premised on the assumptions that the monetary authorities will continue to pursue, as in 2012, managed tightening of monetary policies and stable fuel prices," the statistics office said. Jonathan cut a subsidy on gasoline in January last year, boosting prices in Africa's most populous country.

The Monetary Policy Committee, led by Governor Lamido Sanusi, kept its policy rate unchanged at a record 12 percent for an eighth consecutive meeting on Jan. 21 after raising it by 575 basis points in 2011 to curb price pressures and support the naira. The bank will hold off on cutting borrowing costs while it monitors government spending and until policy makers see that "lowering rates will not in any way undermine the tremendous achievements we've had," Sanusi said on Jan. 25.The economy is forecast to grow 7.3 percent in 2014, 6.9

percent in 2015 and 6.6 percent in 2016, the statistics bureau said. Economic growth will probably slow down after Nigeria updates its GDP base year, Alan Cameron, an economist at CSL Stockbrokers Ltd. in London, said today in an e-mailed response to questions. Nigeria is updating its GDP base year to 2010 to give a better indication of the size of the economy. The West African country's GDP is now based on spending patterns from 1990. The updated data, which are now set to be released Oct. 24, will probably boost the size of the Nigerian economy while lowering economic growth figures, according to the statistics bureau. The agency has postponed the release of the data at least twice before. "If it goes ahead, we would expect to see a lower real GDP growth figure, something in the region of about 6 percent," Cameron said. The effects will probably be reflected from the first quarter next year, he said. Imports fell by 49 percent in the third quarter last year, compared with the same period in 2011, amounting to 4.3 billion naira ($27.3 million). Exports rose in the second and third quarters of 2012 after a decline in the first quarter, with total merchandise trade value rising 0.4 percent to 20.9 billion naira by the third quarter, compared with the same period a year earlier, the statistics bureau said. "The recent declines in imports are expected to carry on till the third quarter of 2013," the agency said. "In this view, there is less likely to be pressure on Nigerian foreign reserves as there will be decreasing demand for foreign exchange to settle high import bills." Nigeria's foreign-currency reserves have advanced 33 percent $46.7 billion, compared with a year earlier, according to Feb. 14 data compiled by the central bank. *(Bloomberg)*

Nigeria's long-delayed oil bill, which could unlock billions of dollars of investment, may never become law, the head of the country's biggest oil company said on Tuesday. The Petroleum Industry Bill (PIB) being debated in parliament would change everything from tax levels for foreign oil majors like Shell and Exxon, to the structure of the state energy company. It has been in the works for five years but government, lawmakers and oil companies have been unable to agree on the much-needed changes to Africa's biggest energy business. "I find it difficult to see how we will end up with a PIB by the end of this year," Oando Chief Executive Wale Tinubu told an industry conference in Abuja, adding that further delays because of national elections in 2015 could derail the bill completely. A senior Nigerian lawmaker, who asked not to be named, told Reuters this week that the PIB would need to be overhauled before the national assembly would consider passing it. An earlier draft failed to make it through parliament. Tinubu highlighted the restructuring of state oil company NNPC and new higher tax rates for offshore drilling as two areas where oil companies and the government remain divided. Heavily indebted NNPC, found by several audits and reports to be rife with corruption, has struggled to meet its share of investment in joint ventures with overseas companies. This has proved another drag on attempts to boost Nigerian oil production of 2 million barrel a day. The PIB would restructure NNPC and partially privatise the company, but some industry experts have said that it does not go far enough in making the company independent from political interference. The bill also includes plans to increase the taxes oil majors pay on deep offshore fields, but companies such as Shell, Exxon and Chevron have said that this would prevent them from investing offshore. *(Reuters)*

Nigeria will carry out turnaround maintenance on the 150,000 barrel-per-day (bpd) Port Harcourt refinery in April and May this year, the oil minister said on Tuesday. The maintenance had originally been scheduled for October last year. Diezani Alison-Madueke said maintenance on its two other refineries in Warri and Kaduna would commence in the fourth quarter this year and first quarter of next year, respectively. Africa's top crude oil exporter has to import most of its fuel because years of corruption and mismanagement have left in disrepair its four refineries, which have a combined capacity of 445,000 bpd. Several multi-million dollar maintenance contracts have been handed out over the last decade without great impact. "There were some issues with some of our consultants who did not wish to resume coming into the country for various reasons," Alison-Madueke said, explaining the latest delay. She said Nigeria was producing around 21 million litres of fuel, compared with 12 million litres in 2010. Industry estimates suggest Nigeria's population of 160 million uses around 40 million litres per day. Nigeria has two refineries in its main Port Harcourt oil hub, one in the Niger Delta town of Warri and one in Kaduna in the northern part of the country. *(Reuters)*

A spike in piracy off Nigeria's oil-rich coast has shown gangs are willing to venture further afield and use more violent tactics, increasing the risk of doing business in Africa's largest energy producer. Pirates demanded a 200 million naira ransom for the release of six foreigners kidnapped on Sunday, the latest in at least five attacks in Nigerian waters this month. Exxon Mobil and Shell officials said this week that security was a major factor in Nigeria, and it was one of the most expensive oil-producing countries to operate in. "The recent upsurge in maritime kidnaps off the Niger Delta ... has not been witnessed since 2010," said Tom Patterson, maritime risk analyst at Control Risks. "It is

easy to underestimate the debilitating effect such a situation can have, even on larger corporations," Patterson added. Oil and shipping companies have to hire crisis management teams, pay huge insurance premiums and face the prospect of ransom payments, as well as brace themselves for damage to their reputations. At the same time, pirates are becoming more ambitious. Three crew members were kidnapped on February 7 from the British-flagged cargo ship, Esther C, around 80 miles offshore, the furthest pirates have reached in the Gulf of Guinea. Gunmen killed a Filipino crew member when they attacked a chemical tanker three days earlier, in the first confirmed case in Nigerian waters of crew being killed on a vessel that deployed a private armed team, maritime risk experts AKE said. The prime suspects for most attacks are Nigerian oil gangs, who already carry out industrial scale crude theft, called 'bunkering' in the restive onshore Niger Delta swamplands. Nigeria's oil minister said this week that oil theft, which can amount to 150,000 barrels per day (bpd), was the work of an international criminal syndicate. President Goodluck Jonathan has reached out to Britain for help. Security experts also believe Nigerian security officials and politicians are complicit in oil theft and piracy. "There are many top people in Nigeria involved in commissioning these attacks and sharing the profits," said Michael Frodl, head of U.S. consultancy C-Level Maritime Risks. "It's obvious to us that they've been bringing in people in other nations into the game, and sharing a cut in exchange for tips for tankers and cargoes." Compounding the problem, there is less fuel available in Nigeria since Jonathan reduced subsidies last year, which has forced prices to rise. This has provided an added incentive for gangs to locally refine stolen oil or siphon fuel off ships they attack, experts say. The rise in pirate attacks comes as Nigerian forces have been more stretched in the last two years due to an Islamist insurgency in the Muslim north. "There is a sense that security resources are being focused to combat the terrorist threat in the north of the country," said Rory Lamrock, analyst with security firm AKE. "We're likely to see further attacks over the coming months as local authorities are unable to effectively police the waters, especially up to 50 or 60 nautical miles off the coast." *(Reuters)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania's external debt stock at the end of last year stood at $10.66bn, an increase of $726.5m from the stock recorded at the end of the corresponding period in 2011, the central bank said. According to Bank of Tanzania (BoT)'s Monthly Economic Review of January 2013, the stock also increased by $71.8m from the amount recorded in the preceding month. "This development was explained by new disbursements and accumulation of interest arrears," the BoT's Governor Prof Beno Ndulu said in a Monthly Economic Review released to East African Business Week in Dar es Salaam last week. He added; "Out of the external debt stock, disbursed outstanding debt accounted for 85.7% and the remaining was interest arrears." Prof Ndulu said that the ratio of public and private sector external debt to GDP in nominal terms was 30.7% and 6.6%, respectively. Based on results of the latest Debt Sustainability Analysis (DSA) conducted in March 2012, the present value of debt to GDP was 18.9% compared to the sustainability threshold of 50%, the BoT said in the report. The profile of external debt by borrower category shows that Central Government debt increased to $8.24bn, its share in external debt stock rose to 77.3% from 77.0% recorded at the end November 2012. "The increase was due to new disbursements received from International Development Association (IDA) and accumulation of interest arrears on non-serviced bilateral debt," the monthly report said. During the year ending December 2012, external debt stock by creditor increased across all categories, except for export credit. The report said that the increase in multilateral and commercial debt was due to new disbursements, while the increase in bilateral debt was due to accumulation of interest arrears on un-serviced debt. It further said that disbursed outstanding debt by use of funds shows that a large proportion of outstanding debt was utilized in social welfare and education; followed by Balance of Payment (BOP) and budget support; and transport and telecommunication. *(East African Business Week)*

The United Republic of Tanzania has hired Standard Bank for a private placement of floating rate notes, according to market sources. The unrated sovereign is testing appetite for the Reg S issue with a selected group of investors, one source said. The floating rate format is particularly rare among emerging market borrowers, which usually resort to fixed-rate transactions.*(Reuters)*

Zambia

Corporate News

KONKOLA Copper Mines (KCM) says it will develop two large declines (tunnels) to access new ore bodies at Nchanga underground mine, to produce between 6,000 and 7,000 tonnes of copper in the initial stage. KCM chief executive officer Jeyakumar Janakaraj said development of tunnels will start next month with trail mining expected to commence next year. "We have decided to do two large declines to access new ore bodies. The project is currently at development stage and will start the development next month while trail mining will start in the next one year. We expect to get between 6,000 and 7,000 tonnes of copper in the 2013-2014 financial year," he said. Mr Janakaraj said at a press briefing in Lusaka recently that about 500 jobs are expected to be created during the initial stage. He said the project will significantly enhance copper production as part of KCM's strategy of extending mining lifespan. Mr Janakaraj said increased copper production remains critical for the mine, which produced about 123,000 tonnes in the last nine months of KCM's financial year. "We remain focused on increasing volumes and growing the mine and ensuring that every US dollar comes back in the country for re-investment," he said. He also said KCM has in the last five years paid more than US$500 million in taxes to Government. Mr Janakaraj said its taxes and other royalties are expected to increase further as copper output increases. Meanwhile, Mr Janakaraj has reiterated the mining firm's commitment to uphold good governance practices in its quest to contribute to the economic development of the country. "Our focus is extremely governed by good practices. We have informed Government of all our transactions and have never hidden our revenues because it is not our cup of tea," he said. *(Daily Mail)*

CORPORATE social responsibility (CSR) should be integrated in business strategies to increase profit and contribute to development and poverty reduction, Swedish Ambassador Lena Nordstrom has said. The Zambia Chamber of Commerce, Trade and Industry (ZACCI), Business Sweden and the Embassy of Sweden today hold a workshop under the theme, CSR as a way of increasing profits and reducing poverty. "The aim of the workshop is to share the knowledge between Swedish, Zambian and international companies," she said. CSR has gained increased interest from business in recent years, recognising the potential of CSR in strengthening brands, gaining competitive advantage and increasing profits and contributing to development. This is according to a joint statement availed to the Daily Mail in Lusaka on Friday. ZACCI president Geoffrey Sakulanda said the chamber has recognised and awarded companies which have been actively involved in supporting communities in the areas of education, environmental management and health over the years. Mr Sakulanda said: "The acknowledgement of the importance of CSR has come about as a result of corporate bodies realising that they actually have responsibility towards the communities in which they exist and do business." Commenting on the workshop, Business Sweden country manager Patrik Olsson said Swedish businesses have a long tradition of working with CSR and have experienced its competitive advantages. He said following internationally-accepted standards and principles such as the United Nations (UN) Global Compact and the UN guiding principles for business and human rights is today an added value for many companies. "Business Sweden has long experience of CSR and international business and has initiated platforms for CSR in order to bring together companies and strengthen transparency competitiveness. "We are proud that the Swedish companies based in Zambia such as ABB, Atlas Copco, Bayport Financial Services, Ericsson, Sandvik and SKF are contributing with their knowledge to this workshop," he said. *(Daily Mail)*

THE International Finance Corporation (IFC) has provided Zambeef Group with a US$40 million loan in the last three years to support its expansion plan. Zambeef Group chairman Jacob Mwanza said the company's growth and success has been possible with the help of a number of funders among them the IFC. Dr Mwanza commended the IFC for the continued support and confidence that they have in the company. "We are still looking forward to using these resources to consolidate and expand our primary production in crops. On behalf of Zambeef Group, I would like to extend my appreciation to the World Bank group and the IFC in particular," he said. Dr Mwanza said this in Lusaka when the World Bank executive directors toured Zambeef's stock feed plant, Novatek in Lusaka. He said Zambeef has acquired a

46,000 square meters farm area which will need funding from institutions such as the IFC. He said in 2003, Zambeef was listed on the Lusaka Stock Exchange (LuSE), which has provided an opportunity for Zambians and local pension funds to buy shares in the firm. In June 2011, Zambeef successfully concluded its dual listing on Alternative Investment Market (AIM) of the London Stock Exchange (LSE). Dr Mwanza said the listing on AIM was rated as 2012's deal-of-the-year in Africa for equities by the Banker magazine which saw the group successfully raising US$55 million listing in London and rights issue in Zambia. Zambeef is one of the country's largest agri-business operations with annual revenue of about US$250 million and a workforce of over 5,000. He said the company is a major contributor to Government revenue with a number of operations largely in rural areas which has helped to sustain development and alleviate poverty. At the same function, World Bank head of delegation Rudolf Treffers commended the firm for its diversified expansion of activities. "What Zambeef is doing is a model we would like replicate. The IFC is proud of its engagement with Zambeef," he said. Mr Treffers said Zambeef is a positive example of how to use Zambia's agricultural potential for development which has a positive effect on job creation and out-grower scheme participation. He said majority poor Zambians live in rural areas and depend on farming for their livelihood. "If the World Bank can find ways and means to support smallholders to be more productive. It's positive for their income and economic development of the country," he said. *(Daily News)*

Economic News

THE Commonwealth of the Bahamas has expressed interest to export cement to Zambia to augment the thriving construction industry in the country. Bahamas, Governor-General Arthur Foulks said the Zambian economy is expanding rapidly with increased economic activities. Sir Arthur said this when he received letters of credence from Zambia's High Commissioner to Canada Bob Samakai, who also has extra accreditation to Trinidad and Tobago, Cuba, Jamaica, Antigua and Barbuda, Barbados, Grenada, St. Lucia and the Commonwealth of the Bahamas. This was contained in a media statement issued by the Zambian High Commission in Canada and made available to ZANIS. He also commended the Government for the significant development the country has made in the agriculture sector. Sir Arthur said his government would welcome dialogue with Zambia on receiving technical assistance in the field of agriculture and horticulture as the Bahamas seek to achieve food security and sustainability. "We note that the population of your country is rapidly expanding and that your tourism sector is evolving. Joint venture in tourism could enhance the product of both our countries," he said. He commended Mr. Samakai's proposal to heighten the investment and trade between the two countries. In his letter of credence, Mr. Samakai said Zambia is ready to further push the mutual bilateral relations to enhance the economies of the two countries. "I wish to extend an invitation through you to the business community in the Bahamas to consider investing in our country. Zambia is now among the African countries with abundant opportunities and incentives for foreign investment," he said. He said opportunities exist in agriculture, tourism, mining, finance, transport and communication and infrastructural development in Zambia. He also presented his letter of credence to the Governor-General of Jamaica Sir Patrick Linton Allen and attended a meeting addressed by Prime Minister of Jamaica Portia Simpson Miller. The meeting was attended by the 11 recently accredited heads of missions to Jamaica and other diplomats . The Prime Minister of Jamaica told the audience that his country will continue forging and enhancing cordial and faithful relations with its traditional partners and with emerging economies. "Guided by our commitment to multilateralism as the cornerstone for peace and development, we will continue to engage with all countries to explore opportunities for foreign direct investment, tourism growth, expanded trade and technical and cultural cooperation," he said. In Jamaica, Mr. Samakai met the Chamber of Commerce called Jamaica Promotions Corporation (JAMPRO) which expressed interest in helping the private sector of both countries. JAMPRO wants to have trade links with the Zambia Chamber of Commerce to promote the private sector-led trade relations of the two countries. Mr. Samakai said the government is ready to support and facilitate the creation of business links of the private sector in the two countries. *(Daily Mail)*

Zambia has revoked licences for a Chinese-owned coal mine over poor safety and environmental compliance, as well as a failure to pay mineral royalties, the minister of mines said on Wednesday. Yamfwa Mukanga said the government had cancelled all three mining licences held by Collum Coal mine, situated 325km (200 miles) south of the capital Lusaka. "The government has also taken over the running of the mines and will continue operating them until a suitable investor is found," Mukanga said in a statement. Chinese companies have invested more than $1 billion in copper-rich Zambia, but there have been some signs that animosity towards them may by growing as some Zambian workers accuse companies of abuses and underpaying. Zambian police last August charged a miner with the murder of a Chinese supervisor

and 11 others with rioting and theft during a protest over pay at the Collum Coal mine. Mukanga said the mine had a history of poor safety, health and environmental compliance, mainly due to the employment of non-qualified personnel. "In some instances the entire mine has been closed to allow the mine management (to) comply with mine safety department directives, but there has been no improvement," he said. The mine did not have emergency medical treatment facilities such as ambulances or a first-aid station underground, he added. Collum Coal Mine had also failed to declare its mineral production as required for all mining companies under Zambian law. *(Reuters)*

Zimbabwe

Corporate News

Standard Chartered's private equity arm is looking for more deals in Zimbabwe, a senior executive told Reuters on Monday, betting on a rise in consumer spending after years of hyperinflation. The British bank, whose private equity business has assets under management of about $4.5 billion, made an investment in Zimbabwean agri-business Ariston Holdings through one of its portfolio companies, Afrifresh Group, last year. The transaction was worth around $20 million. Ariston was previously listed on the Zimbabwe Stock Exchange. Despite concerns about political risk ahead of general elections later this year, the bank sees potential for high returns in a country that is "starved for growth capital" after being weakened by hyperinflation, said Peter Baird, Standard Chartered's head of private equity for Africa. "Standard Chartered Bank loves Zimbabwe and our appetite for equity risk in Zimbabwe is high," he said, listing real estate, consumer goods and retail as the most attractive sectors. Zimbabwe's long-serving president Robert Mugabe, who formed a power-sharing government with rival Morgan Tsvangirai after a disputed 2008 vote, has set March 16 as the date for a referendum on a proposed new constitution. A general election is expected later in the year. Baird acknowledged there could be risks attached to the election, but said so far Standard Chartered's dealings with the government, for example over Ariston, had been relatively smooth. "They were very reasonable about the indigenisation plan (to increase local ownership of businesses) that we filed, they were very reasonable about the perception of commercial agriculture being in foreign hands," he said. The private equity team also wants to be an early mover in a country that boasts a well-educated, English-speaking population, as well as a functioning banking system and capital markets, Baird added. "Given the right policy framework and the right set of circumstances Zimbabwe will do just great," he said. Standard Chartered Private Equity has invested around $550 million in Africa since 2008, with about half last year alone. It was also a co-investor with Carlyle Group LP and South African private equity fund Pembani Remgro Infrastructure Fund in pan-African agribusiness Export Trading Group, a deal announced in November. Baird was less bullish about the private equity team's investment prospects for Africa as a whole in 2013 given the difficulty of finding companies of the right size and the reluctance of some family-owned businesses to sell equity. *(Reuters)*

Cambria Africa yesterday said it was now preparing to push ahead with its expansion into Zambia after it secured additional finance. The Zimbabwe-focused investor has agreed to increase an existing debt financing arrangement with Consilium Investment Management, which also controls a significant stake in the company. The debt facility will be increased by $1,5 million to $4,5 million. Consilium managing director Jonathan Binder said: "We remain excited and impressed with the developments at Cambria and as already stated in December, we are committed to playing a supportive role in providing debt and equity finance for the company." The money will be used to launch Cambria's fast growing associate Millchem in Zambia. It is also understood that it will also take care of certain liabilities of the company. Millchem is a chemical distributor with a leading market position in Zimbabwe, with premium operations supplying, among others, solvents, metal treatments, and alkyd resins. It is one of Cambria's strongest performing units, with gross profit growing by over 95% last year. "Millchem has increasingly explored opportunities in the region on the back of stellar growth achieved in the Zimbabwean business," chief executive Edzo Wisman said. "After the success of initial sales into Zambia, Cambria will now invest in a more structured presence for Millchem, including a Lusaka office and warehouse. "Various existing suppliers, encouraged by Millchem's rapid growth in Zimbabwe, have already offered to extend Millchem's Zimbabwe agencies into Zambia." This move into Zambia comes after Cambria's Payserv unit established an office in Lusaka in anticipation of entering the Zambian market. Payserv plans to lead with its EDI (electronic data interchange) switching technology as well as making its other outsourcing products available to Zambia's growing financial and business sector. This is expected to be done in partnership with other firms. *(News Day)*

NMBZ shareholders yesterday approved a $15 million recapitalisation exercise through a private placement to help shore up the capital base of its flagship arm, NMB Bank. The recapitalisation exercise got overwhelming support at an extraordinary general meeting (EGM)

where shareholders approved a share buyback, among others. Under this capital raising initiative directors will raise fresh equity amounting to $14,8 million by placing 103 714 287 new ordinary shares to three strategic investors — AfricInvest Capital Partners, FMO and Norfund at a subscription price of $0,1430 per share. The main purpose of the placement is to accelerate the bank's organic growth in order to ensure compliance with the new minimum capital requirements stipulated by the Reserve Bank of Zimbabwe (RBZ). RBZ raised minimum capital requirements for commercial banks to $100 million from $12,5 million with banks expected to fully comply by 2014. The NMB placement and an earlier disposal of non-core assets are expected to grow the bank's capital base to $45 million. Under the central bank's staggered recapitalisation exercise, banks are required to meet the $50 million threshold by June. Shareholders also approved a conditional share buyback with the foreign investor, which seeks to satisfy the liquidity requirements of the investors when they wish to disinvest at their own discretion. In its commentary prior to yesterday's EGM, MMC Capital, the sponsoring broker for this transaction said the placement was critical in boosting the bank. "We are of the opinion that the proposals that have been brought forth by the board are of paramount importance as far as the future of the group is concerned," MMC Capital said. "Recapitalisation of the bank is undeniably crucial hence critical for shareholders to support these resolutions." AfricInvest Capital Partners, a member of the TunInvest Group, which is a part of an investment and financial services group called Integra Partners, is expected to bring in new ideas into the group. AfricInvest specialises in private equity, brokerage, asset management and corporate finance services. FMO, a Dutch development bank and one of the world's largest bilateral developmental financial institutions providing financing solutions for private companies in over 60 developing countries, will also increase its shareholding in the group. The bank is a sound financial institution with an "AAA" rating from Standard&Poor. Norfund, another key investor, is owned by the Norwegian government and manages a portfolio of about $1,3 billion. The fund invests with partners, Norwegian or foreign, focusing on renewable energy, agribusiness and financial institutions. The main areas of investment are in Eastern and Southern Africa with regional offices located in Johannesburg. *(News Day)*

ECONET Wireless Zimbabwe and Stanbic Bank have entered into a partnership in which the bank's customers now have access to its mobile phone-based money transfer service EcoCash. Stanbic Bank becomes the first international bank in the country to get connected to EcoCash. The bank is a member of the Standard Bank Group, Africa's largest banking group. This means that anyone with a Stanbic Bank account that is registered on EcoCash can now use their cell- phone from anywhere in the world at any time of day to do local banking operations. Customers will be able to check their account balances, move money from their bank account to their EcoCash wallet and also make deposits into their bank account from their EcoCash wallet. Econet Wireless said that they are extremely happy with the Stanbic Bank partnership, and the professionalism displayed throughout the process of connecting the two systems. "It is not just a simple matter of flicking a switch, as there is a whole procedure which includes physically connecting IT systems on both sides, followed by rigorous testing to ensure security and privacy of customers is always protected," says Mr Darlington Mandivenga, chief executive of Econet Services, which is responsible for rolling out EcoCash. Econet Wireless CEO Mr Douglas Mboweni added: "EcoCash has fundamentally changed the way people do business in the country. Paying for goods and services, and even transportation, has become much simpler using one's cellphone, without the need for cash." He said that businesses that accept EcoCash for payment can now transfer the money they receive direct into their accounts at a bank at any time of the day. They can also make cash withdrawals and make payments at any time. Stanbic Bank chief executive Mr Joshua Tapambgwa said he was pleased with this partnership, which provides the mobile banking services that customers have been waiting for. "Our account holders are now able to perform several banking transactions from their mobile phones, a convenience that the bank is delivering amongst its many other products," he said. *(Herald)*

ZIMBABWE Stock Exchange (ZSE)-listed mining concern RioZim has blamed government bureaucracy for delays in its efforts to raise an additional $300 million to finance expansion projects expected to turnaround the debt-ridden group, official correspondence has shown. This development comes nearly a year after a Mauritius-based company bailed out the troubled mining firm from near collapse triggered by a growing debt. According to a letter written by RioZim chairman Elisha Mushayakarara to Tourism minister Walter Mzembi, the mining company seeks to complete over five mega projects, but delays in concluding its indigenisation certification has hamstrung the plans. *(News Day)*

The world's second-largest insurance broker by market value, AON Plc has announced it is exiting Zimbabwe to comply with the country's

indigenisation laws. Aon Zimbabwe has operated in the country since 1967, making it the global brokerage's oldest unit in the sub region, but the company said Wednesday it was selling its entire shareholding in the local unit. "Following the suspension of Aon Zimbabwe's licence, and in order for the business to comply with all local legislation, Aon Plc has made a decision to sell its entire shareholding to a local entity," explains Anton Roux, CEO of Aon South Africa and Sub-Sahara Africa. "We have reached final agreement with the local entity . . . which has also agreed to set up an employee share trust simultaneous to the sale process. "Subject to the necessary regulatory approvals for the sale, we will jointly make an announcement with regard to the identity of the shareholder and the structure of the new business." Zimbabwe's empowerment laws require foreign companies operating in the country to transfer majority shareholding (at least 51%) to locals. The policy, driven by President Robert Mugabe, has, however, divided the country's coalition government and become a key campaign issue ahead of elections expected later this year. Mugabe insists the programme is needed to address historical imbalances in the control of the country's economy but Prime Minister Morgan Tsvangirai's MDC-T party says the approach taken by Zanu PF scares away much-needed foreign investment. Meanwhile, the terms of the Aon deal were not disclosed but Roux said the company would retain a presence in the country to give the entity technical support. "Aon will however retain a presence in Zimbabwe through an exclusive correspondent arrangement with the new entity to ensure that our global clients that are domiciled in Zimbabwe will continue to get the service they are accustomed to," he said. "Aon will also assist the new entity with technical expertise and resources to ensure that the business will continue and that both the local and global client risks are addressed with best practice." *(News Day)*

Economic News

THE National Indigenisation and Economic Empowerment Board (NIEEB) has set its sight on locally owned entities demanding they should attain indigenisation certification as proof of compliance, amid concerns local businesspeople are fronting foreign investors. Under the country's indigenisation and economic programme, foreign-owned companies are required to sell 51% shareholding to locals. In a notice on Friday, NIEEB gave local entities a 14-day grace period to apply for compliance certificates, failure which the companies, despite being locally - owned, would be deemed non-compliant. NIEEB chief executive officer Wilson Gwatiringa could not be reached for comment yesterday as his mobile phone went unanswered. Indigenisation and empowerment minister Saviour Kasukuwere could also not be reached for comment. "NIEEB would like to advise all companies with approved indigenisation implementation plans and shareholding structures to immediately apply for indigenisation certification. "The certification will be primary proof that a company has successfully complied with the indigenisation and economic empowerment Act," said NIEEB in a statement. A total of 226 companies had been short listed to comply within 14 days. "The following companies are therefore urged to apply for certification within 14 days from the date of this publication, failure of which, these companies may be deemed non-compliant with the indigenisation law," said NIEEB in a statement. The indigenous companies include prominent ones such as Kuchi construction, Rainbow Tourism Group, Harambe Holdings, Anchor Yeast, Costain Zimbabwe, Econet Wireless, Modzone Enterprises, Pelhams, Tigers Bricks, Zimphos and Wedzera Petroleum, among many others. *(Reuters)*

Headline consumer inflation in Zimbabwe slowed to 2.51 percent year-on-year in January from 2.91 percent in December, the statistics agency said on Friday. On a month-on-month basis, CPI braked to 0.07 percent from 0.13 percent previously. *(Reuters)*

ZIMBABWE Stock Exchange-listed companies need to gather significantly more finance this year despite raising a staggering US$126,4 million to recapitalise operations last year to replace obsolete plant and machinery, the ZSE has said. According to the ZSE's country report, presented to the Committee of Sadc Stock Exchanges meeting in Victoria Falls last week, the companies used a combination of private placements and rights offers to raise the funds for recapitalisation. The report said of the US$126 408 175 recapitalisation funds raised last year US$7,7 million was mobilised in February, US$11,6 million in March, US$98,4 million in June and US$8,6 million in October.
Although the report does not give an estimate of how much could be raised this year, the ZSE's country report contends that more capital would be raised this year as firms retool to enhance their efficiencies and competitiveness. "The increase (in required capital) is due to the challenging environment in which listed companies are operating. Demand for capital is expected to continue well into 2013 as companies retool and retire expensive debt," the ZSE report says. Officially opening the Sadc meeting last week, Finance Minister Tendai Biti said

Zimbabwe's manufacturing industry required about US$4 billion to rebuild its industrial base. It is against this background that Minister Biti said Zimbabwe required huge inflows of foreign investment to raise capital to companies and infrastructure. The companies unable to secure or inject fresh capital over the decade to 2008 due to macro-economic instability, characterised by rampant inflation, which peaked at 231 million percent in August 2008, according to official statistics. The ZSE report says most listed companies were currently operating well below capacity and relied more than anything else on the use of mostly expensive short-term debt. Borrowing from banks has been prohibitive due to punitive lending rates of up to 30 percent per year. Affordable long-term capital remains elusive in Zimbabwe. The report also says trading in the shares of companies listed on ZSE was affected by the liquidity crisis pervading the entire economy. Low levels of disposable income have also affected the contribution of retail stocks to trading on the bourse. Manual trading on the ZSE is also impeding levels of trading activity. But things could change soon, as plans are already underway to introduce automated trading. Its success will depend on the successful implementation of the paperless share settlement system. The mandate to establish a CDS was given to local private firm Chengetedzai Depository Company in December 2010 by the Securities Commission of Zimbabwe. Government will control a 51 percent stake in the firm, with ZSE holding 15 percent. Other private investors will hold the balance of the shareholding. The ZSE report says the industrial index fell 1,34 percent during the year which saw market capitalisation falling from US$4 billion at the end of October to US$3,96 billion by December 31 2012, due to a decline in the prices of mining stocks. The ZSE closed last year with 79 active counters. Nine companies are suspended. The year saw only one debt instrument listing and no new company listing. *(Herald)*

The European Union eased sanctions on Zimbabwe on Monday to reward it for political reforms and also agreed to lift sanctions on a state-run Zimbabwe diamond mining company if the country holds fair elections. A spokesman for Zimbabwe President Robert Mugabe's ZANU-PF party criticized the EU's step, saying in Harare that the partial lifting of sanctions was "outrageous and preposterous". The EU imposed the penalties in 2002 in protest at human rights abuses and violations of democracy under Mugabe's rule. It reviews the sanctions annually and in recent years has eased them to encourage reforms being pursued by Zimbabwe's four-year-old coalition government, in which Mugabe shares power with his political rival, Prime Minister Morgan Tsvangirai. EU foreign ministers, meeting in Brussels, suspended a travel ban on six unnamed members of the Zimbabwe government and removed 21 unnamed people and one company from the list of those subject to travel bans and asset freezes. The ministers hammered out a compromise on whether to remove from the same list the state-run Zimbabwe Mining Development Corporation (ZMDC), which operates five diamond mines in Zimbabwe's rich Marange fields. Belgian Foreign Minister Didier Reynders said ministers had agreed the EU would lift sanctions on ZMDC within a month of the Zimbabwe election unless all member states agreed "the election have not been peaceful, transparent, credible or they have reasonable grounds to believe ZMDC has been involved in activities undermining democracy during the election." Tsvangirai said this month he expected presidential and parliamentary elections in July. Belgium, home to the world's biggest diamond trading centre in Antwerp, had pushed for ZMDC to be freed from sanctions but countries such as Britain, Zimbabwe's former colonial ruler, had opposed its immediate removal from the list. The EU said its decision followed agreement between political parties in Zimbabwe on a draft constitution and the announcement of a March referendum on the constitution. "This step forward ... adds further momentum to the reform process and paves the way for the holding of peaceful, transparent and credible elections later this year," a EU statement said. ZANU-PF spokesman Rugare Gumbo criticized the EU's move. "Our position is that the partial lifting of the ban on either individuals or companies is outrageous and preposterous," he told Reuters in Harare. "We don't accept any conditional lifting of these illegal sanctions. We don't expect it to be piecemeal, that is nonsensical as the sanctions are illegal anyway. This is mischievous and it does not answer the question of why they were put in the first place," he said. Prior to Monday's decision, 112 individuals, including more than 20 ZANU-PF members of the government, and 11 companies were on the EU sanctions list. An EU diplomat declined to identify those officials suspended from the travel ban, but did name the company removed from the list as Divine Homes. The EU said last year ZMDC was "associated with the ZANU-PF faction of government". The sanctions ban financial transactions with the firm from Europe and freeze any assets it may have in Europe. The Marange diamond fields have been notorious for violence, with New York-based Human Rights Watch alleging in a 2009 report that Zimbabwe's military killed more than 200 people in a takeover of the fields in late 2008. Belgium argued that the situation in Marange has completely changed and sanctions on ZMDC were no longer justified. Global Witness, an organization which campaigns against violence and corruption linked to minerals, said last week it opposed Belgium's move to lift sanctions on ZMDC. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe's state utility ZESA said it had started paying a $70 million debt to Zambia, a necessary step before the two nations can embark on a joint 1,600 megawatt hydroelectric plant, which could help relieve a power shortage. The two southern African countries have started preliminary work on the Batoka power project, estimated to cost $2.5 billion, and expected to be built and operated by a private company for a period of years before transferring ownership to the two states. Zimbabwe, which currently generates just over 1,000 MW of power or about half of peak demand, has struggled to get funding for new projects to expand capacity, largely due to concerns about President Robert Mugabe's handling of the economy. The resulting power shortage has paralysed mines and industries. ZESA Chief Executive Elijah Chifamba told a parliamentary committee hearing the utility had started making payments to Zambia to clear the debt incurred when Zimbabwe sold off assets of a disbanded power firm jointly owned by the two countries to run hydroelectric plants at the Kariba dam. Chifamba said Zimbabwe will have paid $40 million to the Zambians by the end of March. "Zambians needed to see first that we were committed to settling that debt and to demonstrate that we are bona fide partners before they could actually enter into the Batoka project," he said. "Because we have done so, that has unlocked the project." Chifamba said ZESA, which is owed $740 million by non-paying customers, was struggling to raise long-term finance to fund The utility signed a $400 million deal with Chinese hydropower engineering firm Sinohydro in December to expand its Kariba hydroelectric plant by 300 megawatts. Zimbabwe is in discussions with Export-Import Bank of China over funding the expansion. Zimbabwe has licensed several independent power producers, but analysts say it is unlikely to attract significant foreign investment due to Mugabe's drive to force foreign firms, including mines and banks, to turn over 51 percent ownership stakes to locals under a black economic empowerment law. *(Reuters)*

THE Securities Commission of Zimbabwe (SECZ) has registered three transfer secretaries amid indications that most in-house scrip registrars have refused to meet regulatory requirements. This comes at a time when the commission has de-registered and ordered Regatta Transfer Secretaries to transfer its register to registered entities. The firm which manages the share register for CFI, Turnall, NicozDiamond and General Beltings did not meet the minimum capital requirements. According to a notice issued by the capital markets regulator yesterday, in-house transfer secretaries for companies listed on the Zimbabwe Stock Exchange did not meet the December 31 deadline to register with the commission. ECZ licensed the largest transfer secretaries, First Transfer Secretaries, Corpserve and ZB Transfer Secretaries – after the firms met the $150 000 net asset threshold. This means that the companies' total assets, excluding their liabilities, exceeded the threshold. It is understood that unregistered in-house transfer secretaries, Innscor Transfer Secretaries, Radar Investments and Apex Management, have in recent years approached the commission arguing that there was no provision in the Securities Commission Act to licence them. They reportedly argued that they were representing their respective holding companies and were essentially acting as their corporate secretaries, a position the commission opposes. ZB Transfer Secretaries is a unit of financial services group ZB Financial Holdings. The share registry firm also manages registers of other listed institutions like Kingdom Financial Holdings, CBZ Holdings, Ariston Holdings, Mashonaland Holdings, Interfresh, Meikles, Falcon Gold, Zimre Holdings and Fidelity Life Assurance. Last year SECZ announced it had registered three transfer secretaries to provide share registry services to over 70 companies on the local bourse, leaving four of them unlicensed. SECZ, in a public notice, said investors should not deal with unregistered firms, but investigations by this newspaper indicated that the companies were still conducting business as usual. Last year Radar Holdings Limited said the industrial concern had engaged the capital markets regulator over the issue, but maintained that Radar Investments, a unit of Radar Holdings, was offering share registry services to Border and Radar and that it was not "in the share transfer business". "Radar Investments (Pvt) Limited is the formal registered secretary of Radar Holdings Limited," Radar managing director Elias Hwenga said. "As such it is not in the share transfer business, but discharges its statutory obligation as company secretary to register share transfers between shareholders. "It discharges its statutory obligation for free (with) all the costs being borne by Radar Holdings Limited. We regret we cannot disclose our discussions with the SECZ to the Press." *(News Day)*

Disclosures Appendix

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