SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	19-Apr-13	26-Apr-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,627.57	8,718.40	1.05%	8.54%	16.09%	17.65%
Egypt	CASE 30	5,268.43	5,225.24	-0.82%	12.75%	-4.34%	-4.30%
Ghana	GSE Comp Index	1,778.07	1,797.03	1.07%	1.14%	49.79%	47.01%
Ivory Coast	BRVM Composite	191.84	194.12	1.19%	-4.34%	16.53%	8.57%
Kenya	NSE 20	4868.29	4785.40	-1.70%	-1.90%	15.78%	20.10%
Malawi	Malawi All Share	6,334.73	6,335.40	0.01%	48.35%	5.32%	26.31%
Mauritius	SEMDEX	1,904.41	1,900.18	-0.22%	-2.17%	9.71%	9.89%
	SEM 7	378.88	377.28	-0.42%	-2.36%	11.86%	12.04%
Namibia	Overall Index	908.00	931.00	2.53%	12.91%	-5.60%	-2.72%
Nigeria	Nigeria All Share	32,993.97	33,159.10	0.50%	1.17%	18.09%	17.94%
Swaziland	All Share	284.32	284.32	0.00%	10.93%	-0.47%	2.87%
Tanzania	DSEI	1,532.98	1,533.88	0.06%	3.42%	3.25%	5.25%
Tunisia	TunIndex	4,584.22	4,575.20	-0.20%	-0.94%	-0.10%	-3.95%
Zambia	LUSE All Share	4,135.59	4,204.61	1.67%	10.80%	12.87%	19.80%
Zimbabwe	Industrial Index	188.63	188.94	0.16%	0.16%	23.98%	23.98%
	Mining Index	67.17	71.00	5.70%	5.70%	9.03%	9.03%

CURRENCIES

Cur-rency	19-Apr-13 Close	26-Apr-13 Close	WTD % Change	YTD % Change
BWP	8.11	8.07 -	0.52	5.42
EGP	6.88	6.91	0.41	14.10
GHS	1.87	1.95	0.63	2.61
CFA	502.67	503.24	0.11	1.59
KES	82.35	82.48	0.16 -	3.64
MWK	397.02	393.71 -	0.84	22.65
MUR	29.91	29.93	0.08 -	2.03
NAD	9.05	8.98 -	0.86	5.94
NGN	157.35	156.78 -	0.36	0.43
SZL	9.07	156.78 -	0.85	6.41
TZS	1,596.91	1,590.80 -	0.38	1.00
TND	1.60	1.60	0.23	3.47
ZMW	5.32	5.34	0.34	3.03

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Egypt's largest steel producer, Ezz Steel, said it expects its profit to increase in 2014 thanks to a new sponge iron factory that should shave $50 to $100 off the cost of each tonne of iron it produces. "We are working on increasing the firm's profitability from each tonne of steel," said Kamel Galal, Ezz Steel investor relations manager. This they will do by replacing scrap iron in its manufacturing process with direct-reduced iron (DRI), also known as sponge iron, which it will make at a 1.8 million tonne-per-year plant it is due to bring on line in the second half of 2014. This will save the company $50 to $100 for each tonne of steel it makes, Galal told Reuters in an interview. Ezz Steel hopes this will raise profits at its factories to the same level of its profitable Ezz Dekheila subsidiary, whose net profit reached 466.5 million Egyptian pounds ($67.6 million) in 2012, he said. Ezz Steel, which owns three factories in addition to its Dekheila plant, has yet to release its full financial results for 2012. The four plants have a total rebar and flat steel capacity of 5.8 million tonnes. Ezz Steel reported a net loss of 110.05 million pounds for the third-quarter of 2012 compared to a net profit of 264.73 million pounds a year earlier. Galal expected that its fourth-quarter earnings, to be announced in two weeks, would be better than the previous quarter. Ezz Steel has completed 80 per cent of the construction of the new DRI factory, at Sokhna Port near Suez, but has asked banks for additional funding after costs rose to 3.5 billion pounds from 2.7 billion pounds, Galal said. "We are renegotiating now with banks led by the National Bank of Egypt to help in the financing after a rise in interests rates and the exchange rate of the dollar increased costs," he said. "We are at the end of negotiations and close to signing with banks to increase the loan to 2.6 billion pounds from 2.2 billion." The Egyptian pound has slid by more than 15 percent against the dollar since the 2011 popular uprising that toppled Hosni Mubarak, scaring away tourists and investors. The government has also turned to domestic banks to finance a burgeoning budget deficit. Over the past few years it has also raised energy prices for heavy industries such as cement, steel and brick makers. "For sure the price rise affected the production cost. Electricity prices rose to 0.33 pounds per kilowatt hour from 0.20 pounds in 2008, while natural gas prices rose to $4 for each million BTUs now from $1.25 in 2008," Galal said. The country's fraught political climate since the uprising has weighed heavily on Ezz's operations. An Egyptian court ruled in September 2011 to withdraw the firm's sponge iron factory's license, but Ezz recovered the licence in November. The court also sentenced its former chairman and founder Ahmed Ezz to 10 years in jail and fined him 660 million pounds for corruption. *(Reuters)*

Revenue from Egypt's Suez Canal rose 6 percent to 2.751 billion Egyptian pounds in March compared to the previous month, the Suez Canal Authority said on Saturday. Revenue in February was $375.3 million. In March 2012 it was $428 million. The waterway is one of the country's main sources of foreign currency, alongside tourism, oil and gas exports and remittances from Egyptians living abroad. *(Reuters)*

Italian oil and gas group Eni said on Monday it was awarded a deep-water exploration block in the eastern Mediterranean of Egypt. Eni said its local affiliate IEOC will operate the Block 9 with an equity stake of 100 percent. This acquisition consolidates Eni's position in the country, where it has been present since 1954, it said, adding it is currently the largest foreign energy player in Egypt. *(Reuters)*

Economic News

The International Monetary Fund and Egyptian officials said on Sunday they were working to reach a deal on a proposed $4.8 billion loan in "coming weeks," citing progress in weekend talks in Washington. "Work will continue with the objective of reaching agreement on an IMF stand-by arrangement to support the authorities' national economic program in the coming weeks," IMF Managing Director Christine Lagarde and Egyptian finance officials said in a joint statement. The talks, held on the sidelines of twice-yearly meetings of the IMF and World Bank, included Egypt's central bank governor, Hisham Ramez, Finance Minister Al-Mursi al-Sayed Hejazy, and Planning Minister Ashraf El-Araby. The statement said Egypt was "firmly committed to addressing its economic and financial challenges with the objective of restoring sustained and socially balanced growth, and they are already taking encouraging actions in this direction".

Egypt's economy has deteriorated since street protests in 2011 led to the overthrow of former President Hosni Mubarak. Tourism and investment have shriveled and the budget deficit has risen sharply, while foreign currency reserves have shrunk. An IMF deal would help shore up investor confidence and ensure the country is tackling problems in its economy. The deal would include the gradual reforms of costly fuel subsidies, that swallow about 21 percent of the budget or 12 percent of gross domestic product. Lagarde told a news conference last week that IMF and Egyptian officials were working to "align" more economic data. *(Reuters)*

Egypt's bourse resumed trading on shares of Orascom Construction Industries (OCI) after the firm responded to the stock exchange's inquiries over an ongoing tax dispute with the government. Construction giant OCI stated that its $2 billion tax dispute with the Egyptian Tax Authority is in progress and more details would be revealed over the coming days. OCI is accused of tax evasion worth some LE14 billion (roughly $2 billion) from the sale of a subsidiary to La Farge in 2007 for $12 billion. *(Egypt.com)*

Egypt aims next month to issue a schedule of gradual rises in the subsidised prices various industries pay for fuel, to bring them near to world levels in four years, its trade and industry minister said. A reduction in energy subsidies is widely seen as an important step towards allowing Egypt to secure a $4.8 billion loan from the International Monetary Fund (IMF) to shore up its finances. Egypt spends around a fifth of its budget on fuel subsidies, and the government is under pressure to reduce them to plug a deficit that has mushroomed since the popular uprising that ousted Hosni Mubarak in early 2011. A growing population and a falling currency are expected to push the energy subsidy bill to more than 120 billion Egyptian pounds ($17.4 billion) in the financial year that ends in June. Trade and Industry Minister Hatem Saleh said the government has been negotiating with industry leaders on the plan to increase prices. "A very big dialogue is taking place with the Federation of Industries. I expect that within a week or two we will bring in the petroleum minister, and there will be a protocol so that the direction is clear for everyone," he said in an interview. The protocol will set dates for increases in the price different industries pay for natural gas, diesel and fuel oil. "Some industries will continue to be supported and will not reach world prices. They will be subsidised. These are labour-intensive industries and strategic industries that have an impact on poor people, such as basic food industries, basic commodities." In February, the government raised the price of fuel oil, which is widely used in energy-intensive local industries, to 1,500 Egyptian pounds per tonne from a previous 1,000 pounds. It also increased prices of natural gas and diesel for some industries by 50 percent, industry sources said at the time. "Within four years, we will approach world prices, especially energy intensive industries," Saleh told Reuters. Egypt, which used to be a significant gas exporter, has struggled to pay for energy imports since the uprising drove away investors and tourists, two main sources of foreign currency. It has paid for energy imports partly by drawing down foreign reserves, borrowing from foreign governments and delaying payments to oil companies operating in Egypt. Foreign reserves dropped to a critical level of $13.4 billion in March - insufficient to cover three months of total imports. The government has said it will start rationing state-subsidised motor fuel in the second half of 2014. Farmers say they are concerned about a shortage of diesel to power irrigation pumps and tractors for the harvest season which may hinder this year's wheat crop. *(Reuters)*

Ghana

Corporate News

Oil production from Ghana's offshore Jubilee field ranged between 110,000 and 115,000 barrels a day over the last 3 months, just short of the expected production plateau capacity, lead operator Tullow Oil said on Tuesday. Ghana joined the roster of African oil producing countries when it began production from the Jubilee field in December 2010, with reserve estimates of up to one billion barrels. Tullow set plateau production of 120,000 barrels for 2011 and later to mid 2012, but missed both targets because of underperformance at the wells. "The field is currently doing between 110,000 and 115,000 barrels a day," Dai Jones, president of the UK energy company's Ghana operations, told Reuters on the sidelines of an oil and gas conference in Accra. Jones said Jubilee has produced about 62 million barrels of oil since its start-up, adding that the field's response to the remedial work had been encouraging. Tullow holds a 35.5 percent stake in the field. Other stakeholders are Ghana's state-run GNPC with 13.6 percent, investment group Kosmos with 24.1 percent, Anadarko Petroleum Corp with 24.1 percent and Sabre/PetroSA with 2.7 percent. Jones said gas from the Jubilee field was being reinjected into the undersea reservoir pending the completion of a pipeline infrastructure to ferry the gas ashore. Work on the project, being carried out by Sinopec, includes a gas processing that was expected to be complete last year, but has now been rolled over to December. Ghana is hoping to produce around 140 million cubic feet of natural gas daily from the Jubilee field to generate power and for export to neighbouring countries. Jones said Tullow is awaiting approval from the Ghanaian authorities to begin the development of a second field, TEN, and hopes to pump the first oil in the second quarter of 2016. TEN comprises the Tweneboa, Enyenra and Ntomme deep water fields near Jubilee, with reserves estimated at 300 million to 500 million barrels at about 76,000 barrels daily, he added. *(Reuters)*

Citi Business News has gathered that International Commercial Bank (ICB) Ghana has been taken over by First Bank of Nigeria. According to sources close to the deal, due diligence for the takeover was completed in December and the deal proper was sealed in January this year. Though it is unclear when the bank's branding will be changed to that of First Bank, Citi Business News has learnt it may be done before the end of the year. International Commercial Bank Ghana is part of a Group which comprises a network of twelve banks spread through three continents; Asia, Eastern Europe and Africa. It commenced operations in Ghana in 1996. The bank's business focus is on the provision of financial services to small and medium-sized enterprises within the economy. Its acquisition by First bank is expected to lead to the birth of one of the biggest SME's banks in the country. First Bank was rated the most valuable Nigerian bank two years ago as well as the best retail bank last year. In 2012, the Brand Finance Banking League tables rated it in the top 500 most valuable banking brands worldwide. *(Ghana Web)*

HFC Bank Ltd. (HFC), a mortgage lender which has gained 18 percent this year, plans to focus on giving advances to small- and medium-sized businesses while slowing the pace of loan growth. Lending will rise 40 percent this year from 60 percent in 2012 in a bid to curb impairment charges, Managing Director Asare Akuffo said in an interview in Accra, the capital, today. Loan losses more than doubled to 5.6 million cedis ($2.8 million) last year, he said. Small and medium-sized companies are "a more sustainable source of income for the bank," he said. HFC's mortgage portfolio remains important and "could grow faster this year on new housing developments," Akuffo said. Ghana's $35 billion economy is forecast to expand 8 percent this year, according to the Finance Ministry. Banks have boosted lending as companies look to grow in the country, which started production of oil for export in December 2010. The Ghana Stock Exchange's gauge of financial shares has jumped 53 percent this year, beating a 49 percent gain in the composite index. As many as 70 percent of Ghanaian companies are considered small- or medium-sized, Yaw Adu-Koranteng, research analyst at Accra-based NDK Financial Services Ltd., said by phone. "These businesses provide essential services that may not require very skilled labour." The Association of Ghana Industries classifies a small company as having five to 30 employees and a medium- sized operation as 30 to 100 workers. HFC's profit increased 41 percent to 15.4 million cedis last year while net interest income, the money banks make from lending rose to 45.5 million cedis from 39.7 million cedis, it said today. Loans to customers advanced 60 percent to 330.2 million cedis. The company's shares were unchanged at 53 pesewas by the close in Accra. *(Bloomberg)*

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Economic News

Ghana's fiscal overrun in 2012 has led to renewed concerns about the country's budgetary weaknesses and the sustainability of Ghana's public finance. In particular, the 2012 excesses have helped to entrench the pattern of a "4-year political economy cycle" of fiscal indiscipline which is not healthy for the market - especially in anchoring medium term macroeconomic risk expectations to the downside. We have been making a case for fiscal reforms that will overhaul the budgetary process and re-align expenditure more favorably to the productive sectors of the economy; and we think these reforms are urgent if the country is to attract long term capital at lower interest rates. There is certainly the need for government to streamline its expenditure even if revenue enhancement is anticipated. While a short-term significant contraction in deficit to below 9% will be difficult in lieu of the stress on Ghana's fiscal accounts - and a gradual approach is welcome; going forward, we expect the government to adopt some policy measures, including the under listed, if medium-term fiscal credibility is to be restored. * An implicit target on expenditure growth as a percentage of GDP, where revenue growth will be higher than expenditure growth in a given period. * An explicit adoption of fiscal rules that will put a cap on deficit spending or a debt ceiling, which can only be waived by Parliamentary approval. * Restructuring of the public debt profile - especially lengthening the yield curve to reduce borrowing pressures on the money market, and improving macroeconomic stability to enhance the issuance of Sovereign Debt. For our investors, the GH¢8b deficit financing needs outlined in the 2013 budget implies that interest rates for Ghana are likely to remain high at least in the short-term. Unless government issues medium-term government securities which are open to foreign participation, domestic savings is not sufficient to absorb the financing needs of government in 2013 - and we are inclined to believe that money market yields will remain above 15% throughout the year, and probably above 20% in the second quarter. This trend may be further worsened by the inflation outlook in 2013; as the new revised inflation basket combined with energy and utility price hikes as well as public sector wage challenges could entrench inflation in double digits. Clearly, shifting the attention of investors to medium term notes is critical in lowering interest rates for Ghana - and would be less harmful for the economy in the short-term. Accordingly, our view is that the yield on the 91-day and 182-day treasury bills could decline marginally, but at the expense of medium term borrowing. Overall, investor interest in the country is expected to remain strong, as Ghana remains a stable democracy and GDP growth is expected to average 7-8% on hydrocarbon discoveries. .*(Ghana Web)*

Ghana's annual producer price inflation rose to 10.7 percent year-on-year in March from 9.1 percent in February, the West African country's national statistics office said on Wednesday. Producer price inflation is an advance indicator of consumer price inflation, which the government wants in the single digits. CPI rose to a fresh nearly-three year high of 10.4 percent in March from 10.0 percent the previous month. *(Reuters)*

The Bank of Ghana said on Thursday that the yield on its 91-day bill fell to 22.9667 percent at an April 22 auction from 22.9697 percent at the last auction. The Bank said it accepted 357.44 million cedis of the 381.57 million cedis worth of bids tendered for the 91-day paper.

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TRADING

Kenya

Corporate News

Kenyan media company Standard Group posted a 14 percent rise in full-year pretax profit on increased circulation and advertising, and was positive on this year's prospects after presidential election passed off peacefully. The publisher of Kenya's oldest and second-largest daily, The Standard, and operator of a TV and radio station, said profit rose to 265 million shillings on revenue up 14 percent at 3.6 billion. The company said it would pay no dividend, as in 2011, in order to fund its investment plans. The firm also said it expects to improve its performance and expand the business this year, but gave no further details. Business activity would also improve after the peaceful polls on March 4. Kenya was gripped by widespread violence following a disputed ballot five years ago. "The peaceful conclusion of elections ... is expected to contribute significantly towards economic growth," the company said, adding that the country's projected growth of 5 percent this year would underpin its growth. "Barring unforeseen factors, the board is cautiously optimistic that the growth momentum will be sustained in the current year and that projected group results will be realised." Despite growing usage of the Internet in Africa, traditional media like newspapers are still a profitable business. Standard Group's bigger rival, Nation Media - publisher of the country's top-selling newspaper titles - said 2012 profit rose by a quarter, largely on higher advertising. Nation, which also operates radio and television stations in east Africa, reported pretax profit of 3.5 billion shillings in 2012. *(Reuters)*

Kenya Reinsurance Corp posted a 45 percent jump in full-year pretax profit to 2.9 billion shillings, reflecting growth in investment income and gross premiums that outpaced claims paid out. The reinsurer said gross premiums rose 20 percent to 7.9 billion shillings in 2012, while investment income nearly doubled to 2.6 billion. The growth in revenue and profit beat the firm's forecast of between 15 and 20 percent. Gross claims rose by a third to 4.2 billion shillings, while earnings per share rose to 4.00 shillings from 2.74 shillings. Its total assets rose to 23.78 billion shillings from 19.3 billion at the end of 2011. *(Reuters)*

Economic News

Kenya's tax revenues in the first nine months of this fiscal year rose a below-target 12.4 percent versus last year but should grow more after last month's presidential election passed off peacefully, the tax agency said. The Kenya Revenue Authority (KRA) said on Friday it collected tax amounting to 560.4 billion shillings from July-March, compared with 498.6 billion shillings a year earlier. That meant a shortfall of up to 25.6 billion shillings compared with its target for the year, it said. Tax revenue growth slowed sharply in the month ahead of the March 4 presidential and legislative elections, the data showed. Business activity slowed ahead of the poll amid fears that nationwide violence that followed a disputed ballot five years ago would be repeated. Revenue growth in March itself was also subdued, increasing just 6 percent compared with a rise of 25 percent in January. "(Revenue growth) is expected to improve as a result of continued interventions to address loopholes and as business activities pick up following the conclusion of the general elections," John Njiraini, the KRA commissioner general, said in a statement. The Treasury had set KRA a target of 881.2 billion for the full fiscal year ending June 30. *(Reuters)3*

The Kenyan shilling opened steady on Monday with traders expecting it to gain from offshore investors buying into Treasury bonds on sale this week. At 0731 GMT, commercial banks quoted the shilling at 83.80/84.00 per dollar, barely changed from Friday's close of 83.85/84.05. "The biggest factor this week is the bond auction. A lot of dollar inflows are expected from that," said Sheikh Mehran, a senior trader at Kenya Commercial Bank. "We saw some foreign sellers in the market from mid last week and we expect that to continue." The central bank is scheduled to auction five-year and 15-year Treasury bonds worth up to 25 billion shillings on Wednesday. Investors have piled into Kenyan assets in recent weeks after the country held a peaceful presidential election on March 4, a contrast to the previous poll five years ago that resulted in post-election violence after the results were disputed. Yields on government securities rose in the run-up to the vote because of concerns about a repeat of the unrest of 2008. The shilling has firmed 2.7 percent so far this year mainly due to the calm vote. "We expect some end-month (dollar) demand this week but inflows into the bond sale might support the shilling," said a trader at one commercial bank. *(Reuters)*

The average price of Kenya's top grade Broken Pekoe Ones tea rose to $3.43 per kg at auction from $3.38 at the previous sale, leading trader Africa Tea Brokers (ATB) said on Tuesday. The east African economy is the world's leading exporter of black tea, which is a major source of foreign exchange, earning 112 billion shillings last year. Grade Best Broken Pekoe Ones (BP1) sold at $3.00-$3.86 per kg at the auction, compared to $2.80-$3.96 at the previous sale, ATB said. Best Pekoe Fanning Ones (PF1) sold for $260-$316, compared to $2.58-$3.18. ATB said there was better demand for the 150,771 packages on sale, with 14.86 percent left unsold. At the last sale, 19.8 percent of the 140,689 packages offered were not sold. ATB said Afghanistan lent strong support while Yemen and other Middle Eastern countries were quite active. There was more interest from Pakistan Packers, Bazaar, UK, Kazakhstan (CIS), Russia and Sudan. Egyptian packers showed some enquiry with Iran also operating in the market, ATB said, adding that Somalia was more active. *(Reuters)*

The Kenyan shilling was steady on Thursday, with traders expecting it to strengthen because of foreign investors selling dollars to pay for Treasury bonds auctioned in the previous session. At 0822 GMT, commercial banks quoted the shilling at 83.65/85 against the dollar, the same level it closed at on Wednesday. "Demand (for dollars) is muted for now, but we expect to see offshore investors coming in to sell dollars today and tomorrow before the payments fall due on Monday," said Julius Kiriinya, a trader at African Banking Corporation. The central bank auctioned five- and 15-year bonds worth a total of 25 billion shillings on Wednesday. It received bids worth 56.6 billion shillings and accepted 35.8 billion shillings. "Most of these bids were from offshore people looking for good rates in Kenyan debt," said Robert Gatobu, a trader at Bank of Africa. "The shilling could firm on these flows." Demand for Kenyan assets has increased since the March 4 presidential election, which went off peacefully, in contrast to a disputed vote five years ago that was followed by violence in which 1,200 people died. The shilling has firmed 2.9 percent so far this year, mainly due to the calm presidential vote. The central bank said it was in the market on Thursday to mop up 10 billion shillings via repurchase agreements. The bank has actively soaked up liquidity since last year to support the shilling by making it slightly more expensive to fund long dollar positions. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's headline consumer inflation slowed to 36.4 percent year-on-year in March from 37.9 percent in February mainly because of a decline in food prices, data on the National Statistical Office's website showed on Monday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

The weighted yield on Mauritius' 182-day Treasury bills fell to 2.30 percent at an auction on Friday, from 2.34 percent at a previous sale on March 8, the central bank said. The Bank of Mauritius sold all the 800 million rupees worth of bills on offer. Investors put in bids worth 1.150 billion rupees for the bills at yields ranging from 2.60 to 2.25 percent. The bank rate posted was 2.32 percent. *(Reuters)*

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Nigeria

Corporate News

Guaranty Trust Bank Plc (GTBank) said its profit before tax grew by 16.85 per cent in the first quarter of 2013, to N28.49 billion, from the N24.38 billion realised in the comparable period of 2012. GTBank's results also showed that its gross earnings climbed by 20.83 per cent to N63.57 billion in the period under review, as against the N52.62 billion it was in the first quarter of 2012. The bank's non-performing loan ratio was also low at 2.8 per cent, just as it reported shareholders' funds of N307.95 billion for the period. Commenting on the results, Managing Director/Chief Executive Officer, GTBank, Mr. Segun Agbaje said the financial institution was committed to positioning itself as the bank of choice for Nigerians and would continue to uphold the values of discipline, hardwork, excellent service quality and professionalism in all its operation. He further stated that the bank's positive 2013 first quarter results was due to customer loyalty, staff passion, a defined strategic plan and a supportive board. Agbaje also added that barring any unforeseen development, the bank will maintain this performance for the rest of the 2013 financial year. GTBank has experienced tremendous growth since its inception in Nigeria in 1990 and presently has growing operations in Cote d'Ivoire, Gambia, Ghana, Liberia, Sierra Leone and the United Kingdom due to its ability to exhibit an in-depth understanding of these markets. *(This Day)*

The Nigerian Unit of South Africa's MTN said on Monday it will sign a $3 billion (470 bln naira) loan with a consortium of banks. The telecom operator said in an invitation to the signing that the medium-term facility will be signed on Tuesday. MTN officials declined to give details of which banks are involved or what the money is to be used for. MTN has been borrowing to upgrade its network in Nigeria, as competition hots up in its most lucrative African market. *(Reuters)*

Stanbic IBTC Holdings, a member of Standard Bank Group, has declared a profit before tax of N11.7 billion for the financial year ended December 31, 2012, indicating an increase of 16 per cent over the N10.1 billion recorded in the corresponding period of 2011. The results released to the Nigerian Stock Exchange (NSE) Monday showed that its profit after tax rose to N10.2 billion, translating to an increase of 53 per cent over the prior year's N6.6 billion. Gross earnings, which stood at N63.4 billion in 2011, increased to N91.9 billion in 2012, signifying a growth of 45 per cent. The firm's total assets increased to N676.8 billion last year, 22 per cent up from N554.5 billion recorded in 2011. Commenting on the results, the Chief Executive Officer, Stanbic IBTC Holdings Plc, Mrs. Sola David-Borha, said the performance is indicative of the soundness of the group's decision to adopt a holding company structure in line with its strategy to provide end-to-end financial services and build a franchise capable of generating sustainable and respectable returns to its stakeholders. "This performance is a testament of the credibility of our strategy to realise our objective of being the leading end-to-end financial solutions provider in Nigeria. We continue to assess our risk assets through our robust and systematic risk management practices, whilst ensuring that adequate provisions are made for unforeseen shocks in line with the operating environment," she said. According to her, the group continued to expand its business on the back of growth in transactional volumes and activities, money and capital market activities and loan book. "Deposits from customers increased by 24 per cent, while our loan book grew by five per cent despite the sell down of existing large performing exposures to enable us comply with the post restructuring single obligor limit," she said. Meanwhile, trading at the stock market closed on a positive note in the first day of the week as the NSE All-Share Index rose by 0.29 per cent to be at 33,090.04. *(This Day)*

Mobil Producing Nigeria Unlimited (MPN), operator of the Nigerian National Petroleum Corporation (NNPC) and MPN Joint Venture, has signed a Seller's Representative Agreement (SRA) for the Qua Iboe Power Project, located at Mobil's Qua Iboe terminal in Akwa Ibom State. The proposed power project includes the construction of a 500megawatt-capacity power plant as well as a 56-kilometre transmission line connecting the plant to the national grid at Ikot Abasi, also in the state. MPN's General Manager in charge of Public and Government Affairs, Mr. Paul Arinze, said in a statement last night that the signing of the SRA was "a critical part of the overall commercial framework that enables MPN to undertake power activities and facilitates the sale of power by MPN to Nigerian Bulk Electricity Trading Plc for itself and on behalf of the NNPC." Also speaking on the agreement, the Managing Director of Mobil Producing Nigeria, Mr. Mark Ward, said the project "is a tangible demonstration of MPN's commitment to Nigeria and supports the president's priority of providing electricity to the country." According to the statement, Front End Engineering Design (FEED) and Environmental Impact Assessments (EIAs) for the project had been concluded, while commercial tenders for Engineering, Procurement and Construction (EPC) were near completion. Mobil Producing Nigeria awarded the Front End Engineering Design contract for the project in September 2009 and performed the ground-breaking in March 2010. FEED is the conceptual process of development and design for large industrial projects such as power plants. The Power Plant will provide 330kV export power to the national grid. *(This Day)*

The operations of MTN Nigeria have received a boost as the telecommunications firm has secured a N470 billion (about $3 billion) loan facility from a consortium of local and international banks. The facility, which would enable the company further expand, modernise and improve its network infrastructure comprises $1.8 billion in additional facilities and $1.2 billion of an existing restructured local facility. The banks that gave out the facilities include: Zenith Bank (N55 billion), Guaranty Trust Bank (N40 billion), First Bank (N40 billion) and Access Bank (N35 billion). Speaking at the signing ceremony in Lagos, Tuesday, the Chief Executive Officer, MTN, Mr. Brett Goschen, said securing the facilities signified another strategic collaboration between MTN Nigeria and local and international financial institutions. He commended the participating financial institutions for passing a vote of confidence in MTN, noting that the loan showcased the strength of the Nigerian financial institutions and their ability to stimulate significant economic growth in the nation. According to him, the collaboration would further drive the growth and deepen the telecommunications services in Nigeria. Goshen added that with a relatively low mobile penetration, sound economic growth, lower cost of ownership for consumers and the insatiable demand for data services, there is still ample room for further growth in the sector. "The restructured and additional facilities will enable us continue with the aggressive investment in our network," he said. He explained that the company invested $1.6 billion in 2012 and was investing about $1.5 billion in 2013, saying that enhanced network quality was the key focus of MTN. The MTN boss disclosed that the new deal was the sixth of such strategic partnerships which MTN had entered into. According to him, other notable ones include a facility of $170 million Commercial Paper Facility secured by the company in 2002 and $395 million Medium Term Facility in 2003. He stated that the 2003 deal was the largest African telecoms funding deal to close outside of South Africa at the time and won Project Finance magazine's "African Telecoms Deal" for that year. Speaking on behalf of the banks, Deputy Managing Director of First City Monument Bank (FCMB) Plc, Mr. Segun Odusanya, said the financing would see the telecoms sector witness another round of development. He stressed that FCMB was happy of being part of the deal. *(This Day)*

In line with its determination to contribute to the growth of the Nigerian economy through increased lending, Guaranty Trust Bank (GTBank)Plc will grow its loans by 20 per cent in the current financial year. The bank recorded net loans of N784 billion in the 2012 financial year, showing about 11 per cent growth over the previous year's level. However, the Managing Director/Chief Executive Officer of GTBank, Mr. Segun Agbaje, said in Lagos Tuesday the loans would see a growth of 20 per cent this year. Speaking to journalists on the 2012 performance of the bank and outlook for 2013, Agbaje noted that GTBank would create more quality risk assets in the year. According to him, the bank would also boost its retail banking operations by increasing its branches by 45 this year. Another major target going forward is to increase its retail customer base from 4.4 million to 10 million by 2016. He said in consolidating its leading position in the industry, the bank would continue to drive its operations through retail focused products and making the customer the central focus. Having groomed its African fanchise into profitable businesses, Agbaje said the next focus of the bank in the future would be the Eastern part of Africa suchs as Kenya, Uganda and Tanzania. The GTBank boss declared that the overall aspiration of the bank is to be one of the top three banks in terms of absolute profitability by 2013. According to him, already GTBank has been a leader in Nigeria in terms of profitability and return on equity(ROE). While the ROE was 23.6 per cent in 2012, it rose to 33 per cent in 2012. He disclosed that apart from Nigeria, GTBank also led other banks in Africa in 2011 in terms of ROE and was second among banks in the BRIC and other peer countries. *(Reuters)*

Nigeria's Dangote Cement said its 2012 pre-tax profit rose 19 percent to 135.64 billion naira, compared with 113.77 billion naira a year earlier. Nigeria's biggest capitalised company said revenue jumped to 298.45 billion naira from 241.41 billion naira the previous year. It proposed a 3 naira per share dividend, compared with 1.25 naira per share dividend in the previous year, plus one bonus share for each 10 held the previous year. Dangote Cement pre-tax profit was however short of the 143 billion naira projected for the period by the company. The company had last year forecast improve profitability based on increase sales and improvement in gas supply to its plants. *(Reuters)*

Economic News

Efforts to strengthen and expand Nigeria's weak electricity transmission network would be buoyed by the federal government this year with a total bailout package of N40.6 billion, the Minister of Power, Prof. Chinedu Nebo, has said. Nebo, who disclosed this at the weekend in Abuja, said government had initiated and obtained several bailout funds from sources that include international finance institutions to support maintenance and expansion efforts in the country's transmission network by the Transmission Company of Nigeria (TCN) which had been adjudged bankrupt. He stated that part of these bailout funds include a two-phased $150 million loan facility from the African Development Bank (AfDB) for maintenance and expansion of the transmission network, adding that other sources of funding were simultaneously being explored by the government. Nebo who spoke about government's long-term plan for the TCN, which was currently under a three-year management contract by Canadian firm, Manitoba Hydro International (MHI), admitted that the government was conscious of the deep weaknesses in the country's transmission network, hence the various measures to remedy the situation. "I think we need to look at it from not just that perspective because there is no doubt that cumulative decay and neglect brought together a system that is essentially very near to collapse but this has been strengthened and the government is working very hard to ensure that this is the case. "For instance, the entire $100 million facility from the African Development Bank (AfDB) which is N15.6 billion is going into transmission without one kobo off and so I don't think it is totally right to say that TCN is totally insolvent and neglected. "The government realises that all these years of neglect have led to a situation where transmission which is actually supposed to be the pride of the entire sector have become the weakest link, and it is working in that direction and very soon with these interventions from government by acquiring this facility from the AfDB, we are putting all the money into transmission.

"That is not all, a lot more money is coming in and will be going into transmission too and within this year, we are not talking about something that is still far-fetched. "Government is working hard and yes, you are right to say that it is the weakest and yet the strongest, it is supposed to be the strongest because no matter what you generate, if it is not evacuated or wheeled out to distribution companies, then of course there will be no electricity to the consumers, transmission ought to be the real giant of the entire value chain and government is still holding on it to ensure that the infrastructure is developed buoyantly enough and maybe in the future, one would also think about privatisation." Speaking further on the bailout plan for TCN this year, especially in the light of Manitoba's evaluation of the finances of the company, Nebo said: "In addition to that facility, there is a huge budget which is larger than that, dedicated just to transmission alone and so a significant amount of money will be coming into the system not just to strengthen but expand the transmission network and we are working on that. "I will say that another N25 billion will be put into transmission from the government budget this year and when you add it to the N15.6 billion and other funds that we are trying to gather to strengthen the transmission network because unless that is strengthened, we are going to have problems because if you are attracting companies to generate power and you are not wheeling this power out to distribution company, you will be losing a lot of money." He also gave details of the AfDB loan, saying: "It is a loan and it is $150 million, we have received $100 million and it is kept with the Accountant General of the Federation. It is all going into transmission and as we access and operate this, another $50 million will be released by the AfDB. So, we are talking of a very huge amount of money that will be invested in the transmission network alone within this year." *(This Day)*

Nigeria's President Goodluck Jonathan signed deals on Monday handing over state electricity assets to 15 bidding companies, a milestone in a privatisation process meant to end decades of power blackouts. The handover in a ceremony at the presidential residence came a month after the bidders for 10 generation companies and five distribution companies paid deposits of 25 percent of the value of their bids. Nigeria's dysfunctional state electricity provider is being broken up into 15 firms handling generation or distribution in different parts of the country, with the aim of doing something no Nigerian president has managed for decades: switching the lights on. Despite being Africa's top energy producer with the world's seventh largest gas reserves, Nigeria produces and distributes only enough power for a few hours a day in the places that get it at all. Economists say power outages cost Africa's second biggest economy billions of dollars on imported diesel for generators and in lost output. They say current GDP growth of around 7 percent could be pushed into double figures if electricity supply could be sorted out. Power output is currently about 4,000 megawatts for a country of 170 million people. "Today's event signals a major step forward in the implementation of our power sector road map," Jonathan said. "I congratulate the signing parties for reaching this significant target in our collective efforts to revitalize this sector, which is so important to our lives and development." Previous state sell-offs in Nigeria were blighted by political infighting and graft, which have caused years of delays. Regulators say this process was more transparent. Although it has appeared to favour established Nigerian oligarchs, some of them with scant experience of operating power companies, most have teamed up with capable technical partners like Siemens. World bank officials also signed a credit risk guarantee on a loan from Deutsche Bank's U.S. subsidiary to finance gas supplies to the 1,320 megawatt Egbin Power Plant, which is based outside Nigeria's commercial-hub Lagos, and of which Korea's KEPCO was offered a 70 percent stake this month. *(Reuters)*

The move by the Central Bank of Nigeria (CBN) to stop the printing of lower denominations of the naira in polymer and revert to paper currency has continued to generate mixed reactions from financial market analysts and economists. Most experts, who spoke with THISDAY, described the plan by the central bank as a 'policy summersault' even as they decried what they described as the huge amount of resources that would be spent on the project. Speaking in Washington DC, the Deputy Governor, Operations, CBN, Mr. Tunde Lemo explained that polymer banknotes fade easily. Lemo had said: "By the middle of the year, we will start producing the lower denomination notes in paper not in polymer. My plea is that Nigerians should be patient with us. It wasn't the fault of the CBN; it is just because we have to go back to the drawing board. We will correct that in the course of the year. Polymer certainly will be phased out. In fact, no new note is being printed in polymer now." But a former President of the Chartered Institute of Bankers of Nigeria (CIBN), Mr. Okechukwu Unegbu, expressed disappointment over Lemo's comments. Unegbu said: "I am surprised that Tunde Lemo is talking about scraping the polymer notes as he was the architect behind it in the first place. Going back is a waste of our country's resources and if recalled he was a major player and principal partner in the first place. "Tunde Lemo didn't apologise for introducing it and its failure. Instead of scrapping it, we should have addressed what challenges by educating the market sellers and the public to avoid the notes fading." On his part, a Senior Lecturer at the Department of Economics, Lagos State University, Dr. Ibrahim Bakare pointed out that for any currency to be regarded as a legal tender, it must be generally acceptable. Bakare argued that the polymer currencies are not generally acceptable. "The decision of the CBN to change those notes to polymer then, was personal and that was a very big blunder on the part of the central bank. The people were unhappy then. We really need to consider the cost of converting to paper banknotes and the implication of that on the economy. We are going to waste multi-billion naira that ought to be channeled to the productive sectors on that." According to Bakare, the policies of the CBN "are not consistent." However, a financial consultant and Chief Executive Officer, B.A Adedipe and Associates, Dr. Biodun Adedipe advised the central bank to carry out proper examination on the paper currency before reverting to it. "All of these would have been avoided if it was subjected to proper check. My argument is that they should look at how to improve the polymer instead of throwing away the baby with the bath water, because how are they assuring us that we would not go back to status quo?" he queried. *(This Day)*

Nigeria's naira fell to its weakest level in six weeks on the interbank market as strong demand from fuel importers and investors repatriating dividends drained dollar liquidity, traders said on Wednesday. The naira closed at 158.98 to the dollar, compared with 158.75 at Tuesday's close, and the weakest since March 13. The central bank sold dollars directly to some banks on Tuesday to help support the naira. The regulator also sold $272.25 million at 155.75 naira at its twice-weekly forex auction on Wednesday, compared with $246.5 million sold at the same rate on Monday. "The naira would have crossed the 159 naira level but for the direct intervention in the market yesterday by the central bank," one dealer said. Nigerian naira has been under pressure in recent weeks due to strong dollar demand from importers and investors recouping dividends and proceeds of bonds sales. Dollar supply has dropped because of lower interest in local debt by offshore investors. *(Reuters)*

Nigeria's President Goodluck Jonathan accepted deposits by bidders for 15 state electricity assets on Monday, a milestone in a privatisation process meant to end decades of power blackouts. A signing ceremony at the presidential residence came a month after the bidders for 10 generation companies and five distribution companies paid deposits of 25 percent of the value of their bids. Power companies will now negotiate terms to complete the transfer from state hands before paying the remaining money and taking control of the plants and distribution firms, a process which is expected to take several months. Nigeria's dysfunctional state electricity provider is being broken up into 15 firms handling generation or distribution in different parts of the country, with the aim of doing something no Nigerian president has managed for decades: switching the lights on. Despite being Africa's top energy producer with the world's seventh largest gas reserves, Nigeria produces and distributes only enough power for a few hours a day in the places that get it at all. Economists say power outages cost Africa's second biggest economy billions of dollars on imported diesel for generators and in lost output. They say current GDP growth of around 7% could be pushed into double figures if electricity supply could be sorted out. Power output is currently about 4,000 megawatts for a country of 170 million people. "Today's event signals a major step forward in the implementation of our power sector road map," Jonathan said. "I congratulate the signing parties for reaching this significant target in our collective efforts to revitalize this sector, which is so important to our lives and development." Previous state sell-offs in Nigeria were blighted by political infighting and graft, which have caused years of delays. Regulators say this process was more transparent. Although it has appeared to favour established Nigerian oligarchs, some of them with scant experience of operating power companies, most have teamed up with capable technical partners like Siemens. World bank officials also signed a credit risk guarantee on a loan from Deutsche Bank's U.S. subsidiary to finance gas supplies to the 1,320 megawatt Egbin Power Plant, which is based outside Nigeria's commercial-hub Lagos, and of which Korea's KEPCO was offered a 70 percent stake this month. (*Reuters)*

The Nigerian naira fell to its lowest in more than eight months against the dollar in the interbank market on Thursday, traders said. The local currency was trading at 159.02 naira to the greenback at 0930 GMT, a level last seen on August 9, 2012 and weaker than Wednesday's close of 158.98 naira. "Dollar demand remains strong in the market, in the face of a decline in supply from oil companies," one dealer said. *(Reuters)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania has signed three loan agreements with the World Bank worth $196.5 million to strengthen its energy sector following major gas discoveries, the country's finance ministry said in a statement on Saturday. Statoil and Britain's BG Group said in March they plan to build a $10 billion liquefied natural gas (LNG) terminal in Tanzania following substantial finds off the coast of the country. Government officials plans to put in place a new natural gas policy, legislation and master plan in the 2013/14 fiscal year. East Africa's second-largest economy will get a $100 million loan from the bank to strengthen policy and institutional framework for management of the country's natural gas resources and to improve power supply, the ministry said. The country is fast becoming a regional energy hub following recent major discoveries of natural gas in its offshore fields. Another $21.5 million loan would be used to develop the government's capacity to develop its natural gas sector and boost public-private partnerships for the power generation sector. "Successful implementation of each of these components will enhance government capacity to better manage developments in the energy sector," Tanzania's finance minister, William Mgimwa, said in a statement. The balance of $75 million from the bank will be used to support its national poverty reduction strategy. *(Reuters)*

THE mining sector has crucial and significant contribution to Tanzania's economy, despite various internal and external challenges it is currently facing. The Tanzania Chamber of Minerals and Energy (TCME) said in a report released in at its 18th Annual General Meeting (AGM) in Dar es Salaam over the weekend that several new major mines would be operational within the next five years. The mines are expected to significantly change the country's economic landscape. TCME Chairman Joseph Kahama said in the report that the new mines will result in a substantial increase in the number of Tanzanians employed in the mining sector, government revenues and improvements in the infrastructure including roads, rail networks and telecoms as well as delivery of social services such as education, health and water supply schemes. At present the mining sector contributes about 2.3 per cent of the gross domestic product (GDP), which is projected to account 10 per cent in 2025 as stated in the National Development Vision 2025. The sector is one of the leading components in generating foreign exchange earnings within the non-traditional exports. Further, it has great potentials for employment opportunities and spearheading for both the forward and backward linkage of the Tanzania's economy.

Tanzania is the 4th largest gold producer in Africa after South Africa, Ghana and Mali. Gold production currently stands at roughly 40 tonnes a year, copper at 2980 tonnes, silver at 10 tonnes and diamond at 112670 carats. Business Monitor International (BMI) forecasts average annual growth in the sector of 7.7 per cent between now and 2015. BMI also predict a doubling in value of the sector to around US$1.28bn in 2015. Minerals that have so far been identified in Tanzania include gold, iron ore, tanzanite, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, coal, uranium, gravel, sand and dimension stones. Speaking at the sidelines of the TCEM meeting, Mr. Mwaipopo said that the project will provide direct and indirect cash flows in Tanzania in excess of US$640 million and will provide foreign direct investment (FDI) in excess of US$1 billion or equivalent to 4.76 per cent of Tanzania's GDP. Mr. Kahama said one of the anticipated mines to start operations soon is the Mantra's Mkuju River project, where he noted that there has been intense debate in the country about safety in development of uranium mines due to fears linked to the inherent radioactive nature of the mineral. He, however, pointed out that there were many places globally where uranium is produced, processed and used for commercial and other purposes. Reports by various international organisations show that both production and demand are on the rise.

Uranium resources and production are on the rise with the security of uranium supply ensured for the long term, according to a report issued by the OECD Nuclear Energy Agency (NEA) and International Atomic Energy Agency (IAEA) last year. Global uranium mine production increased by 25 per cent between 2008 and 2010 because of significantly increased production in Kazakhstan, currently the world's leading producer. The increased resource base has been achieved thanks to a 22 per cent increase in uranium exploration and mine development expenditures between 2008 and 2010, which in 2010 totaled over $2 billion. Demand for uranium is expected to continue to rise for the foreseeable future. Although the Fukushima Daiichi nuclear accident has affected nuclear power projects and policies in some countries, nuclear power remains a key part of the global energy mix. Several governments have plans for new nuclear power plant construction, with the strongest expansion expected in China, India, the Republic of Korea and the Russian Federation. The speed and magnitude of growth in generating capacity elsewhere is still to be determined. By the year 2035, according to the joint NEA-IAEA Secretariat, world nuclear electricity generating capacity is projected to grow from 375 GWe net (at the end of 2010) to between 540 GWe net in the low demand case and 746 GWe net in the high demand case, increases of 44 per cent and 99 per cent respectively. Accordingly, world annual reactor- related uranium requirements are projected to rise from 63 875 tonnes of uranium metal (tU) at the end of 2010 to between 98 000 tU and 136 000 tU by 2035. The currently defined uranium resource base is more than adequate to meet high-case requirements through 2035 and well into the foreseeable future.

Although ample resources are available, meeting projected demand will require timely investments in uranium production facilities. This is because of the long lead times (typically in the order of ten years or more in most producing countries) required to develop production facilities that can turn resources into refined uranium ready for nuclear fuel production. With uranium production ready to expand to new countries, efforts are being made to develop transparent and well-regulated operations similar to those used elsewhere to minimise potential environmental and local health impacts. While the status of supply and demand is considered from the perspective of technologies in use today, the deployment of advanced reactors and fuel cycle technologies can also positively affect the long-term availability of uranium, conceivably extending the time horizon of the currently defined resource base to thousands of years. "This trend presents a great opportunity for uranium developers in the country as there will be a ready market for the concentrate (yellow cake)," said Mr. Kahama. In the meantime, both Mantra and Uranex have been engaged in public awareness campaigns on the impact of Uranium mining to surrounding communities and far beyond. With these exciting developments, Tanzania will soon be joining the league of African and global uranium producing countries. Mantra's Mkuju River project in southern Tanzania had an updated resource of 119.4 million pounds of uranium. According to Mantra Tanzania's Managing Director Asa Mwaipopo, it will take a two-year period for completing construction work before they could start to produce uranium oxide, and placing Tanzania at number three in Africa in uranium production after Niger and Namibia. Speaking at the sidelines of the TCEM meeting, Mr. Mwaipopo said that the project will provide direct and indirect cash flows in Tanzania in excess of US$640 million and will provide foreign direct investment (FDI) in excess of US$1 billion or equivalent to 4.76 per cent of Tanzania's GDP.

Statistics from the TCME report shows that between 1997 and 2011 a total of US$10.1 bn worth of minerals were sold by Chamber members, compared to only US$16.0 million in 1997. The minerals include gold, diamonds, silver, copper and tanzanite. During 2011, US$178.6 mil was paid as royalties and statutory taxes to the government, while in the same year, community development initiatives amounted to US$1.51 mil compared to US$1.96 mil in the previous year. Employment in the formal mines increased from 1,781 in 1997 to about 15,000 in 2011 and expected to increase as potential new mines are constructed. In 2011 TCME members spent a total of US$441.5 mil on local procurement of goods and services compared to US$440.9 mil in 2010, while salaries paid from mining operations to Tanzanian employees amounted to US$87.3 mil compared to US$91.6 mil in 2010. The statistics provide to a large extent the tangible fiscal and social benefits that accrue to the Tanzanian economy which enables government to deliver on important development projects. *(Daily News)*

Zambia

Corporate News

Emerald miner Gemfields Plc reported a 7 percent decline in average per-carat prices at its lower-quality gemstone auction earlier this month, hurt by a recent directive by the Zambia government that prevents the overseas sale of gemstones mined in the country. The rough emerald and beryl auction in Lusaka, Zambia, generated revenue of $15.2 million, but the gemstones sold for an average of $2.42 per carat, the first dip in per-carat prices in the last five auctions of lower-quality stones by Gemfields. "The results were reasonable, but probably not as optimal as they could have been," Chief Executive Ian Harebottle said. Gemfields, which mines emeralds at Kagem in Zambia, as able to sell only 36 percent of the 17.34 million carats offered for sale at the auction. "A factor in this reduction may have been due to a number of declined auction invitations, which was higher than in prior auctions, most notably due to the travel demands placed on clients in reaching Lusaka, typically involving three flights and approaching 24 hours of journey time," the company said. Gemfields said earlier this month that the potential ban on selling gemstones outside Zambia could hurt its competitive position against countries like Brazil and Colombia. Zambia is the third largest producer of emeralds after Colombia and Brazil. "At this stage, it is unclear whether the (company's) higher-quality auction in Singapore scheduled for June 2013 will go ahead," JPMorgan Cazenove analyst Alexander Mees said.
"The government of Zambia is a 25 percent shareholder in Kagem and so would presumably want to consider the impact of any changes on the value of its investment as well as the tax remittance currently being generated." The company said it would continue to seek a resolution to the prevailing situation. Gemfields produced 6.6 million carats in the quarter ended December 31 at Kagem, its only producing mine, up from 3.9 million carats in the prior year. "We are concerned that volumes have been significantly lighter for the past two auctions, especially as mine production is expected to increase," Canaccord Genuity's Jeremy Dibb said. "Though the lowest quality stones are by nature the lowest revenue contributors this will result in a significant inventory build." Shares in the company were trading down marginally at 26.5 pence at 0844 GMT on Monday on the London Stock Exchange. *(Reuters)*

Economic News

Zambian inflation fell to 6.5 percent in April from 6.6 percent the previous month, the statistics agency said on Thursday. The slowdown was mainly due to decreases in prices of some non-food items, the agency said. *(Reuters)*

Zimbabwe

Corporate News

LISTED agricultural concern CFI Holdings unit is set to lose 1 057 hectares of its land to government which has showed interest in the piece of land situated in Saturday Retreat Estate south of the capital. According to the Government Gazette dated April 19, the government plans to acquire Crest Breeders land in Harare. CFI Holdings becomes the third company to lose land to government after Interfresh and Zimplats lost huge swathes of land to the First Lady Grace Mugabe and Mines ministry respectively. "Notice is hereby given, in terms of Section 5(1) of the Land Acquisition Act (Chapter20:10), that the President intends to acquire compulsorily the land described in the schedule for urban development," the Government Gazette reads. The notice further states that the land was ready for inspection at the Ministry of Lands and Rural Resettlement from now to May 20 this year. CFI Holdings yesterday confirmed the development and said they were concerned about the effects of the move on their operations. "As CFI we are concerned at this development as it affects our operations on the piece of land in question. The farm targeted for compulsory acquisition houses our layers facilities and nearly 600 people are employed there," the company said in a statement. CFI said if it is assumed that an average family has five people, then close to 3 000 people whose livelihoods were derived from the farm would be affected. "We are proceeding to make representations through our lawyers to the relevant ministry why the land should not be compulsorily acquired. It is our hope that this matter will be amicably resolved," the company said. Government recently successfully took 1 599,7 hectares of land from Interfresh which was part of Mazoe Citrus and allocated it to the First Lady. Interfresh said the land that was taken by the government constituted 46% of Mazoe Citrus's total arable land, which translated to 30% of budgeted revenue. Zimplats also lost 27 948 hectares to the government which took over the land using the Mines and Minerals Act. "Notice is hereby given, in terms of Section 398 of the Mines and Minerals Act (Chapter 21:05), that the President intends to acquire compulsorily part of the land held by Zimplats Holdings Limited under Special Mining Lease Number 1 as it fully appears below, for the utilisation of such mining location for the benefit of the public," read the notice. *(News Day)*

AFRICAN Consolidated Resources Plc is focusing on a Zimbabwe gold project as it isn't the right time for "engaging" with the State over the decision to strip the company of the multibillion-dollar Marange diamond field. "Marange is water under the bridge," said chief executive officer Craig Hutton. "Marange has been a problem and a disappointment for us, but we haven't lost the company. I do believe that we will come to an amicable resolution." Zimbabwe seized the diamond fields, discovered by De Beers, from UK-based African Consolidated in 2006. The Marange diamonds are being dug by China's Anjin Mining with Mbada Mining (Pvt) Ltd, which is closely held by South African and Zimbabwean investors. All companies in the area operate 50-50 ventures with State-run Zimbabwe Mining Development Corporation. "We certainly want to, at some point in time, engage with the government and come to an amicable resolution," Hutton said in an interview in London. "We don't think the time right now is appropriate to be engaging on Marange. We will focus our efforts on our other core assets where we can deliver value." African Consolidated is developing the Pickstone-Peerless Gold Mine. The project, scheduled to begin output in the first quarter, will produce 15 000 to 20 000 ounces of gold before growing to as much as an annual 80 000 ounces two years later. It's "our cornerstone project, our company maker", said Hutton. "I don't think the political situation is something that is not manageable. That's why we're still there." The US, European Union, Australia and New Zealand don't allow individuals or companies to trade with designated members of President Robert Mugabe's Zanu PF party, or businesses associated with the party. Western nations cite human rights abuses, including the killing of gem diggers at Marange, as the reason for targeted sanctions. The country earned $1,2 billion from the sale of Marange diamonds over three years, the State media reported in December. Ontario-based rights group Partnership Africa Canada, says Zanu PF has looted about $2 billion from the fields. The country can produce 8% to 10% of the world's rough diamonds since its eastern Marange fields were found, Chaim Even-Zohar, chairman of consultant Tacy Ltd, said in November. African Consolidated also has nickel projects in Zimbabwe, as well as copper and rare-earth deposits in Zambia. *(News Day)*

Zimbabwe Alloys Chrome Limited says it had doubled monthly output during the first quarter of the year, buoyed by a US$1 million capital injection by shareholders early this year. The firm ceased operations in 2008 due to lack of capital, but resumed operations last year. Zim Alloys production manager Mr. Jabulani Chirasha said monthly output now stood at 600 metric tonnes. He said the capital injection was used to upgrade plant machinery. "We have an operation going on where we are recovering metal from waste products. It is an easy process that does not require all the raw materials. Shareholders realized that it is a quick win, they are giving us very good support. "We are making some progress compared to last year. We have increased production from 300 to 600 metric tonnes in the last three months," he said. He added that the company is targeting to increase production to 2 000 tonnes per month by the end of the year. Mr. Chirasha said the firm was still engaging potential partners to inject funds into the company. "We are now in a better position in terms of investors since there is a lot of interest. We have inquiries from countries like Russia, China, Ukraine, India and shareholders are at an advanced stage finalizing (potential deals with investors)," he said.*(Herald)*

HWANGE Colliery Company Limited is seeking to restructure the Built-Operate-Transfer deal for a coal gasification project with a Chinese firm into a joint venture, with the local coal mining giant becoming the majority shareholder. The Zimbabwe Stock Exchange-listed miner entered into a BOT arrangement (Hwange Coal Gasification) in 2007 with Taiyuan Sanxin Economic and Trade Company. Hwange Colliery holds 25 percent stake while TSETC holds the remainder. Under the deal, the Chinese partners were supposed to set up a coke oven battery with an annual capacity of 300 000 tonnes while Hwange's contribution to the investment was to provide coking coal at a subsidised price. However, the business relationship got strained, with the coal mining giant accusing its partners for failing to honour some of their contractual obligations. For instance, TSETC is said to have installed a coke oven battery with annual capacity of 150 000 tonnes, half the capacity of what was agreed under the BOT. Sources said TSETC also overstated its monetary investment, claiming it had spent US$40 million on the coke oven battery installation "when in fact it spent less than US$10 million". Furthermore, sources raised allegations of misrepresentation of financial information including under-declaration of profits by Hwange Coal Gasification. Reliable sources said Hwange "believes" the value of coal delivered to HCG could now be more than what TSETC invested, "the reason why they now need a majority stake". Hwange Colliery Company has since sought a High Court order seeking an annual general meeting with the main agenda being the conversion of the BOT into a joint venture. The AGM was held on Wednesday. Earlier, Taiyuan Sanxin Economic and Trade Company had sought a High Court order to postpone the meeting, arguing it was organised without its consent. "The AGM was held in the context of reviewing the BOT into a joint venture with Hwange assuming the majority shareholding," said one source familiar with the developments. "This was triggered by a number of issues raised by Hwange, including under-declaration of profits by Hwange Coal Gasification, failure by TSETC to install a battery with annual capacity of 300 000 tonnes and also the monetary investment they have made. Thus, the AGM provided the platform for resolving the issue." Efforts to get an official comment from Hwange Colliery and TSETC were fruitless. *(Herald)*

REFINED platinum output at Unki Mine decreased 22 percent in the first quarter compared to the same period last year, its parent company Anglo Platinum (Amplats) has said. Unki Mine, situated approximately 60km from Gweru, produces about 120 000 tonnes of platinum per month. Amplats said refined platinum output dropped to 14 000 ounces in the quarter compared to 18 000 ounces produced in the same period last year. "Unki Mine's equivalent refined platinum production decreased by 22 percent year on year due to lower head grade and decline in tonnes milled as a result of a depletion of pre-production stockpiles," said Amplats in a statement. It said at least 362 000 tonnes of platinum ore were milled during the period under review compared to 379 000 tonnes milled in the same period last year. Unki Mine is in the process of being indigenised after Amplats, the world's largest platinum producer, agreed to transfer a 51 percent stake to locals. Worldwide demand for platinum has dipped over the years as effects of the global recession took hold. Platinum and palladium, which is also produced at Unki Mine, are mostly used as anti-pollutants in motor vehicles, and in the jewellery industry. Zimbabwe has the world's second largest known deposits of platinum after South Africa. Currently, there are three platinum mines in Zimbabwe, namely Zimplats, Mimosa and Unki.*(Herald)*

THE Zimbabwe Stock Exchange (ZSE) has delisted three companies — Barbican Holdings, TZI Limited and Red Star Holdings —as capital constraints continue to hurt the economy. In a statement yesterday, the ZSE said the companies' terms were suspended and removed from the official list with effect from this week. TZI Limited and Barbican Holdings were both suspended from trading on the local bourse in 2004.
"Since then, Barbican Holdings Limited has failed to meet its continuing obligations. No response has been received from the principals of Barbican Holdings Limited at the last known address. In terms of Section 1.18 of the ZSE Listing Rules, holders of TZI Limited securities are

hereby advised that in view of the termination, the paper is no longer tradable," the ZSE said in a statement. The ZSE said from the time Barbican was suspended in 2004, the company failed to meet its obligations. Barbican failed to perform after Reserve Bank governor Gideon Gono terminated Barbican Bank's licence. The ZSE said Red Star had requested for an extension of its suspension with the hope that it would bounce back, but to date no progress had been made. "Since then, there has been no report of progress on the purpose of which the suspension was made. Consequently, a decision to terminate has been made," the statement read. Redstar Holdings was put under voluntary liquidation as the company ceased operating and there were no prospects for resuming operations. As of September 25, 2011, Red Star Holdings' total current liabilities stood at $8 731 670 while assets amounted to $365 741. *(News Day)*

Economic News

THE Tobacco Industry and Marketing Board (TIMB) has recorded close to $300 million from the sales of the golden leaf as more farmers deliver their crop to the country's three auction floors. TIMB shows that as of Wednesday (Day 44), revenue had reached $289 million from 77,787 million kilogrammes of tobacco sold. The total value is 25, 93% above last year's figure and 28, 06% above last year's output. The sales comprised 46,619 million kg contract and 31,168 million kg auction sales. On Friday, Tobacco Sales Floor handled 11,8m kg followed by Boka Tobacco Auction Floors at 11,3 million kg and Premier Tobacco Floor with 7,9 million kg. On the day's trade TSF bought tobacco at an average price of $3, 70 per kg, BTF at $3, 61 per kg and PTF at $3, 56 per kg. At least 1 099 020 bales were accepted, while 48 954 bales had been rejected for various reasons. According to TIMB weekly tobacco report, the current 2013 seasonal sales were 16% firmer than the prior year at the same time. TIMB said to date, about 51 083 growers have delivered tobacco against 86 941 growers who have registered for 2013 season. During the same period last year about 64 293 had registered. TIMB projects 170 million kg of the golden leaf to be brought to the auction floors this season. The African Development Bank in its monthly economic review for March said there was need for the government and other stakeholders to conduct continuous training programmes with farmers, particularly on grading and packaging for the market as more farmers were venturing into the tobacco. *(News Day)*

Zimbabwe's government is preparing a law that would allow it to seize controlling stakes in companies without compensation, according to a draft of the legislation obtained by Bloomberg News. The law would be an amendment to a 2007 act that compels foreign and white-owned companies such as Rio Tinto Group (RIO), Sinosteel Corp. and Impala Platinum Holding Ltd. (IMP) to sell or cede 51 percent of their shares to black nationals or state-approved agencies. "The motivation for this position arises out of the desire to ensure that the people of Zimbabwe benefit fully, and without cost whatsoever, from enterprises that exploit their God-given natural resources," according to the draft law. Zimbabwe, which has the world's second-biggest platinum and chrome reserves, endorsed a new constitution in a referendum last month, paving the way for elections, which must be held before Oct. 31. Anglo American Platinum Ltd. (AMS) and Impala have agreed to cede stakes in their local units. The government is in talks with banks including Barclays Plc (BARC) and Standard Chartered Plc (STAN) about their compliance with the current local. *(Bloomberg)*

THE African Development Bank (AfDB) says the extension of the recapitalisation deadline for banks by the Reserve Bank of Zimbabwe (RBZ) is an indication of the ongoing liquidity crisis affecting the economy. The banking sector has since the adoption of multiple currencies in 2009 been operating without a lender of last resort as the government continues to struggle to raise funds for the central bank further exposing local institutions. The central bank requires $150 million for the lender of last resort function. The central bank last year had raised the minimum capital requirements for banks to $100 million. In its the monthly economic review for March, AfDB said the move by RBZ allowing banks to comply with the new minimum capital requirements from 2014 to 2020 will give banks more time to mobilise capital. "Small and weak banks have challenges in mobilising new capital due to their weak balance sheets and growth prospects in an operating environment that is becoming increasingly competitive," AfDB said in its report. During the period under review, the central bank in consultation with the finance ministry deregistered Barbican Bank in February this year after it failed to resume banking business. Barbican failed to resume operations due to inadequate capitalisation and lack of corporate governance and risk management structures necessary for banking business. According to the monetary policy issued in January, 14 banks had managed to comply with part of the new minimum capital required levels, while five banking institutions had made significant progress towards compliance. The regional lender said the move to transfer liabilities on the central bank's balance sheet to a special purpose vehicle that will be managed by the Ministry of Finance will help the central bank to improve its credibility. The central bank has debts in excess of $1 billion. "With an envisaged clean balance sheet, it is expected that all the necessary reforms will be done to allow the institution to operate more effectively and more efficiently," the report said.*(News Day)*

GOVERNMENT has registered the National Grid Services Company, the central power purchasing entity that will take over Zesa's crippling debts to attract private capital in the power sector. Energy and Power Development secretary Mr Partson Mbiriri yesterday said Government was only awaiting the certificate of incorporation. "We have registered the company (National Grid Services Company) and we are waiting for the registration certificate," Mr Mbiriri said. He said Government was actively engaged in getting the new single electricity buyer up and running, but would not give timelines on the reforms. Government believes relieving Zesa of its US$400 million debt would make the power generation sector more attractive to investors. "The intention is to interest private sector capital into generation as well as into distribution. For that to happen, one of the fundamental decision that has been taken is that let's take the inherited debts that exist in the various (Zesa) companies," he said. He said NGSC would remain entirely State-owned in order to appreciate, understand and know what transpires in the provision of power. The single electricity buyer would initially sell power to another new State entity, Zimbabwe Distribution Company, and thereafter to private distributors. The measures are part of extensive power sector reforms Government is undertaking to attract private capital to close the yawning gap between demand and supply. The country is currently generating about 1 200 megawatts against the peak demand of about 2 200MW. Mr Mbiriri was speaking at a stakeholders' meeting on power sector reforms in Harare yesterday organised by the Zimbabwe Energy Council. Cabinet recently approved the establishment of the NGSC to oversee transmission to a central pool before selling to bulk distributors. The gap between generation capacity and demand means capital is required to bridge the supply deficit. Government says NGSC's Zesa debt takeover would also see investment going directly to the State-owned power stations, namely Harare, Munyati, Bulawayo and Hwange thermal power stations. Extension of Hwange and Kariba is planned to last between three to four years from the day of financial closure. Sino-Hydro officials are in the country with a view to finalise the agreement with Government. Mr Mbiriri said Government would agree to equity capital injection in the thermal power stations, but Kariba will remain State-owned. Licences being issued to independent power producers would spur private investment in the projects as it would allow IPPs to sign power purchase agreements with large consumers of electricity. The arrangement would boost investor confidence as they would be assured the projects would be viable to allow them to recoup their investment. Zesa chairman Mr Simba Mangwengwende said the country was facing deficits due to inefficient generation capacity of old equipment as little investment went into power in the last few decades. African development's ZimFund manager Engineer Emmanuel Nzabanita said in unbundling Zesa the country should not privatise distribution, as that would create monopolies. He said Zimbabwe could learn from experiences of Uganda Egypt, Kenya and Ethiopia what to and what not do in power sector reforms. *(Herald)*

GOVERNMENT has dismissed as mischievous reports that indigenisation and economic empowerment regulations were being amended to provide for payment of shares using mineral deposits, saying it will engage mining firms that submitted compliance plans on the basis of agreed term sheets. Youth Development, Indigenisation and Empowerment Minister Saviour Kasukuwere told journalists in Harare yesterday that the law "has not changed" and its implementation was guided by the Indigenisation and Economic Empowerment Act. Platinum miners Unki Mine, Mimosa Mining Company and Zimplats had earlier agreed to dispose of 51 percent stake to indigenous Zimbabweans under vendor financing schemes. Reports claimed the indigenisation law was being amended and that new regulations would invalidate part of the agreements entered between mining firms and Government such that locals' mineral contribution represents their payment. While the Act empowers the minister, after consultations with the National Indigenisation and Economic Empowerment Board to make regulations which enhance the achievement of the 51 percent local shareholding, the minister said implementation of the programme was being guided by the current regulations. "As the minister responsible, I have the delegated legal responsibility to make regulations in the interests of achieving the Government policy on indigenisation and economic empowerment, which I deem necessary," the minister said. "(But) my ministry continues to engage major mining companies on the basis of the term sheets, which we signed during 2012. "As previously stated, the term sheets are non-binding and subject to negotiation and approval by the relevant Government authorities. Any reports to the contrary are misleading and misguided." Minister Kasukuwere said the Government will continue engaging businesses with a view to achieve 51 percent local shareholding requirement on a "mutually beneficial basis." "It is work in progress and we are firmly in control of the process that we have started," he said.

There were reports that the owners of Redwing and Arcturus mines had visited their entities and announced that they were cutting on production and streamlining operations on account of the purported changes to the indigenisation laws. Efforts to get comment from Mr. Mzi Khumalo were fruitless at the time of going to press. But in a statement yesterday, the Chamber of Mines of Zimbabwe said it was unaware of the "amendments", neither had it been advised of any changes by its members. "As of now, the Chamber of Mines of Zimbabwe has not received any written communication or advised of the proposed changes, neither has it been advised by any of its members of receipt of such communication," said the Chamber. "It is common knowledge that most of our members are positively engaged with Government on the indigenisation and Economic Empowerment Programme and keen on ensuring its expeditious conclusion in the spirit of unlocking the full value of the mining sector and its role in the economic transformation of Zimbabwe". The chamber said it is "hopeful" that the relationship with the Government would be maintained and that future dialogue would be "guided by mutual interests and the collective desire to build better and prosperous Zimbabwe." Some of the non-binding agreements entered between the Government and foreign resource firms include the US$971 million Zimplats deal, Mimosa's US$550 million, Unki's US$142 million and Caledonia Mining Company's US$30 million. The Government adopted the indigenisation and economic empowerment policy to empower the previously marginalised black Zimbabweans to enable them to participate in mainstream economic activities. *(Herald)*

The US government yesterday removed the illegal sanctions it imposed on Agricultural Development Bank of Zimbabwe and the Infrastructure Development Bank of Zimbabwe as some Western countries intensify their efforts to re-engage Zimbabwe. This, some observers say, was a clear indication that most of the Western countries had lost hope of a possible Government change in Zimbabwe and were now engaging Zanu-PF and President Mugabe. The statement announcing the removal of the two banks from the illegal sanctions was issued by Mr. Adam Szubin, the director of the Office of Foreign Assets Control. A statement on the US Treasury Department website yesterday confirmed the development although the banks will not be allowed to transact with the over 160 Government leaders and Zanu-PF officials that remain on the US sanctions list. However, the department gave the two local banks a clean bill to transact with anyone in the world not covered by the OFAC sanctions. "Today, the Office of Foreign Assets Control issues a general licence authorising all transactions involving two banks in Zimbabwe, Agricultural Development Bank of Zimbabwe and Infrastructure Development Bank of Zimbabwe, provided the transactions do not otherwise involve any person whose property and interests in property are blocked," a statement on the US Treasury Department website read. Due to the illegal sanctions a number of entities such as the Zimbabwe Mining Development Corporation, Ziscosteel and the Minerals Marketing Corporation of Zimbabwe have lost millions of dollars that were confiscated by OFAC. The ZMDC, as a Government investment arm, is into joint venture operations with various companies at Marange Diamond fields. Yesterday ZMDC chairman Mr. Goodwills Masimirembwa, said the US actions were inadequate. "The US government must remove all the illegal sanctions on all individuals and entities, it cannot be a piecemeal process.

The suffering being endured by Zimbabweans is because of the negative publicity that the country is suffering because of the continued existence of sanctions against those individuals and entities. This piecemeal approach does not help anyone," Mr. Masimirembwa said. Speaking during a dinner he held for the visiting Malawian leader Mrs. Joyce Banda at State House on Tuesday, President Mugabe said Zimbabwe did not want piecemeal lifting of sanctions. The Head of State and Government and Commander-in-Chief of the Zimbabwe Defence Forces, argues that as the West re-engages Zimbabwe, it was supposed to treat the country with respect according to international law. The US government passed its illegal sanctions law - the Zimbabwe Democracy and Economic Recovery Act in 2001 - and in 2003 former President George Bush issued travel bans and a general asset freeze of Zanu-PF and Government officials under the illegal sanctions. This law was passed by the US Senate at the behest of the MDC formations. More people and entities were subsequently added to the sanctions list in 2005 and 2008. The Western nations imposed sanctions on Zimbabwe in direct response to the revolutionary land reform that has seen over 400 000 households, including some members of the MDC formations being resettled on land formerly owned by white commercial farmers. Less than 4 000 whites owned about 70 percent of the country's arable land, while majority Zimbabweans were condemned to sandy and rocky trust lands.

The Western nations working in cahoots with the MDC-T imposed the sanctions hoping to propel the party into government and reverse the historical land reform. Observers, however, said recent efforts by the Western countries to re-engage Zimbabwe showed that the illegal sanctions had failed to instigate the illegal regime change, an indication of a decline in their confidence in the MDC-T. The US and its Western allies have been on a crusade to re-engage with President Mugabe and Zanu-PF and of late some emissaries have been shuttling between Harare and Western capitals for talks. Last week the US State Department sent the country's former ambassador to the UN, Mr. Andrew Young to meet President Mugabe and find ways to normalise relations. He did not have a meeting with Prime Minister Morgan Tsvangirai. This followed the removal of 81 other Zanu-PF and Government officials and eight entities from the illegal sanctions by the EU.
A grouping of European countries calling itself the Friends of Zimbabwe also invited a Zimbabwe ministerial delegation to London last month as part of efforts to mend ties with Zimbabwe. The team comprised Justice and Legal Affairs Minister Patrick Chinamasa (Zanu-PF), Energy and Power Development Minister Elton Mangoma (MDC-T) and Regional Integration and International Cooperation Minister Priscilla Misihairabwi Mushonga.*(Herald)*

THE Zimbabwe Stock Exchange has started the search for a substantive chief executive officer to replace Mr. Emmanuel Munyoki. ZSE is highly likely to have a new boss within the next two months to take over from Mr. Martin Atanda who is the acting CEO. Mr. Munyoki led the bourse from 2001, but was suspended in May last year on allegations of incompetence, which included alleged failure to demutualise the bourse. The Herald Business understands that the bourse will have a new substantive CEO in place within two to three months as the process is already underway. ZSE chairperson Mrs. Eve Gadzikwa would not discuss the timelines for the appointment, but confirmed the process to appoint a new CEO had begun. "The process is already underway as we speak," she said. "With such a position of high authority, the board is not prepared to rush the appointment." She agreed with concerns from stakeholders that appointing a new substantive CEO had taken "too long", but argued that this was necessitated by the need to ensure a suitably qualified candidate was found. "We are taking all measures to ensure that we get the right candidate with requisite skills, experience and knowledge, local or foreign. It is very important that we get a competent person to take that role," she said. Mrs. Gadzikwa added that the ZSE board, in appreciating the importance of key personnel for such a strategic institution, had also made other key appointments. These included a finance director, listings executive and information communication technology officer last year and this year. The ZSE had previously relied on hiring finance specialists on a consultancy basis, but the board felt that an institution of ZSE's calibre needed a full-time executive. The need for a full-time ICT specialist dovetails into the bourse's new data portal services platform, launched recently, and related planned IT programmes. Questions had arisen on why the ZSE board had taken so long to appoint key personnel, such as the substantive CEO for an institution with such a mandate. The country's only capital market hosts 76 companies with a market capitalisation of US$5,4 billion and provides a major platform for raising foreign capital. Among reasons for Mr. Munyukwi's fallout with ZSE were allegations that he failed to register ZSE with the Securities Commission, which regulates capital markets. The ZSE board also allegedly questioned the manner in which Mr. Munyoki handled the Ariston Holdings and Rio Zim recapitalisation transactions. In June 2009, Mr. Munyoki clashed with the commission after the bourse ignored a directive by the latter to stop TN Holdings' extraordinary general meeting. *(Herald)*

THE World Bank says Zimbabwe could raise up to US$5 billion in Foreign Direct Investment by 2018, if mining production volumes increase. Speaking at the International Business Conference in Bulawayo on Wednesday, WB country economist Mr. Seedwell Hove said gold, coal and chrome had a higher potential of absorbing new investment and creating 5 000 jobs than other minerals. "The mining sector can contribute to industrialisation and economic transformation mainly through supporting measures to lower costs for other sectors and through economic linkages," he said. Mr. Hove said forward and backward linkages required structural change and upgrade of the domestic endowment while horizontal linkages held greater potential with respect to procurement and demand in the mining sector. He urged policymakers to take this into account when working on the roadmap to economic growth. "It is important to leverage on the mining sector in order to boost production in other sectors. "We can make sure that increased production in mining fuels more energy in other sectors through these linkages," he added. He noted that linkages had been very successful in other countries where exploitation of resources was leveraged towards industrialisation and structural transformation. He said Chile, Indonesia, Peru and Malaysia had recorded success stories in terms of economic linkages. "It financed the upgrading of the countries' endowments (human and physical) from a high level of savings and helped to reduce production costs in new trade sectors.

"It also supported efficiency while encouraging new entries and good macro-economic policies, fiscal discipline over resource cycles and overall policies supporting the business environment," he said. Mr. Hove said Zimbabwe should take advantage of the current wave of high demand for natural resources to foster a new wave of industrialisation and structural transformation. "Zimbabwe has great potential to develop from its rich natural resources, but there is need to use those resources to create above-ground assets like human capital and infrastructure," he said. He added that the mining sector had the potential for autonomous growth, although there was need to leverage on the mining sector as the key driver to support the whole economy. Mr. Hove noted that although the economy was recovering, the country was not yet able to take full advantage of the global boom in mining prices. "Given lack of exploration, infrastructure weakness, and current persisting uncertainty, there might be no major increase in activity in the medium term," he said. The policies in the mining sector were key to Zimbabwe's growth in the medium term, he said, as they may have downstream effects on other sectors, if linkages were strengthened. "Mining can help increase domestic savings and accommodate increased flows of imports for capital goods," he said. *(Herald)*

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AIM-listed African Consolidated Resources (ACR) says it will submit a proposal in advance to comply with the indigenisation law as the company's operations continue to expand in Zimbabwe. This follows an announcement by the company this week that trial mining at its Zimbabwe-based Pickstone-Peerless gold mine was underway, with the aim of having a 20 000 t/m oxide operation in production by the first quarter of 2014. ACR chief executive officer Craig Hutton said the trial mining was being done in conjunction with a definitive feasibility study on a 20 000 t/m open pit operation, which it expected to be completed by the end of June while a pre-feasibility study on a 50 000 t/m open pit operation and underground mining concept study are to be completed in the third quarter of this year. The company said it would submit a proposal in line with the legal requirements of the Indigenisation Act. "ACR has every intention of submitting a proposal in advance of the legal requirement which will in particular confer benefits to the local community surrounding the Pickstone-Peerless Mine" said the company in a statement. In 2011 the company escaped the pressure to comply with the indigenisation law on the basis that all mining in all its subsidiaries were still in the exploration phase and financed by loans from the parent company. During that period, an ACR subsidiary, Canape Investment, which is the holding company for the Zimbabwean asset, had a net asset value of below $1. According to the indigenisation law, all foreign companies with a net asset value of $500 000 must cede 51% of their shareholding to locals. ACR is multi-commodity resource development company focused on Zimbabwe. The company has been active in Zimbabwe since 2004 with over 12 key projects covering gold, nickel, platinum, copper, phosphate and diamonds. *(News Day)*

FINANCE minister Tendai Biti is expected soon to conclude talks with his South African counterpart Pravin Gordhan over the $100 million budgetary support that the country is sourcing from the regional economic powerhouse. Biti returns to Zimbabwe today after attending weeklong International Monetary Fund spring meetings in Washington. The Finance minister recently said he would meet his South African counterpart on the sidelines of the annual meeting following a resolution by the South Africa's cabinet to extend budgetary support to the government. "I will be seeing Pravin Gordhan in Washington in the next few days. This is one of the issues that is topical. It's very critical that South Africa understands Zimbabwe because to SA, Zimbabwe is not a foreign policy issue," said Biti before he left for Washington. "If there is an unsustainable election in Zimbabwe, if there is an economic meltdown in Zimbabwe, one country that will feel it and feel it immediately it's South Africa. In 2008, 5 000 illegal Zimbabweans were crossing Zimbabwe daily and by 2008 South Africa constructed a $20 million holding camp for Zimbabwean, refugees in Limpopo province. I really appeal to the SA government." This comes at a time when government is reportedly pursuing other avenues to ease capital constraints on the market. According to a source from the Ministry of Finance, the country was also pursuing close to R2 billion from South Africa for co-operation between the two governments. The source said government was engaging South Africa in a bid to resume a pre-Independence loan facility. "The country received R300 million and was accounted for in 2008 and we are pursuing it again. We also received R300 million and we accounted for it by end of October 2009 and this was for health and welfare," the source said. The source said government was working on the revival of some of the funds. "We are working on the renewal of the R2,5 billion as an Export Credit Co-operation Facility. Another R1 billion will be for budget support." The source revealed that the country was also pursuing funds for infrastructure support through the Development Bank of Southern Africa. *(News Day)*

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