SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	20-Sep-13	27-Sep-13	Local	USD	Local	USD
Botswana	DCI	8,592.20	8,594.93	0.03%	9.33%	14.44%	15.99%
Egypt	CASE 30	5,515.82	5,704.00	3.41%	17.46%	4.42%	4.47%
Ghana	GSE Comp Index	2,006.75	2,020.26	0.67%	11.38%	68.39%	65.27%
Ivory Coast	BRVM Composite	201.32	202.88	0.77%	-8.12%	21.79%	13.46%
Kenya	NSE 20	4751.82	4768.03	0.34%	4.57%	15.36%	19.66%
Malawi	Malawi All Share	10,526.31	10,604.33	0.74%	22.58%	76.28%	111.42%
Mauritius	SEMDEX	1,962.30	1,958.74	-0.18%	-16.23%	13.09%	13.27%
	SEM 7	380.80	380.69	-0.03%	-16.10%	12.87%	13.06%
Namibia	Overall Index	1,004.00	995.00	-0.90%	15.95%	0.89%	3.97%
Nigeria	Nigeria All Share	36,188.72	36,436.98	0.69%	2.02%	29.77%	29.60%
Swaziland	All Share	292.94	292.94	0.00%	17.60%	2.54%	5.99%
Tanzania	TSI		2,012.91	0.91%	2.26%	35.49%	38.12%
Tunisia	TunIndex	4,528.39	4,453.45	-1.65%	-0.51%	-2.76%	-6.50%
Zambia	LUSE All Share	4,851.28	4,879.44	0.58%	7.05%	30.98%	39.03%
Zimbabwe	Industrial Index	192.53	197.97	2.83%	2.83%	29.90%	29.90%
	Mining Index	48.34	49.90	3.23%	3.23%	-23.37%	-23.37%

CURRENCIES

	20-Sep-13	27-Sep-13	WTD %	YTD %
Cur-	Close	Close	Change	Change
BWP	8.25	8.39	1.63	9.60
EGP	6.87	6.87	0.02	13.55
GHS	1.87	2.15	0.36	13.13
CFA	484.79	485.39	0.12	- 2.01
KES	86.00	85.71	- 0.34	0.13
MWK		351.35	7.88	9.45
MUR	25.60	29.45	15.05	- 3.61
NAD	9.62	9.98	3.72	17.75
NGN		158.12	- 0.16	1.29
SZL	9.62	158.12	3.72	18.00
TZS	1,565.64	1,576.20	0.67	0.08
TND	1.63	1.65	0.95	6.21
ZMW	5.20	5.27	1.38	1.66

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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Egypt

Corporate News

Egypt's biggest car assembler GB Auto is betting on cheaper, locally assembled Chinese vehicles and expansion into northern and sub-Saharan Africa as it grapples with the effects of political instability in its main domestic market. The company, which controls around 25 percent of Egypt's car market, is manoeuvring to keep sales on track two and a half years after Egypt's popular uprising, which caused a decline in purchases of higher-priced cars. Its net income in the second quarter plummeted 72 percent year-on-year to 16.1 million Egyptian pounds. In Egypt, GB Auto expects to increase sales of inexpensive Chinese-designed Geely passenger cars and low-end vehicles from India's Bajaj, including two-wheelers and three-wheeled tuk-tuks. "A lot of people are delaying the buying decision because of concerns on security, maybe their car would get destroyed during demonstrations or stolen," said Menatalla Sadek, GB Auto's corporate finance and investments director. "We don't need 'la vie en rose' but just a little bit of stability, a clear political path, less violence in the street," Sadek said. "This would definitely lead Egypt to grow very fast." Egyptian sales of GB Auto's higher-end Hyundai passenger cars plunged in the first half of the year by over 40 percent year-on-year for fully-assembled, imported vehicles and by 13 percent for locally assembled models, GB Auto said. GB Auto is having to adjust its relationship with Hyundai, which has told the Egyptian firm it will stop supplying kits at the end of the year because it wants to limit overseas assembly to plants where it has full control over production, Sadek said. GB Auto, which is Hyundai's sole assembler and distributor in Egypt, has bought enough Hyundai parts to continue assembly until around the end of 2014, when it will shift completely to assembling cars from kits provided by Geely, Sadek said. The company began assembling Geely cars at its Prima factory in Cairo, where it also puts together its Hyundai cars, when a new expansion was brought on line in October 2012. "From zero per cent market share, Geely in June recorded a 10 percent market share," Sadek said. "We built a brand from scratch."GB Auto is using its Geely connection to expand into north Africa. "We started in Algeria last month and Libya is starting any minute now ... You'll see recorded sales probably that will be significant by quarter four," Sadek said. "We have an opportunity to replicate our success in Egypt in other countries in north Africa and then, eventually, in sub-Saharan Africa." *(Reuters)*

Economic News

A flight by foreign companies from violent unrest in Egypt threatens to drive up vacancy rates at offices and malls and prompt international investors to shift funds to sub-Saharan real estate. The army overthrew and imprisoned President Mohamed Mursi in July and the ensuing crackdown on his Muslim Brotherhood movement has killed about 900 people. This has prompted many multinational companies to scale down their operations or pull out staff, particularly from central areas of the capital Cairo. Weaker demand means property investors, who had been lured by Cairos established business district, could swap what was north Africas only viable property investment market for comparatively stable cities in sub-Saharan Africa, property experts said. "The demand for Class A office space has almost disappeared overnight," said Ahmed Badrawi, managing director of SODIC , one of Egypts biggest developers and behind the Eastown scheme in New Cairo, a development of offices, shops and homes twice the size of Londons 97-acre Canary Wharf district. The list of firms that have cut or suspended operations in Egypt, sold off businesses or pulled out staff in recent months includes Apache Corp, Chevron, General Motors , Electrolux, BASF, BG Group and BP. A series of developments that tried to capitalise on a shortage of high-quality offices in Cairo have recently been completed while others are under construction, but there are doubts over whether they will fill up. About 25 percent of the best office space in Cairo is vacant, property consultant Jones Lang LaSalle said in June, a figure that it said would grow by an unspecified amount. It compares with 7 or 8 percent in central Paris or London.

Rents for the best Cairo offices have fallen to $40 per square metre per month from $50 since 2009 while retail rents have plunged to $100 per square metre per month from $150, data from real estate consultant Knight Frank shows. "If office leases in Cairo expire and tenants are looking to renew there are going to be some pretty frank discussions with the landlord and Id expect a major impact on new deals," said Peter Welborn, Knight Franks managing director of Africa, saying tenants may seek cuts of a third to a half. There is no data for overseas investment into Egyptian property but the flow of recent years has ground to a halt since the military crackdown, property experts said.

South African funds led the charge buying existing buildings in Egypt, attracted by yields, or rent as a percentage of the pr opertys value, of about 7 percent versus about 5 percent in the United Arab Emirates. Buyers included funds linked to Rand Merchant Bank and St anbic Bank, a division of Standard Bank . Meanwhile, Gulf developers sought to capitalise on a lack of high-quality offices and malls and now risk getting their fingers burned by an excess of supply, said Habiba Hegab, an analyst at Cairo-based Beltone Financial. They include Dubais largest developer Emaar Properties which is building the Uptown Cairo scheme, a luxury development of homes, hotels and golf courses in Mukkattam Hills, overlooking the sprawling capital. Others include Dubai mall developer Majid Al Futtaim, privately-held Dubai firm DAMAC and state-owned Qatari Diar. Emaar said Egypt remained a core market and its operations were "ongoing as scheduled". Al Futtaim and DAMAC declined to comment, and Qatari Diar was not available for comment.

It is a far cry from several years ago when retailers and mall developers were eager to tap into Egypts 85 million-plus predominantly-young population, many of who aspire to Western shopping habits, by building Dubai-style mega-malls. Military curfews in a city that revels in late-night shopping means many retailers are revising plans and JLL estimates the current mall vacancy rate of 25 percent will ris e as more developments complete. Talks to bring luxury brands like Harrods, Gucci and Prada to Egypt, are also on hold, real estate sou rces said. Egypts loss could be sub Saharan Africas gain, Knight Franks Welborn said, citing cities like Lusaka in Zambia, Accra in Ghan a, Lagos in Nigeria and Nairobi in Kenya. "There is a lot of Gulf money looking for a home in North Africa and sub-Saharan Africa. Ill suggest youll now see more going into sub-Saharan Africa," he said. Egypts housing sector has proved more resilient and could soften the blow for developer s able to convert schemes. Helped by a weak currency and a volatile stock market , people are investing in housing to preserve wealth, a note by bank HSBC said earlier this year. Residential sale prices and rentals increased by 8 percent in the second quarter versus 2012, JL L said. Developers hastily redesigning projects include SODIC, which has cut the office and retail space at its Eastown scheme.

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Ghana

Corporate News

ICB Financial Group Holdings AG has sold its holdings in International Commercial Bank, Ghana Limited (ICB) to First Bank of Nigeria (FBN). A statement released by Ghana's central bank said the transaction has been approved by the Bank of Ghana. "By the terms of the approval, FBN is required to offload at least forty percent (40%) of the shares to Ghanaians through private placement and/or the Ghana Stock Exchange, of which at least twenty-five percent (25%) should be offloaded by 31st December, 2014 and the remainder not later than 31st December, 2016." It may be noted that FBN has also acquired the subsidiaries of ICB Financial Group Holdings AG in The Gambia, Guinea, Senegal and Sierra-Leone. *(Ghana Web)*

Economic News

The International Monetary Fund (IMF) has attributed the Ghana's large current account deficit of 12.1% Gross Domestic Product (GDP) in 2012, which is projected to increase to above 13% GDP this year, as the main risks to the Ghanaian economy. The Breton Wood institution added: "Ghana's medium-term economic prospects remain strong, short-term risks arise on the back of sizeable fiscal and external imbalances". Madam Christina Daseking, who led the IMF mission to Ghana this week, as part of its ongoing engagement with the authorities, noted that the country's economic growth weakened in the first half of 2013, reflecting energy disruptions and high real interest rates. As energy problems have now subsided, the mission expects full-year growth of about 7%, compared with 8% in 2012. Inflation has risen temporarily above 11 percent, as a result of the significant fuel price adjustments earlier in the year, she told managers of the Ghanaian economy. The much weaker gold and cocoa prices and ongoing fiscal pressures have been hitting hard on the import dominated economy. With projected reserves of less than three months of imports, the economy is exposed to risks from a potentially deteriorating external environment and global financial market pressures, Madam Daseking stated. According to her, a preliminary assessment of fiscal performance during the first seven months of the year reveals significant challenges. Consistent with a slowdown in economic activity, revenues have fallen short of expectations, and overruns in the wage bill, electricity subsidies, and high interest payments on public debt are creating fiscal pressures.

However the IMF mission was happy to note: "The government has responded decisively with a sharp retrenchment in other expenditure and the mid-year adoption of revenue measures, such as the reintroduction of the national stabilization and import levies. But, it will be difficult for the government to keep the deficit below 10 percent of GDP". "The mission welcomed the consensus that is now emerging to reduce the excessive share of wages in government spending. The biometric registration of all public sector employees, the planned introduction of new human resource (HR) guidelines to control hiring, and the agreement to settle wage negotiations before the budget discussions are positive first steps. "Considering the unsustainable wage dynamics of recent years, a different approach is needed, based on wage moderation and strategic choices about the size and composition of the civil service." The mission agreed with the Ghanaian authorities on the need to reduce subsidies and tackle the problems in the energy sector. It welcomed the reinstatement of the automatic fuel price adjustment mechanism. Going forward, restoration of electricity tariffs to cost-recovery levels will reduce fiscal risks and provide the needed space for higher social spending and critical infrastructure. To support these priorities, the mission also encouraged the government to strengthen its ongoing efforts to improve revenue collection and continue the ongoing public financial management reforms, which have gained renewed momentum. The IMF mission who has since left Ghana held discussions with the Bank of Ghana to focuse on external risks and the challenges of bringing inflation back to single digits. The mission stressed the need for rebuilding a prudent reserve buffer. It agreed that monetary policy needs to remain tight until fiscal consolidation is firmly established, and possibly be tightened further if depreciation and inflation pressures heighten. *(Ghana Web)*

The payment of a GH¢2.4 million judgement debt in 2010 dealt a blow to Ghana Post (GP) and threatened to send the only national postal service onto a path of no recovery, but two years on, hope seems to be smiling on the fortunes of the company again. Riding on

the back of a thriving courier service through an Express Mail Service (EMS), sale of stamps, post letter box rentals, among others, the management of the GP says it is keeping hope alive despite the challenges posed by some aspects of information communication technology (ICT), particularly the new media platforms. Ironically, GP can survive, only if it takes advantage of technology to enhance its delivery; a fact the General Manager of the company, Mr Abdulai Abdul-Rafiu, fully agrees with. Speaking to the Daily Graphic in an interview, Mr Abdul-Rafiu said in spite of the dwindling fortunes of GP, management had re-strategised to move along the competitive terrain, taking advantage of ICT. The Accra High Court awarded damages against the GP as judgement debt in favour of Sky Consult and Management Services because it abruptly suspended a money transfer contract with the latter. GP and Sky Consult agreed to run an Instant Money Transfer (IMT) service but Ghana Post unilaterally suspended the contract after three years, causing Sky Consult to sue for damages. Added to its challenges is the problem of its teeming workforce, most of whom are aged 50 and above. "Payment of the judgement debt did affect us but it is not the only reason why we have these challenges. Quite a number of the employees are over 50, which really affects productivity," Mr Abdul-Rafiu said.

According to him, GP has about 2,000 workers across the country in 368 branches, but it is low productivity that is affecting the performance of the company. Ironically, GP is unable to press for voluntary retirement because it does not have the funds to support such a lay-off, "which of course would require a lot of money to undertake", Mr Abdul-Rafiu added. GP currently generates about GHc1.8 million a month, but virtually everything, according to Mr Abdul-Rafiu, is used to pay the staff and run its operations. "Every month, our wage bill, medical expenses, transportation cost all round up to about the GHc1.8 million," he stated. Meanwhile, a report from the Public Relations Unit of the company indicated that revenue from bulk mailers continued to decline significantly from 2009. According to the report, the volume of mails that Ghana Post handled for companies like Vodafone, Barclays Bank, SG-SSB, among others, had been declining since 2009, reaching very low levels this year; a development that has significantly affected the finances of GP. The report pointed out that the trend was expected to continue and called for innovation and new ideas. Accordingly, in 2012, the Public Relations Officer of GP, Mr Ekow Budu Paintsil, said an attempt was made to grow the company's revenue, particularly so, when total revenue fell in the previous year. He added that among other things, prices were reviewed upwards for EMS services and Post Letter Box (PLB) rates in 2012 and 2013 for commercial and private letter boxes respectively. This followed the grant of a request that was made to the Postal and Courier Services Regulatory Commission (PCSRC). "This has contributed immensely to revenue growth. In 2011, PLB contributed 12.7 per cent of total revenue. This increased to 15.2 per cent in 2012 and as at June, 2013, stood at 22.3 per cent". As part of the strategy to grow GP in the face of technology, Mr Budu Paintsil said the company had, in partnership with Mak-EduConsult, introduced the counter automation service. "A contract has been signed with Mak-EduConsult for the deployment of this solution and they are currently finalising a training programme for staff throughout the country. Mr Budu Paintsil said the company, in the last four years, had introduced new services to up its revenue generation and with the objective of making the post office counters a one-stop shop for as many services as possible. So far, it has implemented the underlisted services: Ghana Post/MMT Parcel Service AbusuaKyemfa (Insurance Package) Airtel Mobile Money Speedlink (Messenger Service) Expansion of door-to-door Service. 1. MTN Mobile Money Transfer 2. Hajj Parcel Service 3. NIA "Ghana Card" Distribution 4. NHIS Card Distribution 5. Collaboration with DVLA on Driving Licence Distribution/Processing. Services in 20 major post offices have been computerised. This would be extended to 16 more post offices with support from the Indian Post. Mr Budu Paintsil said the Ghana Post board had decided to start an exercise to make all non-performing assets of the company profitable. Currently, Ghana Post is in partnership with two companies (Waylead Ghana Ltd. and Devtraco Plus Ltd.) on a PPP arrangement to develop Ghana Post's Lashibi and Airport City landed properties.

Global progress and development is a function of a number of factors. Some of these factors are established theoretical frameworks, while others are the results of empirical studies carried out on the subject of development and growth. There have been cases where theoretical frameworks have conflicted with the proposition and results arrived at by empirical studies. Despite this conflict, an overarching guideline that both approaches have employed, has been the study of historical data and antecedents, in understanding the dynamics of development confronting all countries globally. Scholars in institutions of higher learning the world over have designed methods for measuring the economic development of countries using some aggregated metrics or indices, notable of which include; the Fraser Institute's Economic Freedom of the World Index, the International Property Rights Index by the Property Rights Alliance, the Heritage Foundations' Economic Freedom Index, and the Global Competitive Index Report by the World Economic Forum. The Economic Freedom of the World

(EFW) team, made up of scholars, in development related subjects, have since 1996 developed a system for measuring the extent to which economies, the world over, are free, and most importantly how this translates into development. The model uses over 42 indicators which summarily can be categorized as; size of government, legal systems and property rights, soundness of money, freedom to trade and openness to international markets, and regulation of economies and markets. These thematic areas EFW has established are very key in identifying why some countries, and regions are developed, why others are not developed and ultimately account for progress in global development or otherwise. Methods used by EFW, are very comprehensive as it bridges the theory versus empirical studies gap mentioned above. Thus the Report presents at best a good reflection just as the other indices mentioned in this short report, of the extent to which countries pursue economic freedom and how this translates into economic growth and development, highlighting areas that needs strengthening and improvement.

Ghana has had its fair share of post-independence freedom (economic, political, legal, property rights,) issues, which at any point in time was a reflection of the state of affairs in the country. As one of the countries to have enjoyed relative political stability over the past two decades in Africa, we are acclaimed to be in some cases the economic gateway to West Africa. But as established in the preceding paragraph, an economic hub in Africa must be characterised by its ability to compete effectively if not on the global stage, at least within the sub-region. The 2010 report on the Economic Freedoms of the World posits that, countries with economic freedoms outperform those without economic freedoms, which will mean that, one will have to situate the position of Ghana in the rankings in order to explain our economic progress in relation to other countries and to make future projections going forward. The report (Economic Freedoms of the World) showed a decline in the country's rating from an aggregated 7.13 in 2009 to 7.09 in the latest ranking implying that economic freedoms have declined in Ghana. An investigation of the disaggregated variables further reveal, the size of the government expanded as government spending increased, within the period from 7.65 to 8.28 out of the best of 10 with 10 being the highest, legal systems and property rights increased from 5.45 to 5.58 albeit its essential component of protection of property rights decreasing from 5.34 to 5.03, and regulatory restrictions on private property sale increasing from 9.03 to 9.13. Over the same period, there was a huge decline in soundness of money from 8.16 to 7.13 which was caused by a decline in money growth, and an over fifty percent decrease in freedom to own foreign bank accounts.

The other two indicators (regulation and freedom to international trade, marginally increased). Given these for context, the adverse effects of decline in private property protection, and soundness of money were significant to have turned the cumulative gains made by the country over the past three decades around. Truly we have seen deliberate attempts by Bank of Ghana to control the acquisition of foreign currency as a mechanism to protect the local currency and any adverse effects on other macro-economic indicators such as inflation and interest rates, an increase in the cost of doing business as businesses and private sector investors lamented their challenges over the 2009 to 2010 period, and an attempt by monetary policy to target a single digit inflation over the same period. These "dirigiste" measures generally accounted for the decline in the country's rating and subsequently on private economic gains. To further investigate the decline in private property protection, we will have to resort to another index, the International Property Rights Index (IPRI) developed by the Property Rights Alliance, a Washington DC based think tank, which ranks 131 countries accounting for 98% of the world's GDP and 93% of the world population. The IPRI highlights the economic disparities of countries with strong property rights and those without. Nations in the top 25% such as Finland, Australia, and the United States enjoy an average national GDP per capita of $38,288 while nations in the second quintile, such as Ireland, Chile, and South Africa have an average GDP per capita of $26,680.

From 2009 to 2013, the overall IPRI score for Ghana decreased by 0.4%. However, from 2012 to 2013 there was no variation in the IPRI score [2]. Intellectual Property Rights remained stable at 5.6. The Physical Property Rights component score decreased by 0.1 points from 2012 to 2013. This decline is due, in part, to a decline in the Protection of Physical Property Rights. Furthermore, the component Legal and Political Environment increased by 0.1 points between 2012 and 2013. The improvement is because of increases in both political stability and relative control of corruption. We see the decline in physical private property rights protection being confirmed again confirmed by this index from 2009. The Heritage Index for Economic Freedom, published by the Wall Street Journal and the Heritage Foundation in Washington DC, observed similar trends in economic freedom as did the Economic Freedom of the World by the Fraser Institute, and the International

Property Rights Index[3] by the Property Rights Alliance (PRA). According to this Index (considers, rule of law, open markets, regulatory efficiency and limited government as broad categories), Ghana appeared as one of the "moderately free" countries ranking 77 with a score of 61.3 of 100 behind Slovenia globally. According to the index, regulatory efficiency declined in 2013, as all its three major components; business freedom, labour freedom, and monetary freedom declined to 61.5, 61.6, and 64.8 out of 100 respectively. It highlighted that the judicial system was still susceptible to political influences and corruption. This resulted in a decline of the rule of law component of the overall index. There was an increase in the open markets "department" which nuanced from stable trade and financial freedom, and an increase in investment freedom, as according to the index the "state does not discriminate against foreign investors, except in key areas". It further asserted that the investment environment lacked efficiency and transparency.

The Global Competitive Index Fails Ghana. Places 114 out of 144 countries ranked in 2013. Same Position in 2011. The ultimate analysis will be to identify how Ghana as a country has been able to position herself to compete in the global market, over the past years, given the benefits of growth and development emanating from economic freedom. The Global Competitive Index (GCI)[4] by the World Economic Forum (WEF) provides the accurate reference point for the determination of the extent to which Ghana has been competitive as an economy within the Global economic space. Employing over 100 socio-economic indicators, it is the most comprehensive assessment tool available for such an analysis of this kind. Ghana placed 114, out of 144 countries ranked by the index in 2013, scoring 3.7 on a scoring scale of 7 maximum. The index further reports the trend as Ghana slipping from its initial position of 103 for the 2012 ranking. In 2011, the situation was even worse with the country placing 114 out of 142 countries ranked globally. The basic pre-requisites for competing globally saw Ghana place 128 out of 144 countries. For adequate institutions, Ghana placed 70 in the ranking, which "woefully" came last in the index for macro-economic environment. Some of the experiences below may have helped Ghana slip several places down the GCI ladder. Over the past few years some companies such as PZ Cussons and British American Tobacco have closed down their manufacturing plants and moved to Nigeria, choosing to import all their finished goods into Ghana. Samsung threatened to leave Ghana a couple of months ago. Virgin Atlantic closed shop in Ghana on September 23, 2013 citing high fuel costs and unfulfilled expectations re business class clients. Those who believe a change is in the distant offing have their fate sealed; taking extremely risky measures to survive in order to not lay poor Ghanaian workers off. One factory buys a hundred (100) Tanker loads of water every day, just to keep working.

Throw into the mix, a falling cedi, energy poverty, high fuel costs, unannounced increases in taxes, a multitude of levies and fees, a stifling bureaucracy, and high handedness of some municipal authorities, grid lock, unfair and corrupt practices at our ports regarding duties and brazen demand for bribes, unreliable and largely unavailable rail system, deteriorating roads, re-registration of foreigners (in spite of multiple identities they have acquired), questionable social security extraction from short-term foreign contractors, and you have all it takes to weigh down a country's economic competitiveness and sidestep development. Despite the gains that the country has made in areas of economic freedom and institutional adequacy, the country has the worst macro-economic environment of the 144 countries, with the likes of Cameroun and Mauritius performing better. Generally the report ranks Ghana as a factor driven economy even though Ghana outperformed the factor driven economies in innovation, business sophistication, market size, technological readiness, financial market development, goods market efficiency, and higher education and training, except macro-economic environment where it came last. This could only mean that the country has an efficient and innovative market space, but macro-economic policies are not supportive of this advantage. Consequently it is not incongruous that the country slipped on the overall ranking by the World Economic Form in 2013. This validates the decline in economic freedoms as identified by the IPRI and EFW indices. It is quite obvious; the relationship between economic growth/development and economic freedoms. In reality, we see the economically free regions showing high economic freedom indicators. *(Ghana Web)*

Ghana National Gas Company has carried out another batch of crop compensation payments to project-affected farmers along the 111 km Right of Way of the onshore pipeline from Atuabo to Aboadze under the Western Corridor Gas Infrastructure Development Project. The event was held at the Agona Nkwanta offices of the Ghana Rubber Out-growers Association. Thirty-eight rubber farmers were presented with cheques covering the cost of rubber plantations cleared to make way for construction of the onshore pipeline. This brings to 2,361, the number of persons who have been compensated so far. Over the next few days, 80 additional farmers, whose crop enumeration

forms (Form F) are currently being processed, will also receive their cheques, marking the final payment of crop compensations. Commenting on the compensation exercise, the Chief Executive Officer of Ghana Gas, Dr. George Sipa-Adjah Yankey, expressed satisfaction at the progress made to settle affected farmers. He commended the farmers and all who had worked tirelessly to ensure affected persons were duly settled. "We are proud of this achievement; it is in line with our commitment to fully compensate all persons whose crops or structures have been destroyed to pave the way for development of the gas project," he added. Peter Osabutey, a rubber farmer from Axim who was compensated, expressed profound gratitude to Ghana Gas for honouring its word. He urged his fellow farmers to invest the funds wisely and to continue supporting projects that will bring development to their communities. A total of GH¢8,134,747 has been disbursed as compensation to project-affected persons. All compensation claims were authenticated through an enumeration and valuation process carried out by the Land Valuation Division of the Lands Commission prior to payment. Affected crops for which farmers were compensated included rubber plantations, cassava, plantain, coconut and oil palm. Ghana Gas is a limited liability company owned by the Government of Ghana. It is tasked with the responsibility to build, own and operate infrastructure. The Western Corridor Gas Infrastructure Project -- required for gathering, processing, transporting and marketing of natural gas resources in the country. *(Ghana Web)*

A Deputy Information Minister has said it is misleading for the Minority in Parliament to criticize government for what it calls "excessive borrowing" without reconciling it with the numerous infrastructural projects government was undertaking. The Minority claimed Ghana has borrowed eight billion Ghana cedis in eight months, but the governing National Democratic Congress(NDC) has insisted that the country's debt is within manageable limits. The Minority in Parliament fears Ghana risks having its international credit rating downgraded, if government does not halt the trend of "excessive borrowing from both domestic and international markets". NPP MP for Tafo Pankrono, Dr. Anthony Akoto Osei, who addressed the media on behalf of his colleagues said: "It also needs to be pointed out that this 49.5% debt ratio means the country is on the verge of crossing the 50% threshold". But responding to the Minority, Felix Kwakye Ofosu, Deputy Minister for Information and Media Relations, told Joy News Ghana's debt to GDP ratio is better than top seven most industrialized countries in the world. He cited the Debt to GDP ratio of Japan which is 237% while the U.S carries a ratio of 106%. The public debt stands at GH¢43.9 billion as of August 2013, but the country is worth GH¢85 billion. But Kwakye Ofosu said government is investing the monies borrowed into infrastructural projects and social services such as education.

The deputy minister offered to count about a 100 road projects that has been financed with funds borrowed by government. He mentioned the Awoshie-Pokuase road. He also cited the following roads, "60km Assin Praso-Asante Bekwai, a 19.5km Agbozime-Afloa road, a 93km Tarkwa -Bogoso road, about 436km cocoa roads in cocoa-producing areas and a 74.8m euros Kwame Nkrumah Circle interchange". He conceded that the NDC government is having difficulty in meeting its statutory obligations after failure to credit accounts of the District Assembly Common Fund (DACF), the National Health Insurance Fund (NHIF), the Ghana Education Trust Fund (GETFund), the Road Fund and others. But the deputy minister said the Minister of Finance and Economic Planning had met the leadership of parliament "barely a week ago" to adopt a roadmap for making disbursement. This difficulty is not the first time in Ghana's history, Felix said and explained that under the NPP regime some statutory payments such as the GETFund were not been made for two years. He said government had other commitments apart from making statutory payments. He pointed out a "dramatically" high annual wage bill of GH¢ 9bn which is claiming 99.3% of non-earmarked revenues. Clearly, he says, this situation will pose a challenge to government's ability to make statutory payments. *(Ghana Web)*

Government together with its development partners has launched the 2012 Public Expenditure and Financial Accountability (PEFA) Performance Review report in Accra on Wednesday. The report presents the indicator-led assessment of the functioning of the Public Financial Management (PFM) systems in Ghana and measures the progress achieved since the previous assessment. Mr Patrick Nomo, Director of Budget, Ministry of Finance, speaking at the dissemination workshop, said the PEFA assessment provides countries with the opportunity to compare their PFM systems performance with other countries. He said it would also assess the performance of the country's PFM systems against very well established international indicators, adding that "it will also serve as a benchmark for monitoring performance in subsequent periods". He said the country has joined the middle income countries with a robust economic growth and also has prospects for joining major oil-producing economies. He said the increased wage bill and consequential crowding-out effect on the

availability of resources for non-wage recurrent and development expenditure posed new challenges to public sector financial management. The Budget Director said a programme based budget system is being introduced for implementation in 2014 to ensure that uses of resource were linked to expected results. Mr Harald Kuppers, Programmer Manager, Good Financial Governance Programme, said the report looks back to the budget operations of the years of 2009 to 2011 and analyses the management of the public funds. He said although the reforms in PFM have made further progress since the assessment was done in 2012, the report provides insights into the strength and weakness of the PFM systems in Ghana. *(Ghana Web)*

Kenya

Corporate News

State sugar millers have inched closer to privatization after the Treasury wrote to Parliament to grant the final approval needed for the process to begin. This comes after the fulfillment of two conditions that had to be met before the government could offload its majority stakes in Chemelil, Muhoroni, Sony, Nzoia, and Miwani sugar companies. The conditions are the establishment of county governments and the enactment of a raft of agriculture sector laws earlier in the year. The Privatisation Commission says a go-ahead from Parliament will see the privatization of the sugar millers in six to nine months since due diligence is almost complete. "The National Treasury has written to Parliament requesting that the necessary process (approval) be expedited," said Solomon Kitungu, the CEO of the Privatisation Commission. "The Commission will proceed to implement immediately Parliamentary approval is granted," he said, adding that the sugar millers will be privatised simultaneously. The government has for years protected the firms from cheaper duty-free sugar imports from the Common Market for Eastern and Southern Africa (Comesa).

Attracting investors is seen as critical in turning around the struggling millers ahead of the expiry of the latest safeguards from competitors which expire in March next year. Mr. Kitungu said the approval was not granted on January 9 when the national assembly discussed the Agriculture, Livestock, Fisheries and Food Authority Bill 2012. The Bill was however passed by Parliament the next day and assented to by President Uhuru Kenyatta on January 14. The other requirement —the establishment of county governments— has also been met following the election of governors and county representatives in the March 4 General Election. A specific approval from the national assembly is however still needed to authorise the government's divestiture in the sugar millers in what is expected to turn around their dwindling fortunes. Miwani is closed, while Muhoroni is under receivership. Chemelil, Nzoia, and Sony are, however, running profitable operations but all the five firms have massive debts. The Treasury has said it will write off Sh40 billion debts owed by the sugar millers to make it easier for strategic investors to buy the firms. Kenya remains a net sugar importer and is struggling to boost output as its consumption continues to outpace production. Consumption of sugar stands at 800,000 tonnes per year against local production of 550,000 tonnes. The Comesa window allows the country to bring in up to 350,000 metric tonnes of sugar in a year but the import quota expires in March after the government sought several extensions. It is feared that an influx of cheaper sugar from Comesa and the international market will greatly erode market shares of existing local millers and kill them. "The average cost of production in Kenya still remains one of the highest in the world," said Rosemary M'kok, the CEO of the Kenya Sugar Board. "Factors such as declining cane yields, harvesting of immature cane, high cost of inputs and services has been the major drivers of high cost of production." She said on average, Kenya's cost of sugar production stands at Sh82,650 per tonne compared to other regional markets like Malawi where the costs is as low as Sh30,450 per tonne. *(Business Daily)*

Tullow has made the fourth oil discovery in northern Kenya after announcing that Ekales-1 wildcat has a net oil pay of reservoirs of between 60 and 100 metres. Ekales-1 is located in between Ngamia-1 and Twiga South-1 --where oil was also discovered-- and the oil explorer says that "reservoir properties at this location appear similar to those previously encountered." Tullow also disclosed that it had started drilling at the Agete-1 well mid this month and it expected the third rig to be operation in fourth quarter of 2013. "This success at the Ekales-1 wildcat is further evidence of the exceptional oil potential of our East African Rift Basin acreage," said Angus McCoss, the exploration director at Tullow Oil. "Having opened the first basin with the Ngamia-1 well last year, we are now increasing the pace of exploration in Kenya aiming for 12 wells over the next 12 months." The firm said it would undertake further testing of the area to ascertain productivity. Tullow, in July, also found 40 metres of oil reserves in Etuko-1 which are estimated to have combined resource of 300 million barrels (mmbo). Tests on Twiga-1 and Ngamia-1 have confirmed the two wells alone have a potential of 250 mmbo, Tullow said. The discovery comes a few weeks after Africa Oil, Tullow's prospecting partner, raised fivefold the estimated deposits in the Lokichar basin to 368 million barrels of oil. "Based on the drilling and testing programme over the past year we have confirmed the South Lokichar Basin contains gross contingent resources of 368 million barrels of oil, an increase of 557 per cent," said Africa Oil chief executive Keith Hill, earlier this month. *(Business Daily)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

London-based insurer, the Lloyd's market topped the list of big losers as Nairobi counted its losses in the wake of a deadly terrorist attack that claimed at least 67 lives and left dozens missing. More than 50 businesses that operated in the shopping complex, including Nakumatt Supermarkets, Barclays Bank, restaurants, jewellery and clothes shops, with goods worth billions of shillings, are also facing huge losses whose extent is yet to be determined. The more than 500 people who worked in the shopping mall have been left jobless and the announcement that three of the building's floors had caved in during the three-day battle with the terrorists means it will take months for the businesses to get back into operation. It has since emerged that Sony Holding Limited, a real estate company led by Alex Tachenberg, insured Westgate Shopping Mall through UK's Lloyd's market for about Sh6.6 billion. The Lloyd's market is a unique insurance provider with an internationally recognised brand whose business is underwritten by nearly 90 insurers who accept risk on a shared and competitive basis. The insurance deal included a cover against political violence where acts of terrorism fall. Mr. Tachenberg declined to comment on the matter. Robert George, the Corporate Intelligence Manager at London-based Chaucer Syndicate Limited, the lead firm in the syndicate that insured Westgate, confirmed the contract. He, however, declined to discuss details of the deal, including who, if any, were its Kenyan partners and what is covered in the package. "I can confirm that we (Chaucer) did lead the insurance of the centre in Kenya (Westlands)," said Mr. George, on a telephone and mail interview from London. "Company policy does not permit any further comment at this time," he said. The Times of India reported that the mall that was built by Indian construction magnate Lakshman Raghavani and was initially priced at Sh4.2 billion.

Knight Frank, an upmarket property valuer, told the Business Daily that the building could not be sold for less than Sh6.9 billion. Westgate business owners, some of whom tragically lost staff in the incident, are now counting their losses in one of Nairobi's most prime locations. Many had by Wednesday no idea of how much stock they lost in the ensuing battle to rid the complex of the invaders — but were cancelling orders already made. A huge blast and gunfire featured during the battle on Monday. The clothes store Deacons Kenya had four outlets in the mall, Mr. Price Home, Identity, Woolworths and Addidas. "The four stores accounted for 15-20 per cent of our Kenyan business and, therefore, this is a big blow for us," said Muchiri Wahome, the managing director, adding that all 40 workers in the stores survived the attack. "The directors shall sit and map out the way forward when we get clear directions as to how structurally sound the building is. Westgate's owners are continuously in touch with us but it is still too early to make a decision." Nakumatt managing director Atul Shah said that the Westgate branch accounted for between nine and 10 per cent of the retail chain's Kenyan revenues out of the 33 stores. Mr. Shah, who lost a brother-in-law in the incident, said he had been informed that the Nakumatt store in the shopping complex had been affected by the caving in of the floor but was to ascertain the full extent of damage.

"Nakumatt Westgate was our number one store in the country principally due to its location," said Mr. Shah, who also lost three workers in the attack. The list of big losers also includes Savani's Book Centre, which has had a store at Westgate since its opening, and Lintons Beauty World, a high-end cosmetics store. Kavit Shah, an accountant at Savani's, said the company was "still in the dark" on the fate of their store, adding it had stock worth "millions of shillings". "Westgate is located in a prime location and it is a big loss for us," said Mr. Shah. Savani's, he said, had around 11 employees and that all of them were safe. Joyce Gikunda, the director of Lintons Beauty World, described the anticipated revenue loss as "too much" and that she was worried about some of her international suppliers pulling the plug on their agreements. Other than revenue and stock losses, Westgate's employers must deal with the more sensitive issue of how to handle the hundreds of employees who are still traumatised from the Saturday attack and have no place to work. Some of the businesses with branches in other locations in the city have promised to transfer the workers to other stores once they counselled and have taken a few days off work. Mr. Shah said Nakumatt had 254 employees at Westgate and plans were underway to deploy them to other branches. "This was an incident that was beyond all of us and we cannot inflict double punishment by denying them income. We also want to keep their minds occupied," he said. Ian Heynike, the managing director of Innscor Kenya Limited, which operates fast food outlets such as Pizza Inn, Creamy Inn, Baker's Inn and Galitos, also said the would relocate their workers. "The 33 staff members will be redeployed across the business whist we assess the situation and the potential of resuming operations in the mall," said Mr. Heynike. But in what could be a double blow to some of the employees, there were signs that some jobs, especially those in single outlets situated in the building, may have been lost forever.*(Business Daily)*

Economic News

The Kenyan shilling weakened slightly early on Monday as investors traded cautiously after a Islamist militants attack on a shopping mall in the capital city over the weekend. The shilling was posted at 87.50/60 to the dollar at 0648 GMT, 0.2 percent weaker than Friday's close of 87.25/45. "I guess there will be some of that negative vibe feeding into it (shilling), but with the way the liquidity is on the shilling's side it won't help to have a long dollar position," said Duncan Kinuthia at Commercial Bank of Africa. *(Reuters)*

A war of words between stockbrokers and their regulator broke into the open Thursday with the Capital Market Authority saying "a brotherhood of buccaneers" wants to retain the status quo to manipulate the market. The two are fighting over the content of the Capital Markets Bill that is currently in parliament, with each writing a memorandum to the Finance, Planning and Trade parliamentary committee rubbishing each other's proposed amendment to the Bill. The regulator says the Capital Markets (Amendment Bill 2013) should be retained as it is as this will eradicate cartels who have over the years dominated the trading and caused market distortion. "There are those saying we are over regulating the market but what we want is transparency, fairness and equality. They want to continue doing things same way… setting prices of products," CMA chairman Kung'u Gatabaki said Thursday at the Nairobi Hilton hotel. The authority was unveiling a new risk-based supervision system and launching a five-year strategic guide. Nairobi Securities Exchange, currently owned and managed by stockbrokers, opposes the Bill saying it "is a barrier to the expansion of capital markets as it is heavily focused on prescribing detailed restrictions." "Should the Bill comes into force as it is, it will make it extremely difficult to open up the market to more participants and new products," the exchange said in its memorandum to the parliamentary committee. The committee gave the two parties up to this Friday to agree on the contentious articles before making its own decision. The authority says the market is entering a period of growth with futures and commodity markets in the pipeline that should be handled with greater scrutiny to enhance public confidence. "These products are sensitive and require high levels of transparency, fairness and equality. We have to make sure the brotherhood of buccaneers will not regroup and start doing the same things that they have done over the years," he said. Robust system. Mr Gatabaki said the new risk-based supervision is a robust and innovative system that will enable early detection of problems and prevent the possibility of the public being taken by surprise when a broker is performing poorly as has happened in the past. The brokers will be expected to switch to online submission of reports and application of licences by the end of this year. Capital Markets Authority acting chief executive officer Mr Paul Muthaura said the strategic plan and risk-based supervision were expected to enable the market open up further and play a greater role in the economy. "From next year we shall only receive applications and records online. We shall not accept manual hard copy applications and records. We are trying to create a conducive environment for mobilisation of resources and access to funds to respond to the new opportunities like mining, oil and gas exploration," Mr Muthaura said. "We must continue to push the envelope to make sure we benchmark with the best in the world." *(Daily Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' central bank is expected to keep its main interest rate at 4.65 percent at next week's policy meeting, a Reuters poll showed on Thursday. All eight analysts surveyed said they expected the Monetary Policy Committee (MPC) to keep the benchmark lending rate unchanged when it meets on September 30. In June, the monetary policy committee surprised the market when it cut the key interest rate by 25 basis points to 4.65 percent in a move to stimulate growth at a time when inflation is benign. Six out of nine analysts surveyed then had expected the central bank to hold the repo rate. The Indian Ocean island's year-on-year rate of inflation, used by policymakers to determine monetary policy, fell to 3.1 percent in August from 3.6 percent, the first time the rate has changed in six months. Jacques Nel, an economist at NKC Independent Economists said the lower inflation figures for August would be reassuring for monetary authorities after an unexpected policy rate cut in June raised questions regarding the country's inflation outlook. "On the aggregate, we expect that subdued domestic inflationary pressures and uncertainty regarding external developments will result in authorities maintaining the policy rate at 4.65 percent," he said. The central bank's rate setting committee, which was reconstituted with new members in March, has been split over whether to raise or lower rates during the last two meetings. "Although, I expect the MPC to keep rates on hold, I won't be surprised by another rate cut. It has become very difficult to predict as rationality is not the agenda of the day," Swadicq Nuthay, economist at Axys Group told Reuters. Earlier this month, Finance Minister Xavier Duval predicted annual average inflation would fall to 3.7 percent this year from 3.9 percent in 2012, helped by the economic slowdown and slower growth in commodity prices. However, Governor Rundheersing Bheenick, who voted for a 10 basis point increase of the key repo rate at the last meeting, said in July the MPC should remain cautious with inflation to avoid any surprise. *(Reuters)*

Mauritius cut its 2013 economic growth forecast to 3.2 percent from 3.3 percent, mainly due to a deeper contraction in the construction industry, the statistics office said on Thursday. Statistics Mauritius predicted a deeper decline of 9.4 percent in the construction sector instead of the 7.7 percent contraction expected earlier. "This is mainly explained by delays in some major private construction projects," it said in a statement. The information and communications technology and the financial services sectors were also expected to post slower growth, the statistics office said. Both sectors would expand by 7.7 percent and 5.3 percent respectively this year, down from earlier estimates of 8.2 percent and 5.5 percent. Reflecting the gloomy outlook, business confidence fell in the third quarter to its lowest level ever, a survey showed on Thursday. The quarterly index, run by the Mauritius Chamber of Commerce and Industry, dropped 2.8 percent to 85.1 points, the lowest since the survey was launched in June 2010, compared with 87.5 points in the second quarter. "A majority of panelists blamed the bleak economic outlook in the country's main markets and the fierce and sometimes unfair competition among local operators," Renganaden Padayachy, an economist at the chamber told a news conference. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Some investors in Jos International Breweries (JIB) Plc last week put their shares on sale to reap capital growth after the stock rose for 26 consecutive days. The sell pressure led to a fall of 11.4 per cent in the share price of JIB to close at 6.66 per share last week. JIB, which has remained comatose for many years, recorded a steep rise in its price that led to an unprecedented capital gain of over 500 per cent year to date. Having opened the year at N1.46 the stock soared to N9.09 last Tuesday, translating into to a capital gain of 522 per cent. Despite the fact that JIB has not paid dividend in recent time years and has not submitted its financial reports for many years, its shares rose for 26 consecutive days without a break. This unprecedented growth made some stakeholders to raise the alarm, saying regulators should watch the way the shares were appreciating. However, some investors offered their shares for sale last week apparently to reap the capital gains recorded in the past five weeks. For the period the shares of JIB witnessed a surge, the company was listed by the Nigerian Stock Exchange (NSE) among those that have failed its compliance test as indicated in the x-compliance. The X-compliance report is a transparency initiative of the NSE, which is designed to maintain market integrity and protect the investors by providing compliance related information on all listed companies. NSE identified JIB among those that have fallen short of the minimum listing standards in terms of timely disclosure of their audited annual financial performance and are operating or operated Below the Listing Standards (BLS). JIB has the BLS tag for non-rendition of audited financial statements 2010, 2011, 2012. However, the BLS notwithstanding, the shares were allowed to record consistent gains on the floors of the exchange, leading to a growth of 522 per cent, the highest so far this year. The Chairman of Progressive Shareholders Association of Nigeria, Mr. Boniface Okezie, had said the steep rise in the share price without any fundamental information, was worrisome and fraudulent. He said: "How can regulators allow the shares of a company that has not held annual general meeting, never paid dividend for many years and never disclosed any positive information in recent times, to rise the way and manner JIB is rising. This is fraudulent and must be checked." *(This Day)*

Heritage Bank Limited said it has concluded plans to lead business and finance experts to discuss growth opportunities for small and medium scale enterprises (SMEs) at the 7th Enterprise Development Centre (EDC) SMEs' annual conference. The conference, which holds this Wednesday, is organised annually by the EDC of the Pan Atlantic University (PAU). The theme for this year's conference sponsored by the bank is: 'Models, Markets, Money -Positioning Your Organisation.' A statement at the weekend quoted the Group Head, SME, Heritage Bank; Mr. Bayo Ogunnusi, said the bank was sponsoring the conference as part of its commitment to helping SMEs build the capacity needed to grow their business. He said the move would also create opportunities for more SME operators to know and access the various SME funding support services of the bank. "We want to help SMEs grow but we also realise that in addition to money, they need knowledge. You can give money to somebody but how does he or she manage the money? They also need knowledge in other areas like human resource, marketing, information technology, and how to put these things together to form a structure. "So our partnering EDC is on the training, and to reach a larger set of people. They have a lot of alumni, thousands of people they have trained. So that is how we are going to reach out to them, because they already have a structure, they have passed through the training. So we are saying, you guys that already have a structure, come and take money from us," he explained. The conference would provide opportunities for SME operators to receive first hand information from finance and business experts including the Director General, Nigeria Stock Exchange (NSE), Mr. Oscar Onyeama, Managing Director/Chief Executive, Belloxi Biscuits, Mr. Obi Ezeude, President, Anabel Group, Mr. Nicholas Okoye, and Emmanuel Okoli of Light House Asset Management Company. Other speakers expected at the conference are Chima Nnadozie of Diamond Bank, Kunle Oketikun of Fortis Microfinance Bank, Oludara Talabi of Talion Capital, Babatunde Okupa of First Atlantic Oil and Gas, Helen Emore of Warri Industrial Park, and Deji Agboade of BPI Advisory. The bank further said its sponsorship of the conference would be an extension of its partnership with the EDC to boost development of the SMEs sector in Nigeria. *(This Day)*

Stanbic IBTC Bank said it has gone into collaboration with Tata Africa Services and John Deere Financial, to provide financial services for the acquisition of agricultural machinery and heavy equipment. A statement from the bank yesterday disclosed that it would provide a range of financial services to customers of John Deere. The partnership was consummated in Abuja at the inauguration of the Abuja

showroom of Tata Africa Services. The Chief Executive Officer of Stanbic IBTC Holdings, Mrs. Sola David-Borha, said the collaboration would be pivotal in diversifying the country's economic base. This, according to her, was in addition to the immense benefits that would accrue to Nigeria's quest to stimulate the growth of the agricultural sector by unlocking access to bank financing for operators. "We are thrilled to partner John Deere and Tata as their growth plans resonate well with our strategy to help stimulate growth of the Nigerian agriculture sector on a sustainable basis," David-Borha said. She added that as Nigeria's natural resources were expected to drive strong growth and attract investments in the energy, mining, infrastructure development and agriculture sectors, Stanbic IBTC was well positioned to provide on-the-ground banking operations, staffed by expert teams familiar with local business conditions and regulations, to deliver excellent service to John Deere and its customers, providing support to dealers and building long-term relationships. David-Borha urged stakeholders in the agriculture industry, particularly small-holders and commercial farmers, to turn to banks for structured funding to boost their productivity, adding that government had been working towards creating an enabling environment for farmers. On his part, the Managing Director of John Deere Financial for sub-Saharan Africa, Mr. Jacques Taylor, said the partnership would create a major platform to support all stakeholders especially the dealer networks, to enable them to obtain financing for their customers and enhance sale of equipment. *(This Day)*

The Ecobank Transnational Incorporated (Ecobank) and the African Guarantee Fund (AGF) Tuesday signed a $50 million guarantee agreement aimed at supporting small and medium scale enterprises (SMEs) in Africa. Under the deal, both institutions would work together to unlock the potential of SMEs in Nigeria, Benin, Burkina Faso, Cameroun, Côte d'Ivoire, the DRC and Kenya, in order to deliver inclusive growth. Speaking at the event held in Lagos, the Group Executive Director, Domestic Bank, Ecobank, Mr. Patrick Akinwuntan, said the transaction reaffirmed the bank's commitment to supporting SMEs in the continent, adding that its collaboration with the AGF would further enable the SME sectors play a critical role in the socio-economic development of Africa. "This is a guarantee fund to support SMEs. The guarantee volume is $50 million, but given the structure, it means that we have a minimum of $100 million to be able to further support our SMEs. For us at Ecobank, we have clarity in terms of our vision, which is really to support the economic integration and development of Africa. "Ecobank recognises that the SME sector has significant growth potential, represents Africa's 'rising middle' and provides the largest employment pool for our vibrant population. This agreement leverages our unrivalled pan-African footprint to deepen financial inclusion in Africa," Akinwuntan added. On his part, the Chief Executive Officer, AGF, Mr. Felix Bikpo, said the partnership with Ecobank provides his institution an important pan-African banking network through which African SMEs would be assisted in getting increased access to financing. He explained: "This partnership is another manifestation of AGF's role as the missing link to increasing the financing of African SMEs by banks and non-bank financial institutions. "As you may know, the AGF is trying to promote the private sector, especially the SMEs. One of the weaknesses of SMEs in Africa is Access to funds and how to get collateral to be able to access loans. We decided to partner financial institutions in Africa to help them overcome that challenge and Ecobank is a good channel for that." The AGF's mandate is to assist financial institutions (banks, private equity funds, lease finance houses and development finance institutions) to scale up their SME financing in Africa via the provision of partial loan guarantees and capacity development assistance. *(This Day)*

Shareholders of Honeywell Flour Mills (HFM) Plc Tuesday approved the N1.3 billion dividend recommended by the board of directors. The N1.3 billion in dividends, which translates to 16 kobo per share, was approved at the 4th annual general meeting (AGM) held in Lagos. Speaking at the AGM, the Chairman of HFM, Oba Otudeko, said since the listing of the company on the Nigerian Stock Exchange (NSE) in 2009, its performance has been on the ascent in spite of the challenging environment under which the company operates. He said HFM achieved strong growth across all brands as reflected by the 20 per cent increase in revenue from N38 billion to N46 billion. "Profit after tax rose from N2.7 billion to N2.84 billion, while shareholders' funds and total assets increased by nine per cent and 16 per cent to N19 billion and N55 billion respectively," he said. Otudeko added that the project to realise a 1000 metric-tonnes-per-day increase in milling capacity by the company was completed around March 2013, which he said, had taken the milling capacity to 2,610mt/day. "The full impact of this has increased our capacity on Semolina, Wheat Meal and Flour sales volumes, which will be fully felt in the financial year ending March 2014," he said. Also speaking at the AGM, the Executive Vice-Chairman/Chief Executive Officer of the company, Mr. Babatunde Odunayo, said "following the introduction of the highly successful television advert for Honeywell Noodles, the brand's fortunes made a dramatic turnaround with significant growths in top-of-mind-awareness, trial, preference, usage and market share parameters". "By the end of the

financial year, our Noodles brand had moved from number five within the Noodles category to number two; thereby making the Honeywell Noodles to grow by 47 per cent by the end of the financial year to N4.1 billion when compared to 2012," Odunayo said. According to him, apart from having positive impact on the bottom line, the Noodles advert' won the best use of music in advertising award during the year as adjudged by the Association of Advertising Agencies of Nigeria (AAAN) at the Lagos Advertising Ideas Festival (LAIF). *(This Day)*

Shareholders of Continental Reinsurance Plc, (Continental-Re), the biggest reinsurance firm in the country, has cause to smile as the company has concluded arrangement to pay them 10 kobo for every 50 kobo share held in the company. This amount, according to the firm, translates to a 25 per cent improvement in returns to the shareholders in the last financial year ended December 31, 2012. The Chairman of the company, Mr. Akin Laguda, confirmed this in his address at the 26th Annual General Meeting which held in Lagos recently.
"In line with the company's dividend policy, the board recommends a cash dividend payout of 10 kobo per share for the financial period under review. This represents an increase of about 25 per cent over the eight kobo per share paid in 2011," he said. Reaffirming his conviction that the company would fare better going forward, he observed that the future for the global reinsurance market "is reasonably bright with opportunities for growth in the emerging markets." According to the chairman, Continental-Re has started implementing its five-year strategic plan, adding that one of the key areas of focus was geographical expansion plan, which is expected to be achieved between last year and 2015. He explained that the reinsurance firm was able to officially commence business from its office in Abidjan, Cote d'Ivoire to service French-speaking West African clients and strengthened its regional office in Cameroun capital city, Doula to better serve other French speaking countries across Central Africa. Laguda also reported that the company's regional office in Nairobi was upgraded to a subsidiary and incorporated as Continental Reinsurance Limited, Kenya last year, a development he said would further strengthen its position in the East African market.

Laguda said that the Tunis office was now being opened as it had got its operational licence. "Before the end of the year, our Southern African subsidiary should be opening office for business in Botswana," he added. The chairman said the planned Continental-Re's headquarter project was being actively pursued with its recent acquisition of a befitting site in Victoria Island, adding the company would need additional capital to pursue its strategic plans, particularly in the areas of expansion and boosting its capacity to take advantage of emerging opportunities. The board was considering various options for the realisation of these goals even as its places high premium on its workforce, he said. "Our company is well managed by seasoned professionals. Being our valuable resource, our people are of high talent, well trained and highly motivated. They will continue to add value, provide quality services and ensure good returns to all our stakeholders," Laguda stressed. In a related development, Continental-Re has advised insurance companies in the West African sub-region to check capital flight and haemorrhage of their respective economies by ensuring full utilisation of available reinsurance capacity within the sub-region.
The firm's Managing Director, Dr. Femi Oyetunji, said "there is need to tackle and stem capital outflows through developing higher local retention capacity and insurers should ensure full utilisation of local reinsurance capacity including pursuing pooling option." He asked the sub-regional insurers to "borrow from emerging and developing market experiences, study, customise and structure products for local environments; adopt partner distribution, underwrite, price, and adopt business administration technology and management strategies." Underwriters should promote low priced and simple micro-insurance schemes for the marginalised rural and urban population and embrace cross-selling with lending institutions across consumer and mortgage lending portfolios, he added. *(This Day)*

Dangote Cement has ordered a new vertical roller mill from Loesche for a new project, Ibese 7, at its Ibese cement plant. The mill is the 13th mill Dangote Cement has ordered from Loesche for Ibese. The order is for a LM 63.3+3 vertical roller mill for grinding clinker with components such as gypsum and limestone. The product rate of clinker type CEM I will be 310t/hr at 3200 blaine while the product rate of clinker type CEM II will be 295t/hr at 4500 blaine. The gearbox capacity for the LM 63.3+3 will be 6700kW. In addition to the mill, Loesche will deliver a LF 20 (burner dual-fuel HFO / NG) hot gas generator and all the mechanical equipment between the mill pre-bins and the product bucket elevator. Loesche will also supply all electrical equipment and automation, the building steel structure and the detail engineering of the civil works. A latest generation type LDC classifier will also be delivered by Loesche. Commissioning is scheduled for the end of April 2014. Dangote Cement is the largest cement producer in Africa, and plans to increase production to 55 million metric tons, by 2016, from 20 million tons today.*(Business Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

A NEW vista of opportunities may have been opened for small businesses in the country with the signing of $50 million guaranteed finance between Ecobank Transnational Incorporated and the African Guarantee Fund. The facility, which was provided by AGF, in acknowledgement of Ecobank's unique Small and Medium Enterprises (SMEs) propositions, may also be a test of the ground for further pacts. The pan-African banking group said the promotion of and support for small business across Sub-Saharan Africa cannot be separated from its operations, just as it has developed the widest operations network in the continent. Ecobank's Group Chief Executive Officer, Thierry Tanoh, said: "This agreement reaffirms Ecobank's commitment to support small and medium-sized businesses and our collaboration with Africa Guarantee Fund will further enable the SME sector play a critical role in the socio-economic development of Africa." Also, the Group Executive Director, Domestic Bank, Patrick Akinwuntan, said: "Ecobank recognises that the SME and Medium sized enterprises sector has significant growth potential, represents Africa's 'rising middle' and provides the largest employment pool for our vibrant population. This agreement leverages our unrivalled pan-African footprint to deepen financial inclusion in Africa." The agreement also aims at assisting viable SMEs by providing an AGF-backed partial guarantee for 50 per cent of net losses of principal under the loan facilities extended to customers in the value chain of SME financing programmes, including contract and receivables finance, distributorship finance and asset finance. Also speaking, M. Felix Bikpo, the Chief Executive Officer of AGF added: "The partnership with Ecobank is of great significance as it provides the Africa Guarantee Fund with a very important Pan-African banking network through which African small and medium sized enterprises will be assisted in getting increased access to financing. "This Partnership is another manifestation of AGF's role as the missing link to increasing the financing of African SMEs by banks and non-bank financial institutions". Under the terms of the agreement, the two institutions will work together to unlock the potential of small and medium-sized enterprises in Benin, Burkina Faso, Cameroon, Côte d'Ivoire, the DRC, Kenya and Nigeria to deliver inclusive growth to the economies. The five-year tenored facility was also structured to give the benefiting SMEs the desired leverage on access, rates, capacity building and a partnership, aimed at nurturing them to maturity and success. "The inaccessibility of finance is a major obstacle to small business growth and development, with only 20 per cent of African SMEs receiving a credit line from a financial institution," the bank added.*(Guardian)*

HONEYWELL Flour Mills Plc has recorded a profit after tax of N2.844billion for the full year ended March 31, 2013. This represents an increase of six per cent over the N2.7billion recorded in the similar period of 2012. Also, the company's turnover stood at about N46billion representing an increase of about N8bn or 20 per cent compared to about N38billion recorded in March 2012. Consequently, the N1.3 billion total dividend earlier declared by the company was approved by the shareholders during its fourth Annual General Meeting in Lagos. The dividend, which translates to 16 kobo per share, is one kobo higher than the 15 kobo paid the previous year. Speaking at the AGM, the Chairman of Honeywell Flour Mills Plc, Dr. Oba Otudeko, said that "since the listing of the company on the Nigerian Stock Exchange (NSE), the performance of Honeywell Flour Mills Plc has been on the ascent in spite of the challenging environment under which we operate". He pointed out that the numerous challenges faced by the Nigerian economy in 2012 included the decline in the real growth rates of economic activity in both oil and non-oil sectors. Nigeria, according to him, produced less than 2.37 million barrels per day during the first half of the year while the non-oil sector was affected by incidents such as flooding. Otudeko said that in spite of all the challenges faced by the economy, Honeywell Flour "achieved strong growth across all brands as reflected by the 20 percent increase in revenue from N38 billion to N46 billion". He added that "Shareholders fund and Total assets increased by nine per cent and 16 per cent to N19 billion and N55 billion respectively".

The Honeywell Flour Mills Plc Chairman said that the project to realize a 1000mt/day increase in milling capacity by Honeywell Flour Mills was completed around March 2013 which has taken the milling capacity to 2,610mt/day. The full impact of this, according to Otudeko, has increased "our capacity on Semolina, Wheat Meal and Flour sales volumes which will be fully felt in the financial year ending March 2014". Also speaking, the Executive Vice-Chairman/Chief Executive Officer of the company, Babatunde Odunayo, said that following the introduction of "our highly successful television advert for Honeywell Noodles ('Bam Bam la la), the brand's fortunes made a dramatic turnaround with significant growths in top-of-mind-awareness, trial, preference, usage and market share parameters". According to Odunayo, "by the end of the financial year, our Noodles brand had moved from number 5 within the Noodles category (at 45 market share) to number 2 (at 10perecent market share) thereby making the Honeywell Noodles to grow by 47 percent by the end of the financial year to N4.1 billion when compared to 2012". He said that apart from having positive impact on the bottom line, the Noodles advert, 'Bam Bam la

la' won the best use of music in advertising award during the year as adjudged by the Association of Advertising Agencies of Nigeria (AAAN) at the Lagos Advertising Ideas Festival (LAIF). During the year, the company also carried out an internal restructuring which resulted in the merger by absorption of Honeywell Superfine Foods Limited, formerly a wholly owned subsidiary and manufacturers of pasta and noodles with the objective to achieve a further extraction of value from the already existing forward/vertical integration between the two businesses. This merger/absorption was approved by the shareholders on February 28th, 2013 at the company's Extra-Ordinary General Meeting. Shareholders who attended the AGM commended the board and management team for their effort and commitment to enhance the company's market share, visibility and profitability. In a unanimous decision, the shareholders re-elected the board led by Otudeko for another term in office.*(Guardian)*

FOLLOWING a declaration of a profit after tax of N5.32 billion for the financial year ended May 31, 2013, the board of directors of PZ Cussons Plc will tomorrow seek the approval of its shareholders for a proposed dividend payout of N2.2 billion, representing 56 kobo per share for the financial year under review. According to the company's financial results for the year under the review, the proposed dividend represents an increase of 30 per cent on the previous year's dividend. Chairman of the company, Prof Emmanuel Edozien attributed the growth in the company's profitability to its innovation, success in delivering valued Fast Moving Consumer Goods (FMCG) in the personal and home care segments as well as the drive to move its portfolio from commodity based products to high value branded ones. He explained that though competition remains a threat to the business, resulting in a drop of one per cent in the company's turnover from N72.2 billion in 2012 to N71.3 billion, its profitability grew by 102 per cent from N2.4 billion to N4.9 billion. Edozien noted, "Though the top line results are not in line with our projections, the choice of investing in volume growth and improving the cost structure during the year, gives us the confidence that this will put our company on the right footing for profitable growth in the future. "We leveraged our investments in supply chain and manufacturing to improve margins while maintaining the quality of our products. The company has continued to invest in improving operational efficiency to optimize the cost base and improve consumer experience. "In line with the strategic plans and direction in the forthcoming financial year, we are optimistic that we will deliver the targets. The initiatives taken to improve supply chain and efficiency in the production process will ensure a flexible and competitive cost structure." *(Guardian)*

As part of efforts to promote electronic banking, Diamond Bank Plc has launched an international debit card for students of the Covenant University, Ogun State. The product, known as Diamond Multi-Purpose Card School Solution, was launched at the school premises. Speaking at the ceremony, the Executive Director, Lagos Businesses and Retail Banking of Diamond Bank, Mr. Uzoma Dozie, expressed satisfaction that the initiative would strengthen the partnership between both institutions. Dozie also said the collaboration was geared towards human capital development. "A few days ago, we were here to discuss what we could do together in respect of the product. We have similar objectives with Covenant University and we decided to partner together for the pilot stage of the introduction of the first of its kind in Nigeria, Visa approved international card for students of the institution," Dozie explained. Also, he explained that the multi-purpose card school solution was a unification of identity card with biometrics and other features to enable students carry out financial transactions such as paying for school fees, making online payments as well as using it to vote during their students' union election. On his part, the Business Manager, Diamond Bank, Mr. Amedu Simeon, said the card with Covenant University, Visa and Diamond Bank logos was valid for four years. According to the Dean of Students Affairs of the University, Mr. Azubike Ezenwoke, the product would drive e-banking in the school.*(This Day)*

Economic News

The severe liquidity drain experienced in the interbank market early last week eased before the end of the week, as a result of inflow of funds from matured treasury bills. THISDAY learnt that a total of N156.526 billion matured treasury bills helped to improve the liquidity position of the market. A breakdown of the amount showed that while a total of N102.982 billion of 164-day Open Market Operations (OMO) bills matured last week, at the Primary Market Auction (PMA), treasury bills valued at a total of N53.544 billion (91-day- N20.278; and 182-day- N33.266 billion) also matured. Consequently, the Nigerian Interbank Offered Rates (NIBOR) closed at an average of 16.27 per

last Friday, compared to the 21.95 per cent it stood the preceding Friday. Specifically, while the Overnight tenor closed at 15.67 per cent on Friday, from the 25.58 per cent the preceding Friday, the 7-day tenor closed at 15.71 per cent, compared to the 21.46 per cent it attained the preceding Friday. In the same vein, just as the 30-day tenor plummeted to 16.04 per cent from 20.71 per cent the preceding Friday, the 60-day tenor closed at 16.25 per cent last Friday, from 21.10 per cent. The 90-day, 180-day and 365-day tenors all closed a 16.46 per cent, 16.75 per cent and 17 per cent respectively. THISDAY also learnt that the payment of N950 billion subsidy funds also strengthened the liquidity position of the market. The market had last Tuesday witnessed severe liquidity squeeze as the NIBOR spiked to an average of 44 per cent. This, according to analysts, was because the 50 per cent Cash Reserve Requirement (CRR) for public sector deposits imposed by the CBN in August was biting hard in the market. A research note from the Renaissance Capital Limited (RenCap) had pointed out that the development in the market was as a result of the delayed impact of the increase in the CRR for public sector deposits. The CRR hike, which was announced at the July Monetary Policy Committee (MPC), had also revealed the vulnerability of the banking system's dependence on government deposits. Also, the situation in the market last week was worsened by the payment of the Asset Management Corporation of Nigeria (AMCON) annual levies by banks. The Monetary Policy Committee (MPC) meeting commences today and the direction of interbank rates this week would be influenced by the outcome of the two-day meeting.

The naira gained against the United States dollar last week as a result of the improved liquidity in the system. Specifically, at the interbank market, the nation's currency gained 75 kobo to close at N161.20 to a dollar on Friday, compared to the N161.95 to a dollar it stood the preceding Friday. Also at the Bureau De Change (BDC) and parallel markets, the naira appreciated by N2 respectively to close at N162.50 and N163 to a dollar in that order. However, the CBN offered and sold a total of $600 million at its regulated Wholesale Dutch Auction System (WDAS) last week ($300 million on Monday and $300 million on Wednesday), same as the preceding week. The naira maintained its value of N155.76 to a dollar at the WDAS. THISDAY also gathered that the operating licences of some BDCs were restored last week. But compared to other major currencies, the naira depreciated against the British Pound Sterling and the Euro by 1.05 per cent (or N2.59) and 1.47 per cent (or N3.05) to close at N249.59 and N210.48 respectively. "This week, we anticipate stability of the exchange rates on the back of increase in Nigeria's crude oil output and the likely increase in foreign portfolio investment inflows occasioned by the decision by the United States Federal Reserve not to taper the monthly $85 billion of Quantitative Easing," a report by Cowry Asset Management Limited said. Federal Reserve policy makers led by its Chairman, Ben Bernanke, last week said they want more evidence of lasting improvement in the United States economy before paring the central bank's $85 billion monthly bond-buying programme. The Director, Euromoney Conferences, Mr. Christopher Garnet, said the Fed decision would bring relief to the Nigerian market, saying that "it signals that the era of cheap money is not over." "A lot of people criticise Bernanke, helicopter Ben as he was called, because of the idea that he was flying around the world distributing dollar bills all over the place and there have been a lot of arguments against it. But I think the way he has handled things this year has been a master class," Garnet added.

Activities in the bond market were a bit mild as investors remained on the sideline at the beginning of the week. A report by Afrinvest showed that bond yields declined by 22 basis points week-on-week as "BUY" trades pushed bond prices to new highs. The benchmark bonds (10-year and 20-year maturities) closed the week at 13.3 per cent and 13.6 per cent respectively. The shorter end of the yield curve was most active last week as liquidity concerns dominated most market players. The CBN Governor, Mallam Sanusi Lamido Sanusi, last week described the Nigerian investment environment as clement, even as he urged foreign investors to take advantage of the investment opportunities in the country. Sanusi maintained that Nigeria clearly has a competitive edge in the international capital market, adding that the country's economic growth was robust. He predicted that inflation rate in Nigeria would remain within the single- digit band throughout 2014. Nigeria's inflation fell to 8.2 per cent in August. The Nigerian economy grew on average above 6 per cent in the last decade and is projected to grow by 7.6 per cent in 2014. Total investment as a percentage of Gross Domestic Product was 22 per cent in 2012 and is projected to increase by 23.6 per cent in 2013. Sanusi, whose speech was read by the Deputy Governor, Financial System Stability, CBN, Dr. Kingsley Chiedu Moghalu, added: "The risk of overheating that makes international capital sometimes undesirable is minimal, as the economy possesses deep absorptive capacity especially in infrastructural investments." Furthermore, Sanusi pointed out that the adoption of the International Financial Reporting Standards (IFRS) by all banks would enhance transparency and improve comparability in banks' financial reporting in a global environment. The council of Nigeria Sovereign Investment Authority (NSIA), also known as the Sovereign

Wealth Fund (SWF), was inaugurated last week by President Goodluck Jonathan. While inaugurating the council, the president canvassed support from contributors with a view to realising its set objectives for the benefit of Nigerians, and presented certificates of contribution to the federal, state and local government representatives at the occasion. The president expressed satisfaction with the robust implementation of governance in the fund as well as the investment structure set up by the management team of NSIA. Commending with the structures put in place, Jonathan said the international community was already taking note of their efforts. With the inauguration of the council, the president shall preside as its chairman. Other members are the 36 state governors, including the Minister of the Federal Capital Territory and Attorney General of the Federation. *(This Day)*

The total amount of Deposit Money Banks' (DMBs') reserves with the Central Bank of Nigeria (CBN) increased to N2.784 trillion in August. The latest central bank's money and credit statistics showed that the amount represents an increase by N367 billion or 15 per cent, compared to the N2.417 trillion recorded in July. Bank reserves are deposits in accounts with the central bank that are not to be lent out. It is held as part of risk management measures. The significant increase recorded in the month under review was as a result of the implementation of a 50 per cent Cash Reserve Requirement (CRR) for public sector deposits in August, which saw the withdrawal of over N1 trillion from the banking system. The Managing Director/Chief Executive Officer, Financial Derivatives Company Limited, Mr. Bismarck Rewane, who described bank reserves as high-powered money, said the huge amount recorded in August would decline after some time. "It is not depositors' money; the increase was a result of the money that was taken out of the system. That is government's funds and once they come for their money, it will reduce. If not for what was done, that money would be going after foreign exchange," he explained. Meanwhile, the CBN data showed that the currency-in-circulation declined marginally year-on-year to N1.443 trillion at the end of August, from N1.457 trillion in July. In addition, it revealed that credit to the private sector increased year-on-year to N16.101 trillion in August, as against the N15.796 trillion it was as at July. But just like the previous month, the Net Domestic Assets (NDA) reduced further year-on-year to N5.627 trillion in August, compared to the N5.904 trillion recorded in July, just as the Net Foreign Assets (NFA) increased to N8.992 trillion in August, from N8.908 trillion the previous month. Nevertheless, broad money (M2), which generally is made up of demand deposits at commercial banks and monies held in easily accessible accounts, fell further to N14.619 trillion in August, from N14.811 trillion as at July. Also, the central bank's money and credit statistics showed that Narrow Money (M1), which includes all physical monies such as coins and currency along with demand deposits and other assets held by the central bank, reduced to N6.271 trillion in the month under review, from N6.523 trillion in July. According to the central bank, currency outside bank stood at N1.152 trillion as at August, while demand deposits was N5.118 trillion. *(This Day)*

Nigeria plans to issue between 135-235 billion naira in sovereign bonds maturing in August 2016 and July 2030 in the fourth quarter of the year, the Debt Management Office (DMO) said on Thursday. The amount being proposed is within the volume of actual debt issuance in the third quarter, totalling 203.78 billion naira. Latest date released by the DMO showed that it plans to auction between 45-80 billion naira each in 3-year and 20-year paper on October 16 and November 13, respectively, while the debt office will issue 45-75 billion naira of the same maturities on December 11. All the bonds were re-openings of previous issues. *(Reuters)*

Nigeria has been identified by travel and hospitality experts as the fastest growing air travel market in Africa recording 1.5 million visitors last year. Experts told THISDAY that studies done on the industry have indicated that Nigeria's hospitality industry has overtaken that of South Africa, Mauritius and China. According to them, while growth in the hospitality and travel industry in Nigeria is phenomenon, the market in the other countries have been saturated. And travel expert, Ikechi Uko attributed the growth in Nigeria to the emerging middle class, in spite of the seemingly economic stagnation. "The middle class is growing at incredible rate and that explains why the economy cabin of many airlines operating into Nigeria record load factor. Those who will tell you that the economy is not growing are those who board business class. They don't know what is happening at the economy class."Uko said. He noted that many new international hotels are extending their operations to Nigeria, especially Lagos and the rates have not come down because of high patronage. "Lagos is the fourth most visited city in Africa and Nigeria is an environment that rewards efforts and when people travel to new places they see new things and they do business. Nigeria is rated the biggest destination in West Africa," he said. Uko said one of the reasons Akwaaba travel market is growing is because more people are eager to come to Nigeria and the market provides face to face marketing, which makes business to be

done faster. "It is believed that it is Nollywood that has changed people's impression about Nigeria. It inadvertently became a marketing took as the films paint real and idyllic picture of the country," he said. An aviation expert, Nick Fadugba has once described Nigeria as the fastest air transport market in Africa, saying that the country should reposition its airlines to benefit from this viable market. "An important distinction between Nigeria and most other countries in Africa is that Nigerian air traffic is almost inelastic, the high demand will still be there regardless of most crises. In contrast, North African countries depend on foreign tourism for most of their air traffic. In that environment, once there is a political crisis the foreign tourists flee, the aircraft are empty, revenues are down, airline staff laid off and aircraft are parked, it is a catastrophe. Fortunately, Nigerian air traffic is very resilient. Not many foreign tourists come to Nigeria and air traffic is driven primarily by business and Nigerian travellers. Hopefully, more foreign tourists will visit Nigeria in the future but at the moment, if there is crisis in Nigeria, people still tend to fly there for business," Fadugba said. *(This Day)*

Tanzania

Corporate News

No Corporate News this week

Economic News

No Economic News this week

WEEKLY AFRICAN FOOTPRINT

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Zambia

Corporate News

STANBIC Bank Zambia Limited (SBZL) has signed an agreement with John Deere aimed at providing farmers with farming equipment to boost yields countrywide. The bank says lack of access to farming equipment by farmers in the agriculture sector has hindered them from increasing yield. Stanbic Bank Zambia head of personal and business banking Mukwandi Chibesakunda said the partnership will help the bank's customers have access to farming equipment from John Deere, with improved pricing and reduced interest rates. "Zambia can better feed itself and the growing global population if productivity can be boosted. This agreement will empower farmers across the country through access to world-class farming equipment at affordable rates through financing," Ms Chibesakunda said. She said this in a statement availed to the Daily Mail in Lusaka yesterday. Ms Chibesakunda said the provision of farming equipment through the agreement will see increased productivity in a sector that provides 70 percent of the population's employment. She said efforts to diversify the economy can only be realised once farmers are empowered to access farming equipment. Ms Chibesakunda said access to equipment by farmers will help them increase their output and grow the agriculture sector's contribution to the national economy from 21 percent. "Given the focus on agriculture as an opportunity to diversify the economy, the Government has embarked on a number of initiatives aimed at improving yields. Farmers in Zambia still have limited access to finance to improve their yield and exploit the country's vast expanses of land," she said. Ms Chibesakunda said Zambia's agriculture sector uses only 15 percent of the 58 percent arable land across its estimated 752, 000 square kilometres of land. She said despite the agriculture sector contributing 21 percent to the country's gross domestic product, there are still challenges being faced by farmers. Meanwhile, John Deere area sales manager for Southern Africa John Goncalves said the partnership is a further development of the company's product offering in the country. Mr Goncalves said the firm's premium products and services will now be even more accessible with the financing options available from the collaboration to suit customers' needs. *(Daily Mail)*

ZAMBEEF Products has been recognised as a leader in African business and a role model for companies across the continent. The award recognises captains of industry who have made a vast difference to the companies, industries and communities they serve. CNBC Africa business development manager for Zambia Debbie Baillie said the firm is an inspiration to business leaders across Africa, and that Mr Grogan has helped steer the business into the success story that it has become today. "Zambeef Products Plc has been recognised as a leader in African business and a role model for companies across the continent. The company's chief executive officer Francis Grogan was on September 19 awarded the prestigious All-Africa Business Leaders Awards (AABLA) as Southern African Entrepreneur of the Year 2013," she said in a statement released in Lusaka yesterday. The honour is sponsored by CNBC Africa, ABN Productions and Forbes Africa. Ms Baillie said the AABLA award recognises the contribution the company has put in developing the country. Commenting on the award, Mr Grogan said Zambia's macro-economic stability is a key success factor behind the growth of the company. He said the strong gross development product growth has also resulted in rising consumer demand, single-digit inflation, stable exchange rates and reducing interest rates. "It is a huge honour for a Zambian company to be recognised as leading the way on the continent, and I dedicate the award to Zambeef's loyal customers, suppliers and hard-working workforce. It is an endorsement of the economic policies that the Zambian government has pursued that have enabled the country to become one of the economic powerhouses of the continent," he said. Mr Grogan faced competition from other nominees across the southern African region. He further said managing a company such as Zambeef is about teamwork and praised the company's 5,500 staff and managers for their professionalism. Meanwhile, the group's net assets have grown more than 15-fold to K807 million in 2012 from K52 million when listing in 2003 to K807 million in 2012. Mr Grogan said the company turnover also increased to K1,554 million from K165 million over the same period. The firm's integrated operation produces processes and sells beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed, flour and bread. It has 118 retail outlets and three wholesale outlets across Zambia. The company grows approximately 8,350 hectares of maize, soya beans and wheat under irrigation, with a further 8,650 hectares of rain-fed/dry-land crops available for planting each year. It is also rolling out its West Africa expansion in Nigeria and Ghana, as well as developing a palm project in Zambia. *(Daily Mail)*

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Economic News

THE Zambia Institute of Purchasing and Supply (ZIPS) anticipates that Government will allocate more money towards infrastructure development in the 2014 National Budget to boost economic growth. ZIPS president George Mumba said once infrastructure is well developed, the benefits will trickle down to the people thereby improving their standard of living. Mr Mumba said in an interview in Lusaka recently that infrastructure development is key to attracting investment and promoting economic growth. "As ZIPS, we are happy to see what the Government has started doing concerning infrastructure development. Before, the monies were going towards supports activities, but now, Government has shifted towards infrastructure development. When infrastructure is developed, then you will have created an environment for any investments to be taken on board and benefits will trickle to the people," he said. Last year, Government allocated K3.4 billion towards infrastructure development such as road and rail. Meanwhile, Mr Mumba is optimistic that the Link Zambia 8,000 project will be successful provided proper procurement procedures are followed. Mr Mumba said, "Although the project is a welcome idea, the implementation of it is likely to experience challenges if qualified procurement personnel are not engaged in the project." He said procurement staff should not only be qualified but licensed with ZIPS or other relevant bodies to ensure that procurement processes are free of corruption. "For now, the project [Link Zambia 8,000] has just started and we have not had serious issues coming out and we are quite optimistic that the project will conclude as intended," he said. He urged the Road Development Agency to ensure that objectives of the project such as cost management, time scale to ensure that the project starts on time and risks management are attained. Mr Mumba said the scope of work should not be changed arbitrarily from according to what was agreed upon to ensure that the output of the project is not affected. "So again it is the responsibility of procurement that they must be aware of these factors…Procurement has a major role to play in the Link Zambia 8,000 project," he said. *(Daily Mail)*

ZAMBIA is likely to request for a new extended credit facility (ECF) or any other type of borrowing arrangement from the International Monetary Fund (IMF) next year. An IMF mission was in the country from September 17- 24 to conclude the 2013 Article four consultation discussions with Zambia. IMF team leader John Wakeman-Linn said the talks on the financial arrangement will be initiated with Government in January 2014 when the team returns. "The mission and the authorities have tentatively agreed that IMF team will return to Lusaka in January 2014, to initiate programme discussions. The ECF programme is something that we will discuss and on the nature of that programme," Mr. Wakeman-Linn said. He was speaking at a press briefing in Lusaka on Tuesday this week. Mr. Wakeman-Linn said the nature of a programme will be either the ECF or another financing arrangement. Like its predecessor the Poverty Reduction Growth Facility, the ECF supports countries' economic programmes aimed at moving toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. Recently, IMF said it had not received any request from Government on the new ECF for Zambia. The fund said if the request on ECF was submitted by Government, it would be the first step toward entering into an IMF programme. The IMF is currently providing assistance in a range of other areas, including economic policy advice and technical assistance on taxation, central bank modernisation and statistics among others. The three-year ECF programme for Zambia which was approved in June 2008 ended two years ago. In 2011, the executive board of the IMF completed the sixth and final review of Zambia's economic performance supported under the ECF. The board's decision enabled an immediate disbursement in an amount equivalent to US$29.3 million (SDR 18.395 million), bringing the total disbursements under the arrangement to about US$350.4 million (SDR 220.095 million). The ECF financing is determined on a case-by-case basis, taking into account the country's balance of payments need and strength of its economic programme. Meanwhile, Government is expected to present the national budget to Parliament on October 11, 2013. Secretary to the Treasury Fredson Yamba said Minister of Finance Alexander Chikwanda more details on Government tax measures will be pronounced. It is expected to complete the 2013 Article IV consultation in November or early December 2013. The discussion focused on recent economic developments and policies needed to ensure macroeconomic stability and continued growth. The mission met with Finance Minister Alexander Chikwanda, Bank of Zambia Governor Michael Gondwe and other senior government officials and representatives from the private sector and civil society. *(Daily News)*

PRESIDENT Michael Sata says the Zambian economy is enjoying macro-economic stability with signs of appreciable growth. Mr. Sata, however, said Government still has the huge task of ensuring that the basic needs of Zambians were met, as poverty levels and

unemployment remain a challenge. Zambia recorded a Gross Domestic Product (GDP) growth of 7.3 per cent in 2012, but Mr. Sata said his Government was cognisant of the fact that it was equally important to put in place specific measures that would promote equality and social justice in the labour market. The President said it was for this reason that Government was strongly advocating investment that created real and sustainable employment prospects, while at the same time making the economy more labour absorbing. He said his Government has had to take an unprecedented painful step of curtailing subsidies on fuel and maize in order to accelerate Zambia's efforts of achieving the first Millennium Development Goals (MDGs). "My Government believes that addressing issues of poverty is important for the achievement of sustainable and inclusive development in the future we want for Zambia," he said. He said the removal of maize and fuel subsidies had enabled Government save the resources for programmes that were deliberately targeted at poverty alleviation. Mr. Sata reiterated the need to mainstream children's issues, including access to quality education, and ensure quality health care services were provided at the right time. Social protection and upholding the rights of children was critical which should transcend the global desire for a better future. Mr. said Government had also transformed and repositioned the social protection services to optimise efficiencies. He thanked the UN for the support rendered to Zambia in the recent hosting of the 20th session of the UN World Tourism Organisation (UNWTO) General Assembly and the fourth meeting of State parties of the cluster munitions convention.*(Times of Zambia)*

THE Securities and Exchange Commission (SEC) says the International Finance Corporation (IFC)'s issuance of a K120 million bond (US$28.4 million) is a sign of confidence in the domestic capital markets. The K120 million issue, dubbed 'Zambezi bond', is IFC's first Kwacha-denominated bond and is also the first placement by a non-resident issuer in Zambia's domestic capital markets. In an interview, SEC chief executive officer Wala Chabala said for any financial and capital market to have a super national multilateral institute issue, an instrument in local currency is a vote of confidence and potential stimulant for the development of the market. This is the first issuance under the IFC Pan-Africa domestic medium-term note programme. "To have the IFC come onto the market is a good thing for the development of the capital market because they know the market can absorb the instruments they are bringing," he said. Dr Chabala said the capital market in Zambia could be more developed than it is and that there is still a lot of scope to grow. He said IFC is a highly- rated entity and investments into the World Bank financial arm would be very safe. Dr Chabala also said that the African Development Bank (AfDB) has also registered medium-term note programme soon to be issued on the market. He said to have two super institutions to register a bond programme simultaneously shows the kind of confidence they have in the Zambian market. The economy has been growing steadily in the last few years at close to 10 percent, inflation at single digit and Zambia is sovereign rated B+ country. "Zambia's sovereign debt debut of US$ 700 million was oversubscribed and priced at the rate that defied the rating.

All these indicators tell that eventually, there should be more activities in the market like that of the IFC and AfDB coming to issue bond programmes," he said. In July 2013, IFC received approval for a local-currency bond programme in Zambia and issued a K120 million bond last week. Under the programme, IFC can issue bonds of up to K2.5 billion (about US$460 million). Standard Bank and Stockbrokers Zambia Limited are co-lead arrangers for the bond. The four-year bond is designed to appeal to a broad range of domestic and international investors looking to diversify their portfolios. Investors include Zambian pension funds, international and domestic asset managers, insurance companies and banks. The bond was issued at par and priced with a yield of 15 percent per annum. In May 2012, IFC launched its Pan-African Domestic Medium-Term Note Programme, which focuses on Botswana, Ghana, Kenya, Namibia, Rwanda, South Africa, Uganda and Zambia. Proceeds from the programme will be used to support IFC's private sector development programme. *(Daily Mail)*

THE Pension and Insurance Authority (PIA) has recorded pension assets worth K3.6 billon as at June 2013. Meanwhile, Government has approved recommendations by a technical team to reform the entire pension system in Zambia. PIA deputy registrar Titus Nkwale said over 235 pension schemes with a combined asset size of over K3.5 billion and a total coverage of 103,081 members were registered. Mr Nkwale said the figures are indicative of the huge potential for growth; even within the formal sector (estimated coverage by National Pension Scheme Authority (NAPSA) is 600,000). He was speaking at a high-level pension fund thought leadership meeting in Lusaka yesterday organised by Stanbic Bank Zambia Limited. Mr Nkwale said the sector has reported a weighted average gross return on assets of about 13 percent from 2009 to 2012, excluding 2008 due to the credit crunch experienced. He said while the return is fair, the authority is concerned that from a high of 15 percent in 2009, the trend has been downward to 10 percent in 2012. Mr Nkwale urged pension funds to

have a sustained critical look at their portfolio strategies. "The picture is worrisome when expenses are netted from gross earnings because a good number of funds then reported net returns below consumer price index," he said. On reforms, Mr Nkwale said Government is determined to resolve the historical challenges caused by the unsustained design of public service pension schemes.

He said Government has this year approved the recommendations by a technical team to reform the pension system in Zambia. The reform will include, among other objectives, a restructuring of the regulatory and market framework of the entire pension system in the country. "Under the coordination of Government, work on the reforms started in December 2012, progress is at a faster pace. However, wider stakeholder consultations will be held," he said. At the same event, bank managing director Charles Mudiwa said pension funds in the country are poised to aid the growth and development of the local capital markets. Mr Mudiwa said the bank's custody and investor services product suite will be able to assist pension funds in adapting to the imminent legislative changes. The law will also provide operational efficiency built on a robust information technology application and reporting capability. Mr Mudiwa said the bank is committed to supporting the growth of pension funds sector with the aim of becoming a strategic advisor to the client asset servicing requirements locally, regionally and globally. The meeting was held to provide insights on the economic and capital market development in Africa. It is hoped that the forum will further unravel investment opportunities that are available to the pension fund industry and showcase the bank's capabilities in the position of custodial services. *(Daily Mail)*

Zimbabwe

Corporate News

MEIKLES LIMITED is reviewing the trading model for its departmental retail unit, Meikles Stores, which has been forced to retrench 55 workers due to viability challenges. The bid to cut costs by reducing the size of the workforce has, however, run into problems after the workers rejected the company's proposed retrenchment package. Meikles Limited confirmed the plans to review Meikles Stores trading model, but would not go into the finer details except to say it was a result of low demand and competition. Meikles Stores has since retrenched 35 non-managerial and 20 managerial staff in a bid to reduce costs and improve viability threatened by the low demand and competition. Meikles Limited executive director Mr Mark Wood said: "Due to the lack of disposable incomes amongst the general population and competition from the informal market the existing trading model is being re-examined to determine best way forward." Meikles Stores is a division of the Meikles Stores Group, comprising other well-known department stores including Greatermans and Barbours. The stores group is a subsidiary of Zimbabwe Stock Exchange- listed conglomerate Meikles Limited. Retailers face stiff competition from imports, especially low priced products from China and South Africa, which supplies about 60 percent of products consumed in Zimbabwe. Zimbabwe relies heavily on imported products due to low capacity utilisation in industry, which is suffering from lack of funding following a decade of economic decline. Mr Wood would not discuss the disputed retrenchment package for the workers Meikles Stores has laid off saying: "In view of the fact this issue is before the Retrenchment Board, it would be premature to speculate on the outcome." However, workers' legal advisor Mr Tawanda Katsuro of the Zimbabwe Labour Centre said the dispute with the employer largely revolved around issues of service pay, severance package, relocation allowance, medical aid cover and gratuities. "They (Meikles) argued that the employer is making financial losses and is in the process of restructuring the business from department to (general) retail," he said. While Government will decide on other disputed issues the parties have agreed on issues of gratuities and re-engagement of the workers after three years when viability improves. Workers want five months' service pay, four months severance package, four months relocation allowance and 18 months medical aid cover against the employer's one month service pay, two months severance and six months medical aid cover. The agreed package would then be multiplied by the number of years served by an individual to determine each of the laid off workers' total retrenchment package. Mr Katsuro said that the argument that Meikles Stores could not afford the package demanded by the retrenched workers because it was facing viability challenges did not hold water because its parent company, Meikles Limited, was operating profitably. *(Herald)*

ZIMBABWE Stock Exchange-listed household and appliance retailer Pelhams Limited is forecasting a loss in the first half to September due to subdued consumer spending on the back of an underperforming economy, a company official has said. Speaking at the company's annual general meeting in Harare recently, Pelhams chief executive officer Middleton Chikowore said although the primary focus for the company this year has been the realignment of structures with sustainable revenue streams, indications are that the company could incur a loss. The company posted a $1,7 million loss for the year ended March 31, 2013 compared to a profit of $1,5 million during the same period last year. "We expect to post a loss for the first half. However, management forecast the business to have a profitable second half supported by credit sales on the back of new and cheaper credit facilities, focus on higher margin products and reduced operating costs," Chikowore said. Chikowore said the liquidity challenges on the market delayed closure of credit facility negotiations and affected sales due to the resultant subdued consumer spending. Pelhams has already implemented cost-reduction measures which saw occupancy costs being reduced by 53% in the year to March 2013 through closure of the company's three branches in Harare and a warehouse in Bulawayo. Chikowore said the current facilities with banks will have been repaid by the end of November 2013 and this will enable the company to conclude new facilities to fund the debtor's book and replace the expensive credit from suppliers that had built up as a result of legacy issues. Chikowore said the company was working towards cost reduction measures and has reduced occupancy cost by 53% to $48,841 as of March 2013 from $104 819 while salaries and wages were reduced by 25% to $111 763 from $148 235. "The 53% reduction in rentals arose from the closure of Banet and Harris Borrowdale, Banet and Harris Arundel, Bradlows Speke, and a 50% reduction in another branch's rentals," Chikowore said. "These branches' overhead costs were no longer supported by the turnover generated in the respective branches. We have, however, opened two more trading floors at Pelhams Harare to incorporate these brands." In the period under review, balance

payables that related to bank loans were reduced by 57% and balances payable inherited expensive debt structures decreased by 19%. He added that prior to the year the majority of credit supply balances had been converted into loan amounts attracting interest rates of 4%, but the management engaged all suppliers and managed to reduce interest rates from 4% per month to 1,5 % per month. *(Newsday)*

FARM implements manufacturer Zimplow Limited will tomorrow seal a US$5 million line of credit from Brazil in what is expected to boost volumes at the group's tractor manufacturing division. Group chief executive Mr Zondo Kumwenda told the Herald Business in an interview that the parties to the deal will meet in South Africa tomorrow for the signing of the line of credit from Brazil. "The final signatures will be done (with the financiers) on the 26th (Thursday) of this month. We are going to use the loan to buy tractors and a few other implements," said Mr Kumwenda. He said tractor volumes were lower this year compared to last year and the group was looking forward to seeing how the US$5 million line of credit would help push the volumes up. The Zimplow boss added that capacity utilisation was low at the firm's manufacturing division but volumes have been higher in the construction and animal drawn equipment divisions. The Zimbabwe Stock Exchange listed group has attributed the low volumes at some of its divisions, particularly manufacturing and tractors, to the liquidity crunch pervading the entire economy. Zimplow has also recently been realigning its operations and this year completed the disposal of motor vehicles trader Puzey and Payne with the sale of Tassborg to be completed soon. While Tassborg remains relatively profitable, its size and contribution to the rgoup remains disproportional to the effort and time spent by directors on its operations hence the decision to sell it. Addressing an analyst briefing in Harare recently Mr Kumwenda said he expected the Government's pro-agriculture and infrastructure policies to positively impact the group's operations.

Zimplow is made up of Tractive Power Holdings, fully acquired early this year having been owned 57,2 percent since August 2012, Farmec, 65 percent owned joint venture Northmec, earth moving equipment dealer Barzem, animal drawn implements unit Mealie Brand and CT Bolts. The group's revenue rose to US$20 million in the interim to June 2013 from US$4 million in the same period last year after it acquired Tractive Power Holdings midway through 2012 and disposing of Puzey & Payne. Profit for the half year came in at US$1,4 million from US$168 000 last year. Group Earnings Before Interest Tax Depreciation and Amortisation came in at US$1,19 million, most of which is attributable to the mining and con-struction equipment supply business. Profit before interest and tax of US$2,2 million was enhanced by sale of Puzey & Payne. In the face of growing debt collection challenges Zimplow has changed its sales strategy from credit to cash amid tightening liquidity conditions pervading the entire domestic economy. Mr Kumwenda said Tractive Power Holdings performed extremely well in the half-year period, adding that the draught power implements maker and supplier positively contributed to the group. *(Herald)*

GB Holdings Limited recorded a $728 000 loss for the half year ended June 30, 2013, compared to a $616 000 loss in the same period prior year as it succumbs to a myriad of macroeconomic challenges. In its unaudited interim results statement, GB said revenue for the period declined to $2 million from $ 2,9 million as a result of acute low liquidity levels. GB chairperson Godfrey Nhemachena said volumes declined by 30% to 447 metric tonnes due to low raw materials stock levels and a small order book after the expected resurgence of the mining sector and expected implementation of infrastructural water projects failed to take off. He said the company focused on fund-raising initiatives that resulted in the company accessing $1 million from the Distressed and Marginalised Areas Fund (Dimaf) which were applied towards economic sourcing of raw materials to enhance the company's competitiveness in the market. "Fund-raising initiatives will continue in the second year in an effort to improve the company's market position and competitiveness," Nhemachena said. "Due to low levels of investment in plant and machinery since dollarisation, the sought funds will be applied towards additional working capital and plant optimisation. This effort is expected to address the anticipated improved demand of the company's products from both the mining and agriculture sector which is expected to rebound in the short term." The company's operating loss for the half year declined by 21% to $883 000 from $732 000 in the same period last year. During the period under review, Nhemachena said capacity utillisation was reduced to an average of 15%. "Although competition from imports will be inevitable, the company believes that with the appropriate funding, it can fend off competition through competitive pricing, product and adequate technical support," Nhemachena said. He said the company's access to cheaper Dimaf money had resulted in savings in the cost of funds. However, the increased borrowings resulted in finance costs being 39% above the prior year at $103 000. *(News Day)*

MEIKLES Hospitality says it has completed an US$8 million refurbishment of Meikles Hotel in Harare. Mekiles embarked on the facelift in the first quarter of last year and is ready to tap into the influx of tourists expected in the country owing to the improving political environment. Tham Mpofu, the Commercial Director of Meikles Hospitality, on Tuesday said there had been many encouraging signs of renewed growth in travel and tourism. Meikles said it was discussing with property developers in Zambia for the construction of a hotel in that country as the company expands into the region. According to the group, the hotel will be part of a mixed-use retail scheme being developed close to the Lusaka Airport. "Along with our many colleagues throughout the sector, we look forward to increased interest in Zimbabwe as a destination for travellers of all kinds, especially in the upper end of the business and leisure markets, which is where Meikles is positioned as the natural and first choice," Mpofu said. Mpofu said the refurbishment of the hotel is expected to enhance the competitiveness of the hospitality group and was in line with local tourism industry objectives of improving quality of products and services. "What must be acknowledged is that, although we have come through the recent years of challenge and are ready to meet the future with strength and energy, Meikles Hotel, in common with all operators within the sector, has had to address issues of a physical nature and has had to undertake investment and expenditure to bring its infrastructure up to the highest possible standard and create for itself a fresh new look for the 21st century that matches the keen and warm welcome extended to customers," she said.

Mpofu said they acquired new banqueting furniture and equipment and undertook various upgrades of product and service, such as the introduction of new beds and flat screen televisions for all rooms and suites. There has been changes in food and beverage operations, where the company introduced new menus, new wine lists and new styles of cuisine and presentation. "Our biggest undertaking has been the US$8 million refashioning of the North Wing to prepare it for what we hope is a brighter and busier future and to allow this hotel to retain its reputation for building on a solid foundation of experience and tradition while utilising innovation, imagination and creativity to give our guests an experience that is unmatched in this market," she said. Over the past 98 years, she said, Meikles Hotel has been a trend setter and a market leader and aims to retain this position. "We present as our offering the finest of the past and the most exciting of the future. In doing so, we recommit ourselves to providing service standards of the highest quality, ensuring that our whole team retains and enhances its customer focus with a commitment to excellence across the board," she said. Meikles has 142 bedrooms and suites which have all been refurbished. *(New Zimbabwe)*

ECONET Wireless is undertaking a multi-million-dollar expansion of its mobile money service, EcoCash, which will make the system four times bigger. This will pave the way for the company to launch additional services. In a statement, Econet said the expansion was a response to the dramatic and unexpected growth of the service since its launch. The EcoCash service has recorded more than 2,3 million users since its inception two years ago and by August last year, its agency network, which includes individual traders, post offices and other businesses, had reached 7 000 agents. As of July this year, EcoCash was handling an estimated US$200 million in monthly transactions and when annualised, this volume represents an amount equivalent to 22 percent of Zimbabwe's GDP. Expansion of the service would mean the country's largest mobile phone network would be able to rake in the forecast US$1 billion a month. Econet customers, who were originally using the platform to send and receive money, can now use EcoCash to make all sorts of payments, including paying salaries. This has created employment opportunities while the platform has been touted as facilitating the movement of cash across the economy efficiently boosting trade in the country's mostly informal economy. Econet has been forging alliances with local banks such as CBZ, Steward Bank and Stanbic Bank to support the facility.

The acquisition of a 100 percent stake in Steward Bank by the mobile giant also saw the giant further integrate the large informal sector into the formal banking system. Econet said that engineers from the company's suppliers have been in the country for several weeks upgrading all the systems and they are expected to have completed their work by the end of September. "Our executives concede that they have been caught by surprise by the dramatic growth of EcoCash, and have had to scramble to order and install a much bigger system," the company said. Econet Services chief executive Mr. Darlington Mandivenga said the expansion of EcoCash would allow the company to launch new services on the EcoCash platform. He added that the company had already activated the EcoCash service for Zimbabweans in South Africa that would see an increase in the volume of remittances to the country. He, however, said the service was currently available from a few limited sites in that country until the full upgrade in Zimbabwe was complete. "If we open up the service completely, we will have complete

congestion. We have to wait two or three weeks," he said. Mr. Mandivenga said excitement over the product in South Africa was very high because it solved the problems people were experiencing when sending money home. Statistics show that Zimbabwe accounts for the bulk of the cross-border remittances market, and more than R6,7 billion, which translates to 60 percent of total Sadc remittances, is estimated to be sent to Zimbabwe from South Africa each year. Analysts believe that EcoCash could surpass the achievements of the largest mobile money service, M-Pesa, run by Kenya's Safaricom. *(Herald)*

BINDURA Nickel Corporation will convert US$3 million worth of liabilities into equity after shareholders approved the placing of 100 million ordinary shares of the Zimbabwe Stock Exchange-listed firm to selected creditors of the company. The decision was taken as part of five resolutions tabled for consideration during the company's annual general meeting held on September 19 in Harare which were all passed. BNC shareholders endorsed the placement of 100 million ordinary shares of the company to selected creditors at a subscription price of US$0,03 per share, in lieu of amounts owed to them. The share placement was undertaken in terms of permission granted at an Extraordinary General Meeting of the company, held on June 29 2012, where shareholders voted in favour of placing all unissued ordinary shares of the company under the control of directors for an indefinite period. The shares in question were to be issued in compliance with the terms of the company's Memorandum and Articles of Association and the ZSE listing requirements. "Due to the continued need to conserve the limited cash resources of the company, directors hereby propose the conversion of certain liabilities amounting in total to US$3 000 000 (three million United States of America dollars) into equity," said BNC chairman Kala Mpinga. BNC resorted to convert the shareholding into equity to avoid committing much needed resources to clearing debt at a time the firm needs them for phase two of the restart of its Trojan Mine. The firm had earlier wanted to raise about US$39 million for the two phases of the restart of BNC but only managed to raise US$23 million in 2012.

After the failure to raise US$16 million for the second phase of the Trojan restart, management devised a strategy to survive in the short to medium term and this involved early extraction of massive totalling 6 290 tonnes nickel over a period of 18 months from July 2013. The overall effect of this strategy on the Trojan life of mine is a timing issue only, but the total depleted nickel remains the same. This plan resulted in the significant reduction in the funding gap from US$16 million to only US$4,5 million, which is the short-term bridging finance it now requires. Mr Mpinga said after the board's approval of this revised plan on July 4, 2013, the BNC management team immediately started implementing the strategy and significant progress has been made in the ramping up of production and cost management at Trojan Mine. The firm said safety performance has improved to date as a result of focus on key BNC programmes. Mining production performance was affected in the main by underground equipment availability but will improve as a result of the refurbishment programme starting in September 2013. "Nickel in concentrate production is steadily increasing. A record high production in the history of Trojan mine of 714 tonnes nickel in concentrate, was achieved in the month of August," said Mr Mpinga. *(Herald)*

ECONET Wireless Zimbabwe has developed a weather-indexed drought insurance cover for smallholder farmers allowing farmers to make a financial claim if their crops fail because of either inadequate or excessive rainfall. Under the scheme known as EcoFarmer, a farmer can buy insurance for as little as US8c per day deducted from their prepaid phone account during the agricultural season. In the event of a drought due to poor rains, the farmer will be given as much as US$100 for every 10kg seed pack planted in what will effectively cover participating farmers from drought induced loss of input. The key to the scheme is a highly innovative weather monitoring network which enables Econet Wireless to know exactly how much rain fell on the farmer's field to determine whether there was drought or normal rain fall that season. Econet has partnered with Seed Co to produce special seed packs that contain a small plastic container with a special number that the farmer must text to Econet. As soon as Econet receives the number, the company will know exactly where the farmer is located. The Econet base station in the farmer's area monitors weather patterns including rainfall, temperature and humidity. This information is used by weather experts to tell if there has been a drought in that particular area. The system being developed by Econet is intended to give farmers, particularly smallholder farmers, what is known as weather-indexed insurance cover. When an insured farmer has peace of mind that crop failure does not mean hunger for the family, they will be encouraged to plant more crops and therefore increase national crop production.

Econet has chosen Mashonaland East province as the location for a pilot scheme, which will run between November this year and March 2014. The system for weather measurement and monitoring has already been installed and the plastic capsules are being put into seed packs for the 2013/4 season. Based on the results of the pilot scheme, Econet will subsequently expand it nationally, in time for next year's planting season. The service being developed by Econet for Zimbabwe is similar to one which has been rolled out in Kenya, Kilimo Salama, by that country's leading operator, Safaricom, which also pioneered mobile phone banking services in that country. Kilimo Salama ("Safe Agriculture") is an insurance designed for Kenyan farmers so they may insure their farm inputs against drought and excess rain. The project, is a partnership between Syngenta Foundation for Sustainable Agriculture, UAP Insurance, and telecoms operator Safaricom, offers farmers who plant on as little as one acre insurance policies to shield them from losses when drought or excess rain affect their harvest. Kilimo Salama insurance cover was designed based on the learning of a pilot in Laikipia district in Kenya where several hundred maize farmers insured their farm inputs against drought in the long rains season of 2009. Following the drought that season, both weather stations showed that there was a payout and all farmers were compensated depending on the extent of the drought as measured at their weather station. The pilot was the first of its kind in Kenya. Kilimo Salama features many elements—like the mobile phone registry and payment system and distribution through rural retailers—that are micro-insurance firsts. *(Herald)*

JAPANESE paint manufacturing giant Kansai Plascon has acquired 49 percent of the Reserve Bank of Zimbabwe's 63 percent stake in Astra Industries in a deal worth US$5,5 million. The acquisition is in line with the country's indigenisation requirements. In terms of the Indigenisation and Economic Empowerment Act, foreign-owned companies are allowed to hold a maximum of 49 percent equity in a local firm. Astra Industries chairman Mr Addington Chinake said the deal was going to play a major role in the revival of the company which was on the verge of collapse. "The deal has been subject to speculation for the past six months and today we are formally telling the nation that Kansai Plascon and Astra are now partners. "The role played by the RBZ in making the deal successful should not be underestimated and we are proud as Astra that we have managed to abide by the Look East policy after attracting investment through our Japanese partners," he said. "It is a great achievement not to Astra alone, but Zimbabwe as a whole as we have managed to attract a prestigious investor who has been in the paint manufacturing industry for 95 years with a firm presence on the African continent in 16 African countries, including 10 manufacturing sites," he said. Kansai Plascon was founded in 1918 and is in the top 10 global paint companies with a corporate office in Sandton, Johannesburg, that supports the manufacturing sites in South Africa, Namibia, Botswana and Zambia. Minister of Industry and Commerce Mr Mike Bimha, who graced the event for the official announcement of the deal, said such partnerships were a great milestone towards achieving positive results in the local industry. "Our nation has been getting negative publicity in terms our investment environment, therefore it shows that many investors are willing to inject fresh capital into our industries which is a step towards an economic rebound," he said. The RBZ sold the stake as part of its disposal of non-core assets held through Fintrust, its investment arm, as it mobilises resources to pay off its debts. The RBZ is in the process of selling non-core assets and in January this year disposed of its 58 percent stake in Tractive Power Holdings. The central bank is also in the process of selling its interest in Cairns Holdings. RBZ is also the major shareholder in Tuli Coal in which it has 70 percent stake and holds the entire equity of Carlstone Enterprises, another mining entity. *(Herald)*

Economic News

Zimbabwe can expect to earn US$1,5 billion in tourism receipts by 2015 following the successful hosting of the United Nations World Tourism Organisation conference last month.Zimbabwe in August this year co-hosted the 20th edition of the UNWTO General Assembly with Zambia. The general assembly was declared the best attended in the history of the organisation with a record 900 delegates from the media fraternity, 121 full delegates from member states, 140 delegates from all over the world, 49 foreign ministers and 750 other delegates. ZTA chief executive officer Mr Karikoga Kaseke told New Ziana the benefits of hosting the conference were incalculable. "On average it takes between one to two years to see the positive benefits of hosting such a big event, however, the biggest benefit is the endorsement of Zimbabwe as a safe destination. "We expect to see the fruits of this endorsement maybe in 2015 where we anticipate receiving around three million tourists in international arrivals translated to US$1,5 billion in terms of tourism receipts," he said. Mr Kaseke

said the endorsement had been the best so far Zimbabwe has ever had where the UNWTO had endorsed tourism. He said the UNWTO General Assembly had not left the tourism sector in the country dead but livened up instead. "We knew the general assembly was not an ongoing thing that is why we needed a host. Tourism has not died after the conference, but was left more alive in the sense that the impacts of tourism are going to be positive for a long time. "When we were bidding we looked at the costs versus the benefits — not financial. Zimbabwe has now been baptised by the UNWTO as a safe destination meaning that any conference of any sort can be held here," he added. It was the first time that the UNWTO General Assembly was held in Southern Africa and the second time on the African continent after Senegal hosted it in 2007. The event was a milestone for the global tourism body and its delegations of attending member states. The twin resort towns of Victoria Falls and Victoria Falls had the rare opportunity to showcase the mighty Victoria Falls – a World Heritage Site — to a global audience. *(Herald)*

FINANCE Minister Patrick Chinamasa has appealed for technical support from the African Development Bank to build expertise on how the country can leverage its resources to raise foreign capital and access external lines of credit.Minister Chinamasa last week met AfDB officials in Harare, among them AfDB's regional director Mr Ebrima Faal, to find ways in which the parties can increase co-operation to spur Zimbabwe''s economic recovery and growth. Top among the areas in which Zimbabwe needs assistance is technical expertise on how the country can mobilise its mineral resources to unlock external lines of credit and gain access to foreign capital. "I have asked him to give us technical expertise to help us to mobilise domestic resources and use those domestic resources in securitisation to unlock capital to flow into the country," he said. Zimbabwe will, however, need to do extensive exploration and prospecting for full information on the stock of its mineral reserves. The initiative stems from the understanding that Zimbabwe holds huge reserves of a diverse portfolio of mineral assets that lie unexploited yet it has battled to get capital to grow the economy. "I believe that AfDB has expertise and I have asked that they look into it so that they can provide that expertise to us. If we have to use these resources for securitisation, we need to know the quantity," the minister said. "When we have quantified what we have it is easy to approach investors and say this is what we have, can we have US$5 billion to US$10 billion so that we can do ABC. AfDB has promised to look into that and assist," Minister Chinamasa said.

The minister said the technical expertise required revolved around aspects of how that is done and how to look for the investors. "This is a new concept where you are using something that is untapped, an asset that is still in underground. It's a new concept so you need all the expertise required," said the minister. Zimbabwe requires huge amounts of funding for various aspects of the economy including replacing old equipment, raising industrial capacity utilisation, boosting agricultural output, increasing electricity and addressing infrastructure deficit. While there are other challenges besetting the economy such as lack of raw material, shortage of electricity and high cost of utilities and employment costs, funding is the biggest constraint. In that respect, Government has sought assistance from the AfDB in terms of increased funding support for agriculture, mining, tourism and industry to jolt economic recovery and growth. The bank's regional director said AfDB was an African bank committed to assisting its members to mitigate funding constraints. "The bank is Africa's bank. It is a bank that is owned by the 54 countries on the continent. We know the continent well and therefore we are a trusted partner. Irrespective of difficulties that our membership are going through, we have engaged, that is what we have done in Zimbabwe over the last few years. "We want to try to assist in the process of re-engagement within the international community, which is a mandate that Sadc gave to us, which we are trying to fulfil," said Mr Faal. He said AfDB does not extend direct funding to members in arrears, but in the case of Zimbabwe would not wait until the arrears have been cleared. "We have discussed amicably and I think that from our side the understanding is that we are honoured to be the partner of choice to move the process forward together with other partners for smarter partnerships going forward," said Mr Faal. *(Herald)*

THE participation of mining companies on the Zimbabwe Stock Exchange (ZSE) is still low accounting for less than 2% of the total market capitalisation five years after the country introduced multi-currencies. Statistics from the ZSE shows that market capitalisation for the four mining counters on the local bourse is $66,3 million, with Bindura Nickel Corporation (BNC) having the largest market capitalisation among mining counters. BNC has the largest market capitalisation on the bourse, but it's not yet operating at full capacity as some of its mines are still on care and maintenance as the company intensifies plans to look for funding. In an interview, BNC chairman Kalaa Mpinga said the first reason why companies list on the ZSE is to raise money, but on the Zimbabwean market, liquidity is still a challenge. "There is a significant liquidity problem in the economy and what is happening in the mining companies is not different from other sectors of the economy. "If the

liquidity situation changes, I think things will improve. "More companies will be listed on the market," he said. A local analyst said there were no de-listings or new listings for mining counters in the five-year period, unlike other sectors of the economy. "The reason why more mining companies are not participating on the local bourse is not known. "Maybe they do not want to adhere to the rules of the ZSE or they want to avoid disclosure and bureaucracy," the analyst said. As of Friday, the total market capitalisation stood at $4,9 billion. The industrial index closed the week at 191,53 points after adding 1,96 points with gains being recorded in National Foods, Econet, Old Mutual, Delta, PPC and Fidelity Life. On a week-on-week basis, the industrial index gained 3,18 points. On Friday, the mining index lost 0,22 points and closed at 48,34 points. Mining companies in the country that were listed elsewhere include Zimplats, Mimosa, Unki, Murowa Diamonds and others. Official figures show that the mining sector requires $5 billion for recapitalisation. *(Newsday)*

FINANCE Minister Patrick Chinamasa yesterday said the multi-currency regime will remain in force for the foreseeable future as part of measures to ensure stability and stimulate economic growth. The minister is credited with introducing use of a basket of currencies among them the United States Dollar, South African Rand and Botswana Pula during his tenure as acting Finance Minister in 2009 as part of measures to contain raging inflation and stabilise the economy. Following Zanu-PF's victory in the July 31 harmonised elections, the market has been uncertain on Government position concerning return of the local currency. Officiating at the Zimbabwe Revenue Authority's (Zimra) Tax Payer Appreciation Day, Minister Chinamasa said as part of a raft of measures aimed at ensuring economic growth and stability, the Government would be coming up with strategies to boost industrial capacity utilisation and to widen its revenue base. "In order to dispel any doubts on the market, I came back home to maintain the multi-currency regime. It will be with us, it will remain with us for an indefinite period," he said. He said the multiple currencies had been credited for stabilising the economy and busting the inflation bubble, which at its peak in 2008 stood at 231million percent. Zimbabwe is currently enjoying a stable environment and the lowest inflation in the region at 1,28 percent. Minister Chinamasa said the Government would soon come up with measures to address the flooding of cheap imports as well as capacitate industry. He expressed concern that Zimbabwe had become a warehouse for goods produced in other economies. "We are now a warehouse for everything that is being produced from sweet potatoes, tomatoes to okra," he said. The next few months, he said, should see a marked reversal of the trend while urging industry to come up with re-tooling proposals. He lauded Zimra for being the financial bedrock for the Government over the past decade when the country was under siege from the West over the land reform programme. "For many years now, we have had to rely on mobilisation of domestic resources for survival, given the situation that we find ourselves in where sanctions were imposed on us which hurt our economy especially from the year 2000," he said. "Tax collection has been a very important cog in our survival during the past 13 or so years. What we collected was prudently and frugally used for the provision of social services and amenities," he added. He said while the revenue base had shrunk due to under performance of the economy, it was critical that stakeholders came up with strategies to widen the revenue sources. The Government would also make efforts towards capacitating Zimra to effectively play its role, he said. Meanwhile, Zimra Commissioner General Gershem Pasi said the authority would strive to meet its revenue target for 2013. Mr Pasi urged corporates and individuals to pay their taxes voluntarily to help in the development of the economy. He said Zimra had since its formation, only missed its revenue targets for two years in 2001 and 2009. "Paying taxes dignifies and builds our country," he said. The tax appreciation day ran under the theme: "National Economic Development Through Efficient Tax Systems. *(Herald)*

THE mining sector has grown by an astonishing 35 percent in the period 2009 to 2011 with the sector's contribution to Gross Domestic Product increasing from 4 percent to 16,9 percent, the Chamber of Mines of Zimbabwe has said. According to the Chamber, the mining sector has overtaken the agricultural sector as the mainstay of economic growth and now accounts for more than 50 percent of foreign exchange inflows into the country. On the basis of current costs and policies gross revenues and fiscal revenues from the sector are seen increasing by 63 and 87 percent by 2018, respectively, to US$4,8 billion and US$729 million. Chamber of Mines president Mr. Alex Mhembere told the Mining and Infrastructure Indaba yesterday there was need to resuscitate closed mines and open new ones to maintain the current momentum. "The mining sector has to date been the most dynamic sector of the Zimbabwean economy, leading the 2009-2011 rebound with average annualised growth (rate) of 35 percent," he said. This year's edition of the annual Zimbabwe Mining and Infrastructure Indaba is running under the theme "Redefining Africa: Harnessing our Resources". The growth momentum is expected to sustain at an average of 19,2 percent between the period 2012 to 2015, but CoMZ said new deposits and mines should be discovered and opened. The chamber said a good number of existing mines across the country that remain on care and maintenance or are closed due to

capital and liquidity challenges should be resuscitated. Even President Mugabe, as evidenced by his many recent statements, agrees mining will spur economic growth going forward despite drawbacks of low international commodity prices. According to Mr. Mhembere, most of the country's major minerals are this year expected to register significant growth except chrome, which is anticipated to record a decline in production.

Gold production is expected to increase from 14,7 000kg to 17 000kg, platinum 10,5 000kg to 12,5 000kg, coal 1,7 000 tonnes to 2 000 000 tonnes, palladium 8 000kg to 10 000kg, diamonds 12 000 000 tonnes to 16 900 000 tonnes while nickel output is projected to 10 000 tonnes from 7,899 tonnes during the 2012 period. The sector has become important and central to the economy of Zimbabwe with CoMZ saying its tax contribution to the fiscus grew from US$58 million in 2012 to US$445 million in 2012. While the mining sector employed 59 000 people at the peak of its performance in 1995 the decade of recession saw the figure dropping to 33 000 in 2009 before climbing up to 45 000 in 2012. Apart from its contribution to the fiscus and employment creation the towns and cities such as Kwekwe, Gweru, Bindura, Zvishavane and Hwange have thrived around mining activities. With mining officially declared the centrepiece of the country's economic growth and development Mr. Mhembere said there was need to reopen closed mines, open new ones and beneficiate minerals before export for the country to derive maximum benefits from the sector. Mines and Mining Development Minister Walter Chidhakwa said while exploitation of minerals should benefit Zimbabweans the country also needed foreign capital and technology for sustainable mining and should reconcile the two imperatives for mutual benefit. "The challenge that we must address, therefore, is to reconcile these two imperatives and come up with policies that cater to both the ordinary Zimbabwean and the investor," the minister said. He said Government identified mining as the lead sector in the country's quest for development and the Ministry of Mines and Mining Development was charged with attaining this objective. To that end, Minister Chidhakwa said Government was working on a new progressive mineral development policy that speaks to the country's aspirations, but also caters for investors' needs. The policy will also culminate in a new Mines and Minerals Act by end of this year.*(Herald)*

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