SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	24-Jan-14	31-Jan-14	Local	USD	Local	USD
Botswana	DCI	9,338.02	9,454.45	1.25%	18.49%	25.89%	27.58%
Egypt	CASE 30	7,233.38	7,405.25	2.38%	17.49%	35.57%	35.63%
Ghana	GSE Comp Index	2,218.23	2,255.52	1.68%	25.38%	88.00%	84.52%
Ivory Coast	BRVM Composite	244.42	246.65	0.91%	-8.37%	48.07%	37.94%
Kenya	NSE 20	5091.30	4856.20	-4.62%	-2.71%	17.50%	21.88%
Malawi	Malawi All Share	12,581.74	12,646.78	0.52%	66.80%	110.24%	152.14%
Mauritius	SEMDEX	2,114.75	2,086.64	-1.33%	-5.59%	20.47%	20.67%
	SEM 7	406.44	398.89	-1.86%	-6.09%	18.27%	18.46%
Namibia	Overall Index	1,017.00	978.00	-3.83%	27.88%	-0.84%	2.19%
Nigeria	Nigeria All Share	41,917.55	40,571.62	-3.21%	-2.13%	44.49%	44.31%
Swaziland	All Share	294.27	294.27	0.00%	33.67%	3.01%	6.47%
Tanzania	TSI		2,919.67	0.43%	2.92%	96.53%	100.34%
Tunisia	TunIndex	4,410.61	4,498.42	1.99%	3.04%	-1.78%	-5.56%
Zambia	LUSE All Share	5,225.89	5,395.32	3.24%	15.96%	44.83%	53.73%
Zimbabwe	Industrial Index	195.27	189.25	-3.08%	-3.08%	24.18%	24.18%
	Mining Index	35.49	35.40	-0.25%	-0.25%	-45.64%	-45.64%

CURRENCIES

	24-Jan-14	31-Jan-14	WTD %	YTD %
Cur-	Close	Close	Change	Change
BWP	8.84	9.07	2.63	18.50
EGP	6.94	6.93 -	0.13	14.57
GHS	1.87	2.37 -	0.83	24.60
CFA	482.81	486.33	0.73 -	1.82
KES	84.17	85.12	1.13 -	0.55
MWK		421.46 -	5.11	31.30
MUR	29.18	28.91 -	0.94 -	5.37
NAD	10.93	11.10	1.49	30.97
NGN		160.83	1.76	3.03
SZL	10.93	160.83	1.49	31.25
TZS	1,583.43	1,593.32	0.62	1.16
TND	1.63	1.60 -	1.66	3.32
ZMW	5.49	5.56	1.40	7.30

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Egypt's Juhayna Food Industries, one of the country's largest dairy product and juice makers, plans to invest 400 million Egyptian pounds in 2014, the firm said in a statement on Wednesday. The investments will include expanding production capacity in the juice business as well as starting production at a yoghurt factory and setting up and improving logistical sales points and branches, it said. *(Reuters)*

Palm Hills, Egypt's second-biggest listed property developer, turned a profit of 236.8 million Egyptian pounds in 2013, the company said on Wednesday. The luxury real estate developer made a net loss of 134.6 million pounds in the previous year, it said in a statement. The firm struggled in 2012 after it faced investigations into previous state land sales and client cancellations after an uprising toppled president Hosni Mubarak in 2011. *(Reuters)*

Economic News

Egypt's largest investment bank said it is lining up share flotations for three firms worth a combined $300 million-plus this year, the first on the Cairo exchange since before the fall of autocrat Hosni Mubarak in 2011. EFG Hermes' co-chief executive officer Karim Awad told financial newspaper Al-Mal the planned IPOs, announced following sharp recent gains by Egypt's stock market, would include a listing for Egypt-based Arabian Cement Company. The last IPO on the Egyptian exchange was in 2010. Since then, the country's capital markets have been crippled by the political unrest that followed Mubarak's fall in February 2011. Tensions between the army-backed government and Islamist militants have spiked in recent days, and gunmen assassinated a senior Interior Ministry official, General Mohamed Saeed, outside his Cairo home on Tuesday. But stock market investors have paid little attention to the spiralling violence, seeing signs of economic and political stabilisation since this month's referendum approving a new constitution, which has cleared the way for presidential and parliamentary elections. Egypt's stock exchange has risen by more than 45 percent since the army ousted Islamist President Mohamed Mursi last July following mass protests against his rule. In a bid to boost trading and attract further investment, Egypt's financial regulator will implement new regulations for companies listed on the bourse next month. "The IPOs will hopefully happen this year", EFG Hermes' Awad told Reuters by email. "The exact timing in the year will be agreed with the companies who are undertaking the IPOs and considering the state of the financial markets." He declined to give details of the two companies other than Arabian Cement. EFG Hermes shares were up by 3.7 percent on Tuesday to trade at 11.25 Egyptian pounds at 1100 GMT. *(Reuters)*

Saudi Arabia is expected to give Egypt up to $4 billion in additional aid in the form of central bank deposits and petroleum products, state -run Egyptian newspaper Al Ahram reported on Thursday. Citing an unnamed ministerial source, the newspaper said the package would be worked out during a visit next week to the kingdom by Egypt's interim prime minister Hazem el-Beblawi. Gulf Arab states have showered Egypt with billions of dollars since the army toppled President Mohamed Mursi of the Muslim Brotherhood in July. The funds have kept the economy afloat during political turmoil which has hit investment and tourism hard. Egypt will announce within days details of a second stimulus package since Mursi was ousted, its finance minister said on Tuesday, aiming to boost tepid growth rates and reassure investors. The economy grew by just 1.04 percent in the three months through last September from a year earlier, according to central bank data. *(Reuters)*

Egyptian benchmark index on Thursday reached its highest level since May 2010, thanks to a statement from the military authorising army chief Abdel-Fattah El-Sisi to run for president. EGX 30 rose 0.42 percent to record 7,405 points. The statement on Monday from the Supreme Council of the Armed Forces (SCAF), in which El-Sisi was given the green light to resign from his post as field marshal and run as a civilian in upcoming presidential elections, renewed hope for future stability, despite a week of violence and bomb blasts, said Isaa Fathy, vice president of the securities division at Cairo's Chamber of Commerce. Turnover of listed stock exceeded the LE1 billion ($140 million) mark for the second time this week. Egyptian investors were net buyers at a net value of LE55 million ($7.9 million). Out of 188 traded stocks, 129 were gainers. In the top 30 listed companies, Palm Hills managed to achieve the highest turnover value, recording LE102.5 million ($14.7 million). The company saw its share rise by 2.64 percent to close at a price of LE3.11 ($0.4) per share. Other gainers include SODIC and Eastern Tobacco, increasing by 3.29 percent and 2.18 percent and closing at LE22.92 ($3.29) and LE127.88 ($18.36) per share respectively. Orascom Telecom Media and Technology Holding and Global Telecom Holding saw their share prices decline by 0.85 percent and 1.15 percent, closing at LE1.16 ($0.16) and LE5.18 ($0.74) per share respectively. *(Egypt.com)*

Ghana

Corporate News

No Corporate News This Week

Economic News

The finance ministry says government is yet to take a final decision on implementing the windfall tax. This follows recent reports that President John Mahama has announced the suspension of the tax. Tax Policy Advisor at Ministry of Finance, Dr. Edward Larbi Siaw says government is awaiting recommendations from a committee reviewing the tax to consider the way forward. He, however, maintains that the tax would not be implemented this year. Meanwhile, mining firms say suspension of the windfall tax could greatly enhance their operations and profits. The firms have had difficulties in attracting additional capital for their operations as well as decline in their stock prices because of moves to introduce the tax. The companies have told Joy Business the suspension could not have come at a good time, as they are currently struggling because of declining gold prices. Dr. Toni Aubynn, Chief Executive of Ghana Chamber of Mines, charged mining companies to "take advantage of this situation", adding that it would have "positive effect on decision to bring in more money to Ghana". The suspension could see the gold companies also put on hold plans to lay off more of their workers, because of declining gold prices. *(Ghana Web)*

The Bank of Ghana will announce foreign-exchange policies as soon as the end of February to help stabilize the cedi, Johnson Asiama, head of the economic analysis and monetary policy coordinating committee, said. The measures, which will not affect the ability to transfer foreign currency, seek to "slow down the movement" of the cedi, he said in Accra today at a conference. The cedi has dropped 2.1 percent this year against the dollar, making it the fourth-worst performing African currency. Governor Kofi Wampah said in December that the central bank will act to increase transparency in currency trading and reduce volatility of the cedi, which dropped 20 percent last year and is fueling inflation. The bank is ready to act to curb inflation if necessary, he said. The Bank of Ghana has boosted foreign reserves by about $1 billion in the past two years in case it needs to battle sudden outflows from foreign investors. The bank is also examining the operations of foreign-exchange bureaus and considering discouraging the use of multiple foreign-currency accounts outside of the trading industry, Asiama said. "If you don't do transactions in forex, there is no reason to hold more than one forex account," Asiama said. "We are also looking at forex bureaus. Currently bureaus can buy and sell any amount. In other countries that is not the case." The cedi dropped 0.6 percent this year to 2.425 per dollar at 3:48 p.m. in Accra. Inflation quickened to 13.5 percent in December from 13.2 percent in November, the Ghana Statistical Service said this month. *(Bloomberg)*

The Ghana Stock Exchange (GSE) said it has not abandoned its plans to demutualise the local bourse. According to the Deputy Managing Director of the GSE, Mr Ekow Afedzi, the plan to demutualise is still on course, adding that: "we have not thrown it overboard. By the first quarter of this year, we will be coming out with a plan for the next three years, and demutualisation will feature in there. Answering questions at a news conference in Accra, he said: "as to whether it will be done next year or the following year, I cannot say yet but we still have plans to demutualise just like other markets are doing all over the world now." "We are talking about demutualisation; for the sake of others what we mean by demutualisation is moving away from a mutual company to a company that is limited by shares," he said. Mr Afedzi said, "As we speak, Ghana Stock Exchange is a company limited by guarantee. We don't have owners but we have members. He noted that most stock exchanges across the world were becoming demutualised and the GSE would not be left behind. On the integration of the GSE in the sub-region, Mr Afedzi said the process had gone far. "By end of first quarter 2014, we are going to see some signs of implementation of all the work that we have done," he said. According to him, two things are going to happen: "One, we have harmonised our listings; we have harmonised the contents of prospectuses across West Africa; we have passed resolutions at the council level to adopt these harmonised rules and so come end of March 2014, we will see something positive on the ground."

"The second thing that is going to happen is that we are going to move into what we call the first phase of the implementation of the integration, and the first phase involves giving access to brokers to our markets through what we call sponsored access," he said, explaining that: "What that means is that if you are a broker in Nigeria, and you have been trading in Ghana and normally you trade through another broker in Ghana, you can still do that, but that is going to be formalised." Mr Afedzi again noted that the process would be done in two phases, saying: "You can do direct trading into our system without any intervention by sitting in Nigeria, but then you need to meet certain requirements, follow certain rules and sign certain agreements, so that is the first phase that will come at the end of March." "The second phase is where you will see the real integration where brokers who meet certain standards can now trade directly into any of the markets across West Africa and that will be the second phase which will begin immediately after the first phase. So that is where we are - for the integration." he said. *(Ghana Web)*

Kenya

Corporate News

NIC Bank has put on hold plans to open foreign subsidiaries in the race to consolidate its present operations that include Tanzania and Uganda. The bank has been keen to establish pan-African operations and in 2012 mentioned plans to enter South Sudan, Democratic Republic of Congo, Burundi and Rwanda Now, the bank says it will first focus on consolidating gains in eastern Africa where it operates in Kenyan, Uganda and Tanzania. "In the short-term we want to grow the business there (Uganda and Tanzania)," said John Gachora, who was tapped as NIC managing director in September. "We are also looking at county governments and the opportunities they present." Mr. Gachora was tapped from Barclays South following the appointment of James Macharia as Health secretary in May. NIC Bank joins Equity and KCB Bank in freezing expansion outside East Africa. Equity says it will move out of the region once foreign divisions start generating at least a quarter of its income. Regional expansion is becoming important as the East Africa Community (EAC) common market takes shape, opening way for free movement of factors of production in a market of 140 million people. Kenyan companies are racing to open subsidiaries in the region with banks following suit. They include Equity, KCB and Co-operative Bank. NIC Bank last year set aside Sh608 million to inject in its Tanzanian subsidiary via a rights issue. This raised its ownership in NIC Tanzania above the 51 per cent stake the Nairobi bourse listed bank held in the unit since 2009. The lender started operations in Uganda in 2012 where it wholly owns NC Bank, which returned a loss of Sh24 million in the first year. The bank's share has gained 3.39 per cent over the past three months to Sh61. Mr. Gachora was speaking after launching the bank's online and mobile banking platform dubbed 'NIC Now'. The application allows customers to perform transactions such as cheque deposit, standing orders, account opening, diaspora banking, balance enquiry, M-Pesa, bill payments and fund transfers from the comfort of their phones. *(Business Daily)*

Kenya's largest bank by assets, KCB, expects its South Sudan operations to remain profitable despite political turmoil in the country which has disrupted economic activities. The bank has been forced to close three of its 21 branches in the world's newest nation after it plunged into chaos in mid-December. However, the lender has its hopes pegged on calm remaining in the country's capital and financial centre, Juba. KCB made the disclosure in a conference call with research analysts at Kestrel Capital, allaying concerns that the business which had proved to be highly profitable for the lender would dip into the red. "Management indicated the bank will continue with its operation in South Sudan and expects to draw positive returns," said Kestrel Capital in a note to its clients following the conference call. "The bank will definitely be affected by the disruption of operations in the country but is yet to estimate the impact, which management however advises will be minimal given that the bulk of its business is in Juba which is the key financial state," it added. The warring factions in the country signed a ceasefire on Thursday last week, but there is still tension in parts of the vast country. KCB reported Sh15.2 billion in profit before tax in the six months to June of which South Sudan contributed 9.2 per cent or Sh1.4 billion. The violence is not expected to have a major impact on the 2013 full-year performance of the lender as it stated in December but the interruption and destruction of businesses could affect this year's outturn. There are reports that bank branches in areas controlled by the rebels were looted, which could force the lender to book losses and buy new furniture. KCB's assets in South Sudan stood at Sh46 billion, being 12.2 per cent of its total asset base. "The bank attributes the rise of NPLs (non-performing loans) to a number of things including higher NPLs registered in some of the subsidiaries — especially South Sudan- due to poor asset quality," reads the report by Kestrel.

The bank's NLPs constituted 8.4 per cent of its total loan book in September, higher than the industry average of 5.4 per cent. More than 100,000 people including 20,000 Kenyans have fled South Sudan since outbreak of violence, further diminishing consumer activity and business prospects in the country. KCB controls 42 per cent of the South Sudan commercial banking market, which relies heavily on forex transactions given that lending is yet to pick up in the young nation. Kestrel notes that the face-off between South Sudan and Sudan over oil exports has also impacted forex income earnings from the country. KCBs' group forex earnings dropped by six per cent in the nine months to September. Other Kenyan lenders with operations in South Sudan are Equity, Co-operative, and CfC Stanbic. South Sudan has been the best hunting ground for Kenyan lenders accounting for 47 per cent of the Sh5.1 billion profit made by all the banks' subsidiaries. Equity has nine branches while Co-operative had opened its maiden unit in Juba before the violence broke out. The operations of Co-op bank are jointly owned with the government which has a 49 per cent stake in the subsidiary. CfC Stanbic operates a branch in the country. KCB also operates in Tanzania, Uganda, Rwanda and Burundi. The bank's share at the NSE Tuesday gained Sh0.25 to trade at Sh46.25, with 712,100 stocks changing hands underlining high investor appetite for the counter. The bank is expected to post record profit having announced a 14 per cent growth in profit after tax in the nine months to September when it reported Sh10.8 billion. The bank is riding on mobilising cheap deposits and cutting expenses through restructuring to grow profits. KCB has 5,693 agents and recently launched a mobile platform, M-benki, to mobilise deposits and also disburse micro-loans.*(Business Daily)*

Economic News

Arqaam Capital, a Dubai-based investment bank that focuses on emerging and frontier markets, is eyeing a seat on the Nairobi Securities Exchange (NSE) to drive its Africa expansion plans. The firm, which already tracks the performance of six NSE-listed companies, says it plans to open a regional office in Nairobi and possibly acquire a seat on the exchange. Arqaam Capital was recently awarded a licence to trade on the Johannesburg Stock Exchange. "Our local office in Johannesburg is the first step, we are building this business from the ground up. We will be exploring the option of opening other offices and getting seats on other sub-Saharan markets as the business grows," Arqaam Capital executive director and head of the South African business Ross Abbott said in an interview. The NSE confirmed that Arqaam executives visited the bourse last year when they discussed possible partnerships. "They are interested in the exchange and visited last July," said the NSE head of market and product development Donald Ouma. The investment bank's corporate finance arm has already entered into a contract to sell an undisclosed "Kenya-based mobile value added services firm," documents seen by the Business Daily indicate. While the documents do not disclose the amount involved, Arqaam's corporate finance department says it takes deals that on average involve companies valued at between $20 million (Sh1.7 billion) and $300 million (Sh25.7 billion). The investment bank is also covering Co-operative, Equity, Diamond Trust, Standard Chartered, Barclays and KCB banks; and has plans to expand the coverage by seven more companies in this financial year, both in the consumer and insurance sectors.

Arqaam will however still need the Capital Markets Authority (CMA's) approval to do brokerage or investment banking business. The CMA requires that an investment bank has at least Sh250 million paid up capital while a stockbroker is required to have a minimum of Sh50 million. The last investment banking licence issued was to Chase Bank's subsidiary Genghis Capital that was given early this month, making it the 11th investment bank. Eco Bank had applied for an investment banking licence mid last year. Investment banks are eyeing fundraising deals, stock sales and rights issues, syndication deals, and other debt issues which are expected to increase in tandem with expansion plans and restructuring of companies' balance sheets. EABL last week announced plans to raise Sh5.4 billion through commercial papers, the largest ever issued in the country. The transaction is being handled by CfC Stanbic while KenolKobil's Sh1.7 billion, which was the second largest ever, was handled by Kestrel Capital. The CMA has been pushing to make Nairobi the region's top choice for raising cash, listing and recently launched a 10-year plan to achieve this. "The capital market is expected to play a pivotal role in the realisation of the development ambition of Kenya as captured in the Vision 2030, including the setting up of the Nairobi International Financial Centre, which is key to take the country to next level of double-digit economic growth," said CMA acting chief executive Paul Muthaura at the launch late last year.
Part of the plan is for the NSE to achieve the MSCI Emerging Market by 2016, upgrading from frontier market status and for Nairobi to enter the Global Financial Centre Index (GFCI) ranking.*(Business Daily)*

Kenya's raw sugar production is expected to climb 17 percent to 700,000 tonnes in 2014, helped by improved supply of cane and higher factory capacity, the industry regulator said on Monday. East Africa's biggest economy has an annual sugar deficit of around 200,000 tonnes, which is usually filled by imports from producers in the region. Kenya is struggling to improve output due to relatively high production costs and poorly funded sugar factories. "The projected sugar production in 2014 is 700,000 metric tonnes made from 7.5 million tonnes of cane," Kenya Sugar Board Chief Executive Rosemary Mkok told Reuters in an emailed response. KSB said Kenya produced a record-high 600,179 tonnes of sugar in 2013, up from a revised final inventory of 502,563 tonnes the previous year. "All the sugar factories reported increased production with the notable exception of Mumias and Nzoia sugar companies, both in the western sugar belt," Mkok said. The country produced 6.67 million tonnes of cane in 2013, up from 5.82 million the previous year. Kenya has an installed factory crushing capacity of 30,109 tonnes of cane per day and expects an additional 3,000 tonnes to be added when a factory being constructed near the port city of Mombasa starts operations. The factory - Kwale International Sugar Company - is 25 percent owned by Mauritius' Omnicane. "We expect the Kwale International Sugar Company Ltd at the south coast ... to commence operations in July 2014," Mkok said. The regulator estimated the cost of producing a tonne of sugar at about $570 in western Kenya compared with $240-$290 in rival producers such as Egypt. Kenya plans to privatise five sugar factories to reduce inefficiency before the end of trade safeguards that limit imports from the Common Market for Eastern and Southern Africa (COMESA) trade bloc. The safeguards are scheduled to end in March 2014 but Kenya has indicated it will seek an extension until 2015 to conclude key reforms in its sugar industry. "The Department of Commerce and Tourism is in the process of formalising the request for extension," Mkok said. *(Reuters)*

Kenyan President Uhuru Kenyatta has defended the tender for a multibillion-dollar railway project that was won by a Chinese company and sparked widespread criticism over the transparency of the process. China Road and Bridge Corporation was appointed to build the first phase of Kenya's biggest ever infrastructure project, but anti-corruption watchdogs have urged Kenyatta to suspend construction while two parliamentary committees investigate the tender. The project to link the Indian Ocean port of Mombasa with Malaba on the Ugandan border is designed to cut transport costs and boost regional trade. Kenyan officials acknowledge that there was no public bidding, which they say was a condition of Chinese loans to help to fund construction, and some legislators have complained that the contract was overpriced. Kenyatta, however, told journalists on Tuesday that he would not let the commercial interests of other businesses to derail infrastructure development in east Africa's biggest economy. "The standard-gauge railway must and will go ahead for us to achieve our development agenda," Kenyatta said at a news conference, adding that those who lost fair bidding processes should "move on". "We will not walk away from delivering to our people the infrastructure that is critical to changing lives," he said. China has ramped up investments across east Africa, where it is helping to finance a gas pipeline in Tanzania, hydropower dams in Uganda and road and airport projects in Kenya. Eximbank China is providing a commercial loan of $1.6 billion and a concessional loan of $1.63 billion to help to fund the first 609km of railway construction from Mombasa to capital city Nairobi, Kenyatta said. Treasury minister Henry Rotich told the investigating committees that the portion of railway from Mombasa to Nairobi would cost 447.5 billion shillings ($5.22 billion) including financing costs. Anti-corruption activists have said that there was no competitive bidding and have called on the government to start the tender process afresh. The railway, which will supplement a decrepit narrow-gauge track on which derailings are frequent, will reduce freight costs to 8 U.S. cents per tonne per kilometre from the present average of 20 U.S. cents, Kenyatta said. The new line will ferry heavier and bigger containers more quickly and will relieve pressure on the region's congested roads, increasing east Africa's competitiveness as an investment destination. *(Reuters)*

The Kenyan shilling was little changed on Wednesday and traders said they expected it to trade in a narrow band due to tight shilling liquidity that would keep the local currency from weakening due to importer dollar demand. At 0725 GMT, commercial banks quoted the shilling at 86.00/10 to the dollar, compared with Tuesday's close of 85.95/86.05. Julius Kiriinya, a trader at African Banking Corporation, said there was some importer demand that was putting pressure on the shilling. However, any further weakening was expected to be kept in check by tight shilling liquidity. Tighter shilling liquidity makes it slightly costlier for banks to fund long dollar positions, which helps strengthen the local currency. The weighted average interbank lending rate rose to 10.5393 percent on Tuesday from 10.2298 percent a day earlier. "We don't expect much movement because the market is very tight on the Kenya shilling," said Sheikh Mehran, a senior trader at Kenya Commercial Bank. Traders said they expected the shilling to trade in the 85.70 to 86.20 range in the coming days. *(Reuters)*

Kenya will delay licensing new oil exploration blocks until a new law regulating the sector that is being sent to parliament by June is in force, a senior official said on Thursday. Oil discoveries in Uganda and Kenya by Britain's Tullow Oil and gas deposits found off Tanzania and Mozambique have turned east Africa into a frontier for hydrocarbon exploration. Energy and Petroleum Principal Secretary Joseph Njoroge said seven new blocks will be up for licensing once the new energy law is in place. "We are still working on the Energy Act," he told Reuters.
"We want first of all to get the policy and the Act in place which will happen before the end of this financial year, that is before June. And then from there we will be able to know how to move," Njoroge said. Oil discoveries in Kenya by Tullow and its partner Africa Oil Corp in the northwest of the country have increased inquiries from others seeking exploration blocks. In an update this month, Tullow and Africa Oil

doubled the estimate of their discoveries in the South Lokichar basin to 600 million barrels. Consultants Hunton & Williams and Challenge Energy - employed by help review the law - have recommended the Act includes clearly defined policies for upstream, midstream and downstream sections to avoid overlaps and reduce inefficiency. It is also expected to provide guidance on natural gas exploitation, not adequately covered under existing law. The government has said in the past that some companies licensed to prospect for oil and gas were reluctant to do so due to concerns over the lack of a legal and fiscal framework to commercialise natural gas discoveries. The new law will also allow for the creation and management of a sovereign wealth fund for petroleum revenue, and specify how revenue will be shared between national and local governments and communities where discoveries were made. Kenya has previously said it will introduce licensing rounds with an auction-style format and move away from a first-come, first-served basis to award exploration blocks. *(Reuters)*

The Kenyan shilling weakened on Thursday, hurt by importer demand and by foreign investors exiting the stock exchange as part of a broad retreat from emerging markets. At close of trade 1300 GMT, commercial banks quoted the shilling at 86.20/30 to the dollar, compared with Wednesday's close of 86.05/15. It touched a low of 86.30/40 during the session. With the U.S. Federal Reserve further reducing its economic stimulus programme on Wednesday, investors have been pulling out of emerging markets and moving their money into safe-haven assets instead. "(The pressure on the shilling) is a reflection of what's happening in emerging and frontier markets and we are not immune from that," said Joshua Anene, a trader at Commercial Bank of Africa. "We expect it to come under more significant pressure in coming days." One source of support for the shilling has been tightening liquidity in the market, which makes it slightly costlier for banks to fund long dollar positions, which helps strengthen the local currency. The weighted average interbank lending rate rose to 11.3670 percent on Wednesday from 10.5393 percent a day earlier, the eighth rise in a row. On the Nairobi Securities Exchange, the main NSE-20 Share Index was down 54.68 points, or 1.1 percent to close at 4,960.99, nearing a three-week low. The market pulled back in line with other emerging markets, where foreign capital flight has hit stocks and local currencies. "I think events as far away as the Argentine peso, the midnight strike by Turkey, the collapse in the rand have all imported some weakness into the Nairobi Securities Exchange," said Aly Khan Satchu, an independent analyst.

"I think essentially we have seen a huge increase in the foreign investor component of the stock exchange. That's been the defining characteristic of the bull market. I think some of these guys have felt that they should be taking profit." Most of the large cap stocks took a hit. Telecoms firm Safaricom, which on any given day is the most traded, was down 3 percent to close at 11.05 shillings a share, a two-week low. Barclays Bank Kenya was down 2.9 percent to close at 17.00 shillings a share. Virginia Wairimu, analyst at Suntra Investment Bank, said upcoming announcements of bank and insurance company full year earning results would give the market some reprieve. "In general, 2013 was a relatively good year for them," Wairimu said. Satchu said Kenya's stock market, just like others in sub-Saharan Africa, was also still relatively more attractive and therefore was expected to stabilise sooner rather than later. *(Reuters)*

Kenya's year-on-year inflation rate inched up to 7.21 percent in the year to January from 7.15 percent in December, the statistics offices said on Friday. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

In Malawi, the trials of more than 60 suspects arrested in connection with the theft of more than $250 million in public funds have begun in the capital, Lilongwe. The corruption scandal is collectively known as "Cashgate". First to appear in the Lilongwe High Court were businesspersons Caroline Savala and Agnes Katengeza and a civil servant, Leonard Kalonga. Savala and Katengeza have been charged with theft and money laundering for receiving payment from the government through their construction company - for services they did not provide. Kalonga is accused of defrauding the government by procuring six buses with a total value of about $1.3 million, without official approval. They all pleaded not guilty to the charges in their initial appearances in court last year. The High Court has so far adjourned hearing of the cases for various reasons. The presiding judge adjourned the case against Savala to give her new lawyer time to study the case following the arrest of her previous lawyer, former Justice Minister Ralph Kasambara, who is facing his own corruption charges. Justice Esmie Chombo adjourned the cases involving Kalonga and Katengeza due to what their lawyer Gilbert Khonyongwa calls "other technical hitches." "There were a number of objections that were raised. One of them is that they were not served with disclosures, the other one was that Kalonga was not committed to the high court. I think the state is overwhelmed with all these cases, so there are those technical hitches," Khonyongwa said.

The court has also discontinued the case against a businessman accused of theft, Gordon Hamdan, because of lack of evidence. Police uncovered the corruption scandal in September while investigating the shooting of then- budget director Paul Mphwiyo, for what is believed to be his attempt to curb corruption in government. Besides the arrests, the government has so far frozen 33 bank accounts and seized property suspected to have been acquired using the stolen money. The High Court has not yet announced the date when it will proceed with the adjourned cases. However, other cases involving former Justice Minister Kasambara and a suspended official from the ruling People's Party's, Oswald Lutepo, are expected to commence February 5. Kasambara is accused of attempting to assassinate Mphwiyo, while Lupeto is accused of money laundering. Meanwhile, Malawi donors are withholding their aid pending the progress of the investigations into the scandal. However the International Monetary Fund recently resolved to disburse about $20 million it suspended last October. *(VOA)*

Mauritius

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

Dangote Group is set to invest $300 million (N50 billion) in rice production to help the country attain its target of self sufficiency in rice production and to end the importation of the product into the country by 2015. The President of the Group, Aliko Dangote at the World Economic Forum (WEF), Davos Switzerland, said his Group's planned investment in the agriculture sector will create additional 180,000 jobs in the economy. Explaining his Group's foray into agriculture, Dangote said: "If I dreamt five years ago that I would invest in agriculture, I will write it off as bad dream or nightmare, but today, we're investing $2.3 billion in Agriculture, $2 billion in sugar, and $300 million in rice. In Nigeria, we have one of the most attractive investment policies through the framework that government has put in place to help businesses succeed." It is expected that the planned investment will effectively enable the country become self-sufficient in food production as it did in cement sector. Dangote Group ended cement importation with three plants located at Obajana, Gboko and Ibese, which are meeting domestic demand for cement. The Group through massive investment in sugar cultivation as part of the national sugar master plan will put Nigeria on the world sugar map and end importation of raw sugar. Dangote Sugar, a subsidiary of the Group is a front line player in the sugar backward integration policy. The company is working towards producing one million tons of white sugar by 2015, as it is cultivating 100,000 hectares in about six states of Sokoto, Kebbi, Jigawa, Taraba, Kogi and Kwara State. Also, the investment in rice cultivation will boost local production and in years to come end the nation's dependence on imported rice. The Group is investing heavily in agricultural sector principally because it is motivated by the desire to create jobs, empower Nigerians, and owing to a friendlier agricultural policy of the federal government. Reputed to be the single largest private sector employer of labour in Nigeria, the Group is also investing in fertilizer plant in order to boost agriculture. *(Reuters)*

FBN Holdings Plc Monday unveiled a new corporate identity for the holding company (holdco) as well as all its subsidiaries. The financial institution explained that the new identity reflects its strategic direction, adding that it positions the company to meet the future needs of the market. The rebranding exercise was also to mark the 120th anniversary celebrations of the institution. Speaking at the event in Lagos, the Chief Executive Officer, FBN Holdings, Mr. Bello Maccido said the new identity was an important milestone as well as the culmination of much hard work by the company. He said: "We are committed to building a financial institution that consistently supports growth and that celebrates and showcases the unique characteristics of the diverse nations on our continent. "We believe that our continued success will be built on the principle that we will add value nationally, regionally and at continental level. Our customers have always come first and each and every change that we implement as a group is designed to ensure that continues." Explaining the significance of the change in the bank's logo, the Head, Marketing and Corporate Communications, First Bank of Nigeria, Mrs. Folake Ani-Mumuney said the "refreshed identity embodies our internal values and the direction we are headed in as a group, like the iconic elephant, which signifies strength and resilience, two of the greatest traits to have as an individual, as an institution and as a nation." According to Ani-Mumuney, since 1894 when First Bank was created, the financial institution has established itself as a brand of strength and dynamism, with the vision to be the leading international financial services group in Africa.

"The iconic African elephant has been a robust symbol of strength and growth for First Bank, FBN Holdings and all its subsidiaries, establishing the organisation as a clear leader in the financial services industry. "The raised head of the elephant in our refreshed identity is our promise to all customers that with us in their corner, every financial challenge they face, they can face with their head held high," Ani-Mumuney added. She added that the deep blue colour on the new logo represents momentum, innovation and evolution. These principles, she said, would ensure that FBN continues to develop solutions at the heart of all the institution's challenges. "The raised foot of the elephant is a promise that we will always put our best foot forward for each and every one of our customers. Finally, the adoption of complimentary colours platinum and gold in to our logo, precious metals identified with value, serves as a reminder of the inherent value and durability of our brand. "Our brand refresh marks a renewed promise to all our stakeholders - a promise to continue to set the gold standard of value and excellence in financial solutions across Africa," she declared. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria's Oando Plc has outlined plans to raise up to 250 billion naira via debt or equity, its second money-raising exercise in a month after a year ago agreeing a major acquisition from ConocoPhillips. Oando shares in Lagos fell 7.6 percent to 23.28 naira, underperforming Nigeria's broader index which lost 1.1 percent. The company, which is also listed in Toronto and Johannesburg, did not give a reason for needing the extra funds, but the move comes after its agreement to buy ConocoPhillips' Nigeria assets for $1.79 billion. Oando has paid a $450 million deposit for the acquisition and has a balance of about $1.23 billion to pay, it has said. But the deal has been delayed several times due to difficulties raising finance, banking and oil industry sources say. Oando said last month it planned to raise 30.75 billion naira via a share sale to help it fund the acquisition. It had already in February completed a rights issue to finance the deal and the company's chief executive said in April it had agreed in principle the necessary debt. The company said on Tuesday it would seek shareholder approval to raise up to 250 billion naira via debt or equity. "Investors are worried because Oando is coming back to raise more funds within a short space of time," one broker said, asking not to be named. Oando plans to hold a shareholder meeting to approve the latest deal on February 18, it said in a statement, adding that 50 billion naira of the amount will be offered to existing shareholders through a rights issue. *(Reuters)*

United Bank for Africa Plc (UBA) said it supported the recent privatisation of the power sector with $700 million (N113 billion) thorough funding to different investors. A statement from the bank quoted its Group Managing Director/Chief Executive Officer, Mr. Phillips Oduoza, to have made this remark while speaking at the recently concluded World Economic Forum (WEF) in Davos, Switzerland. "It is a growth sector we are playing very big," the UBA boss said. Besides power, he said UBA had also extended significant support to the telecommunications sector in Nigeria, where the bank has taken part in most of the major big ticket transactions. On the bank's lending to the agriculture, Oduoza said: "UBA has a deliberate policy to continue to fund agriculture. Our lending to the sector is already above the industry average. We are doing about seven per cent of our total portfolio in agriculture." He noted that banking sector lending to agriculture was on an upward trend, disclosing that banking sector funding to agriculture had moved from about 0.5 per cent of total industry portfolio prior to 2009 to about 4.9 per cent of banking industry loan book currently. "Interestingly, the non-performing loans coming from agriculture lending is lower than most people would have thought," he added. Oduoza also explained that UBA was expanding its electronic banking products to improve the way it serves its customers. He said that the bank had also rolled out an array of electronic banking products such as cards, point of sale terminals.

Speaking on the bank's operations across Africa, Oduoza disclosed that UBA currently operates in 19 African countries "and these are the very strong economies that we have in Africa and all of them are doing very well." He disclosed that 14 out of the 18 country subsidiaries of the UBA Group across Africa have started returning profits. He however explained that Nigeria still remains the dominant contributor to the UBA Group's bottom line making up an average of 75 per cent of the Group's balance sheet while the rest of Africa contributes 25 per cent. Oduoza, however projected that in about five years, the UBA Group's 18 African subsidiaries would be contributing about 50 per cent of the Group's balance sheet. *(This Day)*

As part of efforts to reduce reliance on debt and loans, Oando Plc is to raise its authorised share capital from N5 billion to N7.5 billion so as to make room for future capital raising opportunities. Oando Plc, which is consolidating its leadership in the oil and gas industry has been raising funds in both debt and loans. However, going forward the company wants to rely more on equity financing, hence the proposal to raise its share capital to N7.5 billion. The Board of the company will be seeking the approval of other shareholders for the capital increase at an Extra-Ordinary General Meeting scheduled to hold in February 18, 2014. Commenting on the development, the Group Chief Executive of Oando Plc, Mr. Wale Tinubu said: "As we contemplate our world post the acquisition of Conoco Phillips (COP) Nigerian business unit, which will undoubtedly provide significant growth in size and scale in our upstream business, our mature mid-stream and downstream units continue to retain dominant positions in their market space whilst not requiring material equity infusion. In our bid to maximize long term shareholder value, it is necessary to optimise our balance sheet by funding our operations where necessary through equity as opposed to expensive sources of debt." According to Tinubu, the first phase of the this long term plan will seek to raise further capital by way of rights of N50 billion expected to be concluded by end of second quarter of 2014. He explained that the proceeds of the planned Rights exercise will be utilised towards debt reduction and meet Oando's immediate working capital needs.

Tinubu emphasised that none of the proceeds raised will be allocated to the closure of the COP acquisition, adding that the company does not contemplate any additional equity issuance in 2014.

He re-emphasised the company's three pronged approach of transformation, debt reduction, and substantially increasing shareholder value. "We are working arduously to provide the ideal platform to ensure our readiness for further transformation, as we undoubtedly will generate stronger cash flow, but we also realize the need to minimize our cost of capital to increase our returns to our shareholders. We implore all shareholders to continue to offer their full support as we continue to build sub-Saharan Africa's leading energy company together," Tinubu said. The Nigerian Stock Exchange (NSE) will this year launch a 'Premier Board' where companies with high corporate governance compliance standards would be listed. This will be followed by the introduction of a corporate governance tradable index, which will be a basket of companies with high corporate governance compliance standards. Currently, the NSE has the Main and Alternative Securities Market(ASem) boards. Speaking yesterday in Lagos, the Chief Executive Officer of the Nigerian Stock Exchange (NSE), Mr. Oscar Onyema, said these initiatives are being done in conjunction with the Convention on Business Integrity (CBi), adding that they are meant to promote high level of corporate governance among companies listed on the Nigerian bourse. According to him, the NSE and CBi decided to develop a Corporate Governance Rating System (CGRS) for companies listed on the Exchange. Onyema said the collaborative effort of the NSE and CBi with the CGRS will have several positive impacts on listed companies and the Nigerian economy generally. "Listed companies will be better managed and governed in general. Their boards will be fully aware of their fiduciary responsibilities and operate by the highest standards of corporate governance ethics and processes. Listed companies will become more attractive to investors. This is because investors want to be sure that their investments are safe. There is awareness within the board about appropriate oversight, and that their interests are fully protected," he said.

The NSE boss added that a company with high corporate governance rating will attract foreign and local investors for long term investments as better managed companies are more sustainable. "The companies will be attractive prospects for cross-border listings as they are more likely to meet the listing requirements of target markets. The companies will become more competitive in their industry and across geographies, as corporate governance is a strong competitive tool," Onyema said. Meanwhile, trading at the stock market remained bearish for the third day as the NSE All-Share Index fell by 0.96 per cent to close at 40,792.07. Similarly, the market capitalisation shed N127 billion to close at N13.076 trillion. HASAL Microfinance Bank Limited customers smiled home with fantastic prizes won in the bank's 5th Year Anniversary Award Promo raffle draw, with one of them, Isiaka Lekan Lukmon, going home with the Kia Picanto, which was star prize. The Awards Promo draw, which attracted hundreds of customers to the Garki, Abuja corporate headquarters of the MFB, was witnessed by the bank's management led by its managing director, Mr. Rogers Nwoke and other independent professional observers. Nwoke said promo was in furtherance of the bank's business philosophy of touching lives for good for its loyal customers with a view to rewarding customers who have supported its business in the last five years. He therefore urged the old customers to keep doing business with the bank in view of its demonstrated sense of corporate responsibility to impact their lives even as he asked potential ones to key into the bank's 'win-win' business strategy which it has adopted over the years in order to add value to customers through products and services and contribute to the economic growth of the country.

Expressing his joy for emerging the star prize winner, Lukmon, who opened his first bank account with the HASAL during the savings promo, thanked the bank for changing his life. He also hailed the bank for its generosity to give out prizes to their customers even though he has been banking with the bank for less than two months, describing his win as an experience he will live to cherish forever. "For me, to own my first car from a bank through this type of promo which some people believe is never real is a privilege and a demonstration that HASAL Bank is out to change people's life. HASAL Bank is a great bank, and the interesting thing is that it is through this award promo I started saving with the bank. I am more than grateful to the management. God bless HASAL MFB people for their generosity," Lukmon said. Egbo Ikechukwu, another customer who won one of the five sewing machines, expressed his joy because this is the first time he has ever won anything in his life, saying 'I cannot believe this" *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Economic News

A turnover of 13.701 million units valued at N13.704 billion in 12 deals were recorded this week in contrast to 1.170 million units valued at N1.160 billion in 5 deals recorded in the preceding week ended January 17th 2014. Value of trading in the Federal Government bonds at over-the-counter (OTC) market soared by 1,081 last week. Investors staked N13.704 billion on 13.701 million units in 12 deals, compared with N1.16 billion invested in 1.170 million units in five deals the previous week. The FGN bonds has continued to dominate the debt sector of the Nigerian Stock Exchange (NSE), accounting for 25 per cent per cent as at the close of trading last Friday. The Nigerian bourse comprises the debt and equities markets. The debt market has a market capitalisation of N4.615 trillion, comprising Federal Government, State and Local Governments, corporates and supra-national. > Out of this, FGN bonds account for N3.977trillion or 22 per cent. States and local governments bonds followed with N471 billion or 2.6 per cent, while corporates have a share of N154.92 billion or 0.865 per cent. Supra-national bonds account for N12 billion or 0.017 per cent. The dominance of the FGN bonds of the debt market results from the constant raising of funds from the capital market to finance budget deficit. Although there have been complaints that the debt issuance programme of the federal government was crowding out private firms, the Director-General of the Debt Management Office(DMO), Dr. Abraham Nwankwo, had said the government was reducing its level of debt issuance. According to him, the practice of financing part of the country's fiscal deficits by borrowing from the bond market has not only led to the development of the domestic debt market, it has brought other salutary benefits for monetary policy operations and the economy. Nwankwo noted the transformation of the bond market, which the agency championed, has removed conflict of interest by making clear separation of debt management functions from monetary policy operations, thereby allowing other agencies, especially the CBN, to concentrate on its core mandate. "The transformation of the bond market and raising funds from the market has subjected government's borrowing to market discipline; using long-term as against short-term funds to finance long-term projects, which is a clear case of optimal asset-matching; significant reduction in refinancing risks through tenor elongation and establishment of a Sovereign Yield Curve and benchmark for private sector borrowing," he said. *(This Day)*

The European Union in a bid to boost trade and improve productive capacity in the country has launched the Nigeria Competitiveness Support Programme. The programme is supported by the German Society for International Corporation, United Nations Industrial Development Organisation and the World Bank. It will enable the EU to provide fresh N4.2bn to increase competitiveness in the non-oil related sectors of the Nigerian economy. The Minister of Industry, Trade and Investment, Mr. Olusegun Aganga, confirmed the figure while speaking at the launch of the programme in Abuja on Monday. He said the programme, which is central to the National Industrial Revolution Plan of the Federal Government, was made up of three components. They are effective management of trade policy and trade facilitation through strengthened trade support institutions; improved business and investment climate through regulatory reforms; and the establishment of national quality infrastructure. These, he stated, would support the job creation efforts of the Federal Government, thus reducing the level of poverty in the country. Aganga said, "Over a total of N4.2bn will be invested in key pillars to move Nigeria's economy beyond oil. This is an enabler that will increase our productivity and make us compete not just locally, but internationally. "In order to be competitive, there are five to six factors that will improve our productivity and make us face bigger players in the international scene; but more importantly, to support our industrial revolution plan. "We need to make sure we have affordable financing, make sure we improve our business and investment climate, and make sure we focus on standards." Also speaking at the event, the EU Ambassador, Mr. Michel Arrion, called on all stakeholders to take full ownership of the programme. He said, "The programme is unique as it will support government's effort to diversify and improve Nigeria's competitiveness in the non-oil sector. "The EU attaches a great importance to its relations with Nigeria as an important political and economic force in West Africa and a key player on the African continent, and is willing to assist Nigerian leaders in improving the living conditions of all Nigerians." He described the non-oil sector as the future of Nigeria owing to its job creation potential. *(Punch)*

The United Nations Economic Commission for Africa (ECA) has listed Nigeria among select West African nations to witness Gross Domestic Product (GDP) growth of 6.9 per cent this year. The ECA, in its annual World Economic Outlook, released in Addis Ababa listed Nigeria, Niger, Ghana, Liberia, Sierra Leone, Guinea and Burkina Faso among the economies. The News Agency of Nigeria (NAN) noted that the reports, presented by the ECA's Chief Forecaster, Adam EiHiraikia projected that Africa's GDP would grow by 4.7 per cent in 2014. It also said there would be a growth of five per cent in 2015. It added: "West Africa will continue to attract investment in the oil and minerals sector, a key source of growth in the sub-region, especially in countries such as Nigeria, Niger, Ghana, Liberia, Sierra Leone, Guinea and Burkina Faso.'' The UN agency also said the GDP growth would, at that, be supported by improvement in global economic and regional business environment. It also said high commodity prices and easing infrastructure constraints, as well as increasing trade and investments from emerging economies, would help in this direction. The agency said factors such as medium-term growth prospects, increasing domestic demand from the emerging class of new consumers, urbanisation and rising income would be responsible for the expected growth. The report however stated that inflation across Africa would decline slightly from the average eight per cent in 2013 to 7.8 per cent this year. It said fiscal deficit would also decline from 1.8 per cent of GDP in 2013 to 1.7 per cent in 2014. But it expressed concern that the economic growth recorded in the continent had not impacted positively on the populace, saying that poverty remained high. *(This Day)*

Nigeria's central bank plans to shift some of its reserves into yuan from dollars as the Chinese currency takes a greater role in global trade, deputy central bank Governor Kingsley Moghalu said. The bank will increase the yuan's share of reserves to as much as 7 percent from 2 percent, Moghalu said in an interview in London, without specifying a timeframe for the change. Nigeria currently holds about 85 percent of its reserves in dollars, he said. "It was clear to us that the future of international economics and trade will shift in large part to business with and by China," Moghalu said. "Ultimately the renminbi is likely to become a global convertible currency." The central bank started to diversify its reserves into yuan in 2011 and is working with the People's Bank of China to boost the holdings as soon as the relevant structures are in place, he said. Nigeria's naira weakened 0.3 percent to 162.74 per dollar at 3:05 p.m. in Lagos. *(Bloomberg)*

The naira was firm against the United States dollar at the Retail Dutch Auction System (RDAS) arm of the foreign exchange market yesterday in spite of the strong demand for the greenback. Specifically, the nation's currency maintained its value of N155.75 to a dollar at the RDAS, which is also known as the official market. Although the Central Bank of Nigeria (CBN) offered a total of $400 million to dealers, a total of $399.654 million was purchased by the 22 banks that participated in the auction. The naira also closed at N162.29 to a dollar at the interbank segment. According to currency analysts, the forex market is yet to feel the impact of the 75 per cent Cash Reserve Requirement (CRR) on public sector deposit in banks that was announced by the Central Bank of Nigeria (CBN). The CBN's Monetary Policy Committee (MPC) had listed the increasing divergence between the official and Bureau De Change exchange rates as part of the reasons for the CRR hike. "The naira remains under pressure due to structural imbalance between dollar supply and demand; and lower United States oil demand," analysts at the Ecobank Group stated. The central bank last week also removed the $250 million limit on the amount forex sales to BDCs. The policy was aimed at shoring up liquidity in the BDC segment of the foreign exchange market. Analysts at Ecobank described the removal of the restriction of dollar sales to BDC as an administrative measure to redress the supply/demand imbalance in the BDC market. "In the immediate future, forex supply to the BDC market will rise, possibly by around 150 per cent, which in turn would reduce pressure on the naira. "By removing a barrier to the free flow of currency around the market is a naira positive move as it helps support better price discovery," the report added. *(This Day)*

The Chief Executive Officer of Sahara Group, Mr. Tonye Cole Thursday said that it would take the country about five years to experience uninterrupted electricity supply. The News Agency of Nigeria (NAN) quoted Cole to have made this remark in a statement in Lagos. Cole also said there are areas that needed to be improved upon before stable national power supply would be actualised. He said electricity development information sharing among key players in the sector would remain a major success factor in the years ahead. He also identified the increasing rate of pipeline vandalism as another impediment in the projected national stable power supply situation. "Anybody that vandalises a pipeline may vandalise the pipeline to go and sell crude somewhere, thinking that he is making money, but each time he vandalises a pipeline, whether it is a gas pipeline or an oil pipeline, it affects everyone. "But before we can get to a point where we don't have to think about power because it is just there, it requires a lot of investment, a lot of capital has to go into that," he said. Cole said the power sector had taken a new shape with the new investors, adding that the private companies need to collaborate with government and the regulators to achieve realistic results. "It is a new area and it is expected that laws and a relationship between the regulators, investors and customers will be shaped along the way," he added. According to him, people need to understand the difference between generation and transmission and also the difference between transmission and distribution. "Most people don't know what these things are and as far as the customer is concerned, he wants just one thing, power, that is all.We will begin to see improvement within six months, but improvement in communication is the first thing that we need," he added. *(This Day)*

The federal government warned yesterday that the country might be unable to achieve the 15 million tonnes per annum capacity of local steel production set for the year 2020 in the nation's drive to revamp the iron and steel industry. The Minister of Mines and Steel Development, Mr. Musa Sada, sounded the warning in Lagos, while addressing stakeholders in the sector at a one-day forum organised by the Federal Ministry of Industry, Trade and Investment in collaboration with the Federal Ministry of Mines and Steel Development. Sada explained that if activities in the iron and steel sector continued as it was currently being operated, it would certainly be unable to attain the 15 million tonnes per year target of locally manufactured steel, set for seven years from now. Loathing the fact that Nigeria, at the moment, imports about 17 million tonnes of steel yearly and produces only 2.5 million tonnes locally, the Mines and Steel Minister stressed that the situation was more wasteful because the country possesses over two billion tonnes of iron ore deposit, as well as over one trillion tonnes deposits of coal, a major ingredient in the production of steel. Meanwhile, the Minister of Industry, Trade and Investment, Mr. Olusegun Aganga, at the same forum, stated that the nation was aiming at ending the importation of petroleum products into the country by the year 2017. Aganga noted that Nigeria, riding on the $16 billion investment commitment already made in the local petrochemical industry by both indigenous and foreign investors, was targeting the termination of importation of refined petroleum products into the country. "With the $16 billion investment commitment in the petrochemicals industry of which $9 billion is from a local investor who has kicked off the setting up of an integrated petrochemical manufacturing plant, we are on our way to ending petroleum products importation by 2017," he said.

Aganga added that the $9 billion integrated petrochemical plant being undertaken by the Nigerian investor requires the services of between 5,000 and 8,000 indigenous engineers, underscoring the need for rapid development of human capital within the country in pursuit of the industrial revolution objectives of the federal government. He stated that in order to begin to address the serious human capital challenges facing the country, which would be further exposed as the industrialisation drive progresses, Industrial Training Fund (ITF), a parastatal under the Federal Ministry of Industry Trade and Investment in collaboration with the United Nations Industrial Development Organisation (UNIDO), was conducting the first ever National Skills Gap Survey (NSGS) with the result set to be released between March and April 2014.
Stressing the importance of mines and steel to the advancement of the nation's economy, Sada said steel was expected to remain the world's most important engineering material for some time to come. He pointed out that backward integration is very important in steel production, saying that over two billion tonnes of iron ore deposits occur in various locations across the country while one trillion tonnes of coal resources occur in 13 states of the federation creating enormous potentials for Nigeria's steel and metal industry with ever growing domestic market and access to neighbouring West African markets. Sada said the Nigerian iron and steel sub-sector involved privately owned steel plants that use 100 percent scrap metals as raw materials. "There are several private foundry companies operating at low capacity, cold rolled steel mills that depends on the use of imported hot rolled coils as feed stock showing the huge gap that exist in the nation's steel industry," he said. He highlighted the major problems facing the steel industry as including Nigeria's annual importation of about 17 million tonnes of assorted steel and allied products; local steel production being only from 100 per cent melting of scrap metals and also added that the issue of quality was a major concern. *(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Zambia

Corporate News

No Corporate News This Week

Economic News

THE European Union (EU) says there is need for Zambia to be competitive for it to increase its trade capacity in the region. Head of EU delegation to Zambia and Common Market for Eastern and Southern Africa (COMESA) Gilles Hervio said the country has huge potential to boost trade with other neighbouring countries in the COMESA. "Zambia is clearly one of the countries which can benefit the most from regional integration, being the centre and having a huge potential in energy and agriculture," he said. Mr Hervio said an effective regional integration will help the country become competitive and increase trade with neighbouring countries. He disclosed that the EU is making efforts to boost agriculture to increases yields and help Zambia have a better price to sell produce and improve its trade. He said here are still a number of trade barriers between COMESA countries, thereby hindering effective trade among countries. Mr Hervio said once transportation of goods takes place without constraints Zambia's trade with other countries will improve. He, however, said trade between Zambia and the European Union is still minimal but has room for improvement with more investments. "We are looking forward to increasing our trade with Zambia by investing more in key economic sectors like energy and agriculture," he said. Meanwhile Mr Hervio said the EU signed a €13 million last year to help Government improve its capacity to monitor production of the mining sector. He said the project will also support the National Assembly of Zambia to strengthen its public financial management capacities in the Ministry of Finance. *(Daily Mail)*

Zambia's inflation accelerated to 7.3 percent year-on-year in January from 7.1 percent in December, official data showed on Thursday. On a month-on-month basis, inflation was unchanged from December at 0.9 percent compared with the previous month, the statistics agency said. Africa's biggest copper producer recorded a trade surplus of 161 million Zambian kwacha in December after another surplus of 6 million kwacha in November. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

PG Industries last Friday postponed its scheme meeting and extraordinary general meeting to align with the Zimbabwe Stock Exchange listing requirements. The group was supposed to have a Scheme of Arrangement with its lenders, creditors and debenture holders as well as pursue a US$3,5 million rights offer. On Friday, PG highlighted that the financial results are being collated. It added there was need to include theme in the scheme circular to creditors and shareholders. A date of 14 March 2014 was requested. It was subsequently granted to Old Mutual Limited, the agitated shareholder. On the proposed creditors' scheme, only one creditor, Sherwood International's Zimbabwe unit Super Group Trading is secured. PG owes US$1,4 million to Sherwood which is secured by a guarantee from a local financial institution. Under the proposal, Sherwood will continue to supply the group. The remaining creditors, owed about US$16,3 million will be offered either PG ordinary shares in lieu of amounts owed at a price of US$0,001 by way of private placement or a deferred payment plan to settle the amounts over a 36-month period plan. The scheme will also seek to have debenture holders convert their debentures to PG ordinary shares. The debentures are worth US$6,72 million. Meanwhile at the beginning of the year PG Industries began extensive operational restructure which among other things resulted in the merger of PG Building Supplies and PG Timbers. The company, which is currently suspended from trading on the ZSE, is seeking to address the financial constraints of the company by right-sizing the business to its revenue generating capacity as well as to restructure the balance sheet. *(Herald)*

INNSCOR Africa Limited shareholders last Friday approved the company's indigenisation compliance plan that will result in the sale of 12,87 percent of the company's issued share capital to indigenous partners. The diversified conglomerate will increase its issued share capital from 800 million ordinary shares to 800 million shares, and 1 000 non-voting Class A ordinary shares for the employee share scheme. Innscor Africa is undertaking two share option schemes involving a strategic partner and employees towards fulfilling the country's equity laws. The Indigenisation and Economic Empowerment Act requires that 51 percent equity in foreign entities be held by indigenous black Zimbabweans. At Friday's extraordinary general meeting, shareholders approved the allocation of 50 million ordinary shares to Benvenue Investments, which is 9,23 percent of Innscor's current share capital and 8,45 percent of the enlarged share capital. Benvenue, owned by businessman and conglomerate Scotia Holdings director Mr Ray Kaukonde, will pay for the shares over 10 years at a price that is higher of 75 percent of the weighted average price of Innscor shares for the first five years or US$1,37 per share for the second five years. Innscor chief executive Mr John Koumides, who had earlier on praised Mr Kaukonde for helping "steer the company during its 10 to 12-year turbulent times", declined to comment and justify why they chose his company. "We could have gone to NSSA or any other company," he said, adding that he was "worried" about NSSA's disapproval of allocation of shares to the employee share ownership scheme which was also approved during the meeting.

The sole shareholder of Benvenue is Mr Kaukonde's Muzika Rubi Holdings Limited, which is already a shareholder in Innscor Africa, holding 11 052 493 ordinary shares, about 2,04 percent of Innscor's share capital. "There has been a long established business and director relationship with Innscor, culminating in (Mr) Kaukonde serving as a director from June 1, 2003 until July 2005 when he resigned as a consequence of his appointment to the position of Governor Mashonaland East Province." Another lot of 30 million ordinary shares will be allocated to the Innscor Africa employee share ownership trust, representing 5,54 percent of the current issued shares and 5,25 percent of the enlarged company. The shares issued to the employee share trust will have a tenure of 10 years and the price will be at the volume of the weighted average price of Innscor Africa shares over the previous 60 trading days assuming the option was exercised at the effective date of the options, June 2013. In terms of the Zimbabwe Stock Exchange listing requirements the transactions were deemed an issue for cash and shareholders were required to waive their pre-emptive rights to the shares. Innscor said the plan, when fully implemented, will be beneficial to all the parties with the company benefiting from the inflow of new funds on issue of the shares under the options, which will be used to improve efficiencies or reduce debt. The firm said the presence of cornerstone investor in Benvenue deepens Innscor Africa's core long standing shareholder base.

The company said the "board is of the view that the dilutive aspects of the options are more than offset by these benefits" and called on the company's shareholders to endorse the share options. Innscor is a Zimbabwean holding company with interests in retail, distribution, agro-processing and food manufacturing. *(Herald)*

ECONET Wireless has revealed that more than $200 million is now being transacted per month through its mobile money transfer platform, EcoCash, helping ease the country's cash constraints. "There's no question that EcoCash is filling a basic consumer need in one of Africa's … countries, where a great deal of the population has been excluded from the formal banking system," Econet said in a statement. "In a little over two years, the service has registered 31 percent of Zimbabwe's adult population, a group responsible for more than $200 million in transactions per month, that's about 22 percent of the country's Gross Domestic Product (GDP) - using their mobile phones." Among other services, EcoCash now enables companies to fund payrolls giving small businesses and large companies a secure platform to distribute salaries and wages to employees. Econet said the mobile money transfer platform, which now has about three million subscribers, was a way to diversify its portfolio from core voice and data business, where revenue growth has been weak. Chief executive officer for Econet Services, Darlington Mandivenga, said their mobile money transfer platform was a strategic response to a strategic challenge. "What is happening in the telecoms industry is that revenues are stagnant, if not on the decline, with (average revenue per user) under pressure for various reasons such as competition and market saturation," he was quoted as saying in the statement. To help EcoCash become Zimbabwe's dominant payment system for retail transactions, the mobile operator has embarked on an aggressive merchant acquisition campaign. The company was sacrificing short-term profitability by paying out 80 percent of revenue in agent commissions to build a strong and dedicated network. *(New Zimbabwe)*

ECONET Wireless Zimbabwe has said it is willing to deal with individual financial institutions only with regards to the opening up of the USSD gateway. Econet was under pressure to revise its position regarding the opening up of the USSD gateway amid indications that banks are planning not to transact with its banking unit, Steward Bank, on the RTGS platform. Well-placed sources said banks had through their industry body tried to negotiate access to the USSD mobile banking platform but Econet effectively side-stepped this as revealed by detailed communications in our possession. The telecoms operator, in a letter dated January 20, 2013, said banks should approach the group directly if they have any concerns with regards to their agreement to open up the gateway. Econet agreed to open up the USSD gateway to banks using an agreement crafted under Bank Electronic Airtime Retail (BEAR). The agreement laid out transaction charges and settlement conditions among other matters. Bankers expressed concern over the structure, which they said was heavily skewed in favour of Econet. "In general, the proposed agreement gives overwhelming powers to Econet to control the product form as well as the leverage to terminate the relationship at their convenience," said a source in the banking sector. Under the agreement, Econet can suspend or terminate services. It also accords the firm power to change tariffs at short notice, which would make future pricing structures of mobile banking products indeterminable. Econet wants to charge banks 30 US cents per transaction and had suggested daily settlements of amounts due. Econet also gave itself the right to approve advertising collateral to be used in communicating with subscribers. The company wants to define or prescribe each bank's definition and packaging of mobile banking and content distribution services with regards to short codes.
The agreement is for a year.

However, some bankers have said that the duration of a year is too short for a channel of its nature and are suggesting a longer minimum period. Sources said Econet was questioned why it would bring in an agreement they had initially crafted in 2012 which was meant to push airtime sales through banks. In the letter, Econet said: "Our considered view is that since 2012 when we initially started signing these agreements, we discussed and agreed to the terms with individual banks. If any bank has particular concerns regarding those terms then we would suggest they approach us directly on an individual basis." While Econet is entangled in a bruising feud with the banks, Telecel has moved in to launch its mobile money service, which is open to all the banks using the ZimSwitch platform. Telecel is second to Econet in terms of subscribers at 2,5 million against the latter's 8,5 million. Speaking at the launch of Telecash yesterday, Telecel mobile financial services manager Mr Nkosinathi Ncube said the involvement of banks would enable them to offer customers an affordable and easy-to-use mobile banking facility that could change the face of banking in Zimbabwe.

Mr Ncube said both the Reserve Bank of Zimbabwe and the Posts and Telecommunications Regulatory Authority (Potraz) had called for the interoperability of mobile financial services with banks. Telecash is the first mobile financial service to achieve this. "Telecash is the first to connect with Zimswitch and thus with all banks on the platform," Mr Ncube said. Telecel Zimbabwe chief commercial officer Mr Ashraf El Guindy said theirs was a strong product. He said the company had partnered with some of the best players in the industry to come up with Telecash. "We have associated ourselves with the best in the industry," he said, adding that their technical partner in the arrangement was Obopay. Its banking partners include Afrasia, CBZ and ZimSwitch, which provides links with most of the country's banking institutions. *(Herald)*

PHOENIX Consolidated Industries is considering delisting from the Zimbabwe Stock Exchange as part of the company's strategy to sort out its financial problems away from public scrutiny, provisional judicial manager Mr Reggie Saruchera said. Mr Saruchera said this while presenting a progress report to creditors at the High Court yesterday. Phoenix Industries was suspended from trading on the Zimbabwe stock exchange in October last year after the company had gone into liquidation. He said as part of the company's resolutions for 2014, they are considering delisting as a turnaround strategy and would then consider listing again once operations are back to full capacity. "We want to get the chance to dispose of some of our unproductive infrastructure as we hope to boost revenue for the group," Mr Saruchera said. The company, which is battling to remain afloat, has a high levels of borrowings and debt of about US$5 million. Mr Saruchera said there was scope in saving Phoenix as it had potential to generate income to repay creditors once it had been recapitalised. "A lot of investors have shown interest but what is only left is the authority to get the needed investor," Mr Saruchera said. He said the company was now supposed to be put under final judicial management. The High Court is going to announce the person to take over as the final judicial manager once the voting process by the creditors has been completed. Apex Pension Fund is Phoenix's major shareholder with a 46 percent stake. Phoenix Consolidated is a broad-based group of manufacturing industries. Phoenix manufactures plastics and allied products as well as steel and allied products in Bulawayo and Harare. Its subsidiaries are William Smith and Gourock, Phoenix Brushware, Scandia Wire, JW Searcy, Precision Grinders and McMeekan. *(Herald)*

Mining concern RioZim Limited risks losing its independent power producer's licence and the Sengwa coal concessions if it fails to make progress on its Gokwe North power project in the next six months. Addressing Members of Parliament during a motion to debate the Finance Bill, Finance Minister Patrick Chinamasa said the investor has been sitting on the power producer's licence for 12 years. RioZim is trying to develop a US$4 billion thermal station in Sengwa, which would produce up to 2 000 megawatts, but the project has remained in limbo for a long time due shortage of funding. Minister Chinamasa said this comes against a background where the country is facing crippling power shortages, which if not addressed, would retard meaningful economic growth. The minister said that the country's main economic pillars — agriculture, manufacturing, tourism and mining — are buckling under crippling power deficits, unless the issue is fully addressed. He said while efforts were underway to develop additional power generating capacity to close the country's electricity energy deficit, those sitting on undeveloped assets risk losing them. "The Batoka Gorge (hydro power project on Zambezi River) has also got support and financing but that is jointly managed between us and Zambia. The financing should be easy to find for Batoka. "We are also saying for Sengwa, which is in Gokwe, there is an investor who has been sitting on the licence for the past 12 years. We are putting that into issue. If the investor cannot deliver within the next six months, we will withdraw it if it is not already withdrawn," he said. Minister Chinamasa said he was already in discussion with the Minister of Mines and Mining Development Walter Chidhakwa and those that have not delivered on promises are being put on notice. "We are putting on notice all those who are sitting on assets on promises that they will deliver. They must deliver or else we take back what is ours."

Zimbabwe is facing serious power shortages that have resulted in rolling power cuts in a development that is inconveniencing power consumers and affecting progress on economic recovery. However, Government is making concerted effort to scale up output to close the deficit with the country only able to generate about 1 200 megawatts against demand at peak periods of 2 200MW. "We have already taken steps to mobilise resources so that we can commence construction of power plants. Already, Kariba South is on the table and I know two or three which will soon come on stream and will add another 1 200 megawatts," Minister Chinamasa told Parliament. He said negotiations are ongoing on other projects and expressed hope that the discussions would be concluded soon while investors were also being sought for hydro and solar power projects. "In the short-term, we are inviting any investor who wants to construct solar plants. I know a lot of these investors query our tariffs but we will negotiate and let them proffer the tariffs they think will make their projects viable and we can discuss," Minister Chinamasa said. *(Herald)*

DELISTED food processing firm Cairns Holding has received the regulatory approval paving way for a South Africa-based investor to inject $30 million to boost output, NewsDay Business has learnt. A source close to the development told NewsDay that Vasari had been waiting for the nod to inject fresh capital into the company following its near-collapse a few years back. "We wanted shareholders, creditors and regulatory authorities to give us the go ahead and that has been done. We will proceed by scheme of arrangement," the source said. The regulatory processes, according to the source, included a proposed plan by the investors to comply with the country's indigenisation and empowerment regulations compelling foreign-owned firms to sell 51% stake to locals. Vasari assumed 67% shareholding in Cairns after the Reserve Bank of Zimbabwe disposed its stake in line with a government directive for the apex bank to wind up non-core activities. The central bank, which at the height of the country's economic meltdown engaged in quasi-fiscal activities, has, since the introduction of multiple currencies in 2009, ceased its non-core activities. The company's judicial manager Regis Saruchera last year told NewsDay Business that the company had agreed to settle labour disputes outside the courts which would make it possible for the firm to retain all the staff members. This, he said, was expected to improve the handover-takeover of the firm.

Saruchera said the company was operating at between 35%-40% of installed capacity and had been producing snacks, groceries, biscuits, cornflakes and peanut butter, adding that the winery was also operational. Cairns applied for judicial management last year after it faced viability constraints that included lack of working capital. The company also voluntarily delisted from the Zimbabwe Stock Exchange. In 2012, the company reported a $8,1 million loss for the year to August 2012. The company is currently saddled with a $11 million debt, with banks being the main creditors. *(Newsday)*

Economic News

CHINA Powerway Renewable Energy Company through its regional subsidiary Powerway South Africa plans to invest about US$160 million in the construction of a 100MW solar plant in Zimbabwe once all the regulatory processes are completed. Powerway will partner with Mobility Holdings, a local company that specialises in renewable energy projects. Speaking soon after meeting energy regulatory authorities in Harare last week, Powerway SA managing director Mr Charles Domingo said he was optimistic the project would commence in the next few months. "The response we got from the local authorities is very encouraging and we hope to finalise the necessary paperwork so that the project can commence in the next few months. "We also hope to engage your Government with a view to ensure that the 100MW that we expect to generate will be fed into the national grid in order to reduce the power deficit Zimbabwe is currently faced with," he said. The project is expected to occupy about 400 hectares of land that has already been identified while it would take about 12 months to complete. The plant will carry a 25-year guarantee. The officials were not at liberty to divulge the location but only hinted that the place would be about 150-200km from Harare. Powerway said they intend to embark on more solar projects in the country once the initial one starts operating. Feasibility assessments are being undertaken with the hope of opening Powerway Zimbabwe in the near future. Mobility Holdings operations manager, Mr Bernard Matshiya who was standing in for the managing director, Mr Humphrey Munzvengwa said that the partnership with Powerway is the beginning of more projects that the two will embark on in the renewable energy sector. "At the moment we have partnered on this solar farm project but in future we will look at other areas of renewable energy that we can also work together on in the hope of ensuring the country fully recovers from power and energy shortfalls," he said. Initial technical expertise will be imported from China and South Africa but thereafter the company will embark on a series of training locals for skills transfer while an estimated 600 contract jobs are expected to be created. Powerway is a solar farm engineering and construction company, with subsidiary companies in Japan, Pakistan and the United Arab Emirates, and production bases in Guangdong, China, as well as Port Elizabeth in South Africa. Powerway has provided more than 1,2 GW of solar power products and construction services in over 22 countries. *(Herald)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

A DELEGATION of leading industrialists left the country at the weekend to engage European Union officials amid concerns that the first half of 2014 is expected to be tough for manufacturing sector. CZI president Charles Msipa said the group would negotiate with officials from the Western bloc as the country seeks more foreign direct investments. The 15-member delegation left the country at the weekend and will spend a week in Europe where they will visit Germany, Belgium and other EU countries. The EU imposed targeted sanctions against President Robert Mugabe and other government and Zanu PF officials. "The situation was very tough for many in the last quarter of 2013 due to reduced demand on the domestic market due to liquidity problems and the influx of imported products. There is really no change between December and now. It will be similar for the first half of this year," he said. Msipa said although it would be tough this year, policy measures announced by Finance minister Patrick Chinamasa last month are expected to stimulate growth. Chinamasa announced the 2014 national budget on December 19. Msipa said the continued use of the multicurrency system would build confidence and the resumption of the lender of last resort function by the central bank enables banks to increase lending to the manufacturing sector. The country has one of the lowest FDI inflows, below $500 million, with critics saying more reforms are required for it to become one of the leading investment destinations. The sector requires $5 billion for working capital requirements and has not been able to attract much funding. The sector's challenges include working capital requirements, high competition from imports, power and water supply challenges as well as high labour costs. The manufacturing sector is operating at a capacity that is below 40%, with 700 companies having closed shop, according to a report by the National Social Security Authority. CZI will next month hold a workshop to discuss the new government's economic blueprint Zimbabwe Agenda for Socio-Economic Transformation, which was crafted last October. *(News Day)*

CO-acting Reserve Bank governor Dr Charity Dhliwayo is expected to present the 2014 Monetary Policy Statement (MPS) this morning and analysts believe it will dwell much on regulatory matters since the RBZ does not have capacity to influence financial markets. The MPS comes at a time when the financial sector is struggling in the face of challenges that include under-capitalisation of some banks, increasing non-performing loans, absence of an inter-bank market, market illiquidity resulting in failures to meet customer RTGS instructions, limited lending, high lending rates and lack of confidence. It also comes at a time when the economy is faced with a myriad of crippling impediments that have eroded the gains made since the adoption of the multi-currency regime. The last MPS was presented in January last year by former RBZ governor Dr Gideon Gono. The Mid-Year Policy Statement was postponed due to the harmonised elections held on July 31. Without the pre-requisite financial muscle, the central bank remains constrained in its capacity to influence the economic trajectory with such tools as interest rates, money supply and inflation. "For now I believe the Reserve Bank does not have monetary capacity since it cannot print money, which means it cannot influence financial markets, therefore I think the acting governor will expound on what the Finance Minister said in relation to capitalising the bank first before it can be able to influence activity on the financial market," a Harare-based economic analysts Mr. Brains Muchemwa said. "I therefore believe the policy statement will dwell more on regulatory matters since for now the bank cannot implement interventions that will influence the market," he said. As a first step towards recapitalising the central bank, the Government has already taken over its US$1,35 billion debt.

The debt would be paid through issuance of Treasury Bills (TBS) to banks that were levied by the RBZ. This will be subject to the understanding that the banks will immediately settle small amounts owed to non-corporates of US$500 and below, without waiting for the maturity of the TBs. The TBs will have two-five year tenure as reflected in the accounts sitting with the affected banks. The proposed interest rate for these instruments is between 3,5 percent and 5 percent per annum. Analysts say the central bank should renew the Memorandum of Understanding it signed with banks in January last year, which will put a cap on rates. The MOU expired in December and was not renewed. Under the MoU, banks agreed to reduce lending rates, scrap bank charges and pay interest on deposits among other reforms. The MoU — which came into effect a month later, required, among other things, that lending rates be capped at 12,5 percent, above each respective bank's weighted average cost of funds. The institutions were also ordered to charge up to 0,5 percent of cash withdrawal amount subject to minimum charge of US$2,50 while ledger fees, maintenance and service fees will cost up to US$4 per account. The central bank and bankers also agreed to push for the mandatory use of debit cards. "Vulnerabilities across the banking sector are also an issue warranting address from the monetary authorities in light of the recent storms that some local banks have been subject to, (and) also related is the future of the expired MoU which was signed by the former governor and banking institutions," said FBC analyst Mr. Albert Norumedzo. He said in light of the prevailing economic stagnation, the question of whether capitalisation deadlines for the financial institutions would be extended also warrants an "ear". Progress on the proposed US$100 million injection into the interbank market by the Finance Minister in his Fiscal Policy Statement is a decent expectation from the MPS. Another economic analyst Dr John Robertson said he expected the monetary policy to address the financial problems in face of the shrinking money supply. "We also expect the policy statement to address the loss of revenue due to the growing influx of imported goods into the country," he said. "Of late the country has not been exporting, which is one of the issues that can boost the revenue base for a country. The monetary policy should suggest the recovery strategy for the companies that are closing through attracting investment. "It should highlight how best the country can attract investment considering that Zim-Asset (Zimbabwe Agenda for Sustainable Socio-Economic Transformation) has projected a 3,5 percent manufacturing sector growth by 2014." He added that the statement should highlight the banks that are in a bad position, and outline the available strategies to ensure that those banks are fully recapitalised. It should also come out with detail that will keep on instilling depositor confidence in the banking sector. Minister Chinamasa has already admitted that there were challenges in the sector and that there was need to restore confidence through a raft of measures. "Unlike during the period preceding the multi-currency system when the Reserve Bank still had a lot of influence on the liquidity available in the country, the current environment requires that the country earns whatever liquidity it needs. The strategy to restore confidence in this sector would need to be done, not haphazardly, but on a sequential, methodical and systematic basis," he said. *(Herald)*

Zimbabwe has pushed back by six years its June deadline for banks to increase minimum capital requirements to $100 million from $25 million, the central bank said on Wednesday, a move that will relieve pressure on the undercapitalised sector. The Reserve Bank in 2012 gave banks until June this year to increase capital requirements, but acting central bank governor Charity Dhliwayo said in a monetary policy statement the deadline had been moved to June 2020. *(Reuters)*

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