SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	26-Apr-13	3-May-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,718.40	8,739.56	0.24%	7.17%	16.45%	18.02%
Egypt	CASE 30	5,225.24	5,276.62	0.98%	15.27%	-3.40%	-3.36%
Ghana	GSE Comp Index	1,797.03	1,808.94	0.66%	1.37%	50.78%	47.98%
Ivory Coast	BRVM Composite	194.12	191.66	-1.27%	-6.55%	15.06%	7.19%
Kenya	NSE 20	4785.40	4821.17	0.75%	0.70%	16.65%	21.00%
Malawi	Malawi All Share	6,335.40	6,374.87	0.62%	48.01%	5.97%	27.10%
Mauritius	SEMDEX	1,900.18	1,923.27	1.22%	-0.68%	11.04%	11.22%
	SEM 7	377.28	382.66	1.43%	-0.47%	13.45%	13.64%
Namibia	Overall Index	931.00	925.00	-0.64%	8.47%	-6.21%	-3.35%
Nigeria	Nigeria All Share	33,159.10	33,159.10	0.00%	0.31%	18.09%	17.94%
Swaziland	All Share	284.32	284.32	0.00%	9.99%	-0.47%	2.87%
Tanzania	DSEI	1,533.88	1,467.33	-4.34%	-1.50%	-1.23%	0.69%
Tunisia	TunIndex	4,575.20	4,636.82	1.35%	0.82%	1.24%	-2.65%
Zambia	LUSE All Share	4,204.61	4,252.77	1.15%	10.61%	14.16%	21.17%
Zimbabwe	Industrial Index	188.94	191.16	1.17%	1.17%	25.43%	25.43%
	Mining Index	71.00	71.09	0.13%	0.13%	9.17%	9.17%

CURRENCIES

Cur-rency	26-Apr-13 Close	3-May-13 Close	WTD % Change	YTD % Change
BWP	8.07	7.98 -	1.09	4.27
EGP	6.91	6.92	0.18	14.30
GHS	1.87	1.96	0.45	3.07
CFA	503.24	47.86 -	90.49 -	90.34
KES	82.48	82.43 -	0.06 -	3.70
MWK	393.71	383.31 -	2.64	19.41
MUR	29.93	29.82 -	0.37 -	2.39
NAD	8.98	8.86 -	1.30	4.57
NGN	156.78	157.28	0.32	0.75
SZL	9.00	157.28 -	1.35	4.98
TZS	1,590.80	1,586.44 -	0.27	0.73
TND	1.60	1.61	0.26	3.73
ZMW	5.34	5.26 -	1.53	1.46

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

The Bank of Botswana cut its benchmark interest rate for the first time since 2010 to help support a flagging economy. The policy rate was lowered by half a percentage point to 9 percent, the Gaborone-based central bank said in an e-mailed statement today. The rate had been on hold since a reduction in December 2010. "The current state of the economy, where output growth is below potential and characterized by high unemployment, could be reignited by a measured non-inflationary stimulus," the bank said. Inflation in Botswana, the world's biggest diamond producer, accelerated to 7.6 percent in March, above the bank's target range of 3 percent to 6 percent. The inflation rate will probably ease into the target band by the second half of the year, the central bank said. "A more accommodative monetary policy stance, at this time, is consistent with the achievement of the bank's 3 percent to 6 percent inflation objective in the medium term," it said.
Economic growth may slow this year because of falling diamond prices that are cutting government revenue and reducing the budget surplus. Polished Prices.com's Overall Rough Diamond Index has dropped 6.3 percent in the past year. The economy expanded 3.7 percent in 2012, with growth in non-mining industries easing to 5.8 percent from 7.8 percent in 2011, the central bank said. *(Bloomberg)*

Egypt

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Ghana

Corporate News

Unilever Ghana Ltd. expects sales to grow by 10 percent in 2013 as the food and household-goods maker starts making Lipton Tea in Ghana for export into French- speaking Western African countries. The locally-processed tea "will no doubt improve our top line in terms of sales as well as profitability," Managing Director David Mureithi said in an interview last week in the port city of Tema, where the company is based, 30 kilometers (19 miles) from the capital, Accra. "Our forecast is to reach a turnover of 310 million cedis" ($157 million) in 2013, Mureithi said. Sales in the first quarter declined 1 percent to 75.8 million cedis, the company said on April 29. In 2012, revenue was 282 million cedis. The Ghananian unit is part of London and Rotterdam-based Unilever NV (UNA)'s push into developing countries, which it expects account for 90 percent of annual sales growth over the next decade. The company said on April 30 it would spend as much as 292.2 billion rupees ($5.4 billion) increasing a majority stake in its Indian unit as it seeks to generate more emerging-market profit. "Pressure on consumer purchasing power" has weighed on Unilever's sales growth in Ghana after the government cut subsidies on gasoline and utilities to help narrow the budget deficit, Mureithi said. The managing director said last month he would leave the company on May 1 to pursue other interests.

Unilever Ghana shares have advanced 58 percent this year, compared with a 50 percent gain on the Ghana Stock Exchange Composite Index. It is valued at 843 million cedis. The company, which also makes Lux soap and Blue Brand spread, reported a 44 percent fall in net income last year after a weakening cedi caused input costs to soar. The cedi declined 14 percent in 2012 and is down 3.6 percent this year, the worst performer in West Africa, according to data compiled by Bloomberg. It rose for the first time in four days to 1.97 per dollar by 3:58 p.m. in Accra on April 30. Markets were closed for a public holiday yesterday. Ghana's economic growth has boosted demand for dollars in the country, pushing the cedi lower as the current account deficit widened to $4.9 billion in 2012 from $3.5 billion in 2011, according to the finance ministry. Unilever Ghana has invested 7.5 million cedis in the tea factory, the first to be built in the world's second-biggest cocoa producer. It will process as much as 1,000 tons of Lipton tea a year for sale in countries including Mali, Burkina Faso, Benin and Ivory Coast, Mureithi said. The plant will process raw tea mainly imported from Kenya and Sri Lanka. "This is expected to reduce the cost of producing tea by 15 percent" because of lower tax and custom charges, Mureithi said. Pre-packaged tea would be bulkier and therefore more expensive to transport. *(Bloomberg)*

Economic News

No Economic News This Week

Kenya

Corporate News

Beer maker, East African Breweries, will continue to make substantial investments in the low cost beer segment to cut into the illicit brew market, which has adversely affected the sector. Kenya Breweries Limited managing director Joe Muganda said the illicit brew market has negatively affected the industry, prompting the government direct beer manufacturers to dedicate at least 30 per cent of the total bottle surface area to health warning messages. "It's distressing and saddening when Kenyans die as a result of consuming dangerous, unhygienic and illicit alcoholic beverages. This has grown to vast levels and hence affects the industry and the society at large," Mr Muganda said in a statement. Currently, the beer manufacturer is working with sorghum farmers across the country to get the grain's supplies for use in the manufacture of much cheaper non-malted beer compared to the relatively more expensive beer produced using barley. "Sorghum is a substantial brewing extract comparable to barley and is adaptable to varied and harsh arid and semi-arid regions, where traditional crops do poorly," Mr Muganda said, adding that the manufacturer is currently working with the government and research institutions to develop high quality and fast-maturing sorghum varieties.

According to the Harvard Business School Report dubbed Diageo and East African Breweries Ltd.: Tapping New Markets for Social Good, EABL has lost market share from smaller, unregulated players, through provision of low cost brews since the 1990. "A bottle of standard commercial beer is in the range of Sh72, while a glass of chang'aa, which had a higher alcohol content, could cost as little as Sh11 ($0.13), a more affordable alternative for the majority of Kenya's population," the 2009 report revealed in part. This prompted the beer brewer to launch Senator in 2003 targeting lower income consumers. "We developed Senator Keg as a response to the increasing ill effects of illicit brews that were costing Kenyans their health and lives," Mr Muganda said. *(Daily Nation)*

Mid-tier bank, NIC Group, weathered economic slowdown experienced in the electioneering period to post a 20 per cent rise in profit after tax for the first quarter of the year. The bank's profit after tax rose to Sh867.8 million in the three-month period ending March 31 from Sh723 million recorded in a similar period last year, lifted by a 43 per cent increase in net interest income to Sh1.7 billion. The bank's group managing director James Macharia said the performance was impressive given the volatility in money markets and exchange rate movements associated with the recently concluded Elections. "Although the results achieved are good, they have been adversely affected by a slowdown in business activity associated with the recently concluded General Election," Mr. Macharia, who was recently nominated as Cabinet Secretary for Health, said in a statement. The bank's loan book rose by 25 per cent to Sh70.6 billion by the end of March from Sh56.6 billion. Deposits on the other hand stood at Sh78.4 billion, a 13 per cent growth from Sh69.3 billion reported in March 2012. Expenses, however, rose by 41 per cent to Sh1.2 billion due to increased operations in the East African region and hiring of new staff. The bank opened a branch in Uganda in June 2012, having already established a presence in Tanzania. "The subsidiary (in Uganda) is now firmly in profit territory and is expected to report good performance for the rest of the year," Mr. Macharia said, adding that other subsidiaries, namely NIC Tanzania, NIC Capital, NIC Securities and NIC Insurance Agents, made significant contribution to total earnings. Afrika Investment Bank analyst Ronald Lugalia said NIC's diverse products puts it in a strong growth trajectory. "NIC is among the strong local banks with solid growth prospects both in Kenya and the regional markets. The opportunities they have seen are to tap into new markets in the region through acquisitions, offering them solid growth prospects," Mr. Lugalia said. He also noted that the bank's new core banking system will help in increasing efficiency by interconnecting all branches in the regional markets. The financial institution is planning to open two more branches in Nairobi, one in Mombasa and two in Tanzania in the course of the year to bring the total branch network to 31. *(Daily Nation)*

Uchumi Supermarkets Ltd., Kenya's only publicly traded retailer, fell to the lowest level in more than six months as investors sold the stock on bets its valuation is too high compared with the nation's bourse. The stock dropped 6.1 percent to 18.55 shillings by the close in Nairobi, the lowest since Oct. 17. Almost 11 times the three-month daily average volume of shares were traded, according to data compiled by Bloomberg. Uchmi's price-to-earnings ratio is 18 percent, compared with 14.8 percent for the Nairobi Securities Exchange (NSEASI) All Share Index. The ratio "is quite high so it is trading at a premium compared to the market, it is overvalued," Davis Mika an analyst with

Nairobi-based Contrarian Investing Kenya Ltd., said by phone."They have been struggling to maintain operating costs and grow sales so most investors are interpreting this negatively and exiting." Neither Chief Executive Officer Jonathan Ciano nor Finance Manager Chadwick Okumu were immediately available to comment, according to a person who answered the phone at the company's office and didn't give her name. Sales in the six months through December climbed 1 percent to 7.59 billion shillings ($91 million) while operating expenses jumped 28 percent to 1.55 billion shillings, the company said in February. Profit before tax was 131.9 million shillings, compared with 204.3 million shillings a year earlier. *(Bloomberg)*

Safaricom on Thursday touched a five-year high of Sh7 per share, driven by increased investor demand for the stock two weeks before the telecoms giant releases its full-year results. The firm is expected to report improved performance boosted by increased voice revenues, data and its popular money transfer service, M-Pesa. On Thursday, Safaricom went up by 2.2 per cent, with over 22 million shares changing hands. Activity in the telecommunication counter pushed up the performance of the total market with the indicative 20-Share Index rising 23 points to close at 4,788.26 points. "The recent Communications Commission of Kenya report has people thinking Safaricom will surpass its revenues and M-Shwari will also boost them," said Halima Saadia, an analyst with Old Mutual Securities. "The dividend is also expected to go up as they have not outlined any high capital expenditure; they have no need to retain cash and may need to reward the shareholders" she said. Safaricom has risen 55.7 per cent in the past six months. In separate research reports, analysts at Morgan Stanley and Renaissance Capital had revised their price target for Safaricom share to between Sh6.40 and Sh7, citing lower market risks. Morgan Stanley believes Safaricom's absolute amount of capital expenditure peaked in 2012 and should stabilise at approximately Sh25 billion. *(Business Daily)*

Kenya Airways passengers can now pay for their domestic flights using Safaricom Bonga points as the telecom opens a new frontier for its customers to enjoy its loyalty programme. The new partnership will see Safaricom subscribers exchange 28,000 Bonga points for a one way ticket — and 40,000 for a return ticket — to fly economy on any of the four domestic routes served by KQ, including Mombasa, Kisumu, Malindi and Eldoret. But the subscribers will have to spend Sh280,000 on airtime to qualify for the 28,000 points given a credit of Sh100 earns 10 points. Previously customers were restricted to redeeming their points on Safaricom products, including airtime, data and devices available in the firm's retail centres. "Customers are demanding for more, they want more choices," said Safaricom's chief executive Bob Collymore during the unveiling of the programme at the KQ headquarters. Since the launch of the loyalty programme six years ago, Safaricom customers have earned more than 50 billion Bonga points. To date 82 per cent have been redeemed, valued at Sh8.5 billion. Customers earn one point for every Sh10 spent on voice calls, SMS, Internet and some chargeable M-Pesa transactions. Mr. Collymore said there are more than 9.5 billion Bonga points on Safaricom's network system, adding that new offerings like the KQ deal will unlock the royalty. Bonga points are one of the products Safaricom is using to defend its dominance in Kenya's mobile telephony business. Its market share based on voice traffic stood at 77.5 per cent in December. Airtel's share was at 12.5 per cent, Orange (1.4per cent) and Yu (8.6 per cent). For KQ, such deals will strengthen its domestic business, which continues to register growth. Kenya Airways passenger numbers remained flat at 828, 032 in the three months to December compared to a growth of 5.2 per cent in a similar quarter in 2011. Domestic passenger numbers in the quarter to December increased by 4.3 per cent to 189,514. A growing middle class opting to fly as opposed to road transport, and the fall of Jetlink, has seen the airline increase capacity on domestic routes. The carrier has invested capacity on the Mombasa and Kisumu routes to tap into the growing demand. Going ahead, the partnership will extend beyond the domestic routes into the region. "We could open to the rest of Africa in the future as we continue investing in the region," said Kenya Airways chief executive Titus Naikuni. In 2009, the two companies partnered to offer customers a ticket payment solution. KQ customers can pay for their tickets using M-Pesa for a ticket worth less than or equivalent to Sh140,000, inclusive of tax.*(Business Daily)*

Equity Bank beat 42 other local lenders to rank as the best bank in Kenya in a survey conducted by ThinkBusiness magazine. The bank has grown rapidly over the years to become the second most profitable in the country, posting a Sh12 billion net profit last year. It has more than half of all bank customers in Kenya having revolutionised the retail banking segment with innovations such as allowing customers to open accounts without deposits. The survey byThinkBusiness found that Equity had the lowest charges in the industry. The bank also emerged tops among large banks, ahead of Standard Chartered and Barclays, which were ranked second and third. KCB won the Best Bank in Microfinance title, signifying the giant's shift to the bottom of the pyramid market. Dr Martin Oduor-Otieno, the former CEO of KCB, was

awarded the Lifetime Achievement Award for his contributions to the industry and at KCB, which he led to become the largest and most profitable bank in the country. Top managers and bank industry leaders nominate the person they feel has had the most positive impact on the industry for the title. The CEO of the Diamond Trust Bank Nasim Devji was declared the Chief Executive of the Year. The Banking survey comprised of 43 commercial banks and seven deposit-taking microfinance institutions (DTM). Kenya Women Finance Trust (KWFT DTM) was awarded the special award for deposit-taking MFIs, and was followed by Faulu DTM and SMEP DTM. Century DTM got the award for product innovation for their Mazao Factor Loan. The awards come at a time when the banking industry continues to post strong growth, led by the biggest banks that have traditionally dominated all the sector's metrics including profitability, customer deposits and lending. Banks grew their pre-tax profits 19.2 per cent to Sh106 billion last year compared to Sh89 billion the year before. "It is the biggest banks that registered marked growth in profitability," ThinkBusiness said. The biggest laggards were Ecobank and Equatorial Commercial Bank, which reported losses in the period. *(Business Daily)*

Economic News

A sugar shortage looms with the Mumias Sugar Company set to close for the annual routine factory maintenance two months ahead of schedule. The exercise that normally takes place in July will run for more than three weeks with the company saying this has been necessitated by the heavy downpour in sugar belt that have interrupted sugarcane harvesting and transportation. The announcement came as a surprise to growers in Mumias sugar zone some of who expected to harvest their mature crop before July. While the management has dispelled fears of a shortage, the closure of the factory, which controls more than 60 per cent of the market share, has always been followed by an acute shortage with prices skyrocketing. "We have enough sugar stocks in our reserves and there is no cause for alarm over the availability of our sugar brand," corporate communications officer Mr Athman Wangara told journalists. Kenya has been relying heavily on imports with locally produced sugar not able to meet demand and the closure of the Mumias Factory will only complicate the matter. Domestic prices of sugar hit a historic Sh250 a kilogramme late last year before easing to Sh190 per kilogramme on average and Sh130 currently. Other millers include the five state-controlled millers – Muhoroni, Nzoia, Miwani, Sony and Chemilil which are planned for privatisation to help increase efficiency.

Others are the West Kenya Sugar, Sukari Ltd, Tranz Mara, Polysak, Kibos, Cherry Sugar and Butali Sugar. Kenya Sugar Board (KSB) argues that tax incentives will encourage investment and infrastructure development in the Kenya's sugar belt. The regulator also wants the government to remove crop levies imposed on farmers based on the gross value of cane delivered to millers. Data from KSB shows that in 2012 sugar imports from Comesa more than doubled to 90, 404 tonnes up from the 37,258 tonnes reported in the previous year. Between January and November 2012, Zambia's sugar exports to Kenya rose by 142 per cent to 90,405 tonnes in comparison to a similar period the previous year. Sugar imports from Uganda rose from 73 tonnes in November 2011 to 30,299 tonnes in November 2012. *(Daily Nation)*

Insurance firms lost hundreds of million shillings to their employees and agents last year, a body that deals with fraud malpractices in the industry has disclosed. A report by Insurance Fraud Investigation Unit (Ifiu) shows that in 2012, the employees and agents stole Sh184 million and Sh65 million respectively. According to the report, the industry incurred a cumulative loss of Sh253 million through medical, funeral and motor vehicle fraudulent claims, fake complaints against underwriters and medical practitioners and theft from insurance agents and its employees. Out of the money lost in the sector, only Sh5 million has been recovered. Insurance Regulatory Authority's chief executive Sammy Makove decried the level of fraud in the industry and urged the players to come up with modern ways to deal with the menace. "Fraud affects insurers' profitability and potentially deals a heavy blow to their financial soundness. To compensate for any arising financing gaps, insurers often resort to increasing premiums whose cumulative effect is higher insurance access costs directly or indirectly for insurance consumers," he said when he read the report. Insurance claims and policy holders' benefits for last year stood at Sh22.4 billion compared to 19.4 billion recorded in the previous year. Statistics in the industry estimate that 40 per cent of all claims paid are fraudulent.

The fraud unit, a partnership effort between IRA and the Kenya Police Service, was formed in December, 2011 to combat the increasing number of fraud cases in the sector. The unit's staff is drawn from the Directorate of Criminal Investigations as well as Economic and

Commercial Crimes Unit. The report shows Ifiu received 143 cases where 30 involved insurance agents, workman compensation claims (22), motor theft insurance claims (18) and motor accident claims (11). Only five out of the 55 accused people have successfully been charged in court. There are 39 cases still pending and 73 under active investigation. *(Daily Nation)*

President Uhuru Kenyatta on Wednesday awarded lowest paid workers a 14 per cent pay increase, setting his government on a collision course with employers opposed to statutory wage thresholds. Mr. Kenyatta said the new wage guidelines, which take effect immediately, were part of the government's plan to protect workers and improve their welfare. "We acknowledge the constitutional obligation to workers and we'll safeguard their rights," Mr. Kenyatta said at the Labour Day celebrations ceremony in Nairobi. The move increases the minimum wage for the lowest paid unskilled workers in the agricultural sector (the lowest paying job) from Sh4,258 to Sh4,854 and that of a house help in Nairobi to Sh8,648 up from Sh7,586. The issue of minimum wage — and government's annual increments — has been hotly contested by employers who hold that workers' pay should be pegged on market forces and productivity. During their campaigns last year, the eight presidential candidates — keen to please both the unions and employers — avoided questions on the validity of minimum wages with Mr. Kenyatta maintaining that his government would go for wages that vary with the cost of living. The Federation of Kenya Employers (FKE) stoked the old debate Wednesday when its chairman Erastus Mwongera asked the government to delink annual minimum wage reviews from Labour Day celebrations. "Kenya has low productivity of labour and capital and this makes continued annual review of wages unsustainable," Mr. Mwongera said. President Kenyatta, however, acceded to the private sector's call for a regulatory framework to speed up job creation. The government will take immediate steps to implement the national employment policy and strategy approved by the Cabinet last year, Mr. Kenyatta said.

Under the national employment policy, all future projects will be approved on the basis of the number of jobs they are likely to generate. Its other key planks are affirmative action for small and medium-sized enterprises as well as collaboration among employers and educational institutions to produce employable graduates. For the first time since independence, the government is also set to implement a national income and wages policy as part of the effort by the Salaries and Remuneration Commission to address disparity in public sector pay. The government also intends to sign bilateral pacts with other countries to spell terms and procedures for hiring Kenyans, a move aimed at addressing growing cases of harassment of job seekers in foreign lands. The new changes planned by the Jubilee Coalition also target key institutions in the labour market. Labour permanent secretary Beatrice Kituyi said the National Social Security Fund (NSSF) would be reformed to make it accessible to more workers. "The reforms of social protection in this country must begin with the reform of NSSF," Ms Kituyi. The recently drafted NSSF Transformation Bill, she said, would reduce the cost of running the organisation to only two per cent of its recurrent expenses. So far, Mr. Kenyatta has enjoyed a relative calm in the labour market, partly as a result of lower cost of living with inflation staying below the psychological five per cent in the last seven months. His predecessor President Kibaki's administration had to grapple with numerous strikes that frequently affected key sectors of the economy like education and health. On Wednesday, the Central Organisation for Trade Unions Secretary-General Francis Atwoli appealed to his colleagues in the trade union movement to give the new administration more time to put its house in order. "Even after that, we will try dialogue and use other means to get what we want from them instead of strikes," Mr. Atwoli said.

Mr. Kenyatta and Deputy President William Ruto made use of the Labour Day fete to repeat their campaign pledge to reduce cost of items such as foodstuff to ease pressure on workers' earnings. But the two would not comment on the demand for higher salaries by legislators even as FKE prodded them to reduce the public wage bill. At the moment, the country is reeling under the weight of public wage bill estimated at Sh458 billion, almost half of the revenue that the government expects to collect in the current financial year. This level of expenditure on public wages is slightly over 12 per cent of the country's GDP and well above the internationally accepted standard of seven per cent, President Kenyatta noted when he opened the 11th Parliament. *(Business Daily)*

Kenya will pay Sh120.471 billion in interest on its public debt in the next financial year, a 14.9 per cent increase from this year, the Division of Revenue Bill shows. This will be over and above the payment of the principal which will amount to Sh212.515 billion, 7.4 per cent higher than in the current financial year, the bill shows. A new IMF report, however, shows that Kenya's Sh1.8 trillion public debt at

about 43 per cent in present value terms — time value of money theory says money borrowed today has a higher value in future — is still sustainable and even allows for the issuance of a sovereign debt. "The dynamics for public debt are now more favourable than under the last debt sustainability analysis. At 43 per cent, the public debt-to-GDP ratio in 2012 was lower than the originally projected 48 per cent," says the IMF report. There have been fears that a huge public wage bill, county government and infrastructure spending would increase State spending, requiring further borrowing. "The public debt-to-GDP ratio has declined, despite the large budgetary costs of implementing the new Constitution, preparing for the March elections, and the recent wage increases in the civil service," said the Treasury. "The Debt Sustainability Analysis shows that Kenya remains at a low risk of debt distress, both external and public debt," said the IMF. In an agreement with the IMF, the State has committed itself to ensure that debt remains sustainable. "We will be updating our Medium-Term Debt Management Strategy that ensures public debt Sustainability," said the Treasury in the Letter of Intent that spells out what government is ready to commit in an agreement with the IMF.

The Treasury said there is an ongoing reorganisation of the National Treasury with a view to improving "the monitoring of contingent liabilities from State-owned enterprises, semi-autonomous government agencies, and the newly created counties." The Treasury said its priority remained to attract concessional loans for key energy and infrastructure projects and to limit borrowing on commercial terms to viable projects that can generate a cash-flow sufficient to finance loan repayments. It reiterates plan to issue a sovereign bond to clear the syndicated loan it contracted last year — and which is a bigger burden to repay because it is for a short period to May 2014. "We plan to issue a sovereign bond in 2013/14 to repay the syndicated loan we contracted in May 2012," said the Treasury. In the short term, through CBK-Treasury co-ordination, the government pledged to "ensure that redemptions and new domestic borrowing requirements are fully met through the sale of government securities." *(Business Daily)*

Kenya is likely to start producing oil in six to seven years, the International Monetary Fund (IMF) has projected. In a new report published after consultations with government officials, the fund terms Kenya's recent oil discoveries in northern Turkana as "commercial", a term that both government officials and the exploration firms have used only sparingly to avoid raising public expectations too high. "Big oil discoveries in the northern Turkana region have now made Kenya a major venue for oil exploration in East Africa. Kenya expects to start producing oil in 6-7 years," said the IMF in the report released on Tuesday. IMF representatives held 10-day consultations with Kenya between February 4 and 14 as part of regular reviews to assess economic performance. The staff team was headed by Dominico Fanizza, who is based in Washington and included the Kenya Resident Representative Ragnar Gudmundsson and Rose Ngugi, formerly a member of Central Bank of Kenya's rate-setting Monetary Policy Committee and now an economist for the fund based in Nairobi. The IMF mission met Treasury officials, CBK Governor Njuguna Ndung'u, other senior officials, representatives of the private sector including financial institutions, and the donor community. "The discovery of commercially viable oil reserves made in May 2012 in the Tertiary Rift by Tullow Oil has led to the entry of major foreign oil companies," said the IMF statement. Last month, Tullow said it had achieved close to commercial quantities of oil in Twiga South-1 well. In February this year, the company said it had "successfully completed (tests) with a cumulative flow rate of 2,812 barrels per day…the first potentially commercial flow rates achieved in Kenya." At the Ngamia-1 well in Block 10BB in Kenya, the first of six drill stem tests has now been completed but further tests are ongoing to determine commercial viability. Tullow has, however, not declared quantities confirmed so far as being commercially viable, saying it is still conducting more tests.

In their communication with the IMF, Kenya government officials affirmed that prospects for commercially viable oil production have improved. The IMF noted that the policy regime for mineral resource wealth was being developed with its technical assistance. "The government intends to update the Petroleum Act in the near future, and is reviewing its energy policy to facilitate prudent management of commercial oil and gas discoveries with technical assistance from the International Monetary Fund (IMF)," said the IMF document. The Kenya government said in its Letter of Intent that it was reviewing tax on natural resources, noting that it was about to become a major producer. "We will revamp our natural resource taxation framework to bring it in line with international best practices as our country is poised to become a significant producer of oil, gas and minerals," says the Kenya in the Letter. The IMF said Kenya's economic prospects would improve with oil exploitation but stressed the importance of balanced growth to prevent excessive reliance on the resource. "Looking forward, the risks from global financial and economic conditions have lessened. In addition, the prospects for commercially-viable oil

discoveries could further improve the medium- to-long-term outlook, which will require policies to promote diversified and balanced growth to avoid excessive reliance on natural resources," said the IMF. The Bretton Woods institution noted that out of 46 blocks made available for exploration by the Energy ministry under the Petroleum Act, 45 have been licensed to 23 international oil companies. "The companies are at different stages of exploration, and the productive capacity of two oil wells is currently being assessed. Gas has also been discovered on one of the offshore wells in the Lamu Basin," said the report. *(Business Daily)*

President Uhuru Kenyatta stayed on the expansionary path of his predecessor Mwai Kibaki submitting a Sh1.654 trillion Budget for the next financial year. This represents a 13.4 per cent increase over the Sh1.459 trillion Budget for current year ending June 30. A breakdown of the estimates indicates that the government plans to spend a whopping Sh1.01 trillion on its ministries and departments, Sh198.2 billion on the counties while the Judiciary and Parliament will spend Sh22 billion and Sh24 billion respectively. An additional Sh380.3 billion has been set aside for the Consolidated Fund Services (CFS), the account that holds money for public officers' pension, salaries and allowances for constitutional offices and payment of public debt. The estimates, introduced in Parliament on Wednesday, show that the CFS has been allocated Sh15.9 billion or 4.4 per cent more than this year's revised estimate amount of Sh364.4 billion. The estimates show that the Treasury has worked through a tight fiscal space to accommodate some of the Budget-busting election promises of Mr. Kenyatta's Jubilee coalition, increasing by large margins the allocations to key ministries of Education, Agriculture, Internal Security and Health. President Kenyatta has promised a free laptop for every child entering Class One next year, free maternity and primary healthcare, improved security and a reduction in the cost of living through containment of prices of basic commodities such as food. By the end of February, when the Treasury consulted with the International Monetary Fund (IMF) on budget progress, the revised estimate for this year was Sh1.172 trillion, indicating that the Sh1.6 trillion Budget is Sh500 billion higher than the actual expenditure for the current financial year.

The huge gap between the budget and actual expenditure has been attributed to low absorption capacity in government ministries and a scarcity of funds arising from the failure by the taxman to realise his revenue targets. The Treasury said on Thursday that it did not immediately have the revised estimates for the fiscal year that ends in June. "The figures are not available because the new ministries do not compare one-for-one with the former ministries," said a Mr. Onderi from the Treasury's Budget Department. The National government's estimates tabled in Parliament shows that the Teachers' Service Commission (TSC) has been allocated Sh143.1 billion or 8.6 per cent of the total budget, making it the single largest item in the government's spending plan. The allocation also reflects the size of the commission's workforce of more than 270,000. TSC is now an independent entity from the Ministry of Education. The Ministry of Education, Science and Technology comes in second with Sh130.6 billion taking the sector's total allocation to Sh274 billion or 16.6 per cent of the total government spending for the year. Mr. Kenyatta has also signalled his intention to stay on Mr. Kibaki's path of infrastructure development with a Sh125.7 billion allocation to the Ministry of Transport and Infrastructure making it the third largest item in the budget. The allocation is in line with Kenya's big infrastructure dreams that include construction of new roads, airports, railways, harbours, and IT platforms. Security also got its place in the list of top priorities getting Sh108.9 billion from the budget excluding the Sh13 billion allocated to the NIS. The allocation points to the Kenyatta government's determination to strengthen its muscles in the face of rising wave of insecurity that has claimed hundreds of lives since late last year.

Kenya has been under a wave of terrorist attacks since its forces entered neighbouring Somalia in pursuit of Al Shabaab militia who had wage daring attacks in its territory abducting foreigners. Other top beneficiaries of the budget include the Ministry of Energy and Petroleum Sh78.5 billion, Devolution and Planning (Sh84.9 billion) and the National Treasury (Sh69 billion). For the first time, the allotments were provided in the Programme-Based Budgeting (PBB) format, which donors such as the IMF have been pushing for. The spending plan is different in its definition of the objectives for allocations, expected outputs and the indicators against which it will be assessed. The estimates also indicate that the government plans to spend Sh121.5 billion to pay loans compared to the revised 2012-13 figure of Sh123.6 billion. Pension payments will rise to Sh38.2 billion from Sh28.1 billion in the revised budget for this year while salaries and allowances will total Sh3.4 billion from Sh3.3 billion in this financial year. Guaranteed debt to parastatals and other government departments and agencies will however fall to Sh1.3 billion from Sh1.5 billion this financial year. there is a policy reduce transfers to parastatals and other government agencies. *(Business Daily)*

Malawi

Corporate News

No Corporate News this week

Economic News

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Mauritius

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Economic News

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WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The board of Infrastructure Development Bank Plc has approved the recapitalisation of the bank to the tune of N29 billion as part of efforts to enhance operations and record improved performance. Formerly known as Urban Development Bank of Nigeria Plc, the Infrastructure Development Bank Plc is Nigeria's dedicated infrastructure bank providing financial solutions to support key long-term infrastructure projects, including transportation infrastructure, municipal common services, mass housing and district development, solid waste management and water provision, and power and renewable energy projects. The Managing Director of the bank, Mr. Adekunle Oyinloye, told journalists in Lagos that the board had agreed to raise new funds both in equity and debt capital to meet the recapitalisation exercise. According to him, it was agreed that N3 billion to N4billion would be raised as equity among the directors, while the rest would be raised from the capital market. He said the debt capital would drive the bank's business more than the direct equity because of the nature of bank's business. Oyinloye explained that the board believed that the new level of capitalisation would be adequate enough to address the capital required for its projects based on a five-year capital plan. The managing director also said the bank would in the future raise municipal bond for community based projects. He said:

"We believe that based on our five-year capital plan, that this will be far more than adequate to address our capital requirement for our projects. This is not limited to what we raised on specific bases. We will also be raising what we called municipal bond and will soon be in the capital market for that." Oyinloye added that the bank might also access the capital market for market for a transport fund. "This is to tell you that by the nature of business, there will be focus on each sector of the economy. The bank will raise as much as the demand required and as much as the market appetite could meet," he said. The Vice-Chairman of the bank, Mr. Johan Kruger, said the bank was handling a Redline Transit Project to aid transportation system in Lagos and its environs. Kruger noted the bank had since 2009 been meeting with a consortium of banks on the Redline Transit Project in response to the Lagos Metropolitan Area Transport Authority's request to solve transportation problem in Lagos. He disclosed that the bank has been able to resolve the issue of right of way for the project, adding that the board had appointed 14 advisors and spent $400 million of its own money on the technical works on the project. *(This Day)*

The massive investment by Dangote Cement Plc (DCP) has yielded fruits as the company's sale rose significantly to 10.4 million tonnes in 2012. DCP increased its market share steadily during the year, averaging 57.1 per cent in 2012 compared with the 50.5 per cent achieved in 2011. According to audited the results of the company for the year ended December 31, 2012, the improved sales led to an impressive performance, as it recorded a 14.7 per cent increase in the gross profit for the year. The shareholders are also in for a good time as the directors recommended that they be paid N3.00 per share for the reviewed period. Commenting on the performance, the Chief Executive Officer of Dangote Cement, Devakumar Edwin, said a combination of some managerial strategies adopted in the face of import dumping which led to the glut in the year under review accounted for the impressive performance. "DCP achieved a strong increase in revenues and profitability in 2012 despite severe flooding that affected demand and a shortage of gas that affected margins. "The group achieved several key objectives in 2012. In the first half of the year, we launched 11 million tonnes of new capacity that brought Nigeria to self-sufficiency in cement production. Because of our investments there is no more need for Nigerians to buy foreign cement. "By the end of 2012 we were preparing to make Nigeria an exporter of cement to neighbouring countries and in the first quarter of 2013, we realised that goal, to the benefit of the Nigerian economy. Soon, we hope to be manufacturing cement in Senegal as we expand into other African countries to supply a basic but profitable commodity that is vital to Africa's growth.

"Current trading is strong. We estimate that demand for cement in Nigeria increased by almost 16 per cent in the first quarter of 2013 and I am pleased to report that our volumes rose by substantially more than the market's growth rate in the same period. Such a strong start gives us confidence that 2013 will be a good year for Dangote Cement," he said. The company announced a profit after tax of N151.93 billion up from N121.4 billion of 2011 representing an increase of 25 per cent. DCP is planning to list on the London Stock Exchange next year.

Already the largest cement producer in sub-Saharan Africa, the company is more than doubling capacity this year to 21million metric tonnes, and wants to reach 43million tonnes in 2015. Besides Nigeria, where it has three plants and 70 per cent market share, the company has contracts to construct factories in eight African countries, from Senegal to South Africa to Ethiopia.

Shares in First City Monument Bank (FCMB) Plc fell by 8.5 per cent yesterday as investors reacted to non-payment of cash dividends by the bank for the year ended December 31, 2012. The Nigerian Stock Exchange (NSE) made the audited results of the bank available on the trading floors yesterday showing a profit before tax of N16.25 billion in 2012, compared with a loss of N10.68 billion in 2011. Despite the improved fortunes, the directors of the company did not recommend any cash dividend payout for the shareholders. Instead, a bonus issue of one new share for every 25 shares already held was recommended. Apparently discouraged by the recommendation, some investors decided to sell and reap the capital appreciation of about 25 per cent the equity had amassed since the beginning of the year instead of waiting for the bonus issue. The high supply without enough demand depressed the equity price of FCMB by 8.5 per cent from N4.70 to N4.30 per share. Meanwhile, an analysis of the 2013 results of the bank showed that it ended the year with profit after tax of N15.12 billion as against a loss of N9.24 billion in 2011. Deposit rose by 57 per cent from N410.68 billion to N646.26 billion, while loans and advances improved by 10 per cent from N323.35 billon to N357.79 billion.

Total assets stood at N908.54 billion, up by 51 per cent from N601.61 billion the previous year. Earnings per share improved from negative 49 kobo to positive 81 kobo. FCMB also reported its unaudited results for the first quarter (Q1) ended March 31, 2013, showing gross earnings of N31.41 billion, compared with N26.12 billion in 2012. Profit after tax and profit before tax rose marginally from N4.3 billion to N4.8 billion and N4.1 billion to N4.2 billion in 2012 and 2013 respectively. Meanwhile, trading at the stock market was bearish as the Nigerian Stock Exchange (NSE) All-Share Index depreciated by 0.38 per cent to close at 33,030.83. *(This Day)*

Enterprise Bank Limited became the first among the bridged banks to make public its financial reports as it revealed that its gross earnings increased significantly to N40.4billion as at December 2012, compared to the N10.5 billion achieved in the five-month period ended 2011. The bank also realised a profit before tax (PBT) of N11.3 billion as at December 31, 2012, as against a loss of N5.2billion recorded in the five-month period it operated as at December 2011. Enterprise Bank was created from the carcass of the defunct Spring Bank on August 5, 2011. This was as a result of an intervention by the Nigeria Deposit Insurance Corporation (NDIC) and the Central Bank of Nigeria (CBN). The commercial bank is wholly owned by the Asset Management Corporation of Nigeria (AMCON). Enterprise Bank's deposit also grew from N162.6billion in 2011, to N208.4 billion in 2012, just as its total assets climbed from N198.5 billion as at end of 2011 to N261.1billion in the year under review. Speaking during at its Annual General Meeting (AGM), the Chairman of Enterprise Bank Limited, Mr. Emeka Onwuka, attributed the achievement by the bank to the sustained growth in quality risk asset creation, which equally engendered growth in interest income.

The Chairman stated that in addition to "improvements in our other banking income items such as commissions, fees, electronic banking income, significant improvements in trade-related transactions, facilitated through our strategic focus on Small and Medium Enterprise (SME) helped in boosting our fees and commission income." Onwuka declared that by the performance, "a solid foundation has been built by the bank to ensure a sustainable growth in its business activities." Commenting on some of the structures that had been put in place by the management of the financial institution, he said: "Renovations were carried out on the corporate head office and branches of the bank, which is believed, will enhance the competitiveness of the bank in the industry. "Several brand management initiatives were implemented in the year, in a bid to create more awareness about the bank in the marketplace. The bank's electronic banking platform has been further enhanced by capital investments in Automated Teller Machines (ATMs), Point of Sale (PoS) terminals and several variants of electronic cards." *(This Day)*

First City Monument bank Plc (FCMB) has declared N15.3 billion after tax profit for the Financial year ended December 31st 2012, and a bonus of one additional share for every 25 shares held by its shareholders. The bank has also declared profit after tax of N4.2billion for the first quarter ended March 31, 2013. The audited accounts for the full year ended December 31, 2012 recorded a profit after tax of

N15.3billion, an increase of 256% over 2011. Similarly, profit before tax rose significantly by 252.1% to N16.23billion in 2012. The financial report for 2012 also showed that gross earnings was up by 54.3% from N75.70billion realised in 2011 to N116.83billion, indicating an increasing market share for FCMB. Also, the financial institution's loans and advances improved by 10.7% to N357.798billion last year compared to N323.353billion the previous year. As a demonstration of its resilience, the bank's total assets equally rose to N909billion as at the end of 2012, as against N602billion in 2011. *(Vanguard)*

Zenith Bank Plc has promised to make history by hitting the N2 trillion mark deposit base by the year 2013, even as it decried the difficult operating environment experienced in the financial year 2012. The bank's shareholders also decried the move by the Securities and Exchange Commission (SEC) to impose compulsory electronic dividend payment in the nation's capital market. Speaking at the Bank's 22nd Annual General Meeting (AGM) in Lagos, Managing Director/CEO, Zenith Bank Plc, Mr. Godwin Emefiele, said, "The year 2012 was quite challenging for the industry, but Zenith Bank consolidated on the steady progress recorded in year 2011. We will continue to improve as we strive to reach the N2 trillion mark on deposit base by year 2013.We are now in a position to surpass our present performance. The operating results of 2012 indicated an impressive performance in all parameters giving credence to the increasing market share and acceptance of our brand by Nigeria and international banking public." In his own comment, Chairman, Zenith Bank, Sir Steve Omajafor, commended the shareholders at the meeting for their loyalty and contribution towards the growth of the bank. According to him, "Owing to a number of domestic and external factors, 2012 without any doubt was very challenging one for operators in the banking industry. However in line with our track record, Zenith Bank recorded total deposit base of N1.80 trillion for the year under review, representing a 14 per cent increase over the previous year's figure of N1.58 trillion. Profit After Tax (PAT) similarly surged by 132 per cent from N41.30 billion in 2011 to N95.80 billion in 2012. Total assets grew by 12 per cent, from N2.17 trillion to N2.44 trillion, while shareholders' fund rose by 18 per cent, from M372.02 billion to N438 billion."

Furthermore, he said, "The future of the bank is bright. We thank you our shareholders for your positive comments as it serves as a source of encouragement to do better." Some of the shareholders who spoke at the meeting commended the bank for the impressive performance and dividend payment as well as its listing on London Stock Exchange. Dr. Faruk Umar, Chairman, Advancement for Rights of Nigerian Shareholders said, "We commend the bank for its results and listing on LSE. This has given our bank more recognition since its shares are traded in international market and we hope for better performance." Specifically, Sir Sunny Nwosu, National Co-ordinator, Independent Shareholders Association of Nigeria (ISAN), who spoke for his group said, " We thank you for the impressive performance recorded for the financial year 2012. It is a good one in all ramifications, but the task ahead of the bank is how to manage and sustain success." He further warned regulators to be cautious of the kind of policies they initiate, saying, " We the shareholders will totally resist any attempt by SEC to impose sanction on any shareholder who fail to comply with electronic dividend payment requirement.*(Vanguard)*

The Taraba government in partnership with the Dangote Group of Companies will soon establish a sugar processing company in Lau Local Government Area of the state. The acting governor of the state, Alhaji Garba Umar, disclosed this at an interactive session with journalists on Thursday in Jalingo. Umar said the move was part of plans by the state government to increase its internally-generated revenue and create jobs for the youths. "The Dangote Group of Companies will soon be here to establish a Sugar Processing Company. "We want to increase our internally-generated revenue and create job opportunities for our teeming youths. "We have also approved the allocation of 20, 000 hectares of land to a Chinese company for rice production," he said. Umar called on all investors interested in doing business in the state to take advantage of the state's deliberate policy on industrialisation to come in. The acting governor said the Jalingo Airport would soon commence commercial flights to ease transportation for prospective investors and the people of the state.*(Daily Trust)*

Nigerian stocks rose to their highest level in more than three weeks on Thursday, lifted by a 10 percent gain in biggest listed firm Dangote Cement to an unprecedented high, traders said. The Nigerian stock index rose 3.18 percent to 34,504 points, its highest since April 9. Dangote Cement, which accounts for a third of market capitalisation on the bourse, jumped the maximum allowed 10 percent to 178.2 naira, its highest price since it was listed on local bourse. Traders said it had taken a hit last week because of a disappointing dividend announcement, but that the market had over reacted and was now re-positioning. Other advancers included middle-size lender Wema Bank

LG>, up 9.32 percent to 1.29 naira, Cadbury , rising 8.6 percent to 34.7 naira, and Stanbic IBTC , which gained 7.14 to 15 naira.*(Reuters)*

Nigerian local conglomerate UACN's 2012 pre-tax profit rose by 53.6 percent to 10.74 billion naira ($67.89 million), from 6.99 billion naira the previous year, the company said on Thursday. Turnover rose 16.8 percent to 69.63 billion naira, compared with 59.64 billion naira in 2011. UACN, which has interest in food business with South Africa's Tiger Brand, proposed a dividend of 1.60 naira, compared with 1.5 naira paid a year earlier and a bonus issue of one share for every five held. *(Reuters)*

Nigeria's First Bank Group's first quarter pretax profit rose by 29 percent year-on-year to 31.41 billion naira ($198.8 million), from 24.36 billion naira in the same period last year, the company said on Thursday. Gross revenues rose to 99.47 billion naira during the period, compared with 87.62 billion naira the previous year, the bank said. *(Reuters)*

Shareholders of Diamond Bank Plc have endorsed the Board of Directors' proposal to raise $750,000,000 additional capital in order to enhance the bank's working capital and finance business development initiatives. The shareholders also approved the bank's proposal to raise its authorised share capital from N10 billion to N15 billion by the creation of additional 10 billion ordinary shares of 50 kobo each, ranking paripasu in all respects with its existing ordinary shares. Addressing shareholders at the 22nd Annual General Meeting (AGM), Chairman of the bank, Obi of Onitsha, Nnaemeka Achebe, said "Diamond Bank has bounced back to profitability following the significant write-offs we had to do in 2011 to clean up our books and reposition the bank." In his comment at the meeting, the Group Managing Director of the Bank, Dr. Alex Otti, commended the shareholders for their loyalty and support. According to him, "It would not be better to declare dividend and still come back to seek more capital from our shareholders. Our focus is to optimise balance sheet efficiency while increasing returns and minimise risks, all within the context of financial intermediation, which is our primary mandate." He further explained that the bank has divested from five of its subsidiaries according to the Central Bank of Nigeria (CBN)'s directives, but noted that step has been taken to recapitalise few of the subsidiaries like Diamond Bank Benin and the Pension Fund firm. He said: "We will open more branches in many new locations this year especially in under –represented markets with strong economic fundamentals and where our services will be a strong agent for growth. Internationally, on March 26, 2013, we concluded the acquisition and took over control of a niche bank in UK. This underscores our intention for a two pronged approach, acquisition and organic growth, to expansion." In their comments at the AGM, shareholders unanimously tasked the Board of the Bank to ensure that dividend is declared next year. Sir Sunny Nwosu, National Coordinator, Independent Shareholders Association of Nigeria (ISAN), who spoke the minds of members at the meeting, commended the bank for bouncing back to profitability. According to him, "We shareholders expect that you will give us dividend next year having returned to profitability. We thank the Staff, management and Board for the improved performance. Dr. Farouk Umar, Chairman, Advancement for the Rights of Nigerian Shareholders, equally commended the bank for its impressive performance as it posted profit before tax (PBT) of N27.5billion and profit after tax (PAT) of N22.1 billion from a loss position of N18billion and N13 billion in 2011 respectively.*(Vanguard)*

Economic News

The Niger Delta Action Plan, a collaborative framework to develop the oil-rich region is to pool an estimated $10 billion for investment within the next five years in addition to another $200 million (N3.2 billion) through a new development funding vehicle, Multi-Stakeholder Trust Fund. The (MSTF) received the backing of the federal government at the inauguration of the National Council on Niger Delta, in Uyo, Akwa Ibom State at the weekend. According to the policy document, the MSTF is to address underfunded and high impact activities within the Development Results Framework of the Action Plan. The Niger Delta Action Plan, which is a collaborative development strategy of the Ministry of Niger Delta Affairs, the United Nations Development Programme (UNDP) and other global development partners, is meant to effectively address development needs in the region through a coherent framework, anchored on effective coordination and implementation. The Plan is to run between 2013 and 2017. Inaugurating the National Council on Niger Delta at the weekend, President Goodluck Jonathan, who was represented by the Vice-President, Namadi Sambo, enjoined stakeholders to latch on the prevailing peace to unleash development in the region. Government's endorsement came as the Akwa Ibom State Governor, Chief Godswill Akpabio, advised against making the Niger Delta Development Commission (NDDC) a parastatal of the Ministry of Niger Delta Affairs, contrary to suggestions from some quarters. Jonathan, said the government was endorsing the Multi-Stakeholder Trust Fund, towards creating development

partners and stakeholders. "The mechanism will assist the Ministry of Niger Delta Affairs to more effectively coordinate development resources from different stakeholders, in achieving the intended objectives," Jonathan said.

While chronicling the various phases the region has passed through from militancy, amnesty, and a resolve by the government to develop the region, which has ushered in peace, Akpabio said it was time to capitalise on the prevailing peace and development frameworks to push forward a new dawn in the region. "When we work together, we are better able to unleash our creative potential in optimising our huge human and natural resources for the stability of the Niger Delta, and the good and progress of our country, Nigeria," he said. The president recounted how the late President Umaru Musa Yar'Adua adopted the amnesty programme as a firm and durable response to the security challenges in the region. According to him, the programme did not only pave the way for the disarmament and demobilisation of the militant groups, but also offered a window for their economic and social reintegration into the society. "In the short run, these measures have helped to improve the security situation in the region and enhance oil production and development activities. Indeed, government has leveraged the prevailing peace to support efforts aimed at bringing permanent succour to every person living and doing business in the region," Jonathan said. Jonathan noted that in spite of the positive momentum, the region remains vulnerable to threats, adding that the government was relentlessly building on "this firm foundation with great determination and commitment." "We consider it a priority to sustain the consolidation of the current security situation in order to deepen the very foundations of durable and mutually beneficial peace. This is achievable if we forthrightly and with articulation address the development challenges facing the region, and feelings of exclusion and neglect of its people," the president said.

He stated that this had been the administration's foremost objective in the development of the Niger Delta Action Plan to complement the specific commitments contained in the amnesty programme. "This plan is also of great relevance for its concrete, comprehensive and coherent programme of investments in the social and infrastructure sectors of the various communities in the Niger Delta. The enthusiasm that met its recent presentation at the Stakeholders' Conference, is an encouraging indication of joint purpose," he said. Meanwhile, Akpabio has advised against merging the NDDC with the Niger Delta Ministry, even as he cautioned youths and communities in the region to desist from making outrageous demands before allowing development projects in their areas.. "I want to state categorically that the independence of the NDDC, with its provisions to allow Niger Deltans head the commission is a welcome development. Such cannot be said of the ministry at the federal level. As the president has the right to appoint any person as supervising minister of a given ministry irrespective of tribe, he continued. "What will happen if a minister who does not share the same passion with late President Umaru Musa Yar'Adua or President Jonathan is appointed to saddle the affairs of this ministry?, the governor asked. ''Even the National Assembly will not fail to put the NDDC budget together with that of the ministry, while strongly condemning and protesting that we are given preferential treatment. It will cause very heated debate where it will be argued that no ministry should for any reason be allocated mouth watering budget than its counter-parts' "… Let us ensure that our region is left on the path of development by allowing the NDDC lay its independent role of developing the land which lays the golden egg. No amount of development can ever be too much . Yes, development may come from the Federal Executive Council through the ministry, but I will advise that we should also allow it come from the NDDC as a commission," he advised. *(This Day)*

With over $10 billion capital raised through syndicated loans this year, Nigeria is presently ahead of other countries in the structured loans agreement market in Africa. According to Reuters, the rising appetite for syndicated loans in Nigeria is largely driven by the growth in confidence among international lenders as the country attempts to resolve transparency and credit risk concerns. MTN Nigeria became the latest borrower last week when it agreed a $3 billion loan to expand its network through Guaranty Trust Bank (GTBank) and other Nigerian banks, with other lenders -Citigroup, Standard Chartered, Industrial and Commercial Bank of China, China Development Bank and China Construction Bank. Also, the Dangote Group is in talks to raise a debut $3.5 billion loan to fund fertiliser and oil refinery projects with lead banks Barclays, GTBank, Standard Bank and Standard Chartered. Combined, the two jumbo loans almost match the $7.96 billion Nigerian borrowers raised throughout 2012, which is the country's highest-ever annual loan volume. "The feeling is that Nigeria will have outstripped South Africa as the top market by 2015 from a loan market perspective. You have already seen that this year – you can't ignore Nigeria," one London-based banker said.

Also this year, Nigerian National Petroleum Corporation (NNPC) agreed a $1.5 billion corporate deal in January; Indorama Eleme took a $800 million project finance loan in mid-February to fund a $1.2 billion green field fertiliser project; and oil and exploration company Neconde Energy marked its debut in the market with a $470 million corporate deal in early April. Nigerian banks have traditionally been rare borrowers in the loan market, but Skye Bank became the first since 2008 when it agreed a $150 million debut in May last year, while Fidelity Bank recently agreed an oversubscribed $100 million debut deal through coordinators Citigroup and HSBC. The deal's success is expected to buoy appetite from fellow bank borrowers, with First City Monument Bank expected to return after a four-year hiatus and Skye Bank already eyeing the market for a speedy return. "Nigerian banks have been through their reshuffle and I think there is a bit more trust and transparency from the banks than there previously was," a second London-based banker said. Increasing transparency and the rapid growth of strong parent companies — South Africa's MTN Group for MTN Nigeria's multi-billion deal, for example — means more international banks are opening up their books to cash in on what is considered a huge potential market.
"Nigeria is a big economy and it poses as a very good window for investors to get started on the continent, which will benefit the whole of Sub-Saharan Africa," a third London-based banker said.

That growing demand for funds will be partly met by a vast increase in available liquidity open to potential Nigerian borrowers. "It is not just four international banks in Nigeria any more, consisting of ABSA, Citigroup, Standard Bank and Standard Chartered. There are at least 15 strong international banks that are keen to do deals now," a fourth London-based banker said, citing French lenders such as Societe Generale and Natixis. Japanese banks Bank of Tokyo-Mitsubishi UFJ, Mizuho and SMBC are also beginning to show an interest in Nigeria's loan market, while South Africa's Investec Bank, Nedbank and Rand Merchant Bank are increasingly active. Despite the increasing desire to undertake deals in Nigeria, international lenders, particularly those with little or no historical presence in the country, have to adhere to strict credit and country risk criteria, as well as higher pricing. Interest margins are expected to hover around 400 basis points, in line with the 375 basis points margin on NNPC's $1.5 billion deal in January. *(This Day)*

Bayelsa-based Niger Delta Indigenous Movement for Radical Change (NDIMRC) has called on the National Assembly to expedite action on the passage of the Petroleum Industry Bill (PIB) to address the long years of neglect of the oil-producing region. The oil monitoring group also said in a statement by its President Nelly Emma, Secretary, John Sailor, and Public Relations Officer, Stanley Mukoro, that it was worried over the future of impoverished region. Reviewing the progress of the Nigerian Content initiative in the oil and gas industry, which clocks three years in this April, NDIMRC tasked President Goodluck Jonathan and the Minister of Petroleum, Mrs. Diezani Alison-Madueke, on the perceived lapses in the implementation of the Act. "We have observed that some Nigerians are against the passage of the PIB because it is favourable to the Niger Delta people and this development is very worrisome. It is indeed sad that the bill has not been passed 13 years after it was initiated," the statement said. "It is disturbing that a bill central to the oil economy of the nation is suffering such delay. We are very worried over the future of our suffering people and the oil communities hence we are calling for the urgent passage of the PIB to address the long years of neglect of the Niger Delta region and empowerment of our people," the statement added.

NDIMRC noted that Nigerian Oil and Gas Industry Content Development Act was signed into law by President Goodluck Jonathan on April 22, 2010 to enforce the growth of local capacity and promote indigenous participation in the oil and gas industry. It however alleged that if urgent steps were not taken to address certain weaknesses in the system, the excitement shown by indigenous operators over the Act would soon die down. "On April 22, 2010, when the President signed the Act into Law, we were so excited, but three years on, we cannot say that this is time for celebration because our people in the region who invested heavily in capacity building as a result of their high hope in the Nigerian Content are not being encouraged by the International Oil Companies (IOCs)," NDIMRC said. The group stressed that the people of the Niger Delta region should be given a better deal for their resources, and alleged that three years after the Nigerian Content was signed into Law, foreign contractors were still cornering all the juicy contracts, leaving companies owned by the people of the Niger Delta in penury. The group charged the president and the minister to go back to the drawing board and find out why the Nigerian Content had not empowered investors from the Niger Delta region. *(This Day)*

Tanzania

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Zambia

Corporate News

CAVMONT Capital Holdings Zambia Plc raised KR40.9 million (K40.9 billion) through a rights offer during the third quarter of last year. This follows the increase of the minimum capital requirements for banks by the Bank of Zambia (BoZ) last year. According to Cavmont Capital Holdings Plc's final results for the year ended December 31,2012 , the bank's shareholders approved a capital raise by way of an under-written rights offer of KR90 million (K90 billion) from which the KR40.9 million (K40.9 billion) was raised. "These injections ensure that Cavmont Bank met the interim minimum capital requirements for local banks as at September 30, 2012. As most banks were, however, not able to meet the deadline for the minimum capital regulatory requirements, BoZ has extended the deadline for full compliance to December 31, 2013,"reads the report. The report says the board will propose a recapitalisation plan to shareholders at the forthcoming annual general meeting, after which the plan will be presented to the BoZ for their consideration to ensure compliance by Cavmont Bank with the capital adequacy framework for banks. Meanwhile, the group recorded an increase in the number of customers accounts to 54,200 from 29,566 previously over the year under review.

The bank says loans and advances grew by 40 percent to KR187.8 million (K187.8 billion) in 2012 from KR134.2 million (K134.2 billion) the previous period. The group, however, says it recorded a comprehensive loss for the year under review of KR12.3 million (K12.3 billion) after accounting for non-recurring cost of KR2.6 million (K2.6 billion). This was incurred in changes of the banking and accounting systems and processes required for the rebasing of the Kwacha. The group further says the loss for the year excluding the effect of the currency rebasing is KR10.6 million (K10.6 billion) compared to the loss of KR12.8 million (K12.8 billion) for 2011. On the outlook, the group says the board approved a comprehensive turn-around and growth strategy focused on the introduction of automated teller machines, responsible growth in assets, attractive value proposition for customers, realising cost efficiencies and effective risk management. "As the bank executes this strategy, the positive trend of strong revenue growth outstripping growth in expenses will continue into the new year. *(Daily Mail)*

THE Nitrogen Chemicals of Zambia (NCZ) has produced 12,000 metric tonnes of fertiliser under the Fertiliser Input Support Programme (FISP) for the 2013/14 farming season. Government has contracted NCZ to produce 70,000 metric tonnes of fertiliser for this year's farming season. Minister of Agriculture and Livestock Robert Sichinga said production of fertiliser for 2013/14 farming season is on course with over 12,000 metric tonnes having produced to date. "NCZ has so far produced 12,000 metric tonnes out of what has been contracted. the firm was awarded a contract in April this year." Mr Sichinga said. He was speaking during a media breakfast meeting organised by Barclays Bank Plc in Lusaka last week. Meanwhile, Government has also reiterated that it will by September 30, 2013 complete the distribution exercise of inputs for both basal and top dressing throughout the country. Mr Sichinga said Government is committed to ensuring that small-scale farmers increase agricultural yields through the quick delivery of farming inputs.

He said increasing yield will also in turn help Government meet its target of creating one million jobs in the next four years out of which 500 will come from the agriculture sector. Last year, Ministry of Finance released K42 billion in the continued process of recapitalising the NCZ.
Of the funds released, K25 billion was for commencing the rehabilitation of the Kobe Ammonium Nitrate Plant 1, and re-commissioning in order to facilitate local production of industrial explosives, in line with the Governments' commitment towards improvement of local productive capacity and job creation through industrialisation. *(Daily Mail)*

Economic News

THE Zambia Development Agency (ZDA) says three companies have shown interest in the manufacturing of cement in Zambia. The companies are at the expression stage and still doing some exploration work to identify suitable sites for the cement plants. ZDA acting director general Florence Mumba said setting up a cement plant is quite a heavy investment. However, ZDA is confident that it has enough

minerals to accommodate the companies that have expressed interest in the sector. "As ZDA, we are vigorously promoting the industrial minerals and cement is one of the areas that we have marketed and I am sure we will be seeing a bit of activities in that area, Dangote themselves and also maybe some few others," she said. Ms Mumba said this at a media briefing recently.

She said the real estate sector registered the highest amount of pledged investments representing 36 percent of the total investment pledged during the first quarter of 2013. "I think when you look around, every one is constructing. We have seen in the first quarter that real estate has come out strongly in the last few months," she said. Ms Mumba said the price of cement keeps on going up because supply for the required demand that the Zambian market is experiencing is not enough. She said the fact that the sector is attracting this kind of investment shows the levels of confidence that individuals have in real estate. *(Daily Mail)*

THE Zambia Development Agency (ZDA) says steel demand in Zambia is expected to increase to about 300,000 tonnes in 2016 from 200,000 tonnes in 2011 at an average annual growth of 12 percent. Increased demand for steel products has been attributed to a steady population rise and economic growth in Zambia and its neighbouring countries. According to ZDA's latest profile on iron and steel sub-sector, demand for steel in the regional market is estimated to increase to 12.2 million tonnes in 2016 from the current 1.2 million tonnes.
"Zambia has a population of around 13 million with gross domestic product (GDP)of US$17 billion…the combined population of six neighbouring countries (Mozambique, Zimbabwe, Democratic Republic of Congo, Angola, Malawi and Tanzania) is 184 million with a combined GDP of US$137 billion. "Zambia has an advantage of serving as an access point to this huge growing market," ZDA says. ZDA says despite increased demand, the range of steel products made locally is still limited with sources only supplying long steel products such as deformed and round bars, section and angles, and corrugated sheets.

"This is far from satisfying the needs of major consumers, especially those in the mining and construction sectors. There are no steel sheet production facilities in Zambia, so consumers and steel makers themselves have to import finished and semi-finished flat steel products," it says. It says there are great opportunities in the further development of domestic steel producers to increase volume and upgrade their product lines. Meanwhile, ZDA says the volume of steel scrap available locally is insufficient to sustain the increasing production of steel as it is the only source of raw material for steel manufacturing in Zambia. "While recent development of the steel sector in Zambia has been remarkable, there are many opportunities for more investment to catch increasing demands in both the Zambian and the regional market," it says. *(Daily Mail)*

Zimbabwe

Corporate News

MWANA Africa Plc says gold production at its subsidiary Freda Rebecca Mine rose by 36,8 percent in the 12 months to March 30, 2013, reflecting minimal impact of a leach tank accident that affected operations late in the year. "Gold production from Freda Rebecca for the 12-month period to March 31, 2013 was 65 350 ounces, a 36,8 percent increase to the comparable period last year," the multi-commodity mining firm said in a statement last week. The London Alternative Investment Market-listed conglomerate said that a total of 12 510 ounces were sold by Freda Rebecca for the quarter, despite decreased volumes processed due to the leach tank failure in February 2013. "Disruption (of production) due to the tank failure was minimised and regular production throughput (was) recommenced on April 1, 2013 using an interim tank configuration," Mwana added. "This has been another significant period in Mwana Africa's rapid development. It is a measure of our operating competence that we took the leach tank incident at Freda Rebecca in our stride, acting swiftly and decisively to minimise disruption and ensure that production could be restored as quickly as practicable," said Mwana Africa Plc chief executive officer Mr Kalaa Mpinga.

Mwana had earlier said that gold production at cash cow Freda Rebecca Mine would be affected in the short term while gold recovery would also suffer in the medium term following the leach tank accident. The leach tank accident forced Mwana's local gold mining subsidiary to suspend plant processing operations as the company repaired the damage and put in place measures to restore safety. This incident, in which five workers were injured, was a major problem for Mwana Africa, considering Freda contributed 98 percent of the group's US$81,3 million annual revenue for 2012. Mwana said the pilot plant construction was underway to evaluate the economic potential of Freda Rebecca tailings dumps, with commissioning expected to be completed in the 2013 fourth quarter. Freda Rebecca has been in production since 1988 and significant tailings have been deposited over three main storage facilities within the mine lease area. A non-compliant indication of the available tonnage contained within the targeted North and South tailings facilities is estimated at 13,5 metric tonnes. During 2012, a project work was initiated to evaluate the economic potential of these tailings dumps. An internal augering programme was carried out over the old North and South dumps at Freda Rebecca. Assay results together with basic bottle roll test work gave encouraging results for a full metallurgical phased test programme to identify the most appropriate process route for treating the dump. *(Herald)*

ZIMBABWE'S largest building society by assets and market share, CABS, has since August 2010 approved $101 million housing developments projects as the country's mortgage financing recovers on the back of improved confidence in the financial services sector, NewsDay has learnt. Responding to written questions from this newspaper, CABS managing director Kevin Terry said $6,7 million had been approved this year for mortgage financing for low, medium and high-cost housing projects. He said the average default rate stood at 7,8% on the back of liquidity constraints on the domestic market. "The environment has improved to a large extent. The public confidence in the banking sector has grown due to an increase in customer deposits and we believe that with increased funding, banks will be able to offer increased lending to the productive sectors in our economy," he said. Official figures show that bank deposits rose to just over $4 billion as at December 2012 from $300 million when government adopted the multiple currency system in 2009. Terry said the amount allocated towards the housing projects was a function of credit lines sought by the society which is an ongoing process. CABS is a unit of insurance giant Old Mutual Zimbabwe.

Terry said the building society was continuing to look for ways to increase products into the market in a bid to consolidate its foothold. "While we have not put in an application for a commercial banking licence, we have of late launched new products such as International Payments, Textacash, Cashpassport and CABS Bancassurance, which are a clear indication of our intention to offer a more comprehensive financial solution to our clients," he said. "Our goal is to offer a wide range of financial products to cater for the different clientele we have on our books. We are also currently in the process of upgrading our banking system to meet the new product offering." Experts contend that the resurgence of mortgage financing in Zimbabwe, which in 2008 suffered contraction due to an unprecedented economic meltdown, has, in recent years, helped to boost the country's construction sector. Presenting the State of Economy Report for March, Finance minister

Tendai Biti said $2,1 million had been provided by the government for housing development. The government is currently developing housing infrastructure in Dzivaresekwa, Tafara, Merivale and Mufakose. The country has a housing backlog of over one million units. Biti in his 2012 National Budget presentation said the government managed to sample new technologies for housing development that would be implemented this year. *(Newsday)*

ZIMBABWE Stock Exchange-listed mining concern RioZim Limited will commission a $1 million oxygen plant in the next two months to expand its refinery production, a company official has said. The new plant, according to the company, has the capacity to increase annual output to 45 000 metric tonnes per annum from the current 14 000 metric tonnes. RioZim managing director Ashton Ndlovu said at the company's analyst briefing recently the new state-of-the-art 20-tpd oxygen plant was being exported from India and would result in cost savings of $318 000 per month. "We have been continuously engaging with BOC Gases which has not offered a solution in the last year. This led to the decision to procure our own oxygen plant which, I believe, is being shipped out of England in the next two weeks," Ndlovu said.
He said the company would be engaging BOC Gases to refurbish its existing oxygen plant that was currently underperforming. In the full year ending December 2012, RioZim posted revenue growth of 33% to $72,383 million from $54,544 million in 2011. Ndlovu said the group was projecting revenue growth of 157% to $185 million this year from $72 million recorded in 2012. He said the group would clear its arrears owed to local banks this year. The group owes $91 million to creditors. This includes $60 million from banks and interest charges. The $11,6 million raised through a private placement would be used to retire the company's debts. Last year, RioZim carried out a retrenchment exercise which resulted in over 100 workers being laid off. According to Ndlovu, the company is now saving $2 million annually after the exercise. *(Newsday)*

RIOZIM Limited is planning to unbundle its operations to form stand-alone "industry-focused companies" in an effort to attract investment into specific mining activities that match the preferences of a diverse spectrum of investors. The Zimbabwe Stock Exchange-listed multi-commodity mining firm would restructure to form and hold majority shareholding in Rio Gold, Rio Base Metals, Rio Diamonds, Rio Energy and Rio Chrome. Rio would use the balance of 49 percent, the maximum foreign investors can hold under the Indigenisation and Economic Empowerment Act, to raise funding to support the initiatives. After restructuring, Rio Gold will comprise Cam & Motor, Renco, Kenilworth and Onestep, Rio Base Metals (ENR), Rio Energy (Sengwa Coal), Rio Chrome (RM Enterprises) and Rio Diamonds (Murowa). The plan is part of RioZim's targeted initiatives this year, including raising revenue by 157 percent to US$185 million to achieve a US$16 million profit target, a 251 percent increase. RioZim chief executive Mr Ashton Ndlovu confirmed the plans, but said three of the projects — Rio Gold, Rio Base Metals and Rio Energy — were on top of the group's priority initiatives. He said there were investors interested in particular projects under the group, who would only invest in a subsidiary and not at group level. "Depending on capitalisation, the projects should start this year. We are at advanced stages in forming industry-focused companies. The firms have been registered and we are working on the legal and financial implications of implementing such a transaction."

RioZim requires from US$50 million to US$100 million for Cam & Motor gold project, US$30 million to US$80 million for base metal projects and US$150 million to US$200 million for its 150MW power plant. "There is an 18 to 36 months window (period) for completion of these projects," Mr Ndlovu said. But the group needs to manoeuvre around the issue of raising foreign funding without falling foul of breaching Government's policy on local ownership. The multi-commodity mining firm has also toyed with the idea of raising capital on local capital markets, but this does not appear attractive bait, considering the tight liquidity situation in Zimbabwe. Mr Ndlovu said access to funding rests squarely with conclusion of the indigenisation status of RioZim which, according to the records, is owned 50 percent by a litany of indigenous institutions and individuals. New investors Gem Raintree Investments Limited of Mauritius had pledged US$45 million in debenture funding, with options to convert this into shares. But if this happens the company could breach the country's equity rules. The new investors also provided US$6,6 million after a private placement by the company to augment the US$5 million RioZim raised from a rights offer.

Mr Ndlovu said the fresh money was intended for new projects, not for retiring debt, as widely believed. RioZim's debts, which include US$60 million owed to banks and US$31 million for creditors, would be cleared using proceeds from current or expanded operations and

new projects. "We will fall foul of the legislation if foreign funding is put into RioZim under current arrangements," Mr Ndlovu said, adding discussions had been initiated with Government on the terms under which RioZim can access foreign funding. Earlier, GRIL had entertained partnering local firm Raintree Mining Company, but the intended marriage was aborted after it emerged the arrangement was not mandatory in terms of equity laws since the company is largely indigenous owned. The firm, which 12 months ago teetered on the brink of liquidation, has made huge progress in turning around its fortunes in 2012 after seeing its revenue jump by 33 percent to US$72 million, EBITDA grew 317 percent to US$7 million while operating profit increased by 415 percent to US$5 million. Since then it has repaid US$17,8 million to retire a US$60 million capital debt to banks and US$11,8 million interest. *(Herald)*

THE Reserve Bank of Zimbabwe (RBZ) is seeking closure of Royal Bank of Zimbabwe after the latter allegedly failed to penetrate the market since its re-registration owing to numerous challenges, the court heard. In an application lodged at the High Court recently, the central bank said Royal Bank, which was relicensed three years ago, was critically undercapitalised, with an adjusted core capital of $1 850 000, which was far below the minimum capital requirement of $12 000 000 for commercial banks. The RBZ said Royal Bank had continuously faced challenges characterised by inadequate capital, perpetual losses, poor asset quality, severe liquidity crunch, weak risk management and poor corporate governance practices. It said since relicensing, Royal Bank had been using depositors' funds to cover operational expenses resulting in a non-funded gap of $4,1 million. "The first respondent (Royal Bank) solvency was under threat from persistent poor earnings performance and cumulative losses amounted to $5 980 000 as at June 30, 2012," the RBZ said. "The first respondent had failed to penetrate the market and mobilise meaningful deposits due to low market confidence and as at June 14, 2012, it had total deposits of $5,6 million."

The central bank further said as a result of the severe liquidity crunch, Royal Bank had failed to pay statutory obligations, creditors and interest on deposits. "As at May 31, 2012, it had outstanding balance of $2,27 million resulting in some creditors instituting legal proceedings against it to recover their dues," the RBZ said. In his opposing affidavit, Royal Bank chief executive officer Jeffrey Mzwimbi said the RBZ had not been candid with the court on issues surrounding its capitalisation. "When Royal Bank was relicenced in September 2010, RBZ issued an exemption to it from meeting the statutory capital reserve of $12 500 000 for a period of up to September 30, 2012," Mzwimbi said. He further argued that neither the RBZ nor the provisional liquidator had presented a current valuation of Royal Bank's assets and a current list of creditors. "Current position will show that the first respondent (Royal Bank) is not commercially insolvent. "The interests of creditors, depositors and all other stakeholders can be salvaged in a better manner than the drastic measure adopted by RBZ," Mzwimbi said. The matter is set to be heard by Justice Francis Bere on May 8 this year. The RBZ is being represented by Chihambakwe, Mutizwa and Partners while Aleck Mambosasa is representing the interests of the shareholders. *(News Day)*

THE recapitalisation of Zimbabwe Stock Exchange- listed firm Aico Africa is under threat amid revelations that major shareholders are at odds over strategic issues. The major shareholders hold divergent positions on which the strategic plan should take precedence between unbundling the group and recapitalising the entity. Aico owns 100 percent stake in the Cotton Company of Zimbabwe, 50,2 percent in Seed Co and 49 percent in Olivine Industries. Old Mutual, the second largest shareholder, is pushing for unbundling because it is no longer interested in the cotton business, a move which is being resisted by National Social Security Authority. NSSA is the largest shareholder in Aico with about 18 percent stake. The unbundling will see Olivine and Cottco listing on the ZSE as standalone entities. But for NSSA, the unbundling is not a viable option because it believes Cottco and Olivine need to be recapitalised before the proposed restructuring. Instead, NSSA is pushing for recapitalisation of the two entities before unbundling. Besides roping in new strategic investors for Cottco and Olivine, NSSA is prepared to inject fresh capital through a rights offer but other major shareholders are reluctant, ostensibly fearing dilution. In 2011, the group shelved its proposed US$50 million rights issue which was expected to recapitalise its subsidiaries and retire a huge debt. The management said "we had a strong push back from shareholders" and the capital raising was put on hold. "It is a very complicated issue because the majority shareholders are differing on strategic issues," said a source familiar with the developments. "Old Mutual is pressing for unbundling but other shareholders are opposed to that option. "Then there is an issue of raising fresh capital from the shareholders. But with tight liquidity prevailing in the market, that option is being resisted, strongly resisted by other shareholders who fear dilution if they fail to exercise their rights." Aico chief executive Mr. Pat Devenish could not be reached for a comment yesterday. Aico was formed and

subsequently listed on the Zimbabwe Stock Exchange when the shareholders of the Cotton Company of Zimbabwe Limited group exchanged their shareholding in Cottco for a shareholding in Aico. This merger also involved transferring the assets of Cottco to Aico and Aico replacing Cottco's listing on the Zimbabwe Stock Exchange on September 1 2008. The company has been trading under cautionary since December last year.*(Herald)*

PLATINUM mining giant Zimplats recorded an operating profit of US$65 million for the quarter ended March 31, 2013, representing a 26 percent increase over the same period last year. Revenue for the period under review was also higher by 32 percent, compared with the prior period, while operating costs were up 36 percent from last year. "High revenue has been driven by higher sales volumes and improved metal prices," said the company in a report for the quarter ended March 31, 2013. Production from mining activities was up 7 percent from prior period while it went up 3 percent from December last year and this was primarily driven by improved equipment availability. "Mining production for the quarter was 3 percent higher than the previous quarter, driven primarily by an improvement in underground equipment availability, but the head grade was 1 percent below plan due to the milling of lower grade ore from Mupfuti Mine which is still under development, as part of the Ngezi Phase II expansion," the company said. Zimplats said the construction and commissioning of the Ngezi Phase II expansion project had progressed as planned during the quarter. Zimplats has also advised that it has lodged an appeal with the Special Court for Income Tax Appeals against the Commissioner-General's determination on the levying of a US$1,5 million penalty on the prior years' tax liabilities. The company has also lodged a review application with the High Court against the Commissioner- General's determination on the levying of US$11 million interest on the prior years' liabilities. Zimplats argues that its basis for both the appeal and the review application is that the written undertakings issued by Government in 2001, and on which they had placed reliance, constituted special circumstances which warrant the waiver of both penalty and interest. Last year, the company agreed to pay the Zimbabwe Revenue Authority US$34 million after the two parties had agreed that claims of the capital expenditure for tax purposes for the period 2007-2011 should be recalculated, given that the undertakings made by the Government on the original formula had not been legalised. But Zimplats has said payment of the prior years' liabilities has continued in terms of the agreed payment plan. *(Herald)*

RENAISSANCE Securities Private Limited will next month hold its first meeting with creditors of the company to make way for its liquidation. In a statement yesterday, liquidator Baker Tilly Gwatidzo said all creditors and contributories would meet on May 15. Baker Tilly and Gwatidzo is currently in the process of reviewing the books and records of the company in preparation of the first meeting of creditors and members. "If you are owed money by ReNaissance Securities Private Limited for any reason . . . On 15 May 2013, you in person or a duly appointed representative of your organisation must physically appear before the Master of High Court in order to prove claim," the statement reads in part. "If you or your representative are not in attendance on the day of the meeting, your claim may be rejected for non appearance." ReNaissance Limited was suspended in June last year by the Securities Commission of Zimbabwe after it emerged that the company was undercapitalised. All asset management companies are required to have minimum paid-up capital of $500 000.(*News Day)*

AQUARIUS Platinum mine local unit Mimosa says little progress has been made in ongoing negotiations with the government to conclude the drafting of the indigenisation agreement, it has been learnt. In its third quarter trading update yesterday, the platinum mine company owned 50/50 by Mimosa Investments and Impala Platinum Holdings Limited said in December 2012 a term sheet was concluded in respect of a proposed indigenisation implementation plan with the government. "During the quarter under review a number of discussions took place between Mimosa, the government of Zimbabwe and shareholders of Mimosa, but progress in drafting the indigenisation agreements was limited. Nevertheless, Mimosa remains engaged in discussions with the government of Zimbabwe and shareholders will continue to be advised of any progress made," the company reported. The company in December came up with a sale consideration for 51% of Mimosa Holdings to indigenous parties at $550 million attributable to Aquarias based on an agreed fair market value for Mimosa Holdings of $1 078 billion. Under the transaction Mimosa will provide a vendor loan funding mechanism to facilitate the transaction for 10 years and bear interest of 9% annually and will be settled through waiver of the right to receive 90% of dividends due to indigenous parties. During the period under review production and volumes at Mimosa decreased by 2% respectively to 590 620 tonnes and 563 054 tonnes. Revenue for the group increased by 2% to $69 million, due to higher PGM basket prices realised in the quarter. The mining company cash margin for the period increased to 34% from 24% due to lower operating costs and the higher basket price. During the third quarter ending March 2013,

Mimosa cash costs decreased by 3% to $870 per PGM ounce quarter-on-quarter. "Mimosa in turn managed to maintain production at above budget levels while unit costs declined by 3%, even after the annual wage increase of 7,5%. While our operational performance improved, the operating environment remained particularly challenging across most disciplines and was exacerbated by the significant drop in dollar metal prices post the period end," the company said. .(*News Day)*

Economic News

ZIMBABWE has approached Malawi's commodity exchange seeking advice on how to re-establish a similar trade platform, which has been on the pipeline for some time. This comes at a time when Finance minister Tendai Biti early this month said Treasury would provide $1 million to revive the country's commodities exchange. Malawi has a vibrant commodity exchange — the Malawi AHL Commodities Exchange. AHL Commodities Exchange public relations officer Hellen Chabunya told NewsDay Business during the just-ended Zimbabwe International Trade Fair that they were recently approached by Zimbabwean government officials seeking expertise advice. "The government of Zimbabwe has been consulting us concerning the setting-up of a commodity exchange similar to ours and we gave our contribution" she said. A commodity exchange is a market where buyers and sellers trade commodity-linked contracts on the basis of procedures laid down by the exchange. Such exchanges typically act as a platform for trade in futures contracts, or for standardised contracts for future delivery. The exchange system was abandoned nearly a decade ago when the Grain Marketing Board (GMB) was given a monopoly to buy wheat and maize. GMB's monopoly was removed in 2009 when government liberalised the market.

A private company, MScEX, in 2009 said it was on the verge of setting up a commodity exchange and said it had the green light from two commercial banks that had promised to make US$2 million available. Despite the announcement, MScEX never came back to brief the market on progress towards the revival of the exchange. Zimbabwe tried to revive the commodities exchange in the 1990s, but the plan was abandoned a decade later. GMB has been slow in paying farmers and consequently agriculture production in Zimbabwe has suffered. The country's fiscal authorities from 2011 have been saying they were finalising the setting-up of the exchange. The commodities exchange is expected to ensure efficiency in the marketing of the country's agricultural produce by eliminating delayed payments to farmers and is expected to assist in the mobilisation of financial resources and ensuring price transparency. GMB has been the major buyer of maize as well as wheat and a price setter. Due to capital constraints, the entity has been struggling to ensure timeous payment for the delivered grains.
The exchange is also expected to bring about discipline in the market and a competitive price regime for agricultural produce. Meanwhile, Agriculture and Mechanisation minister Joseph Made told NewsDay during a tour of agricultural stands on Friday that a Malawian delegation was expected in the country this week to learn about processing of flue-cured tobacco. "The trip is part of technical assistance between two countries. They want to learn how to flue-cure tobacco using less wood," he said. *(Newsday)*

ZIMBABWE is seeking consultancy services to develop a National Contract Farming Strategy Framework in a bid to boost the agricultural sector which suffered a knock after the chaotic land reform programme at the turn of the millennium, the Government Gazette has shown. This comes at a time when the Ministry of Agriculture has in recent times been working towards resuscitation of farming through support of sound contract farming schemes in wheat, cotton and soyabean production as the country struggles to regain its regional breadbasket status. "Tenders are invited for the supply of consultancy services for the development of a National Contract Framing Strategy Framework for Zimbabwe for the Ministry of Agriculture, Mechanisation and Irrigation Development," reads the Government Gazette in part. The submissions are expected to reach the State Procurement Board by May 7. According to the tender documents, consultants are expected to work with experts from the Ministry of Agriculture's economics and markets departments in coming up with a contract farming framework as well as analysing crop and livestock sector production, targeting, financing, regulation, marketing and policy.

The tender document indicated the main activities were to undertake a desk study, conduct the key informant interviews, perform a comprehensive analysis on contract farming programmes based on the desk study and their interviews and come up with recommendations. "Four officers in the department of economics and marketing will be assigned to work with the deputy director to support the consultant in

carrying out the assigned work. Progress reports will be submitted on a weekly basis," reads part of the tender document. Contract farming in Zimbabwe has resulted in resettled small-scale tobacco growers driving the national tobacco output from an all-time low of 48,8 million kilogrammes in 2008 to 144 million kg last year. Experts say the arrangement has allowed undercapitalised tobacco growers to boost output. The golden leaf is the country's second largest foreign currency earner after platinum. *(Newsday)*

FARMERS have pocketed US$346 million from the sale of over 93,4 million kg of tobacco since the opening of the selling season in February. According to statistics released by the Tobacco Industry and Marketing Board, a total of 93,4 million kg have been sold at an average price US$3,72 per kg, a price that has been prevailing for three weeks. Contract sales accounted for 57 million kg of the 93,4 million kg. The 57 million kg was sold at an average price of US$3,78 per kg while the balance of 36 million kg was from auction sales at an averaging price of US$3,61per kg. In a corresponding period last year, a total of 72,7 million kg was sold at an average price of US$3,79 per kg. Mashonaland West has delivered the highest volumes of tobacco. Since February, the province has delivered 36 percent of the total volumes. A total of 21 229 farmers from Mashonaland West have sold 33 million kg worth US$123 million at an average price of US$3,74 per kg. Mashonaland Central which has 22 095 farmers sold 28 million kg worth US$104 million at an average price of US$3,68 per kg was a close second. Mashonaland East farmers delivered 20 percent of the tobacco amounting to 18,6 million kg worth US$69 million at an average price of US$3,79 per kg. A total of 10 653 farmers from the province have delivered the crop. Deliveries from Manicaland constitute 13 percent of total tobacco delivered. The 11 831 farmers from the province sold 12,4 million kg worth US$45 million at an average price of US$3,65. Midlands and Masvingo have the least deliveries of 204 114 kg and 33 648 kg respectively. A total of 100 farmers from Midlands have received US$773 613 for their tobacco which was sold at an average price of US3,79 per kg while farmers in Masvingo received US$112 668. To date, about 76 925 growers have delivered tobacco against a total of 88 837 growers who have registered for 2013 season. During the same period last year about 66 722 growers had registered. TIMB chief executive Dr Andrew Matibiri was optimistic that the target of 170 million kg of tobacco this season will be met. Zimbabwe is slowly moving towards regaining its status as one of the major tobacco producers in the world. *(Herald)*

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