WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	6-Mar-15	13-Mar-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9596.66	9669.40	0.76%	-2.16%	1.77%	-3.24%
Egypt	CASE 30	9575.98	9640.77	0.68%	0.69%	7.81%	1.07%
Ghana	GSE Comp Index	2173.46	2189.46	0.74%	-0.60%	-4.28%	-14.10%
Ivory Coast	BRVM Composite	261.78	264.47	1.03%	-3.31%	2.48%	-10.73%
Kenya	NSE 20	5373.20	5350.30	-0.43%	-1.10%	4.65%	3.37%
Malawi	Malawi All Share	14971.01	14915.52	-0.37%	0.38%	0.20%	6.14%
Mauritius	SEMDEX	2001.62	1977.94	-1.18%	-4.27%	-4.62%	-14.63%
	SEM 10	377.58	373.25	-1.15%	-4.23%	-3.25%	-13.41%
Namibia	Overall Index	1171.70	1142.61	-2.48%	-6.06%	4.06%	-1.41%
Nigeria	Nigeria All Share	31049.37	30719.36	-1.06%	-0.92%	-11.36%	-18.99%
Swaziland	All Share	299.67	299.67	0.00%	-3.67%	0.53%	-4.76%
Tanzania	TSI	4866.21	4771.49	-1.95%	-1.88%	5.39%	-0.06%
Tunisia	TunIndex	5358.36	5369.91	0.22%	-1.62%	5.50%	-1.65%
Zambia	LUSE All Share	6144.05	6144.05	0.00%	-4.05%	-0.27%	-12.47%
Zimbabwe	Industrial Index	165.59	162.70	-1.75%	-1.75%	-0.06%	-0.06%
	Mining Index	54.70	49.79	-8.98%	-8.98%	-30.57%	-30.57%

CURRENCIES

Cur-rency	6-Mar-15 Close	13-Mar-15 Close	WTD % Change	YTD % Change
BWP	9.62	9.91	2.98	5.17
EGP	7.61	7.60-	0.02	6.66
GHS	1.87	3.54	1.34	11.43
CFA	592.85	619.44	4.49	14.79
KES	89.54	90.15	0.68	1.23
MWK	440.43	437.13-	0.75-	5.60
MUR	32.93	34.00	3.22	11.73
NAD	11.80	12.25	3.81	5.55
NGN	198.30	198.02-	0.14	9.41
SZL	11.80	198.02	3.81	5.55
TZS	1,794.89	1,793.69-	0.07	5.45
TND	1.96	1.99	1.87	7.28
ZMW	6.94	7.23	4.22	13.94

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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TRADING

Egypt

Corporate News

Shares in Egypt|s Orascom Construction (OC) (OCIC) may rise as they start trading on NASDAQ Dubai on Monday after the company secured solid demand for its $185 million public offer. OC sold 11 percent of its shares in the offer at a price of 108.71 pounds ($14.25) per share, and secured a dual listing on the Egyptian stock market and NASDAQ Dubai. Trading in Dubai will start on Monday; the company has said trading in Cairo is expected to start between Monday and Wednesday this week, but it has not yet specified an exact date. Brokerage Mubasher has set its target price for the stock at 134.75 pounds or $17.70, a 24 percent upside to the IPO price, using a slightly different exchange rate for the conversion into dollars. "Securing vast contracts in the Middle East and North Africa region, particularly in Egypt, which is currently adopting mega projects, could accelerate OC|s recovery and improve its profitability margins," it said. "However, exposures to political instability in Egypt and low-margin contracts in the US are key risks," it added. Egypt|s government plans to present projects worth tens of billions of dollars at an investment summit this week. Among those, according to Egyptian media, is a plan to build a new $80 billion capital city from scratch.

OC, an engineering and building business controlled by Egypt|s prominent Sawiris family, was once the biggest blue-chip stock on the Egyptian exchange. However, it effectively pulled out of the bourse in 2013 when another Sawiris company, Amsterdam-listed OCI NV, bought out the vast majority of its shares, leaving only a tiny free float in Cairo. NASDAQ Dubai is the smaller of the emirate|s two stock exchanges. Its latest listing was that of real estate investment trust Emirates REIT last year; the stock rose shortly after listing but has since suffered in the region-wide sell-off driven by oil|s plunge. Trading in Gulf bourses generally looks likely to be subdued on Monday, with oil prices soft and foreign equity markets under pressure because of expectations for a U.S. interest rate hike this summer. However, Saudi Arabia may keep a relatively firm tone after Sunday|s positive technical signal. The index rose 0.7 percent to 9,579 points in active trade, breaking resistance on the February peak of 9,544 points; it faces stronger resistance on its 200-day average, now at 9,664 points. Any break would suggest the market|s longer-term uptrend might be resuming. *(Egypt.com)*

Alexandria National Co for Financial Investment (ANFI) is planning to sell some of its long term investment, it said on Sunday. The company said it will use the proceeds from the sale to reinvest in short term investments to create a balance in liquidity. The investments firm Shareholders| equity declined from 90% of the paid capital, and achieved net loss for two consecutive years. Alexandria National Co said it sold 3.47% of its stake in Assuit for Agricultural Development for LE484348 and profit of LE367585. The company is currently planning to offer all or part of its long term investments for sale. *(Egypt.com)*

Heliopolis Housing (HELI) is studying a rights issue, the real estate company said on Sunday. The company said the proposal is still under studies from the National Co for Construction and Development which requested to re-review the study by the financial advisor. Heliopolis said the fair value for the company is not set yet. *(Egypt.com)*

Univert Food Industries (UNFO) said its board of directors approved financial results in 2014. The company posted net profit of LE1.59 million, versus a net loss of LE825,760 in the same period a year ago. *(Egypt.com)*

Telecom Egypt on Tuesday posted net profits for 2014 of 2.03 billion Egyptian pounds ($266 million), down sharply from 2.96 billion pounds in 2013. The landline monopoly, in which the government owns an 80 percent stake, had operating revenues of 12.16 billion Egyptian pounds in 2014, up from 11.14 billion the previous year. *(Reuters)*

Egyptian property developer Talaat Mostafa posted a 2014 net profit of 681.8 million Egyptian pounds ($89.42 million), up from 585.185 million, it said in a statement on Tuesday. Revenue rose to 5.27 billion pounds from 4.858 billion.*(Reuters)*

Shareholders at Cairo Development and Investment Co (CIRF) approved all resolutions in an ordinary general meeting on March 10. Resolutions included a proposed profit distribution for 2014, financial results for the previous year, and auditor|s report. *(Egypt.com)*

Egypt's Orascom Telecom (OTMT) saw net profit plummet 76.4 percent in 2014 to 263.9 million Egyptian pounds ($34.6 million), down from 1.12 billion pounds a year earlier, the company said on Wednesday. The company posted revenues of 2.698 billion pounds for the year, up from 2.443 billion in 2013, it said in a statement in Egypt|s Al-Alam Al-Youm newspaper. *(Egypt.com)*

Egyptian mobile phone carrier Mobinil (EMOB) will sell assets in the first half of 2015 in a bid to cut up to half its $1 billion debt and return to profitability by the end of 2016, the company|s chief executive said. Mobinil, 94 percent owned by France|s Orange, saw losses rise 12 percent in 2014 to 400 million Egyptian pounds ($52.4 million) even as revenue rose nearly four percent. Yves Gauthier told Reuters that Mobinil|s debt was eroding its revenue, with annual interest payments of more than $130 million. He said the company, which has 34 million subscribers, was planning to restructure by selling unused equipment and focusing more on data services to improve its bottom line. "We will not turn a profit this year ... we aim to turn a profit by the end of 2016," he said in an interview on Monday. He said the firm would seek a capital increase by the end of 2015 either by offering shares on the bourse or selling a stake to a strategic Egyptian investor, but did not specify a value. Egypt|s government approved a unified telecoms licence for mobile and landline operations last year, but it has repeatedly delayed activation. The licence would enable Telecom Egypt, a fixed-line company 80 percent owned by the state, to compete with mobile operators. Telecom Egypt has come under pressure as more Egyptians use services provided by Mobinil, Vodafone Egypt and Etisalat. Gauthier said Mobinil was interested in the licence|s option for international calling and a new company dedicated to upgrading Egypt|s ageing infrastructure, but said the price for participating in fixed-line services was too high. "The unified licence is more enticing for Telecom Egypt to enter the mobile market than for the other companies," he said, since the mobile market is nearly seven times larger than fixed line and growing fast. *(Egypt.com)*

Pioneers Holding (PIOH) CEO Walid Zaki said it was confident the rights issue will be fully covered by investors. He added that the study by financial advisors did not include the new updates on the company in the previous period, like the company|s shares of the profits from investments conducted by the company which total LE1.8 billion and will be reflected on the company|s financial results in the first quarter of the year. Zaki said the company increased stake in a number of subsidiary firms, in addition to some acquisitions and deals, which reflects positively on assets, investments, and profits and subsequently on the stock fair value. *(Egypt.com)*

Telecom Egypt's chief executive officer said on Tuesday the fixed-line monopoly plans capital expenditure of 3.428 billion Egyptian pounds ($450 million) in 2015, focused mainly on building its network. Mohamed Elnawawy told Reuters that the spending represented "an all-time high for capex" after the firm invested 2.25 billion pounds last year. The firm, in which the Egyptian government owns an 80 percent stake, reported a 31.4 percent fall in profit for 2014 on Tuesday. *(Reuters)*

Siemens will supply four turbines to a power plant near Egypt's Suez City to add more than 650 megawatts of power generation to the country's national grid, it said in a statement on Tuesday. The German industrial group said it was awarded a contract to supply the E-Class turbines to the Attika Power Plant under a supply contract with El Sewedy Power System Projects. The statement did not give a value or timeline for the contract. Egypt is facing one of its worst energy crunches in years. *(Reuters)*

Egypt's Commercial International Bank (CIB) said on Wednesday Citigroup had opened its books for a due diligence process that could lead to the purchase of its retail portfolio. Citigroup said it is pulling out of consumer banking in 11 markets, including Japan and Egypt, as the U.S. bank with the biggest international business looks to cut persistently high costs. The third-largest U.S. bank, built with a series of acquisitions spanning back to the 1980s, has been trying to slim down since the financial crisis to be as profitable as rivals. It has shed hundreds of billions of dollars of bad assets. "There can be no assurance that discussions between CIB and CITI will result in any specific transaction, and it is possible that no transaction will occur," said CIB in a statement. Egypt's stock exchange said last month it had approved a request by CIB to raise its capital by 2.294 billion Egyptian pounds ($300 million). The country's largest listed bank plans to increase its capital to 11.470 billion Egyptian pounds. *(Reuters)*

Egyptian Financial and Industrial (EFIC) 2014 full-year profits rose to LE96.063 million. It posted net profit of LE94.539 million in 2013. *(Arab Finance)*

GB Auto (AUTO), automotive assembler and distributor, has received regulatory approval to start a LE960 million rights issue. The company plans to issue 960 million new shares. The shares will be offered at LE1 per share. Shareholders of record on March 29 will have rights to participate in the rights issue. *(Egypt.com)*

Natural Gas & Mining Project (Egypt Gas) (EGAS) 2014 full-year profits fell to LE3.45 million. It posted LE96.575 million in 2013. *(Egypt.com)*

National Housing for Professional Syndicates (NHPS) reported a 2014 full-year net loss of LE4.47 million. The company posted a net profit of LE1.29 million in 2013. *(Egypt.com)*

The listing in egyptian stock exchange approved the listing of Edita food industry (EDIF) worth LE2.1 billion, AlMal newsppaer reported on Wednesday. *(Egypt.com)*

General Electric is investing $200 million in a manufacturing and training facility in Egypt's Suez City and had delivered a shipment of gas turbines to supply its grid. The $200 million investment would focus on power generation, renewables, water, oil and gas, aviation and rail transport, the company said in a statement. The U.S. firm also said it had delivered power turbines that would help ease the load on Egypt's overburdened energy grid ahead of peak summer usage. General Electric had delivered 34 turbines to Egypt out of a planned 46 total as part of a project to provide 2.6 gigawatts of power to the grid by May 2015, it said. "I track this project personally. We know how important this is to Egypt," GE co-chief executive Jeff Immelt said at a news conference in the Red Sea resort of Sharm El-Sheikh Egypt is suffering its worst energy crisis in decades, with high consumption and low production contributing to regular power blackouts. A company spokesman said GE had signed the deal earlier in the year, but the announcement came at an international investment conference where Egypt is hoping to attract billions of dollars, with a priority on the power sector. *(Reuters)*

Economic News

Egypt has set the price of shale gas expected to be extracted from a recent concession to foreign firms at $5.45 per million British thermal units (mmBtu), an official at the oil ministry said on Monday. Egypt signed its first contract to extract gas by hydraulic fracturing, or fracking, in a deal with Apache and Shell Egypt in December that includes investments of $30-$40 million, the oil ministry said at the time. "The shale gas agreement signed with Shell Egypt and Apache Corporation provides for a price of $5.45 per mmBtu of gas extracted," the official, who declined to be identified, told Reuters. Under the contract, three horizontal wells as deep as 14,000 feet in Western Sahara fields will be drilled. "The shale gas agreement is at an experimental stage for a year while we make sure the search for shale gas is feasible," the source said. Egypt aims to boost domestic production and foreign imports of oil and gas to help address persistent energy shortages. *(Reuters)*

Egypt extended the deadline for companies to bid for 10 oil exploration concessions to May 31 from March 31, state-owned Ganoub El Wadi Petroleum Holding Company (Ganope) said on Monday. Egypt wants to attract more international firms to explore for oil and gas to help the country cope with its worst energy crisis in decades. Ganope "announces for extension the closing date of its international bid round 2014 (10 block) for two months," a statement on the company's website said. It did not give a reason for the extension. The firm was not immediately available for comment. The 10 blocks are West Gebel el-Zeit, Southeast Ras el-Ush, Northeast Geisum, North Magawish, Northwest Shadwan, Northwest Sea Bird, North al-Baraka, South al-Baraka, Southeast Qena, and Kharit, the statement from Ganope said. Ganope is one of five state-owned oil firms under the oil ministry and is responsible for the south of the Nile Valley. *(Reuters)*

Egypt's urban consumer inflation rose to 10.6 percent in February from 9.7 percent in January, the official statistics agency CAPMAS said on Tuesday. Inflation spiked in Egypt after the government slashed energy subsidies in July 2014. It peaked at 11.8 percent in October. **(Reuters)**

Egypt's annual urban consumer inflation and core inflation both picked up in February after slowing the previous month, a possible sign that government efforts to balance economic growth and price stability have not worked as well as hoped. Egypt's urban consumer inflation rose to 10.6 percent in February from 9.7 percent in January, the official statistics agency CAPMAS said on Tuesday. Core annual inflation, which excludes volatile items like fruit and vegetables, increased to 7.15 percent in February from 7.06 percent the previous month, the central bank said later in the day. Inflation spiked in Egypt after the government slashed subsidies in July, pushing up fuel prices by up to 78 percent. The central bank kept interest rates on hold in February and most analysts said this suggested the bank sees tackling inflation as its main priority. The bank had surprised markets with a 50 basis point rate cut the previous month, citing an easing inflation outlook. Egypt is gearing up for a high-profile investment conference in Sharm el-Sheikh later this week in which it hopes to attract foreign and domestic investments to turn around a battered economy. *(Reuters)*

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Ghana

Corporate News

Guaranty Trust (GT) Bank has sued Auto Parts Limited, an automobile company, at the Commercial Division of the Accra High Court for failing to service a loan facility amounting to GH¢8,868,868.09. The bank is also praying the court to demand interest on the said amount at its current customary interest rate of 23 per cent per annum from September 15, 2012, till the period that the whole debt is fully repaid or liquidated. At the last sitting on the case on February 25, 2015, it was disclosed that the court, presided over by Justice Janapare A. Bartels-Kodwo, had previously granted an application by the bank to amend its claim against the defendant to the sum of GH¢8,868,868.09 as the amount outstanding on the consolidated facility granted on September 14, 2012. The Solicitor for the bank, Ben Haastrup Quornooh, that same day and before the same judge moved an application to recall its witness to the stand to examine him on the sum being claimed by the bank as well as present account statements in support of the claim. Although the court had previously granted an application to amend the amount being claimed, the court however, declined a recall of the witness. *(Ghana Web)*

State-owned Ghana National Petroleum Corporation (GNPC) is close to signing a $700 million-loan from private commercial lenders led by commodity trader Trafigura as part of plans to recapitalise for expansion, its chief executive said on Tuesday. Â Â GNPC holds a 13.64 percent stake in Ghana's flagship offshore Jubilee oil field, which is operated by Tullow Oil. It expects to export more than seven million barrels from the project this year, similar to the 7.68 million lifted in 2014, CEO Alexander Mould told Reuters. *(Reuters)*

SIC Insurance, Ghana's largest and leading general insurance risks underwriter has expressed optimism in securing a new future as Ghana's biggest non-life insurance company. According to the Company's Board Chairman, Mr. Mike Hammah the Company is looking forward to maintaining its leadership in the Ghanaian insurance market through a number of proactive initiatives the company is undertaking. Speaking to the management of the company, Mr. Hammah said alongside growing its business on all general insurance fronts to maintain its place as the leading general underwriter in Ghana; the Board and Management are working hard together to restructure, reengineer most of its internal processes and re-position the company. According to the Board Chairman, SIC Insurance as a dynamic organisation is focused on improving its services to all its stakeholders and the Insurance Industry as a whole. He added that the company's strategic objective is to become a global best practice brand within the shortest possible time. He further stated that SIC Insurance's strength, capacity, dynamism and goodwill has made it the preferred insurer for individual and corporate clients seeking premium insurance and related financial services. Mr. Hammah said Trust, Relationship building, Professionalism, Respect and a Sense of Urgency shall remain the core value drivers in the company's quest to become a global world-class insurance giant offering a vast array of world-class insurances in the country.

SIC Insurance is the nation's leading insurer with over 54years experience in delivering excellent and quality insurance products and services to its numerous and varied customers in the country and beyond. The insurance giant has strong international links in the area of effecting and placing reinsurance businesses on the London, Europe and South African markets. It has over time being actively involved in developing the manpower base of insurance practitioners in the industry. The company operates through over 22 business offices nationwide alongside its brokers and agency. *(Ghana Web)*

Economic News

Ghana will probably keep its target for the budget deficit by cutting spending when Minister of Finance Seth Terkper presents a revised budget, the head of Parliament's finance committee said. Economic growth will be cut to 2.7 percent this year from a previous estimate of 3.9 percent, James Klutse Avedzi, chairman of the committee, said by phone Monday from the capital, Accra. The target for the fiscal gap will remain at 6.5 percent of gross domestic product, he said. Avedzi is a member of the ruling National Democratic Congress. Terkper may present the revised spending plan as soon as this week after a plunge in oil prices curbed revenue, Avedzi said. The government agreed to about $1 billion in loans from the International Monetary Fund last month to support the budget and boost foreign-currency reserves. The government will probably cut capital spending and has the option to raise taxes to close the gap, Avedzi said. (*Bloomberg)*

Ghana's annual consumer price inflation rose marginally to 16.5 percent in February, from 16.4 percent the previous month, driven by food prices, the statistics office said on Wednesday. Economists say high inflation is a sign of the fiscal problems facing the West African state, whose economy for years was seen as one of the continent's brightest due to its rapid growth driven by gold, oil and cocoa exports. "The price drivers were food items, mainly the local staples," government statistician Philomena Nyarko told a news conference in Accra. Ghana is currently in the planting season. Nyarko said food inflation rose by 0.1 percentage point to 7.0 percent in February. Prices of non-food items remained unchanged at 23.0 percent. Ghana reached an agreement with the International Monetary Fund last month for a three-year aid deal worth $940 million as it seeks to tackle stubbornly high deficits, widening public debt and high inflation. The deal, subject to Washington's approval in April, could unlock additional donor and investor inflows in support of the local cedi currency, which is down around 8 percent since January. *(Ghana Web)*

Ghana's cedi headed for the lowest closing level in six months before Finance Minister Seth Terkper presents a revised 2015 budget to parliament and as mining companies demanded higher rates for dollars. The government of West Africa's second-biggest economy is seeking to curb inflation and stabilize a currency that's slid 11 percent this year, the most among 24 African currencies tracked by Bloomberg after Zambia's kwacha. Terkper may cut spending to stick to budget-deficit targets, while lowering the 2015 growth forecast to 2.7 percent from 3.9 percent previously, Parliament's finance committee said March 9. The central bank hasn't sold dollars for almost a month, allowing mining companies in Africa's second-biggest gold producer to push for bigger premiums for greenbacks, Nana Yankson, a currency trader at Universal Merchant Bank Ltd. in the capital Accra, said by phone. "Supply has gone down," Yankson said. "Mining companies, which are among the biggest suppliers, are asking for higher rates." The cedi weakened as much as 3.1 percent to 3.645 per dollar, the lowest level since Sept. 8 on a closing basis, before paring losses to trade at 3.6 as of 2:33 p.m. in Accra. There are "more than enough" dollars in the market and demand for the currency is being driven by seasonal factors, Yao Abalo, head of treasury at the central bank, said by phone from the capital, declining to give details on the regulator's foreign-exchange sales. The government reached an agreement with the International Monetary Fund last month for almost $1 billion of loans to support the budget and boost foreign-currency reserves.*(Bloomberg)*

Ghana has slashed its 2015 oil revenue forecast to 1.5 billion cedis ($417 million) from 4.2 billion cedis when the budget was presented in November due to lower crude prices, the finance minister said on Thursday. Updating Ghana's parliament on the impact the slump in world oil prices was having on the economy, Finance Minister Seth Terkper also said the 2015 budget deficit forecast had risen to 7.5 percent of gross domestic product (GDP) from 6.5 percent. Total revenue and grants were now expected to decline to 29.7 billion cedis from 32.4 billion originally projected. Ghana, which also exports cocoa and gold, enjoyed several years of robust economic growth after it began pumping oil from its offshore Jubilee field in late 2010. But it was soon grappling with high deficits, widening public debt and high inflation. Last month, Ghana reached an agreement with the International Monetary Fund (IMF) for a three-year $940 aid million programme. Terkper said the government had based its original revenue forecast on oil prices averaging $99.4 per barrel this year but was now using an IMF projection of oil at $52.8 per barrel. Although he said the country's oil production forecast for 2015 remained unchanged at 102,033 barrels per day, government oil revenues - which come from corporate taxes, royalties and its carried interest receipts - would be outsized as firms are hit by the slump in oil prices, he said. "This is because the production costs for some of the companies will outstrip their revenues and result in losses." He said 487.2 million cedis would be drawn from the Ghana Stabilization Fund on a quarterly basis to bridge the gap in finances. The government also plans to issue a $1 billion 10-year Eurobond later this year, partly to finance the deficit. Ghana expects the IMF deal, which is due to be finalised in April, to include an additional $381 million in aid. *(Reuters)*

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Kenya

Corporate News

Equity Bank of Kenya reported on Tuesday a pretax profit of 22.4 billion shillings ($245.08 million) in 2014, up from 19 billion shillings in 2013. The lender, the biggest in the east African country by the number of depositors, said profit rose due to a rise in net interest income and loan book. The lender, the biggest in the east African country by the number of depositors, said net interest income rose 10 percent to 29.2 billion shillings in 2014, while the loan book grew 25 percent to 214.2 billion shillings. Chief Executive James Mwangi said improving macro economic factors in Kenya, where the currency has been stable and inflation is falling, is likely to have a "very positive" impact on the company's performance in the coming weeks. *(Reuters)*

Kenya's Diamond Trust Bank Group said on Thursday its pretax profit jumped 18 percent in 2014 to 8.5 billion Kenyan shillings ($92.74 million), helped by strong growth in its loan book. The mid-tier bank, which also operates in Tanzania, Uganda and Burundi, said loans climbed 24 percent to 137.6 billion shillings, while net interest income increased 16.2 percent to 12.8 billion shillings. Other Kenyan banks including the largest lender by depositors, Equity Bank, and the biggest by assets, KCB, have also posted profit increases of just under 20 percent, boosted by strong economic growth in Kenya and the wider east Africa region. Diamond Bank said earnings per share rose to 21.92 shillings from 20.97 shillings, and recommended a dividend of 2.40 shillings a share, up from 2.10 in 2013. *(Reuters)*

Centum Investments is exploring the possibility of raising an estimated Sh7.5 billion from the bond market to fund its operations in various sectors of the economy. The Nairobi Securities Exchange (NSE)-listed investment firm has appointed Dyer & Blair Investment Bank and Equity Investment Bank as joint transaction advisors for its capital raising plan. The transaction advisors have begun making non-deal road shows, a form of marketing meant to gauge the level of investor interest in the firm's bonds, fund managers said. Even as Centum management said it is still testing the ground on the exact amount to be raised, sources who have been briefed by the advisors confirmed the firm is looking at raising up to Sh7.5 billion. Centum confirmed that the two transaction advisors have begun talks with fund managers, who are traditionally major buyers of bonds, on whether they would be interested in buying another note but added that it has not settled on the amount to be raised. "We have not yet made any commitments but we want to test the market's appetite for bonds," Centum Investments corporate affairs director Fred Murimi told the Business Daily. Should Centum go ahead with the bond it will be the second such issue for the firm, having raised Sh4.2 billion in late 2012. At the time it raised the money through a private placement and the notes were later listed on the NSE in February 2013. The proposed additional funds are to finance its ambitious strategic plan that will focus on investments in the education, health, energy, financial services, free moving consumer goods (FMCG), ICT and real estate sectors.

A presentation on the non-deal roadshow shows that within the next three years Centum estimates that it will need an additional $250 million (Sh22.75 billion) to invest in the eight sectors. The investment firm first plans to develop projects and then invite investors at a later stage. Investors and Centum will then fully or partially exit from these projects once they have matured. "As developer and promoter, Centum will fund projects during development phase but will invite financial investors after de-risking projects," indicates the presentation.
The investment firm also plans to increase its total assets to Sh120 billion by 2019 from Sh42 billion as at September 2014. Analysts said the market is ripe for bond issuers due to the high liquidity. "There is quite some liquidity at the moment. Central Bank of Kenya (CBK) is both in the REPO and TAD (Term Auction Deposit) markets," said African Alliance Investment Bank chief executive Alistair Gould. Interest rates are also expected to come down and consequently reduce the borrowing cost for issuers. East African Breweries Limited (EABL) which is raising Sh11 billion, will offer a 12.25 per cent coupon or interest rate. Utility company KenGen is also looking at, among other options, the debt market to raise funds for its expansion. KenGen CEO Albert Mugo said the company is in talks with the NSE on the possibility of floating asset -backed securities to raise cash for power production. "We are looking at using assets such as geothermal wells to back debt securities," said Mr. Mugo. *(Business Daily)*

Kenya's CIC Insurance posted a 17 percent drop in 2014 pretax profit after claims paid out increased, and said its South Sudan and Ugandan units could buoy revenue this year. The insurer, in which Co-operative Bank is the main shareholder, said in a statement its pretax profit fell to 1.39 billion shillings from 1.67 billion shillings in 2013. The claims and policy holders' benefits paid out during the year rose to 8.64 billion shillings from 6.02 billion shillings. The insurer said medical claims has risen during the year. With insurance viewed as a potential growth sector in the region, because of low penetration rates with less than 5 percent of the population having any form of insurance cover, CIC has embarked on expansion in neighbouring states. "Our operations in South Sudan and Uganda have started off very well and we expect then to contribute to the group's revenue growth and profitability," the insurer said. CIC also said its nascent operations in Malawi would start later in the year. The firm's investment income for 2014 rose to 1.05 billion shillings from 722.5 million shillings a year before, but could not counter the effect of the claims payouts on its profits. Earnings per share fell to 0.43 shillings from 0.60 shillings in 2013, the firm said. The insurer said it will pay a dividend of 0.10 shillings per share, unchanged from the previous year. *(Reuters)*

Economic News

Sluggish growth in the manufacturing sector is pulling down economic growth. Kenya, the World Bank says, is also losing grip on the East Africa Community market where it was dominant, due to inefficiencies. The share of manufactured goods imported by EAC from Kenya declined from 9 per cent in 2009 to 7 per cent in 2013. "Traditionally Kenya was the largest exporter of various manufactured goods to the EAC. Its market share has declined for a range of products, including plastics, chemicals and paper," says the Kenya economic update report Anchoring High Growth: Can Manufacturing Contribute More? In spite of the country being praised for its robust economy that is set to become one of the top five fastest-growing in sub-Saharan Africa, manufacturing output remains low compared to other sectors. A 4.3 per cent growth has lagged average expansion of the economy at 6.2 per cent between 2010 and 2013. This has resulted in Kenya being a heavy consumer of goods produced in the Far East. "There are indications that firms are operating below their capacity and that employment growth is below potential. Moreover, the relative size of Kenya's manufacturing sector has been stagnant, the sector has lost international competitiveness and is struggling with low productivity and structural inefficiencies," says the bank. The report says to anchor and sustain growth, Kenya needs to boost productivity and improve the business environment to regain and increase its competitiveness. "Kenya needs to increase the competitiveness of its manufacturing sector so that the country can grow, export, and create much-needed jobs, notes Maria Paulina Mogollon, World Bank Group's private sector development specialist and a co-author of the report. The report cites barriers to firm entry and exit, limited access to information technology, market distortions, and burdensome regulations as constraints to efficient allocation of resources. "As a result, firms grow less than their potential, severely constraining the ability of the manufacturing sector to generate employment and contribute to poverty reduction and shared prosperity," it says.

Labour productivity, says the report, fell in the 1980s and 1990s and has remained flat since the 2000s. Low output is particularly severe in textiles, wood products and furniture. Food growing is the dominant manufacturing activity accounting for 32 per cent of total output in 2013. Others are beverages, tobacco products 8.3 per cent, chemicals 5.5 per cent, printing and reproduction of recorded media 5.1 per cent and rubber and plastic 4.8 per cent. The report says there is generally high mortality rate of exporters in developing countries particularly in the first few years of entering the market. "This problem is particularly acute for Kenya, which has the second lowest survival rate of exporters among a group of countries, that includes other East African countries, South Africa and Nicaragua," says the report. Among companies studied, 65 per cent exited the market in their second year of operation, while the number of new export relationships has been declining. The report notes that there is misallocation and under-utilisation of labour and capital by more productive firms or under-utilisation by less productive firms. A strong manufacturing sector will create more employment, especially for young people in Kenya. The report suggests that this will also increase exports and reduce the country's external vulnerability from a widening account deficit. *(Daily Nation)*

Kenya has signed deals worth KES8.14 bn (USD89m) to construct a 313-km high-voltage transmission line to connect geothermal power plants to its western region and help link the grid to neighbouring countries. Kenyans suffer frequent blackouts because of supply shortfalls and ageing lines, while many in the country are not connected to the grid. Poor power supplies are seen as hindrance to regional businesses. A series of projects initiated by the state aim to improve power distribution and link Kenya's grid to its neighbours. State owned Kenya Electricity Transmission Company Ltd said the project signed on Tuesday would link geothermal plants in the rift Valley's Olkaria region to western Kenya by March 2017. "This project will also serve as the backbone for regional power interconnection among the countries in the region." it said in a statement. The project is being financed by the Kenyan government and Japan International Corporation Agency. The contracts went to groups that included firms from Japan, India and China. New regional lines will provide links to Ethiopia, where huge cam projects will be generating cheap power for export, and will also connect Kenya to Rwanda, Tanzania and Uganda. Kenya's government has said it aims to boost power production capacity by an extra 5,000 megawatts (MW) to the existing generation capacity of around 1,664 MW of by 2017, to meet growing demand. *(Standard)*

Cheaper power and the falling cost of fuel are among the reasons making Kenya's private sector expand rapidly and gain stability, a survey has said. Findings from the study depict an overall improvement in the country's business environment over the past 14 months. The first Purchasing Manager index (PMI) report in the country was conducted by global financial information service provider Markit and CfC Stanbic. CFC Bank Kenya economist Jibran Qureishi Wednesday said there was increased confidence in the private sector as most businesses show rapid recovery from the January lows in purchasing. "The PMI index recovered in February after a slower pace recorded in January primarily driven by rises in output and new orders. The decline in international oil prices and power tariffs after the geothermal component was added to the national grid will lower cost for most firms in Kenya and probably lead to higher output in the coming months," he said. PMI index will be released monthly. It measures private sector operating conditions through a calculated weighted average of five individual components: New orders (30 per cent), output (25 per cent), and employment (20 per cent) suppliers' delivery times (15 per cent) and stocks of the purchases (10 per cent).

The current report card says the country's new export businesses grew rapidly since January as more companies continued to hire extra staff to satisfy increased production demands. It adds to the optimism created by the World Bank's Kenya economic update that recently projected the country's growth to rise from 5.4 per cent in 2014 to seven per cent between 2015 and 2017. About 400 private sector companies from manufacturing, construction and retail were surveyed. Markit Economist Philip Lake said the full benefits of cheaper power and lower oil prices would slowly trickle down to the common consumers over time. The data is gathered through interviews based on business experiences for the previous month and will be released every third day of the month. So far, six countries in Africa have embraced the report that seeks to provide an economic outlook for businessmen, banks, foreign investors and policy makers. *(Daily Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

Shell has no timeline to restart the Seibou 2 wellhead in Nigeria that it closed in January after it leaked 550 barrels of crude oil, a spokeswoman said on Friday. The company said it closed the well, which is operated by Shell Petroleum Development Company of Nigeria (SPDC), roughly 15 hours after the leak was detected. The spill impacted 300,000 square metres of water surface, an area roughly the size of 42 football pitches, in Bayelsa State. Shell said it had deployed booms to prevent further spread of the spill. "A follow-up joint investigation visit is being planned to lift the line from underwater and determine the cause of the leak," Shell said in a statement. The Seibou field produced 1.3 million barrels of crude oil, an average of around 3,500 barrels per day, in 2013, according to the Nigerian National Petroleum Company, as well as 29 million cubic metres of gas. *(Reuters)*

Oando Energy Resources (OER), the upstream subsidiary of Oando PLC, has hit first oil from its Qua Iboe field with a commercial production of 2,150 barrels per day (bpd) barely nine months after the completion of its landmark $1.5bn ConocoPhillips Nigeria acquisition deal. Oando Energy Resources holds a 40 percent working interest in the field. In its capacity as technical services provider, the company, together with the operator and 60 percent owner, Network Exploration and Production Nigeria Limited (NEPN), brought the field from conceptualisation, through development, to first oil in two years, a record time for fields of this nature in Nigeria. The commercial oil production from the field's reservoirs has now commenced at 2,150bpd. The crude processing facility commissioned in the fourth quarter of 2014, was delayed until the completion of the associated cluster crude delivery and sales infrastructure into the Qua Iboe Terminal. Pade Durotoye, CEO Oando Energy Resources said; "We are delighted to have achieved this milestone, having taken this field through the full cycle of asset development, from drilling to facility engineering, construction and commissioning and also increasing our organic production contribution from our portfolio. "We will now be focusing our attention on maturing the potential of this field through seismic acquisition and interpretation, and a possible multi-well drilling programme. We hope the Qua Iboe field will follow in the footsteps of our successful Ebendo field, where production has increased from 900bopd (gross) at inception to over 7,500bopd (gross) through the identification and drilling of new reservoirs in the field", Durotoye added. Meanwhile, Erha deepwater development oil production is expected to add about 140,000 barrels a day (b/d) to ExxonMobil's global production by the fourth quarter of 2017 amid local and international challenges facing the oil industry.

Deepwater expansion projects at Erha, offshore Nigeria and other projects which include Hadrian South in the Gulf of Mexico, Banyu Urip offshore Indonesia and Kizomba off Angola, would lift ExxonMobil's global production by 2 percent in 2015 to more than 4.1 million barrels of oil equivalent per day (boe/d). The world's largest publicly traded oil company produced 4 million barrels oil equivalent per day (boe/d) in 2014 and it plans to ramp up to 4.3 million boe/d in 2017. Rex Tillerson, Exxon Mobil CEO expects the price of oil to remain low over the next two years because of ample global supplies and relatively weak economic growth adding that Exxon assumed a price of $55 a barrel for global crude, which is $5 below where Brent crude currently trades on. The price of oil plunged in the second half of 2014 when it became apparent that production was outpacing global demand. There were a number of drivers that brought about the free-fall of crude prices which included rising US tight oil production. The rise in US production last year of 1.5 million barrels per day was the third largest in the history of the global oil industry. Other factors are slowing economic growth, particularly in China; a warm start to the North American winter; a temporary return of Libyan oil production; and OPEC's decision at its November 2014 meeting to not function as a swing producer. Brent crude rose above $61 a barrel last Friday, supported by geopolitical tensions in Libya and Iraq, while traders eyed the outcome of Iran nuclear talks for further trading cues. *(BusinessDay)*

MTN will invest close to $2.5 billion this year to grow its infrastructure in the 23 countries where it operates, as the mobile phone giant seeks to attract 18 million more customers to its network. The bulk of the expenditure has been set aside for Nigeria and South Africa, where it has suffered declining revenue. The board had authorised investment spending of just over $1 billion on South African cell phone and fibre-optic networks, says CEO Sifiso Dabengwa. That is nearly double the $471.5 million spent upgrading the network last year. The year before it spent $479.6 million. In Nigeria, MTN's biggest market by both revenue and customers, it is spending over $1bn on infrastructure this year. Last year it spent just about the same amount, almost half the previous year's $1.18 billion. That is despite a temporary ban on the sales of SIM cards by the Nigerian regulator early last year, which was done to force cell phone operators to improve the quality of their networks. Asked whether the company was playing catch-up on its capital expenditure , having fallen behind Vodacom, its main competitor in SA , Dabengwa said it was preparing to attract more users. It would target 2.4-million more subscribers in SA. "We have sufficient headroom on the network in Nigeria. Our capacity is much more than the traffic coming onto our network," he said. "As far as the Nigerian regulatory issues are concerned … we've resolved them." MTN hopes to add 4.8-million new users in Nigeria this year. Its 59.9-million Nigerian customers spent $4.5 billion, up 12% from the previous year. MTN's other large markets, Ghana and Cameroon, will get $438.4 million of the capital spending.

The company's revenue in SA fell 3.9 percent against stiff competition from Vodacom and smaller rivals Cell C and Telkom Mobile. MTN possibly lost market share in the data wars, said Maqhawe Dlamini, a portfolio manager at Mvunonala Asset Management. "My sense is that data is definitely their target now," he said, adding that MTN was trying to catch up with Vodacom's investments in data-enabling technology. It also has to deal with challenges in some hot spots. MTN said it was still unable to repatriate about $1 billion trapped in Iranian subsidiary IranCell due to sanctions against Tehran. "There's still no change; we cannot get the cash out," said Brett Goschen, MTN's chief financial officer. In northern Nigeria, where Islamic militant group Boko Haram has seized large areas, MTN is treading carefully and protecting its staff. "Our problems are limited to three states, which contribute only about 5% of our Nigerian revenue," said MTN Nigeria CEO Michael Ikpoki. He said about 120 sites were in areas controlled by Boko Haram. "It's really small in terms of our operations." In war-torn Syria, MTN has just converted its licence to a "build, operate, own" model. *(BusinessDay)*

President Goodluck Jonathan on Thursday said government would introduce guidelines/incentives to encourage listing of oil/gas, telecommunications, power and multinational companies on the Nigerian Stock Exchange (NSE). Jonathan made the promise during a meeting with capital market community at the exchange in Lagos. The president said government was committed to the development of the capital market as the engine room of the nation's economy. He added that government would do everything possible to make the market attractive to investors and issuers. According to him, as the biggest economy in Africa, the nation's capital market ought to equally be the largest. The only way to achieve that is to ensure that big companies operating in the economy are listed. He said he had discussions with MTN during one of his visits to South Africa on the need to list their shares. `When I met with MTN in South Africa, we discussed the need for them to list. We are working hard to make sure that companies that are supposed to list did so. ``That is the only way the Nigerian capital market and economy can to grow and Nigerians can participate", Jonathan said. The president added that after a proper study of the situation, the government would come up the guidelines for the listing *(Nigerian Bulletin)*

Economic News

The effect of the naira devaluation and the recent unification of the foreign exchange markets are taking their toll on retailers in Lagos state, a report has shown. This had resulted to a sharp drop in stock levels and shelf inventory as inventory build-up slowed by 25 per cent as of February 2015, compared with 2014 figures. In fact, the report stated that smaller retailers are feeling more of the effect of the naira devaluation. In addition, it pointed out that postponement of the general elections also affected the activities of retailers. Managing Director/Chief Executive Officer, Financial Derivatives Company Limited, Mr. Bismarck Rewane stated these in his monthly economic news and views presented at the Lagos Business School's executive breakfast meeting for March 2015. The report titled: "Postponement or Devaluation: A Choice Between Bad and Worse," was made available to THISDAY at the weekend. It showed that customers were switching shopping habits. "Lagos retailers are adjusting to the currency devaluation. The impact has been a sharp drop in stock levels and shelf inventory. February inventory build-up was 25 per cent slower than 2014. The election postponement disrupted the order book. Retailers have been slow to re-price shelf goods and the stiff consumer resistance and down-trading is hurting retailers' margins," he added.

Furthermore, Rewane stated that impulse buying was reducing as weekly needs were taking over from daily purchases. He revealed that supermarket traffic dropped by approximately 20 per cent in January and February. This, is however, expecting to pick up again before the Easter break. "Week-day traffic to malls is sharply lower. The cash purchases have increased relative to electronic and card payments. The CBN relaxation of the cashless policy is turning the clock back," he added. Commenting on activities in the real estate sector, he revealed that some landlords in Lagos now insist on dollar rental payments.

"Reinforcement of monetisation of accommodation allowance is affecting demand for luxury apartments. Employees prefer to use accommodation allowance to develop their own properties. The demand for short let apartments by foreigners is increasing and it is cheaper than staying in hotels. "Unexpectedly, residential vacancy factor in Victoria Island declined to 26 per cent in February as there is a slight reduction in rents. Commercial vacancy factor also down to 13 per cent. Residential vacancy factor in Ikoyi is down to 10 per cent, but commercial vacancy factor went up to four per cent. This reflects upcoming commercial developments in Ikoyi. Lekki vacancy factor was unchanged along the Admiralty way," he added. Furthermore, he forecast that the demand for urban properties would decline as a result of the sharp fall in government's revenues and devaluation. However, the researcher argued that the aviation sector globally remains the greatest beneficiary of the oil price crash as 40 per cent of direct operating costs is jet fuel. "Airline stock prices increased 40 per cent in 2014. In January airline shares were up one per cent. The recent recovery in oil price has spurred a massive sell-off. The airline stocks are still largely positive. Airline capacity in available seats accelerated in December, still below passenger demand growth," he stated. He listed higher fares as one of the impact of the naira devaluation, saying that most carriers now operate at slowdown in traffic. Premium traffic is down by approximately 20 per cent. "Bookings for April and May are sharply lower. Load factors are expected to decline. Discount fares and promo deals are already being offered," he said. *(This Day)*

In line with its restrictive monetary policy stance, the Central Bank of Nigeria (CBN) has said it will issue treasury bills worth a total of N730.499 billion in the second quarter of this year. A breakdown of the Nigeria treasury bills issue programme obtained at the weekend showed that the proposed debt instrument to be issued have tenors of between 91-day, 182-day and one-year. According to the calendar, the central bank would issue a total of N154.337 billion of 91-day treasury bills between April and June 2015. Also, while a total of N152.748 billion of 182-day instruments would also be issued in the second quarter, N423.414 billion one-year bills would be sold by the regulator in the same period. On the other hand, treasury bill of same tenors and value would also mature in the second quarter, as part of measures to effectively manage the volume of liquidity in the system. Treasury bills are short-term debt obligation with a maturity of less than one year. They are issued by the CBN through a competitive bidding process bi-monthly. Meanwhile, the demand pressure for liquidity by Deposit Money Banks (DMBs) in the money market weakened last week, as rates traded at lower levels - on average - compared to the preceding week, an indication of the high level of liquidity in the system. At the close of the week, money market rates settled at 12 per cent for overnight, and 11.7 per cent for the open buy back (OBB). "The improvement in rates this week has been as a result of the closure of the CBN RDAS/WDAS window as liquidity level has been moderate given that DMBs do not have to make provision for weekly auctions. Also, FAAC allocation hangover and OMO repayment which hit the system last week added to the liquidity in the system. Hence, we do not expect rates to surge higher in the coming week," analysts at Afrinvest West Africa Limited stated.

The naira appreciated against the dollar last week while volatility pressure on the local unit also moderated both at the official window, order based interbank market and the naira spot market. Analysts attributed this to the drop in dollar sales by oil companies, mid-week, which lifted the currency, optimism in the domestic capital market, which attracted capital flow and sustained intervention in the forex market by the CBN. The naira, which closed at N202.23/$1 the preceding Friday, strengthened to N199.60/$1by mid-week at the interbank forex market after dollar sales by oil companies moderated the demand supply gap for the greenback. The currency gained N2.32 against the dollar to close at N199.91/$1 at the interbank. "With the closure of the bi-weekly RDAS market and the adoption of a special intervention window where the CBN intervenes in the Interbank market to fulfil orders based on customer demand (which cannot be resold), the volatility pressure on the naira has moderated, even as liquidity remains low in the interbank market. "Banks have additionally been required to provide documentary evidence of order made by customers before placing trade orders in the interbank market, effectively increasing the transparency in the forex market and reducing speculative actions of market players. We expect the naira to remain stable next week on the back of the anticipated capital inflow geared on the upbeat mood in the capital market and the DMO bond auction scheduled on Wednesday," Afrinvest analysts predicted. The sovereign bond market space experienced marginal softening in yields during the week as investors took advantage of the current attractive yield environment amidst the stabilising domestic macro-economic headwinds. The yield curve maintained its overall normality throughout the week as it was studied to be normal at the shorter and longer end of the curve while it remained inverted at the middle end of the curve. Average yield in the week dropped marginally by 0.1 per cent to settle at 15.9 per cent relative to the previous level of 16 per cent. *(This Day)*

The external reserves have started dropping at a faster pace due to low demand for the nation's crude oil and its falling prices globally. Nigeria derives 70 per cent of its revenue and 90 per cent of its foreign exchange from crude oil. According to the latest statistics from the Central Bank of Nigeria's website, external reserves lost a cumulative amount of $3bn in the last four weeks. Specifically, the foreign reserves tumbled from $33.8bn on February 5 to 30.8bn on March 5. This indicates a 9.7 per cent fall month-on-month. The central bank has been using the reserves to support the ailing naira, which has been hammered by the falling global oil prices and uncertainty over the delayed presidential elections now fixed for March 28. Economic and financial analysts linked the huge drop in the stock of external reserves to political spending, falling oil prices which have put pressure on the local currency, and speculative demand for the dollar by foreign exchange dealers. Analyst and Head, Investment and Research, Afrinvest West Africa Limited, an investment advisory firm, Mr. Ebo Ayodeji, said, "The recent huge drop in the reserves is as a result of the continuous demand for the greenback. This has been fuelled by political spending and the recent round tripping carried out by foreign exchange dealers before the closure of the Retail Dutch Auction System forex market by the CBN; there was huge artificial demand for the dollar during the period." Ebo, however, expects the rate at which the stock of external reserves is being depleted by the central bank to reduce in coming weeks as the gap between the dollar rate at the interbank and parallel markets reduces. "As time goes on, the gap between the interbank and parallel market will not be significant enough to create artificial demand," he added.

Analysts at BGL Plc had in January said the country's external reserves might drop below $30bn by the end of the second quarter of this year if the oil price fell below $65 per barrel. On Monday, the Brent crude oil price closed at $59.88 per barrel. The BGL analysts, in their economic report detailing the outlook for 2015, had stated that the unfolding oil price scenario and the consequent exchange rate depreciation would further put pressure on the external reserves over the next few months. "The reserves are just a cushion. The cushion only increases when you have surpluses. We don't have those surpluses right now. We are dealing with just making do with what we have. So we shouldn't be talking about reserves now. We should be talking about how to reduce that which we are spending," renowned economist and Chief Executive Officer, Financial Derivatives Limited, a local research firm, Mr. Bismarck Rewane, had said about three weeks ago. Last month, the foreign reserves fell by 8.3 per cent month-on-month. The reserves dropped from $34.4bn on January 23 to $31.5bn on February 25. On February 23, the reserves had fallen by $2.68bn in less than two months. This was an eight per cent drop from the balance of $34.47bn recorded on December 31, 2014.*(Punch)*

THE Central Bank of Nigeria (CBN) and the Asset Management Company of Nigeria (AMCON) have lost their bid to stop a suit filed by some shareholders of the defunct Bank PHB against the nationalisation of the bank and transfer of assets without compensation. In the suit, which also had Keystone Bank Limited, the Attorney General of the Federation and the Nigeria Deposit Insurance Corporation (NDIC) as defendants, the shareholders are demanding N38.6 billion from the defendants being "fair compensation" to them for the value of their investment in the defunct Bank PHB Plc. The shareholders in the suit marked FHC/L/CS/1273/11 are Benedicta Oyiana, Ifeyinwa Oyiana, Chioma Oyiana, Okoli Dumebi and Felix Oyiana, Pius Okonji, Okonji Obiageli, Ndiwa Uwaonye and Allwell Brown. They are also praying the court to award N20 billion as damages against the defendants in their favour to cover for the loss of value on their investments in the defunct bank. They further sought an order of the court setting aside what they described as "unlawful nationalisation, compulsory acquisition and expropriation of their investments in Bank PHB." In their papers filed before the court, they contested the validity of a letter dated August 5, 2011, written by the NDIC to the Managing Director of Bank PHB, informing him that the bank's assets and liabilities had been transferred to Keystone Bank. According to them, such a transfer amounted to an illegality when the NDIC did not make any arrangement for their compensation prior to the move. But the defendants had through preliminary objections urged the court to strike out or dismiss the suit for lack of jurisdiction. They also questioned the locus standi of the plaintiffs to institute the suit, which had a far reaching effect on the planned sale of Keystone Bank (Formerly Bank PHB) by AMCON in the second quarter of the year .

However, in a ruling delivered last week, copy of which was made available to The Guardian yesterday, Justice Mohammed Nasir Yunusa held that the holding of shares in a company gives shareholder a say in the company. In addressing the issue as to whether shareholders have a right of access to the courts, the judge stated that a shareholder has such rights. Citing the case of Tukur versus Government of Gongola State, the judge held that it is trite that no executive arm of government can take away a citizen's right to acquire or hold property, thus there can be no compulsory acquisition. According to the judge, the plaintiffs' claim hinged on Section 44 of the constitution of the Federal Republic of Nigeria and the right to ownership of property. The court stated that by virtue of section six of the constitution of the Federal Republic of Nigeria, an aggrieved person may apply to the High Court to enforce his rights, and the plaintiff has freely exercised this right. "Section 114 of the Companies and Allied Matters Act provides for the rights and liabilities attached to shares of a company, the judge added that "in essence, the shareholder has a legal right to approach the court. Section 610 of the Companies and Allied Matters Act gives the Federal High Court jurisdiction to "The court stated that in determining jurisdiction, the issues of Parties and Subject Matter must be looked into. The proper parties must be identified as where they are not before the court, the court would lack jurisdiction to hear the matter. "The plaintiff has a claim and has the locus standi to institute the action and seek redress pursuant to Section 46(1) of the Constitution of the Federal republic of Nigeria. "It is trite law that there must be a competent Plaintiff and defendant in a suit before the Court", the judge ruled.

The court also emphasized that by virtue of section 251 (p)(q)(r) of the constitution of the Federal Republic of Nigeria, the Federal High Court has exclusive jurisdiction relating to agencies so far as it affects the Federal Government. The court stated that the plaintiff's claim is hinged on Section 44 of the constitution and so is part of fundamental human rights. "The right of any person is not to be unrestrained and that there are certain conditions which must be fulfilled concerning section 44 of the constitution such as the amount of compensation, there must be a law. "The mode of commencement is not material and by virtue of Order 3 Rule 1 of the Fundamental Human Rights Enforcement Procedure Rules, 2009 there is no limitation on the time to bring a fundamental human right matter. "Also, there is no requirement of compliance with the statutory pre-action notices when it involves fundamental human rights issues. The court held. Subsequently, Justice Yinusa held that the court had both party and subject-matter jurisdiction on the matter and adjourned hearing of the suit till March 31, 2015. It will be recalled that AMCON's Chief Executive Officer, Mustafa Chike-Obi has disclosed to newsmen that the February general elections had made the corporation to delay the sale of Keystone Bank till the second quarter of the year. "Keystone Bank will be sold in due course. An election time is clearly not the best time to commence the sale of a bank. We will wait for the elections and allow the dust to settle. Sometime in the second quarter of the year, we will commence the sale of Keystone Bank," Chike-Obi had said. In January, the corporation has stated that it would put this into effect soon after the general elections earlier scheduled for February (now shifted to March and April). *(Guardian News)*

Nigeria's total external merchandise trade further decreased to N5.74 trillion in the fourth quarter of 2014 compared to N6.29 trillion in the previous quarter, according to the National Bureau of Statistics (NBS). Nevertheless, the country's overall external trade stood at N24.43 trillion at the end of 2014, representing a N3.17 trillion or 14.9 per cent increase compared to the value recorded in 2013. According to the foreign trade statistics for the fourth quarter of 2014 released by the statistical agency, there was a 20.8 per cent sharp rise in the value of exports from N14.24 trillion in 2013 to N17.20 trillion in 2014. The report stated that a slight increase of N215.6 billion, amounting to a mere three per cent rise in imports, helped create a "very favourable trade balance" of N9.97 trillion in 2014. The crude oil component of total trade increased by N982.3 billion or 8.3 per cent in 2014 over the value recorded in 2013. According to the NBS, in the overall, last year witnessed strong merchandise trade growth with exports outperforming imports which led to a visible trade surplus. Meanwhile, the total value of the export trade stood at N3.85 in the fourth quarter of 2014, representing a decrease of N843.4 billion or 18 per cent compared to N4.4 trillion in the third quarter of 2014. On an annual basis, total exports stood at N17.20 trillion at the end of 2014, representing a rise of N2.95 trillion or 20.8 per cent over the value in 2013.

The NBS further noted that structure of Nigeria's export is still dominated by crude oil exports which accounted for N12.79 trillion or 74.4

per cent of total domestic export trade in 2014. On the other hand, Nigeria's import trade stood at N1.88 trillion in the fourth, an increase of 3.7 per cent when compared to N1.82 trillion recorded in the preceding quarter as well as an increase of N202 billion or 12 per cent when compared to the corresponding quarter of last year. However, the in the previous quarter, India retained its position as Nigeria's major export partner in the fourth quarter, accounting for N652.48 billion of export value while Spain also retained its second position with N440.12 billion total export value. South Africa occupied the third position with N326.20 billion ahead of the Netherlands which accounted for N301.27 billion of Nigerian exports. The United Kingdom is fifth with exports worth N236.26 billion while the United States, which used to be Nigeria's age long major trade partner currently occupy the eighth position with N160.32 billion. In terms of imports, China and South Korea are Nigeria's favourite destinations with N393.52 billion and N161.01 billion respectively. The US is third with N160.84 billion while imports from India amounted to N122.74 billion. Meanwhile, it also emerged that the Nigerian economy added a total of 369,485 new jobs in the fourth quarter of last year. According to the Job Creation and Employment Survey for fourth quarter, which was also released by the NBS, 138,026 of the new employment were created in the formal sector while the informal sector recorded 227,072 jobs. An additional 4,387 jobs were created in the public institutions. *(This Day)*

Nigeria's national assembly has agreed on a $53 per barrel benchmark oil price for the 2015 budget, the mid-point between proposals from the upper and lower houses, the chairman of the senate committee on finance said Thursday evening. The level is well below the finance ministry's proposal of $65 per barrel at the end of last year, due to the continued slump in global crude prices, which has hit Africa's biggest oil producer hard. "The conference committee agreed to recommend a benchmark of $53 per barrel," Senator Ahmed Makarfi said. Senate sources said that the budget was expected to be passed next week before parliament takes a break for elections. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

Tanzania is in talks with the Export-Import Bank of China (EximBank) for a $132 million loan to fund the country's first wind power project, the energy ministry said on Thursday. Tanzania, which relies heavily on hydro-electric power, natural gas and fuel oil for electricity generation, wants to add wind and geothermal power to its energy mix. "The government is now in talks with China's EximBank to finalise the conditions for this low-interest loan," Tanzania's Energy and Minerals Ministry said in a statement. "The project has been delayed because of challenges in getting a concessional loan after EximBank raised its interest rate from 1 percent to 2 percent and lowered the loan repayment period to 20 years from 25 years," it said. The wind farm project to be built in the central town of Singida is expected to have capacity for 50 megawatts (MW) next year, with plans to raise that to 300 MW in future. The government initially aimed to commission the wind farm in 2013 but construction has been delayed by a lack of finance. The project is a joint venture between state-run National Development Corporation (NDC), state power utility TANESCO and a privately owned company, Power Pool East Africa Limited. Tanzania, which is estimated to have 53.28 trillion cubic feet of natural gas reserves, aims to double its power production to 3,000 MW by 2016 to meet rising demand. *(Reuters)*

Economic News

Tanzania's year-on-year inflation edged up for the first time in five months, with both food and some non-food items contributing to the rise, the statistics office said on Monday. Year-on-year inflation was 4.2 percent in February up from 4.0 percent in January. Month-on-month inflation was 1.6 pct in February from 1.0 pct in January. "The rise of the headline annual inflation rate in February 2015 was caused by an increase in food and non-food items," Ephraim Kwesigabo, a director at state-run National Bureau of Statistics, told a news conference. Food items whose prices increased included rice, cassava flour, meat and fish. The prices of non-food items that rose included charcoal, men's clothing and medical expenses, he said. *(Reuters)*

BANKS shares at Dar es Salaam Stock Exchange (DSE) both markets are showing a mixed trend, being top gainers in the main market and the other way round on the alternative window. The banks are shining on DSE's main market by dominating price appreciation after gaining between 10 and 25 per cent while on alternative market the loss of between negative 20 and zero per cent. Orbit Securities General Manager Juventus Simon told 'Daily News' that the trend based on the fact that investors are confident to go for listed stocks on the main market. "The opening of the capital market also boosted share appreciation on the main market," Mr. Simon said. He said National Microfinance Bank and CRDB are the biggest banks in the country that automatically attract investors from within or outside the country. On other hand, banks on Enterprise Growth Market (EGM), Mr. Simon said, were listed in less than a year meaning investors are still analyzing them properly before making firm decisions. "On top of that EGM listed stocks are still demanded by local investors unlike main market items that are demanded by both domestic and foreign investors," Mr. Simon said. Tanzania Securities Limited on Tuesday daily report shows that DCB bank is leading after it gained by 20.83 per cent since January to 870/- a piece -- to become the top appreciating share on bank segment. The report showed that DCB is followed closely by NMB that appreciated by 13.71 per cent to 3,980/-. However, CRDB dropped by negative 6.98 per cent to 400/-. CRDB share price has been on the gain and loss in the last ten weeks since January. On EGM Mkombozi Commercial Bank (MKCB) is the biggest loser after its share price went down by 16.67 per cent to close the Tuesday session at 1,250/-. Mr. Simon said MKCB despite making a good profit last year close to 2.0bn/-, the prices have been dogged by its newest listing on EGM. MKCB made profit in the last consecutive three years and if the trends continue has reason to graduate to the main market in the next few years. One of the main stipulations of listing at main market is a profit of three years in a row. Another bank, Maendeleo, which was listed early, last year, has yet to break even but its share price stagnated at 600/- since listed on the bourse. Overall, Swissport, the ground handling firm, is the top gainer for the domestic listed companies on DSE, after climbing up by 26.27 per cent to 6,440/- on Tuesday. MKCB is the top loser after depreciating by 16.67 per cent to close the Tuesday session at 1,250/-.*(Daily News)*

Zambia

Corporate News

THE African Development Bank (AfDB) has approved a US$3 million line of credit (LoC) facility for Madison Finance (Mfinance) Company Limited through its private sector window. Mfinance is a local financial institution targeting local small and medium enterprises (SMEs) by offering various financial products and services such as loans, leasing, invoice discounting and insurance. The company aims at increasing its SME portfolio share targeting 30 per cent by the end of 2015, with it expects to reach 40 per cent by 2016 and 6,000 Zambian SMEs by 2017. According to a statement released at the weekend, the AfDB LoC will enable Mfinance to reach SMEs across a wide range of sectors including trade, agriculture, construction, manufacturing and hospitality and services. The facility was expected to support at least 1,000 SMEs, including 500 female-owned businesses, over the project period. "Leveraging the medium tenor of the AfDB facility, it is expected to increase the average loan size and tenor for SME clients who can consequently invest towards enhancing their productive capacity and undertake capital investment, rather than using loans solely for working capital financing purposes," AfDB said.

In addition to the LoC, the company would benefit from technical assistance from the Fund for African Private Sector Assistance (FAPA) and governments of Japan and Austria. This project falls under the AfDB's Africa SME Programme. Approved by the AfDB's board of directors in July 2013, the Africa SME Program is a four-year,$125 million funding programme combined with a $3.98 million technical assistance package. The goal of the Africa SME Programme is to provide medium to long-term finance and technical assistance to address constraints faced by financial institutions and their SME. *(Times)*

Economic News

Zambia's kwacha shed 1 percent to 7.0700 against U.S. dollar on Tuesday as concerns over President Edgar Lungu's health weighed on market sentiment towards Africa's second largest copper producer. "With two of the presidents dying in office in recent years things are a little jittery," said Zambia analyst Irmgard Erasmus at NKC Independent Economists. "Still on-going is the new mining tax regime, with the political risk perceived to have risen in recent days." *(Reuters)*

Zambia plans to triple petrol supply to 900,000 litres a day using imported stocks in its storage depots after panic buying by motorists led to shortages in the capital, the energy minister said on Wednesday. Christopher Yaluma told parliament that petrol supply to the capital and outlying areas was doubled to about 600,000 litres per day this week but shortages persisted. "In the last few days the country has been experiencing shortages of fuel, particularly petrol but we have enough stocks to meet demand," Yaluma said. "We are going to flood the market, we have asked the oil marketing companies to triple their uptake," Yaluma said. He said the shortage could have been caused by some oil marketing companies suspected of hoarding their petrol supplies in anticipation of a price hike, adding that the government would not increase the price of petrol. Yaluma also dismissed concerns that the shortages had been caused by the temporary shut-down of the country's only refinery, saying the facility only added about 100,000 litres of petrol to the total daily supply. Yaluma said the Indeni refinery - located in Ndola, more than 300 km (180 miles) north of Lusaka - was shut on Sunday after running out of crude oil but would resume by Friday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

MBCA Bank recorded a 33% increase in profit after tax to $5,4 million in the year ended December 31 2014 attributed to a rise in net interest income. Net interest income is the difference between interest earned and interest paid and is commonly tracked by banks and other institutions that lend money. Profit after tax for MBCA grew from the 2013 figure of $4 million. "This increase was attributable to $2,222 million growth in net interest income on the back on increased lending to our customers. The bank's total income grew from $22,617 million to $25,5 million representing a 13% increase from the prior year," MBCA managing director Charity Jinya said in a statement accompanying the group's financial results. The group's operating expenses grew at a lower rate at 7,4% resulting in an increase in profit. The balance sheet for the group stood at $188,936 million from $179,689 million due to repayments from major customers in the period under review. Loans and advances constituted 49% of the total balance sheet compared to the same period 2013. Loans deposit ratio increase to 67% from 59% in 2013.

The bank's wholesale division contributed 40% to total operating income during the period under review; retail banking contributed 38% to total operating income. The money market activities were subdued during the period under review due to the absence of lender of last resort and limited access to regional and international credit lines. "Despite this, the division contributed 20% to the bank's total operating income up from 19% contributed in the year ended December 31 2013,"the company said. Jinya said the bank will continue to build a sustainable base of operations. "The bank is working on initiatives to improve funding for medium term and vehicle asset finance products.In addition a mortgage product will be rolled in the first half of 2015," Jinya said. She said the operating environment continues to be challenging due to low investment inflows, lack of competitiveness and low levels of productivity. Jinya said the bank's indigenisation plan has been approved by the ministry of Indigenisation and implementation will start during the course of 2015. *(News Day)*

DELTA Beverages has said its low-cost, mass market sorghum beer – Chibuku Super - is key to the growth of the group's revenue as it turns to markets previously dominated by informal players in the face of slowing clear beer volumes. SABMiller, the leading multinational brewing and beverage company which owns 40 percent of Delta, said Chibuku Super and Impala (Mozambique's commercial cassava beer) were key to the group's efforts to tap into the informal alcohol market which had dwarfed formal alcohol business in Africa. "By developing new affordable brands, such as Chibuku Super and Impala (the world's first commercial cassava beer in Mozambique), and maintaining moderate pricing regimes on our beer brands, SABMiller expects to win share from the informal alcohol market and achieve significant long-term volume growth in Africa," said Mark Bowman, managing director SABMiller Africa in an update of the group's operations in Africa last week. Sorghum products have been Delta's best performing line in the past two years when demand for other beverage types started weakening, but volumes dropped by one percent in the third quarter to December 2014 due to constrained brewing capacity and utility outages. SABMiller, the world's No. 2 brewer, in 2012 took the Chibuku brand to several sub-Saharan African countries to tap into the fast-growing beer market across the continent.

Bowman said SABMiller sees more affordable beer and middle class aspirations as the biggest growth opportunities in Africa. "Africans drink nine litres of beer per head per year, compared with a global average of 45," he said "So as Africa develops and levels of disposable income increase, we expect the rate of beer consumption to grow significantly. "Additionally we anticipate strong GDP growth in Africa which supports our optimism." He said consumer access to affordable, formal alcohol and developing brands that tap into local pride and unlock the aspirations of the growing middle class who are seeking more premium brands will be key drivers of top-line growth for its business across Africa. "The informal market continues to dwarf formal alcohol in Africa. While homemade or illicit alcohol poses a potential health risk to consumers, it is considerably cheaper so our challenge is to ensure that we provide price-sensitive consumers with affordable, high quality alternatives," he said. *(New Zimbabwe)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

ZIMBABWE Stock Exchange-listed financial services group First Mutual Holdings is set to merge two of its units into a company that has been dormant since 2007. The two units that will merge are FMRE Property and Casualty Private Limited and FMRE Life and Health Private Limited. A merger is a combination of two or more companies to form one entity. According to the recent Government Gazette, the two companies are seeking permission from the Ministry of Finance and Economic Development to transfer all the assets and liabilities to First Mutual Reinsurance Company Limited. "Notice is hereby given that FMRE Property and Casualty Limited, FMRE Life and Health Private Limited and First Mutual Reinsurance Company Limited intend to make application to the Minister of Finance and Economic Development in terms of section 33 of the Insurance Act to sanction the transfer of all the assets and liabilities of FMRE Property and Casualty Private Limited and FMRE Life and Health Private Limited to First Mutual Reinsurance Company Limited, a company incorporated in Zimbabwe," reads the notice in the Government Gazette in part. "The transfer will form part of a combination of transactions which will result in a merger of the business of FMRE Property and Casualty Private Limited and FMRE Life and Health Private Limited under First Mutual Reinsurance Company Limited."

The notice added: "The parties have entered into an agreement in terms of which FMRE Property and Casualty Private Limited and FMRE Life and Health Private Limited will, subject to requisite corporate and regulatory approvals and subject also to the approval of the Minister, through a scheme of reconstruction merge their business into single entity." It said in order to implement the scheme, FMRE Property Casualty Private Limited and FMRE Life and Health Private Limited "will transfer all their assets and liabilities to First Mutual Reinsurance Company Limited, a company which has been dormant since 2007". "First Mutual Reinsurance Company will thereafter operate under a composite licence, undertaking both property and casualty and life and health reinsurance business, but under separate divisions," reads the Government Gazette. It said that subject to ministerial consent and all regulatory and corporate approvals would be achieved in such a manner that FMRE Property and Casualty Private Limited and FMRE Life and Health Private Limited will each declare a dividend in specie of an amount equating to the net asset value to be transferred to First Mutual Reinsurance Company Limited. *(News Day)*

Zimbabwe plans to close down the local unit of Global Telecom Holding SAE because the country's third-largest mobile-phone company operated without a license and failed to comply with local ownership laws. "They had agreed to pay their license fees installments and they failed to honor their obligations," Information and Communication Technology Minister Supa Mandiwanzira said by phone on Thursday from the capital, Harare. Telecel Ltd. also hasn't adjusted its shareholding to comply with laws regarding ownership of companies by black Zimbabweans, he said. Zimbabwe's economic growth is expected to slow to less than 3 percent this year from 4.2 percent in 2014, the International Monetary Fund said on March 10, partly because increased demand for local ownership is deterring foreign investment. Global Telecom, a Cairo-based unit of wireless carrier VimpelCom Ltd., also has operations in Algeria, Bangladesh and Pakistan. "I've no comment on that issue," Telecel Zimbabwe General Manager Angeline Vere said by phone. Global Telecom's investor relations department couldn't be reached when contacted by phone and e-mail. Telecel didn't pay a $14 million installment toward its license fee in 2013, according to Mandiwanzira. Under Zimbabwean laws, mobile operators must pay $137.5 million for licenses over a 20-year period. Telecel competes with Econet Wireless Zimbabwe Ltd. and Net One in the southern African country. *(Bloomberg)*

Zimbabwe is planning to merge all diamond mining companies, including the local unit of Rio Tinto, into one big firm in which the state will own half of the shares, the minister of mines said on Thursday. President Robert Mugabe's government is pursuing a black economic empowerment programme, known locally as indigenisation, that requires foreign-owned companies, including mines, to sell 51 percent of their shares to black Zimbabweans. The government had previously said it wanted to merge some of the diamond companies operating in the Marange area to the east of the southern African country, in which it already owns half the shares, to enhance transparency. But mines Minister Walter Chidhakwa told a committee of parliament that all the mines would be merged, including Rio Tinto's Murowa diamond mine in south-central Zimbabwe. "We are very clear, this is a regulatory matter and we have said to them the only way you can participate in diamond mining in Zimbabwe is by being in this company," he said. Rio Tinto owns 78 percent of Murowa mine, which last year increased diamond output by 7 percent to 344,000 carats. Chidhakwa said the government would use the value of the companies equipment to determine their shareholding. Companies that did not want to merge would be given compensation and allowed to leave, he said. Zimbabwe last year earned $396 million, down from $456 million the previous year, according to central bank data. *(Reuters)*

NICOZDIAMOND has recorded a slump in profit to $1,1 million for the year ended December 2014 as compared to $2,3 million in 2013 due to impairments of investments whose recoverability was viewed to be doubtful. Gross premium written declined to $28,7 million from $30 million in 2013, while operating profit grew to $2,3 million as compared to $1,9 million in 2013. In a statement accompanying the short-term insurer's financial results, board chairperson Albert Nduna said the group performed relatively well despite the aforementioned challenges with overall profitability at $1,1 million for the year, while there was growth in operating profit of 17%. He said investment performance as well as the contribution of associates declined, resulting in a reduction in overall profitability by 52% from that of 2013. "The growth in operating profit was driven by the insurance underwriting result that grew by 45% from $892 000 in 2013 to $1,3 million in 2014. Investment performance for the year was weighed down by impairments of investments whose recoverability was viewed to be doubtful as at December 31 2014. There were also impairments on some unquoted equities and unrealised losses on the quoted equities portfolio," Nduna said.

Domestic insurance business contributed 88% to profit before share of associates, followed by the property companies which contributed 11% and the Uganda operation contributed 1%. "The associate companies contributed negatively and took away 28% from the group's profit. Diamond Seguros, the new operation in Mozambique, was accounted for as an associate for the first time in the year and recorded a loss as expected. Though the performance of other associates, Fidelity Funeral Services and Clover Leaf Panel Beaters were improved, they also had to be impaired in the year to align to their net asset values in line with accounting standards," Nduna said. He added that the group generated positive cash from operations of $2 million which was growth of 43% compared to the prior year, emanating from the strong focus management of cash flow and expenditure.*(News Day)*

Economic News

NEW measures allowing undercapitalized local tobacco merchants to buy the cash crop could prejudice smallholder farmers funding their own crop and further widen the price gap between the contract and farmer-funded crop, industry experts have said. After the 2015 marketing season opened with subdued prices and protests from farmers who feel cheated, industry sources said the price gap between contract sales and auction sales is set to become starker after the Reserve Bank of Zimbabwe gave local tobacco merchants the green light to source funds on the local market to buy the cash crop. The announcement came as foreign merchants raised $824 million offshore to purchase the 2014/15 crop, while local merchants continue to struggle to raise international funding. Industry sources however, said the new measures are likely going to short-change smallholder farmers and reward contract farmers due to the high cost of funding in the domestic economy. Last year, contract farmers were paid up to $6,15 per kg for the same quality of the crop that fetched $4,99 at the auction floors. "Due to the liquidity challenges on the market, local buyers are likely to short-change smallholder farmers," a tobacco industry player said. "The merchants also do not enjoy economies of scale which means that they are likely going to either manipulate the system or offer low prices to farmers who bring the crop to the auctions."

The central bank last Wednesday announced that tobacco finance accommodation for merchants who fail to access offshore finance shall be limited to a maximum of $1 million per tobacco merchant. Pricing of tobacco for contract farmers is currently based on a grade-price index using the Tobacco Industry and Marketing Board classification system which prices should cover production costs and include a profit margin for the grower. In the event that the agreed price is lower than the price paid for the same crop at the auction floors, the grower shall be paid the higher price prevailing at the auction floors at the time. "In light of the need to promote equity and in the interest of enhancing competition at the tobacco auction floors, the Reserve Bank has seen it necessary to accommodate deserving tobacco merchants, by allowing them to buy green leaf tobacco using funds sourced from the local market, RBZ governor John Mangudya said in a statement. *(New Zimbabwe)*

Zimbabwe's economy is expected to weaken further this year after growing by 3.1 percent in 2014, the International Monetary Fund said

on Monday, while the Zimbabwean finance minister said Harare expects to clear its arrears to the fund in the next year. The government forecasts growth this year of 3.2 percent, but analysts say weak commodity prices, patchy rainfall this season and company closures as a result of cheap imports and high interest rates will curtail the economy's growth. "Growth has slowed down and we expect it to weaken further in 2015," said Domenico Fanizza, head of an IMF review team. He told journalists that Zimbabwe had met all its targets under the programme despite difficult economic conditions. Zimbabwe's foreign debt is $9 billion. It makes token monthly payments of $150,000 to clear $125 million in IMF arrears. The fund says the government can only gain access to new finance if it clears the arrears and presents a credible plan to clear outstanding payments to foreign creditors.

inance Minister Patrick Chinamasa said within the next year, Zimbabwe should be looking at paying off the arrears. "Our intention is that by this time next year, we should be entering the new phase of clearing our arrears," said Chinamasa at the same press conference with Fanizza. Fanizza said Zimbabwe was looking at ways to cut a wage bill that takes 82 percent of total government revenues and modify investment laws to attract foreign investors. Foreign investors often point to the government's policy of forcing foreign-owned firms to sell a majority of shares to locals as an impediment to investment. Chinamasa said the government now wanted to determine how much it owes to whites evicted from their farms in the last 15 years to bring to an end an issue that has divided the country along racial and political lines. President Robert Mugabe has previously said former colonial power Britain was responsible for paying the white farmers. But Chinamasa said even though Harare did not have the money, it was important to acknowledge what it owed to the farmers. *(Reuters)*

Zimbabwe has met all the quantitative targets under the supervised economic reform programme, the International Monetary Fund (IMF) has said, but warned that growth would weaken further this year. Last year the IMF agreed to a successor Staff-Monitored Programme (SMP) — an informal agreement between country authorities and the global lender designed to monitor the implementation of the authorities' economic programme — to help the country out of the woods. The SMP runs for 15 months. In a statement after the first review of the economic reform programme, IMF head of mission to Zimbabwe Domenico Fanizza said Zimbabwe had met the targets despite economic and financial constraints. "Despite substantial economic and financial difficulties, the authorities have made progress in implementing their reform programme, meeting all quantitative targets and structural benchmarks for the first review under the SMP. Moreover, they have stepped up reengagement with creditors by raising payments to the World Bank and by developing a roadmap to seek debt rescheduling under the umbrella of the Paris Club," Fanizza said. "These developments constitute important steps toward reengaging with the international financial institutions." Fanizza said the mission welcomed the "actions to restore confidence in the financial sector, and the progress to clarify the indigenisation laws, which were modified in January". The SMP covers four areas: balancing primary fiscal accounts, restoring confidence in the financial sector, improving investment climate and mobilising support for arrears clearance. IMF said the commitment to eliminate the primary fiscal deficit "reaffirms Zimbabwe's intention to further raise its capacity to repay". "The top priority is to move resources from a too high wage bill to much-needed capital and social spending. To this purpose the authorities intend to work towards reducing the share of revenues absorbed by the wage bill," IMF said.

Over 70% of government's revenue is gobbled by the wage bill. IMF said plans to amend the Public Finance Management and the Procurement Acts will seek to increase accountability, transparency and efficiency in the use of public resources. It said the reform of the tax regime for the mining sector could go a long way in mobilising additional resources, and continuing to publish audited financial accounts of the mining companies will enhance transparency. IMF said a sound operational framework for the Zimbabwe Asset Management Company (Zamco) was key in freeing the banking system from the burden of high nonperforming loans that limit the banks' ability to extend credit to the private sector and keep the cost of credit high. Zamco was launched last year to buy NPLs from the banking sector. To date it has bought bad assets worth $65 million. IMF said Zimbabwe plans to publish on the website of the Zimbabwe Investment Authority a simplified summary of the Indigenisation and Economic Empowerment legislation for the benefit of potential investors. This comes amid differing interpretation of the law by policy makers. IMF said Zimbabwe will step up efforts to build consensus among all development partners on ways to address the arrears. However, IMF warned that economic prospects remain difficult for Zimbabwe. "Growth has slowed, and we expect it to weaken further in 2015. Despite the favourable impact of lower oil prices, the external position remains precarious and the country is in debt distress," it said. *(News Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

THE Reserve Bank of Zimbabwe says it will freeze funds held by financial institutions, pension funds and investment funds on behalf of terrorist groups as it tightens screws on illicit financial movements. This comes after the United Nations last month blacklisted several individuals and cautioned global capital markets and regulators against transacting in funds linked to Al Qaeda terrorists. The new central bank directive, dated February 23 calls for financial institutions to strictly monitor funds that could have illicitly flowed from the terror group infamously known for September 11 terror attacks in the United States in 2001. "Every financial institution and Direct Non-Financial Business and Professionals, and every natural or legal person, who comes into possession or control of any asset, funds or other economic resource belonging to, controlled or held by, or for the benefit of an individual or entity appearing on the list above, as updated from time to time, shall immediately and without delay, freeze such funds, assets or economic resources," said RBZ director in charge of bank use, promotion and suppression of money laundering unit Oliver Chiperesa. Last year Zimbabwe signed an anti-laundering bill as part of a global fight to mitigate terrorism that has also spread into the continent leading to the country being taken off the list of countries subjected to monitoring by the Financial Action Task Force (FAFT). *(New Zimbabwe)*

Zimbabwe recorded a $16,9 million trade surplus with the US last year as trade between the two countries soared to over $100 million despite the existence of targeted sanctions. This was the first time since 2008 that Zimbabwe had exported more than it imported against the US, a boon for the economy that is battling to generate more exports in the wake of a dwindling tax revenue base. According to latest statistics, Zimbabwe exported goods worth $64,9 million. It imported goods worth $48,7 million, giving a trade surplus of $16,2 million. In 2013, Zimbabwe had a trade deficit of $46,6 million with the US after importing more than exports. William Humnicky economic and commercial officer at the US embassy in Harare told NewsDay on Tuesday that latest data was testament to growing trade relations between the two countries, despite official claims of sanctions that had hamstrung the Zimbabwean economy. Humnicky said the targeted sanctions imposed in 2003 cover 106 individuals and 69 Zimbabwean entities. "The rest of Zimbabwe's economy is open for business, that is why trade has maintained itself even during sanctions," he said, adding that historical data showed trade between the two countries was not affected by the targeted measures. Humnicky said Zimbabwe was a distant market for US companies and the trade taking place showed that there was demand for goods between the two countries. He said Zimbabwe competes with other regional neighbours to do trade with the US and domestic policies would play a key role in stimulating trade. He said US companies look at indices such as the World Bank Doing Business, Transparency International Corruption perception index and the Mo Ibrahim index for competitiveness of a market.

"Zimbabwe is ranked low on the indices and makes it more challenging for US companies to be attracted," Humnicky said, adding that the indices provide a summary of the challenges faced in potential markets. He said a favourable score on the indices would be a good marketing tool for a country since there is so much competition with regional neighbours. He said US companies have raised concern on policy inconsistencies and the absence of financing for locals which affects trade relations. "US business people look for consistent and business-friendly policies. If it [policy] is consistent, they make long-term plans," he said. The US official said the indigenisation policy was also confusing for American companies as it had various interpretations. Zimbabwe is part of the African Caribbean and Pacific countries that signed an Economic Partnership agreement with the European Union to open up the markets. Humnicky said it would be good for American companies if Zimbabwe was part of regional or international trade agreements because there would be "some sort of standards". "Think of an American company coming to Africa. There are a lot of independent countries with different rules and regulations, so if a country adopts a standardised tariff regulation, it's much easier…because they [American companies] know that it's a Sadc or a Comesa agreement," he said. In 2013, Zimbabwe was United States' 165th largest goods export market, buying products such as machinery and pharmaceuticals. The country was United States' 164th largest suppliers of goods such as iron and steel, tobacco and coffee, among others. *(News Day)*

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