SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	**Index**	**15-Jan-16**	**22-Jan-16**	**Local**	**USD**	**31-Dec-15**	**Local**	**USD**
Botswana	DCI	10634.07	10558.38	-0.71%	-1.77%	10602.32	-0.41%	-4.86%
Egypt	CASE 30	5857.70	5713.35	-2.46%	-2.44%	7006.01	-18.45%	-18.44%
Ghana	GSE Comp Index	2007.50	2000.02	-0.37%	-2.94%	1994.00	0.30%	-2.98%
Ivory Coast	BRVM Composite	297.06	291.24	-1.96%	-2.38%	303.93	-4.18%	-4.77%
Kenya	NSE 20	3839.29	3747.40	-2.39%	-2.36%	4040.75	-7.26%	-7.26%
Malawi	Malawi All Share	14562.53	14557.75	-0.03%	-0.84%	14562.53	-0.03%	-6.30%
Mauritius	SEMDEX	1813.06	1809.41	-0.20%	-0.32%	1,811.07	-0.09%	-0.33%
	SEM 10	347.31	345.70	-0.46%	-0.59%	346.35	-0.19%	-0.43%
Namibia	Overall Index	777.19	796.92	2.54%	1.70%	865.49	-7.92%	-15.03%
Nigeria	Nigeria All Share	23514.04	23826.50	1.33%	-0.21%	28,642.25	-16.81%	-17.26%
Swaziland	All Share	327.25	327.25	0.00%	-0.82%	327.25	0.00%	-7.72%
Tanzania	TSI	4402.58	4279.77	-2.79%	-3.82%	4478.13	-4.43%	-5.69%
Zambia	LUSE All Share	5697.44	5600.96	-1.69%	-3.27%	5734.68	-2.33%	-4.46%
Zimbabwe	Industrial Index	109.88	103.38	-5.92%	-5.92%	114.85	-9.99%	-9.99%
	Mining Index	21.74	19.77	-9.06%	-9.06%	23.70	-16.58%	-16.58%

CURRENCIES

Cur-rency	**15-Jan-16 Close**	**22-Jan-16 Close**	**WTD % Change**	**YTD % Change**
BWP	11.43	11.56	1.08	-4.47
EGP	7.81	7.81	-0.02	0.01
GHS	3.83	3.93	2.64	-3.27
CFA	601.44	604.06	0.44	-0.62
KES	100.56	100.52	-0.04	-0.00
MWK	680.51	686.02	0.81	-6.27
MUR	34.73	34.78	0.12	-0.24
NAD	16.55	16.69	0.83	-7.72
NGN	195.34	198.35	1.54	-0.53
SZL	16.55	16.69	0.83	-7.72
TZS	2,121.44	2,144.23	1.07	-1.32
ZMW	11.01	11.19	1.63	-2.18

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Egypt's Pharos Holding investment bank is planning to double its assets under management this year and to expand regionally, its chief executive Elwy Taymour said on Monday. "We are now managing around 800 million Egyptian pounds ($100 million) and are targeting this year to double that figure," he said, adding that they expect to achieve that through new hires who will bring their clients with them. Pharos Holding is an investment bank in Cairo with private equity, asset management, securities brokerage and bookkeeping operations. Elwy said the time was right to expand both locally and regionally to take advantage of the current opportunities and lower prices. "I don't want to wait until we get to the top of the cycle to start expanding, I'd rather invest at the bottom of the cycle when things are cheaper... So this is probably the right time to do it and we have regional ambitions," Taymour added. The firm is working on nine mergers and acquisitions in retail, beverage, education, pharmaceutical and financial services sectors with a total value of 3-4 billion Egyptian pounds. It is also working on two IPOs in Egypt that are expected to be complete between July and December of this year. Egypt's economy has been struggling since a popular uprising against ruler Hosni Mubarak in 2011 drove tourists and foreign investors away. Foreign reserves fell from $36 billion in 2011 to around $16.4 billion. *(Egypt.Com)*

Economic News

Egypt's central bank kept the pound steady against the dollar at its official foreign currency auction on Sunday, and the currency also held steady on the black market. Egypt, which depends on imported food and energy, is facing a dollar shortage and increasing pressure to devalue the pound. The central bank surprised markets when it strengthened the pound on Nov. 11 by 20 piasters against the dollar and has bucked expectations by holding it steady ever since. The central bank sold $39.1 million at a cut-off price of 7.7301 pounds to the dollar, unchanged from the previous auction. The official rate is still far stronger than the black market rate, which was unchanged at 8.58 pounds to the dollar. The country has been starved of foreign currency since a popular uprising in 2011 ousted autocrat Hosni Mubarak and drove tourists and foreign investors away. Egypt's reserves have tumbled from $36 billion in 2011 to $16.4 billion, and the country has been rationing dollars through weekly dollar auctions to banks, keeping the pound artificially strong. The bank's Monetary Policy Committee (MPC) raised benchmark rates by 50 basis points last month, citing inflationary pressures. In February, the central bank imposed capital controls, limiting dollar-denominated deposits to $50,000 a month in an attempt to fight the black market. The move caused problems for importers who could no longer source foreign currency to clear goods, which piled up at ports. *(Reuters)*

Egypt received $1.5 billion in foreign direct investment in the first quarter of the 2015-16 fiscal year that began in July but expects a bigger inflow later in the year, Investment Minister Ashraf Salman said on Monday. Salman told Reuters in an interview in Abu Dhabi that he expected to meet a target of $8-10 billion. "I am bullish in the second half we will see more FDI flow in the country," he said on the sidelines of a renewable energy summit. *(Egypt.Com)*

Egypt's tourism receipts were down 15 percent in 2015 compared with the previous year as a falling Russian rouble and escalating terrorist attacks took their toll on the sector, the country's tourism ministry announced on Tuesday. Egypt saw $6.1 billion in tourism revenue last year, as the total number of tourists dropped by 6 percent to 9.3 million and the total number of tourist nights declined by 14 percent. The sector suffered a number of setbacks in 2015, including several terrorist attacks by Sinai-based militants affiliated with ISIS, culminating in the downing of a Russian airliner travelling from the popular Red Sea resort of Sharm El-Sheikh in October, which claimed 224 lives. The plane crash was claimed by local ISIS affiliates; Russia has said that terrorism was the cause of the incident, while the official investigation led by Egypt has yet to publish its findings. The incident prompted the UK, Russia and others to suspend flights to Egypt, leading to losses of LE2.2 billion ($283 million) a month according to the ministry's statement, as tourist numbers and revenues halved in

November and December. A falling Russian rouble also caused revenues to decline by 20 percent in January and February of 2015 compared with the previous year, said the ministry.

Egypt's Red Sea beach resorts are a popular destination among Russian holidaymakers, who made up close to a third of the 9.9 million tourists who visited Egypt in 2014. But in recent months dozens of hotels have been forced to shut their doors in the resort towns of Sharm El-Sheikh and Hurghada, where occupancy rates have fallen to as low as 10 and 15 percent, Elhamy El-Zayat, chairman of Egypt's Federation of Tourism Chambers (EFTC), told Ahram Online in a telephone interview. Egypt's manpower ministry announced on Tuesday that it had signed off on LE10 million ($1.3 million) in subsidies to 14,000 workers employed in 126 touristic establishments who had stopped receiving their pay in light of the crisis, in addition to LE23 million ($2.9 million) already distributed to 32,000 workers since the beginning of the year, Aswat Masriya reported. Tourism is an important source of foreign currency revenue for Egypt, which has been seeking billions in foreign financing facilities to address a severe hard currency shortage and to maintain FX reserves at $16.4 billion over the past three months.
In 2010, around 14.7 million tourists visited Egypt, generating $12.5 billion in revenues. *(Egypt.Com)*

China and Egypt will sign 21 deals on Thursday including a $1 billion financing agreement with Egypt's central bank and a $700 million loan deal with the state-owned National Bank of Egypt. Ministers from the two countries began signing the agreements, many of them memorandums of understanding, at a meeting in Cairo during a visit by Chinese President Xi Jinping. The deals span a raft of infrastructure investments including an agreement between Egypt's Housing Ministry and a Chinese developer to work on the first phase of a new Egyptian administrative capital. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

Tullow Oil says it is optimistic of weathering a collapse in oil prices and expects the start-up of its TEN Project in the middle of this year to help shore up its coffers. The Africa-focused oil company entered 2016 with US$1.9billion in undrawn bank facilities, giving it the option to tap more money if needed -- and it was able to shave another US$200million off its US$1.1billion capital investment budget. Aidan Heavey, Chief Executive, said in an advance statement expected to be released on February 10, which summarises recent operational activities and to provide trading guidance in respect of the financial year to 31 December 2015, that: "In 2015, Tullow not only reset its business to deal with very difficult market conditions but also deliver on its key operational goals". Despite current low oil prices, Tullow expects to maintain sufficient liquidity throughout 2016. The Group starts the year with a financial headroom of US$1.9billion, is benefitting from a significant hedge position, will see West Africa oil production increase with TEN's first oil and will continue to focus on reducing costs and capex across its portfolio. The primary focus of the Group in 2016 remains to de-leverage the balance sheet. Strong West African oil production supported by a significant hedge programme delivered pre-tax operating cash flow of US$1billion. "We also made excellent progress on development of the TEN Project, which is on track to begin production in the middle of 2016, and we expect the Group to be producing around 100,000 bopd in West Africa in 2017. "In East Africa, steady progress has been made toward a potential development sanction in 2017. Our appraisal programme in Kenya has proved up commercial resources with further significant upside identified. We continue to focus on driving down our costs and capital expenditure and, at the beginning of 2016, Tullow has a mark-to-market hedge value of over US$600million and financial headroom of US$1.9billion. Accordingly, we have a diversified balance sheet that supports our planned activities for the year ahead."

In 2015, West Africa working interest oil production was within guidance averaging 66,600 bopd. In 2016, West Africa average working interest oil production guidance is expected to be in the range of 73,000 to 80,000 bopd. This includes production from the TEN development, which remains on track for first oil between July and August 2016. In Europe, working interest gas production in 2015 was within guidance averaging 6,800 boepd. In 2016, Europe average working interest gas production guidance is expected to be in the range of 5,000 to 7,000 bopd. Jubilee production performance for 2015 exceeded the 100,000 bopd target, averaging 102,600 bopd gross (net: 36,400 bopd). Good performance from the onshore gas processing facility has allowed significant gas export from the Jubilee Field with an average rate of gas export of around 85 mmscfd in the last quarter of 2015. Tullow is forecasting Jubilee 2016 average production to be around 101,000 bopd gross (net: 36,000 bopd). This reflects the impact of a planned two-week FPSO maintenance shutdown in the first quarter 2016 and a period of reduced water injection capacity, which is currently being addressed. The Greater Jubilee Full Field Development Plan (GJFFD), which includes the Mahogany and Teak fields, was submitted to the Government of Ghana in December 2015, and approval is targetted for the first half of 2016. This project -- to extend field production and increase commercial reserves -- has been redesigned, given the current environment, to reduce the overall capital requirement and allow flexibility in the timing of capital investment.

The TEN Project continues to make excellent progress, is over 80% complete, and remains within budget and on schedule for first oil between July and August 2016. To date, all the key milestones of the project have been met, with the next important event being departure of the TEN FPSO from Singapore to Ghana. The vessel is expected to depart late January 2016 and arrive in Ghana early March when the vessel will begin to be connected to the risers and subsea infrastructure. A gradual ramp-up in production toward plateau is anticipated during the second-half of 2016 as the facilities go through the final commissioning stage and wells are tied into the FPSO. Tullow estimates that TEN average working interest production in 2016 will be around 23,000 bopd gross (net: 11,000 bopd). *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

The rate of inflation rose to 17.7 per cent in December to end 2015 up from the 17.6 per cent recorded in November, the Government Statistician Dr Philomena Nyarko, has said. The monthly change rate in December 2015 was 1.1 per cent compared with 1.0 per cent in November. A report by the Ghana News Agency said the year-on-year non-food inflation rate for December 2015 was 23.3 per cent, while that for the food inflation rate was 8.0 per cent. Dr Nyarko said the year-on-year non-food inflation rate of 23.3 per cent was about three times higher than the food inflation rate. The main "price drivers" for the non-food inflation rate, include transport at 27 per cent, recreation and culture at 26.9 per cent, education at 26.8 per cent and furnishings, household equipment and routine maintenance at 25.8 per cent. The "price drivers" for the food inflation rate were vegetable at 13.3 per cent and mineral water, soft drinks, fruit and vegetable juices at 10.6 per cent. The year-on-year inflation rate for imported items stood at 18.3 per cent for December 2015, 0.8 percentage point higher than that of locally produced items at 17.5 per cent. Ashanti, Greater Accra and Upper West Regions recorded inflation rates higher than the national average of 17.7 per cent. Ashanti Region recorded the highest year-on-year inflation rate of 19.2 per cent, while Upper East recorded the lowest of 13.7 per cent in December. *(Ghana Web)*

The Bank of Ghana says it has put in place adequate measures to hold the Ghana cedi from further depreciations in the coming weeks. The assurance by the central bank follows significant fall in the cedi's value over the past two weeks. According to analyst, the challenge has come about because of the excess demand for the dollars by businesses that want to restock. Others have attributed the the cedi's recent challenges to moves by some multinationals to repatriate some of their profits outside the country. This often results in some of these companies going out to demand more dollars to aid the payment of dividends. Some also think that there was not enough dollars on the market at the beginning of the year thereby putting a strain on the local currency. The cedi depreciation is hovering 3.9 percent from January to date, according to forex traders. Whiles some commercial banks may sell one dollar for about 3 Ghana cedis 90 pesewas, you are likely to get a dollar from a forex bureau about 4 Ghana cedi. According to some senior officials of the Bank of Ghana, the institution is already introducing some measures that will help moderate demand for dollars. The central bank is also looking at controlling the repatriation of profits by some multinationals. *(Ghana Web)*

The Ghana Stock Exchange (GSE) is working at converting the exchange into a publicly-listed entity similar to any of the 38 companies currently trading on the local bourse. The process, known us demutualisation, is to allow the exchange to independently raise fresh capital to fund its activities such as expansion and moderinsation. It will also give the bourse autonomy from government interference while injecting private sector expertise and efficiencies into its operations. The Chairman of the Governing Council of GSE, Dr Sam Mensah, said at the 25th Anniversary lecture of the GSE that some progress had been made on the demutualisation project initiated last year. The lecture was on the was on the theme: 'the Past, Present, and Future of Stock Market Operations in Ghana.' He said a committee had been set up with a charge to advance the process. He said the demutualisation, when finally completed, would bring significant changes to the operations of the GSE. "Demutualisation signifies that an exchange has become a for-profit firm in a competitive financial market environment. It has more potential for profit and also for failure than before and like any business, it must stand alone for its financing," he said. He was hopeful that a demutualised GSE would help enhance investor participation, by making it possible for both institutional and retail investors to become shareholders of the bourse. According to him, it would also provide resources for capital investment, as a key rationale for demutualisation was to give the exchange the ability to raise capital through various means, including private or public offerings to a wide range of investors.

The global trend towards demutualisation has not been lost on exchanges in Africa, as a few bourses such as the Johannesburg Stock Exchange and Mauritius and Bourse Régionale des Valeurs Mobilières (BRVM) have been demutualised. More recently, Kenya demutualised and Nigeria is at an advanced stage of demutualisation. Thus, should Nigeria complete that process, the GSE would now be the only stock exchange in West African with a mutual status. The Deputy Minister of Finance, Mrs Mona Quartey, said the ministry had forwarded the draft bill to regulate the securities industry, which it hoped would be passed into law before the first half of the year. The bill, which has already received Cabinet's endorsement and awaiting for Parliament to pass into law, seeks to address the weaknesses in the existing law and promote development of the market. The securities industry is currently regulated by a 21-year-old law, which most stakeholders say is anti-business. Among other things, the current law does not permit the GSE to share investor information with other international regulators, and also restricts limits investments in the real estate sector to only 10 per cent, something the industry has long criticised. The passage of the new law is, therefore, expected to put the securities industry in a position to exchange information at both global and regional levels to assist the development of markets, strengthen cross-border transactions and regulations. It will also enhance investor protection and inspire confidence in the integrity of Ghana's securities market, the deputy minsiter added. *(Ghana Web)*

Mr Joël Touhas-Bernaté, International Monetary Fund (IMF) Mission Chief for Ghana, says Ghana's growth is expected to rebound in 2016, after the slowdown of about four per cent in the last three quarters. He said the projected growth is expected to be pushed by reforms in the energy sector as well as the coming on stream of new oil production in the second half of 2016. Speaking to journalists in Accra via video link from Washington, Mr Touhas-Bernaté said although the decline in global oil prices would have an impact on export revenue, plans to bring on board oil from the Sankofa and TEN fields are still on course. The projection also involves a pick up in non-oil growth. He noted that there had also been some improvements in the operations of public companies, especially in the energy sector, as well as increase in taxes and levies in the sector, a move which was part of a more comprehensive programme to enhance operations and the financial situation of these companies. "This is very important for the sector, to improve delivery of electricity, and to complement efforts of authorities to bring in new power producers to reduce shortages," he said, adding "This will be an important element in the pickup in economic growth that is expected this year." Touching on the increases in electricity tariffs and the challenges to Ghanaians, Mr Touhas-Bernaté said while steps has been taken to improve electricity supply by bringing in new producers, the increase in tariffs reflected a "new reality for Ghana".

Whereas in the past Ghana relied extensively on hydro power which was a cheap source but not as efficient, Ghana now have to rely on a mix of energy sources, including more expensive sources like thermal and gas production. Thus the increases in electricity tariffs reflected this new reality. "We recognise that this represents an additional cost for households and businesses, but this is a condition for maintaining the sector to be viable and able to deliver the electricity needed for the entire economy," he said. The just ended second review of Ghana Extended Credit Facility, according to the IMF, had been largely satisfactory so far, leading to the disbursement of about $114.6 million in the last few days. Mr Touhas-Bernaté however noted that there have been delays in implementing certain parts the structural reforms, which may set the programme back a few months in the medium term. He maintained that the fiscal consolidation efforts as well as the objectives for 2015 of a fiscal adjustment of about three percent of GDP, are on track, and progress on structural reforms had also been widely satisfactory. He said the delays were in the preparation of public financial management laws which were expected to be completed by end of 2015 due to public consultations taking more time. It is expected to be implemented by April or May 2016. Also, work on reducing tax exemptions also delayed though work is ongoing. These delays informed calls during discussions with the authorities, to accelerate structural reforms to support fiscal consolidation and fiscal discipline for the medium term. He said: "There's still a way to go before things are restored to a more sustainable path; the global environment with declining commodity prices and tightening in international markets leading to higher borrowing costs, have become less supportive and will make these efforts so much more difficult going forward." *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Kenya

Corporate News

AIRTEL Kenya has reiterated its commitment to long term operations in the country, following a restructuring plan in which 60 employees were affected. The mobile phone service provider said the move is part of a "right-sizing plan" aimed at aligning the company's structure with its operating model. "As a way of helping the affected staff members during the transition, the Company is compensating above what is prescribed by the prevailing laws. Airtel Kenya has contracted a reputable organization to offer job search services and provide the training that they would need to find new opportunities," the company said in a statement. In July last year, Airtel announced it will invest Sh20 billion in the country over the next three years, with a big chunk of this money to be spent on network upgrade. "One of the key objectives is to create a high performing organisation, which satisfies the needs of all of our stakeholders, especially our customers, as we step into the next growth phase of our operation," the company said in a statement. Part of the planned network upgrade will be to improve data speeds for a stable and faster internet service. *(The Star)*

The multibillion-shilling project to provide geothermal power generation units for Kenya Electricity Generating Company Ltd (KenGen) at the Olkaria plant will proceed as scheduled after the court dismissed an application by a losing firm which was challenging the award of the tender to its rival. Mr Justice George Odunga ruled that the application by Russian company OJSC Power Machines Ltd, challenging the award of the Sh52 billion tender to RentCo East Africa Ltd, ought to have been filed as an appeal before the board and not taken to court. The Public Procurement Administrative Review Board (PPARB) had told the court that the tender had three components of evaluation at the financial stage namely availability factor, Output MW, and low cost. However, the Russian firm focused only on one aspect of evaluation, low cost while ignoring the other two components of the tender. The Board therefore said that it considered the three components and agreed with the procuring entity (Kengen) that OJSC Power Machines **Ltd's bid** was unresponsive and that the most responsive bid was that of RentCo East Africa. "That was a finding of fact based on the construction of the bid documents hence could only be overturned on a merit review. It is my view that the grounds advanced by OJSC Power Machines ought to have been the subject of an appeal as opposed to the kind of proceedings before this court," said Justice Odunga.

He said the board was under both constitutional and statutory obligations to ensure that the procurement complied with the principles of promoting economy and other principles set out in the constitution and the Public Procurement and Disposal Act, which binds the Board. "Therefore since the Board's jurisdiction in the exercise of its powers of review are wider, it may well be entitled to consider the legality and constitutionality of the decision made by the procuring entity and make appropriate orders, including annulling anything done by the procuring entity in the procurement proceedings," ruled Justice Odunga. The Kengen had argued that it is in the public interest that the application by OJSC Power Machines be dismissed in order for the project to move forward. In its view, it is critical that the project progresses there being an overwhelming demand for electricity in the country which exceeds the supply and that the contested project seeks to address the deficiency in the supply of electricity in the country. The judge however said that the tender award would have been canceled had the court established a violation of the law because public interest is best served by enforcing the Constitution and statute. The Russian firm had in its application in court, attached as evidence a letter from KenGen disqualifying RentCo from a separate tender over cooked books, a month before awarding it the Sh52 billion deal. *(Nation)*

Economic News

Kenya's new car sales increased by 12.86 percent last year to 19,524 units, the Kenya Motor Industry Association said on Monday. Rita Kavashe, who chairs the association, told Reuters in November that growth was driven by demand for light trucks used to distribute goods and carry construction materials. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Analysts have warned that taxes may go up in the next finance year as the government runs out of affordable options to borrow from the international markets. Global assets manager PineBridge Investments has predicted a rise in taxes to finance ambitious infrastructure projects. The projection comes on the back of a hike in taxes in December 2015 when the Excise Duty law came into place pushing inflation above the Central Bank of Kenya target to 8.01. PineBridge Investment CEO Jonathan Stichbury says the risk from hard currency sovereign borrowing like the Eurobond which require foreign exchange support to repay will push the National Treasury away from the international market. "We expect to see additional pressures on revenue financing with aggressive tax collection being required and additional taxes being levied in 2016," Mr Stichbury said. African countries are finding it harder to borrow from the international markets as investors ask for higher premiums than before. For example, Ghana was unable to raise a $1 billion Eurobond in October 2015 at 9.5 per cent until it raised the coupon rate to 10.75 per cent for the 15 year bond. Although the bond was oversubscribed by 100 per cent, the International Monetary Fund (IMF) described it as unfortunate that current market conditions have pushed borrowing costs higher which threatens debt stability.

In 2014, Kenya borrowed a total of $2 billion with a weighted average interest rate of 6.6 per cent from in Europe, Middle East and the US. Economist David Ndii has already warned that with the scandal surrounding the Eurobond, Kenya is likely to attract high risk premiums from investors as well as reputational risks from transaction advisors. But with a $750 million dollar loan that the government took out recently to plug the cash crunch falls due in October 2017 the government will be hard-pressed to borrow to refinance it. The National Treasury has hinted at fresh plans to return to the international market to source for more funds, including the option of another Eurobond, to plug deficits in the national budget. But a risk of currency volatility and a high premium for Eurobonds may make the debt burden unsustainable. According to the IMF World Economic Outlook, Kenya's debt burden rose to 56.2 per cent of GDP but is predicted to reduce to 55.9 per cent in 2016. *(Nation)*

The Central Bank of Kenya sought to inject Sh5 billion into the market yesterday using reverse repurchase agreements. The bank uses the tool, known as a reverse repo, to offer liquidity to any lender who could be struggling for funding on the interbank borrowing market. The shillings was unchanged against the dollar yesterday and traders said activity was likely to remain subdued until the central bank sets rates tomorrow. At 10.20 am, commercial banks posted the shilling at 102.35/45, the same level it closed on Friday. "It is quiet as we await the MPC on Wednesday," said a trader at a commercial bank, referring to the central bank's Monetary Policy Committee. The shilling fell less than many other emerging market currencies last year, weakening 11 per cent against steeper falls in other currencies like the Ugandan shilling. *(The Star)*

Kenya's central bank held its benchmark lending rate at 11.5 percent, the bank's Monetary Policy Committee (MPC) said in a statement on Wednesday. The decision was in line with forecasts, with 12 of the 15 analysts polled by Reuters expecting the bank to keep the lending rate unchanged. The bank also maintained the Kenya Banks' Reference Rate (KBRR) at 9.87 percent. *(Reuters)*

Kenya's shilling barely moved against the dollar on Thursday, with traders saying there was little market reaction to the central bank's decision a day earlier to hold its benchmark lending rate at 11.5 percent. Stocks fell. At 0715 GMT, commercial banks quoted the shilling at 102.30/40, little changed from Wednesday's close of 102.35/45. "There was really nothing going on today. Inflows and outflows have been totally balanced," said a trader at one commercial bank. A second trader confirmed there was little impact from the central bank's action. The central bank said its current lending rate was adequate to contain inflation. On the Nairobi Securities Exchange, the main NSE-20 Share Index was down 36.54 points, or 1 percent, to close at 3,759.94 points. *(Reuters)*

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

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Contrary to the federal government's expectations, audited and unaudited financial results of MTN Communications Nigeria Limited have revealed that it may be impossible for the telecoms firm to pay the N1.04 trillion fine imposed on it by the Nigerian Communications Commission (NCC) in one tranche. Last October, NCC, the telecoms industry regulator, imposed the fine on the Nigerian subsidiary of the South African firm for failing to deactivate 5.2 million unregistered subscribers on its network. Following pleas to the federal government, NCC reduced the sanction by 25 per cent to N780 billion and gave MTN till December 31, 2015 to pay the fine. But instead of paying the revised fine, MTN sued NCC and the Attorney General of the Federation, challenging the regulator's powers to impose the fine. On this basis, the federal government reversed the concession it had granted MTN on the fine and is now demanding that the company pays the entire N1.04 trillion. However, the Consolidated Statement of MTN Niger and its subsidiary as at December 31, 2014, which was exclusively obtained by THISDAY at the weekend from an official in NCC, showed that the company had current assets comprising inventories, trade and other receivables, current investment, restricted cash, and cash and cash equivalents of N402 billion. The amount is far less than the reduced fine of N780 billion or even the higher fine of N1.04 trillion. MTN's 2014 financial result was audited by PricewaterhouseCoopers (PwC). Conventionally, if a company is faced with a fine or levy, it would not be expected to sell any of its non-current assets such as property, plant and equipment, or to borrow to pay the fine, but would be reasonable to generate such sums from its current assets which are liquid in nature.

However, its profit and loss accounts showed that it posted revenues of N824.8 billion, a profit before tax of N290.6 billion and profit after tax of N209 billion in 2014. Furthermore, in the documents obtained from the NCC source, MTN Nigeria's unaudited (management) accounts up till December 31, 2015, showed that its total cash and investment available stood at N355 billion. It was gathered that the documents were present by the telecoms company to NCC when it pleaded for leniency on the fine. In the presentation to NCC, MTN explained that the N355 billion was available to run the business, of which N100 billion has to be paid to banks in less than 12 months with the balance payable in 2017. In the documents, MTN showed it had a shareholders' fund (capital of the business) of about N260 billion, including the 2015 profit after income tax of about N190 billion (unaudited) and historical profit of about N6 billion. Its loan repayments and annual capital re-investments (which averaged about N200 billion in the past five years) are funded with the profit and loans obtained from local and foreign banks. Precisely, MTN Nigeria currently has a loan portfolio of about N350 billion, of which as indicated earlier, N100 billion is payable in less than 12 months and a tax liability of N90 billion, payable in full by June 30, 2016. This implies that the telecoms giant's available cash as at December 31, 2015, can fund the loan repayment (N100 billion) and tax obligation (N90 billion) due in less than 12 months, which is usually the cycle every year. In addition, it revealed that MTN Nigeria keeps a working capital (in cash) of between N40 billion and N50 billion to ensure the smooth running of its business at any point in time. When contacted on its financial statements, an MTN official confirmed that the company had made the presentation to NCC and the federal government, adding, however, that the Nigerian government had remained adamant that the fine must be paid. He acknowledged that MTN had acted with impunity and brought this problem on itself, but was concerned that the fine could bankrupt the company, which should not be the intention of NCC or the federal government. "We hope that we can get a reprieve and will keep meeting with the federal government while the matter is in court to arrive at an amicable settlement. We have learnt our lesson, but the government should not kill the business and throw thousands in the job market at a time like this," he said.

Since the fine was imposed, MTN's parent company in South Africa has lost 25 per cent of its market value and faces lower revenue, as the economic downturn takes its toll on subscribers in Nigeria, its biggest market in Africa. Meanwhile, the founder and retired Chairman of Visafone Communications Limited, Mr. Jim Ovia, has said that Visafone remains open for business and will be leveraged to expand the MTN's roll out of its LTE broadband services. In a statement at the weekend, he said this would ensure the continuity of the Visafone trademark broadband, enterprise solutions and voice services to its customer base. According to Ovia, the acquisition of Visafone by MTN was clearly a very healthy development that would further accelerate the growth of ICT in Nigeria. "The advent of mobile telecommunication services into the country over a decade ago has impacted Nigeria positively and created a new industry powered by technology and innovation. "Looking back, we have recorded progress and achievements that have positively impacted the growth of other sectors such as banking, e-commerce and entertainment. "We recognise that the industry holds greater potential that can further catalyse Nigeria's economic growth generally," he said. With regard to manpower development, Ovia stated that contrary to media reports, MTN did not sack any staff of Visafone after the acquisition. He said of the 350 professional staff that Visafone had prior to the acquisition, some voluntarily resigned and were adequately compensated. Ovia further revealed that in a bid to ensure a seamless transition of the process and maintain business continuity, some staff of Visafone are being re-engaged by MTN in order to maximise the use of key assets such as network and technology. *(This Day)*

SKYE Bank Plc has concluded plans to raise fresh capital during the first quarter of 2016 to beef up its capital base and improve its working capital. The bank will this year shift its business focus to retail and commercial banking as it enters a new growth phase after the acquisition and seamless integration of the erstwhile Mainstreet Bank Limited. The Group Managing Director/Chief Executive Officer of the Bank, Mr. Timothy Oguntayo, disclosed this yestetrday at an interactive session with top stockbrokers in Lagos. Oguntayo said the bank had entered into discussions with some of its key shareholders and strategic potential investors for fresh capital injection, expressing optimism that the exercise would be completed during the first quarter. Explaining further, the Skye Bank boss said its capital adequacy ratio of 15.87 per cent for the bank, out of which 12.4 per cent is covered by common equity, was already in compliance with Basel 11 provisions. In addition, Oguntayo said retail banking as the bank's new business focus would be pursued in 2016 for more traction. In particular, he said the Small and Medium Enterprises (SMEs) would be strengthened.

To actualize the lofty objectives of the bank, the CEO informed that the financial institution has set for itself in the medium to long term, strategies to achieve growth for the good of shareholders and other stakeholders. Reeling out strides recorded by the Bank in 2015, the Skye Bank boss said the board of the bank appointed four new executive directors to the board; has concluded the design of a three-year strategic plan from 2016-2018; achieved certification by the British Standard Institution on IT Service management as well as business continuity and IT management for the integrity of its operations. He said the bank had commenced structured capacity building programmes for the SME segment, working with the International Finance Corporation (IFC) on the business model and risk management framework and product innovation for its retail business. Other measures taken to strengthen the retail banking business of the bank, according to him include retooling the locations acquired from the legacy Mainstreet Bank for the mobilization of cheap low cost funds, enhancement of the electronic channels to support the branch network and intensification of acquisition of customers across the retail segment. *(Vanguard)*

FCMB Group Plc on Monday sent a profit warning to the stock market community, saying earnings and profitability for the third quarter ended September 30, 2015 will be lower than the figures of same period in corresponding period of 2014. While other banks had announced their 2015 nine months results, FCMB had last October said it would delay in releasing its results. "FCMB Group Plc would like to inform the investment community, of the commencement of the interim audit of First City Monument Bank Limited as at 30 September 2015, by KPMG, the bank's auditors. For this reason, the 3Q15 results will be delayed. The audited results will be released on the Nigerian Stock Exchange and to the investment community upon conclusion of KPMG's audit," the bank had said last October. Giving an update on the interim audit on Monday, FCMB said the audit of the banking subsidiary's interim result will be completed in the fourth week of January and this will pave the way for the release of Q3:2015 earnings result for FCMB group Plc, before the end of January. However, the Managing Director of FCMB Group Plc, Peter Obaseki, said the Q3:2015 earnings are expected to be below results from the same period in the corresponding year (Q3:2014).

He attributed the expected weaker performance to spike in impairments particularly in the energy sector and the significant reduction in trade finance-related revenues due to foreign exchange illiquidity. FCMB had reported revenue of N77.35 billon for the first half of 2015, up by 11 per cent from N69.62 billion in the corresponding period of 2014. However, profit before tax and after tax fell by 14 per cent from N11.140 billion to N9.56 billion and N9.68 billon to N8.3 billion respectively. Commenting on the results, Obaseki had said "The economy has entered a higher risk level with inflation climbing to 9.2 per cent , fiscal and trade deficits, as well as, declining GDP growth rate below four per cent as at Q1 2015 from 5.94 per cent as at Q4 2014; broad money supply (MM2) contracted by N380 billion in June, from N19.19 trillion in May, to N18.81 trillion. The group results for H1 2015 reflects a deliberate conservative stance aimed at maintaining robust capital buffers in the face of a tough macro-economic and regulatory environment." Speaking in the same vein, Group Managing Director/ CEO of FCMB Limited, Mr. Ladi Balogun, said: "H1 2015 was characterised by significant macro-economic and policy headwinds. Limited supply of foreign exchange had a major impact on the commercial & retail banking group's (CRBG) trade finance and foreign exchange trading income. The harmonisation of the cash reserve requirement to 31 per cent led to a significant rise in our restricted reserves and consequently constrained lending and put pressure on net interest margins." *(This Day)*

Economic News

Nigerian President Muhammadu Buhari has written to parliament requesting the withdrawal of the 2016 budget in order to make changes, sources at the presidency and Senate said on Sunday. Buhari unveiled the budget for Africa's biggest economy in December, which included a tripling of capital expenditure, as the continent's top oil exporter tries to overcome its worst economic crisis in years caused by the fall in crude prices. The president said spending would be 6.08 trillion naira and the deficit would double to 2.2 trillion naira ($11 billion) under his administration's plans. With Brent crude, which gives Nigeria around 95 percent of its foreign earnings, falling to $30 a barrel for the first time in 12 years, the naira has dropped to record lows against the dollar on the parallel market amid dwindling FX reserves. The 2016 budget assumed an oil price of $38 per barrel, whereas lawmakers passed last year's budget at $53 a barrel. "Mr president has written to the Senate and the House of Representatives to withdraw the 2016 budget to enable him to affect some amendments following the further dwindling price of oil among other areas," said a presidency source, speaking on condition of anonymity.
Buhari's spokesmen, who have travelled with the president to the United Arab Emirates for the World Future Energy Summit, were unavailable for comment. A source at the upper house of parliament, the Senate, said Buhari had written to the National Assembly, which consists of both houses, to request the withdrawal of this year's budget.

"The Senate received the letter on Saturday but it does not specify what is to be corrected," said the source, who wished to remain unnamed. Ita Enang, the president's senior special assistant on National Assembly matters, on Sunday issued a statement confirming that a message had been sent. "Mr President has sent a communication to the National Assembly on the 2016 Budget," said Enang. "The content is as will be read on the floor in plenary." He added that the reading would take place on Tuesday. Last week the naira NGN=D1 - pegged at around 198 to the dollar on the official interbank market - slid to a record low of 305 on the parallel market, fuelling speculation that Nigeria will soon have to devalue it currency. And stocks posted their biggest fall in eight years. Senate members have summoned Central Bank Governor Godwin Emefiele to explain the naira's plunge on Tuesday. *(Reuters)*

Nigerian commercial banks told customers on Sunday they would allow deposits of foreign currency to be transferred abroad from their accounts, just days after the central bank announced it was easing restrictions on foreign cash deposits. Africa's biggest economy and top oil producer has been hit hard by the drop in crude prices since it relies on oil sales for about 95 percent of its foreign reserves. The central bank last week announced that it would allow commercial banks to accept cash deposits of foreign currency, reversing a restriction imposed last year when such deposits were banned to curb speculation. Its policy shift came days after International Monetary Fund head Christine Lagarde told Nigerian lawmakers that the IMF did not support foreign exchange restrictions. Stanbic IBTC and Guaranty Trust Bank (GT Bank) were among two commercial banks which sent emails and text messages to customers informing them that transfers of foreign cash to accounts in other countries, which had also been prohibited, were now acceptable. "You can now transfer foreign currency cash deposits made into your GT Bank domiciliary account(s) via internet banking, Mobile App or at any of our branches nationwide, subject to a daily cumulative limit of $10,000," GT Bank said in an email. The central bank's announcement also halted dollar sales to non-bank foreign exchange operators, a move that leaves Nigerians struggling to find dollars on the parallel market amid tight liquidity.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The naira NGN=D1 is pegged at around 198 to the dollar on the official interbank market but slid to a record low of 305 on the parallel market last week amid low FX reserves. Central bank governor Godwin Emefiele said foreign reserves in January stood at around $28 billion compared with $37 billion in June 2014, making clear the impact of reduced oil revenues. Members of parliament's upper house, the Senate, have summoned Emefiele to explain the currency's plunge on Tuesday. *(Reuters)*

Nigeria's consumer price inflation stood at 9.6 percent year-on-year in December, up 0.2 percentage points from November, and still above the central bank's target upper limit of nine percent, the national bureau of statistics said on Sunday. Food price inflation accelerated to 10.6 percent year-on-year in December from 10.3 percent in November. *(Reuters)*

Nigeria's share index fell to its lowest point since July 2012 on Monday, down 4.1 percent on the day with fund managers jittery over the central bank's inability to provide dollars for investors exiting the market. The share index, which has the second-biggest weighting after Kuwait on the MSCI frontier market index, has fallen for nine straight days, sliding below the psychologically important 23,000-point line to a level last seen on July 12, 2012. Analysts the sell-off down to talk that foreign exchange auctions for offshore investors would now be held weekly. Foreign buyers accounted for 54 percent of trading volume, according to the Nigerian Stock Exchange data. When the bourse's main indicator closed, it cumulated in year-to-date losses of 17.9 percent. On Friday, the central bank's financial markets director said foreign exchange auctions would no longer be held daily. Four days earlier, the monetary authority had halted dollar sales to retail currency outlets. "We don't sell (dollars) on a daily basis any more. When we do the auction, everybody bids," said Emmanuel Ukeje. "Oil prices are expected to tank in coming weeks ...(and) heighten the supply glut in the market. That, coupled with (central bank) capital control measures, will keep (foreign portfolio investors) sitting on the sidelines or dumping Nigerian equities," United Capital said in a research note on Monday.

It told clients that corporate performance expectations for the 2015 financial year remain feeble and do not provide a basis for a market rebound. The stock exchange has put a circuit breaker in place to halt trading if the main stock index drops 5 percent. The index of Nigeria's top 10 banks .NGSEBNK10 declined by 1.64 percent, dragging the index lower. Major decliners were Guinness Nigeria and the local unit of Lafarge Cement, both down 9.74 percent. Dangote Cement, which accounts for the third of the market capitalisation fell 7.07 percent. Others includes the Nigeria-listed unit of South Africa's Standard Bank, Stanbic IBTC, which dropped 9.68 percent. Access Bank and Zenith Bank fell 4.77 percent and 4.66 percent each, while Seplat and Nigeria's Nestle dropped by 5.0 percent each. *(Reuters)*

Nigeria's state oil company has shut down crude oil flows to two of its four refineries after weekend attacks on pipelines, a company spokesman said on Monday, frustrating government hopes to start weaning the country from expensive imports. The refineries in the northern city of Kaduna and Warri, in the southern Niger Delta, were affected, said Nigerian National Petroleum Corporation spokesman Ohi Alegbe. "We have shut down flows for now, the military are on top of the matter," he said, without offering details of the attacks. Nigeria is plagued by violence, corruption and poor infrastructure. Despite being Africa's largest crude exporter, it imports almost all its gasoline but officials had hoped national refineries would produce up to 30 percent of its gasoline needs in the first quarter of 2016. The 125,000 barrel per day (bpd) Warri refinery and the 110,000 bpd Kaduna refinery had resumed output in December after several months of maintenance. The Kaduna refinery receives its feedstock oil via the Warri refinery. Nigeria also has a third refining complex with two plants in the southern oil hub of Port Harcourt, although only the newer of the two plants is currently functioning. No group claimed responsibility for the weekend attacks, which follow last week's arrest warrant for former militant leader turned businessman Government Ekpemupolo, known as Tompolo, as part of a crackdown on corruption. Several former top government officials have been charged with fraud.

A statement issued by the military's operation Pulo Shield in the oil-rich Niger Delta region vowed to hold "community leaders responsible for any act of sabotage". "This warning is coming as a result of recent, multiple attacks on oil facilities and platforms by suspected militants in the Niger Delta region," the statement issued on Sunday said, without offering further details. The attacks follow years of relative calm in the country's oil-producing region after an 2009 amnesty halted frequent attacks on oil installations and kidnappings of expatriate workers.
OPEC member Nigeria is facing an economic crisis and dwindling foreign reserves as a result of the sharp drop in global oil prices. President Muhammadu Buhari, elected last year, wants to revamp the country's long-neglected refining system and produce enough fuel, particularly gasoline, to reduce expensive imports. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Fifty-five people who were government ministers, state governors, public officials, bankers and businessmen stole 1.34 trillion naira ($6.8 billion) from Nigeria's public purse over a seven-year period, the information minister said on Monday. Endemic corruption has enriched a small elite but left many Nigerians mired in poverty despite the country being Africa's top oil producer and having the continent's biggest economy. President Muhammadu Buhari, a 73-year-old former military ruler, took office in May after winning an election largely fought on his vow to crackdown on corruption. Since then corruption charges have been levelled against a former national security adviser and a former defence minister, and the president last week ordered the investigation of ex-military chiefs for an alleged arms procurement fraud. Speaking in the capital, Abuja, to launch a corruption awareness campaign, Information Minister Lai Mohammed told reporters around $6.8 billion was stolen between 2006 and 2013. "This is the money that a few people, just 55 in number, allegedly stole," said Mohammed, adding "the time to act is now" to address what he called "Nigeria's war". He gave a breakdown which included the theft of 147 billion naira ($742.42 million) by 15 former state governors, 524 billion Naira ($2.65 billion) by bankers and 7 billion naira($35.35 million) he said was stolen by four former ministers.

"If we don't kill corruption, corruption will kill Nigeria," added Mohammed, who did not provide any proof to support the figures he provided. Buhari has said his government will recover "mind-boggling" sums of money stolen from the oil sector and that public coffers were "virtually empty" when he took over from his predecessor Goodluck Jonathan. Buhari's presidency ended a period from 1999-2015 when the People's Democratic Party (PDP) was in power. The PDP, now in opposition, has accused the president of mounting a witch-hunt against its members. *(Reuters)*

Nigeria will start enforcing its stamp duties law on financial transactions across commercial banks, the central bank said in a circular on Tuesday, in a bid to shore-up non-oil revenue and plug shortfalls caused by the drop in global price of crude. The circular was addressed to commercial lenders whom it said should immediately start charging 50 naira ($0.2513) on every 1,000 naira deposit or electronic transfer conducted by customers. Africa's top oil producer, which has the continent's biggest economy, relies heavily on revenue from crude sales but the falling oil price means it will have to look elsewhere to fund its budget. Nigeria plans to spend about 6 trillion naira in 2016 with expected revenue of around 3.9 trillion naira, of which only 820 billion would come from oil. *(Reuters)*

There is a strong indication that the federal government may summon a meeting of capital market stakeholders over the consistent decline in the stock market. A combination of factors, such as political risk, currency volatility, and uncertainty in global crude oil prices have affected the stock market performance. The market dipped by 17.4 per cent in 2015 and 21 per cent so far this year. Although many of the factors affecting the market are outside the control of the stock market operators and regulators, THISDAY checks revealed that the government is planning a stakeholders parley in order to find a solution to the slide. Vice President Yemi Osinbajo is to take charge of the meeting to be supported by the Minister of Finance, Mrs. Kemi Adeosun. "I can tell you that why there is nothing anybody can do to automatically stop the slide in stock prices, Vice President Osinbajo, who is in charge of the management of the economy and the Finance Minister, Adeosun are planning a meeting with stakeholders. The market needs assurance from the government because of its crucial role in capital formation. Also, investors in the market need words of assurance and the meeting will help the government to give such an assurance," a market source told THISDAY on Monday.
It was gathered that apart from the management of the Securities and Exchange Commission (SEC) and Nigerian Stock Exchange (NSE), leaders of trade groups in the market will be at the planned meeting.

The stock market has dipped by N2.1 trillion within 11 days of trading in 2016. Apparently worried by the continuous slide, the NSE last Friday activated its Circuit Breaker. The circuit breaker contained in Article 170 under the NSE Rules and Regulations, was approved by the SEC since May 19, 2014 but had not been activated. However, the continuous decline prompted the NSE to activate the circuit breaker. It provides that the exchange shall halt trading in all stocks and shall not reopen for the time period specified in this Rule if there is a significant (five per cent) market move in either direction. "For purposes of this Rule, a significant market move means a five move in price of the All Share Index between 10:15a.m. and 13:45p.m. on a trading day as compared to the closing price of the All Share Index for the immediately preceding trading day. If a market move occurs after 10.15 a.m. and any time up to and including 13.45 p.m. the exchange shall halt trading in all stocks for 30 minutes. The exchange shall not halt trading if a significant market move occurs after 13.45 p.m. The exchange shall halt and reopen trading based on a significant market move only once per trading day," the rule states. The circuit breaker stipulates further that "If, following the reopening of trading after a Significant Market move halt, the All Share Index moves further by a minimum of five below its closing value on the immediately preceding trading day, during any trading day the exchange will halt all trading for the remainder of the day. The last traded price in any security prior to the closing of the market shall be deemed the closing price in such security for the day." *(This Day)*

THE Central Bank of Nigeria (CBN) has blamed the country's low revenue from non-oil export on stumpy loans to that sector. Governor of the apex bank, Mr Godwin Emefiele made this known at the opening ceremony of a one-day conference organised by the Apex Bank in conjunction with the Nigeria Export Import Bank (NEXIM) on Non-Oil Export Simulation in Abuja yesterday. Represented by the Director, Development Finance of the CBN, Dr Mudashiru Olaitan, Emefiele blamed the decline of non oil revenue on the low level of loans to exporters which invariably contributed to the decline in non oil export revenue receipts from $10.53billion in 2014 to $4.39billion in 2015.
"It has been observed that while credit to non oil export is declining and currently at an average of 0.6 percent of total domestic loans to the private sector in the past five years, the domestic credit to the economy has been on the rise, Emefiele stated." The CBN Governor further said that it had become more instructive for stakeholders to dialogue towards evolving responsive strategies that would expand resources for exports and its funding programmes on a complimentary basis. He said "The aim of this one-day stakeholders conference is therefore to foster greater understanding of the issues constraining our non oil exports and its sustainability with a view to proffering practical solutions on short term and long term perspectives" Speaking earlier, the Managing Director of Nexim Bank, Mr Robert Orya said the seminar was underscored by the recurring problem of the volatility in the international oil market which has challenged the Nigerian economy over the years. Orya lamented that the revenue profile has remained tilted towards Oil and Gas sector contribution of over 70 percent and over 90 percent of government and export earnings respectively.

This is as a result of the recent rebasing of Nigeria's economy that revealed that production base had become much more diversified with the Service sectors accounting for about 52 percent of the Gross Domestic Product in 2014. Orya noted that the current episode of the global oil price collapse is expected to be quite protracted and has manifested in significant revenue decline in Nigeria at all tiers of government with attendant macroeconomic and external sector challenges. He however said, "The good news is that the current development has provided yet another opportunity for us to redouble our efforts towards developing other key sectors and enhancing the country's non oil export revenues." According to him, "It is in the light of the foregoing that the CBN/NEXIM have decided to convene this stakeholders' conference **to elicit views and inputs** towards reviewing the existing strategies and increasing the flow of funds to the non-oil export sector, in addition to addressing other key challenges impacting the sector" On his part, the Chief Executive Officer of the Nigerian Export Promotion Council (NEPC) Mr. Olusegun Awolowo said that agricultural export has continued to play a predominant role in the Nigerian economy, accounting for the bulk of foreign exchange earnings from non-oil exports ($1.465bn or 53.99 percent). Awolowo who delivered a paper on 'Improving Market Access for Non Oil Commodities' at the event noted that the Services Sector contributed about 35 percent of Nigeria's GDP after rebasing of the economy in 2013, the disruption in the implementation of the Export Expansion Grant (EEG) as a result of uncertainty in the utilization of the Negotiable Duty Credit Certificates (NDCC) led to decrease in non-oil receipts. He stressed that the Nigeria's exports are still dominated by crude oil while pointing out that the country's non-oil exports is dominated by Agricultural products, representing about 50 percent of non-oil exports in 2014 while solid Mineral is yet to assume a prime place. *(Vanguard)*

Nigeria plans to borrow up to $5 billion from multiple sources, including the Eurobond market, to plug its deficit as it tries overcome its worst economic crisis in years through a record budget, its finance minister said on Thursday. Africa's biggest economy and top oil producer is reeling from the fall in crude revenues, the source of 95 percent of foreign earnings, which has led to the naira hitting record lows on the parallel market amid dwindling foreign exchange reserves. "Our total borrowing expectations are now at 1.8 trillion naira ($9.1 billion)," wrote Finance Minister Kemi Adeosun in an article by her entitled Nigeria's Economy: The Road to Recovery, which was circulated by her ministry on Thursday. "We hope to raise approximately $4.5 - 5 billion from multiple external sources. This includes multilateral agencies, export credit agencies and we are also planning to tap the Eurobond market," wrote Adeosun, who became finance minister in

November. She said the government was "optimistic" that it would "receive the desired support" after cutting government costs and improving revenue collection.

Last month President Muhammadu Buhari presented a 2016 budget which states that total spending will be 6.08 trillion naira ($30.6 billion) and includes a tripling of capital expenditure to improve rail, road and power networks. An amended version of the budget has since been submitted, although none of the estimates have changed. Adeosun said the government was committed to its plans and would not reduce its infrastructure investments, adding that although the budget was based on an oil price of $38 per barrel there was enough flexibility for prices to be lower. Last week the naira NGN=D1 - hit by a foreign exchange scarcity in the face of low oil receipts - fell to a record low of 305 to the dollar on the parallel market, compared with the official rate of 197. The central bank has faced criticism for imposing a number of restrictions last year aimed at conserving foreign exchange reserves. It said January foreign reserves had fallen to around $28 billion, compared with $37 billion in June 2014. The naira's slump has prompted speculation that the currency may have to be formally devalued soon. "The contentious issue of the exchange rate policy that will complement the fiscal policy of this administration will be a product of determining the real equilibrium exchange rate path of the naira," wrote Adeosun. "The finance ministry expects that the monetary policy authorities will be in a position to determine the steps required to put the currency in equilibrium after considering a number of variables," she added. *(Reuters)*

Ratings agency Standard & Poor's reiterated on Thursday that Nigeria will have to devalue its currency, saying it expected this to happen at some stage in 2016 and in gradual adjustments. Investors have seen a devaluation of the naira as long overdue for Africa's largest economy and biggest oil exporter, which has been battered by the tumble in crude prices. Despite growing pressure, Nigeria's government has kept the naira pegged at around 198 to the dollar on the official interbank market, while restricting access to dollars. "Their line has been to try to hold it as much as possible, and they are trying to continue that policy...alongside the restrictions on imports as well," said Ravi Bhatia, Director of Sovereign and International Public Finance at Standard & Poor's. "But at some point they are going to have to move, but I think they are going to try and do it incrementally and not (in) big jumps," Bhatia told reporters in a briefing, adding he expected this to happen in one or two increments. Nigerian non-deliverable currency forwards, a derivative product used to hedge against future exchange rate moves, indicated markets expected the naira exchange rate at 265.00 to the dollar in six months time, and at 284.00 to the dollar in 12 months' time. Brent crude accounts for about 95 percent of foreign earnings. A devaluation would only go some way to improve Nigeria's situation, said Bhatia. "It will help a little, but the problems aren't going to go away - there is no easy avenue for them really," he said.
He saw government talk of shifting to non-oil revenue as "overstated" and not easy to do. "(Nigeria) is going to face a very tough year in 2016." Earlier in January, the naira hit a low of 305 on the parallel market. (*Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

THE Bank of Tanzania (BoT) has fined Stanbic Bank Tanzania 3bn/- following a dubious transaction in which six million US dollars (about 12bn/-) was withdrawn in cash in a matter of days by a local firm, Enterprise Growth Market Advisors (EGMA), in 2013. Finance and Planning Minister Dr Philip Mpango announced the decision at a news conference in Dar es Salaam yesterday, stressing that Stanbic Bank Tanzania has until January 30, this year, to defend itself against the penalty. "The law requires the bank to file its defence in 20 days and if the Central Bank is not satisfied, then Stanbic Bank Tanzania will be compelled to pay the fine," Dr Mpango explained. He noted on the other hand that the Prevention and Combating of Corruption Bureau (PCCB) is still conducting investigations on individuals implicated in the scandal. EGMA directors are alleged to have received kickbacks amounting to 6 million US dollars (about 12bn/-) for 'facilitating' a Eurobond of US $600 million dollars (about 1.2 trillion/-) from the parent company of Stanbic Bank Tanzania, the Standard Bank UK, now called ICBC Standard Bank. The arrangements for the bond were made by Bashir Awale, then Chief Executive of Stanbic Tanzania and Ms Shose Sinare, then the head of corporate and investment banking. Awale was later sacked while Sinare resigned. "The penalty should serve as a warning to other banks and financial institutions, which will fail to adhere to the Banking and Financial Institutions Act of 2006 and its regulations," the minister stressed. Dr Mpango said the penalty was slapped on Stanbic after the central bank satisfied itself that the former failed to put in place proper internal control mechanisms that would have stopped the payments to EGMA. Last December, Chief Secretary Ombeni Sefue, said the government was conducting its own investigations to pin individuals behind the dubious payments in which billions of money were withdrawn in cash within few days, contrary to banking regulations.

Ambassador Sefue's revelation came days after Standard Bank UK admitted before the High Court in London of wrongdoing by its Tanzanian branch and agreed to pay a fine to avoid more litigation. Available information show the Chairperson of EGMA as former Commissioner General of Tanzania Revenue Authority (TRA), Mr Harry Kitilya, while the ex-Chief Executive Officer of the Capital Markets and Securities Authority (CMSA), the late Fratern Mboya, was the Managing Director. Other shareholders and directors of the firm was a person identified as a banker one Gasper Njuu, who is the current Managing Director of EGMA, as well as Peter Nyabuti, the Managing Director of Astra Insurance Brokers Tanzania Limited. The Chief Secretary had urged the individuals and other officials of Stanbic Bank Tanzania to cooperate with authorities in the investigations. "We want to know where the money went and what it was used for. And once we have gathered enough evidence, legal measures will be taken against those involved in the scandal," Ambassador Sefue told a news conference then. The matter at hand stems from a Eurobond placement undertaken in 2012-2013 by Stanbic Bank Tanzania Ltd, lead manager and London-based Standard Bank Plc to raise 600 million US dollars for the government of Tanzania to implement development projects. According to Ambassador Sefue, the government was allowed a grace period of two-and-a-half years before commencing paying back the loan -- in a period of 7 years. The money was received in 2013 but problems involving irregular financial transactions were raised by Stanbic Bank Ltd employees, prompting the BoT to conduct a special targeted examination audit. The special audit found out that about six million US dollars was paid to EGMA for supposed consultancy services -- withdrawn within days without remitting government withholding tax. As per the ruling by the UK court, the government of Tanzania will receive 7 million US dollars (about 14bn/-) as compensation. *(Reuters)*

THREE firms have signed an agreement to deliver innovative finance solutions to emerging commercial farmers. The firms -- John Deere Financial in collaboration with National Microfinance Bank, and John Deere dealer, LonAgro -- also would work on improving accessing credit and address the cost of credit. Under the deal, the financiers would provide finance solutions for famers that facilitate access to mechanization adoption gearing to improve cultivation practice, higher yield and increase incomes. John Deere Financial Sub-Sahara Africa, Managing Director, Antois van der Westhuizen said the firm understands the importance of food security and having a sustainable agricultural sector. "Given the importance of the small farmer in Africa, John Deere aims to assists in creating a system whereby farmers can improve their efficiencies at all levels," van der Westhuizen said. The targeted efficiencies are in the areas of input procurement, production through access to new technology -- seeds, fertilizer and mechanization and marketing agricommodities. Through the agreement John Deere will support emerging commercial farmers and emerging contractors by offering operator training, business training -- include cash flow management -- and agronomic skills to equipment purchasers. Speaking at the soft signing ceremony, NMB Head of Corporate Banking, Filbert Mponzi, said the bank recognized the important role the agri-sector plays and has taken a deliberate effort to develop the sector. "Access to credit has, in the past, been a major stumbling block in allowing smallholder farmers and smallscale contractors to employ on-farm technology," he said. The two -- NMB and John Deere -- has come up with a contractor model that offers an innovative solutions to the problem. LonAgro, as the registered John Deere dealers in the country, believes that mechanized solutions are the only way to meet the world demand for food. "Through NMB and John Deere's collaboration we can ensure that emerging commercial farmers and part- time contractors do not only have access to new technology, but also the back up and support from LonAgro to make it work sustainably. *(Daily News)*

ACACIA Mining, the country's largest gold miner, said yesterday it generated cash in the fourth quarter following a pick up in gold output, with production set to increase at a lower cost as it develops its flagship Bulyanhulu mine. The UK-listed miner, formerly known as African Barrick Gold PLC, said it produced 200,723 ounces of gold in the three months ended December 31, 2015, up 11 per cent from the same quarter a year ago on increased output from Bulyanhulu and higher grades mined at its North Mara mine. This contributed to a 1.8 per cent rise in full-year gold output to 731,912 ounces, slightly ahead of its lowered guidance for gold output to be on par with the previous year. "We continue to focus on reducing our cost base to ensure our assets are able to generate free cash flow in the current gold price environment," said Acacia's Chief Executive Brad Gordon. Acacia Mining managed to boost output amid a broader cost-cutting effort that included 1,050 job losses, equivalent to about 27 per cent of its workforce, as it seeks to improve cash flow amid a protracted slump in the gold price. The company has focused on mechanizing its flagship Bulyanhulu mine and improving the operational performance of its North Mara and Buzwagi mines as it grapples with a gold price hovering at around $1,103 a troy ounce as of yesterday, far below peaks of recent years including an intraday high of $1,907 an ounce in 2011.

The company's cost-cutting efforts are bearing fruit with its all-in sustaining cash cost dropping 7.7 per cent in year to $1,004 an ounces in the fourth quarter, Acacia said. Full-year all-in sustaining costs rose 0.6 per cent to $1,112 an ounce, but the miner expects this to fall to around $950 to $980 an ounce this year with an increase in gold production to 750,000 to 780,000 ounces. Acacia Mining is the largest foreign direct investor in Tanzania having invested over US$2.5 billion into the country over the past 15 years. It made a direct economic contribution of over US$920 million to the Tanzanian economy in 2014, which represented around 3 per cent of total economic output. Tanzania is Africa's fourth-biggest gold producer after South Africa, Ghana and Mali and gold exports are a key source of foreign exchange. *(Daily News)*

Economic News

MODERATE liquidity tightness in the market made the treasury bills to start the year on a right footing to register over subscriptions. The outstanding performance of the of the short term maturities indicates the end of the year-end hangover that affected the participation of most investors. NMB Bank e-market report shows that moderate liquidity tightness is felt following year end local payments, with shortterm interest rates remaining slightly above the 10 per cent mark. According to the Bank of Tanzania (BoT), auction, the treasury bills auction attracted bids worth 202.59bn/- above 133bn/- sought by the government. At the end a total of 201.57bn/- was retained as the successful amount. Yield rates for the 364 and 182 days offer increased to 18.81 per cent and 17.67 per cent from 18.66 per cent and 17.38 per cent respectively of the previous session held on the 30th December last year. The 364 days offer attracted bids worth 150.15bn/- compared to 75bn/- offered to the market for bidding. For the 182 days tenure, a total of 50bn/- was offered to the market and at the end it attracted bids worth 51.42bn/-. For the 91 days offer, 520.47m/- was tendered from 7bn/- put to the market for tendering while the 35 days offer attracted bids worth 500m/- out of 1bn/- put for tendering. The highest and lowest bid/100 for the 364 and 182 days offers were 84.85/ 83.01 and 92.50/ 91.55 respectively while for the 91 and 35 days tenor had 97.69/ 96.16. The weighed average price for successful bid for the 364 tenure was 84.20 while the 182 days offer was 91.90. The weighted average yield per annum for the 364 days was 18.81 while the 182 days was 17.67. Investors in the one year treasury bills, the first short term instrument to be auctioned in the year 2016 are namely commercial banks, pension funds, insurance companies and some microfinance institutions. *(Daily News)*

COTTON production is likely to fall in this farming season due to excessive rains that pounded the crop producing areas, hindering farmers from planting the crop timely. According to Tanzania Cotton Board (TCB), Acting Director General, Gabriel Mwalo, heavy rains that hit most of the crop producing areas in the western zone thwarted cotton planting. Mr Mwalo said although the board has not yet conducted detailed analysis to determine the actual acreage, it was not possible to achieve the normal one million acres. "Due to excessive rains, many farmers failed to plant the crop...and the cotton growers have a habit of starting planting food crops when the rains are good," he told the 'Daily News' in Dar es Salaam. Asked about the supply of farm inputs, the TCB chief admitted that some of the seeds supplied to farmers had problems, with about 16,000 tones failing to germinate. "The critical challenge that we face is that we rely on seeds from the cotton harvested in the previous season...and last year's harvests were not good," he said.

However, the board has already supplied 700,000 acre packs of pesticides to farmers, Mr Mwalo said. The country experienced acute shortage of cotton last year due to prolonged drought that hit the crop producing areas. The board had earlier projected to harvest 250,000 tones of seed cotton but due to bad weather it ended up with 150,000 tones. Mr Mwalo urged farmers to adhere to modern and environmental friendly agricultural practices to mitigate adverse impacts of heavy rains and floods. He reminded farmers to practise crop rotation as well as planting jatropha trees as some of the strategies to lessen the impact of torrential rains. Cotton is one of the country's major cash crop, supporting the economy of about 14 million people mostly in the Lake Zone Regions of Mwanza, Shinyanga, Geita, Simiyu, Mara and Kagera. Though perceived as the traditional crop, majority of people are gradually snubbing the crop due to fluctuating prices, among other things. *(Daily News)*

The total market caps slid from 21tri/-of previous week to 20.2 tri/- of trading week that ended last Friday shaken by price dipping following supply to outpace demand. For domestic market cap also sunk from 9.7tri/- to 9.4tri/- pulling down all indices for manufacturing, banking, and servicing industries. The DSE, Projects and Business Development Manager, Patrick Mususa said though CRDB bank share were most traded stock last week, their share price dipped by 1.23 per cent to 400/-. "This is pure example of supply exceeding demand," Mr Mususa said yesterday. Last week CRDB led the exchange trading after seeing it share exchanged hands by 98.45 per cent, followed by TBL 0.75 per cent and Twiga Cement 0.34 per cent. The equity prices also pulled down the indices where Industrial and Allied went down by 4.33 points, affected by Twiga cement slide by 0.75 per cent to 2,980/- and Simba cement 0.67 per cent to 2,630/-. Banks, Finance and Investment went down by 113.23 points after NMB share slipped by 6.12 to 2,300/- and CRDB by 1.23points to 400. Also Commercial Services dipped by 16.75 points pulled down by Swissport share price drop of 0.55 per cent to 7,260/-. However, while the market capitalization slide, the exchange turnover increased by 50 per cent from 4.4bn/- to 6.7bn/- in one week. While total shares sold during the week under review went up four times from 3.6 million to 12.8 millions.

Meanwhile, DSE top most priorities in this year's quarter one include encouraging more listings, public education and awareness. The DSE also said its demutualisation process is now at the final stage, after they submitted their IPO (Initial Public Offer) and self-listing application to the Regulator. After the exchange received an approval the IPO and listing envisaged to be conducted before end of this Q1. Self-listing, or demutualisation, is the process through which a member owned company becomes shareholder-owned. Frequently, this is a step towards the initial public offering (IPO) of company. The bourse was mutually owned by guarantee but is now called Dar es Salaam Stock Exchange Public Limited Company (PLC). DSE, since its inception, operates as a 'mutual'. In Africa, the first to make a self-listing move was the Johannesburg Stock Exchange in 2005, followed by the Nairobi Stock Exchange last year. Others, such as Mauritius Stock Exchange, have started the process. *(Daily News)*

The bank's financial statement issued last December, showed that net interest earned from foreign currency investments ballooned to 101.88bn/- from 88.35bn/- of previous year. BoT financial year ends in June. The statement, for the year ending June 2015, mainly attributed the earnings to investment on dollars operation generated 47.59bn/- last June from 33.63bn/- of similar period 2014. Second in line to generate handsome income for foreign dealings was Australian dollar that made 16.93bn/- compared to 16.10bn/-. Euro besides coming third on the list after generating 15.99bn/- at the end of June 2015 saw its earnings dropping from 19.16bn/- of similar period in 2014. The euro was followed by pound sterling that generated 14.89bn/- in June 2015 up from 12.84 of June 2014 while Yuan produced 6.25bn/- from 4.2bn/-. Other currencies generated 211.49m/- last June down from 396.64m/- of June 2014. Meanwhile, BoT registered a net profit of 567.2bn/- at the end of June 2015 from 196.09bn/- of June 2014. It attributed the performance mainly to unrealised foreign exchange revaluation gain that almost went up ten times. The unrealised gain generated 358.24bn/- during the year ending last June from 37.22bn/- of some period in 2014. *(Daily News)*

The Permanent Secretary in the Ministry of Industry, Trade and Investment, Prof Adolf Mkenda said in Dar es Salaam that the government was keen to support investors in the various sectors they have ventured as it regards them as catalysts for growth and development. In a speech read on his behalf by the Deputy Permanent Secretary, Joel Malongo at the launch of a two-day programme for promotion India- Tanzania food products, he said the government was focused to promote investments in processing and manufacturing sectors to provide market for the abundant raw materials and boost earnings to farmers. The two-day promotion programme was organised by the Agricultural and Processed Food Products Export Development Authority (ADEP) in collaboration with the High Commission of India.
He said the government supported industrial development as key driver for sustainable economic growth, in this regard it was encouraging investments especially in processing and manufacturing sector. "Our government is welcoming all investments from India and any part of the world which will add value to the raw materials available locally in abundance by way of setting up of processing industries," he said "About 80 – 90 per cent of Tanzania's production of pulses is exported to India, there is a huge potential to invest in agricultural farming in pluses and other products for export," he added.

Prof Mkenda further said the government would continue with effort in securing favourable markets at national, regional, continental and multilateral level which in fact facilitates investment at all levels. In his remarks, India high commissioner to Tanzania Mr Sandeep Arya said his country was focused to cooperate with every one as they seek to enhance bilateral relations and strengthen economic well being at individual and communal level. "I'm very glad to hear that this bilateral trade has reached 3.7bn US dollars in 2014, the Tanzania exports worth 1.3bn US dollars of which the export makes about 20 per cent of the country's global export," he said. He said Tanzania is a good place to conduct developmental projects as it has supportive environment and policies for both internal and foreign investor's top different sectors. "This country is ranked among the East Africa fast growing economy and such, it presents a profitable emerging market for India brands, the meeting is also aimed at broadening thinking capacity of delegation from the two countries" he noted. *(Daily News)*

According to the Bank of Tanzania (BoT) monthly economic review the goods exports decreased by 72.3 per cent to 26.0 million US dollars. On the other hand, much of the decrease was in volume of cloves exports to 1,500 tonnes from 4,800 tonnes in the year under review due to cyclical nature of the crop. Also, receipts from services were slightly lower at 198.5 million US dollars compared with 200.1 million US dollars in the year ending November 2014. Similarly, the previous month saw exports of goods and services declined by 21.1 percent to 233.4 million US dollars in the year ending October. Exports fell by 63.6 percent to 34.5 million US dollars on account of declines in both volume and value of cloves exports. The current account widened significantly to a deficit of 203.4 million US dollars in the period in question from a deficit of 83.8 million US dollars in the corresponding period in 2014. The value of imports of goods and services amounted to 445.8 million US dollars in November compared with 396.3 million US dollars recorded in the year ending November 2014. Goods import amounted to 300.1 million US dollars compared with 250.1 million US dollars recorded in the corresponding period last year, with a large part of the increase manifested in capital and intermediate goods imports. *(Daily News)*

Zambia

Corporate News

AIRTEL Zambia says the current prolonged power outages have further increased the cost of doing business, as the firm has to invest in alternative energy sources to various sites to provide effective mobile services to the public. Company managing director Peter Correia alleged that the telecommunication sector is the highest taxed business, and that with the continued depreciation of the Kwacha, business inputs such as bandwidth and interconnect which are dominated in foreign currency have also become costly. Appearing before the Parliamentary Committee on Communications, Transport, Works and Supply chaired by Mbabala member of Parliament Ephraim Belemu, Mr Correia said the problem of power outages is a challenge as the firm does not have generators on all sites, especially in rural areas. He said despite facing various challenges, the firm is expected to continue providing services to sites that are not generating revenue, and that Airtel appreciates the steps taken by Government to reduce taxes on telecommunication equipment including solar technologies and other alternative energy sources used in powering sites, as this has helped in extending the network to rural areas. "The current biggest challenge is the ongoing prolonged load shedding. This has severely increased the operating cost of our site as we now have to rely on either diesel or invest in alternative energy sources at sums not previously anticipated.

Sustaining transmission in the wake of load shedding has meant increased investment, an increase in the cost of doing business, whereas Airtel has had to continue providing the services without increasing retail tariffs," he said. Mr Correia said Airtel is committed to working with Government and other stakeholders to ensure that mobile services are efficiently provided to the public at affordable rates. He commended Government for creating an enabling environment that has allowed the entry and participation of private companies into the local business market, thereby contribute to economic development. Airtel, in partnership with Government, has deployed in excess of 250 towers in rural areas where business case is not favourable. *(Daily Mail)*

ZAMBIA Sugar Plc intends to export over 50,000 tonnes of sugar to the Great Lakes region this year from the 40,000 tonnes last year. Company managing director Rebecca Katowa said the increase in exports is due to a rise in demand from the region. In an interview on Monday, Ms Katowa said the firm intends to further increase its trade volumes of sugar to 60,000 tonnes annually to that market when Mpulungu Habour becomes more efficient in its operation as it is Zambia's only port. Currently, the port is faced with various challenges such as old equipment which has made operations inefficient. She said the firm's factory has the capacity to supply sugar to both the local and international markets. "We want to have a year-on-year growth in the company's exports because the factory has the capacity to produce for both the local and export markets. [This region] happens to be one of our key markets. We are targeting to do over 50,000 tonnes this year from about 40,000 tonnes last year," she said.

And Ms Katowa said if the port's operations are improved it has the potential to witness more traffic in both imports and exports. She said this when she appeared before the Parliamentary Committee on Communications, Transport, Works and Supply chaired by Mbabala Member of Parliament Ephraim Belemu on the state and management of canal, ports and harbour infrastructure in Zambia. "Due to the poor infrastructure at the port, it has resulted in reduced revenue, and Zambia Sugar plc as one of the users of the harbour is looking forward for the port to be upgraded further, which will positively impact on our business in terms of exports," he said. But Government has bought equipment worth over US$3.7 million to revamp operations at the port. *(Daily Mail)*

DANGOTE Industries Zambia Limited has sued Ikulile Initiative Enterprises in the Lusaka High Court for using its name and logo in marketing a 'Build me a Home' project and by claiming partnership with the cement company. In this matter, the Ndola-based Dangote Industries cited Hezborn Chintu, trading as Ikulile Initiative Enterprises, seeking an injunction to restrain the firm from holding out to the public that they are in partnership with the cement company. In its January 18 statement of claim, Dangote Industries submitted that in July 2015, Ikulile Initiative Enterprises applied to be registered as a distributor of Dangote Industries' cement and that the enterprise was registered and became an authorised distributor of cement. "Thereafter and to the plaintiff's shock and horror, the defendant, without the plaintiff's consent, started advertising in local newspapers, preparing brochures and promotional materials, launching a project called 'Build me a Home,' claiming to be in partnership with the plaintiff when not," Dangote Industries submitted. "The 'Build me a Home' project is a National Housing Authority initiative that seeks to promote land and home ownership to major Zambians." Upon discovering the activities of Ikulile Initiative Enterprises, Dangote Industries stated that it requested the enterprise to desist from portraying itself as working in partnership with it, but that to no avail.

On October 21, 2015, Dangote Industries, through its lawyers Theotis Mataka and Sampa Legal Practitioners, wrote to Ikulile Initiative Enterprises requesting it to stop claiming that it was working in partnership with the cement company. The cement company noted that on October 26, 2015, Ikulile Initiative Enterprises responded in a letter admitting its unauthorised actions and assured that it had ceased to advertise and claiming partnership with the Dangote Industries. Dangote Industries submitted that Ikulile Initiative Enterprises, despite this assurance, continued using its name and logo in its advertisement and continued claiming partnership. Therefore, Dangote Industries is seeking an order to restrain Ikulile Initiative Enterprises from further holding out to the public that it is in partnership with the cement company or from using its name and logo for any purpose without written consent. The company is also demanding damages for fraudulent misrepresentation, an enquiry as to damages or at the cement company's option, an account of profits and payment of all sums found due, costs of and incidental to the proceedings. *(Post Zambia)*

Economic News

ZAMBIA is anticipated to register an increased current account deficit of US$ 945.8 million for 2015 compared to US$383.4 million in 2014, due to a reduction in the balance of payment (BoP), which is the method countries use to monitor all international monetary transactions at a specific period of time. Bank of Zambia (BoZ) governor Denny Kalyalya said the balance on goods surplus is anticipated to decline by 76 percent from almost US$1.63 billion US$389.5 million, triggered by a higher decline in export earnings relative to imports. Preliminary data for 2015 show that the current account deficit which is a measurement of a country's trade in which the value of goods and services it imports exceeds the value of goods and services it exports, is expected to widen to US$ 945.8 million from US$383.4 million registered the previous year. "[Zambia's] performance of BoP in recent years has been unfavourable, and that this is evidenced by the widening of the current account deficit in 2015, compared to the shortfall recorded in 2014, despite recording higher financial inflows". "The country has been having a current account deficit which has widened significantly particularly in 2015, resulting in sharp depreciation of the Kwacha against other major currencies," Dr Kalyalya told the Parliamentary Committee on Estimates.

The committee was discussing the performance of Zambia's BoP last week which was chaired by Bweengwa member of Parliament Highvie Hamududu. Dr Kalyalya projects that exports are expected to decline by 23.7 percent mainly as a result of lower copper, cobalt and non-traditional export earnings. He attributed the decline in copper prices on the international market to a slowdown in global demand as export earnings are projected to subsequently decrease from about US$7.62 billion in 2014 to US$5.67 billion in 2015, representing a 25.5 percent. "On a year-to-date basis in (September) copper export earnings declined by 27.6 percent to US$4, 116.38 from US$5,682.9 million in 2014. The year-to -year copper export volumes fell by 8.8 percent to 774,813.1 metric tonnes in 2015 from 849, 56.3 recorded the previous year. The realised average copper price declined by 20.6 percent to US$5,312.7 per tonne from US$ 6,687.7 per tonne recorded in 2014," Dr Kalyalya said. *(Daily Mail)*

THE Kwacha is this week expected to be weighed down by negative copper price outlook, but may receive support from the upcoming mid-month treasury bill in the short-term, Zanaco has observed. In its daily treasury newsletter, the bank says on Friday, the local currency was anticipated to oscillate within a K11.10 and K11.25 range from Thursday's trading session, which witnessed the local unit weaken against the United States (US) dollar as jitters over weak copper and oil prices continue to hit the market. But analysts say the continued upward trend in the local money market rate (treasury bills) and the anticipated auction is expected to strengthen the Kwacha.

"We still expect the Kwacha to weaken next week (this week), weighed down by concern on copper price outlook but could receive support from rising treasury bill yields in the short-term," the statement reads. On Thursday, Zanaco says continued importer demand denominated the day which witnessed the Kwacha touch a low of K11.09 and K11.11 where it closed on the bid and offer, respectively. Cavmont Bank in its market report says despite the strengthening of the dollar against major currencies and low copper prices, the local unit has remained stable with minimal movements towards the downside.

On the regional front, trading between the greenback against selected currencies showed depreciation in the Botswana pula to 11.6945 on Friday from 11.6355 on Thursday, South African rand to 16.522 from 16.444 and Ugandan shilling to 3485 from 3483. However, the Nigerian naira remained unchanged at 199.22. Meanwhile, copper price on the London Metal Exchange (LME) fell to its lowest since May 2009 on Thursday on widening concerns that a slide in oil prices could derail a global economic recovery, compounding worries about China's waning growth in demand for commodities. Three-month copper on the LME fell 0.8 percentage point to US$4,355 a tonne. Prices earlier sank to US$4,330, having already shed over seven percent this year. *(Daily Mail)*

Zambia's current 2015/2016 maize crop is expected to be a third lower than the previous year due to severe drought in many parts of the country, a farmers' group said on Monday. Zambia's maize harvest dropped 21 percent to 2.6 million tonnes in the 2014/2015 season versus the previous season. "If the current weather pattern continues maize production may drop by 30 percent. The high production areas have not had enough rain," Zambia National Farmers' Union spokesman Kingsley Kaswende said. *(Reuters)*

Zambia's kwacha weakened more than 1 percent on Tuesday on tight dollar supply, sending the currency of Africa's second-largest copper producer down 1.25 percent to 11.25 per dollar by 1302 GMT. "Scant dollar inflows continue being snapped up by interbank and corporate players and is likely to sustain pressure on the kwacha in the near term," Zambia's National Commercial Bank said in a note. *(Reuters)*

THE International Monetary Fund says Zambia is currently not ready for any programme to help restore the battered economy owing to the government's indiscipline with expenditure. IMF deputy director for the African department David Owen yesterday concluded his two-day consultative meetings with top government officials and key stakeholders in the country as part of the ongoing engagement between Zambia and the Fund. The sources said Owen, during his meeting with civil society, was concerned that the Zambian economy had continued to weaken and any remedial measures to be agreed between the government and the IMF could not hold at the moment owing to the lack of credibility of Zambia's Treasury as the country had consistently overspent with no respect for the budgeting process. "He [Owen] it very clear that the IMF was willing to help to restore the economy which currently is off-track but that any programme should be done only when the government is ready to swallow the bitter pill or bite the bullet, but that is not the case at the moment," according to sources. "Mr Owen said the biggest challenge Zambia is facing at the moment is the level of fiscal indiscipline and credibility of the level of expenditure management. So yes, he said the country was constrained in its revenues but the government equally is not willing to apply any fiscal restraint." The sources said during the consultation process, Owen agreed that any package to help restore the economy could only be put in place after the general elections. "He said that inevitably, whether the new government will be ushered in after August 11 polls, there will be need for more credible economic management team than what is obtaining at the moment looking at the way the macroeconomic fundamentals have worsened," said the sources.

IMF country representative to Zambia Tobias Rasmussen confirmed Owen's visit but did not divulge the details. "He is meeting with a number of senior government officials as well as representatives from the private sector and civil society, but no meeting is scheduled with President Lungu," said Rasmussen. "Mr Owen is coming alone and his visit is not directly related to that of the larger team that was here in November, but is part of the ongoing IMF engagement with the Zambian authorities." Last November, the IMF suggested a programme with a US$1 billion interest-free loan for Zambia that was aimed at getting the country out of its current economic problems, but with conditions, such as the realignment of expenditure on ongoing road infrastructure, reducing fuel subsidies and discontinuation of unplanned expenditures. But President Lungu rejected the proposal based on the fact that the suggested measures were likely to work against his reelection this year. And in an internal memorandum dated November 30, Tsidi Tsikata, who headed the IMF mission to Zambia late last year, told the Fund that President Lungu had told them that he was considering calling for an early election to get politics out of the way as he addresses the country's economic situation. According to Tsikata, President Lungu expressed interest in an IMF programme but could not agree to it immediately for fear that the opposition would politicise the initiative. *(Post Zambia)*

THE Lusaka Water and Sewerage Company says frequent power outages are affecting the company's revenue base which has been cut by 30 per cent. LWSC public relations manager, Topsy Sikalinda, stated that the utility continues to face serious challenges in water supply and distribution to its clients in view of the continued load-shedding, a situation that has negatively impacted on its revenue. "First, allow me to highlight the fact that LWSC has been going through a difficult period with production levels for water having dropped by over 30 per cent due to the dry spell and other factors such as load-shedding," Sikalinda stated in response to a press query. "Production loss of up to 30 per cent has forced LWSC to ration supply in most areas. This means that people cannot have water throughout the day, in some areas, when there is no power, it means there is no water as well. This has adversely resulted in reduced revenue by 30 per cent as well." According to statistics provided by the utility, projected revenues for both the 2014 and 2015 financial years have been missed despite tariff increments implemented last year. "2014 projected revenue was K239.52 million but only managed to meet the target of K227.89 million (official audited figures). 2015 projected revenue was K255.20 million but only managed to meet the target of K175.39 million (not yet audited). This amount [is] lower despite the tariff increment that was done in 2015," he added. Sikalinda also disclosed that the pre-paid metering system experienced a glitch that affected water supply to its clients earlier this month. "On the 1st of January, we have about 200 meters in Kafue-Kaseba area that had timed out and immediately, our team moved in and corrected the dates on the system and everything went back to normal," stated Sikalinda. *(Post Zambia)*

Zimbabwe

Corporate News

Fast foods group Simbisa Brands says it intends to expand aggressively, and will spend $7 million this year on new projects. "In 2016, we are looking forward to be opening more branches and drive-throughs. We are looking to spend $7 million towards these new projects and this will be spent locally," managing director, Warren Meares told The Source. Simbisa listed on the Zimbabwe Stock Exchange last November after unbundling from Innscor Africa. Last year, it has new outlets in Gweru, Gwanda, Bindura, Masvingo, Chiredzi and Harare. Meares said the group is currently setting up a Chicken Inn drive-through service in Bulawayo along Hillside Road near the Zimbabwe International Trade Fair (ZITF) exhibition centre at a cost of $500, 000. Simbisa now has 195 counters in Zimbabwe and 196 in the region as of November last year. The group operates its own fast food outlets in Kenya, Zambia, Ghana and the Democratic Republic of Congo as well as franchised operations in Swaziland, Lesotho and Malawi. These regional operations weighed in with $52 million in revenue in FY2014, while the Zimbabwean fast food business, where Innscor enjoys 82 percent market share, contributed $98 million. *(Source)*

GetBucks Financial Services made its debut on the Zimbabwe Stock Exchange on Friday after its $3,2 million Initial Public Offer (IPO) registered an underwhelming 2,29 percent subscription level. The company was listed at a valuation of $37,4 million which translates to a historic price-to-earnings ratio of 7,5. The IPO was undersubscribed, with only 2, 29 percent of the 93,567,251 ordinary shares on offer at $0,0342 taken up. Underwriters, DBF Capital Partners, a Mauritius-based investment holding company, took up the rest of the shares. A total of 1,093,567,251 GetBucks shares were listed. GetBucks, a micro financier, traded at 3,42 cents and became the second listing in the automated trading era after Simbisa Brands – a quick service restaurant spinoff of Innscor Africa – which joined the ZSE in November last year. The ZSE last year migrated to an automated trading system with the hope of increasing daily turnover, while reducing trading risks inherent with the manual call over system. The equities market however, has remained bearish with the local bourse shedding $1, 3 billion last year with little improvement expected this year in the absence of fresh capital to breathe life into the faltering economy.

GetBucks operations director, Gerri Fourie, said the company was pleased with the strong uptake in the market and was confident that the listing would attract focused and permanent capital to unlock shareholder value. "The strategic objective of GetBucks Zimbabwe is to retain and grow its market share through a sustainable business model that offers competitive interest rates while managing its cost of funds," he said. Fourie said that with a licence from the central bank to operate a deposit-taking microfinance institution dedicated to supporting low-income individuals and SMEs, GetBucks intends to introduce banking products such as saving accounts for individuals, as well as a debit card that will enable customers to transact electronically and have access to other financial services. GetBucks has been operating in the country since 2013 and has established 13 branches across DBF Capital has since assumed an 8, 3 percent shareholding after the IPO, with Mauritius registered GetBucks Limited owning 55 percent shareholding of the local unit while Zimbabwean investment firm, Brainworks owns 34.06 percent. The remaining stake is held by various shareholders, including pension funds and insurance firms. Its loan book stands at $11, 6 million with the non-performing portion of that at two percent, much lower than the 15 percent in the banking sector. In the full-year to June, GetBucks reported a $6 million profit before tax from $2, 3 million the previous year. In 2013, the company made a loss of $183,000. *(Source)*

SABMiller's Zimbabwean affiliate Delta Corp said on Monday its lager beer sales fell in the third quarter as an economic slowdown forced consumers to shift to cheaper sorghum beer. Delta, 38 percent owned by SABMiller, reported lager beer volumes declined 14 percent in the quarter ending December, a period the company traditionally enjoys its highest sales. The largest listed company on the Zimbabwe Stock Exchange with a market capitalisation of $797 million, Delta said volumes of sorghum beer and soft drinks were flat, while its revenue was down five percent during the same period. SABMiller was bought by AB InBev last year. Zimbabwe is struggling with low commodity prices and faces its worst drought in 24 years that could hit an economy battling to emerge from a damaging recession between 1999 and 2008. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

INNSCOR Africa Limited is disposing its interest in the six Spar Corporate stores in Zimbabwe, as it moves away from non-core business interests, the Zimbabwe Stock Exchange-listed company has said. In a notice to shareholders yesterday, company secretary, Andrew Lorimer said the disposal of the group's interest was necessitated by the need to focus on core business. "Pursuant to Innscor Africa Limited strategy of focusing on core business, the board of directors announces that the group has, with effect from January 1, 2016, divested its interest in the six Spar Corporate stores which it operated in Zimbabwe," he said. Lorimer said the total revenue and total assets contributed by Spar Corporate Stores to the overall group for the year ended June 30, 2015, was $52,8 million and $14,6 million respectively. Lorimer said further details regarding the transaction would be made available in the group's upcoming statement of interim financial results to December 31, 2015. According to Innscor Africa Limited's 2015 annual report, the group chairperson, Addington Chinake, said Spar had continued the extensive restructuring and re-alignment of operations at the corporate stores, resulting in a turn-around in trading profit despite recording a 17,72% decline in revenue as a result of store closures.

Chinake said as part of this restructuring, the business closed the non-performing Borrowdale Brooke store, made changes to the executive team during the year, and also acquired a store at Queensdale shopping centre. "The restructuring efforts have seen operating expenses dropping by 29,31% on prior year. Management continues to focus on improving efficiencies in the supply chain to improve margins and further reduce costs. Much progress has been achieved in this regard but further work remains to be done to restore the business to profitability at profit before tax," he said. Chinake said the Spar distribution centre outsourced its warehousing and distribution functions to a group-shared warehouse facility with the aim of improving efficiencies. He said as with Spar retail stores, the business underwent restructuring, resulting in a turnaround at a trading profit level, following a 41% drop in operating expense and margin improvement and further cost reduction and margin improvement initiatives continue to be implemented. *(News Day)*

RioZim Limited shareholders on Thursday approved a proposal for the state's bad loan special purpose vehicle to acquire some of its short-term debt of nearly $34 million and lower finance costs by half, creating fiscal space for the struggling resources group. In the three years to June last year, RioZim paid $36,3 million in interest charges but only reduced its core debt from $58 million to $43,1 million. Interest rates charges on the debt have averaged over 21 percent but are set to come down to nine percent following the transaction with the Zimbabwe Asset Management Corporation (Zamco), a special purpose vehicle set up by government to purchase non-performing loans from banks and clean their balance sheets. RioZim's shareholders, who met at an extraordinary meeting in the capital on Thursday, allowed RioZim to convert 10 million of its unissued authorised ordinary shares into cumulative redeemable preference shares of $0,01 each. "Shareholders also allowed us to convert 10 million of our unissued authorised ordinary shares into 10 million unissued authorised cumulative redeemable preference shares of US$0,01 (each to be issued to ZAMCO at a premium of $3,36721 per share on terms and conditions contained in the memorandum of agreement," said RioZim chief executive Noah Matimba. Zamco will acquire RioZim's non-performing loans in exchange for preference shares for a five-year period. The shares would have a coupon rate of nine percent per annum payable bi-annually.

In turn, ZAMCO will have one seat on RioZim's board of directors as long as the preference shares remain unredeemed. However, the member will not have voting rights. Matimba told journalists on the sidelines of the EGM that the latest development would see the resources company focusing on growth. "We are pleased that our shareholders have supported us and our strategy going forward is to survive by reducing costs and operating efficiently," he said adding that the diversified miner was also looking forward to "a much better bottom-line". Chief financial officer Bheki Nkomo added that the restructuring of the debt would complement the company's turnaround strategy and help secure its future. "The transaction will result in the company's liquidity ratios and gearing improving significantly as the short-term debt had weakened our balance sheet," he said. For the six months to June 30, 2015, RioZim reported a net loss of $7 million, compared to a $7,5 million loss recorded over the same period in the prior year. The group's revenue declined to $23,1 million from $39,4 million recorded over the same period in the prior year. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Economic News

Zimbabwe's consumer prices fell by 2.47 percent year-on-year in December following a 2.46 percent decline in November, statistical agency Zimstats said on Friday. On a month-on-month basis, prices fell 0.11 percent compared with a 0.16 percent rise in the previous month. *(Reuters)*

The Deposit Protection Corporation (DPC) says over 150 000 account holders of three liquidated banks will get $929 000 under the demonetisation scheme. The account holders belong to Allied Bank, AfrAsia and Interfin Bank — the three banks that were liquidated after failing to meet the minimum capital requirements of $25 million. DPC chief executive officer John Chikura told NewsDay last week that the account holders were eligible to receive compensation provided they submit claims. "Available records indicate that about 151 114 account holders of the closed Allied Bank, Afrasia and Interfin Bank are eligible for compensation in respect of the Reserve Bank of Zimbabwe (RBZ) demonetisation programme, provided they submit their claims," Chikura said. Under the scheme, payments go to depositors for deposit balances up to a maximum of $500. Commencement of payments for the three banks began last year from February 20, March 3 and 30 respectively. The three financial institutions are part of the six banks that were closed down due to financial distress since the use of the multicurrency regime in 2009. Other banks that were closed are Trust, Capital and Royal. Chikura said: "Banks play a key role in the development of an economy through financial intermediation hence financial stability is of paramount importance to economic prosperity."
The banking sector has been hit hard with liquidity constraints, non-performing loans, and high interest rates. As at May 31, 2015, DPC had put seven contributory institutions on the watch list. Four of them were in a distressed financial condition, that is, had CAMELS ratings of "4" or "5". CAMELS is a rating system for banks where regulators look at capital adequacy, asset quality, management quality, earnings, liquidity and sensitivity to market risks. *(News Day)*

TOURIST arrivals in Victoria Falls, Zimbabwe's prime resort, were down 20% in 2015 compared to the corresponding year due to the Ebola virus after-effects as well as tax introduced on foreign tourists, an industry official has said. Employers' Association of Tourism and Safari Operators president Clement Mukwasi told NewsDay that 2015 was tough for the tourism industry. "Tourist arrivals in 2015 were down **by 20%** compared to 2014 weighed down by the issue of Ebola virus outbreak in West Africa. This is the reason why a number of companies in the industry did not pay bonuses," Mukwasi, an executive at Shearwater Adventures, said. "This year, due to a number of measures we had put in place, we are expecting an increase of 10% above last year. We want to beat 2009 figures, but we need to work hard to achieve that. However, it's going to be an expensive year to run business in the sense that marketing budgets are going to be huge." The tourism industry is on a recovery path, following the Ebola virus outbreak in West Africa in 2014, which saw Zimbabwe losing business worth $6 million that year, according to the Zimbabwe Tourism Authority (ZTA). The virus triggered a spate of trip cancellations, while several foreign buyers withdrew from Zimbabwe's premier tourism expo in 2014. While Zimbabwe bemoans the Ebola outbreak, neighbouring Zambia was last year expecting one million tourist arrival, indicating an average 3,24% growth over five years.

Mukwasi said the completion of the much-awaited Victoria Falls International Airport would see more airlines being licensed to operate in Victoria Falls. The government says the completion of the project will boost the airport's aircraft handling capacity and tourism into Victoria Falls by accommodating around 1,2 million passengers per annum compared to the existing capacity of 400 000. Mukwasi urged the government to desist from burdening the tourism industry by charging high value-added tax (VAT) and licensing fees. He said the introduction of VAT on foreign tourists' payments for accommodation and tourism-related services affected the industry. Mukwasi said the industry also took a knock from the depreciation of regional currencies like the South African rand. He said since the government declared Victoria Falls a tourism special economic zone, they had received a number of enquiries from investors. According to a recent report by the ZTA, Zimbabwe's overall tourist arrivals were at 930 276 in the first six months of 2015, compared to 876 163 registered in the corresponding period in 2014, boosted by mainly South African visitors. *(News Day)*

Zimbabwe's mining companies and farmers are resisting a proposal to raise electricity tariffs by 42 percent, arguing that the increase would hurt an economy struggling with low commodity prices and a drought. The state-owned power supplier Zimbabwe Electricity

Transmission and Distribution Company (ZETDC) said last month that it planned to increase tariffs from 9.86 cents per kilowatt to 14 cents to raise money for power imports. Zimbabwe is producing only half of its peak power demand currently. The country has endured long blackouts, often lasting up to 18 hours, because of the power shortfall and has been unable to fully depend on imports from neighbours who also face deficits. The Chamber of Mines of Zimbabwe, which represents the local units of Anglo American Platinum and Impala Platinum, the Confederation of Zimbabwe Industries and farmers' groups are opposing a tariff increase. ZETDC is owed $1 billion, a sign that consumers, including the mining industry, are already struggling to pay at current rates, the organisations said in a joint statement on Wednesday. "At this stage the economy of Zimbabwe cannot have cost increases in any of the inputs. We strongly oppose the application for tariff increase by ZETDC," the statement said.

Zimbabwe's power shortages have increased because of a drought caused by the El Nino weather pattern, which has reduced water levels in southern Africa's Lake Kariba to 12 percent of capacity. Zimbabwe, as well as neighbouring Zambia, rely heavily on the hydroelectric Kariba dam for power. The dam is currently generating 285 megawatts (MW) out of a total capacity of 750 MW, according to ZETDC. The Chamber of Mines and the Confederation of Zimbabwe Industries also said a government decision to build an emergency diesel power plant near Harare would make electricity expensive and should be scrapped. Zimbabwe was generating 933 MW on Wednesday both from hydro and coal-fired power generation, less than half its peak demand, and importing up to 275 MW, according to data from ZETDC and Zimbabwe Power Company. *(Reuters)*

Zimbabwe's tobacco export earnings rose 11 percent to $855 million in 2015 on higher prices and demand from China, an industry official said on Wednesday, but production this year could suffer from a scorching drought. Tobacco is the Southern African nation's single largest export commodity, ahead of platinum and gold. Andrew Matibiri, general manager at Tobacco Industry and Marketing Board (TIMB), said Zimbabwe - which exports 90 percent of its tobacco - sold 152 million kg of tobacco, up from 136 million kg in 2014. Cigarette makers in China, the world's biggest market and grower of tobacco, bought 62 million kg worth $513 million or 60 percent of total earnings and nearly double its 2014 purchases. Other major buyers of Zimbabwe's flue-cured tobacco, which is used as a flavouring in cigarettes, are Belgium, South Africa and Indonesia. Chinese buyers paid an average of $8.31 per kg of tobacco, more than double what the other major buyers offered. China has become the largest investor in Zimbabwe, which has been shunned by the West over its human rights record and is struggling to emerge from a deep 1999-2008 recession that forced the government to ditch its own currency in 2009. Matibiri told Reuters that the El Nino-induced drought had delayed tobacco planting.

TIMB is carrying out an assessment of the current crop, which will be harvested from March, he said. "The El Nino effect came with prolonged dry and very hot weather during the transplanting phase of the crop," Matibiri said, referring to moving seedlings from the seedbed to the field. "This obviously decimated those crops that could not be irrigated." Zimbabwe's tobacco production fell 8.5 percent to 189 million kg last year and some farmers project lower output this year after drought scorched their crops. About 14 million people face hunger in Southern Africa because of the El Nino-induced drought, according to the United Nations World Food Programme (WFP), with more than 10 percent of Zimbabwe's population in need of food aid. *(Reuters)*

Executives from the European Investment Bank (EIB) will visitthe Zimbabwe in the second half of the year to do a due diligence exercise, as they eye an investment in the financial services sector, an EU envoy has said. The EIB was expected to invest in the financial services sector in the first quarter of this year, but the plan has been hindered by technical issues, EU Ambassador to Zimbabwe Phillippe van Damme said on Tuesday. Van Damme said the first agreement of the principles has been submitted to the EIB board, although Zimbabwe owes the European institution $300 million. "Technical issues have taken longer, it is not a substantive delay. Once we have the agreement in principle, EIB will come back to do due diligence with the financial sector. The idea was to come during the first half of this year. But we may have a little bit of delay due to internal issues of preparing funds," he said. Van Damme said the first agreement should be complete by the first quarter within the first three months of the year and then move to due diligence. He said identification of possible partners will be done by the end of the first quarter. The bank will provide long term capital to the economy, which country needs. The financial services sector has been facing various challenges including non performing loans, low liquidity in the economy and depressed economic activity.

In 2014, a delegation from EIB visited Zimbabwe and held discussions with Treasury on clearing arrears. The delegation also met business representatives. The EIB in the past worked with Zimbabwe in 30 different operations that included power and water provision. The EIB has in the past approved €1,5 billion for over 25 projects. Van Damme said the EU has committed €10 million under the Zimbabwe Reconstruction Fund earmarked for public financial management, ease of doing business and water reticulation systems. Van Damme said the EU and World Bank signed an agreement in December for the fund. The Zimbabwe Reconstruction Fund is set to be $100 million to help the country and it is managed by the World Bank. EU, United Kingdom, Sweden, Germany, Norway, World Bank State and the Peace Building Fund are contributors to the fund. As of the third quarter last year almost $50 million was raised for the fund and the programme runs until 2019. The fund was launched in 2014 to strengthen Zimbabwe's reconstruction and development with a focus on stabilisation, reform and poverty alleviation. *(News Day)*

Tobacco is one of the biggest contributors to economic growth and any restrictions or ban on the golden leaf will have serious implications on the economy, the Tobacco Industry and Marketing Board (TIMB) has said. Last year, tobacco worth $855 million was exported from Zimbabwe with China getting 41% of the total exports. TIMB chief executive officer Andrew Matibiri yesterday told stakeholders at a consultative workshop on the World Health Organisation (WHO) Framework Convention on Tobacco Control (FCTC) that at household level up to three million people depended on tobacco. "…any form of restrictions and bans on tobacco have serious implications on livelihoods of our farmers and will definitely and significantly impact on the economy of the country," Matibiri said. The WHO framework seeks to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke. Zimbabwe accounts for 20% of the world's flue-cured tobacco trade. Matibiri said by virtue of being a major producer of the golden leaf, Zimbabwe must protect its industry from the "negative effects of unbalanced and poorly informed tobacco control legislation adopted by countries which import the leaf produced here."

He said the current threat to exclude tobacco from international trade agreements and to treat it in a different way from other products which affect health or the environment were not only fair but "also risks becoming a precedent for other excessively restrictive legislation".
He said there were over 70 000 registered farmers growing tobacco. Of these, over 46 000 were doing so under the contract growing and marketing scheme. The industry has also spawned in cigarette manufacturers. Currently, there are seven cigarette manufacturers which export over 80% of their produce. *(Reuters)*

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