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	17-Jan-14	24-Jan-14	Local	USD	Local	USD
Botswana	DCI	9,175.00	9,338.02	1.78%	19.32%	24.34%	26.01%
Egypt	CASE 30	7,143.62	7,233.38	1.26%	15.58%	32.42%	32.48%
Ghana	GSE Comp Index	2,186.94	2,218.23	1.43%	23.91%	84.90%	81.46%
Ivory Coast	BRVM Composite	237.86	244.42	2.76%	-6.25%	46.73%	36.70%
Kenya	NSE 20	5018.60	5091.30	1.45%	5.06%	23.19%	27.78%
Malawi	Malawi All Share	12,581.74	12,581.74	0.00%	64.97%	109.16%	150.85%
Mauritius	SEMDEX	2,125.30	2,114.75	-0.50%	-4.40%	22.09%	22.29%
	SEM 7	409.50	406.44	-0.75%	-4.64%	20.51%	20.70%
Namibia	Overall Index	1,007.70	1,017.00	0.92%	33.27%	3.12%	6.26%
Nigeria	Nigeria All Share	41,751.55	41,917.55	0.40%	2.77%	49.29%	49.09%
Swaziland	All Share	294.27	294.27	0.00%	32.73%	3.01%	6.47%
Tanzania	TSI	2,881.71	2,907.27	0.89%	4.80%	95.69%	99.49%
Tunisia	TunIndex	4,380.78	4,410.61	0.68%	3.18%	-3.70%	-7.40%
Zambia	LUSE All Share	5,155.38	5,225.89	1.37%	14.35%	40.28%	48.90%
Zimbabwe	Industrial Index	202.73	195.27	-3.68%	-3.68%	28.13%	28.13%
	Mining Index	38.82	35.49	-8.58%	-8.58%	-45.50%	-45.50%

CURRENCIES

Cur-rency	17-Jan-14 Close	24-Jan-14 Close	WTD % Change	YTD % Change
BWP	8.85	8.84	- 0.18	15.47
EGP	6.91	6.94	0.54	14.71
GHS	1.87	2.39	0.93	25.64
CFA	485.10	482.81	- 0.47	- 2.53
KES	85.46	84.17	- 1.50	- 1.66
MWK	441.55	444.14	0.59	38.36
MUR	29.30	29.18	- 0.41	- 4.47
NAD	10.86	10.93	0.71	29.05
NGN	160.00	158.04	- 1.22	1.24
SZL	10.86	158.04	0.71	29.32
TZS	1,605.00	1,583.43	- 1.34	0.54
TND	1.65	1.63	- 1.42	5.07
ZMW	5.51	5.49	- 0.44	5.82

SECURITIES AFRICA

WEEKLY AFRICAN FOOTPRINT

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Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Telecom Egypt has sold rights for the use of part of its infrastructure to a subsidiary of Egypt's Orascom Telecom Media and Technology Holding (OTMT), bringing the subsidiary closer to launching a submarine cable network. Once completed the Middle East and North Africa Submarine Cable Systems (MENA) fibre optic network will link up Italy, Egypt, Saudi Arabia, Oman and India, the company said in an emailed statement. MENA, which the company had previously hoped would be fully operational in June last year, has been delayed by a lack of regulatory approvals for its terrestrial section passing through Egypt, OTMT official Marwan Hussein said. After signing the "indefeasible right of use" agreement with Telecom Egypt and acquiring mandatory permits, OTMT expects to launch MENA within a year as all marine construction was completed last year, it said. It is to pay $30 million "within this year" as part of the agreement, Hussien told Reuters in an email. The agreement will allow MENA to use Telecom Egypt's link between Zaarafana on the Red Sea and Abu Talat on the Mediterranean for 20 years, OTMT said. OTMT's shares closed up 8.5 percent at 1.15 Egyptian pounds on Wednesday. *(Reuters)*

Economic News

Egypt's wheat supply is sufficient to last until the first week of May, the supplies minister said according to a statement from his ministry published on Sunday. Mohamed Abu Shadi said earlier this month wheat supply was sufficient until April 23. *(Reuters)*

Egypt is targeting growth of between 4 and 4.5 percent next fiscal year, its planning minister said on Sunday, as the army-backed government pushes on with plans to stimulate the economy. "The investment plan for the 2014/2015 financial year is still under study and it aims to achieve a growth rate that ranges between 4-4.5 percent," Ashraf al-Arabi said in remarks carried by state news agency MENA. The country of 85 million people, which has been battered by three years of political turmoil, grew a meagre 2.1 percent in the year to end June 30. Arabi, responding to a text message from Reuters, said growth projection for the current 2013/2014 fiscal year was unchanged at 3 to 3.5 percent. Some government ministers have previously said it was 3.5 percent. Supported by more than $12 billion in Gulf aid, Egypt introduced a 30 billion Egyptian pound stimulus package in 2013 and plans to launch another package of about the same size later this month. The country is moving towards democratic rule in accordance with the roadmap announced by its army, which ousted Islamist President Mursi in July following mass protests against his rule. Presidential and parliamentary elections are due to take place this year. "(The forecast) is building on a relatively more optimistic scenario," Mohamed Abu Basha, an economist at EFG Hermes, said about next year's growth forecast. "In the next fiscal year, at least in the second half, you will be done with the elections and will have the roadmap behind your back so that may result in a pick up in the economy," he said. *(Reuters)*

Net foreign direct investment in Egypt is expected to rise by a third to about $4 billion this fiscal year, which ends in June, Egyptian Investment Minister Osama Saleh said on Monday. "It is a mix of investments, but a large portion of it is Gulf investments," Saleh told Reuters in Abu Dhabi, where he is attending an energy summit. After over two years of political turmoil, Egypt's economy began to stabilise in late 2013, helped by billions of dollars in aid that Gulf countries began to extend once the Islamist President Mohamed Mursi was ousted last July. Before Egypt's 2011 revolution, it was attracting net foreign direct investment of around $8 billion annually, according to central bank data. Saleh, who said he was meeting with several potential investors in the United Arab Emirates, in sectors ranging from real estate to shipping, predicted investment would rise further next fiscal year as tourism picked up. "The figures for this financial year were all achieved with a tourist industry that was severely hit, so now after the constitution has been approved, we are expecting a revival of tourism," he said. Last week, voters approved a new constitution for Egypt in a referendum, a major step in a planned transition back to democratic rule. *(Reuters)*

Egypt's tourism revenue sank by 41 percent to $5.9 billion in 2013 in comparison with a year earlier, Tourism Minister Hisham Zaazou said on Tuesday, a further sign of pressure on one of Egypt's main sources of foreign currency. The tourism sector in the Arab world's most

populous nation has shrivelled since veteran autocrat President Hosni Mubarak was toppled by a popular uprising in 2011. After a slight improvement in 2012, tourism took another hit in 2013 when hundreds were killed in violence that followed the army's overthrow of elected Islamist President Mohamed Mursi in July after mass protests against him. Zaazou, in a text message to Reuters, confirmed Egypt's tourism revenues in 2013 reached $5.9 billion. "The number is correct and for the year 2012 it was $10 billion," he said. Tourism receipts in the first quarter of Egypt's financial year, which starts on July 1, tumbled to $931.1 million down from $2.64 billion a year earlier, according to central bank data published last month. The number of tourist nights spent in Egypt between July and September fell by 57 percent to about 15 million and the average visitor's spending also dropped compared with a year earlier, the central bank said. Egyptian foreign exchange reserves hovered at $17.03 billion last December. They stood at $36 billion on the eve of the revolt against Mubarak. *(Reuters)*

A bond trading platform in Egypt that has been 10 years in the planning could open for business in the second quarter of 2014, stock exchange chairman Mohamed Omran said on Tuesday. Omran had said in October that trading via the electronic platform could start as early as the first quarter of this year if progress on the project continued without hindrance. "We hope to activate the bonds market in the second quarter of this year. The file is now with the central bank to come to an agreement with banks on how to issue certain percentages of the bonds for trading," Omran told Reuters. Egypt has been trying to revive its economy, which has been battered by three years of political turmoil. It is currently revising listing regulations for its stock exchange to attract new companies and boost turnover, including developing new mechanisms for exchange-traded funds (ETF) and rights issues. The bond trading platform could make it easier for investors to buy and sell securities on the bourse. A small number of government and corporate bonds already trade on the Egyptian stock exchange, but activity is light because once banks and investors buy government securities, they tend to hold onto them until maturity. *(Reuters)*

Egypt's natural gas exports decreased by 46 percent to $120 million in November 2013 compared to the same month a year earlier according to the monthly bulletin released by the Cabinet's Information and Decision Support Centre (IDSC). Natural gas' production and exports decreased by 8 percent during the same period while consumption decreased by only 3 percent resulting on a wider gap between production and consumption. Petroleum Minister Sherif Ismail said on Thursday, the Egyptian government will allow companies to import gas independently using the government's network for the first time in order to address energy shortages that limit their production. Egyptian oil production declined by 1.5 in November and exports lost 1.2 percent of their value to $473 million. However, local consumption of oil products increased by 0.7 percent. At another hand, Egypt's electricity consumption grew by 3.8 percent in November 2013 compared to the same month of last year to 11.9 million Kilowatt. However, production increased by only 2.2 percent only during the same period. Both production and consumption decreased in November compared to last October. Energy shortages have been sensed in Egypt since 2008 but the crisis intensified during the last two years. Shortage of natural gas production reportedly affected electricity production making current cut common in summer when consumption reaches a pick. This winter and last winter, electricity cut became common in winter as well. The country was hit by many crisis due to the shortages of cooking gas cylinder, diesel and gasoline leading to long queues in front of depots and gas stations in different occasions. Gasoline and diesel shortage where reported to be one of the reason that precipitated Mohamed Mursi's ouster in June 2013. *(Ahram)*

Ghana

Corporate News

AngloGold Ashanti Ltd. (ANG), the world's third-biggest producer of the metal, will make "significant" changes to its Obuasi mine in Ghana that may include job cuts, Chairman Tito Mboweni said. The company's problems at the mine include labor laws that make it difficult to fire workers, outdated work practices and illegal miners, Mboweni said in an interview with Bloomberg TV Africa's Eleni Giokos at the World Economic Forum in Davos, Switzerland. "We need to do something significant to get our operations at Obuasi going," he said. "It's not simply about cutting 400 jobs. It's not simply about work reorganization. It is about confronting the whole ecosystem." Production at Obuasi, an underground mine that's as deep as 1.5 kilometers (1 mile) in places, dropped 30 percent to 58,000 ounces in the second quarter of last year compared to the same period in 2012. Falling output at mines such as Obuasi and a gold price that dropped 28 per cent last year have forced AngloGold to cut spending, exploration, jobs and its dividend in 2013. "The challenges at Obuasi are enormous and coupled with some very tough labor laws in Ghana," Mboweni said. "Those who talk about inflexible labor laws in South Africa, they should come to Ghana." AngloGold derives 28 percent of its gross profit from operations in South Africa, the continent's biggest producer of the metal. AngloGold was ordered to submit a proposal on how it plans to cut costs at Obuasi, Ghana's Ministry of Land and Natural Resources said Jan. 15. Gold-mining companies in Ghana, Africa's second-largest producer, will cut 2,000 and 4,000 jobs by end this year to rein in costs over falling prices of the metal, the Ghana Chamber of Mines said today. Illegal miners are also a "huge problem" for Obuasi, Mboweni said. AngloGold employees at the mine told Mboweni that if he demanded their removal, he may "start a war," he said. *(Bloomberg)*

Economic News

Cocoa output in Ghana, the world's biggest producer after Ivory Coast, will exceed this season's target due to "good" weather and an increase in plantings, according to the country's industry regulator. Farmers in the West African nation will probably gather 850,000 metric tons of the beans used to make chocolate in the 2013-14 season started Oct. 1, according to Noah Amenyah, a spokesman for the Ghana Cocoa Board. The target was 830,000 tons, Stephen Opuni, chief executive officer of the regulator know as Cocobod, said at a press conference today. "The weather has so far been good and other new farms have come on board, we have some good cocoa coming from the Volta region," Amenyah said in an interview after the press conference in Accra. "We can cross 850,000 tons this season." Cocoa rose 0.2 percent in London this year and fell 0.3 percent in New York as traders weigh rising deliveries in West Africa, accounting for about 70 percent of global supplies, and increasing consumption. "Strong" cocoa arrivals in the region are cutting shortages, Barry Callebaut AG (BARN), the world's biggest processor and largest maker of bulk chocolate, said in an earnings statement on Jan. 15. Bean deliveries in Ivory Coast were an estimated 33 percent higher from the start of the season on Oct. 1 through Jan. 12 compared to a year earlier, according to KnowledgeCharts, a unit of Commodities Risk Analysis. That was the highest since at least 2004-05. Purchases in Ghana were 22 percent higher as of Jan. 2, the most since 2010-11, data from the researcher in Bethlehem, Pennsylvania, showed.

Ghana's crop "is probably the same size and shape as last year's,"Kona Haque, an analyst at Macquarie Group Ltd. in London, said by phone. "Purchases, which are running ahead, could be over-declared and it's likely that they will start to slow down." Cocobod will probably have a new estimate of the crop "within weeks," Amenyah said. Regulatory officials are still in the field gathering data to make an estimate, he said. Ghana is investigating smuggling of cocoa into Ivory Coast, Cocobod's Opuni said. As many as 40,000 tons of beans went from Ghana into Ivory Coast since November, Accra-based radio station Citi FM reported on Jan. 14, without saying where it got the information. A sliding local currency means the price paid to Ivorian farmers is now higher. The cedi slid 20 percent last year, the third-worst performing African currency in a basket of 22 tracked by Bloomberg. "The national security anti-smuggling taskforce will start patrolling the boarders to ensure that any form of cocoa smuggling is stopped," Opuni said. While Ghana pays a fixed price to farmers of 3,392 cedis ($1,407) a ton, Ivorian farmers receive a minimum price of 750 CFA francs a kilogram ($1,540 a ton). *(Bloomberg)*

The Ghana National Petroleum Corporation has disclosed to Citi Business News that Ghana could hit a daily minimum oil production of

five hundred thousand barrels per day in the next 10 years. The Acting Chief Executive of the Ghana National Petroleum Corporation, Alex Mould, disclosed this to Citi Business News at the 18th Annual Conference of Offshore West Africa. Ghana is currently producing oil of 100,000 barrels per day but says his outfit is currently focusing on investing in exploration to meet the target. He explained that "with the exploration that is going on and the probabilities of us hitting, I think in the next 10 years we will be looking at something around 500,000 barrels minimum. So we have to continue to add reserves to what we have. Our reserves are about 1.3 billion barrels." Mr. Mould added that his outfit has to move "our gas reserves up and the only way we can do this is to explore and spend money on exploration. That is the focus now." *(Ghana Web)*

TAQA, an Abu Dhabi based energy company, has agreed with the government of Ghana to build an additional facility to generate 300 megawatts of power at the Takoradi Thermal plant. Apart from that, the company is also willing to support Ghana in liquefied natural gas to undertake industrial activities. This was the outcome of a meeting held between President John Dramani Mahama's delegation to Abu Dhabi and the management of TAQA Group of Companies at the Abu Dhabi Palace Hotel on Tuesday. President Mahama has been in the oil-rich country for the past three days and attended the Abu Dhabi Sustainability Renewable Energy conference and held discussions with other leaders. TAQA has already constructed some projects at the Takoradi Thermal plant. Apart from completing power projects at Takoradi, the company is also expected to complete another a facility at the plant that will generate 110 megawatts of energy by the end of 2014. The additional 300 megawatts would start soon after the completion of the current 110 megawatts under construction by the end of this year. President Mahama said the completion of all those projects would make the precarious power situation in the country a thing of the past and pave way for Ghana to become a net exporter of power.

He said Ghana's target of generating 5,000 megawatts of power by 2016 was on course and that it would be achieved with the active involvement and partnership with the private sector. "What we really need now is the Liquefied Natural Gas in addition to what we have to streamline our supply and consumption in the country," President Mahama said. The Group has also said with the additional 300 megawatts of power and the Liquefied Natural Gas it would also enhance the supply of electricity and potable water to the Western and Central regions. TAQA also expressed interest to invest in other sectors in Accra and later expand such investments to other parts of the country and promised to come to Ghana to finalize talks and negotiations on such investments. Mr Emmanuel Kofi Buah, Minister for Energy and Petroleum, said his Ministry would pursue some of the good practices he learnt from the renewable energy conference to be implemented in Ghana as soon as possible. *(Ghana Web)*

Ghana's economy grew by 0.3 percent year-on-year in the third quarter of 2013 compared to 6.1 percent in the previous quarter, the West African country's national statistics office said on Wednesday. Gross domestic product in Ghana grew 1.6 percent in the third quarter of 2012, according to statistics office data. *(Bloomberg)*

Kenya

Corporate News

The share price of re-insurance firm Kenya Re touched a 12-month high on Monday driven by unusually high-volume trades that began mid last week. The stock touched a high of Sh20.75 during the day but closed at an average of Sh20.50, with 1,707,900 shares changing hands. Activity on the usually quiet counter has been unusually high, attributed to a local investor who is trying to acquire shares of the insurer. "Strong bidding by a local investor continued to push Kenya Re higher from last week," said Standard Investment Bank in a note to investors. Last week the counter traded a total of 10.3 million shares, compared to four million a week earlier. The insurer, majority owned by the government, had announced plans of expanding to South Africa this month while upgrading its West African operations. "Local investors are looking to get into the stock because of (its) under valuation," said Kuria Kamau, an analyst with Kestrel Capital. Kenya Re's value has gone up 26.9 per cent in the past week to Sh14.3 billion, helping to push the total market capitalisation closer to the psychological ceiling of Sh2 trillion. The market closed Sh5 billion shy of the Sh2 trillion mark, with the indicative NSE 20-Share Index up 4.55 points to close at 5,023.12 points. Other active counters on Monday included Equity and KCB.*(Business Daily)*

Mumias Sugar has opened talks with local and international banks to help build a $400 million (Sh34.3 billion) factory in Tana Delta in August. The miller said it was targeting to complete the fundraising talks by June, but did not give details on how much it will raise internally. The Nairobi bourse listed, which has seen it share value drop by a quarter over the past six months to Sh3.25, is less keen on raising cash from shareholders via a rights issue. "We are seeking financiers and several investors have shown interest. We intend to finish this within the next six months," said Peter Kebati, Mumias Sugar CEO in an e-mail response. "Due to the quantum it may be necessary to have a consortium of both (local and international banks). The project may also be financed as a separate standalone entity which will rule out the rights issue option." The factory, which will be a joint venture with Tana/Athi River Authority (Tarda), is expected to boost the firm's sugar production which has fallen in recent years due to inadequate cane supplies. This has seen Mumias rely heavily on high sugar prices over the past decade to grow profit in a strategy that has come under pressure with the falling cost of the commodity and cane shortage.

Mumias will take a 51 per cent stake while Tarda will own 49 per cent in the Tana factory, with some shares expected to be ceded to the local community who had raised concerns over the impact of the mega project on their livelihoods. The project has been in the pipeline for more than seven years, but Mr. Kebati says that approvals have been met. "Delay was caused by external matters beyond our control. We hope to break ground by August 2014," he said. The plant is expected to be fed by sugarcane covering 16,000 hectares and it will crash 8,000 tonnes daily, produce 60,000 litres of ethanol per day and inject 20 megawatts of electricity to the national grid. Mumias reckons it will benefit from faster maturing canes, plantation under irrigation and sufficient land. Lack of land in western Kenya where Mumias is based has dimmed the miller's growth and triggered a vicious fight for sugarcane with rivals like Butali Sugar and West Kenya. Mumias posted a Sh1.67 billion loss for the year to June compared to a profit of Sh2.013 billion a year earlier and blamed cane poaching, poor weather and illegal importation of sugar for its poor performance. *(Business Daily)*

Kenyan remittances rose 16 percent to $113.4 million in November compared with the same period in 2012, the central bank said, setting a new annual record high. Remittances, a major source of foreign exchange for east Africa's biggest economy alongside tea, horticulture and tourism, hit a total $1.18 billion in January to November, exceeding 2012's total of $1.17 billion. The remittances were at $112.9 million in October. The average remittance inflows in the 12 months to November was $107 million, Central Bank of Kenya said. *(Reuters)*

Equity Bank has inched closer to becoming a foreign lender as purchase of shares by investors outside Kenya nears the 50 per cent mark. Regulatory filings show that foreign investors raised their stake in the bank to 49.36 per cent in November, up from 46 per cent in December 2012 and 40.82 per cent in October 2011. This means that international investors now only need to buy shares equivalent to 0.64 per cent worth Sh782 million to own more than half of the bank, which would turn the lender into foreign-owned based on the Central Bank of Kenya classification. Since the bank's debut at the Nairobi Securities Exchange (NSE) on August 7, 2006, its stock has appreciated the most over the

six-year period, opening the way for investors to skim their holdings at decent capital gains. The stock has appreciated by more than 900 per cent since listing when share splits and bonuses are taken into account, a performance that has attracted investors' attention because of the rate at which the bank has created wealth for its owners, including employees, directors and founders. The bank's share has gained 30 per cent over the past year to the current price of Sh32.5 —pushing the lender's market valuation at the Nairobi bourse to Sh120.3 billion. This has seen Equity rank as the second most valuable bank at the NSE behind KCB with a Sh135.7bn market capitalisation. Barclays Bank's valuation stood at Sh95.5bn, while that of Standard Chartered was Sh93.3bn.

Equity's share movement and steady dividend payout have made the lender one of the most sought-after counters both by short and long-term investors, according to stockbrokers. This is what prompted UK-based PE firm Helios to make a U-turn over a pledge to reduce its stake and commit to remain the largest shareholder in the lender on improved returns. Helios holds a 24.45 per cent stake in the lender that rode on low-cost financial services to gain a large market share in the retail and SME banking segments. The increasing share of foreign investors' interest in Equity comes as local investors, especially its founders, reduce their shareholding. Individual top shareholders of Equity have since 2008 harvested millions of shillings from the sale of their stocks after the end of a two-year lock-in period for anchor stakeholders. The principal shareholders were barred from selling their shares as a condition for listing on the NSE. The late Nelson Muguku's family loosened their grip on the bank after the transfer of shares worth more than Sh500 million last year. The family, for instance, cut its shareholding from 1.35 per cent in May to 1.08 per cent in November after selling 10 million shares currently valued at Sh325 million. The bank's chief executive, James Mwangi, has earned about Sh1.6 billion over the past three years from share disposal that he said was dictated by regulations that bar an executive director of a bank from holding more than five per cent of the institution's capital. His direct stake has dropped to 3.45 per cent from 5.49 per cent. Local individual investors now control 16.01 per cent of the bank, from 26.21 per cent in October 2011, while institutional investors have increased their stake to 34.63 per cent from 32.97 per cent in the same period.*(Business Daily)*

East African Breweries Ltd. plans to raise 5.4 billion shillings through a one year commercial paper, the company said on Thursday in a newspaper advertisement. The brewer, controlled by Britain's Diageo Plc, did not indicate the rate of return or what the debt would be used for. *(Reuters)*

Beer maker EABL is set to raise Sh5.4 billion in cash through commercial papers to ease the finance costs for its bank loans and overdrafts. The company has been feeling the weight of high financing costs having borrowed a five-year Sh19.5 billion loan from its parent company Diageo , which was used to buy back from SABMiller its 20 per cent stake in Kenya Breweries Limited. The brewer will be banking on its growth prospects to market the commercial papers to potential buyers at possibly lower costs."The proceeds will be used for East African Breweries Limited's general corporate purposes, including working capital, capital expenditure and refinancing more expensive short-term loans and overdrafts," said the brewer in a statement. A commercial paper is a short-term, unsecured instrument payable within a year that is similar to, but ordinarily cheaper than a bank overdraft. Analysts at Old Mutual Securities and Standard Investment Bank (SIB) said EABL is seeking to improve its balance sheet by paying down expensive debt and replacing it with cheaper ones even as it seeks to grow its market share. "The key focus will be on strengthening the balance sheet by reducing the debt because the company's cash pile will be improving going forward," said Eric Munywoki, a research analyst at Old Mutual Securities. The new issue will be priced on the basis of the Treasury bill rates at a negotiated maturity period. The 91-day T-bill rate was at 9.2 per cent as at the auction for January 16. Mr. Munywoki said the paper is likely to be priced at a small margin above the 364-day T-bill. "It is likely to be at a small margin, very small indeed. So it will basically be like the T-bill rates," said Mr. Munywoki. The one-year T-bill rate was 10.7 per cent in the auction of January 22, showing that it was 1.5 percentage points higher than the 91-day T-bill. Only select high net-worth individuals and investment institutions such as fund managers, pension and provident fund administrators and stockbrokers would be eligible for the issue, EABL said in the notice. EABL's share price-to-earnings (P/E) ratio stands at 32, nearly double the market P/E of about 17. "While we believe in the long-term growth plans for the brewer, we still feel that the brewer is overvalued at the current share price and see a downside of at least 20 per cent despite coming off from a high of Sh400," said SIB in a note to investors.*(Business Daily)*

Economic News

Investors in the tourism and hospitality business are grappling with low returns due to slow pace of recovery in the Kenyan industry. The latest statistics from the Kenya Tourism Board (KTB) show that tourist arrivals in the year to July 2013 declined across the board, an indicator that the woes bedevilling the business could ultimately cost the country its key foreign exchange earner and hand a body blow to growth prospects. According to the managing director of Kenya Hotel Keepers and Caterers Association, Mr Mike Macharia, the sector was poised to perform poorly from the start of last year. The VAT law that imposed a 16 per cent levy on industry services pushed up the cost of doing business, further downgrading Kenya's competitiveness compared to the country's key competitors — South Africa, Tanzania and Mauritius. "If the cost of business keeps rising, and nothing is done about it, we will be left with no choice but to retrench workers," Mr Macharia said. According to Mr Fred Kaigwa, chairman of Kenya Tour Operators Association, the VAT levy was a killer blow to Kenya's tourism business. The tax hit came after a string of hurdles including the uncertainty surrounding the elections and insecurity that has gripped the country since 2011. At first, the polls were expected to be held in August 2012, then December 2012 only to be held on March 4, 2013. Such uncertainty coupled with security scares negatively affected the tourism climate. As a consequence of the VAT law, Mr Kaigwa says, it is now 30 per cent cheaper to go to South Africa compared to Kenya. Mr Macharia also criticised some government directives, for instance, the one requiring civil servants to only fly with Kenya Airways. This requirement, he said, can only cripple recovery initiatives. "Haphazard policy decisions by the national and county governments will do more harm to the sector," he said. According to the KTB data, the number of tourist arrivals declined by seven per cent in the year to July 2013 to 1,169,350 million from 1,257,869 million. Tourists who disembarked from the Jomo Kenyatta International Airport declined by six per cent to 987,910 from 1,053,443 recorded in the same period in 2012. Those who landed at the Mombasa International Airport contracted by 11 per cent to 181,440 from 204,426.

The data shows that no cruise tourist landed in the period under review. Tourist arrivals from Europe dipped by 15.3 per cent from 577,797 to 489,429 in the year to July 2013, "partly due to the economic recession in Eurozone," the report notes. Eurozone accounted for 41.9 per cent of arrivals in the time under review. The investors also blame the government's laxity in releasing the Sh500 million recovery fund which they requested last year after the polls to bolster marketing drives following insecurity scares and the uncertainty surrounding the elections. "We have also as a country, not done enough to recover and if nothing is done, 2014 could be worse," he said. The government has rolled out a plan to introduce a single tourist visa to the East African region, however, the investors say that the greatest concern at the moment is revamping the country's products to make Kenya a competitive destination. Kenya's 2013–2018 tourism strategy places great emphasis on developing the local industry by creating an enabling environment and maintaining an open door policy on foreign investment in the business. The industry, the report says, has previously been left to fate, even as it struggled to win customers in the face of cutthroat international competition. *(Daily Nation)*

Foreign investors could be allowed to hold 100 per cent shares of locally listed companies if drastic reforms proposed by the capital markets regulator are passed into law. The Capital Markets Authority (CMA) has proposed in its 10-year masterplan released Wednesday to remove the current 75 per cent cap on foreign ownership of Kenyan listed firms. Relaxation of this rule could partly help Kenya to raise its status from a frontier to an emerging market. "There is a negative perception of such restrictions; and the practical impact of them make up two of the 18 criteria of the MSCI assessment of openness of markets to foreign investment," says CMA in the draft master plan. The 75 per cent cap was put to reserve ownership of listed firms for local investors as a way of encouraging Kenyans to buy shares at the stock market.
The regulator, while accepting that there are legitimate national policy objectives in limiting foreign ownership in Kenyan equities, recommends that the blanket 75 limit be removed, and a more selective tool be applied in case there is need to protect strategically important or sensitive companies and sectors. The blueprint sets out a path to achieving the MSCI Emerging Market status for Kenya by 2016, upgrading from frontier market status, and for Nairobi to enter the Global Financial Centre Index (GFCI) ranking. Market accessibility is one of the key criteria for reclassification of a market by the MCSI, which requires significant access to foreign investors to markets wishing to be classified as emerging.CMA reckons that the current 75 per cent ceiling has an impact on liquidity of certain stocks, which is likely to be exacerbated as foreign investors continue to increase their investment in the Kenyan market.

Other proposed reforms to the stock market could see the NSE given more leeway to set market fees, and members of the public allowed to trade their shares directly, as part of efforts to widen the reach and liquidity of the capital markets. In the draft master- plan released Wednesday for public exposure, CMA proposes that once the NSE has fully demutualised, it should be given the authority to set its own fees so that it can obtain and allocate the resources it needs to rapidly respond to market developments and opportunities. This proposal would mark a turnaround of the CMA's held position in its views on the Capital Markets Amendment Bill 2013, where the regulator said that the exchange should not be allowed to set its own fees as this could lead to abuse, a position that the NSE opposed. The CMA however says that there needs to be oversight from a strong Competition Authority that would step in if there were complaints about unreasonable fees. In addition, the CMA adds that this freedom can only be given where there is the potential for effective competition through liberty to licence other market players as well. The proposal to allow for trading of shares without the direct participation of brokers would however need a change of NSE rules. It is also proposed in the master plan that the requirement for pre-funding share purchases be relaxed, which can then allow short selling.*(Business Daily)*

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

Ecobank Transnational Incorporated (ETI) response to criticism of its corporate governance by the Securities and Exchange Commission (SEC) will be seen as a test case for banks in Africa, a report by Reuters has stated. Africa is closely being watched by potential investors tracking the region's fast growth and heady returns. Growth in sub-Saharan Africa is rising and had been projected at six percent this year according to International Monetary Fund (IMF) figures. Ecobank , often touted as a pan-African banking success story, is one of the biggest financial institutions in the region, outside of South African giants such as Standard Bank and FirstRand. But the bank is now under pressure to show it would be able to drive reform after SEC criticised weaknesses in its board's ability to manage its own activities, monitor management, evaluate performance and oversee ethical behaviour. "Our view is not positive. It is quite disappointing that this is happening in such a big listed stock," Reuters quoted said Portfolio Manager at Stanlib Africa Equity Fund, Thabo Ncalo, to have said. Ncalo added: "I would expect existing shareholders to be up in arms calling for reform."

SEC began its probe into Ecobank after its former Finance Director, Laurence do Rego, who the bank had suspended, told regulators she was pressured to misstate the 2012 financial results. The bank however denied her allegations. According to Reuters, two senior African financial officials, who asked not to be identified, welcomed the SEC's move as a sign that regulators are flexing their muscles at a time when central bankers are on a drive to tighten regulation of the fast-growing banking industry on the continent. "We think this is very positive because it shows that the SEC is doing its job. Ecobank has responded in a very positive manner," a Johannesburg-based fund manager for Renaissance Asset Management, Sven Richter said.The governance allegations, however, could potentially impact Fitch's credit rating on the bank, the agency said."In the event that recent allegations of weak corporate governance are proven and materially alter the risk profile of the group, this could lead to a review of the ratings," a Director at Fitch, Mahin Dissanayake said. *(This Day)*

The share price of UBA Capital Plc last week rose to N2.32, following investors' reactions to a change in the company's executive leadership team aimed at position it for market leadership. The company, which was listed on the Nigerian Stock Exchange (NSE) one year ago, following its divestment from United Bank for Africa Plc, has fetched shareholders 78 per cent capital gains last year. The equity has begun another bullish session in the new year, rising by 6.4 per cent last week as the company got a new chairman and managing director. The share price rose from N2.18 to N2.32. A veteran banker and thought leader, Mr. Chika Mordi was last week named the chairman of UBA Capital, while a frontline capital market operator, Mrs. Oluwatoyin Sanni is the new group chief executive officer (CEO) of the company. A trained corporate and securities lawyer, Sanni has 25 years post-qualification experience in financial services, predominantly in capital market operations. Until the new appointment, she was the CEO of UBA Trustees Limited, a subsidiary of UBA Capital. Speaking about her plans for the company, Sanni said, "I am eager to lead a team of skilled, driven professionals into the next phase of UBA Capital's development. We have had a solid performance across all our subsidiaries and our trustees business is clearly a dominant player in the market. With the others making solid progress towards market leadership, UBA Capital is ready to establish itself as a leading African financial services and investment banking group."

UBA Capital played a leading advisory and capital-raising role in the Nigerian power sector and other investment banking transactions in 2013. Voted "Best African Investment Bank" by Africa Investor in September 2013, the company comprises four divisions: investment banking, asset management, trusteeship and stockbroking. UBA Capital Plc recorded a growth of 341 per cent in profit after tax for the nine months ended September, 2013. The results showed that the company posted gross earnings of N3.23 billion, up by 306 per cent from the N795 million recorded in the corresponding period of 2012. Profit before tax rose by 336 per cent from N494 million to N2.161 billion, while profit after tax soared by 341 per cent from N389 million to N1.716 billion. Analysts had said with this impressive performance, which translates to an annualised 38.5 per cent return on average equity, the company is positioned to create wealth for its shareholders. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Dangote Group, controlled by Africa's richest man Aliko Dangote, is considering the purchase of Nigerian oil fields as international companies plan to sell onshore assets in the continent's top crude producer. The company, which has interests from cement to sugar, needs to secure a supply of crude oil and a "substantial amount of gas" for a $9 billion oil refinery and petrochemical complex it plans in southwest Nigeria, Group Executive Director Devakumar Edwin said in a Jan. 17 interview in Lagos, the country's commercial capital. The company also needs energy for its cement plants in Africa's second-largest economy, he said. "We're seriously thinking of investing in oil blocks both for gas and for oil," Edwin said. "We've started talking with some companies who are divesting from onshore," he said, declining to name them. International oil and gas explorers including Royal Dutch Shell Plc (RDSA) and San Ramon, California-based Chevron Corp. (CVX) are selling onshore and shallow-water fields in Nigeria amid persistent violence and crude theft in the oil-rich Niger River Delta, with smaller Nigerian companies taking their place. Dangote Group believes it can manage unrest and aggrieved communities in the region with corporate social initiatives, Edwin said. "We know the terrain much better, we know the risks and we believe that the risks can be managed," he said. "The primary risk is people blasting your pipelines. I wouldn't like to go and invest in a block which is totally inland and then I have to start buying inland pipelines."

Armed attacks mainly in the delta's swamps and shallow waters reduced Nigeria's oil output by 29 percent between 2006 and 2009, according to data complied by Bloomberg. Although the violence eased after thousands of fighters accepted a government amnesty offer and disarmed five years ago, a surge in oil theft by gangs tapping crude from pipelines pushed output down to four-year lows last year. Nigeria pumped about 1.9 million barrels of crude a day last month. Dangote's complex will include a 400,000-barrel-a-day refinery, a 2.8 million-metric-ton urea plant and a petrochemical factory to produce polypropylene, used to make plastics. The company plans to expand the refinery capacity by another 100,000 barrels, Edwin said. Nigeria, Africa's most populous nation with about 170 million people, relies on fuel imports to meet most of its needs due to mismanagement, poor maintenance and aging equipment at its four refineries. Dangote's refinery will cut fuel imports for the country in half, according to the company.

Aliko Dangote, who is co-chairman of this year's World Economic Forum in Davos, has seen his wealth climb $1.1 billion in the month to date, making him the world's 27th richest person with a net worth estimated at $24.9 billion, according to the Bloomberg Billionaires' Index. Dangote Cement Plc (DANGCEM), Africa's biggest producer of the building material and Nigeria's largest company, is looking at expanding in three South American countries and has signed a preliminary joint-venture agreement with one company, according to Edwin, who is also the chief executive officer of the cement business. "The countries we're looking at have huge natural resources and growth," said Edwin, declining to name the nations so as not to alert competitors. "There are many large players in that region" that "may easily try to shut down entry to new players, but there's still large scope of doing business," he said. Dangote Cement, with a market capitalization of 3.9 trillion naira ($24.4 billion), has three plants in Nigeria and plans to expand in 13 other African countries, bringing total capacity to more than 50 million tons by 2016. The company is also expanding in Asia and has signed limestone mining rights in Indonesia and Nepal, Edwin said. Dangote will delay a planned listing of its cement company's shares on the London Stock Exchange until at least next year when plants in countries including Cameroon, Senegal, Sierra Leone and Zambia are commissioned, Edwin said. The sale will probably happen once investors can "see us as players outside Nigeria, not just as Nigeria champions and that we can repeat our success story elsewhere," he said. *(Bloomberg)*

PZ Cussons, the maker of Imperial Leather soaps, said new and improved products helped it post an 8 percent rise in first-half profit, adding that trading since had met its expectations. The British soap and shampoo maker said on Tuesday profit before tax and exceptional items for the six months to Nov. 30 rose to 47.6 million pounds ($78.2 million), with revenues up 4.1 percent to 431.8 million pounds. "Whilst the trading environment in most markets, and the impact of currency weakness in emerging markets, remains challenging, we can see good prospects for continued growth," the company said in a statement, adding that the Australian dollar and Indonesian rupiah had been particularly weak. The group said new shower and handwash ranges had helped its UK business to a robust performance in the first half, while growth was improving in Nigeria. Together the two countries account for over 60 percent of group sales. PZ Cussons raised its interim dividend by 7.7 percent to 2.53 pence. Shares in the firm closed at 396.2 pence on Monday, up 3 percent on a year ago, valuing the

business at 1.7 billion pounds. *(Reuters)*

Analysts at FBN Capital have predicted that GT Bank Plc will retain the top spot in the banking sector in terms of profitability in the next few years. The bank, they stated has recorded an average return on average equity (ROAE) of 29.0 per cent over the past three years, stressing that no other bank has come close to that figure. The analysts added that although a number of banks have begun to close the gap in the past two years, GTBank is expect to remain ahead for the next few years. "This performance is already reflected in the bank's valuation, with its 2013E P/B multiple of 2.5x being the highest in the sector, and at a premium of 105 per cent to the average bank in the banking sector. As for share price performance, for the first time in several years, GTBank underperformed the market, gaining 17 per cent in 2013 as against the market's 47.2 per cent return. "In addition, GTBank underperformed the sector's 39.3 per cent average gain. In an environment in which asset quality is no longer a driver of earnings, the additional premium that a quality name like GTBank would have commanded proved unnecessary. We retain our neutral rating on the shares going into 2014." Recapping the bank's Q3 2013 results, they stated that although both GT Bank's Q3 2013 PBT and PAT showed high single-digit growth rates of 7.5 per cent y/y and 8.6 per cent y/y respectively, sequentially, both declined, by 13.4 per cent q/q and 30.2 per cent q/q.

They added that, "While the y/y trend is slightly encouraging, the q/q trend is likely to attract more attention, given the multiple headwinds that the entire sector is seeing as a result of measures introduced by the regulator. Both funding income of N33.4 billion and non-interest income of N12.6 billion fell 5 per cent q/q and 10 per cent q/q respectively. "The former can be traced to subdued trends on the balance sheet (loans grew 2.8 per cent q/q, deposits 1.3 per cent q/q) – though the bank is on track to meet its 20 per cent loan growth target for 2013 –and, by our calculations, a 10-20bp q/q decline in net interest. *(This Day)*

Dangote Cement Plc, Africa's biggest producer of the building material and Nigeria's largest company, is looking at expanding in three South American countries and has signed a preliminary joint-venture agreement with one company, Dangote Group Executive Director Devakumar Edwin, 57, said in a Jan. 17 interview in Lagos. "The countries we're looking at have huge natural resources and growth," said Edwin, declining to name the nations so as not to alert competitors. "There are many large players in that region" that "may easily try to shut down entry to new players, but there's still large scope of doing business," said Edwin, who is also the chief executive officer of the cement business. Dangote Cement, with a market capitalization of 3.8 trillion naira ($23.8 billion), has three plants in Nigeria and plans to expand in 13 other African countries, bringing total capacity to more than 50 million tons by 2016. The company is also expanding in Asia and has signed limestone mining rights in Indonesia and Nepal, Edwin said. Dangote will delay a planned listing of its cement company's shares on the London Stock Exchange until at least next year when plants in countries including Cameroon, Senegal, Sierra Leone and Zambia are commissioned, Edwin said. Dangote Cement's shares have declined 2.2 percent this year to N225.02 (Jan 20) in Lagos. The stock advanced 71 percent last year, outpacing the 47 percent gain of the Nigerian Stock Exchange All Share Index. The London share sale will probably happen once investors can "see us as players outside Nigeria, not just as Nigeria champions and that we can repeat our success story elsewhere," he said.*(Business Day)*

PZ Cussons Nigeria, a unit of the UK-based soap and shampoo maker, said on Thursday its half year pre-tax profit rose 53 percent to 3.07 billion naira, from 2.01 billion naira a year earlier. The household products maker is proposing an interim dividend of 19.91 naira per share from the profit earned in the period to November last year. Revenue in the period rose by 4.7 percent to 32.46 billion naira, from 31 billion naira in the same period a year earlier, the company said in a filing with the Nigerian Stock Exchange. Nigeria, Africa's most populous country, accounts for around a third of PZ Cussons total revenue. *(Reuters)*

SABMiller Plc Thursday said it will be increasing its investment in its Nigerian subsidiary, Intafact Beverages Limited with a further $110 million in order to triple capacity at its Onitsha brewery. Brewing giant, SABMiller made an initial investment of over $100 million in the Onitsha brewery, in the largest single investment in Anambra State for almost 20 years, it said. The company, according to Alliance News, said following growth and the success of its 'Hero Lager' product, an additional $110 million will be pumped into the brewery to triple its current annual capacity from 700,000 to 2.1 million hector litres. The brewery already directly employs 300 local people and the investment

will lead to the creation of a further 400 direct jobs. SABMiller Nigeria Managing Director, Simon Harvey said: "We have made significant investments over the past five years in Nigeria and this announcement demonstrates our ongoing commitment in the country." The capacity expansion work has begun, the firm said, adding that it would be completed in the first quarter of 2015. The brewery will continue to produce brands including Hero Lager, Castle Milk Stout and non-alcoholic malt beverages Grand Malt and Beta Malt. President Goodluck Ebele Jonathan had commissioned the brewery in August 2012. Shares in SABMiller were trading down 1.63 per cent at 2,990 pence per shares Thursday, one of the biggest fallers on the FTSE 100. SABMiller is one of the world's leading brewers with more than 200 beer brands and some 70,000 employees in over 75 countries. The firm also has growing businesses in soft drinks. Its portfolio of brands in the international market also include premium international beers such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch, as well as leading local brands such as Águila, Castle, Miller Lite, Snow, Tyskie and Victoria Bitter. *(This Day)*

Economic News

The naira depreciated marginally against the United States dollar at all the forex market segments last week due to strong demand for the greenback. Specifically, while the nation's currency shed 76 kobo at the interbank market to close at N162.21 to a dollar on Friday, it fell by N2 at the Bureau De Change (BDC) to close at a N172.50 to a dollar. Similarly, at the parallel market, the naira also depreciated by 58 kobo to close at N173 to a dollar. The trend also continued at the Retail Dutch Auction System (RDAS), the official forex market as the local currency also dropped slightly by two kobo to close at N155.74 to a dollar. The Central Bank of Nigeria (CBN) sold a total of $699.96 million to end users at the bi-weekly regulated forex market; out of the $700 million it offered the market. In comparison with other major currencies in the international market, the naira also depreciated against the Pounds and Euro by N4.24 and N1.11 respectively to close at N263.21 and N217.90. "This week, we expect the pressure on the naira to be sustained due to the declining foreign exchange reserves and slowdown in foreign portfolio," analysts at Cowry Asset Management Limited said it a report at the weekend. The Nigerian Interbank Offered Rates (NIBOR) reduced across various tenor last week due to the inflow of funds from matured treasury bills. Treasury bills worth N158.71 billion hit the financial system via the Open Market Operations. This consisted of 87-day bills worth N63.15 billion; 136-day bills worth N22.45 billion; and 182-day bills worth N73.14 billion. In addition, the Federation Accounts Allocation Committee (FAAC) last week shared a total distributable revenue including Value Added Tax (VAT) amounting to N581.498 billion among the three tiers of government for December. Traditionally, FAAC funds which are normally channeled through the banking system always contribute in lowering cost of funds.

Thus, data gathered from the FMDQ showed that except for the Overnight tenor that increased slightly, other tenors at the interbank market reduced as a result of the strong liquidity position of the market. For instance, while the Overnight tenor increased to 10.58 per cent on Friday, from 10.54 per cent the preceding Friday, the 7-day tenor closed at 10.83 per cent, from 10.87 per cent the preceding Friday. The 30-day tenor also dropped to 11.08 per cent on Friday, from 11.12 per cent the preceding Friday, while the 60-day tenor reduced to 11.37 per cent, from 11.42 per cent. The 90-day, 180-day and 365-day tenors all closed lower at 11.67 per cent, 12 per cent and 12.35 per cent respectively. However, the FMDQ data showed that the one-month tenor of the Nigerian Interbank Treasury Bills True Yield (NITTY) closed at 10.58 per cent, while the two-month tenor also closed at 11.38 per cent. The three-month, six-month, nine-month and 12-month tenors of the NITTY all closed at 11.58 per cent, 12.55 per cent, 12.97 per cent and 13.51 per cent respectively. This week, the market anticipates improved liquidity as treasury bills worth N310.71 billion would be redeemed on Thursday. The maturating bills would consist of 52-day bills worth N7.3 billion; 55-day bills worth N11.15 billion; 56-day bills worth N23.25 billion; 84-day bills worth N6.5 billion; 90-day bills worth N65.63 billion; 91-day bills worth N32.89 billion; 98-day bills worth N34.01 billion; 182-day bills worth N30 billion and 364-day bills worth N100 billion. "Consequently, we expect interbank rates to decelerate further as combined inflows from maturing treasury bills and FAAC funds valued at N581.5 billion would largely offset outflows," the Cowry Assets report added. The Over-the-Counter (OTC) bond market prices declined (while yields increased) for most maturities. The 20-year 10% FGN JUL 2030 bond depreciated by 65 kobo; the 10-year, 16.39% FGN JAN 2022 fixed income instrument fell by 45 kobo; the 7-year, 16% FGN JUN 2019 instrument also lost 40 kobo. However, the 5

-year 4% FGN APR 2015 debt climbed by 25 kobo and the 3-year, 13.05% FGN AUG 2016 bond gained 25 kobo.

The Debt Management Office last week auctioned FGN bonds worth N90 billion. The instruments (all re-openings) consisted of three-year, 13.05% FGN AUG 2016 debt worth N45 billion and 20-year 10% FGN JUL 2030 worth N45 billion. The marginal rate for both the 3-year and 20-year bonds increased to 13.10 per cent and 13.60 per cent respectively from 12.90 per cent and 13.20 per cent recorded in the previous auction. Following serious disruptions in crude oil production and lifting operations including vandalism of pipelines, maintenance and the Force Majeure declared at Bonny Terminal, monthly gross oil revenue dropped by N117. 802 billion to N479.950 billion in December compared to N597.752 billion the previous month. Revenue collection from VAT also fell to N64.725 billion in the period under review compared to N91.730 billion in November. The Minister of State for Finance, Alhaji Yerima Ngama said last week mineral revenue of N379.122 billion which was received for the month fell short of the budgeted amount of N465.057 billion while the non-mineral revenue of N100.828 billion also fell short of the budgeted figure of N158.711 billion. The distributable statutory revenue for the month stood at N473.607 billion. A breakdown of the statutory revenue distribution showed that the federal government got N221.161 billion while the states shared N112.176 billion as well as the local governments, which got N86.483 billion.

The net Foreign Direct Investment (FDI) inflows to African countries grew by 16.2 per cent to $43 billion in 2013, the World Bank revealed last week. According to the World Bank, most of the funds into the country went to the natural resources sector, supporting exploration and production in oil, gas and mining. The report however pointed out that FDI flows to the non-resource sector also increased, citing the service sector, where it noted that rising consumer incomes buoyed activities in telecommunication, finance, retail and transportation. Furthermore, the Washington-based lender, stated in the report that consumer-oriented FDI projects in manufacturing and services expanded rapidly in recent years. "As a result, their share in the total value of FDI Greenfield projects in the region has risen from about seven per cent in 2008, to 23 per cent in 2012," it added. According to the World Bank, Sub-saharan Africa's real Gross Domestic Product (GDP) growth picked up to 4.7 per cent in 2013. This, it said was supported by robust domestic demand, notably investment growth. Nevertheless, the report showed that excluding South Africa, GDP growth for the rest of the region averaged six per cent in 2013, adding that about a third of African countries grew by six per cent or more in 2013. In order to ensure that banks adopt global Information Technology (IT), the CBN last week introduced a new framework for the industry. The central bank said the new document would provide guidelines for and serve as reference points in ensuring the quality of IT service delivery in the Nigerian banking industry. The circular explained that a five-year implementation roadmap for the IT standards within which banks were expected to implement in accordance with the set timelines and the defined priorities had also been identified. Furthermore, it stated that implementation would be in a continuum approach such that initial implementations would target "maturity level three and subsequently improved to include certification and higher maturity levels." *(This Day)*

The 2014 budget envisaged a net collectible revenue of N7.50 trillion, the Minister of Finance and the Coordinating Minister for the Economy, Dr Ngozi Okonjo- Iweala, said at the public presentation of the budget on Monday. She said that N3.73 trillion of the expected collectible revenue would be used to fund the 2014 budget, which focuses on boosting job creation and inclusive growth. "The budget has been underpinned by the parameter of oil benchmark of 2.39 million barrels per day compared to 2.53 million barrel per day in 2013," she said. "She said it was also underpinned by a "benchmark oil price of 77.5 dollar per barrel, projected real GDP growth of 6.75 per cent and average exchange rate of N160 per dollar. "Based on this, the 2014 budget envisages a net federally collectible revenue of N7.50 trillion, out of which N3.73 trillion is expected to fund the Federal Government budget. She said the figure represented a 9 per cent reduction from the N4.1 trillion in 2013. She said the budget reflected "a total of expenditure of N4.64 trillion representing about 7 per cent reduction from the N4.99 trillion budget in 2013. "It is made up of various categories of N399 billion for statutory transfer, N712 billion for debt servicing, N2.41 trillion recurrent non-debt expenditure and N1.25 trillion for capital expenditure," she said.

On key allocations, she said that N655.47 billion was allocated to Education sector, including UBEC and TETfund, while the Ministry of Defence got N340.33 billion. Similarly, she said the Ministry of Police Affairs, and the Police Service Commission got N301 billion. According to her, the Federal Ministry of Health received N262.74 billion, while the Ministry of Works had N128. 65 billion. The minister said the

ministerial allocation showed that the Federal Ministry of Power was allocated N102.45 billion, while the Federal Ministry of Agriculture received N66. 64 billion. "These amounts also leverage additional resources from the donor community which will add to our ability to implement the budget. Okonjo-Iweala said N268.37 billion comprising Federal Government was budgeted for SURE-P in 2014. The minister said the fund was made up of savings from the partial removal of fuel subsidy of N180 billion augmented by 2013 unspent funds of about N88.37. According to her, the Federal Government aggregate spending of 2014 is estimated to rise to N4.91 trillion out of which N1.53 trillion set aside for capital expenditure. She said that fiscal deficit would rise marginally to about 1.9 per cent of the GDP in 2014 budget as against 1.85 per cent in 2013. The minister pointed out that the figure was within 3 per cent of GDP threshold stipulated in Fiscal Responsibility Act of 2007. *(Business Day)*

The African Development Bank Group (AfDB) has approved a number of financial packages to help advance Nigeria's reform of her electricity industry. The board of the pan-African bank recently approved an African Development Fund (ADF) Partial Risk Guarantee (PRG) programme worth $184.2 million as well as an ADF loan of $3.1 million to help grow capacity in the sector. The financial assistance is geared to support the country's power sector privatisation programme. A statement, which was obtained from the AfDB in Abuja noted that the PRG programme was aimed at increasing Nigeria's electricity generation by catalysing private sector investment and commercial financing in the power sector through the provision of PRGs. As expected, the PRGs will mitigate the risk of the Nigeria Bulk Electricity Trading Plc (NBET) as it fulfills its contractual obligations under its power purchase agreements with eligible independent power producers (IPPs). NBET is an entity of the federal government established to purchase electricity from IPPs under contractual terms contained in signed power purchase agreements. Its responsibilities are amongst others, to increase the comfort level of private sector financiers and commercial lenders investing in the Nigerian power sector privatisation programme. The statement added that the Director of the AfDB's Energy, Environment and Climate Change Department, Alex Rugamba had explained the potential impact of the programme following the board's decision.

"An effective and steady power supply is critical to the sustainability of Nigeria's development path. The board's decision today will allow the AfDB to support the Nigerian government's efforts to reform the power sector and position the country for sustainable and inclusive growth," Rugamba said. The AFDB also explained that over the long term, the Nigerian PRG programme is expected to lead to increased productivity, economic activity and growth, and reduced poverty, adding that in the short to medium term, the project will yield an increase in the maximum electricity supply and consumption per capita. AfDB further stated that government statistics indicate that power outages cost Nigeria about three per cent of its Gross Domestic Product (GDP) annually, thus it is anticipated that the IPPs eligible for coverage under the programme could generate an additional 1,380 megawatts (MW) of power by 2016 and thereby contributing to increasing the population's access to more reliable and affordable electricity from its current 41 per cent currently to 50 per cent by 2016. Nigeria, in its development objective to rank amongst the top 20 economies of the world by the year 2020, targets an ambitious 40,000MW of electricity generation which represents more than half of the current installed capacity on the African continent. The ADF PRG is a political risk mitigation instrument that covers private lenders and investors against the risk of the government or government-owned entity failing to meet its contractual obligations to a project. Since 2004, the AfDB has made ADF PRGs available to catalyse private investment in middle-income countries.*(This Day)*

The Nigerian Stock Exchange is close to hiring external advisers as it prepares to distribute shares to its members and hold an initial public offering, said Chief Executive Officer Oscar Onyema. The Lagos-based bourse aims to submit a plan for sale as long as there are no "legislative issues," Onyema said in an interview today at the World Economic Forum in Davos. Onyema is seeking to boost trading in stocks after a 47 percent rally in the market's all-share index last year as the exchange of Africa's most populous country targets a $1 trillion market value by 2016 from the current $84 billion estimated by Bloomberg, Africa's biggest after Johannesburg. The continent's second-biggest economy and largest oil producer is set to expand 6.75 percent this year, according to West African nation's Finance Ministry. The Nigerian gauge is still down 38 percent from a March 2008 record, tumbling after a debt crisis caused by investors borrowing to buy stocks before prices crashed. The Securities and Exchange Commission needs to release guidelines on the demutualization process, Lagos-based This Day reported, citing an unidentified stockbroker who asked not to be identified. The bourse intends to list global depository receipts this year

and has identified about 20 companies that domestic investors would like to trade, said Onyema.

Elections next year will probably cause unease for investors in Nigeria's capital markets as the Federal Reserve continues with tapering its quantitative easing program, he said. "The uncertainty around the election presents challenges for us," Onyema said. "International portfolio managers will be more discerning" and "we continue to brainstorm how to manage that risk," he said. President Goodluck Jonathan's ruling Peoples Democratic Party is facing its biggest test since the end of military rule in 1999 after a series of defections to the main opposition party. While the government has said it plans to stick to its budget targets this year, central bank Governor Lamido Sanusi has warned of the threat of rising spending. Expenditure climbed 17 percent before the 2011 presidential vote. "We believe Nigeria continues to remain a very strong investment destination when you look at frontier markets," Onyema said. *(Bloomberg)*

Nigerian central bank governor Lamido Sanusi said on Thursday that the bank would continue to seek a stable exchange rate for as long as its foreign exchange reserves can support it, but he warned that Nigeria's oil savings were rapidly running out. "My strong view is that a stable currency is absolutely critical for price stability and financial stability in general," he told the Reuters Global Markets Forum, an internet chatroom, in Davos. He ruled out a devaluation of the naira because it would not "not affect the current account balance, given the highly inelastic nature of our imports and the dominance of oil". He said Nigeria's oil savings in the Excess Crude Account (ECA) had now fallen to just $2.5 billion, compared with $11.5 billion a year ago, and that until they were replenished there would little room for a policy rate cut below the current 12 percent benchmark. "We should continue to seek a stable exchange rate for as long as the reserves and monetary conditions can support this," Sanusi said. He is in the Swiss ski report attending the World Economic Forum. Central bank lifted the cash reserve requirement on public sector deposits held by banks on Tuesday, seeking to stabilise the naira and reflecting its concern about loose fiscal policy ahead of elections next year. Nigeria faces a hotly contested poll early in 2015, and there is a bitter dispute within the ruling party about whether or not President Goodluck Jonathan should run again. Nigeria's fiscal position always slips around election time, when spending on patronage to secure seats surges, but this one is expected to be the most closely fought since the end of military rule in 1999. Foreign exchange reserves were $43.26 billion as of January 20, down 4.4 percent from 45.26 billion a year ago, despite continued high oil prices. Sanusi has repeatedly urged the government to do more to reign in spending. *(Reuters)*

The federal government yesterday announced that the nation's cement industry had attracted an additional investment worth $8billion, based on the successful implementation of the Backward Integration Policy. The Minister of Industry, Trade and Investment, Mr. Olusegun Aganga, who disclosed this during a meeting with the Indian business community in Lagos, stated that the federal government was targeting an increased production capacity in the sector, from about 28.5 million metric tonnes in last year to about 38 metric tonnes in 2014. Aganga, said: "We have had a major success in the cement sector. For the first time ever in the history of Nigeria, we exported cement in 2013. We had capacity of 28.5 million metric tonnes last year. Our current demand is between 18 to 20 million. However, this year, it should be about 39 million metric tonnes, and we should have one of the largest, if not the largest cement factory in the world in Nigeria. "The success recorded in the cement sector is what we want to replicate in other sectors under the National Industrial Revolution Plan. According to the latest information from cement manufacturers, the total investment into the cement is between is between $7 billion and $8 billion and employs about 1.6million people. The impact of the success story in the cement sector will be felt more with the inauguration of the new Mortgage Refinancing Institution that will support building and construction in housing. The housing sector has a lot of potential in terms of job creation." The minister noted that, in line with the federal government's Industrial Revolution Plan, a new policy that would revamp and fast-track the growth and development of the cotton, textile and garment sector would soon be unveiled. He said the policy would address the multifaceted problems facing the sector, including access to long-term finance to help textile manufacturers increase their production capacity.

Aganga said: "The new policy on cotton, textile and garment should have been out last year but we have decided to do one more round of consultation this month. I hope that by February this year, the policy on cotton, textile and garment will be out. Already, there are certain aspects of it that we have started implementing. For instance, in the area of finance, the federal government provided N100 billion CTG Fund but there a case from the textile industries that they needed it at lower interest rate and for a longer term. President Goodluck

Jonathan has graciously approved that the Bank of Industry (BoI) should implement this by converting the loans to equity. We have started implementing this already but we hope the new policy on CTG, which will be out soon, will address most of the challenges facing the sector." In order to boost job creation, the minister added that the government would address the imbalance in the tariff structure between raw materials and finished goods as part of renewed efforts to encourage value addition through processing of local raw materials. According to him, "We want to increase and improve the level and quality of trade between Nigeria and the rest of the world. If you look at Africa today, it accounts for about three per cent of global trade because it operates at the bottom of the value chain, exporting most of its raw materials instead of finished goods. Our focus is to improve the quality and quantity of our trade as a country through value addition so that we can export more finished products, create jobs and earn more revenue for the government. "We now have a robust Common External Tariff that we all have agreed to. Nigeria played the leadership role in putting this in place. The new CET, which is expected to take effect in January 2015, will involve a re-classification in tariff structure of some raw materials and address the imbalance, which makes it easier and more profitable for people to import goods rather than process our abundant raw materials because the tariff on some raw materials are higher than that on imported finished goods." *(This Day)*

The President of Finance Houses Association of Nigeria (FHAN), Mr. Samuel Durojaye, yesterday said that the Central Bank of Nigerian (CBN) has released draft guidelines for the operations of the sub-sector. Durojaye said the CBN in the draft, proposed N100 million as the new capital base for the sub-sector. The FHAN President, according to the News Agency of Nigeria (NAN), described the proposed capital base as ideal for the operations of the association's members. Durojaye also said the association had studied the proposals and made commendations to the CBN. "In the new draft the CBN sent to us, the apex bank is proposing N100 million. The N100 million is just ideal," he said. The association had in 2013 projected a new capital base of N250 million, as against the current N20 million. He said N20 million was not enough to operate as a finance house, in addition to the increasing overhead costs. Durojaye said their support for the proposed new capital base stemmed from the fact that it would assist in leveraging further financial intermediation. "The draft guidelines have been sent to us for our comment and we have sent our comments back to CBN. That means that anytime from now, the guidelines would be out," he said. He also commended the CBN for the steps taken to reform the sub-sector, to enable it play its role in the nation's finance value chain. *(This Day)*

Tanzania

Corporate News

Tanzania-focused miner African Barrick Gold beat its production guidance for 2013 while cutting costs in the fourth quarter, and pledged to do more to improve operational efficiency. However, a lower gold price will mean a cut in reserves at the firm's Bulyanhulu project, as the FTSE 250 company switches to using a $1,300 gold price for its calculations from $1,500. The miner said on Tuesday it produced 641,931 ounces of gold last year, beating its guidance by 7 percent on strong performances from its North Mara and Buzwagi mines. Cash costs in the fourth quarter were $774 per ounce sold, well below 2013 guidance of $925-$975 per ounce given by Bradley Gordon who was appointed as chief executive in August. Analysts at Canaccord said the results were "stronger than expected," while Gordon described them as "pleasing." "We are starting to gain some credibility in the market now I think," Gordon told Reuters. African Barrick shares were up 3.5 percent in early morning trade. The company's share price has more than doubled since hitting a low last June. Gordon said he would now switch his attention to driving operational efficiencies over the next 24 months in a bid to improve the company's profitability despite a lower gold price. "What my focus now is on is drilling, blasting, hauling and milling, because there hasn't been that much attention on that," he said, adding that improvements would focus on Bulyanhulu. African Barrick is one of many precious metal miners battling to turn a profit after gold recorded the steepest price falls in a generation last year, from which it has yet to recover. The price of gold is over 20 percent lower than at this time in 2013, prompting many producers to shelve projects, reduce overheads and put non-core assets on the block. *(Reuters)*

Economic News

Tanzania is holding talks with foreign companies planning uranium and nickel production in the country to ensure the government receives stakes under a 2010 law requiring it to take shares in strategic mines, its president said. Local business leaders, politicians and activists are pressing the government to ensure Tanzanians benefit more from natural resources. "We are proceeding with talks with companies that plan to build uranium and nickel mines," Jakaya Kikwete said in a speech late on Tuesday. Kikwete also said the government plans to pass legislation this year to create a sovereign wealth fund to manage future revenues from gas production. He did not say what level of shareholding the government was looking to take in mines. Toronto-listed Uranium One, operator of the Mkuju River project owned by the Canadian uranium producer's majority shareholder, Russia's JSC Atomredmetzoloto (ARMZ), plans to build a uranium mine in southern Tanzania with an updated resource of 119.4 million pounds of uranium. The AIM-listed African Eagle Resources Plc is developing a nickel mine in northern Tanzania with the capacity to produce around 27,000 tonnes per annum of nickel. Barrick Gold Corp and Glencore Xstrata are also jointly developing a nickel project in Tanzania with a resource of 37.2 million tonnes grading 2.63 percent nickel. Neighbouring Kenya, which is testing the commercial viability of its deposits, also plans to set up a sovereign wealth fund, through a revised petroleum law expected by June. Tanzania now has 46.5 trillion cubic feet (tcf) of proven natural gas reserves, up from 42.7 tcf previously, and expects that exploration off its southern coast will result in more finds, Kikwete said. Priority would be given to domestic use of gas over exports, to ensure the benefits are spread more widely, he said. *(Reuters)*

Zambia

Corporate News

No Corporate News this week

Economic News

THE Bank of Zambia says increased funding to the Central Statistical Office (CSO) will enhance quick capturing of employment related data both in the formal and informal sectors. BoZ governor Michael Gondwe said the data collection methods currently in use can be improved by promoting partnership among institutions that collect various statistics. Dr Gondwe said this when he appeared before a parliamentary committee on economic affairs, energy and labour on monitoring job creation in Lusaka on Wednesday. "Collaboration among institutions like Zambia Revenue Authority [ZRA], Zambia Development Agency, National Pension Scheme Authority, BoZ, CSO and Ministry of Labour would ensure efficient, costeffective data collection and avoidance of duplicate of data collection. "Decentralisation of operations to district level and increased funding to CSO would broaden institutional coverage and improve data collection, thereby ensuring timely dissemination of various statistical reports," he said. He said making partnerships will help eliminate gaps in the data collected, promote crosschecking of data among institutions which will consequently improve data quality and ensure reliability. Dr Gondwe said there is need to incorporate other efficient data collection methods, among them electronic data transmission although traditional methods of data collection are still being used. CSO has been collecting monthly employment data using administrative tax records from ZRA on a monthly basis since 2012. *(Daily Mail)*

Zambia's fiscal deficit widened to 6.7 percent in 2013, from the government's 3.4 percent target, Finance Minister Alexander Chikwanda said on Monday. The economy of Africa's biggest copper producer grew by 6.5 percent in 2013, Chikwanda said, driven mainly by agriculture, mining, construction and energy. *(Reuters)*

Zambia's government has withheld as much as $500 million in value-added tax repayments from mining companies failing to provide importer documentation, according to two people with knowledge of the matter. Zambia's revenue authority is holding back the repayments after last year introducing rules requiring the provision of documents from importers, the people said, asking not to be identified because the matter isn't public. They said they estimated the amount because they don't have the exact figures. Vedanta Resources Plc (VED) and other miners in Africa's biggest copper producer say they can't comply with the rules because they sell to commodity traders and don't know the final destination of their output. The tax authority also stipulated that export revenue must be paid directly to a Zambian bank, while some mining companies are paid via foreign accounts. Mumbuna Kufekisa, a spokesman for the Zambia Revenue Authority in the capital, Lusaka, declined to comment. Emmanuel Mutati, president of the Chamber of Mines of Zambia, couldn't immediately comment when called on his mobile phone. John Gladston, a spokesman for First Quantum Minerals Ltd. (FM), and Cephas Sinyangwe, a spokesman for Glencore Xstrata Plc (GLEN)'s Mopani Copper Mines Plc unit, declined to comment. "Although by the letter of the law the government may be in the right, it should be pointed out that the letter of the law raises the cost of doing business in Zambia, and as a result now exposes companies to random confiscations," Chris Becker, a market strategist at ETM Analytics in Johannesburg, said in a note today.

Zambia loses as much as $2 billion a year to tax avoidance, with the mining industry the biggest culprit, then Deputy Finance Minister Miles Sampa said in November 2012. The government introduced a law in July to better monitor exports and earnings. While copper accounts for about 70 percent of export earnings, revenue from the industry makes up less than 5 percent of the country's budget. Vedanta's Konkola Copper Mines took the revenue authority to the High Court in Lusaka over a 3.2 billion kwacha tax bill relating to a retrospective 16 percent

VAT charge on exports from January 2011 to March 2013. Joy Sata, a spokeswoman for Konkola, didn't return calls seeking comment. Zambia copper output increased 21 percent to 916,000 metric tons in the first 11 months of 2013 from a year earlier, according to the Bank of Zambia. With some operators paying other companies to smelt their copper concentrate, there may be some double-counting as both are required to report the production, the Chamber of Mines said last week. Output last year was probably less than 700,000 tons, it said. The biggest producers include First Quantum, Mopani, Konkola andBarrick Gold Corp. (ABX), which owns the Lumwana copper mine in the northwest of Zambia.

The European Union will lend Zambia 484 million euros between 2014 and 2020 for energy, agriculture and governance projects, Zambia's finance ministry said on Thursday. The funds will go towards the rehabilitation of the Kariba Dam, built in the 1950s, and will also promote solar power projects. "In the agriculture sector, Zambia will benefit through programmes aimed at strengthening the provision of nutrition, animal vaccine production, fisheries and conservation farming," the statement said. With respect to governance, the EU plans to offer budget support to help improve the accountability of public institutions. *(Bloomberg)*

Zimbabwe

Corporate News

Econet Wireless Zimbabwe is under pressure to revise its position regards to the opening up of USSD gateway amid indications banks are planning not to transact with its banking unit Steward Bank on the RTGS platform. The mobile phone operator is currently entangled in a bruising feud with banks over its reluctance to entirely open up its network to allow them to roll out mobile money services to clients. Econet argues that the gateway to mobile phone users is not the network, but its mobile money transfer service, EcoCash, which all financial institutions are free to use. However, Econet, after discussions with the banks and the RBZ's National Payments Unit, following pressure exerted on Steward Bank, agreed to open up the USSD gateway to the banks using an agreement crafted under Bank Electronic Airtime Retail (BEAR). The agreement laid out the conditions for opening up the gateway including transaction charges and settlement conditions.
Well placed sources told Herald Business that bankers expressed concern over the structure, which they say is heavily skewed in favour of Econet. "In general the proposed agreement gives overwhelming powers to Econet to control the product form as well as the leverage to terminate the relationship at their convenience," said a source in the banking sector. Under the agreement, Econet has the unilateral power to suspend or terminate services. It also accords the firm power to change tariffs at short notice, which would make future pricing structures of mobile banking products indeterminable. Econet wants to charge banks US30 cents per transaction and had suggested daily settlements of amounts due. Econet went further and gave itself the right to approve advertising collateral to be used in communicating with subscribers. The company also wants to define or prescribe each bank's definition and packaging of mobile banking and content distribution services with regards short codes.

The agreement is for a year. However, some bankers have said that the duration of a year is too short for a channel of its nature and are suggesting a longer term minimum. Sources said Econet was questioned why it would bring in an agreement they had initially crafted in 2012 which was meant to push airtime sales through banks. "There is no way any bank can accept the agreement in its current form. It has to be revised further. These conditions are just crazy and unacceptable to say the least." The sources say the situation, if not resolved, promises to get messy, as indications are that the banks would stop transacting with Steward Bank on the RTGS platform. Steward Bank is yet to be given the go-ahead to use ZimSwitch. The bank's application to join ZimSwitch was initially accepted by the board, but it was stopped by the bankers who felt parent company Econet was not being fair over its platform. According to Steward Bank communication to the Herald Business, ZimSwitch is in the process of completing the integration. *(Herald)*

DELTA Corporation's third quarter trading update last week which showed that total beverage volumes were flat compared to the prior period is only a reflection of a slowdown in the economy. In its third quarter report to the end of December 2013, Delta said that the total beverage volumes for the quarter were flat against the same period last year, and up 2 percent for the nine months ended 31 December 2013. Lager volumes and sparkling beverages dropped 25 percent and 6 percent respectively year on year on the prior comparable quarter, whilst sorghum beer and alternative beverages (mainly Maheu) registered growth in the quarter of 18 percent and 23 percent respectively. "This reflects overall slowdown in consumer spending and evidences continued down trading by consumers, a trend witnessed throughout much of 2013," Delta said in the trading update released last Thursday. The drop in lager volumes was accentuated by an increase in excise duties in the 2013 National budget. Consequently, Delta said revenue was down 3 percent for the quarter, but remained up 2 percent for the nine months. "While the revenue increase was largely in line with our expectations, we suspect revenue composition in terms of lager contribution was lower than expected and thus we suspect margin expansion would have halted," financial analysts Inter Horizon Securities commented last week.

The financial and equities research firm said "Going forward we expect a relatively flat performance (by Delta) for the full year to 31 March 2014." Generally, the liquidity situation tightened in the last half of the year forcing many companies to either scale down or retrench in what has reduced the buying power of many, hence the softening aggregate demand. The fact that aggregate demand is weakening has a direct impact on productive sectors of the economy as their producer find few takers, which in turn negatively impacts on the overall growth

of the national economy. Tight liquidity, as is typical of any election year, saw economic agents prior to elections adopting a "wait and see" attitude, with the last few months before the plebiscite witnessing an intensified liquidity squeeze in the economy. This leads to weak aggregate demand in most sectors of the economy. It also had the effect of slowing down economic activity, with 2013 GDP growth now estimated at 3,4 percent, down from the earlier 5 percent projection. Zimbabwe's gross domestic growth was 10,6 percent in 2012. The tight liquidity situation has resulted in an increasingly difficult operating environment for the Government, civilians as well as the private sector. Consumers now tend to limit expenditure on the most basic items required in their daily life as their disposable income continues to shrink in the wake of companies either retrenching to cut costs or closing down. As producer of fast moving consumer goods Delta is one of companies that should have experienced a boom in revenues and volumes in the festive sea It is normal for economies emerging from hyper -inflation to experience a few years of strong growth as the "low hanging fruits" are harvested, a period of fast growth followed by a slowdown, it is evident, Zimbabwe needs to put in place confidence building measures to deal with the challenges at hand before the economy slides into full blown deflation. Business confidence remains low and Zimbabwe's country risk premium is still high.

The result is a lack of investment and financial inflows required to drive future growth, hence tightening liquidity situation. Delta is one of those companies that have been caught in the intricate web induced by ever tightening liquidity situation as consumers become selective and restrict their expenditure to basics required in their daily life. However, while Delta's growth rate has slowed down considerably since last year, the company is still doing much better than its closest peers. Delta is still a cash cow and the company still accounts for most of the profits in the beverage market by itself. Operating as a near oligopoly Delta worries less about direct competition and this makes Delta a decent company to invest in, save for its powerful monopolistic tendencies with its suppliers. *(Herald)*

ECONET Wireless Global (EWG) has acquired 8,6% in its subsidiary Liquid Telecom held by Johannesburg Stock Exchange (JSE)-listed technology company Altron. In a statement to the JSE, Altron, which owns Altech, said Econet had agreed to pay $55 million for the stake. The transaction was done at a valuation of Liquid Telecom, of $640 million. EWG spokesman in South Africa confirmed the transaction, saying Econet understood the rationale behind the sale by Altron. "We understand that Altron is restructuring and streamlining its operations, including Altech. So, it makes sense for them to sell a minority stake like this one, even though Liquid is doing very well," the spokesman said. Liquid Telecom is a specialised telecoms operator, which mainly focuses on the business market, providing services like satellite communications and fibre optic networks. It has fibre optic networks in 12 African countries, and was also the largest operator of V-SAT earth stations across Africa. EWG is a privately held group, and is not listed on any stock exchange. One of its subsidiaries, Econet Wireless Zimbabwe, is listed on the Zimbabwe Stock Exchange and its activities are confined only to the Zimbabwe market.

The group's subsidiaries include Econet Wireless International, Econet Wireless Africa, Econet Solar International, Econet Wireless Zimbabwe and Liquid Telecom. Meanwhile, the spokesman clarified that Liquid Telecom was not a subsidiary of Econet Wireless Zimbabwe. "I can confirm once again that Liquid Telecom, is not, and has never been a subsidiary of Econet Wireless Zimbabwe. Both Econet Wireless Zimbabwe and Liquid Telecom are subsidiaries of Econet Wireless Global, whose principal shareholder is Strive Masiyiwa. Econet Wireless Zimbabwe does not have business interests outside Zimbabwe," he said. *(News Day)*

BRITISH American Tobacco (BAT) is divesting from Zimbabwe, NewsDay Business has established. Well–placed sources said the company was working out an exit plan from the troubled southern African country for yet an unspecified reason, but many suspect the decision could be influenced by the recent change of regime on the political front that saw long-time ruler President Robert Mugabe winning by a landslide. This comes as it emerged a few months ago that BAT had scaled down on its Zimbabwean operations and is now outsourcing various local brands from its global network, raising fears of retrenchments. Conglomerates tend divest for political reasons. A notable example was the withdrawal of American firms from South Africa at the height of apartheid. Employees fear the company could leave them in the cold as production at its factories is currently very low. BAT is said to be manufacturing the Madison 30 pack in South Africa for sale in Zimbabwe, and has stopped Cutrag operations for Mozambique, an indication the firm could soon be exiting the Zimbabwe market. Sources said initially, only BAT's Dunhill Brand was coming from South Africa. But the company last year said it was merely leveraging the machine capacity installed in one of the company's hub factories to offer consumers the innovation of a Madison 30s pack format.

The company claims its manufacturing facility in Zimbabwe continues to produce at full capacity in the 20s and 10s formats. The group late last year dismissed several of its Bulawayo-based staff members. A July 2013 National Social Security Authority (NSSA) Harare Regional Employer Closures and Registrations Report for the period July 2011 to July 2013 shows 711 companies in Harare closed down, rendering 8 336 individuals jobless. In addition, many companies are downsizing and have retrenched tens of thousands of their employees, condemning them to a gloomy future. More and more companies are being liquidated, while others are being placed under the care of judicial managers as economic problems besetting the country mount. Major companies that have retrenched include platinum miners Zimplats and Unki, Spar Supermarkets, Dairibord, Cairns, Olivine Industries and PG Industries. According to the NSSA report, 330 companies in Harare, in the retail and other business services category, closed while administration-related businesses also suffered a huge knock with 59 companies closing, with the construction and baking industries losing 42 and 32 companies respectively. BAT Zimbabwe was last year accused of industrial espionage after it emerged its competitors — Kingdom, Savanna Tobacco, Breco (Fodya), Cutrag, Trednet and Chelsea — had lost cigarettes valued at R100 million to armed hijackers in just over a year. The cigarettes were mostly destined for South Africa.

BAT, the largest cigarette manufacturer in the country, firmly denied the allegations from competitors. But BAT Zimbabwe spokesperson Shingai Rhuhwaya said the operation was an integral part to the group, adding that company remained a strong business and counter on the Zimbabwe Stock Exchange. "Only just last year BAT Zimbabwe through our Employee Share Ownership Trust have given employees the opportunity to become part owners in the business towards building the long-term sustainability of the business," Rhuhwaya said. "For example, given our global platform, BAT Zimbabwe can, and has, taken a strategic decision to leverage the machine capacity installed in one of the company's hub factories to offer our consumers the innovation of a Madison 30s pack format. Our manufacturing facility in Zimbabwe continues to operate at full capacity to produce all our quality local brands in the 20s and 10s formats." This would not be the first time BAT has taken a business decision to divest from a country for various reasons.
Last year, the group stopped its tobacco-processing plant in Uganda, rendering at least 26 employees jobless and hundreds others uncertain of their future. The company is switching its manufacturing operations to Kenya as it decommissions the factory. The group is reported to have opted not to invest in a $75 million plant because such an investment did not make economic sense given that it had an installed capacity to process 50 million kilogrammes of tobacco each year against an average 15 million kilogrammes BAT buys annually. BAT closed its plant in Ghana and moved the machines and equipment in the factory to Nigeria, where the company manufactures for its West African market. The conglomerate also sold its Zambian head office, factory and other assets and remodelled its business from manufacturing to simply marketing cigarettes. Sources say while BAT views the Zimbabwe operation as too small, it has given them huge headaches over the years and might just be the excuse the multinational could have been waiting for. *(News Day)*

MWANA Africa on Monday reported that gold production at its Freda Rebecca gold mine declined by 25 percent quarter-on-quarter to 13,072 ounces for the three months ended December. The slump was attributed to a mill being temporarily unavailable as a result of engineering downtime and shutdowns. "These were undertaken to make modifications which the company anticipates will lead to an improvement in throughput. Production was also impacted by a drop in head grade due to the temporary cessation of mining at its open pit operations," the company said in a statement. "Our priority number one is to continue delivering in cash and production; we want to ramp up our gold production to 70,000 ounces per annum which will have material impact on our cash costs. "Freda Rebecca, although it is an underground gold mine, is one of the few profitable underground gold mines in the world today, the reason being it is almost like an underground quarry, so in order to push our costs down we need to push up our volumes and this is what we are focusing on. "We are focusing on increasing our mining rate, our milling rate and also seeking to improve on our recovery rate." However, the company's 75 percent-owned subsidiary Bindura Nickel Corporation saw a 76 percent quarter-on-quarter increase in nickel-in-concentrate sales to 2 651 tonnes from its Trojan operation, in Zimbabwe. "Operationally, this has been a mixed quarter for the company. We are very pleased with the progress at Trojan and this demonstrates the robustness of the asset. Freda Rebecca, however, had a difficult quarter due to reduced mill availabilities," Mwana CEO Kalaa Mpinga said.

The company explained that the mill at Freda Rebecca was undergoing modifications that would lead to improved throughput. Further, at

the Trojan mine all-in sustaining costs had increased from US$10 390/t to US$11 819/t as a result of the continued production ramp-up and the start of the shaft re-deepening. Mwana added that the mine's quarterly revenue increased by 74 percent, at US$24,5-million, owing to higher sales volumes. Mpinga said the company was also targeting to increase production at Bindura Nickel Corporation to 8,000 tonnes of concentrate per annum. Despite operating in an environment that is short of liquidity, the targets were achievable due to other enabling factors including support from the government. "The country has over 100 years of history in mining so there is legislative framework that works very well, there is an administration that understands the needs and requirements of the mining industry and is in fact very supportive," he said. Apart from its two mines in Zimbabwe, Mwana Africa also has operations in the Democratic Republic of Congo (DRC) and South Africa. *(New Zimbabwe)*

THE world's second largest tobacco firm by sales, British American Tobacco (BAT, said Thursday it does not plan to leave or divest from Zimbabwe. The company, which has over the last couple of years been attacked by President Robert Mugabe and also come under pressure over compliance with the country's indigenisation laws, said it was committed to value addition of Zimbabwe's major export crop. "Our company plans forwards. As such, in 2014, as we have done for over 100 years, we remain firmly focused on value-addition to Zimbabwe's most valuable agricultural commodity – Tobacco," said Lovemore Manatsa, Managing Director of BAT Zimbabwe Listed on the Zimbabwe Stock Exchange (ZSE), BAT Zimbabwe is 56.95% owned by London-based BAT International with other major shareholders including Old Mutual which has a 19.1% stake. However, authorities said the firm was only 6.22% indigenised, compelling management to come up with a plan to comply with empowerment laws that require foreign companies to localise ownership and control of at least 51 percent of their Zimbabwe operations. Under its plan, BAT said it would have to meet 36% indigenous status by October 2013, 46% by October 2014 and 51% by October 2015. The company said it would also donate shares representing 10 percent of its issued share capital to an employee share ownership trust (ESOT) as part of the compliance plan. "We are incredibly proud of our commitment to our people and the country at large. Empowerment is entrenched within the way we do business," the company said in a statement Thursday. "The BAT Zimbabwe Employee Share Ownership Trust and Tobacco Empowerment Trust evidence our investment in the sustainable development of our industry and country. "We value all our trade partners in the formal and informal sector who have contributed so significantly to the growth of Zimbabwe's economy and the successful performance of our business. "BAT Zimbabwe aspires to be a constructive partner and corporate citizen in the national dialogue on how to attract and retain investment in our manufacturing sector and country. "We believe we have a strong business in Zimbabwe because we uphold high standards of business conduct and this is recognised by all of our stakeholders." *(New Zimbabwe)*

STAR AFRICA Corporation on revealed Thursday that it had received a $5.6 million offer for its 33,3 percent in Tongaat Hulett Botswana (THB). StarAfrica Corporation company secretary Aldo Masemburi said the offer was subject to the exercise of pre-emptive rights by the other shareholders in Tongaat Hullet Botswana and the conclusion of legally binding agreements with the prospective purchaser following the discharge of right of pre-emption. "A notice of intention to sell has been given to THB and a response is expected on or before March 5 2014 as prescribed by the shareholders Agreement. It is anticipated that the disposal will be completed and the proceeds of the sale received by April 30 2014," said Masemburi. Giving a market update on the company's operations, Musemburi said although stiff competition continues from lower-priced imported sugar they welcome the measures put in place by government to support the local sugar industry through an improved import duty structure with a view to stabilizing the local sugar market. "This will increase the uptake of sugar from the upgraded plant by industrial and direct consumption market segments. It is anticipated that the company will start realizing these benefits in the first half of the 2014/2015 financial year," Masemburi said. Last year, Star Africa corporation shareholders have approved a scheme of arrangement that entails a cocktail of measures meant to turn around the group's fortunes. Seventy-two percent of proxies who participated in the company's extraordinary general meeting last week endorsed the scheme. Group chief executive Sam Mushiri said the scheme would become operational once it has been approved by the High Court early next month.

"We are on course. We are now going to gather on August 7, 2013 in the chamber and the scheme will be operational," he said. While the scheme entails a number of strategies to turn around Star Africa Corporation's fortunes, the main issue on the agenda at the EGM was considering disposal of some assets to enable the firm to raise funds to clear part of its debts. Mushiri said he was always confident that the

company's shareholders would endorse the scheme. Major shareholders in the sugar processing company include the National Social Security Authority (18 percent), ZSR Investments UK (14 percent) and Old Mutual (10,7 percent). The scheme provides that lenders and creditors, owed a total of US$19,7 million, would not be paid for months to allow the company to work on its payment plan. The six-month moratorium would allow Star Africa Corporation to sell some of its assets to partially settle liabilities immediately thereafter while the balance would be staggered over 32 months depending on the nature of liability. The company had faced a bleak future amid reports some of creditors had started legal action against the company. Star Africa Corporation directors proposed to dispose of its 33,3 percent stake in Tongaat Hulett Botswana and its entire shareholding in transport concern Blue Star Logistics. The scheme will also see the company upgrading its sugar refinery plant in Harare to improve the quality of sugar required by bottlers from 40 to 100 percent. *(New Zimbabwe)*

Economic News

Zimbabwe has started assessing submissions by companies including the local units of Anglo American Platinum Ltd. (AMS) and Impala Platinum Holdings Ltd. (IMP) to build metal refineries in the country. "It's pleasing that they have submitted the plans and they are now being looked at," Deputy Mines Minister Fred Moyo said in a telephone interview. He wouldn't comment on how long the review of the plans would last. The country's platinum producers were compelled to submit their plans to construct base-metal refineries by Jan. 17, according to a Jan. 3 letter to producers, a copy of which was obtained by Bloomberg News. Producers would be required to send their ore to the plants. Zimbabwe, which has the biggest platinum reserves after neighboring South Africa, produces 430,000 ounces of the metal a year, the document shows. The country's platinum industry needs as much as $5.3 billion if it is to expand to more than 500,000 ounces of output and to construct refineries to process platinum group metals and industrial metals extracted from the same ore bodies, according to its Platinum Producers Association. Mimosa Platinum, a Zimbabwean venture jointly owned by Aquarius Platinum Ltd. (AQP) and Impala Platinum Holdings Ltd., said it expects to reach an agreement with the government after filing plans for a refining plant.

Mimosa Response "We sent in our responses to government and I think something will be agreed on," Winston Chitando, Mimosa Platinum's executive chairman, said today in a telephone interview from the capital, Harare. "There are no indications when we will get a response, but obviously we will continue to talk and engage the government." Zimbabwe's largest platinum miner, Zimplats Holdings Ltd., 87 percent owned by Impala, said it has also filed plans. "We confirm that Zimplats has submitted a response to the letter from the Ministry of Mines inviting the company to participate in the establishment of refining facilities for platinum group metals in Zimbabwe," Busi Chindove, a spokeswoman for Zimplats, said in an e-mailed statement. The producers' association said it will issue a statement later. Anglo American Platinum's Unki operation made its submission on Jan. 17, Chief Financial Officer Collins Chibafa said by phone, declining to disclose details of what was submitted. *(Bloomberg)*

Tobacco farmers are expected to deliver at least 200 million kg of tobacco this marketing season, which begins next month. This will be an improvement on last year's target of 170 million kg that was missed by 3,4 million kg after 166,6 million kg, valued at US$612,1 million was delivered. Some industry stakeholders told The Herald Business that 200 million kg was the likely target for this year judging by the increase in the number of farmers who registered to grow the crop this year. A total of 85 076 farmers had so far registered to grow tobacco during the 2013-2014 season against 65 256 growers that had registered to grow tobacco during the same period in 2012-2013 growing season. Tobacco Industry and Marketing Board chief executive Dr Andrew Matibiri said that it was still premature to talk about the target as they were still carrying out assessments in different parts of the country. "We are still carrying out assessment in different parts of the country to ascertain the status of the crop, we expect to have a clearer picture within the next two weeks," he said. A number of farmers have in the last few years been taking up tobacco farming due to favourable returns that are being realised from the crop. This has resulted in a rebound in tobacco production from a low of 46 million kg in 2006 to about 144 million in 2012, and 166,6 million last year. Tobacco is one of the country's top foreign currency earners and accounts for 10,7 percent of the country's Gross Domestic Product. *(Herald)*

TELECOM tycoon (and the country's only billionaire) Strive Masiyiwa has been called a "global business influential," a "face of New Africa," and the "Bill Gates of Africa." He continues to live up to the reputation with a new venture that's as bold as they come. The founder and chairman of Econet Wireless, Zimbabwe's biggest wireless network operator, wants to turn the company's mobile wallet technology, known as EcoCash, into Zimbabwe's primary method of payment. It's no small task: Masiyiwa essentially wants to replace printed currency with digital money, transforming his native country into Africa's first paperless economy. Can it be done? It's not as far-fetched as you might think. Zimbabwe - ruled for decades by the iron-fisted leader Robert Mugabe and, accordingly, subject to economic sanctions from the U.S. and EU - needs an alternative to cash more badly than perhaps any other country in Africa. In the late 2000s, the country suffered from such mind-boggling hyperinflation - at its height in 2008, a can of Coca-Cola that cost Z$50 billion in the morning would cost Z$150 billion at the close of business on the same day - that it abandoned its own currency in 2009 in favour of currency from other, more stable countries. Today, Zimbabwe's economy relies almost exclusively on the U.S. dollar. But the "dollarization" of the economy has created a new set of problems. The limited number of bills in circulation are old and tatty, and shopkeepers are unable to make change due to a shortage of coins. That means shoppers are forced to accept change in the form of chewing gum, cigarettes, and other small items.

"EcoCash has been able to take advantage of this situation by providing an alternative medium of exchange from physical dollars," says Laurence Chandy, a development specialist at the Brookings Institution in Washington. "When payments are made at stores, change can be provided in the form of an airtime top-up or mobile money." There's no question that EcoCash is filling a basic consumer need in one of Africa's poorest countries, where a great deal of the population has been excluded from the formal banking system. In a little over two years, the service has registered 31% of Zimbabwe's adult population, a group responsible for more than $200 million in transactions per month - that's about 22% of the country's GDP - using their mobile phones. For Econet, the program is a way for it to diversify its portfolio away from its core voice and data business, where revenue growth has been weak. With an early success on its hands, Econet is staking much of its future growth in Zimbabwe - and other African countries in which it does business including Nigeria, South Africa, and Botswana - on non-voice revenues that come from programs like EcoCash. "EcoCash is a strategic response to a strategic challenge," says Darlington Mandivenga, CEO of Econet Services, a subsidiary tasked with expanding the company's non-traditional revenue streams, including micro-insurance and microfinance. "What is happening in the telecoms industry is that revenues are stagnant, if not on the decline, with [average revenue per user] under pressure for various reasons such as competition and market saturation." To help EcoCash become Zimbabwe's dominant payment system for retail transactions, Econet has embarked on an aggressive merchant acquisition campaign. It is sacrificing short-term profitability by paying out 80% of revenue in agent commissions to build a strong and dedicated network. At the same time, the company is using bank-grade technology to fast-track interoperability with Zimbabwe's major financial institutions and make it easier to deploy new mobile services.

One of those services is Ecosave, which allows otherwise "unbanked" people to safely put away money for emergencies. In two weeks, the tool prompted an influx of 500,000 new account openings, turning Econet subsidiary Steward Bank into the country's largest bank by number of accounts. "The vast majority of the population is unbanked and trapped in cash," says Kathleen McGowan, senior policy advisor with the Washington-based U.S. Agency for International Development. "Businesses and service providers were without the critical market infrastructure required to create fee-for-service business models and develop financial products designed to help the poor withstand potentially ruinous financial shocks such as crop destruction." If successful, could Zimbabwe's EcoCash overtake Kenya's M-Pesa - which, with a four-year head start has signed up two-thirds of the adult population in that country - as the world's gold standard for wireless financial services? It's unclear. "Rather than a universal model, EcoCash is specific to Zimbabwe," says Michael Fuchs, a finance and development specialist who spent years in Africa working for the World Bank. "It represents a market solution to managing demand for cash balances due to dollarization." USAID's McGowan was also unconvinced. "Fully replacing cash is highly aspirational," she says, "and hasn't been achieved even by countries like Singapore and Malaysia, which have pursued national strategies for several years."Nonetheless, EcoCash must continue to build confidence in its digital payment system. "Customers need to be assured that money stored on their phones electronically is truly liquid and will retain its value," says Brookings' Chandy. "If customers get spooked, they may intuitively run back to physical cash."*(New Zimbabwe)*

The African Development Bank (AfDB) has given Zimbabwe a $53 million grant to upgrade its power grid and water supply after years of neglect under President Robert Mugabe's more than three-decade rule. Zimbabwe has not received balance of payment support from lenders such as the International Monetary Fund and the World Bank since 1999 and desperately needs funding to overhaul its power supply and roads, and end water shortages. Mateus Magala, who signed the grant agreement on behalf of AfDB, said the bank was leading efforts to normalise ties between Harare and Western donors and clear its external debt of nearly $10 billion. Zimbabwe produces about 1,200 MW of electricity against a peak demand of 2,200 MW and some residents in urban areas have not had water for more than five years. Although Harare is not eligible for new funding, the IMF this month approved a six-month extension of a monitoring program aimed at allowing it to clear billions of dollars of debt arrears. *(Reuters)*

NO individuals shall hold more than 10 percent shareholding in a banking institution or it's controlling company, according to proposed draft amendments to the Banking Act. Currently, the limitation on shareholding in banks and controlling companies is not captured in the legislation but the Reserve Bank used regulatory powers to cap equity limits. The draft also seeks to limit shares held by corporates in banks at 25 percent. "Subject to this Act, without the permission of the registrar given, no individual shall hold shares in a banking institution or a controlling company if the shares exceed 10 percent of the total nominal value or the total voting rights of all the issued shares of the banking institution or controlling company," read part of the proposed amendment. However, the registrar may, by written notice to the shareholder and the banking institution or controlling company concerned, give permission for the shareholder to hold more shares in a banking institution or controlling company, if satisfied that the shareholding will not be contrary to the public interest, the interests of the banking institution concerned, its depositors or of the controlling company concerned. The registrar may also use discretion to have individuals and corporates to exceed the shareholding limits if it is deemed "fit and proper" to hold shares in a banking institution. "Before giving permission . . . the registrar shall, through the governor, consult the minister and shall provide the minister with such information regarding the shareholder and his or her shareholding or proposed shareholding as the minister may reasonably require."

Shares in a banking institution or controlling company which are held by an individual shall be deemed to include any shares in the same banking institution or controlling company which are held by a close relative of the individual while shares held by a corporate shall also be deemed to include any shares in the same banking institution or controlling company which are held by an associate of the corporate. But if the close relative or associate concerned purchased the shares through a stock exchange, the provision will not apply. Most local banks have collapsed, some as a result of undue influence from controlling shareholders who abused depositors' funds. For instance, Renaissance Merchant Bank, now Capital Bank, was driven into negative equity after top shareholders of its holding company allegedly borrowed millions of dollars of depositors' funds in breach of banking regulations. Mr. Patterson Timba had 44,7 percent shareholding in RFHL through Bethel Trust and other vehicles while his then fellow top executive, Mr. Dunmore Kundishora, held an effective 24,2 percent stake. The two thus held almost 69 percent between them, allowing them to dominate the ownership. Other banking institutions that fell under similar circumstances include Interfin Banking Corporation — whose top shareholders include Mr. Farai Rwodzi, Mr. Timothy Chiganze and Mr. Jerry Tsodzai — Royal Bank and First National Building Society. *(Herald)*

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