SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	22-Apr-16	29-Apr-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10300.52	10299.92	-0.01%	-0.23%	10602.32	-2.85%	1.52%
Egypt	CASE 30	7781.45	7773.23	-0.11%	-0.10%	7006.01	10.95%	-2.22%
Ghana	GSE Comp Index	1844.62	1828.00	-0.90%	0.57%	1994.00	-8.32%	-7.65%
Ivory Coast	BRVM Composite	320.30	318.68	-0.51%	-0.26%	303.93	4.85%	8.75%
Kenya	NSE 20	4010.82	4009.26	-0.04%	-0.08%	4040.75	-0.78%	0.31%
Malawi	Malawi All Share	12838.01	12861.07	0.18%	0.56%	14562.53	-11.68%	-13.55%
Mauritius	SEMDEX	1765.78	1781.93	0.91%	1.17%	1,811.07	-1.61%	1.29%
	SEM 10	338.37	342.64	1.26%	1.52%	346.35	-1.07%	1.84%
Namibia	Overall Index	1027.96	1023.96	-0.39%	-1.25%	865.49	18.31%	26.73%
Nigeria	Nigeria All Share	24850.11	25062.41	0.85%	1.21%	28,642.25	-12.50%	-12.47%
Swaziland	All Share	357.63	357.65	0.01%	-0.86%	327.25	9.29%	17.07%
Tanzania	TSI	3934.28	3992.77	1.49%	1.85%	4478.13	-10.84%	-12.23%
Zambia	LUSE All Share	5075.49	5010.75	-1.28%	-3.53%	5734.68	-12.62%	0.53%
Zimbabwe	Industrial Index	99.28	105.79	6.56%	6.56%	114.85	-7.89%	-7.89%
	Mining Index	20.16	20.16	0.00%	0.00%	23.70	-14.94%	-14.94%

CURRENCIES

Cur-rency	22-Apr-16 Close	29-Apr-16 Close	WTD % Change	YTD % Change
BWP	10.54	10.56	0.22	4.50
EGP	8.86	8.86	-0.00	-11.87
GHS	3.83	3.78	-1.46	0.74
CFA	580.22	578.81	-0.24	3.71
KES	99.38	99.42	0.04	1.10
MWK	659.35	656.89	-0.37	-2.11
MUR	33.79	33.70	-0.26	2.95
NAD	14.25	14.37	0.87	7.12
NGN	197.92	197.23	-0.35	0.03
SZL	14.25	14.37	0.87	7.12
TZS	2,157.23	2,149.58	-0.35	-1.57
ZMW	9.30	9.51	2.34	15.05

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Botswana

Corporate News

No Corporate News This Week

Economic News

Two South Korean firms could be picked to expand Botswana's Morupule B power station by 300 megawatt (MW) in a bid by the southern African nation to ease power shortages, the energy minister said on Friday. Energy minister Kitso Mokaila was quoted in the local Mmegi newspaper as saying that the expansion would be carried out by Korea Electric Power Corporation (KEPCO) and Daewoo. The plant has an installed capacity of 600 MW but works are already under way to add 300MW by a joint venture between Japan's Marubeni and South Korea's Posco Energy. The plant would eventually generate a total of 1,200 MW when all the expansions are completed. The coal-fired power station was originally built by the China National Electric Equipment Corporation (CNEEC) at a cost of $970 million but has often broken down, leading to a reliance on diesel generators and imports from South Africa. Botswana's current electricity demand stands at 600 MW, according to the energy department. *(Reuters)*

Botswana's central bank kept its benchmark lending rate unchanged at 6 percent on Tuesday, saying the outlook for price stability was positive, and inflation was expected to remain within target. In a statement, the Bank of Botswana said modest domestic demand and subdued foreign price developments had contributed to the positive inflation outlook in the medium term. *(Reuters)*

Egypt

Corporate News

Egypt's Orascom Telecom Media and Technology Holding reported a net loss of 3.6 billion Egyptian pounds ($405 million) in 2015 versus a net profit of 263.98 million pounds a year earlier, the firm's financial statements, printed in local media on Thursday, showed. OTMT's operational revenues increased by 12.8 percent in 2015 to 291.420 million pounds, while its financial costs increased to 1.045 billion pounds from 339.635 million a year earlier. *(Reuters)*

Economic News

Egypt's Supply Ministry said on Sunday it had purchased 57,000 tonnes of local wheat from farmers since the start of the season on April 15. Egypt, the world's largest wheat importer, is planning to buy 4 million tonnes of Egyptian wheat in the local season which started on Friday. Farmers are being paid a fixed price of 420 Egyptian pounds ($47.30) per ardeb (150 kg) of wheat after abandoning plans to pay farmers global rates for their crop. The higher fixed price, well above global market rates, is meant to encourage farmers to grow wheat but has previously led to smuggling involving the sale of cheaper imported wheat to the government falsely labelled as Egyptian. Egypt's wheat harvest begins in April and runs through July. Last year the government said it procured a record 5.3 million tonnes of the grain, up from 3.7 million the year before. Industry players have said that last year's record procurement was the result of falsely labelled foreign wheat and that it drained nearly 2 billion Egyptian pounds ($255 million at exchange rates at the time) from the government budget. The supplies ministry has repeatedly denied this. The government nonetheless announced a series of new measures this month to tighten control of wheat circulation during the harvest that include prohibiting the internal trade of wheat during the procurement season. The country has increased its storage capacity for grains since last year with the addition of 17 new silos constructed as part of a United Arab Emirates grant, the ministry said. Another 105 of the country's open air storage facilities were recently modernised by Blumberg Grain and linked up to a central logistics command centre. The company says the project will save Egypt hundreds of millions of dollars on previously squandered grain. *(Reuters)*

Egypt netted just $500 million in tourism revenue in the first quarter of 2016, down from $1.5 billion a year earlier, a tourism ministry adviser told Reuters, highlighting the country's struggle to kickstart a key dollar-earning industry. Egypt's tourism industry, a cornerstone of the economy and critical source of hard currency, has been struggling to rebound after the political and economic upheaval triggered by the 2011 uprising that ended Hosni Mubarak's 30-year rule. Tourism revenue has also taken a heavy hit since a Russian plane crashed in the Sinai last October, killing all 224 people on board in what President Abdel Fattah al-Sisi called an act of terrorism. Islamic State said it planted a bomb on board. More than 14.7 million tourists visited Egypt in 2010, dropping to 9.8 million in 2011. In the first quarter of 2016 just 1.2 million tourists travelled to Egypt, down from 2.2 million a year earlier, said economic adviser to the ministry of tourism Adla Ragab. Egypt aims to attract 12 million tourists by the end of 2017 through a plan that includes increasing the presence of national carrier EgyptAir abroad, tourism minister Yehia Rashed said in a recent interview with Reuters. "Many European airlines have halted flights to Sharm El Sheikh. It's too early to say what the long-term impact of the Russian plane crash will be," said an analyst at hotel industry consultants STR. The torture of Italian graduate student Giulio Regeni, whose body was dumped on the side of a road in February, has also damaged Egypt's image abroad. Egyptian intelligence and police sources told Reuters the police had custody of Regeni at some point before he died, but Egyptian officials have strongly denied any involvement in Regeni's death, saying he was never in their custody. The Regeni case has brought allegations of widespread police brutality in Egypt under sharper focus. *(Reuters)*

Egypt's Agriculture Ministry said on Wednesday the government had procured 99,646 tonnes of local wheat since the start of the buying season on April 15. Egypt, the world's largest wheat importer, is planning to buy 4 million tonnes of Egyptian wheat in the 2016 season. The total area that has been harvested across the country so far is 826,491 feddans out of a total of 3.439 million feddans that have been planted, a statement by the ministry said. One feddan is equal to around one acre. Farmers are being paid a fixed price of 420 Egyptian pounds ($47.30) per ardeb (150 kg) of wheat after Egypt abandoned plans to pay farmers global rates for their crop this year. The higher fixed price, well above global market rates, is meant to encourage farmers to grow wheat but has previously led to smuggling involving the sale of cheaper imported wheat to the government falsely labeled as Egyptian. Egypt's wheat harvest begins in April and runs through July. Last year the government said it procured a record 5.3 million tonnes of the grain, up from 3.7 million the year before. Industry players have said that last year's record procurement was the result of falsely labeled foreign wheat and that it drained nearly 2 billion Egyptian pounds from the government budget. The supplies ministry has repeatedly denied this. This season, the government has nonetheless announced a series of new measures to tighten control of wheat circulation during the harvest that include prohibiting the internal trade of wheat during the procurement season. *(Reuters)*

Egypt's central bank kept its key interest rates unchanged on Thursday in its first decision since it raised rates by 150 basis points last month. The bank's Monetary Policy Committee (MPC) kept the overnight deposit rate at 10.75 percent and the overnight lending rate at 11.75 percent, it said in a statement.*(Reuters)*

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TRADING

Ghana

Corporate News

The Finance Ministry has justified its decision to sign a Stability Agreement with mining firm, Goldfields-Ghana. Government through parliament last month announced its decision to allow Goldfields-Ghana to pay a fixed tax and royalty rate for the next 11 years. This decision has, however, not gone down well with some civil society groups and even the committee that was established to review the agreement granted mining firms like, Anglogold and Newmont-Ghana. But Deputy Finance Minister Ato Forson tells JOYBUSINESS there was no way government could have declined the agreement. "As soon as you set one precedent, in the case of Ghana, like Newmont, others doing similar investments will ask for similar equality. Failure to do it will mean they are going away and that is why I said that in taxing petroleum or mineral resources in the extraction industry, you really will have to look at what your sub-region is doing," Mr. Forson said. He explained that others are benchmarking and failure to do it will mean that things will not be as they were which means taking an investment or a financial decision. According to Mr. Forson, they are taking a decision that would benefit the community as a whole and not necessarily to look at revenue but both. "So you don't only look at how much you get in terms of how much you are going to benefit, the impact on job, creation, the impact on growth, add them and then form an opinion. So if you are to dwell on one side you make a mistake," he said. According to the committee that is reviewing the stability agreements, the one given to Goldfields, could result in the country losing about $26 million annually. *(Ghana Web)*

Economic News

Rising interest rates in Ghana is stoking cost of borrowing and forcing businesses to go bankrupt, research conducted by an international organisation has stated. Ghana is said to have one of the highest lending rates to the world, placing second in the latest ranking released by Trading Economics, a development which has been identified as a disincentive for the busi-ness community. The global economics research entity placed the lending rate of banks in the West African country to be around 26 per cent, but that of microfinance institutions are pegged at about 70 per cent. Malawi rank first in the world with the interest rates of 27 percent as at March 2016. Trading Economics pro-vides its users with accurate information for 196 coun-tries including historical data for more than 300.000 economic indicators, ex-change rates, stock mar-ket indexes, government bond yields and commodity prices. "The prevailing high lending rates in the country is stifling investments, the development of the private sector and economic growth in general," Jorge Kappor, an Indian delegate of the just ended 2016 World Bank/IMF Spring Meetings in Washing-ton DC, USA told Business Day in an interview. High-interest rate had consistently been cited by the world competitive index reports, as well as in surveys by the Association of Ghana Industries as one of the ma-jor obstacles to doing business in the country. Contributing, Dr. Victorin Schneidman, who is an Economist with the World Bank said: "the need for a more effective regulation on interest rates by the Central Bank as a way of reducing the high costs of credit is paramount." The high lending rates in Ghana, in spite of histori-cally low rates worldwide, are of monumental national importance due to its impli-cations for the development of the private sector. Some analysts blame competitive government borrowing as a major cause of high lending rates in the country. The country's high budget deficit for a long time, which is increased during election years, is financed by borrowing both domestically and internationally. This has driven up the rates for Trea-sury Bills, which has become a de facto- benchmark for banks' rates. Also, government is forced to pay relatively high- interest rates, which in turn forces the private sector to pay high rates for credit.

In addition, high costs in the banking industry cover-ing operational costs, energy costs due to the current en-ergy crisis, as well as struc-tural inefficiencies, high borrower risks emanating from inadequate collateral, lack of credit referencing, un-bankable projects and general macro-economic instability have contributed to the high rates. Internationally, the de-preciation of the cedi and high-interest rate demand from foreign investors on bonds have also been con-tributory factors. In order to address these issues, gov-ernment must restrain its borrowing by reducing the budget deficits. Other remedies include increasing the efficiency of banks' operational costs, addressing borrower risks and, most importantly, rein-forcing financial regulation in Ghana. Interest rates around the world, both short term and long term, are exception-ally low these days. The United States of America government can borrow for 10 years at a rate of about 1.9%, and for 30 years at about 2.5%. Rates in other industrial countries are even lower. For example, the yield on 10-year government bonds is now around 0.2% in Ger-many, 0.3% in Japan and 1.6% in the United King-dom. In Switzerland, the 10-year yield is currently slightly negative, meaning that lenders must pay the Swiss government to hold their money. The interest rates paid by businesses and households are relatively higher, primar-ily because of credit risk, but are still very low on historical basis. All else equal, inves-tors demand higher yields when inflation is high to compensate them for the declining purchasing power. But yields on inflation-protected bonds are also very low today. The real or inflation-adjusted return on lending to the U.S. govern-ment for five years is cur-rently about minus 0.1%. *(Ghana Web)*

Ghana accepted GH¢1.123bn ($294mn) for a three-year domestic bond with a yield of 24.5 per cent, sources close to the transaction told Reuters on Thursday. Proceeds of the bond, which was open to offshore investors, will be used to finance the government's 2016 budget. It was sold through a book-builder's system arranged by Barclays Bank, Stanbic and Strategic African Securities. Total bids received amounted to GH¢1.13bn, with 71 per cent of that coming from offshore investors, the source said. The West African nation paid 24.75 per cent yield on a three-year bond arranged **by book-builders in January.** The major commodities exporter is implementing a three-year aid programme with the International Monetary Fund to fix an economy dogged by budget deficits, inflation and a widening public debt. Ghana's total public debt is around 70 per cent of GDP while consumer inflation stood at 19.2% in March, up from 18.5 per cent the month before. The yield on Ghana's weekly benchmark 91-day Treasury bill was 22.8017 per cent last Friday. *(Ghana Web)*

New Bank of Ghana's Governor Abdul-Nashiru Issahaku said in his first domestic speech on Tuesday that bringing down inflation and reducing interest rates were his main priorities but that achieving those goals would take some time. The Bank also remains committed to enabling commercial banks to scale up lending to small and medium sized businesses and other sectors in order to boost gross domestic product growth, Issahaku said. *(Reuters)*

Ghana's provisional gross domestic product growth grew at 4.9 percent year-on-year in the fourth quarter of 2015, the statistics office said on Wednesday. "Quarter on quarter seasonally adjusted GDP growth for fourth quarter was 1.3 percent ... compared to the 1.0 percent recorded in the third quarter of 2015," deputy government statistician Baah Wadieh told a news conference. *(Reuters)*

Kenya

Corporate News

Eveready East Africa Limited is owed Sh11 million by the financially troubled Uchumi Supermarkets, the firm's managing director, Mr Jackson Mutua, has revealed. The debt, according to Mr Mutua, was part of the Sh77 million the company recorded as a loss in 2015. However, he said that so far the former battery manufacturer had been able to recover Sh5 million from the supermarket chain. Uchumi is currently facing serious cash flow problems, forcing it to close down several stores across the country, among them its Nakuru and Kisii outlets. The supermarket chain owes its suppliers more than Sh3.6 billion, while its total liabilities have surpassed its assets by nearly Sh200 million, putting the once successful retailer in a negative equity position. "Uchumi Supermarket was one of our key accounts, which contributed 60 per cent of our sales," said Mr Makau. While fielding questions from the company shareholders during the 49th annual general meeting in Nakuru, Mr Makau said the firm does not operate accounts in any of the troubled banks. To shore up its profits, Mr Makau said the company, which has reduced its financial loss for the year under review by Sh100 million, has introduced at least four products within the household segment. They include bulbs, car batteries, under the brand name Turbo, and pens. The Turbo battery is a partnership with the Chloride Exide of Egypt, while the rest of the products such as a bleaching agent under the brand name cholorox are manufactured locally. *(Nation)*

The impact of a turbulent year has continued to eat into company profits with Logistics firm Atlas Development and Support Services Limited Atlas joining 19 other listed companies in issuing a profit warning. Atlas in a regulatory filing said that the company faced accounting adjustment losses as they restructured. "Atlas hereby issues a profit warning due to the likelihood that the Company's earnings for the 18 months ended 31st December 2015 will be more than 25 per cent lower than last audited results to 30th June 2014," the firm said in a statement. The statement said that the Kenyan business, which was the majority of the trading activity, was liquidated due to the global economic environment, in particular the curtailment of investment in the oil and gas sector. The oil and gas logistics firm suffered a Sh1 billion loss in June due to reduced contracts from oil and gas exploration companies especially around Turkana, and made a decision to divert its resources from Kenya to Tanzania and Ethiopia. The firm recently announced it had gotten into a deal with Ethiopian Raya Brewery for the supply of beer bottles which will be made at Atlas' upcoming glass plant near Addis Ababa after raising $5 million (Sh501 million) in a private placement to finance the feasibility study and initial construction work for the factory. *(Nation)*

Mortgage financier HF Group posted a 47.7 per cent jump in net profit in the first quarter ended March on the back of increased lending. The Nairobi Securities Exchange-listed firm said its net profit in the period stood at Sh327.4 million compared to Sh221.5 million a year earlier. This came as interest income increased 28.4 per cent to Sh2.3 billion, partly reflecting a 12 per cent loan book expansion to Sh53.4 billion. HF also raised its investment in government bonds and T-Bills to Sh4.2 billion from Sh255 million. "The group also increased its holding of government securities…to take advantage of the improved yields on government paper as well as building a sinking fund towards liquidation of the first tranche of its corporate bond expected in October 2017," the firm said in a statement. HF is set to redeem Sh7 billion worth of its seven-year bond it issued in 2010. The firm's 'other income', expected to capture property sales, rose 43.5 per cent to Sh241.8 million. HF's loan loss provisions dropped by Sh7.8 million to Sh136.8 million despite the gross bad loans rising by Sh105.8 million to Sh327.4 million.

The company, however, says it expects some of the non-performing loans to be paid off later this year. "The group non-performing loans increased…on account of delayed liquidation of some project loans whose conveyance process is in progress and expected to be paid off during the year," the company said, adding that the transactions could reduce the ratio of bad debts to seven per cent from the current 8.4 per cent of the total loan book. HF's interest expenses grew 28.8 per cent to Sh1.2 billion, partly showing the impact of a 23.5 per cent increase in customer deposits to Sh40.8 billion. The firm's operating expenses expanded 15.1 per cent to Sh773.1 million in what the company attributed to increased amortisation cost due to commissioning of its new core banking system and other business software. Among the services that are now available following the rollout of the new system include mobile banking through a new mobile app, salary advances and instant alerts on transactions. Internet banking is scheduled to be rolled out within the year. *(Business Daily)*

Chase Bank workers resumed work Monday in preparation for re-opening of the collapsed lender Wednesday under the management of Kenya Commercial Bank (KCB). The approximately 1,400 staff reported to its 62 branches countrywide for the first time since April 7 and spent the day testing its core banking system. The Central Bank of Kenya (CBK) last Wednesday announced that it had picked the KCB to manage Chase for an unspecified period, during which services to customers will be gradually increased. "All Chase employees have resumed duty today in preparation for the bank opening on Wednesday," Joshua Oigara, KCB's chief executive officer, said on Twitter. Mr Oigara added that Chase employees, who hold a 4.3 per cent stake in the lender, would receive their April salaries "in the normal way", offering relief to the staff whose March salaries remain locked up in the bank. The Business Daily has established that the back-to-work milestone follows two meetings that KCB management team held with Chase Bank's staff at their Riverside and Westlands offices on Thursday and Friday last week. This engagement spilled over into the weekend as representatives from both banks remained holed up in several branches testing their system in preparation for the re-opening. Chase will upon reopening offer limited services, including allowing its depositors to withdraw a maximum of Sh1 million from their accounts.

This withdrawal ceiling will see 167,290 account holders (equivalent to 97 per cent) receive their funds in full while those with cash above this amount are set to receive their money "in a structured manner" in future, the CBK said. The bank's mobile and ATM services as well as the Internet banking platform are also set to be revived immediately while issuance of new loans will be limited to individuals who make fresh deposits. Individuals with existing deposits will, to begin with, not be able to access loans until KCB undertakes to verify the collateral and documentation upon which existing loans were issued. "Part of the manager's role is to follow up on full documentation on all facilities issued. All outstanding loans and transactions will be reviewed and communication shared upon re-opening," said Mr Oigara.
He was speaking during a Q&A session on Twitter Monday morning where he also explained that cheque clearing facilities is one of the services that will be reintroduced at an unspecified later date. Chase Bank's agents are also expected to become operational by May. The lender collapsed on April 7 following failure to pay panicky customer's deposits after it ran out of cash amid reports of unlawful internal transactions by its top managers. KCB last week beat eight other bidders, including Chase Bank's current shareholders, two foreign institutions and three local banks, to clinch the deal to manage the lender for a fee. KCB is expected to commence a due diligence on Chase Bank in about three months, with the aim of acquiring a majority stake in the lender which has cut a niche for itself in the SME sector. "We had given a proposal but the acquisition details have not been discussed," Mr Oigara said on Twitter. *(Business Daily)*

KCB has dispatched at least 63 managers to man all Chase Bank branches that will open this morning after a three-week closure. Chase Bank's own branch managers have been relegated and will now be deputising the employees seconded from KCB, which has announced its intention to acquire a majority stake. "We have been told that our managers will work below the KCB ones, but everything else will be as usual," an employee told the Standard late yesterday evening. The new arrangement will be replicated throughout the 62 branches of Chase Bank, while many more senior managers from KCB have been deployed to the headquarters in Riverside Drive, Nairobi. By yesterday evening, optimistic Chase customers were already hanging around the lender's branches in the hope that they could withdraw some money. Neither KCB nor Chase could confirm the new arrangements that had been envisioned by the Central Bank of Kenya (CBK) when it announced the revival of Chase last Wednesday. CBK's Kenya Deposit Insurance Corporation will remain as the overall receiver manager until KCB makes the acquisition in a transaction that would involve a fresh capital injection. Senior KCB officials who spoke to The Standard confirmed that it is all-systems-go. Among the final touches was sending cash to every branch to take care of any eventualities including mass withdrawals. "We however, do not anticipate any abnormal levels of withdrawals, but we are well-prepared to handle whichever case," a KCB manager said. The reopening will offer major relief to thousands of Chase's customers, whose lives may have been disrupted, through for a very short period compared to other collapsed banks. KCB was optimistic that most customers would stay on, basing its enthusiasm on its own interactions with most of the bigger customers. *(Standard)*

Kenya Airways secured on Wednesday a court order stopping a strike planned by the Kenya Airline Pilots Association (KALPA), which was set to start on Thursday. Kenya Airways is one of the largest carriers in Africa, ferrying 10,000 passengers a day on a fleet of Boeing and

Embraer planes. The carrier, which is 26.7 percent owned by Air France-KLM, has been selling assets, including planes, and plans to lay off 600 people as it battles deep losses. KALPA on Tuesday issued a two-day notice to the carrier saying its members would stop flying planes if Kenya Airways Chief Executive Mbuvi Ngunze did not resign immediately over what it called "questionable" turnaround measures. In a ruling, the employment and labour relations court in Nairobi blocked KALPA from "calling, participating or engaging in any form of industrial action including strikes" and set a hearing date for the dispute on May 9. KALPA did not respond immediately to a request for comment by Reuters. *(Reuters)*

Marketing services firm WPP Scangroup's net profit for the year to December dipped by nearly a quarter on lower revenues and a higher tax rate. The firm, which is listed on the Nairobi bourse, on Wednesday reported after-tax earnings of Sh478.7 million, a 23.4 per cent drop from the previous year's Sh625.5 million. The profitability dip resulted from a two per cent decline in revenues to Sh5.02 billion compared to the Sh5.12 billion the firm posted in the financial year to December 2014. The firm paid a higher corporate tax of Sh396.6 million as its effective rate increased from 31 per cent to 45 per cent due to deferred tax adjustments, further eating into the firm's profitability. "The group faced rough trading environment during 2015 in Kenya, its largest market," WPP Scangroup said in a financial declaration sent to the Nairobi Securities Exchange. "As a consequence, the group's revenue declined by two per cent. ''Kenya now accounts for 66 per cent of the group's revenue and we anticipate it to reduce further to below 60 per cent in 2016." The firm's earnings were boosted by interest income from financial investments, which grew by Sh187.8 million to Sh436.1 million, representing a 76 per cent jump. WPP Scangroup reported that its operating and administrative expenses last year increased 4.3 per cent to Sh4.7 billion, pulling down earnings. The company announced that its operations in markets outside Kenya such as Ghana, Nigeria, South Africa and Uganda were "particularly pleasing" and that they would therefore continue to strengthen them. WPP Scangroup said its biggest growth came from public relations and its digital business which continued to outpace the business' core functions of advertising and media. *(Nation)*

Mumias Sugar Company (MSC) has received Sh1.1 billion as advance payment for the second bailout from the Government. This brings to Sh2.1 billion the amount given to the company by the Government for its restructuring plan. MSC Chairman Dan Ameyo said the funding has come at the right time as the bailout will be used to settle outstanding payments. "We have put in place a spending plan approved by the board of directors and shared with stakeholders in the restructuring of the company. The funds shall be directed to purchase of factory spares in preparation for factory rehabilitation, farmer's payments and staff rationalisation," Mr Ameyo said. Last year, the Government released Sh1 billion to the miller and announced a revival strategy that includes undertaking a rights issue to raise between Sh3 and Sh4 billion. Wednesday, Ameyo thanked the Government for the timely intervention. "The local leadership has also played a key role in keeping hope alive within the population while standing by our side. I also thank our esteemed suppliers and service providers and other creditors for your patience and goodwill that has enabled the company to stay on track despite challenges so far faced along a difficult recovery path," he said. Over the last three years, the company has struggled financially affecting thousands of farmers who depend on it. Between 2013 and 2014, Mumias registered losses running into billions of shillings that almost brought the company to a halt. An audit revealed that irregularity in management, bloated staff, a weak governance structure, exaggeration of transport and input costs, and inefficiency in production processes were some of the issues bogging down the firm. *(Standard Media)*

Economic News

Payment of goods and service through the mobile money transfer platforms hit Sh102 billion in the three months to December 2015, demonstrating a higher appetite for the service as an alternative to hard cash and card payment. According to the Communications Authority of Kenya, which released the data for the first time, the high value in transactions were driven by subscribers using the various money transfer platforms to pay for utilities and online government services. Safaricom's Lipa na M-Pesa accounting for 94 per cent of the amount translating to Sh94 billion that its customers used to pay for goods and services. Safaricom subscribers made a total of 35 billion transactions during the period while the value of the amount sent from person-to-person hit Sh124 billion. Airtel's total value for paying goods and services amounted to Sh2.3 billion while the number of transaction made during the period totalled to 2.3 billion. The value of cash sent across Airtel money subscribers was Sh4.2 billion. Equity's finserve, the new kid on the block surpassed Telkom's Kenya Orange money, with its subscribers using Sh3.9 billion to pay for goods and services compared to Orange Money which managed Sh1.1 billion. Person-to-person Finserve's value of person-to-person hit Sh14 billion compared to Orange's Sh1.3 billion. "During the quarter under review, mobile money services remained key in providing safe, secure and cheap financial services in areas with no access to formal banking systems," the CA report noted, adding that "Kenyans were able to pay for utilities, online government services and buy goods and services using their mobile."

In general the volume of transactions (deposits and withdrawals) on this platform was registered at 122.3 million with Sh290.6 billion transferred among users during the period. Mobile commerce recorded a total of 54.3 million transactions with Sh102.4 billion used to pay for goods and services. The person-to-person transfers stood at Sh139.7 billion at the end of the quarter under review.
Growth in mobile money volumes comes at a time when all service providers are battling each other for a piece of the lucrative retail payments market by signing up merchants such as utilities, supermarkets, fuel stations and hotels to accept mobile cash. These platforms include Safaricom's Lipa Na M-Pesa, Lipa Sasa Na MobiKash; Airtel Money's buy goods module while Tangaza Pesa is currently piloting MyDuka. *(Nation)*

Kenya is reviewing taxes and levies on tea production after industry executives and farmers said the charges were putting them at a competitive disadvantage. Producers of Kenya's No. 1 export earner complain about a 1 percent levy on tea sold at a weekly auction in Mombasa and a 16 percent value added tax on tea processed and consumed locally. The East African nation is the world's leading exporter of black tea, a crop that offers a livelihood to thousands of small-scale growers who complain not enough cash reaches them. Kenya earned 125.25 billion shillings ($1.24 billion) from tea exports last year on output of 399.21 million kg. A slightly stronger shilling means officials expect earnings to slip to 115 billion to 120 billion shillings this year. Top buyers of Kenyan tea include Britain, Afghanistan, Egypt, Sudan and Pakistan. Kenyan officials have also been holding marketing trips to Asia in a bid to increase sales of the commodity to countries like China. A Kenyan department of agriculture team is reviewing taxes and levies, the department's principal secretary Richard Lesiyampe, told Reuters, adding a report was due out shortly. "It will really help us to see what kind of levies, what kind of licences and fees that we can indeed waive," he said. The port of Mombasa hosts a weekly auction of tea produced in East African countries including Kenya, Uganda, Burundi, Rwanda and Tanzania. "We have 10 countries which bring their tea to the auction, which is the largest in the world, and out of these countries only Kenya charges a levy, so Kenyan farmers are disadvantaged," Edward Mudibo, the managing director of the East Africa Tea Traders Association, said. The sales levy does not apply to neighbouring producers.

Tea growers in the lush Rift Valley highlands say that taxes and high costs of labour and fertilisers hurt earnings and discourage expansion.
"If you look at the auction, the price is high but farmers are completely squeezed. The government must find a way of helping the farmers," said 65-year-old farmer Josphat Sirma. The average price of Kenyan tea was $2.98 per kg, or about 300 shillings, at the weekly auction in Mombasa last year. But small-scale farmers like Sirma can expect to receive just 45 shillings per kg, before paying for labour. They say they need 60 shillings to survive or expand output. Joseph Lagat, a director at Siret Tea Company, said poor returns and high fertiliser costs risked driving small growers out of business. "You will have very low yields and tea quality will fall, because you will get tougher leaf which is very difficult to process," Lagat said.*(Reuters)*

M-Pesa has reported a 27.1 per cent growth in its active users across Africa, Asia and Europe in the year ended March 2016, hitting a total subscriber base of 25 million. British telco Vodafone, which owns 40 per cent of Safaricom, has been launching the money transfer service in various choice markets around the world. The mobile phone-based service has a presence in Kenya, Tanzania, South Africa, Democratic Republic of Congo, India, Mozambique, Egypt, Lesotho, Ghana, Albania and Romania. Vodafone Group Director of Mobile Money Michael Joseph said the surge in usage is attributed to M-Pesa's entry into Albania and Ghana as well as support from a network of over 261,000 agents in countries of operation. "Since 2007, M-Pesa has enhanced the lives and livelihoods of people without bank accounts, giving them access to essential financial services through their mobile phones," said Mr Joseph. In Kenya, M-Pesa has about 19 million active users transacting an estimated Sh15 billion daily. Vodafone declined to provide the value of global M-Pesa transactions. Its usage is expected to further surge through cross-border arrangements such as Global Framework Agreements (GFA) with two international money transfer hubs, TransferTo and MFS For Africa.

Vodafone also stated that an agreement with MTN Mobile Money to enable direct cash transfers between M-Pesa and MTN customers in seven countries across East Africa will drive up usage. M-Pesa is also set to benefit from a deal between Tanzania's major mobile operators, including Vodacom, to enable its domestic mobile money services to be fully interoperable - the first market in Africa to do so. "M-Pesa continues to expand, evolving beyond traditional money transfers to encompass savings and loans, payment of salaries and benefits, settlement of utility bills and school fees and to enable vital health and agricultural solutions," said Mr Joseph. In the phase of increased competition from rivals, M-Pesa thrives within the 11 countries it operates through innovative partnerships. In Lesotho, for instance, the Ministry of Social Development pays welfare grants using M-Pesa, Kenya's Ministry of Agriculture also pays fertiliser subsidies using it. In India, the National Rural Livelihoods Mission uses M-Pesa to enable financial inclusion for women's groups and the National Rural Health Mission is using the service to disburse pre-natal health benefits. *(Nation)*

No economy in the world will be immune to the volatility that would follow a decision by Britain to exit the European Union, Kenyan central bank Governor Patrick Njoroge said. East Africa's biggest economy won't be spared the "shock waves" that could reverberate around the world should voters in the U.K. decide in a June 23 referendum to withdraw from the economic bloc, Njoroge told reporters Thursday in the capital, Nairobi. "All I can tell you is that it will be a disaster," he said. "We are connected to all external markets. If there is any volatility there, it will affect us. We haven't taken out insurance on volatility, so markets will punish everybody, because there will be nowhere to hide." Barring a so-called Brexit, Njoroge said he was more optimistic about the prospects for Kenya's $61 billion economy, whose biggest exports to Europe are tea and cut flowers. Kenya's gross domestic product expanded by 5.6 percent in 2015 and the pace should pick up to about 6.1 percent this year, according to Treasury estimates. The Kenyan economy is more resilient than other African nations because it's not dependent on a single export such as oil and is also diversified in terms of its trade partners, dealing mainly with its neighbors in the East African Community rather than Europe, Njoroge said. "The climate is much more positive," he said. "I can be more optimistic rather than just cautiously optimistic." British Prime Minister David Cameron is campaigning to keep his country within the EU. The Organization for Economic Cooperation and Development on Wednesday warned about the possible implications of an exit, saying the U.K. faced tighter financial conditions, weaker confidence, higher trade barriers and restrictions on labor mobility. "Why would the U.K. voters vote for a Brexit? Well, it's their right," Njoroge said. Such a decision would "have huge consequences for the rest of the world."*(Bloomberg)*

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

Dangote Cement Plc, Africa's largest producer of the building material, said it expects to increase earnings in 2016 as cement volumes rise, despite an economic downturn in its home market of Nigeria and pressures elsewhere on the continent. Demand in the company's home market of Nigeria should remain "robust" this year, following a price cut announced by Dangote in September and supported by government infrastructure development plans, the Lagos-based company said in a statement on Monday. "We are confident that as we progress through 2016 we will be able to improve over last year on volume, earnings before interest, taxes, depreciation and amortization and all the way through to earnings per share," the company said. While group cement volumes surged 70 percent in the three months through March, Dangote's profit margins have come under pressure as a result of the price cut and as it ramps up new factories that operate in countries with lower charges. Dangote reported group operating margins of 40 percent for the first quarter, compared with 51 percent a year ago, while its cost of sales rose 56 percent. Profit for the period was 52.8 billion naira ($266 million) in the three months through March, compared with 68.6 billion naira a year earlier.
The decline was largely a result of a considerable foreign-exchange gain last year that wasn't repeated. Revenue rose 23 percent to 140.5 billion naira. Profit in the period "was affected by manufacturing and operating costs that rose significantly" due to gas shortages, said Philip Anagbe, an analyst at Lagos-based Asset & Resource Management Co. "It is an area the company has to work on." Dangote Cement, controlled by Africa's richest man, Aliko Dangote, cut Nigerian prices in September to boost consumption of the building material and protect its market share against imports amid slowing economic growth in Africa's biggest economy. The company's cement volumes grew to 6.4 million metric tons in the period and its "absolute" earnings before interest, taxes, depreciation and amortization increased slightly to 72.4 billion naira. "We are still achieving very good 51.5 percent Ebitda margins at group level despite the price cut in Nigeria and the general economic malaise that has affected a number of countries in which we operate," Chief Executive Officer Onne van der Weijde said in the statement. "We achieved record sales growth in Nigeria following the price reduction we implemented in September 2015 and this helped drive volumes up by 45 percent in our core market." Dangote, which is expanding rapidly across sub-Saharan Africa, said last month it plans to increase annual cement capacity to about 77 million tons by the end of 2019, from 43.6 million tons last year. It's already more than doubled cement capacity since 2013, adding new factories in Cameroon, Ethiopia, Senegal, South Africa, Tanzania and Zambia. The company recently started work on new plants in Nigeria and Ivory Coast and signed a memorandum of understanding for the financing and construction of its next string of projects in Nigeria and elsewhere, Van der Weijde said.*(Bloomberg)*

Access Bank Plc, has announced 42 per cent rise in profit for the first quarter ended March 31, 2016. Specifically, the bank's unaudited result showed a profit after tax of ₦19.4 billion. This, according to the bank, represents 42 per cent increase over ₦13.7 billion achieved in Q1 2015. The bank recorded gross earnings of ₦80.3 billion, up from ₦76.8 billion in Q1 2015. Profit before tax (PBT) during the period under review rose to ₦22.6 billion, representing a 37 per cent growth when compared to ₦16.5 billion in Q1 2015. Access Bank also recorded an annualised 20.7 per cent return on average equity (ROAE) from 19.2 per cent in the first quarter of 2015. The Group Managing Director of the bank, Herbert Wigwe assured that the bank would continue grows its loan portfolio in light of macro realities, it will continue to uphold the highest standards of risk management in order to sustainably maintain asset quality. He added that the bank would also explore and activate other innovative avenues to expand our digital banking proposition so as to achieve improved revenues and deliver sustainable shareholder value in the long term basis. "I am pleased with the Group's solid first quarter performance characterised by improved margins and strong profit growth despite prevalent macro headwinds and a slowed economy. Today, we are realising the benefits of initiatives that were deployed last year in the retail banking space, evidenced by the rapid adoption and utilisation of our enhanced digital platforms. This translated to growth in our retail-related fee and commission income. "We are encouraged by these results, and in the coming quarters, we will intensify the implementation of our strategic cost reduction initiatives in order to improve our bottom-line. We will also explore and activate other innovative avenues to expand our digital banking proposition so as to achieve improved revenues and deliver sustainable shareholder value in a long term basis." *(Guardian)*

Following a 3-day forum, which was held in Lagos recently, the Chairman, United Bank for Africa (UBA) Plc, Mr. Tony Elumelu formally inaugurated a Group Board Meeting as a platform for group integration, bonding and knowledge sharing. Ninety participants made up of the entire board of UBA, chairmen and CEOs of UBA subsidiaries in Africa and the United Kingdom, group strategic business and support heads, amongst other special invitees and guest facilitators, were in attendance. Speaking during the inauguration, Elumelu said: "As long term investors and Africa enthusiasts, we are committed to the markets in which we operate and to the wider African economy. We will continue to work with credible partners and governments across Africa to identify and develop those critical growth poles required for the sustainable development of all African economies." The Group Board Forum resolved to reposition UBA as the leading pan-African bank across all key indices – brand equity, human capital, customer service and profitability whilst also inculcating a culture of responsiveness in UBA. Other top of the agenda items included Know-Your-Customer (KYC) and Anti-Money Laundry (AML) policies and compliance standards across the Group. There was also a general agreement among participants that there will be zero tolerance for any regulatory infraction across all operations. For this to happen "we must inculcate a culture that enforces individual accountability, a high sense of urgency and a customer first orientation in getting things done. Responsiveness and accountability are key attributes of high performing organisations," Elumelu said. *(This Day)*

Nigeria's biggest banking group FBN Holdings has no need to tap equity markets after an unexpected 119 billion naira ($600 million) loan loss provision last year, but will limit lending growth to boost capital, its CEO said on Wednesday. Urum Kalu Eke said 2015 was a difficult year for the banking group due to weak economic growth in Nigeria, rising inflation and dollar shortages in the currency market, which made it hard for customers to service their loans. He said the bank holding company, with interests in insurance, commercial and merchant banking, would keep loan growth this year around the four percent it achieved last year. "The macro (economic environment) does not support aggressive loan growth at this time. We are guiding about 3-4 percent for loan growth this year," Eke told Reuters in a phone interview. FBN on Tuesday reported an 18 percent drop in first-quarter pretax profit to 22.1 billion naira after profits fell 77 percent in 2015 due to higher provisions for loan losses. Eke said about four or five oil firms accounted for some of the loan charges, in addition to real estate and telecoms businesses. He said the bank would restructure the loans or ask customers to beef up collateral and make repayments.
FBN's stock, down 34 percent so far this year, gained 5.3 percent on Wednesday to close at 3.57 naira, recovering from a 20-year low hit in February when the bank first warned of the charges.

The yield on its seven-year dollar bond due 2021 has hovered at record levels above 19 percent for most of April after starting the year just above 16 percent. Eke said FBN had no plan to ask shareholders for fresh funds because its capital ratio was higher than the regulatory minimum and also partly because of depressed equity markets. He said the bank would retain profits to boost capital. Tumbling oil markets in the past year have forced Nigerian banks, which have long thrived on loans to the energy sector and government bond investments, to adapt their business models at short notice. Eke said the bank was overhauling its credit model to avoid future loan losses and would diversify towards retail customers. FBN expects its insurance and merchant banking units to contribute 10-15 percent to group pretax profits within three to five years, from 8-10 percent now. *(Reuters)*

Nigeria's Dangote Sugar Refinery plans to raise 100 billion naira ($503 million) through a mix of debt and equity by the third quarter, its chief finance officer Babatunde Ajao said on Wednesday. The company, owned by Africa's richest man Aliko Dangote, and supplies refined sugar to soft drinks and confectionery makers, is targeting a 20 billion naira share sell while the balance would raised through bank loans and bond sales. "We are looking at the middle of the third quarter to come to the market ... to raise 100 billion naira in total," Ajao told an analyst call. *(Reuters)*

Lafarge Africa Plc posted a first-quarter loss as price cuts and a fall in demand weighed on the Nigeria-based unit of the world's biggest cement maker. The loss after tax was 1.9 billion naira ($9.5 million) in the three months through March, compared with a profit of 5.8 billion naira a year ago, the company said in statement on Thursday. Revenue declined 29 percent to 52.4 billion naira. While the unit of LafargeHolcim Ltd. didn't publish commentary of the figures, it said in October that pressure on prices and a market slowdown were hampering its business in Nigeria and other African countries. "The surprising weak performance is most likely due to production issues across its plants," including flooding, Lanre Buluro, an equity broker and analyst with Primera Africa Securities Ltd., said in e-mailed comments. The price cuts by rival Dangote Cement Plc could also have had an impact, he said. Nigeria, Africa's biggest economy and largest oil producer, is struggling with a plunge in crude prices. Economic growth slowed to 2.8 percent in 2015, the lowest in 16 years. The International Monetary Fund forecasts a further slowdown in 2016. Dangote Cement, Africa's largest producer of the building material, said this week its profit for the first quarter fell 23 percent to 52.8 billion naira. Lafarge Africa shares declined 5 percent to 70.33 naira as of 2:13 p.m. in Lagos. That extends its retreat this year to 27 percent, compared with 13 percent retreat of the Nigerian Stock Exchange All-Share Index. *(Bloomberg)*

Lafarge Africa is in the middle of a roadshow to market a 60 billion naira ($302 million) bond programme to refinance loans at United Company of Nigeria (UNICEM), which it acquired last year, its finance chief said on Thursday. "We are in the process of restructuring the UNICEM debt. We are in the middle of a roadshow," Lafarge Africa Chief Finance Officer Anders Kristiansson told an analysts call. "We want to refinance the U.S. dollar borrowings that we have in UNICEM."*(Reuters)*

Diamond Bank has posted gross earnings of N217.091 billion in its 2015 operations against N208.402 billion achieved in the corresponding period in 2014. Specifically, the bank's audited result for the period ended December 1, 2015 showed gross earnings of N217.091 billion, up from N208.402 billion posted in 2014. The banks profit before tax, however declined from N28.10 billion in 2014 to N 7.1 billion during the year under review. The bank's profit after tax also stood at N5.66 billion, down from N25.49 billion recorded in 2014. According to a statement from the bank, net operating stood income stood at N104.64 billion, compared to N127.38 billion in 2014. The bank improved on its operating cost and interest expense by recording a reduction of 0.5 per cent and 6 per cent respectively in 2015 compared to N65,341,524 and N51,553,435 in 2014. The Bank earlier issued profit guidance after prudent provisioning of N55.2 billion impairment charge and the installation of mitigating actions that would address the impact of current economic headwinds to deliver improved earnings and lower operating costs, thus, setting forth a clear and realisable business roadmap that would promote stronger and sustainable growth in 2016 and the years ahead. "Although the ripple effects of the Central Bank of Nigeria's regulation and the Federal Government, especially the change in Cash Reserve Ration (CRR) to 31per cent and later 25 per cent as well as implementation of the Treasury Single Account continued to be felt at the Bank and the industry generally, these partly caused a decline in customer deposits by 17 per cent and consequently led to a drop in total assets to N1.7 trillion from N1.9 trillion year on year." *(Guardian)*

PZ Cussons Plc has assured shareholders that the company is well positioned to leverage emerging opportunities in the industry to boost profitability and increase shareholders value. The Chief Executive Officer of the company, Christos Giannopoulos, while fielding questions from Journalists during the Bell ringing occasion on the floor of the Nigerian Stock Exchange, in Lagos on Wednesday, explained that the company is doing everything within its powers to attract their suppliers to set up their operations in Nigeria. He pointed out that the company currently imports majority of its raw material, noting that if the suppliers could set up operations in the country, it would reduce the cost of production and increase its bottom line The PZ boss noted that Nigeria has a lot of raw materials, but, however added that if the country would increase its ability to create, it would help reduce over dependence on import products. He maintained that the company is working hard to reduce the amount of foreign goods that comes into the country, adding that the firm has brought its associate companies and currently secured 26 hectares of land plantation which allows it to produce palm oil in Nigeria. Giannopoulos assured that the fundamental of the company and investors' confidence in the company remains strong.

"Nigeria has a lot of raw material, but it is the ability to create and not to depend on import products. PZ has brought its associate companies and got today 26 hectares of land plantation which allows us to produce palm oil in Nigeria. "Nigeria was once the biggest. Palm tree in the world. So we are doing our part to be able to reduce the amount of foreign goods that Nigeria requires. The rest of our businesses are at growth stage and the old brands always looking to find the opportunities with the consumer as their taste are changing. "As it stands today, we still import majority of our raw material, we are working very hard with our suppliers to attract them to come and set up their operations in Nigeria. PZ has been on NSE since 1974 and since then we have paid dividend every year. "We are one of the few companies that have done that. As long as we paid dividend, it means the fundamental of the company and confidence of investors to the company are strong. "Business requires stability, the most important thing is for government to put in place policies or enforce policies for a long term basis, "he added. *(Guardian)*

Impressed with the strong financial performance in 2015 despite the difficult operating environment, shareholders of Access Bank Plc have commended the board and management of the bank. The shareholders, who gave the commendation at the bank's annual general meeting (AGM) in Lagos on Wednesday, also approved a final dividend of 30 kobo per share in addition to the interim dividend of 25 kobo, which was paid in September 2015. Access Bank's profit rose from N52 billion in 2014 to N75 billion in 2015. Speaking on the bank's performance, the National Coordinator, Independent Shareholders Association of Nigerian (ISAN), Sunny Nwosu and President, Association for the Advancement of the Rights of Nigerian Shareholders, Farouk Umar, applauded the bank's remarkable achievements and noted that the dividend payment was an indication of the resilient performance recorded in the year. "Access Bank has consistently delivered on its dividend payout to shareholders compared to its peers in the banking industry. The bank's performance in 2015 is commendable in view of the difficulties that we had last year," Nwosu noted. Addressing shareholders at the meeting, Chairman of the bank, Mrs. Mosun Belo-Olusoga, said that the group posted another year of strong earnings in 2015, as revenues grew by 38 per cent to N337 billion in 2015, from N245 billion in 2014. Profit also rose to N75 billion in 2015 from N52 billion in 2014. "In 2015, we defied the odds and acted decisively to boost our capital, raising N41.7 billion of additional Tier 1 capital which met healthy demand from investors. This, in addition to the $400 million Tier II capital issued in 2014, provides the group with enhanced capacity to leverage market opportunities in target sectors and expand its digital banking capabilities," she said. Also speaking at the AGM, Group Managing Director/ CEO, Access Bank Plc, Herbert Wigwe, explained that management has made significant strides in delivering on the bank's growth objectives. "As we remain cautious in growing our existing business across geographies, we will place greater emphasis on expanding our retail business, improving cost discipline, proactively managing risk and strictly adhering to policies guiding our business," he said. *(This Day)*

The management of Fidelity Bank Plc on Thursday said the $115 million cash transfer, which led to the arrest of its Managing Director and Chief Executive Officer, Mr. Nnamdi Okonkwo, on Monday and his subsequent interrogation, was duly reported to the appropriate authorities, adding however that it was cooperating with the Economic and Financial Crimes Commission (EFCC) as the investigation progresses. The bank's reaction came as the EFCC stepped up its investigation into the huge lodgement, dragging in four oil firm and their directors whom, THISDAY gathered last night, have been invited for questioning following a presidential directive. The four oil firms were said to have made the lodgements, which the presidency, according to THISDAY checks, is bent on recovering from the companies. The firm officials are billed for interrogation this morning at the commission's Lagos office. The EFCC had arrested Fidelity Bank's chief executive for allegedly receiving $115 million in lodgements from the former Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke, and disbursed the funds to politicians in the build up to the 2015 presidential election that was lost by former President Goodluck Jonathan. "We can confirm that the transactions were duly reported as required by the regulators," the bank's management said in a statement, adding that it was cooperating fully with the authorities on the investigation. The bank's statement read: "Our attention has been drawn to reports in the media on investigations into transactions undertaken by the bank in the normal course of business in 2015. "The transactions are now the subject matter of investigations by the Economic and Financial Crimes Commission (EFCC). "We can confirm that the transactions were duly reported as required by the regulators and the bank is cooperating fully with the authorities on the investigation. "We assure our numerous stakeholders, including our customers, that we are working assiduously towards a quick resolution of the issues." Under the Bank and Other Financial Institutions Act (BOFIA) and Money Laundering Act, banks are mandated to report unusual transactions to the EFCC.

The commission's investigators, THISDAY gathered, are getting useful information from Okonkwo and the bank's Head of Operations, Mr. Martins Izuogbe, who is also in the EFCC net for his alleged role in the disbursement of the funds, which the anti-graft agency described as unprecedented. "They have succeeded in providing the list of beneficiaries of the funds,'' a senior EFCC operative told THISDAY last night, adding that the commission had raised a crack team to dig into the sources of the funds paid to Alison-Madueke by the affected oil companies. The $115 million was said to have been given to Alison-Madueke by the companies, while she was alleged to have contributed another $25.77 million. A senior operative in anti-graft agency further said that in the run up to the presidential election, Alison-Madueke gave a list to the Fidelity Bank MD and instructed him to change the $115million into naira and disburse the money to INEC officials in the 36 states, some individuals and non-governmental organisations (NGOs). The source said: "We have extended invitations to some of the owners of the oil firms who brought the pool of $115million that was given to Fidelity Bank Plc to change into naira for the purpose of

tampering with the results of the presidential election. "So far, only one of them has indicated interest in appearing before our team. We will give others some time to report but they are under surveillance, they cannot run out of this country. "Once they can explain the legitimate sources of the funds, we will allow them to go home.
By the Money Laundering Act, they were not supposed to be in possession of such huge cash." The EFCC source added: "We have interrogated INEC (Independent National Electoral Commission) officials from Rivers, Cross River, Akwa Ibom, Oyo, Ogun, Osun and Lagos States. This exercise is being carried out simultaneously in all the 36 states because INEC officials and some NGOs benefitted from the bribes." Meanwhile, THISDAY's source said last night that Fidelity Bank had refunded N40 million, being the interest on the funds deposited in the bank. Also INEC officials from Osun, Ogun and Oyo States who were arrested, are also said to have refunded N300 million. However, the source did not disclose the cadre of officials arrested in the affected Southwestern states. Apart from the INEC officials arrested, a former chairman of INEC has also been invited up the anti-graft agency in connection with the bribery scandal. The former INEC chairman was believed to have served as an election strategist to the Goodluck Jonathan Presidential Campaign Organisation on how to manipulate poll results.*(This Day)*

Economic News

President Muhammadu Buhari said on Friday he is yet to be convinced that Nigeria would benefit from a devaluation of the naira, despite its sharp fall against the dollar on the black market and rising inflation. The slump in global crude prices has caused the worst economic crisis in years in Nigeria, Africa's top oil exporter, as oil sales account for about 70 percent of national income. The official exchange rate against the dollar was pegged at 197 in February last year but a foreign exchange shortage has seen the naira hit record lows on the parallel market in the last few months. It traded at 320 on the black market on Friday. Last year the central bank introduced curbs to protect foreign exchange reserves, which have fallen to 11-year lows. Companies have complained that they cannot get hard currency to fund essential imports such as food or machinery spare parts. The central bank has resisted calls from the International Monetary Fund (IMF) and investors to ease the restrictions -- a stance supported by Buhari, who has previously likened a devaluation of the naira to having it 'killed'. Buhari, a 73-year-old former military ruler who led the country for 20 months in the 1980s, said he resisted pressure from the IMF and World Bank to devalue the naira in his previous tenure and was still yet to see the benefits it would bring.

"The naira remained strong against the dollar and other foreign currencies until I was removed from office in August 1985 and it was devalued," the president said in an address to retired civil servants. "But how many factories were built and how many jobs were created by the devaluation? That is why I'm still asking to be convinced today on the benefits of devaluation," he said. Inflation rose to a near four year high of 12.8 percent in March, up from 11.4 percent the previous month, which was driven by a rise in food prices. Foreign stock and bond market investors have become reluctant to put money into Nigeria because they assume the naira will eventually have to be devalued. A Reuters poll last week predicted that the dollar shortage would prompt a devaluation by September. *(Reuters)*

Telecommunications industry stakeholders have called on the federal government to revisit its fiscal and monetary policies, in order to create enabling environment that will boost infrastructural development and drive broadband penetration in Nigeria. The stakeholders who met in Lagos last week at the focused industry stakeholders forum organised by the Nigerian Communications Commission (NCC), faulted the deplorable condition of telecoms facilities across the country, blaming it on the harsh conditions of the country's fiscal and monetary policies, which they said, were inimical to telecoms development. The Executive Vice Chairman NCC, Prof. Umar Danabatta, while responding to the stakeholders' complaints on the difficulties that telecoms operators encounter in rolling out telecommunications services in underserved and unserved areas of the country, said poor telecoms infrastructure has been a major challenge to rapid broadband development in the country. According to him, the required infrastructure needed to drive fast broadband penetration is not available in the country and where such infrastructure exist, they are not adequate to enhance faster broadband penetration. Danbatta expressed concern about the recent ranking of Nigeria as the 134th country out of 144 country ranked on Global Competitive Index (GCI) by the World Economic Forum, said Nigeria dropped in the ranking as a result of her poor state of telecoms infrastructure that was supposed to drive development in the country. He therefore called in the federal government to review its fiscal and monetary policies and allow tax waiver on the importation of some critical telecoms infrastructure that will drive broadband penetration in the country.

The forum was organised by the Universal Service Provision Funds (USPF) of NCC, to seek stakeholders' contribution and collaboration on the best way to fund telecoms projects in the country that will lead to faster broadband penetration across the county. The stakeholders also called on USPF to undertake telecoms projects like building of Base Transceiver Stations (BTS), popularly called base stations, instead of allowing the telecoms operators to build BTS by themselves, while expanding their networks. They explained that the direct involvement of USPF in building of BTS would facilitate faster broadband penetration in the country. The Secretary of USPF, Mr. Ayuba Shuaibu, however explained that the law does not allow USPF to undertake any venture capital project. He further explained that the law only allows USPF to encourage telecoms operators to build BTS and other telecoms infrastructure for service rollout through subsidy. According to Danbatta, "NCC acknowledges the enormity of the task the industry has at hand in the area of driving broadband penetration and providing telephony services to the approximately 36.8 million people identified as underserved and unserved. These are groups, whose right to inclusive Information and Communications Technology (ICT) services we have continued to echo by stimulating and facilitating the deployment, utilisation and adoption of ICTs in their communities." *(This Day)*

The Nigerian government will allow cash-strapped states to defer deductions for loans in March so that they will have sufficient funds to pay salaries, the finance ministry said on Monday. The government will instead make loan repayments to bondholders on the states' behalf, the ministry said. Deductions of 10.9 billion naira ($54.8 mln) were defered in March. Several Nigerian states borrowed in the domestic bond market and from banks to fund infrastructure projects at the peak of oil prices. But as crude prices plunged, many states have been unable to pay bills or salaries. "With about 27 states currently experiencing challenges meeting their salary payments...obligatory repayments due to the federal government from the states in respect of their restructured loan obligations are being deferred for the current month," the finance ministry said in a statement. Nigeria, Africa's biggest economy and top oil producer, relies on crude sales for about 70 percent of government revenues and has been hit hard by the sharp fall in crude prices, leaving many states unable to pay workers. Government revenues fell to their lowest in five years to 299 billion naira in March, down from 345.095 billion naira in February, due to low oil prices, prompting the deferral. Governors of Nigeria's 36 states last year requested federal government support to offset a funding crisis amid debts including unpaid salaries totalling around 658 billion naira ($3.3 bln). The central bank then offered interventions of between 250 billion and 300 billion naira to help clear backlogs while the debt management office restructured commercial loans of more than 660 billion naira. The finance ministry said government will make repayments to bondholders and offset the debt against liabilities from States. "All states will receive the relief in this instance, however further deferrals will be subject to the agreement of a fiscal restructuring plan to be prepared by each state with clear measurable objectives," it said. *(Reuters)*

The Securities and Exchange Commission (SEC) has urged law enforcement agencies to collaborate with the Commission in its effort to achieve zero tolerance to infractions in Nigerian capital market, and to ensure that the perpetrators of fraudulent acts are brought to book appropriately. The Director General of SEC, Mounir Gwarzo stated this during the Commission's courtesy visit to the Inspector General of Police, Solomon Arase in his office in Abuja on Monday. Gwarzo solicited the support of the IGP to enhance the ongoing co-operation between the Force and the Commission towards ensuring that the laid down rules and procedures are adhered to in the capital market. While appreciating the police on the work they have been doing since the collaboration started, he sought more assistance in the areas of specialised discipline, such as forensic investigation to enhance the operations of the capital market. In his response, the Inspector General of Police, Arase, assured the Commission that the Nigerian Police, under his leadership, would do all that it could to assist in ensuring that incidents of infractions within the capital market were brought to the barest minimum. He commended the SEC's DG on his desire to make the capital market free of malpractices, saying that no nation can develop with the increase in crime and corruption and that life and property, which include tangible and intangible assets, must be protected.

He said the inter agency collaboration is in the right direction, as both the Nigeria Police, Economic and Financial Crimes Commission, EFCC and SEC are committed to deliver the mandate of protecting life and property of the people. The Investment and Securities Act of 2007, section 304 requires the Commission to refer matters of criminal nature to the appropriate criminal prosecuting authorities including the

Nigeria Police. Some of these infractions include fraudulent disposal of investor assets, illegal fund management, operation of wonder banks, insider dealing, corporate accounting fraud and share manipulation etc. The SEC boss said despite the great success achieved so far through the tracking of fraudulent practices in the market, the Commission is not resting on its oars as there are still illegal fund managers, wonder banks operators and possible cases of market abuse. "It is hoped that this synergy with the police will help to significantly reduce, if not totally eradicate these activities to the benefit of investing public," he said. *(Guardian)*

Nigeria is considering how best to certify and tap into its iron ore reserves, the vice president said on Tuesday, as Africa's top oil exporter continues to look for ways to diversify its economy away from its reliance on crude oil production. Nigeria's economy, the largest in Africa, is going through its worst crisis in years because of the fall in oil prices since mid-2014. Oil receipts make up around 70 percent of national income. The government, led by President Muhammadu Buhari, has said it wants to diversify the economy by boosting agricultural, mineral and other non-energy sectors, something that previous administrations have tried in vain. Vice President Yemi Osinbajo said about 70 percent of Nigeria's known iron ore deposits were yet to be proven to be viable and the government was considering options, which included working with private companies, "for certifying existing deposits". "We must be extremely ambitious in our industrialisation efforts," Osinbajo said during a visit to a steel plant in the western city of Ilorin, adding that Nigeria had about 2 billion metric tonnes of known iron ore reserves in total. The vice president also said steel played an important role in the government's economic plan and that the administration wanted Nigeria to become "a net exporter of steel within the shortest possible time". *(Reuters)*

The World Bank held talks with the Nigerian president on Wednesday on how it could help Nigeria overcome an economic crisis caused mainly by a sharp fall in crude prices eating into its oil revenues. On her second day of meetings with Nigerian officials, World Bank Managing Director and Chief Operating Officer Sri Mulyani Indrawati met President Muhammadu Buhari, who plans to stimulate the flagging economy with a record 6 trillion naira ($31 billion) budget. Nigeria will have to borrow 1.8 trillion naira from abroad and at home to help fund the budget, which has been delayed by several months and wrangling with parliament, if it goes ahead. Although Nigeria has held talks with the World Bank over a possible loan or credit facility in recent months, Indrawati did not address this when speaking to reporters after the meeting. "We would like to know how we can help Nigeria to make the very important decisions, whether on micro economic policy and other sectoral policy, that will make this economy move forward to become a strong middle income country," she said. Indrawati, who met Finance Minister Kemi Adeosun on Tuesday, said she and Buhari discussed the government's "commendable goals to improve tax collection and crackdown on corruption. Nigeria's economy, the largest in Africa, grew by 2.8 percent last year, its slowest pace since 1999. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

TWO largest banks CRDB and NMB will be collecting taxes and duties for the regional administration and local government to boost revenue collection and plug off leakages. The government outsourced revenue collection works to the two banks to ease tax payments and build more effective and efficient local government revenue administration. The banks are set to easing tax payment using ICT infrastructures thus maximizing local government collections. CRDB announced it has been approved for the work in a statement issued yesterday and said it would work with RALG for more convenient way of paying taxes for local government using electronic facilities. It said tax and duty payments could be made through Simbanking and FahariHuduma wakalas and government centres that are located in more than 65 municipalities. The payments could also be made through CRDB microfinance branches or any of CRDB branch. A fortnight ago NMB launched the Integration with the Local Government Authorities Revenue Collection Information System (LGRCIS) where over 180 councils and districts are set to benefit. The decision to launch an e-revenue collection system aims at moving away from physical cash collection to the electronic revenue collection systems.

The integration is in response of the government directives to embark on the electronic payments as a way to increase transparency and revenue collection within the local government authorities. In the last 17 years, the government has been empowering councils on revenue collections, but they have not been able to manage their revenues including their capacity in revenue collection. NMB's pilot project in the Arusha City Council revealed that in last year's fourth quarter collections increased from 2,189 transactions valued 1.2bn/- to 7,485 transactions valued at 2.7bn/- in the first quarter of this year. The move comes as Controller and Auditor General 2014/15 reports showed that management of revenue collection by local governments from own sources was still a big challenge -- leading to a loss of billions of shillings. The CAG 2014/15 report on the financial statements of LGA showed that 76 local authorities failed to get 5.3bn/- collected by agents from own sources while 58 others failed to collect 15bn/- from existing revenue sources. The report further indicated that 466m/- collected by 35 LGAs from various sources was not evidenced to be banked in local councils' bank accounts. *(Daily News)*

CRDB has launched an e-payment sensitization campaign using Tembo debit cards aiming at easing payments and maximizing government revenue collection. The campaign dubbed 'Win Big with TemboCard' is geared, among other things to change people cash payment culture to electronic payment with a view to promote a move towards a cashless society. The bank, according to its Managing Director Dr Charles Kimei, has set aside 1.0bn/- for the campaign that will run for six months from yesterday. "We want to drive people out of cash payment to cashless society… this way also we will be maximizing government revenue," Dr Kimei told journalists during the launch which goes parallel with celebrating 20 years of growth. The campaign follows a survey by the bank that revealed that majority of the people prefer paying in cash to e-payment as some want to dodge taxes, cash-base culture and lack of e-payment infrastructure. "We know changes cannot come overnight. This is the starting point to change peoples' cash-payment culture," Dr Kimei said.
The bank said the e-payment infrastructure are sound and efficient since people now can pay their various obligations —from tax, to water, electricity bills, to shopping via Point of Sales (PoS) available country wide. CRDB alone has over 1,500 PoS and some 2,000 FahariHuduma Agents across the country equipped with PoS devices. "Using TemboCard TRA, clearing and forwarding people can pay taxes using these cards and the transaction immediately reflects at TRA system," he said. He added that TANAPA and Zanzibar Airport has maximized their revenue collection after using CRDB machines which accept any cards as long as they are Visa, MasterCard and UnionPay. Users of the e-payment system TemboCard irrespective of PoS owner will enter into a draw where winners, top 20 each month, are selected based on the highest number of transaction conducted. The big number of transaction increases the chances to enter into top 20. However, a transaction at any PoS in the country, should not be less than 50,000/-. The number one in each month would visit any tourist destination of his/her choice with the United republic of Tanzania for three nights with his/her family of two kids. The overall winner, picked from each month, will visit Dubai or South Africa for three days with a spouse and two children. *(Daily News)*

Economic News

No Economic News This Week

Zambia

Corporate News

No Corporate News This Week

Economic News

THE Zambian government has accepted an International Monetary Fund aid package to help restore the battered economy to be implemented after the August 11 elections 2016, says Secretary to the Treasury Fredson Yamba. Yamba stated that both the IMF and the government agreed to commence the programme starting with the implementation of the 2017 national budget. "Further discussions were held at the just-ended 2016 spring meetings in Washington D.C whereby the Zambian government and the IMF agreed to have some milestones that will eventually lead to the country getting on a programme by the fourth quarter of 2016," Yamba explained in a press statement issued in Lusaka on Friday. "In line with the roadmap, the IMF will be provided with Zambia's macro and fiscal plans for the 2017 budget and the medium term, in June 2016, in line with the national budget calendar. This is meant to pave way for their input so that once in place, the programme will not be at variance with the budget because a large portion of the programme is executed through budget implementation." He stated that prior to the 2017 national budget, an IMF team is set to visit the country to finalise budget numbers. "Further, the Fund will field a mission in September 2016 to finalise budget numbers with Zambia, taking into full account the adjustments that will be required for a programme.

This will be followed by programme discussions in October/November 2016 with a view to have board discussions around mid-December 2016," Yamba added. "With respect to Zambia going on an IMF programme, the government is fully resolved, and as directed by Cabinet, this is inevitable." And Yamba added that one important issue to be tabled in Parliament in the coming weeks, among other policy issues, will be the mineral royalty tax. "One key policy issue to accelerate in the coming weeks will be the tabling before Parliament proposals on the mineral royalty tax sliding scale. This is meant to have a tax regime that is responsive to changes in metal export prices," stated Yamba. "In the meantime, government will work towards setting the stage for the necessary adjustments in electricity tariffs and fuel pump prices, while ensuring that austerity measures announced by the President in November 2015 are diligently enforced." Last November, President Edgar Lungu told the IMF team that despite the Zambian economy being in a mess, he could not sanction any IMF aid package before the elections because it could be used by the opposition against him. *(Post)*

PAN Africa Exchange (PANEX) is next month expected to launch live trading in bond and derivatives in Zambia, company chief executive officer Jacob Maaga has said. PANEX is a fully electronic marketplace designed to trade bonds, equities and derivatives and it is the first demutualised, fully electronic multi-asset exchange. This is after the Securities and Exchange Commission (SEC) issued the exchange with a trading licence. "We are excited to inform you that PANEX is now licenced as an exchange in Zambia by the SEC. As we look forward to opening our doors and launching live trading over the next few weeks, we will start accepting applications for membership from May 2, 2016," he said in an email yesterday. Mr Maaga said the company expects to create fair and transparent markets by providing innovative solutions to improve fairness and transparency for price discovery and trading between small-scale farmers, traders and agro-processors. The company provides hedging mechanism which is an investment to reduce the risk of adverse price movements in an asset and remove counter-party risk in agriculture while also facilitating financing through electronic warehouse receipt. It also facilitates efficient allocation and flow of capital between issuers and investors. *(Daily Mail)*

The depreciation in Zambia's kwacha may be short-lived as companies convert dollars to pay monthly taxes in Africa's second-largest copper producer, according to Cavmont Bank. The currency slid 3.1 percent to 9.80 against the dollar by 1:30 p.m. in Lusaka, the capital. Annual April consumer price inflation eased to 21.8 percent from 22.2 percent in March, the statistics office said in a statement Thursday.

Economists expected CPI to be below 22 percent, FNB Zambia said in an e-mailed note. "Despite its current weakness, the local currency is likely to make a rebound as corporates convert dollars for kwacha to meet month-end obligations," Lusaka-based Cavmont Bank said. The kwacha has advanced 13 percent against the dollar since January, making it the world's best performing currency of 2016, after being the third-worst last year. The currency has benefited from improving prices for copper, which accounts for in excess of 70 percent of Zambian exports, along with cuts to government spending, Mark Bohlund, an economist at Bloomberg Intelligence, said in a note Wednesday. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

SOUTH Africa's Impala Platinum posted a 17% rise in production in the quarter to the end of March thanks to a 71% rise in output at its Zimbabwe unit Zimplats, the company said on Tuesday. Despite a fire at its Rustenburg operation, Implats' output was steady at 142 000 ounces compared to 143 000 ounces in the same period last year. But the tonnage milled declined to two million tonnes from 2,5 million tonnes the year before and so production at Rustenburg will likely decline this quarter. At Zimplats, the start of an open-pit operation has helped to compensate for the loss of production at the Bimha mine, which is being redeveloped because of concerns about the stability of its ground and tunnels. Implats said it expected to produce 1,42 million refined platinum ounces compared to 1,276 million ounces last year. *(Reuters)*

Zimbabwe's largest platinum miner, Zimplats, on Tuesday reported a net profit of $6,7 million for the three months to March 31 from a $1,8 million loss in the previous quarter after revenue rose by nearly half. Revenue grew 44 percent to $138,5 million from$100 million in the previous quarter after the company sold 136,575 ounces of platinum group minerals (4E) during the period, with 41,757oz coming from its stockpile. "Revenue increased by 44% from the previous quarter mainly due to the export of stockpiled concentrates and a 6% increase in 4E converter matte sales volumes. In addition, there was a 4% increase in total revenue per 4E ounce sold," said Zimplats in a trading update. Compared to the same period last year, revenue was 26 percent higher. Profit after royalties was one percent down on the $6,766 million achieved last year. Operating costs rose by 28 percent in comparison to the previous quarter due to the increase in sales volumes while royalties increased by 41 percent from the previous quarter in line with the increase in revenue. Cash cost per 4E ounce fell 10 percent from the previous quarter largely due to the higher production volumes and tighter cost control measures. Zimplats said local spend in Zimbabwe, excluding payments to government and related institutions,dropped by a fifth to $52 million mainly due to the reduction in capital expenditure. Taxes dropped 12,5 percent to $7 million. *(Source)*

Zimbabwe's biggest cigarette manufacturer, British American Tobacco Zimbabwe (BAT), says sales volumes so far have declined sharply from last year but expects a recovery in the second half of the year. The company, which enjoys a market share of over 70 percent, is the maker of the Madison, Everest, Newbury, Kingsgate and Berkley cigarrete brands. Clara Mlambo, who took over as managing director from Lovemore Manatsa on February 1, told the company's annual general meeting on Tuesday that sales were suffering from low consumer demand. BAT has operated at 75 percent of capacity over the past two years. "Our volumes are much lower as compared to the same period last year. We expect the performance to pick up in the next three months going into the next half of the year," said Mlambo. "We just have to leverage on our portfolio to make sure we meet the various consumer needs because affordability has become a big challenge." In the full -year to December 2015, sales declined nine percent from 2014. Sales volumes for its local brands were down 10 percent while its Dunhill brand grew 12 percent, although it has smaller market share. *(Source)*

South Africa's Pick n Pay Stores Limited saw a 150 percent profit jump from its Zimbabwean associate, TM Supermarkets, driven by a strong US dollar and improved efficiencies, the group said on Tuesday. Pick n Pay owns 49 percent of TM Supermarkets, Zimbabwe's second largest retail chain. The Zimbabwe-listed Meikles Africa owns 51 percent of TM. Zimbabwe has used the United States dollar as its reporting currency since 2009, when the country abandoned its inflation-raveged currency. Announcing the South African retailer's full-year to March 2016 financial results on Tuesday, Pick n Pay chief financial officer Bakar Jakoet said the African division delivered 8.8 percent revenue growth to R4 billion despite difficulties in Zambia mainly due to the 20 percent devaluation of the Kwacha during the course of the year. Pick n Pay's Rest of Africa segment contributes just over five percent of the group's R72,4 billion revenue for the full year "The group benefited from an improved financial performance in TM, our associate in Zimbabwe, which was driven by stronger trade in the region and improved operational efficiencies," Jakoet said. "There was some benefit from the stronger US translation; however, in constant currency terms profits were up more than 150 percent." Firms with foreign operations use constant currency calculations to eliminate the effect of exchange rate fluctuations on their financial numbers. South Africa's rand-to-US dollar rate averaged 13 throughout 2015, according to traders' data. TM's detailed financial performance is expected to be revealed when parent company Meikles, which also has a March 31 year -end, presents its 2016 financial year results in the coming weeks. In the 2015 financial year, TM recorded $356 million revenue and $2,7 million net profit. Over the same period, OK Zimbabwe, the country's largest supermarket chain with 61 stores, registered $462,7 million revenue and $7,5 million profit. *(Source)*

Mimosa Platinum mine's PGM (4E) production for the March 2016 quarter increased to 30.483koz compared to 28.676koz in the same period in 2015. This resulted in a 6 percent year-on-year growth which helped parent group Aquarius achieve a 7 percent increase in 4E PGM production to 90.8koz year on year. Mimosa is Zimbabwe's third platinum mine, in addition to the South African controlled Zimplats and Unki. Aquarius was this year acquired by Sibanye Gold, the biggest producer of South African bullion. In a Q1 update, Sibanye Gold said despite currency volatility, Mimosa reported unit cash costs at $758/oz, a 5 percent year-on year decline from $1 036 in 2015 as well as a negative cash margin of 5 percent for the period. At group, level, Sibanyegold said Aquarius' solid operational performance for the quarter was a result record quarterly production from Kroondal and Mimosa. The group said the quarterly production result is notable given the seasonal disruptions that generally occur during the first quarter of a calendar year. Costs were also well controlled during the quarter, comparing favourably to prevailing South African inflation. According to the World Platinum Investment Council, Zimbabwe's output is expected to grow on the completion of an expansion project at Zimplats from 385koz recorded in 2015. South African supply is predicted to fall by 2 percent over the year due to disruptions related to wage negotiations and safety stoppages. *(Source)*

Delta Beverages injected more than $4 million into its Beverages Sorghum Contract Farming Scheme (BSCFS) during the 2015/6 financial year and received about 15,675 tonnes of the grain, an official has said. Delta requires 15,000 tonnes of sorghum annually and sources it locally through contract farming. Sorghum beers have grown in importance within Delta's product mix, as demand for clear beers and sparkling beverages continues to weaken due to a sluggish economy. In the 2015 financial year, sorghum beers made up 55 percent of total beverage volumes, up from 50 percent the previous year. Sorghum contributed 72 percent to total beer volumes in 2015, up from 67 percent the previous year, with lagers making up the balance. The sorghum beer segment, which saw 19.3 percent volume growth since 2010 to 3.7 million hectoliters in 2015, will however show a 3 percent dip when Delta releases its 2016 financials on May 12. Delta's BSCFS is a farmer development programme through training and extension support, ensuring accessibility of farming inputs in order to guarantee future supply of malting sorghum for the business whilst also guaranteeing a market for the sorghum producers.

The company's corporate affairs manager Tsungie Manyeza revealed that in the financial year 2016, grain delivered was 15,675 tonnes after Delta injected $4.13 million into the scheme. She said the total contracted hectarage for the 2015/16 season was 4,711 hectares, a 10 percent reduction compared to prior season through 9381 communal farmers and 28 commercial farmers. She said the reduction in the 2016 contracted hectarage was due to the need to minimize the crop failure as a drought was predicted for the country due to the El Nino effect. "Contracting was therefore limited to specific sorghum growing areas and high potential farmers. It was necessary to limit the farmers' exposure to drought by reducing each farmer's hectarage," Manyeza said. She said Delta offers a free and extensive quality assurance program that ensures access to technical information by growers, improved yields and grain quality. The farmers were also supported with input finance in the form of agricultural inputs. "The benefits for the farmers are a guaranteed market for their produce and free agronomic services that have resulted in improved grain yield and quality." *(Source)*

CBZ Holdings reported turnover of $37 million in the first quarter as the group stepped up efforts in collecting bad debts coupled with strict credit granting and close monitoring of borrower performance. As a result of the strong top line performance, profit for the period amounted to $5 million. Chief executive Never Nyemudzo told the group's annual general meeting yesterday that the market continues to experience liquidity shortages, high credit risk and increasing informalisation of the economy. "However, in response, CBZ Holdings remains committed to creating strategies that take advantage of the transitional opportunities in the small to medium enterprises sector. "Despite a number of challenges, the group registered commendable numbers in the first quarter with total revenue of $37,3 million and profit after tax of $5 million." The number of transactions during the period grew 21 percent to $4,2 million from $3,4 million in the quarter last year reflecting an increased use by clients of both CBZ Bank platforms and products. Mr. Nyemudzo said the first quarter had shown strong growth and resilience in the statement of financial position with total assets having grown 5,2 percent to $2,1 billion supported by growth in deposits of 5,5 percent to $1,8 billion . CBZ Holdings is also looking at increasing efforts in terms of income diversification by focusing on growing the contribution of non-banking assets. Mr. Nyemudzo said the group takes pride in leading by example in trying to reduce the cost of doing business for the corporate world of Zimbabwe. "We are going to step up efforts in collecting bad debts and strict credit granting and close monitoring of borrower performance," he said. Mr. Nyemudzo said innovation remains key to the group's strategy to support customer retention. "We are going to promote innovation and strengthening of our synergies as today we announce Zimbabwe's first integrated mobile application which is also supported by 24 /7 contact centre," said Mr. Nyemudzo. *(Herald)*

Economic News

Zimbabwe will present a financing programme to the International Monetary Fund by November this year after clearing its arrears, opening the door to receiving its first loan from the Fund in nearly two decades, the finance minister said on Friday. Patrick Chinamasa told reporters that he was optimistic an IMF executive board meeting on May 2. would accept Zimbabwe's plan to pay $110 million in arrears to the Fund. Another $1.7 billion would then be paid to the African Development Bank and World Bank. Zimbabwe has not received a loan from the IMF since 1999. President Robert Mugabe agreed last month to major reforms, including compensation for evicted white farmers and a big reduction in public sector wages. Those reforms are expected to be part of a new financing programme. "Between September and November Zimbabwe will work feverishly to come up with a new country financing programme, on the basis of which we hope, if we clear our arrears, we should get new financing," Chinamasa said. Reserve Bank of Zimbabwe governor John Mangudya said on March 16. he expects a loan from the IMF in the third quarter of this year, after paying off foreign lenders by the end of June. *(Reuters)*

The African Development Bank has approved a $25 million trade finance line of credit facility to Central Africa Building Society of Zimbabwe. This medium term facility will support the expansion of CABS' operations as a provider of trade finance to local firms as well as small and medium sized enterprises within Zimbabwe's tradable sector."The Board of Directors of the African Development Bank approved a $25 million Trade Finance Line of Credit facility to Central Africa Building Society of Zimbabwe on April 20, 2016. "This medium-term facility will help to support the expansion of CABS' operations as a provider of trade finance to local firms as well as Small and Medium-sized Enterprises within Zimbabwe's tradable sector," said AFDB in a statement. The financial institution said the resultant credit support will provide for the importation of critical inputs such as agro chemicals, pesticides, farm machinery, spares and equipment, which Zimbabwe is in dire need of to revive its agricultural and manufacturing sectors. AFDB said the credit support will also foster financial sector strengthening and generate more tax revenue through import duties and higher corporate profits. Including roll overs, it is projected that the facility will finance approximately $150 million of trade over a three and half year period. This facility contributes to scaling up of AfDB's interventions in supporting the economic turnaround necessary to re-position Zimbabwe as a major productive center in the Southern African region.

The Bank Group is currently engaged in a number of initiatives in the country and these include supporting the external debt and arrears clearance process. In addition AFDB has been supporting Zimbabwe's infrastructure rehabilitation in the Energy and Water and Sanitation sectors through the Zimfund. Under Zimfund, AFDB in December last year approved a $34million grant towards implementation of Bulawayo's Water and Sewerage Services Improvement Project. The grant was aimed at ameliorating the health and social well-being of the people of Bulawayo which is the second most populous city and a major economic hub. Other initiatives being rolled out by AFDB include improvements of governance through the Governance and Institutional Support Programme. The finance group also indirectly supports the private sector through regional financial institutions that operate and invest in the country. "This will be AfDB's first non-sovereign intervention in Zimbabwe's financial sector in recent years. It is a strategic milestone expected to provide greater comfort to other international lenders to offer additional support," said AFDB. *(Herald)*

Macro-economic Planning and Investment Promotion minister Obert Mpofu says Zimbabwe plans to visit BRICS countries to scout for

new investment, as well as lobby the Diaspora community to increase its participation in the economy. Speaking at the Zimbabwe International Trade Fair (ZITF) business conference, Mpofu said the government would soon visit countries such as Brazil, Russia, India, China and South Africa (BRICS). "Plans are advanced for us to visit BRICS countries to scout for investment and our Diaspora Community. My ministry is working on a comprehensive Diaspora policy to attract Diaspora skills and investments," Mpofu said. Key to the efforts was the need to improve Zimbabwe's image, among the international community, he added. "Too many negative stories about the investment climate destroy the country's drive towards attracting investment. We need to improve on economic reporting. Let us make the environment attractive to bring investors to Zimbabwe," he said. He said the government was aiming to achieve investments levels of 25 percent of gross domestic production line with objectives set in its economic blueprint, ZimAsset. Mpofu called on the industry to work with government on special economic zones (SEZs) which he sad could help in reviving industry and help in economic transformation. According to the 2015 Global Innovation Index ranks Zimbabwe as 133 out of 141 countries with its regional counterparts such as South Africa, Botswana, Mozambique, Swaziland and Zambia ranking 60, 90, 95, 123 and 124 respectively. Thus Zimbabwe is lowly ranked in terms of innovation in comparison to its regional counterparts.

At the same time, South Africa, Mozambique and Zambia also scored well in terms of foreign direct investment (FDI) inflows according to the 2015 UNCTAD World Investment report, amassing $5,7 billion, $4,9 billion and close to $2,5 billion respectively while Zimbabwe only managed a paltry $545 million, Mpofu said. The Doing Business Index ranks Botswana (72), South Africa (73), Zambia (97) Swaziland (105) and Mozambique (133) while Zimbabwe is ranked 155 out of 189 countries. "It is obvious that Zimbabwe is not doing well in comparison with most of its regional counterparts in many of the indicators that investors use to gauge the country's suitability for investment," he said. Speaking at the same occasion, Vice-President Emerson Mnangagwa said there was need for the country to invest in new technology as well as in research and innovation to improve productivity and quality of goods and services. "This will in turn undoubtedly endear Zimbabweans to locally produced goods and make them competitive on the international market. To this end, government remains committed to assisting industry and business in their efforts to re-tool in order to ensure business viability," he said. The fair running under the theme Innovate, Integrate and Industrialise, would be officially opened by Togolese President, Faure Essozimna Gnassingbé on Thursday. *(Reuters)*

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