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	20-Mar-15	27-Mar-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9674.99	9679.49	0.05%	1.20%	1.87%	-0.47%
Egypt	CASE 30	9518.28	9052.50	-4.89%	-4.92%	1.23%	-5.13%
Ghana	GSE Comp Index	2190.84	2212.22	0.98%	-2.36%	-3.28%	-18.40%
Ivory Coast	BRVM Composite	264.41	266.11	0.64%	3.39%	3.11%	-5.86%
Kenya	NSE 20	5304.41	5242.35	-1.17%	-1.24%	2.54%	1.31%
Malawi	Malawi All Share	14917.94	15364.50	2.99%	1.11%	3.21%	9.43%
Mauritius	SEMDEX	1955.89	1984.98	1.49%	1.39%	-4.28%	-16.87%
	SEM 10	368.97	377.73	2.37%	2.28%	-2.09%	-14.97%
Namibia	Overall Index	1154.04	1143.24	-0.94%	1.47%	4.12%	1.59%
Nigeria	Nigeria All Share	29334.23	30562.93	4.19%	2.51%	-11.81%	-19.12%
Swaziland	All Share	299.67	299.67	0.00%	2.43%	0.53%	-1.91%
Tanzania	TSI	4826.68	4811.94	-0.31%	-0.64%	6.28%	0.99%
Tunisia	TunIndex	5311.16	5318.13	0.13%	1.06%	4.49%	0.46%
Zambia	LUSE All Share	6128.53	6103.71	-0.40%	-1.49%	-0.92%	-16.64%
Zimbabwe	Industrial Index	162.36	160.10	-1.39%	-1.39%	-1.65%	-1.65%
	Mining Index	48.42	44.01	-9.11%	-9.11%	-38.63%	-38.63%

CURRENCIES

Cur-rency	20-Mar-15 Close	27-Mar-15 Close	WTD % Change	YTD % Change
BWP	9.75	9.64-	1.14	2.35
EGP	7.61	7.61	0.03	6.70
GHS	1.87	3.77	3.41	18.53
CFA	607.18	591.03-	2.66	9.53
KES	90.06	90.12	0.07	1.21
MWK	428.77	436.78	1.87-	5.68
MUR	35.00	35.03	0.09	15.14
NAD	12.18	11.89-	2.37	2.49
NGN	194.17	197.34	1.63	9.04
SZL	12.18	197.34-	2.37	2.49
TZS	1,784.21	1,790.15	0.33	5.24
TND	1.95	1.93-	0.92	4.01
ZMW	7.46	7.54	1.10	18.85

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

The Bank of Botswana cut the reserve requirement ratio for lenders, in a move it said would release 2.3 billion pula ($235 million) of liquidity into the southern African country's banking system. The requirement was cut to 5 percent of customer deposits from 10 percent, central bank Governor Linah Mohohlo told reporters Thursday in the capital, Gaborone. Botswana's banks are profitable and aren't facing a liquidity crisis, she said. "The slower growth in deposits is possibly due to sluggish growth in incomes, inadequate financial inclusion, more streamlined procedures for government funding of parastatals and very low interest rates paid by banks on deposits," Mohohlo said.
Liquidity at the country's lenders has tightened since a July 2011 increase in the reserve requirement from 6.5 percent. Barclays Bank of Botswana Ltd. last week said that its 2014 loan-to-deposit ratio was 90 percent, while First National Bank of Botswana Ltd. put the figure at 88 percent for the six months ended December. Mohohlo urged banks to "undertake measures to attract deposits" while improving financial inclusion among potential customers. *(Bloomberg)*

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Egypt

Corporate News

The National Bank of Egypt will issue a dollar-denominated bond on international debt markets by the end of June, in order to diversify its sources of foreign currency, the bank|s chief executive told Reuters on Sunday. Hisham Okasha, CEO of the country|s oldest lender, did not specify the exact size of the issue, but said in a telephone interview that it would be in the range of an issuance in August 2010 that was valued at $600 million. The interest on that issuance was 5.25 percent. The aim of the new bond issuance is "diversification of sources of hard currency for the bank", Okasha said. National Bank of Egypt, which is the country|s largest state-owned bank, will invite 13 international financial institutions to compete to arrange the bond issue, he said. A successful deal could encourage a number of Egyptian banks and companies, which face a shortage of hard currency and have been shut out of international debt markets since 2011, to attempt their own transactions. *(Egypt.com)*

Belton Financial Holding (BTFH) profits fell to LE15.26 million in 2014. It posted LE74.25 million net profit in 2013. *(Egypt.com)*

Vodafone Egypt achieved income of EGP 13bn last year, with a net profit of EGP 1.8bn, while the company's revenues during the fourth quarter (Q4) of 2014 were at EGP 3.4bn. This represented an increase of 1% compared to the Q2 of the same year. According to the company's financial statements, Vodafone Egypt achieved net profit of EGP 513m in Q4 of 2014, compared to EGP 507m in Q3 of 2014, with a growth rate of 1.2%. Vodafone Egypt was able to increase its net profits to EGP 1.849m during 2014, compared to 2013, while its revenues were at EGP 13.5bn in 2014. In spite of its revenues and profits increase, the number of Vodafone Egypt's clients significantly retreated last year. This was due to the deletion of unregistered clients and the regulations which the National Telecommunication Regulatory Authority (NTRA) put in place to control the selling and purchasing of mobile lines. Vodafone's clients retreated to 39.5 million by the end of December, compared to 41.9 million by the end of 2013. This represents a reduction of 5.6%, or a loss of 2.5 million subscribers, last year. Used minutes through Vodafone Egypt network amounted to 71.2bn minutes in 2014, compared to 68.1bn minutes in 2013, an increase of 4.5%. Mobile services acquired the biggest share of the income of Vodafone Group plc last year, with 81%. Internet services represented 15%, while other services represented 4% of the total income, according to a report of Vodafone Group plc presenting financial performance of the company throughout 2014. Clients of the company used 1.2tn minutes of voice calls through its network in the different countries the company works in. Text messages amounted to 337m, last year, as well as 9.3m clients for the broadband service. *(Egypt.com)*

Egypt's Arab Investment Bank and the private sector arm of the Islamic Development Bank will launch an Islamic leasing firm in the third quarter, aiming to provide sharia-compliant financing to small businesses. Despite strong growth in the Middle East and Southeast Asia, Islamic finance has lagged in Africa, home to a quarter of the world's Muslims, with the Islamic banks that are in place slow to provide long-term financing to the SME sector. Enmaa Leasing Company, the latest firm set up by the Jeddah-based Islamic Corporation for the Development of the Private Sector (ICD) will have authorized capital of 150 million Egyptian pounds ($20 million), a joint statement said. In June, the ICD signed separate agreements to help develop Islamic leasing businesses in Malaysia and Uzbekistan, as well as extending $5 million in financing to support SME lending in the former Soviet state. Arab Investment Bank offers Islamic banking products in two of its 18 branches and is also planning to expand that range of products, the lender said. The ICD is also in discussions with Nigeria and Ivory Coast to debut sovereign Islamic bonds (sukuk) after Senegal tapped the market last year; Niger has signed up for a sukuk programme worth 150 billion CFA francs ($260 million). *(Reuters)*

Economic News

No Economic News This Week

Ghana

Corporate News

Moody's Investors Service on Friday downgraded GCB Bank Limited's global local-currency long-term deposit ratings to B3 from B2, its foreign-currency deposit ratings to Caa1 from B3, and adjusted downward its baseline credit assessment (BCA) to b3 from b2. The outlook on the bank's deposit ratings remains negative. The rating action follows the weakening of Ghana's credit profile, as captured by Moody's downgrade of the country's government bond ratings to B3 from B2, with a negative outlook, on 19 March 2015 (please see "Moody's downgrades Ghana's sovereign rating to B3; outlook negative"). In turn, GCB Bank's ratings were downgraded as a consequence of (1) the significant correlation between the bank's creditworthiness and the sovereign's own credit profile through the bank's sizeable holdings of government-related assets; and (2) Ghana's weakening operating environment, which will likely exert pressure on the bank's asset quality metrics. Today's downgrade of GCB Bank's ratings reflects the extensive interconnectedness between its balance sheet and sovereign credit risk, owing to the banks' high exposures to the government of Ghana (B3 negative). While on a declining trend, GCB Bank's direct and indirect exposures to the sovereign -- through government securities, public-sector loans and central bank balances -- remain high. Together, these exposures accounted for over 50% of the bank's total assets, or 3x its shareholder equity as of September 2014, according to Moody's estimates.

The rating action also reflects Ghana's weakening operating environment, which will likely exert pressure on the bank's financial metrics, asset quality in particular. For example, borrowers' loan-repayment capacity could come under pressure from Ghana's (1) slowing economic growth rates (Moody's estimates real GDP to have slowed to 4.2% in 2014 and will further decelerate to 3.5% in 2015); (2) increasing in inflation rates (17% by end 2014, from 15.3% as of end 2013); (3) high interest rates; and (4) delays in government payments to domestic corporates. As of September 2014, the bank reported non-performing loans at 9.4% of gross loans. Moody's notes, at the same time, that GCB Bank's ratings also acknowledge significant and sustained improvements in the bank's (1) capitalisation and profitability metrics, leading to improved loss-absorbing buffers; and (2) management capabilities, technology infrastructure and service levels, which will likely support efficiency and profitability over time. The downgrade of the foreign currency deposit rating to Caa1, is in line with the lowering of Ghana's country ceiling for these deposits to Caa1. The country ceilings reflect foreign-currency transfer and convertibility risks. Negative pressure could be exerted on GCB Bank's ratings if Ghana's sovereign's creditworthiness weakens further, leading to an increase in the credit risks embedded in the bank's loan and securities portfolios. Upward pressure on GCB Bank's ratings is currently limited, as implied by the negative outlooks on the Sovereign and bank ratings. However, improvements in the domestic operating environment and Ghana's credit-risk profile could prompt Moody's to change the outlook to stable on the bank's deposit ratings. The principal methodology used in these ratings was Banks published in March 2015. Please see the Credit Policy page on www.moodys.com for a copy of this methodology. *(Ghanaweb)*

Republic Bank Limited (RBL) says it has received the approval of the Securities and Exchange Commission (SEC) to its Offer Document to HFC Bank. A statement issued to the GNA said RBL has today, in keeping with the offer process, officially served its Offer Document on HFC Bank, making its long outstanding mandatory offer to all shareholders of HFC Bank. "The share price offered by RBL is GH¢1.60 per share payable in cash. This represents a premium of 18% above the average price of HFC Bank shares for the year to date and 20% above the Friday March 20, 2015 closing price. RBL Auditors, Ernst and Young, have confirmed that RBL has available resources to satisfy full acceptance of the offer" it stated. The RBL said the offer is subject at all times to the provisions of the Takeover Code and the Listing Rules of the Ghana Stock Exchange and assured that it will continue to follow the process as specified by the Takeover Code which places responsibility on HFC Bank to execute a number of actions. These include a requirement that it circulates the Offer Document to all shareholders within fifteen (15) days from the date of receipt by it of the Offer Document. Robert Le Hunte, Director of African Operations for RBL, commenting on the approval said "I am extremely happy that we have arrived at this stage of the MTO process whereby shareholders who are the owners of HFC Bank will finally be able to make a decision on their shareholdings. This is indeed a momentous occasion for the Ghana capital market." "Our key focus is to work with our partners, shareholders and management and staff of HFC Bank to add value to the operations of HFC and contribute to economic growth and development in Ghana. We remain committed to achieving our objective", Mr Le Hunte concluded. Republic Bank Limited is an independent commercial bank in the English-speaking Caribbean, serving retail-banking customers, corporate clients and governments throughout the region for 176 years. It has considerable experience in retail banking particularly in the area of mortgages and credit cards as well as extensive knowledge of financing of the oil and gas sectors in Trinidad and Tobago. *(Ghanaweb)*

Economic News

Ghana will seek bridge finance of between $300 million and $1 billion in the first half of this year to redeem maturing domestic debt, according to a memo to parliament signed by Finance Minister Seth Terkper. The debt finance plan emerged as Moody's downgraded Ghana's sovereign rating and put the West African country on a negative outlook to reflect its increasing debt burden, large fiscal imbalances and a sharp weakening of the cedi currency. The memo seen by Reuters said the government would also issue a Eurobond of up to $1.5 billion in the second half of the year to retire the bridge finance, refinance domestic and external debt and fund 2015 capital expenditure. "In view of the need to reduce debt service costs as part of fiscal consolidation and to manage maturities of debt obligations and bullet points, I ... urge Members of Parliament to consider and approve the financing plan," the memo said. The Moody's downgrade of one notch to B3 from B2 marks the latest economic reverse for Ghana, which for years saw some of the strongest growth rates on the continent due to exports of gold, cocoa and oil. Ghana struck a deal with the International Monetary Fund (IMF) in February for a three-year $940 million assistance programme. The deal should relieve fiscal pressure but there are concerns about the government's ability to meet the IMF's targets ahead of elections in 2016, said Fitch on Friday as it affirmed Ghana's rating at 'B' with a negative outlook. Terkper told Reuters that Ghana's medium-term prospects are good and the government has taken the needed steps to achieve fiscal consolidation. The government of President John Mahama forecasts 2015 GDP growth at 3.9 percent, below average for sub-Saharan Africa. The country also faces macroeconomic problems that raise the cost of external debt finance. These include inflation that stood at 16.5 percent in February, a currency that has fallen 9 percent this year after a 31 percent slide in 2014, and a fiscal deficit authorities say will decline to 7.5 percent by the end of the year.

The government has started talks with a consortium including Bank of America Merrill Lynch as international advisers and Belstar Capital as local arrangers for the bridge finance. "We need the money now, so we'll take it from them and as soon as we raise the Eurobond, we pay back," James Avedzi, head of the parliamentary finance committee, told Reuters. The government must tackle its expensive domestic debt to achieve fiscal consolidation, but it also must demonstrate it can access capital markets to refinance its debt, said Razia Khan, head of Africa research for Standard Chartered bank. "Any new borrowing is likely to be treated with caution and investors may demand ever-higher premiums in order to refinance Ghana's debt," given a Moody's statement which put Ghanaian debt to GDP ratio at 67 percent, she said. *(Reuters)*

The Cedis' depreciation is taking a heavy toll on the operations of lot of businesses in the country. The latest are firms that import petroleum products into the country. According to the Chamber of Bulk Oil Distributors (CBDCs), the development has made it difficult to secure new credits from banks to fund its imports. Some banks have even cut credit lines to them, say importers of the commodity. This is because most of the banks are not satisfied with the dollar rate government buys the products from distributors. Chief Executive of the Chamber, Senyo Hosi, told Joy Business, this could result in serious shortages in petroleum products in the coming weeks. "If [banks] in the country would not be allowed to contractually engage BDCs operate at their own FX rates or rates that are more reasonable and they are going to have government still set the FX rates in the price build up, rates which they [banks] may consider uncomfortable, they are not likely to fund us", said Mr Hosi. He added the cedi volatility makes the prospect of funding BDCs a difficult task for creditors, especially when the forex rates are regulated by the government. Meanwhile, the current total debts owed the Chamber of Bulk Oil Distributors by government has hit 2 billion Ghana cedis. Also, checks by Joy Business indicate that, government has spent some 20 million Ghana cedis in attempts to cushion consumers from paying the actual price of petroleum products at the pumps. According to the chamber, the decision to subsidise or not is the sole preserve of Government. It must, however, have the capacity to budget appropriately and fund them timeously.

Nonetheless, the review of the 2015 budget which allotted 50 million Ghana cedis only to petroleum subsidies, as well as the Minister of Finance's suggestion that no further FX under-recovery will be entertained suggest government lacks the commitment or capacity to sustain subsidies on petroleum products. With about 2 billion Ghana cedis owed to BDCs for 2013 and 2014 FX under-recoveries as well as the cost of bearing price under recoveries, importers of petroleum products are concerned that Government will pursue a policy to compound the debt. "We are concerned that this will dampen the funding confidence to the industry", said Hosi. The CBOD has always maintained that the pursuit of subsidies as a social intervention is mostly misplaced or ill-targeted. The pursuit of mass transportation and the facilitation of refinery investments will better mitigate the impact of petroleum pricing on the ordinary citizen. BDCs incur losses because Government more often than not delays in paying the importer who have to pre-finance these subsidies. BDCs end up having to pay extra interest on facilities from the Commercial Banks who fund their activities. This creates a very adverse effect on banks, their capital, and consequently the wider financial system in the country. In the long run, the consumer who enjoys the subsidy ends up paying even more in taxes in order for the government to generate extra revenue to pay these debts and a disruption in economic activity and growth. In a related development, government says a lot is being done on the fiscal side to complement efforts by the Bank of Ghana to stabilize the local currency. The Ghana cedi has depreciated by a little over 10% against the dollar from January. A dollar currently sells at 3 Ghana cedis, 76 pessewas at forex bureaus. However, Deputy Minister of Finance, Mona Quartey, told Joy Business government committed to halting the cedi fall. *(Ghana Web)*

Ghana's annual producer price inflation slowed to 21.8 percent in February from a revised 23.6 percent year-on-year in January, the national statistics office said on Wednesday. Ghana's PPI is high by regional standards and is an indication of fiscal problems facing the West African country, which has reached an agreement with the International Monetary Fund for a $940 million aid package to stabilise its economy. *(Reuters)*

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Kenya

Corporate News

Nation Media Group (NMG) has announced a Sh10 per share dividend payout to shareholders. NMG said on Monday its profit before tax increased to Sh3.62 billion in 2014 compared to Sh3.59 billion reported in 2013. During the year, NMG incurred a one-off expense of Sh230 million attributed to writing off analogue broadcasting equipment and the company's old press machine, which is being replaced this year. Adjusting for the one-off items, the underlying results were in line with the overall market's economic performance. The group is in the process of installing aSh2 billion state-of-the-art printing press to improve the quality of newspapers and increase pagination. The group recorded an annual turnover of Sh13.4 billion, at par with 2013. "The revenues were impressive given that we are comparing with 2013, which was a political year," said Group Chief Executive Officer Linus Gitahi. Election years ordinarily earn media houses more revenue due to increased advertising by political parties and the electoral agencies. The management disclosed its cash position had remained strong at Sh3.5 billion, even after substantial payments for the press machine had been made. The group's other income, which includes interest gained from its cash holdings, grew by 43.6 per cent to Sh500 million. "The press will be commissioned in the last quarter of this year following completion of the press hall," said NMG chairman Wilfred Kiboro.

NMG also invested in distribution in Tanzania's Lake Zone region, which was receiving print editions late. "Mwanza in Tanzania used to receive papers at 3 pm so we invested in distribution so that they get their copies at the same time as Dar," said Mr. Gitahi. NMG publishes the Daily Nation, The EastAfrican, Taifa Leo and the Business Daily newspapers in Kenya and also owns two radio stations, Nation FM and QFM, and two TV stations, NTV and QTV. The group trades in Tanzania through its subsidiary, Mwananchi Communications Limited, the publisher of Mwananchi, Mwanaspoti and The Citizen newspapers. In Uganda, the company operates NTV Uganda while its subsidiary, Monitor Publications, publishes Daily Monitor newspaper, operates KFM radio station and the newly acquired Dembe FM. The Business Daily recorded an 85 per cent jump in operating profit on the back of a 10 per cent increase in revenue. Regional newspaper, The EastAfrican which celebrated its 20th anniversary last year grew its profit by seven per cent after an equivalent growth in revenue. The paper is encountering challenges in the Tanzanian market where its circulation has been halted by the government. The management, however, said it is in discussions with the Dar government to reinstate is circulation.

The television division also recorded revenue growth of 23 per cent on the back of investment in new programmes such as Pendo, Pray and Prey, and Auntie Boss. NTV Uganda also recorded profit growth following a seven per cent increase in advertising revenues. Kenya's Easy FM re-branded to Nation FM in line with a change in programming policy to attract mature and discerning listeners looking out for news, current affairs and entertainment. Mr. Kiboro reassured investors that the recent closure of its TV following a row with the regulator over digital migration was not going to impact the company's bottom line given that TV contributes only about five per cent of its profits. He disclosed that the station was set to be self-carrying throughout the country in a month's time following allocation of transmission sites by the regulator. "The Group outlook for 2015 is positive, with the commissioning of a new state-of-the-art printing press later in the year as well the benefits expected to accrue from resolution of the impasse on migration to digital television signal distribution which will unlock significant business opportunities in the new order. The board is cautiously optimistic of achieving good results in 2015." *(Business Daily)*

Kenyan oil marketer KenolKobil said on Wednesday cost cutting had helped pre-tax profit more than double in 2014 and forecast stronger results in 2015 by lowering financing costs and reducing net borrowing. The firm, which operates in several regional countries including Ethiopia, reported pre-tax profit of 1.52 billion shillings ($16.5 million) last year, up from 563.9 million shillings in 2013. â€œWith the view that international oil prices will continue to remain relatively low during 2015, positive opportunities are anticipated to generate improved margins," it said, adding it would continue to lower financing costs and to reduce net borrowing. Operating costs in 2014 fell by 25 percent to 1.9 billion shillings, continuing a downward trend since 2012, the firm said. KenolKobil's board proposed a dividend of 0.20 shillings per share for 2014 compared to 0.10 shillings previously. *(Reuters)*

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Kenyan insurer Jubilee Holdings said on Wednesday pre-tax profit climbed 25 percent in 2014 as its gross written premiums surged. Jubilee, which also operates in Uganda, Tanzania, Rwanda, Burundi and Mauritius, said pre-tax profit for the year rose to 3.95 billion shillings ($43 million) from 3.15 billion shillings a year earlier. The insurer said its gross written premiums jumped 30 percent in 2014 to 30.35 billion shillings. Insurance is seen as a growth area in the economy of Kenya, where only about 8 percent of the population has any form of coverage. Earnings per share rose 26 percent to 48 shillings. Jubilee's board of directors recommended a bonus share issue of one for every 10 held and the payment of a final dividend of 7.50 shillings per share, subject to withholding tax, making it a total of 8.50 shillings for the year. *(Reuters)*

Kenyan agricultural firm Kakuzi Ltd said on Wednesday its 2014 pretax profit fell 2.7 percent to 232.8 million shillings ($2.5 million) after costs rose. Kakuzi, which also produces pineapples, avocados and macadamia nuts, said in a statement total revenues rose 22 percent to 1.69 billion shillings while production costs were up 16 percent to 1.13 billion shillings. "Avocados were the significant contributor to profits mitigating the downward trend on return on tea for 2014," the company said. "On tea, although production was up ... market prices were very poor due to a high supply situation in Kenya. We barely broke even on this operation and there were months when sales returns were below our cost of production." Kenya is the world's leading exporter of black tea and the commodity is a major foreign exchange earner for East Africa's biggest economy, alongside horticulture and tourism. Data from the regulator Tea Board of Kenya's showed that tea output rose to 444.8 million kg in 2014 compared with 432.2 million kg a year earlier. Kakuzi said its earnings per share fell to 8.17 shillings from 8.42 shillings in 2013, and said it would pay a dividend of 3.75 shillings per share, unchanged from 2013. *(Reuters)*

Kenya's ARM Cement posted a pretax profit of 2.02 billion shillings ($22 million) for 2014, inching up 1 percent from the previous year, it said on Wednesday. The cement maker, which also has operations in Tanzania, said its revenue for the period edged down 3 percent to 13.74 billion shillings, mainly because there was no additional capacity expansion during the period, the firm said. In a statement, the firm predicted that this year would be better, with growth in turnover and profit. "The cement markets continue to grow at double digits with significant demand from the infrastructure segment," it said. Booming economies in the east Africa region have buoyed demand for cement in recent years but local firms are preparing for increased competition from new entrants like Nigeria's Dangote Cement, which is investing in Kenya. ARM Cement said its earnings per share rose to 3.01 shillings from 2.74 shillings in the previous year, largely helped by a lower tax bill. The company maintained its dividend for the year at 0.60 shillings per share. *(Reuters)*

Standard Chartered Bank Kenya reported on Thursday a 7.5 percent rise in pre-tax profit for 2014 to 14.35 billion shillings ($156 million) as net interest income climbed. The bank, a unit of Standard Chartered, reported pre-tax profit of 13.35 billion shillings in 2013. Net interest income rose to 17.90 billion shillings in 2014 from 16.76 billion shillings a year earlier. *(Reuters)*

Kenyan mortgage firm Housing Finance said on Wednesday it raised 2.95 billion shillings ($32 million) in a rights issue to help the company increase its lending base. The lender initially planned to raise 3.5 billion shillings, but said in a statement that 84 percent of its shareholders had taken up their rights in an oversubscribed issue that received 9.01 billion shillings in bids. Housing Finance says it opted for a cash call after high interest rates forced it to ditch plans for a corporate bond issue last year. It had offered 116.67 million new shares at 30 shillings each. Every two existing shares were entitles to one new share. It said the rights shares that were not taken up would be allocated on a pro rata basis to eligible shareholders who have applied for additional shares. The new shares will start trading on April 15, it said. Kenya needs 210,000 new housing units annually, well above the 50,000 houses actually built, according to a study by the country's central bank and the World Bank.*(Reuters)*

Investment firm Centum has reached a multi-billion shilling sweetheart deal with two British brothers that will see it withdraw its hostile takeover bid for Rea Vipingo, an NSE-listed agricultural firm majority owned by the UK citizens. The deal, which was filed on Thursday with the capital markets regulator, will see Centum acquire 10,546 acres of prime Rea Vipingo land for Sh2 billion in exchange for withdrawing its rival bid. The settlement allows Richard and Jeremy Robinow, whose investment vehicle REA Trading already owns 57 per cent of Rea, to proceed with their offer to buy out the company at a price of up to Sh85 per share and de-list it from the stock market. "The Authority has no objection to the sale of shares and land by the offered as indicated in your letter, subject to Rea securing shareholder approval for the same," said the Capital Markets Authority acting chief executive Paul Muthaura in a letter to the Rea chairman Oliver Fowler on February 23. Centum will in turn snub the sale commitments it had received from a section of Rea's investors last year as it fought to recruit shareholders controlling at least 25 per cent of the firm's stock. The investment firm had set the threshold as a condition for proceeding with the buyout. The Rea Vipingo buyout has stalled for more than a year, with the two parties engaging in bidding wars and litigation at the High Court and the CMA tribunal. Centum says the land it will acquire will continue to be used as sisal plantations by Rea for the foreseeable future, meaning that the agricultural firm will be a tenant of the investment company. The Robinows will, as per the deal, own nearly 60,000 acres of land upon completion of their buyout since the Nairobi Securities Exchange-listed firm has a total of 69,500 acres in Kenya and Tanzania. The Britons will need shareholders approval to ratify the deal, which Centum has committed to give making the sale as good as done. Centum, which has a 0.49 per cent stake in Rea, has also undertaken to support the agenda items at the shareholders' meeting slated for April 28. The transactions are expected to unlock value for Rea's minority investors who have endured trading suspension since November 2013. Centum and the Robinows have agreed to work in concert to fulfil all the conditions of their agreement, including the withdrawal of cases that had been filed by the investment firm opposing Rea Trading's bid. The parties had engaged in a series of bidding wars since the Robinows first made a buyout offer of Sh40 per share in November, with Centum's last offer standing at Sh75 per share.

The Britons had raised their bid to Sh70 per share and a possible top-up of Sh15 per share representing distribution of gains from sale of the company's land holdings. It is this promise to pay an additional Sh15 that led to the aggressive litigations by Centum which argued that the offer is uncertain and should be rejected by the markets regulator. Besides the uncertainty of the extra cash, Centum had also argued that it is unfair for the Robinows to buy the company using proceeds from its assets which belongs to all current shareholders. The brothers' promise to distribute gains from disposal of Rea's land is contingent on earning a profit from such transactions, among other conditions. The profit in this case refers to any amount in excess of Sh175,000 per acre and net of taxes and transaction costs. Centum says that its impending purchase of land from Rea should satisfy these thresholds and ultimately lead to the brothers paying the full Sh85 per share to the minority investors. The investment firm will buy 9,646 acres at a price of Sh180,000 per care for a total of Sh1.74 billion. It will also acquire another 900 acres for Sh342 million. The two parcels are located in Kilifi County. "The sale of land to Centum enables the REAT offer to become free of conditions relating to future sales of Rea land and REAT has indicated it intends to pay the full amount of the additional cash top-up of Sh15 per share," Centum said in a statement. The bidding wars and subsequent settlement underlines the fact that Rea's major value lies in its land which is worth a lot more than the Sh2.4 billion at which the Robinows' initial offer of Sh40 per share priced the company. An independent valuer, Ryden International, advised Rea's board that the agricultural firm has total assets worth Sh4.5 billion, matching Centum's current offer at Sh70 per share. The Sh4.5 billion valuation is still seen as conservative given rapid appreciation of land in the region, a view that is supported by the fact that the competitors had not ruled out another upward revision of their offers before the settlement.

For Centum, the settlement highlights the pragmatism and business savvy of its director and single largest shareholder Chris Kirubi who had earlier told the Business Daily that Centum would likely reach an out-of-court settlement with the Robinows after negotiations. Centum's first bid, in December 2013, was Sh50 per share. Rea's minority shareholders have emerged as major beneficiaries of the competing bids that is set to reward them with major capital gains despite the stock's suspension. The agricultural company's market capitalisation, based on the last trading price of Sh27.5, stands at Sh1.6 billion or just 31 per cent of the Sh5.1 billion valuation by the Robinows' current offer.
The settlement also eliminates the risks previously faced by the minority investors from the competing offers. It was feared that the Robinows could fail to pay the extra Sh15 per share while there was no guarantee that Centum would get sale commitments from shareholders owning the 25 per cent stake it needed to proceed with the acquisition. The Robinows have also avoided a situation where they would have been stuck with Centum as a non-controlling shareholder with divergent strategies. The billionaire investor had earlier told the Business Dailythat Centum would likely reach an out-of-court settlement with the Robinows after negotiations. It remains to be seen what Centum will eventually do with the land it will acquire from Rea. *(Business Daily)*

Oil marketer KenolKobil cut its short term debts by more than Sh4 billion last year, helping to reduce its finance costs by a quarter. The

oil firm's short term borrowings dropped to Sh10.4 billion in the year ended December from Sh14.8 billion the year before. Its long term debts also fell to Sh88.3 million from Sh522.5 million in the same period, helping to cut its overall finance costs to Sh1.3 billion. The deep cut on finance costs saw the company's net profit nearly double to Sh1 billion, even as sales declined to Sh91.3 billion from Sh109.6 billion reported in 2013. Chief executive David Ohana said reduction of the debt burden is a major focus area for Kenol, which is recovering from a Sh6.2 billion net loss in 2012 that was caused by currency hedging contracts that turned against the company. "Our goal is to have very little debt by mid-2016. We have previously been working for banks," said Mr. Ohana in reference to the high finance costs borne by Kenol in the past few years. He added that the lower finance costs seen in 2014 is the product of debt repayments, cheaper fuel, renegotiation of loan terms and the exit from low-margin businesses like petroleum supplies to airlines and emergency power producers. READ: KenolKobil 2014 net profit up 95pc, sees more gains in 2015 The company is repaying the debts from cash generated from operations. Kenol has also retired most of its dollar-denominated debt and replaced them with shilling loans, reducing the risk of forex losses brought by volatility in the currency markets. Mr. Ohana said the reduction of debt is part of Kenol's increased conservatism that has seen it exit businesses that present risks of major losses without offering adequate returns. Kenol, for instance, has also scaled down its trading activities and has won few tenders to import petroleum products on behalf of the industry due to its relatively higher pricing. "We are de-risking the business," Mr. Ohana said, adding that the firm will only grow market share if it leads to increased profitability. *(Business Daily)*

Beer maker East African Breweries Limited (EABL) has opened its first retail shop for high-end spirits at the Yaya Centre shopping mall, in which premium brands such as the John Walker & Sons Odyssey will be selling for about Sh160,000. The regional brewer has partnered with one of its top distributors to set up the multimillion shilling retail outlet dubbed Berries and Barrels in a bid to increase the uptake of its highly lucrative spirits brands. The East African Breweries Limited about three weeks ago announced that sales of its spirits brands grew 67 per cent in the six months to December. READ: EABL reaches for the bottom with Sh460 vodka "The new shop is in response to the changing consumer with more people willing to try out luxury and high quality brands in line with rising spending power," said Charles Weru, EABL reserve brands commercial manager. "The experience offered at Berries and Barrels will help consumers sample and understand our reserve products and, hopefully, upscale them from normal brands to more sophisticated ones." Berries and Barrels is a partnership between EABL and Bia Tosha Limited — one of its top beer distributors in the country whose relationship with the brewer spans 18 years. The two firms declined to disclose their respective capital expenditures in the new venture. The shop will stock brands with retail price tags of about Sh4,000 and above. It will also sell EABL's high-end brands like Johnnie Walker Blue Label, Ciroc vodka, Talisker Malt Whisky, Tanqueray Ten gin, and Don Julio tequila, among several others. Bia Tosha managing director Anne-Marie Burugu said they would also stock luxury wines, cognacs and champagnes — brands which EABL does not currently deal in.

For instance, the vintage Dom Perignon champagne will cost Sh44,800 a bottle while their most expensive cognac Courvoisier Initale Extra will retail at Sh67,200 a bottle. Some of the selling points of the shop, she said, would be scheduled sample sessions for individuals and groups with knowledgeable staff members at hand to give clients personalised service as well as a home and office delivery. In future, all reserve brands distributed by EABL will be launched at the Yaya Centre shop in Nairobi or one of the three more outlets the brewer says it plans to open in the next two years. "Customers who step into the shop will have intimate sessions with our staff who will educate them about our different brands, their tastes, and also the preferred occasions to serve them," said Ms Burugu. "Normally people walk into stores, pick a bottle, pay for it and simply walk out. Berries and Barrels promises a totally different retail experience for our customers." EABL is banking on its high-end spirits brands to grow its earnings, with this particular portfolio exhibiting an Low-end spirits category — which includes brands like Jebel Gold and Liberty — recorded a 28 per cent increase in sales in the half-year to December, underlining the high potential of the luxury spirits. Sales of premium spirits like Johnnie Walker Red Label and Smirnoff Vodka grew by 32 per cent. Over the past six months alone, EABL has introduced two reserve spirits brands into the country — Talisker Storm and Bulleit Bourbon — a pointer to how keenly it is investing in this segment. *(Business Daily)*

StanChart Kenya hit the Sh10 billion after-tax profit mark for the first time riding on property sales to hold on to its ranking as the third most profitable lender in the country. The bank reported a net profit of Sh10.4 billion for the year ended December compared to Sh9.2 billion in 2013. The lender relied on cost-cutting to compensate for a weaker performance in its core business, which saw its loan book and deposit base shrink. Loans declined by Sh7 billion to Sh122 billion while customer savings declined by Sh700 million to Sh154 billion. "2014 was a challenging year due to increased non-performing loans. 2014 was also the year we reorganised our business repositioning it for the future," said chief executive Lamin Manjang. Its loans default book jumped to Sh10.7 billion from Sh3.8 billion, which it attributed to "a small number of problem accounts." The bank's holding of loan securities shot up to Sh4.4 billion indicating that it is turning to collateral to protect itself from the bad loans. This saw its loan provisions grow marginally despite the jump in bad loans as provisions are net of security held by the bank. The bank, however, booked Sh2.2 billion in other income, which was attributable to a one-off gain from sale of a property. Its operating profit grew by a margin equal to Sh25.9 billion from Sh23.7 billion.

Corporate and institutional business was the key driver of the company performance recording a 17 per cent growth in operating profits from this segment to Sh9.9 billion. Operating profit from medium sized business dropped to Sh700 million from Sh1.1 billion while that from retail clients was flat. The bank kept a strong hold on operating expenses, with its cost to income ratio at an estimated 40 per cent. "Cost efficiency will continue to be a key strength for the bank as it employs prudent cost management strategies helping it to maintain one of the lowest cost to income ratios in the industry" said analysts at Dyer and Blair Investments. Staff costs rose by 14 per cent to Sh5.6 billion which management attributed to salary increases for staff being sought by competition. Co-operative Bank, which was closing in on its third position, slid back following a 12 per cent profit drop in 2014. StanChart, however, remains behind local lenders Equity and KCB Group. The management have recommended a Sh17 per share dividend payout up from Sh14.50 last year. The bank's share price at the Nairobi Securities Exchange lost marginally to trade at Sh340 per unit down from the previous day's Sh342 each. "The lender shed 0.6 per cent on foreign investor selling," said investment analysts at Standard Investment Bank, who noted that the bank performed below expectations. *(Business Daily)*

Kenya's Housing Finance posted a 4 percent drop in 2014 profit before tax and exceptional items to 1.42 billion shillings ($15 million), it said on Friday, recording lower non interest income in the period. The mortgage financier said earlier this week it raised 2.95 billion shillings through a cash call to expand its loan book with the aim of tapping into a fast-growing middle class in east Africa's biggest economy. The lender said non interest income fell to 842 million shillings from 1.37 billion shillings in the prior year. Earnings per share inched down to 4.21 shillings in the period to end December from 4.31 shillings in the previous year, the lender said, adding that it had cut the dividend per share to 1.50 shillings from 1.75 shillings in 2013. *(Reuters)*

Kenya's Nairobi Stock Exchange on Friday reported a 16 percent rise in pretax profit, helped by a surge in equity turnover. The bourse, which listed after an initial public offering last year, reported pretax profit of 441.8 million shillings ($4.8 million) in 2014, from 379.5 million shillings in 2013. Total income climbed 32 percent to 821.9 million shillings, mainly driven by a 39 percent increase in equity turnover to 431 billion shillings in 2014. "Investor interest in Kenya and the broader east African region remains strong," the bourse said, citing expanding consumer services, a growing middle class and improving infrastructure. It said the exchange was on course to launch a derivatives market. Chief executive Geoffrey Odundo told Reuters in March the exchange would work with banks to set up a clearing house to offer derivatives from the second quarter. In its results statement, the bourse also said it expected further listings on the Growth and Enterprise Market Segment and new listings of Real Estate Investment Trusts (REITS). The board recommended a first and final dividend for 2014 of 0.38 shillings. *(Reuters)*

Kenya Reinsurance Corp reported a 20 percent increase in pretax profit for 2014 to 3.92 billion shillings ($42.5 million), helped by insurance premium growth in Kenya and other Africa markets, it said on Friday. Gross written premiums rose by 20 percent to 11.57 billion shillings in 2014 from a restated 9.64 billion shillings previously. This was as result of overall insurance premiums growth in Kenya and the rest of Africa where the corporation derives the bulk of its revenues, it said. Earnings per share increased to 4.48 shillings from 3.99 shillings in 2013. The firm€™s board of directors recommended a dividend of 0.70 shillings per share. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Economic News

Kenya plans to start tendering in May for toll-road contracts estimated by the government to be worth $2 billion to improve the efficiency of the East African nation's biggest commercial routes, a Treasury official said. The contracts will be in addition to the 45 deals worth about $3.2 billion that the government will start awarding as early as next week, to double the nation's paved-road network through an annuity program. The government is planning to introduce five toll projects covering about 800 kilometers (500 miles), including a new 482-kilometer dual-carriage highway between the port city of Mombasa and the capital, Nairobi, Stanley Kamau, director of the Public Private Partnership Unit at the Treasury, said in an interview on Monday. "We have engaged transaction advisers and we are now working on the feasibility, final cost estimates, possible toll charges and the time of recouping investors money," Kamau said. Kenya is retaining PricewaterhouseCoopers LLP to advise on the development and maintenance of the Nairobi-Mombasa highway, while it hired Intercontinental Consultants and Technocrats Pvt. Ltd. of India for the same scope of work for a new 176-kilometer highway connecting the capital to the southwestern city of Nakuru. Intercontinental consultants will also advise on the operation and maintenance of the 80-kilometer Nairobi-Thika road, according to the Treasury.

The toll roads will be constructed for use over as long as three decades, according to Kamau. The Treasury is drawing from a $40-million World Bank loan to do feasibility studies for the projects and partly finance land acquisition. Kenya is seeking funds from private sources to support its plans expand transport infrastructure and create a regional transportation hub that will help it accelerate economic growth to 10 percent by 2017 from 5.4 percent last year. "With the private sector, we can do what government aspires for in infrastructure development faster, than when relying on public funds alone," Kamau said. "We should have toll guidelines by April, then start the tendering process." John Musonik, infrastructure principal secretary at the Transport Ministry said winners of the first contracts under the road annuity program could be announced next week. The government is setting up a Road Annuity Fund to expedite construction of roads in a country where less than 10 percent of the 161,000-kilometer network is paved, according to the Kenya Roads Board. Unlike the toll-road projects, where investors will charge a fee to recoup their investment, the other roads will be paid for under the annuity program, in terms of which investors build roads and are then repaid over a period of time, Musonik said Monday in a separate interview in Nairobi.

The government has capped the cost for building roads under the annuity fund at 30 million shillings per kilometer for rural roads, 55 million shillings for the same length in urban areas and 70 million shillings for highways. These roads will be built to last for 10 to 15 years. "In the past, we had situations where roads were costed at 120 million shillings per kilometer, and we think that's not right for all roads," Musonik said. Kamau said they talks were held with bankers last week to address their concerns about the annuity program. "They wanted assurances that government wont delay payments and how we would address foreign-exchange risks," he said. "We told them the annuity fund is created to also ensure payments are available and made on time, and on the forex risk, we agreed they would bid in the currency of their choice; shillings or dollars." *(Bloomberg)*

The declining level of Kenya's exports relative to rising imports could derail the country's positive economic growth outlook of 6 per cent this year, analysts have warned. Last year, Kenya's current account deficit - measured in terms of what the country earns from exports in relation to payment for imports - widened by 17 per cent to Sh510 billion, extending a relentless multi-year trend that could jeopardise the country's ambitious growth projections. In 2006, the current account deficit stood at Sh47 billion but has continued rise following fast-growing imports. Exports have, on the other hand, shrunk over the years, a trend that poses a big risk to the country's macro-economic stability. "There still exist potential risks that could taint this rosy picture such as widening of the current account deficit, public expenditure pressures, especially on wages, and unexpected weather patterns (reduced rainfall) in parts of the country could (undermine) output in the agricultural sector," analysts at Sterling Capital said in their Fixed Income Outlook Report for March 2015. While releasing the Kenya Economic Update on March 5, 2015, the World Bank sounded an alarm on sluggish demand for Kenya's exports, stating that the country needed to boost productivity and improve the business environment to regain and increase its competitiveness. "In recent years the manufacturing's contribution to Kenyan exports and growth has fallen behind and performance has been less than optimal. "Kenya needs to increase the competitiveness of its manufacturing sector so that the country can grow, export and create much-needed jobs," World Bank

Group private sector development specialist Maria Mogollon said when the KEU report was released. Kenya's economy is estimated to have expanded by 5.9 per cent last year, above the sub-Saharan Africa average projected at 5 per cent. This year, it is anticipated to grow by 6.2 per cent, riding on lower inflation levels and a stable macro-economic environment. *(Daily Nation)*

Kenya's tea output and exports rose in 2014 from a year before, data from the industry regulator showed. Kenya is the world's leading exporter of black tea and the commodity is a major foreign exchange earner for East Africa's biggest economy. Data from the regulator Tea Board of Kenya's website seen by Reuters on Tuesday showed that output rose to 444.8 million kg in 2014 compared with 432.2 million kg a year earlier, which raked in about $1.3 billion. The data also showed Kenya exported 499 million kg up from 494.4 million kg in 2013. The difference in export and production figures usually arise from unsold tea carried over from the previous year. A leading tea-producing group has said drought earlier this the year was driving down output and processing factories were receiving fewer deliveries from fields each week. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

The International Monetary Fund will provide $18.1 million to Malawi after its government promised to tackle the corruption that led to a suspension of aid by donors following large-scale graft involving public funds. Donors led by former colonial ruler Britain have withheld direct aid to the southern African nation for more than a year over a corruption scandal in which top government officials and ministers siphoned millions of dollars from the public purse. The IMF said late on Monday after completing a review of Malawi's economic performance that government was committed to rebuilding trust in public institutions and bringing the IMF-supported program back on track. The global lender also said addressing weaknesses in public financial management was key to restoring donor funding. "Malawiâ€™s macroeconomic outlook and performance under the IMF-supported program was significantly damaged by a large-scale theft of public funds and by policy lapses in the run- up to elections," the IMF said in a statement. "The breach of governance resulted in the suspension of budget support from donors, which has led to increased recourse to central bank financing, accumulation of domestic arrears, exchange rate depreciation, and high inflation."

Finance Minister Goodall Gondwe said he hoped the IMF move would unlock more aid. "This will sure give confidence to our traditional donors to come in because (lack of aid) is crippling our economy,â€� Gondwe told Reuters. Foreign aid has traditionally accounted for about 40 percent of Malawi's national budget. The scandal, known locally as "cash-gate", forced the government to shut down its payment system to investigate allegations that $20 million had been stolen by officials, delaying payment of salaries to teachers, nurses and doctors. The amount, which had initially been put at $100 million, was revised downward after an audit by a British firm last year. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Foreign direct investment in Mauritius grew 48.7 percent in 2014 to 14.15 billion rupees ($388.20 million), thanks to investment in real estate, hotels and restaurants, official data showed on Friday. Foreign investment in real estate led with a total of 6.17 billion rupees, the central bank said. Hotels and restaurants accounted for 4.89 billion rupees. France was the biggest source of investment with 3.48 billion rupees. Famed for its white sand beaches and luxury spas, the Indian Ocean island nation is diversifying its economy away from sugar, textiles and tourism into offshore banking, business outsourcing, luxury real estate and medical tourism. In a separate statement, the Bank of Mauritius said the current account deficit widened to 10.2 percent of gross domestic product in 2014 from 9.9 percent a year earlier, owing to a deficit in the income account. â€œFor the year 2014, preliminary estimates of the current account balance point to a higher deficit of 39. 62 billion rupees, compared to 36.23 billion in 2013,â€ the central bank said in the statement. *(Reuters)*

The Mauritius budget deficit for fiscal year 2015/2016 (July-June) is forecast to widen to 3.5 percent of gross domestic product from 3.2 percent in the year 2014 (Jan-Dec), the finance minister said on Monday. In a budget speech to parliament, Finance Minister Seetanah Lutchmeenaraidoo also said the Indian Ocean island's economy will expand by 5.3 percent in the 2015/2016 fiscal year, above an estimated 3.5 percent expansion in 2014 (Jan-Dec). Growth is seen accelerating to 5.7 percent in 2016/2017. Mauritius' fiscal year has previously ran from January to December but the government said it would change it from this year, to run from July to June. Lutchmeenaraidoo said capital and recurrent expenditure would total 106.2 billion rupees ($3 billion) in the 2015/2016 fiscal year, while public sector debt would stand at 58.6 percent of the GDP. Mauritius, with an annual gross domestic product of more than $10 billion, has been hit hard by the global economic slowdown and particularly by a drop in European tourists, who have been a mainstay of its vital tourist industry. *(Reuters)*

The unemployment rate in Mauritius fell to 7.5 percent during the fourth quarter of 2014, down from 7.6 percent in the previous quarter, but was unchanged compared to a year earlier, Statistics Mauritius said on Friday. The Indian Ocean island nation's annual gross domestic product stands at $11 billion, and it has been trying to diversify an economy traditionally focused on sugar, textiles and tourism towards luxury real estate, offshore banking and medical tourism. The island's workforce was estimated at 538,900, out of a population of 1.3 million, in the fourth quarter compared with 529,700 in the preceding quarter. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Nigeria

Corporate News

FCMB Group Plc on Monday announced a growth of 38 per cent in profit after tax (PAT) for 2014. According to the audited results, FCMB recorded a profit before tax of N23.9 billion, up from N18.2 billion posted in 2013. Profit after tax rose 38 per cent from N16 billion to N22.1 billion. The Retail Banking division contributed 18 per cent to the profit before tax (PBT), while deposits from individuals 14 per cent to N166 billion. The Group's total assets grew 16 per cent to N1.2 trillion, just as Return on Average Equity improved from 11.6 per cent in 2013 to 14.6 per cent in 2014. Commenting on the results, Managing Director of FCMB Group Plc, Mr. Peter Obaseki, said: "The results for full year 2014 reflect solid momentum in our businesses as our key earning metrics grew at double digits: PAT and PBT came in with growth on 2013 full year of 32 per cent and 38 per cent respectively. Based on these, a dividend of 25 kobo per share is proposed, translating into a dividend yield of 10.04 per cent.
Speaking in the same vein, Group Managing Director/ CEO of FCMB Limited, Mr. Ladi Balogun, "Our commercial and retail banking activities continue to be the key driver of group performance, with 26 per cent growth in profit before tax. Specifically, the growth in our retail banking activities enabled us to not only attain industry leading margins but also deliver 37 per cent loan growth." Looking at the future, he said,"We will remain focused on improving operating efficiency, whilst also continuing with our steady customer acquisition drive and migration to alternate service channels in order to provide a more consistent convenient customer experience. We will seek to moderate cost of risk by consolidating our risk acceptance criteria in an increasingly high-risk environment, while focusing on deposit growth. Overall, we are confident our progress will be sustained, as we continue to grow our market share, and improve our margins and efficiency ratios," he said. *(This Day)*

Construction giant, Julius Berger, has said it is considering potential partnerships with credible investors willing to invest in the upgrade of Nigeria's electricity supply systems. Julius Berger, like General Electric (GE), which has staked claims in Nigeria's emerging electricity industry with investments in capacity upgrade and technology transfer, has indicated that it will explore opportunities to invest in the power sector. "We are exploring of course in the power sector, which is the area we see the future. We also see the future in gas and oil. There is no doubt that gas and oil will be there in 20 years and longer but our core business is still building and road construction," said the Managing Director, Julius Berger Nigeria, Mr. Detler Lubasch. Lubasch stated at the just concluded 2015 edition of the Nigerian Oil and Gas (NOG) conference and exhibition in Abuja that the current reforms in the power sector comes with great potential that the company would like to tap into. He said: "As you all know, Nigeria needs infrastructure and this is our core business. We will be involved in power plants, that is where we see an environment that will grow and we want to be part of that. "Julius Berger will be there as a partner to establish the techniques to erect power systems in Nigeria. It is going to be thermal that we will be doing and not hydro."

In this regard, Julius Berger seeks to initiate the kind of partnership that GE has with Nigeria. GE for instance is partnering with the Ministry of Power to support the development of 10,000 megawatts (MW) of power over the next 10 years in the country. It has also partnered a number of local power generation companies to ramp electrical output throughout the country, as well as with the Niger Delta Power Holding Company (NDPHC) in the construction of its 10 power plants under the National Integrated Power Project (NIPP). Julius Berger in 2014 emerged the preferred bidder and signed an agreement with GE for the construction of a multi-modal manufacturing and assembly plant in Calabar, Cross River State. The facility owned by GE would when completed, have an improved ability to support a broader range of product lines in power generation as well as oil and gas exploration and production. It is part of the $1 billion investment plan announced by GE Chairman, Jeff Immelt in January 2013, which the company would invest in Nigeria. *(This Day)*

Nigerian construction company Julius Berger said on Tuesday its 2014 full-year pretax profit fell 19 percent to 13.13 billion naira ($66 million). Turnover fell to 196.81 billion naira compared with 212.73 billion naira a year ago, the firm said in a statement, adding it would pay a dividend of 2.7 naira, unchanged from a year ago. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria's Wema Bank said on Monday it grew its 2014 pretax profit by 59 percent to 3.09 billion naira, from 1.94 billion naira aa year earlier. Gross earnings also rose to 35.45 billion naira, against 28.54 billion naira the previous year, the bank said in a filing with the Nigerian Stock Exchange. *(Reuters)*

Skye Bank Plc Tuesday signed an agreement with Stanbic IBTC and the Financial Market Dealers Quotation System (FMDQ) to issue N100 billion in commercial paper to increase its ability to do more transactions. The first tranche of the transaction in the size of N20 billion, opened on Monday and is expected to close on March 27th, 2015. A statement from the bank quoted its Group Managing Director/Chief Executive Officer, Mr. Timothy Oguntayo to have explained that the bank took advantage of the commercial paper window to expand the number of instruments on its balance sheet. According to him, the bank was driven "to take advantage of this programme to increase awareness of the availability of this innovative product in the market place and to help them acquire investments that are tradable without suffering penalty". Skye Bank is only the second bank to take advantage of the Central Bank of Nigeria (CBN) and FMDQ reintroduction of the Commercial Paper window since 2009; the transaction represents only the third since then, the statement added. For a bank to qualify to issue commercial paper, it must be liquid, have a favourable credit rating of not less than B- and must have record assuring investors of their ability to perform, according to an Associate at G. Elias and Nosakhare Aguebor said.

Skye Bank has investment Grade ratings from GCR, Standard and Poors, and Agusto &Co.; A- By Global Credit rating; 'BBB' by S&P and 'Bbb' by Agusto and Co. The CEO, Stanbic IBTC Capital, Yewande Sadiku, described the deal as a milestone in the history of market innovation in the country after thanking Skye bank for the opportunity to be involved in the landmark deal. "Skye Bank is making the issue on the back of its strong brand and reputation; experienced and stable management team; good ratings; strong subsidiaries and presence in West Africa; and sound use of proceeds according to a summary document on the of Issuance programme. The issue which has Stanbic IBTC as agents and adviser has a 90-Day tenor benchmarked against the 91-Day Treasury bill. Minimum subscription to the offer is N5, 000,000 and in multiples of N1, 000 and notes may be rediscounted at market price at investors' option and subject to one week notice!" the statement added. *(This Day)*

Unilever, whose detergents and deodorants are used by 2 billion consumers daily, plans to raise its stake in its Nigerian unit to as much as 75 percent to benefit from expected economic growth in Africa's most populous nation. The move "demonstrates our commitment to the Unilever Nigeria business and confidence in the long-term growth prospects of the company and consumer goods sector in Nigeria," Bruno Witvoet, executive vice president of Unilever Africa, said in a statement on the company's website. Unilever wants to raise its 50.05 percent stake in Unilever Nigeria Plc, with the parent company buying as many as 944.5 million shares at 45.50 naira each. That's a premium of 34 percent to Unilever Nigeria's closing share price on Monday. The deal, at the intended offer price and with maximum acceptance, is valued at about 200 million euros ($218 million), Unilever said. Unilever intends to keep the Nigerian company's listing on the local stock exchange. Nigeria's economic growth may slow to 4.8 percent this year from 6.3 percent in 2014, the International Monetary Fund said March 5. The cut in the growth forecast comes as the West African nation's dependence on oil revenue has left it struggling from the decline in crude prices. Unilever's proposal is still subject to approval from the Nigerian Stock Exchange and the Nigerian Securities and Exchange Commission. Citigroup Global Markets Ltd. and Chapel Hill Advisory Partners Ltd. are acting as financial advisers to Unilever. *(Bloomberg)*

Nigeria's Sterling Bank said on Wednesday its 2014 pretax profit rose 15.4 percent to 10.74 billion naira ($53.97 million). Gross earnings rose to 103.67 billion naira compared with 91.74 billion naira previously, the bank said in a statement, adding that it would pay a dividend of 0.06 naira per share compared with 0.25 naira in 2013. *(Reuters)*

Oil major Shell said on Wendesday it completed the sale of its 30 percent stake in the Nigerian oil block 29 and the Nembe Creek trunk line to Aiteo Eastern Exploration and Production Co for $1.7 billion. Total and Eni's Nigerian arms also assigned their interests of 10 percent and 5 percent, respectively, to Aiteo, which ended up with a 45 percent interest in total for both assets. *(Reuters)*

Dangote Cement Plc, Africa's biggest producer of the building material by sales, said net income declined 21 percent last year after rain,

energy supplies and taxes hurt operations in its home market of Nigeria. Profit was 159.5 billion naira ($801.5 million) in 2014, compared with 201.2 billion naira the previous year, the Lagos-based company said in an e-mailed statement on Thursday. Sales increased 1.4 percent to 391.6 billion naira as the company added plants in South Africa and Senegal. "Despite the challenging conditions of the erratic fuel supply and prolonged rainy season that affected revenues and profitability in Nigeria," the company is confident about the future, Executive Director Devakumar Edwin said in the statement. The company paid a 25.2 billion-naira income tax bill compared with a credit of 10.4 billion naira in 2013 as the tax-exempt status of some Nigerian operations expired, Dangote said. Dangote Cement, controlled by billionaire Chairman Aliko Dangote, is expanding in new African countries to tap demand for building materials as governments invest in infrastructure. The company plans to raise capacity to as much as 60 million metric tons by 2016 from 29 million tons. Plants in Ethiopia and Zambia are due to start operations next month, the company said in a presentation. The shares declined 0.8 percent to 151.35 naira at the close in Lagos, valuing the company at 2.6 billion trillion naira ($13 billion). Net debt more than doubled during the year to 222 billion naira. Dangote Cement, which has to import goods from explosives for limestone mining to packaging for cement bags, was hit by the naira's 11 percent fall against the dollar in the last quarter of 2014, Edwin said in a conference call. The currency weakened along with the price of oil, which accounts for 90 percent of Nigeria's export earnings. Dollars in the country are scarce and the company may have to slow its foreign purchases, said Edwin. "We don't know if we'll be able to sustain the same rate of imports in the future months," he said. "Most of the cost elements are tied to foreign exchange." *(Bloomberg)*

Nigeria's United Bank for Africa (UBA) said on Thursday its 2014 pretax profit rose marginally by 0.26 percent to 56.20 billion naira ($282 million) compared with a year ago. It said revenue rose to 290 billion naira in the period to December 31, up from 264.68 billion naira a year ago. UBA cut its 2014 dividend payment to 0.10 naira per share, down from 0.50 naira it paid a year earlier. *(Reuters)*

Nigerian oil company Seplat said on Thursday its 2014 pretax profit dropped to $252 million, down 54 percent from $550 million a year ago, as the price of crude oil plunged. Seplat with dual listings in Lagos and London said revenues fell to $775 million during the period to December 31, against $880 million last year. The oil company proposed a total dividend of $0.15 per share for 2014, up from $0.10 in 2013. *(Reuters)*

Unilever Nigeria said on Thursday its 2014 pretax profit fell 57.7 percent to 2.87 billion naira ($14.4 million), compared with a year ago. Turnover also fell to 55.75 billion naira during the period, against 60 billion naira the previous year, the household product maker said in a statement. The firm proposed a cut to dividend for 2014 to 0.10 naira per share, compared with 1.25 naira a year earlier. *(Reuters)*

Nigerian fuel retailer Total said its 2014 pretax profit fell to 31.6 percent to 5.5 billion naira ($27.9 mln), compared with a year ago. Revenues rose to 240.6 billion naira during the period to December 31, against 238.16 billion naira last year, the unit of French oil company Total said in a statement. The firm said it would pay a dividend of 9 naira each, unchanged from last year. *(Reuters)*

In advancement of its strategy to expand cement production in Africa, Dangote Cement yesterday opened its cement plant in Senegal. The new plant, located in Pout district, about 75 kilometres from Dakar, the country's capital, has a nominal capacity to produce 4000 metric tonnes (MT) per day and 1.2 million MT per annum (pa). The plant is expected to create more than 1,000 jobs, with a total production capacity of 1.5 million tonnes annually. According to Luk Haelterman, the country head, Dangote Industries in Senegal, the plant has taken roughly $250 million so far, while actual production and sales started January 10, 2015. ''In this country, Dangote will not only stop at producing cement, we also have helped beyond cement. Which is the idea of the owner, to become a pan-African enterprise. ''Senegal is a market with over-capacity of cement (only 14m people), because it had two cement factories before now. But today, Dangote has become the biggest and best because we have and produce the 42.5R only, which is better than what we met on ground, which is the 32.5R,'' he said, at the factory tour by Nigerian and Senegalese journalists. Sales and Marketing Director, Serigne M. Dieng, said: ''Senegal with 14 million people and a GDP of 4 per cent (2013) has cement market of three million MT per year and a per capita consumption rate of 230kilogramme. ''Because of over capacity, Dangote Cement exports to Mali and the Gambia (through rail).'' Also, the Chief Operating Officer of the plant, Athanasios Bampos, said the location of the factory was not only rich in limestone but also in clay and laterite, which are the major components needed in cement manufacturing. ''The only other component which Dangote cement plants imports, gypsum, is being sold by a local firm, ICS Chemical Company, which is about 45 kilometres from the factory,'' he said. The Nigerian Ambassador to Senegal and Mauritania, Katyen C. Jackden, used the opportunity to thank the Senegalese government and its people for the support and opportunity given to a foreign investor like Aliko Dangote, saying. ''Dangote has been able to bring cohesion among African nations with his investments."*(This Day)*

Economic News

Nigeria's federally collected revenue is likely to decline further by about 25 per cent this quarter, the chief executive officer, Financial Derivatives Company Limited (FDC), Mr. Bismarck Rewane has predicted. Rewane said the declining revenue will serve as a wake-up call for Nigeria. The FDC boss stated this at a breakfast meeting on e-filing organised by SystemSpecs Limited for stakeholders held in Lagos recently. According to Rewane, oil and gas constitute over 60 per cent of Nigeria's fiscal revenue, oil accounts for 94 per cent of Nigeria's export and approximately 67 per cent of current account receipts in the country. He noted that a 58 per cent drop in oil prices coincided with approximately 18 per cent decline in government revenue in the fourth quarter of 2014. Decline in prices of other commodity is unlikely to cushion the effect of lower oil exports on the balance of trade, Rewane added. Commenting on how to improve government's revenue, he identified blocking of leakages through the use of information communication technology (ICT). He also noted that the ICT has the potential to transform tax revenue collection. "ICT is just one of a number of tools to increase tax revenue collection, improve services to tax payers. Accessible services at no cost to the taxpayer can enhance take-up. Incentives can encourage compliance. Capacity building develops expertise. Strong communication campaigns ensure acceptance and understanding," he added. According to him, whenever revenue declines, people tend to be more efficient and efficiency is most prominent in the payment and settlement system. Rewane further added that the more efficient payment services are, the more the number of transactions, and the more the society gets out of it. "The external and internal balances of an economy would depend almost entirely on the efficiency of its payment system," he added.

On his part, the Managing Director, Systemspecs, Mr. John Obaro revealed that e-filing, which is driven by the Remitta platform, would help boost government's revenue. Remitta, developed by Systemspecs was adopted by the Central Bank of Nigeria for the payments and collection of funds. "With Remitta, you can automatically submit matching schedules when you pay pensions to PFAs. For example, tax authorities or operatives. All these are done electronically. People can make payments to another party using their credit or debit cards. "It is a single platform which allows you make payments to various people and at the same time on the same platform, you empower people who want to make payment to you to pay through any channel that is convenient for them," Obaro said. Furthermore, he said: "Remitta is connected to all core banking applications of all the banks in Nigeria today. You can define approval limits for people who want to make payments with designated officers who you can define you rules to." "With Remitta you can make all your payments from the same platform, for each payment you have, you get a comprehensive proof of payment delivered to the beneficiary and you can easily track all payments irrespective of the funding banks." *(This Day)*

Political uncertainty over Nigeria's election on Saturday and economic turmoil from low oil prices have delivered a double blow that has slashed revenues and triggered layoffs for businesses across Africa's biggest economy. But while some, such as consumer goods firms, are less exposed to Abuja's troubles, others like construction firms heavily dependent on government cash are facing frozen projects, unpaid bills and mass redundancies, putting badly needed infrastructure development on ice, industry sources say. "The situation is terrible and there is more ... to come," one construction industry source told Reuters. "There is a desperate lack of funds." The fall in world oil prices to $55 a barrel, half what they were in June, could not have come at a worse time for Africa's biggest producer. The run-up to an election is traditionally when government finances come under huge pressure from election spending on advertising and patronage. Standard and Poor's ratings agency downgraded Nigeria to B+ from BB- last week. The naira has fallen 20 percent since being devalued in November. Because this vote is expected to be so closely fought, much more money has been needed to fight it. Capital spending in the budget has been slashed and a source in parliament said government contracts are massively in arrears because it is easier not to pay contractors than to hold back salaries. The top 10 construction companies in Nigeria accounted for 70,000 jobs a year ago but since then their workforces have been cut by a third, industry sources said. "Most of the companies tightened their belts because of no payments, while overheads are getting higher," expatriate civil engineer Daniel Hazim said. "That's why the majority of construction companies are passing pink slips to their employees ... expats and locals."

Thousands of job losses are bad timing for President Goodluck Jonathan's re-election bid, but they may do little to sway an electorate divided along regional and ethnic lines. Jonathan, a southern Christian, faces main opposition candidate Muhammadu Buhari, a former military ruler and a northern Muslim. Yet the job losses are also a reminder that whoever leads Nigeria after the election will need to end its dependence on oil as the motor for the economy. "We have neglected agriculture, solid minerals, we have neglected human empowerment, we simply sell oil," political analyst and lawyer Onyebuchi Emenka told Reuters TV on Monday. The country needs a candidate who will diversify the economy, he said. In the meantime, contractors are suffering. A spokesman for the Ministry of Works said it had received only 44 billion naira out of 98 billion naira allocated last year. The minister, Mike Onolememen, was quoted in local newspapers as saying that contractors were owed about 230 billion naira between 2011-2014 and that 177 projects lacked sufficient funding to move forward. Leading construction firm Julius Berger and several other large firms have all stopped working on projects such as roads and bridges because the government is not paying them, industry sources say. Firms with a smaller presence, such as Italy's Salini Impregilo, which is building Abuja's glitzy Millennium Tower, are in similar difficulties. Julius Berger declined to comment and Salini officials were not immediately available for comment. Government infrastructure projects always moved slowly, but firms were forced to scale down to skeleton crews last year and several are not expecting to resume work in 2015 at all. A project to rehabilitate the 340 km (200 miles) Itakpe-Ajaokuta-Warri railway to transport iron ore and coal, crucial to revamping an ageing steel mill, restarted work in August 2014 but was shut down again when funds dried up, a source close to the project said. Now it will remain on hold until the government can fund it. *(Reuters)*

Nigeria's central bank left its benchmark interest rate unchanged at 13 percent as expected on Tuesday, saying tight monetary policy should offset the inflationary effects of elevated spending ahead of a March 28 election. Governor Godwin Emefiele said the Monetary Policy Committee was also satisfied with the bank's attempts to stabilise the naira, which has come under major pressure in the last six months due to the collapse in oil prices. The currency has dropped from around 165 to the dollar a year ago to 198 this week, but spiked as low as 206 in the interbank market last month and is trading weaker than 220 in the black markets on the streets of Lagos and Abuja. The weakness of the currency in Africa's top economy has fuelled the illegal use of dollars in day-to-day domestic transactions, such as paying rent or school fees, Emefiele said, adding that action would be taken against transgressors. "The CBN will very soon in due course come after them," he told a news conference. Emefiele said he was worried about the outlook for economic growth, but added that investment and business confidence should pick up once Africa's most populous nation had navigated this weekend's election. "I'm optimistic that after the elections, confidence will improve, businesses will resume," he said. "I'm confident the economy will be resilient." Economist polled by Reuters had expected the benchmark rate to stay at 13 percent, although the poll did forecast that it would rise 100 basis points in the second quarter. *(Reuters)*

Nigeria plans to raise 97.81 billion naira ($492 million) in Treasury bills at an auction on Wednesday, the central bank said on Tuesday. The bank said it will issue 14.03 billion naira in the 3-month debt note, 33.78 billion naira in the 6-month paper and 50 billion naira of the 1-year note. The results are expected to be released on Thursday, the bank said in a statement. *(Reuters)*

The value of Nigeria's external reserves, which has been on the downswing in the past few weeks, fell below the $30 billion mark to $29.865 billion as at March 25, 2015, according to latest Central Bank of Nigeria's (CBN's) figures. THISDAY's findings show that the current level of the foreign reserves, which is derived mainly from the proceeds of crude oil earnings, has fallen by 13.4 per cent or $4.628 billion this year, compared with the $34.493 billion it stood at the beginning of the year. This has been attributed to the significant reduction in forex inflow into the country occasioned by the sustained low crude oil prices. Oil prices however rallied for a second straight day on Thursday after Saudi Arabia and its Gulf Arab allies began air strikes in Yemen, sparking fears of a bigger Middle East battle that could disrupt world crude supplies. Brent crude was up $2.45 to close at $58.93 a barrel on Thursday. Meanwhile, foreign investors on the Nigeria Stock Exchange (NSE) sold off N132.68 billion ($667 million) stocks in the first two months of the year, data from the NSE has shown, hurt by a weaker naira currency and jitters over tomorrow's elections. Nigeria faces a presidential election with front runners President Goodluck Jonathan and former military ruler Muhammadu Buhari facing off in a contest many think is too close to call. The electoral body last month delayed the polls by six-weeks to March 28 citing security concerns, sending financial markets into a tailspin, with the naira crashing through a psychological level of 200 to the dollar for the first time.

Foreign investors also increased the pace of outflows from Africa's biggest economy as global oil prices plunged, according to a Reuters report. The main share index rose 0.6 per cent to 30,073 points on yesterday, doing little to erase losses on the bourse, down 13.8 percent so far this year. One of the top decliners at the bourse is Dangote Cement, which accounts for a third of market capitalisation and reported weaker earnings yesterday, has fallen 23.7 percent so far this year. The plunge in oil prices is having a dramatic effect around the world. Weaker global oil consumption and increasing global oil supply spurred by the US energy boom have conspired to send oil prices to lows not witnessed since 2009. Consumer nations have been smiling all the way to the gas pump while producer nations like Venezuela, Nigeria and Russia are being bruised badly. According to the International Energy Agency (IEA), even the previously booming US shale industry is also likely to be tested if sub-$50 per barrel prices persist. For Nigeria, the fall has ignited a chain reaction which threatens its macro-economic stability. Oil revenues and foreign exchange receipts are on the decline while external reserves have dwindled. These events have forced monetary and fiscal adjustments.*(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

THE Tanzania Portland Cement Company (TPCC) net profit went up by almost 50 per cent in 2014, thanks to the firm's strengthened brand image through quality and service delivery to the market. The company, which goes by its brand name Twiga, announced in a published statement a profit increase of 47.3 per cent to 55.44bn/- for 2014, up from 37.64bn/- in the preceding year. Twiga Cement Chairman, Mr Jean-Marc Junon, attributed in the statement that the country's GDP growth by 7.0 per cent last year helped to lift consumption of cement in market significantly. "(The) increase in revenue, coupled with efficient cost management, resulted in an increase in operating profit of 55 per cent (to 76.29bn/-) compared to 2013," Mr Junon said. Twiga recorded an increase in sales volume of 15 per cent versus 2013 as a result of a better production efficient, commissioning of a new cement mill in the last quarter and re-introduction of Twiga extra in the firm's product mix. The Chairman said cement industry prospects are positive as consumption in the country and the East African bloc continued to grow over the last few years. "Having an expanded capacity, TPCC is well placed to meet this growing demand," the Chairman said. The profitability of Twiga, which is listed on the DSE, pushed the firm's full year dividend by 37 per cent to 267/- against 195/- of 2013. Midyear the company paid a dividend of 70/- per share. Earnings per share also went up by almost 5 per cent to 308/18. Zan

Securities Chief Executive Officer, Mr Raphael Masumbuko, said the results would turn-around Twiga share price at the bourse from bearish to bullish mode. "The financials would make those who wanted to sell to hold on their shares waiting for dividends, while those on the buying side increase their demand eyeing for dividends as well," Mr Masumbuko said. Looking forward, the CEO said, the share will start appreciating and ending an almost three months of sliding. According to Tanzania Securities, daily market report of Wednesday, Twiga share depreciated by 6.25 per cent in the last eleven weeks to 3,750/- a piece. Twiga share last day of trading cum dividend is April 17, 2015 and dividends would be paid around June 30, 2015. *(Daily News)*

Tigo Tanzania, part of Sweden's telecom group Millicom International Cellular, said on Friday it plans to spend $120 million (Sh11.04b) this year to expand its network in the East African nation. Like in other African countries, mobile phone use has rocketed in Tanzania over the past decade, making telecoms the fastest expanding sector in the economy. "The company plans to spend $120 million, which is 20 per cent higher than $100 million in 2014 on its network expansion, fibre and opening additional customer service shops across the country," Tigo Tanzania Spokesman John Wanyancha told Reuters. "The growth of the mobile phone sector is a result of... a steady economic environment that the country has enjoyed in the past five years." The investment will expand and maintain the quality of Tigo's network coverage by rolling out 843 new mobile telephone network transmission sites countrywide, he said. *(Standard Media)*

Economic News

Tanzania's current account deficit narrowed 4.7 percent in the year to January, after exports of manufactured goods and tourism earnings increased, the central bank said on Monday. The deficit narrowed to $4.822 billion in the 12 months to January from $5.059 billion in the same period in 2014, the Bank of Tanzania said in its latest monthly economic report. "The improvement was mainly attributed to an increase in exports of goods and services as imports remained broadly unchanged," the central bank said in the report. The overall balance of payments reflected a deficit of $61.7 million in January, compared with a surplus of $534.8 million in the same period in 2014, the bank said. Earnings from tourism, the main foreign exchange source, rose to $2.045 billion from $1.89 billion previously due to more visitor arrivals, the bank said, while exports of manufactured goods rose to $1.27 billion from $1.05 billion a year ago. Exports were mainly edible oils, textiles, plastic goods, fertiliser and paper products, the bank said. Earnings from gold another main source of foreign income, continued a downward spiral, falling 20.3 percent to $1.3 billion, reflecting lower export volumes and global prices. Tanzania is Africa's fourth-largest gold producer after South Africa, Ghana and Mali.

The country's total bill for imports of goods and services fell 0.9 percent in the 12 months through January to $13.54 billion, while the value of its exports of goods and services rose 3.8 percent to $8.85 billion, the bank said. The bank said total foreign exchange reserves fell to $4.38 billion in the year to January, or about four months of import cover, from $4.5 billion a year ago. *(Reuters)*

Zambia

Corporate News

ZANACO has recorded K104.494-million loss for the year ended December 31 2014. This is despite the bank's income having increased by 16 per cent from K838 million in 2013 to K972 million. According to a statement of results posted on the Lusaka Stock Exchange (LuSE) for the year ended December 31,2014, the bank incurred a loss of K104,494,000 due to adverse market prices. "We continue our journey with a lot of confidence and remain steadfast in ensuring we empower as many Zambians as possible to be active players in the growth of the Zambian economy through financially including them and bringing banking services closer to them," states the statement. The bank's total income, however, increased on year to year basis by 16 per cent to K972 million from K838 million the previous year. This was driven by strong growth of 16 per cent in interest income driven mainly by increase in investment in loans and advances. "As a result of the changes to the statutory reserve requirement by the Bank of Zambia (BoZ) in March 2014 and the consequent Bank liquidity position, the Bank liquidated its government securities portfolio," the statement said. The statement indicates that the future of the bank was bright while working towards financial and operational efficiency. "We will also focus on keeping ourspend in check, grow our customer base and keep investing in communities in which we serve. "We will also continue to invest in our human resource and aim to continuously attract and develop the best talents, encouraging diversity and creating an enabling environment for our staff to soar to great heights," the statement states. *(Times)*

Economic News

Zambia plans to export 800,000 tonnes of white maize to neighbouring countries after producing its biggest ever harvest, leaving the southern African nation with a large surplus, the agriculture minister said on Monday. Given Lubinda said on Hot FM Radio that Zambia had a surplus of over 1.1 million tonnes of white maize after its harvest rose by a third, to 3.3 million tonnes in the 2013/2014 (October-April) season compared with the previous season. "I intend to actually sell probably 800,000 tonnes outside Zambia and only 200,000 tonnes in Zambia," Lubinda said, without giving details of which countries would buy the maize. The Zambian maize would be exported at 80 kwacha ($10) per 50 kg bag while local sales would be subsidised at 65 kwacha per 50 kg bag to keep maize meal prices down, Lubinda said. "The government will not have any revenue loss because most of the maize will be exported at a higher price," he said. *(Reuters)*

Zambia's corn harvest may tumble from a record in 2014 to the smallest in six years after the rainy season started later than usual and was shorter than expected, curbing yields. The southern African nation may reap 2.4 million metric tons to 2.5 million tons this year, said Joof Pistorius, the grain marketing manager at Pretoria, South Africa-based Afgri Ltd.'s Zambian unit. That would be the smallest crop since 2009 and compares with last year's 3.2 million-ton harvest. "The rains came late and stopped early," Pistorius said Monday by phone from Lusaka, the capital. "We were aiming at a bumper crop, which won't happen anymore." Agriculture is the fourth-biggest contributor to the country's gross domestic product, accounting for 10 percent, and a drop in production threatens economic growth at a time of low prices for copper, Zambia's largest export. Economic expansion will slow to 5.3 percent this year, according to Fitch Ratings Ltd., the weakest pace since 2002. The economy grew 6 percent in 2014, the Finance Ministry said. Zambia's wet season usually starts in November and lasts until April. Rains only began after mid-December and there has been little precipitation this month. Most of the country's corn crop is rain-fed.

Early estimates suggest Zambia's 2015 corn production will exceed consumption, despite sporadic cases of drought in some provinces, Agriculture Minister Given Lubinda told lawmakers March 17. Zambia was southern Africa's largest corn producer last year after South Africa and Malawi, U.S. Department of Agriculture data show. Cornmeal made from the white variety of the grain is used to make a regional staple food known as nshima in Zambia, sadza in Zimbabwe and pap in South Africa, while the yellow type is used to feed animals bred for meat. The nation's neighbors are also feeling the effects of abnormal weather patterns. The worst drought since 1992 in South Africa has damaged plants, with the 2015 harvest seen dropping 32 percent to the smallest in eight years. Botswana said crops are showing signs of "total failure" due to below-average rainfall, while floods in Malawi and Mozambique have curbed production. South African white corn declined 2.9 percent to 2,714 rand ($230) a ton at 11:28 a.m. in Johannesburg, trimming the surge this year to 27 percent. The yellow variety fell 2.8 percent to 2,420 rand, paring 2015 its gain to 12 percent."If the dry spell continues for another two weeks, then we may have a problem," Kingsley Kaswende, spokesman at the Zambia National Farmers' Union, said Monday by mobile phone from Lusaka. The crop may plunge below 2 million tons if the rains don't resume, he said. Last year's record harvest is allowing the nation to export as much as 1 million tons to neighboring countries hit by drought, Lubinda said on March 19. Provided the 2015 crop is more than 2 million tons, Zambia will have a corn surplus, Pistorius said. "We'll still be safe," he said. "It's bad, but we won't run short. There will be surplus available for export."*(Bloomberg)*

Zambian President Edgar Lungu directed his finance and mining ministers to change by April 8 a new tax system that companies have said would lead them to shut mines. Lungu asked Mines Minister Christopher Yaluma and Finance Minister Alexander Chikwanda to consider options to resolve the impasse. These include negotiating interim tax deals with the individual mines most affected, modifying existing laws, deferring the new regime, or temporarily reverting to the old mine tax as a new one is negotiated, he said in an e-mailed statement on Wednesday. "Dialog between my government and the mines shall continue," said Lungu, who was elected in January. The ministers must make recommendations to cabinet by the April deadline, Lungu said. He didn't say when any changes would come into effect. Under a law passed in January, royalties more than tripled to 20 percent for some mines. That will cause 12,000 job losses and shutdowns, according to the chamber of mines in Africa's second-biggest copper producer. The system will disrupt the government's objective of increasing revenues from companies including Glencore Plc and Barrick Gold Corp., the industry body said. It also threatens to cut growth in an economy Fitch Ratings Ltd. forecasts will expand at the slowest pace in 13 years in 2015. The Zambian kwacha gained the most in a month after Lungu's announcement, advancing as much as 4.2 percent against the dollar.

Barrick Gold said in December it would put its Lumwana mine under care and maintenance, where operations are halted for potential restart later, as a result of lower copper prices and the new system that replaces income tax with higher royalties for mines. "It's a positive development that some action has taken place," Jackson Sikamo, president at the Zambia Chamber of Mines, said by mobile phone from Kalalushi in the Copperbelt province. The government should reinstate the previous tax system while a new one is negotiated, he said. Lungu earlier this month formed a technical committee to resolve the dispute with companies by the end of March. Under the new regime implemented in January, royalties rose from a uniform 6 percent to 20 percent for open-pit operations and to 8 percent for underground mines. Chikwanda scrapped income tax for copper producers, calling it "illusory" because it was paid by just two companies. *(Bloomberg)*

Zambia's inflation slowed to 7.2 percent year-on-year in March from 7.4 percent in February, the central statistical office said on Thursday. Inflation however quickened to 1.0 percent month-on-month in March from 0.3 percent the prior month, the agency said. *(Reuters)*

Zambia's kwacha advanced for a second day after President Edgar Lungu directed the mines and finance ministers to review changes to the mineral royalty system that came into effect this year. The currency of Africa's second-biggest copper producer appreciated as much as 1.5 percent against the dollar, and traded 0.9 percent stronger at 7.5516 by 4:03 p.m. in the capital, Lusaka. "A point of correction of the currency is upon us," analysts at FNB Zambia, the local unit of South Africa's FirstRand Ltd., said in an e-mailed note on Thursday. "We do not see any reasons why the kwacha should trade on the back foot." The kwacha has retreated 18 percent this year, reaching a record low on March 19, as metal prices fell and the new mine tax soured investor sentiment. To stem the slide, the Bank of Zambia raised statutory reserve ratios for lenders on March 20 to 18 percent from 14 percent. Prices for copper, which the country relies on for more than 70 percent of its foreign exchange earnings, have climbed 11 percent since falling to a five-and-a-half year low on Jan. 26. Contracts for the metal rose 0.7 percent to $6,165.50 per metric ton in London on Thursday. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

FIRST Mutual Holdings Limited (FMHL) will take reinsurance cover to ease the impact of aggregation of small claims, an official has said. Speaking on Thursday at the company's analyst briefing, group chief executive officer Douglas Hoto said the approach was appropriate for the Zimbabwean market because it was difficult in this environment to increase contributions by members to reduce the adverse claims. "Under the reinsurance arrangement, some of the premium is going to be passed to reinsurance companies. When claims exceed a certain value, the company will be able to claim from the reinsurers to settle those claims above the threshold. This will reduce the quantum of money directly settled by the company thereby reducing the claims ratio," Hoto said. "Health care claims are not big but they are frequent. Health care needs reinsurance. Health care claims are not big but their frequency is a problem. We will insure against large number of small claims. It is a development not common in this market," he said. Hoto said the measures included aligning the benefits paid to the members to the premiums being paid. This has resulted in reduction in the awards to the members for certain services they get from health care service providers. FMHL recorded a loss of $5 million during the full year to December 2014 compared to a profit of $6 million in 2013 due to higher claims that it incurred in 2014. The group's total expenditure increased by $10,9 million to $114,7 million compared to 2013.

"The increase in total expenditure was partially due to the upturn in total claims which increased by 41% to $70 million compared to $49,8 million due to higher claims ratio in the health business, increased retrenchment and retirement withdrawals in the life company amounting to $44,9 million and $5,8 million respectively," the company said. For the full year ended December 31, 2014, Gross Premium Written (GPW) for the group went up by 14% to $115,3 million due to the good performance of the health and insurance businesses. The GPW rose from the 2013 figure of $101 million. Hoto also said the company's subsidiary First Mutual Health Company was the largest contributor to GPW after it increased to $50,1 million from the 2014 figure of $43 million on the back of increased membership. GPW is total premium written and assumed by an insurer before deductions for reinsurance and ceding commissions. The First Mutual Health Company membership grew to 117 509 compared to 107 796 same period last year. Hoto said although the membership grew, the average monthly premium per member for the year came down to $37,86 from $39,84 during the period under review. *(News Day)*

PEARL Properties recorded a 2, 71% decline in revenue to $8,778 million for the year ended December 31 2014 from $9,022 million in 2013 driven by a decline in rental income. In the period under review, rental income declined by 3, 47% to $8,700 million from $9,012 million in 2013. The Pearl Properties general manager for developments Christopher Manyowa on Thursday said rental income decline was driven by a downward movement of the average rental per square metre to an average of $7,57 as compared to $8,28. Manyowa said rental yield eased to 7,50% as compared to 7,80% in 2013 reflective of the decline in rental income. "There has been stagnation and declining in occupancies across most sectors. The most affected is the Central Business District (CBD) office sector but they are strong demand for retail space," Manyowa said. He said there has been a decline in rental rates in the property market. He said pressure has been on sustaining rental and the market was now actually willing to have longer lease periods. Manyowa added that the property portfolio performance, rental rate per square meter has declined to $7,57 in 2014 as compared to $8,28 in 2013. "Due to industrial space leased at lower rates so the decline in occupancy level in the CBD has a negative effect," he said. "In the property market in general they is persistent illiquidity, increased default rate and the viability of tenants is threatened." Manyowa said the rental arrears were amounting to $2,393 million and the company in 2014 was able to recover $800 000 from tenants.

During the period under review property expenses excluding provision for credit losses increased by 16,10% to $1,103 million due to expenses relating to vacant space while provision for credit losses expenses increased to $1,215 million as compared to $0,733 million reflecting the increasing tenant default rate. Operating profit before tax and fair value adjustment declined by 23,5% to $3, 580 million from $4,684 million due to staff rationalisation exercise that resulted in a once-off retrenchment cost of $216 000. "Further, the effect of the external borrowing by the group to fund the acquisition of the remainder of lot 57, Mount Pleasant as reported in 2013, resulted in a finance cost of $0,643 million being incurred in 2014. The group will continue to explore opportunities internal efficiencies and devise cost containment measures to improve operating profit margins," Manyowa said. He said the market value of investment properties appreciated by 9,88% to $140,797 million as compared to $128,142 million due to the acquisition of the remainder of Lot 57, Mount Pleasant. *(News Day)*

Dairibord Zimbabwe Holdings (DZHL) will spend $10 million on capital expenditure this year to support growth for its products. Speaking at the company's analyst briefing on Wednesday, group chief executive officer Antony Mandiwanza said the company has been recapitalising its business through own resources and borrowings. "The $10 million capex is a combo of own resources and borrowings. We will inject a bit of borrowings," he said. Mandiwanza said the group would continue to rationalise and aim at increasing milk intake by 2% this year and grow volumes and revenue by 8% and 4% respectively. During the year ended December 2014, DZHL raw milk intake declined by 2% due to a 20% decrease in Malawi as persistent quality challenges continued to negatively affect volumes for Dairibord Malawi. Volumes for the group increased by 8% to 70,412 million litres while revenues declined by 1% to $99,016 million. Mandiwanza said the mismatch between the price and volumes was an outcome of price adjustment to retain competitiveness. The group made a profit after tax of $730 456 compared to $1,8 million loss in 2013. In 2014 the group invested $9,9 million in Pfuko/Udiwo maheu, ice-creams, Aqualite water, steri-milk and yoghurt equipment. The group will spend $1 million to import 500 heifers by end of this year and the first batch of 100 heifers will be expected in the country by end of the month to boost milk production.

Dairibord's plan for revival of dairy farming involves acquiring heifers and loaning them out to farmers. In return, farmers would provide milk to the company. Mandiwanza said initially the company had plans to import the 250 heifers in 2014 but there were challenges that have now been rectified. "We are expecting to import 100 heifers by end of March at a cost of $2 000 per each heifer. There will be continued support of the Heifer Importation Programme. The target for 2015 is 500 heifers, adding 200 000 litres per month," Mandiwanza said. Last year, the group promised to import 250 heifers but only managed to import 150. "One hundred and eighty heifers were imported in 2014 bringing the cumulative total to 430. Heifer importation is contributing 5% of DZPL's milk intake for the year," he said. Mandiwanza also said the group was set to commission the Chipinge Steri Plant next month. "[The] Chipinge Steri Plant installation is in progress and we have finished installation and commissioning is expected end of April 2015," he said. *(News Day)*

ASTRA Industries has reported a 24 percent growth in profit after tax to $2 million for the year ended December 31 buoyed by higher volumes in paints division. Revenue for the group lowered by 19 percent to $32,2 million compared to $39,6 million in the prior year. Astra said its partnership with South African company Kansai Plascon Africa Limited (KPAL), which owns the Plascon brands, had helped push volumes in the paints division. Sales volumes for paints division was up by 28 percent while imports of finished products impacted negatively on chemicals volumes which declined by five percent. "The chemicals division's volumes declined by 5 percent, largely due to difficulties faced by the manufacturing sector in Zimbabwe, which resulted in most of its key customers resorting to importing finished products," the group said in a statement accompanying its results on Friday. Astra is considering delisting from Zimbabwe Stock Exchange because its shareholding structure violates ZSE listing rules which prescribe that at least 30 percent of issued shares should be held by the public.

Kansai independently owns 38.19 percent of the issued share capital of Astra. Hemistar is 51 percent owned by Astra Industries management and staff and the remainder is held by Kansai. Following an offer to minorities in 2013, the top four majority shareholders hold 98.12 percent of all the issued shares in the company with KPAL and Hemistar Investments controlling 80.2 percent. "The current shareholding structure does not accord with Rule 4.22 and 4.25 (d) of Zimbabwe Stock exchange Regulations. "Accordingly the Board is considering to recommending the delisting of the company in terms of Rule 1.10E," said the group. *(New Zimbabwe)*

CLOTHING retailer Edgars Stores has recorded a 22,3 percent jump in after-tax profit to $5,1 million for the 53 weeks to January driven by the group's extended credit repayment facility and improved products. The group's customers can now repay their debts within a period of 12 months. "Of importance was the successful management of the resultant growth in the debtor's book. Productivity improved across the board but markdowns were high due to the need to clear aged stock," the company said in a statement accompanying the results on Friday. The markdowns, although they drove the top line, impacted negatively on operating profit. Revenue grew by 12,7 percent to $73 million for the period under review due to customer centric strategic initiatives launched in the first half. After opening four stores in the first half, no new stores were opened in the second half. The Jet chain contributed 21.6 percent to the group's turnover as management sought to improve pricing and product assortment. The growth of the debtors book, according to Edgars was under control and its quality remains "good," while debt collection costs stood at $3,7 million up from $2,7 million in the comparative period. Total trade debtors were $33,2 million, net of an allowance for doubtful debtors of two percent. Recoveries averaged 42.1 percent of bad debtors handed over compared to 34.6 in the prior year. By year-end, the group had 168,763 active accounts compared to 142,796 in the previous year. The group increased its borrowings to $20,3 million from $16,5 million last year while gearing improved marginally to 0.94 from one. "We do not foresee a significant change in the level of gearing in the short-term as our debtors book will continue to grow," said the company. Going forward the group plans to, among other measures, apply tighter cost control. *(New Zimbabwe)*

THE country's largest mortgage lender, Central African Building Society (CABS), recorded a 32 percent increase in total comprehensive income to $22,6 million income for the year ended December 31 2014, driven by a 41 percent growth in deposits. Net interest income increased by 32 percent to $43 million compared to the same period in 2013. Net surplus increased by 31 percent to $24,03 million, up from $18 million realised in 2013. "Non-interest income increased by 51 percent, due to the increase in the number of transactions passing through the Society's various delivery channels," the CABS said in a statement accompanying its results on Monday. However, operating expenses increased by 37 percent to $51 million and cost to income ratio decreased from 64 percent in 2013, to 63 percent in 2014. Total assets increased by 37 percent $852,35 million driven by deposits which went up by 41 percent. Loans and advances increased by 38 percent to $443,53 million during the period under review. The society's prudential liquidity ratio was at 36.4 percent, while the minimum regulatory ratio stood at 30 percent. Going forward, the society said it was pursuing several growth initiatives, to enhance its role in both housing finance and banking. *(New Zimbabwe)*

ASTRA Industries plans to delist from the Zimbabwe Stock Exchange (ZSE) this year as it is not compliant with the bourse's rules on shareholding. Board chairman Addington Chinake said in the statement accompanying the group's financial results that Astra had not adhered to the listing rules which stipulated that at least 30% shares must be held by the public. Chinake said in compliance with ZSE listing rules and the approval terms and conditions agreed when the Finance Trust of Zimbabwe's 63,25% stake in the company was acquired by Hemistar Investments Private limited (Hemistar) and Kansai Plascon Africa Limited (KPAL) in July 2013, an offer to minorities was made in August and September last year. "Post the offer to minorities, Hemistar and KPAL control 80,2% of the issued shares of the company and the top four shareholders hold 98,12% of all the issued shares in the company. The current shareholding does not accord with rule 4,22 and 4,25 (d) of the ZSE regulations. Accordingly, the board is recommending the delisting of the company in terms of rule 1,10E," Chinake said. In an interview yesterday, Astra Industries finance director Heritage Nhende said the company was yet to come up with a date for delisting from the bourse. Nhende said any company would have to delist if it had the above scenario unless it had to sell back the shares to the market so that it was not in breach of ZSE rules. Since October 2014 little trading has been registered in Astra shares on the ZSE. In the financial year ended December 31 2014, Astra posted a 23,8% increase in after-tax profit to $2,1 million from the comparable period in 2013. Turnover was 19% lower to $32,2 million compared to $39,6 million from the 16 months ended December 2013. "The benefits of partnership with Kansai Plascon impacted positively particularly in the paints division. The unit achieved volume growth of 28% for the comparative period. However, due to product mix and competitive pressures the revenue growth was muted, but still pleasing being 12% higher than the comparative period," Chinake said.*(New Day)*

Padenga Holdings Ltd., the Zimbabwean breeder of crocodiles and alligators for handbags and shoes, said profit margins will improve in 2015 as the aquatic reptiles grow faster than in previous years. Padenga, which raises crocodiles on Lake Kariba in northern Zimbabwe and alligators in Winnie, Texas, will start killing the animals earlier than usual as they reach optimum size quicker, Chairman Alexander Calder said in a statement published in the Harare-based Herald newspaper on Thursday. "The Zimbabwe crocodile operation has an excellent crop of grower crocodiles on the ground," Calder said. "This should have a positive impact on cost of sales." In the U.S., the harvesting of a "significantly higher" proportion of medium-sized skins will "further improve turnover and margins," he said. Crocodiles are bred for meat and their skins, which are used to make goods ranging from shoes to belts. Nile crocodiles are predominantly bred in Zambia, Zimbabwe, Mozambique and South Africa, with the region exporting about 250,000 skins a year. Padenga supplies about a third of the world's demand for "large, high-quality skins," according to the Zimbabwe Stock Exchange website. Padenga, a unit of restaurant-to-retail company Innscor Africa Ltd., reported 2014 profit of $6.4 million, up 60 percent from a year earlier. It slaughtered 43,078 crocodiles and 15,139 alligators during the period. Demand for crocodile and alligator meat rose in Europe, while Asian sales "remained depressed," Calder said. Innscor shares gained 0.9 percent to $0.575 by the close in Harare, valuing the company at $311 million. *(Bloomberg)*

Economic News

Zimbabwe is engaging Germany to settle a $739 million debt owed to the European country, a move meant to thaw frosty relations and pave way for Foreign Direct Investment (FDI). Finance minister Patrick Chinamasa yesterday met visiting German director for sub-Saharan Africa and Sahel regions, Georg Schmidt and admitted that Germany was the country's largest creditor in the Paris Club. "As you may know, Germany is the largest creditor among the Paris Club creditors, we owe Germany $739 million, which reflects naturally the level of economic engagement that existed before the sanctions hit us. So the efforts we are making are to restore that relationship," Chinamasa said. He noted that the visiting envoy had extended an invitation to Zimbabwe so that technical experts could go to Germany and craft a way of settling the debt. The Treasury chief added that the country was going to take a "step-by-step approach" in settling the debt as it sought to move back into Germany's good graces". "Nothing will happen overnight, we have agreed that technical teams will go to Berlin to work around the issue of settling the debt. We need to approach the whole issue with an open mind and spirit. As we go, we will see what speed we can make towards restoration of relations," the minister said. The country is currently saddled with an external debt of nearly $10 billion.

Schmidt said observing the rule of law was critical in attracting investors to the country, adding disputes must be settled amicably to gain investor confidence. "It is important in political terms that people can feel that they are protected by the law but it's also important in economic terms because it is the thing that foreign investors look at before they engage. "Economics can never be separated from the political situation so political stability and economic prosperity go hand in hand," said the German envoy, who is in the country on a two-day visit at the invitation of a German think tank to attend a conference on the progress of the implementation of Zimbabwe's new Constitution. Last year, the European Union (EU) lifted sanctions imposed on Zimbabwe 13 years ago on allegations of human rights abuses. The move paved way for the union to resume aid to hard-pressed Zimbabwe. Earlier this year, the EU gave Zimbabwe $270 million in development assistance, with most of the money expected to fund numerous projects which include health and the constitutional alignment. This comes as Chinamasa recently announced he had come up with a strategy to settle the country's colossal international debt, which will see him negotiating with multilateral lenders first as they are owed the most then asking them to mediate for the country to bilateral institutions like the Paris Club. *(Daily News)*

ZIMBABWE and Algeria are negotiating major deals in various sectors of the economy that are set to boost the implementation of the country's economic blueprint, Zim-Asset, Presidential spokesperson Mr. George Charamba said here yesterday. This comes as Zimbabwe's foreign policy has started paying dividends following the signing of mega deals with China and Russia recently worth billions of dollars in areas that include infrastructure development, energy and mining. As such, Mr. Charamba said a high powered technical delegation from Algeria was headed for Zimbabwe next month to scout for more areas of co-operation. This was revealed following a closed- door meeting between President Mugabe and Algerian Prime Minister Mr. Abdelmalek Sellal and his delegation comprising Minister Delegate in charge of Maghrebian Nations and African Affairs Mr. Abdelkader Messahel, and the recently appointed Ambassador to Zimbabwe Mr. Nacerdine Sai. "The President told the Algerian Prime Minister and I quote: 'We are pushing for joint venture projects with Algerians, the joint projects with a country that we know. We know your past, you have been consistent, we trust you'," said Mr. Charamba. He said the critical areas the Algerians were interested in were energy, water development, education and beneficiation of both minerals and agricultural products. "You will notice that we are concentrating largely on two key areas at a bilateral level," said Mr. Charamba. "We are concentrating on selling our infrastructural programme and you know that it is a key pillar in Zim-Asset." Mr. Charamba said Zimbabwe had abundant coal, water for hydro-power generation and coal bed methane gas that needed to be exploited.

He said Zimbabwe wanted to get technology from Algeria to extract methane gas in Lupane, Matabeleland North Province. He said the region was facing an energy deficit, adding that the excess energy to be produced from the joint venture projects would be "dumped" into the national grid and exported. Mr. Charamba said in view of the recurrence drought Zimbabwe had been experiencing, it was agreed during the meeting with the Algerians that the two countries form joint projects on water development. He said Algeria was very advanced in the use of water and its agriculture sector had state-of-the-art infrastructure, adding that there was need for the North African country to help Zimbabwe develop irrigation infrastructure and construct more dams. Mr. Charamba said one of the clusters of Zim-Asset, beneficiation, was going to benefit much from the proposed joint venture deals given that the Algerians were keen on the development of technology to add value to minerals such as chrome, iron, tin and diamonds. He said there was need for the country to go beyond the exportation of raw minerals.

In agriculture, Mr. Charamba said, the North Africans were interested in setting up state-of-the-art tobacco pressing infrastructure that had the potential to increase the value of the crop five times before export. "A team of experts is going to be dispatched to Zimbabwe in mid-April and I think the idea is they want to combine the trip with ZITF in Bulawayo," he said. "That team will be comprised of representatives of Government and experts in energy, industrial technology and agriculture and some entrepreneurs who want to expand down south." Mr. Charamba said Algeria had a lot of investable capital that Zimbabwe wanted to tap into, adding that the Zimbabwe-Algeria Joint Commission that had been dormant for about five years would be activated. He said the commission was likely to have its meeting in Algeria in October this year. He said in the manpower development, the Algerian Prime Minister said his Government would double the scholarships Zimbabwe was receiving to 80, adding that Government would prioritise technical areas that included the energy sector. Mr. Charamba said Zimbabwe's foreign policy would reap massive economic spin-offs in the long run. Zimbabwe's relations with Algeria date back to the days of the liberation struggle and the two countries have been co-operating in the area of education and trade, among others.*(Herald)*

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