SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	4-Mar-16	11-Mar-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10199.21	10167.77	-0.31%	1.27%	10602.32	-4.10%	-3.59%
Egypt	CASE 30	6214.94	6563.65	5.61%	5.60%	7006.01	-6.31%	-6.33%
Ghana	GSE Comp Index	1970.85	1954.49	-0.83%	-0.27%	1994.00	-1.98%	-3.32%
Ivory Coast	BRVM Composite	307.30	316.68	3.05%	4.03%	303.93	4.20%	4.71%
Kenya	NSE 20	3981.47	3958.82	-0.57%	-0.78%	4040.75	-2.03%	-1.26%
Malawi	Malawi All Share	14020.65	13898.54	-0.87%	2.65%	14562.53	-4.56%	-13.48%
Mauritius	SEMDEX	1820.90	1812.30	-0.47%	-0.07%	1,811.07	0.07%	0.75%
	SEM 10	350.24	348.54	-0.49%	-0.08%	346.35	0.63%	1.32%
Namibia	Overall Index	954.36	934.64	-2.07%	0.21%	865.49	7.99%	9.10%
Nigeria	Nigeria All Share	25820.10	25988.40	0.65%	1.18%	28,642.25	-9.27%	-8.68%
Swaziland	All Share	335.09	335.09	0.00%	2.32%	327.25	2.40%	3.45%
Tanzania	TSI	4065.83	3959.11	-2.62%	-2.55%	4478.13	-11.59%	-12.58%
Zambia	LUSE All Share	5573.16	5546.12	-0.49%	-0.48%	5734.68	-3.29%	-6.55%
Zimbabwe	Industrial Index	98.80	99.81	1.02%	1.02%	114.85	-13.10%	-13.10%
	Mining Index	19.14	19.14	0.00%	0.00%	23.70	-19.24%	-19.24%

CURRENCIES

Currency	4-Mar-16 Close	11-Mar-16 Close	WTD % Change	YTD % Change
BWP	11.15	10.98	-1.56	0.53
EGP	7.81	7.81	0.01	-0.02
GHS	3.88	3.86	-0.56	-1.37
CFA	603.00	597.32	-0.94	0.50
KES	99.53	99.74	0.21	0.78
MWK	734.54	709.37	-3.43	-9.35
MUR	34.60	34.46	-0.40	0.68
NAD	15.60	15.24	-2.27	1.03
NGN	197.04	196.02	-0.52	0.65
SZL	15.60	15.24	-2.27	1.03
TZS	2,141.56	2,139.96	-0.07	-1.12
ZMW	11.33	11.33	-0.01	-3.38

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Egypt's Orascom Telecom and Media Technology has enough cash to lend 1 billion Egyptian pounds ($128 million) to its subsidiary Beltone Financial to buy local investment bank CI Capital Holding, its chairman said in an interview with CNBC Arabia due to be aired later on Monday. OTMT, which has interests in media, technology and cable businesses as well as energy, transport and logistics, is expanding into financial services and plans to merge Beltone Financial, which it bought for almost 650 million pounds, with CI Capital. "We have the liquidity," said Egyptian tycoon Naguib Sawiris when asked if OTMT could afford to make the loan to Beltone Financial. Last month OTMT had said Beltone Financial would buy CI Capital, a subsidiary of Egypt's largest listed bank Commercial International Bank (CIB), while CIB said it had accepted an offer from Orascom Telecom to buy CI Capital for 924 million pounds. Sawiris is also looking at potential investments in transportation and infrastructure. "We have an opportunity coming up soon in that sector," he said in the interview. The food and agriculture industries also present opportunities, he said. "We are considering acquiring a sugar factory or two that are in a bad situation. They have a large inventory and don't know how to get rid of it.

This situation has been going on for five or six years," he said. Egypt's economy has been struggling since the popular uprising in 2011, since when foreign investors and tourists have deserted the country, leading to a plunge in the country's foreign currency reserves, from $36 billion in 2011 to around $16.5 billion in February. But the government has been resisting a devaluation of the pound, even though the black market rate for the dollar has worsened in recent weeks, hovering around 9.50 pounds last week, compared with the official rate of 7.7301 pounds. Sawiris said that the fixed rate was contributing to the financial crisis. "When the market says that the dollar is around 9 pounds then that is how much it is worth ... You will not get foreign reserves as long as you wait and keep it fixed at an imaginary price," he said. *(Reuters)*

Telecom Egypt reported a 111 percent jump in 2015 net profit after corporate tax changes, the state-owned landline monopoly said in a statement on Monday. Net profit rose to 2.999 billion Egyptian pounds ($383 million) from 1.419 billion, it said. The company said it was helped by a fall in the corporate income tax rate to 22.5 percent from 30 percent retroactively as of January 1, 2015, and changes to the taxation of dividends. "Additionally the increase of income from investment by 35 percent year on year contributed positively to the bottom line," the company said. Revenue reached 12.184 billion pounds, up from 12.157 billion the previous year. *(Reuters)*

Suez Cement, which is 55 percent owned by Italian firm Italicementi, is struggling to transfer shareholder profits out of Egypt because of a foreign currency crisis, the Egyptian firm said on Monday. Egypt has been struggling to revive its economy since a 2011 uprising drove major sources of foreign currency such as foreign investors and tourists away. Pressure for a devaluation of the pound has been building but the central bank has kept it fixed at 7.7301 pounds per dollar. The bank has been trying to conserve hard currency by prioritising its use for the imports of essential goods. "The company has faced some challenges in transferring shareholder's profits abroad, which is estimated around 50 million euros ($54.8 million), as a result of the foreign currency crisis in Egypt," Suez Cement Managing Director Bruno Carre said in a statement. The statement did not say which period the 50 million euros in profit covered and a company spokeswoman was not immediately available for comment. In an attempt to fight a currency black market, the central bank has also imposed restrictions on cash deposits, leaving many businessmen unable to access dollars for imports and resulting in goods piling up at ports. In recent weeks airlines operating out of Egypt have complained that they have been unable to repatriate earnings. The Civil Aviation Ministry later said the central bank had agreed on payment schedules with those carriers. *(Reuters)*

Telecom Egypt plans to issue a dividend of 75 piasters per share for 2015, the firm said in a bourse statement on Thursday. Telecom Egypt reported a 111 percent jump in net profit last year to 2.999 billion Egyptian pounds ($383.01 million) after corporate tax changes were made. *(Reuters)*

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Economic News

Egypt's central bank kept the pound stable at 7.7301 pounds per dollar at an exceptional foreign exchange auction on Sunday, bankers told Reuters ahead of the results announcement. The central bank said on Sunday it would offer $500 million at an exceptional foreign exchange auction to cover imports of strategic goods. Egypt's pound has been depreciating rapidly on the black market over the past week, piling pressure on the central bank to adjust the official rate of 7.7301. It reached 9.50 pounds to the dollar on the black market on Thursday. *(Reuters)*

Yields on Egypt's 1.5-year zero coupon, 3-year and 7-year bonds jumped at an auction on Monday, data from the central bank showed. The average yield on the 1.5-year zero coupon treasury bond jumped to 12.719 percent from 12.398 percent at the last auction on Feb. 22. Egypt's 3-year treasury bond yield jumped to 13.408 percent from 13.104 percent in the last auction and the 7-year bond yield jumped to 15.080 percent from 14.911 percent at the last auction on Feb. 22.*(Reuters)*

State-owned National Bank of Egypt has raised the interest rates on its three-, five- and seven-year dollar-denominated certificates of deposit, a banker told Reuters on Wednesday. The interest rate on the three-year certificate was raised to 4.25 percent from 3.25 percent, and the interest rate on the seven-year certificate was raised to 5.75 percent from 4.25 percent, the banker said. The interest rate on the five-year certificates was raised to 5.25 percent. The banker did not give a comparative figure for the previous five-year certificate interest rate. *(Reuters)*

Egypt's central bank has removed the caps on foreign currency deposits and withdrawals for importers of essential goods, it said in a statement. "It has been decided to cancel the caps ... on corporates that import essential goods, while keeping the caps imposed on corporates that import other goods," the statement said. (*Reuters)*

Egypt's annual urban consumer price inflation eased to 9.1 percent in February from 10.1 percent in January, the official statistics agency CAPMAS said on Thursday. This is the second consecutive decrease in the rate of inflation after the country raised interest rates by 50 basis points in December citing inflationary pressure. In November, the government said it would control prices of certain essential goods. (*Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana's annual consumer price inflation fell to 18.5 percent in February from 19.0 percent the month before, driven by stability of the local currency, the statistics office said on Wednesday. The commodities exporter is implementing a three-year aid programme with the International Monetary Fund in an attempt to remedy fiscal problems including inflation persistently above government targets. After weakening nearly 4 percent in January on seasonal high corporate dollar demand, the local currency, the cedi, has remained firm in recent weeks. It was trading at 3.8500 to the greenback on Wednesday, down 1.3 percent year-to-date. "The stability of the cedi was the major driver in February," deputy government statistician Anthony Amuzu told reporters, adding that it drove down prices of imported items. Amuzu said he expects inflation to ease further in coming months, "if the currency remains stable and in the absence of any external shocks." The IMF projects that inflation will peak before slowing to around 10 percent at the end of the year and the central bank has been tightening monetary policy in order to contain it.*(Reuters)*

The Bank of Ghana will this year end its policy of forcing cocoa and gold-producers to surrender export proceeds to the central bank. The institution, based in the capital, Accra, will phase out the policy in four steps to avoid disruptions to the foreign-exchange market, it said Thursday in an e-mailed response to questions. Those will include establishing a strong monitoring system to ensure export revenues are released into the market via commercial banks, and sold on a "need basis," it said. "In our discussions, we have observed that certain preconditions must be in place before the complete elimination of the surrender requirements," Bank of Ghana said. The mandatory surrender requirement will be fully eliminated "once the foreign-exchange market is well-functioning," it said. Monetary policy will remain tight through 2017 as the central bank sees inflation trending toward the target of 6 percent to 10 percent by the end of that year. *(Bloomberg)*

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TRADING

Kenya

Corporate News

Barclays Bank of Kenya said on Friday its pretax profit for full year 2015 fell 2 percent to 12.07 billion shillings ($119.09 million) due to increased provisions for bad debt, higher costs and interest rate volatility. *(Reuters)*

TransCentury Ltd., a Kenyan investor in infrastructure projects, may be at risk of defaulting on its bonds and is among at least six domestic companies working with the Capital Markets Authority on liquidity constraints, the regulator said. The company, based in the capital, Nairobi, has about $75 million of convertible bonds falling due on March 25, Paul Muthaura, the acting chief executive officer of the authority, said in a statement published in the Business Daily newspaper Monday. TransCentury is the guarantor of the bonds, which were issued by a Mauritius-based subsidiary, he said. The company hasn't converted the bonds into equity as expected after shareholders refused to be diluted further, Muthaura said. "Due to this refusal, there is a perceived threat of a default by TCL," he said. "The CMA has had several engagements with TCL management and board chairman and the firm is considering measures of arriving at a settlement since it has adequate assets to meet its obligations if given time." TransCentury spokeswoman Phyllis Gachau wasn't available when Bloomberg called her seeking comment. Mauritian Financial Services Commission acting Chief Executive Officer P.K. Kuriachen didn't answer his mobile phone when called for comment. Mauritian government offices are closed Monday for a public holiday.

"We have made it extremely clear to the company that especially with the uncertainty in the market; they need to, as soon possible, put out the final details of the arrangement they are putting in place to allow investors to understand the current outlook," Muthaura said in a phone interview. "So it will, without question, be before March 25." Holders of TransCentury's bonds include London-based Charlemagne Capital Ltd., according to data compiled by Bloomberg. Sharat Dua, a portfolio manager at Charlemagne, didn't immediately respond to an e-mailed request for comment. TransCentury shares climbed 0.9 percent to 6 shillings by 1:56 p.m. in Nairobi on Monday. The CMA is also working with cement manufacturer ARM Cement Ltd., Mumias Sugar Co., a producer of the sweetener, real-estate company Home Afrika Ltd., national carrier Kenya Airways Ltd. and retailer Uchumi Supermarkets Ltd., Muthaura said in the statement. ARM Cement has had "liquidity challenges" that cast doubt on whether it would be able to meet its obligations on privately arranged commercial-paper programs, Muthaura said. The company has been operating on "large loans," some of them foreign-denominated, and is expected to bring on board a strategic partner this month, he said. ARM CEO Pradeep Paunrana said he would provide comment later on Monday. The company's shares fell 6.1 percent to 31 shillings by 1:56 p.m. in Nairobi, heading for their biggest decline in a month on volume that was four times the three-month daily average. *(Bloomberg)*

Equity Bank's 2015 pretax profit rose to 24 billion shillings ($236.6 million) from 22.4 billion shillings a year earlier, helped by higher interest income, the Kenyan bank said on Tuesday. Chief Executive Officer James Mwangi said there were also challenges from a depreciation in regional currencies against the dollar and a slow performance at the lender's business in South Sudan, a nation stricken by conflict. Equity Group also operates in Uganda, Tanzania, Rwanda and Democratic Republic of Congo. "Last year was one of the most turbulent years in terms of macroeconomic environment. We saw significant devaluation of the South Sudan Pound, where the currency was devalued by 84 percent," Mwangi told an investor briefing. "We also saw in the fourth quarter, particularly in Kenya, significant interest rate volatility," he said. The yield on Kenya's 91-day, 182-day and 364-day Treasury bills surged above 20 percent at the start of the fourth quarter, before sliding below 13 percent by the end of the year. The bank, the biggest in Kenya by number of depositors, said profit rose due to a jump in net interest income to 34.1 billion shillings from 29.2 billion shillings previously. The bank said its loan book rose to 269.9 billion shillings from 214.2 billion shillings while the ratio of non-performing loans to total loans fell to 3.3 percent from 4.2 percent in 2014. It said total assets rose to 428.1 billion shillings from 344.6 billion shillings, while customer deposits rose to 302.2 billion shillings from 245.6 billion shillings.. *(Reuters)*

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Uchumi Supermarket chief executive Julius Kipng'etich wants suppliers to drive the change of payment structure to ensure they get their money on time. He told small and medium enterprises being trained by the Common Market for Eastern and Southern Africa (Comesa) Business Council in partnership with the Kenya Association of Manufacturers, to form an organisation and set terms with retailers. The Uchumi boss said with one body, suppliers will have a bargaining power to come up with a Memorandum of Understanding with supermarket lobby Retail Trade Association of Kenya (Retrak). "Use the power of numbers, do not come as one to the big boys, sign an MoU with Retrak on a financing cycle so we can pay you in time because we need you to survive as a business," he said in Nairobi yesterday.
Delays in payment were at the centre of Uchumi's troubles last year, which saw suppliers stop delivering goods to its stores owing to a Sh1 billion debt. Mr Kipng'etich said there should be a sustainable payment system that would have an agreeable cycle, which will make it convenient for both suppliers and retailers. Under the current model, supermarkets have negotiated credit terms of between 30 and 90 days. However cash-flow problems mean that some supplies are only paid after the commodities have been sold, which may take longer.
Some retailers have, however, shifted focus on leasing space instead, passing the burden of inventory to suppliers in return for prompt payments, a situation that ensures shelves are not left empty while attracting and retaining reliable customers. This model may lead to improved product quality since it attracts quality suppliers and eliminates carrying of dead inventory. Uchumi also operates a similar model for part of its floor space, allowing specialty shops to rent space on condition that they don't sell foods and products sold by Uchumi to avoid direct competition. *(Nation)*

Kenya's Diamond Trust Bank Group's said pretax profit rise 12 percent in 2015 to 9.57 billion shillings ($94.33 million), lifted by growth in interest income. The bank, which also operates in Tanzania, Uganda and Burundi, said on Thursday loans rose to 177.54 billion shillings from 137.65 billion shillings, while net interest income shot up 19 percent to 15.19 billion shillings. Total assets increased to 271.61 billion shillings from 211.54 billion shillings, while customer deposits jumped to 194.05 billion shillings from 160.96 billion shillings.
Diamond Bank said earnings per share rose to 24.42 shillings from 21.92 shillings, and recommended a dividend of 2.50 shillings a share, up from 2.40 shillings in 2014. *(Reuters)*

Kenya Airways Ltd., sub-Saharan Africa's third-largest airline, is planning a 70 billion-shilling ($690 million) restructuring program that includes reducing its fleet and cutting staff, Chief Executive Officer Mbuvi Ngunze said. The carrier, based in the capital, Nairobi, has been working on a turnaround plan after reporting the largest loss in Kenyan corporate history last year. The carrier plans to raise 40 billion shillings through debt and equity funding as part of its strategy, Ngunze said in an interview aired Wednesday on Citizen TV, a Nairobi-based broadcaster. "Do we need to rationalize our staff? Do we look at opportunities to reduce costs? Yeah," he said. "We will be totally sensitive with this as this is an emotive issue, but certainly there will be some hits." The carrier has sold two Boeing 777-200 aircraft and will sell two more, and it's searching for carriers to sub-lease four of its Boeing 777-300 planes for a period of four or five years.
A reorganization plan developed by McKinsey & Co. seeks to return the company to profit and may result in its 4,000-strong workforce being cut by at least 30 percent, according to Eric Musau of Standard Investment Bank Ltd. Last month, the airline appointed PJT Partners Inc. to advise on how to restructure the company's balance sheet and raise long-term financing. Kenya's government, which owns 28 percent of the carrier, has said it will help bail out KQ, as it's known. The state has been reviewing the airline's partnership with Air France-KLM, the second-largest shareholder. The government may increase its stake to 50 percent equity, depending on how other shareholders want to participate in the restructuring, Treasury Secretary Henry Rotich said last month. The government is confident about the turnaround strategy, Rotich said in an interview Wednesday in Nairobi. The state is providing bridging financing as work is completed on the recapitalization plan that will focus on "growing it and financing it to have a stable balance sheet going forward," he said. The relationship between Kenya Airways and Air France-KLM "remains important to KQ, but like many partnerships needs to be modified," Perry Cantarutti, president of the SkyTeam airline alliance that includes the Kenyan carrier, said last week. Kenya Airways shares have fallen 30 percent since July 30, when the company reported a 25.7 billion-shilling loss. Over the past decade, the stock dropped from a record high of 142.74 shillings to 4.40 shillings on Thursday.*(Bloomberg)*

Kenya's Bamburi Cement posted a 46 percent rise in full-year pretax profit to 8.46 billion shillings ($83.51 million), helped by increased sales and investment income and foreign exchange gains. The company, Kenya's biggest cement maker and controlled by Lafarge Holcim, said in a statement its turnover rose 9 percent to 39.2 billion shillings. Bamburi said it made a foreign exchange gain of 104 million shillings from a loss of 170 million shillings in 2014, while investment income rose to 374 million shillings from 349 million shillings. "Turnover increased ... driven by increased demand in the key domestic markets in Kenya and Uganda resulting mainly from growth in large infrastructure projects and contractor segments, despite some slow down in domestic market in the last quarter," Bamburi said. Earnings per share shot up to 14.49 shillings from 9.80 shillings, it said. It recommended a dividend of 7.00 shillings per share, up from 6.00 shillings in 2014. *(Reuters)*

Economic News

Deeper foreign exchange reserves coupled with improving balance of payments could influence central bank decision in the next monetary policy meeting, analysts have said. The scenario comes at a time when inflation is trending lower and eases pressure on CBK which has in the recent past been selling dollars to support the currency. CFC Stanbic bank chief economist Jibran Qureishisaid the country's foreign reserves outlook may continue staying stable allowing a downward revision of the Central Bank Rates in future MPC gatherings.
"The oil prices remain low and that means there is no pressure on the import bill. Tourism is also recovering while Kenya secured a Sh7.6 billion syndicated loan late last year. These fundamentals have supported the shilling keeping it stable and with the rain season closer, inflation may not shoot leaving the regulator with an easy option of reducing CBR in the future, not this month though," Mr Qureishi said.

CBK data indicates that Kenya maintained a high volume of usable Foreign Exchange reserves that can provide 4.62 months of import cover.
She shilling maintained an average of 101.62 against the US dollar across the final week of March while staying stable a 141.84 average against the pound in the same period. Analysts had warned that the cover would have fallen below the minimum requirement had the Central Bank continued to draw on the reserves at the same rate after the cover fell progressively during the first seven months of the year to August. In addition to currency support, forex reserves are also used in external debt repayment, while they can also be impaired by valuation losses when the local currency weakens against the dollar and other hard currencies. *(Nation)*

Kenya and Japan on Wednesday signed a 46 billion yen ($408 million) loan agreement to go towards building a 140 megawatt (MW) geothermal power plant that is expected to be operational within the next two years, the two governments said. The plant, know as Olkaria V, will be built by Kenya Electricity Generating Company (KenGen), which has said it expects to begin construction in July, with the plant arriving on the grid by the end of 2018. The plant is part of KenGen's plans to add 720 MW of electricity - most of it from geothermal sources - to the grid between this year and 2020, at a cost of just over $2 billion. "The credit we have received today will fund the construction of a power generation plant to tap on the vast geothermal steam at Olkaria Geothermal field for generation of additional 140 MW electricity to be put to the national grid," National Treasury Cabinet Secretary Henry Rotich said after signing the agreement. The Olkaria field is in Kenya's Rift Valley. Kenya, which depends mostly on renewable energy such as geothermal and hydro power, plans to increase it power generating capacity to about 6,700 MW by 2017, from about 2,500 MW currently. It also aims to cut electricity bills, tackling problems regularly blamed for holding back Kenyan business. KenGen has a commitment to produce 844 MW for the grid under the plan, and says it had already added 374 MW. Rotich said that another project - the 300 MW Lake Turkana Wind Power - was expected to add 90 MW to the grid by the end of this year, and another 200 MW by the end of next year. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' inflation year-on-year to February fell to -0.5 percent from 0.4 percent in January, the statistics office said on Tuesday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Nigeria

Corporate News

The President, Dangote Industries, Aliko Dangote, has said his company should be able to generate about 12,000 megawatts of electricity for the country by 2018. He also said that his business estate would start selling foreign exchange to the Central Bank of Nigeria by 2020. Dangote, who spoke in Lagos on Monday at the Nigerian Economic Summit organised by Economist Events, an arm of The Economist of London, said, "We are looking at a situation that by 2020, we will be the one selling FX to the CBN. Our projects are mainly import substitution. We are working to be self-sufficient to grow about a million tonnes of rice over the next five years. "Our gas project would have our gas pipelines on the seabed. The output should be able to provide about 12,000MW of power. We see a lot of transformation when we are done with most of our projects by 2018. "We have 15 countries in the ECOWAS community that are duty-free. The export market is big and profitable if you have the capacity. Players in the manufacturing (sector) should be encouraged to export if they have the capacity. We must also meet local consumption." Dangote said the fall in crude oil price was not a curse and that the nation must use the opportunity to explore the potential in other sectors of the economy. He said, "This is the right moment to pursue the diversification of the economy, which we have been talking about. I know that once oil gets back to $80 per barrel, we will go back to the same misbehaviour. "But I think this is the right time for that. Government must come up with the right policy, because if we don't do it now, we may not do it. But low prices do not mean doom. In 1998-1999, the price of oil was $9. What we need to do is just to block the leakages and pursue diversification."

According to Dangote, the monthly revenue inflow from oil, which used to be $3.2bn, is now around $1bn, and this has caused a number of challenges for businesses in the country. "There are some areas where we are facing serious challenges and there are some where we are not. It depends on your business model. If your business model is to import 100 per cent, definitely, you will be facing challenges, because the inflow of foreign exchange is not where it used to be a year and a half ago," he added. The Group Managing Director, Access Bank Plc, Mr. Herbert Wigwe, on his part, said a number of manufacturers were facing hard times due to their inability to access forex to buy raw materials. According to him, there is a need to explore import substitution, while efforts are being made to boost forex supply in the country. Wigwe said, "We have a lot of manufacturers who have to rely on forex for their raw materials but who are going through tough times.

However, are there opportunities? I believe there are. I think it is time for us to move towards import-substitution. But I think we need to do things to support the supply side of forex and liberalise the market. "Even for those who have to source their raw materials locally, there is a value chain effect. If the entire value chain in a production process is not sorted out, we will have a problem. So, access to foreign currencies for raw materials is important. However, it is important that people start looking at how to use local raw materials to produce." The Minister of Industry, Trade and Investment, Mr. Okechukwu Enelamah, said the Federal Government was focusing on creating an enabling business environment to attract investment and fast-track industrialisation. He noted that efforts were being made to give adequate support to Micro, Small and Medium-scale Enterprises. Enelamah said, "The key is to create the right incentive, regulation and policy so that people can work with them and do more locally than just importing. The other thing I should mention is that Nigeria has an industrial revolution plan developed by the last government, but the plan needs to be revisited. "We need to look beyond the rhetorics and actually implement what we are talking about, because I believe that if we implement them, we will get better result." The minister added that the government of President Muhammadu Buhari had made employment, local production and inclusive economy growth its top priorities. *(Punch)*

The Group Managing Director, Skye Bank Plc, Mr. Timothy Oguntayo, has called for massive investment in manufacturing, agriculture and extractive industries to speed up the process of diversifying the nation's economy. He said this at a 'Roundtable session on the manufacturing outlook for 2016' organised by BAA Associates in Lagos. The lender, in a statement on Monday, quoted Oguntayo, who was a lead panelist at the event, as saying the three sectors were critical for the success of the economic diversification agenda of the current government in view of the dwindling oil prices, low Gross Domestic Product growth, and rising unemployment. He went down memory lane, saying the manufacturing sector contributed 10 per cent of the GDP before the oil boom in the 1970s; but he lamented Nigeria's dependence on oil export and earnings since 1990. He said the dependence on oil resulted in the neglect of the manufacturing sector; just as low investment in public goods and infrastructure led to the decline in manufacturing activities. To reverse the negative trend, the Skye Bank boss recommended the expansion of public infrastructure such as road and electricity to promote manufacturing. In addition, he advised manufacturers to access the Central Bank of Nigeria's N200bn and the Bank of Industry's N200bn intervention funds to boost their operations. Noting that commercial banks were not structured to provide long-term funding but bridge finance, he said the BoI and NEXIM Bank should be strengthened to provide long-term funding for manufacturers. To enhance their capacity, Oguntayo advised manufacturing firms to focus on improving the effectiveness and efficiency of their sales force in order to create opportunities for sales growth. Oguntayo expressed his support for the import ban placed on some items that could be sourced locally, saying it would promote import-substitution strategies and lead to less stress on the naira. *(Punch)*

Barclays Africa Group Limited said there's no lack of interest from buyers seeking a stake in South Africa's third-largest lender as Barclays Plc prepares to reduce its 62.3 percent holding to less than 20 percent. But the investment bank said it still has room to grow and Barclays Africa wants to expand in Nigeria, while searching for insurance assets in Ghana as part of a strategy to be among the largest lenders on the continent. The London-based bank's shares won't be "sold in the short term and a number of players will have a say in the process," Barclays Africa Deputy Chief Executive Officer David Hodnett said in an interview in with Bloomberg in Johannesburg on Wednesday, without elaborating on who the buyers might be. It's too soon to speculate how the British bank will sell its stock, he said, adding that regulators will be looking for investors who offer "long-term stability." Barclays Chief Executive Officer Jes Staley is cutting about 1,200 investment-bank jobs, restructuring management and reducing dividends after profit fell in 2015. Barclays said March 1 it plans to sell down its interest in the Johannesburg-based lender, formerly known as Absa, over the next two to three years to reduce demands on the capital it needs to set aside for controlling the company. Bob Diamond, the former CEO of Barclays, hasn't directly approached the African lender on buying shares in the company, Hodnett said. While the two companies will still operate an investment-banking joint venture, the African unit's work with multinational corporations and its cash-equities business may be impacted by the parent's withdrawal, he said.
Barclays Africa dropped 2.1 percent to 138.01 rand, compared with a 3.1 percent decline in the seven-member FTSE/JSE Africa Banks Index. The British bank bought the South African business in 2005 and three years ago the Johannesburg-based unit acquired its parent's operations in eight African nations, giving Barclays a presence in 12 countries on the continent with 12 million customers. The prospects for South Africa and Africa are "pretty solid," Ramos said in an interview with the Wall Street Journal on Wednesday. "To sell over 42 percent of the stake in Barclays Africa, the most efficient move for Barclays Plc would be to sell to another bank or institution, which could be negative for Barclays Africa in terms of systems, strategic direction and timing to integrate operationally," Harry Botha, a banks analyst at Avior Capital Markets, said in a note this week. Other South African lenders and any global systemically important banks similar to Barclays would be unlikely buyers, he said. The stake sale represents an about turn for Barclays, which has operated on the continent for more than a century.

After firing former CEO Antony Jenkins last July, Barclays Chairman John McFarlane that same month traveled to South Africa to make clear his "very firm support for the Africa business," Barclays Africa CEO Maria Ramos said at the time. Staley, who started in December, is now having to shrink the bank and boost capital ratios. McFarlane and Staley probably "had a dilemma because Barclays Africa is a great asset, but then there's the overlay of the regulatory burden," Hodnett said. The parent company exiting its entire stake would be an "extreme scenario," he said, adding that the sale of shares might be an opportunity for black investors to buy into the bank. With the financial backing of the U.K. lender no longer implied, both Fitch Ratings and Standard & Poor's have downgraded Barclays Africa's national credit status, bringing it into line with its South African peers. The downgrades will have no impact because the bank doesn't raise money outside of its home market and local investors had already discounted the involvement of Barclays, according to Hodnett.*(This Day)*

Pan-African mobile telecoms infrastructure group IHS has agreed to buy Nigerian rival Helios Towers Nigeria (HTN) for an undisclosed sum, its chief executive said on Thursday. Issam Darwis, who founded IHS, said Africa's largest tower company, which builds and leases mobile telecoms towers in five countries across the continent, will acquire 1,211 towers spread across 34 of Nigeria's 36 states. IHS will acquire the entire issued share capital of HTN, IHS said in a statement. "IHS will have full operational control of the underlying business and will market independent infrastructure sharing services to mobile network operators and internet service providers in Nigeria," it said. The deal is expected to close in the second quarter of 2016, it said. IHS already has around 23,000 towers across Nigeria, Ivory Coast, Cameroon, Zambia and Rwanda. It has around 15,000 towers in Nigeria, its biggest market and Africa's most populace nation. "We remain committed to the Nigerian tower market where coverage levels are yet to mature and explosive data growth continues," Darwis said. "This is a statement of how confident we are in the Nigerian economy." Africa's biggest economy and top oil producer is flagging due to the fall in crude prices and restrictions imposed by the central bank to defend its currency. Building and maintaining mobile communications towers in Africa tends to be more expensive than in other regions because of security costs and electricity shortages, while revenue per user is often lower. These costs have prompted many mobile operators to sell or lease towers to specialist companies such as IHS, which can reduce building and maintenance costs by hosting multiple tenants -- mobile operators and internet providers -- on the same towers.*(Reuters)*

Economic News

Nigeria's President Muhammadu Buhari has rejected calls by the International Monetary Fund (IMF) to lift the West African country's foreign exchange curbs and allow a more flexible rate for its currency. "No," he told pan-Arab Al Jazeera television in an interviews posted on the station's website, when asked whether he would consider ending the fixed naira rate to the dollar and devalue the currency. He said hard currency curbs were necessary as Africa's top oil producer could no longer afford to import as much as it had in the past due to dwindling oil revenues. Last month, the IMF called on Nigeria to lift the curbs imposed by the central bank last year and let the naira reflect "market forces" more closely, as the restrictions had significantly affected the private sector. The naira trades versus the dollar on the secondary market some 40 percent below the official rate as the central bank has limited access to hard currency to preserve its falling currency reserves. *(Reuters)*

The controversies trailing the 2016 budget resurfaced yesterday as it was discovered that the federal government budgeted a whopping N39.41 billion only for the purchase of cars in this fiscal year. The huge sum seems to portray the government as being insincere with its earlier claim that the previous Peoples Democratic Party (PDP) government was wasteful and the All Progressive Congress (APC) government was determined to prune high cost of governance to the barest minimum level. The 2016 budget contains mind- blowing figures which many had said implied that the government had no clear-cut roadmap to re-direct the economy of the country while others dismiss the claim of change as nothing but a ruse. THISDAY checks revealed last night that of the N39.41 billion budgeted for vehicles in 2016 budget, N29.41 billion of them is meant for the purchase of vehicles by ministries, departments and agencies (MDAs). It was also learnt that N24.38 billion of the N29.41 billion has been allocated for the purchase of cars; N1.67 billion allocated for the purchase of buses while another N362.65 million is earmarked for the purchase of vans. It was also gathered that some agencies such as the Nigerian National Petroleum Corporation (NNPC), Nigeria Ports Authority (NPA), Central Bank of Nigeria (CBN), Federal Inland Revenue Service (FIRS) have the combined budget of N10 billion for the purchase of vehicles. The N39.41 billion budget is besides the budget for the planned purchase of vehicles by the judiciary which is not clearly stated in judiciary's budget. *(This Day)*

The Minister of Power, Works and Housing, Babatunde Fashola, has said that the Federal Government will exploit the country's construction sector to grow its economy. Fashola, who spoke in Abuja during a stakeholders' workshop organised by the Quantity Surveyors Registration Board of Nigeria for the validation of the draft revised quantity surveying curricula in tertiary institutions, stated that various findings had shown that the construction sector was a great contributor to the growth of the overall economy. The minister also noted that the quantity surveying profession played a key role in the building and construction industry, and described it as one sector with potential, which the "current administration intends to exploit in the pursuit of the socio-economic development across the country." To adequately harness and exploit the gains of the construction sector, the minister, who spoke through the Director of Survey in the ministry, Dickson, Onoja, stated that the Federal Government would be counting on the widely acclaimed expertise of quantity surveyors in cost management of infrastructure and construction processes. Earlier in his address, the President, QSRBN, Mr. Husaini Dikko, stated that there were many short-comings in the quantity surveying curriculum as currently being operated. Also on Monday in Lagos, Fashola urged the organised private sector to play a more active role in construction and housing provision in the country.

WEEKLY AFRICAN FOOTPRINT

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At an advocacy round-table meeting organised by the Nigerian-British Chamber of Commerce, the minister said a thriving real estate sector would serve as an economic driver and help to diversify the economy as well as foster growth of SMEs. Represented by his Special Adviser on Housing, Mr. Biodun Oki, the minister noted that Nigeria's housing challenge offered an enormous opportunity for economic development with the private sector taking the lead. He said, "We have to focus on the role of the private sector in housing delivery, which is where in my view the road to success lies. If government alone is the provider of houses, the supply will not be enough." *(Punch)*

Nigeria, Africa's top oil producer, wants to remove the need for imported petroleum products within 18 months, Minister of State for Petroleum Emmanuel Ibe Kachikwu said on Tuesday. Nigeria's four refineries have never reached full production because of sabotage and poor maintenance, causing the country to rely on expensive imported fuel for most of its energy needs. "We must target between the next 12 to 18 months we should be able to get out of importations of refined products," Kachikwu, who is also head of the Nigerian National Petroleum Corporation (NNPC), told reporters in the capital, Abuja. Kachikwu said between $250 and $500 million would be invested in the country's refineries over the next 18 months "to keep them going optimally". President Muhammadu Buhari has made reforming Nigeria's oil sector a priority as a sharp fall in global oil prices has prompted the country's worst economic crisis in years. Crude exports account for around 95 percent of its foreign earnings. Kachikwu said Buhari had approved a restructuring of state oil company NNPC. "We intend to unbundle ourselves into five components: the upstream, the downstream, gas power marketing, refinery groups, and ventures," he said. The minister's comments come a week after he said NNPC would be split into 30 independent companies. Last year Buhari, a former military ruler, fired the NNPC board and brought in Kachikwu to lead corporate reform efforts . *(Reuters)*

Nigeria's real Gross Domestic Product (GDP) growth rate declined to 2.11 per cent in the fourth quarter of last year compared to 2.84 per cent in the third quarter, according to the National Bureau of Statistics (NBS). Nigeria's economy grew at 3.86 per cent and 2.35 per cent in the first and second quarters of 2015. According to the fourth quarter report released yesterday by the statistical agency, the growth rate was lower by 0.73 per cent relative to the growth recorded in the preceding quarter and by 3.83 per cent in the corresponding quarter of 2014. However, quarter-on-quarter real GDP growth rate increased by 3.10 per cent, NBS stated. During the quarter in review, aggregate GDP stood at N24.31 trillion (in nominal terms) at basic prices or 6.02 per cent higher than the N22.93 trillion in the fourth 2014. Nominal GDP growth was also higher relative to growth recorded in Q1 2015 by 0.85 per cent, it added. Growth in Q4 was largely driven by the non-oil sector, which contributed 91.94 per cent to the nation's GDP in real terms. Growth in the non-oil sector was largely driven by the activities of trade, crop production, information and communication, other services and real estate.

The non-oil sector grew by 3.14 per cent in real terms in Q4 2015, representing a rise of 0.08 per cent from the Q3 of 2015 estimates but lower by 3.30 per cent during the corresponding quarter in 2014. In contrast, non-oil sector growth contracted, as daily oil output fell to 2.16 million barrels per day (mbpd) in the fourth quarter or 0.3 per cent lower than the 2.17mbpd produced in Q3 of 2015. Oil production was also lower relative to the corresponding quarter in 2014 by 1.0 per cent when output stood at 2.19mbpd. According to the NBS, real growth of the oil sector slowed by 8.28 per cent (year-on-year) in Q4 of 2015, representing a decline of 1.18 per cent relative to growth recorded in Q4 of 2014. Growth also declined by 9.33 per cent relative to growth in Q3 of 2015, while quarter-on-quarter, growth also slowed by 19.10 per cent. Nevertheless, the oil sector contributed 8.06 per cent of total real GDP, down from figures recorded in the corresponding period of 2014 and in Q3 of 2015 by 0.91 per cent and 2.21 per cent respectively. *(This Day)*

Moody's Investors Service has placed Nigeria's Ba3 government bond and issuer ratings on review for downgrade. A statement from one of the top global rating agency obtained on Tuesday, explained that the purpose of the ratings review was for Moody's to assess the extent of the impact of the further fall in oil prices, which the agency said it expects to remain low for several years, on Nigeria's economic performance and government balance sheet in the coming years. As part of the review, Moody's will in particular assess the credibility and sustainability of the government's plans and their ability to mitigate the impact of the lower oil price on Nigeria's credit standing. A downward rating adjustment for Nigeria would most likely be limited to one notch. But Moody's would maintain and confirm Nigeria's current Ba3 rating if the rating review were to conclude that the government's plans represent a clear, credible fiscal and economic policy response, which offers the prospect of containing the deterioration in the government balance sheet to contain the impact of the sharp fall in the oil price. It aims to conclude the review within two months. Nigeria is highly dependent on hydrocarbons to support economic growth and to finance government expenditure. Oil and gas account for over 90 per cent of goods exports and these exports expressed in percentage of nominal GDP are estimated at roughly 17 per cent of 2016 GDP. It also provides an estimated 40 per cent of consolidated government revenues (but between 60-70 per cent before the oil price shock). Between September 2014 and September 2015, the oil price roughly halved. Since then, it has fallen a further 40 per cent. Moody's recently revised its oil price assumptions for Brent to $33 per barrel in 2016 and US$38 per barrel in 2017, rising thereafter to $48 by 2019.

The agency explained: "The structural shock to the oil market is weakening Nigeria's government balance sheet and its economy, and therefore also its credit profile. Between 2013 and 2015, revenue as a percentage of GDP declined by 4.3 percentage points and the fiscal deficit increased from 2.3 per cent in 2013 to an estimated 4.2 per cent in 2015 (which includes estimates of two per cent of GDP of accumulated arrears at state and municipal levels). "During the same period, the country's current account balance relative to GDP moved from a surplus of 3.7 per cent to a deficit of 2.8 per cent. Assuming no policy response and other factors being equal, the depressed oil prices for the coming years would imply larger fiscal deficits, resulting in a rise of 7.5 percentage points in Nigerian government debt between 2013-18. Total government debt would then reach 18 per cent of GDP by 2018. "The roughly 25 per cent depreciation in the exchange rate against the US dollar since the start of the oil price drop has to some extent contained the impact of the oil price shock on the government's revenues. However, this has been at the cost of higher inflation, which has risen from 7.9 per cent in 2013 to 9.6 per cent in 2015. In its effort to manage the currency in the context of external pressures, Nigeria has run down its reserves from $42.8 billion to $28.4 billion, the equivalent of 6.7 months of imports, reducing its external buffers against future shocks. "However, import cover has remained stable because of the combined effects of devaluation and imposition of soft capital controls. Similarly, the reduction in fiscal reserves — in particular, the excess crude account and the sovereign wealth fund — from US$11 billion at end-2012 to US$3.7 billion at end-2015 (aggregated) over the same period has contained the rise in debt to a certain extent. Meanwhile, real growth over the next four years is still expected to be slightly excess of four per cent on average, which — while lower than before the current shock — is still robust compared with peers."

However, it pointed out that the Nigerian government was undertaking a range of plans that could mitigate the impact on its credit standing, including tax reform to broaden the non-oil tax base. Contrary to other large oil-exporting sovereiglowest noted that non-oil GDP accounts for 90 per cent of Nigeria's GDP and offers a large diversified economic base for this reform effort to be successful. Furthermore, it identified the Treasury Single Account (TSA) as another reform to raise revenue for the country, just as the agency urged the federal government to better monitor and execute the spending by all levels of government and agencies, and generate some fiscal savings by the end of the year. "The rating review will allow Moody's to assess the credibility and sustainability of those plans and the government's ability to mitigate the negative impact of the lower oil price on its credit standing. Specifically, Moody's will assess the clarity, scope and ambition of the government's plans relative to the scale of the task, the time required for them to bear fruit, and the reliance that can therefore be placed on them to sustain Nigeria's credit strength. "Moody's will also assess how much positive weight should be placed on the country's buffers, including the Sovereign Wealth Fund, given how they have developed in light of the persistent pressures on the currency. Fiscal buffers include foreign currency assets, which are small at around US$3.7 billion (or roughly 0.8 per cent of forecast 2016 GDP) at the end of September 2015, and domestic local currency assets, which are estimated at roughly US$6 billion (or 1.1 per cent of GDP) in the TSA. "Potential calls on these funds are growing, and include the possible future need to refinance government debt (although government external debt is below 3 per cent of GDP), to support the banking industry, to refinance the debt of State Owned Enterprises (SOEs), and to fund future budget deficits. It is worth noting that the authorities have started reforming and restructuring some SOEs, such as the Nigerian National Petroleum Corporation (NNPC). *(This Day)*

Nigerian oil workers are staging a nationwide strike that has led to a walkout of staff from the state oil company, the head of the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) said on Wednesday. Lumumba Okugbawa said the action was being taken in response to a restructuring of the Nigerian National Petroleum Corporation (NNPC), announced by the minister of state for petroleum, that will see it divided into five divisions. An NNPC spokesman could not immediately be reached to confirm the industrial action but a Reuters reporter said gates to the company's head office in the capital, Abuja, were closed as were seven NNPC fuel stations in the city. *(Reuters)*

A member of Nigeria's central bank monetary policy committee(MPC) has said the naira should be devalued and allowed to trade within a band, saying that the fixed exchange rate would not work alongside a planned rise in government borrowing. Adedoyin Salami, an academic, said the naira was 10-percent over-valued and voted to move the exchange rate band to plus or minus five percent from 220, minutes from the 12-member MPC January meeting showed. Nigeria faces its worst economic crisis for decades as the falling price of oil has slashed revenues, prompting the central bank to peg the currency and introduce curbs to conserve foreign exchange reserves which have fallen to a more than 11-year low. The naira trades some 40 percent below the official rate on the black market versus the dollar. Africa's biggest economy grew by 2.8 percent last year, its slowest for decades. Salami said his proposal gained no support at the meeting and that the central bank was focused on exchange rate stability at the expense of inflation. "The absence of an exchange rate management policy has diminished Nigeria's attractiveness as a destination for international capital flows," he said. Other policymakers voiced concerns that tight liquidity in the currency market could threaten economic growth this year as businesses struggle to get dollars for imports. They all voted to keep benchmark interest rate at 11 percent in January. The central bank last year pegged its exchange rate to curb speculative demand for the dollar and conserve its dwindling foreign reserves after it restricted access to hard currency for imports of certain items, frustrating businesses.

Last month, the IMF called on Nigeria to lift the curbs imposed by the central bank in 2015 and let the naira reflect "market forces" more closely, as the restrictions had significantly affected the private sector. However, President Muhammadu Buhari has rejected calls by the International Monetary Fund to lift foreign exchange curbs and allow a more flexible rate for the naira currency, backing the central bank's actions. The tight controls have forced domestic lenders to delay hard currency loan and trade repayments to foreign banks and increased the risk of default, bankers say. Nigeria wants to borrow up to $5 billion to fund its 2016 budget deficit but the minutes showed that all 12 committee members warned that spending should not increase after the loss of vital oil revenues to curb inflation and enhance debt ratios. *(Reuters)*

The Central Bank of Nigeria is planning to borrow N1.07tn via treasury bills issuance in the second quarter of 2016. The CBN said it would auction N303.77bn worth of 91-day bills, N169.98bn worth of 182-day paper and N599.63bn of one-year paper between March 17 and June 2. The Federal Government, through the CBN, had raised N1.22tn from treasury bills in the first quarter. The Debt Management Office had on Wednesday said it would raise N100bn ($503.02m) in local currency denominated bonds with maturities ranging between five and 20 years on March 16. The debt office said it would raise N40bn at par in the local bond maturing in 2036; N40bn of the paper maturing in 2026 and N20bn of the debt maturing in 2020. The 2026 and 2020 maturing notes are re-openings of previously issued paper, while the 2036 maturing note is a fresh issue. The Director-General, DMO, Dr. Abraham Nwankwo, had said the slump in crude oil prices in the international market had made a deficit budget inevitable this year, adding that the DMO was prepared to borrow on behalf of the government to fund the deficit. Nwankwo dismissed the fears in some quarters that the government might not be able to borrow from the bond market to finance any shortfall in the budget because of the recent delisting of Nigeria from the JPMorgan Bond Index. *(Punch)*

Tanzania

Corporate News

NATIONAL Microfinance Bank has one of the fastest growing agency banking with over 560 agents who processed 550,000 transactions worth 166bn/- in deposit and withdrawals annually. NMB Managing Director Ms Ineke Bussemaker said in Dar es Salaam at the weekend that NMB intends to double its Wakala Agents in 2016 and focus on transforming the bank to a digital banking service provider. NMB Wakala Agents are channels for cash deposit, withdrawals and mini statement as well as balance enquiry. "The future of NMB Agency Banking looks very positive. We continue to provide location reach, financial inclusion, convenience, time saving, user friendliness and lower cost services to our customers while we provide commission income to our agents," she said. She added: " The recently introduced Cardless deposit has been one of the very encouraging product statistics helping us with trends and analysis to be able to further determine how to service our customers better." NMB Bank has an Indirect Agency Banking Channel via Maxcom where NMB Customers can go for cash-in, cash-out and account enquiries via approved MaxMalipo agents.

NMB will grow its Direct Agency Banking channel. Agency Banking is an alternative channel for distributing NMB banking services whereby NMB appoints existing merchants/retailers to provide arrange of basic banking services to customers on behalf of the bank under a specified agency contract within the regulated framework. It has become an essential component in bringing the NMB services closer to the people and it will expand the distribution network and improve the bank's profitability and customer convenience. The NMB Wakala network also complements NMB's current branch network of over 175 Branches, with 600 ATMs countrywide. In addition, NMB has collaboration agreements with various MNOs for providing banking services, another channel for people to conveniently access NMB Banking Services. *(Daily News)*

IN a bid to ensure easy access of services to the business community, the National Microfinance Bank (NMB) plans to set and develop more business clubs. The NMB Acting Chief of Retail Banking Mr. Abdulmajid Nsekela made the revelation in Dare es Salaam, noting that the aim is to improve business knowledge to the country's small and medium enterprises (SMEs). "NMB Business Clubs are intended to reach NMB's business banking customers including both MSE and SME segments representing a total of 50,000 business banking customers throughout the country," he said adding that the plan is an important tool towards improving business knowledge. Mr. Nsekela who was addressing NMB Business Club members in Kinondoni District said that currently the bank has 34 clubs countrywide with over 10,000 members who frequently benefit from the training offered by the bank. Some of the training by the bank according to Mr. Nsekela include marketing and taxation with the help of Tanzania Revenue Authority (TRA) and trade finance. The training also helped the members to network with each other. He said business club represents 14 per cent of the bank's overall business as they are more rewarding by seeing micro enterprises grow well. "In the Business Clubs, members benefit from basic business training, capacity building and networking opportunities," he said adding that more than 10,000 customers have been trained in the present 34 NMB business clubs in the country. Mr. Nsekela said that NMB is fully committed to MSME business and strengthening interaction between NMB and its largest SME customers in the country.

Opening the meeting, the Kinondoni District Commissioner Mr. Paul Makonda highly commended the bank, calling for more efforts for the bank to ensure more business opportunities are realised towards creating employment among other opportunities in the district. "Kinondoni District has a lot of business opportunities, what is required is a mechanism drive by the bank and other stakeholders including the business people to help identify the opportunities," he noted. On the other hand, Mr. Makonda announced to carry out a business development competition on youths engaging on small businesses in order to help them improve. He said the competition to be set up by Kinondoni District in collaboration with the private sectors will help the youths engaging in small business acquire enough funds to improve further their businesses. "I have planned to provide business development funds to the youths engaging themselves in small business, the funds would be offered through a competition that would be managed by the private sector," he noted. *(Daily News)*

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GOLD miner, Acacia Mining has started paying corporate tax under a memorandum of understanding (MoU) with the Tanzania Revenue Authority (TRA). The mining company said in a statement issued yesterday that the MoU set out a quarterly tax payment of 5.0 million US dollars, with the first payment for this year already made. Under the terms of the MoU, in the first instance any corporate tax to be paid can be offset against outstanding VAT amounts owed to Acacia and which have been approved by the TRA for refund during the quarter. Any outstanding balance will then be paid in cash. Likewise, Acacia had the right to vary or suspend prepayments should the performance or financial position of the business make it necessary. "We proactively initiated discussions with the TRA in 2015 as we believe that our business is of a scale and maturity that it should be paying a fair level of corporate taxes as part of our contribution to the Tanzanian economy," Acacia Mining CEO, Brad Gordon said in a statement. "We believe this agreement is mutually beneficial for all parties as we receive greater certainty over future value-added tax (VAT) receipts and Tanzania sees an earlier corporate tax contribution from Acacia than previously envisaged." Mr Gordon said further in 2015, Acacia Mining net tax contribution was 109 million US dollars and he expected the agreement with TRA would significantly enhance their overall contribution.

"Based on its current estimates, Acacia is bringing forward the payment of corporate tax by approximately three years, given that the taxable income generated over this period would in the first instance be offset by around US $80 million, which under the 2011 VAT Memorandum of Settlement ('VAT MOS') was treated as a prepayment of corporate tax against any of Acacia's operating entities. "The VAT MOS amounts will be partially deferred but will still be recovered. For 2016, the targeted amount to be prepaid as corporate tax is approximately US $20 million and that is expected to serve as a basis for the amounts to be agreed and prepaid in future years, until such time as all prepayments and VAT MOS amounts are recovered by Acacia and corporate tax declared becomes fully payable." Acacia Mining formerly African Barrick Gold, operates three mines all located in northwest Tanzania: Bulyanhulu, Buzwagi and North Mara and a portfolio of exploration projects in Tanzania, Kenya and Burkina Faso. *(Daily News)*

EXIM Bank Tanzania Limited has extended its footprint to Uganda becoming the first bank in the country with a subsidiary in Kampala. The move follows Exim Bank's decision to acquire majority stake in the Imperial Bank Uganda Limited, it was announced in Dar es Salaam. The acquisition process was completed under purview and supervision of Bank of Uganda. Exim Bank Tanzania now holds 58.60 per cent stake in the newly formed entity -- Exim Bank Uganda Limited. Amazal Holdings under Mukwano Group, which has diversified business interests within and outside Uganda, holds 36.5 per cent shares and the rest -- 4.9 per cent belong to Export Finance Limited. "I am happy and excited to announce that Exim Bank has established its footprint in Uganda in partnership with one of the most eminent and largest business groups," Said Mr Selemani Ponda, the Bank's Chief Financial Officer at a news conference in Dar es Salaam. "There could not have been a better opportune time to make an entry into Uganda through such an alliance, when the EAC itself has been actively engaged in leveraging the capacity of all the Countries in the Region," added Mr Ponda. Exim Bank, the largest indigenous Bank in Tanzania is completing 19th year of its establishment, having started its operations with one branch in Dar es Salaam. The bank now boasts of 37 branches at strategic centres across Tanzania and two overseas subsidiaries in the Comoros and Djibouti. The bank's total assets were 1.25tri/- as of December 31, 2015 with shareholders funds nearly US$90 million. Exim Bank posted a stellar financial performance for the year 2015, with the bottom line (Profit after Tax) posting a record growth of 80 per cent over previous year at 30.67bn/-. *(Daily News)*

THE number of agent banking has reached 3,431 where CRDB Bank's Fahari Huduma is controlling slightly over 50 per cent of the total business share. The window, established three years ago, as at the end of January attracted 13 banking institutions but were mostly concentrated in urban centres. The Bank of Tanzania (BoT), Bank Supervision Manager, Mr. Thomas Mongella, said agent banking outlets are mostly in Dar es Salaam leading by 34.63 per cent, then Arusha 8.51 and Mwanza 8.39 per cent. "The market has reacted positively on the agent banking," Mr. Mongella said yesterday, "where CRDB leads followed by NMB (20.2 per cent)." According to BoT, number three is Equity Bank 9.75 per cent, Tanzania Postal Bank 8.86 per cent and DCB 4.02 per cent. Others are Access Bank 3.03 per cent, Finca 1.84 per cent, Amana Bank 1.22 per cent and Advans 0.61 per cent and Efatha Bank 0.41 per cent. Mr. Mongella said the overall number of deposit transactions was above that of the previous year by 267.24 per cent, from 527,129 reported at the end of January last year to 1,935,826 reported at the end of January. On other hand, the value of deposits through agents increased by 204.32 per cent to 950.89bn/- up to January compared to 312.47bn/- reported at the end of January 2015. Also, the number of withdrawal transactions increased by 406.25 per cent, from 165,292 transactions reported last January to 836,794 transactions for the year ended January. The volume of withdrawals conducted by agent banking increased by 379.82 per cent to 224.22bn/-in January from 46.73bn/-on reported at the end of last January. Agent banking operations are regulated by the Guidelines on Agent Banking for Banking Institutions, 2013. This means provision of banking services by a banking institution to its customers through an agent who acts on behalf of the banking institution under a valid agency agreement. *(Daily News)*

Economic News

THERE is an increasing interest on Tanzania's textile sub-sector from foreign investors, an indication of good prospects for the country's industrialisation drive. According to the Textile Development Unit's (TDU) Investment Promotion Director, Mr Tim Armstrong, there had been an influx of foreign investors and retailers in the country to explore investment opportunities. "There are good prospects for the country's textile and garment sub-sector," Mr Armstrong told the 'Daily News' in Dar es Salaam yesterday, hinting that more potential investors are expected in the country soon. The Tanzania Gatsby Trust funded TDU is a specialist unit within the Ministry of Industry, Trade and Investment whose objective is to stimulate the textile and apparel industry. With expertise in technology, management and marketing, the unit is designed to facilitate supplier relationships, build training capabilities and coordinate friendly policies for investors. Mr Armstrong said there is a significant potential for flourishing textile and garment industry in the country, thanks to the country's cotton production capacity. Tanzania boasts of bumper cotton harvests, with expertise and infrastructure to sustain the spinning, weaving and manufacturing elements of the value chain. Cotton is mostly grown in the Western Cotton Growing Area -- Mwanza, Mara, Chato, Simiyu and Geita regions. TDU, which was formed in 2012 to support development of a large and internationally competitive textile and garment sub-sector, has already facilitated the formation of the Textile and Garment Manufacturers Association of Tanzania (TEGAMAT) to represent the interests of the industry. The government, TEGAMAT and the TDU are working closely to improve the regulatory environment, incentives for investors, the quality of inputs and the upgrading of the industry. TDU, the director said, is striving to help new investors to locate empty factory space in identified regions and link investors to joint ventures. *(Daily News)*

Tanzania's inflation fell to 5.6 percent year-on-year in February from to 6.5 percent a month earlier, the statistics office said on Tuesday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

THE Bank of Zambia (BoZ) tender for treasury bills were undersubscribed last week, attracting total bids amounting toK281.84 million against an offer of K405 million. Zanaco says a total of K230.10 million was allocated with yields rates on 91 and 273-day remaining unchanged while the 182-day rate went up to 25.99 percent from 24 percent and the 364-day rate was posted at 28 percent from 27.14 percent. "The K405 million Government treasury bills auction was undersubscribed, receiving bids amounting to K281.84 million and a total of K230.10 million was allocated," the bank says in its daily treasury newsletter. On the local money market, it experienced a further drop in liquidity levels, closing at K1 038.39 million from K1 154.06 million and the volume of traded funds increased to K569.45 million from K509 million. The weighted average overnight interbank lending rate slightly went down to 27.23 percent from 27.50 percent. However, Zanaco says the Kwacha/United States (US) dollar pair is in the short term expected to continue trading between K11.33 and K11.45, with more greenback demand expected from corporates and the interbank market. On Thursday, the local unit was steady against the greenback and it traded flat on the day. The Kwacha closed at K11.37 and K11.39 on Wednesday and opened trading on Thursday at its previous day's close. *(Daily Mail)*

Zambia is likely to produce 2.4 million tonnes of maize in the current 2015/2016 crop season, down from 2.6 million tonnes the previous season due to drought, its minister of agriculture said on Thursday. Given Lubinda said poor rainfall in some parts of the southern African nation at the start of the 2015/2016 season had led to poor crop. "This year we anticipate to produce slightly above 2.4 million tonnes of maize. This maize should be ready in about one and half months," Lubinda told a media briefing. Zambia had more than 590,000 tonnes of maize available for domestic consumption, which was sufficient to take the country until August, he said. Lubinda said grain traders were holding 227,245 tonnes of maize which they would be allowed to export because Zambia expected this year's harvest in slightly over one month. "Traders will be allowed to export but they need to seek our authority before exporting the maize," Lubinda said. The government sold 750,368 tonnes of maize to selected millers at a subsidised price of about $170 per tonne to keep local maize meal prices affordable, he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Hotel and retail group Meikles Africa Limited's turnover for nine months to December 2015 rose to $347 million compared to $310 million in the previous year, the company said on Tuesday, while it has also reached an agreement with government over an unpaid debt. In a trading update, it said operating margins at 21,8 percent were marginally better than the previous period at just over 21,2 percent. Expenses were 19 percent lower compared to 21 percent previously. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) increased by $9,5 million relative to the previous period, it added. Meikles, which claims it is owed $90 million in debt and interest by the central bank, said the government had undertaken to repay outstanding funds in terms of the Reserve Bank of Zimbabwe debt assumption act of July 2015. "Shareholders are advised that a basis on which the funds are to be recovered has been agreed," Meikles said, adding that the agreement would allow it to "grow to its potential and develop its strategies, without the specific uncertainties caused in the period when negotiations were still ongoing." The Meikles debt accrued in 1998 from transactions related to the group's dual listing on the Zimbabwe Stock Exchange and the London Stock Exchange. It stood at $25 million in 1998 but shot up to $47 million at the end of 2013 after the inclusion of interest. Meikles' half-year results to 30 September 2014 showed the balance with RBZ as $43,738 million and TBs of $38,431 million totalling $82,169 million. *(Source)*

RioZim successfully completed a debt restructuring exercise early this year in which Zimbabwe Asset Management Corporation (Private) Limited 'ZAMCO', a division of the RBZ became its new creditor under new and improved terms. Obligations that were hitherto short-term, overdue for payment and attracting interest payments of 21 percent per annum are now payable over a period of five years while attracting only nine percent. In one swoop, RioZim was granted the brand new lease of life with the company now looking to the future with a transformed poise of one full of hope and anticipation. Credit ought to be attributed where it is due. For all its shortcomings, the government of Zimbabwe is spot on with this exercise and has to be applauded accordingly. ZAMCO is arguably one entity that we will look back to and realize it had much better and profound positive socio-economic impact than empowerment and agrarian reform policies that often take the centre stage. The policy has successfully aligned aspirations of the common folk who form the labour force, the entrepreneur, government and even the loan sharks that masquerade as bankers. This is a sweet spot that none of the other two is anywhere closer to finding. At the time of structuring this transaction, RioZim had paid a cumulative jaw dropping $52 million in interest charges and fees towards its crippling debt that stood at $59 million as of December 2011. This is just $7 million shy of the total obligation outstanding at the time that GEM assumed control. For all this efforts however, the company only managed to reduce thestock of debt by $16 million to $43 million. The bloody thirsty banks took the rest. The same banks that were eager to tear apart the company and sell its assets piece meal emerged the biggest beneficiaries.

Banks drew the most cash from the company while maintaining an iron grip on its throat standing ready to collect every cent from the business for the foreseeable future. At the rate $16 million capital repayment every 5 years, it would take the company 13 years to properly appease its bankers without remitting a cent to shareholders. One would be forgiven for feeling sorry for GEM. Their reward for saving RioZim from its certain demise has been to stand behind the queue and wait for vultures to eat their full before they could enjoy the fruits of their enterprise. Granted they are supposed to be the wiser. After all they have Ivy League bankers in their ranks. The have the sophistication and should have known better. They did not get into this with eyes wide-wide shut and they are supposed to deserve what's coming to them. But alas, Zimbabwe affords no one the opportunity to say 'I told you so'. Ours is a brutal environment littered with broken families at the hands of usurious interest rates. Many have lost their homes to loan sharks who concoct loan conditions that set you up for default from day one. The practice is indeed repulsive. Society rightly frowns at it and its peddlers, yet the narrative is lost when we look at corporate borrowers. Just like any other legal persona, companies do suffer and can have their lives ruined by debt. Their position is however made more tenuous by the fact that when they fail, they go down with the livelihoods of so many. RioZim's story pleases mostly because it has achieved many things that market forces have clearly demonstrated inability to balance within the Zimbabwean context. The most important for me is whipping banks into line.

Why banks insist on sticking to an interest charging regime that stifles and kills their client is beyond me. This problem is worsened by the fact that most companies are multi banked with lines of credit from a cocktail of bankers some of whom make advances with no proper credit analysis. In the event of default or deterioration of credit quality of the borrower, banks fight to outdo each other in slapping punitive interest rates to the already frail company in the process bringing it swiftly to its knees. With a deal like the one for Rio Zim, ZAMCO plays the go between, forcing banks to be realistic with their claims and receive liquidity which they are short of anyway. On the other hand, ZAMCO reconfigures the client's debt to terms that ensures survival and ability to service debt. The company thus pays for its sins in full, while the bank has to take a haircut on exorbitant claims and receive a liquid asset in return. Most importantly, jobs are saved. Bankers do even better because their clients are formally employed and qualify for their elitist type product offering. Such a solution which is clearly what our situation demand is otherwise unachievable without the intervention of an authoritative part, the RBZ in this instance. The impact to the economy is profound. RioZim's case can still demonstrate how important this intervention can be to an economy. With the collapse in commodity prices whose driver many are still to decide whether it be the super cycle or technological advances could not have come at the worst time possible. The company which was hardly breathing was destined for certain collapse as revenue generation could not sustain its loan repayment under the conditions imposed by its bankers. The fact that low commodity prices appeared destined to stay for longer meant that the option to collapse the whole thing with shareholders only losing to the extent of capital already outlaid was right in the money. Liquidating the company was probably the only economic option left. This was thwarted simply because payment terms were varied with the company making good its obligations anyway but only over a long period of time.

The second positive is the strategic decisions that RioZim now has to make in light of its changes circumstances. High interest rates and poor liquidity meant that any project that the company intended to pursue needed to produce super profits if it had to pass key huddles that would make it economic. Which improvements on both fronts (leverage and liquidity), RioZim invariably has more projects that have become viable and can also be executed sooner. What easily comes to mind is the company's coal assets that require investments in power stations as well as the mooted project to transform ENR to be able to process platinum group metals (PGMs). The company's investment in Murowa Diamonds may also have been encouraged by positive developments as regards management of its debt and liquidity challenges.
Further to that, with commodity prices determined to stay lower for longer, RioZim probably has one option to ensure it meets its obligations under the new terms and deliver a return to its shareholders. The company has to invest and lower its cost of production. This can be achieved by a combination of two things being bringing up to date its plant and equipment as well as ramping up production volumes to lower cost of production. The latter strategy is currently highly appealing in an industry where assets a cheaper due to widespread distress. It will thus not be surprising if we will see RioZim announcing huge capital expenditures to bring more efficient equipment or go on an acquisition rampage to increase its volumes. It is in the best interest of the company to invest in Zimbabwe with all the noise being made about capital shunning the country simply because a policy framework has created an environment that allows it. ZAMCO has thus once more resurrected RioZim, but this time with desire and ability to expand and create jobs, generate more forex earnings, contribute to treasury and above all provide a decent return to its shareholders. *(Source)*

Beverages manufacturer, Mutare Bottling Company (MBC) which is part of the Coca-Cola system in Zimbabwe, says it has started importing sugar from Malawi to mitigate against expected shortages in the local market. MBC is owned by Econet Wireless Zimbabwe through its Pentamed investment vehicle, which has a 67 percent shareholding stake while the balance is held by the firm's founders through their investment arm – Northunderland Investments. "We (have) received six truckloads of sugar. Total tonnage received was 180 tonnes, which is part of a 300 ton consignment that we have a licence to import by the end of March," said managing director Allen Lang in an e-mailed response to questions from The Source. The company consumes 10 tonnes of sugar per day. Lang said MBC had resorted to the foreign market as the local suppliers could not meet their demand. "The imported sugar is to supplement sugar purchased from local suppliers who could not supply all our requirements for bottler grade sugar over the next few months. We have not been officially informed of a looming sugar shortage by our local suppliers that will affect their ability to supply our full requirements for the balance of the year," he said. Lang indicated that sugar sourced from COMESA countries was landing at a lower price than that sourced locally although the product sourced from SADC countries was at par with local suppliers. MBC is one of the well performing companies in the eastern border city following its acquisition of a $17 million automated plant in 2014 with a total capacity to produce six million cases per annum. *(Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

GOVERNMENT is now working on a Bill that will see it taking over the debt owed by the Zimbabwe Iron and Steel Company while negotiations with "other potential investors" have commenced, Industry and Commerce Minister Mike Bimha has said. Zisco, the State-owned integrated steel firm stopped operations about eight years ago after running into serious financial problems. Efforts to revive the company, which used to be one of country's biggest employer and a major economic force, failed after the deal with Essar Africa, which had committed to inject $750 million into the company fell away mainly due to the bureaucracies around mining claims, huge debts and subdued global steel prices. Government had agreed to sell 54 percent of its shareholding in Zisco and 80 percent of its equity in BIMCO, which holds the iron ore mineral rights, to Essar Africa. The collapse of the deal with Essar Africa become the second major deal involving Zisco that ran into problems after another $400 million deal with Global Steel Holdings, also from India, failed under unclear circumstances in 2006. Zisco debt is estimated at $380 million. "To take over the debt, necessary legislation is needed and the Ministry of Finance has started working on that," said Minister Bimha in an interview. "But as a ministry, we are carrying out an evaluation (of the company) to determine what we have. We have also started engaging other possible investors so that when we finish what were are doing, we will have people to talk to."

Minister Bimha said assuming the debt would leave Zisco with a clean balance sheet, which will make the company attractive to investors.
He said apart from foreign and local debts, Essar Africa failed to raise money to implement the project after steel prices took a slump on the international markets. Steel prices declined nearly 40 percent in 2014 and hit a decade low of $37 a tonne in December last year compared to the record high of $190 a tonne in February 2011. To avoid further accumulation of debts from unproductive workers, the Government terminated contracts for Zisco employees on three months notice in December. Finance and Economic Development Minister Patrick Chinamasa said the resuscitation of operations at Zisco will have upstream and downstream benefits to the economy, hence, the need for Government to secure an investor as soon as possible. "Central to this will be the need to free the Zisco balance sheet of historical 'baggage liabilities', including an accumulation of new obligations with regards to wages that arise on account of workers that are not producing anything, and are actually sitting at home or pursuing other engagements," said Minister Chinamasa in the 2016 Budget. He said the Zisco issue should be finalised as "we have lost much time on this matter". *(Herald)*

Econet Wireless said on yesterday it had diversified into home security service as the telecommunications operator seeks to widen income streams in the face of declining profitability from its core business. The telecoms operator recorded a 52 percent slump to $23 million in net profit in the half-year ended August 2015, as weak consumer demand and Government imposed service charge cuts and taxes took a toll on its performance. Over the years, the telecoms operator has diversified into other sectors such as renewable energy and beverages. To improve its profitability, the company in the past year instituted a variety of measures including retrenchments, salary cuts and demanding a 15 percent price cuts from its suppliers. Under the new service, Econet Connected Homes, which is a partnership with its subsidiary Zimbabwe Online (ZOL), the operator, will provide 24 hour security under different packages that also include closed circuit television and rapid response teams in case of burglary or other disturbances. The home security system allows users to monitor activities at their property and control it remotely using smart phones or tablets hundreds of kilometres away from home. It has sensors for curtain and door movements, windows breaks, human movement, smoke alert or gas leaks and sends the users a message if any anomaly is detected. "You will be in full control of your home and you will be secure," said the general manager for Econet Connected Lifestyles, Shepherd Hondo. Under the connected Lifestyles brand, Econet initially launched a vehicle tracking system which allows users, especially companies to monitor the movement of their vehicles.*(Herald)*

Truworths Limited's revenue for the half year to January 10, 2016 went up 6,6 percent to $12,2 million from $11,4 million of the prior period mainly driven by increased sales participation from the home-ware range. Gross profit for the period was down to $5,1 million from $5,2 million while retail trading profit amounted to $27,532 down from $48,685. The gross profit margin decreased as a result of increased participation of the home-ware range which carries a lower margin. Truworths Limited chief executive Themba Ndebele told analysts on Tuesday that overall profit recorded during the period was buoyed by interest income which went up to $1,099 million from $0,652 million.
Profit for the year amounted to $327,876 up from $49,370 prior year. "The key Christmas trading was severely subdued. We witnessed a

slump in sales from the day it was announced civil service salaries would be paid on the last day of December and into the New Year. "On a like for like basis, the first half trading was 6, 6 percent higher than the prior year. "There was increased sales participation from the home-ware range which carries a lower gross margin than apparel," said Mr. Ndebele. "This resulted in a decline in the overall gross profit margin," he said. Mr. Ndebele said there was growth in the company's debtor's book during the period under review with more customers' opting for the 12-month scheme.

The 12-month scheme represented 28, 6 percent of the book compared to 7,5 percent in the prior year end. Trading expenses excluding debtors costs decreased 1,7 percent while the operating margin improved to four percent from 0,7 percent of 2015. On credit management, the number of active accounts increased 9,7 percent over the comparative period to 86,270. 10,755 of these were on the in store credit card at the period end. Cash EBITDA compared to the prior period improved by 43,9 percent to $1,4 million. Mr. Ndebele said the trading and credit environment is expected to deteriorate during the remainder of the 2016 financial period. He said consumer incomes during the course of the financial year will come under pressure driven by increased stress levels in an environment characterised by job losses, delayed pay dates and reduced earnings. "Focus will be on the management of trade receivables so as to maximise cash flows and ensure improvement and enhancement of quality of the book," said Mr. Ndebele. *(Herald)*

Innscor Africa Limited registered a 23 percent increase in profits to $15,9 million in the six months to December 31, 2015 up from $12,9 recorded in the comparable period. The company attributed the significant increase in profits to volume growth, efficient cost of sales and operating cost management. Chairman Addington Chinake said revenue went up by two percent to $300,615 million, while operating profit surged by eight percent to $27,437 million over the comparative period. "The group's results were characterised by growth in volumes in all light manufacturing businesses, which however, were partially offset by the reduction in the average revenues per unit as the group made a decision to reduce prices to assist the customer in the difficult economic environment," he said. Innscor's profit before tax grew by 18 percent in the period under review to $20,580 million and attributable profit grew by 65 percent to $9,651 million. The group's headline earnings per share (HEPS) on continuing operations grew 62 percent over the comparative period from 1,12 cents to 1,81 cents. Chinake noted that Innscor's capital expenditure on all businesses was reduced from $17,411 million in the 2014 financial year to $16,394 million during the period under review. "Net borrowings have increased by $13,049 million to support capital expenditure, working capital investment in strategic inventory and the acquisition of Transerv resulting in net gearing of 17,21 percent," he said. Innscor, one of Zimbabwe's largest conglomerates, recently disposed of its Spar Retail franchise to improve focus on its core businesses. It has also proposed to sell-off its SPAR Zambia franchise and Shearwater, its tourism unit with operations in Zimbabwe, Zambia and Botswana. The company, which recently unbundled and subsequently listed its quick service restaurant business, is also working on unbundling TV Sales & Home and Transerv. Innscor declare an interim dividend of 0,30 cents. *(The Source)*

Economic News

COMPLETION of the Zimplats expansion project will see platinum output increase 12 percent to 430 koz but global refined supply is forecast to decrease by one percent to 5 970 koz. The latest quarterly report from the World Platinum Investment Council shows that Zimbabwe's output is expected to grow on the completion of an expansion project mainly at Zimplats from 385koz last year. Zimbabwe has three active platinum producers; Zimplats, Mimosa and Unki. The mines operated at full capacity in 2015. Worldwide, WPIC is forecasting a deficit of 135 koz in 2016, a 1% contraction in refined production over the course of 2016. South African supply is predicted to fall by 2% over the year due to disruptions related to wage negotiations and safety stoppages. However recycling supply is forecast to rebound by 14% in 2016, compared to the 15% contraction in 2015. Automotive demand is predicted to increase by 3% on the back of another year of light vehicle sales growth and higher loadings per vehicle while jewellery sales are expected to return to growth, up 1% in 2016, boosted by a recovery in China and strong demand growth in India, where the Evara Platinum programme continues to expand. Zimbabwe supplies 6% of global refined production, the same as North America while South Africa is the largest at 73% followed by Russia at 12%. Figures from the Chamber of Mines show that that the value of platinum production fell 23% in 2015 at $381 million from $495 million. The platinum price declined by around 24% in 2015 to $1 053/oz.

Overall the global platinum market ended year 2015 in deficit by 380 koz (2014: 725 koz) with key drivers of the shortfall including: 2015 saw a 5% increase in automotive demand, reaching 3,455 koz, up from 3,290 koz in 2014 and 3,160 koz in 2013. Despite the impact of the Volkswagen diesel investigation, demand growth in 2015 was led by Western Europe vehicle sales growth, up 9% year-on- year, where the imposition of the new Euro 6 legislation also increased platinum loading per car. Automotive demand from India, also grew by 9%. Global investment demand increased by 110 koz over the year (73%), with a global fall in ETF holdings eclipsed by a surge in demand for bars and coins, particularly in Japan which experienced record buying in the final quarter. There was a 4% increase in industrial demand during 2015, buoyed by a 2% increase in chemical demand growth driven by North America, Western Europe and China. Greater global demand for oil refining and a swing from refinery reductions to net capacity expansion saw demand from the petroleum sector more than doubling (2014: 65 koz vs 2015: 160 koz). Jewellery sales contracted by 4% over the year affected by a fall in Chinese demand. In contrast, demand for platinum in India surged by 26% on the back of strong bridal growth and increased sales of men's jewellery. Refined production grew by 24% over the year, led by a 41% increase in output from South Africa, where operations affected by the 2014 strikes returned to pre-strike levels and producer sales again exceeded refined production. Global supply from recycled platinum fell by 15% over the year to 1,725 koz, as lower platinum group metals prices reduced the flow of scrap catalysts from collectors, while depressed steel prices reduced the scrapping of vehicles. Above ground stock levels ended 2015 at 2,315 koz, down by 14% from 2,695 koz in 2014. *(Financial Gazette)*

Zimbabwe has earned $208 million from 32 million kilogrammes of flue-cured tobacco exported in the past two months, the Tobacco Industry and Marketing Board (TIMB) has said. TIMB statistics show that exports increased by 9 percent from $203 million in the corresponding period last year to $209 million this season. The country exported 29 million kg last year. China has remained the major buyer of Zimbabwean tobacco while South Africa has topped the buyers' list in Africa. The statistics show that during the first two months of last year, Zimbabwe exported tobacco to 29 countries, a figure that rose to 31 this year. The bulk of the exports were to China which imported 20 million kg valued at $163 million while exports to South Africa were 4,1 million kg valued at $13 million, Belgium bought 1,6 million kg at $8 million, Indonesia 1,3 million kg at $7,4 million, Russia 1,1 miilion kg at $3,5 million and United Arab Emirates one million valued at $2,7 million. The TIMB public relations and communication manager, Mr. Isheunesu Moyo said tobacco buyers do not export the product if the market price is low, but they wait for the market price to firm. *(Herald)*

Zimbabwe's President Robert Mugabe is fully supportive of the country's re-engagement with foreign creditors, Finance Minister Patrick Chinamasa said on Wednesday during a visit by an International Monetary Fund delegation. Mugabe has spoken out against the IMF and the World Bank since international lenders froze lending to the southern African nation following defaults in 1999 but Chinamasa said the veteran leader was supportive of current talks. Zimbabwe's economy is reeling from one of its worst droughts on record and a fall in commodity prices with growth expected to reach 1.4 percent this year, from 1.1 percent in 2015, the IMF says. *(Reuters)*

Zimbabwe will sharply reduce its public sector wage bill and improve fiscal discipline, Finance Minister Patrick Chinamasa said on Wednesday, as he looked to reassure a visiting delegation from the International Monetary Fund (IMF). Chinamasa said the public sector wage bill would be slashed from 82 percent of government spending currently to 52 percent of expenditure by 2019. The IMF's head of mission to Zimbabwe Domenico Fanizza responded by saying improving fiscal discipline should be a key government priority for Zimbabwe. Fanizza added that Zimbabwe had met all the IMF's quantitative and structural targets it had set during its visit. *(Reuters)*

Zimbabwe's needs a growth rate of between 6 to 8 percent over the next 10 to 15 years to revamp its economy, Finance Minister Patrick Chinamasa said on Thursday during a visit by an International Monetary Fund delegation. Chinamasa also said new loans from international lenders will only come if the drought-stricken Southern African nation showed the capacity to introduce a raft of economic reforms. President Robert Mugabe agreed to major reforms including compensation for evicted white farmers and a big reduction in public sector wages as the government tries to woo back international lenders, Chinamasa said on Wednesday. *(Reuters)*

FINANCE and Economic Development Minister Patrick Chinamasa says Government will seek to ensure Zimbabwe gets fresh lines of

credit once the country clears its $1,8 billion arrears to preferred creditors. A debt clearance strategy has already been prepared and was presented to creditors at the IMF meeting in Lima, Peru last year with no objection from every single institution or country that is owed. The minister said this after holding a meeting with an International Monetary Fund team, in Zimbabwe for routine article IV consultations and review of the IMF staff monitored programme. Zimbabwe's strategy to secure fresh lines of credit from bilateral and multilateral lenders entails getting bridging finance from international financial institutions to clear its arrears to the International Monetary Fund, African Development Bank and World Bank. Zimbabwe will get $819 bilateral loan from its central and North African friends to clear arrears with World Bank appendage, International Bank for Reconstruction and Development and also use IMF special drawing right to settle its $110 million arrears with the fund. The country's total external debts stands at a whopping $10,8 billion. The Southern African country has not been able to access fresh lines of credit from the Bretton Woods institutions and other lenders, including the Paris Club, since it started defaulting on loans in 1999. On Wednesday, Minister Chinamasa said he would seek audience with the IMF to synchronise arrears clearance and immediate access to fresh lines of credit into an economy seriously staved of liquidity. Minister Chinamasa said that the first draft of the proposed country finance programme to be presented to the IMF has since been prepared, but would only be discussed and debated from next week.

"We are going to engage them very robustly over that issue so that there is a degree of synchronisation between clearance and receiving new financing to kick start economic recovery of our country. "We have already finished the first draft of the country financing programme, but the document has not yet been debated among ourselves. "But priorities should be power generation, revitalising agriculture, resuscitating manufacturing, resuscitating our mining sector, value addition and providing social protection to vulnerable groups. these are the key elements of what I expect to be in that document" he said. Minister Chinamasa said Government would lobby vigorously all creditors, including the United States, to ensure total buy in and support for Zimbabwe's debt clearance and country financing programme. IMF mission chief Domenico Fanizza said the economic situation in Zimbabwe was not bright, pointing out that economic difficulties in the country had deepened due to drought, falling mineral prices on global markers and the loss in value of the South African rand. He said much more work needed to be done to sustain economic growth post resumption of fresh lines of credit from international lenders. "Under these conditions, Zimbabwe cannot wait. Zimbabwe needs to move forward with a comprehensive and ambitious economic transformation programme, that I understand the authorities are preparing. The objective of the programme (SMP) is to reverse the current trend and unleash Zimbabwe economic potential." Mr. Fanizza said that the SMP had only been the preparatory phase for re-establishing normal relations between Zimbabwe and the IMF, but confirmed the country had met all benchmarks of the SMP. Minister Chinamasa said Government would undertake profound macro-economic reforms, including resolving issues around bankability of 99 year leases, not only to fulfill conditions for fresh funding from IFI's, but its own good in turning around the economy. *(Herald)*

Disclosures Appendix

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