SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	11-Mar-16	18-Mar-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10167.77	10190.39	0.22%	-0.78%	10602.32	-3.89%	-4.34%
Egypt	CASE 30	6563.65	7485.69	14.05%	0.53%	7006.01	6.85%	-5.84%
Ghana	GSE Comp Index	1954.49	1924.91	-1.51%	-0.61%	1994.00	-3.46%	-3.91%
Ivory Coast	BRVM Composite	316.68	306.58	-3.19%	-0.75%	303.93	0.87%	3.93%
Kenya	NSE 20	3958.82	3946.19	-0.32%	-0.28%	4040.75	-2.34%	-1.53%
Malawi	Malawi All Share	13898.54	13493.53	-2.91%	5.75%	14562.53	-7.34%	-8.51%
Mauritius	SEMDEX	1812.30	1791.43	-1.15%	-0.37%	1,811.07	-1.08%	0.38%
	SEM 10	348.54	344.51	-1.16%	-0.37%	346.35	-0.53%	0.94%
Namibia	Overall Index	934.64	1003.32	7.35%	5.73%	865.49	15.93%	15.35%
Nigeria	Nigeria All Share	25988.40	25694.79	-1.13%	-1.11%	28,642.25	-10.29%	-9.69%
Swaziland	All Share	335.09	335.09	0.00%	-1.50%	327.25	2.40%	1.89%
Tanzania	TSI	3959.11	3901.64	-1.45%	-0.90%	4478.13	-12.87%	-13.37%
Zambia	LUSE All Share	5546.12	5523.13	-0.41%	0.24%	5734.68	-3.69%	-6.33%
Zimbabwe	Industrial Index	99.81	99.86	0.05%	0.05%	114.85	-13.05%	-13.05%
	Mining Index	19.14	19.22	0.42%	0.42%	23.70	-18.90%	-18.90%

CURRENCIES

Currency	11-Mar-16 Close	18-Mar-16 Close	WTD % Change	YTD % Change
BWP	10.98	11.09	1.01	-0.47
EGP	7.81	8.86	13.45	-11.87
GHS	3.86	3.82	-0.91	-0.46
CFA	597.32	582.64	-2.46	3.03
KES	99.74	99.69	-0.04	0.83
MWK	709.37	651.28	-8.19	-1.26
MUR	34.46	34.19	-0.79	1.48
NAD	15.24	15.47	1.53	-0.49
NGN	196.02	195.99	-0.02	0.66
SZL	15.24	15.47	1.53	-0.49
TZS	2,139.96	2,127.98	-0.56	-0.57
ZMW	11.33	11.25	-0.65	-2.74

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana has sold a minority stake in its telecoms firm in an initial public share offer, the first sale under its privatisation campaign, a government agency said on Monday. In a statement, the Public Enterprises Evaluation and Privatisation Agency said a total of 462 million shares were sold in the Botswana Telecommunications Corporation Limited [IPO-BOTTEL.BT] (BTCL) for 1 pula each, raising 462 million pula ($41 million) The sale to BTCL workers and the public slashes the government stake in the business to 51 percent. BTCL will list on the Botswana Stock Exchange on April 8. The 462 million shares that were on offer comprised 212 million shares sold by the government and 250 million new shares sold by BTCL. The sale of a stake in BTCL comes under privatisation plan dating back to 2012 which also envisages the eventual sale of shares in the National Development Bank. Botswana has over 30 state-owned enterprises, most of them loss making, in industries ranging from agriculture, tourism, power and water utilities to airlines, housing and development finance. *(Reuters)*

Botswana's annual consumer inflation quickened to 3 percent in February from 2.7 percent in January, data from the statistics office showed on Tuesday. On a month-on-month basis, prices were flat in February after rising 0.4 percent the previous month, Statistics Botswana said. *(Reuters)*

Botswana's economy is projected to grow by 3.7 percent this year after an estimated contraction of 0.3 percent in 2015, the International Monetary Fund (IMF) said. "GDP growth is estimated to have turned slightly negative in 2015 owing to a decline in the global demand for diamonds and copper," the IMF said in a statement late on Thursday. "A gradual economic recovery is projected in the next three years, based on an expected gradual increase in diamond prices and fiscal stimulus." *(Reuters)*

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Egypt

Corporate News

Egypt's EFG Hermes said in a statement on Thursday its board of directors had approved the sale of 40 percent of its stake in Credit Libanais for $33 per share. It said the shares will be sold to Arab and Lebanese investors and is subject to approval from the Lebanese central bank. It also expects the deal to be complete by June 30. According to its website EFG Hermes says it has a 63.7 percent stake in Credit Libanais. *(Reuters)*

Economic News

The Egyptian pound held steady at an official auction on Sunday but strengthened on the black market after the central bank last week supplied the market with foreign currency and eased restrictions on dollar deposits and withdrawals. The central bank held the pound steady at 7.7301 pounds per dollar, selling $38.8 million, at Sunday's official auction. On the black market, the pound strengthened to 9.25-9.30 pounds per dollar from 9.60-9.65 pounds on Thursday, three traders told Reuters, without revealing trade volumes. Egypt, which depends heavily on imports, is facing a foreign currency crisis and the central bank has been resisting a devaluation, keeping the pound artificially strong through its weekly auctions. Last week, it lifted caps on withdrawals and deposits of foreign currencies for individuals and companies importing essential goods, while keeping them in place for other corporates. Last Sunday, the bank held an exceptional auction, offering $500 million to cover imports of strategic goods. The additional liquidity also lowered the dollar rate on the parallel market. "The price for the dollar has kept falling as demand decreased and the market reacted to Central Bank Governor Tarek Amer's comments last week on the black market price being unfair," one trader told Reuters. To try to keep black market rates in check, the central bank met with foreign exchange bureaus last week to put a cap on prices for the dollar on the black market. The country has been starved of hard currency since a 2011 uprising ousted autocrat Hosni Mubarak from power and drove away tourists and foreign investors - major sources of hard currency. A year ago, the central bank imposed controls on hard currency movements, including a cap of $50,000 a month on cash deposits, but it has since eased them as the crisis worsened and imports started piling up at ports. *(Reuters)*

The Egyptian central bank devalued the pound by almost 13 percent at an "exceptional" sale of dollars on Monday. The central bank said it sold $198.1 million to local lenders at 8.85 pounds per dollar. That compares with a previous exchange rate of 7.73 pounds. It wasn't immediately clear whether the lower price is just limited to Monday's dollar sale. Central bank officials weren't immediately available for comment. Egypt is grappling with a dollar squeeze that is threatening economic growth in the most populous Arab country. Foreign-currency reserves have tumbled by more than 50 percent since 2011, though they have stabilized at just over $16 billion in the past six months. "Is this move enough to solve Egypt's foreign currency problem? It will be only if accompanied by a shift in exchange rate regime, making it more flexible," said Hany Genena, head of equity strategy at Cairo-based investment bank Beltone Financial. "A flexible regime will unlock inflows at a whole different level. Debt inflows, either from private investors or from funding agencies such as the IMF as well as equity inflows." *(Bloomberg)*

Egypt's central bank raised its key interest rates by 150 basis points at its monetary policy meeting on Thursday, three days after it devalued the pound. The Monetary Policy Committee (MPC) raised the overnight deposit rate to 10.75 percent from 9.25 percent and the overnight lending rate was raised to 11.75 percent from 10.25 percent, according to a statement. *(Reuters)*

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Ghana

Corporate News

AngloGold Ashanti's long-term issuer rating and senior unsecured ratings have been confirmed by Moody's at Baa3 with a stable outlook. Also, Newmont Mining's debt ratings were left intact at Baa2 with a stable outlook, while Barrick Gold's debt ratings were confirmed at Baa3, with a negative outlook. Meanwhile, the Debt ratings agency's Investors Service on Friday downgraded the senior unsecured ratings of the world's largest gold miner by market capitalisation, Goldcorp, to near-junk – a notch above 'junk'. Moody's also gave Goldcorp a negative outlook. "The downgrade of Goldcorp's rating reflects the deterioration of its profitability and coverage metrics and our expectation they will remain weak through 2016 combined with minimal free cash flow generation at a $1 100/oz gold price," Moody's VP and senior analyst Jamie Koutsoukis explained. Baa3, the lowest rating under Moody's long-term 'investment grade' corporate obligation rating, means that Goldcorp's obligations were subject to moderate credit risk. "The negative outlook incorporates our expectation that Goldcorp will be challenged to improve its profitability and coverage metrics given the expectation of reduced performance from its mines and the risk that lower prices could result in negative free cash flow," Moody's said. *(Ghana Web)*

Economic News

The Ministry of Finance has announced it has successfully issued a second 5-year Bond through the book-building approach on 3rd March 2016. This is in accordance with the implementation of the new debt management strategy outlined in the 2016 Budget Statement and Economic Policy of Government. There was a total of 76 bids tendered with a face value of GHC776.44 million, out of which GHC746.44 million was accepted. This was contained in a press release from the Finance Ministry Tuesday. In accordance with the implementation of the new debt management strategy outlined in the 2016 Budget Statement and Economic Policy of Government, the Republic of Ghana successfully, issued a second 5-year Bond through the book-building approach on 3rd March 2016.

A total of 76 bids were tendered with a face value of ¢776.44 million, out of which ¢746.44 million was accepted. Offshore investors took up 67% of the total allotted bids, with price ranging from 23.50% to 25.75%. Pricing was in line with the initial price guidance range of 23.50% to 25.75%. The closing price of 24.75% was tight at the lower end of the expected price range. Part of the amount accepted will be used to settle the 3-Year Fixed Bond of ¢416.00 million maturing 7th March 2016 and the remaining amount of ¢330.44 million allocated to meet Government's refinancing and capital expenditure needs as captured in the 2016 Budget. The issuance of this bond gives further impetus to Government's Medium Term Debt Management Strategy, which among others focuses on minimising and/or replacing expensive shorter-dated instruments with longer dated issuance. It also provides a positive boost to the development of our domestic debt market. The successful issuance of the bond evidenced by the generally high subscription and the favorable pricing is a reflection of the returning confidence in the Ghanaian economy and further confirms the bright medium-term prospects. *(Ghana Web)*

Ghana Home Loans Ltd. is among at least three companies in the West African nation planning bond sales this year as they seek to attract investors from local private pension funds, whose assets under management surged by 75 percent in a year. The mortgage lender, owned by Abraaj Group Ltd. of Dubai, intends to raise the equivalent of $100 million over five years by listing debt for the first time, according to the Securities and Exchange Commission in the capital, Accra. Wealth manager Databank Group Ltd. is helping prepare debt sales by two financial service companies, said Armah Akotey, the firm's brokerage head. "We should see brisker activity, because issuers have seen the availability of investible funds in the pensions area," said Jacob Aidoo, head of issuers at the SEC. "The liberalization of the pensions market is driving the increase in corporate bond issuance we're witnessing." Ghana ended the state pension fund's monopoly in 2012, creating an industry that oversaw 800 million cedis ($208 million) by June 2014 and 1.4 billion cedis a year later. The private funds can allocate as much as 30 percent of their holdings to corporate bonds traded on the Ghana Stock Exchange and the Ghana Alternative Market. That encouraged three companies to list debt in 2015, a figure the regulator expects to rise this year. Last year, Bayport Financial Services Ghana Ltd., AFB Ghana Plc and Edendale Properties Ltd. raised a combined 350 million cedis, compared with the 80 million cedis sold by Izwe Loans Ltd. in 2014, the country's first listed corporate debt in seven years. Frontier-market corporate bond issuance increased 43 percent this year to $2.16 billion, according to data compiled by Bloomberg. The Ghana Stock Exchange set up the alternative market in 2013, targeting companies seeking reduced listing costs and lower thresholds than required by the main board. That's helping to spur bond sales that attract investors seeking the ability to buy and sell the securities, said Randy Mensah, head of equity trading at Ecobank Development Corp. in Accra. "Looking at the size of some of the companies that it tends to attract, those may not meet the full requirement of coming onto the main exchange," Mensah said by phone. "Listing the debt gives investors the comfort and confidence that they can exit whenever they want." The pricing of corporate bonds, which pay a premium above the government's 182-day bills, makes them attractive to investors, Databank's Akotey said. The 182-day yield increased to 24.6 percent at its last auction on March 4. The yields reflect inflation, which rose to a record 19 percent in January before easing to 18.5 percent last month. The central bank increased its benchmark interest rate by 400 basis points since July to a 13-year high of 26 percent. The cedi was 0.2 percent stronger at 3.855 to the dollar at 2:21 p.m. in Accra. "We expect some more issues during the first half," the SEC's Aidoo said. "Advisers have been talking to a number of small and medium-sized businesses, putting their books in order so that in the next two to three years they can list ." *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Kenya's TransCentury Ltd said on Tuesday it had entered an agreement with Kuramo Capital to inject $20 million in fresh capital as the electrical equipment, logistics and engineering firm races to repay an outstanding five-year convertible bond due in 10 days' time. "This investment by the strategic investor will complement other funding options to settle the outstanding convertible bond and fund infrastructure projects," TransCentury said in a statement, describing Kuramo as an Africa-focused investment manager. Shares in TransCentury have plunged more than 70 percent in the past year, raising concerns about its ability to repay the $75 million bond that falls due on March 25. The company in October said it planned a fund-raising programme over the next six months after conducting a strategic review. More information would be offered at a later date, TransCentury said, adding the process was still subject to regulatory and shareholder approval where applicable.*(Reuters)*

Cooperative Bank of Kenya Thursday announced a 46.2 per cent rise in profit after tax of 11.7 billion for the year 2015 compared to Sh8.01 billion recorded in 2014. The bank's group managing director Gideon Muriuki attributed the performance to the lender's improving operational efficiencies, reduced operating costs and improved customer delivery platforms. The group cut 528 jobs in 2014 and put a freeze on recruitment to cut costs. During the period the lender's interest income grew by 25 per cent from Sh29.3 billion to Sh36.8 billion supported by the growth in loan book. The lender recommended a dividend payment of Sh0.8 compared to 50cents in 2014. Coop Bank becomes the latest lender to report growth in profitability in a year where most listed firms had issued profits warnings for their full year earnings. *(Daily Nation)*

Kenyan agricultural firm Kakuzi said on Wednesday its 2015 pretax profit rose 228 percent to 764.45 million Kenyan shillings ($7.54 million), helped by increased sales and a weaker shilling. Kakuzi, which produces tea, pineapples, avocados and macadamia nuts, said in a statement total revenue jumped 47 percent to 2.48 billion shillings. "The improved profit ... was driven to some extent by the weather conditions as well as favourable market demand for our main export products," it said in a statement. "The weakening Kenyan shilling also worked in our favour as well as the fact that we could take advantage of high interest rates with our strong cash position." Kenya is the world's number one exporter of black tea and the commodity is a major foreign exchange earner for East Africa's biggest economy, alongside horticulture and tourism. Kakuzi said its earnings per share shot up to 26.92 shillings from 8.17 shillings in 2014, and said it would pay a dividend of 5.00 shillings per share, up from 3.75 shillings. *(Reuters)*

Equity Bank, Kenya's biggest bank by deposits, may be interested in buying parts of Barclays' Africa business, its CEO said on Tuesday. James Mwangi told Reuters he saw potential acquisition opportunities following Barclays' decision to reduce its stake its Barclays Africa Group, which has businesses across the continent. "If there is anybody who is well-positioned in the region to take up the spoils, it is Equity Bank," he said about the Barclays decision, citing Equity's focus on small- and medium-size enterprises as a major competitive advantage. Mwangi also said the bank expected higher returns on assets and equity this year, mainly driven by profit from regional markets. Alongside Kenya, Equity has operations in Uganda, Tanzania, South Sudan, Rwanda and Democratic Republic of Congo. Mwangi said he saw opportunities to expand in Uganda and was interested in prospects for a new business in Ghana, in West Africa. In the past five years, as Equity expanded in the region, the bank maintained a return on asset rate of 4.5 percent and a return on equity rate of about 25 percent, Mwangi said. "Now that subsidiaries have broken even and have started enjoying significant growth, we see ourselves returning to a return on asset of 5 percent and a return on equity of 30 percent by the end of this year," he said. Weaker currencies in Uganda, Tanzania and Kenya last year drove up prices and led to foreign exchange losses. But Mwangi said a steadier environment this year would boost earnings. "We are almost headed to a stable macroeconomic environment where inflation has started coming down, where exchange rates have stabilised," he said. Kenya's year-on-year inflation rate slowed to 6.84 percent in February, its lowest since October last year. A conflict in South Sudan, which led to a steep devaluation of the Sudanese pound in 2015, as well as surging interest rates in Kenya last year had also driven up bad debts.

But the chief executive said the situation would improve in 2016. "Non-performing loans will be much lower than where they were last year. We expect to come to our traditional cost of risk of 0.6 percent. It had shot up to 1 percent simply because we needed to provide for the non-performing loans," Mwangi said. South Sudan, which still only accounted for 0.3 percent of Equity's total lending, was probably over the worst. "We don't expect the crisis in South Sudan to be worse than it has been. It has hit rock bottom," he said. The expansion of Equity's mobile phone banking operation, Equitel, which now boasts 1.7 million users since launching in 2015, had allowed Equity to reduce staff costs by 4 percent last year and it expected further reduction by 5 percent this year. Clients can use mobiles for services such as making payments or submitting a loan application. "Cost to income ratio went down by 1 percentage point last year and we expect significant improvement this year," Mwangi said. *(Reuters)*

Economic News

The International Monetary Fund (IMF) has approved two-year standby credit facilities for Kenya worth about $1.5 billion, it said late on Monday. "The Kenyan authorities have indicated that they will continue to treat both arrangements as precautionary," the fund said on its website. *(Reuters)*

Kenya's Treasury has sent parliament supplementary spending plans for the fiscal year ending in June that introduce net cuts of about 50 billion shillings ($493 million), the finance minister told Reuters on Thursday. The government had forecast a budget deficit of 8.7 percent of gross domestic product for 2015/16, which unnerved investors. Draft figures released in February showed a revised 2015/16 deficit of 8.1 percent, falling to 6.9 percent in 2016/17. Finance Minister Henry Rotich said in a short telephone interview that the supplementary figures sent to parliament had increased spending in some areas, such as security, but these were outweighed by cuts elsewhere. "We are increasing spending in some areas and cutting in others but, overall, cuts are more than increases, so we have a net cut of around 50 billion (shillings)," he said. President Uhuru Kenyatta's political coalition dominates parliament and is expected to back the revised numbers. When the 2015/16 budget was announced last year, expenditure including interest payments was forecast at a little over 2 trillion shillings. The International Monetary Fund has urged the government to narrow the deficit. Rotich said last month that the government would cut net domestic borrowing for 2015/16 by a quarter to 168.2 billion shillings as a result of spending cuts prompted by sluggish revenue collection. *(Reuters)*

Kenya's central bank will align the interbank lending rates with its benchmark lending rate through a new interest rate corridor to lower the cost of credit in the real economy, the International Monetary Fund said. The East African nation suffers from high commercial rates, with most banks lending at above 20 percent, frustrating businesses, and policymakers who would want credit to be more affordable to spur economic growth. "The authorities will align the interbank rates with the policy rate and formally announce and implement an interest corridor," the IMF said in a press statement on Monday. It said the move would strengthen "the monetary policy transmission mechanisms in the context of a floating exchange rate regime." Closer alignment of the interbank and policy rates will also help the central bank keep inflation within the medium term target of 2.5-7.5 percent, the IMF said. The central bank was not immediately available for a comment. *(Reuters)*

Kenya's capital markets regulator has published new regulations requiring stock and fixed-income brokers to report suspicious trades and transactions above $10,000 to a government body set up to fight money-laundering. Kenya has the most active open capital market in East Africa and has gained broader appeal in Sub-Saharan Africa as other previously popular investment destinations, such as Nigeria and South Africa, have been battered by plunging commodity prices. Paul Muthaura, the acting chief of the Capital Markets Authority (CMA), told Reuters the move to counter money-laundering is part of efforts to improve corporate governance and turn Nairobi into an international financial centre. Muthaura also said the CMA was working with the Nairobi Securities Exchange to introduce trading of Exchange Traded Funds and derivatives, which could start in the first half of 2016. Investors are cautious, complaining about widespread corruption in Kenya and saying regulation is not tight enough. Muthaura said the CMA would penalise brokerages and investment banks that fail to comply, potentially removing their licenses. He said tighter rules would encourage capital inflows to Kenya. "It was not that we have identified money laundering and we must combat it ... Kenya has an ambition towards becoming an international financial centre," which demanded "certain minimum best practices". "The stronger our anti-money laundering laws, the more our markets become accessible for global capital flows," Muthaura said. Kenya has already progressed, in 2014, out of the "dark gray list" of the global Financial Action Task-force, where its financial system had been monitored closely because lax laws made it susceptible to money laundering. The CMA also this month published a new code of corporate governance, demanding more regular and stringent reporting, Muthaura said. The code seeks to limit the time independent directors can serve on a company's board. "You cannot be an independent director for longer than nine years because after that period you are effectively an insider," he said, adding executives would be exempted. Analyst blame poor governance for losses at several Kenyan firms in recent years, including Mumias Sugar and Uchumi Supermarkets. Muthaura said the CMA would act against individuals and firms found to have acted against the best interest of shareholders. "We are in the process of putting together the necessary information to support those actions," he said. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation slowed to 23.4 percent year-on-year in February from 23.5 percent in January, data from the National Statistical Office showed on Tuesday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' Finance Minister Seetanah Lutchmeenaraidoo has asked to be relieved of his post and his position will be now be taken by the prime minister, the premier told reporters on Monday. Prime Minister Anerood Jugnauth made the announcement at his office after days of speculation in local newspapers about the fate of the finance minister, who had not returned to work for several weeks after a visit to the United States. Some media cited health issues and others cited differences in the cabinet. The prime minister said Lutchmeenaraidoo had been offered the position of foreign minister in a minor cabinet reshuffle. Jugnauth did not say if he had accepted. *(Reuters)*

Mauritius' current account deficit narrowed in the last quarter of 2015 compared with the same period last year, helped by a drop in net imports and a higher surplus for the services sector, central bank data showed on Tuesday. The Indian Ocean island is aiming to expand its financial services industry and manufacturing to broaden its economy away from a reliance on tourism and sugar production. The deficit fell to 2.21 billion rupees ($62.29 million) from 3.27 billion, and, as a percentage of gross domestic product, the deficit stood at 2.0 percent against 3.1 percent, the Bank of Mauritius said in a statement. "The merchandise trade deficit narrowed by 11.4 percent, from 21.84 billion rupees in fourth quarter 2014 to 19.36 billion in fourth quarter 2015, reflecting the higher decline in imports relative to exports," the bank said. The services account posted a surplus of 6.96 billion rupees in the fourth quarter of 2015, higher than the surplus of 4.81 billion estimated a year earlier, it said. For the whole of 2015, the current account deficit fell to 19.70 billion rupees from 21.82 billion in 2014 on the back of a significant narrowing of the negative trade balance. *(Reuters)*

The economy of Mauritius is expected to expand by 3.8 percent this year and 3.9 percent in 2017, broadly in line with the country's own forecasts, the International Monetary Fund said on Friday. The IMF said in a statement that it encouraged authorities to strengthen macroeconomic and financial sector resilience and pursue structural reforms to raise productivity and growth. Data published by the IMF showed the Indian island economy would expand by 3.9 percent in 2017 and by 4.0 percent in 2019. The Bank of Mauritius, the central bank, said in February that the economy would grow by 3.8 percent this year, a touch lower than the 3.9 percent forecast by Statistics Mauritius, after it held its key repo rate at 4.40 percent. *(Reuters)*

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TRADING

Nigeria

Corporate News

For the second week in a row, Guaranty Trust Bank Plc (GTB) maintained its lead garnering the highest allocation of foreign exchange from the Central Bank of Nigeria (CBN), as last week's figures have shown. GTB with an allotment of $30,902,089.86 was followed by First Bank of Nigeria Limited (FirstBank), which got $19,610,855.76, to come in second, while Stanbic IBTC Limited with $19,206,106 held the third slot. Zenith Bank Plc, which published returns of $16,823,160.04, came in fourth place, while Union Bank of Nigeria reported $15,602,956.71 to take the fifth place. Also First City Monument Bank Limited (FCMB) reported returns of $14,273,731.24 to occupy the sixth place, Diamond Bank Plc with $13,929,883.10 came in seventh, Access Bank Plc reported returns of $13,698,086.72 to occupy the eighth slot, and Standard Chartered Bank Nigeria with $13,541,059.33 was ninth. Standard Chartered was followed by Fidelity Bank – $11,152,667.93; United Bank for Africa Plc (UBA) – $11,152,667.93; Citibank Nigeria – $8,843,320.04; Sterling Bank Plc – $6,645,092.19; and Wema Bank Plc – $1,052,198.89. The returns of forex utilisation across board once more revealed that school fees and business and personal travel allowances, in terms of volume, accounted for the highest number of allocations, while other invisibles such as repatriation of capital, divestments by foreign portfolio investors from the equities and bond markets, accounted for a large chunk of forex purchases, in terms of value. For GTB, its returns revealed that, of the $31 million it got from the central bank, it sold $11.830 million (38 per cent) to Dangote Industries Limited for the payment of interest on the company's syndicated facility.

In all, GTB had 328 customers on its list, both corporates and individuals. Of the total, the payment for school fees abroad got the highest allocation in terms of volume, but it also sold dollars to some of its corporate customers importing raw materials, petrol and diesel, among others. Also, Lufthansa and Air France bought dollars from GTB for their ticket sales' remittances. First Bank also sold dollars to a total of 767 customers – corporates and individuals. Of all its customers, Dangote Cement stood out, having bought $4.999 million from the bank. FirstBank also sold dollars for customers paying tuition, and those importing medical equipment, raw materials and industrial equipment.
Returns by Stanbic IBTC once more revealed the huge volume of outflow by foreign portfolio investors exiting the country. About 50 customers bought dollars from Stanbic IBTC to divest from the bond and equities markets. Just like the preceding week, some of the portfolio investors included Northern Trust London, Milan/BNP Paribas, Deutsche Bank, London, Merill Lynch International, Bank of New York, and Standard Bank of New York. Zenith Bank also sold dollars to 465 customers, largely for school fees and PTA, while some purchased dollars from the bank to import essential raw materials and other visible items.

Union Bank's returns published for the last week of February and first week of March, accounted for the huge figures reported by the bank. Like its peers, it sold dollars for invisibles comprising school fees and PTA and also for the importation of essential industrial raw materials.
FCMB had 283 customers on its list. The bank sold dollars mostly to customers for PTA and for school payment abroad. Also, its corporate customers got dollars for the purchase of spare parts, pharmaceutical equipment such as infusion sets for needles, generators, and baby diapers, among others. Overall, returns published by all the banks showed that demand for forex remained high, reflecting the country's massive reliance on imported goods and services. *(This Day)*

The 7-UP Bottling Company Plc, Honeywell Flour Mill Plc and Sterling bank Plc topped the losers' table at the close of trading on the floor of the Nigerian Stock Exchange on Monday. The NSE market capitalisation dropped to N8.893tn from N8.939tn, while the All-Share Index also plunged to 25,853.58 basis points from 25,988.40 basis points. This represents a one-day loss of N46bn. Next in the top five losers category were Union Bank Nigeria Plc and Unity Bank Plc. A total of 174.501 shares worth N1.406bn exchanged hands in 3,632 deals. The 7-UP shares closed at N153.43 from N161.50, losing N8.07 (five per cent), while those of Honeywell Flour lost N0.09 (five per cent) to close at N1.71 from N1.80. Sterling Bank shares also depreciated by N0.08 (4.71 per cent) to close at N1.62 from N1.70. The shares of Union Bank went down by N0.28 (4.68 per cent) to close at N5.70 from N5.98, while those of Unity Bank closed at N0.67 from N0.70 losing N0.03 (4.29 per cent). Other losers on Monday were United Capital Plc, May & Baker Nigeria Plc, Flour Mills Nigeria Plc, Nigerian Breweries Plc, AxaMansard Insurance plc, Diamond Bank Plc, Transnational Corporation of Nigeria Plc, Wema Bank Plc, Fidson Healthcare Plc, Lafarge

Africa Plc, Stanbic IBTC Holdings Plc, Fidelity Bank Plc, Nigerian Aviation Handling Company Plc and Dangote Cement Plc. United Bank for Africa Plc, Oando Plc, Guinness Nigeria Plc and Unilever Nigeria Plc also appeared on the losers' table. A total of 16 firms featured on the gainers' chart with Conoil Plc, Tiger Branded Consumer Goods Plc, UACN Plc, Nascon Allied Industries Plc and FCMB Group Plc leading. Other losers were Zenith Bank Plc, Neimeth International Pharmaceutical Plc, Livestock Feeds Plc, Champion Breweries Plc, Academy Press Plc, FBN Holdings Plc, Guaranty Trust Bank Plc, Access Bank Plc, Skye Bank Plc, Seplat Petroleum Development Company Limited and Ecobank Transnational Corporation. Conoil shares closed at N18.24 from N16.56, gaining N1.68 (10.14 per cent, while those of Tiger Branded Consumer Goods also appreciated by N0.27 (9.85 per cent) to close at N3.01 from N2.74. UACN share price rose to N20.95 from N19.96, gaining N0.99 (4.96 per cent), while that of Nascon appreciated by N0.37 (4.93 per cent) to close at N7.87 from N7.50. FCMB shares also appreciated by N0.04 (4.88 per cent) to close at N0.86 from N0.82.*(Punch)*

Guaranty Trust Bank Plc on Monday became the first bank to release its financial performance for the year ended December 31, 2015. Contrary to great apprehension over likely poor bottom-line by banks due to headwinds in the financial sector, GTBank Plc ended the year with a higher profit and has recommended a final dividend of N1.52 per share. GTBank posted gross earnings of N298.8 billion, showing an increase of 8.1 per cent compared with N276.4 billion in 2014. Net interest income grew by 12.3 per cent from N142.4 billion to N159.9 billion. As was expected, impairment charges grew by 74.8 per cent from N7.1 billion to N12.4 billion. Operation expenses were flat at N96.4 billion, compared with N94.7 billion in 2014. Profit before tax rose marginally by 3.7 per cent to N120.7 billion from N116.4 billion, while profit after tax grew by 5.3 per cent to N99.4 billion, up from N91.4 billion. The directors recommended a final dividend of N1.52 per share, having paid an interim dividend of 25 kobo, bringing the total dividend to N1.77 per share or N51.33 billion.

A further analysis of the results indicate that despite the implementation of the Treasury Single Account (TSA) by the federal government, the bank's customer deposits remained relatively stable with a marginal decline from N1.62trillion in 2014 to N1.61trillion in 2015. Commenting on the performance, the Managing Director/CEO of Guaranty Trust Bank Plc, Mr. Segun Agbaje said: "That the bank's financial performance in 2015 is an indication that we have earned the loyalty of our customers and an attestation of the hard work and dedication of our staff, management and Board. The group has delivered a respectable Profit Before Tax of N120.7billion despite an extremely challenging business environment in 2015. As a bank, we will continue to actively partner with our customers and grow our business in a sustainable manner that is not only driven by profit objective, but with an increased focus on empowering our customers with a view to growing Nigerian economy. Also, we remain committed to maximising shareholders' value and delivering superior and sustainable returns whilst actively expanding our franchise in select, high growth African markets where we believe we have a competitive advantage." *(This Day)*

United Bank for Africa Plc has recorded a profit before tax of N68 billion for the year ended December 31, 2015, showing an increase of 22 per cent compared with N56.2 billion in 2014. Similarly, the bank defied competition and macroeconomic pressures to grow profit after tax by 25 per cent to N59.65 billion, from N47.9 billion in 2014. This translated to a 20 per cent return on average equity. Following the impressive performance, the board is proposing a final dividend of 40 kobo per share, bringing the total dividend for the 2015 financial year to 60 kobo per share. UBA had earlier paid an interim dividend of 20 kobo per share, following the audit of its 2015 half year results. Commenting on the result, the Group Managing Director/CEO, UBA Plc, Philips Oduoza, said: "Our 2015 profit is a new high, reflecting the hard work and discipline of our Board, Management and Staff in creating value for all stakeholders. We remain committed to growing in a responsible manner that aligns with our vision of building an enduring institution." He said the bank's resilient business model, geographic diversification, proactive strategies, and strong governance created an edge for it through the year. "We will continue to invest in our future whilst managing cost tightly to generate strong returns to shareholders," he assured.

Speaking in the same vein, the Group Chief Finance Officer (GCFO) of the bank, Mr. Ugo Nwaghodoh, said: "Amidst macroeconomic volatilities, we leveraged efficiency gains in our business development and operations to grow earnings. We improved on our balance sheet management and pricing, thus ensuring a strong 19 per cent growth in interest income as well as an enhanced net interest margin of 6.3 per cent. Our improved service delivery and customized offerings helped in growing transaction banking volume, with attendant fee income. While we were exposed to some external cost pressure, we managed to keep our cost growth at five per cent (below the average inflation rate of nine per cent in Nigeria; our core market which represents three-quarter of our operations)." He expressed satisfaction at the performance of the bank's Africa operations, particularly in synergy extraction and pursuit of scale economics to achieve market share and earnings targets. "Precisely, UBA Africa contributed 24 per cent of our Group's profit before tax in the 2015, despite the impact of cross-currency depreciation in some of our markets. While our cautious stance on lending in Nigeria moderated the loan book, we recorded a collective 14 per cent loan growth in UBA Africa, as we deepen market penetration and our share of customers' wallet. Our prudence and discipline in risk asset creation over the past half-decade sustained the quality of our loan portfolio; NPL ratio stabilized at 1.7 per cent with full provisions coverage," he stated. *(This Day)*

Nestle Nigeria Plc reported on Wednesday improved performance for the financial year ended December 31, 2015 despite the challenging operating environment. The company posted a revenue of N151.272 billion, compared to N143.329 billion in 2014.
Gross profit stood at N67.346 billion, up from N61.22 billion. Marketing and distribution expenses followed the same upward trend, rising from N24.7 billion to N25.9 billion, while administrative expenses rose from N7.34 billion to N7.693 billion. However, finance cost fell from N5.305 billion to N4.868 billion. The drop in finance cost bolstered the bottom-line of Nestle Nigeria, which ended the year with a profit before tax of N29.322 billion, up from N24.445 billion. Profit after tax grew from N22.236 billion to N23.736 billion. The company announced a final dividend of N19.00 per share, bringing the total dividend to N29.00. Shareholders had earlier received an interim dividend of N10.00 per share. Commenting on the fourth quarter(Q4) results, analysts at FBN Capital Limited said. Nestle's topline recovery which began in Q2 2015 has been sustained for three consecutive quarters. "According to management statements, sales were driven by an eight per cent year -on-year (y/y) growth in the foods business. We believe this is helped by continued product reformulation, an improved sales distribution network and relatively higher switching costs for the food category.

Our channel checks continue to reveal flattish y/y pricing for key Nestle products. As such, we believe unit volumes of around 10 per cent were the primary driver for the top-line trend. In addition to topline growth, a gross margin expansion of 305 basis point (bps) y/y to 44.7 per cent and an 80 per cent y/y decline in net finance charges boosted PBT growth which was up 99 per cent y/y. We note that the strong PBT growth is helped by easy comparables given an unusually weak Q4 2014. We note that Nestle's low reliance on imported raw materials continues to keep gross margin at healthy levels. We await management's comments on all of these lines," they said. Looking ahead, FBN said: "We believe consumer goods firms will struggle given the continued macroeconomic headwinds. Although the security in the north east is a lot better today, a combination of a higher inflationary environment, slower economic growth and lower disposable income would be major themes in 2016."*(This Day)*

The Guaranty Trust Bank Plc (GTBank) and MoneyGram on Wednesday announced the launch of a new fund receive service across the network of the commercial bank. This service will be available through MoneyGram's cash to account service. With the new service, customers in Nigeria can now receive money from friends and family in 200 countries and territories directly into their personal GTBank accounts within minutes. These funds can be accessed as customers would normally do on all deposits into their accounts either in person, online or through an ATM. MoneyGram CEO, Alex Holmes and GTBank's Executive Director, Wale Oyedeji, made the announcement during a signing ceremony in Lagos. "Remittances are crucial to Nigeria's economy. Nigerians living abroad sent more than $21 billion back into the country in 2015," Holmes said. He added: "MoneyGram's account deposit service makes it easy and convenient for both the sender and the receiver to transfer and receive funds. We are pleased to work with GT Bank and we are proud to be connected to almost 1.5 billion bank accounts in five of the world's largest remittance receive markets — Nigeria, China, India, Mexico and the Philippines." On his part, Oyedeji said: "This collaboration with MoneyGram is a reflection of the bank's commitment to building strategic partnerships that birth innovative financial solutions and provide our customers with a superior banking experience. With the account deposit service, our customers can receive money transfers via MoneyGram in minutes." Remittance is the second largest source of foreign exchange in Nigeria after the oil sector. According to the World Bank, Nigeria accounts for around two-thirds of total remittance inflow to Sub-Saharan Africa. In 2015, an estimated $21 billion flowed into the country. An estimated $5.7 billion was sent from the United States while about $3.7 billion was sent from the United Kingdom. Other key corridors include Cameroon ($2,4 billion), Italy ($1 billion), and Ghana ($0,8 billion). *(This Day)*

The Dangote Group, owned by Africa's richest man, Aliko Dangote, has opened a tomato-processing factory near Nigeria's northern city of Kano aimed at vying for the local market with imports from China. "We have fully started operations today and the target is 1,200 metric tons per day," the managing director of Dangote Farms Limited, which runs the plant, Abdulkareem Kaita, said Tuesday in an interview with Bloomberg. "We are going to work with the farmers, they can afford to produce more because there's a processing factory and they don't have to suffer losses like they did before." The plant that will produce 1,200 metric tons per day was built following a 2011 Central Bank of Nigeria study that showed it was cheaper to process tomato paste locally than import from China, the source of about 300,000 tons a year worth $360 million. Yet the country produces 1.5 million tons of tomatoes annually of which about 900,000 tons rot, according to the Agriculture Ministry. Dangote's facility will produce more than 400,000 tons of paste annually, with most of its raw material coming from farmers in the Kadawa Valley in Kano state. Farmers will receive a guaranteed price of about $700 per ton compared to an average of less than $350 now, according to estimates by the central bank, which helped organise the farmers and arrange credit from banks. The Dangote Group owns businesses including cement plants, flour mills, fruit canning plants, palm oil refineries, salt and oil assets. *(This Day)*

The directors of Zenith Bank Plc on Tuesday announced a final dividend of N1.55 per share for the year ended December 31, 2015, following a profit after tax of N105.663 billion recorded the year. The final dividend is in addition to the N0.25 dividend already paid to bring total return for the year to N1.80 per share. Zenith Bank Plc had paid N1.75 dividend per share in the previous year. The audited results made available to stock market operators by the Nigerian Stock Exchange (NSE) yesterday showed that Zenith Bank Plc recorded gross earnings of 432.535 billion in 2015, up by 7.2 per cent in 2014. Net interest income grew by 8.8 per cent from N206.503 billion to N224.582 billion. However, impairment charges rose by 20 per cent from N13 billion to N15.6 billion. Consequently, profit before tax recorded a growth of 4.9 per cent to be at N125.61 billion, compared with N119.7 billion. Profit after tax rose marginally by 1.2 per cent to N105.66 billion, from N103.275 billion in 2014. Based on the performance, the directors recommended a final dividend of N1.55 to shareholders. The dividend will be paid on April 6, 2016 after the approval by shareholders at the company's annual general meeting in Lagos.

Meanwhile, Ecobank Transnational Incorporated (ETI), parent company of the Ecobank Group has informed market operators that it will report materially lower profit for the year ended 2015 as a result of some factors. "The macroeconomic challenges faced by most African economies, lower crude oil prices, depreciating currencies, monetary and fiscal bottlenecks, due to global developments, negatively impacted expected revenue growth. Thus, revenue growth for 2015 will be below our target guidance," the bank said. It added that higher impairment losses on loans were recognised in the last quarter of 2015 across its loan portfolio. "Key actions have been implemented to strengthen our credit risk management processes. As a result, our revised growth targets communicated during our third quarter 2015 analysts and investor conference call for deposits and loans will not be achieved. We also expect our efficiency and asset quality metrics to be worse than targets. Based on the aforementioned, we expect our full year 2015 profit in US dollar terms to be lower than the nine-months to 2015 reported profit," ETI added. *(This Day)*

Africa's richest man, Alhaji Aliko Dangote, has partnered the Bank of Industry (BoI) and the Kaduna and Kebbi State Governments to acquire a majority stake in Peugeot Automobile Nigeria (PAN) Limited. This disclosure was made by the Kaduna State Governor, Nasir el-Rufai, at the launch of the BoI Youth Empowerment Scheme (YES). "We have submitted bids for the car maker … with Aliko Dangote on board together with BoI, Kebbi and Kaduna States… We are confident our bid will sail through," reported Reuters on Thursday. Peugeot is a joint venture between ASD Motors and the French automaker, with a long history in Nigeria, the anticipated hub of automotive assembling on the Africa continent. El-Rufai said Kaduna and Kebbi, along with BoI and Dangote, had submitted bids for the stake which the Asset Management Corporation of Nigeria (AMCON) is looking to sell. Peugeot Nigeria assembly plant located in Kaduna State has Peugeot Citroen PEUP.PA as its technical partner "with a capacity to assemble 240 cars a day". Though conceived in 1969, Peugeot found its roots in Nigeria only two years later, after winning a bid during the Yakubu Gowon-led government. In November 2006, PAN was privatised in line with government's agenda to build a stronger, more competitive and diversified economy. ASD Motors emerged as the successful core investor and took over the management of the company in January 2007, with a 54.78 per cent stake, making Sani Dauda CEO of both ASD Motors and Peugeot Nigeria. The expectation was that the privatisation of PAN would create a quantum leap in performance, but that has not happened, the company confirmed. "Following the accumulation of huge non-performing loans (NPL) indebtedness to banks, in October 2012, the Asset Management Company of Nigeria (AMCON) acquired the debts of the company and converted a portion to equity to help restructure the firm," Peugeot had said. The planned acquisition is expected to revamp the presence of the company in Africa's largest economy. But as news of the bid for Peugeot Nigeria broke yesterday, a new report by Nielsen, a US-based global and information measurement company, showed that Africa's largest economy was no longer the top investment destination on the continent. In its place, Cote d'Ivoire has risen to the top of the rankings. According to Nielsen, Cote d'Ivoire has been buoyed by a fast growing economy and a lengthy period of political stability highlighted by successful elections last year to become the prime destination for investments in Africa. However, that status could now be affected following a recent attack by Al Qaeda in the Islamic Mahgreb (AQIM). Having been ranked as the top investment destination at the start of 2015, Nigeria has now fallen to fourth on the rankings in Africa.

The ominous slide fits the narrative of Nigeria's slowing economic growth amid a global slump in commodity prices, the report said. Oil in particular, Nigeria's main export and revenue source, has been badly hit. According to the research firm, Nigeria's slide was "driven primarily by deteriorating macro-economic indicators". It also added that "consumer indicators and overall confidence levels" have also dipped. A recent capital importation report by the National Bureau of Statistics (NBS) also confirmed the Nielsen report. Last year, Nigeria's recorded total inflow of capital into the economy stood at $9.6 billion —a 53 per cent drop from the previous year and the lowest recorded total since 2011. While incidental economic factors have largely contributed to Nigeria's floundering economy, the country's government has also come in for criticism for not managing the crisis effectively. President Muhammadu Buhari's handling of the economy has been questioned with the Central Bank of Nigeria (CBN) instituting strict monetary controls in response to commodity prices and a currency slide. These controls, which inevitably strained citizens and hardly had the desired effect, have been described as unorthodox. As Buhari closes in on his first year in office, many Nigerians will be hoping that in his second year, the focus will be on triggering an economic rebound in Africa's biggest economy following slowed growth. *(This Day)*

Access Bank Plc on Thursday excited the capital market community with an impressive financial performance for the year ended December 31, 2015. The bank reported growth in all performance indicators despite the economic headwinds. Gross earnings rose by 38 per cent from N337 billion to N245.4 billion in 2014. Interest income and non-interest income contributed 62 per cent and 38 per cent, respectively to the gross earnings. Non-interest income stood at jumped by 89 per cent to N129.450 billion from N68.429 billion. Profit Before Tax (PBT) grew by 44 per cent from N52 billion in 2014 to N75 in 2015. Profit After Tax (PAT) was up 53 per cent from N43.1 billion to N65.9 billion. Return On Average Equity (ROAE) improved from 16.5 per cent in 2014 to 20.4 per cent in FY 2015, indicative of the bank's commitment to maximising shareholder returns. The bank recommended a final dividend of 30 kobo per share to bring the total dividend to 55 kobo, having paid an interim dividend of 25 kobo per share. Access Bank's customer deposits rose by 16 per cent to N1.68 trillion, from N1.45 trillion in December 2014 driven by enhanced customer engagement and an accelerated deposit mobilisation drive. Total Assets closed at N2.59 trillion, up 23 per cent from N2.1 trillion in December 2014, reflecting overall business growth. Commenting on the results, Group Managing Director / Chief Executive Officer, Access Bank, Mr. Herbert Wigwe said: "Guided by a robust risk management framework, our diversified business model yielded positive results as we grew the business cautiously and recorded sound prudential ratios. During the year, we successfully raised capital by way of Rights Issue which has significantly strengthened our capital base and now provides us with sufficient headroom to harness opportunities in key growth sectors of the economy. In addition, the recent upgrade of our national scale credit rating to 'A' by Fitch Ratings – even in an extremely difficult environment – will enable growth in the market share of our customers' businesses and solidify our position as a top player in the industry."

According to him, in the coming year, "we will remain resilient in the execution of our bold strategy for increased growth and profitability." MoneyGram International Incorporated, the world's second-largest money transfer provider, expects faster sales growth in Nigeria even as Africa's biggest economy buckles under lower oil prices and foreign-exchange controls that have created a scarcity of dollars. If the situation in Nigeria were to deteriorate, people living abroad will send more money home to help support their families, Chief Executive Officer Alex Holmes said in Lagos. Transactions from the continent's most populous nation increased in 2015 compared with the prior year, he said, declining to be more specific. Africa's largest oil producer is struggling to cope with a plunge in crude, which accounts for about two thirds of government revenue, as prices slumped to a 12-year-low this year. Growth in gross domestic product slowed to 2.8 percent in 2015, the weakest since 1999. "Nigeria is a very virile receive market,'' Bloomberg quoted Holmes to have said. "If GDP and the oil price stay low over a prolonged period it could begin to impact our business, but for 2016 we feel very good. As the population grows, so does our business.'' The company is working on ways to ensure that people who receive naira payments get it at a "fair' exchange rate, he said, without elaborating. "We focus on putting an improved rate into the market as often as we can, so that we are balancing the difference,'' between the official and black market rate, he said.*(This Day)*

The United Bank for Africa (UBA) expects loan growth of 10 to 15 per cent this year, reversing a 3.3 percent decline last year, it said on Thursday. The top tier lender had originally forecast loan growth last year of five to eight per cent but that did not materialise. Loans grew 14 percent in 2014, the bank said. "Because of uncertainty in the macro-environment we decided to be very cautious in the growth of risk assets, "Reuters quoted the bank's Chief Executive Officer, Phillips Oduoza, who is due to retire by July to have said, explaining the drop in loans last year. "For this year we see a positive outlook but we will continue in our conservative approach to risk creation." While commenting on the bank's 2015 results released recently, Oduoza had explained that the 2015 profit was a new high, saying it reflected the hard work and discipline of our Board, Management and Staff in creating value for all stakeholders. "We remain committed to growing in a responsible manner that aligns with our vision of building an enduring institution." He said the bank's resilient business model, geographic diversification, proactive strategies, and strong governance created an edge for it through the year. "We will continue to invest in our future whilst managing cost tightly to generate strong returns to shareholders," he assured. Speaking in the same vein, the Group Chief Finance Officer (GCFO) of the bank, Mr. Ugo Nwaghodoh, had expressed satisfaction at the performance of the bank's Africa operations, particularly in synergy extraction and pursuit of scale economics to achieve market share and earnings targets.*(This Day)*

Economic News

Nigeria's state oil company withheld 3.2 trillion naira ($16 billion) in revenues from the federal government in 2014, the auditor-general said on Monday, the same year that the then central bank governor was suspended after making similar claims. Constitutionally, the Nigerian National Petroleum Corporation (NNPC) must hand over its oil revenue - which makes up about 70 percent of total income - and money is then paid back based on a budget approved by parliament. President Muhammadu Buhari won office last May in Africa's biggest oil-producing nation, promising to end the graft and mismanagement that has stunted the continent's biggest economy. Nigeria is going through its worst economic crisis for years due to tumbling crude prices. Buhari has said mind-boggling amounts of oil money were stolen, leaving state coffers virtually empty when he came to power and deepening the crisis. The report by Auditor-General Samuel Ukura stated that the findings were based on an "examination of NNPC mandates to CBN (Central Bank of Nigeria) on Domestic Crude Oil Sales and Reconciliation Statement of Technical Sub-committee of Federation Account Allocation Committee (FAAC) meeting held in January 2014". "Amount not remitted to FAAC was N3,234,577,666,791.35," the auditor-general said in his report. A spokesman at NNPC said he was unable to comment. According to the latest figures on OPEC's website, Nigeria's oil exports are worth about $77 billion a year.

In 2014, the central bank governor, Lamido Sanusi, was suspended after accusing the NNPC of failing to pay $20 billion into government accounts between January 2012 and July 2013. Although the constitution requires NNPC to hand over its oil revenue, the act establishing the state oil company allows it to cover costs before remitting funds to the government. Buhari, who sacked senior NNPC managers just weeks after his inauguration, has approved splitting the company into upstream, downstream, gas power marketing, refinery groups, and ventures divisions in an attempt to improve transparency. Ukura, who presented his findings in a report to lawmakers at the national assembly, said other government ministries and agencies had also failed to remit funds, taking the total money withheld to 3.3 trillion naira for 2014. Gas export sales worth $346 million were stated to have been paid to the government but "no statements or documents were made available to confirm the receipts", his report said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria's state oil company on Wednesday challenged official allegations that it had failed to remit 3.2 trillion naira ($16 billion) in revenues to the government in 2014 and said it only owed $1.64 billion. The auditor-general made the allegations in a report two days ago. President Muhammadu Buhari won office last May in Africa's biggest oil-producing nation, promising to end the corruption and mismanagement that has stunted the continent's biggest economy. Under the constitution, the Nigerian National Petroleum Corporation (NNPC) must hand over its oil revenue - which makes up about 70 percent of total income - and money is then paid back based on a budget approved by parliament. The latest figures on OPEC's website state that Nigeria's oil exports are worth around $77 billion a year. However, the act establishing the state oil company allows it to cover costs before remitting funds to the government. "The declaration by the AuGF (Auditor General of the Federation) may have been borne out of misunderstanding of how revenues from crude oil and gas sales are remitted into the Federation Account," said NNPC Chief Financial Officer Isiaka Abdulrazaq in a statement. "NNPC wishes to state in strong terms that the AuGF's declaration is erroneous," he said, adding that the auditor-general had failed to account for costs including a fuel subsidy, pipeline vandalism and maintenance. "Consequently, the figure owed to the Federation Account as at January 2015 Federation Account Allocation Committee (FAAC) meeting report was N326,142,137,205.79 ($1.64 billion)...and not the N3.23 trillion alleged by the AuGF," he said. In 2014, the then central bank governor, Lamido Sanusi, was suspended after accusing the NNPC of failing to pay $20 billion into government accounts between January 2012 and July 2013. Buhari, who sacked senior NNPC managers just weeks after his inauguration, has approved splitting the company into upstream, downstream, gas power marketing, refinery groups, and ventures divisions in a bid to improve transparency. *(Reuters)*

Nigeria's annual consumer inflation rate rose 11.4 percent in February, 176 basis points higher than in January, to near a three-and-a-half year high, data from the National Bureau of Statistics (NBS) showed on Tuesday. Africa's biggest economy is facing its worst economic crisis in decades fuelled by the collapse in crude prices, which has slashed government revenues, weakened the currency and caused growth to slow. The economy grew 2.8 percent last year, its slowest pace in decades. Food prices, which account for the bulk of the inflation basket, climbed by 11.3 percent in February compared with 10.6 percent the previous month, the NBS said. "All major food groups which contribute to the food sub-index increased at a faster pace during the month," the NBS said in a report. The NBS expects inflation to end the year at 10.16 percent, above the central bank's target upper limit of nine percent. The price index ended at 9.55 percent last year. The rate of inflation steadied in January after rising for two consecutive months towards the end of last year. *(Reuters)*

Nigeria raised 125 billion naira in local currency-denominated bonds maturing in 2036, 2026 and 2020 at an auction on Wednesday, paying lower yields than at the previous auction on Feb. 10, the Debt Management Office (DMO) said on Friday. The office said it had sold 40 billion naira of 2036 paper at par with 12.40 percent yield, 40 billion naira of the 2026 debt at 12.09 percent returns against 12.39 percent at the previous auction in February. It also sold 20 billion naira of the 2020 debt at 11.33 percent against 12.19 percent previously. The debt office also allocated an additional 5 billion naira of the 2020 maturing debt and 20 billion naira of the 2026 paper to investors in a non-competitive bid outside the auction. Subscriptions from investors stood at 262.42 billion naira compared with 234.25 billion naira at the last auction. Africa's biggest economy issues local bonds as part of measures to finance the government budget deficit and also help to manage liquidity in the banking system. Nigeria said it would borrow about 900 billion naira locally to finance part of the 2.2 trillion naira deficit in its 2016 budget.*(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

SWISSPORT Tanzania has posted an outstanding profit of 18.14bn/- in the year 2015, equivalent to 40 per cent increment compared to 12.94bn/- of the previous year. The good performance is largely attributed to increased traffic, the use of bigger aircraft by airline customers, foreign exchange gains and strict cost control. According to Swissport Tanzania Audited Financial Results for the year ended 2015, total revenues increased by 29 per cent to 57.36bn/- compared to 44.59bn/- of the year before. During the period under review, Swissport Tanzania completed the expansion of and installation of product compartments in the current export cargo cold storage facility at Julius Nyerere International Airport (JNIA). "The facility has significantly improved our capacity to handle perishable cargo, thus enhancing significantly the quality of services offered to our cargo customers," the statement said. Also the entrance of other operators into cargo handling at the JNIA to start operations soon is expected to fuel competitions. But the optimism is for the company's performance to be favourable. However, prospects of the local aviation market are still favourable, indicating increase in the number of flights while the volumes of cargo are expected to remain constant at best. To cope with the changing and challenging business environment, several strategies and plans have been put in place, including continued investment in infrastructure, ground support equipment and human resources development. Similarly, the board announced the final dividend of 8.93bn/- or 248.22/- per issued share and fully paid share. An interim dividend of 5.57bn/- or 154.84/- per share was paid in November 2015 making the total dividend for the year to be paid 14.51bn/- or 403.06/- per issued and paid share.*(Daily News)*

THE Bank of Tanzania (BoT) has said the merger of National Bank of Commerce and Barclays Bank Tanzania is still under consideration. The central bank said the government, was yet to firmly decide on merging of NBC and Barclays Bank both owned by Barclays Africa Group. BoT Director of Banking Supervision, Kened Nyoni, said their role in the merger transaction is to ensure observance of legal and regulatory framework should shareholders decide to merge. "We are aware that the government of the United Republic of Tanzania has not firmly decided on the merger as the subject is still under consideration," Mr. Nyoni said in an e-mail. One key role of the government as one of the shareholders is to ensure it protects its value of the shares in NBC or the merged institution. The regulator said they could not speculate at this moment as when the merger would happen since the issue is still being considered by the shareholders themselves. "The issue of merger, if will happen, will be handled by shareholders of these two institutions," Mr. Nyoni said. "BoT is not empowered to determine which institutions will remain should shareholders decide to merge these two banks. "This should be viewed as an issue to be agreed between the shareholders of the two banks." BoT said they are not anticipating any complication following the merger of the two and they have laid down legal and regulatory framework to tackle these issues if they rise.

"Therefore any complications which might arise should these two banks agree to merge, will be handled accordingly," Mr. Nyoni said. The two banks have been operating independently for the last three years despite being owned by a single entity – Barclays Africa Group. In 2013, ABSA of South Africa bought the majority of the Barclays Plc operations in Africa and created the said group. Barclays Africa Chief Operating Officer David Hodnett said discussions are still underway with BoT on merging BBT and NBC making them a single entity. "We are working with the authority for sustainable way forward of the two banks," Mr. Hodnett, who is based in Johannesburg, South Africa told 'Daily News' during a teleconference. Kihara Maina, Barclays Tanzania Managing said, there were ongoing discussions on the merger but he reassured the public that soon after the decision is made the information will be made public. BBT has 80,000 customers with 500 members of staff and 22 branches. While NBC, serving Tanzanians for some 45 years, has more than 52 branches country wide. NBC traces its origins to 1967 when the government nationalized financial institutions, including banks. NBC took BBT operations. The Barclays Africa Group, formerly known as Absa Group Limited, is the largest consumer banking group in South Africa. *(Daily News)*

Economic News

BROKERS are optimistic that firms that have recently posted good financial results will push up their share price in the stock market. Arch Financial and Investment Advisory, Head of Stock Brokerage Edwine Mahenge said stock brokers were pegging their hopes for the stock price stimulation on good financial results companies have started issuing from last year. "We foresee an increase in the demand of these shares which will push the price further up next week," Mr. Mahenge said in a statement. The brokers are foreseeing an increase in demand for stocks of some companies which traded at decreased price since the beginning of this year, he said. The analyst predicted that once the investors see good results their appetite for share will increase thus seeing the stock rallying again in the near future. "Investors' appetite for shares will also increase to the companies with good performance for year ended (last) December," Mr. Mahenge said in the report issued on Tuesday. Tanzania Securities daily report shows that Tanzania Share Index (TSI) lost some 16.69 per cent to 4,001.27 points of Tuesday. The TSI was pulled down by share price slumping of NMB which lost 19.6 per cent, TCC (-31.6 per cent), Twiga Cement (-13.63 per cent) and Simba Cement (-21.35 per cent).

The only equity that registered a positive growth in price was TOL that surged by 5.26 per cent. Last week some of the listed companies Swissport Tanzania and TCC published their financial results for the year end December 2015 which showed it made an outstanding profit of 18.14bn/- , equivalent to 40 per cent increment compared to 12.94bn/- of the previous year. Tanzania Securities, Operations Officer, Sia Mrema, said in a daily market report that the turnover recorded a slight increase yesterday to 79.2m/- from 76.94m/- of previous session. However, Ms Mrema said "volume plummeted to 46,590 from 107,919 shares transacted," on daily basis. On week-to-week basis, Arch Financials said, the turnover during the week ended last Friday was slightly higher, gained 145 per cent to 7.27bn/- above previous week. Although, the activity level went down by 57 per cent to 1.9 million shares compared to volumes transacted previous week. The DSE all share index (DSEI) closed on red. Also Tanzania share index (TSI), industrial and allied (IA) and Banking Sector Index (BI) closed red last week as well. The DSEI went down by 0.3per cent to close at 2,403.92 points while the TSI slid down by 2.6 per cent to close at 3,959.11 points. On other hand, BI went down to close at 2,550.70 points, lost 2.2 per cent due to price decrease on DCB and NMB, the IA also went down by 3.1per cent to close at 5,319.89 points dragged down by loss on TCC,TBL and Twiga Cement. *(Daily News)*

Zambia

Corporate News

ZAMBEEF joint chief executive officer Francis Grogan says the palm plantation will require a further US$24 million investment over the next five years. And President Edgar Lungu says Zambeef's Zampalm plantation in Muchinga Province will be a success only if it improves the lives of Zambians. Speaking on Sunday when President Lungu toured the 20,000 hectare plantation, Grogan said the project would also include planting palm trees on 1,400 hectares and the upgrading of the mill to a 20-tonne-per-hour mill. "The total investment cost of the whole project will be approximately US$40 million, of which Zambeef has spent US$21 million so far. At current prices and at an average production of 3-3.5 tonnes per hectare, Zampalm could generate more than US$170 million in revenue over the next decade," Grogan explained. He added that the production of palm oil would assist the nation with food security. "The rural area of chief Kopa has seen real development and poverty alleviation. We are well on our way towards the import substitution of edible oil that our economy needs; 180 permanent jobs have been created in the area - with more to come; and we have developed a new primary industry in Muchinga Province in a pioneering sector that has never before been established in this part of Zambia," said Grogan, adding that the demand for edible oils in Zambia is huge and would continue to grow as the country develops. And President Lungu said his government would support the project up to its fruition. "Let me underscore that this project has our total support, but it is only going to be a success by how much it improves the lives of our people here in this community," President Lungu said. He added that the plantation's plans for an out-grower scheme was a welcome move as Zambia already had successes in out-grower schemes in the sugar plantation sector. "Your prospect on developing an out-grower scheme is most welcome...and you have told me the success story of out-growers in Uganda. So we will help you in ensuring that this out-grower scheme kicks off in the shortest possible time, because we want these people to be their own business managers," said President Lungu. *(Post Zambia)*

Economic News

No Economic News This Week

Zimbabwe

Corporate News

Zimbabwe's largest mobile telecommunications group Econet Wireless has ventured into the security industry following the launch of its 'connected home' service that brings together security and energy management under a single internet-based platform. The product known as Econet Connected Home allows one to access, monitor and secure a home from anywhere with the use of high end alarm systems and related accessories such as IP cameras, smart plugs as well as rapid response reaction services in the event of an intrusion or attempted intrusion. Econet chief executive Douglas Mboweni said his company thrives by offering solutions that help people change the way they live and engage with the world. "With reports of crimes such as house and shop burglaries, it is now more important than ever to improve home security for peace of mind, improve home visibility, and take full control of one's home from anywhere," he said. Mboweni noted that other conveniences brought by Econet Connected Home include, glass break detection, liquid petroleum gas leakage detection, smoke detection, smart plugs to remotely control electrical switches from a mobile application and rapid response in the event of any form of detected or attempted intrusion. "The use of a mobile application alongside the service brings a lot of flexibility to customers as they do not have to be at home to view what is happening around the home," he added. Econet's home system uses a hub and smartphone app to control the various areas, with the software also learning from the household habits to ensure an efficient use of energy.

The latest development comes at a time "smart homes" are becoming increasingly more popular throughout the developed world as more and more consumers find out about the benefits connected technology can bring. Standard features of the connected home system — the first of its kind in Zimbabwe — include a pet immune motion detection inside and outside the house, window or door guards to detect unauthorised opening or attempted opening and on site strobe siren to detect intruders. A panic button and connected home mobile application are also some of the standard features of the platform. This is not Econet's first venture into the field of connected devices. Last year, the mobile giant launched a new vehicle tracking system known as Econet Connected Car that allows customers to track their vehicles by providing fleet management services. With Econet Connected Car, the car can actually perform a self-diagnosis and sends regular reports to its owner. *(Nehanda Radio)*

Innscor is set to move a biscuits and snacks manufacturer to the National Foods set up to complete the reconfiguration of the group into a light manufacturing company. Well-placed sources said the group will add the snacks business to Natfoods although they were already involved in the business. The company; Breathaway Food Caterers makes Zapnax snacks and Iris Biscuits. A couple of disposals and an imminent unbundling will see the group becoming a "pure light manufacturing business," according to chief executive Toni Fourie. The group will, at the end of the current financial year, now be made up of Irvine's, Colcom Ltd, Bakeries Factory, Natfoods, Profeeds, Natpak and Capri. Natfoods which is the biggest of the units will be comprised of Maize, Flour, FMCG, Other (which could include a stake in Zim Gold) and an ANO (a yet to be announced acquisition, which well-placed sources say is Breathaway). Mr. Fourie told analysts last Thursday that the group's portfolio had been reconfigured as mentioned last year although under a complex agenda which helped mitigate some of the risks. "We undertook significant restructuring in the interim period and as a result once-off costs have impacted on the results." In the period, Quick Service Restaurants had been unbundled while the group had exited Spar Corporate stores and closed the DC. A decision had been taken to dispose of Zambia and the process was currently ongoing. The River Club would also be disposed of while the company had exited Shearwater. But a corporate services company had been created while Transerv had been acquired in the period. The plan now is to unbundle speciality retail which will include Transerv, TV Sales and Home DGA Zimbabwe and region. The transaction will be concluded in April/May. The corporate centre will be shrunk into two companies which will result in a much leaner structure.

The group had also acquired a 29 percent stake in Profeeds. "Given this portfolio of assets, the Group's view is that the current environment provides substantial opportunities for growth which it is now well positioned to take advantage of." He noted that the units (under light manufacturing) had achieved organic growth except Capri which had struggled after the collapse of the export market following the devaluation of currencies. "However, in spite of this we do have great companies which we can only do good things with. Setting aside Spar, I believe we produced a strong set of results." On a continuing basis, in the six months to December, the business reported a growth of 2 percent to $300,6 million. Fourie said there was a good growth in volumes after prices of selected products were reduced. In turn capacity utilisation improved and through restructuring the group saw improved efficiencies which lowered the operating expenses. "The good thing to note is that money is now staying in the group." At a segment level, Speciality Retail and Distribution turnover was at $104,6 million, a 1 percent increase, QSR (only for Q1) was at $38,33 million and other businesses were down 37 percent to $45,16 million. As a result total consolidated revenue was down 5 percent to $467,93 million. Operating profit was up 8 percent to $27,4 million while the pre-tax line grew 18 percent to $20,5 million. Operating profit of the discontinued businesses, however, declined 43 percent as they were distorted by the once-off effects of the disposal and closure of Spar Retail and DC. EBITDA for continuing ops was up 8 percent at $27,44 million but consolidated was down 13 percent to $37,52 million. The bottom-line was up 23 percent to $15,8 million and basic EPS was up 65 percent to 1,78c on a continuing basis but down 44 percent to 1,40c overall. Total profit for the period was at $15,33 million, a decrease of 23 percent from $23,79 million last year. Total dividend declared for the period was 5,74c including the dividend in specie already paid of 5,44c. *(Herald)*

Starafrica Corporation has sold Bluestar Logistics to a local private company for $1,5 million. The purchase price comprised a deposit of $200 000 with the balance being paid in equal instalments over a period of 13 months, Starafrica said in a statement yesterday. Bluestar's profitability was negatively affected by low business volumes from Goldstar Sugar Harare, a sugar refining division of Starafrica and the impasse between platinum producers and Government on taxrelated issues, the company said in December. "In terms of the loan agreement between PTA Bank and Starafrica, the purchaser paid deposit and will pay the balance of the purchase price, directly to PTA Bank as part of settlement of the debt owed to PTA Bank by Starafrica corporation," said the company. However, the company is still looking for buyers of its 33 percent shareholding in Tongaat Hullet Botswana. The disposals are part of the scheme of arrangement entered into with creditors and lenders in August 2013. The company did not provided an update on operations. But in December last year, it said the integration of its sugar refinery, Goldstar Sugar in Harare would be completed during this quarter. This will see the company doubling daily capacity to 600 tonnes. Currently, the company is producing 300 tonnes per day, enough to meet demand from retail and industrial consumers. The group's revenue increased to $6,6 million in six months to September last year from $2,8 million in the previous comparable period due to increase in sugar sales," Starafrica said. Loss for the period was $5,2 million from $3,1 million. The group's total assets stood at $37 million against total liabilities of about $73,5 million. Short-term loans and borrowings stood at $36,7 million, up from $31,9 million while other current liabilities increased to $28,3 million from $25,4 million. Long term loans and borrowings declined to $6,3 million from $9,4 million.*(Herald)*

LISTED food and beverages company, Dairibord Holdings expects a 10 percent increase in volumes this year, mainly benefiting from expansions and new flavours and value offerings. The company plans to spend $6 million on Chimombe milk carton investment and expansion of maheu plant in Chitungwiza, chief executive Mr. Anthony Madiwanza said. Growing opportunities in the informal sector and investment in brand building will also spur volume growth, but revenue is expected to remain flat due to a projected price reduction. Dairibord recorded a 19 percent growth in sales volumes in the full year to December 31 to 84 million litres, driven by beverages portfolio and the group said it will focus on "defending volumes". "Volumes will be up 10 percent but if you factor in the impact of the 10 percent price reduction, our revenue will remain flat," said Mr. Mandiwanza. Weak consumer demand mainly resulting from liquidity constraints continue to put pressure on prices. Being a consumer facing stock, the stagnation in revenue, albeit projected volume growth, depict a scenario much bigger than the company itself.

It is a case of an economy in depression pulled down by among other things, weak consumer demand, pricing pressures from imports, weak regional currencies and subdued capacity. Last year, the company recorded a 4 percent increase in revenue to $103 million while sales volumes rose 19 percent compared to the previous comparable period. The beverages portfolio comprising Pfuko maheu, Cascade and Aqualite mineral water contributed 45 percent to overall volumes. Liquid milks grew by 1 while foods fell 4 percent. "The change in consumer spending patterns, from luxury products to basics, negatively impacted the performance of foods which comprises mainly ice creams and yoghurts." Dairibord said the mis-match between revenue growth and volume performance was due to a change in the product mix and reduction in consumer prices. While volumes and revenue grew by 19 percent and 4 percent respectively, total operating costs rose by 1 percent, benefiting from business re-alignment initiatives put in place early last year. As such, operating profit for the period improved to nearly $4 million from $1,35 million a year earlier. The operating profit margin was 4 percent up from 1 percent in 2014. Dairibord Malawi recorded an operating loss of $11 000 an improvement from an operating loss of $383 000 a year earlier. It is expected to positively contributed to the group's earnings this year.

The board will however, continue reviewing its position on the investment, taking into consideration the performance of the business trends and macro-economic environment. Predicting "tough times ahead" Mr. Mandiwanza said the group would focus on curtailing procurement costs of materials and services while further enhancing production and distribution efficiencies to minimise the impact of negative economic environment. The group will also focus on import substitution through product innovation. Mr. Mandiwanza said the company will put on hold its heifer procurement programme due to droughts. Last year, the programme contributed 8 percent of raw milk. The company had targeted to procure 500 heifers last year but imported 330 due to challenges in obtaining permits from the Government. *(Herald)*

GOVERNMENT is finalising the revival strategy for Zisco Steel which will see a new investor coming on board and taking up a controlling stake in the giant Kwekwe steel manufacturing company. Speaking at the South Africa-Zimbabwe Business Forum at Village Lodge in Gweru on Wednesday, Industry and Commerce Deputy Minister Chiratidzo Iris Mabuwa said Government was prioritising the revival of Zisco Steel which is strategic in the economic turnaround of the country. Deputy Minister Mabuwa said negotiations with a new player were advanced following the collapse of the Essar Holdings deal. She said, Essar started backtracking on the deal following the plummeting of metal prices on the international market and proposed that Government should find a new player to partner the Indian company. "The revival of Zisco is now at its final stage. As you are aware we have been negotiating with Essar Holdings but when metal prices started plummeting on the international market they felt that the business would not be as lucrative as they anticipated. "However, they did not totally withdraw but asked not to take the entire portfolio and also requested us to find another partner who will join them in the business. "It should be understood that when we engaged Essar, they were not the only ones interested in Zisco. We decided that we could not just sit down on an asset and there is something that we are doing now. At the moment I might not be right person to make the announcement but whatever we are doing pertaining to the revival of Zisco is in its final stages," he said.

Deputy Minister Mabuwa said Government had also found South African partners for ZIMASCO and was keen to revive Zimbabwe Alloys Company (ZimAlloys). "It is also in this province that the two biggest ferrochrome processors, ZimAlloys and ZIMASCO, are based. I am happy to announce that ZIMASCO has returned to life by leasing out three furnaces to Portnex of South Africa and they have since commenced operations. The Essar deal was expected to bring back life to Redcliff while at the same time uplifting the well being of over 3 500 workers. Under the deal, Essar, were to invest over $4 billion over the next four years at New Zim Steel, including setting up a 600MW thermal power plant to support the steelworks. *(Herald)*

Economic News

Zimbabwe's government and telecommunications sector will partner to set up a fund to support and promote budding innovators in the country's information technology sector, ICT Minister Supa Mandiwanzira has said. Under the initiative, the telecommunications companies are expected to contribute one percent of their annual revenue into the fund. The latest available annual revenue statistics from the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) show the sector registered $907 million revenue in 2014, which would translate to a $9 million potential contribution to the fund. It is anticipated up to $25 million would be mobilised in the next two years. The idea was born out of complaints from the players in the telecommunications sector who wanted government to either ban or stifle use of over the top services (OTTs) such as WhatsApp, Viber and Skype which are eating into their revenues, the minister said. "We did mention that as a progressive government which promotes access to technology, we were averse to the idea of stifling these technologies or banning them but rather we should look at an opportunity to develop our own young Zimbabweans who should develop software and programmes that counter those that are coming from Silicon Valley," the minister said on Thursday at the E-Tech Africa Symposium. "After those engagements, we agreed with industry that one percent of the revenue of telecom companies which they generate out of the use to telecommunications services will go now into this specific fund for the promotion or development of platforms, applications by Zimbabweans." Silicon Valley, which is in the United States, is the home to many of the world's largest high-tech companies as well as start-up companies. Mandiwanzira said government would partner with other institutions to promote successful homemade applications. "Home grown innovations are very important because they address issues that we face on a daily basis," he said. "We believe that this is an opportunity where we can partner other institutions such as venture capital funding where if brilliant ideas come out, we help to develop these ideas, to patent them and take them to Zimbabweans and the global market and it's a win-win, everybody benefits." *(Source)*

The Reserve Bank of Zimbabwe through various stakeholders is aiming to increase the level of access to formal financial services within the country to 90 percent from 69 percent while improving the proportion of financially included small business to 80 percent by 2020.
The financial sector and the Small and Medium Enterprises and Co-operative Development will, on the same 2020 time lines, ensure that at least 80 percent of the MSMEs have a formal bank account in the name of the business. The targets are contained in the National Financial Inclusion Strategy which was officially launched last Friday. The strategy seeks to ensure the existence of an inclusive financial sector that broadens access to and use of financial services by all with the view of endangering social and economic development. To help attain the goals, the RBZ, Ministry of Finance and Economic Development will set up a $10 million SME fund by March 31. To support that, every banking institution has been given to June 30 this year, to set up a dedicated business unit, which should be adequately capacitated. Banks will also have to set their annual target lending to MSMEs categorised by gender, enterprise size and business sector among other variables and submit their targets to the RBZ. Speaking at the National Financial Inclusion Strategy launch last week, RBZ governor Dr John Mangudya said it was important that Zimbabwe pushes for higher financial inclusion as it was one of the drivers of economic growth. "We cannot increase fiscal space when key players such as smallholder farmers, women, youth, micro-small to medium enterprises are outside the formal banking system."

Finance and Economic Development Minister Patrick Chinamasa who was the keynote speaker at the launch, said Government is cognisant of the fact that financial inclusion has become a worldwide phenomenon. He said Government attaches significance to increased financial inclusion as this improves the lives of many of the most vulnerable in the country. "The strategy is a holistic approach which should address the four key dimensions to financial inclusion namely, access, quality of the products and services, actual usage of accessed products and services and their impact on those accessing them. "The strategy is a product of wide consultations and has been informed by international best practices in the field of financial inclusion," said Minister Chinamasa. RBZ director bank supervision Norman Mataruka said successful implementation requires stakeholders to take ownership of various deliverables. "The overall goal of the strategy is to increase the level of access to formal financial services within the country from 69 percent in 2014 to at least 90 percent by 2020. It is also our aim to increase the proportion of banked adults to at least 60 percent by 2020 from 30 percent in 2014," said Mr Mataruka. He said the implementation process must be underpinned by effective communication as it identifies key priority areas and strategic indicators. Mr Mataruka said the central bank will be engaging stakeholders to work on various target areas and thematic areas were identified to spearhead the implementation. The Women and Finance Development thematic area will play a role of establishing challenges faced by women in accessing financial services while also promoting inclusion of women in the financial sector and their economic empowerment.

According to the targets, banking institutions should establish separate Women's Entrepreneurs Dedicated Desks by June 2016 while the Ministry of Industry and Commerce, ZimTrade and Ministry of Women Affairs will assist women to secure markets for their products by June 30, 2017. Youth Finance and Development thematic area will establish challenges faced by youth in accessing financial services and also promoting inclusion of the youth in the financial sector and their economic empowerment. The Rural and Agricultural Finance area will facilitate the design of appropriate financial products and services for rural and agriculture population. Digital finance thematic area has a role to promote interoperability of telecommunications and payments infrastructure to enhance financial inclusion and recommend innovative products which can be offered to the market for financial inclusion promotion. Financial Literacy and Consumer Protection will ensure implementation of strategies to enhance financial literacy levels across the Zimbabwean population and facilitating the design and implementation of tailored financial literacy strategies for special groups for instance school children and youths. The Insurance and Capital

Markets thematic area will promote the design of appropriate insurance and capital markets products and services that serve the bottom of the pyramid. Micro-lending will promote capacity building in the micro-finance sector while also facilitating the development of innovative micro-finance products and delivery channel. *(Herald)*

The World Bank approved that management of the International Finance Corporation proceed to prepare a new investment programme for private sector projects in Zimbabwe. Reserve Bank of Zimbabwe governor Dr John Mangudya told a press conference last week that the approval was one of the success stories of the current re-engagement process. "That's a big success story for this economy because IFC are known for providing capital to the private sector and new lines of credit to banks. It is a success story for the country." He added that it will also add to the transformation agenda that the central bank was currently advocating for a team from the IFC was in the country last week. Information obtained shows that IFC was given three months (from February) to assess the situation and to consult on areas which need funding in the private sector with particular focus on agri-businesses. They have so far identified five banks which could get credit lines of up to $200-$300 million. IFC is a member of the World Bank Group and is the largest global development institution focused exclusively on the private sector in developing countries. Meanwhile, The Zimbabwe Asset Management Company (ZAMCO), Government's special purpose vehicle for debt takeover, has acquired $371 million worth of Non-Performing Loans (NPLs) from banks.

ZAMCO, established last year, uses a number of ways to fund acquisition of NPLs, including Government Treasury Bills and loans from foreign funders. Prior to the establishment of ZAMCO, the Reserve Bank of Zimbabwe (RBZ) had noted with concern that NPLs, which reached 18 percent in September 2014, had caused banks to scale down on new loans especially to productive sectors of the economy. This had the potential of constraining economic turnaround efforts. Finance and Economic Development Minister Patrick Chinamasa said failure to pay back loans was one of the biggest challenges affecting the economy. He said the ZAMCO initiative was paying off, and this would in the long run increase banks' "appetite" to on lend. "I am informed that something like $371 million collateralised debt has already been taken over," he said. By end of December last year the ratio of NPLs had declined to 10,87 percent largely due to Zamco. The value of secured NPLs in the banking sector is estimated at about $500 million. Minister Chinamasa said the RBZ was engaging local financial institutions to reduce the cost of credit. – Wires. *(Herald)*

Zimbabwe is considering ways to compensate foreign farmers who were evicted from their land, saying the government ignored international treaties on foreign investment during on often-violent farm seizure campaign that triggered a decade-long recession. The decision is a further step back by President Robert Mugabe's government from a program that's been the cornerstone of its political policies since the invasions began in 2000. Then the ruling Zimbabwe African National Union-Patriotic Front needed to shore up support from rural voters before an election, which it came close to losing. The invasions slashed export income from crops, helped caused famines and an economic and political crisis that ended assistance from international lending agencies and resulted in sanctions against Mugabe and his closest allies. "Agreements were not respected when we started land reform, but that's now going to be corrected," Lands and Rural Resettlement Minister Douglas Mombeshora said in an interview in Harare, the capital, on Friday. The government will conduct an audit of all farmland, identifying how much was taken and from whom, he said, without specifying how those deemed to have been unfairly treated would be affected. The southern African country entered into Bilateral Investment Protection Agreements with many countries, and "we're going to respect them," Mombeshora said. "We are looking at every farm situation that was affected." Zimbabwe's Finance Ministry proposed establishing a fund to compensate farmers on March 9. The country evicted about 3,500 mainly white farmers, of which some were foreign. About 300 white farmers remain on their land, according to the Commercial Farmers Union, which represents large-scale agriculture. Mugabe's government is considering the plans as it seeks to restore relations with the International Monetary Fund and western donors and kick start growth in an economy that's half the size it was 16 years ago. In 2000 Zimbabwe was the world's second-biggest tobacco exporter and also sold corn, paprika and cut roses to foreign buyers. *(Bloomberg)*

Zimbabwe expects a loan from the International Monetary Fund (IMF) in the third quarter of this year, the first since 1999, after paying off foreign lenders by the end of June, the central bank governor said on Wednesday. President Robert Mugabe's government last week 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. Central bank governor John Mangudya said the IMF would decide the exact amount of the loan to issue at a later date. The fund had agreed to double the amount available for Zimbabwe, known as a financial quota, to $984 million, he said. "We are talking about the third quarter, that's when you see most of the action happening," Mangudya told Reuters in an interview, referring to when Harare expected the loan. Zimbabwe would also receive an $896 million loan from an unnamed country to pay off arrears to the World Bank. In addition, the African Export-Import Bank would provide $601 million for Harare to clear arrears to the African Development Bank (AfDB). Zimbabwe would then receive the same amount as a grant from the AfDB, Mangudya said. The Southern African country's foreign debt stands at $8.3 billion, of which $1.8 billion is arrears. Zimbabwe is trying to emerge from years of international isolation, largely blamed on Mugabe's policies, including the seizures of farms from white farmers. The worst drought since 1992 has left 4 million Zimbabweans facing hunger.

Mangudya said the drought had forced the government to lower its growth target for 2016 to below 2 percent from 2.7 percent. The IMF and World Bank forecast growth of 1.4 percent and 1.5 percent respectively. Once Zimbabwe clears its arrears, it would be ready for rating by international ratings agencies, with a view to issue international bonds in future, said Mangudya. Mangudya said he supported the government's decision to take over diamond mining in Marange because the government was receiving little money from the operations. "After the rating we will then go for the Eurobonds and all to raise money on the international capital markets," he said. The government had issued $250 million in treasury bills to raise money for its operations in 2015, Mangudya said, adding that the bank would soon start holding public auctions of treasury bills to enhance transparency in state borrowing. The central bank also issued $1 billion in bills last year to creditors of the bank, which owes $1.35 billion. *(Reuters)*

Zimbabwe's year-on-year inflation rate for February was steady at at -2.22 percent, shedding 0.03 percentage points on the January rate of -2.19 percent, the national statistics agency said on Tuesday. On a monthly basis, the inflation rate was -0.10 percent after shedding 0.05 percentage points on January rate of 0.05 percent, the Zimbabwe National Statistics Agency (Zimstat) said. *(Source)*

The Ministry of Finance and Economic Development will go to all lengths possible to recover millions of dollars in loans extended to parastatals and state enterprises through the Public Sector Investments Programme but have not been paid back, a top official has said. The Accountant General in the Ministry of Finance and Economic Development, Dennis Muchemwa told the parliamentary portfolio committee on public accounts that government, through the Infrastructure Development Bank of Zimbabwe (IDBZ) had extended $70,5 million to 11 institutions in 2010 but has yet to get any meaningful repayments. Among institutions that received the loans were the Zimbabwe Power Company, which got $10 million, Civil Aviation Authority of Zimbabwe which received $14 million and the National Railways of Zimbabwe (NRZ) which got a $5 million injection. The Zimbabwe National Roads Administration received $10,2 million, Tel One $6.2 million while the Registrar General's department was loaned $3,2 million. "This was the first tranche of funds given to public institutions after dollarisation and they were not given for free. We expected them to repay," Muchemwa told the committee on Monday without elaborating on the tenure of the loans. "What has been paid back doesn't amount to much and we are talking to their parent ministries to ensure that whatever is owed is recovered."

Muchemwa, however admitted that getting the institutions — some of which were struggling like the NRZ — to repay the funds including interest that has accrued over the years, would be no walk in the park. "I would be fooling myself to say it would be easy but we will pursue the matter to the fullest extent possible, even if we have to go through our lawyers," Muchemwa said. The committee however criticized government for "wasting tax payers money" investing in institutions that were already drowning in debt. "I am failing to see the wisdom in investing $5 million into a struggling parastatal," queried opposition legislator, James Maridadi. But Muchemwa said those who made the decisions to invest had seen it prudent to do so, adding in most cases it was on the recommendation of parent ministries. Muchemwa said the finance ministry would also drag cooking oil manufacturer Olivine Limited to the courts to recover a debt which has ballooned to over $300,000. The firm, in which government also holds a stake, borrowed $262,500 from the National Development Fund, which it has failed to pay back. "There was some response from Olivine but it was not satisfactory," Muchemwa said. "We have engaged the Civil Division of the Attorney General's Office to pursue the matter." *(Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Trade promotion body, Zimtrade said yesterday South Africa must increase access to its markets by Zimbabwean companies to improve trade between the two neighbouring countries. Zimtrade chief executive Sithembile Pilime told participants at the Zimbabwe-South Africa trade and investment conference that this should be done to realise a fair trade balance.At present, the trade balance is heavily skewed in South Africa's favour. In 2012 South Africa enacted the Preferential Procurement Policy Framework Act which stipulates that 75 percent of procurement should be local in an effort to protect South African manufacturers. The measure by South Africa, which is Zimbabwe's largest trading partner, has severely impacted on local firms which are struggling to recover from a decade long economic meltdown. In response, Zimbabwe introduced duty on certain products originating from South Africa, but this has done little to curb the influx of goods from across the Limpopo. Ms Pilime said: "There is also a need for South Africa to open its market to competitive, value added Zimbabwean products such as clothing, footwear and furniture, among others," she said. "We need to grow our exports and our countries' companies can work together through partnerships, joint ventures and investments in the value addition of our numerous resources."

To promote trade between Harare and Pretoria, Ms Pilime said Zimtrade would facilitate participation of Zimbabwean companies at two trade events in South Africa. She said it was also imperative to review the rules of origin under the SADC Trade Protocol, in particular, the double transformation requirements. The SADC Trade Protocol provides that member states shall, in relation to intra-Sadc trade, adopt policies and implement measures to eliminate all existing forms of Non-Tariff Barriers and refrain from imposing any new barriers. According to ZimStat, in 2015, total trade between Zimbabwe and South Africa amounted to $4,2 billion, accounting for 48 percent of Zimbabwe's overall trade during that year. *(Herald)*

The Reserve Bank of Zimbabwe is in the process of finalising modalities around the return of the auction system for Treasury Bill with indications showing the platform could start operating in April. RBZ governor Dr John Mangudya told The Herald Business that discussions around the resuscitation of the system were ongoing with April the most likely start date. He said the move to re-introduce the tender system was part of efforts by the central bank "to raise fresh capital for economic transformation which subsequently leads to an improved liquidity situation." Government has, for nearly two years now, been issuing TBs to fund various economic programmes and to pay off state-owned company debts. For instance, in a bid to address viability concerns in the gold sector, Government settled outstanding obligations to gold miners under the RBZ Debt Assumption Act in 2015, through the issuance of treasury bills. The central bank said the issuance of these treasury bills was meant to unlock liquidity to the gold sector and boost confidence in the economy.

The TBs auction system previously failed in 2012 after primary institutions failed to take up the tenders which were offered. The Herald Business understands that discussions are currently centred around the acceptable rates for the tender with the central bank already indicating that rates around 13-15 percent would be rejected and whether only banks should be allowed to bid in the primary market to allow the creation of a secondary market where TBs would then be sold to the rest of the market. There are TBs which are currently being traded in the market and these could have a bearing on the price of the auctioned bills. *(Herald)*

Zimbabwe cannot receive an International Monetary Fund loan program until it pays off money owed to the Fund's anti-poverty trust fund, an IMF spokesman said on Thursday. "In terms of financing, Zimbabwe cannot have a financial arrangement with the IMF because it has accumulated arrears to the poverty reduction and growth trust," IMF spokesman William Murray told a news briefing. "The Zimbabwean authorities plan to clear their arrears to this trust soon." Zimbabwe's central bank governor told Reuters on Wednesday that the African country expected to receive an IMF loan in the third quarter of 2016, its first in nearly two decades, after paying off foreign lenders by the end of June. *(Reuters)*

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