SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	25-Mar-16	1-Apr-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10184.60	10202.05	0.17%	1.34%	10602.32	-3.78%	-1.74%
Egypt	CASE 30	7548.22	7524.99	-0.31%	-0.36%	7006.01	7.41%	-5.35%
Ghana	GSE Comp Index	1915.50	1909.51	-0.31%	0.04%	1994.00	-4.24%	-4.70%
Ivory Coast	BRVM Composite	314.38	315.03	0.21%	1.35%	303.93	3.65%	7.53%
Kenya	NSE 20	4001.36	3996.38	-0.12%	0.10%	4040.75	-1.10%	-0.16%
Malawi	Malawi All Share	13471.65	13419.95	-0.38%	-0.96%	14562.53	-7.85%	-12.11%
Mauritius	SEMDEX	1789.67	1795.99	0.35%	0.02%	1,811.07	-0.83%	1.06%
	SEM 10	342.55	344.18	0.48%	0.15%	346.35	-0.63%	1.27%
Namibia	Overall Index	960.86	972.28	1.19%	4.26%	865.49	12.34%	16.71%
Nigeria	Nigeria All Share	25899.91	25507.09	-1.52%	-1.12%	28,642.25	-10.95%	-10.48%
Swaziland	All Share	335.09	335.09	0.00%	3.04%	327.25	2.40%	6.38%
Tanzania	TSI	3863.56	3959.93	2.49%	2.64%	4478.13	-11.57%	-12.59%
Zambia	LUSE All Share	5530.43	5526.48	-0.07%	0.82%	5734.68	-3.63%	-5.75%
Zimbabwe	Industrial Index	98.18	97.80	-0.39%	-0.39%	114.85	-14.85%	-14.85%
	Mining Index	19.53	19.53	0.00%	0.00%	23.70	-17.59%	-17.59%

CURRENCIES

Currency	25-Mar-16 Close	1-Apr-16 Close	WTD % Change	YTD % Change
BWP	10.94	10.81	-1.15	2.11
EGP	8.85	8.86	0.06	-11.87
GHS	3.84	3.82	-0.36	-0.48
CFA	585.27	578.67	-1.13	3.74
KES	99.79	99.57	-0.22	0.95
MWK	670.29	674.21	0.59	-4.62
MUR	33.93	34.04	0.33	1.91
NAD	15.27	14.82	-2.95	3.89
NGN	197.05	196.27	-0.40	0.52
SZL	15.27	14.82	-2.95	3.89
TZS	2,143.52	2,140.52	-0.14	-1.15
ZMW	11.29	11.19	-0.88	-2.20

WEEKLY AFRICAN FOOTPRINT

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's economy grew 4.9 percent quarter-on-quarter in the three months to end-December versus a revised 3.5 percent contraction in the third quarter of 2015, the statistics agency said on Thursday. On a year-on-year basis, gross domestic product (GDP) shrank 1.9 percent compared to a 3.9 percent contraction in 2014. The decline on an annual basis was attributed to a fall in mining output, which slipped 30.5 percent in the fourth quarter, according to Statistics Botswana. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Egypt

Corporate News

Egypt's second-largest state bank, Banque Misr, is in talks with a foreign financial institution for a 300 million euro ($334.92 million) syndicated loan to shore up its foreign currency resources, Banque Misr said on Monday. Egypt is experiencing a foreign currency crisis and its central bank has been rationing dollars through auctions with commercial banks, giving priority to imports of strategic goods. It sells around $120 million a week. "The negotiations come within the framework of increasing hard currency resources at the bank. The negotiations are due to be complete six months from now, at most," Bank Misr Chairman Mohamed Mahmoud Eletreby said, without naming the bank involved in the negotiations. Egypt's reserves fell to around $16.5 billion in February, from about $36 billion before an uprising in 2011 that drove away tourists and foreign investors, major sources of hard currency. In an attempt to increase their dollar resources, Egypt's three state banks, Banque Misr and the National Bank of Egypt and Banque du Caire began offering in February dollar denominated certificates of deposits with attractive yields to Egyptians living abroad. NBE and Banque Misr also started offering this month Egyptian pound certificates of deposits with an interest rate of 15 percent in exchange for foreign currency. *(Reuters)*

Egypt's state grain buyer, the General Authority for Supply Commodities (GASC), said on Monday it had cancelled an international tender to buy an unspecified amount of rice. GASC Vice chairman Mamdouh Abdel Fattah did not give a reason for the cancellation. Traders said GASC had received only two valid offers for the tender, all for Indian origin rice. A third offer had been rejected for lack of necessary paperwork. Another tender seeking an unspecified amount of rice will be held with deadline for offers on April 2, Abdel Fattah said. The tender was the second since Egypt announced in October it was lifting an export ban on rice and placing a 2,000-Egyptian-pound-per-tonne ($225.23) export tariff on the crop. GASC cancelled its first tender on Jan. 27 saying it needed to give more time to suppliers to issue necessary paperwork. Egypt is attempting to import rice to fill a supply gap in subsidised domestic goods despite having a surplus of the crop. The North African country produced 3.75 million tonnes of rice in the 2015 season and carried over 700,000 tonnes from 2014. With consumption at 3.3 million tonnes, that leaves a surplus of more than 1 million tonnes. But the government's failure to stockpile rice earlier in the season has left it at the mercy of traders, who are unwilling to sell to the state and choosing to stockpile instead as domestic prices of rice are rising daily. Previous governments have stockpiled 200,000 to 500,000 tonnes of rice at the beginning of the season to prevent traders from stockpiling the grain to raise prices, but current Minister of Supply Khaled Hanafi did not buy a strategic reserve. GASC's attempt to import cheaper Indian rice is seen as a way of tackling the stockpiling problem as it would force local traders to lower their prices. *(Reuters)*

Egypt's Ezz Steel posted a full year net loss of 418.03 million Egyptian pounds ($47 million) in 2015, compared with a 696.56 million pound loss reported the year before. The company's sales fell to 16.641 billion Egyptian pounds in 2015 compared to 19.398 billion a year earlier, the company said in a statement on Thursday. *(Reuters)*

Telecom Egypt, the state-owned landline monopoly, appointed Maged Othman as chairman of the board and Temer Gadallah as chief executive, it said in a bourse statement on Thursday. On Wednesday the government replaced all its representatives on the company's board of directors, sources told Reuters.*(Reuters)*

Economic News

The Egyptian pound fell to an unprecedented low on the black market on Monday, five traders said, as hard currency demand rises in the dollar-starved economy. Egypt, which relies heavily on imports, has faced a shortage of foreign currency since a popular uprising in 2011 drove away many tourists and foreign investors. A black market for dollars has sucked up liquidity from the banking system and put a strain on the country's foreign reserves, while the central bank had been keeping the pound artificially strong through weekly dollar auctions.

Reserves more than halved to $16.5 billion in February from around $36 billion before the uprising. Rates on the black market continued to climb on Monday, reaching unprecedented levels of 10 pounds per dollar compared with around 9.8 pounds last week, five traders told Reuters. No volumes of trade were given. In an attempt to close the gap between official and black market rates the central bank devalued the currency to 8.85 per dollar from 7.7301 this month. It later strengthened it to 8.78 per dollar, while adopting a more flexible exchange-rate policy. The central bank has also recently raised caps that were imposed in 2015 on dollar deposits and withdrawals for individuals, exporters under certain conditions, and some importers of essential goods. That allowed them to source some of their dollar needs from the black market. *(Reuters)*

Egypt's five-year bond yield jumped at Monday's auction, data from the central bank showed, continuing a rally in treasury yields since the central bank increased interest rates by 150 basis points this month. The average yield on the five-year treasury bond jumped to 15.678 percent from 15.050 percent at the last auction on March 14. *(Reuters)*

Egypt's Central Bank Governor Tarek Amer said on Saturday that devaluing the Egyptian pound had attracted foreign investment worth $500 million in treasury bills and that he had pumped $22 billion into the banking system to clear goods piled at ports. Speaking in a pre-recorded interview aired on a local talk show late on Saturday, Amer also said: "There is no currency crisis, there is merely a crisis in managing the foreign exchange market, and we will roll out an alternative plan for managing the market in the next three months." "The decision wasn't a devaluation, it was correcting the situation and we had planned for it in advance. Its advantages will outweigh its disadvantages," he added. Amer said Egypt would pay back a $1 billion debt owed to Qatar in July and also $800 million to Paris Club countries. He said dollar-denominated "Belady" certificates offered by the three largest state-owned banks in recent weeks to Egyptians abroad in a bid to persuade them to invest their dollar savings in their home country had seen a very low turnout. Amer has moved aggressively in recent weeks to bring dollars into a banking system starved of foreign currency and slow the rapid fall of the Egyptian pound on the black market. He surprised markets this month by removing dollar deposit and withdrawal caps, devaluing the currency by 13 percent in a single day, declaring a more flexible exchange rate and injecting hundreds of millions of dollars despite critically low reserves. Egypt, which relies heavily on imports, has been facing a dollar shortage since a popular uprising in 2011 drove away tourists and foreign investors, both major sources of hard currency. The central bank had been keeping the pound artificially strong through regular auctions three times a week. Its reserves more than halved to $16.5 billion in February from around $36 billion in 2011. *(Reuters)*

Ghana

Corporate News

South Africa's Gold Fields Ltd has finalised a tax and royalties agreement with the government of Ghana which could safeguard its Damang mine, where around 2,000 jobs would be at risk if it is placed under care and maintenance. The bullion producer said on Tuesday the agreement included a cut in corporate tax to 32.5 percent from 35 percent, and a change in the royalty rate to one based on the gold price rather than a flat 5 percent of revenue, effective from January 2017. However the company said it had not yet decided whether to inject more cash into Damang, one of two mines operated by Gold Fields in Ghana, or suspend operations there, company spokesman Sven Lunsche said. "This is obviously a positive input into our decision-making process, though we are considering many other economic, financial and mining variables in the process," Lunsche added, referring to the agreement with the government. Damang did not benefit from weaker currencies as did its mines in other regions, leaving it exposed to sinking gold prices. The agreement is effective from March 17 and runs for nine years for Damang, and for 11 years for Gold Fields' other mine Tarkwa, each renewable for an additional five years, the company said.
"Ghana continues to be a key region for Gold Fields and we commend the Government of Ghana for creating a fair and competitive environment in the country," Gold Fields said. *(Reuters)*

Economic News

The Central Securities Depository (Ghana) Limited (CSD) has successfully migrated securities accounts – bonds, treasury bills and shares – from the defunct Ghana Stock Exchange Security Depository (GSD) and Central Securities Depository (CSD) onto a new platform. The new platform, the Millennium Central Securities Depository System (MCSD), is to allow for convenience in trading and settlement of transactions in the country. A statement from the CSD said, following the migration, all securities accounts in the country have been merged, and both debt and equity holdings will now be maintained in a single account. "The new system has been interfaced with the Automated Trading System (ATS) of the Ghana Stock Exchange (GSE). "All cash settlements for trades done on the ATS will be settled by the CSD through accounts of banks held at the Bank of Ghana," the statement said. It further advised all equity shareholders, who have not received their new securities account numbers to contact their brokers for them. The migration and the merger of the represents a major leap in the trading of securities in particular and operations in the capital market in general. It comes on the heels of the initiatives by the CSD to enhance investors experience, streamline settlements and ease operations among all participants and their regulations institutions as well. The migration is expected to help endear the country's capital market to investors, leading to increase in transactions. *(Ghana Web)*

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Kenya

Corporate News

Standard Media Group's Sh289.6 million worth of assets went up in smoke in the year ended December 2015 compared to a profit of Sh220 the previous year. The company attributed the loss to increased costs, bad debts, one off restructuring costs and accelerated depreciation of equipment. The group's revenue slipped to Sh4.5 billion from Sh4.8 billion in 2014 even as operating costs boiled over to Sh4.7 billion from Sh4.4 billion in the period under review. The performance in print division declined 11 per cent on contracting industry-wide print newspaper circulation. The company's cashflow situation deteriorated with more money going out than coming in reflecting its challenges in meeting short term obligations. The group's board however said it is optimistic the cost cutting initiatives such as automation and restructuring will return the firm to profitability. "The board is optimistic that the group will return to profitability in 2016 as the benefits of automation and reorganization of the workforce begin to be felt this year," the listed media house said in statement to the bourse. The company did not declare a dividend for the year, compared to Sh0.50 in the previous year. *(Nation)*

Kenyan engineering company TransCentury Ltd said on Tuesday it has six months to repay the outstanding half of its $80 million convertible debt under an agreement with bondholders. The company, which focuses mainly on electrical equipment and engineering work, said last week it had reached an agreement with the majority of its bondholders on the settlement of the bond which matured on March 25, reduced its debt to $40 million. "The extension is six months. The total quantum of the liability is $40 million," TransCentury's acting CEO, Ng'ang'a Njiinu, told reporters. Shares in the company, founded as an investment club by a group of wealthy Kenyans in 1997, plunged by more than 70 percent in the past year as investors fretted about its ability to clear the debt. TransCentury entered an agreement with Kuramo Capital this month to inject $20 million of fresh capital, which would complement other sources of funding to settle the outstanding bond and fund infrastructure projects, Njiinu said. He said he was confident of an improved performance going forward, especially after cable manufacturer East African Cables - in which TransCentury has a controlling stake - tripled its production capacity. TransCentury's performance would also be bolstered by a fivefold increase in transformer manufacturing by another of its subsidiaries, Tanzania-based Tanelec Ltd. *(Reuters)*

Family Bank's net profit for the full-year to December has improved by a 10th to Sh1.98 billion on the back of increased lending to customers following an aggressive expansion campaign. The lender on Tuesday announced that its net earnings last year grew from the previous period's Sh1.8 billion as its net loans rose 47.3 per cent to Sh55.9 billion. This high lending saw the bank's total interest income expand 40.8 per cent to Sh10 billion, a majority of which came from loans and advances to its more than 1.7 million clients. "The great performance by the bank, though in a very challenging macro-economic environment, vindicates not only our growth strategy but the robust performance culture embraced by staff," Mr Wilfred Kiboro, the bank's chairman, said in a statement. "We are on course to achieve even greater results as we consolidate our alternative business channels including mobile banking and agency banking among others." The lender's customer deposits grew by Sh15.6 billion to hit Sh62.7 billion. Family Bank's total assets as at the end of last year stood at Sh81.3 billion, having grown by 31.5 per cent, while its total liabilities went up by Sh18.1 billion to Sh69.2 billion. The lender's total shareholders' funds grew by 12 per cent from Sh10.6 billion in 2014 to close last year at Sh11.9 billion. Family Bank, which has set a target of attaining tier one status in the short term, says the growth in earnings is as a result of its continued focus on small and medium enterprise lending and personal loans. To enhance its performance, the bank is in the process of expanding its branch network with plans to open 10 new outlets this year to hit a target of 100 by the end of December. The tier-two lender last month launched its 91st branch in Wote Town, Makueni, barely three months after opening three other outlets in Mlolongo, Maua and Kahawa West. *(Reuters)*

National Bank of Kenya's woes deepened as the board sent CEO Munir Ahmed and five senior managers on compulsory leave pending an internal audit. In a statement issued late yesterday, the lender's board of directors termed the decision as "an unequivocal demonstration" of the bank's commitment to strict adherence to corporate governance tenets and the various Central Bank of Kenya (CBK) guidelines. "We have instituted an internal review of our financial performance and as part of the mentioned tenets, the internal audit process shall be independent hence the request by the board for the six managers to proceed on leave," said Board Chairman Mohamed Hassan. NBK's Director for Retail and Premium Banking Wilfred Musau, who joined the bank six months ago, will now be the lender's acting CEO. Mr Musau joined NBK from NIC Bank where he was in-charge of branch business. According to sources, the other managers come from finance, risk management, ICT, Treasury and corporate and institutional business. By the end of today, the board says it will have filled the five positions as the bank embarks on an internal audit process. According to the board, the six managers will immediately proceed on leave but will be expected to comply and make key submissions to the internal audit process. "We reiterate that the internal process is not an indictment on the said managers but an opportunity to ensure a fair, transparent and independent audit process," read the statement in part.

Forced takeover In the 2014-2015 period, the bank saw more than 15 top managers exit. The decision also comes a day after the State-owned lender through their Twitter handle, spiritedly fought off rumours on social media that there was massive rot in the bank. Also there were reports that some wealthy Kenyans, with the help of some board members, were planning to forcefully takeover the bank. The NSE-listed bank is said to have non-performing loans running into billions of shillings. NBK is among the four commercial banks that are also being investigated by the Kenya Revenue Authority (KRA) for abetting tax evasion. The chairman assured the bank's customers that the changes would not affect the normal operations of the institution. He added that the organisation's strategy was on track. The management had previously blamed its financial woes on failure by Treasury to approve its rights issue that would have helped to restructure its weak balance sheet. NBK posted an after-tax profit of Sh2.2 billion in the nine months to September 2015. *(Standard Media)*

Kenya Reinsurance Corp on Wednesday reported a 15 percent rise in 2015 pretax profit to 4.51 billion shillings ($44.48 million) helped by higher premiums and investment income. It said gross written premiums rose by 13 percent to 13.06 billion shillings, while investment income was up 17 percent, to 3.04 billion shillings, driven by gains made on equity and fixed income investments and rent. Kenya Re, as the company is known, provides reinsurance services to insurance companies in Africa, the Middle East and Asia. It said its earnings per share rose to 4.90 from 4.48 shillings a year earlier. Its board of directors recommended a dividend payment of 0.75 shillings per share, up from 0.70 shillings. *(Reuters)*

Kenya's National Bank on Thursday reported a 1.2 billion shilling ($11.9 million) pretax loss for 2015, hurt by bad loans that rose towards the end of the year, leading to a sharp increase in impairment charges. The bank said its loan impairment charges rose by 3.2 billion shillings last year, denting its overall performance. National Bank reported a pretax profit of 1.3 billion shillings in 2014. "The bank's non-performing loan portfolio increased sharply towards the end of 2015 undoing gain of 3.3 billion shillings in profit before tax reported by the bank in quarter three of 2015," it said in a statement. The bank's assets edged up 1.6 percent to 125 billion shillings in 2015 while its net loans and advances climbed 3.3 percent to 67.8 billion shillings, it said.
National Bank's net interest income, however, declined by 0.4 billion shillings to 6.4 billion, due to an increase in interest expenses which rose by 50 percent to 5.9 billion shillings on account of tight liquidity in 2015. National Bank reported its financial results two days after it said its chief executive and five top managers had been placed on compulsory leave pending an internal audit. The central bank said on Tuesday it welcomed the board of National Bank's actions to strengthen the bank while ensuring its operations continued smoothly. Two Kenyan lenders, Imperial Bank and Dubai Bank Kenya Ltd, were placed under statutory management by the central bank last year, causing central bank Governor Patrick Njoroge to vow to tighten supervision of banks. *(Reuters)*

Fuel marketer Total Kenya said on Thursday its pretax profit rose 15 percent in 2015, buoyed by stronger sales and cost-cutting measures. The group, a unit of French oil major Total, said it made a full-year pre-tax profit of 2.62 billion shillings ($25.88 million), compared with 2.28 billion shillings a year earlier, despite volatility in global oil prices and depreciation in the local currency. Total Kenya said finance costs dropped sharply to 39.42 million shillings in 2015 from 272 million shillings in the previous year. Earnings per share rose to 2.57 shillings from 2.26 shillings. The company proposed a higher dividend of 0.77 shillings per share, against 0.70 shillings for 2014. *(Reuters)*

Kenyan insurer Jubilee Holdings said on Friday its pretax profit for 2015 rose 5 percent to 4.15 billion Kenyan shillings, helped by a rise in its gross written premiums and a drop in claims. Jubilee, which also with operations in Uganda, Tanzania, Rwanda, Burundi and Mauritius, said its gross written premiums rose to 30.16 billion shillings from 29.47 billion. Insurance is seen as a growth area in the economy of Kenya, where less than 10 percent of the population has any form of coverage. Jubilee said its net insurance benefits and claims fell to 11.57 billion shillings from 15.87 billion. Earnings per share fell to 42.7 from 43.7 shillings. Its board of directors recommended the payment of a final dividend of 7.50 shillings per share, subject to withholding tax, making it 8.50 shillings for the year. *(Reuters)*

Kenya Airways (KQ) will send home 600 employees in its rationalisation plan starting May 2016. Airline officials hope the layoffs, which is part of the struggling carrier's "Operation Pride" turnaround programme, will fly it to profitability. The redundancies are likely to arouse a backlash from aviation workers' unions, one of which has clashed with Kenya Airways on several occasions. KQ Chief Executive Mbuvi Ngunze described the move as one of the "hard decisions" the airline has had to make to improve profitability. He said the heavily indebted carrier would also re-examine its operating model and network and seek a long-term financial structure. "The decision is not made lightly, and I want to thank all employees for their tremendous resilience and commitment in serving our guests in challenging times for the company. "I am confident that with the support of all staff, unions, shareholders, creditors, financiers and all other stakeholders, Operation Pride will bring back the airline's long term profitability and reconfirm our position as the Pride of Africa," Mr Ngunze said.

The flag carrier hopes to recoup some Sh2 billion and spend it on various initiatives, mainly focused on increasing revenue and reducing costs. KQ says its turnaround plan is on course, having disposed of some of her redundant aircraft and subleased others. The flag carrier also claimed to have reduced waste in catering, and renegotiated some contracts. "So as to achieve these targets, the board has, after re-evaluating the various options, come to the painful decision that part of the required overhead savings will be derived from a decrease in staff headcount," read a statement from the airline released late Thursday afternoon. The 600 staff to be made redundant will be drawn from various departments and all cadres of staff. A list is being drawn detailing the positions and specific staff to be eliminated. *(Nation)*

Economic News

Kenya's shilling was steady on Tuesday amid weak demand for dollars. By 0843 GMT, the shilling was quoted at 101.50/60, the same rate it closed at ahead of the Easter holiday weekend. The shilling has appreciated about 0.7 percent against the dollar so far this year. *(Reuters)*

Kenya has scrapped plans to construct a new terminal building at Nairobi's Jomo Kenyatta International airport due to excess capacity caused by recent upgrades to existing facilities, the Airports Authority said on Tuesday. President Uhuru Kenyatta launched the $650 million project in December 2013. China's Anhui Construction and China National Aero-Technology International Engineering Corporation (Catic) had been selected to build the terminal that was expected to handle 20 million passengers a year. *(Reuters)*

Kenya's economy is expected to expand this year and next, helped by low oil prices, improved agricultural output, supportive monetary policy and ongoing infrastructure investments, the World Bank said on Thursday. However, the bank said growth could be held back by domestic factors related to the country's next presidential election, scheduled for August 2017. "These include the possibility that investors could defer investment decisions until after the elections, that election-related expenditure could result in a cut back in infrastructure spending, and that security remains a threat, not just in Kenya, but globally," the bank said in a statement on its website. The bank said it forecast Kenya's gross domestic product would expand 5.9 percent in 2016 and 6 percent in 2017, from 5.6 percent last year. "The most recent Kenya Economic Update ... attributes this positive outlook to low oil prices, good agriculture performance, supportive monetary policy, and ongoing infrastructure investments," it said ahead of the report's launch in Nairobi. At its last economic update for Kenya in October, the bank forecast economic growth of 5.7 percent in 2016. The East African nation's government expects the economy to grow 6.0 to 6.5 percent in 2016, from 5.3 percent in 2014. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

The International Monetary Fund will resume Malawi's $150 million extended facility programme which was suspended last year after a scandal involving abuse of state money, the country's finance minister said last Thursday. "The IMF has given us a green-light to the resumption of the programme which allows them to disburse about $30 million of the remainder of the total $150 million," Goodall Gondwe said. "The advice we get from the IMF is very important because they provide a very valuable yardstick of how we can manage our economy and we will continue doing well especially on public finance management so that we are not off track again." The IMF had suspended the programme following a scandal in which senior government officials siphoned millions of dollars from state coffers. Other international donors, led by Malawi's former colonial ruler, Britain, also halted direct aid to the southern African nation over the scandal. IMF Mission chief Oral Williams said in a statement last Wednesday that Malawi had demonstrated a concerted effort to put the programme back on track, including improvements in public financial management. Malawi has struggled to grow its economy due to declining export earnings from tobacco and in the absence of aid, which had previously accounted for 40 percent of its budget. The IMF said it expects Malawi's economy to grow by 3 to 4 percent this year after expanding by 3 percent in 2015. *(Herald)*

Mauritius

Corporate News

Mauritius' leading sugar producer Omnicane's pretax profit rose by a quarter in 2015 due to increased output, it said on Wednesday. Pretax profit rose to 334.40 million rupees ($9.44 million) during the period, while earnings per share climbed to 3.45 rupees from 3.20 rupees in the previous year, the firm said. "The sugar segmentalâ€™s profit rose by 48 million rupees, on the back of an increased raw and refined sugar production," Omnicane said in a statement. Its energy business, which produces ethanol, a by-product of cane used in manufacturing, also contributed to the improved performance, the company said. The European Union sugar export market was still challenging, Omnicane said, but added that with the present sugar deficit there, a higher price can be obtained in 2016. Omnicane also produces electricity from the waste it generates from milling sugar, which it sells to the national grid. Shares closed unchanged at 66 rupees each. *(Reuters)*

Economic News

Mauritius has maintained its growth forecast for 2016 at 3.9 percent, while revising last year's growth figure down to 3.1 percent, Statistics Mauritius said on Thursday. "Based on data available for all four quarters of 2015,Â the growth of GDP/GVA at basic prices is revised downwards to 3.1 percent instead of 3.4 percent estimated in December 2015," Statistics Mauritius said in a statement. (Reuters)

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Nigeria

Corporate News

Unilever Nigeria Plc has posted a turnover and profit after tax (PAT) of N59.2 billion and N1.19 billion respectively for the year ended December 31, 2015. The profit margin represents a sharp dip of 51 per cent over the N2.4 billion recorded the corresponding period of 2014.Though same didn't go for turnover, as the company achieved a 62 per cent leap compared to the N55.7 billion figure of the previous year. A further breakdown of the scorecard showed that the cost of sales increased by 7.2 per cent to N38 billion as against N36 billion gotten a year before. In the year under review, the firm's net finance grew by 64.7 per cent from N1.74 billion to N2.87 billion.In a statement, the company, while admitting that trading conditions were though in the outgone year, however, assured shareholders of continued efforts in ensuring a sustained and steady growth in its operations to achieve better returns on investments. "Although the operating environment remains challenging, we have continued to see momentum behind process improvements, costs and operational efficiencies. We will continue to focus on driving cost efficiencies, increasing market share across key categories and reinvesting behind our core brands. "Management is equally addressing the issue of significant finance cost through a number of initiatives. We are beginning to see traction on this, particularly from Q4 2015," the statement added. *(Guardian)*

As part of efforts to promote activities in the non-oil sector and also empower exporters in the country, Fidelity Bank Plc has gone into a partnership with the Nigerian Export Promotion Council (NEPC) and the Lagos Business School (LBS) to establish the Export Leadership Institute. Speaking at a media briefing in Lagos yesterday, the Managing Director/ Chief Executive Officer, Fidelity Bank, Mr. Nnamdi Okonkwo, said the initiative would also help support the federal government's drive towards diversifying the economy. According to the Fidelity boss, the goal of the Export Management Programme is to deliver impactful and world-class export management **education to** equip Nigerian MSMEs with the knowledge and business know-how required to compete effectively in international markets. Okonkwo, pointed out that long before the global oil price debacle, Fidelity Bank had seen the need for the diversification of the economy and the opportunities it portend for micro, small and medium scale enterprises (MSMEs) and to that end, had renewed its focus on that segment of the market. "Nigeria's economy is facing severe headwinds on account of the falling crude oil prices and the direct consequence of increasing value erosion of the naira. This is further heightened by the current international trade paradigm which is mostly import driven.
"Foreign exchange earnings in Nigeria are largely from oil exports which account for over 90 per cent of total export receipts. The current currency debacle hinges on supply side dynamics as we have lost over 70 per cent of our dollar revenues in the last 18 months due to the falling crude oil prices. Hence, it is quite obvious that the key to growing the value of the naira is the diversification of Nigeria's dollar revenue base via non-oil exports.

As further proof of our strong commitment to the growth of the Nigerian economy, we are collaborating with the NEPC and LBS to establish the Export Leadership Institute, the platform under which the Export Management Programme, a flagship export capacity development programme, will run," he added. Beyond this, he said the bank would also support MSMEs that goes through the programme with appropriate financing solutions to enable them meet their export financing needs. In addition, he said the bank will also assist exporters in the area of market access through expansive linkages and partnerships with various multilateral Institutions. The Executive Director/Chief Executive Officer, NEPZ, Mr. Olusegun Awolowo, commended the bank for conceiving the idea. According to him, there is need for import-substitution to guarantee sustainable growth in the country. "It is really delightful that the country is talking about diversification. There is a saying that you never let a good crisis waste. We must use the opportunity of this crisis to diversify our economy. This is about building capacity, and that is what has been lacking. This partnership is really key for us, and I am really thrilled," he added. Also, the Dean of LBS, Dr. Enase Okonedo, who was represented by Dr. Frank Ojadi, expressed optimism that the partnership would help raise the volume of export in Nigeria. *(This Day)*

Stanbic IBTC Holdings Plc has notified the Nigerian Stock Exchange (NSE) as well as its shareholders that it will be unlikely to complete its 2015 annual results before 31 March 2016 as required by the NSE's rules. The bank attributed this to the reporting challenges it experienced with the Financial Reporting Council of Nigeria (FRC) in 2015, saying that it has been in discussions with its External Auditors about the details of the appropriate presentation of certain items in its financial statements, which are the subject of the ongoing legal proceedings. "We have therefore sought the approval of the NSE and the Securities and Exchange Commission to file our 2015 Audited Financial Statements outside of the time period specified by the rules as we continue to work towards the timely conclusion of our 2015 audit exercise. Our aim is to conclude all required regulatory requirements and file our audited financial statements with The Exchange on or before 31 May 2016. "We also feel it is necessary to mention that Stanbic IBTC Holdings was recently served with a motion on Notice filed by the FRC at the Court of Appeal seeking an Order of Injunction which relates to certain aspects of our 2015 Financial Statements.

The FRC, in its application to The Court of Appeal, attached a document purported to be the "Consolidated and Separate Annual Financial Statements of Stanbic IBTC Holdings PLC for 2015," a statement from the bank explained. To this end, Renaissance Capital (RenCap), a research and investment firm, in a report yesterday cut its target price for Stanbic IBTC Bank Group by 19 per cent to N17 per share. "The financials may be re-stated, but we would need to gauge the magnitude of any structural changes and the potential impact on the group's earnings trajectory. The planned capital raise remains on the agenda, at least based on our latest discussions with management. While we still like the earnings buffer the wealth business provides to the group, we have moderated our group valuation largely owing to: the P/E de-rating of our global comps for the wealth business; a higher liquidity discount assumption; and higher CoR assumptions in the banking business. We therefore cut our TP by 19 per cent to N17.0 and downgrade the stock to HOLD, from Buy," RenCap said. The shares of Stanbic IBTC closed at N15 per share yesterday. According to RenCap, they still like the earnings defence that Stanbic's wealth business provides to the group, but noted that global 2016E P/E comps have de-rated to 14x, from the 16x we previously used. *(This Day)*

The lull in the oil industry and real estate sector of the nation's economy has impacted negatively on the operations of Skye Bank Plc. Consequently, the bank is expected to report a decline in profit for the financial year ended December 31, 2015. In a profit warning notification to the capital market community, the management of Skye Bank Plc said the expected decline in performance is attributable to decision to recognise increased impairment on loans to sectors severely affected by the prevailing economic headwinds which are yet to abate, especially the lull in oil & gas and real estate sectors. "While this cautious approach has been adopted, we have designed and commenced appropriate remedial processes to salvage the affected assets as soon as possible. Full details of the Group's financial performance will be disclosed after regulatory approvals of the financial statements. We remain committed to our focus on supporting the growth of the retail and small and medium scale enterprise (SME) sectors amongst others," the bank said. Skye Bank explained that in 2015, it made substantial improvements to its risk management framework with a view to ensuring that its risk assets portfolio remain solid and of good quality.

"Our cost containment, internal efficiency and process improvement measures remain on track," the bank added. Skye Bank is the fifth financial institution informing investors to expect lower earnings for 2015 due to the challenging operating environment. FCMB Group, FBN Holdings Plc, Diamond Bank Plc, and Ecobank Transnational Incorporated have all notified the capital market community of the lower earnings. Meanwhile, the Nigerian equities market started the week on a negative note with the Nigerian Stock Exchange (NSE) All-Share Index declining by 1.4 per cent to close at 25,545.10. Similarly, the market capitalisation shed N214.2 billion to close at N8.7 trillion. The performance was broadly driven by the depreciation in bellwether stocks across sectors including Zenith Bank Plc, Guaranty Trust Bank, Nigerian Breweries Plc and Dangote Cement Plc. Apart from the NSE Oil & Gas Index, that appreciated by 0.3 per cent, other indices closed negatively. Price depreciation in Dangote Cement Plc, Cement Company of Northern Nigeria Plc, led to a decline of 2.5 per cent in the NSE Industrial Index. *(This Day)*

The Dangote Group, which is currently building what it calls the world's largest refinery, has given an assurance that when the plant comes on stream, it will put an end to the recurring fuel crises in the country. The Executive Director, Stakeholder Management and Corporate Communications, Dangote Group, Mr. Mansur Ahmed, said by the time the refinery was ready, Nigeria would be transformed from a fuel importing country to an exporting one. "That plant itself is the largest single refinery plant anywhere in the world. In addition to the refinery, we are also going to produce some petrochemical products from the same complex. These are polyethylene and polypropylene," Ahmed told journalists in Abuja. He said the petrochemical plant, which covers 250,000 hectares of land and is located in the Lekki Free Trade Zone in Lagos, would gulp $14bn, with capacity to refine 650 million barrels of crude oil a day. The executive director urged the government to deregulate the downstream sector so that investors could play in an open market.

Ahmed stated, "One would prefer if it was deregulated so that we know that we are playing in the open market. The key issue is that if I buy crude, whether from Nigeria or anywhere else, I buy at an international price. If I produce a product and want to sell, I should sell that product at an international price. "So, I will not be affected by the decision of local pricing; it is on that concept that we went into refining. We expect that we will buy our input, especially crude, for international market price, and that when we produce products, we will sell those products at international prices. "The refining industry is a global industry; if you use those international benchmarks, you shouldn't really worry about the price. It is about time Nigeria completely deregulated the downstream industry. The kind of reason that has compelled the government to fix petroleum product prices has not been tenable." *(Punch)*

FCMB Group Plc (FCMB) has posted revenue of N152.5 billion in its 2015 operations against N148.6 billion achieved in the corresponding period in 2014. Specifically, the bank's audited result for the year ended December 31, 2015, showed a 3 percent rise in revenue to N152.5 billion, as against N148.6 billion in 2014 amid challenging macroeconomic and regulatory environment According to a statement by the bank, it's profit before tax (PBT) stood at N7.8billion, with profit after tax N4.8billion during the year under review. Based on the performance, the directors of the company are recommending a dividend of 10 kobo per share due to every shareholder of the bank for the 2015 financial year. The bank explained that net interest income decreased by 12 percent Year-on-Year (YoY) to N63.9 billion, compared to N72.6 billion in the previous year. Fees and commissions rose by 10 per cent to N15.8 billion, driven by a strong surge in electronic banking income, offsetting the drop in Commission on Turnover and Trade Finance fees. Other income dropped by 31 per cent to N8.8 billion due to N4.8 billion reductions in foreign exchange gains. Total assets dropped marginally by 1 per cent to N1.16 trillion.

The Managing Director of FCMB Group, Peter Obaseki noted that key soundness ratios, including liquidity and capital buffers, were maintained during the year under review, adding that the future challenge of the bank was to unlock more value to shareholders by tackling operational efficiencies and accelerating the pace of momentum, not just in the bank but also microfinance and wealth management "Full year 2015 result, came in with profit after tax of N4.8 billion; although underlying top-line and sustainable revenue momentum remains strong and in line with our strategic thrust. The Group Managing Director of First City Monument Bank Limited Ladi Balogun explained that the commercial and retail banking arm of the group saw a significant drop in profitability for the full year to N6.5 billion PBT, following the impairments from two significant defaulting obligors reported in its Q3 audited results. He pointed out that the full year's performance was adversely affected by a 44 per cent drop in foreign exchange income and a 12 per cent drop in net interest income, due to foreign exchange policy and impact of cash reserve requirement ratios till Q4.*(Daily Nigerian News)*

Guaranty Trust Bank plc has introduced Bank 737, a USSD interface that works on any type of mobile phone and does not require internet access or registration protocols, to effect transactions in the bank. According to the bank, the new code is more than just numbers but a simple, smart, and safe way to bank anytime, anywhere and on any device, enabling mobile phone to become a service channel for all banking needs. Users simply have to dial the short USSD *737# code on any mobile device to perform banking functions like transfers to all banks in Nigeria, check account balance, open a GTBank account, buy airtime, pay bills, BVN linking, token code generation, card-less withdrawals and lots more. The Managing Director and Chief Executive Officer of Guaranty Trust Bank, Segun Agbaje, said: "The launch of this product marks another milestone in our quest to make banking truly simple for our customers. We remain firm on our objective to deliver banking products and services tailored to meet the diverse needs of our ever-growing customer base by leveraging technology to make banking faster, safer and more accessible for all our customers." GTBank is renowned for its innovative financial solutions, superior financial performance, world-class corporate governance standards and excellent service delivery.
The bank's latest E-payment service, known as the 737 banking, is considered a veritable alternative to in-branch banking as it offers a faster, safer and more convenient way to perform financial transactions. *(Guardian)*

Standard & Poor's affirmed MTN's credit rating on Thursday, saying that although the South African company faced a $3.9 billion fine in

Nigeria, its decision to hold back on dividends was positive. "We view MTN's decision to lower dividends and maintain sufficient liquidity for its normal obligations, while retaining flexibility to address the pending fine, as positive," said Standard & Poor's in a statement, adding that it had affirmed the company's long-term corporate credit ratings at BBB-. MTN, which was fined $5.2 billion by Nigerian authorities in October for failing to disconnect more than 5 million subscribers in time, earlier this month gave a downbeat outlook on future dividends as it reported full-year results. The Nigerian Communications Commission (NCC) in December said it will reduce the fine to $3.9 billion and MTN has since shelved a legal challenge while making a payment of $250 million in "good faith" towards settling the matter. [nL8N163372] But the parliament of Africa's most populous nation, which is also MTN's largest market, last week launched an inquiry into whether the NCC was authorised to slash the fine. Standard & Poor's said it kept MTN on a negative outlook as it reflects the uncertainty regarding the final fine amount. "We also note increased sovereign risk related to Nigeria and South Africa, which contribute, respectively, 35 percent and 27 percent of MTN's revenue," Standard & Poor's said. *(Reuters)*

Economic News

The United States said on Monday it would press Nigeria in talks this week to adopt a more flexible foreign exchange rate to boost growth and investment in Africa's largest economy. U.S. Assistant Secretary of State for Africa, Linda Thomas-Greenfield, told an audience at the U.S. Institute of Peace that Nigeria should ensure that the value of the naira currency versus the U.S. dollar was "more realistic." "While most people complain about the possibility of there being a devaluation, people are already operating on a devalued currency, and the only people who are not, are people who are doing it officially," Thomas-Greenfield said. "Our recommendation is, and we will have discussions about it ... that they should look at the exchange rate and try to make the exchange rate more realistic to what the value of the naira is to the dollar," she added. She spoke before talks in Washington to be launched by Secretary of State John Kerry on Wednesday and which will focus on Nigeria's economy, security and development. Nigeria faces its worst economic crisis in decades as the falling price of oil has slashed revenues, prompting the central bank to peg the currency and introduce curbs to protect foreign exchange reserves, which have fallen to an 11-year low. Some members of Nigeria's central bank monetary policy committee have said the naira should be devalued.

Thomas-Greenfield said the parallel currency market in Nigeria was "alive and well," warning that a rigid exchange rate, capital controls and import bans could undermine President Muhammadu Buhari's efforts to expand economic growth and fight corruption. Buhari has rejected the idea of devaluing the naira. "Capital controls that limit access to foreign exchange rewards insiders and undermines the stated goals of Nigeria to increase domestic production because both Nigerian and expat investors alike tell us many businesses are unable to obtain the capital to purchase badly needed intermediate goods," she said. The naira trades some 40 percent below the official rate on the black market versus the dollar. The central bank last year pegged the exchange rate to curb speculative demand for the dollar and conserve foreign exchange reserves after it restricted access to hard currency for imports of certain items, frustrating businesses. The International Monetary Fund called on Nigeria to lift the curbs and let the naira reflect market forces more closely, as the restrictions have significantly affected the private sector. *(Reuters)*

Nigeria's inflationary pressures intensified in the month of March, pushing all five parameters of the Sales Managers Index to a 12-month low. A new set of data released on Monday by the London-based World Economics shows Nigeria's Business Confidence Index down for the seventh consecutive month, reaching the lowest level in a year. Businesses in the survey commented on poor consumer demand, rising unemployment, high inflation, lower oil prices and difficult exchange rate conditions. The Market Growth Index measured by the report also showed fifth consecutive decline and the lowest since March 2015. The Product Sales Index falls first time in 12 months as managers point to general rise in prices charged for products and services. At the employment level in the first quarter of 2016, the staffing index fell below the 50.0 no-change mark for the first time, as companies comment on staff rationing as part of cost-cutting measures at lower level of employment. Meanwhile, the United States said on Monday it would press Nigeria in talks this week to adopt a more flexible foreign exchange rate to boost growth and investment in Africa's largest economy. The US Assistant Secretary of State for Africa, Linda Thomas-Greenfield, told an audience at the U.S. Institute of Peace that Nigeria should ensure that the value of the naira currency versus the U.S. dollar was "more realistic." "While most people complain about the possibility of there being a devaluation, people are already operating on a devalued currency, and the only people who are not, are people who are doing it officially," Reuters quoted Thomas-Greenfield to have said. "Our recommendation is, and we will have discussions about it … that they should look at the exchange rate and try to make the exchange rate more realistic to what the value of the naira is to the dollar," she added. She spoke before talks in Washington to be launched by Secretary of State John Kerry on Wednesday and which will focus on Nigeria's economy, security and development.

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Nigeria is in talks with oil majors Chevron, France's Total and Italy's ENI to get help revamping the ailing refineries in Africa's top crude producer, its oil minister said on Tuesday. The West African nation has been trying to restart its outdated refineries in Port Harcourt, Warri and Kaduna to end its dependency on costly fuel imports. For weeks, motorists across the country have been queuing to get petrol. Emmanuel Ibe Kachikwu, who also heads state oil firm NNPC, said OPEC member Nigeria wanted to privatize the refineries within 12 months following repairs. "We have gotten commitments from some of the majors. (ENI's) Agip has indicated interest to work with us on Port Harcourt, Chevron on Warri," he told the Senate or upper house. "We are talking to Total on Kaduna." Kachikwu has previously said NNPC was looking at partnerships or takeovers. "We are advertising just in case there are better terms out there," he said, adding that NNPC was also seeking partners to run pipelines and fuel depots as joint ventures. NNPC had managed to repair the pipelines feeding the Port Harcourt and Warri refineries, he said. Kaduna is fed by a pipeline from Warri. Kachikwu said that from next week on fuel queues would disappear.
He said NNPC had reached deals with oil majors, with which it works in joint ventures, to help make up for a shortage of dollars due to a slump in oil revenues hindering fuel imports. *(Reuters)*

The International Monetary Fund (IMF) said on Thursday that it has again cut its growth forecast for Nigeria as the oil exporter faces "substantial challenges" from low crude prices. In its annual review of Nigeria's economic situation, the IMF said that gross domestic product growth would slow to 2.3 percent in 2016 from an estimated 2.7 percent in 2015. In February, after IMF officials visited the country, the Fund had forecast 3.2 percent growth for Nigeria in 2016. "Key risks to the outlook include lower oil prices, shortfalls in non-oil revenues, a further deterioration in finances of state and local Governments, deepening disruptions in private sector activity due to constraints on access to foreign exchange, and resurgence in security concerns," the IMF said in a statement. It added that Nigeria's general government deficit would grow further after doubling to 3.7 percent of GDP in 2015.

The IMF executive board said Nigeria needed to urgently implement policies to safeguard fiscal sustainability, reduce external imbalances and advance structural reforms that promote more inclusive growth. "Directors emphasized the critical need to raise non-oil revenues to ensure fiscal sustainability while maintaining infrastructure and social spending," the IMF said. "They urged a gradual increase in the VAT rate, further improvements in revenue administration, and a broadening of the tax base." Discussions between Nigeria and the World Bank are continuing on a possible loan or credit facility that is tied to policy reforms in the West African oil exporter, a spokesman for the Washington-based multilateral lender said on Thursday.*(Reuters)*

Nigeria's President Muhammadu Buhari will check the 2016 budget bill passed last week "ministry by ministry" before signing it, he said

on Thursday, signaling further delays before the legislation takes effect. The budget for Africa's top oil producer has been held up for months as Buhari had to withdraw his original bill, which set spending at a record $30 billion, in January, due to an unrealistic oil price assumption and flaws in the draft. Lawmakers approved an amended bill last week that Buhari has yet to sign as parliament has so far only sent highlights of the new document to his office, a government official told Reuters on Tuesday. "Some bureaucrats removed what we put in the proposal and replaced it with what they wanted," Buhari said, according to a statement from his office. "I have to look at the bill that has been passed ... ministry by ministry, to be sure that what has been brought back for me to sign is in line with our original submission."
On Thursday, the information minister said there was no rift between the executive and legislature on details of the budget. A day earlier, a senior lawmaker said parliament might need another week to work out details of the budget. Buhari hopes the bill will revive the economy but officials have left open how it would be funded. The government has said it might sell Eurobonds or sign a loan deal with China and the World Bank but no deal has emerged. Oil revenues, which make up about 70 percent of Nigeria's income, have slumped, hammering the naira currency, halting development projects and leaving budget funding uncertain.

Nigeria has been trying to restart outdated refineries in Port Harcourt, Warri and Kaduna to end its dependency on costly fuel imports for around 80 percent of its energy needs. Three of its four state-owned refineries were closed for five months in 2015 due to maintenance issues and vandalism. On Thursday, the Nigerian National Petroleum Corporation (NNPC) said it was committed to boosting refining capacity as it opened the technical bid for the location of new refineries within the nation's existing refineries. Anibo Kragha, NNPC chief operating officer for refineries, said the open bidding exercise demonstrated the determination of the government and state oil company to increase the country's refining capacity from 445,000 barrels per day to 650,000. "The aim is to leverage on the existing facilities to fast track the take-off of the refineries as soon as possible," he said. NNPC said nine companies submitted bids. *(Reuters)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

The Dubai-based Dodsal Group has made a major natural gas discovery in Tanzania and plans to invest an additional $300 million in the country over the next 24 months to support exploration and production there, it said on Monday. The discovery in the Ruvu Basin near Dar es Salaam is estimated to contain over 2.7 trillion cubic feet (TCF) of natural gas deposits with a value of $8 billion to $11 billion at current market prices, Dodsal said. The company described the find as Tanzania's biggest onshore gas discovery, saying it would boost the nation's total estimated recoverable natural gas reserves to more than 57 TCF. Most of Tanzania's gas discoveries have so far been made in deep-sea offshore blocks. In addition, a third Dodsal well at Mbuyu in Tanzania has found a large gas column which is estimated to contain up to 5.9 TCF of gas, the company said, adding that studies of the deposit were underway. *(Reuters)*

INVESTORS from major Chinese energy companies have expressed interest in investing in the increasingly lucrative energy sector in Tanzania. The investors made known their interest at a meeting with the Deputy Permanent Secretary in the Ministry of Energy and Minerals, Dr Juliana Pallangyo, officials from the ministry, Tanzania Electric Supply Company (Tanesco), State Mining Company (Stamico), National Development Corporation (NDC) and Energy and Water Utility Regulatory Authority (EWURA). Speaking at the meeting, a representative from an association of Chinese business community in Tanzania, Lin Zhiyong said the interest of Chinese investors was to explore opportunities in the energy sector before making decision to invest. He said a special delegation of Chinese investors are expected in the country next week to collect information on investment opportunities in Tanzania including the Power Sector Master Plan, investment policies and energy sector strategy before signing a Memorandum of Understanding (MoU) for electricity generation. Tanzania is focusing on exploiting its domestic reserves of natural gas as part of its 25 year Power Sector Master Plan, to increase installed generating capacity by 6,000MW, with increases achieved through the development of hydropower, natural gas and thermal generating capacity in the near to medium term. The representative said the Chinese investors were ready to cooperate with local investors in electricity generation so that the nation gets reliable power which is vital for economic growth. Meanwhile, Dr Pallangyo said Tanzania's energy sector is fundamentally attractive for investment, given the country's growing demand for electricity and available abundant resources and called on the Chinese investors to grab the opportunities for win wiin situation. "People want reliable electricity which is stimulant in economic growth, therefore, we welcome you to invest in electricity generation because we have so many sources for power generation such as natural gas, geothermal, coal, solar and wind," she said. *(Daily News)*

SEVEN-YEAR treasury bonds issued this week have been undersubscribed as tight liquidity and settling of quarter end local obligations reduced investors' appetite in the document. Commercial banks are the leading investors in the short- term government paper. Others are pension funds, insurance firms and few microfinance institutions. Similarly, the local money markets liquidity remained fairly tight, with interest seen for shortterm funds from several market players that may have affected investors' participation in the seven years bond trading. Average overnight rates remained slightly above 10 per cent. According to the auction summary, a total of 101.20bn/- was offered for tendering but in the end the instrument fetched 42.40bn/- only. However, the successful amount was 32.12bn/-. The government through the BoT sold the second seven-year bond this year which, contrary to the first session that became overly subscribed, this session ended up under subscribed. It would be paying those who participated in the bids, an interest or weighted average yield to maturity of 18.16 per cent, higher than 16.23 per cent offered in the seven years bond auctioned in January this year.

Also the Bank would pay investors the weighted average coupon yield of 14.68 per cent higher than 13.48 per cent offered in the preceding

7-year bond auctioned in January. Proceeds from the bond, would be used to finance long-term infrastructure projects as well as settle some maturing debts. The minimum successful price/100 was 63.51 compared to 66.11 of the preceding seven years debt instrument. Similarly, the weighted average price for successful bids was 68.66 compared to 74.77 of the previous session. Also the highest bid/100 for the long-term government paper was 79.95 while the lowest bid/100 was 56.06. A total of 44 bids were received and 35 emerged successful. *(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

The African Development Bank has agreed to lend Zambia $125 million on concessional terms for the improvement of sanitation, food security and support to women entrepreneurs, the government said on Tuesday. Finance minister Alexander Chikwanda and African Development Bank country manager Damoni Kitabire signed the loan agreement in Lusaka on Tuesday, the ministry of finance said. A ministry statement said that $50 million would be used to upgrade sanitation in the southern African country's capital, earmark $45 million on a project to boost food security and $30 million on support to women in business. *(Reuters)*

Zambia will add 420 megawatts (MW) to its electricity grid this year due to new generation projects, almost halving the national deficit, the head of its investment agency said on Tuesday. Zambia's power shortfall has risen to 1,000 MW from 700 MW in November due to lower hydro generation as water levels have dropped because of drought. Zambia Development Agency Director General Patrick Chisanga said the 420 MW would come from a new 300 MW coal-fired power plant, and a 120 MW hydroelectric one. The first 60 MW units of the hydroelectric project were commissioned in December last year and rest in February, Chisanga said. "The 300 MW from the Maamba Collieries Coal fired Power Project will be made available in mid-year 2016," he told Reuters. Zambia was seeking investors to build additional thermal power plants to general 200 MW and negotiations with the developers would be concluded soon, Chisanga said. Another 55 MW thermal power plant due to come on stream early next year was under construction, while the government was looking for investors to build solar plants that would add 250 MW to the grid. "The idea is to have a good energy mix because we cannot just rely on hydropower, especially with the current drought," Chisanga said. The government was also upgrading several small hydropower stations to ease the electricity shortage, Chisanga said. Big hydro projects would add 3,000 MW to the grid by 2024, he added. *(Reuters)*

AS THE Easter holidays ended on Monday, the local currency market is expected to see the Kwacha trading firmly against the United States dollar (US) as corporates convert foreign exchange to pay their monthend obligations. "The Kwacha was steady on Thursday amid weak demand for dollars as corporate business slowed ahead of Easter weekend holidays," Zanaco notes in its daily treasury newsletter yesterday. The local currency is likely to firm further as corporates convert foreign exchange into the local unit to pay their obligations amid broad dollar weakness. "The afternoon [Thursday] trading session saw the Kwacha appreciate to close at K11.31 and K11.33 due to continued greenback supply from corporates seeking to settle monthend obligations," the bank says. Similarly, the Kenyan shilling held steady on Tuesday at 101.50 and 101.60. The Botswanan pula appreciated from 11.177 to 11.146, while the South African rand depreciated from 15.462 to 15.493 and the Ghanaian cedi from 3.84 to 3.94. However, the Nigerian naira remained unchanged at 199.01. Meanwhile, Reuters reports that the US said on Monday it would press Nigeria in talks this week to adopt a more flexible foreign exchange rate to boost growth and investment in Africa's largest economy. Commenting on the development, US assistant secretary of state for Africa, Linda Thomas-Greenfield, said Nigeria should ensure that the value of the naira versus the dollar is more realistic. "While most people complain about the possibility of there being a devaluation, people are already operating on a devalued currency, and the only people who are not, are people who are doing it officially. "Our recommendation is, and we will have discussions about it … that they should look at the exchange rate and try to make the exchange rate more realistic to what the value of the naira is to the dollar," Ms Thomas-Greenfield said. *(Daily Mail)*

Zambia's inflation rate slowed to 22.2 percent year-on-year in March from 22.9 percent in February, the Central Statistical Office (CSO) said on Thursday. "The decrease in the annual rate of inflation was mainly attributed to non-food items," CSO director John Kalumbi said.

Monthly inflation fell to 0.5 percent in March from 1.2 percent in the previous month, the agency said. *(Reuters)*

Zambia on Thursday introduced equipment which will enable its revenue authority and other government agencies to independently verify the quality of mineral exports, a senior government official said. Treasury Secretary Fredson Yamba said in a statement that Africa's second-biggest copper producer had previously depended on what mineral exporters said through self-declaration. "In the modern age, good faith alone is not enough to guarantee that the government and the people of Zambia get their fair share of what is theirs," Yamba said. The new equipment, which will be deployed to border areas will also be used to verify the quality and quantity of minerals being moved from one mine to another, he said. *(Reuters)*

AS WE enter the second quarter of the year, the Kwacha is likely to continue with its upward trend, after posting some gains against the United States (US) dollar on Wednesday, financial market players predict. However,Zambia's top foreign currency earner copper on the day witnessed a drop in price on the global market. Like the South African rand, the Kwacha maintained the momentum both on the interbank and in bureaus de change. Cavmont Bank says the appreciation of the Kwacha by 1.33 percent was as a result of increased dollar supply from exporters and positive market sentiment on the backdrop of increased investment in the mining sector. "On Wednesday, the Kwacha continued to make further gains against the dollar touching an intraday high of K11.09 / K11.11 from the day's opening rate K11.21 / K11.23…[closing] at K0.16 stronger than Tuesday's closing rate," the bank notes in its market report yesterday. Similarly, Zanaco notes that the Kwacha posted gains against the dollar on Wednesday, boosted by corporate conversions for tax and wage obligations. "The local unit opened at K11.29 and 11.31 on the bid and offer respectively. During the afternoon trading **session the Kwacha appreciated to** close at K 11.24 and K11.26," the bank says in its daily treasury. In the near term, the Kwacha is likely to remain within a K11.10 to K11.30 trading range.

On the regional front, the rand also stretched a rally to a three-and-a-half-month high late on Wednesday while government bonds also shone after Federal Reserve chair Janet Yellen's dovish comments sparked an emerging markets comeback. Reuters reports that the rand roared to its best since mid-December, and by 15:50 GMT had gained 1.8 percent to 14.89 per dollar as emerging market currencies rose after Yellen said the US central bank should be cautious in raising interest rates. The Nigerian naira on Wednesday also maintained its exchange rate at N322 to a dollar while the Kenyan shilling yesterday weakened slightly against the dollar, amid more demand side activity for the greenback. On the commodities market, copper fell on Wednesday, dogged by persistent uncertainty over the depth of demand from top consumer China, but cushioned by a weaker dollar after Federal Reserve chair Janet Yellen urged caution on further rate hikes. Three-month copper on the London Metal Exchange was down 0.2 percentage point to US$4,882 a tonne by 0953 GMT, bouncing off a session low of US$4,850, its lowest level since March 11. *(Daily Mail)*

Zimbabwe

Corporate News

Pearl Properties posted a set of financials largely showing a standstill position for the year ended December 31 2015 when compared to 2014. Revenue slipped 3,53percent to $8,4 million, weighed in the main by declining occupancy levels and pressure on rentals especially for the retail segment (both CBD and Suburban) of the property portfolio. This was aggravated by property expenses which soared 19,62 percent to $1,13m on the back of increasing voids and the accompanying costs of maintaining vacant buildings. Net property income resultantly declined 2,73 percent to $8,4 million translating to a rental yield of 7,05 percent, down from 7,50 percent for 2014. Pearl had revised downwards the value of its investment portfolio by 4,10 percent to $135,02 million, which was, however, not enough shoring up rental yields. Office parks the biggest segment contributing 35 percent to the property portfolio and for 2015 its contribution to revenue, at 35 percent matched its size. Performance was strong with occupancy of 96 percent and rentals of $9,95/m2 up 2,05percent compared to 2014. Management attributed this to very strong demand for one of its office parks where UN agencies are keen to take up space. Further to

CBD offices remain the problem area with very low occupancies of 50,35 percent, (down 3,67percent) and increasing pressure on rentals that averaged $9,75/m2 (down 0,61 percent). The huge vacancies imply high operating costs which in turn translates to lower rental yields. CBD offices have thus been. The biggest driver to the decline in yields and management is looking at reconfiguring CBD office space to smaller suites that can suit SMEs in a bid to mitigate this haemorrhage. Expectations are, however, that this segment can only reawaken once the economic fortunes of the country as a whole improve, businesses become profitable and demand for office space soars. The Industrial segment performed reasonably well with occupancies remaining high at 92,97 percent albeit having declined marginally from 93,51 percent in 2014. The albatross for this segment is the low rentals which are the lowest in the portfolio. For 2015, however, rentals did improve, adding 8,97 percent to $3,28/m2 and providing 16 percent of group revenue. The sector is yet another GDP play whose fortunes are inextricably tied to general economic conditions in Zimbabwe. CBD retail suffered from vacations in 2015 with occupancies ending the year 16,79 percent down at 77,48 percent and rentals similarly declining to $9,14/m2 (down 4,09 percent). Like CBD offices, the segment is in need of reconfiguration of lettable space to make it palatable especially to small businesses. Management is alive to this fact and intends to pursue this strategy in the event that tenants who can take whole units are not secured. CBD retails has room for improvement if such innovations are undertaken. Suburban Retail—Deflationary pressures that weighed down on retail sales translated to a decline in rentals for the segment by 6.83percent to $9,27 despite occupancy remaining very high at 99,49 percent. This state of affairs is unlikely to change in 2016 and the risk remain high that rental collections will once more decline. Like all the units that are suffering, a turn in general economic fortunes for the country is the only viable stimulant for improvement in the segment.

Pearl appears to be operating in sustenance mode with management not showing willingness to be adventurous and chase returns for shareholders. There are no new projects serve for the mooted 4th Street which appears further down the pipeline with each briefing. Golden Stairs also continues to draw cash from the business. Returning some cash to shareholders is probably good in light of the above, but a dividend yield of 2.68percent, is not enough incentive for an investor to leave capital with Pearl to manage. Pearl has also changed strategy midway to letting properties that it built with the intention of selling. This shows how tough the market is becoming, and has also provided Pearl with a blue print of what doesn't work in this environment – which probably explains the hesitance to invest. A neutral stance does preserve capital, but capital follows real return and without taking risks, there remains little incentive for investors in the Pearl share. *(Herald)*

RIOZIM's net loss fell 52 percent to $8,2 million in the year to December 2015 driven by profitability in gold mining operations, despite prevailing low bullion prices. Profitability was hit by a double whammy, a $9 million loss at its nickel refinery, which dragged down the bottom line, and a 14 percent dip in revenue at $56,6 million. But overall, RioZim appears to be making notable progress in turning around its fortunes, especially if taken in view of the generally low metal prices and difficult economy. There has been tangible change in the group's operations, starting to reflect in the numbers, giving RioZim confidence to declare a return to profitability this year. The group's operating loss has already come down from $11 million in 2014 to a mere $150 000 last year, thanks to a $5,3 million profit from the gold mining activities. This came against the backdrop where bullion prices, RioZim said, plunged to an all-time low in 2015, forcing the group to take interventions to raise output and cut costs. RioZim said the stellar showing in gold mining, when prices had plummeted, was offset by $9 million loss at Empress Nickel refinery, otherwise a group profit of $8,9 million was well within reach. "ENR posted a trading loss of $9 million. Excluding ENR, the group results would have been an operating profit of $8,9 million," RioZim said in its 2015 year-end results. The Zimbabwe Stock Exchange-listed company said ENR performed dismally as its sole matte supplier's problems carried over to 2015 resulting in the supplier failing to provide material for processing. "This led to the refinery being put under care and maintenance, which cost the group $9 million in care and maintenance expenses," board chair Philip Chihota said.

However, the group said indications are that the supplies from the refinery's sole matte supplier will resume in the second quarter of 2016, and RioZim is optimistic. A lot has happened though at RioZim, giving hope the company has found a way out its financial quagmire, which has often threatened the going concern status of the group. Two major developments come to mind; restructuring of the loans into a single long term instrument with interest of 9 percent from, the punitive 18 percent, and the pending commissioning of the Cam and Motor gold mining project in Kadoma. RioZim started operations at Cam and Motor last year, with the ore processed at a nearby rented plant yielding 458 kilogrammes to significantly shore up total production to 1,2 million kg from 658kg achieved in the previous comparative period. In terms of RioZim's debilitating debt burden, loans and borrowings amounting to $33,7 million were restructured through the Zimbabwe Asset Management Company. Subsequently, RioZim said that following approval by shareholders in January this year, 10 million unissued ordinary shares were converted to preference shares and issued to ZAMCO at a coupon rate of 9 percent per annum for tenure of 5 years. Efforts to refinance its debts, a board and management priority since 2012, at a lower cost had been protracted and unfruitful due to liquidity constraints in the market. Delivery of the 2 500 tonnes per day plant for Cam and Motor gold mining project, expected to be the game changer for RioZim, has commenced and the last shipment is anticipated to be complete by end of the first half of this year Ground breaking ceremony was held in January and civil works which started thereafter are progressing well. Commissioning is anticipated in third quarter of this year. *(Herald)*

Crocodile skins and meat producer, Padenga Holdings, expects a more solid performance this year based on an excellent crop of crocodiles on the ground coupled with "good" cash and working capital management. Ongoing initiatives to further animal welfare are expected to contribute towards improved skin quality according to the group's chairman Alexander Calder."The fundamentals of the business remain sound. We anticipate another good year," said Mr. Calder. He said improving crocodile skin sales volumes and quality grades helped the group to record profit $7,3 million attributable to shareholders for the year ended December 31 rising from $6 million in the prior year although turnover retreated to $27 491 537 from $27 969 684 in the prior year. Padenga said the positive profitable position was a result of the production of skin size profiles requested by customers coupled with stringent cost management. Cash generated from operating activities doubled to $13 662 136 in the period under review from $5 408 148 in the comparative period. "This increase in cash generation was mainly attributed to an increased operating profit and a decrease in debtors of $3 497 123.

The decrease in debtors was a function of finishing culling earlier in the period under review and collecting the bulk of sales revenue before year-end. "There was also a decrease in cullable biological assets (excluding fair value adjustments) by $1 040 476 as we culled crocodiles in the period under review," Mr. Calder said. The group's flagship crocodile operation, accounting for 94 percent of turnover grew turnover by seven percent to $25 748 883 in the year to December from $24 079 194 recorded in the prior year. The 46 025 contract skins sold in the current year represented an increase of seven percent over the volumes in the previous period. Operating profit increased by 27 percent to $10,26 million from $8,06 million for the prior year and profit before tax at $11,43 million grew by 42 percent from $8,03 million in the comparative period. The group's US alligator operation however, had disappointing results with turnover falling by 55 percent to $1,74 million from $3,89 million recorded the year before. Volumes were down 42 percent to 8 586 skins compared to 14 890 skins in 2014.

The alligator unit recorded a loss before tax of $346 782 compared to $843 105 for the prior year. Padenga blamed the negative position of disruptions to operations which contributed towards lower skin quality, lower skin volumes and depressed prices. Harvesting of some medium sized animals was deferred to this year in an attempt to improve quality. The prices attained on skins sold were consequently lower than both budget and prior year. The group said approximately 8 000 skins harvested last December had not been graded or invoiced at year end and sales for these skins will be recorded in 2016. Padenga Holdings increased its shareholding in Lone Star Alligator Farms to 67 percent from 50 percent following the withdrawal of one of the members in April last year. *(Herald)*

Zimbabwe Newspapers, the country's largest media group on Thursday reported a profit after tax of $2, 7 million in the full-year to December 31 from a loss position of $11, 4 million previously on improved performance of its newspaper division. While the company's revenue remained fairly flat at $40 million compared to $41, 6 million recorded last year a sharp cut in operating expenses of 26 percent from $38, 4 million in 2014 following cost cutting initiatives bolstered its profitability. Interest expenses came down by 10 percent to $1, 5 million after the conversion of short term borrowings into a long term paper. The newspaper division recorded an operating profit of $3, 6 million before finance costs compared to an operating loss of $60 000 for the previous year on cost management. Commercial printing division registered a 71 percent increase in revenue to $3, 6 million compared to $2, 1 million in the prior year. This growth was driven by improved capacity utilization following refurbishment of the printing press and retooling of the downstream operations. Revenue from the broadcasting division improved by 10 percent from $3, 1million to $3, 4million on the back of new revenue streams. The division recorded an operating profit before interest and tax of $200 000 compared to a loss of $1, 1 million in the prior year. Basic earnings per share amounted 0,48 cents. The group publishes The Herald, The Chronicle, Sunday News and Sunday Mail among other titles also owns radio stations Star FM and Diamond FM and various digital platforms. *(Source)*

Dawn Properties on Thursday reported an after tax loss of $3,8 million in the nine months to December 31, 2015 compared to an after tax profit of $150,000 in the previous year. The group changed its financial year end from 31 March to 31 December to align it with that of its majority shareholder Brainworks Capital a local private equity firm which holds a 66, 8 percent stake in the group. Total group revenue decreased by 34 percent to $3, 4 million in the nine month period compared to $5, 2 million for the 12 ended 31 March 2015. The group's portfolio which comprises mainly of hotel properties achieved total revenue of $1, 8 million while property consulting generated fees of $1, 6 million. It incurred operating expenses of $3,5 million compared to $4,3 million the previous year. The carrying value of investment property decreased marginally to $84, 4 million compared to $85, 1 million as at 31 March. The company's maiden property development project Elizabeth Windsor Gardens is expected to deliver its first units within the 2016 financial year. The board did not declare any dividend. Basic loss per share amounted to 0.16 cents. *(Source)*

Turnall Holdings Limited bounced back to profitability after a turbulent period, with a net profit of $115,000 in the full-year to December 31, 2015, as managing director Caleb Musodza told analysts that the worst was over and laying out further belt tightening measures to keep the business in the black. The building materials producer reported $15,4 million in after tax losses during the prior comparative period in 2014. Musodza told analysts on Wednesday that his strategy will be a combination of rightsizing the business, further cost reductions and opening up new opportunities to "sustain profitability". Radical changes at board and management level implemented in the past year, combined with the cost containment programme, appeared to be reshaping the business. But analysts pointed out that the Musodza-led executive — appointed to run the business following the departure of long serving MD John Jere — still had a huge task ahead to rebuild a balance sheet described by finance director, Kenny Horonga as still "weak". Turnover during the period declined to $29 million, from $33 million in 2014, while sales volumes slowed by nine percent to 62,000 tonnes during the review period, from 62,898 tonnes in 2014, largely as a result of subdued demand in the cash strapped market.

The group has abandoned exports, as it works to sort out a range of issues including a legacy of poor corporate governance, before returning to offshore markets. "We have been on a turnaround journey which started in 2014," Musodza told analysts during a presentation of the results in Harare. "We believe we have set a good basis for sustainable profitability." Among the key areas to drive the business were strategic partnership deals with an unnamed South African company for exclusive distribution of its products in Zimbabwe, as well as a shift to a cash model. "Every cent that we generated in 2015 we have collected and this has been driving the business. We have developed a win-win relationship with creditors and at any time there is no risk of the business being shut down by a creditor," said Musodza. However, the group remained in a negative working capital position, starved of cash for day to day operations. It holds $8,1 million in inventories, from $7,2 million the previous period. *(Source)*

Atlas Mara's Zimbabwe unit BancABC on Thursday reported a profit after tax of $2,4 million in the full year to 31 December from a loss of $1,5 million last year driven by reduction in impairment credit charges. Loan impairment charges fell 76 percent from $29, 9 million in 2014 to $7, 1 million in the year under review. Net interest income dropped to $38 million from $49, 2 million on the back of quality lending and a decrease in bank's cost of funds. Operating expenditure was up 10 percent to $44, 6 million from $40,4 million resulting in a cost to income ratio of 81 percent. "Core capital at the yearend was above the minimum requirement of $25 million at $67,8 million and management remains on track to meet the 2020 minimum capital requirement of $100 million," said board chair Alvord Mabhena in statement accompanying company results. Total deposits at $282 million were up slightly from $280 million. *(Source)*

Economic News

GOVERNMENT is working with China to finalise the guarantee needed for the $100 million loan meant for the small scale gold sector, Deputy Minister of Mines and Mining Development Fred Moyo has said. "It has been very slow," said Mr Moyo. "Government is guaranteeing so many transactions as such it has been difficult to come up with another option as we are not easily bankable." China has however agreed to release equipment worth $5 million, which is expected by the end of May. "While we are working on guarantees for the bigger loan amount, China has agreed to start with a small amount and we hope this will give them confidence." In 2014, Government, through the Zimbabwe Mining Development Corporation, entered into a $100 million facility agreement with Xuzhou Construction Machinery Group of China for provision of small scale mining equipment on credit in line with the ZimAsset thrust. While the loan facility is expected to mostly benefit small scale miners in gold, chrome, tantalite, large scale gold miners are also expected to benefit. With respect to small scale gold miners, loan recoveries will be made by Fidelity Printers and Refiners through CBZ Bank Limited, which will purchase all the gold from small scale miners. Zimbabwe is targeting to produce 24 tonnes of gold this year, after producing about 18,6 tonnes last year, earning the country $692 million in export earnings.

The expansion in gold output was underpinned by the increased contribution of the small scale sector from an average of 25 percent realised over the past five years to about 40 percent in 2015. Increase gold output by small scale miners largely benefited from concerted efforts in monitoring of the sector by the Gold Mobilisation Committee comprising officials from the Ministry of Mines and Mining Development, the Zimbabwe Republic Police's Border Patrol Unit and the Reserve Bank of Zimbabwe. The good performance by the small scale sector also reflects that sector's positive response to the decrease in royalty fees effected by Government in September last year. The royalty on gold produced by primary and small scale producers was reduced from 7 percent to 5 percent and 7 percent to 3 percent, respectively, in response to declining gold prices in October 2014. The royalty rate for small scale producers was further reviewed downwards from 3 percent to 1 percent in September 2015 to curb leakages. Last year, the Reserve Bank of Zimbabwe availed $25 million to support gold mining companies. The bank has also engaged supplies of mining equipment to help small scale miners. *(Herald)*

President Robert Mugabe's government is committed to compensating more than 6,000 white farmers whose land it has compulsorily acquired since 2000, but funding problems mean the process might be protracted, Zimbabwe's finance minister said on Thursday. Zimbabwe's new constitution, adopted in 2013, makes provision for the compensation of the dispossessed farmers, mostly for improvements on the land, and government has this year started consultations on how to make reparations. Chinamasa told a consultative workshop — jointly convened by the government of Zimbabwe, the European Union and the United Nations Development Programme and attended by representatives of former and resettled farmers as well as western diplomats from the United Kingdom and the Netherlands — that the State was determined to "bring closure" to the highly divisive land issue. Chinamasa said the renewed effort to compensate white farmers was in line with the government's bid to normalise ties with the international community and pave way for the country's re-admission into the global economy. "Re-engaging with farmers here is much more important than re-engaging the world," Chinamasa said.

He, however, cautioned that Zimbabwe would need time to pay the farmers, whose losses are said to run into billions of dollars, according to independent valuations. Zimbabwe has struggled to draw in an average $4 billion in annual revenues since 2009 when it dumped its currency to informally dollarise and tame hyperinflation, which had reached 500 billion percent in December 2008, according to International Monetary Fund (IMF) statistics. "We need to be realistic, we are hamstrung by sub-optimal economic growth and a debt burden, but it is important that we know how much we owe," Chinamasa said, refuting media reports that he had circulated a paper in Parliament detailing a $10 billion compensation fund.

Although Chinamasa did not provide details of how the government would raise the cash to compensate the farmers, a concept paper circulated at the meeting listed Treasury Bills, allocations from the budget, a land tax and donor funds as possible sources of funding. Addressing the gathering, EU ambassador to Zimbabwe, Phillipe van Damme said the resolution of any outstanding issues relating to land reform was crucial to the country's economic stability and growth. "The land question is central to Zimbabwe's economic, political, social and cultural life and therefore needs special attention from all of us," said van Damme. "It is important to come up with a compensation model acceptable to all. The process must be all-inclusive." John Laurie, a former president of the white-dominated Commercial Farmers Union, commended the government for finally moving to act on compensating for seized farms. "We see this as the formation of a team-based approach for a resolution of the land issue," Laurie said. Wonder Chabikwa, president of the predominantly black Zimbabwe Commercial Farmers Union concurred. "We welcome this because it removes a tone off our farmers' backs. Compensation will unlock the value of the land," Chabikwa said. However, not everyone was smoking the peace pipe. Stanislaus Goredema, leader of the Zimbabwe National Farmers Union (ZNFU), said his organisation was against compensation but favoured the allocation of land to the dispossessed farmers. "I'm sorry we're going to throw spanners into these works. There's a difference between farms and land. Thousands died for the land, but you can pack up and set up farm anywhere," Goredema said. "The whole thing (compensation) is a sell-out. Rhodesia's 1923 constitution described Zimbabwe as a colony by conquest. Meaning when our people were defeated, they were not compensated. We went to war for the land and won, why should we pay compensation? Let's realign the law and allow African, black and white, to use the land productively." Responding to the ZNFU's quest for compensation for land seizures by the colonial government, Chinamasa said while he saw some merit in those concerns, Zimbabwe now needed to move on and resolve a major stumbling block to its re-integration into the global economic community. *(Source)*

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