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

				WTD % Change		YTD % Change	
Country	Index	26-Sep-14	3-Oct-14	Local	USD	Local	USD
Botswana	DCI	9435.15	9490.41	0.59%	0.32%	4.83%	-0.55%
Egypt	CASE 30	9603.09	9727.18	1.29%	1.28%	43.41%	39.02%
Ghana	GSE Comp Index	2187.84	2222.53	1.59%	1.59%	3.60%	-25.98%
Ivory Coast	BRVM Composite	257.05	255.51	-0.60%	-1.55%	10.12%	1.09%
Kenya	NSE 20	5216.96	5292.42	1.45%	1.36%	7.42%	4.21%
Malawi	Malawi All Share	14017.58	14034.43	0.12%	-3.18%	12.00%	14.72%
Mauritius	SEMDEX	2152.62	2156.87	0.20%	-0.74%	2.92%	-1.12%
	SEM 7	409.01	409.23	0.05%	-0.89%	1.38%	-2.59%
Namibia	Overall Index	1073.57	1037.90	-3.32%	-3.68%	4.10%	-2.65%
Nigeria	Nigeria All Share	40819.72	41103.75	0.70%	1.16%	-0.55%	-2.01%
Swaziland	All Share	298.01	298.01	0.00%	-0.37%	4.32%	-2.44%
Tanzania	TSI	5019.47	5375.65	7.10%	7.42%	89.05%	79.95%
Tunisia	TunIndex	4597.33	4594.71	-0.06%	-0.72%	4.87%	-4.38%
Zambia	LUSE All Share	6222.36	6214.61	-0.12%	-1.09%	16.19%	2.51%
Zimbabwe	Industrial Index	193.79	193.45	-0.18%	-0.18%	-4.29%	-4.29%
	Mining Index	92.76	89.16	-3.88%	-3.88%	94.72%	94.72%

CURRENCIES

Cur-rency	26-Sep-14 Close	3-Oct-14 Close	WTD % Change	YTD % Change
BWP	9.09	9.11	0.27	5.41
EGP	7.13	7.13	0.01	3.16
GHS	1.87	3.30	-	39.97
CFA	514.28	519.25	0.97	8.94
KES	87.63	87.70	0.09	3.07
MWK	389.56	402.82	3.40 -	2.37
MUR	29.92	30.21	0.95	4.08
NAD	11.17	11.21	0.37	6.93
NGN	162.66	161.92 -	0.45	1.50
SZL	11.17	161.92	0.37	6.93
TZS	1,640.40	1,635.48 -	0.30	5.06
TND	1.79	1.80	0.67	9.68
ZMW	6.17	6.23	0.98	13.34

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's economy grew 1.6 percent quarter-on-quarter in Q2 from a revised -0.7 percent in the first three months of the year, data from the statistics office showed on Monday. On a year-on-year basis GDP growth was at 4.5 percent in Q2 from 5.2 percent in Q1. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Dana Gas has signed a revised deal with Egypt that will help it to recover most of the $280 million it is owed by the government for exploration and production assets in the country, the United Arab Emirates energy company said. Political turmoil and violence since the 2011 revolt that ousted Egyptian leader Hosni Mubarak has hit the economy hard and Egypt has struggled to pay foreign companies for gas, with some major gas projects grinding to a halt at a time when generous state subsidies are stoking demand. Dana says it is owed $280 million in outstanding payments but that a new Gas Production Enhancement Agreement (GPEA) will permit it to drill 37 new wells and redevelop existing ones, providing additional condensate production that it can sell on the international market. The GPEA-generated revenue will reduce the outstanding receivables to nominal levels by 2018, Dana said on Tuesday. The company has had problems recovering payments in both Egypt and Iraqi Kurdistan because of political turmoil and said in August that it was working with the Egyptian government to agree a new deal. On Monday, the UAE firm said it had won exploration deals for two onshore gas blocks in Egypt. *(Reuters)*

Egypt's state-owned Food Industries Holding Company (FIHC) has bought 12,000 tonnes of sunflower oil in a tender, traders said on Wednesday. The oil was purchased from ADM at $829 a tonne, cost and freight, the traders said, for arrival Oct. 25 to Nov. 15. Traders had told Reuters ADM was the only firm to make an offer, adding that a delay in the payment of letters of credit had discouraged traders from participating in the tender. One Cairo-based trader told Reuters with only one offer presented, FIHC would have had to either cancel the tender or buy from ADM through a direct purchase agreement. In May, Egypt shifted responsibility for its vegetable oil imports from the state-run General Authority for Supply Commodities (GASC) to the FIHC, but some traders complained out delayed payments for purchases. "With so many changes in government and in the purchasing system it is hard to say what the rules are now about continuing tenders with only one offer," one European trader said. "I think Egypt needs the oil and they want to show that a lack of participation will not stop the tenders going forward." *(Reuters)*

Egypt's Qalaa Holding is considering a share issue worth some 4 billion pounds ($560 million) as part of efforts to tighten control of its core investments and end years of losses, sources with knowledge of the deal said. The non-cash transaction would involve exchanging shares in the holding company for larger stakes in the firms in which Qalaa has invested. If successful, the move would take Qalaa's capital from 8 billion to 12 billion pounds, one source said. The share swap comes when confidence in the Egyptian economy and stock market is growing after three years of turmoil in the aftermath of the 2011 uprising that toppled Hosni Mubarak. The final figure for the capital increase has yet to be confirmed as the transaction has not been finalised. The company, which has moved from being a private equity firm to an investment holding structure, boosted its capital by about $530 million in Oct. 2013. "It is a capital increase but it is a capital increase that is non-dilutive," said the source, who spoke on condition of anonymity. "The proceeds will be reinvested in proven winners and in reducing debt at the holding level." A Qalaa spokeswoman declined comment. The company, formerly known as Citadel Capital, is narrowing its focus on energy, transport, agri-foods, mining and cement and has been divesting holdings outside those sectors. At the same time, it is seeking to take full ownership of core assets. Billions of dollars in aid have poured into Egypt since then-army chief Abdel Fattah al-Sisi ousted Mohamed Mursi of the Muslim Brotherhood last year. Egypt's main index has gained 18.6 percent since Sisi's election in May and now stands above its pre-uprising level, suggesting a vote of confidence from local investors. The Qalaa transaction may help reassure foreign investors who have yet to return in force to the biggest Arab country, and are waiting for more signs that stability is returning.

A capital hike would be Qalaa's second in as many years as the company pushes ahead with a turnaround programme begun after the 2008 global financial crisis and Egypt's 2011 uprising threw it into turmoil. A second source said the previous capital hike had not been sufficient to achieve its target of achieving full ownership in its core firms. Qalaa might return to the market a third time should the capital increase again proven insufficient, the source said. Qalaa has some $9.5 billion in assets under management, including stakes in dozens of firms mainly in Egypt and Africa. First set up as Citadel in 2004, it followed a private equity model of buying stakes in small firms, growing them to be viable quickly then selling them at a profit. It began restructuring after conceding it had invested too heavily in start-ups that took time to generate cash and became a burden when the financial crisis hit. Qalaa posted a second-quarter loss of 180 million pounds as discontinued businesses, which it plans to offload within 12 months, and other non-operational costs such as foreign exchange rates weighed on the bottom line. *(Reuters)*

Economic News

Egypt's main index inched down by 0.19 percent or 9,727 points in the last session before the market closes for holiday. Non-Arab foreign investors were net-sellers in the session, for LE72.3 million ($10.3 million), while Egyptians were net-buyers for LE71.2 million ($10.1), followed by Arab investors for LE1.1 million ($157,000). Market bellwether Commercial International Bank (CIB) fell 1.62 percent to LE49.72, as foreign shareholders sought to cash-in on recent gains, which saw the share trade for as high as LE51.25 in the past month, Issa Fathy, vice president of the securities division at Cairo's Chamber of Commerce, told Ahram Online. "Foreign investors have been net-buyers for LE1.75 billion in the past quarter," said Fathy, "it is therefore expected that there will be profit-taking on shares like CIB which have made significant gains in this period." "But CIB is expected to rebound after next week's holiday", said Fathy. Egypt's bourse will be closed from Sunday 4 October to Tuesday the 7th, for the Eid Al-Adha Islamic Holiday and Egypt's national 6 October celebrations.

Total turnover of listed stocks was weak as usual ahead of the holidays, not surpassing LE511million ($73 million). Cairo-investment bank EFG-Hermes saw its share price drop an additional 0.54 percent to LE18.39, after recently trading at a high of LE19.90. The real estate sector was active and in the green however, with largest listed property developer TMG Holding achieving the second highest turnover in the index after CIB and rising 0.18 percent to LE11.29. Heliopolis Housing and Palm Hills Development Company were third and fourth in terms of turnover, rising 1.65 percent and 0.93 percent to trade for LE64 and LE4.32, respectively. Heliopolis Housing reported on Thursday achieving a net profit of LE183.9 million ($26.1 million) for the fiscal year ended on 30 June 2014, up from LE135.5 million ($19.3 million) in the previous year. Six of October Development and Investment Company (SODIC) rose 0.82 percent to LE17.16. In the telecoms sector, Global Telecom Holding fell 0.79 percent to LE5.01 while Telecom Egypt climbed 0.22 percent to LE13.57. The broader EGX70 rose 1.19 percent. *(Ahram)*

A new state-owned ethylene factory due to start production in Alexandria next year could save Egypt about $500 million on annual imports and allow it to begin exporting petrochemicals to Western Europe and Africa, its chairman said. The factory, operated by Egyptian Ethylene and Derivatives Company (ETHYDCO), a joint venture formed by three state-run petrochemical companies, should produce enough to cover up to 45 percent of local demand for ethylene and other petrochemicals needed to manufacture plastics, rubber and glass, chairman Abdel Rahman Zeid said. "We will direct 70 percent of production to the local market to acquire between 40 and 45 percent of the market," he told Reuters in an interview. The company would export the remaining 30 percent to cover dollar needs, he said. Zeid said the project was 71 percent complete and would begin production in the last quarter of 2015. Egypt's oil minister has been quoted in the media as saying a shortage in gas supplies has slowed down petrochemicals projects in the country. In an interview with Reuters he said that the government plans to invest $14.5 billion in developing its refining and petrochemicals sectors over the next five years.

During a recent visit, the 175-feedan site in western Alexandria, Egypt's second-largest city, was busy with engineers and labourers rushing to complete the project. ETHYDCO is a $1.9 billion joint venture set up in 2011 by four banks and three state-run energy companies: Sidi Kerir Petrochemicals, the Egyptian Petrochemicals Holding Company (ECHEM) and gas transport firm Gasco. Egypt needs around 500,000 tons of ethylene annually. Sidi Kerir is said to be the largest producer of petrochemicals in the country. Zeid said the new factory would produce 460,000 tons of ethylene annually and 400,000 tons of high- and low-density polyethylene. "For the first time in Egypt we will produce about 20,000 tons of butadiene annually and 36,000 tons of polybutadiene," he said. Butadiene derivatives are used in products ranging from car tires to golf balls. Zeid said he expects to cover initial investment costs, a mix of bank loans and self-funding, within 10 years after production begins. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt's largest oil refinery hopes a planned expansion will allow it to export after years of production being diverted to the domestic market, the company's chairman said in an interview at the Midor refinery. Mohamed Abdel Aziz said the refinery would increase capacity to 160,000 barrels per day by end-2017 from 100,000 barrels now. That would allow Midor, which provides a quarter of the country's petroleum product needs, to help Egypt face a growing energy crisis and eventually export, he said. "Midor wants to increase production to meet Egypt's energy requirements and have the capacity to be able to refine for others," Abdel Aziz said. Egypt has struggled with soaring energy bills caused by high subsidies it provides on fuel for its population of 85 million. President Abdel Fattah el-Sisi's government raised fuel prices by up to 78 percent this summer.

But the subsidies will still weigh on the budget and foreign energy firms remain wary about investing in a country that has decided over the past year to divert most energy earmarked for export to the power-hungry domestic market. Before the 2011 revolution that ousted Hosni Mubarak and unleashed three years of political and economic turmoil, the Midor refinery refined petroleum products for Shell, Vitol and others, Abdel Aziz said. "But since the revolution, all of our production has gone to the local market." The expansion at the refinery, which is owned by Egypt's main state-run oil company, is expected to cost about $1.2 billion with 40 percent of it self-financed and the rest coming from banks. "We are studying contracts with three international companies for refining on their behalf," Abdel Aziz said. "We began negotiating in May with Sudan on refining a million barrels per month at a price of $8 a barrel." Midor's profit fell to $98 million in 2013 from $112 million in 2012. Abdel Aziz expected profit to fall again in 2014 due to lower prices for oil and petroleum products. *(Reuters)*

In his first 100 days in office, Egyptian President Abdel Fattah al-Sisi has made a fast start on economic reform: slashing costly fuel subsidies, raising taxes and devising infrastructure projects to secure long-term revenues and ease unemployment. Those are moves that have long been sought by foreign investors. But winning their full confidence will require pushing ahead with further politically-sensitive reforms and sealing an elusive deal with the International Monetary Fund. A loan from the global lender would serve as a badly-needed stamp of approval for a country battered by political turmoil since a popular uprising ended 30 years of rule by autocrat Hosni Mubarak in 2011. For decades, Mubarak mostly avoided politically-risky reforms that might anger a population reliant on subsidised food and fuel. His Islamist successor Mohamed Mursi also showed little sign of progress during a tumultuous year in power. Investors hope that Sisi, a former army chief who overthrew Mursi, cracked down harshly on his followers and won the election to succeed him, will have the authority to enact measures that his predecessors could not. "We don't want politicking, we don't want drama. We want a leader who is going to implement an investment regime for Egypt focused on the longer term," said Bryan Carter, lead portfolio manager for emerging debt at Acadian Asset Management in Boston.

Raising fuel prices and taxes may ease the burden on the cash-strapped state, which faces a crippling budget deficit around 11 percent of economic output and double digit unemployment. But Sisi's ultimate challenge is luring back foreign investors who remain wary of Egypt's artificially strong currency, rising inflation, stifling bureaucracy and electricity shortages. "The solution to Egypt's longer term economic problems will not come from any sort of austerity internally or restructuring of the fiscal budget. It's got to come from the catalysation of investments," said Carter. Egypt has been consulting with the IMF about implementing a value-added tax (VAT), which the government predicts would generate more than $4 billion in revenues. Investors are eager to see the VAT pushed through without opposition or unrest, though officials have not given a time-line for its implementation. Egypt resumed regular consultations with the IMF this month for the first time since March 2010 - a necessary step before securing a loan package. Cairo had postponed the talks with the global financial body following Mubarak's overthrow in 2011.

Cairo is pinning its hopes on an international investment and aid conference scheduled for February in the Red Sea resort town of Sharm al-Sheikh. It hopes foreign governments, private investors and international donor organisations will make hefty pledges there. Investment Minister Ashraf Salman told Reuters in an interview this month he was aiming for $10 billion in foreign investment in the current fiscal year and hopes Egypt will attract $18 billion a year by 2018, highly ambitious targets. Foreign direct investment was about $8 billion annually before the 2011 uprising and reached only $4.1 billion in the fiscal year that ended in June. Sisi's flagship project is the expansion of Egypt's Suez Canal, a strategic global shipping lane which brings in about $5 billion of revenue and foreign reserves each year. He hopes that figure will more than double with the new venture and has set an ambitious one-year target for completing the initial phase. The former army chief appears also to be banking on the canal's symbolism and geopolitical importance to raise his public stature. Egypt nationalised the canal in 1956, prompting shareholders Britain and France to invade along with Israel. The crisis ended after Egypt sank 40 ships and the United States, Soviet Union and United Nations intervened forcing the invaders to withdraw. Egyptians flocked to banks this month to buy $8.5 billion worth of Suez Canal investment certificates, which the government held up as a public vote of confidence in the economy. Some foreign investors are not as enthusiastic as Egyptians, who have been longing for an economic recovery and political stability. "We do not have a lot of details. There are still some question marks because it is a big project," said Remy Marcel, co-fund manager for the Middle East and North Africa at asset management company Amundi. "It is too early to really figure out what would be the consequences of this project. On paper it looks very positive; it would help to create some jobs and increase revenues."

Sisi seems to have space for further manoeuvre. So far, cuts to fuel subsidies have not triggered unrest as was feared, even though they have driven up prices across the board. But the breathing room may not last if the president remains committed to fiscal discipline as promised. That would require him to make further bold moves such as pushing ahead with more subsidy cuts and introducing the VAT. "There are no quick fixes, including the removal of subsidies, which most foreign investors wrongly seem to believe can be achieved without social unrest," said Daniel Broby, chief executive of Gemfonds, a UK-based investment boutique. Egypt's currency, another critical factor for foreign investors, has been stable in the official market since June, but the persistence of the black market and constraints on dollar outflows are keeping investors cautious. Expectations of a significant currency depreciation following parliamentary elections slated for the end of the year have delayed some investors' return to the market and also caused the hoarding of dollars, keeping the black market alive. Egypt's main index has gained 18.6 percent since Sisi's election and now stands well above its level before the 2011 uprising. That signifies a vote of confidence by domestic investors, but official data does not show a substantial increase in foreign investors returning to the bourse.
A Cairo-based fixed-income trader said investors have not yet returned to the government bond market either. "We haven't heard of foreigners buying government debt in the past two months or so," he said.

Egyptian ministers appointed by Sisi to oversee the economy seem far more realistic about prospects than officials who served under Mubarak and often painted a rosy picture. Finance Minister Hany Kadry Dimian told Reuters this month the government was aiming to boost economic growth to 5-6 percent within three years and halve the budget deficit in seven years, while acknowledging challenges ahead. "There's been nothing earth shattering. But it's the relentless march toward progress and the realisation of this (reform) framework that matters, and that's exactly what we want to see," said Carter of Acadian. Sisi has come under strong criticism from human rights groups since last year when, as army chief, he overthrew Mursi following mass protests and then mounted a ruthless crackdown on Mursi's Muslim Brotherhood. Security forces killed hundreds of Brotherhood supporters in the streets and arrested thousands of Islamists. Secular activists have also been jailed for violating a law which places severe restrictions on protests. But most Egyptians crave stability and Sisi has delivered, stifling political turmoil and promising to defeat the Sinai-based militant group Ansar Bayt al-Maqdis, which has killed hundreds of members of the Egyptian security forces. *(Reuters)*

Egypt aims to pay back $2 billion to $3 billion it owes to oil and gas companies by the end of the year, the oil minister said on Tuesday, as the government tries to spur new investment to boost supplies. The Arab world's most populous country faces its worst energy crisis in decades. Debt owed to energy companies in Egypt totalled $5.9 billion in May, the latest official figure available. "We are paying off $1 billion to foreign partners during the next few days," Oil Minister Sherif Ismail told a news conference in Cairo. He said that after the Muslim Eid holiday that ends on Oct. 8, the government will issue a tender to borrow from international banks to repay more of the debt. Gas production is steadily declining in Egypt while consumption keeps rising but firms are reluctant to increase investment after the government fell behind on payments. It paid a first tranche of $1.5 billion to companies last December, but the debt continues to mount. Some it was incurred before the 2011 revolt that overthrew Hosni Mubarak. *(Reuters)*

Egypt, the world's top wheat importer, will cut state imports of wheat in the next year to between 4 million and 4.5 million tonnes provided reforms continue to reduce consumption and waste, Supply Minister Khaled Hanafi told a newspaper. "Egypt will import between 4 and 4.5 million tonnes of wheat alongside local production provided consumption continues to fall as the new system is introduced across all provinces," the Al Gomhuria newspaper quoted the minister as saying. A Reuters poll in April showed Egypt would import more than 10 million tonnes of wheat in 2014/15, a sign that traders believe the government will struggle to meet its goal of cutting international purchases by as much as 30 percent. Egypt's international purchases are split roughly in half between the state and the private sector. Its large state buying tenders can impact global wheat prices. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Government insists the outlook for Ghana's economy is bright despite International Monetary Fund (IMF) recommendations for cuts in government spending and management of the country's public debt. After first round of discussions, the IMF's end-of-mission release posted on its website noted: "Ghana continues to face significant domestic and external vulnerabilities on the back of a large fiscal deficit, a slowdown in economic growth and rising inflation. "…These vulnerabilities are putting Ghana's medium-term prospects at risk. The mission estimates growth to decelerate to 4 ½ percent in 2014, from 7.1 percent in 2013, and inflation to reach an average of around 15 percent for the year." Led by Mr. Toujas-Bernaté, the Fund recommended a program to help place public debt on a sustainable path, whilst lowering inflation. "A more ambitious and front-loaded fiscal consolidation is needed to help place public debt on a sustainable path, and to allow monetary policy to be more effective in bringing down inflation, including by strictly limiting budget deficit financing by the Bank of Ghana. "Front-loaded adjustment should be realized through reductions in Ghana's comparatively high public sector wage costs, the elimination of costly and untargeted subsidies for energy and petroleum products, and a better prioritization of capital spending."

The recommendations could lead to job losses and total removal of subsidies on utilities and fuel. But Finance Minister Seth Terkper tells Joy News many of the recommendations are already in place. "The areas of topics where the IMF is mentioning now can be found also in our home grown policies," he said. He mentioned, for instance, the single spine salary payment "which we have been working on and the arrears which we have almost finished clearing". He also cited overrun with the budget with respect to subsidy on petroleum and utility, which he said is now being taken care of by the automatic price adjustment. Meanwhile, MP for Obuasi West, Kwaku Kwarteng says measures spelt out by the International Monetary Fund for a possible bailout programme brings into question government's initial claims it was only going to the Fund for policy credibility. Mr. Kwarteng tells Joy News it would be interesting to find out how government would negotiate these measures. *(Ghana Web)*

Ghana will pay a producer price of 5,120 cedis ($1,600) per tonne of cocoa during the upcoming main crop harvest, up from 3,392 cedis last season, a senior government official told Reuters on Wednesday. The price, which comes into effect for the main crop season that is due to begin on Thursday, means farmers will be paid 320 cedis per 64 kg bag, the official said. Ghana is the world's second-biggest producer of cocoa and government officials previously said a rise in the price will help to deter cocoa smuggling to Ivory Coast, Ghana's neighbour and the world's top grower. *(Reuters)*

The International Monetary Fund has told Ghana during its talks on a financial assistance programme that it would like to see a freeze on public sector wages, President John Mahama said on Wednesday. But the government has said that salary levels must take account of inflation, Mahama told Reuters on the sidelines of a conference in Dubai. Inflation in the West African country stood at a four-year high of 15.9 percent in August. An agreement on public sector wages is seen as crucial to securing the IMF programme, which aims to restore Ghana's fiscal balance. "The IMF was recommending a wage freeze .... I think there must be adjustments for inflation. You can't say you're not going to do any wage increases over the next three years. As inflation comes down, the need for higher (wage) increases reduces," he said. Ghana and the IMF held a first round of talks in Accra last month. A second round of talks will take place in Washington this month. Mahama said he would like to start the three-year deal in January but if an agreement was concluded before then, it might be factored into the annual budget, which is due to be presented in November. The IMF said last week Ghana's fiscal problems could hit economic growth hard, as a yawning budget deficit, high inflation and a tumbling currency take their toll on one of Africa's star economies of recent years. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Mumias Sugar Company is in talks with seven banks to restructure Sh5 billion of debt to free up cash flow as the miller seeks to return to profit. Mumias CEO Coutts Otolo told a local TV station that the debt rescheduling is part of cost-cutting measures, which include retrenchment, aimed at turning around the ailing firm. The miller is seeking to delay some of the debts that were to mature early by a further three to four years. Its debt stood at Sh5.2 billion in June, up from Sh2.4 billion in July 2012, costing Mumias Sh601 million in financing expenses in the year to June. Mr. Otolo did not identify the lenders the company is negotiating with, but sources at the firm say KCB Group and Eco Bank are on the list. Mumias is also looking to reduce its 1, 900 workforce in a staggered retirement plan amid opposition from the workers and their union. The company reported a wider loss before tax of Sh2.7 billion in 2014, from Sh1. 6 billion a year earlier, putting the blame on weak sugar prices. It said in the year to the end of June, sugar prices fell due to an influx of illegal imports and a shortage of cane following a poor harvest. Kenya has used high tariffs to protect sugar farmers but the policy has encouraged smuggling of cheaper sugar imports.

The firm's shares closed at Sh2.15 on Thursday after shedding a third of its value over the past three months, making it the worst performing stock at the Nairobi bourse over the period. Mumias has been struggling financially despite the fact that it is the only miller in the country that has diversified into other revenue streams such as power cogeneration and selling bottled water. Diversification is one of the conditions that the regional economic bloc Comesa wants Kenya to meet before it lifts the safeguards the country enjoys against cheap sugar from member states. In Kenya, for example, it costs $1,000 (Sh86,970) to produce a tonne of sugar compared to $300 (Sh26,000) in Mauritius. Mumias has been facing challenges meeting farmers' dues, necessitating the intervention of the sugar directorate, which extended a Sh300 million loan to pay farmers. The sugar directorate advances loans to sugar miller at a low interest rate of five per cent to be paid in five years, while bank loans attract an interest of up to 12 per cent. The price of sugar per tonne fell from Sh79,246 to Sh62,432 in the review period, a 21.2 per cent decline. Low prices have affected all the millers in the country, with the government blaming it on increased contraband sweetener. Mumias sales of electricity nearly halved to Sh230 million in the last year, with the company attributing it to reduced power output and penalties imposed by Kenya Power as per their power purchase agreement. Electricity exported to the national grid dropped 21 per cent to 55,935 megawatt hour (MWh) blamed on poor quality of cane. *(Business Day)*

The Kenyan shilling weakened on Monday due to increased importer demand for dollars, while stocks closed higher lifted by investment firms. At close of trade at 1300 GMT, commercial banks quoted the shilling at 89.30/40 to the dollar, compared with Friday's close of 89.10/20. Earlier in the session, traders said the shilling was expected to weaken as the month drew to a close, due to demand from importers in sectors like manufacturing and energy. Traders said demand for dollars was also to pay for capital goods like machinery meant for projects like roads, railroads and airports. "All these things, whether we like it or not, we have to import... so the balance of payments, no matter what, is growing and will continue growing," Ian Kahangara, trader at National Bank, said.

Traders said the shilling, which has lost 3.08 percent against the dollar so far this year, will trade in the 88.80 to 89.50 range in the coming days. On the Nairobi Securities Exchange, the main NSE-20 Share Index was up by 40.85 points or 0.78 percent, to close at 5,257.81 points. Centum Investments was the biggest gainer, followed by British American Investments. Traders said the stocks became attractive after falling last week on profit-taking after rising over several days. Centum closed 9.2 percent higher at 65.50 shillings a share, while British American rose 5.2 percent to 35.25 shillings. "Some investors saw some value in buying (Centum and Britam) at lower prices," Ian Gachichio, research analyst at Kestrel Capital, said. On the secondary market, government bonds valued at 1.29 billion shillings ($14.47 million) were traded, compared with 543.3 million shillings traded on Friday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Kenya's economy overtook those of Tunisia and Ghana after the statistics agency overhauled its data to increase the size of gross domestic product by a quarter. GDP was measured at $55.2 billion last year from $44.1 billion previously, Zachary Mwangi, acting director-general of the statistics agency, told reporters in the capital, Nairobi. That compares with the World Bank's estimates of $48 billion for Ghana and $47 billion for Tunisia. Kenya revised its data to take account of expanding industries such as mobile-phone money transfers and informal businesses, while also changing the base year of the figures to 2009 from 2001. Last year's growth rate was adjusted to 5.7 percent from 4.7 percent, Mwangi said. "The rebased GDP estimates put Kenya among the lower middle-income nations," Planning Secretary Anne Waiguru told reporters. The data "demonstrates that the economy is larger, but doesn't mean that people are less poor or wealthier than they were yesterday," she said. The shilling fell 0.3 percent to 89.33 against the dollar as of 5:18 p.m. in Nairobi after earlier strengthening to 89.15 following the publication of the data.

A higher figure for GDP will help to lower Kenya's debt ratios, improving the nation's ability to borrow. It may also reduce Kenya's access to low interest-rate loans, although the World Bank and International Monetary Fund have said the move won't close off Kenya's access to concessional funds. The rebasing "makes it more attractive as a country in Africa that can raise local currency debt and U.S.-dollar denominated debt," Angus Downie, head of economic research at Ecobank Transnational Inc., said by phone today from London. "Kenya as an investment looks more appealing" with budget and current-account deficit ratios improving, he said. The parliamentary budget office on Sept. 11 estimated the fiscal gap at 8 percent of GDP in the year through June 2015. Kenya follows Nigeria, which earlier this year rebased its GDP data to overtake South Africa as the largest economy in Africa, estimated now at about $500 billion. Tanzania, East Africa's second-largest economy after Kenya, plans to revise its GDP data later this year, which may increase the size of the $33 billion economy by a fifth.

"The GDP rebasing exercise in Kenya will provide a much needed boost to the Kenyan economy as the government tries to spur economic growth in light of the challenges facing its important tourism industry," Ahmed Salim, a Dubai-based senior associate at risk-advisory group Teneo Intelligence, said in an e-mailed response to questions. The government in September cut its 2014 growth estimate to as low as 5 percent from 5.8 percent because of a drop in tourism revenue following a series of gun and grenade attacks in the country. Even after the recalculation, the economy still faces wide economic disparities and social inequalities, Salim said. Almost four out of 10 Kenyans live in poverty, according to the World Bank. GDP per capita was estimated at $1,246 after the rebasing, according to the statistics agency. Kenya is the world's biggest exporter of black tea and it supplies a third of the flowers traded in Europe. *(Bloomberg)*

The Rwandese government has imposed a 30 per cent tax on cross-border call charges in what appears to be backtracking on a promise made to scrap levies on roaming subscribers in the region. This has led Safaricom to announce a reversal to Sh25 per minute roaming charges, a day after the telco had announced a 60 per cent cut in call rates to Sh10 per minute. The Rwanda government is said to have imposed a 30 per cent tax on the Sh8.8 ($0.10) maximum calling rate agreed upon by East African Community member States. "This new development makes it impossible for operators in Kenya and Rwanda to go ahead with the planned downward revision in tariffs. We will, therefore, revert to the previous tariffs even as we push on with efforts to ensure that we have affordable calling rates for the region", Bob Collymore, Safaricom CEO, said.

The move by Rwanda to renege on this agreement is said to have arisen from fears that a firm the government had contracted to monitor all international incoming calls would lose business if the levies are scrapped. Kenya is strongly opposed to such levies, arguing that they neither benefit the governments nor the citizen, but the few individuals who own such companies and that they stifle business growth and regional integration. ICT Secretary Fred Matiang'i, who happened to be on official duties in Rwanda, was Thursday said to have held discussions with the Rwanda government to review the latest standing. On Tuesday Safaricom announced that its customers making international calls from Kenya to Rwanda, and vice versa, would be billed at a rate of Sh10 per min beginning October 1. Mobile phone subscribers visiting Rwanda were also to receive calls for free. Safaricom's customers visiting Kigali would make calls to local Rwandan networks at Sh10, from Sh17.50 per minute.

Kenya is the only East Africa state that does not levy any taxes on cross-border calls and has been at the forefront of pushing for a common termination tariff in an effort to reduce the cost of doing business and to encourage regional integration. The Safaricom CEO said the firm has entered into discussions with the Ministry of Information and Communications and the Communications Authority of Kenya seeking a revision of the position taken by Rwanda. "We remain committed to the effective implementation of One Network Area initiative by the East African Community Heads of State, which envisages the reduction of international and roaming tariffs reduced to lower costs of doing business and deepen social integration in the region," Mr Collymore added. Uganda levies Sh7 levy on inbound calls from Kenya, Tanzania charges Sh10, while Burundi charges Sh13 as levy. This means any calls made by a Kenyan when roaming or directly calling from the country are subjected to the taxes.*(Business Daily)*

The Kenya central bank said on Monday it is in the market to mop up 9 billion shillings ($100.95 million) in excess liquidity using repurchase agreements and term auction deposits. The central bank often soaks up excess shilling liquidity through repos or other instruments, a move that tends to support the currency by making it more expensive to hold dollars. The shilling has broadly weakened in recent weeks. *(Reuters)*

Kenya's gross domestic product (GDP) was assessed to be 25 percent bigger in 2013 after the authorities changed the base calculation year to 2009 from 2001, the government said on Tuesday. Economic output was calculated to be 4.76 trillion shillings ($53.3 billion) after rebasing, up from 3.8 trillion Kenyan shillings ($42.6 billion), the minister for devolution and planning, Anne Waiguru, told a news conference. Growth in 2013 was calculated to have been 5.7 percent after rebasing, up from the previous estimate of 4.7 percent. *(Reuters)*

The Central Bank of Kenya said on Wednesday it was in the money markets to mop up 6 billion shillings ($67.15 million) in excess liquidity using repurchase agreements and term auction deposits. The central bank often soaks up excess shilling liquidity through repos or other instruments, a move that tends to support the currency by making it more expensive to hold dollars *(Reuters)*

An upward revision of Kenya's economic output shows that the country's economic reforms are paying off, with the potential for future growth to exceed 6 percent a year, an International Monetary Fund (IMF) official said on Wednesday. Kenya announced on Tuesday that last year's gross domestic product was $53.4 billion - 25 percent higher than previously stated - after updating the base year for its calculation. Growth for 2013 was revised up to 5.7 percent from 4.7 percent. Armando Morales, the IMF representative in Nairobi, said the new numbers ended the puzzle of why economic reforms in recent years were not being reflected in more robust growth numbers. "Now we have found confirmation that, using better statistics, these reforms have been translating to growth," he told Reuters. "Our perception was of a booming economy; an economy ready for take-off." Previous figures had consistently underestimated the growth rate, in spite of reforms including a review of taxes to boost revenue, a tightening of banking and capital market regulations to cut risk, improvement in the management of public finances and general economic governance. Morales, however, said the Kenyan economy still faces challenges, particularly after a spate of militant attacks over the past year that have dented the tourist trade, a major source of hard currency. The Washington-based fund is likely to lower its 2014 growth forecast of 5.5-6 percent to closer to 5 percent, Morales said, after the Kenyan government revised its forecast to 5.3-5.5 percent from 5.8 percent after the rebasing exercise.

But Morales said Kenya could push growth above 6 percent if it can be more consistent on economic policy, referring to interest rates decisions that resulted in high inflation and currency weakness in recent years. An IMF team will visit Nairobi this month to discuss the government's request for an "insurance-type" lending facility to cushion against unforeseen shocks such as weather-related problems for the farming industry. Morales said the rebasing exercise made it easer to "fine tune" a new programme because it offered a more accurate picture of the economy, but added that inflation needs to be watched closely to ensure it does not stray too far from the mid-point of the government's 2.5-7.5 percent target range. "We would like to see how the pattern evolves over the next three months," he said. *(Reuters)*

Proposals by a local authority to impose new taxes on cargo at Kenya's main port has drawn opposition from the government and shippers, saying it will hike import prices and make the east African trade hub less competitive. The government, keen to see off emerging competition from regional rivals, has been striving to improve efficiency at Mombasa port, the congested gateway that serves Kenya and landlocked states such as South Sudan, Uganda and Rwanda. Customs reforms and other steps have cut transit times and costs, but government officials and shippers say such gains could be undermined if the local authority succeeds in imposing extra taxes using revenue-raising and other powers granted to Kenya's regions under a 2010 constitution. The government says it will oppose any move to add new levies but the case will test Nairobi's ability to challenge local government decisions, if Mombasa County assembly votes as expected to approve the measures next week. "The County can pass the bill if they wish, but the final say lies with the ministry," said John Mosonik, principal secretary at the Transport and Infrastructure Ministry. "We are trying to improve the port and make it more efficient to attract more businessmen and revenue, and it would be unrealistic to even think of introducing new levies which would otherwise negate all these efforts," he told Reuters. Mombasa Governor Ali Hassan Joho, who backs the proposed legislation, has said the port should be managed by the Mombasa County authorities and not central government, so its revenues can be used to improve services in the bustling city. The draft bill on the new taxes includes proposals for a charge of $60 for ships with a gross tonnage of up to 1,000 tonnes and $300 for vessels of 30,000 tonnes or more. Shipping firms would have to pay $20 per tonne of exports and $20 per tonne to clear imports. Each ship would also pay $60 for inspection, $60 per square metre for compulsory spraying against disease and $40 per container for verification. "We already are focused on very essential strategies aimed at improving the port performance," said Danson Mungatana, the port chairman. "When such discussions over new taxes begin to emerge, they derail and drag these ambitious plans."

Based on the 22.3 million tonnes of cargo handled by the port in 2013, Mungata said a charge of $20 on each tonne in transit would mean extra costs totalling $446 million a year. Shipping firms and importers have long grumbled about delays and high costs of moving cargo through Mombasa, but have had few alternatives till now. But that could change as Kenya's southern neighbour Tanzania upgrades its Dar es Salaam port and plans a brand new port on its coast to boost its role as a hub. "We are already paying taxes to other bodies and cannot pay any extra, otherwise we will be forced to either increase the prices for imports and exports, or seek cheaper alternative ports within the region," said Juma Tellah, executive officer of the Kenya Shippers Council. *(Reuters)*

The weighted average yield on Kenya's 91-day Treasury bills fell to 8.630 percent in auction on Thursday from 8.653 percent last week, the central bank said. The bank said it received bids worth 3.6 billion shillings ($40.31 million) for the 3 billion shillings worth of bills offered. It accepted 3.3 billion shillings. Next week the bank will sell 91-day, 182-day and 364-day Treasury bills worth a total of 12 billion shillings. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Mauritius hotels group Lux Island Resorts reported a full-year pretax profit jump of 127 percent to 329.79 million rupees ($10.55 million) due to higher visitor numbers. Tourism is a key source of hard currency for the Indian Ocean island nation known for its luxury spas and beaches. The island has increasingly turned to Chinese tourists to make up for a decline in arrivals from Europe since the global financial crisis. The luxury hotel group, which has properties in the Maldives and Reunion as well as Mauritius, said on Monday full year occupancy rates rose 4 percent to 72 percent, lifting the group's earnings in the financial year to the end of June. Revenue rose to 4.21 billion rupees from 3.77 billion, the company said in a statement. Earnings per share climbed to 2.22 rupees from 0.88 rupees. Bookings for the second quarter ending December 31 were better than in the similar period last year, the company said, adding that it expected profit for the first half of its current financial year to improve on the year ago period. *(Reuters)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Nedbank Group Ltd. (NED), the South African lender controlled by Old Mutual Plc, has agreed to buy 20 percent of Ecobank Transnational Inc. (ETI), even after the Lome, Togo-based company sold a stake to a Qatari bank. Nedbank will pay $493.4 million for 4.51 billion shares, the Johannesburg-based lender said today in a joint statement with Ecobank. Nedbank had a right to convert a $285 million loan made to Ecobank in 2011 into an estimated 11 percent stake. A second subscription right allowed it to increase its holding in Ecobank to as much as 20 percent, with a Nov. 25 deadline to exercise the option. Qatar National Bank SAQ, the Middle East's biggest lender by market value, bought an 11 percent stake in Ecobank for $283 million on Sept. 15 to become its top shareholder. This followed the purchase of a 12.5 percent stake valued at $290 million earlier that month, QNB's first acquisition in sub-Saharan Africa. Nedbank's move makes it the second-biggest shareholder in Ecobank and gives it access to the lender's customers in more than 30 African countries. Nedbank was little changed at 217.06 rand as of 2:35 p.m. in Johannesburg. Ecobank fell 0.5 percent to 18.5 naira in Lagos.

Through the agreement, Nedbank gets the right to representation on Ecobank's board and has nominated Chief Operating Officer Graham Dempster as a director. Ecobank will exercise its reciprocal right to an appointment on the Nedbank Group board, it said in the statement. The Public Investment Corp., which manages the equivalent of about $150 billion of the South African Government's pension fund money, bought almost 20 percent of Ecobank in April 2012. Nedbank has the regulatory approvals it requires for the deal, it said in a separate statement. Its common equity tier 1 ratio, a measure of funds held against deposits, remains within the lender's target range of 10.5 percent to 12.5 percent after the deal, above minimum requirements set under Basel III industry standards. *(Bloomberg)*

Investment Corporation of Dubai (ICD) is exploring further investment opportunities with African conglomerate Dangote Group, the chief executive of the emirate's fund said on Wednesday. ICD, which hold stakes in many of Dubai's top companies including Emirates airline and Emaar Properties, bought a 1.4 percent stake in Dangote Cement last month for $300 million. "We have been looking at Africa for a long time. We are looking to do more business with Mr. Dangote and we have some things that we are exploring at the moment together," Mohammed al-Shaibani told an Africa-focussed investment event in Dubai. Shaibani was speaking alongside Aliko Dangote, head of the Dangote Group and Africa's richest man. When asked about what sectors ICD would be interested in investing in with Dangote Group, Shaibani said it was focussing on agriculture and infrastructure projects. Gulf companies are increasingly looking at Africa as an investment destination, as firms use cash generated by their rich, hydrocarbon-dominated economies to expand into a continent where many countries are experiencing high levels of growth. This compares with Western nations, where money from Gulf sovereign wealth funds have traditionally been deployed, which are still struggling with anaemic growth rates. Last month, Qatar National Bank bought in two stages a 23.5 percent stake in pan-Africa lender Ecobank , its second acquisition on the continent in the last two years. Meanwhile, Emirates Global Aluminium is developing a $5 billion refinery and bauxite mine in Guinea to help it secure the raw materials it needs for its expanded operations in the United Arab Emirates. *(Business Daily)*

Investors who see growth opportunities in Transcorp Hotel Plc (THP) are already going for the company's initial public offering (IPO) of 800 million shares at N10 per share. The IPO opened last week and is expected to close on October 17, 2014. THP is the hospitality subsidiary of Transnational Corporation of Nigeria Plc (Transcorp). The company's vision is to create maximum and sustainable value for stakeholders, as well as to build Africa's choice hospitality assets underpinned by excellence, entrepreneurship and execution. As a part of the company's growth strategy, it is undergoing an IPO to raise N8 billion fresh funds from the capital market to support the development of two hotels in Ikoyi, Lagos and Port Harcourt, Rivers State. The offering will be followed by a listing of the entire shares of the company on the NSE. Speaking to THISDAY last Friday, the President of Association for Advancement of the Rights of Nigerian Shareholders (AARNS), Dr. Faruk Umar, said had gone through the prospects and saw the offer as a good one that investors should not miss. "The shares are being offered at N10 and it is my belief that with what they want to do in Lagos and Port Harcourt and with the expansion in Abuja, it will be a profitable investment. The company has a good dividend payment history and has paid dividend consistently for the past three years and I believe this will continue after its listing on the NSE. I therefore urge my fellow shareholders not to miss this investment opportunity," Umar said. Managing Director/CEO of THP, Mr. Valentine Ozigbo, told the capital market community last week that the Nigerian hospitality industry is fast becoming more competitive with the presence of international brands in recent years. "We have a strong brand and success story in Nigeria as well as good long term relationships with established suppliers in Nigeria. These, coupled with our partnership with the Hilton Worldwide for management of our facilities, opens up a large opportunity for our proposed developments in the high density areas of Nigeria to attract a considerable portion of business travel and tourist traffic which should translate to adequate guest patronage." Speaking in the same vein, the CEO of Transcorp, Mr. Emmanuel Nnorom, said: "We are very proud of this achievement, the first initial public offering of one of our subsidiary businesses in Nigeria. The offering illustrates our continued drive to create value for our shareholders, by unlocking the value of the existing assets in our subsidiary and growing exponentially." *(This Day)*

The Central Bank of Nigeria (CBN) sold treasury bills valued at N114.39 billion with maturities ranging between three months and one year, as at last week. A breakdown of the amount of the instrument auctioned showed that the central bank sold N21.53 billion worth of three-month paper at 9.95 per cent, higher than 9.58 per cent at a previous auction on September 17. It also sold N33.78 billion in 6-month notes at 10.10 per cent, 13 basis points lower than the previous auction. In addition, the central bank raised N59.08 billion in one-year debt at 10.35 per cent, the same yield the paper fetched the last time it was sold on September 3. Total demand for the fixed income instrument was put at N181.44 billion at the auction, compared with N122 billion for the 3-month and 6-month paper sold at the Sept 17, auction. Meanwhile, the interbank money market commenced the week highly liquid as rates declined across various money market instruments. This was reflected in the Call and Open Buy Back (OBB) rates that closed at 10.8 per cent and 10.4 per cent. This was largely attributed to the injection of N293 billion Federation Account Allocation Committee (FAAC) funds which hit the system during the week. Subsequently, the CBN was said to have mopped up N130 billion via open market operations (OMO). In addition, the CBN mopped up N70.3 billion on last Thursday after repaying OMO debt worth N144.4bn the same day. Nonetheless, week-on-week, Call and OBB rates were flat 10.8 per cent and 10.5 per cent. "We expect maturing OMO bills worth N258.8bn to hit the system, while the Debt Management Office Sept 2014 bond will mature on the 28th. "We anticipate that the CBN will intervene via OMO mop-ups to keep liquidity in check. Hence, we expect rate to stay flat," analysts at Afrinvest Securities Limited predicted.

The CBN increased its dollar supply at its regulated Retail Dutch Auction System (RDAS) last week by $50 million to $700 million, in an attempt ease the pressure on the naira which has lost approximately N1 at the interbank this month. It also offered $350 million apiece on Monday and Wednesday, which were fully subscribed at the marginal rate of N155.75 to a dollar. But week-on-week, the naira shed 65 kobo and 50 kobo to close at N163.95 to a dollar and N169.00 to a dollar at the interbank and BDC segments respectively. "We anticipate the naira will be driven by sustained supply of the green back and moderated by dollar supplies by oil majors," Afrinvest Securities predicted. Also, analysts at Cowry Asset Management Limited anticipates further strengthening of the naira at the official window on the back of sustained dollar supply from oil majors particularly for month-end obligations. The bond market witnessed selloffs last week by offshore portfolio investors as rates rose across most tenors.

Majority of the selloffs in the bond market during the week was experienced in the mid-term instruments with a 20 basis points increase in yields while rates in the longer term notes were broadly flat. Yield on the 9.25 per cent FGN SEP 2014 paper however declined to 0.9 per cent as it approaches maturity. Whilst the Federal Reserve ambiguity regarding timeline for interest rate hike has continued to force capital reversals in emerging market economies, analysts further pointed out that deteriorating macroeconomic fundamentals as exhibited by the falling oil prices and the naira volatility at the interbank market has further worsened investor confidence in the capital market. Hence, they anticipated further pessimism in the bond market. *(This Day)*

Following the high-growth of juice and sports drinks markets, driven by health consciousness among Nigerians and a higher-status perception than lower-cost soft-drinks such as carbonates, analysts at Renaissance Capital have retained their BUY rating on GlaxoSmithKline Consumer Nigeria (GSK) Plc and raised its expected trading price (TP) to N76 per share. GSK operates in the consumer healthcare, pharmaceuticals and vaccines space in Nigeria. The company has well-known consumer brands, including Ribena, Lucozade, Horlicks, Panadol, Macleans and Sensodyne, and has leading market positions in the sports, energy drinks and analgesics segments. According to the analysts, GSK's reported revenue and earnings before interest, tax (EBIT) growth since 2004 is second only to that of Nestlé Foods Nigeria Plc, among the Nigerian consumer names under its coverage. They stated: "What is equally important, in our view, is the consistency of this growth. GSK reported a decline in EBIT only once over the period, in FY07, from which it rebounded strongly in FY08. Our P/E relative valuation implies a one-year target price for GSK of N76 per share and a one-year expected potential return (including dividends) of 17 per cent. "GSK has reported a material decline in EBIT in 1H14, but this is predominantly due to the sale of Lucozade and Ribena by GlaxoSmithKline Plc (not covered) to Suntory (not covered) and the imposition of a licence fee as a result. However, this is factored into our numbers and we forecast positive growth going forward." The analysts added that GSK's Ribena has achieved the strongest growth of the top eight brands in the juice category and Lucozade since 2008, adding that "the market leader in the sports and energy drinks segment, has grown faster than the market, according to Euromonitor." "GSK's parent, GlaxoSmithKline Plc, sold Ribena and Lucozade globally to Suntory at the end of 2013. While the products were not strategic to the parent, they contributed 54 per cent of GSK Nigeria's revenue in FY13. We see significant financial implications from the imposition of a licence fee payable to Suntory, and GSK expects Suntory to enter the market directly in 15 years, said Renaissance Capital.*(This Day)*

Bloomberg quoted Kyriakidis to have explained that the plan is to add 10,000 hotel rooms apiece in Africa's three biggest economies, targeting "super growth" based on their economic potential and tourist attractions. Speaking in an interview in Addis Ababa, Kyriakidis said: "We see tremendous growth opportunities in Egypt." "As Nigeria's economy powers on, the demand for hotel rooms is going to be substantially greater." The Bethesda, Maryland-based company sees the region as its highest revenue-growth market to 2020, Kyriakidis added. The owner of brands including Ritz-Carlton and Renaissance is boosting its presence in Africa after purchasing Cape Town-based Protea Hospitality Holdings for about $200 million in April. It would open nine hotels with a total of 1,300 rooms in the next 14 months in Ethiopia, Rwanda, Ghana, Uganda and South Africa, Kyriakidis added.

Occupancy rates at the chain's hotels in Egypt's capital, Cairo, and at Red Sea resorts have increased to 60 per cent to 75 per cent from 30 per cent to 45 per cent since the May election of President Abdel-Fattah El-Sisi, he said. Security concerns in Nigeria triggered by deadly bomb attacks won't deter Marriott from further investment in the West African nation as the company is planning over the long term, its Chief Executive Officer Arne Sorenson had said. The company is also boosting its presence in the Middle East, where it is focusing on the United Arab Emirates and Saudi Arabia, Kyriakidis added. The Starwood Hotels & Resorts Worldwide Incorporated had also disclosed plans to add as much as 20 hotels in Africa over the next four years, as the US owner of the Sheraton and St Regis brands takes advantage of rising travel in the continent. The US firm is seeking to add mainly five-star properties to its existing set of 37 hotels, Its senior vice president for acquisitions and development in Africa and the Middle East, Neil George had confirmed that five of the new sites are earmarked for Nigeria, Africa's biggest economy and most populous nation with about 170 million people. International hoteliers are seeking to expand in African countries to exploit an increase in travel and higher economic growth rates than in the US and Europe.*(This Day)*

Shareholders of Conoil Plc have lauded the company's declaration of N4.00 dividend, translating to N2.78 billion cash payment for its last financial year. This is in spite of the harsh operating environment witnessed by the downstream petroleum sector, during the period. The shareholders expressed their delight at the company's 44th Annual General Meeting held in Uyo, Akwa Ibom State. They unanimously commended the board and management of the company for faithfully implementing the strategies and programmes that enabled the company record impressive performance across board. "We are impressed with the record performance and the balance sheet. We are indeed happy that Conoil is paying quality dividend amid the tough challenges facing downstream operators in this country.

It shows that the board and management of the company hold every shareholder in high esteem," National Coordinator, Independent Shareholders Association of Nigeria (ISAN), Sunny Nwosu, said. "I am particularly pleased that the board kept to the promise made at the last meeting to boost bottom-line and ensure adequate returns on investment for shareholders. The revenue and profit growth compared favourably with industry performance. We can only wish that they continue to strengthen and consolidate on the company's leadership position in the industry," Executive President of Nigeria Shareholders Solidarity Association (NSSA), Chief Timothy Adesiyan said. Also speaking at the event, the Chairman, Ibadan Zone Shareholders' Association, Chief Sola Abodunrin, commended the company for ensuring that its shareholders earned returns on their investments. "The 400 kobo dividend represents over 300 per cent increase over we were paid last year. It goes to show Conoil's commitment to its shareholders," Abodunrin said. In his address, the company's Chairman, Dr Mike Adenuga noted that, "the company scored many firsts in the areas of product development, service delivery and set new standards with ground-breaking initiatives". The results revealed that the company maintained its leadership position in the industry, reaping bountifully from its huge investments in its business portfolios.

Revenue increased from N149.99 billion to N159.54 billion. Gross Profit shot up toN17.04 billion from N16.1 billion. The company also posted 289 per cent increase in Profit Before Tax from N1.15 billion in 2012 to N4.58 billion, while it recorded Profit After Tax of N3.07 billion, which amounts to 330 per cent increase over what was posted in 2012. While assuring the shareholders of better years ahead, Adenuga said the company would consistently pursue initiatives directed at achieving better execution in the areas of marketing and customer service. "Greater attention would be devoted to cutting operational costs in the different segments of the business, while maintaining and improving on the quality of our products and services," he added. Reviewing the year, Adenuga recalled that, "Conoil consolidated its competitiveness in the different segments of its core business. We also pursued and sustained strategic expansion of our retail network across the length and breadth of the country with a view to ensuring that a lot more people, especially in the remotest parts of the country, have access to our superior products and services." He also assured the shareholders that Conoil is equipped with all the essential materials, intellectual and human resources, to surmount the challenges ahead in the downstream petroleum sector. Adenuga noted that the company has been positioned to take full advantage of opportunities from the federal government's economic reforms, by leveraging on the solid base built over the years. *(This Day)*

Economic News

Nigeria is in talks with private investors to set up a national airline as it revamps airport infrastructure and expands air capacity, Aviation Minister Osita Chidoka said. Nigeria will spend about $2 billion within the next four years to rebuild old airport terminals and construct new ones as demand for air travel in the country swells, Chidoka said in an interview with Bloomberg TV Africa in New York that will be aired Oct. 3. The government wants to start a national carrier within the same period to tap from the growth. "Conversations are on across many possible private sector organizations, both local airlines in Nigeria and then some international airlines," Chidoka said. "It will be commercially run." Nigeria, Africa's biggest economy and most populous country with about 170 million people, signed a $500 million loan agreement last year with the Export-Import Bank of China to fund new terminals in four cities including the capital Abuja, the commercial hub of Lagos, the southern oil center of Port Harcourt and the northern city of Kano.
The contract was won by China Civil Engineering Construction Corp. "We are totally changing the face of four key airports," said Chidoka. Nigeria is also studying "the possibility of attracting private capital to do that." The government is building 13 cargo airports across the country for the export of perishable agricultural produce such as pineapples, mangoes and tomatoes. About $1 billion have been provided by the government for the current projects, with another $1 billion expected to be spent within the planned project duration of four years, according to Chidoka.

Nigeria liquidated its former national airline, Nigeria Airways, in 2003 and replaced it with Virgin Nigeria (IMARANF), a joint venture in which Richard Branson's Virgin Atlantic originally held 49 percent. The airline changed its name to Air Nigeria in 2010 after Branson pulled out and it ceased flying two years ago. Lagos-based Arik Air Ltd., a closely held company, is the West African nation's largest carrier with 26 aircraft in its fleet, according to its website. Competitors include Aero Contractors Ltd., Dana Air, Med-View Airline Ltd. and Overland Airways Ltd. The number of air passengers traveling both domestically and internationally in Nigeria surged to 3.75 million last year from 520,263 in 2003, according to World Bank data. "Privatization of some operations of the airports may be on the cards," said Chidoka. "It will most likely be airport management, things like that, collecting of revenues, managing lounges. We have to build infrastructure that matches our aspiration." *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Nigeria recorded significant improvements in its 'Doing Business' index within the last four years, the World Bank's 'Doing Business in Nigeria 2014' report has revealed. This year's report is the third in a series of reports analysing business regulations across Nigeria. The Federal Ministry of Industry, Trade and Investment, which gave insight into the report yesterday said the study, which benchmarked four regulatory areas such as starting a business; dealing with construction permits; registering property and enforcing contracts, also measured the progress made by the respective states since January 2010, when the last benchmarking exercise was conducted. According to the report, from 2010 till date, the country recorded 34 improvements in its 'Ease of Doing Business' index, of which 13 focused on starting a business, eight on dealing with construction permits, 10 on registering property, and three on enforcing contracts. Specifically, the report stated: "For the first time, Doing Business in Nigeria 2014 recorded reforms that make it easier to start a business.

In nine states, it is now faster to register a new business with the Corporate Affairs Commission. "Hiring new staff, computerisation, management training, opening a bank desk within the Corporate Affairs Commission premises, and better tracking of applications were some of the measures taken to increase efficiency." It added: "By opening stamp-duty and tax registration offices in several new locations, the federal tax authority eliminated the need to travel out of state in Anambra, Cross River, Edo, Kwara, Nasarawa, Ogun, and Zamfara. "In Anambra, Delta, Lagos and Ogun, registering the business premises with the state authorities was streamlined. The average time required to deal with construction permits in Nigeria is 63 days—significantly faster than the sub-Saharan Africa average of 171 days." Speaking during the public presentation of the report in Abuja, on Monday, the World Bank Country Director, Nigeria, Ms. Marie Francoise Marie-Nelly, said 22 states in Nigeria recorded significant improvements in their Ease of Doing Business ratings within the period under review. The states are: Anambra, Bauchi, Bayelsa, Cross River, Delta, Ebonyi, Edo, Ekiti, Enugu, Imo, Jigawa, Kaduna, Katsina, Lagos, Nasarawa, Niger, Ogun, Ondo, Oyo, Plateau, Rivers and Zamfara states.

Out the 22 that recorded significant improvements in their Doing Business indices, Cross River, Niger, Ogun, Rivers and Ekiti states made more progress than others. She said, "Since 2005, Sub-National Doing Business Projects have benchmarked more than 355 locations in 55 countries and have recorded 389 business regulatory reforms." Progress is measured in four regulatory areas, such as starting a business, dealing with construction permits, registering property and enforcing contracts. Twenty two states have improved in at least one of the four areas we measured. Most states have improved their business environment since 2010. However, five states - Cross River, Niger, Ogun, Ekiti and Rivers stood out for introducing several high-impact reforms that narrowed the gap to best practices the most." Marie-Nelly noted that the improvement in the Ease of Doing Business in most of the states of the federation was a positive landmark for the federal government's Doing Business and Investment Climate Reforms Programme, which it is currently implementing in partnership with the World Bank and DFID. She added: "Nigeria's business climate has improve significantly since 2010 when the last benchmarking exercise was conducted. This is a positive achievement we all should be proud. This shows that change is possible in Nigeria, especially now that the country positioned itself as the largest economy in Africa and the leading destination for foreign direct investment globally." Speaking during the presentation of the report, the Minister of Industry, Trade and Investment, Mr. Olusegun Aganga, said his ministry had prioritised the implementation of far-reaching investment climate reform programmes, in line with President Goodluck Jonathan's Transformation Agenda. *(This Day)*

Investors staked N4.739 billion on shares yesterday, showing an increase of 72 per cent compared to N2.768 billion invested in shares last Friday. Generally, market indicators closed on a positive note as trading resumed for a new week. Having closed negatively last week, activities of bargain hunters helped to lift the market yesterday, indicating a likely bullish week. Volume, value of trading, the Nigerian Stock Exchange (NSE) All-Share Index (ASI) and other sectoral indicators went up as Dangote Cement Plc, Nestle Nigeria Plc, among other high cap stocks, booked gains. Investors committed a total N4.739 billion in N273.97 million shares in 4,565 deals yesterday compared to N2.768 billion invested in 245.926 million in 3,806 deals last Friday. The financial services sector attracted the highest value of N2.251 billion invested in 159.182 million shares in 2,343 deals. A further breakdown of the sector indicated that Guaranty Trust Bank Plc led the sector with N741 million staked on 24.905 million shares.

Meanwhile, the ASI rose by 0.70 per cent to close higher at 41,105.38, while market capitalisation added N94 billion to close at N13.573 trillion. Nestle Nigeria led the price gainers with N45 to close at N1,100 per share. It was trailed by Guinness Nigeria Plc with N9.50 to close at N199.50 per share. Dangote Cement Plc chalked up N2 to close at N222 per share. The stock traded 2.284 million units valued N500.159 million in 63 deals. Nigerian Breweries Plc garnered N1.26 to close at N177.26 per share, while Forte Oil Plc, Total Nigeria Plc and PZ Cussons Nigeria Plc rallied N1.01, N1.00 and N0.74 respectively. Conversely, Mobil Oil Nigeria Plc led the price losers with N3.96 to close at N172.04 per share, followed by Unilever Nigeria Plc with N2.30 to be at N46.90. Ashaka Cement Plc shed N1.00 , while Glaxosmithkline Consumer Nigeria Ple went down by N0.59. Ecobank Transnational Incorporated and FBN Holdings Plc lost N0.26 and N0.20 in that other among other price losers. *(This Day)*

"Our goal of boosting shared prosperity will be achieved by raising incomes, creating jobs, educating children and providing all with access to food, water and health care," Kim said in a speech presented ahead of the IMF-World Bank Group Annual Meetings to students and faculty at Howard University on Wednesday. "By doing so, we will grow our wealth and nurture our humanity." The president stressed the need to help low-income countries grow their economies. In the last four years alone, high growth rates in China and India have meant that 233 million people no longer live in poverty. But poorest people in these countries must share in the gains of that growth, he said. Kim cited a recent Oxfam International report that found the world's richest 85 people have as much combined wealth as the poorest 3.6 billion. "Shared prosperity is part of the Bank Group's headline goals simply because it is required to end poverty," Kim said. He added: "With so many Africans, as well as Asians and Latin Americans, living in extreme poverty, this state of affairs is a stain on our collective conscience."

The president also talked about how the Ebola epidemic in West Africa underlines the importance of addressing inequality. "This pandemic shows the deadly cost of unequal access to basic services and the consequences of our failure to fix this problem," Kim said. "Unless we stop the infection's spread now, there will be little prosperity to share, to say nothing of the number of people who will be unable to share in what remains," he stressed. The Bank Group has transferred $105 million in emergency funding to Guinea, Liberia and Sierra Leone to fight Ebola — more money to date than any other international organisation, the president said. Overall, the Bank Group has committed $400 million to support treatment and containment. The US Center for Disease Control and Prevention has said that in a worst-case scenario, 1.4 million people could become infected with Ebola. "We must do all we can to prevent thousands more needless deaths and an economic catastrophe. … Our ability to boost shared prosperity in West Africa — and potentially the entire African continent — may be quickly disappearing," Kim said. "Unless we stop the infection's spread now, there will be little prosperity to share, to say nothing of the number of people who will be unable to share in what remains."

According to him, boosting prosperity and tackling inequality requires two key steps on the World Bank Group's part. The first is improving the understanding of how economic growth at the national level impacts development at the household level. This requires better and more precise data from low-income countries. Secondly, the World Bank Group should continue to evaluate the impact of its projects on low-income earners. He gave the example of Bangladesh, where the Bank Group has helped to build and fix 3,000 kilometers of road. In just six years, he said, the average household income in those areas grew by 74 per cent as roads connected communities to markets. Areas that did not have access to these upgrades saw a 23 per cent decline in average household income. Kim listed four strategies that are integral to boosting shared prosperity to include building human capital, constructing well-designed and implemented social safety nets, offering incentives for the private sector to create good jobs and implementing fiscally and environmentally sustainable policies to pursue those ends. Furthermore, the World Bank chief cited the words of Dr. Martin Luther King Jr., who he called "one of my heroes." "King called poverty "a monstrous octopus" that "spread its nagging, prehensile tentacles into hamlets and villages all over our world," he said.*(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Tanzania

Corporate News

Serengeti Breweries Limited (SBL) has said it will take advantage of the Common Market Protocol in the East African Community to sell its new Jebel Coconut drink. SBL's Managing Director, Steve Gannon told East African Business Week during the official launching in Dar es Salaam last week, they will first target the Tanzanian consumers before venturing to Nairobi, Kampala and Kigali. "The brand was firstly created to suit the Tanzanian consumers in market but we want to make it known around the country before going to the regional level," he said. SBL, one of the largest breweries in Tanzania and the maker of the popular Serengeti Premium Lager has unveiled Jebel Coconut which local made and created by Tanzanians. Jebel is marketed as a proudly Tanzanian spirit made with premium cane spirit and the flavours of coconut which is an ingredient widely used in Tanzania, elaborated, Emphraim Mafuru, the SBL's Director of Marketing. "We are happy to introduce this new product to the market after conducting studies on the taste profile of a modern Tanzanian consumer and found that there is a gap on what is available in the market and what the consumer wants," he said. Jebel was originally dreamed up in Dar es Salaam; right by the beach hence its tag line "Full Kipupwe". According to company sources, the main target market for Jebel is middle aged men and women. SBL is sure that this spirit will be well received in the market due to its taste, quality and price.

This is the first locally produced spirit that has been formulated by SBL in its current portfolio that has more than 10 international brands. Jebel has a unique taste and could be drunk neat or on the rocks, with water or mixed with soda whereby studies indicate that consumers prefer ginger or lemonade. In a bid to making sure that the brand reaches the targeted consumers soon, Mafuru said, "Soon there will be loads of activities that will give a chance to the modern Tanzanian drinker to feel and taste this wonderful brand." Therefore, he added consumers are invited to partake in promotions expected in various bars and shops around you and from there you will stand a chance of tasting Jebel and winning fantastic gifts. The new cool Jebel comes in a 250ml pack and stylish gold, blue and green bottles priced at Tsh3,000 ($about $1.8). Serengeti Breweries Limited engages in the brewing, manufacturing, marketing and selling drinks made of malt, hops and barley and sorghum in Tanzania. SBL is also the sole distributor of several international renowned spirits including Smirnoff Vodka, Johnnie Walker, Bailey's Irish Cream Richot, Bond 7 Whiskey and Gilbeys Gin. The brewer is a subsidiary of East African Breweries Limited/ DIAGEO Plc.*(Business Week)*

British gas producer BG Group said on Thursday it had withdrawn from the development of a gas block offshore Tanzania after finding it was not worth exploring further there. Its partner Ophir Energy in Block 3 off the coast of the east African country said it had applied to the government to take over BG's 60 percent interest and operatorship of the licence, bringing its stake in the block to 80 percent. Pavilion Energy, owned by Singapore investment company Temasek, holds the other 20 percent. "We have applied to the government to relinquish (involvement). Our view of the resource does not support BG Group proceeding to the next phase of development," a spokesman for BG Group said. Ophir would make no payment to BG as a result of taking over the stake. The gas group, Britain's third-biggest energy company, is under pressure to rein in costs and reshape its asset portfolio after a series of production downgrades that led to the resignation of its chief executive earlier this year. BG plans to open a liquefied natural gas (LNG) export terminal in Tanzania together with partners Ophir, Statoil and Exxon Mobil, which will be fed with gas from two other offshore blocks. Ophir said it would take over operatorship of Block 3 this month, subject to government approval. So far, only one well has been drilled on the block, the Papa-1 well, where gas was discovered in 2012. *(Reuters)*

Economic News

The Tanzania government expects to generate $2.5 billion annually from its natural gas reserves, but the figure will grow to $5 billion and beyond in subsequent years writes BAZ WAISWA. To make more sense of the whole gas industry, Colonel (Rtd) Joseph Leon Simbakalia, went on a study tour in Qatar in the Persian Gulf. This is a country with hundreds of trillions of cubic feet of gas. Col. Simbakalia did not go to copy and paste what the Qatari have done, but because "it opens our eyes". After Qatar, a consultant was hired. His job was to educate authorities and avail them with options for monetization of the resource and brief them on benefits, impacts and consequences. A report was made highlighting various ways in which gas can be useful to people in Mtwara top of which was using gas to generate electricity, petrochemical industries and exportation. Alex Luanda, the Regional Administrative Director, believes that with such high expectations Mtwara should see faster growth, because many activities and demands are anticipated. These include a fast population growth, as people come to work in the gas and related industries, demand for education, health services and other facilities increases. In the past, there were challenges in the energy sector which depended on hydro-generation. When the rains failed, the government was forced to use expensive diesel power generators as a short term alternative. Simbakalia told the visiting journalists that hydro power cost 9 US cents but utility firm is forced to sell between 11 US cents to 15 US cents a unit. This means that government has to subsidize the difference and cost to treasury is $3 million a day and is reflected in import bill of petroleum products which is now of a billion bill dollar. "The billion dollar accounts for fuel used to generate electricity. It's a very huge cost. Part of that solution now goes to the gas pipeline in Madimba processing plant. We will convert the diesel power generators to gas generators and that should remove the burden of subsidy from government," Simbakalia said. *(Business Week)*

Zambia

Corporate News

AN AUSTRALIAN exploration company has been awarded rights to explore oil and gas in the Kariba Basin in Southern Province. This follows the Ministry of Mines, Energy and Water Development formally granting consent to the company to explore for oil and gas a fortnight ago, according to information posted on the company's website. The firm intends to re-process and re-interpret the legacy seismic data, oil and natural gas companies use seismic data as their principal source of information to locate oil and natural gas deposits, both to help in exploration for new deposits and to manage or enhance production from known reservoirs. It indicates that the company has acquired exploration licence block 44 to expand its asset portfolio into a fiscally-stable, potential hydrocarbon area with large energy demand. Swala Energy Zambia Limited chief executive officer David Mestres Ridge said the company looks forward to starting its technical operations as data suggests that the Kariba Basin has a thick sequence of Karoo-aged sediments filled with large structural traps. "We are delighted with the awarding, as previously advised… This will expand Swala's asset portfolio into a potential hydrocarbon region with large energy demand," he said. However, the company may withdraw after two years of the contract, if the works do not conform to the basins prospection. Swala Energy Limited is a company listed on the Australian Securities Exchange and has a subsidiary company in Zambia. *(Daily Mail)*

Global mining group and commodities trader Glencore said on Friday it was suspending its zinc unit in Zambia and was cutting 169 jobs at the mine amid a row over VAT tax. Africa's second-largest copper producer is withholding a $600 million in VAT refunds owed to mining firms and will only repay the cash when companies produce import certificates from destination countries, the minister of mines said in June. Finance Minister Alexander Chikwanda said in August it planned to waive the requirement because it is impractical. The Zambia Revenue Authority says it is still consulting with exporters before implementation. Glencore said in a statement it was placing Sable Zinc Kabwe under "care and maintenance" - which means operations are being halted - in response "to the current local economic environment in Zambia, as well as the cash flow restrictions caused by the withholding of around $12 million in VAT refunds." Aside from the lay-offs, Glencore also said Sable was curtailing "all expansion capital projects." "Sable is working with affected employees to identify opportunities at other group companies in Zambia as well as with other operations in the Kabwe area," it said. Job cuts are a thorny issue in Zambia and the government of President Michael Sata has previously threatened to revoke the licenses of companies that have said they plan to trim headcount. *(Reuters)*

Economic News

No Economic News This Week

Zimbabwe

Corporate News

CONGLOMERATE, ZIMRE Holdings Limited (ZHL), is considering delisting from the Zimbabwe Stock Exchange (ZSE), in a major blow to the bourse that has had too few listings over the past few years. Sources indicated that ZHL had realised no benefits from a ZSE listing, and had in fact lost significant value in terms of market capitalisation. The company was said to be contemplating raising large sums in fresh capital, and doing so using ZSE valuations, which had suffered due to a low share price, would result in less leverage for shareholders, a source said. The contextual framework of the stock market makes capital raising a major benefit of being listed, but locally listed companies have not been raising much capital because shares are depressed. Since the economy was dollarised in February 2009, liquidity challenges have made it difficult for companies to raise money. ZHL group chief executive Albert Nduna, confirmed to the Financial Gazette's Companies & Markets (C&M) that they were indeed planning to delist from the bourse. "There seems not to be much value being gained or benefitted from the stock exchange at present and delisting is an option that is being looked into," said Nduna.ZHL has interests largely in insurance and property in Zimbabwe and the region. The group was founded in 1984 and listed on the local bourse in 1999. ZHL group finance director, Timothy Nyika, said delisting was something that the group was seriously considering. For the interim period to June 30, Zimre lost US$718 725 from investments in equity instruments.

ZHL's move will be a major blow to the ZSE, which last year had a total of 11companies delisting from the bourse due to liquidity challenges that resulted in companies failing to raise money on the stock market and attracting new investors to inject fresh cash. A significant number of the delisted firms failed to meet the minimum listing requirements on the ZSE, an indication that the volatile climate that has dogged the bourse since dollarisation in February 2009 was deepening. Industrial counters, Apex Corporation, Cairns Holdings, Celsys, Chemco Holdings, Interfresh, Gulliver, Interfin, Lifestyle Holdings, Phoenix Consolidated, Steelnet and financial services firm, Trust Holdings delisted last year. During the first week of January this year, PG Industries was suspended from the local bourse for failing to meet ZSE requirements due to a difficult operating environment. Low market valuation was the major reason Interfesh delisted from the bourse last December. Explaining the decision to delist, Interfresh's chief executive officer, Lishon Chipango, had said: "At the moment for us there is not too much (gains from listing). If you look at the contextual frame work of the stock mark, one of the benefits of being listed is to raise capital, but if you raise capital when the shares are so depressed you are not going to raise that much. So the issue of benefitting if listed maybe down the road. I would not be surprised if others followed (us by delisting). The other aspect is there is no money in Zimbabwe. All capital being raised is external. For us, it is not attractive."

The low valuation for listed companies has meant that companies are unable to raise meaningful funding to remain viable. Quoted entities have found it difficult to convince investors to inject large amounts of capital when valuations using market benchmarks reflected a lower net worth to the firm's potential, intrinsic and asset value. Listing interest among local companies, which characterised the domestic bourse before the decade-long crisis crept into the market in 2002, has disappeared. A source said a large number of quoted companies were contemplating delisting from the bourse as the wider macroeconomic environment remains dire, with the government's fiscal policy announced last month failing to lay out a strong foundation for economic recovery. These delistings were in addition to several others before them, among which were TN Financial Holdings. Interfin Financial Services was last week removed from the ZSE official list following failure to meet its continuing obligations in terms of the listing rules. Interfin was suspended from trading on the ZSE on June 12, 2012 following the placement of Interfin Bank Limited under curatorship by the Reserve Bank of Zimbabwe (RBZ). Economist, Brains Muchemwa, said most companies were delisting in order to restructure "septic" debts. "Companies are restructuring because of the debts and to reshape their business models to try and overcome the prevailing economic challenges," he said.

"Some are doing so to grab opportunities that would have emerged. It is easy to raise more money when not listed because a company would not be subject to regulations that are associated with listed companies," Muchemwa said. ZHL achieved an operating profit of US$1,66 million for the period under review compared to US$2,87 million last year. The decline in operating profit was mainly attributed to an increase in claims. The group suffered a loss after tax of US$0,11 million compared to a profit of US$2,39 million. Total comprehensive income as a result declined from US$1,58 million last year to a negative US$0,72 million in 2014. *(Financial Gazette)*

ZIMBABWE Stock Exchange-listed leisure group, Rainbow Tourism Group (RTG), has posted wide-ranging improvements in key numbers and reinforced its commitment to creep out of technical insolvency. Profits for the half-year to June 30, 2014 climbed 32 percent to US$139 000, from US$105 000 during the same time last year, driven by a spike in turnover to US$13,5 million, from US$13,2 million last year. The results included operations from the recently-opened Rainbow Beitbridge Hotel whose opening cost, together with a staff reduction exercise, US$547 000. “We launched Rainbow Beitbridge Hotel in January and it was a cost dragger,” RTG chief executive officer Tendai Madziwanyika told the Financial Gazette's Companies & Markets last week. “We are expecting our first profit in September (last month). Rainbow Beitbridge has increased our geographical spread. It is actually better to be in Beitbridge right now than to be in Kariba with all those logistical problems,” said Madzivanyika, who admitted that it had been tough running a tourism outfit in Zimbabwe. But he said revenue generation and cost reduction measures deployed in 2013 were bearing fruit. “The business environment in Zimbabwe is really demanding and it requires creativity and innovation. If you don't do that you die.” RTG's profitability tracked a spike in Revenue Per Average Room rates, which charged to US$36 during the review period, from US$32 last year, as arrivals into the firm's hotels climbed 16 percent, against a national average of one percent.

The growth armed the once bust but recovering group with the capacity to consolidate its market share by one percentage point to 28 percent, and closing the gap with its closest rival, African Sun Limited, by the same margin. But there is significant stress still expected to bear on the RTG's US$51,4 million balance sheet, two years after Madzivanyika moved to arrest a close shave with liquidation. RTG has spent a further US$700 000 to complete its retrenchment programme after closing the half with a US$500 000 working capital deficit. Madzivanyika said RTG has US$1,9 million trapped in the troubled Capital Bank voluntarily shut down in December 2013. The group's total debt declined to US$23,5 million during the review period, from US$23,9 million last year, and it is negotiating with financiers to restructure its long term debt. Gearing ratio, a measure of financial leverage, retreated during the review period, while RTG chipped off US$4,5 million out of its funding gap to end the first half at US$2,9 million, from US$7,4 million last year. Madzivanyika said after laying the foundation for growth and stability at the firm that was within the cusp of liquidation when he took over in November 2012, “the business fundamentals for the company are now strong” and debt “is one of my least worries”.

“By December, we will be totally out of it. By the end of this year, RTG will be a strong company. This business is amazing, this is a machine. It's going to be a wonderful story. It has such capacity. We can reduce our long term exposure to less than US$10 million by 2015,” said Madzivanyika. RTG controls several hotels in Zimbabwe, including the flagship Rainbow Towers, formerly Sheraton Hotel, New Ambassador Hotel, Kadoma Hotel and Conference Centre, Bulawayo Rainbow, Victoria Falls Rainbow and A'Zambezi River Lodge. Madziwanyika has been making tough decisions as he battles to steer the group to near insolvency. His growth strategy, unveiled to analysts in March last year, which included centralising the RTG sales unit, was meant to bolster revenues and slash costs. *(Financial Gazette)*

Mobile telecommunications giant, Econet Wireless yesterday rolled out a digital educational platform that will increase access by university students and lecturers to learning materials. The platform, dubbed EcoSchool, has been on a pilot at the University of Zimbabwe for the past six months and allows students using the Econet network to access educational websites for free. Students who are registered on the EcoSchool platform can access the learning materials on smartphones, tablets as well as on computers. Econet Services chief executive Darlington Mandivenga said the platform would be accessible to all universities beginning this today. "Eco-school encourages you to learn at your own pace, like distance learning," he said. It is estimated the platform would enable students to save up to 90 percent on textbooks. EcoSchool has also been combined with Econet Zero, another platform launched earlier which allowed users free access to over 60 educational websites. EcoSchool consists of a library where students can access textbooks as well as a chat platform which allows lecturers and students to share and discuss ideas. Besides Econet, a number of local companies are also taking advantage of improved access to new technologies in the country to improve access to educational material for students across all sectors via e-learning. *(Herald)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Cairns Holdings Limited is planning to increase the contribution of exports to revenue from 7 percent to 20 percent over the next two years, as part of concerted efforts to grow the business. The fast moving consumer goods manufacture also sees growth in exports as a way of securing the group's future foreign currency availability, which helped support operations prior to dollarisation. Acting chief executive Mr. Jeremiah Kwenda said in an interview last week that the export market provided a growth opportunity for the group and Cairns was probing factors constraining exports. Mr. Kwenda said that growing exports was one of the strategic growth targets Cairns was planning to pursue once the group manages to get significant fresh capital to recapitalise its operations. He said Cairns was exporting most of its product to South Africa, Malawi, Zambia, Australia and US while only negligible quantities of wines were being exported to Mozambique and the DRC.
"But, exports at the moment are not more 7 percent of revenue and this is one growth platform for us because we are not only sitting comfortably in a US dollar denominated economy, we are looking at a time when we will need to bring in foreign currency," he said. "We are looking at expanding the market. Therefore, we are not focusing at this market alone, we are looking at exports. But the contribution of exports to our overall performance is still low. "Therefore, we have said what is standing in our way to get back to where we were, where exports were contributing 30 percent of revenue," he said. His remarks come as Cairns has been able to exponentially increase production from an all time low of 5 percent and prejudicial management level of 20 percent, to an average of 40 percent.

Cairns was placed under judicial management in September 2012 due to serious financial constraints, but has made huge strides since then to attain profitability as it awaits fresh equity capital injection. The exponential growth, aided by the $1 million loan facility that Cairns got under the Distressed and Marginalised Areas Fund, saw the group growing its monthly revenue to about $2 million. Mr. Kwenda said that the company had benefited significantly from Government protection and notable improvement has been seen in the canned products, potato crisps and biscuits business units. He said measures put by Government in terms of the tariff regime, despite the Sadc trade protocols, for revival and survival of industry, were also critical for growth of local farm produce suppliers. This comes as import duty regime increase on certain products helped level the playing field as some cheap products of inferior quality were either being dumped in Zimbabwe or were grossly discounted to undercut local producers. Against this background Mr. Kwenda said there was need for increased action by Government to plug loopholes at the ports of entry to prevent the smuggling of grossly discounted imported products. He said Cairns has benefited strongly from brand equity, good relationship with suppliers and good skills base. The group produces a variety of goods broadly classified under chips, snacks, cereals, wines, fruits and vegetables. *(Herald)*

Hwange Colliery Company Limited loss for six months to June this year grew to $7,8 million from $3,1 million reported in the same period last year, the company has said. Revenue dropped to $33 million from $40 million after coal sales declined to 765 000 tonnes from 913 000 tones during the first half of 2013, Hwange chairman Mr. Farai Mutamangira said. Coal and coke prices also declined by an average 12 percent. "The period under review was challenging and characterised by significant liquidity constraints," said Mr. Mutamangira. "This culminated in further deterioration in capacity utilisation in industry and hence subdued demand for coal and coke." Coal deliveries to Hwange Power Station, the colliery's biggest customer dropped to 394 000 tonnes from 581 000 tonnes a year ago. Makomo Resources, another coal mining company operating in Hwange is now the major supplier of coal to HPS. Coal fines sales rose by 55 percent to 155 000 tonnes. Coke sales decreased from 26 000 tonnes during the first half of last year to 18 000 tonnes after Hwange switched off its coke oven battery due to recurrent breakdowns. The company recently entered into a toll coking agreement with South Mining Company while it evaluates options of either refurbishing the existing plant or building a new battery. Mr. Mutamangira said Hwange would by end of this month commission equipment worth $18,4 million acquired from Europe.

The company is also expected to receive equipment worth US$15 million acquired through a line of credit arranged by Import and Export Bank of India and would be commissioned by end of November. Hwange has also secured $6 million working capital facility structured through a prepayment arrangement with one of its major customers. "This injection coupled with the recapitalisation initiatives will result in improved production performance expected to be at least 400 000 tonnes per month by November," said Mr. Mutamangira. Mota Engil, a mining contractor commenced operations at the beginning of August 2014 and the contribution to coal production will be averaging 200 000 tonnes per month. Mr. Mutamangira said the company "will intensify its cost containment strategies to maintain the margins to yield profitability at the end of the year against the backdrop of declining commodity prices." In the meantime, Hwange is planning to acquire additional concessions and the focus is on securing Western Areas, which is critical and strategic for future expansion. *(Herald)*

ZIMRE Holdings Limited (ZHL) is seeking partners and has set its eyes on Nigeria's $1,5 billion insurance sector, an executive said last week. ZHL chief executive officer Albert Nduna said the investment holding company would look for partners in entering the Nigerian insurance market. "We are not believers of 100% [shareholding]. We want to go to Nigeria and have identified people who have $100 million. They want somebody who runs. We bring a bit of capital and management. We say we are there, use us," he said. Nigeria has a minimum capital requirement threshold of $20 million for insurers. Africa's biggest economy has growth potential, but investors need to be deep pocketed to gain a foothold in the insurance sector. According to statistics, the Nigerian insurance industry grew by 15% last year. Yet it has a penetration ratio of 0,5%. This, according to Nduna presents opportunities. Nigeria has 42 non-life insurers, 585 insurance brokers and two reinsurers. ZHL has operations in Zimbabwe, Zambia, South Africa, Botswana and Uganda. Nduna said the group was looking for opportunities on the continent. Nduna said the group was optimistic that the disposal of non-core assets would be concluded soon to raise money to recapitalise the group's operations.

In addition, a capital raising exercise was also underway to give operations more underwriting capacity. Nduna said in the insurance sector size matters. "You can't be a small player. You find that people you are giving cover are bigger than you," he said adding that local players should consolidate to build stronger institutions. "Our wish is consolidation. Out of nine there should be not more than five or four reinsurers." Nduna said those that want to partner with ZHL operations should come as size matters and gives more capacity to clients. In the half-year ended June 30 2014, ZHL slipped to an after tax loss of $0,11 million from $2,39 million in the same period last year. ZHL said its share of the loss on agro industrial associate operations of $1,01 million had a negative impact on the overall performance of the group. Nduna said the figures in the three months from June were not looking good, but the group was looking for a rebound in investment income. "On the operational side, the premiums are not increasing as we would have liked. It's guarded optimism that we have so that we succeed on investment income. We wouldn't want a loss at the end of the year. We want a profit," Nduna said. *(News Day)*

ABC Holdings (ABCH) has recorded a 41% decline in pre-tax profit to 100 million Botswana pula in the half year ended June 30 2014, weighed down by declining income and rising impairments on non-performing loans. In the same period last year, pre-tax profit stood at BWP169 million. In August, Atlas Mara completed acquisition of 95,8% shareholding in ABCH, the pan-African banking group with operations in Zimbabwe, Zambia, Botswana, Mozambique and Tanzania. Atlas Mara — co-founded by ex-Barclays Plc chief executive officer Bob Diamond and billionaire Ashish Thakkar — has made an offer for the remaining 4,2% shareholding to wholly own the group and delist from the Zimbabwe and Botswana stock exchanges. ABCH's total income declined to BWP683 670 000 from BWP701 326 000. Net impairments increased to BWP152 million in the six months to June 30 from BWP146 million in the same period last year as non-performing loans in the group went up. In a statement according the group's financial results, ABCH said BancABC Zimbabwe had the lion share of impairment charge. "The group continued to have an increase in non-performing loans mostly from the Zimbabwean market which has had liquidity constraints that limited the ability of most corporates from repaying their debts on time," it said. "BancABC Zimbabwe constituted 42% of the loan impairment charge with the balance shared almost equally among BancABC Botswana, BancABC Mozambique and BancABC Zambia." Gross non-performing loans increased to 14,9% as at June 30 2014 from 9,8% as at December 31 2013. It said non-performing loans were 8,7% as at June 30 2014.

The group said it took a decision to curtail lending in Botswana during the first quarter of this year. It said tough economic conditions in Zimbabwe meant that it had to be "very conservative on lending, hence the low growth in loans and advances". BancABC Zimbabwe's attributable profit of BWP69 million was 42% higher than BWP48 million achieved in the prior year. It said the Zimbabwean unit continued growing all its major income streams despite the tough operating environment in that market which has seen the liquidity crunch continue to worsen. "Despite the challenging operating environment, net interest income increased by 22% from BWP182 million in 2013 to BWP222 million in the current period on the back of the growth in the higher yielding consumer loan book and lower cost of funds as growth in other asset categories was restricted due to increasing bad debts in the economy," ABCH said. BancABC Zimbabwe's loan book declined marginally from BWP3,1 billion in June 2013 to BWP3 billion in June 2014. The loan book was BWP3,1 billion in December 2013. Deposits, however, increased to BWP3 billion in June 2014 from BWP2,3 billion in June 2013. Gross non-performing loans peaked to 25% in June 2014 from 9,1% in the same period last year. The group said the increase was "a reflection of the difficulty that the whole financial services industry is going through". Impairment charges increased from BWP57 million in prior year, which was mostly from one client, to BWP64 million in the current period from a diverse number of different clients. "Management is determined to reduce impairments through both collection on delinquent customers as well as restricting lending primarily to industry leaders in each sector," ABCH said. Non-interest income grew by 16% from BWP99 million in the prior year to BWP115 million in the current period from increased volumes of retail transactions.*(News Day)*

STARAFRICA Corporation has doubled its capacity to 600 tonnes of sugar per day buoyed by an upgrade at its Goldstar Sugars Harare refinery plant, an executive has said. Speaking at the company's annual general meeting in Harare yesterday, Starafrica general manager Marvelous Sibanda said the plant capacity had more than doubled to 100%. "The plant's capacity has doubled to 600 tonnes per day from 300 tonnes. We upgraded 60% of the old plant," Sibanda said. The plant upgrade started last year and would cost over $7 million. The upgrade is expected to be completed in three weeks' time. Giving the company's trading update, Starafrica chief executive officer Sam Mushiri said during the quarter under review, management had been focusing on four deliverables, plant upgrade for Harare refinery, supply arrangement, disposal of non-core asset and the scheme of arrangement. "The plant at the Goldstar Sugars in Harare is in the last phase of commissioning and the product is already coming out. It is pleasing to report that initial assessment indicates that the product and processer are within the quality and productivity parameters," he said. "We contacted all the suppliers of the new equipment and these parameters include the colour of the refined sugars which is less than that certified by our most demanding customers, the beverage bottlers.

Other parameters relate to process losses during manufacturing that' should be within 4%, reduction of coal consumption from around 35% down to about 20% and the reduction of water usage through the application of water recycling technique." Mushiri said to date, the company has hosted more than 12 commissioning engineers and process technologists from India during the course of the project. He said the last batch of engineers from the suppliers was now on site to finalise the commissioning exercise which will be completed in three weeks. He, however, said although Starafrica was out of the market for over a year due to the implementation of the plant upgrade, the company had continuously engaged customers to meet their expectation and was confident it would meet the expectation of the entire market segment. "As we speak, we have started releasing sugar into the market and the uptake is encouraging," Mushiri said. He said the move by government to introduce a sugar tariff had levelled the playing field and would assist in ensuring that there was fairness on the market. "We also want to put our gratitude to government for putting in place a sugar tariff regime to protect local industry from dumped imports from global sugar markets," he said. Mushiri said the company continued to be in discussions with the Zimbabwe Sugar Sales on the price of key strategic raw materials which constitute about 70% of the input cost. The companies agreed and are currently procuring at the price of $510 per tonne effect from September 1, he said. Mushiri said the trading environment continues to be tough. "there was no trading activity at Gold Star Sugar's Harare refinery due to activity with the plant upgrade, but Country Choice Foods operated profitably during the year under review and post reporting period. Star Logistics continue to operate well and was largely focusing on their long-term contract transporting platinum or exports to South Africa," he said.*(News Day)*

Economic News

FLUE-CURED tobacco volumes for the 2014 marketing season grew by 30% to 216,2 million kg from 166,6 million kg in 2013 marking the end of the selling season. According to the latest statistics from the Tobacco Industry and Marketing Board (TIMB), the golden leaf has raked in $685 million as compared to $612 million in 2013. TIMB chief executive officer Andrew Matibiri said there has been a remarkable 30% increase in the tobacco volume and a 12% increase in value. However, the average price dropped by 14% to $3,17 per kg due to the fact that the major buyer was no longer buying from the lower part of the plant. "The way forward for the tobacco industry is very clear: we have seen we can produce the quantities. We are now concentrating on improving quality and addressing other issues of deforestation to make sure that tobacco is produced in a sustainable way," Matibiri said. He, however, said TIMB was anticipating that the number of tobacco farmers will increase as the deadline for registration was closing at the end of October. To date, about 70 411 growers have registered for 2015 season as compared to about 64 784 who had registered by the same period last year. In the period under review the average price dropped by 14% to $3,17 per kg compared to $3,67 per kg recorded during the same period last year. TIMB said contracted tobacco contributed 76,5% of the total production to 165,5 million kg while the auctioned tobacco recorded 23,5% to 50,7 million kg. In 2013 marketing season contractors contributed almost 68% of total production while auction tobacco raked in the remainder. The tobacco output surpassed the initial 2014 target of 171 million kg to record 216,2 million kg.*(News Day)*

The industrial index lost 0,78 points to close at 193,79 points on Friday with Pioneer, Delta, CBZ and Edgars having declined. Pioneer shed a cent to 3 cents, Delta decreased 0,99cents to 1,29cents, CBZ was down 0,95 cents at 13,05 cents and Edgars closed at 11,4 cents following a decline of 0,1 cents. During trading on Friday gainers were ABCH that added a cent to 74 cents while Radar increased by half a cent to 3cents. The index lost 1,56 points in the week. The mining index dropped 3,51 points to 92,76 points after Bindura that has been the major driver at the market lost 0,39cents to 8 cents. Hwange, Falgold and RioZim were unchanged. The mining index lost 0,09points in the week. EFE Research said the stock market continued on a downward spiral albeit on a marginal scale as Delta put off prior gains in a session were the overall market fared stable.

"The Industrial Index softened -0.40% to 193,79 points to complete a five day week of interday losses. Delta eased a minor 0.76% to 129c to emerge as the single heavy cap faller in the session. Only 5 out of the 10 most capitalised stocks on the ZSE were active and with exception of Delta all traded flat at yesterday prices. In the broad market 21 counters were active two of which closed firmer while five softened and the remaining 14 were unchanged," EFE Research said. EFE research said the mining index remained at two counters out of the four Bindura being the most consistent. However, Bindura was -4.65% weaker to 8c by close of call as a fair chunk of shares exchanged in the counter weighed on the stock's depth. Turnover stood at $0,28 million and the value traded was lower while foreigners retreated spending by 89% to $0,073 million from Thursday's trade.*(News Day)*

The International Monetary Fund said on Monday it would work with Zimbabwe to produce a debt repayment plan that would help Harare qualify for international loans. In a statement at the end of a two-week IMF mission to Zimbabwe, the head of the IMF office in Harare, Domenico Fanizza, said the IMF and Zimbabwe had also agreed to slash a wage bill gobbling up about 80 percent of the government budget and review a policy of forcing foreign-owned firms to sell majority stakes to locals. "The mission welcomes Zimbabwe's decision to start working with the international financial institutions and the IMF to prepare a plan for clearing the outstanding arrears as a step toward resolving the country's debt challenge," Fanizza said. The technical Staff Monitoring Programme (SMP) helping the government deal with its pressing economic problems, including balancing the government budget and establishing stability in the financial sector as well as servicing its debt, would be extended for another 15 months to December 2015, the fund said.

"It is encouraging that the authorities have come to the conclusion that Zimbabwe cannot address these challenges without the support of international financial community," the IMF said. "Balancing the primary fiscal budget will send a strong signal that Zimbabwe's government intends to live within its means, while addressing the country's debt challenge by stepping up re-engagement with all creditors will be essential," it said. Harare has struggled and failed to service its $10 billion in foreign debts in any meaningful way over the last 15 years due to a severe economic crisis many blame on policies pursued by long-ruling President Robert Mugabe's ZANU-PF party. Fanizza said although Mugabe's government had "redoubled" efforts to rebalance an unstable macroeconomic environment, economic growth had slowed down on a cash crunch and lack of foreign balance of payments support. "This and the appreciation of the South African rand, the major currency of Zimbabwe's (main) trading partner, has caused a liquidity crunch that has weakened economic activity," it said.

"The external position remains precarious with low levels of international reserves, a large current account deficit, and external arrears," it added. The IMF said the technical programme would also cover "clarifying the indigenisation and economic empowerment laws" to help Zimbabwe boost mutually beneficial domestic and foreign investment, allay fears over property rights "and reassure markets of the government's open invitation to invest in Zimbabwe." Zimbabwe Finance Minister Patrick Chinamasa told a press briefing on Monday that Harare was committed to reforms to put the economy back on track. "We are equal to the task, we are going ring-fence budget allocation towards social spending," he said. The government would also have to reduce its public sector wage bill taking up 76 percent of the budget, which Chinamasa described last week as embarrassing, he added. "We are going to work hard to reduce the level of the wage bill. I have begun engaging my colleagues informally," he said. Chinamasa did not elaborate but has but he has previously ruled out the government would reduce its 235,000 workforce. *(Reuters)*

Zimbabwe has two options to turnaround the declining economy saddled by huge foreign debt -- looking for foreign direct investment (FDI) or domestic resource mobilisation, analysts have said. The country is saddled with a US$10 billion debt and needs up to US$27 billion to implement Zanu PF government's ambitious economic blueprint -- Zim Asset. But, economists believe the current government cannot be trusted to make a good choice considering its history. Labour and Economic Development Research Institute of Zimbabwe (Ledriz) economist Prosper Chitambara is convinced that the two choices open to the government presently cannot be pursued as a result of the perceptions from both domestic and foreign investors on President Robert Mugabe and his Cabinet. "The government has showed lack of concern for private sector considering that all the said mega deals signed recently with China and Russia had no involvement of the private sector which should ordinarily in a developmental state partner the government on such projects," Chitambara said. "The government's credibility among the ordinary people and investing public is very low considering its track record on dealing with private property like when it expropriated private citizens' foreign currency accounts and is still to complete reimbursing nearly a decade later." International Monetary Fund (IMF) head of mission to Zimbabwe, Diminique Fanizza last week told the government that it had to improve its political capital and pay or restructure its debts if it was to receive fresh loans from multilateral financial institutions.

"The IMF decision to give money is entirely mired in politics. The major shareholder decides who gets money and who doesn't. The ambitious development objectives set in the Zim Asset strategy cannot be achieved without the support of the international community," Fanizza said. The United States is the major shareholder in the three biggest multilateral institutions that fund developmental projections in Africa -- IMF, World Bank and Africa Development Bank (AfDB). Among them, the banks have over US$75 billion set aside for projects in Africa, but Zimbabwe cannot access these funds as it is under sanctions from the US. Not only do these banks deny funds, other international financiers take their cue from them before they release funding to any borrower. Former Finance minister and opposition lawmaker Tendai Biti said it was important that the country re-engages the West and settle its debts to save the collapsing economy. "There are lots of funds which we could access from the multilateral institutions if we re-engage United States and settle our arrears with the IMF," Biti said. Biti's MDC Renewal Team has been calling for an all stakeholders' conference that encompasses political parties, civil society, business and labour to deal with the deteriorating economy.

Renewal Team on Friday said Zanu PF should concede that it has failed to turn around the country's economic fortunes and therefore should accept the setting up of a transitional authority. "The biggest problem with Zanu PF government is its propensity to spend, consume, without investing in capital projects. A large chunk of the budget is spent on salaries and foreign travel and subsistence." Chitambara concurred, that there was need to have an all stakeholders' conference to deal decisively with the question of the economy. "The government policies are anti-business and it is important that there should be social dialogue between government and private sector as part of confidence building," Chitambara said. On the other hand, analysts said the domestic mobilisation of resources means the government should adopt a number of structural adjustments in the manner in which it conducts its business. "Domestic resource mobilisation means reforming the State-owned enterprises and restructuring the size of the government which is spending more money on consumption than capital expenditure," Chitambara said. The 82 State-owned enterprises are generally loss-making entities despite the fact that some of them are monopolies. In the last 15 years, the government has been attempting to commercialise or privatise some of the parastatals without success. Among the companies that had been listed for commercialisation are Air Zimbabwe, AgriBank, Arda, NetOne, Cold Storage Commission and TelOne. Whichever model the State adopts between foreign direct investment and domestic resource mobilisation, Chitambara argues, the government still needs to decisively deal with the debt question. *(The Standard)*

Disclosures Appendix

SECURITIES AFRICA®