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	4-Jul-14	11-Jul-14	Local	USD	Local	USD
Botswana	DCI	9180.65	9184.76	0.04%	0.31%	1.45%	0.63%
Egypt	CASE 30	8258.40	8457.23	2.41%	2.41%	24.69%	20.85%
Ghana	GSE Comp Index	2392.68	2365.72	-1.13%	-2.44%	10.28%	-21.12%
Ivory Coast	BRVM Composite	235.71	236.38	0.28%	0.13%	1.88%	0.90%
Kenya	NSE 20	4885.71	4902.18	0.34%	0.49%	-0.50%	-1.78%
Malawi	Malawi All Share	13417.47	13418.05	0.00%	-0.39%	7.08%	13.76%
Mauritius	SEMDEX	2087.96	2075.82	-0.58%	-0.63%	-0.95%	-1.37%
	SEM 7	403.74	400.81	-0.73%	-0.77%	-0.70%	-1.13%
Namibia	Overall Index	1132.60	1120.47	-1.07%	-0.46%	12.38%	10.22%
Nigeria	Nigeria All Share	43031.81	42832.82	-0.46%	0.02%	3.64%	2.94%
Swaziland	All Share	284.32	284.32	0.00%	0.62%	-0.47%	-2.39%
Tanzania	TSI	3597.85	3623.01	0.70%	0.19%	27.41%	21.60%
Tunisia	TunIndex	4600.13	4636.52	0.79%	0.04%	5.82%	2.25%
Zambia	LUSE All Share	6109.72	6114.21	0.07%	2.24%	14.31%	3.56%
Zimbabwe	Industrial Index	187.44	186.78	-0.35%	-0.35%	-7.59%	-7.59%
	Mining Index	54.56	55.17	1.12%	1.12%	20.48%	20.48%

CURRENCIES

	4-Jul-14	11-Jul-14	WTD %	YTD %
Cur-	Close	Close	Change	Change
BWP	8.74	8.72 -	0.26	0.82
EGP	7.13	7.13	0.00	3.17
GHS	1.87	3.30	1.35	39.81
CFA		481.25	0.16	0.97
KES	86.32	86.20 -	0.15	1.30
MWK		388.35	0.39 -	5.88
MUR	29.13	29.15	0.05	0.43
NAD	10.76	10.69 -	0.62	1.96
NGN		160.61 -	0.48	0.67
SZL		160.61 -	0.62	1.96
TZS	1,623.03	1,631.20	0.50	4.79
TND	1.68	1.70	0.76	3.50
ZMW	6.20	6.07 -	2.12	10.38

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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Egypt

Corporate News

Egypt's Beltone Financial and billionaire Naguib Sawiris refused to accept an offered 9.5 percent stake in EFG Hermes, less than half the amount sought, they said in a joint statement on Monday. "We would like to announce our unwillingness to accept the percentage of shares offered in the targeted company because that percentage will not allow the consortium an acceptable representation in the targeted firm's board of directors," the statement said. *(Reuters)*

Economic News

Egypt raised the sales tax on cigarettes by up to 120 percent on Sunday and doubled the tax on alcohol as part of a series of measures to curb the budget deficit and reform the economy. The decisions were taken by President Abdel Fattah al-Sisi and published in the state's official gazette, a day after a subsidy cut that increased the price of fuel and natural gas by over 70 percent, angering drivers. Egypt is trying to reduce its deficit to 10 percent of gross domestic product in the next fiscal year, from an expected shortfall of 12 percent in 2013/14. Sisi, who took office last month, has already raised the price of electricity and imposed a 10 percent tax on stock market gains. Prime Minister Ibrahim Mehleb said the electricity move and the new cuts in fuel subsidies would save the government around 51 billion Egyptian pounds ($7.13 billion) this year. *(Reuters)*

Cairo bus driver Mohamed Salame voted for Abdel Fattah al-Sisi in the hope he would fix Egypt's manifold problems, but now he curses the new president for making life harder by hiking the price of the state-subsidised fuel vital to his livelihood. With the economy reeling from more than three years of political turmoil, Salame says the reform couldn't have come at a worse time. It cost him 80 Egyptian pounds ($11.19), double the usual amount, to run his 12-seater microbus on Saturday when the price rise was introduced. "I have five kids, God only knows how I can pay my rent this month," said Salame, 44, furious over the move which raised the price of gasoline, diesel and natural gas by up to 78 percent. The government's decision to slash energy subsidies is being applauded by economists who say it is an unavoidable step towards curbing state spending in the country where the deficit is running at 12 percent of gross domestic product. But big industrial companies warn the price hikes will erode their competitive advantage. And on the streets of Cairo, the economic logic is lost on taxi and bus drivers whose anger points to the political risk. They are already hiking fares - some are charging double for a short ride - underlining the inflationary impact of a decision that seems likely to drive up prices in an economy where cheap fuel helps to suppress prices of almost everything. Passengers used to paying 2 pounds per bus ride are resisting demands for higher fares, triggering rows in Cairo's heavily congested streets where tempers already snap easily. "I was wrong when I voted for Sisi. We are the poor of this country and the decision makers are putting a sword's blade to our throats," said Salame. Sisi, the former army chief who deposed Mohamed Mursi of the Muslim Brotherhood last year, has been signalling the need for austerity. A fifth of the state budget goes on subsidising fuel.

Prime Minister Ibrahim Mehleb sought to justify the cuts in a televised news conference on Saturday, saying they were needed to fix the economy. Some of the money saved would be spent improving education and health services, he said. "How can I achieve social justice while I am subsidising the rich at the expense of the poor?," he said, echoing a view that the wealthier Egyptians benefit most from state-subsidised fuel. He envisions cuts slicing 50 billion pounds from government spending in the coming 12 months. Despite the fuel price rise, the government will still be spending a hefty amount subsidising fuel and electricity. The budget for the coming 12 months sees 16 percent of state spending going on energy subsidies. Sisi said the price increases were needed to keep the country's debt crisis from getting worse. "[The decisions] needed to be taken now or later, so it is better to confront [the problem] rather than leave the country to drown if we delayed longer than this," he said in comments to a state-run newspaper. The higher prices mean industries that have benefited from cheap fuel will have to pay prices closer to world rates. The fuel used by cement factories, for example, is now going to cost a third more, industry sources said. Ahmed Abou Hashima, chief executive of Egyptian Steel, said the step would strip Egyptian industry of a competitive advantage. "I ask the government ... to look at how they can protect local industry, for example by anti-dumping tariffs," he said. Some Egyptians, often those who can afford to absorb higher prices, are sympathetic to the government's move. Overhearing one driver complaining about the hike, a young man lent through the window of the parked vehicle to defend Sisi. "We are in an economic war," he said. But that logic holds little sway for many in a country hooked on subsidies for decades. Taxi drivers held protests in the cities of Suez and Ismailia on Saturday. Sayyed Abdullah, a 40-year-old taxi driver, said he became embroiled in a physical fight with one passenger in Cairo who refused to pay the amount he had asked for his ride. "At first I was optimistic when Sisi won. I hoped there would be security and that we will have work," he said. "Now I see that the country heading in an unknown direction." *(Reuters)*

Egypt, one of the world's largest wheat importers, said on Thursday its stocks had increased to six months worth, after its Supply Ministry had said in March it had enough to last only until the end of June. "Through what we have purchased locally and our import contracts, we now have enough wheat to last until the beginning of next year," ministry spokesman Mahmoud Diab said. Deposed President Mohamed Mursi's administration had cut imports significantly as it bet on a higher domestic crop, a move sharply criticised by the current government. Immediately after Mursi's removal last July, the new government pledged to increase imports in order to restore dwindling wheat stocks, which officials said jeopardized bread supply. GASC continued issuing import tenders throughout its local purchasing season in May and June, when traditionally Egypt used to remain out of global markets to focus on buying wheat from Egyptian farmers. "They needed to rebuild to six months' stocks," one European trader said. Egypt purchased 3.7 million tonnes of local wheat and also bought 5.46 million tonnes of wheat from abroad during the 2013-2014 fiscal year which ended June 30. In the new 2014-2015 fiscal year since then, the main state grain buyer, the General Authority for Supply Commodities (GASC), has held two tenders and bought 480,000 tonnes of Romanian and Russian wheat. Egypt's state-run statistics body said in March that wheat stocks had dropped 34.1 percent in the 2012-2013 year falling to 1.07 million tonnes from 1.62 million tonnes the previous year. GASC typically buys around 5.5 million tonnes of wheat a year. "I think Egypt is taking advantage of current low prices to build up its supply cover," another European trader said. "The government needs to keep its stocks at a minimum level and at a time when the country is financially strained it is sensible to get purchases for the delivery positions they almost always purchase at attractive prices."*(Reuters)*

Egypt's annual consumer inflation remained steady at 8.2 percent in June, the official statistics agency CAPMAS said on Thursday. Annual inflation reached its highest rate in nearly four years in November but has been falling back since then. *(Reuters)*

Ghana

Corporate News

Zenith Hygiene Systems (Ghana) Limited, a subsidiary of the Zenith Hygiene Group Plc in the United Kingdom (UK) has launched its operations in Ghana. The company, the largest privately owned independent chemical company in the UK and highly revered in Europe for their tailor-made hygiene solutions, enters Ghana with over 700 top-notch varying chemical products. A statement issued by the Company and copied to the Ghana News Agency on Friday said when fully operational by August, Zenith Hygiene will be supplying a one-stop shop hygiene solution packages such as chemicals, food manufacturing, paper hygiene, waste management, personal hygiene catering and cleaning equipment for hotels, restaurants, public houses, healthcare, leisure markets and contract cleaners. "Many people love fresh cleaning. We felt there was a niche for a new type of convenience for those who are looking for something special and varied. What we present to Ghanaians are chemical products that would enhance lives. Our promise is to introduce stakeholders to our wide range of convenient products with constant supply," Mr. Kojo Hastings, Zenith Hygiene Systems (Ghana) Ltd Chief Executive Officer said. The statement said Zenith Hygiene Systems boasts of quality products that focus on customer needs, declaring that the company is committed to continuous improvement so all products consistently meet the needs of customers and comply with international standards. It said although, there are many chemicals and cleaning equipment companies in the country, Zenith Hygiene Systems intends to offer more, having developed a cutting-edge means of meeting everyday cleaning and janitorial needs. "At Zenith Hygiene Systems, no hygiene need is beyond us" said Mr. Jojo Wudu Benin, Zenith Hygiene Systems (Ghana) Ltd Director of Operations. "Our innovative ways of packaging and presenting specialized products has put us on a different pedestal. To us, hygiene matters". The statement said Zenith Hygiene Systems will soon open up to major distributors across the country. "With the establishment of a factory in Ghana as part of its medium term plan, Zenith Hygiene is truly here to stay," it noted. The company's head office is in Abelenkpe, No. 116 Yiyiwa Drive, Accra, and its depot at Plot No. 51, off the Spintex Road, Accra. *(Ghana Web)*

The Vice Chairman of Dangote Cement Ghana, Tajudeen Sijuede, says the company has successfully completed its cement processing plant in Tema, which will in the next few months produce 1.5million metric tonnes of cement per annum. The company is also setting up another 1.5million metric tonne cement production facility in the Western Regional capital Takoradi. The two new projects will enable the company to produce 3million metric tonnes of quality cement per annum. Mr. Sijuede said: "We are establishing another clinker-grinding plant at Takoradi with capacity of additional 1.5million metric tonnes, which will be in operation by second quarter of 2015. The combined capacity of Dangote Cement in Ghana will be 3million metric tonnes, the highest capacity being distributed outside Nigeria." He indicated that the increase in the company's production capacity will bridge the supply deficit currently faced by the construction sector. The total production of cement in the country stands at seven million metric tonnes per annum. Ghacem, the largest supplier of cement in the country, has a market share of 58 percent, while Diamond Cement comes second at 25 percent. Relatively new entrant Dangote Cement controls 8 percent of the market share. He assured that the company will continue to produce quality cement to its customers, saying: "When it comes to quality, we want to assure the public that when we start production we are still going to maintain our quality". He said when the expansion work is completed in Takoradi it will create about 1,200 jobs, and Tema will also increase its employees from 500 to 1,000. He said this will help the company achieve its target of capturing 30 percent of the market share in the next three years. Asked why the company suspended importation of cement into the country, he said it is not because the company does not want to bring cement into the country but because of foreign exchange challenges. "This is a very critical situation for all of us who are importing into the country. Nobody wants to go out of business; we are here to stay because we have invested a lot into the economy. "I am sure that the government is aware of this and we have held series of meetings with the Trade and Industry Minister. I think they will do something about it, and once we have foreign exchange we will have abundance of cement in Ghana," he added. *(Ghana Web)*

GHACEM Limited has responded to the shortage of cement on the market and refuted speculations that the company has reduced production. The company described as 'wrong' the notion that it has contributed to the scarcity by producing below expectation. On the contrary, the company insisted it currently produces an average of about 58,000 tonnes of cement a week -- a feat it described as somewhat commendable given the status quo. In an interview with the company's Strategy and Corporate Affairs Director, Dr. George Dawson-Ahmoah, he said GHACEM is currently bedevilled by two challenges in meeting the shortage. It identified the first as erratic power outages affecting production, especially at the Takoradi factory of the company; and the second as "the current pressure on the market". Explaining, he observed that "for one reason or another, other cement manufacturers and importers of cement cannot meet the demand in supply" due to depreciation of the cedi. This, he said, has goaded the importers into refusing to sell their products -- with the congestion at the port in Togo also hindering the operations of Diamond Cement, Aflao, which imports its raw materials from that country. Dr. Dawson said the aforementioned challenges have "pushed pressure" onto Ghacem, because an average of about 40,000 tonnes of cement expected from other local manufacturers and the importers are now missing in the market "Now the pressure is on us to meet this huge shortfall in production," he noted, calling for immediate action to address the country's electricity challenges and the cedi's depreciation. Ghacem, he reiterated, has the capacity, technical expertise, raw materials and ability to meet the country's increasing demand for quality cement: "Hence Government should do their part, especially improving power supply in the Takoradi factory; because as a company we are committed to delivering for utmost satisfaction". *(Ghana Web)*

The Dangote Cement Ghana Limited, producers of Dangote Cement, has commenced an expansion project worth US$35 million to help address the incidence of shortages of cement in the country. The expansion project being established at Takoradi and the company's current plant at Tema will be completed in the next 14 months and three months, respectively. The Tema project has already begun while the Takoradi project is still at the foundation stage. When completed, the company says its annual production will be increased to about three million tonnes. The expansion of Dangote plant in Ghana comes in the wake of rising cement prices, which is currently selling at GH¢32 for a bag in Accra and GH¢35 in other regions of the country. This is attributed to the falling cedi and rising input cost. At a press conference last Thursday in Accra, the Vice-Chairman of the company, Mr Tajudeen A. Sijuade, said the project had been necessitated by the demand on the Ghanaian market. According to him, for the past five years that the company had been operating in the country, the major concern had been the lack of sufficient supply of the products to meet the growing needs of the construction industry, hence the decision to expand. "By the time we finish this, there will be no shortage of cement in Ghana, and this is to give you the assurance that we are here to stay," he said. The expansion, he said, would increase the current 500 employment opportunity at the Tema Plant to about 1,000, while Takoradi would provide about 1,200 direct and indirect employments to Ghanaians. Mr Sijuade said the company's vision was to reach about three million customers within the next three years and stated that the company was working hard to achieve that. He gave the assurance that the company would not compromise on quality in its attempts to meet the demand of the Ghanaian market. The Sales and Marketing Manager, Mr Joseph Kobina Aboo, said Dangote Cement had been known for its quality over the years across Africa and as such the company would continue to ensure customer satisfaction. *(Ghana Web)*

The Amenfiman Rural Bank Limited at Wassa Akropong in the Wassa Amenfi East District of the Western Region has posted an impressive operational performance in the 2013 year under review. The bank continued to show improvements in income generation during the year under review with total income growth of 71 per cent from a little over GH¢6 million in 2012 to approximately GH¢10 million in 2013. This significant growth is attributed to the performance of various income-generating products rolled out in the market during the reviewed year. The bank's profit before tax in 2013 was a little over GH¢4 million which represents a remarkable percentage growth of 79 per cent over the previous year's profit of approximately GH¢2.3million. The bank recorded a total deposit of about GH¢44 million in the year under review as against a little over GH¢32million in the previous year, representing 38 per cent growth. This was as a result of the hard-working staff and the mobilisation drive pursued by the management and staff. The Chairman of the Board of Directors, Dr Tony Aubynn, who is also the CEO of the Minerals Commission, announced this at the Bank's 30th Annual General Meeting of shareholders held recently at the assembly hall of Amenfiman Senior High School at Wassa Akropong. According to him, the bank registered a very significant growth in all the performance indicators in spite of the major economic challenges posed by heightened local competition, as well as the negative effects on the operations of the bank. In line with the Board of Directors' decision to ensure that the financial returns to shareholders of the bank continue to grow, the board has proposed a dividend of GH¢0.040 per share, amounting to GH¢268,142.36 in monetary terms. The chairman assured shareholders of the bank that the board would continue to make decisions and investments that would be in the best interest of shareholders. The bank made significant investment in the area of education, health, agriculture and sports during the year under review. A total of GH¢43,120.00 was invested in community activities as part of the bank's corporate social responsibility. The bank is currently financing the construction of a laundry at the Wassa Akropong Government Hospital and a Cold Room for the District Health Directorate. *(Ghana Web)*

CAL Bank and Proparco, a subsidiary of Agence Française de Développement (AFD), have signed an unsecured US$28.5million Tier II loan facility agreement. Frank Adu Jnr, Chief Executive Officer of the bank, said the signing of this agreement further strengthens the relationship between the two institutions which began over 15 years ago. "This agreement attests to the confidence Proparco continues to repose in the performance and leadership of the bank as a leading player in the Ghanaian banking sector. "The achievement of this planned strategic milestone in our capital plan will enable us to continue with our sterling performance of the past three years, strengthen our financial position and enhance shareholder value," he said. Mr. Adu added that the management and staff will continue to deliver the performance CAL has come to be recognised for and associated with. The bank and Proparco have been partners since 1999, when they first signed a loan agreement. "We have supported the bank with four credit facility agreements and as a shareholder since 2012. Proparco is proud to be part of this success story," said Julien Lefilleur, Regional Director for Proparco in West Africa. "We are convinced that local banks such as CAL Bank have a leading role to play in development of the Ghanaian economy. Over the past 20 years, Proparco has been instrumental in providing competitively priced medium-term credit lines for onward lending to CAL's corporate clients and SMEs." This facility will allow CAL Bank to pursue it growth trajectory and continue to finance the Ghanaian private sector and, more globally, it will foster long-term investment in the country through showing the community of international investors that Ghana's banking sector has sound fundamentals and encouraging prospects. Proparco, to date, has injected over US$70million into the financial service sector in the country. As a development finance institution, Proparco offers a wide range of long-term financial instruments in the form of loans, equity investment and guarantees. In sub-Saharan Africa, Proparco has provided support to the private sector to the tune of €350million in 2012. This figure is almost 50 percent of its annual funding. *(Ghana Web)*

Goldfields Ghana has presented a cheque for US$10.3m as dividend for the 2013 financial year. The amount is government's carried interest in the Tarkwa and Damang goldfields, which is operated by the mining company. The Executive Vice-President (EVP) and Head of West Africa of Goldfields, Mr Alfred Baku, said despite several challenges facing the mining sector, Goldfields continued to keep its commitment to government. Mr Baku said Goldfields had made significant contribution to Ghana's economy not only by way of paying taxes, dividends and royalties, but also through offering direct and indirect employment. He acknowledged the challenges within the mining sector and pledged the company's firm commitment to all of its stakeholders, including government, communities, employees, and investors. According to him, "several external factors, notably the low price of gold, had compelled us to look critically at our operations, locally and globally. We have to take tough decisions to ensure that we remain both operationally sustainable and profitable. "That is the only way we can keep making significant contributions to government, attract investment for growth and expansion, take care of our communities, and fulfil our commitment to our employees and other stakeholders." Presenting the cheque to the Deputy Finance Minister, Cassiel Ato Forson, Mr Baku said it was imperative for government to also honour its commitments to businesses, particularly in these difficult times. According to him, the government was indebted to Goldfields to the tune of US$15 million in VAT returns. "As we talk now, government owes us more than we have paid in dividend. This money has been outstanding for a long time. Legally, we should be charging interest. But we're being considerate," he said. He proposed that the government should come up with a mechanism whereby it could offset its indebtedness to companies through taxes due it by the creditors. Mr Baku said such a partnership between the two parties would be mutually beneficial. The Deputy Minister, Cassiel Ato Forson, who received the cheque, commended Goldfields for keeping its commitment over the years. He said despite challenges in the mining sector, the company remained one of the high-performing corporate institutions in terms of payment of taxes, royalties and dividends. "Going forward, we are looking at the possibility of creating a separate fund to address the issue of VAT repayment. As it stands now, our laws don't permit us to offset VAT with dividends or other taxes due us," Mr Forson added. As far as challenges facing the sector are concerned, he said the coming on-stream of the Atuabo Gas Project by year-end would ensure a cheap and reliable source of power for mining companies. *(Ghana Web)*

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TRADING

Economic News

The Ghana Stock Exchange ended 2013 with no listing but recorded a high of 2,145.20 points, representing a gain of 78.81 per cent, compared to 23.81 per cent for 2012. The financial stocks on the GSE index also gained 71.81 per cent in 2013, as against 20.48 per cent in 2012, growing on the back of a strong full-year results posted by many of the listed companies, as well as demand from institutional investors, particularly local 2nd tier private pension fund managers. Chairman of the Council of the GSE, Dr Sam Mensah, at the annual general meeting of the GSE in Accra, said the volume and value of shares traded in 2013 were significantly up from the previous year. Total trades in shares were 313.02 million, valued at GH¢465.14 million. The respective figures for 2012 were 218.19, valued at GH¢102.20 million. For listed debt securities, the value traded in 2013 was GH¢5,109.32 million. Total market capitalisation and the domestic market capitalisation went up 6.8 per cent and 76.6 per cent respectively in 2013 to close at GH¢61.16 billion and GH¢11.69 billion. The group (made up of the exchange and its wholly owned subsidiary- the GSE Securities Depository Company Ltd), for the financial year ending December 31, 2013, improved its surplus-after-tax to GH¢1,226,586 from the 2012 level of GH¢418,277. This was mainly on account of improved trading activities and greater cost control. In 2013, eight companies appeared on the facts-behind-the-figures programme. They were CAL bank Limited, which appeared twice; Ecobank Transnational Incorporated; HFC Bank Limited; Produce Buying Company (PBC); Societe Generale Ghana limited; Standard Chartered Bank Ghana Limited; Tullow Oil Plc and UT bank Limited. The facts-behind-the-figures programme provide listed company officials a platform to meet stockbrokers, the financial press and the investing public to shed more light on their operations. Following mutual recognition of the benefits to the parent companies, the GSE and the Bank of Ghana (BoG) set up a technical committee to oversee the merger of their respective depositories- the GSE Securities Depository Company Ltd (GSD) and the Central Securities Depository (GH) Ltd (CSD). A transaction advisor was appointed, and on December 24, 2013, an agreement was signed to merge the two depositories, effective January 2014. The initial shareholding of the merged entity is 82 per cent for BoG and 18 per cent for Exchange, with an option to the Exchange to purchase an additional 12 per cent at the merger valuation by December 2014. Measures instituted in 2010 such as the new minimum number of issued shares for listed securities, the insistence on the minimum public float of 25 per cent for new companies listing and the drive by the depository to get investors to dematerialise their share certificates continue to improve liquidity. *(Ghana Web)*

The cedi failed to maintain its resilience as it struggled for stability against the major trading currencies last week. During the week under review, improved economic data in advanced countries capped the strength of the Ghanaian currency. The US dollar, which was pressured last week reversed its slide after data released showed the addition of 281,000 jobs. The dollar as a result appreciated by 0.30 per cent against the cedi to end the week at GH¢3.01. The Pound rallied against the Cedi last week on the back of improved UK Consumer Confidence. The local currency thus dipped by 1.12 per cent ; average rates for the cedi against the Sterling on the interbank market stood at GH¢5.16 at the close of the week. The cedi, which made some modest appreciations against the Euro and the Swiss Franc the previous week, however failed to hold on to the gains, shedding 0.46 per cent and 0.22 per cent in the week under review. The Cedi traded at average week - ending rates of GH¢4.10 and GH¢3.36 to the euro and the Swiss Franc respectively. The cedi however continued to outperform the rand as a strike by South African's engineers weighed on the Rand. Bank traders quoted 0.70 per cent higher at GH¢0.28 for the Rand. The stocmarket displayed some resilience last week with gains in eight equities helping the indices defy declines by two others to bounce back from the previous week's slide. Strengthened by the advancers, the benchmark Composite Index soared 40.23 points to 2,392.68. This **k** outturn saw the market post a year to date gain of 11.54 per cent at the week's ending session. The Financial Index (FI) also added 60.61 points to close the week at 2,163.13. The return on the financial index stands at 21.08 per cent. The 91-day bill extended its northward drive at the auction held last Friday, June 27, 2014 as some dealers sought higher rates for their investments. The 182-day bill also recovered from the previous week's slide while the one-year and two-year notes remained unchanged. The yield on the 91-day bill added a basis point to close at 24.09 per cent. The 182-day bill clawed back the 4 basis points it shed last week to 21.28 per cent. The one-year and two-year notes were however unchanged from the previous week's levels of 22.50 per cent and 23.0 per cent respectively. A total of GH¢651.84 million bids were tendered by dealers of which GH¢651.29 million were accepted by the Central Bank. This was however 27 per cent below the GH¢673 million anticipated by the Bank of Ghana. Though the week was shortened by the republic day holiday, trading activity was impressive with a total of 3.23 million shares valued at GH¢6.32 million being reregistered. CAL Bank for the second consecutive week enjoyed the lion's share of trades accounting for 43.1 per cent volume and 18.8 per cent of value. Ecobank Transnational Incorporated (ETI) and Ghana Commercial Bank also enjoyed investors' interest. With demand building-up in GCB Limited, we expect it to extend gains. Ghana Oil, Total Petroleum and Benso Oil Palm are also forecasted to climb in the coming week. On the flip side, we expect to see buyers continuing their search for mark down deals in Enterprise Group, Guinness. Ghana and Fan Milk. Ecobank Ghana may also decline on the back of selling pressure. *(Ghana Web)*

The year-on-year inflation rate for June rose to 15 per cent up from the 14.8 per cent recorded in May 2014, the Ghana Statistical Service said on Wednesday. The monthly change rate in June 2014 was 1.6 per cent compared with the 0.9 per cent recorded in May. Dr Philomena Nyarko, Government Statistician, said the year-on-year non-food inflation rate for June was 20.3 per cent compared to the 20 per cent recorded for May. The year-on-year food inflation rate for June was 7.9 per cent, a fall of 0.1 percentage point from the 8 per cent recorded for May. "The year-on-year non-food inflation rate of 20.3 per cent is more than two and half times higher than the food inflation rate (7.9%). According to Dr Nyarko, the year-on-year inflation rate for imported items during June was 19.1 per cent is about one and half times higher than the inflation rate for locally produced items 13.5 per cent. The main "price drivers" for the non-food inflation rate were housing, water, electricity, gas and other fuels, which was at 53.6 per cent and Transport at 24.6 per cent. The "price drivers" for the food inflation rate were Mineral water, soft drinks, fruit juices, Coffee, tea and cocoa, Milk, cheese and eggs, Food products, Sugar, jam, honey, chocolate and confectionery. The Upper East Region recorded the highest regional year-on-year inflation rate of 18.3 per cent while the Volta Region recorded the lowest at 13.1 per cent. Six regions (Upper East, Northern, Central, Western, Eastern and Greater Accra) recorded inflation rates above the national average of 15.0 per cent. *(Ghana Web)*

The Bank of Ghana is optimistic the pressure on the cedi will ease soon and gain value on the back of the imminent Eurobond issuance and the cocoa syndicated loan, which are expected to yield a combined US$3 billion to the economy. Since January this year, the Cedi has depreciated by about 26% against dollar, earning the tag as Africa's worst-performing currency in 2014. On a daily basis, the Cedi depreciates by about 0.3% on average and the relentless slide continues to hurt the economy and households, with destabilising effects on government's fiscal plans. So far, the depreciation of the cedi has led to a slump in imports and the rise in utility tariffs as well as petroleum and transportation costs, which the Central Bank contends have all raise inflationary concerns. Dr. Kofi Wampah, who heads the Central Bank, has noted that despite a respite in the depreciation of the Cedi, there exists an enormous pressure on the local currency, which has become a growing concern to managers of the economy. "Pressures on the local currency are still persisting although we have observed some moderation in the pace of depreciation on a month-on-month basis. "The pressures are of major concern due to the adverse consequences of the depreciating currency on the economy. "In the outlook however, we anticipate that the proceeds from the cocoa syndicated loan and the Eurobond issuance, estimated at almost US$3 billion, would provide significant support for the market in the second half of the year," he said. Currently, the government is readying to issue its third Eurobond worth US$1 billion for 10 years to mainly refinance maturing debts and other interest payments. On the other hand, the cocoa syndicated loan is borrowed annually from abroad by Cocobod to purchase beans at the start of each harvest season, will also shore-up the cedi. Heads of some banking institutions have told the B&FT that they expect the imminent arrival of Cocobod's US$1.8billion syndicated loan to boost forex supply and stabilise the currency. "When that money comes in, it will help arrest the situation to some extent," Samuel Ashitey Adjei, Managing Director of Ecobank, said. "We are talking about demand and supply, so if the supply side improves then it will help stabilise the currency." *(Ghana Web)*

Kenya

Corporate News

Lafarge had petitioned the court to reverse a decision by the Capital Markets Authority (CMA) that effectively barred its nominee from taking a board position at Kenya's second-biggest cement producer after the regulator suspended controversial resolutions passed at EAPCC's annual general meeting. Justice Isaac Lenaola dismissed the suit, noting that CMA should be allowed to make its decision on the complaint. "In the meantime, the petition stands dismissed and the petitioners are at liberty to apply once CMA investigations are concluded one way or another," ruled Justice Lenaola. The ruling is a huge loss for Lafarge which has been fighting to regain control of the cement firm's board. Boardroom power at EAPCC is currently tilted to the Treasury and the workers' retirement fund NSSF, which are the two other significant shareholders of the cement maker. Lafarge had challenged the suspension of EAPCC's annual general meeting resolutions by the capital markets regulator through its subsidiary Cementia Holdings and its proposed appointee to the board Didier Tresarrieuis. Lafarge has a 41.7 per cent interest in EAPCC and also owns 58.9 per cent of Bamburi Cement. The Treasury holds 25.3 per cent stake in Portland while the National social Security Fund (NSSF) holds 27 per cent stake, effectively making the government the largest shareholder controlling a combined stake of 52.3 per cent. Bamburi, a subsidiary of Lafarge, is Kenya's largest cement maker with a total production capacity of 2.1 million tonnes a year and a market share of 39 per cent ahead of second-placed Portland, which controls 20 per cent of the market. The judge agreed with EAPCC lawyer Kamau Karori who argued that determining the matters raised in the petition is like usurping the powers conferred on CMA and pre-empting the investigations. The judge said CMA investigations need to be concluded expeditiously, noting that the matters affect shareholders of the firm. "Having stated as above, this court is not ready to assume jurisdiction at this stage, and there is nothing to say on the substantive motion so as not to prejudice CMA's investigations," said the judge. The decision leaves an open room for further litigation since any of the aggrieved parties could return to court. The simmering dispute between the government and Lafarge burst into the open last year when government representative stormed out of the meeting protesting the manner in which the annual general meeting was being conducted. The most contentious issue in the resolution was appointment of Mr Tresarrieu, a Lafarge nominee, who was said to have been nominated at the expense of a government proposed nominee Bill Lay. CMA in December suspended AGM resolutions pending investigations. The resolutions were suspended after the government said its voting rights were ignored when former chairman Mark Ole Karbolo adopted show of hands as the election procedure. *(Business Daily)*

The competition watchdog has set a condition for financial services group, Britam, to retain at least 85 employees of its acquisition target Real Insurance's 105 staff, in a move that offers the comfort of job security to a majority of workers. Britam is in the process of buying out its rival, Real Insurance, in a Sh1.4 billion deal that is currently awaiting regulatory clearance in Kenya, Malawi, Tanzania and Mozambique where the company also has a presence. The Competition Authority of Kenya (CAK) director general Wang'ombe Kariuki, gave Britam the conditional approval in a notice published on Friday. "CAK authorises the proposed acquisition of 99 per cent shareholding in Real Insurance by Britam subject to the fulfilment of the undertaking by Britam to retain at least 85…out of the 105 Real Insurance employees in Kenya," said Mr Kariuki. Britam, which has in the past insisted it will not lay off any of Real's employees, is set to see its staff count grow to nearly 600 from 501 workers as at the end of last year. Real Insurance has 13 branches across the country including in towns such as Nairobi, Nyeri, Mombasa, Eldoret, and Kisumu, where Britam too has a presence. The integration of the two businesses could see some of the Real employees retained in the same offices where they currently work. Benson Wairegi, the chief executive officer of Britam recently said that even after the acquisition is complete, the two entities could still operate as separate units for as long as two years. However, in some instances, some employees will have to be redeployed especially in the cases where there is duplication of duties such as that of regional managers. The inclusion of Real Insurance's staff is expected to increase Britam's staff costs significantly, even as it grows the company's top line. As at the end of last year Britam's employee costs had grown 56 per cent to Sh1.2 billion from Sh771 million incurred in the previous year. By retaining these employees, Britam will get CAK's approval to acquire Real's business in Kenya. To complete the deal, Britam has to receive approvals from the insurance commissions as well as capital markets and competition authorities in all four countries where it has a presence .Mr Wairegi said two weeks ago that the approvals had not come as fast as was expected, but there was expectation of getting all clearances by mid this month. "We had hoped to receive the approvals faster but that was just our expectation; the regulators have their own time table," Mr Wairegi said at the company's AGM on June 20. Britam will pay Real Insurance Sh825 million in cash and also issue new shares worth Sh550 million to shareholders of the 36-year-old insurer.(*Business Daily)*

Communication and advertising company, Scangroup has begun the process for the acquisition of a majority stake in South Africa's marketing company, Experiential Marketing (EMPL). Scangroup, partly owned by global communications giant WPP, said it had bought a majority stake in EMPL and its subsidiaries handing it a wide network of marketing services across 12 countries in sub-Saharan Africa. Until the acquisition of EMPL, Scangroup, through Roundtrip did not have a strong presence in the Southern Africa markets. The acquisition promises to give it a major boost in the experiential and field marketing and event management in the region. The move is subject to approvals. *(Daily Nation)*

Economic News

A high-level delegation from the International Monetary Fund (IMF) is in the country to assess Kenya's economic development and discuss the next round of financing from the institution. A brief from the fund's local office said on Monday that the team, led by Mauro Mecagni, assistant director of the IMF's African department has been in the country since June 25 and is set to conclude its stay on Wednesday. The delegation has held meetings with various government officials and players in the private sector. "A mission from the IMF is currently in Nairobi to conduct the Kenya 2014 Article IV Consultation which provides an opportunity to review recent economic developments in the country. Mostly, they have been with the National Treasury, the Central Bank of Kenya, a few commercial banks and parliament among others," a statement from the IMF Kenya office read. In April, the fund said the talks would feature considerations for provision of further financing to Kenya, which would be taken up to cushion the local currency in case the country's current account (measure of the value of imports against that of exports) deteriorates. Details of the consultations between the IMF and government are expected to be released on Wednesday when the mission concludes the talks. Latest data from the Kenya National Bureau of Statistics (KNBS) shows that the gross foreign exchange reserves reduced from Sh754 billion in April this year to Sh731 billion in May. Total value of exports decreased from Sh48.9 billion in April to Sh47.8 billion in May, while that of imports rose to Sh150.4 billion in May. The IMF conducts annual economic reviews of its member-states through the Article IV Consultation, which among other things, looks at economic gains made by countries since the last review. In December 2011, the financier's board of directors approved $760 million financing for Kenya under the Extended Credit Facility that was meant to shore up the country's foreign exchange reserves. Under the final review of Kenya's economic performance of the Extended Credit Facility, the IMF praised the government for adopting fiscal policies that "focused on sustainability while allowing for infrastructure investments in key sectors such as roads and power generation." The IMF said in its report last year on Kenya's economic review: "These policies have laid the ground for sustainable economic growth with domestic and foreign investors expanding their scale of operations in a market-friendly environment. Foreign investment flows have risen and boosted the stock market, allowing for a sustained accumulation of international reserves." The IMF projects that Kenya's economic growth will reach 6.3 per cent this year. Data from the Kenya National Bureau of Statistics shows that the economy grew by 4.1 per cent last year. *(Daily Nation)*

Kenyan shares lost 0.3 percent on Tuesday as investors stayed on the sidelines waiting to see the outcome of a major political rally that caused tensions in east Africa's biggest economy, while the shilling was flat. Opposition leader Raila Odinga called for a mass rally in the capital Nairobi to highlight a host of grievances including a slowing economy and a spate of militant attacks. Although police hurled tear gas at some protestors earlier in the day, the rally was largely calm by the time markets closed. On the Nairobi Securities Exchange, the main NSE-20 Share Index fell 16.90 points to close at 4,868.81 points. Ronald Lugalia, a research analyst at AIB Capital, said some investors had adopted a 'wait-and-see' attitude, preferring to stay out of the market until the rally is over and political risk subsides. "The investors want to see the outcome of the rally before they continue (investing)," Lugalia said. Attacks by Somali Islamist group al Shabaab have dented the vital tourism industry and put Kenya on the edge. Investors have been watching for any signs of political unrest, which in Kenya often happens in tandem with ethnic-based violence. The 2007/2008 post election violence saw about 1,200 people killed and the economy crippled. At the 1300 GMT close of trade, commercial banks quoted the shilling at 87.85/95 to the dollar amid thin volumes, unchanged from Friday's close. Duncan Kinuthia, head of trading at Commercial Bank of Africa, said most traders had either stayed out of the market or only traded in the first half of the day. "Weâ€™ve seen very muted corporate activity," said Kinuthia, adding that if there is no escalation in political rhetoric then the local currency should stay in a tight range between 87.50-88 shillings to the dollar. On the secondary debt market, government bonds valued at 551 million shillings were traded, compared with Friday's 1.69 billion shillings. *(Reuters)*

Kenya's central bank said on Tuesday it was holding its key lending rate at 8.50 percent, in line with forecasts, saying inflation remained in a target range and the pace of price rises had slowed. Eight out of 11 analysts polled by Reuters had expected no change. Three expected an increase of 50 basis points. The central bank also announced that the new Kenya Banks Reference Rate (KBRR), which is to be the basis for banks to price their commercial loans, would be set at 9.13 percent. The rate is effective from July 8 and will be reviewed in January. "The Committee concluded that the monetary policy measures had continued to deliver the desired price stability as overall inflation remains within the target range," the bank said in a statement after its Monetary Policy Committee met. "In addition, the rise in overall inflation has slowed down," it added. Inflation crept up to 7.39 percent in the year to June, inching closer to the 7.5 percent upper limit of the government's target. The government aims to keep inflation at 5 percent, plus or minus 2.5 percentage points. The new reference rate for banks is being launched as part of an effort to lower commercial lending rates, which businesses have long complained are too high and say are stifling activity. "The KBRR was developed as part of the recommendations to enhance the supply of private sector credit and mortgage finance in Kenya by facilitating a transparent credit pricing framework," the statement said. "It will be the base rate for all commercial banksâ€™ lending," it said, adding that the next review would be in January "if conditions do not drastically change." Commercial lending rates in the east African nation have stood at 21 percent on average, while deposit rates average under 10 percent, angering consumers who accuse banks of taking too much profit. It is a common complaint in Africa. Under the new system, while lenders will be required to use the reference rate as a base rate, they can vary premiums depending on the credit profiles of customers. Kenya has been slowly improving its credit rating system. The rate is reviewed every six months, unless circumstances demand otherwise, and is calculated from the average of the CBR and the weighted 2-month moving average of the 91-day Treasury bill rates. *(Reuters)*

Gold miner Centamin Plc reported a 9 percent sequential increase in second-quarter production as it resolved the operational issues that affected output in the first quarter. The company, whose flagship and only producing mine Sukari is located in Egypt, said gold production increased to 81,281 ounces for the quarter ended June 30. Centamin maintained its full-year production estimate of 420,000 ounces of gold. *(Reuters)*

Kenyan power producer KenGen said it aims to complete a 15 billion shilling ($171 million) rights issue by end-2014 and hopes to have a commitment from the government by August on the amount of financial support it will provide. In February, KenGen said it planned to raise a total of 30 billion shillings this year, with 15 billion coming from shareholders via a rights issue on the stock exchange. The rest would be raised by the government using means it has yet to determine. Albert Mugo, KenGen managing director and chief executive, said on Tuesday there was a possibility the government could chip in more than its earlier planned 15 billion shillings but that the figure would not exceed 20 billion. He said the power producer was waiting for the state, which holds a 70 percent stake, to decide how it will raise funds and hoped a decision would be made by August. "Between now and August, it's likely that we will have got government approval of what it will contribute to the rights issue, which will then enable us to start finalising our information memorandum for approval," Mugo told Reuters in an interview. He expected the rights issue to be completed by the end of the year. Mugo said the proceeds would enable KenGen to restructure its balance sheet and take on more debt as it seeks to add 844 megawatts to its installed capacity of 1,252 MW by end-2017. Its expansion plan is part of a broad national programme to add 5,000 MW by 2017 to Kenya's current capacity of 1,664 MW. A growing economy is expected to Kenya's need for power generation capacity to 15,000 MW by 2030. Mugo said in February that KenGen had proposed that the government raise the additional funds by converting some of the loans it had made to KenGen into equity and, in future, seek other business partners. By the end of this year, the utility will add a total of 327 MW from geothermal and wind power, Mugo said. The Kenyan government succeeded in issuing a debut Eurobond of $2 billion in June, but KenGen is not ready to follow it, although it already borrows in foreign currencies, he said. The government has said the Eurobond will act as a bellwether for Kenyan firms seeking to access funds on international markets. "I don't think we are ready for an international bond as yet. It might be one of the options we will be looking after we restructure our balance sheet," Mugo said. Kenya is pushing to slash its heavy reliance on rain-fed dams and to use more geothermal and other sources to halve the cost of power production from the current $0.17 to $0.18 a kilowatt hour over the coming three to four years. That will largely involve replacing diesel generation, which costs about $0.35 per KWh. Geothermal is the cheapest alternative, costing about $0.08 to $0.09 per KWh, the government has said. *(Reuters)*

Kenya's shilling was unchanged on Tuesday as traders waited on a central bank rate setting meeting at which the cost of borrowing is expected to remain the same. At 1020 GMT, commercial banks quoted the shilling at 87.85/87.95 to the dollar in thin volumes, unchanged from Monday's close. The bank's Monetary Policy Committee (MPC) is expected to hold rates at 8.5 percent even though inflation in June inched up to 7.39 percent, near the upper limit of the bank's inflation target. One Nairobi-based trader said the market had priced in the bank holding rates and the shilling would only react if the MPC announced a hike. "I really don't see a reason for the market to react to rates being unchanged," he said. Traders expect the local currency to remain in a tight range in coming days, trading between 87.50-88 shillings to the dollar. *(Reuters)*

Kenyan government officials and business stakeholders made a passionate pitch in Washington, DC, on Wednesday for increased investment by US companies. A day-long conference dubbed "Doing Business in Kenya" featured presentations by three cabinet secretaries as well as the country's acting US ambassador and several American and Kenyan business executives. Keynote speakers and panellists were unified in highlighting the "beautiful story of Kenya." Attention was directed to the country's economic successes and beckoning opportunities. National problems, including insecurity, were acknowledged but emphasis was placed on progress toward solving them. Stephen Hayes, head of the US Corporate Council on Africa, described Kenya as "the linchpin" of East Africa. He referred to Nairobi as "the thriving business centre of Africa, along with Johannesburg and to some extent Abuja." "If you're going to do business in Africa, Kenya is almost a requirement. Kenya's importance continues to geometrically expand for us," he said. Mr Hayes' organisation, which co-sponsored the conference along with Kenya's Washington embassy, represents almost all US companies operating in Kenya. He told his council members and prospective investors that the recent spate of terror attacks should not scare them off Kenya. Noting that every country in the world faces security challenges, Mr Hayes said the Kenyan government "is doing an outstanding job" in addressing them. "We are very confident in that country," he added. Foreign Affairs Cabinet Secretary Amina Mohamed enumerated a series of large-scale projects and initiatives intended to accelerate the country's development and facilitate investment. She cited expansion of the port of Mombasa to accommodate larger cargo ships, upgrading of terminals at Jomo Kenyatta International Airport and the launch of a one-day process, via mobile phone, for registering a new company. Ms Mohamed also described the heavy demand for Kenya's recent $2 billion Eurobond as "a milestone and a stepping stone to emerging-market status." She said US investors accounted for two-thirds of the subscribers to the bond and the enthusiastic response to Kenya's debut in the international financing market was a clear manifestation of investor. Ms Mohamed told the conference that Kenya is committed and determined to win the global war on terror assisted by partners, including the US. Energy Cabinet Secretary Davis Chirchir listed various mega projects in the energy sector, including geothermal power development, oil and gas, exploitation of coal energy in Kitui and construction of an oil pipeline from Turkana to Lamu. "We are not very happy with our World Bank ranking on doing business," said East Africa Community, Commerce and Tourism Cabinet Secretary Phyllis Kandie. On the basis of data gathered last year, the bank ranks Kenya 129th out of the 189 countries included in an ease-of-doing-business index. "We are working on it, and you will see results in a short time," Ms Kandie said. Vision 2030 Director-General Gituro Wainaina highlighted key projects under the Kenya's development blueprint like the Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) corridor, Konza Techno City and Isiolo Resort City.

Mary Kimonye, CEO of Brand Kenya, also addressed security concerns, saying the military intervention in Somalia reflected Kenya's standing as a democracy not afraid to punch above its weight. "Kenya is taking a bullet for everyone in the world. This is a time when we need friends and support," Ms Kimonye said. Kenya Investment Authority Managing Director Moses Ikiara said the balance of trade was in favour of Washington and urged US business to invest more in Nairobi. He said they were providing incentives like tax relief for firms that would export over 80 per cent of their produce. "Investors in Economic Processing Zones will also get a 10-year tax holiday, and for another 10 years, they will pay reduced tax like 20 per cent as the rest pay 30 per cent. They will also bring in equipment tax-free," he said. Managers of

US companies that are already doing business with Nairobi urged other American investors to rush for a share of Kenya's investment pie. General Electric chose to base its Africa operations in Nairobi because the Kenyan capital offers easy access to rich business opportunities throughout the continent, said GE Africa chief financial officer Thomas Konditi. He pointed to enormous unmet demand throughout Africa for electricity, basic health care and air travel. Kenya is a desirable location for US-based businesses planning to move into Africa, added Diane Wilkens, president and CEO of Development Finance International. She used the conference as a platform for announcing the opening of her company's Nairobi office next Monday. "Our clients wanted us to be there yesterday," said Ms Wilkens, whose investment-advising firm serves some of the largest companies in the United States. "It's all about Africa now." In choosing Kenya as its base in Africa, Development Finance International considered security issues and concluded that the country warrants confidence, Ms Wilkens added. *(Daily Nation)*

The International Monetary Fund (IMF) said on Wednesday lending to Kenya's manufacturing sector was picking up, supporting expectations of robust economic growth. Economic expansion in the East African nation slowed to 4.1 percent in the first quarter of this year from 5.2 percent a year earlier. A spate of gun and bomb attacks have scared away tourists, while low rainfall curbed farm output. But the IMF told a news conference the increase in lending to manufacturers, renewed foreign investor interest, mainly in the extractive industries, and stable macroeconomic policies would support overall growth. "These are also supporting signals that are positive for increased growth, certainly if not immediately, then over time," Mauro Mecagni, who led an IMF appraisal mission to Nairobi, said at the end of the visit. The IMF expects Kenya's economy to grow by 5.5-6 percent this year and Mecagni said data from one quarter alone was not enough to warrant an immediate review of the projection. The government expects the economy to grow by 5.8 percent this year while the World Bank forecasts 4.7 percent. Kenya's debut Eurobond, which was oversubscribed by five times last month, reinforced the sense of confidence, Mecagni added. The IMF also expects 47 new counties, created last year to decentralise government, to help economic growth by channelling development funds more effectively, the IMF said. The counties have struggled to use their budgets effectively in the fiscal year ended June. *(Reuters)*

The Kenyan shilling was little changed against the dollar on Thursday, though traders said the local currency is expected to firm in coming days due to receding political risk. At 0650 GMT, commercial banks posted the shilling at 87.60/70 per dollar, barely moved from Wednesday's close of 87.65/75. Worries over political tensions have eased after the opposition held a rally in the capital Nairobi on Monday to protest against growing insecurity, rising food prices and corruption. "The shilling is appreciating after Monday," said Andlip Nazir, senior trader at I&M Bank. "Shilling should strengthen a bit more going forward." Traders said they expect the shilling to consolidate within its recent range of 87.20-88.00 after demand for dollars ahead of Monday's rally threatened to push it below the 88.00 level. Nazir expects the local currency to edge towards 87.25. *(Reuters)*

The Kenyan shilling firmed marginally against the dollar on Thursday and Nairobi's benchmark share index inched up after the International Monetary Fund gave a positive review of the economy. At the 1300 GMT close of trade, commercial banks posted the shilling at 87.60/70 per dollar, up slightly from Wednesday's close of 87.65/75. Concerns over political tensions have also eased after an opposition rally in Nairobi on Monday to protest against growing insecurity, rising food prices and corruption went off peacefully. There were initial fears that the rally could turn violent, driving up political risk in the east African nation. "The shilling is appreciating after Monday," said Andlip Nazir, senior trader at I&M Bank. "It should strengthen a bit more going forward." The IMF said late on Wednesday that lending to the manufacturing sector was picking up, pointing to good economic growth prospects. Manufacturing was helping to offset weaker tourism, which has been hit by a number of attacks in Kenya recently. Somali group al Shabaab has claimed responsibility for some of the attacks but the government has blamed local groups supported by local political networks. Traders said they expect the shilling to consolidate within its recent range of 87.20-88.00. Weakness ahead of Monday's rally had threatened to push it below the 88.00 level. On the Nairobi Securities Exchange, the main NSE-20 share index added 5.45 points on the day, to close at 4,898.25 points. In the debt market, bonds worth 3 billion shillings ($34.27 million) were traded, up from 2.12 billion shillings traded on Wednesday. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's central bank cut its benchmark lending rate by 250 basis points to 22.5 percent on Tuesday, saying the outlook for inflation was favourable due to a relatively stable exchange rate for the kwacha currency. "The Committee noted that fiscal prudence and management of food supply situation will be critical to mitigating. inflationary pressures," the Reserve Bank of Malawi's monetary policy committee said in a statement. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius's year-on-year inflation rate edged down to 3.3 percent in June from 3.4 percent in May, the statistics office said on Monday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Having largely established its pan-African footprint, the focus of Ecobank Group now will be on boosting efficiency in all areas of its business. The Group Chief Executive Officer of Ecobank, Mr. Albert Essien, disclosed this in his report to shareholders of the bank. Ecobank currently has presence in 35 countries in Africa and international offices in Paris, London, Dubai and Beijing. As at December 31, 2013, the group had total assets of $22.5 billion, equity of $2.1 billion. It had 19,546 employees, 10.4 million customers and 1,284 branches with Nigeria accounting for 47 per cent of the branches. However, Essien said having established its Pan-African footprint, the bank will now be focusing on efficiency. Essien said the Group's cost-to-income ratio of 70 per cent is still high, noting that the bank is working hard on reducing this to the high 60s per cent by 2014 and nearer to 60 per cent in the medium term. "To achieve this, we will need to grow revenues as well as controls costs. We are targeting 15 per cent or more growth in revenues as well as loans and deposits for 2014," he said. The GCEO noted that the also enhance existing efficiency initiatives, the bank will re-examine more structural issues such as growth in back-office staff relative to those facing the customers so as to optimise the mix. "Also, across our diverse countries of operation, we must enhance alignment of our subsidiary banks' business models with the local market opportunity so we can optimise our return on equity in each location. We have learnt from experience that one size does not fit all," he said. Essien disclosed that much progress has been made since the bank decided centralise its Group risk management in 2010. However, he added that the bank will further embed its control and risk management framework to ensure more rigorous monitoring. "For 2014, we have committed to more detailed targets in area namely a non-performing loan (NPL) ratio of less than five per cent and cost of risk under two per cent," he said. *(This Day)*

Sterling Bank Plc has announced the presentation of 25,000 units of new kits to the Lagos State Waste Management Authority (LAWMA). The reflective kits will be used by the highway managers and sweepers engaged by the authority. The bank in a statement explained that the move was put of its corporate social responsibility (CSR). The Bank's Group Head, Collections, Mr. Jide Sonoiki, who made the presentation on behalf of the financial institution, stated that Sterling Bank would continually engage in initiatives that will protect the environment especially those that are connected to the protection of lives through its renowned partnership with LAWMA. Sonoiki who reiterated the commitment of the bank to maintaining a healthy environment disclosed that Sterling Bank had concluded discussions with the governments of other states in the country on the provision of kits for their highway managers and sweepers. Receiving the new kits, LAWMA's Managing Director, Mr. Tunde Oresanya commended the bank for supporting the authority in the promotion of a clean environment and good health among Nigerians. The LAWMA boss who ascribed the success story of the authority in the last five years to the support concerned institutions commended the bank for sustaining its support. "Sterling Bank is a major partner of LAWMA. The partnership is very solid and enduring. The Bank supports our clean up exercise and also has its own initiatives in the area of environmental cleanliness. "If you are going to talk about cleaner Lagos, you cannot but mention Sterling Bank as one of the prominent organisations that has been at the forefront of environmental cleanliness not only in Lagos but in all the locations where it has businesses through its periodic national cleaning exercise," he added. Oresanya called on other financial institutions to emulate the bank to ensure a clean environment. *(This Day)*

Unilever Africa at the weekend held its 'Partner to Win Investment Conference' in Lagos. The conference which is an on-going tour on the African continent focuses on sensitising suppliers and business leaders on investment opportunities available in Nigeria. The conference hosted state governors from Lagos, Ogun and Kogi who are renowned for stable agricultural produce and commercial activities. The purpose of the conference is to share Unilever's growth plans for Africa and explore mutually beneficial business opportunities in capacity creation, capability enhancement, sustainability practices and better innovations. Unilever Africa has ambitious growth plans of more than doubling the size of its business, whilst halving the environmental impact of its products and improving our positive social impact by 2020. This audacious goal is based on the changing demographic profile and the rising middle class in Africa, and Unilever is backing this ambition with significant investments in capex and people in Africa. However for Unilever to achieve success these investments are to be matched by strategic capacity and capability investments by our supply partners, as it scouts for capacity to fuel growth. Our 'Partner to Win' program has enabled the company to create more long-term partnerships in co-creating new capabilities in order to achieve mutual growth for both partners. The conference features elaborate speeches by state governors highlighting the various marketable opportunities available in their states, plenary discussions where opportunities in and around Africa are discussed, break-away sessions discussing the East-, West-, and Southern Africa regions with a specific focus on Nigeria and a promise to continue the message in south Africa. According to the organisers of the conference Unilever over the last two years has invested $200 million dollars in capital expenditure in advertising, brand promotion and digital marketing, with 80 per cent of the company's turnover coming from Nigeria. Chief Procurement Officer of Unilever, Dhaval Buch, said: "When we bring our partners say 60 or 70 of them coming together, we believe that as we grow they will need to invest and grow with us" The managing Director, Mr. Yaw Nsarkoh, also affirming the vision of the summit said: "Part of why we are doing this is in trying to bring people into Nigeria so that after 91 years in Nigeria we consider ourselves part of the community. As a lead manufacturer in this country it is our responsibility to help the government in the agenda of inclusive growth which is spoken about everywhere in Nigeria. So we see it as part of our corporate responsibility to do that. "What is the biggest issue in Nigeria today that everybody talks about? It is inequality. The representatives and governors all talked about it and one of the ways of addressing this is by creating employment. So we see it as a core part of our responsibility to do that." Meanwhile, Governor Ibikunle amosu of Ogun state who also addressed delegates at the conference acknowledged that 80 per cent of Unilever's activities are cited in Ogun state. With the high level human capital and 17,000 hectares of land available for cultivation, Governor Amosu beckoned on the conglomerate and other investors to tap into the unending resources in the state. He said: "For us in Ogun State we know that agriculture is the key. To our investors they will look to where the markets are. What are the chances that whatever we do people will be there to take it from us? Because of the availability of the markets the human capital are available too. "It is not by fluke that today we have the largest concentration of industries in Ogun state. Investors will not just come and throw their money away they must be where they know that their investments are safe; they must be where they are convinced that the returns on their investments will not only be guaranteed but it would be real and probably better than so many other places. "In Ogun state we have about 7 million people, our GDP is about 70 million dollars, we must continue with people like you who have private sector initiative. *(This Day)*

Nigeria's Wema Bank said on Monday it had secured $70 million from foreign lenders to finance trade and lending to small-scale businesses. The mid-tier lender said in a statement $50 million would go towards financing trade, while the remainder would help support lending to small businesses. Nigeria, Africa's most populous nation and biggest economy, is booming, but businesses are often constrained by a lack of credit and punitive interest rates. Wema said in April it had swung to a pretax profit of 591 million naira ($3.6 million) in the first quarter from a loss of 853 million in the same period a year before. *(Reuters)*

United Bank for Africa (UBA) Plc has taken banking to a new level with the introduction of twitter based transaction alerts for customers. The bank has announced that customers will now have the option of receiving transaction alerts in their Twitter direct messages inbox. Before now customers can only receive transaction alerts as text messages on their mobile phones and as e-mails. This is the first time any bank in Nigeria will offer customers a third option of receiving their transaction alerts via their twitter handle. However, UBA Twitter Notification Service will not replace the current SMS alerts system in place for all of the bank's customers, but will complement it for added convenience for all those who subscribe to the service. "Twitter is increasingly becoming a popular means of communication especially among the young adults. As a highly innovative bank, we are giving the Millennials, who are increasingly banking with us an option to get transaction alerts on their preferred platform" said Rasheed Adegoke, UBA's Director, Information Technology. UBA customers seeking to receive twitter powered transaction alerts through their twitter account should visit the UBA Group website or the UBA twitter page to register. On the UBA Group website, customers will be requested to; click on the Twitter notification service page; enter their account number; click on submit. By following the displayed instructions to log into their personal account and enabling access, the customers can sign on to this service seamlessly. The alerts will only be seen by the customer, since it goes into his or her direct message box, just like an SMS message going to a phone. The introduction of this service reinforces UBA's growing presence and engagement with its numerous customers on social media. UBA has been acknowledged as one of Nigeria's leading banks in the social media space. The bank has more than 718,000 likes on Facebook, the second highest among Nigerian banks, and an increasing followership on twitter, YouTube, Instagram and Google + .

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The UBA Group is a highly diversified financial services provider, with business offices in New York, Paris and a subsidiary in London. A leading player on the African continent, UBA has significant market share and operations in 19 different African countries. *(This Day)*

Nigeria's ARM Infrastructure is close to raising $250 million in the country's first infrastructure fund, to invest in transport, energy and utility sectors across West Africa, with much of the money coming from pension funds, its managing director said. ARM said the fund was expected to close by mid-August and was at the documentation stage with various investors including some Nigerian pension funds and other institutional investors such as the African Development Bank, Opuiyo Oforiokuma said. Nigeria, Africa's most populous nation and home to 170 million people, requires around $50 billion a year for the next decade to develop badly needed infrastructure, especially for power, roads and water, to help boost economic growth. Nigeria's pension assets have grown to $25 billion in 2014, from under $4 billion seven years ago, as the government targets schemes to try to encourage domestic savings. But the funds have traditionally invested in debt and equity portfolios. "We are setting up a new infrastructure fund ... (The) target fund size is $250 million. This will be the first time pension funds are actually going to invest in infrastructure," Oforiokuma said on the sidelines of a pension funds conference in Abuja. ARM is a financial services firm with interests in real estate, insurance and capital markets. It developed Nigeria's first toll road under a private-public partnership in the commercial hub of Lagos. The fund will target equity stakes in airport and sea port projects across West Africa, and invest for a period of 12 years, targeting investment returns of 18-20 percent over the period. "We don't have basic roads, power supply and water. All of these have significant consequences for the economy, the social well being (of Nigeria)," Oforiokuma said, adding that Nigeria generates around 4,000 megawatts of electricity, compared with Brazil, which generates 100,000 megawatts. *(Reuters)*

The plan to create a leading Sub Saharan Africa building materials platform got a boost yesterday as shareholders of Lafarge Cement WAPCO Nigeria Plc (Lafarge WAPCO) overwhelmingly approved the creation of Lafarge Africa Plc. The holding company to be listed on the Nigerian Stock Exchange (NSE) will consolidate all Lafarge's Nigerian and South African assets. Directors of the Lafarge WAPCO has requested the shareholders of the company to approve the consolidation of the assets and creation of Lafarge Africa among other resolutions. Voting at the 55th annual general meeting in Lagos yesterday, the shareholders passed all the resolutions relating to the transaction. With approval, Lafarge Group will transfer its shares in its businesses in Nigeria (AshakaCem, Unicem and Atlas) and South Africa to Lafarge WAPCO for a cash consideration of $200million and the issuance of 1.4billion Lafarge Africa shares to the Lafarge Group. The new company, Lafarge Africa will be listed on the NSE. Speaking at AGM, the Chairman of Lafarge WAPCO, Chief Olusegun Osunkeye said: "I am extremely pleased with the outcome of today's vote. "The overwhelming majority of our minority shareholders were strongly supportive, which reflects that they see the strong value opportunity in the creation of Lafarge Africa. "Lafarge Africa is not only a value enhancing transaction for shareholders but it will provide significant value to all stakeholders through the creation of a Nigerian listed Sub-Saharan Africa building materials giant that will be better able to support the development needs of our continent." Speaking in the same vein, Guillanume Roux, who will be the Managing Director/Chief Executive Officer of Lafarge Africa Plc said : The creation of Lafarge Africa allows the company to continue in its drive to be the best in the areas in which it operates. "The broader geographic coverage means that Lafarge Africa will be better positioned to serve its customers more widely. It also places the company in a stronger position to be able to benefit from the economic growth and development opportunities available in both Nigeria and South Africa." The new company will be the 6th largest firm listed on the NSE in terms of market capitalisation put above $3 billion. Lafarge Africa will have a combined production capacity of around 12 million metric tonnes (MT) comprising Lafarge WAPCO (4.5 million MT), Lafarge South Africa Holdings (3.6 million MT), United Cement Company of Nigeria (2.5 million MT), Ashaka Cement (one million MT) and Atlas Cement Company – an import operation with bagging capacity of 0.5 million MT. *(This Day)*

Nigeria's Oando Plc has converted a $218.9 million loan to its Toronto-listed unit Oando Energy Resources to equity, to increase its stake in the subsidiary by 1.6 percent to 93.6 percent, it said on Thursday. Oando said the debt is part of a $1.2 billion facility it approved for its subsidiary in February to help finance the acquisition of ConocoPhillips Nigerian assets. The oil firm secured Nigerian government approvals last month to complete the deal which it had agreed last year with ConocoPhillips but was delayed several times due to problems raising funds, oil industry and banking sources said. The subsidiary said it converted the debt to equity at C$1.57 per share and has issued 150 million shares to its parent firm. It said the deal was approved by the Toronto Stock Exchange before the conversion. Parent company

Oando, which is also listed in Johannesburg, has said it intends to close the Conoco deal this July. It hopes the acquisition will help it make the transition from a marketer of refined petroleum products into an upstream business focused on oil and gas exploration and production. *(Reuters)*

As part of its corporate social responsibility (CSR), FirstBank of Nigeria has empowered representatives from various non-governmental organisations (NGOs) and corporate organisations. The bank organised an interactive and educative workshop aimed at educating participants on how to manage their funds, creating shared value and also encouraged participants to be problem solvers. This interactive session was held recently at the FirstBank Sustainability Center at the Lagos Business School (LBS) with lectures from visiting and in house facilitators. Speaking on the impact of the program, Dr. Chris Ogbechie of the LBS said: "This program is not just how to sustain their businesses. The key issue is how they play in this era of sustainability. Companies are looking at sustainability as a way of ensuring that they remain relevant. "So it is not just about making money for the future. NGOs have a role to play and they must understand what is going on in the minds of these business leaders, their challenges and how they can fit in." He also urged NGOs and organisations present to enhance the well-being of communities. He further said: "On the public sector side, a lot of things can work better if the right policies are in place and enforcing these policies and that is where advocacy by a lot of these NGOs come in. "An example why must we cut down trees particularly in semi desert areas all because firewood business is good when they are actually endangering not just the environment but making agriculture difficult and also encouraging desert encroachment. Policies should encourage planting of trees would prevent desert encroachment and the same time not affect the environment." The Principal Consultant, Kasher Consulting Limited, Mrs. Dayo Oluwole urged NGOs not to completely depend on donors. "It is important to have a funding matrix which would enable NGOs sustain by not completely relaying on funding from donors," she added. *(This Day)*

To encourage local investors to return to the capital market, Capital Bancorp Plc has launched an online trading platform that will enable investors' trade in money and capital market instruments such as equities and bonds. In a chat with newsmen in Lagos yesterday, Managing Director of the company, Mr. Aigbogie Higo, stressed that the market needs to revive the interest of local investors in the stock market, hence the need for a platform that will enable them trade with as low as N1000. He said the Bancorop e-Trade platform is an inventive retail stockbroking online service offering, carefully crafted to provide access to stockbroking services for the busy executives and upwardly mobile young adults. Bancorop e-Trade, he added, is also a platform to encourage financial inclusion for the investing public through user friendly and simple online interface. According to him, "It is about the ease of stockbroking transactions from the comfort of homes or offices as you are only a click away via your handheld, portable tablet or the good old computer system. The platform gives ease of access, which means that investors will have 24/7 access to their portfolio position and cash statement." On the benefits of the platform for investors, he said it will help to reduce the cost of doing business for investors in the capital market adding that travelling and opportunity costs will also reduce. According to him, "It will also give convenience i.e. investors don't need to visit our office to do transactions. There is increased transparency because investors can see what is happening in the market real time. Our affordable start-up plan enables investors to start trading with as low as N1000. "Through the Bancorop e-Trade, investors will have access to the latest market data to enable accurate order instruction and avoid errors and lack of clarity of orders or signature forgery and theft of investors shares."
The platform, he added, provides an opportunity for investors to monitor the implementation and follow-up investment dealings at any time. Capital Bancorp, he stressed, is one of the foremost financial and professional services providers in Nigeria. "Capital was borne of the perceived need to enhance the accessibility of industry, commerce and individuals to capital, whether loan or equity and high-grade investments. We are a Central Bank of Nigeria licensed multidisciplinary finance house and a member of The Nigerian Stock Exchange. "The company is registered with the Securities and Exchange Commission (SEC) as an issuing house, investment adviser, broker/dealer and portfolio manager. CBL was incorporated on the June 13, 1988 and today has an authorized share capital of N500,000,000 with issued capital of N378.40 million," he said. *(This Day)*

Economic News

Following the initial challenges observed in the parallel run of the Basel II accord, the Central Bank of Nigeria (CBN) has directed banks to continue its implementation for an additional period of three moths. According to the central bank, the full adoption of the Basel accord will now commence on October 1, 2014. The central bank stated this in a letter to all banks and discount houses with reference number "BSD/GCA/BAS/CON/01/115," dated July 02, 2014. The letter titled: "Extension of Parallel Run of Pillar I of Basel II Implementation," signed by the Director, Banking Supervision of the CBN, Mrs. Tokunbo Martin, was posted on the banking sector regulator's website at the weekend. The Basel accords are a set of agreements that provide recommendations on banking regulations in regards to capital risk, market risk and operational risk accepted globally. The CBN had last year directed banks to commence a parallel run of both Basel 1and 2 minimum capital adequacy computation based on the requirement of the guidelines with effect from January 2014. It had also stated that minimum capital adequacy computation under Basel 2 rules would commence in June 2014. But in the latest circular, the central bank explained that "the initial challenges observed in the parallel run have necessitated for an extension of the parallel run particularly with regards to the requirements of reporting capital charge for credit, market and operational risks. "Consequently, banks are hereby directed to continue the parallel run for an additional period of three months while the full adoption will commence on 1st October, 2014."Meanwhile, it urged banks to use the period to reassess their current capital levels with a view of complying at full adoption, with the minimum capital requirements. In addition, banks were also reminded to continue to submit their monthly returns on or before the fifth working day after each reporting month. Specifically, on credit risk, the central bank had recommended that the standardised approach should be adopted, "adding that all forms of corporate claims would be treated as unrated." In the same vein, on market risk, the central bank directed that the standardised approach should be adopted, just as on operational risk, it recommended that the Basic Indicator Approach (BIA) should be adopted. It explained: "Within the first two years of the adoption of these approaches under Pillar 1, it is hoped that an effective rating system would have developed in Nigeria. "Banks and banking groups are projected to have gathered more reliable data and gained more experience that would prepare them to consider the adoption of more sophisticated approaches. "The adoption of the Standardised Approach for Operational Risk and other sophisticated approaches will however be subject to the approval of the CBN." *(This Day)*

The Central Bank of Nigeria (CBN) has extended the deadline given to Bureau De Change (BDC) operators in the country to comply with the new capital requirements for the industry. It fixed July 31 as the new compliance deadline with a warning that it would cease to fund any BDC which fails to comply after the expiration of the deadline. The apex bank in a new circular to BDC operators, titled: "Extension of Time for Compliance with the New Requirements for the Operation of Bureau De Change in Nigeria" and signed by CBN Director, Financial Policy and Regulation Department, Mr. Kevin Amugo, a copy which was made available to THISDAY stated that interest would be paid on the mandatory cautionary deposit of N35 million based on the banking industry savings account rate. It added that only BDCs which meet the new requirements would qualify to be engaged as agent by the licensed International Money Transfer Operators for inward and outward money transfer business in the country. The CBN further explained that the decision to rescind the earlier deadline was based on representations from stakeholders who had asked for an extension to enable them comply with the new requirements. It however, advised all BDCs that paid the mandatory caution deposit of N500,000 to the CBN prior to 2009 to apply for their refund. The CBN had last month announced a new minimum capital requirement of N35 million for the operation of BDC firms in the country, up from the N10 million previously stipulated by the apex bank. But a number of BDC operators had called for an extension of the July15 compliance deadline for the new capital requirement on grounds that it could hamper economic growth, cause job losses and lead to the closure of many BDCs if the recapitalisation time frame was not reviewed. *(This Day)*

e Rivers State House of Assembly has approved the request of the state Governor, Hon. Chibuike Amaechi, to borrow US$280 million from the World Bank and African Development Bank (AfDB) to finance water supply and sanitation in Port Harcourt, the state capital. But the state chapter of the Peoples Democratic Party (PDP) has reacted against the approval, stating that Amaechi had mortgaged the future of the state by the volume of external loans he had taken. While approving the request for the loan in its sitting yesterday, the assembly also ordered the state Commissioner for Water Resources to appear before it in its next sitting to give details of the loan. According to the assembly, Amaechi had on June 23 written to the Speaker of the House requesting for approval of the loan from the AfDB and World Bank.

US$80 million would be accessed from World Bank while $200million would be obtained from the AfDB. The letter read in part: "It may interest you to note that the Rivers State government has successfully obtained approval from the Boards of the African Development Bank and the World Bank respectively for the Port Harcourt water supply and sanitation project. "The purpose of the project is to provide sustainable and safe access to clean and hygienic drinking water and sanitation in the city of Port Harcourt. "The project which is being under taken by the Federal Ministry of Finance for un-lending to Rivers State is to enable the state government commence the project at the earliest possible time." In their contributions, the lawmakers said the loan was a welcome development considering the wide criticisms the governor had received for lack of potable drinking water in the state. They, however, insisted that the state Commissioner for Water Resources should be invited to the floor of the House to give a detailed breakdown and scope of the financial implications of the loan. The member representing Etche Constituency II, Golden Chioma, noted that the sum of $280 million was "a colossal amount to attract as low as three percent interest," and said while it was necessary for the executive to obtain the loan, the assembly needed adequate understanding of the charges on the various departments of the loan. In his contribution, Onari Brown, (representing Akuku-Toru I constituency), said in as much as government was a continuum and Rivers people needed water, there was need for the assembly to take steps that would ensure judicious application of the loan. When the Speaker of the assembly, Otelemaba Dan-Amachree, put the matter to vote, members voted unanimously in support of the loan. Dan-Amachree thanked the lawmakers for their contributions and approval of the loan. He directed the Clerk to inform the commissioner to appear before the assembly in its next sitting. The loan, THISDAY gathered, has tenure of 22 years with an initial three percent interest. The first eight years would be interest-free. In its reaction, the state chapter of the PDP noted that Amaechi had a penchant for collecting external loans and said it was a plot to mortgage the state and enslave the Rivers people forever. In a statement issued by the Special Adviser to the state PDP chairman, Mr. Jerry Needam, the PDP it regretted "the far reaching consequences of these loans despite the huge resources of the State from internally generated revenue and federal allocations." It said: "There can't be any other reason for these incessant loans by an out-going governor than to punish the incoming administration and the state in particular. "The party also wants to know what has happened to the US$100million and other loans also approved by same rubber stamp lawmakers for Amaechi about three months ago for same purpose," the statement said. While calling on the World Bank, AfDB and relevant federal government agencies not to approve release of the loan, the party said, "Whether the loans have short or long term repayment conditions, it is immaterial at this point: for any society that lives on loans has no future and can never develop its own potentials. It's unfortunate this is all Amaechi can wish a highly prosperous State like Rivers State, the natural seat of oil and gas, a natural resource that has made havens of the nations that have it." The PDP also alleged that the loan would be used to fund activities of the All Progressives Congress (APC) and 2015 elections. *(This Day)*

Nigeria loses about $2 billion to gas flaring annually which is an economic crime committed by the oil companies involved in flaring, Mr. Nnimmo Bassey, an environmentalist and a delegate at the ongoing National Conference, said in Abuja yesterday. The member of the Committee on Environment of the conference, according to the News Agency of Nigeria (NAN), explained that the flared gas also had a negative impact on the health of people in the area, especially the prevalent of terminal diseases. "This gas that is being flared in the oil fields equally impacts human health as it causes acid rain, cancer, breathing difficulties, skin and other diseases such as bronchitis and asthma and acid rain. "Communities have experienced a drop in agricultural yields when you get nearer to gas flaring fields. "You have to be as far away as at least one km to expect to have fair yields from your crop because some of this gas is being flared in communities." He said the committee had made far-reaching recommendations aimed at protecting Nigeria's environment from danger and explained that the conference adopted most of the recommendations of the environment committee, which included outlawing gas flaring. "We cannot continue to kill our people on the altar of cash; we need to have an environment where people will survive," he said. *(This Day)*

The Nigerian Stock Exchange (NSE) All-Share Index (ASI) appreciated by 0.41 per cent to hit a new high of 43,039.45 yesterday as the market rally entered the second day. Market capitalisation added N59 billion to close higher at N14.212 trillion. The equities market had witnessed a rebound the previous day with a growth 0.24 per cent as investors continued to take position of the announcement of second quarter results. However, the positive momentum was sustained yesterday with the ASI consolidating gains from the previous session. The NSE Oil and Gas Index led in terms of sectoral performance for yesterday, rising by 2.0 per cent., driven by Forte Oil Plc. Similarly, the Industrial Index appreciated 0.8 per cent on the back of Ashaka Cement (2.1 per cent) and WAPCO (1.7 per cent). Analysts at Afrinvest said confidence within the industrial space has been ramped up significantly within the last few months as Lafarge WAPCO consolidates its position in the market. Shareholders of the company yesterday voted to support the creation of Lafarge Africa Plc, a leading Sub Saharan Africa building materials platform. Apart from the oil and gas and industrial indices that appreciate, the NSE Consumer and Banking indices also went up by 0.6 per cent and 0.4 per cent in that order. It was only the NSE Insurance Index that declined by 0.3 per cent on account of profit-taking in Continental Reinsurance (2.5 per cent) and NEM Insurance Plc (1.2 per cent). Meanwhile, 29 stocks appreciated as against 18 stocks that depreciated. NPF Microfinance Bank Plc, which recorded a growth of 34 per cent growth in profit for the half year to June 30, 2014, led the price gainers with 9.5 per cent appreciation. Forte Oil Plc trailed with a gain of 6.0 per cent, just as A.G Leventis Plc rose by 4.8 per cent. Conversely, Ikeja Hotels Plc led the price losers with 4.9 per cent, trailed by University Press Plc with a decline of 4.4 per cent. Continental Reinsurance Plc shed 2.5 per cent. *(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzanian inflation eased to 6.4 percent in the year to June from 6.5 percent in May, the statistics office said on Tuesday, citing slowing commodity price rises. The state-run National Bureau of Statistics said month-on-month inflation was -0.6 percent from -0.4 percent in May. "The speed of price increase in commodities ... has decreased as compared to the speed of price increase recorded for the year ended May 2014," Ephraim Kwesigabo, a director at the statistics bureau, told a news conference in Dar es Salaam. The pace of price rises for food and alcoholic beverages slowed to 8.1 percent in the year to June from 8.7 percent in May. *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Zimbabwe

Corporate News

Meikles Centar Mining has shelved plans to venture into platinum mining following the withdrawal of a prospective investor who had shown interest in the venture, a company official said. The mining company, Meikles Centar is a joint venture between Meikles Africa Ltd and Centar Asia Resources which is looking at acquiring gold and diamond mining assets in the country. Meikles Limited executive director Mr Mark Wood confirmed the development in an interview with The Herald Business last week. "Our plans to enter into platinum were shelved due to the withdrawal of the prospective investor and the matter remains on our agenda," said Mr. Wood. Meikles Centar mining recently announced plans to set up a $100 million chrome project inclusive of chrome smelting plant to beneficiate both lumpy and alluvial chrome ore. The mining company is in the process of acquiring 75 percent equity in a company that owns a number of chrome claims on the Great Dyke and Mr Wood could, however, not disclose the identity of the company and the cost of the acquisition. He said the project will be funded through external financiers because of liquidity challenges in the economy."Assuming the chrome project proceeds, funding will be sourced from external financiers and information pertaining the project in terms of figures is still confidential at present," said Mr Wood. He said time-lines for the project will be determined once project approval has been obtained. Currently proposals have been submitted to the Ministry of Mines and Mining Development related to the chrome project that will see the company setting up a beneficiation plant. This year Meikles Centar Mining signed another mining partnership agreement worth $3 million with a local mining firm DGL Investments which is a subsidiary of emerging gold producer Duration Gold Limited based in Matabeleland. In addition, about $500 million is expected to be invested as the group seeks to spread its operations into mining. In a statement accompanying the company's financial results last week, Meikles chairman Mr John Moxon said the company will continue to register its footprints in the mining sector. "We await regulatory approval for the transaction to be concluded and the group carried out limited exploration on an iron ore claim and the results were positive," said Mr Moxon. He said further tests are required to determine the full extent and quality of the ore reserves and the group is looking to its strategic partners to provide finance and mining skills. Mr Moxon said mining is a diversification into an area of substantial growth potential in Zimbabwe. *(The Herald)*

AFRICAN Sun says a 12 percent increase in seats is required to satisfy demand for room nights in peak periods in Victoria Falls hotels as this would help the hospitality group overturn a negative four percent in revenue for the first half of this year.Group chief executive officer Dr Shingi Munyeza said 13 381 seats are required to satisfy demand and this will help generate more revenues for the group. Dr Munyeza said total seats available monthly are 12 040 while total bed nights available monthly are 42 056 but there is potential to create more rooms. Notable international arrivals growth trends from last year showed that Zimbabwe was 10 percent down while Italy and German were 11 percent up and Japan was 34 percent. However, decline in international arrivals were recorded from US — one percent, France — 17 percent and China 36 percent. "Our in-system booking to end of September shows a positive growth of five percent on all source markets," said Dr Munyeza. He said revenues for June increased nine percent on previous year. The hospitality group's revenue including Ghana's Amber Accra Ghana increased by 22 percent in June and this has given hope that performance could rise by up to 15 percent to September this year. "Recovery from the first half position will be driven by, service excellence, optimising efficiencies in Ghana operation, further cost reductions which will be five percent lower than previous year, resilient foreign market — expected to drive recovery in resort hotels and improve the group's ADR and superior performance of the Victoria falls properties up to September," said Mr Munyeza.
On debt restructuring, ASL targets debt reduction of $10,33 million structured as $5,83 million from the disposal of investment in Dawn, $4,5 million other initiatives and a possible capital call. New capital structure is expected to improve ability to self fund future capital expenditure — targeting 40 percent of EBITDA reinvestment. Hotel occupancies for the first half stand at 44 percent for Crowne Plaza Monomotapa, 51 percent —Holiday Inn Harare, 53 percent — Holiday Inn Bulawayo, 58 —Amber Hotel Mutare, 32 —Beitbrige Express Hotel, 57 —Troutbeck Inn Resort, to name a few. City hotels are showing revenue per available room growth of 40 percent from March 2014 while resort hotels are showing a RevPAR growth of 56 percent from March 2014. Elephant Hills is set to recover loss by year end and register growth by 5 percent while Amber Accra Ghana will be profitable from June and is expected to reverse earnings before interest, taxes, depreciation, and amortisation loss by end of year. Dr Munyeza said ASL will not borrow going forward but will use 40 percent of EBITDA towards

refurbishments. He said the Ghana hotel will contribute 12 percent to the group's revenues in the next four months. So far the group has saved $500 000 or 3 percent and is targeting savings of up to 5 percent. ASL revenue was down 4 percent to $25,33 million for the first half from $26,44 million for the same period last year. The group is targeting 10 percent monthly in the second half with June recording nine percent on prior year. The positive growth is expected to be as a result of further cost reductions which will be five percent lower than previous year. A resilient foreign market will also help performance in the second half, according to Dr Munyeza. *(Herald)*

The Zimbabwe Mining Development Corporation plans to use a phased recovery approach to revive three of its gold mines put under care and maintenance due to undercapitalisation. The mining group is looking at introducing short, medium and long-term phases to improve efficiencies and ramp up production at the mines. ZMDC wholly owns Sabi and Elvington gold mines, which are currently dormant and maintaining project status while Jena Mine has been the only one operating but at a loss. Presenting oral evidence before Parliamentary Portfolio Committee on Mines and Energy yesterday, ZMDC acting general manager Mr Nelson Chinzou said plans to return the mines to production were at an advanced stage. "Plans to revive the mines have been put into phases and the board is currently engaged in negotiations with investors who expressed interest in investing in one of the mines. "The company is looking at starting an exploration exercise to update its geological data for the mines. Therefore, a phased recovery plan is set to be introduced to make sure production resumes," said Mr Chinzou. ZMDC plans to invest $3 million at Sabi Gold Mine for the reprocessing of gold dumps/sands containing an estimated $3,6 million worth of gold at grades of about 0,65 grammes per tonne. This is part of the company's short-term recovery phase that will enhance an increase in revenue to be used for the funding of medium and long-term projects of Sabi Mine. Sabi needs recapitalisation to the tune of $15 million to have the capacity to produce 45kg per month and the mine's current break-even point stands at 26kg per month. ZMDC suspended run off mine in May this year to pave way for mine development and Sabi has since been downgraded into a project with employees sent on unpaid leave.

ZMDC is facing litigations relating to the $7,8 million debt accrued by Sabi Mine due to perennial losses. "Sabi Gold Mine was technically insolvent and it reached a point of liquidation since the mine has been borrowing over the years and accruing liabilities since 2009 which the company failed to repay. "We are now faced with a challenge of summons, litigations and some of the immovable property at the mine has been attached," said Mr Chinzou. "We are doing further tests of the gold dumps to ascertain the amount of gold." Current assets for Sabi Mine are valued at $12,7 million with current liabilities sitting at $17 million. Mr Chinzou, however, said despite the prevailing challenges Jena Mine was on the verge of making a profit after having operated for more than three years making losses. To ensure sustainable productivity at the mine, the company employed cost cutting measures(cutting labour costs) and improved efficiencies . In 2009, Jena Mine's annual gold production was low at about 52,7kg mainly due to severe undercapitalisation. ZMDC gold production for all the mines increased to 308,4kg in 2012 from 136kg recorded in 2010, but in 2013 production went down to 213kg. Jena Mine's revenue in the quarter ended March 2014 went up to $9,6 million with losses for the company increasing as well to $6,2 million. Mr Chinzou said ZMDC is expecting to increase production to 52kg per month at Jena Mine from the current 38kg as part of its long- term plans. He said the target was achievable once exploration has been completed, as the company intensifies efforts to purchase its own drill rig. The refurbishment and upgrading of the milling plant at Jena Mine is on the cards while plans to construct a tailings dam at a cost of $500 000 are at an advanced stage. Mr Chinzou said Elvington Mine remains a viable project and the company has made progress in achieving the targeted of 14kg per month. *(Herald)*

Platinum mining firms have warned that the 15 percent levy Government imposed on raw platinum exports could lead to a collapse of the strategic industry. The export tariff took effect at the beginning of January and is levied on the gross value of minerals exported. Platinum Producers Association of Zimbabwe chairman Mr Herbert Mashanyare said the impact of the raw platinum export levy, 10 percent royalties and Minerals Marketing Corporation of Zimbabwe 0,875 percent levy could bring the industry to its knees. Mr Mashanyare said from the financial results of Impala Platinum, which controls Zimplats and partly Mimosa, the impact of the export levy was blatantly evident. "If you take the 0,875 MMCZ levy, the 10 percent royalty and 15 percent (export) levy over and above that; you have no industry. Obviously, there are ongoing negotiations and discussions around that," he said. Mr Mashanyare said the raw platinum export levy could lead to a "complete" and "total" collapse of the platinum mining industry if the situation remained unchanged. He said even if the price of platinum doubled, the export levy would still have a negative impact on the profitability and viability of the platinum mining companies. Mining is strategic to Zimbabwe's +/-$10 billion economy and is anticipated to drive growth in the medium term. The sector accounts for just over 16 percent of gross domestic product, marginally ahead of agriculture and accounts for more than 50 percent of exports. Further, mining is one of the four main clusters contained in Government's medium-term economic blue print, the Zimbabwe Agenda for Sustainable Socio-economic Transformation covering the period 2014/ 2018. Zimbabwe has three platinum producing mining companies namely Implats' 87 percent owned Zimplats, Implats and Aquarius joint owned Mimosa Mining Company and Anglo-American unit Unki Mines. The three platinum mining firms are found in the Midlands Province districts of Zvishavane and Shurugwi. They produce about 430 000 ounces exported to South Africa, where the precious metal is refined. Zimbabwe is home to second biggest known reserves of platinum in the world after its neighbour South Africa. It wants miners to set up beneficiation facilities in the country amid strong suspicion Government is not receiving optimal returns from the mineral. It was against this background that Finance Minister Mr Chinamasa introduced the 15 percent levy on raw platinum exports in January and upheld ex-Mines and Mining Development Minister Dr Obert Mpofu's position of banning raw platinum export by the end of this year. Dr Moyo had given the miners a two year ultimatum. However, Mr Mashanyare said that Government needed to soften its hard-line stance on the miners since the miners had also embarked on beneficiation initiatives in response to calls to set up beneficiation facilities. However, Mines and Mining Development Minister Walter Chidhakwa told amines annual meeting in Victoria Falls in May that Government may still ban raw platinum exports if producers cannot do enough to set up precious metal refinery in the country by year end. Zimplats has already advised that it would start work to resuscitate it Base Metal Refinery in Selous, about 80 west of Harare, this year at a cost of $100 million. *(Herald)*

THE National Social Security Authority has appointed Deloitte and Touché to process papers for its application for a micro-finance bank licence that will have an initial capital of $50 million. The new bank will focus on low cost houses to be priced at about $6 000 per unit. NSSA general manager, Mr James Matiza told The Herald Business in an interview that Deloitte and Touche are currently compiling all the information on directors and operations of the new bank as required by the Reserve Bank of Zimbabwe. "The requirements are stringent now due to the bank failures so the RBZ wants to ensure that those appointed directors are men and women of repute but there is some urgency on the matter," said Mr Matiza. Mr Matiza said NSSA and the Ministry of Local Government have prepared a position paper requesting Government to release cheap land for the authority to construct houses to sell at not more than $6 000 per unit. "We have already prepared a paper with the Local Government Ministry, where we are saying if we get cheap land, we will construct cheap houses for the low income earners," said Mr Matiza. He said NSSA will hold 100 percent ownership of the bank. NSSA will transfer $50 million or 10 percent of the authority's portfolio structure, as capital for the new bank. Mr Matiza said the new micro-finance bank will take over the authority's housing projects once it is registered. Currently NSSA is developing 683 residential stands in Runyararo West in Masvingo among many other real estate initiatives ongoing countrywide. "Once the bank is registered, we will officially value and transfer all the land we hold in Chinhoyi, Karoi, Chegutu, Kwekwe and in other areas around the country," said Mr Matiza. He said setting up a micro-finance bank was cheaper since it requires only $5 million capital compared to starting a building society which requires $80 million capital by 2020. "It is for this reason that the board decided that we can serve the same purpose through the micro-finance bank. The bank will offer other banking service but will focus primarily on housing development," said Mr Matiza. In the national budget, Finance and Economic Development Minister Patrick Chinamasa called on the Minister for Local Government and National Housing, Ignatious Chombo, to make land available in cities, towns and growth points for housing development. He said treasury will facilitate the mobilisation of resources for the purpose of planning, surveying and servicing of land for the development of housing stands. "As part of implementing the National Housing Policy, Government continues to leverage on land and the National Housing Fund to attract private capital for housing development throughout the country," said Minister Chinamasa. *(Herald)*

Economic News

Turnover value on the Zimbabwe Stock Exchange fell by 20 percent to $28,5 million in June as tight liquidity confined investor appetite to mostly heavyweight stocks. Market analysts say that investors preferred defensive stocks such as CBZ, Delta and Econet, which have defied the harsh economic conditions to consistently post relatively strong sets of financial results. Average daily trade came in at $1,2 million with financial services provider CBZ leading the way with about $5,2 million worth of its shares changing hands. Brewer Delta was the second highest traded stock at $5,35 million followed by telecoms giant Econet Wireless, which saw $5 million shares changing owners. Volume turnover declined significantly from 235 million in May to 178,4 million as liquidity conditions continue to limit the participation of cash squeezed local investors. Trade was dominated by foreigners, who bought and sold slightly different values of shares with about $14,9 million shares bought while $14,4 million were sold. About 60 848 160 shares were bought while 70 832 567 were sold. However, despite the decrease in both turnover volume and value, the market closed June stronger at 186,57 points from 174,89 points in May while market capitalization surged notably to $4,8 billion from $4,4 billion in May. Equities analysts IH Securities have predicted liquidity to improve in the second half of the year and foresee increased investor appetite extending to consumer stocks. "In the absence of substantial policy shifts, we expect the economic environment to remain generally constrained, we therefore lean towards stocks with strong operating efficiencies to increase profitability despite the pressure run rates," IH said in its June snapshot. The market maintained its upward trend from May, recording 7,4 percent growth to $4,8 billion driven by bellwether stocks, which appeared to be safer havens for investors. Delta added 9,97 percent to 129c, Econet put on 1,53 percent to 67c while diversified conglomerate Innscor rose 12,84 percent to 79c to help the industrial index gain 6,67 percent. The mining index was however not to be outdone by its industrial counterpart, vaulting 73 percent to 4,8c driven by strong performance in Bindura, which hinted good full year results. Hwange's share price posted a weighty 56,2 percent growth to close the month at 7,5c. Other gainers during the month of June included Truworths, which jumped 58,3 percent to 2,85c and construction concern Masimba, which jumped by 55,45 percent in June to end the half year sitting 1,71c. Notable losses were seen in gold miner Falgold, which lost 50 percent 1,5c while pharmaceutical concern Medtech was down 42,8 percent at 0,04c and financial services group ZB, which slipped 33,3 percent closed June at 4c. *(Herald)*

The country's trade deficit in the five months to May was at $1,47 billion, narrowing by about 17,9 percent from the comparable period last year reflective of the tight liquidity situation and the lack of competitiveness on the exports market. According to the latest data from ZimStat, imports in the period were at $2,46 billion and exports amounted to $990,32 million. Exports were down 23,93 percent from $1,3 billion this time last year as the country's industries continue to lose competitiveness due to high costs and antiquated production processes. Manufactured exports are now under nine percent of the country's exports and with the declining capacity utilisation within the sector, it is clear that exports will be much lower at year end. Imports fell 23,03 percent from $3,2 billion last year with most industries' capacity to pay was severely limited. The fall in imports in turn affects the country's customs duties thereby adding to fiscal pressure. Economic analyst Dr Erich Bloch said the continued decline in trade deficit was mainly due to the improvement in foreign currency inflows generated during this tobacco selling season. "As you know when the country is liquid, exports certainly decrease because there is enough disposable income for people to purchase locally produced goods regardless of the prices hence leading to the decline of the imports as well," said Dr Bloch. Economic analyst Dr John Robertson said the decline in trade deficit coupled with a decline in imports and exports shows a massive shrinkage in the local business environment. "The shrinkage in business mean reduced tax revenues that eventually puts pressure on Government expenditure towards social services such as education and health," said Dr Robertson. He said the country must attract foreign direct investment through introducing flexible investment policies. Other economic analysts are of the view that lower tax revenue does not only apply to falling imports but also affected by a drop in mineral exports as Government end up getting less in royalties. The total value of mineral production excluding diamonds in the four months to April dropped 8,54 percent to $596,42 million against the same period last year, weighed down by the weaknesses in international gold prices and low investment in the sector. According to latest figures from the Chamber of Mines availed by the Finance Ministry; gold production was 4 484,5kg with a total value of $183,122 million. This is below the 4 500,21kg produced last year with a total value of $224,73 million. Cumulative royalties in the four months to April were at $41,01 million against a target of $46,16 million. South Africa remained the largest trading partner accounting for $1,04 billion of imports and $609,12 million of exports. Economists are forecasting the trade deficit to close the year lower at $3,2 billion from $3,5 billion last year and to continue narrowing to around $2,66 billion. Imports are forecast to close the year at $7,06 billion and exports at $3,81 billion. The current account position is projected to end at a deficit of $3,64 billion an improvement from $3,72 billion. *(Herald)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

ZIMBABWE is addressing the 2014 fiscal gap and implementing policy measures aimed at improving the quality of public expenditures and enhancing financial sector stability, the International Monetary Fund has said. The IMF said in its report released on Tuesday that the Government's performance under the Staff-Monitored Programme has been "broadly satisfactory". The report is based on the IMF's combined first and second reviews under the SMP with Zimbabwe which was concluded last month. An SMP is an informal agreement between country authorities and IMF staff to monitor the implementation of the authorities' economic programme. The SMP represents Zimbabwe's first IMF agreement in more than a decade. "The Zimbabwean authorities' performance under the SMP has been broadly satisfactory and the authorities have taken corrective measures to ensure a track record of policy implementation going forward," the IMF said. The Bretton Woods institution, however, noted that progress in implementing the programme was slowed by a long electoral process and a protracted post-election transition, as well as an adverse external environment. It complemented Zimbabwe for addressing the fiscal gap. The IMF said Zimbabwe has moved forward delayed structural reforms. In its full Article IV Concluding Statement the institution said the fiscal under-performance remains high risk if nominal wages are to exceed the budgeted nine percent in 2014. Some of the structural reforms raised by the IMF include reducing employment costs as a proportion of the budget and the amendment to the Mines and Minerals Act in order to create a legal template which would be conducive for viability in the mining sector. Although Zimbabwe does not currently have the capacity to service the global debt, Minister Patrick Chinamasa said the country is making token payments to show commitment to resolve the debt situation. Government is currently consulting stakeholders in the financial services sector with a view to amend the Banking Act primarily to address issues of corporate governance. The Government is also restructuring the diamond sector to enhance accountability and transparency as well as addressing issues of consolidation of the sector. Finance and Economic Development Minister Chinamasa said the issues raised by the IMF could not be completed in the short term. "The authorities have reiterated their continued commitment to the policies under the SMP and to enhanced engagement with their creditors and the international community. A successful conclusion of the third review could pave the way to a successor SMP, which the authorities have indicated they may request, to build on their achievements and support a stronger policy framework," the IMF said. Minister Chinamasa last week said that the show of confidence by the IMF arose from what the Government is doing to restore the financial services sector and the developments in the mining sector regarding policy review and taxation on miners. He said this increases the country's chances of restoring relations with Bretton Woods institutions which may pave way for fresh funding. "IMF staff will remain engaged with the authorities to monitor progress in the implementation of the authorities' economic program, and will continue providing targeted technical assistance to support Zimbabwe's capacity-building efforts and its adjustment and reform programme," the institution said. *(Herald)*

THE mobile telephone sector in Zimbabwe has recorded a growth rate of over 400% in the past five years and the country has to leverage on the leap for socio-economic development, Vice-President Joice Mujuru said yesterday. Speaking at the official opening of the fourth ordinary session of African Telecommunications Union conference of plenipotentiaries in Harare Mujuru said no other sectors in the economy had recorded such a phenomenal growth. "Over the past five years, the sector has grown from less than 2 million mobile lines to over 13 million — a growth of over 400%. No other sector in the country has recorded that kind of growth over the same period," she said. Mujuru said the same growth was being experienced by most developing countries in the region and elsewhere with the telecommunication industry growth rate being double that of the rest of the economy. ATU is the leading continental organisation fostering development of information and communications technologies infrastructure and services. She, however, said as sub-regions, there was need to develop a regional framework to assist landlocked countries to access landing points for undersea submarine cables at reasonable costs. "This calls for development of cross-border [ICT] infrastructure. Without such regional frameworks, access to affordable broadband will remain a dream for landlocked countries, particularly our rural populations. This will deny our populations the opportunity to participate in the global economic discourse," Mujuru said. She said the research in most African countries revealed that broadband prices remain too high relative to income levels. "I am informed that the average price of an entry-level monthly broadband subscription is over $100 exceeding average per capita income obtaining in most of our African countries. I urge that we see more healthy competition and co-operation in providing broadband to the majority of our people, rather than the realisation of abnormal profits," Mujuru said. She added that there was also need for Africa, to develop internet exchange points (IXPS) within the Africa region so as to keep Internet traffic within the region to improve the quality of service and to save money. *(News Day)*

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