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BRIEF ON THE COMESA BANKERS' ASSOCIATION

1. Introduction

The COMESA Bankers' Association is one of several institutions established by the COMESA Heads of States to assist members to attain their development objectives. These Institutions are among others the Trade and Development Bank (PTA Bank); the COMESA Clearing House ; the PTA Reinsurance Company and the COMESA Bankers' Association. Each of these institutions perform a specialised function to be carried out by COMESA Secretariat in Lusaka (Zambia).

The creation of the PTA, which is now the Common Market for Eastern and Southern Africa (COMESA), was provided for in the framework of the Lagos Plan of Action which aimed at establishing regional groupings with a view to the ultimate creation of an African Economic Community. These objectives can only be realised if commercial banks throughout the region played their part in fostering co-operation. The first Meeting of the COMESA commercial banks was held in November 1985, in Harare (Zimbabwe), under the auspices of the COMESA Secretariat.

At that Meeting, ten resolutions were adopted, and among these was the formation of a PTA Association of Commercial Banks. At their Sixth Meeting in December 1987, the PTA Authority (ie. Heads of State and Government in the COMESA) endorsed the decision on the establishment of the Association.

In 1988, the Articles of Association entered into force, and the inaugural meeting took place in June 1989, in Arusha (Tanzania). It was at this Meeting that the General Assembly decided to establish an autonomous Secretariat. From that time until November 1992, the PTA Secretariat was the interim Secretariat of the Association.

The Government of the Republic of Malawi was identified as a host country in 1995 and was approached by the Association and the Secretariat of COMESA. The Government accepted to host the headquarters of the Institution.

The Host Agreement between the Government of Malawi and the COMESA Bankers' Association was signed on October 18, 1996.

2. Functions and Objectives

The COMESA Bankers' Association was established in recognition of the crucial role played by the banking and financial institutions in the facilitation of trade and commerce, and the development of the production and service sectors.

The detailed objectives of the Association as enshrined in its Articles of Association include to :-

- act as a forum for the exchange of information on banking practices in the sub-region of the Common Market and to serve as a forum for the discussion of common problems.
- enhance the promotion and strengthening of links between banks in the sub-region.
- serve as a medium of discussion between banks and relevant organs of the Common Market.
- seek ways and means by which the Association can contribute to the development of trade, commerce, agriculture, industry, transport communications and tourism within the Common Market.
- facilitate training in the field of banking through the exchange of trainers and students between and among training institutions existing within the Common Market.
- facilitate the harmonisation of training banking personnel with a view to forming a sub-regional institute of Bankers in the Common Market.
- facilitate the harmonisation of banking practices.

The **Membership of the Association** is open to national associations of commercial banks of member states of COMESA and/or individual commercial banks.

3. Advantages Offered by the Association

The COMESA Bankers' Association offers a number of advantages, namely :

- The opportunity for commercial banks to network and share experiences ;
- The forum to prevent cross-border frauds, illegal money transfers and money laundering;
- The common lobby for commercial banks to ensure governments create an enabling environment for successful banking ;
- The facilitation of cross-border investment flows and a chance to diversify investment portfolios.

The commercial banks require a strong forum both at the national and regional level that will enable them to extend their activities and thus to participate in economic development of the sub-region.

4. Activities and Achievement of the Association

In the short period of its existence, the Association has been successful in establishing and increasing co-operation between the commercial banks which has resulted in the rich exchange of ideas and experiences in the field of monetary, financial and banking affairs, particularly through periodical seminars, conferences, courses and meetings.

The Association has already been successful in launching a quarterly newsletter, which has provided useful information about banking and financial matters in the sub-region. The information in the Newsletter has been useful regarding exchange controls, trade regulations, banking practices and general economic conditions prevailing in the Common Market.

The Newsletter of the Association has also provided useful information on the facilities of the Clearing House and mechanism of using the Common Market Clearing House. The newsletter has also provided information related to the trade financing facilities of the PTA Bank.

The most important achievements of the Association has been the successful holding of training seminars on various subjects, such as :-

- a) "Fraud Prevention and Detection", held in Harare (Zimbabwe), in May 1994. 61 participants attended from 17 countries.
- b) "Efforts towards Currency Convertibility in the PTA", held in Arusha (Tanzania), in August 1994. 60 participants attended from 12 countries.
- c) "The Development of Capital Markets in Eastern and Southern Africa", held in Harare (Zimbabwe), in June 1992. 49 participants attended from 12 countries.
- d) "Measures to be taken by banks in the Fight Against Fraud", held in Nairobi (Kenya), in September 1995. 67 participants attended from 19 countries.
- e) "Payment Systems in Eastern and Southern Africa : Development and Perspective ", held in Addis Ababa (Ethiopia), in May 1996. 52 participants attended from 17 countries.
- f) "Computer Fraud in Banking", held in Lilongwe (Malawi), in October 1996. 46 participants took part from 12 countries.
- g) "International Trade Finance", held in Harare (Zimbabwe), in February 1997. 47 participants attended from 15 countries.
- h) "The Future of Payment Systems in Africa", held in Kampala (Uganda), in September 1997. 53 partici-

pants attended from 12 countries.

- i) "SWIFT Training Courses", held in Blantyre (Malawi), in March 1998. 43 participants attended from 12 countries.
- j) "Human Resources Management Course", held in Harare (Zimbabwe), in June 1998. 23 participants attended from 10 countries.

The Association has also established a Security Committee on Banking Fraud, whose first meeting was held in January 1996. A second meeting was held in May 1996 and a third in October 1996. The objectives of the Security Committee are :-

- a) To prevent banking fraud in order to preserve the assets of the banking system of the sub-region, and thus increase public confidence in the banks ;
- b) To facilitate the exchange of information on banking fraud and economic crime, and to find a solution to the wide variety of bank security problems ;
- c) To establish standards which will ensure the protection of security documents.

5. The Managerial Staff

- Mr. E. Ndayisabye, Chairman, Executive Council and Chief Executive of BACAR, Kigali, RWANDA.
- Mrs. Mary Nkosi, Ag Executive Secretary and General Manager, FINCOM, Blantyre, MALAWI.
- Mr. Leonidas NITEREKA, Operations Officer.

CURRENT MEMBERS OF THE ASSOCIATION:

Burundi:	Bankers' Association of Burundi C/O BBci
Ethiopia:	Commercial Bank of Ethiopia
Malawi:	Malawi Bankers' Association C/O Fincom
Rwanda:	Bankers' Association of Rwanda C/O BCDI Rwandese Bank for Development
Sudan:	Sudanese Bankers' Association
Tanzania:	Tanzania Bankers' Association C/O STANBIC
Uganda:	Uganda Bankers' Association C/O Standard and chartered Bank

COMMERCIAL BANK OF MALAWI LIMITED (CBM)

COMPANY PROFILE

CBM was registered in Blantyre as a commercial bank in compliance with section 4 of the Banking Act (1965) on 15th March, 1969, with an authorized share capital of MK2,500,000.00. The founder shareholders were Malawi Development Corporation (MDC, 20%), Press Holdings Limited (20%) and Banco Pinto Sotto Mayor (60%). The first Branch was opened in Limbe on 11th April, 1970.

Since then, the Bank has grown significantly. Branches were opened in Zomba, Blantyre, Limbe, Lilongwe, Balaka, Dedza, Salima, Kasungu, Mangochi and Mzuzu. By 1984, CBM was wholly owned by institutions in Malawi. The shareholders were MDC (20%), Press Holdings Limited (40%), Malawi Government (30%) and the Agricultural Development and Marketing Corporation (ADMARC, 10%). As at 31st December, 1998, the shareholding structure was:

Shareholder	No. of shares	%
National Insurance Company of Malawi	52,000,000	26.0
Press Corporation Limited	46,000,000	23.0
Malawi Government	44,000,000	22.0
Malawi Development Corporation	34,000,000	17.0
Public Investors*	21,600,000	10.8
CBM Employees	2,400,000	1.2
TOTAL	200,000,000	100

*CBM was listed on the Malawi Stock Exchange on 29th June, 1998.

CBM has a subsidiary company, CBM Financial Services Limited, and an associate company, Bain Hogg Malawi Limited, in partnership with other investors within and outside the country.

Since almost two decades ago, CBM recognized that future development would be driven by information technology. The Bank has invested heavily in information systems, and the results are evident in the form of improvements in efficiency and productivity. One of the systems currently in place is the Branch Environment Automation Manager (BEAM). This system facilitates quick cheque encashment through both on-the-spot signature verification and account balance verification and update. In addition, CBM was the first commercial bank in Malawi to install Automatic Teller Machines (ATMs). These are now operating in Limbe, Blantyre, Lilongwe and Capital City

branches. In addition, we have the Remote Corporate Banking facility (RCB), allowing customers access to their bank accounts from the comfort of their offices. This facility has now been upgraded to Bank Direct, allowing funds to be transferred between accounts as well as other features. Very soon, CBM, will be linked to SWIFT, to speed up international transactions. The Bank has also invested in a Wide Area Network (WAN) which should commence during the year. All our branches will thereafter be linked, further enhancing communication within the CBM branch network.

CBM is licensed under the Banking Act of 1989 as a commercial bank and is registered with the Reserve Bank of Malawi as an authorized dealer for Exchange Control purposes. The Bank has thirteen branches and four static agencies in the country, and deals with twenty-four reputable correspondent banks world wide.

As a financial institution, CBM is subject to the prudential guidelines of the Reserve Bank of Malawi under the Banking Act. The Bank therefore abides by all the reporting requirements stipulated by the Reserve Bank of Malawi. These include foreign currency exposure limits, capital adequacy, and credit concentration, among others. This surveillance of all financial institutions by the Reserve Bank of Malawi ensures stability of the financial sector, thereby protecting depositors as well as borrowers.

CBM is a member of the Bankers Association of Malawi. The Association meets regularly to discuss issues relevant to the banking industry.

SERVICES

The Bank offers a wide range of services. It has 13 branches and 4 static agencies.

DIRECTORS

Chairman	:	T.S. Mangwazu, BA, MA.
Members	:	P.T. Daniel, B.Comm, FCA, CPA F.L. Mlusu, Dip. Bus. Studies, ACCI A.G. Sesani, FCCA, CPA. E.M. Singini, LLB, Cert. (Legislative Drafting). E.E. Gwazantini, LLB, MBA P.A. Makina, FCCA, FCIS, CPA (Malawi). P.W. Khembo, BSc. (Agrochem)

Management : General Manager & Chief Executive

V. Mbewe, BA, MBA

Deputy General Manager
M.B. Lawry, ACIB (London)

Head of Economics Services
C.F. Kanjo, B.Soc. Sc. MA.C.Dip.A.F

Head of Human Resources
D.G. Magela, B.Ed. MA, Cert. Personnel
Mgt.

Head of Branch Operations
Administraion G.G.A. Kadzakumanja,
BA, MA, Dip, (H.R. Mgt)

Head of Finance
J. Nsomba, B Comm, FCCA, CPA.

Head of Information Systems
L.E.Y. Ng'ambi, C. Dip. A.F. Member
(Institute of D.P. Mgt)

Legal Counsel/Company Secretary
D.A. Bandawe, LLB (Hons) (MW), LL.M
(London)

Chief Inspector & Head of Internal Audit
I. Kanje, B.Acc., ACCA, CPA.

Head of Security Services
S.H. Kotokwa, Dip. Bus. Studies.

Head of Support Services
I.V.J. Alvares.

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Schedule of Seminars, Training courses and Meetings.	
DATE AND VENUE	TITLE OF THE MEETINGS
TRAINING COURSES AND SEMINARS	
1. August 2nd to 6th, 1999 Bujumbura, Burundi	Seminar on "International Trade Finance" (French)
2. September. 6th to 10th, 1999 Lilongwe, Malawi	"Treasury Management Course"
3. October 18th to 22nd, 1999 Lusaka, ZAMBIA	Seminar on "Privatisation of Banks"
4. Nov. 1st to 5th, 1999 Kampala, Uganda	"Assets and Liabilities Management Programme"
POLICY ORGANS MEETINGS	
5. July 7th to 8th, 1999 Blantyre, Malawi	Executive Council
6. Oct. 5th to 8th 1999 Addis Ababa, ETHIOPIA	9 th Meeting of Executive Council and 5 th Meeting of the General Assembly
ATTENTION EXPORTERS AND BUSINESS PERSONS !	
Guide on how to approach banks for short term credit is available at Comesa Bankers' Association Secretariat	

AWASH INTERNATIONAL BANK S.C

1. ESTABLISHMENT

Awash International Bank S.C. (AIB) was established as the first private commercial bank in the new era of private sector renaissance in Ethiopia on November 10th, 1994 and started operations in February 1995. AIB is a share company owned by 485 Ethiopians who continuously focus upon strengthening the capital base of their bank.

2. OBJECTIVE

- To meet the needs of the emerging private sector for efficient and dependable banking services.
- To expand and diversify commercial banking services tailored to the growing needs of customers.
- To contribute towards the economic and social development of the country.

3. MAJOR ACTIVITIES

Through its branches, AIB renders the following services:

- Providing loans and advances and related lines of credit such as business loans and overdrafts.
- Accepting all types of deposits (savings, time and demand) and pay interest on interest-bearing accounts.
- Rendering domestic and international money transfer services.
- Providing International Banking Services (Import and Export letters of credit).
- Handling foreign currency transactions, namely:
 - . Buying and selling travellers' cheques;
 - . Buying and selling foreign currency notes;
 - . Maintaining and operating non-residents accounts;
- Encouraging savings and promote investments;
- Providing expert advice on banking and finance.

4. CAPITAL OF THE BANK

AIB's authorized capital is currently birr 50 million and its paid up capital is birr 40.7 million. The Bank however plans to substantially raise its capital over the next few years.

5. NUMBER OF BRANCHES AND THEIR CURRENT STATUS

AIB has thirteen branches of which seven are in Addis Ababa, while the rest are in Administrative Regions. Most of the branches operate profitably.

6. NUMBER OF DEPARTMENTS AND EMPLOYEES

AIB has nine departments at the Head Office level and it has employed 425 people system wide as of December, 1998. The bank will re-inforce its efforts by recruiting competent candidates, organizing suitable training programs, introducing a better incentive system etc. in the years ahead.

7. PERFORMANCE

AIB's performance over the last few years has been encouraging. Deposits have grown from birr 146 million at the end of December 1995 to birr 408 million at the end of 1998 budget year. Similarly, loans and advances have grown from birr 123 million at the end of 1995 to birr 375.6 million at the end of 1998 fiscal year. The number of AIB's depositors and borrowers has reached over 45,000 and it is growing continuously.

AIB earned a net profit after tax of birr 3.1 million for the year 1995, the first year of operation. In 1996, it made net profit after tax of birr 6.8 million. In 1998, AIB's gross profit before tax and provision for doubtful debts, stood at birr 18.9 million compared to birr 12.5 million in the preceding fiscal year. Net profit after tax and provision for doubtful debts, on the other hand, amounted to birr 11.4 million, compared to birr 6.3 million in the previous year resulting in 81% annual growth.

With regard to international banking, AIB has been paying appropriate attention to meet the growing needs of its customers in international banking services. In this regard, the Bank continued to strengthen and expand its working relations with prominent correspondent banks in various parts of the world.

8. FUTURE PLANS

AIB'S operations are guided by well thought-out annual plans in various areas of its operations. The year 1999 and the years ahead have the challenge of meeting targets set in various areas of the Bank's operations such as resource mobilization and deployment, capital expenditures, branch expansion, service diversification and expansion, productivity improvement, strengthening the capital base of the Bank, etc. AIB's target in 1999 and in the succeeding years is the achievement of customer satisfaction through more enhancement of service quality in order to maximize shareholders' value and return on investment.

9. WINNER OF AN AWARD

AIB was awarded "Outstanding Enterprise Award" by the Addis Ababa Chamber of Commerce on the occasion of the commemoration of its 50th anniversary. AIB was selected as an "Outstanding Enterprise" from among 45 companies with a capital of birr 5 million and above.

The Award was given in recognition of AIB's track record of profitable growth and expansion and its contribution to the national economy. The Award is an important public recognition of AIB's exemplary performance both in domestic and international banking services.

COMESA IN FIGURES

Demographic statistics

● Total Area	12.88 Million square km
Population	380 million ('98 estimate)
Population growth rate, average	2.45%
Population density, average	29 persons per square km
Life Expectancy, average	52 years
Infant mortality, per 1000 live births	77
● Child malnutrition, % of children under 5 years	24
● Access to safe water, % of population	52
● Gross Primary Enrolment, % of school-age population	80
● Illiteracy, % of population over 15 years of age	32

Macro-economic Statistics

● GDP, at current prices	US\$ 155 billion (1997)
	US\$ 165 billion (1998 est)
Nominal GDP growth	4.5% 1997
	3.14% (1998 est.)
Total COMESA Exports	US\$ 23.97 billion (1998)
Total COMESA Imports	US\$ 38.83 billion (1998)
Intra-COMESA Trade	US\$ 4.2 billion (1998 est)
Total COMESA Trade	US\$ 58.88 billion (1997)
	US\$ 62.80 billion (1998)
Total External Debt.	US\$ 130 billion (1998 est)
COMESA per capita debt	US\$ 340 (1998 est)

General Resources Facts

- Potential Arable Land - 90 percent is yet to be exploited
- Water - 60% of the land area is covered by rivers and lakes; 95 percent of the water is economically unexploited
- River - some of the largest (Zambezi, Congo, Limpopo) and the world's longest rivers (Nile) with enormous potential for exploitation for water transport, hydroelectric power, irrigation, and fisheries.
- Lakes- Home to one of the world's largest fresh water lakes (Victoria), and some of the world's largest man-made lakes (Owen Falls, Kariba)
- Tourist attractions - has many of the natural and man-made wonders of the World
- Great Pyramids, Great Rift Valley, Serengeti Plain, Great Victoria Falls, Cradle of Mankind (Kobi Fora, Lake Turkana, etc.)
- Hydroelectric potential - 700 billion KW, of which 96 percent remains unexploited
- Estimated Mineral Wealth - 300 billion metric tonnes of phosphates, 105 billion tonnes of iron ore, 200 billion tonnes of petroleum and large quantities of uranium, nickel, copper and cobalt
- The COMESA region has 60 percent of Africa's live-stock population (estimated at 3101.2 million heads in 1997).

FREE TRADE AREA

INTRODUCTION

1. The end of the year 2000 marks the end of an era and the beginning of a new era in the development of the Common Market for Eastern and Southern Africa (COMESA). The Heads of State and Government of the COMESA decided since the PTA era in 1987 to achieve a Free Trade Area by the year 2000 when they adopted a tariff reduction programme of 10% every two years starting in 1988 to 1996 and a 20% reduction in 1998 and 30% in the year 2000. This tariff reduction programme was reviewed in January 1993 when the current schedule of 60% in October 1993; 70% in October 1994; 80% in October 1996; 90% in October 1998 and 100% in October 2000 was adopted.

2. The attainment of a Free Trade Area in October 2000 marks one of the major landmarks in the history of COMESA. It is, therefore, of utmost importance that member States take COMESA to the people so that the people at large own COMESA. The period 1999 to October 2000 should, therefore, be used to mobilize the full participation of civil society in the COMESA regional integration process so as to start the 21st Century on a new and more solid foundation.

Reflecting on the COMESA Vision

3. Two of the visionary commitments of member States to the socio-economic integration of the region found in the preamble of the Treaty which established the Preferential Trade Area (PTA) for Eastern and Southern African States, the predecessor of COMESA. In this preamble the member States state that:

“Convinced that the promotion of harmonious economic development of their states calls for effective economic cooperation largely through a determined and concerted policy of self reliance”

“Determined to foster closer economic and other relationships among their States and to contribute

to the progress and development of the African continent and the achievement of an African Common Market”

“Resolved to act in concert for the establishment of the PTA”

4. Indeed the member States who established the PTA lived up to their commitment and vision. In spite of major problems and constraints they moved the PTA into the second more serious integration agenda when in November 1994 they transformed the PTA into a Common Market for Eastern and Southern Africa (COMESA) and made additional vows and re-affirmed their earlier vision and commitments. This is found in the preamble to the COMESA Treaty:

- “Conscious of the overriding need to establish a common market;
- Determined to mark a new stage in the process of economic integration with the establishment of a Common Market for Eastern and Southern Africa and the consolidation of their economic cooperation through the implementation of common policies and programmes aimed at achieving sustainable growth and development;
- Resolved to strengthen and achieve convergence of their economies through the attainment of a Full Market Integration”

5. From the above, it is clear that the member States recognised that the establishment of a common market was an overriding need or imperative for the region; that establishing a common market marked a new stage in the process of regional integration; and that such enterprise required member States to implement common policies and programmes and achieve convergence of their econo-

mies which could only be achieved through the attainment of full market integration.

6. The attainment of a fully integrated common market necessitates the reduction and eventual elimination of tariffs on COMESA originating products; the elimination of non-tariff barriers; the establishment of common external tariffs and a customs union; the attainment of free movement of goods, services, capital and persons; the harmonisation of economic, monetary and fiscal policies, payments system; and the elimination of obstacles in transport as well as agreement on common industrial and agricultural policies.

7. In this regard, member States have largely lived up to their vision and commitment such that the attainment of a free trade area is now targeted for next year, the year 2000. That achievement marks a major step to achieve a Fully Integrated Common Market. This will make COMESA the 4th regional grouping in the world to achieve the Free Trade status which has been attained by the European Union, NAFTA and Carricom.

8. However, the majority of the people of COMESA may remain unaware of such a giant landmark. That situation may render the common market an elite and ivory or tower organisation that does not enjoy popular mass support. That kind of weaknesses of COMESA cannot be let to continue. Vigorous efforts must be made to make COMESA a peoples' organisation to which people at large should identify themselves with it. The responsibility for that lies with the member States themselves.

9. The period 1999 to October 2000 offers that unique opportunity for member States to take the organisation to their constituencies. In this regard, a number of the following activities and programmes are proposed.

Proposed activities during the Count Down to the Free Trade Area

- COMESA Extra-ordinary Summit October 2000

It is proposed that an extra ordinary Summit of

Heads of State and Government be held on October 30-31 the year 2000 to launch the COMESA Free Trade Area.

- Organisation of a major COMESA Trade Fair during the extra-ordinary Summit
- Organisation of Business Forum 28-31 October 2000
- Publication of Zero Tariff by September 2000
- Issuance of COMESA Free Area Postage Stamps - January 2000
- Essay competition in all secondary schools on the implications and challenges of a COMESA Free Trade Area.
- Member States participation in National Trade Fairs of each other from July 1999 to November 2000
- Member States sponsor Trade missions of business persons in the region in 1999 to the year 2000.
- Member States organise Business Forums at National level on the COMESA Free Trade Area in January 2000 to August 2000
- Organisation of soccer tournaments in secondary schools and universities
- Organisation of soccer competition for major league clubs in each country;
- Organisation of intra COMESA soccer Tournament 1999 to the year 2000;
- Participation of National Television, Radio and the print media;
- Involvement of Members of Parliament at National Level;
- COMESA National Anthem to be played on National TV and Radio once every month starting from July 1999.

Conclusion and Recommendation

10. The Common Market for Eastern and Southern Africa is maturing into age and is entering a new era with a new regime. It is, therefore, critical that the people at large are brought into the mainstream so that they can own COMESA.

11. It is, therefore, recommended that the above list of activities during the period of the Count Down to a COMESA Free Trade be undertaken as a matter of utmost priority during July 1999 to November 2000.

MALAWI STOCK EXCHANGE

Introduction and Background

The regulatory framework for the establishment of a Malawi capital market is provided in the Capital Market Development Act (No. 17 of 1990) (CMDA) and the Capital Market Development (Establishment and Operation of Investment Institutions) Regulations, 1992. Under this legislation, the Reserve Bank of Malawi (RBM) has responsibility for establishing and implementing the capital market.

Since November, 1993, a working party comprising representatives of the Reserve Bank, Malawi Development Corporation (MDC), Investment and Development Bank of Malawi (Indebank), IFC, FMO and others met to discuss the feasibility of establishing a stock market in Malawi. Agreement was reached on how the stock market may be implemented and the necessary infrastructure put in place during 1995.

The primary objectives of the stock market is to provide companies (and other institutions including Government of Malawi (GOM)) with a capital market through which finance may be raised and, to provide individual and institutional investors the opportunity to invest in "blue chip" companies within the framework of a supervised, well regulated market. Employee share ownership is also an attractive feature of the stock market.

DESCRIPTION

Instruments Traded **Government stocks**

The instruments currently traded on the Malawi Stock exchange are Government securities (local registered stocks and treasury bills) and equities.

The government through the Reserve Bank of Malawi issues treasury bills to the general public every two weeks by way of auction. The total market capitalisation of the T bill market was MK6.9bn (USD155m) as at 28.2.99. A total of MK 195m (USD 4.3m) nominal value has traded through the MSE (secondary market) since its inception in 1995. T bills are open to foreign investors and are subject to 20% withholding tax, and/or 15% border tax for foreigners.

The government through the Reserve Bank also issues local registered stocks. The total capitalisation of the LRS market as at 28.2.99 was MK862m (USD 19.4). Secondary market trading for LRS is not very active on the MSE with only MK74m (USD1.7m) having been traded on the MSE. LRS are also available to foreign investors. Both T bills and LRS are also traded OTC.

Equities

Under the provisions of the CA, Malawi public companies could be listed by simply publishing a listing statement in the national newspapers and agreeing to abide by stock exchange rules and regulations.

At the moment there are 6 companies listed on the MSE. These are:

1. Blantyre Hotels Ltd - operating in the hotel industry with a market capitalisation of MK131.73m (USD 3.01m). BHL was listed in March 1997 at capitalisation of MK25m (USD 1.6m).
2. Commercial Bank of Malawi Ltd - the second largest Commercial Bank in Malawi. CBM was listed in June 1998 at a capitalisation of MK750m (USD 28.8m). Its current value is Mk1,070m (USD 24.47m).
3. National Insurance Company - Listed in November 1996 with a market capitalisation of MK200 (USD 13m). It's currently valued at MK200m (USD 4.57m).
4. Packaging Industries Malawi Ltd - manufacturing company with a market cap on listing date in August 1998 of Mk80.7m (USD 1.86m). Its current value is Mk168.13m (USD 3.84m).
5. Press Corporation Ltd. - the largest conglomerate in Malawi with interests in trading, manufacturing, and financial services. It was listed in September 1998 at a cap of MK1.63bn (USD 38.2m) and its current value is MK1.761.7m (USD 40.29m) PCL is also listed on the London Stock exchange in the form of GDRs.
6. Sugar Corporation of Malawi - one of the largest sugar producing companies in the world. It was listed in November 1998 at a value of Mk2.108bn (USD116.5m) and is currently valued at MK4.022bn (USD91.97m).

The total market capitalisation of the share market was MK7,353.62bn (USD 168.16m) as at 5.5.99 and the Malawi All Share index stood at 245.52 (11 November 1996 = 100).

Since the share market was opened in 1996 a total of 109,148,671 shares have traded in 841 transactions at a total value of MK403,466.840 USD15,014.110m).

BROKER INFORMATION

The licensing authority of brokers in Malawi is the Reserve Bank of Malawi operating through the Stock Exchange Committee (SEC). At the moment the only authorised broker is Stockbrokers Malawi Limited.

LOITA INVESTMENT BANK LTD.

Malawi's financial sector appears poised for growth and increased competition with the newest entrant to the fold

In January of this year, Loita Investment Bank Limited was granted a license to conduct and carry on banking business in Malawi. While the license applies to the full range of commercial banking services, LIB is commencing operations primarily in the merchant banking arena.

The promoter of LIB, Loita Capital Partners International limited ("Loita"), a renowned African investment banking institution with regional offices in Johannesburg, South Africa and Nairobi, Kenya, has been operational in the Malawi market on a non-presence basis for several years. During this period, Loita has structured and put in place several offshore financing facilities for a number of Malawian clients.

Loita has therefore already found ample evidence that an entire market of Malawian and international corporate and financial institutions exists against which its domestic presence will be optimised.

The objectives of Loita Investment Bank are reflected in its range of products and services. In a recent bulletin of the bank, it states that because LIB was conceived in response to demonstrated market need, an over-arching objective will naturally be to contribute positively to a more competitive and sophisticated financial sector in Malawi. LIB intends to:

- Take advantage of trade and capital market opportunities in Malawi arising from the liberalization of the economy.
- Offer new financial products that will enable the development of a vibrant local capital market. The financial products will be geared at offering alternative investment opportunities and enabling companies to access funds from the international capital markets as well as international financial institutions.
- Advise on Malawi's privatization process as well as assist in placement of assets with local and international investors.
- Contribute to the economic and social development of Malawi by being an active advisor to the Malawian Government on monetary, fiscal, economic and international financial market issues.

According to LIB's Managing Director, Mr. Milton Weeks, the bank will focus on key areas of business, which have proven to have ready marketability in Malawi. The planned practice areas and products reflect the target market's

needs for accessible and simplified financing applied particularly to the commercial sector. These include trade finance, corporate and project finance, structured finance and advisory services.

Mr. Weeks believes that the most critical success factor in Loita Investment Bank will be its management. All of LIB's executive management possess both international experience in banking as well as specified knowledge of the Malawian economy and financial sector needs. Mr. Weeks who is also Director of Loita Capital Partners International, has worked in the financial sector in Malawi for the past two years, and possesses a wealth of banking experience accumulated over the years from postings in various parts of Africa. Loita has also seconded two other senior managers in the area of Banking Operations and Treasury to LIB under a Reserve Bank of Malawi-approved Management Contract. Furthermore, other Loita directors and officers travel regularly to Malawi to assist in specific business development projects and programs.

Loita and its executives have extensive experience of managing banks in Africa, a practice area that encompasses all of the aforementioned lines of business. Not only does Loita specialize in structured finance and capital markets products, its sister company, Fintech International, provides expertise in information technology for banks. Both groups have proven this expertise with financial institutions in Malawi.

The Loita Group has provided comprehensive services to a number of other banks throughout Africa. Services in bank-wide systems and operations include the establishment of inter-branch communications networks, customized back office and clearing systems, treasury products, special-purpose financing facilities and credit management systems.

LIB commences operations with a single branch located in the newly established Loita House (formerly Manica House), strategically located at the corner of Victoria Avenue and Henderson Street in the heart of the commercial business district of Blantyre. Client focus will be on corporations, institutions (both government and non-government), and high net worth individuals.

Internationally, LIB will have access to Loita's African expertise with links to the capital markets of Europe and the United States. Loita enjoys joint venture and/or strategic relationships with key international financial institutions, and is the exclusive Africa-wide representative for Republic National Bank of New York, one of the highest rated banks in the United States.

THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

IDA IN ACTION :

1993, 4.1% in 1994 and 6.2% in 1995.

1. ENCOURAGING SUSTAINABLE GROWTH.

There has been a profound philosophical shift in the world during this decade. In 1990, only about one billion people lived in market-based economies. Today, the number is more than five billion. IDA-eligible countries need to attain higher growth rates in order to prosper in this changing world. To grow, they must ensure that available resources are invested efficiently.

IDA activities focus on ensuring effective implementation of ongoing projects and programs. New projects and policy reforms aim at sustaining poverty reduction and environmentally sound growth in the years to come.

Emphasizing Performance

To use aid well, countries need to have good policies. IDA therefore gives the largest relative commitments to poor countries with the best policy performance. During IDA 10, top performers got nearly 60% more in new IDA commitments per capita than average performers, compared with a premium of 20% during the previous replenishment (1990-93). IDA concentrates support for those countries which adopt policies conducive to poverty-reducing growth as their highest priority.

Supporting Economic Adjustment

During IDA 10, new adjustment operations supported policy reforms in more than 30 countries. These policy changes aim to increase efficiency in both the public and private sectors. They included efforts to reduce budget deficits, privatize commercial and industrial enterprises, increase the provision of primary education and basic health services, and liberalize prices, trade and investment regulations.

Realizing Progress

GDP growth in IDA countries increased from an annual average of 3.7% in 1990-91 to 6.7% in 1992-93 and to 7.7% in 1994-95. While these figures include results from countries such as China and India that received IDA funds and market-rate lending, IDA-only borrowers also benefited from more rapid growth. GDP in these poorest countries accelerated from 1.4% in 1991 to 3.2% in both 1992 and

2. PURSUING SUSTAINED POVERTY REDUCTION

The International Development Association, or IDA, was established in 1960 to provide assistance to the poorer developing countries on concessional terms. More than 90% of IDA lending commitments in the period from 1993-96 were in countries with per capita GNP of less than \$650. Countries that are eligible to borrow from IDA are home to 3.3 billion people, some 57% of the world's population.

There has been great progress in raising the quality of life in the developing world over the past 50 years - life expectancy has risen by 50%, incomes have more than doubled, and infant mortality has halved. Yet, 1.3 billion people still live on less than \$1 per day; more than a billion people do not have access to adequate water or sanitation facilities; and 130 million children do not have access to primary education.

Poverty on such a scale - particularly in an era of increasingly globalized trade and rapid advances in technology - requires coordinated global action. This is a central mission for IDA, the main vehicle for channeling development assistance to these poorer countries. IDA's objective is to help its borrowers improve the living standards of their people and achieve faster, environmentally sustainable growth. Overall, official development assistance is at its lowest point in 20 years, making IDA's role in supporting sustainable development increasingly important.

Because IDA lends funds to developing countries which lack the ability to borrow from commercial lenders, IDA credits have soft terms (no interest is charged and repayment period is up to 40 years). Contributions from IDA's wealthiest members are needed to provide most of these funds. The balance of IDA resources are derived from repayments received from earlier IDA loans, as well as transfers from the net earnings of the World Bank's market-based lending program for higher income developing countries.

IDA funds are replenished every three years. The tenth replenishment (IDA 10) was in 1993-96 and the ninth (IDA 9) in 1990-1993.

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