

Monthly Financial Sector Bulletin

Issue No. 54, February 2018: Of Love and Death



COVER PICTURE: The Japan International Cooperation Agency on 13 February 2018 signed a loan agreement with the African Development Fund (ADF) designed to provide an Official Development Assistance (ODA) loan to the tune of 73.601 billion Japanese Yen (approx. US \$700.9 million). This is the first JICA loan provided to the ADF and it will provide the African Development Fund with resources to support recipient countries during the ADF-14 period (January 1, 2017 to December 31, 2019), and contribute to economic growth as well as poverty alleviation in Africa's least developed countries. In this picture, the President of the African Development Bank Group, Akinwumi Adesina exchanges loan documents with Japan's Ambassador to Côte d'Ivoire, Hiroshi Kawamura during the signing ceremony for the accord. The African Development Fund is part of the African Development Bank (AfDB) Group and provides support primarily to least developed and poor countries in the form of very long-term, low-interest financing. In contrast, the African Development Bank, which is the other arm of the African Development Bank Group, provides financing to middle-income countries in Africa. In January 2018, the AfDB, through the African Development Fund, extended a \$4.1 million grant to the Zimbabwean Government, part of which was expected to be used to reform three State-owned enterprises (SOEs) - Agribank, IDBZ and SMEDCO.

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The MFSB is a monthly roundup of key Zimbabwean financial sector developments produced by SoundGarden Publishing, a provider of proprietary data, business intelligence and analytical content supporting decision-making in financial markets.

SINCE SEPTEMBER 2013: For four solid years, the Monthly Financial Sector Bulletin (MFSB) has been consistently providing reliable aggregated financial sector information enabling industry professionals and other stakeholders to make data-driven decisions!

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SELECTED VITAL STATISTICS AT A GLANCE

General Statistics

Year-on-year Inflation for February 2018	2.98% (January 2018: 3.52 %)
Average Annual Inflation for 2016	Minus 1.56% (Minus 2.4% in 2015)
Average Inflation for 2017	1%
Projected 2017 Gross Domestic Product (GDP) Growth	3.7% (Initial projection for 2017 – 2.7%; 2016 - 0.7%)
Original Budget for 2017	US\$4.1 billion
2016 Weighted Manufacturing Sector Capacity Utilisation	47.4 % (2015 - 34.3%) (2014 - 36.5%) (2013 – 36.1%)
Trade Deficit for as at November 2017	US\$1.457bn (Exports – \$3.476bn; Imports – \$4.933 bn)
Zimbabwe's Foreign Direct Investment (FDI) – 2016	US\$319 million (US\$421m in 2015) (US\$545m in 2014)

Statutory Ratios

Formula	Ratio
Minimum Capital Adequacy Ratio: (Total Qualifying Capital/Total Risk Weighted Assets) x 100	12%
Minimum Liquidity Ratio: (Total Liquid Assets/Total Liabilities to the Public) x 100	30%

Deposits, Loans and Lending Ratios

Total Banking Sector Deposits (31 December 2017)	US\$8.48 billion (US\$6.51 billion – 31 December 2016)
Total Banking Sector Loans & Advances (31 December 2017)	US\$3.80 billion (US\$3.69 billion – 31 December 2016)
Loans-to Deposit Ratio (31 December 2017)	44.81% (31 December 2016 – 56.64%)
Banking Sector Non-Performing Loans (NPLs) (31 Dec 2017)	7.08%(7.87% - Dec 2016 & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Assets (31 December 2017)	US\$11.25 billion (31 Dec 2016 - US\$8.73 billion)

Source: Mainly the January 2018 Monetary Policy Statement (RBZ) & Various other Industry Sources

Editorial Comment

Product Innovation & Channel Development: Digitalization Reduces Branch Traffic

Total product development and promotion initiatives increased marginally from three (3) in January to four (4) in the current month attributed to the net effect of a 33% decline in product launches and a 200% increase in product promotions. CBZ Life introduced employee benefit products and POSB introduced a school development loan facility while ZB Bank and NetOne introduced promotions for their savings and mobile money offerings respectively. Channel development initiatives declined by 40% from five (5) in January to three (3) in February with two thirds of the initiatives coming from the one institution – Metbank which announced the phasing out of its prepaid card and the shortening of its opening times by 2 hours. The later initiative was awkwardly couched as a way of reducing the time during which clients can potentially queue in the institution's banking halls, but this is most probably a response to the digitalization of banking services which is resulting in reduced traffic in branches.

ICT Developments: Banks Seek Enhanced Capacity through System Upgrades

NMB Bank Limited, as well as sister companies FBC Bank Limited and FBC Building Society carried out system upgrade exercises during the month, all with the aim of enhancing system capacity and improving the quality of delivery channel against the background of rising transaction volumes. Meanwhile, MBCA Bank Limited announced that in addition to the launch of the new core banking system, the Nedbank subsidiary was also set to introduce a new Internet Banking platform on 12 March 2018.

Executive Management/Board Changes: Shareholder Squabbles Boil Over

The shareholder squabbles at ZB Financial Holdings spilled over to Mash Holdings Limited where ZBFH CEO is chairman, with the ouster of Nicholas Vingirai and his appointees being removed from the board of the property investment and Development Company. During the month Agribank Head of Risk Ms Tinotenda Nhewede was amongst those appointed to the board of directors of CMED Private Limited for a period of three years.

Rebranding & Strategic Realignment Initiatives: MBCA Bank Rebrands to Nedbank

One of the significant developments of the month was the commencement of the rebranding exercise of MBCA Bank Limited to Nedbank, following the mid-January application to the Registrar of Companies for approval of change of name from MBCA Bank Limited to Nedbank Zimbabwe Limited. The bank ran a series of full page advertisements in one daily newspaper and two weekly newspapers. "Money is not bank notes... Money is not your salary... You are about to enter a new level of banking," declared the bank, urging everyone to see money differently in line with the drive towards digitalization.

Corporate Social Investment & Sponsorship Initiatives: NetOne Sponsors Top 3 Soccer Teams

In the corporate social investment and sponsorship arena, the big news was Mobile Network Operator (MNO) NetOne's - which is involved in the financial services sector through its mobile money platform OneMoney – replacement of BancABC as a sponsor of Dynamos FC and Highlanders FC and the inclusion of CAPS United FC amongst its sponsored Premier Soccer League (PSL) teams. While this demonstrates the power of sport (football, in this case) as a rallying point for corporate marketing and branding activities, which can attract top dollar it is also testimony to NetOne's determination to take the fight to its more established peer, Econet which owns rival mobile money platform EcoCash, and claim a bigger market share. [See Picture on page 5] BancABC ended its relation with two of the country's top teams at the end of December 2017. In related news, BancABC was honoured by HIFA for consistently sponsoring the prestigious arts event since its inception in 1999, hence the dedication of first day of the festival's days to the bank.

External Financing: Grant Finance Dominates Activity

As has become characteristic of the situation on the external financing front in recent times, activity during the month was dominated by grant finance as development partners shied away from providing budgetary support directly to Government's coffers. They have instead chosen to channel resources through special purpose vehicles such as the Zimbabwe Resilience Building Fund (ZRBF) and Bulawayo Water and Sewerage Services Improvement Project (BWSSIP) which received support from the UK's Department for International Development and the African Development Bank (AfDB). Coming to commercial funding, the repowering of the Harare Power Station appeared to get a boost when

Afreximbank reportedly approved financial support to Indian contractor, Jaguar Overseas, the EPC contractor which had been snubbed by the Export-Import Bank of India.

Capital Markets Developments: Updated Debt Module Systems Goes Live

The capital markets development agenda continued during the month with the upgraded Debt Module system going live during the month on the Zimbabwe Stock Exchange. The existence of a transparent secondary market is expected to make Government securities more attractive to international institutional investors.

Policy/Regulatory /Legal Developments: Govt Sets Deadline for Interoperability of Mobile Money Platforms

One of the highlights of the month in the regulatory sphere was the ministerial press release on interoperability. Stung by the slow pace of progress in the interoperability of mobile money platforms, the Minister of Information Communication Technology and Cyber Security issued a press release encouraging Mobile Network Operators (MNOs) who offer digital financial services, to consider making their services completely interoperable as their failure to do so constituted “a major barrier to effective competition and stalls further progress in the development of mobile money services.” The minister threatened to take appropriate measures to enhance compliance if there was no interoperability across all networks by the set date of 1 April 2018.

Another highlight was the presentation of the January 2018 Monetary Policy Statement (MPS) on 7th February 2017 by RBZ Governor Dr John Mangudya. Coming as it did after the coming into power of a new political administration, this policy statement was a much anticipated one. Although it was widely acknowledged to be investor friendly, the market was however underwhelmed and did not give the MPS much chance to impact the economy since it ignored fundamentals and did not pronounce concrete measures to rein in overspending by government. The policy was also silent on the issue of the growing RTGS balances, which the market felt should have been capped as their growth had been the chief cause of the three-tier pricing system in the economy. There were also fears that the RBZ was gradually sliding back to the era of quasi fiscal activities, a course of action that has dire inflationary consequences. The solution of issuing debt securities to mop up excess liquidity or as one paper put it, “to drain the RTGS swamp” created by government’s expansionary fiscal stance is seen as merely addressing symptoms and not the underlying problem of government’s profligacy.

Meanwhile the 90-day Presidential amnesty to repatriate externalised funds expired on the 28th of February 2018, with President Emmerson Mnangagwa saying that \$250 million of the expected \$1.3 billion had been repatriated to Zimbabwe in the last three months from 105 out of the 1166 reported cases. Government however extended by a further two weeks the moratorium for those who were still to return the funds and assets. After the two-week extension period, Government said it would both name and shame, and prosecute non-compliant individuals and companies. Those who failed to take advantage of the amnesty risked being imprisoned for 10 years or being fined three times the amount of money externalised.

Customer Service, Public Relations Management & Networking Initiatives: FML Promotes Rural Financial Literacy

First Mutual Life announced that it had embarked on a financial inclusion training programme, as part of efforts to promote financial literacy among the rural populace. The intension to inform Bottom of the Pyramid (BOP) rural farmers about the benefits of insurance products as well as equipping sales agents with customer service skills that will make the selling process of insurance exciting, are commendable moves that are critical for market development. The lesson is that institutions must take the initiative to influence the development of markets they expect to consume their products, instead of waiting for this process to happen organically as that can be a very slow process.

Domestic Lending & Financing Initiatives: Getting Agricultural Financing Working Again

Having directed that all remaining white commercial farmers be issued with 99-year leases instead of the five-year leases they used to get before, Government showed that it is committed to get agricultural financing working again. Reserve Bank of Zimbabwe (RBZ) Governor Dr. John Mangudya on 7 February 2018 revealed that bankers had agreed to accept 99-year leases as collateral for loans after Government tweaked them to be transferable and bankable. However, it is pertinent to note that this is not the first time that bankers have been said to be now ready willing and able to accept 99-year leases but we hope that this time it is for real.

Currency, Pricing and Liquidity Perspectives: Forex Backlog Now Stretches As Far Back as One Year

The Reserve Bank of Zimbabwe (RBZ)'s admission that the foreign payments backlog now stretched as far back as 12 months for many companies due to the deepening foreign currency crisis was sobering news. Needless to say, this has multiple implications on the country's economic well-being. Some respite was however expected upon the commencement of the tobacco marketing season in a few weeks' time. The RBZ's alarming disclosure was corroborated by no less than three companies. Zimbabwe's largest cigarette manufacturer, British American Tobacco (BAT) said it was unable to remit over US\$15 million in dividends to its offshore shareholder British American Tobacco International Holdings (United Kingdom) Limited which holds a 42.98% stake; and also unable to pay for raw materials to key suppliers. "For the main shareholder, we are looking at around \$10 million from 2016 into 2017 and as at the end of last year we owed about \$5.5 million to international suppliers," said BAT finance director Leslie Malunga on the sidelines of the firm's briefing in respect of financial results for the year ended December 31, 2017. The Bakhresa Group, which recently invested over \$21 million into Blue Ribbon Foods, said it was failing to service foreign loans due to hard currency shortages. "We have accumulated a foreign debt which we have not yet been able to remit. Our foreign wheat supplier has stopped deliveries and insists on being paid at least a minimum of US\$3 million," said Mounir Bakhresa, the group's chief executive officer. Unilever Zimbabwe managing director Hilary Muzondiwa said his company had also been affected by the foreign currency situation and had recently failed to produce Sunlight dishwashing liquid for two weeks as it could not import raw materials from South Africa. "The foreign currency shortages are a reality and what that means is that we are not able to run our factories 24 hours a day, seven days a week. As a result, there will be some gaps where you may not have all the materials to run the factory," he said.

Pan-African Developments: SA Central Bank Sets Up Fintech Programme

The news that the South African Reserve Bank (SARB) established a Financial Technology (Fintech) programme to assess the emergence of technological innovations in the financial sector and consider their regulatory implications, shows that it is approaching the issue with an open mind and an objective outlook. The programme has three main objectives, one of which includes reviewing the SARB's position on private cryptocurrencies. The review will address regulatory issues like clearing and settlement, exchange control, monetary policy and financial stability and other issues like cybersecurity. Compare this to the stance of the Reserve Bank of Zimbabwe, which in December 2017 finally pronounced its official position regarding the use of virtual currencies. The apex bank advised members of the public that the use of and trading in cryptocurrencies or virtual currencies was not regulated by the country's laws and as such, presented risks such as money laundering, terrorism financing, tax evasion and fraud. "Under the existing legal and regulatory dispensation, any person who invests in virtual currencies or participates in any transactions involving virtual currencies, does so at own risk and will not have legal protection from, or recourse against, any regulatory authority," said Reserve Bank of Zimbabwe governor, Dr. John Mangudya.



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PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- Launching **CBZ Life's** employee benefits products, **CBZ Holdings** said its balance sheet should not only ensure security of pension scheme assets but also higher yields as the group leveraged on investments in property, infrastructure and other assets within the group. Under the employee benefits products, CBZ Life offers both umbrella and standalone pension arrangements, including a preservation fund and market linked fund investments tailored to suit the investment of pension fund contributions. Small to medium scale enterprises also benefit from the products.
- The **People's Own Savings Bank (POSB)** introduced the POSB Schools Development Loan Facility covering asset financing, renovations, working capital and income generating projects. "For more information contact us on 04 252 596 / 252 595, email marketing@posb.co.zw or visit your nearest POSB branch," said the country's sole savings bank, which is also a member of the Deposit Protection Scheme.

PRODUCT PROMOTION INDEX (PPI)

- The **People's Own Savings Bank (POSB)** announced the grand draw winners of its **Bank on the Go & Win Promotion**. "We have winners on the Go! Congratulations to our Grand Draw Winners," said the bank while announcing a total of 108 winners in various categories:

Category	Prize	Winner(s)
Grand Prize Winner	Fully Serviced Stand	Hapson Mazendame
E-Channel Activations	210L Deep Freezers	5
	Basic Smartphones	10
	Bicycles	5
	Superior Princess	5
E-Channel Transactions	Basic Smartphones	9
	210L Deep Freezers	5
	Superior Princess	5
	Bicycles	5
Minimum Balance	210L Deep Freezers	10
	Superior Princess	10
	Bicycles	10
	Basic Smartphone	28

The handover ceremony was held on the 10th of February 2018 at **Highglen Shopping Centre**.

- **ZB Bank** introduced a Valentine's Day Promotion under which one stood a chance to win one of the 4 x \$100 ZB Supersaver account vouchers or \$10 x **Ster Kinekor** movie vouchers. The bank said the benefits of the ZB Super Save Account included no monthly service charges and the earning of monthly interest on account balance. "Visit our social media pages for more details on the competition," said the bank.
- Mobile telecommunications giant **NetOne** introduced a promotion for its **OneMoney** customers, which saw them enjoying discounts for certain types of purchases. Dubbed **8Time Promotion**, it saw all NetOne subscribers being eligible for discounts on transactions made using OneMoney, its mobile money platform. A customer needed to buy at least \$1 prepaid airtime to earn an immediate discount of 8% on the purchase and at least a \$5 **ZESA** token to earn a 1.5% discount. Postpaid or contract subscribers registered on OneMoney were allowed to purchase airtime for other subscribers on prepaid status whilst enjoying the 8% discount. NetOne said the discounts would be awarded for airtime bundle purchases and were not transferable to another customer, with respect to airtime and ZESA tokens. The promotion commenced on February 8 running up to April 30, 2018.

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SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	CBZ Life	Employee Benefits	Pension Products	Insurance	Product Launch
2	POSB	Schools Development Loan Facility	Lending	Banking	Product Launch
3	ZB Bank	Valentine's Day Promotion	Savings Account	Banking	Product Promotion
4	NetOne	8Time Promotion	Mobile Money	Non-Bank Telco	Product Promotion

CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- **CABS** issued a notice in respect of the refurbishment of its Chinhoyi branch. "We would like to advise that CABS Chinhoyi branch will be undergoing refurbishments with effect from 26 February 2018 and the re-opening date will be advised in due course. During this period, the branch will be operating from a temporary structure, adjacent to the branch. The temporary structure will be offering full banking services including a fully functional ATM. If you require any further assistance, please call us on (067) 221 12/307. We apologise sincerely for any inconvenience caused. Thank you for your continued support and valued banking relationship with CABS," said the banking subsidiary of diversified financial services group, **Old Mutual**.
- **Metbank** issued a final notice regarding the phasing out of its prepaid card. "To our valued Clients. Please be advised that the Metbank Metclick prepaid card will be discontinued on the 28th of February 2018. Please visit your nearest Metbank branch to apply for your new debit card," said Divisional Director for Consumer Banking **Sarah Tembedza**.
- **Metbank** announced an impending change in its business hours with effect from March 2018. "What would you do with 2 extra hours in your day? Through our efficient queue management system, you no longer have to spend all day in a bank queue. From the 1st of March, all Metbank branches will be closing at 1500hrs instead of 1700hrs. Metbank, double the efficiency, half the time," said the registered commercial bank which is also member of the Deposit Protection Scheme.

SUMMARY:CHANNEL EXPANSION/RATIONALISATION ACTIVITY

#	Institution	Sector	Type of Initiative	Description
1	CABS	Banking	Branch Refurbishment	Chinhoyi Branch Closure Effective 26 Feb 2018
2	Metbank	Banking	Prepaid Card Phase-out	Effective 28 February 2018
3	Metbank	Banking	Change in Closing Time	1500hrs from 1700hrs effective 1 March 2018

ICT DEVELOPMENTS

- **NMB Bank Limited** issued a Systems Upgrade Notice for its core banking system. "NMB Bank would like to advise its valued customers that the Bank will be upgrading its core banking system from Thursday 08 February 2018 at 1800hr to Monday 12 February 2018 at midnight. The upgrade is aimed at enhancing the bank's systems capacity and the services offered to clients. Below is a list of services that will be available and unavailable during this period.

SERVICE	AVAILABILITY STATUS
Point of Sale (ZimSwitch and Visa)	Available
NMBMobile including ZIPIT	Available
EcoCash Banking Services	Available
ATM Services	Available
Card-based withdrawals and deposits in branch	Available
SMs Alert Service	Unavailable
RTGS (incoming and outgoing)	Unavailable

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Internet Banking	Unavailable
Paper-based internal fund transfer	Unavailable
Cash payments for DSTV subscriptions	Unavailable
Paynet	Unavailable

We sincerely apologise for the inconveniences that may arise from this service disruption,” said the bank in the notice.

- **FBC Bank Limited** and **FBC Building Society** carried out a system upgrade exercise starting at 0000hrs to 0100hrs on 11 February 2018. The exercise resulted in the unavailability of the following services during the period: Internet banking, **MasterCard/VISA** transactions, **ZimSwitch** transactions, Mobile Moola transactions, Merchant POS transactions, **EcoCash** transactions and **ZIMRA** POS transactions. The bank said the exercise was necessary in order to improve the quality of its delivery channels.
- **MBCA Bank Limited** issued a notice in respect of its imminent new core banking system. “Further to our previous correspondence dated 14 November 2017, we are pleased with the progress we have made so far behind the scenes to replace our existing core banking system. We are aiming to go live with our new core banking system on the weekend of 9 to 11 March 2018. For your convenience, all MBCA ATMs, Point of Sale (POS), Mobile Banking, **EcoCash** and **Zipit** platforms will be available. However, Internet Banking will not be available from Friday afternoon, 9 March 2018 to Monday morning, 12 March 2018. The new core system will bring about various benefits including simplified pricing such as pay as you use (PAYU) tariffs and a bundle pricing option on some products. The new system will also provide a platform for future value added services and enhanced products that enable us to serve you better. We are also delighted to inform you that, in addition to the new core banking system being implemented, we are also introducing a new internet banking platform on 12 March 2018. As we draw close to our “go live” date, we encourage all of our clients to ensure that your personal details are updated with the Bank. We apologise for any inconvenience which may be caused and we assure you that these changes will result in a better banking experience for all our clients. For further enquiries in this regard, kindly contact your MBCA Branch or Account Relationship Manager,” said acting managing director **Antony Makonese** in the notice to clients dated 16 February 2018.

EXECUTIVE MANAGEMENT/BOARD CHANGES

- **Ecobank Zimbabwe Limited** issued a notice of appointment of a new board chairman. “Ecobank Zimbabwe Limited is pleased to announce the following changes to the Board. The Board Chairman **Mr. David Whatman** has stepped down from the Chairmanship of the Board after serving his term in line with the **Ecobank Group** Corporate Governance Charter. **Mr. Fortunate Chisango** has been subsequently appointed the new Chairperson of the Board with effect from 1 January 2018. Fortunate is the founder and Managing Director of **Décor Builders Warehouse**. He is a qualified Chartered Accountant and a member of the **Institute of Chartered Accountants of Zimbabwe**. Fortunate is also a holder of a Master’s in Business Leadership and Bachelor of Accounting Science (B Compt) from the **University of South Africa**. He is a financial practitioner whose experience spans over 20 years and has worked in senior roles for an audit firm and in the financial services sector. Previously he was the Group Finance Director of **PG Industries Zimbabwe Limited**. The Bank wishes to express its gratitude to Dave for his sterling leadership since inception in driving the Bank to a formidable position in the local financial services sector, and welcomes Fortunate into his new role,” said the bank in the notice published on 1 March 2018.
- Businessman **Nicholas Vingirai** and his appointees to the **Mash Holdings Limited** board – **Mike Manyika** and **Michael Mahachi** – were on 22 February 2018 removed from the board at the company’s Annual General Meeting (AGM) after shareholders unanimously voted for their ouster. **Standard Chartered Bank** CEO **Ralph Watungwa**, along with Vingirai, Mahachi and Manyika, had offered themselves for re-election on the grounds that they were eligible. Watungwa was however reelected unanimously.
- **Tinotenda Nhewede**, the Head of Risk for **Agribank** was appointed to the board of the directors of **CMED Private Limited** for a three year term effective 27th February 2018. She is a Chartered Accountant CA (Z) with experience

in the financial, insurance and manufacturing industry spanning over 10 years. She has a passion for charity and is the current President of the [Rotary Club of Harare](#). She is a holder of a BComm (Accounting) degree and also a BCompt (Hons) in Accounting and Auditing degree. She also holds a certificate in Advanced Financial Management.

CORPORATE SOCIAL INVESTMENT (CSI) & SPONSORSHIP INITIATIVES

- [Harare International Festival of Arts \(HIFA\)](#) organisers honoured [BancABC](#) for consistently sponsoring the prestigious arts event since its inception in 1999 by dedicating one of the event's days to the bank. The HIFA 2018 edition which will be held under the theme, "We Count" is set to run from the 1st to the 6th of May 2018 hence the first day would be dubbed the BancABC day in recognition of the support given by the institution. HIFA executive director [Maria Wilson](#) pointed out that in comparison the local event had enjoyed immense support. "In other countries events of this kind are usually supported by donors and municipalities hence we would like to honour the financial institution by making this year's HIFA opening day to be BancABC day," she said. Appreciating the honour, BancABC's marketing manager, [Muriel Dowu](#) said that bank's interest in the event was rooted in its African origins. "Our company pursues an African strategy which has seen it evolving from names like [African Banking Corporation](#) hence events like these are tying because they bring our stakeholders together. It is also an opportunity to give back to the community while enjoying both local and international exposure," she said, noting that the bank injects an estimated US\$50 000 towards the event each year.
- [CBZ Holdings](#), [Nicoz Diamond Insurance Limited](#), [Nyaradzo Group](#), [Insurance Council of Zimbabwe](#), [Champions Insurance Company \(Pvt\) Ltd](#) and [ZB Bank](#) were amongst the [Traffic Safety Council of Zimbabwe's](#) partners for the successful hosting of the 5th Edition of the Road Safety Journalistic Awards.
- [Stanbic Bank](#) partnered [ZiFM](#) for the premiere of the movie *Black Panther* on 15 February 2018 at [Ster Kinekor Sam Levy's Village](#).
- Veteran runners [Mike Fokorani](#) and [Samukeliso Moyo](#) emerged winners of the [Old Mutual Harare](#) marathon at [Old Georgians Sports Club](#) on 11 February 2018. Fokorani was the first to cross the finish line in the men's section in 2 hours 21 minutes 39 seconds, followed by [Jonathan Chinyoka](#) in 2: 21:53. In the women's section, Moyo clocked 3 hours 1 minute 14 seconds to take the title. The winners for both men and women categories got \$1500 each. [CABS](#) managing director, [Simon Hammond](#), who graced the event was impressed with the turnout as the race they had been supporting over the years continued to attract some of the country's best runners. "It's just been a fantastic morning, we have just been overwhelmed by the support we got from the community, I mean, I think we got about 1200 entries or something like that, far more than we were expecting. I think we have just managed to publicise it well and we have built it up, it doesn't happen overnight. We have been supporting running now for several years," said Hammond. Other races Old Mutual supports include Vumba Half Marathon, Chitungwiza 10km Fun Run, Westgate Half Marathon and the Nkulumane Fun Run.
- Mobile Telecommunications Company, [NetOne](#) on 14th February 2018 unveiled a \$1 million sponsorship package for the country's three biggest football teams – [Dynamos FC](#), [CAPS United FC](#) and [Highlanders FC](#) – at [Zimbali Lodge](#) in Harare with a pledge to increase the support in 2019 if the partnership succeeded in its first season. Each team was set to receive US\$350,000 towards their operations and other related expenses. "After ensuring that our beloved Warriors participated at the continental showcase, the [Africa Cup of Nations \(Afcon\)](#) in Gabon last year, by pouring in \$250 000, the people's favourite network is back again, channelling over \$1million to these three heavyweights of Zimbabwean football. Let me hasten to say, we at NetOne envisage this partnership to be a win-win situation, as we anticipate clubs to play their respective parts in promoting our brand and endearing it to their multitudes of supporters. Various initiatives will be rolled out the entire year, as we seek to make the partnership sustainable. What it means is that clubs benefiting from our sponsorship have a major role to play for this partnership to be a success. As a business, our objective is for the clubs to be able to encourage their supporters to use more of the numerous NetOne packages available, to sustain the sponsorship going forward," said NetOne acting chief executive officer [Brian Mutandiro](#).

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- **Stanbic Bank** was among the sponsors of the Zimbabwe Mining Investment Conference held during the period 27th - 28th February 2018 at **Meikles Hotel**.
- **CBZ Holdings** donated \$10 009 worth of equipment to **St Giles Medical Rehabilitation Centre** mainly for speech and language patients. During the handover ceremony in Harare on Friday, 23 February 2018 CBZH acting group chief executive officer (CEO) **Peter Zimunya** commended St Giles for outstanding work in spite of insufficient resources. "CBZ Holdings and subsidiaries take corporate social responsibility as an important integral part of business. We value the communities within which we operate and show this by contributing towards higher levels of well-being within those communities," said Zimunya, adding that the banking group had been a perennial donor to the rehabilitation centre and intended to go a long way in partnering St Giles.
- **First Mutual Life** supported the **Association of Trust Schools (ATS)** seniors' debate competition for the third year running with 21 schools from Harare, Bulawayo, Gweru, Kwekwe, Marondera, Masvingo and Chinhoyi participating. In his remarks at the prize giving ceremony, **St George's College** headmaster **John Farrelley**, hosts for the 2018 competition, acknowledged the great content, arguments and skills exhibited by the debaters, which made the competition worthwhile and highly remarkable. The guest of honour, First Mutual Life consultancy services manager **Willie Chibaya** said that First Mutual Life valued collaboration with the ATS for the seniors and juniors debate competition, which it had supported for three successive years.

CORPORATE ACTIONS

- **ZB Financial Holdings** issued a fifth cautionary statement in respect of ongoing negotiations. "Further to the Cautionary Statements issued by the Board on 15 November 2017, 7 December 2017, 29 December 2017 and 19 January 2018, shareholders and members of the public are advised that **ZB Financial Holdings Limited (ZBFH)** is still engaged in negotiations concerning a material transaction which, if concluded, may have an effect on the price of the company's shares. Accordingly, shareholders members of the public are advised to exercise caution and consult their professional advisors when dealing in the company's shares and consult their professional advisors when dealing in the company's shares until a full announcement is made or this cautionary is withdrawn," said company secretary, **H. R Nharingo** on 9 February 2018.
- **CBZ Holdings Limited** issued a tenth cautionary statement dated 27 February 2018 in respect of one of its subsidiaries. "Further to the Cautionary Statements Issued by the Board on 2 May 2017, 31 May 2017, 19 July 2017, 23 August 2017, 21 September 2017, 23 October 2017, 24 November 2017, 28 December 2017 and 29 January 2018, the Directors of CBZ Holdings Limited advise shareholders, and other stakeholders that the regulatory matter which one of the company's subsidiary is involved in, is still under discussion and may, on finalization have an impact on the value of the company's shares. The Directors of CBZ Holdings Limited advise the company's shareholders and members of the public to exercise caution and to consult their professional advisors when dealing in the shares of the Company until a further announcement is made. The company's shareholders and members of the public will be updated on the matter in accordance with the **Zimbabwe Stock Exchange** Listing Rules," said group legal corporate secretary, **Rumbidzayi Jakanani**, on behalf of the board.

EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- Cairo-based **African Export - Import Bank (Afreximbank)** approved financial support to Indian contractor, **Jaguar Overseas**, for re-powering **Harare Power Station** at an estimated cost of US\$70 million. Jaguar was awarded the engineering, procurement and construction (EPC) contract for Harare Power Station in 2012, but had since been struggling to secure funding for the project. The repowering project, which entails replacing the old plant with a modern one with more capacity and improved efficiency, was hanging in the balance after the **Export-Import Bank of India** rejected Jaguar's request for financial support in 2014, forcing the company to turn to Afreximbank. "The funding processes for this project are currently being finalised by Afreximbank. The project is one of the projects that were approved for funding by the bank (Afreximbank) together with the Hwange expansion project. The Harare repowering project is expected to add an additional 60 megawatts (MW) to the national grid," said Minister of Energy and Power Development, **Simon Khaya Moyo**, disclosing the latest developments.

MONTHLY FINANCIAL SECTOR BULLETIN (MFSB): ISSUE NO. 54, FEBRUARY 2018

- **Bulawayo City Council (BCC)** received close to US\$34 million from the **African Development Bank (AfDB)** to revamp its water and sewer infrastructure, which has badly deteriorated amid economic decay in the last two decades. BCC senior public relations officer **Nesisa Mpfu** said AfDB had availed US\$33.6 million to the city with government contributing US\$3.4 million towards the water and sewerage improvement project. “The **City of Bulawayo** received a US\$37 million **African Development Fund** grant from the African Development Bank. The Bulawayo Water and Sewerage Services Improvement Project (BWSSIP) is financed by the African Development Fund (ADF) and the Government of Zimbabwe through the City of Bulawayo,” Mpfu said.
- The United Kingdom’s **Department for International Development (DFID)** on 11 February 2018 unveiled a \$30 million grant to the **Zimbabwe Resilience Building Fund (ZRBF)**, expected to cushion rural communities prone to poverty and food insecurity. The grant was officially presented to ZRBF by DFID head in Zimbabwe, **Annabel Gerry** who said the funding was a resilience building agenda in the country which would assist in curbing some long standing problems faced by rural communities emanating from climate change. With the current grant, the total amount of money injected by the British government for the period up to 2021, in combating the effects of climate change across most rural areas through the ZRBF comes to 25 million pounds.

CAPITAL MARKET DEVELOPMENTS

- A new upgraded Debt Module system, catering for various security types in both Government and corporate realms, went live on 26th February 2018 on the **Zimbabwe Stock Exchange**. Acting chief executive officer **Martin Matanda** said the ZSE had worked with the Automated Trading System supplier (**Infotech**) in the enhancement of the Debt Module within the system. The exchange re-launched the fixed income market in 2017 after a two-decade hiatus but it faced challenges mainly due to its compatibility with the central depository system. “The system capability has been increased to cater for various security types (Government and corporate), various day count conversions, both yield and percentage of par pricing mechanisms and various reporting and configuration improvements. The upgraded system has already been availed to ZSE members for user acceptance testing and full implementation is on course to take place at the end of this month. Government committed to listing its securities on the ZSE in 2015 and the focus is now on implementation. We know that international institutional investors have appetite for Government securities but the attractiveness of these instruments will be enhanced if there exists a more transparent secondary market,” said the ZSE.

BOND/TB ISSUE OUTLOOK

- The **Harare City Council** said there had been little progress on plans to float a \$100 million infrastructure bond with bias towards housing projects. Mayor, **Bernard Manyenyeni** on 26 February 2018 confirmed that there had not been much traction on plans to issue the bond, although the plans were still on. “There has not been much traction since the last time we spoke,” said Manyenyeni without giving details of what had held up the plans.

TROUBLED INSTITUTIONS RESOLUTION INITIATIVES

- **Baker Tilly** issued a liquidation alert for **Altfin Life Assurance** in respect of the liquidation account lying for inspection. “Notice is hereby given that the Amended first interim liquidation account and plan of distribution in the liquidation of **Altfin Life Assurance Company Limited** (in Liquidation) number CR86/16 will lie open at Master of High Court, Corner 2nd Street and Herbert Chitepo in Harare and Master of High Court, Bambanani Centre (Kingdom Building), 1st floor Corner 9th Street & Jason Moyo in Bulawayo for a period of 14 days from the 16th February 2018 for inspection by creditors and contributories,” said Baker Tilly in the alert.

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- Speaker of the **National Assembly**, Advocate **Jacob Mudenda**, on 6 February 2018 slammed financial institutions for their stringent requirements when opening bank accounts, saying the conditions were not commensurate with President **Emmerson Mnangagwa**’s thrust to open the country for business. Mudenda described the tough conditions demanded by financial institutions as “colonial” and a contradiction to Government policy and principle

on ease of doing business. He was responding to concerns from Members of Parliament who were complaining that they were struggling to open bank accounts to allow Parliament to deposit money for the [Constituency Development Fund](#), a development which had seen the bulk of the fund lying idle. “Our institutions, including banks need to have a change of mind-set,” said Adv. Mudenda.

- Government started insisting on the pre-clearance of commercial cargo imports with effect from 1 February 2018. The new measures were contained in Statutory Instrument 9 of 2018, published in the Government Gazette of 26 January 2018. The regulations are meant to enhance efficiency and improve the turnaround time in the clearance and movement of commercial goods. “Please be advised that with effect from 1st February 2018, all goods coming into Zimbabwe are required to be pre-cleared before they arrive at the port of entry. This is in terms of Section 5A sub-section 2 of the Customs and Excise (General) (Amendment) Regulations 2018 (Number 89) published in Statutory 9 of 2018, which states that: “An importer or his agent shall with effect from 2018 lodge with the commissioner the preceding documents before arrival in Zimbabwe of all goods dispatched by road. In this regard, no truck shall be allowed into the customs area without documentary evidence to the effect that the goods have been pre-cleared,” said the [Zimbabwe Revenue Authority \(ZIMRA\)](#) in a notice sent to all customs clearing agents and importers on Monday 12 February 2018. Under the new facility, clearing agents or importers lodge all the necessary importation documents with ZIMRA prior to the arrival of the goods in the country. When the cargo arrives at the border, there would be less paperwork, which usually delays movement, but mere verification of the consignments.
- The Minister of Information Communication Technology and Cyber Security issued a press release regarding the imperative of interoperability of mobile money platforms. “The Ministry of Information Communication Technology and Cyber Security would like to encourage the Mobile Network Operators (MNOs), who offer digital financial services, to consider making their services completely interoperable. We have noted with concern that whilst it is possible to send money to an unregistered customer on another network, the Unstructured Supplementary Service Data (USSD) platforms for operators are not yet fully integrated hence wallet to wallet funds transfer have not yet been integrated. The lack of interoperability of the mobile money platforms of the networks is a major barrier to effective competition and stalls further progress in the development of mobile money services. Interoperability also brings convenience to consumers and the ease of doing business. In the event that there is no interoperability across all networks by the set date of 1 April 2018, the government will take the appropriate measures to enhance compliance,” said the Minister in the press release dated 13 February 2018.
- The High Court reversed the attachment of an upmarket Harare property after the wife of the debtor, who is the co-owner of the house, challenged the process on the basis that her own share had been unlawfully included in the attachment. [Olivia Mukoko](#) successfully challenged the attachment of the house she jointly owns with her husband, [Blessing Mukoko](#), after [Stanbic Bank](#) had sued the husband over a debt. The two are married out of community of property. Justice [Lavender Makoni](#) ruled that evidence presented before the court showed that Olivia was the owner of the land in Greendale measuring 5882 square metres, which the Sheriff attached to satisfy the bank’s debt. The court ruled that since the debt was owed by Blessing alone, the creditor (Stanbic) was supposed to instruct the Sheriff to attach an undivided half share of the property belonging to the debtor and not the entire property. “In result, I am satisfied that claimant owns an undivided half share of the attached property which was wrongfully attached. The attachment is null and void,” ruled Makoni.
- The [Insurance and Pensions Commission \(IPEC\)](#) suspended six executives of the [Unified Councils Pension Fund \(UCPF\)](#), which pools resources from all the country’s rural district council workers and some urban authorities, and nullified the appointment of its board of trustees. The UCPF has assets worth \$34 million and a membership of over 4000. The industry regulator was conducting an “on-site inspection” of the Fund, which according to preliminary information gathered, had made it “necessary and desirable to conduct an investigation.” In a letter dated 7 February 2018 from IPEC’s Commissioner of Insurance, Pensions and Provident Funds [Tendai Karonga](#), addressed to UCPF’s principal officer [Mrs. Lucy Furamera](#) – who is also the secretary-general of the [Association of Rural District Councils of Zimbabwe](#) – the commission barred the six executives from accessing the premises of the Fund. “We further advise that given the information in our possession from our preliminary findings of the inspection, it is our view that it is necessary and desirable to conduct an investigation in terms of section 21 of the Pensions and

Provident Funds Act [Chapter 24:09]. In a bid to facilitate the above-mentioned investigation, the Commission is hereby advising that, in terms of Section 4(2) of the Insurance and Pensions Act [Chapter 14: 21], as read with paragraph 21 of the first schedule of the same Act, the following individuals have been suspended with immediate effect: [Benjamin Chiyangwa](#) (fund manager), [Brain Rusere](#) (finance officer), [Masceline Mbukwa](#) (internal auditor), [Beular Musanhi](#) (personal assistant), [Martha Kunaka](#) (Bulawayo branch manager),” read part of the letter.

- [Ecobank Zimbabwe Limited](#) issued a notice in respect of its Customer Information Update Exercise. “We advise that you are required to urgently update all your customer information in line with regulatory requirements.
 1. Ecobank Zimbabwe Limited thus requests all its valued customers to CONFIRM with the branch where their account is domiciled if their account details are up to date.
 2. To update the information, customers are advised to immediately visit their nearest Ecobank branch with the following documents:

Individuals

- A copy of an Identification Document (ID, Passport, Driver’s Licence)
- Proof of Residence (utility bill in own name not more than 3 months old accompanied by affidavit of owner of property if not in customer’s name)
- Passport size photo of customer
- Contact details (address, email, and telephone number)

Companies

- Copy of Memorandum of Association
- Copy of Articles of Association
- Copy of Certificate of Registration/Incorporation
- CR6 – Details of Company’s Registered Address
- CR14 – Details of Directors and Company Secretary
- [Zimra](#) Tax Clearance Certificate
- Information for all Directors and Shareholders (Identification document, proof of residence, passport photo and contact details)

Please note that the above documentation must be certified as a true and accurate copy of the original. The deadline for the completion of our internal record updating process is 31st March 2018. We urge customers to ensure that they have verified and updated their details with the Bank on or before March 31st to avoid any inconvenience to service. For any further details please visit your branch or contact your relationship manager or call us on toll free number 08080157 from any [Econet](#) line or general lines 851644 – 9, or email us on ezw@ecobank.com. Thank you for your co-operation,” said the bank, whose pay-off line is “The Pan African Bank.”

CUSTOMER SERVICE/PUBLIC RELATIONS MANAGEMENT & NETWORKING INITIATIVES

- [First Mutual Life](#) embarked on a financial inclusion training programme, starting with participants in Uzumba District, as part of efforts to promote financial literacy among the rural populace. [First Mutual Holdings Limited](#) Group marketing and strategy executive [Farayi Mangwende](#) said the strategy focused on improving financial inclusion for all Zimbabwean adults, while the training programme took into consideration the aptitude of potential customers based on their background and appetite for risk. “The strategy also recognises the needs of special interest groups, namely women; youth, micro to medium enterprises (MSMEs), the rural and small-scale agricultural communities. Financial inclusion not only helps individuals and families, but collectively, it develops entire communities and can help drive economic growth, enabling and empowering people and communities,” said Mangwende. The training programme, facilitated by [Community Technology Development Organisation \(CTDO\)](#) and the Ministry of Women’s Affairs, Gender & Community Development, intends to orient customers on how to make financial decisions that will improve their livelihoods. Mangwende said they intended to inform rural farmers who are mostly within the Bottom of the Pyramid (BOP) segment on the benefits of insurance products as well as equip sales agents with customer service skills that will make the selling process of insurance exciting.

DOMESTIC LENDING & FINANCING PERSPECTIVES

- [Reserve Bank of Zimbabwe \(RBZ\)](#) Governor [Dr. John Mangudya](#) on 7 February 2018 said bankers had agreed to accept 99-year leases as collateral for loans after Government tweaked them to be transferable and bankable. Banks had previously been rejecting the leases, arguing that they were not transferable, in the event that a farmer borrowed money and failed to repay. But after marathon meetings involving Government, bankers and RBZ, it was finally resolved that the 99-year leases were now bankable. A meeting was held on 7 February 2018 between Dr. Mangudya and bankers, in which it was agreed that farmers could now obtain loans on the strength of 99-year leases. "The issue is that the Government has improved the 99-year lease document; it now has a transferability element, now has a bankable element. Before the changes were done to these 99-year leases, there was no provision in the old document; it now provides the financier with the comfort of lending. It also says that in the unlikely event of Government taking someone's farm, and that person had been given a loan at the bank, the first port of call for compensating goes to the financier. So we are quite happy as banks," said Dr. Mangudya.
- The [National Social Security Authority \(NSSA\)](#) unveiled a \$20 million loan facility to recapitalise the [Cold Storage Company \(CSC\)](#) in Masvingo Industrial Area, whose beef processing plant has been lying idle for the past 12 years. Over 500 direct jobs are expected to be created once the plant starts operating. Masvingo Minister of State for Provincial Affairs Senator [Josaya Hungwe](#) said during a recent tour of the plant that it would be easy to reopen as most of the machinery was still functional. CSC management had told NSSA they required \$14 million to resume operations, but NSSA resolved to inject more funds. "We are happy that NSSA has agreed to inject a substantial amount of money towards the resuscitation of the CSC Masvingo plant, NSSA will avail \$20 million," said Hungwe. CSC Masvingo branch manager Sadzahuchi said out of all CSC branches in the country their branch had the lowest debt. He said the Masvingo plant would resume operations within three months of officially sealing its loan deal with NSSA. "We only have a debt of \$1.5 million being outstanding water and electricity bills which accrued during the 11 years that we were not operating. We are in a far much better position compared to other branches across the country. For plant repairs we need \$2 million, another \$3 million for working capital, and pasture development infrastructure at our Mushandike Ranch, which covers 1000 hectares, will require \$7 million," said Sadzahuchi. At its peak, CSC Masvingo used to employ more than 6 000 permanent and contract workers while slaughtering about 500 beasts a day. The beef processing giant exported beef to the [European Union](#), earning the country millions of dollars in foreign currency annually.

CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- Inward international remittances into Zimbabwe for the year 2017 amounted to \$1.4 billion, an 11 percent decrease from \$1.6 billion in 2016. Out of the \$1.4 billion, Diaspora remittances amounted to \$698.9 million. "The bank is encouraged by the trend where authorised dealers are investing in enabling technologies that broaden financial inclusion, reduce remittances cost and increase remittance access points for the convenience of senders and recipients. These efforts towards formalisation of remittances are key in building sufficient capacity for leveraging on the developmental impact of remittances," [Reserve Bank of Zimbabwe](#) Governor [Dr. John Mangudya](#) said on 7 February 2018 while presenting the 2018 Monetary Policy Statement.
- Zimbabwe's annual rate of inflation gained 0.06 percent in January 2018, partly driven by the 2018 back to school spending. The [Zimbabwe National Statistical Agency \(Zimstat\)](#) said this meant that prices, as measured by the all items consumer price index (CPI), increased by an average of 3.52% in the 12 months to January 2018. "The year on year inflation rate for the month of January 2018 as measured by the all items Consumer Price Index (CPI) stood at 3.52 percent, gaining 0.06 percent on the December 2017 rate of 3.46 percent," said Zimstat in a report. Zimstat also reported that the month-on-month inflation rate in January 2018 was 0.30 percent after shedding 0.23 percentage points on the December 2017 rate of 0.53 percent. This meant that prices as measured by the all items index CPI increased at an average rate of 0.30 percent from December 2017 to January 2018.
- The [Reserve Bank of Zimbabwe \(RBZ\)](#) disclosed that the foreign payment backlog now stretched as far back as 12 months for many companies due to a deepening foreign currency crisis, which restricted the importation of raw materials and equipment. The backlog was however expected to ease upon the opening of the tobacco selling

season in a few weeks. Tobacco sales average US\$500 million annually, making the crop one of the country's major foreign currency earners, along with gold and platinum. When hard currency shortages resurfaced three years ago, it was taking only two months for companies to settle their foreign commitments. RBZ deputy governor, [Kupukile Mlambo](#), however said the situation had worsened, warning it could get worse if the productive sectors failed to ramp up exports, with dire consequences on critical industries, including mines, which heavily depend on imported raw materials and equipment. "Some companies are running for over a year without paying for their imports," said Mlambo to delegates at the Zimbabwe Mining Investment Conference on, 27 February 2018.

PAN-AFRICAN DEVELOPMENTS

- **Abidjan, Côte d'Ivoire** – The [Japan International Cooperation Agency \(JICA\)](#) on 13 February 2018 signed a loan agreement with the [African Development Fund \(ADF\)](#) designed to provide an Official Development Assistance (ODA) loan to the tune of 73.601 billion Japanese Yen (approx. US \$700.9 million). The loan is part of Japan's contribution to the African Development Fund's Fourteenth Replenishment (ADF-14). This is the first JICA loan provided to the ADF. The loan will provide the African Development Fund with resources to support recipient countries during the ADF-14 period (January 1, 2017 to December 31, 2019), and contribute to economic growth as well as poverty alleviation in Africa's least developed countries. The President of the [African Development Bank Group](#), [Akinwumi Adesina](#), acknowledged the landmark event and expressed the Bank's gratitude and appreciation to the Government of Japan. Signing the Notes of Exchange, Adesina said, "Thanks to Japan and its Government for keeping a promise. One often hears about many international pledges of development cooperation remaining unfilled. I would like to commend the full accomplishment of Japan's commitments to Africa's development. With its US\$700-million loan, which came on top of US \$328 million in the form of a grant, Japan has significantly contributed to the ADF commitment capacity for the period 2017-2019." Also speaking on the occasion, Japan's Ambassador to Côte d'Ivoire, [Hiroshi Kawamura](#), said he was glad to sign the accord to bolster Africa's socio-economic development. "Our contributions to the ADF-14 replenishment will allow the Government of Japan to increase its contributions to 7.3%, against 6.7% for the ADF-13," he stated. The African Development Fund is part of the African Development Bank (AfDB) Group and provides support primarily to least developed and poor countries in the form of very long-term, low-interest financing. In contrast, the African Development Bank, which is the other arm of the African Development Bank Group, provides financing to middle-income countries in Africa.
- **Johannesburg, South Africa** - The [South African Reserve Bank \(SARB\)](#) established a Financial Technology (Fintech) programme to assess the emergence of technological innovations in the financial sector and consider their regulatory implications. In a statement issued on 13 February 2018, the SARB stated that it 'takes a balanced approach to technological innovations, considering the potential benefits and risks of each innovation'. The programme has three main objectives, all aimed at assisting 'in the formulation of appropriate policy frameworks for the possible regulation of Fintech':

1. Reviewing the SARB's position on private cryptocurrencies

The review will address regulatory issues like clearing and settlement, exchange control, monetary policy and financial stability and other issues like cybersecurity. Collaboration with other regulators is intended to address tax implications, consumer and investor protection, and money laundering. The SARB aims to complete the review in the second half of 2018.

2. Investigating innovation facilitators

The SARB's equivalents in jurisdictions like the UK and Singapore have established innovation hubs, accelerators and regulatory sandboxes through which Fintech companies work with the regulators to test their ideas. The SARB has been interacting on an informal basis with Fintech companies and is considering whether to launch similar initiatives.

3. Launching a distributed ledger technology (DLT, or blockchain) experiment

Project Khokha is similar to the Monetary Authority of Singapore's Project Ubin and will investigate interbank clearing and settlement on a distributed ledger. The SARB has appointed [ConsenSys](#) (a technology provider with experience on the [Quorum](#), [Ethereum](#)-based, ledger) to develop a proof of concept in collaboration with the banking industry. This experiment is aimed at understanding the implications of using distributed ledger technology to transfer value and the SARB will release a public report on its findings during the second quarter of 2018. No decision has yet been made to move the national payments infrastructure onto a distributed ledger.

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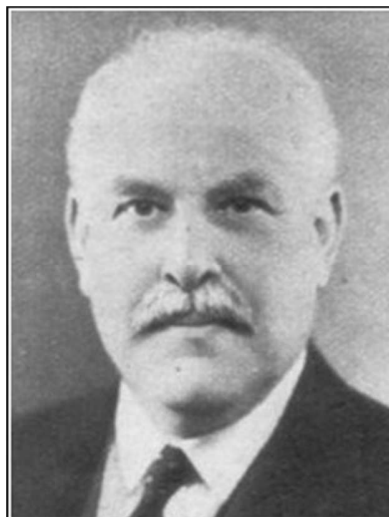
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It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities.

— Josiah Stamp —

AZ QUOTES