Monthly Financial Sector Bulletin

Issue No. 53, January 2018: International Re-engagement Agenda Back On Track



COVER PICTURE: International Monetary Fund (IMF) Managing Director Christine Lagarde meets with President Emmerson Dambudzo Mnangagwa on January 25, 2018 on the sidelines of the World Economic Forum (WEF) in Davos. "Madame Lagarde welcomed President Mnangagwa's commitment to stabilizing the Zimbabwean economy and working towards normalizing the country's engagement with the international community. She reiterated the IMF's commitment to continue to support Zimbabwe as it addresses its economic challenges," said the IMF Communications Department in a press statement. Also in the picture is Finance and Economic Planning Minister Patrick Chinamasa. As the first major global economic conference Mnangagwa attended as President, the WEF was seen as an opportunity for him to present Zimbabwe's investment case to the world while rebuilding Zimbabwe's battered and bruised international image. More importantly, the Davos invitation was seen as a sign that the West is slowly warming up to Harare's new administration.









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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 STA	TISTICS AT A GLANCE		
	l 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%; 20	16 - 0.7%)	
Original Budget for 2017 U\$4.1 billion			
2016 Weighted Manufacturing Sector Capacity Utilisation 47.4 %(2015 - 34.3%) (2014 - 36.5%) (2013 – 36.1%)		3 – 36.1%)	
Trade Deficit for as at November 2017 US\$1.457bn (Exports – \$3.476bn; Imports – \$4.933 bn)		- \$4.933 bn)	
Zimbabwe's Foreign Direct Investment (FDI) – 2016 US\$319 million (US\$421m in 2015) (US\$545m in 2014)		5m in 2014)	
Statutory Ratios			
Formula Ratio			
Minimum Capital Adequacy Ratio:(Total Qualifying Capital/To	tal Risk Weighted Assets) x 100	12%	
Minimum Liquidity Ratio:(Total Liquid Assets/Total Liabilities t	to the Public) x 100	30%	
Deposits, Loans a	and Lending Ratios		
Total Banking Sector Deposits (31 December 2017) US\$8.48 billion (US\$6.51 billion – 31 December 2016)		nber 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)		illion)	

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

Editorial Comment

Product Innovation & Channel Development: Market Cools Off After Festive Season Hype

otal product development and promotion initiatives came off from seven (7) in December 2017 to three (3) in January 2018 as the market cooled off after the festive season hype. The three products launched during the month were EcoSure's motor vehicle insurance offering, CABS' consumer credit offering called FlexiCredit and Steward Bank's ground breaking Point of Sale offering called Kwenga. While product launches increased from one (1) to three (3), product promotions disappeared altogether. Channel development increased by 150% from two (2) in December 2017 to five (5) in January 2018 on the back of branch-related activity attributed to CABS and Standard Chartered Bank. Untu Capital's strategic partnership with EcoCash for the purpose of selling tradable bonds was a pioneering initiative that enabled the public to participate in an interest-bearing, debt-raising instrument using their phones to pay for the bonds.

Executive Management/Board Changes: New Broom at Revenue Agency

The appointment of Faith Mazani as the new ZIMRA Commissioner brings to an end a controversial chapter at the revenue agency marred by allegations of corporate governance irregularities that culminated in the departure of the previous Commissioner. Mazani appears to have the necessary local, regional and international experience as well as the requisite level of appropriate education, so brings a fair amount of goodwill to the revenue authority. She is expected to infuse ZIMRA with international best practice, particularly given her exposure to the International Monetary Fund. MFSB congratulates Government for what on paper is a good recruitment. Now the hard work begins for Faith.

Rebranding & Strategic Realignment Initiatives: Rebranding of MBCA Bank Imminent

The imminent change of name of MBCA Bank Limited to Nedbank of Zimbabwe, for which a notice was flighted during the month, is expected to change the game in Zimbabwe's financial markets as the Nedbank Group brings its full might to the local market in support of its storied brand. It would appear that the South African banking group has been emboldened by the advent of the new dispensation which has infused the country with a renewed sense of hope.

External Financing: Offshore Lenders Sit on Fences

As bilateral and multilateral lenders sat on fences waiting for more substantive political developments in Zimbabwe before committing to lending relationships, development partners came to the party. The Global Fund, the African Development Bank, the European Union and Russia availed grants for various causes such as fighting HIV, Tuberculosis and Malaria; developing turnaround strategies for State enterprises and Parastatals; improving justice delivery and strengthening the rule of law as well as implementing the country's Low Emission Development Strategy.

Capital Markets Developments: Untu Capital Breaks New Ground

The listing of Untu Capital's medium term note on the Financial Securities Exchange (Finsec) on 29 January 2018 was a significant milestone on the local capital markets, mainly for three reasons. This was the first time a corporate was raising money on a recognized stock exchange by floating a bond where investors could subscribe by using mobile and online gadgets and paying using mobile wallets. And this is not even an initiative by a mainstream financial institution but a microfinance institution - a non-deposit taking one for that matter. Another reason why this is an outstanding initiative is that it was a tremendous fundraising success, with the company not only raising the targeted amount of US\$1 million but actually having the luxury of refunding investors as a result of a 72.545% oversubscription. As a result of this oversubscription, the Directors resolved to allot the Notes as follows: The first US\$5 000 allotted in full plus 56.74% of remaining balance applied for. This became the third fixed income instrument to be listed on the local securities market after the listing of the Getbucks bond on the Zimbabwe Stock Exchange and the IDBZ bonds which were listed on Finsec in 2017. The listing of Untu's retail bond means that it is a liquid investment which can be traded publicly, making it an attractive investment proposition.

Fiscal, Public Debt & Investment Issues: World Bank Trims Zim's Growth Projection

One of the standout developments of the month was the World Bank's trimming down of Zimbabwe's 2018 growth projection to 0.9 percent from the 1.8 percent that it had projected in June 2017, a figure which is below the Sub-Saharan African average of 3.2 percent. Coming as it does at a time Finance and Economic Development Minister Patrick Chinamasa had just announced that the country's GDP was expected to grow by 4.5% in 2018 on the back of

positive economic sentiment attributed to the new administration's new policy direction, this amounted to some kind of damper. The World Bank's downgrading of Zimbabwe's growth prospects was corroborated by the Zimbabwe Commercial Farmers Union (ZCFU) which revised its projected agriculture growth rate to 8 percent from 15.7 percent on the back of anticipated negative impact of the late onset of the rainy season.

Troubled Institutions Resolutions Initiatives: Slim Chances for Long-suffering Depositors

The Deposit Protection Corporation's revelation that six banks namely Allied Bank, Interfin Banking Corporation, Royal, Trust Bank, Genesis Investment Bank and AfrAsia Bank had failed to pay the bulk of their creditors given liabilities of US\$284 million which outweighed assets of US\$93.4 million, underlines the slim chances that long-suffering depositors have of recovering their money. Little wonder then that the Deposit Protection Corporation is going for the banks' directors in order to recover what little they can.

Policy/Regulatory /Legal Developments: Improving the Doing Business Environment

As the new government set out to improve the doing business environment in order to attract both domestic and foreign direct investment, a number of policy and regulatory initiatives were introduced during the month under review. These included President Emmerson Mnangagwa launching the national investment policy statement that outlines the guidelines for investing in and harnessing opportunities in Zimbabwe; Government directing banks not to levy 5 percent tax on all transactions below \$10 as a way of promoting financial inclusion; and Government directing that all remaining white commercial farmers be issued with 99-year leases, a marked policy shift from the previous arrangement where they could only get five-year leases. Meanwhile, the Zimbabwe Republic Police (ZRP)'s claim that it was finding it difficult to bring cash vendors to book because there was need for an officer of the law to witness an illegal transaction before effecting an arrest simply does not wash and is seen as signifying government's lack of political will to deal with menace, from which government reportedly benefits from time to time.

Customer Service, Public Relations Management & Networking Initiatives: Outlining Zim's Investment Case

President Emmerson Mnangagwa's attendance of the 48th edition of The Davos World Economic Forum (WEF), which ran from January 23 to 26, 2018 under the theme "Creating a Shared Future in a Fractured World," was certainly one of the key highlights of the month. The event presented a platform for the country to present itself to the world and outline the investment opportunities available to foreign investors. Mnangagwa also had the opportunity to meet the heads of three multilateral financial institutions on 25 January 2018 and argue Zimbabwe's case - IMF managing director Christine Lagarde, World Bank chief executive officer Kristalina Georgieva and African Development Bank President Dr Akinwuntan Adesina. Back home, the Davos trip was so topical that one daily newspaper even had a headline on Mnangagwa on almost all the days of the week.

Currency, Pricing and Liquidity Perspectives: Issue of Local Currency Refuses to Go Away

The issue of a local currency refused to go away, an indication of how ingrained it has become in the economic fabric of the country and the psyche of Zimbabweans. During the month under review, it came up again, courtesy of statements on bond notes attributed to the Ministry of Finance and Economic Planning. Pursuant to the Deputy Minister's statement that bond notes were no longer tenable, Finance Minister Patrick Chinamasa was forced to issue a rejoinder confirming that bond notes would remain in circulation until Zimbabwe introduced its own currency, a development that could only come to pass once the country addressed issues of the budget deficit; export performance and built adequate foreign currency reserves to last at least three months. Meanwhile, leading economic expert and government advisor Professor Ashok Chakravarti suggested that a new local currency could be issued within the next six to twelve months on the back of US\$1 billion diaspora bond. "I believe it is possible for us to actually come forward or release a diaspora bond of \$1 billion. This diaspora bond can back the introduction of a new Zimbabwe dollar equal to \$1 billion. You take money that comes from the diaspora bond, you do not keep it in Zimbabwe but hire an international investment bank to hold those monies. It can be any bank that comes with the best proposal. It will not cost us anything because the bank will take that billion dollars and invest it on the international market and the interest will be paid to those who will have invested in the bond," Professor Chakravarti told legislators at a post 2018 national budget meeting. Well and good. But if no foreign currency comes into Zimbabwe from the proposed bond, pressure on the local currency would continue to exist due to demand for foreign currency but we guess Chakravarti's argument is that reduced reliance on the USD for domestic transactions would have the positive impact of freeing up more foreign currency resources for cross-border transactions.



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PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- EcoSure launched iDriveSure, which it touted as "a bundle of insurance convenience" in partnership with the Zimbabwe National Road Authority (ZINARA), ZBC, Connected Car, TIB Insurance Brokers and Steward Bank. "Renew your vehicle licence and keep moving. Enjoy round the clock protection with iDriveSure when you renew your vehicle insurance, ZINARA and ZBC license on time at any Econet shop, Steward Bank branch or agent easily. Insure your motor vehicle & enjoy a bundle of benefits:
 - iDriveSure motor vehicle insurance, ZINARA and ZBC licensing available at any Econet Shop, Steward Bank branch or Agent.
 - Pay your iDriveSure motor vehicle insurance using EcoCash, Cash or ZimSwitch debit card
 - iDriveSure caters for everyone, not matter who your regular insurer is," said Econet's insurance arm.

Vehicle Cover Package	Benefits
Third Party Cover	Free Airtime
Comprehensive Standard	Free Airtime & Roadside Assistance
Comprehensive Plus	Free Airtime, Roadside Assistance & Vehicle Tracking

- CABS, a member of the Old Mutual Group, introduced FlexiCredit, which is essentially consumer credit based on the borrower's salary. "Get fast, flexible credit based on your salary. With a once off application process, competitive repayment terms, FlexiCredit gives you that extra money when you really need it. To find out more visit a CABS Branch or email flexicredit@oldmutual.co.zw," said the mortgage lender.
- In late January 2018, Steward Bank launched Kwenga, a mobile payment system which allows informal traders and small to medium enterprises to accept small transactions and was introduced to help them embrace plastic money. The facility, which makes possible transactions even lower than 5 cents, accommodates informal traders such as barbers, vegetable vendors and other people whose costs can be lower than \$1. Steward Bank chief executive officer Lance Mambondiani said the idea revolutionized the way point of sale transactions are handled in Zimbabwe. "Our philosophy has always been simple, we take innovative ideas and make them accessible to a mass market. We saw that the popularity of point of sale machines was being reneged by the cost of acquiring the machines which is around \$600. This suited large scale retailers and in a way alienated informal traders, so Kwenga comes as an inclusive solution with machines starting at \$35. We have been working with a lot of partners and this seeks to ensure that informal traders do not send people away on the basis of an incompatible payment method. This product is called Kwenga because it is the local colloquial for swiping," Mambondiani said. The system's key features include a sharing platform which allows multiple traders to use one machine. It also works in tandem with the EcoCash mobile money service. Merchants will no longer have to wait for the bank to process their money as the transactions are credited to their accounts.

PRODUCT PROMOTION INDEX (PPI)

■ The People's Own Savings Bank (POSB) announced the 100 December winners (50 daily minimum balance winners & 50 new e-channel transaction winners) of its Bank & Win on the Go Promotion. "We have Winners on the GO! Congratulations December Winners," said the savings bank, noting that the prize money of \$50 would be deposited directly into winners' accounts.

SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

	#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
	1	EcoSure	iDriveSure	Motor Vehicle Insurance	Insurance	Product Launch
	2	CABS	FlexiCredit	Consumer Credit	Banking	Product Launch
Ì	3	Steward Bank	Kwenga	Point of Sale Terminals	Banking	Product Launch

CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- Standard Chartered Bank announced the relocation of its Avondale branch in the first quarter of 2018. "We would like to advise our valued clients that our Standard Chartered Bank Avondale branch will be relocating from Avondale Shopping Centre along King George Road to 60 Bedford Road (at the corner of King George Road and Bedford Road) Avondale with effect from 15th January 2018. Pay us a visit and experience our new look and our world class standards. We encourage you to continue using our digital channels wherever possible and enhance your banking experience with us,' said the bank whose payoff line is "Here for good."
- EcoCash partnered Untu Capital, a local microfinance company to allow the public to participate in the purchase of tradable bonds, set to raise \$1 million in debt financing for start-ups and small businesses. EcoCash customers could purchase the bonds, issued by Untu Capital and called U-Gain via their mobile phones for as little as \$50. Announcing the service, EcoCash general manager Natalie Jabangwe said the U-Gain bond launched under their EcoCash I-nvesta bouquet of services represented a significant step in her organization's efforts to broaden public access to financial services. "We are proud to play the midwife role in pioneering the inclusion of the public much of it previously disenfranchised from formal financial services in participating in an interest-bearing, debtraising instrument such as U-Gain. Our customers will, over a 30-day period, be able to use their phones to buy U-Gain bonds that they will redeem after a 12-month period for a 9 percent interest, way above the interest depositors currently earn with most banks," said Jabangwe.
- The mobile money platform of Econet Wireless announced that all Zuva service stations now accepted EcoCash for purposes of paying for fuel at service stations.
- CABS, a member of the Old Mutual Group issued a notice in respect of the refurbishment of its 1st Street Branch. "We would like to advise that, CABS 1st Street Branch, Harare (Blue and Gold Class) will be closed with effect from 15 February 2018, as it will be undergoing refurbishments. The re-opening date will advised in due course. During this period, services will be offered from our Central Avenue and Park Street branches as well as other branches close to the city centre, such as Kelvin Corner, Southerton and Avondale. Due to the renovations, CABS First Street Branch ATMs will be out of service. We encourage you to utilize Old Mutual Green Zone ATMs located at Corner Jason Moyo and Sam Nujoma during the refurbishment period. For ease of banking, CABS Point of Sale Machines (POS) will be operational via Agents/Merchants in and around the city. If you require any further assistance, please call us on (04) 252861-9. We apologise sincerely for any inconvenience caused. Thank you for your support and valued banking relationship with CABS," said the bank, whole pay-off line is "We'll help you get there."
- CABS, a member of the Old Mutual Group issued a notice in respect of the refurbishment of its Mutare Branch. "We would like to advise that CABS Centre Mutare will be closed with effect from 19 February 2018, as it will be undergoing refurbishments. The re-opening date will be advised in due course. During this period, services will be offered from CABS CA House branch, 91 Herbert Chitepo Street. Due to the renovations, CABS Centre ATMs will be out of service. We encourage you to utilize CABS Point of Sale Machines (POS) via Agents/Merchants in and around Mutare. We apologise sincerely for any inconvenience caused. Thank you for your support and valued banking relationship with CABS," said the mortgage lender.

	SUMMARY:CHANNEL EXPANSION/RATIONALISATION ACTIVITY			
#	Institution Sector Type of Initiative Description			
1	Standard Chartered Bank	Banking	Branch Relocation	Relocation from Avondale to 60 Bedford Road
2	Untu Capital & EcoCash	Microfinance	Strategic Partnership	Mobile platform for selling retail bonds
3	EcoCash	Non-Bank/Telco	Agent Recruitment	All Zuva Service Stations
4	CABS	Banking	Branch Refurbishment	1st Street Branch Closure Effective 15 Feb 2018
5	CABS	Banking	Branch Refurbishment	Mutare Branch Closure Effective 19 Feb 2018

EXECUTIVE MANAGEMENT/BOARD CHANGES

The Zimbabwe Revenue Authority (ZIMRA) Board announced the appointment of Faith Mazani as the new ZIMRA Commissioner General with effect from 1st February 2018. "Mazani is a dynamic and highly experienced technology savvy tax professional with an illustrious career which started with the then Zimbabwe Department of Taxes in 1983. She joined ZIMRA at its inception and was one of its first Revenue Commissioners. Faith left ZIMRA in 2007 and worked briefly for Deloitte and Touché before joining the South African Revenue Services (SARS) as a Senior Manager. She also served as a Commissioner for the Swaziland Revenue Authority (SRA). She brings a wealth of experience from working with international tax and regional organisations. Faith re-joins ZIMRA from the International Monetary Fund (IMF) Regional Technical Assistance Centre (RTAC) where she served as a Tax Administration Expert/Advisor since 2014. She has a solid record of successes and proven performance in building effective teams, creating environments for learning and change, establishing right-sized organisations and in leading from, influencing and support tax administration assessment and technical assistance missions and reform projects. Faith holds a Bachelors' degree in Business Studies from the University of Zimbabwe, and a Master's degree in Economic, Public Policy and Taxation from the Yokohama National University in Japan," said ZIMRA in an announcement.

REBRANDING & STRATEGIC REALIGNMENT INITIATIVES

■ Nedbank flighted a notice of the change of name of MBCA Bank Limited. "Notice is hereby given; in terms of Section 25 of the Companies Act (Chapter 24:03), that application will be made from the date of publication of this notice (January 18, 2018) to the Registrar of Companies for his approval to the change of name of MBCA Bank Limited to Nedbank Zimbabwe Limited Company number 525/1956," reads the notice.

CORPORATE ACTIONS

- ZB Financial Holdings issued a fourth cautionary announcement concerning a material transaction it was engaged in. "Further to the Cautionary Statements issued by the Board on 15 November 2017, 7 December 2017 and 29 December 2017, 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 and members of the public are advised to exercise caution 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 19 January 2018.
- CBZ Holdings Limited issued a ninth cautionary statement dated 26 January 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 and 28 December 2017, 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

The Global Fund to fight HIV, Tuberculosis and Malaria, on 17 January 2018 availed a \$502 million grant to the Government of Zimbabwe towards HIV, Tuberculosis (TB) and Malaria, to run for three years. Out of the total funding envelope, \$426 million would focus on ensuring universal access to HIV prevention, treatment, care and support services. This would include specific focus on eliminating mother-to-child HIV transmission and ensuring prevention programmes are serving adolescents and youths and key populations mostly at risk of HIV. Speaking at the official signing ceremony of the grant in Harare, on 17 January 2018, Health and Child Care Minister Dr. David

Parirenyatwa applauded the Global Fund for its continued support. "We are indeed grateful to The Global Fund for allocating the amount to our country. Over the years The Global Fund has increased its support to become the largest donor partner in the entire health sector in Zimbabwe. This is very commendable," said Dr. Parirenyatwa.

- The Bankers Association of Zimbabwe (BAZ) said the loss of long standing correspondent banking relationships with leading global banks was beginning to pose significant risks to the country's efforts to finance international trade. In a presentation at the Centre for Risk Analysis and Insurance Research breakfast meeting held on 17 January 2018, BAZ representative and ZB Financial Holdings chief executive officer Ron Mutandagayi said international banks were de-risking on correspondent banking relationships with local banks and this was posing a significant risk to access foreign lines of credit. By July 2017, the country had lost at least 50 foreign correspondent banking relationships since 2008 because of compliance issues and sanctions. At the time, Reserve Bank of Zimbabwe governor Dr. John Mangudya said the country had only three correspondent banks facilitating foreign currency exchange and payments. "There is need to strengthen re-engagement initiatives and processes with multi-lateral financial institutions and cooperating partners and minimise the continuation of de-risking, reduce country risk and improve financial relations," said Mutandagayi.
- The African Development Bank (AfDB) gave government a grant to start restructuring Agribank, the Infrastructure Development Bank of Zimbabwe and the Small to Medium Enterprises Development Corporation as part of government's efforts to undertake performance reviews and develop turnaround strategies for State enterprises and Parastatals. AfDB said the main objective of the assignment was to undertake a detailed assessment of State enterprises governance and technical operating systems, processes and procedures in order to determine the possible quantified and time framed interventions by government. The regional lender said the grant was meant: "To improve on the State enterprise's performance in order for them to deliver on their respective mandates, vision and objectives in the most economic, efficient and effective way for realisation of national socio-economic objectives."
- The Zimbabwe Power Company (ZPC) secured \$116 million from regional financial institutions to go towards its equity contribution for the expansion of Hwange Thermal Power Station. ZPC's equity contribution was one of the major conditions that were stalling the financial closure of the \$1.1 billion project to be carried out by a Chinese company, Sino Hydro. ZPC signed a contract with Sino Hydro to expand Zimbabwe's largest power plant by an additional 600 megawatts, from the current 920MW as part of the country's efforts to increase power generation and reduce imports. Under the project, the power generating subsidiary of ZESA Holdings has a contractual obligation to raise \$314 million to cover project development costs and it was understood that the \$116 million, enough to kick start the project, was reportedly secured from Standard Bank of South Africa (\$40 million) and Afreximbank (\$76 million). The remaining amount would be released according to project requirements. ZPC acting managing director Engineer Josh Chirukuutsi, said the firm had cleared all outstanding issues. "ZPC has fulfilled all the conditions precedent for financial closure and we are now expecting the first draw-down for the loan. It's all done and we are only left with processes of disbursement but by the end of the month, we should be able to draw down from our bank. The amount is a lot but it is going to be released as per project requirements. That is how it is structured," Chirukuutsi continued. ZESA Holdings chief executive Engineer Josh Chifamba, weighed in: "Before disbursements are done, there are conditions that should be met. All those conditions precedent have been met. What we are now waiting for is disbursement from where we are getting our money otherwise all the prior outstanding issues have been cleared. We are waiting for the bureaucracy of the banks and after that we will be moving to the ground breaking ceremony, which will be done by the highest office in the country," Chifamba said.
- The European Union (EU) injected \$17 million into Zimbabwe's justice system, in a move meant to improve justice delivery and strengthen the rule of law. The funds will be spread across stakeholders in the justice sector such as the Judicial Service Commission (JSC), Law Society of Zimbabwe (LSZ), Legal Resources Foundation (LRF), the Ministry of Justice, Legal and Parliamentary Affairs and the Chief's Council. Addressing justice stakeholders at the launch of the Zimbabwe Justice Sector Programme in Harare on 30 January 2018, EU Ambassador to Zimbabwe, Phillippe Van Damme said the EU had put in Euros 14 million, which translated to \$17 million. "In total, the value of the support to the justice and rule of law sector under this new programme comes to Euro 14 million, roughly \$17 million. The projects we launch today are starting at an opportune time. The ongoing political transition

presents a hopefully favourable environment for intensifying justice sector reforms. His Excellency, President Emmerson Mnangagwa, in his inaugural address and in his State of the Nation Address underscored the need for accountability to the people and for delivering services impartially, equitably and without bias," said van Damme.

Russia availed \$1 million to Zimbabwe to assist the country implement its Low Emission Development Strategy in line with international gas emission standards. The funding will also be used to facilitate partnerships with investors and companies, including Russian business actors and academic institutions, in order to foster collaboration and technological exchange for low emission development. The three-year project will be implemented by the United Nations Development Programme in partnership with the Ministry of Environment, Water and Climate. In a speech read on her behalf by Climate Change Management Department director Washington Zhakata at a post Conference of Parties (23rd Edition) stakeholder meeting in Harare on 30 January 2018, Environment, Water and Climate permanent secretary Ambassador Grace Mutandiro said the new project was aimed at supporting Zimbabwe in implementing its Nationally Determined Contributions under the Paris Agreement on Climate Change. "The project aims to fulfil part of Zimbabwe's obligations under the Paris Agreement by developing the country's Low Emission Development Strategy document based on future scenario greenhouse gas modelling, stakeholder consultations and policy analysis," said Mutandiro.

CAPITAL MARKET DEVELOPMENTS

- The Zimbabwe Stock Exchange (ZSE) introduced the All Share Index, which will show the changing average value of share prices of all companies on the market and will be a more efficient measure of how the same market will be performing. The All Share Index became effective on January 1, 2018 and will now represent the benchmark from the same date. The ZSE also introduced the Top Ten index which will measure the performance of the top ten heavyweight counters. Both new entrants, ZSE All Share and ZSE Top 10 closed on 2 January 2018 in the negative after falling 2.15 percent to 97.85 and 2.96 percent to 97.04 respectively.
- The Zimbabwe Stock Exchange issued a statement on the suspension from trading of CFI Holdings Limited with effect from 2 January 2018. "The Zimbabwe Stock Exchange (ZSE) hereby notifies the investing public of the suspension from trading in shares of CFI Holdings Limited for a period of three (3) months with effect from 2 January 2018 to allow the company to comply with the following continuing obligation: Compliance with free float requirements as per Section 4 paragraph 4.25 (d) of the Listing Requirements; and In addition to the above, the company has also been requested to address the following governance related matters:
 - Appointment of a substantive Board Chairman, Chief Executive Officer and Finance Director; and
 - Appointment of Independent Non-Executive Directors who are affiliated or have any association with any of the company's shareholders.

ZSE sought and was granted permission to suspend trading in CFI Holdings Limited's shares by the Securities and Exchange Commission of Zimbabwe pursuant to the provisions of Section 64(a) (ii) of the Securities and Exchange Act [Cap 24:25]. In terms of Section 1 paragraph 1.8 of the ZSE Listings Requirements, the company should continue to discharge its obligation to the shareholders and the Zimbabwe Stock Exchange during the suspension," said Acting Chief Executive Officer Martin Matanda.

The Zimbabwe Stock Exchange (ZSE) extended the losing streak which began towards the end of 2017 as the market started to undergo correction following a year-long rally that inflated stock prices. 2017's bull run was halted by the November end of former President Robert Mugabe's 37 year-rule, widely blamed for the country's poor economic performance, characterised by inflation and sluggish growth. The 2017 market rally was largely attributed to inflation fears, which saw investors seeking refuge in equities following the introduction, in November 2016, of a parallel local currency, the bond note. The currency stoked fears of the return of a local currency and memories of the Zimbabwe dollar's decimation by hyperinflation, which peaked at 500 billion percent, according to IMF figures. The All Share index, had shed 6.76 percent since the beginning of the year to close the 17th of January 2018 at 96.94 points. The Industrial index has dropped 3.89 percent during the year so far to settle yesterday at 311.37 points.

Untu Capital Limited published results of Tranche 1 of its Notes Issue. "The Untu Capital Limited Note Issuance for Tranche 1 ISIN Number ZW FSE 0000201 opened on 04 December 2017 and closed on 26 January 2018. This Notes Issuance is for US\$1 million with a tenure of 12 months and fixed interest rate of 9% per annum. We are pleased to announce that the Notes Issuance was a tremendous success and the company raised the target amount. The results of the offer were as follows:

Amount of Notes on Offer	US\$1 000 000
Total Subscription Received	US\$1 725 450
Oversubscription	72.545%

As a result of the oversubscription, the Directors have resolved allot the Notes as follows: The first US\$5 000 allotted in full plus 56.74% of remaining balance applied for. Refunds will be transferred into the bank accounts of the subscribers through Real Tie Gross Settlement (RTGS) on or about 30 January 2018. The Notes are scheduled to be listed on the Fixed Income Board of the Financial Securities Exchange (Finsec) on 29 January 2018. The Listing Date is also the Interest Commencement Date. The Fixed Interest Payment Dates are 28 July 2018 and 28 January 2019 respectively. The Maturity Date of the Notes is 28 January 2019," said company secretary Marko Mahuni.

- On 29 January 2018 Untu Capital listed its medium term note on the Financial Securities Exchange (Finsec) after announcing a 72 percent over-subscription of its initial public offer. This became the third fixed income instrument to be listed on the local securities market after the listing of Getbucks bond on the Zimbabwe Stock Exchange (ZSE) and IDBZ bonds which listed on Finsec in 2017. Untu's first tranche note issuance opened on December 4, 2017 and closed on January 26, 2018 targeting to raise \$1 million with a tenure of 12 months and a fixed rate of 9 percent per annum. Total subscriptions received amounted to \$1.725 million, representing an over-subscription rate of 72 percent. Overall, the firm wants to raise \$5 million with the capital raise being done in three tranches. "Untu Capital has become the first corporate to raise money on a recognized stock exchange by floating a bond where investors can subscribe by using mobile and online gadgets and paying using mobile wallets," said Finsec.
- On 30 January 2018, Untu Capital Limited published the applicable pricing supplement for tranche 2 of its US\$5 million medium term note programme. The US\$2 million public offer, whose proceeds were intended to be used to underwrite new business, opened on 31 January 2018 and was set to close on 28 February 2018 while the notes were set to be listed on the Financial Securities Exchange on 6 March 2018.
- Foreign buyers made a comeback on the Zimbabwe Stock Exchange (ZSE), buying shares worth \$30 million over two months after nearly two years of selloffs, as investor confidence returned to the local bourse. Between December 2017 and January 2018, foreign buys amounting to \$29.5 million were recorded on the local bourse, compared to sales worth \$12.9 million, resulting in net cash inflows amounting to \$16.7 million. Foreign investors started offloading their holdings as far back as 2015, with the selloff more pronounced upon the introduction of the surrogate bond note currency in November 2016. "Yes, it's true that foreigners moved from a net selling position to net buyers after the inauguration of President Emmerson Mnangagwa, which partly speaks to some degree of confidence from foreign investors in the new dispensation. However, trades are mainly concentrated on companies like Old Mutual and PPC because of their fungibility status and in Delta because foreigners perceived that the company is seen as being well poised for growth," said an analyst with a leading brokerage firm.

FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

The World Bank trimmed down Zimbabwe's 2018 growth projection to 0.9 percent from the 1.8 percent that it projected in June 2017, which is below the Sub-Saharan African average of 3.2 percent. According to the Global Economic Prospects report that was released by the Bank on 10 January 2018 under the theme "Broad-based Upturn, but for how long", South Africa is projected to grow by 1.1 percent in 2018, Nigeria 2,5 percent and Angola 1.6 percent. The Bank seems to be bearish about the country's medium-term growth, with 2019 growth further revised downwards to 0.2 percent from 1.7 percent. However, the country's 2017 growth estimate was revised upwards from 2.3 percent to 2.8 percent.

- Government lost an estimated \$20 million in revenue from commercial cargo entering the country through the Beitbridge Border Post due to the collapse of the Zimbabwe Revenue Authority's (ZIMRA) Automated System for Customs Data (Asycuda). This was revealed by the Finance and Economic Planning Deputy Minister Terrence Mukupe after a surprise visit to Beitbridge Border Post on 21 January 2018. Mukupe spent eight hours assessing operational procedures on commercial and private imports and exports. He said the breakdown of Asycuda since 18 December 2018 resulted in a total collapse of operational systems at Beitbridge. "There is potential that we could have lost a lot of revenue and this is continuing due to the status quo. My own estimation is that we could have lost at least \$20 million since the Asycuda system broke down. We will have to carry out a forensic audit because the amount might actually be higher than that," said Mukupe.
- Secretary for Finance and Economic Development, W.L. Manungo issued a Press Statement on 22 January 2018 concerning the reduction of excise duty on fuel. "The Minister of Finance and Economic Development, Patrick Chinamasa, has in terms of section 225 of the Customs and Excise Act [Chapter 23:02], reduced Excise Duty on fuel with effect from 23 January 2018. The reduction in Excise Duty on petrol, diesel and paraffin is as follows:

Description of Goods	Previous Duty Rate of Duty	New Rate of Duty	Reduction
Petrol	US\$0.45/litre	US\$0.385/litre	US\$0.065/litre
Diesel	US\$0.40/litre	US\$0.33/litre	US\$0.07/litre
Paraffin	US\$0.40/litre	US\$0.33/litre	US\$0.07/litre

The reduction in Excise Duty will have the impact of reducing fuel prices. This will also have the effect of reducing the impact of fuel costs in the economy's overall production cost structures across all sectors," said Manungo.

- Government ordered players in the petroleum industry to reduce fuel prices with immediate effect to \$1.35 per litre for petrol, \$1.23 per litre for diesel and \$1.17 for paraffin following the earlier reduction in excise duty announced on 22 January 2018. Energy and Power Development Minister Simon Khaya Moyo said on 23 January 2018 that he expected maximum cooperation from players in the petroleum industry. "After necessary consultation and in terms of Section 225 of the Customs and Excise Act: Chapter 23:02, the Minister of Finance and Economic Development (Patrick Chinamasa) has reduced excise duty on fuel with effect from 23 January 2018. The excise duty on petrol has been reduced from 0.5 cents to 0.385 cents per litre, while that on diesel and paraffin has been reduced from 0.4 (cents) to 0.33 (cents) per litre. In relation to the allowable maximum pump prices that should be observed by all traders, this means that the fuel prices announced this week by the Zimbabwe Energy Regulatory Authority of \$1.40 per litre of petrol, \$1.30 of diesel and \$1.24 per litre of paraffin will now come down to \$1.35 per litre for petrol, \$1.23 per litre for diesel and \$1.17 paraffin with immediate effect," Moyo said.
- Government gazetted the Zimbabwe Iron and Steel Company (Debt Assumption) Bill, H.B. 2, 2018 to take over about \$500 million owed to both domestic and external debtors. The Bill was published by Clerk of Parliament Kennedy Chokuda under General Notice 117 in an Extraordinary Government Gazette published on January 19, 2018. The parastatal owes \$494 817 324 to both domestic and external creditors. A schedule of the Bill Indicates the company owes \$211 912 400 in external loans, \$6 095 620 to external suppliers, while \$219 113 219 is owed to domestic suppliers, utilities and statutory obligations and \$57 696 085 in domestic loans. Clause 3 of the Bill shows the debts consist of liabilities incurred by ZISCO before January 1, 2017, those validated and reconciled by the Debt Management Office and liabilities arising out of a Government guarantee or undertaking. Clause 5 of Bill says the Debt Management Office, when validating and reconciling claims, will require copies of the loan agreement or contract, other documents supporting the claim that include shipment schedules showing commodities supplied, quantity and price, initial balance, disbursements made, payments effected and the dates and principal amount of claim and interest, ZISCO stopped operations in 2008, making redundant over 5000 employees redundant.
- The Zimbabwe Commercial Farmers Union (ZCFU) revised its projected agriculture growth rate to 8 percent from 15.7 percent on the back of anticipated negative impact of the late onset of the rainy season. ZCFU said the late start to the 2017/18 rainy season had affected the crop situation across the country hence the agriculture sector would not achieve initially projected growth and performance. In his 2018 National Budget Finance and Economic

Planning Minister Patrick Chinamasa projected agriculture to grow by 15.7 percent in 2017, on the back of coordinated Government interventions and private sector initiatives. "Projected agriculture sector growth at 15.7 percent – before the dry conditions – revised to 8 percent on backdrop of wilting crops," said ZCFU president Wonder Chabikwa in a presentation at the Confederation of Zimbabwe Industries (CZI) 2018 economic outlook symposium held on 30 January 2018. Overall, the economy is projected to grow by 4.5 percent.

TROUBLED INSTITUTIONS RESOLUTION INITIATIVES

Deposit Protection Corporation (DPC) Chief Executive Officer John Chikura revealed that six banks namely Allied Bank, Interfin Banking Corporation, Royal, Trust Bank, Genesis Investment Bank and AfrAsia Bank had failed to pay the bulk of their creditors given that their liabilities of US\$284 million outweighed their assets worth US\$93.4 million. "The biggest problem is the liabilities are greater than the assets. That is why DPC has sued the directors of the banks because they have depositors' funds and we must recover all of it," he said. This net liability of over \$190 million meant that depositors had very slim chances of recovering their money from the affected banks.

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- The Zimbabwe Republic Police (ZRP) said it was finding it difficult to bring cash vendors to book because there was need for an officer of the law to witness an illegal transaction before effecting an arrest. In 2017, Government, through the promulgation of Statutory Instrument 122A of 2017 (Exchange Control (Amendment) Regulations 2017 (No. 5)), criminalised cash vending without permission from the exchange control authority and empowered police to arrest money peddlers and seize whatever currency involved. Government believes that illegal cash trading is fueling arbitrary price hikes and rent-seeking behaviour. Police national chief spokesperson Senior Assistant Commissioner Charity Charamba said the ZRP and the Harare City Council were conducting joint operations to bring sanity to the city. She, however, noted that cash vendors had remained elusive. "We, as the ZRP have deployed officers in the streets to curtail the 'mushika-shika', street vendors and illegal forex traders as our main priority. However, it has been difficult to arrest cash vendors as it requires an officer of law to witness the culprits exchanging money." she said. The police spokeswoman also noted that it was not an offence to hold cash.
- President Emmerson Mnangagwa on 18 January 2018 launched the national investment policy statement that outlines the guidelines for investing in and harnessing opportunities in Zimbabwe. The President launched the guidelines, titled Investment Guidelines and Opportunities in Zimbabwe, at a preparatory meeting for the World Economic Forum meeting held in Davos, Switzerland, from 23 to 26 January 2018. The preparatory meeting was organised by the Zimbabwe Business Club.
- The Ministry of Finance and Economic Development issued a press statement on 17 January 2018 dismissing speculation about de-dollarisation. "We refer to the article by Sunday Mail on 14 January 2018 purporting that Government is phasing out Bond Notes. Let me reiterate the fact that Government has no plans to phase out Bond Notes. As has been repeatedly advised by Government, the economic fundamentals are not yet appropriate or ideal for the transition from the use of the multiple currency system that is supported by the surrogate currency in the form of bond notes. The Government is quite aware that the most important economic fundamentals that the country would need to achieve before de-dollarisation begins are foreign exchange reserves sufficient to cover at least 3 months of imports, sustainable economic growth path and reducing fiscal deficit to sustainable levels. Government is placing a lot of emphasis on these economic fundamentals including enhancing consumer and business confidence under the New Economic Order to ensure that the needed economic fundamentals are met in the medium term," Minster of Finance and Economic Development, Patrick Chinamasa.
- Government, with immediate effect, directed banks not to levy 5 percent tax on all transactions below \$10 as a way of promoting financial inclusion. This came as Government moved to provide safety nets to cushion vulnerable people and allow them to transact freely. Accordingly, banks heeded Government's call to remove the \$0.05 tax on transactions below \$10. In a gazette Government said: "The Amendment of section 22B of Chap 23:04, 'automated financial transactions tax' of the Finance Act [Chapter 23:04] is amended by the deletion of "for each transaction on which the tax is payable" and the substitution of "for each transaction exceeding Ten United States

dollars on which the tax is payable. Section 22G (Intermediated money transfer tax) of the Finance Act [Chapter 23:04] is amended by the deletion of "for each transaction on which the tax is payable and the transaction is exceeding Ten United States dollars on which the tax is payable." Meanwhile, the Reserve Bank of Zimbabwe (RBZ) slashed bank cash withdrawal charges following an outcry from members of the public. The new charges were put at 1 percent of an amount withdrawn at an Automated Teller Machine (ATM) and 1.25 percent for withdrawals over the counter.

Government directed that all remaining white commercial farmers be issued with 99-year leases, a marked policy shift from the previous arrangement where they could only get five-year leases. The directive was in line with President Emmerson Mnangagwa's policy position as enunciated in his inauguration address on November 24, 2017, when he called for the restoration of confidence in the agriculture sector. In a recent statement to eight acting provincial resettlement officers, the Ministry of Lands, Agriculture and Rural Resettlement said all remaining white commercial farmers should be issued with the 99-year leases with immediate effect. "Please be informed that the Minister of Lands, Agriculture and Rural Resettlement has directed that all remaining white commercial farmers be issued 99-year leases instead of the five-year leases as per the previous arrangement," read the statement. Commercial Farmers Union (CFU) director Ben Gilpin said there were approximately 200 white commercial farmers still farming countrywide.

PUBLIC TENDER INVITATIONS/RESULTS, EOI & RFPs

- Twinstock Capital (Pvt) Limited, a registered microfinancier, issued an invitation to tender for corporate branding and promotion services under Tender Number EBI/2018. "Tenders are invited from corporate branding and marketing agencies for the provision of corporate branding and promotional services for a deposit-taking microfinance institution with a focus on nurturing indigenous business entrepreneurs so as to mainstream them into the broader Zimbabwean economy. The services include the creation of a number of logos that clearly talk to and address the aspirations of the target market namely, the youth and other special interest groups such as people living with disability and other marginalized Zimbabweans. The pay-off message must clearly communicate the following: What empowerment really means; what is needed to ensure growth and sustainability in whatever the youth do; the type of growth support that the MFI will provide to the target clientele; i.e. the economic empowerment support that enables the empowered to have an unquestionable conduct and sustainable future. For guidance, the mission of the MFI is to increase financial inclusion in the country by providing efficient, innovative, quality and affordable financial services to individuals, microenterprises and communities. Tenders must be submitted in sealed envelopes to: Managing Director, Twinstock Capital (Pvt) Limited, 60 West Road, Strathaven, Harare," said the MFI, adding that the closing date for submission was 12 January 2018 by 12:30 pm.
- UNICEF issued a Request for Expression of Interest regarding an institutional contract for the engagement of contractor(s) for a digital payment services project. "The UNICEF Zimbabwe Country Office is seeking Expression of Interest (EOI) to pre-qualify suitable firms that will be invited to submit proposals to enter into an institutional contract to offer digital or electronic payments services to village health workers (VHWs) in 30 districts of Zimbabwe. The specific Terms of Reference for the required services will be described in detail in the relevant RFP(s) when issued. Currently, VHWs are receiving their payments through the Ministry of Health and Child Care (MOHCC) as cash in most of the districts. However, with the current liquidity crisis being faced, the ability to access cash at districts level has become a challenge resulting in the payment chain currently experiencing significant delays of up to 5 to 6 months in most of the provinces to get the money to the VHW. This situation profoundly affects door to door service delivery by VHWs as motivation of these cadres is crucial for improved service delivery at the community level," said UNICEF. In terms of the Scope of the Assignment the contracted firm(s) was expected to provide the following services:
 - An efficient delivery mechanism which delivers the correct amount of e-payments or electronic transfers to the right beneficiaries in every quarterly payment
 - > Payments to beneficiaries in a manner such that they do not have to travel excessively long distances (incur significant transportation costs) to collect their e-payment or electronic transfer
 - Guaranteed, regular and timely deliveries to beneficiaries (herein VHWs)
 - > A simple e-payment or electronic transfer system that is sensitive to people in remote settings

> E-payment or electronic transfer at a minimum cost

The institutional contractor was expected to be able to offer both e-payment and alternative electronic transfer solutions with a view to transitioning over to 100% e-payment modality over a period of 9 months.

CUSTOMER SERVICE/PUBLIC RELATIONS MANAGEMENT & NETWORKING INITIATIVES

- International Monetary Fund (IMF) Managing Director Christine Lagarde met with President Emmerson Mnangagwa on January 25, 2018 on the sidelines of the World Economic Forum (WEF) in Davos. "Madame Lagarde welcomed President Mnangagwa's commitment to stabilizing the Zimbabwean economy and working towards normalizing the country's engagement with the international community. She reiterated the IMF's commitment to continue to support Zimbabwe as it addresses its economic challenges," said the IMF Communications Department in a press statement.
- ZB Bank managing director George Nheweyembwa issued a customer information update which was published on 29 January 2018. "To all ZB Bank customers, please be advised that you are required to urgently update all your customer information in line with regulatory requirements. The exercise will also enable us to provide enhanced service delivery and assist us in launching more value added products for your benefit. In this regard customers are advised to immediately visit their nearest ZB Bank branch with following requirements:

Individual customers

- National identification document, driver's licence or valid passport (where name has changed, provide supporting documents e.g. marriage certificate);
- Proof of residence (e.g. utility bill on own name that is not more than three months old);
- Two passport-size photos; and
- Contact details (e.g. mobile number, email address)

Companies

- Documents for individual directors as per individual customers as specified above and
- Company's own documents (e.g. Memorandum of Association, Certificate of Incorporation CR14, etc.

We urge customers to ensure that they have verified and updated their details with the Bank on or before 28 February 2018 to avoid any inconvenience to services. Thank you for your co-operation," said Nheweyembwa.

INDUSTRY AWARDS AND ACHIEVEMENTS

- The Insurance Journalists' awards ceremony was held on 11th of January 2018 at Cresta Lodge in Harare as the Insurance and Pension Commissions (IPEC) partnered with ZimSelector to sponsor these inaugural awards. The insurance journalists' awards are a culmination of a series of workshops under the Insurance Journalist Mentorship Programme that started in January 2017 to help financial journalists to report on insurance from an informed position, help increase awareness and to demystify insurance.
- Admore Kandlela, the Chief Executive Officer of the People's Own Savings Bank (POSB) received the Outstanding Public Sector Manager 2017 award at the Public Sector Management Awards (PSMA) 2017 hosted by Stallone Consultancy at Rainbow Towers Hotel on 19 January 2018.

DOMESTIC LENDING & FINANCING PERSPECTIVES

The country's mortgage lending rates are still too high, a scenario that is limiting the number of ordinary people who can access mortgage finance, Real Estate Institute of Zimbabwe (REIZ) president Mike Juru said. "The current mortgage lending rates of 12 percent per annum over a 10 to 15 year period on a United States dollar is quite steep compared to say South Africa, which attracts interest of around 10 percent over 25 years being charged on the Rand. That alone makes our repayments high. In other economies, it is possible for one to make a choice of

either purchasing a house through mortgage or rent property with repayments and rentals being in the same range. In a nutshell, the issues on mortgage finance hovers around the interest rates, the loan period or tenure, the 25 percent deposit, low levels of income, proof of employment and title deeds," he said. He added that the initial deposit needed to be lowered or completely removed to allow more home seekers access to the mortgages. In light of this, mortgage lenders also needed to source other cheaper funds on longer terms that would reduce the interest rates and repayments for borrowers.

A well-established financial institution said it was looking for community-based Business Loans Sales Agents to drive the sales of loans and other products to Micro, Small and Medium sized Enterprises in Bulawayo, Masvingo, Mutare and Gweru. "Previous Corporate or SME Banking experience will be an added advantage. The role will encompass identification of potential SME customers, marketing of the institution's financial products, initial vetting of credit applications and liaison with clients. If you are a self-driven; professionally presented team player and want to be part of growing organisation, this could be your next long term role,' said the institution, which chose to remain anonymous.

CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- It emerged that there was now consensus in Government that bond notes had largely served their purpose and were "not tenable" within the context of Zimbabwe's new economic growth trajectory. The new thinking in Government was that in the long-term, bond notes, introduced by the Reserve Bank of Zimbabwe on November 28, 2016 as an export incentive meant to boost foreign currency generation may impede sustainable economic growth as envisaged by President Emmerson Mnangagwa's administration. Accordingly, Government was now steering towards monetary normalcy by first putting in place the macro-economic prerequisites to pave way for eventual reintroduction of a local currency. "The official position is that we have bond notes in place, but that situation is not tenable. But we cannot have our own currency at the moment because fundamentals are not in place. We need to have sufficient resources and increase exports for us to introduce our own currency. As long as we have Zidera (the Zimbabwe Democracy and Economic Recovery Act), we can't do that. There is recognition that to achieve the growth we want, we need to have our own currency. Bond notes are in place and they are still serving their purpose. But we can't be printing bond notes that are not backed by a facility such as the one we have with Afreximbank," said Deputy Finance Minister Terrence Mukupe.
- Zimbabwe's annual inflation rose 0.49 percentage points to 3.46 percent in December 2017, from the November 2017 rate of 2.97 percent, according to data from the Zimbabwe National Statistics Agency (ZIMSTAT). According to the Zimstat report, this meant that prices of goods and services, as measured by the all items Consumer Price Index, increased by an average of 3.46 percent between December 2016 and December 2017. Despite the recent increase in the price of some items, annual average inflation closed 2017 in line with the Reserve Bank of Zimbabwe (RBZ)'s 2017 year end inflation projections of between 3 percent and 5 percent. The month-on-month rate of inflation for December 2017 shed 0.21 percentage points to close at 0.53 percent from 0.74 percent in November 2017. "This means that prices as measured by the all items CPI increased at an average rate of 0.53 percent from November 2017 to December 2017," said Zimstat.
- Zimbabwe's cash shortage can be addressed by the issuance of a new local currency backed by a diaspora bond, a leading economic expert, Professor Ashok Chakravarti said. A government advisor on various economic issues, Chakravarti said the country had two options to address its currency crisis, one of which was the issuance of a \$1 billion diaspora bond within the next six months to one year. "I believe it is possible for us to actually come forward or release a diaspora bond of \$1 billion. This diaspora bond can back the introduction of a new Zimbabwe dollar equal to \$1 billion," Professor Chakravarti told legislators at a post 2018 national budget meeting. "You take money that comes from the diaspora bond, you do not keep it in Zimbabwe but hire an international investment bank to hold those monies. It can be any bank that comes with the best proposal. It will not cost us anything because the bank will take that billion dollars and invest it on the international market and the interest will be paid to those who will have invested in the bond," he said. Professor Chakravarti said the Zimbabwean diaspora would likely be more confident in investing in the bond with the money held outside the country compared to it being in the

custody of the Reserve Bank of Zimbabwe. If Zimbabwe decides not to introduce a new currency, it can instead adopt the currency used by its biggest trading partner, in this case, South Africa, Chakravarti said. But government has on many occasions shot down this proposal to have the Rand as the main currency used in the country. The South African Rand is already one of those in the multi-currency basket being used in the country although the market widely resents it due to its volatility. However, Chakravarti said Government had not given any meaningful reason why the Rand could not be used as the anchor currency.

- Finance and Economic Planning Minister Patrick Chinamasa said bond notes would remain in circulation until Zimbabwe introduced its own currency. Responding to questions on the fate of the bond notes after media reports claimed they would be phased out, Chinamasa said the introduction of a local currency would mark the end of bond notes. "Nowhere did the Deputy Minister (of Finance and Economic Planning Terrence Mukupe) say the bond notes are going to go away and that is the sort of negativity that is not going to get us anywhere. It's not true; bond notes will stay until we have our own currency and the Governor (of the Reserve Bank of Zimbabwe) and myself have been at pains to spell out the macroeconomic fundamentals that we need to put right before we can do that. We need to address the budget deficit; we need to address the issues of exports and we need to build foreign currency reserves of at least three months, at the moment we are at 0.7 months," Chinamasa said at the Centre for Risk Analysis and Insurance Research breakfast meeting on 17 January 2018.
- Zimbabwe earned \$101.2 million from 14.2 million kilogrammes of tobacco exported mainly to Sudan and China since the beginning of 2018. Part of the Tobacco Industry Marketing Board (TIMB) weekly bulletin read: "As of January 31, 14.2 million kg were exported to more than 24 countries so far; generating \$101.2 million into the local economy. During the same period last year (2017) tobacco exports generated \$131.8 million from 21.4 million kg. The golden leaf is presently being exported to these countries at an average price of \$7.11 a kg compared to \$6.16 (in) the same period last year (2017)," the publication stated.

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