Monthly Financial Sector Bulletin

Issue No. 65 January 2019

COVER PICTURE: The death of cultural icon and Ambassador Oliver Dairai Mtukudzi, commonly known as Tuku, on the 23rd of January 2019, was a defining moment of the month of January. Tuku, who had achieved undoubted universal appeal locally and internationally, was knighted by the Italian government for services to music, charitable causes and the arts, receiving the *Cavaliere,* the Order of Merit of the Republic of Italy in the process. He was awarded an honorary Master's Degree by the Women's University in Africa and a Doctorate by the Great Zimbabwe University. He was UNICEF Regional Goodwill Ambassador for Eastern and Southern Africa, focusing on young people's development, and HIV/AIDS prevention. In the financial sector, he was a brand ambassador for FBC Bank, for whom he endorsed the FBC MasterCard. To illustrate the influence of Dr. Mtukudzi in the financial sector, several financial institutions namely Infrastructure Development Bank Zimbabwe (IDBZ), POSB, CABS, FBC Holdings, Nedbank and Steward Bank issued condolences messages in the national press during the week of his death. The MFSB joins fellow Zimbabwean in extending our deepest condolences to the Mtukudzi Family on the passing of the man who was fittingly declared a National Hero, becoming the first person from the arts sector to be honoured in this way. Tuku was buried at his rural home in Madziva on the 27th of January 2019. Cover Picture © EPANic Bothma

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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.

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SELECTED VITAL STATISTICS AT A GLANCE

General Statistics	
Year-on-year Inflation for **January 2019**	56. 9 % (**December:** 42.09%)
Annual Inflation at End of 2019	5%
Average Inflation for 2019	22.4%
Projected 2019 Gross Domestic Product (GDP) Growth	3.1% (AfDB – 4.2%; World Bank – 3.7%)
Budget for 2019	US$8.16 billion
2018 Manufacturing Sector Capacity Utilisation	48.2% (2017 – 45.1%) (2016 - 47.4 %0 (2015 - 34.3%)
Projected Trade Deficit for **2018**	US$1.6bn (Exports – $4.9bn; Imports – $6.3 bn)
Zimbabwe's Foreign Direct Investment (FDI) – **2017**	US$235m (2016 - US$319 m (US$421m - 2015)

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 (**30 June 2018**)	US$9.53 billion (US$8.48 billion – **31 December 2017**)
Total Banking Sector Loans & Advances (**30 June 2018**)	US$4.08 billion (US$3.80 billion – **31 December 2017**)
Loans-to Deposit Ratio (**30 June 2018**)	43.53% (31 December 2017 – 44.81%)
Banking Sector Non-Performing Loans (NPLs) (**30 June 2018**)	6.22%(7.08% - **Dec 2017** & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Assets (**30 June 2018**)	US$12.35 billion (**31 Dec 2017** - US$11.25 billion)

Sources: Mainly the Monetary Policy Statement (RBZ), National Budget & Various other Industry Sources

Editorial Comment

Product Innovation & Channel Development: Uncertainty Stifles Product Development

The total number of new product development initiatives decreased sharply from thirteen (13) in December 2018 to only (2) two in the month under review as uncertainty heightened in the market mainly due to ongoing policy reforms and partly due to the fuel price hike and the violent mid-month distubances attributed to it. Notably, there were no substantive product launches and the two initiatives recorded during the month were promotions.

The two channel development initiatives rolled out during the month saw CABS announce the merger of its Greendale Branch into Chisipite Branch; and digital money transfer service WorldRemit launching a low-cost online money transfer service from South Africa to Zimbabwe.

Executive Management/Board Changes: Usefulness of Forex Allocation Committee Doubted by Many

The setting up of the Foreign Currency Allocation Committee was the only notable development in the executive management/board changes arena. While the usefulness of the committee was doubted by many, the inclusion of an official from the Office of the President lent it the air of a political manouevre instead of a technical endeavour. The views of Zimbabwe National Chamber of Commerce (ZNCC) chief executive officer Christopher Mugaga, represented public sentiment on the issue. "Seeing this forex allocation committee composition is proof that whoever set it doesn't understand our challenges, let alone solving them. You can't have the cake and eat it simultaneously. Medieval banking is when you choose to set up a forex allocation committee, worse still compromising bureaucrats who are there to empower Reserve Bank of Zimbabwe even more. Forex generators like miners and tobacco farmers are sitting in a room wondering whose forex will be under the purview of this kangaroo committee," he said.

External Finance: Lines of Credit and Grant Finance/AID: Foreign Currency Shortages reach Crisis Level

There was no notable activity in terms of external financing other than the Reserve Bank of Zimbabwe-backed US$400 million facility, available through letters of credit meant to facilitate importation of critical raw materials as foreign currency shortages intensified. The revolving facility was expected to cater for industry's raw material requirements for two months as it emerged that most companies were left with less than a month's supply of raw materials. It also emerged that Government was hopeful for a facility from South Africa after the realisation that negotiations for a line of credit from the Nepad fund would take a long time before funds could be disbursed, hence the decision to request for South Africa's assistance instead.

Fiscal, Public Debt & Investment Issues: Growth projections threatened by instability

The New Dispensation's desire to project improved economic fortunes is evident in its growth projection for 2019 at 5% (against a more conservative World Bank estimate of 3.7%) despite evidence of a faltering economy on the ground, characterised by price instability and a worsening inflation outlook.

Troubled Institutions Resolution initiatives: Court Ruling brings Capital Bank Saga to and End

Justice Owen Tagu's 30 January 2019 ruling that the ill-fated Capital Bank project, which rose from the ashes of ReNaissance Merchant Bank, should enter provisional liquidation citing technical insolvency, brings to an end a saga that has been unfolding since June 2011 when the bank was first put under the "recuperative" curatorship of Reggie Saruchera of Grant Thornton Camelsa. The bank had a negative capital of US$16.7 million against the prescribed minimum capital requirement of US$10 million for merchant banks.

Policy/Regulatory /Legal Developments: Fuel Price Hikes Spark protests & Internet shutdown

One of the key highlights of the month was President Emmerson Mnangagwa's announcement of an increase in fuel prices to $3.11 a litre of diesel and $3.31 a litre for petrol from an average $1.32 and $1.38 respectively, effective 12 January 2019. Foreign missions and registered foreign bodies as well as tourists will fuel at designated points at US$1.24 per litre for diesel and US$1.32 per litre for petrol. Rumours about the increase had circulated earlier on social media, but it was still a surprise given its quantum and also because the Zimbabwe Energy Regulatory Authority (ZERA) had denied it through a notice circulated earlier in the day. The fuel price hike, seen as astronomical, was expected to have far-reaching implications on various aspects of the economy such as the inflation outlook, demand for fuel, and demand for salary increases, amongst others.

On Tuesday, 15th January 2018, Government shut down Internet services and social media platforms such as WhatsApp, Facebook and Twitter in an effort to contain the spread of information about protests triggered by the 150% fuel price hike. Though services were partially restored on the 16th January 2018, as a High Court application was made by the Zimbabwe Lawyers for Human Rights (ZLHR) and the local branch of the Media Institute of Southern Africa (MISA) challenging the legality of Government's earlier directives, on the 17th of January 2019, Government again served another directive for total shutdown of the Internet until further notice. On the 18th January 2019, a ministerial direction was issued to open access to the generality of Internet services except for specified social media applications. While Government may have achieved its security objectives, the action also disabled those who might have been wanting to do business, especially and curiously as Government urged the public to go about their business. Government ignored the fact that the Internet (and even WhatsApp) is no longer a luxury but a critical enabler of business, and the heavy-handed action affected e-commerce and e-banking platforms, as well as other essential services that require the Internet to operate properly. Trading on the Zimbabwe Stock Exchange, which is now fully automated, was also not spared. The situation also affected other critical sectors including health and education that rely on online services to transact and operate. This development sent the wrong message to investors at a time Government was literally begging for foreign direct investment. Certainly, no investor would want to invest in a country in which they can just wake up to find that communication channels with outside world has been cut off.

Human rights groups fear that now that Government has managed to prevent transmission of information on the demonstrations to the outside world, they will do it again. However, legal experts have highlighted the legal implications of Government actions. According to Misa-Zimbabwe, the Interception of Communications Act, whose provisions government claimed to have used to effect the blackout, does not cater for such crippling disruption of communication services. Ominously, the warrants issued in terms of the Interception of Communications Act can remain in effect for an initial period of up to six months. Under specific conditions set out in the Act, this can be extended by a further three months thus theoretically allowing government to keep the Internet shutdown in place for up to nine months. Through this blockage, it was thought that Government laid itself and Internet Service Providers (ISPs) to legal challenges and possibly, liability to damages.

Meanwhile, political analysts say that the deployment of soldiers and subsequent deaths and treatment of people with gunshot wounds, jeopardized the country's international re-engagement efforts. It's telling that President Emmerson Mnangagwa skipped participation at the World Economic Forum in Davos, Switzerland, against the background of an online petition seeking to have him barred from the annual event.

On the day on which Internet connectivity was being cut off back home, President Emmerson Mnangagwa met Russian president Vladimir Putin at the Kremlin as part of his three-day state visit to the country. Mnangagwa and Putin reportedly sealed a number of agreements including a financial package to assist Zimbabwe settle and restructure its international debt, as well as fund new projects. Further details of the deals were awaited anxiously at a time the economy desperately needed all the external support it could get.

The upgrading of the RTGS platform to include the United States Dollar (USD) in order to facilitate local settlement of USD Nostro FCA transactions was another highlight. This meant that individuals and companies could now use the RTGS platform to transfer USD locally in lesser time and at a relatively cheaper cost than they could do using Telegraphic Transfers. Although the Reserve Bank did not explicitly outline the rationale behind this move, it was widely believed that the objective was to facilitate interbank trading in these Nostro FCAs, thereby improving market liquidity. Previous restrictions had resulted in an increase in the balances with estimates putting them at around US$500 million. Some said this could indicate the desire of the apex bank to provide competition to the parallel foreign currency market by allowing companies that need foreign currency to buy it from those with surplus foreign currency in their FCAs. The move could create a grey market for foreign currency, an informal market which government tolerates by not declaring it illegal, with the aim of bringing down premiums of the US dollar over the bond note and RTGS dollars.

Some stakeholders wondered about the RBZ's interest is in facilitating FCA Nostro transfers. There were fears that the move would result in the corruption of Nostro USD with RTGS fictitious money again before people gained enough confidence in the new Nostro FCA arrangement. Some believed that nothing could stop the RBZ from injecting more (fictitious) USDs into the system in the same way the original USD account balances were corrupted.

Currency, Pricing and Liquidity Perspectives: Govt leaps to the bond note's defence

Delta's announcement that its products would be charged exclusively in hard currency with effect from Friday 4th January 2019 was undeniably the major development in the currency and pricing stakes. This was the boldest move yet towards re-dollarisation by a private sector player (Simbisa Brands came a close second, although the fast foods outfit continued to accept bond notes) with potential to open floodgates for other manufacturing companies reliant on imported raw materials to follow suit. Delta's word carries a lot of weight in the market and the impact of its actions cannot not be underestimated. In its notice, Delta did not even talk about bond note prices, presumably leaving it to retailers to determine them. Predictably, Government leapt to the defence of the bond note and managed to appease the listed company through a promise of more foreign currency allocations from the Reserve Bank of Zimbabwe. So on the 3rd of January 2019, following a meeting with the RBZ and Vice President, Constantino Chiwenga, Delta withdrew the notice to sell its products exclusively in hard currency, purportedly "in the spirit of the multi-currency framework." But the long and short of it is that through the move, Delta managed to manouevre itself into a better position on the foreign currency priority list. It remained to be seen, however, whether the RBZ would honour its promise and what Delta would do if the promise was broken. The beverages manufacturer reportedly owed US$41 million to foreign suppliers and dividends worth $30 million to Anheuser-Busch In Bev, the world's largest brewer, which holds a 40% stake in Delta. Some analysts viewed Government's promise to avail foreign currency to Delta as unsustainable. So in summary:

- It turned out that this was actually a strategy to force Government and the RBZ to the negotiating table. Companies really intending to charge in US (and those already doing so) typically just do it quietly and Delta's statement appeared to have been primarily meant to get the attention of the authorities
- Some have said Delta had made a big gamble as the decision to charge in foreign currency would have seen a drastic reduction in sales volumes, given that the majority of the people still earn RTGS/bond salaries.

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PRODUCT PROMOTION INDEX (PPI)

- EcoCash introduced the Extra Schools Promotion as part of the Back to School period. Parents could enter the promotion by paying school fees via EcoCash and stand a chance to win 3 x 1 Year's school fees worth $500 and below per term; 3 months FREE EcoSure Funeral Cover and Enda education cover for the first 20,000 customers to pay school fees with EcoCash. Schools could also enter by registering as an EcoCash biller or merchant, taking school fees payments via EcoCash and reaching set targets in order to be in the running to win. The first prize in the schools category was10 computers at provincial level per term (for one school) while the second prize was $1,000 worth of EcoSure Funeral Cover for all staff for the term (for one school).

- EmpowerBank Limited, a registered Deposit Taking Microfinance Institution focused on the youth, introduced a Salary Service Bureau (SSB) loan special running up to 27 February 2019 meant to cover school fees, school uniforms and other emergency needs. The bank said the loans were at a low interest rate of 2.85%, at a tenor of 24-36 months, for a minimum amount of $300 and with no need to change one's banking details.

SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	EcoCash	Extra Schools Promotion	Mobile Money	Mobile Money	Product Promotion
2	EmpowerBank Limited	Salary Service Bureau Loan Special	Consumer Lending	Microfinance	Product Promotion

CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- CABS, a member of the Old Mutual Group issued a notice on the merger of the Greendale Branch into Chisipite Branch. "Please be advised that in line with our drive towards digitalisation, we are merging the Greendale Branch into Chisipite Branch with effect from 25 February 2019. All services will be available at the merged branch and other CABS branches nationwide. We encourage you to make use of our digital channels via mobile or internet banking. If you require any further information please call us on (024) 2 883 822/3. Thank you for your continued support and valued banking with relationship with CABS,' said the building society whose payoff line is "We'll help you get there".

- Leading digital money transfer service WorldRemit launched low-cost online money transfers from South Africa to Zimbabwe. Using the WorldRemit app or website, Zimbabweans living in South Africa can now send money home with a few taps directly from their phones. Senders can choose from a wide variety of convenient payout options including cash pickup, mobile money and bank transfer. By opening up this service, WorldRemit said it was introducing some of the cheapest fees available on the market to send money to Zimbabwe – often under half of the average cost. "We're delighted to launch our low-cost online money transfer service from South Africa, allowing Zimbabweans to send vital funds home to their loved ones directly from their phones. Sending from your card or bank account in just a few taps on your phone takes away the stress and risks of having to travel to agents carrying cash or meet with couriers and pay expensive fees to send money home... To ensure there are no wasted journeys and that senders know where their money is at each step, we send notifications to both the sender and the recipient when the money is sent for collection... and to give new customers an added incentive to try our service for themselves, we're offering zero fees on their first transfer with the code FREE," said Pardon Mujakachi, Country Director for Zimbabwe and Head of South Africa at WorldRemit. The company recently opened a new office in Johannesburg, as it targeted the growth of its inter-Africa business as well as the expansion of its partner network.

	SUMMARY:CHANNEL EXPANSION/RATIONALISATION ACTIVITY			
#	Institution	Sector	Type of Initiative	Description
1	CABS	Banking	Branch Merger	Merger of the Greendale Branch into Chisipite Branch.
2	WorldRemit	Remittances	Launch of Service	Low-cost money transfer service: RSA to Zimbabwe

LABOUR MARKET DEVELOPMENTS

- President Emmerson Mnangagwa directed Treasury to pay civil servants a "cushioning allowance" of between 22.7 percent and 5 percent per month on a sliding scale between January and March as part of measures to lessen the impact of price increases. This offer was made despite austerity measures introduced by Government to cut spending to reduce the national budget deficit. "His Excellency President Emmerson Mnangagwa, through his Press Statement of January 12 directed that Government with immediate effect, proceeds to put in place a package of measures to cushion members of the Public Service from adverse impact of economic challenges. The President has therefore offered a cushioning allowance, having recognised the hardship resulting from the fuel price distortions and the price increases. The allowances will be distributed equitably on a sliding scale with the lowest grade receiving 22.7 percent and the highest getting 5 percent," said Public Service, Labour and Social Welfare Minister Sekai Nzenza.

EXECUTIVE MANAGEMENT/BOARD CHANGES

- The Minister of Finance and Economic Development, Professor Mthuli Ncube issued a press statement on the setting up of a foreign currency allocation committee. "Reference is made to the 2019 National Budget Statement which I presented to the Parliament of Zimbabwe on 22 November 2018. This Budget Statement contained a number of policy reforms, with one of them being the proposal to set up a revised framework for the allocation of foreign currency. More specifically, the Budget proposed to "establish a strong inclusive framework, through an interim Foreign Currency Allocation Committee, with broader representation as was the case in the past. "In line with this policy pronouncement, I am pleased to announce the appointment of the following Members to the Foreign Currency Allocation Committee:

Office of the President and Cabinet	1. Mr. A. Chikondo
Ministry of Finance and Economic Development	2. Mr. Z.R. Churu 3. Mr. D. Muchemwa
Ministry of Industry and Commerce	4. Mrs. F. Makombe
Ministry of Energy and Power Development	5. Col. M Mudzinganyama
Reserve Bank of Zimbabwe	6. Mr. A. Saburi 7. Mr. F. Masendu 8. Mr. G. Mawire 9. Mr. E. Matiza

The Committee will be Co-Chaired by senior Officials from the Ministry of Finance and Economic Development and the Reserve Bank of Zimbabwe," said Professor Ncube in the statement dated 4th January 2019.

CORPORATE ACTIONS

- First Capital Bank (FCB) suspended the proposed unbundling of non-core assets for listing on the Zimbabwe Stock Exchange (ZSE). In a statement on Monday, 28 January 2019, FCB said it had definitely deferred plans to withdraw the financial institution's non-core banking properties. "Further to the cautionary statement issued by the board on September 14, 2018, the board advises shareholders and members of the public that the proposed unbundling of the company's non-core banking properties into a separate entity to be listed on the Zimbabwe Stock Exchange has been placed on hold," said FCB.

EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- Government moved to avert a potential catastrophe by availing an emergency US$400 million credit facility to manufacturing companies for importation of critical raw materials. This came a week after the Confederation of Zimbabwe Industries (CZI) warned that manufacturing companies could be forced to halt operations if government failed to arrest the crippling foreign currency crisis within 10 days as most were left with less than a month's stock of raw materials. The package is in the form of letters of credit being issued by the Reserve Bank of Zimbabwe (RBZ) and was made at a crisis meeting held between manufacturers and RBZ officials on Friday, 11 January 2019. The US$400 million was expected to cover industries raw materials requirements for two months. RBZ governor John Mangudya confirmed the development, saying the central bank had already begun processing the letters of credit. 'We have been facilitating the issuance of letters of credit for the local firms for the production of essential products. The letters of credit will go a long way to meet and assist firms to cater for their import requirements. The issued letters of credit so far amount to around US$100 million and some are being processed. The way letters of credit operate is such that amounts repaid can be redrawn. It's a revolving facility of US$125 million. This means that before the issued letters of credit are redrawn, the ones being processed amount to US$25 million," said Mangudya. CZI president Sifelani Jabangwe also confirmed that the RBZ had begun issuing out letters of credit. "Letters of credit have been processed for individual companies; they will be getting raw materials from their respective suppliers. The letters of credit will cover raw material requirements by industry for the next two months. On a monthly basis, we need something between US$180 million and US$200 million. Now that the letters of credit are being issued, it would be easier to access raw materials," he said.

- VTB Bank (Foreign Trade Bank), which is rated by the Financial Times as one of the world's leading firms, reportedly agreed to support Zimbabwe's debt settlement, debt restructuring and financing of new projects. Also agreed in Moscow was a US$267 million package for Great Dyke Investments (GDI) to immediately start production related works on their platinum claims in Darwendale. The tie ups were made possible by Russian shareholding in key lenders namely the African Finance Corporation and Afreximbank.

- President Emerson Mnangagwa's visit to Russia reportedly unlocked US$300 million that will trigger implementation of the US$2 billion Great Dyke Investment (GDI) platinum mining venture in Darwendale. Among the signed documents included a licence agreement with the Ministry of Mines and Mining Development, Memoranda of Understanding with the African Export-Import Bank (Afreximbank), African Finance Corporation (AFC) and Russian Export Centre. "The licence agreement stipulates the procedure and conditions of the implementation of the decision to issue the Special mining lease dated May 7, 2015 as part of fulfilment of obligations arising from the Agreement between the Government of the Russian Federation and the Government of the Republic of Zimbabwe on cooperation in implementation of the project of comprehensive development of the Darwendale platinum group metals deposit. The MOU with Afreximbank envisages provision of a direct credit line facility for the Project (project financing) in the amount of US$151 million and additional US$ 41 million as part of the credit line facility for formation of working capital required at launch of production and sales of commercial products. The MOU with AFC provides for equity interest of the Corporation in the Darwendale Project in the amount of up to US$75 million. The memorandum of Cooperation with AO REC provides for insurance of political risks of participation in the Darwendale project for AO Afromet (which represents the Russian shareholding in the Russian-Zimbabwean joint venture Great Dyke investment," said GDI Chairperson Dr Hespina Rukato.

- The Export Import Bank of India prolonged the grace period for a credit facility that it extended to Zimbabwe in 2013 as financing for the upgrade of the Deka Pumping Station and River Water Intake System. The upgrade was put on hold in 2015 after it emerged that funds that had been raised for the project were insufficient. The Zimbabwe Power Company (ZPC) now needed $48 million to finance construction of the Deka Water Pipeline project after an independent review upgraded the budget from the initial $28 million over a period of 10 years. "It is hereby notified that on November 22, 2018, Zimbabwe concluded an amendatory agreement to the Dollar Credit Line agreement entered on June 21, 2013. The grace period is extended from three years to five years. The Indian content requirement is reduced from 75 percent to 65 percent so that goods and services of the value of at least 65 percent shall be procured from India," said Finance Minister Mthuli Ncube in a notice published in the Government Gazette of January 18, 2019. The credit facility remained in the amount of $28.6 million over a period of 10 years, at an interest rate of two percent per annum. The facility also has a commitment fee of 0.5 percent per annum on the amount of credit remaining underdrawn two months after approval of an eligible contract.

- Government said it had drawn-down $45.9 million, representing 30 percent of the total project cost for upgrading and modernisation of the Robert Gabriel Mugabe International Airport. The project will cost $153 million, which is being provided as a concessional loan facility by China Eximbank. "In terms of the upgrade and modernisation of the Robert Gabriel Mugabe International Airport, we have so far drawn-down 30 percent of the total project cost. It was drawn-down sometime in mid-December (2017) and it is being used for site mobilisation as well as procurement of equipment," said Civil Aviation Authority of Zimbabwe (CAAZ) director of airports Tawanda Gusha. The concessional loan facility has a seven-year grace period, an annual 2 percent interest rate, 0.25 percent commission fees and management fees pegged at the same rate. It has a tenure of 20 years inclusive of the seven-year grace period.

- President Emmerson Mnangagwa said Zimbabwe had never asked for a bailout package from China, but instead sought investments. He however was hopeful for a line of credit from South Africa. "We started engaging South Africa earlier this year when we had the cooking oil shortage. We have the Nepad (New Partnership for Africa's Development) fund which is structured to assist member states who find themselves having problems and it is administered by South Africa. So you can apply to the fund there for a line of credit to be advanced to you and you will pay back later. You can apply to that fund to be assisted to deal with the challenges you are facing. So it is on those bases that we contacted South Africa," Mnangagwa said, adding that they realised during the negotiations for Nepad funds that it would take a long time before the funds could be disbursed so they asked for South Africa's assistance instead. "With regards to the Nepad fund, South Africa has no final say. It has to go to a committee which will look at it and it would take a lot of time. Then because of the nature of relations between us and South Africa, we said to South Africa can you give us lines of credit. So this is why discussions between the South African minister of finance, our own finance minister (Professor Mthuli Ncube) and the governor of Reserve Bank of Zimbabwe started," Mnangagwa said during an interview with journalists from the private press at State House in Harare on Wednesday, 30th of January 2019.

FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

- Zimbabwe's economy is seen growing 3.7% in 2019 after recording growth of 3% in 2018, according to the World Bank. Harare has a rather ambitious projection of 5%, which is anchored on mining and tourism, as authorities in the southern African country hope that the strong growth recorded in the two sectors will spill over into 2019. In a report titled Global Economic Prospects: Darkening Skies, the World Bank noted that recovery in Sub-Saharan Africa continued, albeit at a sluggish pace. "Growth in the region is estimated to have increased from 2.6% in 2017 to 2.7% in 2018, slower than expected, partly due to weaknesses in Nigeria, South Africa, and Angola. The region faced a tougher external environment in the year just ended due to moderating global trade, tighter financial conditions, and a stronger US dollar," the report reads.

- Registered and tax-compliant businesses in the four productive sectors that do not increase prices beyond those prevailing before the 12th of January 2019 will be eligible for tax relief on the higher excise duties charged for fuel as long as they can show the fuel was used for productive purposes, Minister of Finance and Economic Development Professor Mthuli Ncube said on 13th January 2019. "Cognisant of the need to prevent generalised price increases for goods and services following the fuel price adjustments, Government has decided to provide relief through refund of excise duty on fuel consumed by registered businesses in the following sectors: Manufacturing; mining, agriculture and transport. The relief to be provided will be equivalent to the difference between the prevailing rates of excise duty and the rates that were applicable prior to this change," he said, adding that benefitting businesses had to meet the following four criteria:

  - The prices of goods and services by beneficiaries should not have increased relative to the latest change in the price of fuel;
  - The beneficiaries should be registered and compliant for tax purposes;
  - Beneficiaries should be members of recognised business associations and,
  - Beneficiaries should provide evidence of the productive use of the fuel.

  "In this regard, all those who have increased their prices since the latest fuel price review should revert to the pre-12 January, 2019 prices, given that Government has already put in place a price adjustment compensatory framework through refunds," said Professor Ncube.

- Zimbabwe's trade deficit for the 11 months to December 2018 stood at $2.4 billion, as the value of imports continued to outstrip the value of exports, mostly unprocessed raw materials. According to statistics from the Zimbabwe National Statistics Agency (Zimstat), Zimbabwe imported goods worth $6.3 billion between February and December 2018, from $4.9 billion recorded during the same period in 2017. This was against exports that came in at $3.9 billion, representing an increase of 14 percent from $3.4 billion worth of exports recorded in 2017. However, the growth was not enough to offset the ballooning import bill.

TROUBLED INSTITUTIONS RESOLUTION INITIATIVES

- Zimbabwe's High Court ordered the provisional liquidation of Capital Bank after it emerged that the troubled financial institution's fortunes could not be turned around. In granting the order, Justice Owen Tagu said Capital Bank was woefully insolvent as it suffered $25.152 million and $13.108 million losses in 2012 and 2013 respectively. This was after Renaissance Financial Holdings Limited (RFHL) – the previous owner of Capital Bank – had challenged the liquidation process arguing that the National Social Security Authority had deliberately stripped the bank instead of reviving it. However, Tagu ruled that the RFHL's argument was no longer viable as Capital Bank, formerly Renaissance Merchant Bank, was technically insolvent. "Its fortunes cannot be turned around. In order to protect the remaining assets and to safeguard the interest of the creditors the first respondent has to be provisionally wound up pending the granting of an order for final liquidation," said Justice Tagu in his January 30, 2019 ruling.

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- The Consumer Council of Zimbabwe (CCZ) appealed for urgent Government intervention in protecting consumers against the tide of foreign currency pricing of goods and services at a time when the majority of people's salaries were not pegged in hard currency. While some businesses stated that they would continue to accept bond notes and RTGS transactions, their pricing deviated from the official 1:1 exchange rate, reflecting a distorted parallel market impact on the economy. Reacting to the issue, CCZ regional manager, Mr Comfort Muchekeza, said companies charging in US dollars only were not being fair on consumers and stood accused of flouting the country's laws by refusing legal tender which is part of the basket of currencies in use. He said most consumers did not have the required foreign currency and could not be punished for that. "It is sad that we have companies charging in US dollars yet the economy cannot sustain it. The major challenge is that consumers have no source of income in US dollars. 'Government should intervene because not only will consumers be affected but also the companies in a way are pushing themselves out of business as a small population can get access to diaspora remittance," he said.

- Reserve Bank of Zimbabwe Governor Dr John P. Mangudya and Delta Corporation chief executive officer Pearson Gowero issued a joint press release in respect of the latter's intention to sell its products exclusively in foreign currency. "Following a meeting convened by the Honourable Acting president, General (Retired) Dr. C. G. D. N Chiwenga with Delta Corporation and the Reserve Bank of Zimbabwe, at his Munhumutapa Office, on 3 January 2019, the following statement is issued jointly by the Reserve Bank of Zimbabwe and Delta Corporation.
  The parties agreed that:

  1. Delta withdraws the notice to sell its products exclusively in hard currency, in the spirit of the multi-currency framework.

  2. The Reserve Bank of Zimbabwe will endeavour to provide the foreign currency required to ensure that Delta continues to trade on the current basis," said the joint statement issued on the 3rd of January 2019.

- Applications for investment licences will now be processed within five days, while all foreign direct investments become legally binding and immune to compulsory expropriation and nationalisation. Investors will also be allowed to freely repatriate profits and income from investments to their source countries with minimum hindrance. This is according to the Zimbabwe Investment Development Agency Bill, which was set for tabling in Parliament upon resumption at the end of January 2018, will streamline investment application regulations while integrating Government agencies responsible for new investments under one roof. The Bill seeks, among other things, to create a multi-disciplinary investment centre housing all entities facilitating licensing, establishment and operationalisation of investments. The Bill provides for the immediate repealing of the Zimbabwe Investment Authority Act, the Special Economic Zones Act and the Joint Venture Act, which will all be housed under the Zimbabwe Development Agency (ZIDA). In addition, licensing arms of agencies including the Zimbabwe Revenue Authority; Environment Management Agency; Reserve Bank of Zimbabwe; Companies Office; National Social Security Authority; Zimbabwe Energy Regulatory Authority; Zimbabwe Tourism Authority, State Enterprises Restructuring Agency and some Ministry departments will be integrated under ZIDA. Reads the Bill in part: "All applications submitted to the Agency in terms of section 21 shall be submitted to the investment technical group for consideration and recommendation to the chief executive officer. The Agency shall within five working days approve or refuse to approve any application for an investment licence submitted in terms of section 21." The Bill also guarantees protection of investments against nationalisation, which always loomed large during the days of indigenisation. Reads the proposed regulation; "(1) No - (a) Investment shall be nationalised or expropriated; and (b) Investor shall be compelled to cede an investment to another person, either directly or indirectly through measures having effect equivalent to nationalisation or expropriation; except for a public purpose, in accordance with due process of law, in a non-discriminatory manner and on payment of prompt, adequate and effective compensation." The law also seeks to ensure that investors do not face difficulties when they repatriate their profits to their countries of origin. On transfer of funds it says: "(1) With respect to investments made under this Act, investors may without restriction or delay in freely convertible currency transfer the following funds into and out of Zimbabwe -

(a) Contributions to capital, such as principal and additional funds to maintain, develop or increase the investment;
(b) The proceeds, profits from the assets, dividends, royalties, patent fees, licence fees, technical assistance and management fees, shares and other current income resulting from any investment under this Act."

In terms of the proposed law, the President will appoint the chief executive who will wield extensive authority including signing off investment licences.

- Industrialists engaged Industry and Commerce Minister Nqobizitha Mangaliso Ndlovu on Wednesday, 9 January 2019 and submitted a report on the issues affecting their operations and possible interventions Government can introduce. Director of Research and Consumer Affairs in the Ministry of Industry and Commerce, Constance Zhanje, confirmed the meeting on the 10th of January 2019 during a Confederation of Zimbabwe Industries (CZI) breakfast meeting in Harare. "Yesterday (Wednesday) businesspeople met with the Minister of Industry and Commerce and presented challenges that they are facing in their businesses and the Minister has taken it up," said Mrs Zhanje.

- President Emmerson Mnangagwa announced an increase in fuel prices to $3.11 a litre of diesel and $3.31 a litre for petrol from an average $1.32 and $1.38 respectively, effective 12 January 2019. Foreign missions and registered foreign bodies as well as tourists will fuel at designated points at US$1.24 per litre for diesel and US$1.32 per litre for petrol. "Following the persistent shortfall in the fuel market attributable to the increased fuel usage in the economy and compounded by rampant illegal currency and fuel trading activities, Government has today (12 January 2019) decided...with effect from midnight tonight, a fuel pump price of $3.11 per litre for diesel, and $3.31 per litre for petrol will come into effect. These prices are predicated on the ruling official exchange rate of 1:1 between the Bond Note and the United States Dollar and also on the need to keep fuel retailers viable. Cognisant of the need to prevent generalised price increases for goods and services in the country, with attendant hardships which will entail especially to the commuting workforce, Government has decided to grant a rebate to all registered business entities in the manufacturing, mining, commerce, and agriculture and transport sectors. Details on the exact form the rebate system will take will be announced in due course. Given these cost mitigations and incentives, Government does not expect, and will not allow, businesses to trigger a new round of price increases. Equally, Government will enhance the export incentive scheme by additional 2.5 per cent," said Mnangagwa in a statement.

- The fiscal and regulatory measures announced by President Emmerson Mnangagwa on Saturday, 12th January 2019 were captured in two statutory instruments published in an Extraordinary Government Gazette dated the same day: The Petroleum (Petroleum Products Pricing) Regulations, 2019, made by Energy and Power Development Minister Joram Gumbo and the Customs and Excise (Tariff) (Amendment) Notice, 2019 (No. 7) made by Finance and Economic Development Minister Professor Mthuli Ncube. The Customs and Excise Notice raises the duty on petrol from 45c/litre to $2.31/litre and duty on all diesel and paraffin from 40c/litre to $2.05/litre. These fiscal measures account for more than 90 percent of the rise in retail prices for fuels and were purportedly designed to counter economic and market forces that encouraged widespread cheating that saw Zimbabwe's consumption of petrol and diesel doubling from June 2018. The new retail prices of $3.31/litre for petrol and$3.11/litre for diesel keep the 1:1 rate between RTGS payments and foreign currency, with the Reserve Bank of Zimbabwe continuing to allocate foreign currency for fuel procurement.

- The Zimbabwe Lawyers for Human Rights (ZLHR) and Media Institute of Southern Africa (MISA) sued the Government over the shutdown of the Internet and all social media platforms saying the move was unconstitutional. On Friday, 18 January 2019, the High Court registry set the matter down for the 21st of January 2019 before Justice Owen Tagu. ZLHR executive director Roselyn Hanzi deposed an affidavit contesting the Government's decision. She argued the shutdown would result in the loss of business and income as most transactions are done online. "The directive will unnecessarily cost some people significant amounts of money in loss of business and income. The drastic measure has also put human lives at risk as telemedicine and financial services such as Diaspora remittances which rely on internet-based communication and banking services has also been affected," said Ms. Hanzi. Personal security of people, according to ZLHR, had also been compromised as they were not able to on communicate the security situation in their respective areas using social media platforms like WhatsApp, Twitter, Skype and Facebook. The directive, it is further argued, infringes on the people's freedom of expression and freedom of media as enshrined under Section 61 of the Constitution.

- Zimbabwe's manufacturing sector capacity utilisation grew 3.1 percent in the 12 months to August 2018, the Confederation of Zimbabwe Industries (CZI) survey for 2018, which was launched on Friday, 18 January 2019 revealed. The survey was conducted in 10 industrial sectors including foodstuffs, beverages, tobacco, clothing, footwear, furniture, paper (printing), chemicals, non-metallic minerals, transport and equipment. Presenting the survey report, CZI chief economist, Tafadzwa Bandama said the growth in capacity utilisation was driven by Statutory Instrument 64 of 2016 meant to prop up the local manufacturing sector. "Capacity utilisation rose on account of import substitution and export promotion policies that were implemented starting from 2016. Compared to August 2018 capacity utilisation in November 2018 declined by 6.2 percentage points to 42 percent. The decline in capacity utilisation was mainly a result of policy inconsistency (suspension of Statutory Instrument 122, which restricted importation of certain products), shortage of foreign currency, waning confidence in the economy due to lack of clear policy direction on currency issues," said Mrs Bandama.

- The High Court in Harare on 21 January 2019 ruled that National Security Minister Owen Ncube had no authority to order a shutdown of Internet services, prompting service providers to immediately restore services. High Court Judge Justice Owen Tagu held that Statutory Instrument 212/18 as read with Section 104 of the Constitution of Zimbabwe reserved the administration of Interceptions of Telecommunications Act for the President, "From the preliminary arguments, it is clear that the minister had no authority to issue such a directive as he is not the one in charge of the administration of the Act. I will only grant the first relief that the directive is hereby set aside," said Justice Tagu. The judge made the ruling in a case in which Zimbabwe Lawyers for Human Rights (ZLHR) and the Media Institute for Southern Africa contested the constitutionality of the directive. Justice Tagu, however did not rule on the constitutionality of the law in directing the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) to shut down the internet.

- The Securities and Exchange Commission of Zimbabwe (SECZ) announced the licensing of 17 Securities Dealing Firms and Dealers, 16 Securities Investment/Asset Management Companies, 28 Securities Investment Advisors, 5 new Securities Investment Advisory Licences, 6 Securities Custodians, 3 Securities Transfer Secretaries, 3 Securities Trustees, 2 Securities Exchanges, 4 Securities Dealers Not Affiliated To A Firm and 1 Central Securities Depository. These were licensed in terms of the Securities and Exchange Act [Chapter 24:26] and the Collective Investment Schemes Act [Chapter 24:19]. The licensing for the year ended 31 December 2019 was announced by SECZ Chief Executive Officer Tafadzwa Chinamo in a public notice dated 17 January 2019.

- The Reserve Bank of Zimbabwe issued a circular to Real Time Gross Settlement (RTGS) participants advising of a multicurrency upgrade in the form of the addition of USD on the RTGS platform. "We advise that the RTGS platform has been upgraded to include the United States Dollar (USD) to facilitate settlement of USD Nostro FCA transactions. The function is now available in the test environment for testing by participating institutions. All participants are urged to send test messages end to end and ensure a full cycle of the transaction is completed. Results of the test should be logged immediately on the attached user acceptance testing form and submitted to the Reserve Bank on a daily basis until Friday, 01 February 2019. It is expected that the settlement of USD transactions will commence soon thereafter in the live environment. Please be advised accordingly,' said J. Mutepfa, the Deputy Director of the Financial Markets Division in charge of National Payment Systems, in the statement dated 28 January 2019.

- President Emmerson Mnangagwa established a 26-member Presidential Advisory Council (PAC) to advise and assist him in formulating key economic policies and strategies that advance Vision 2030. The advisory council comprises experts and leaders drawn from diverse sectors such as business, health and social protection, agriculture, governance and human rights, faith-based organisations, tourism, education, minorities, ICT, civic society, communication and media management. Chief Secretary to the President and Cabinet Dr Misheck Sibanda on 30 January 2019 said the council would act as the President's "sounding board" on key economic reforms, issues and initiatives.

#	Name	Sector
1	Busisa Moyo	Confederation of Zimbabwe Industries past president
2	Joe Mutizwa	Former Delta Chief Executive Officer
3	Kudakwashe Tagwirei	Sakunda Holdings Chief Executive Officer
4	Divine Ndhlukula	Zimbabwe National Chamber of Commerce president
5	Zondo Sakala	Economist and Banker (IDBZ CEO)
6	Somkhosi Malaba	Agribank chief executive officer - financial services
7	Lewis Musasike	Africa Next chief executive officer – financial services
8	Dr Norbert Mugwagwa	Health and Social Protection
9	Dr Godfrey Sikipa	Health and Social Protection
10	Remigius Makumbe	Infrastructure
11	Simbarashe Mangwengwende	Infrastructure
12	Dr Lindiwe Sibanda	Agriculture
13	Natalie Jabangwe	ICT
14	Aenias Chuma	
15	Elisa Ravengai	
16	Edwin Manikai	Governance and Human Rights
17	Professor Kuzvinetsa Dzvimbo	Education
18	Robson Mafoti	Education
19	Herbert Nkala	Tourism
20	Trevor Ncube	AMH owner – Communication and Media Management
21	Janah Ncube	Civic Society
22	Dr Shingi Munyeza	Faith-based organisation
23	Dr Kenneth Mtata	Faith-based organisation (ZCC Secretary General)
24	Simon Hammond	Minorities (CABS Managing Director)
25	Richard Wilde	Minorities (CBZ Holdings Chairman)
26	Mfaro Moyo	PAC Coordination

INDUSTRY AWARDS AND ACHIEVEMENTS

- Fidelity Life Assurance of Zimbabwe, the first Life Assurance Company to receive an ISO certification in 2005, renewed its promise of quality service to its customers by receiving the ISO 9001: 2015, a departure from the ISO 9001: 2008 standards the company was formerly guided by. "The certification is a clear testament of hard work, consistency, and commitment by the Board, Management and Staff of Fidelity Life to improve the quality of the services we provide and to enhance customer experience. The Quality Management System ensures that there is consistency on how we serve our customers. This system is self-auditing and self-correcting. It is through these audits that we are able to demonstrate conformance to all applicable requirements – these include legal, customer and ISO 9001 requirements. Our aspiration is to become a Centre of Excellence in the provision of financial and related products both regionally and internationally. The QMS therefore used together with other business tools employed by the organisation to make this a reality," said Fidelity Life Chief Executive Officer Reuben Java, speaking at the handover ceremony at Crowne Plaza Hotel.

CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- Delta issued a letter to its clients in respect of payment of wholesale prices in hard currency. "Our business has been adversely affected by the prevailing shortages of foreign currency, resulting in the company failing to meet your orders and in the case of soft drinks, being out of stock for prolonged periods. The new fiscal and monetary policy framework in place since October 2018, does not provide for easy access to foreign currency by non-exporters. The company has only received limited foreign currency allocations from the banking channels, which have not been adequate to fund the import requirements. Resultantly all our foreign suppliers are unable to continue providing credit or meet new orders as some of them have not been paid for extended periods. In order to sustain its operations, the company advises the retail and wholesale customers that its products will be charged in hard currency with effect from Friday 4th January 2019. It is noted that:

  1. Our products are fairly prices in USD and have remained largely unchanged since 2013.
  2. The company has invested in excess of US$600 million in plant and equipment, vehicles and ancillary services since 2009. There is need to protect this investment and ensure sustenance of all value chain partners.
  3. The prices of local materials and services have escalated both is USD and RTGS (ostensibly in response to the foreign currency exchange rates).
  4. The company does not trade on the parallel or black market and does not subscribe to any exchange rate between the USD and the RTGS or Bond Notes, as they are not currencies.
  5. There is need for wider consultation on policy interventions to build consensus and market confidence among stakeholders to stabilise the macro-economic environment.

  We attach our current price list and recommended retail prices, which are all in US Dollars. We trust that our customers will continue to charge the recommended retail prices in USD or equivalent currencies based on the multi-currency framework, "said the statement by Delta management issued on 2nd January 2019.

- After Delta Corporation on 2 January 2019 said it would start selling all its products in foreign currency with effect from 4 January 2019, Government described the decision as unacceptable and illegal. In an interview on 2 January 2019 following a statement released by Delta, the beverage manufacturer's company secretary Alex Makamure said selling its products in "multiple foreign currencies such as the rand, pula, Euro, British pound and US dollars would also enable it to access key raw materials. Responding to the announcement by Delta, Industry and Commerce Minister Nqobizitha Mangaliso Ndlovu said business must "stop forthwith" dollarising the economy. "We have noted with concern a proliferation in the number of companies and businesses engaging in preferential currency practices. This is not only against the spirit of fairness, but it is also an illegal practice. Government is very clear that this practice is unacceptable and has to stop forthwith and if not, the law will take its course," Ndlovu said. Makamure said Delta stopped making some of its products, particularly soft drinks, in November. He said no deliveries were made throughout November 2018 while it released some soft drinks on December 24, 2018. The company requires US$2 million per month to buy raw materials such as concentrates and granules used to manufacture bottles. Chairperson of the department of economics at the University of Zimbabwe Professor Albert Makochekanwa said it was incomprehensible that Delta wanted to sell in forex when almost all employees' salaries were in bond notes and/or RTGS. "More than 99 percent of people living in Zimbabwe earn their income in bond and/or RTGS. Charging in USD will likely mean reduced customers, which may affect their sales (and) there maybe upward demand for USD, which will cause upward increase in (the) buying (of) USD on black market," said Professor Makochekanwa. Economist and Zimbabwe National Chamber of Commerce (ZNCC) chief executive officer Takunda Mugaga said the move by Delta indicated the economy was "redollarising faster than we can catch up", which would have an impact on pensions. "Delta, being a market leader as well as industry on its own due to the monopolistic nature of its business, the result is expedited re-dollarisation which will have enterprise-wide impact from the farm to the salary of an employee directly and indirectly employed by Delta. This stance by Delta means all players, including very small ones in the beverage sector, will follow suit (and) it will also send a message to bankers given Delta's significant presence locally when it comes to facilities and deposits with banks," said Mugaga. Industry and Commerce Minister Mangaliso Ndlovu said he was aware of Delta's decision, and would engage the company to see if that can be reversed. "I have seen it (the letter to customers advising of new pricing structure) but I think we should be meeting them on 4 January 2019. That cannot be allowed," Ndlovu said.

- Government reportedly gave schools the greenlight to increase levies and boarding fees to cushion them from inflation-induced price hikes, but turned down the request by some schools to charge in hard currency. Briefing teachers' unions on Friday, 4 January 2019 Primary and Secondary Education ministry secretary Tumisang Thabela said government had approved the fees hike. Progressive Teachers' Union of Zimbabwe president Takavafira Zhou said Thabela had informed the union leadership that government, which initially requested for applications for fee increases from schools, accompanied by audited accounts, had approved the increases. "It is sad that while salaries are not being increased, government has approved the school fees hike. How does it expect us to pay these exorbitant amounts? We have school uniforms going as high as $800 and then school fees as high as $2 500. It is ridiculous to say the least," Zhou said. Many schools had issued circulars advising parents of the pending fees hikes in response to the country's runaway inflation, which has seen prices of basic commodities increasing, sometimes three-fold. Private schools had also hiked fees, citing the increase in running costs, while others are demanding US dollars for levies. According to Statutory Instrument (SI) 1597A of 2007, government-controlled schools have to seek approval from the parent ministry before hiking fees. The law states that the request should indicate the basis upon which the levies are calculated and justification. The request is supposed to be accompanied by current audited accounts, minutes of a properly constituted meeting of not less than 20% of the school parents' assembly which approved the proposed budget.

- Finance and Economic Development Minister Professor Mthuli Ncube on 11 January 2019 said the country would have its own currency within 12 months, as Government was frantically working on raising enough foreign currency to anchor it. "On the issue of raising enough foreign currency to introduce the new currency, we are on our way already, give us months not years," he said. Asked to give a timeline on when currency reforms would be implemented, Professor Ncube said it would be done "in less than 12 months." "There is a balance between preservation of value and removing price distortions. The separation of accounts between the FCA and RTGS accounts was the beginning of currency reform... I also hear that the citizens are pushing towards adopting the rand, I even argued for it years ago and there was a reason, you know, if we are going to assume rand as our currency, we first of all have to acquire the rand and we need US dollars first to purchase the rand. In the long-term, Zimbabwe needs its own currency. Our job is to introduce a currency that will be stable and less volatile. Dealing with the fiscal side is the first order to move towards a stable currency. A long-term solution to the crisis is, currency reforms, currency reforms and currency reforms; and ending arbitrage opportunities in the market, accepting the US as the only legal tender is not currency reforms, its submission. As a nation if we accept US dollar as our sole currency, then its means that we are afraid of currency reform and that's capitulation," he said.

- Hammer & Tongues Auctioneers introduced the Grand US Dollar Auction on Thursdays at 17:30hrs. "Bring in your vehicles and goods today! Sell with Hammer and Tongues Auctioneers and get paid in US$ Dollars cash," said the company in an advertisement.

- Zimbabwe's inflation rose to 42.09% year-on-year in December, its highest for a decade, from 31,01% in November driven by increases in the price of basic goods, the Zimbabwe National Statistics Agency (Zimstat) said on Thursday, 17 January 2019. On a monthly basis, prices rose by 9.01%, compared to a rise of 9.20% in November last year, as fears of hyperinflation continue to grow. The US dollar shortage has led to a collapse of the surrogate bond note and electronic currency on the black market, triggering sharp hikes in the prices of many goods and services, but wages have remained stagnant as government continues to insist that the US dollar trades at par with local money. On Zimbabwe's active black market, it is valued at 3, 5 to the greenback.

- The country this year earned US$88 million from the exportation of 14.5 million kilogrammes of flue-cured tobacco to various markets. This was an increase from the US$9 million earned during the same period in 2018 when the country exported three million kilogrammes of tobacco. According to figures from the Tobacco Industry and Marketing Board (TIMB), by January 18, 2019, the country had exported 14.5 million kgs worth USD88 million compared to 2 960 720 kgs worth US$9 921 258 in 2018. TIMB said 22 countries imported flue-cured tobacco from Zimbabwe compared to 18 in 2018. China was the major buyer, having procured 7.2 million worth US$64.3 million at an average price of USD8.93 per kilogramme.

MICROFINANCE PERSPECTIVES

- The Zimbabwe Association of Microfinance Institutions (ZAMFI) partnered the National University of Science and Technology (NUST) to offer a practical qualification relevant to industry needs in a bid to professionalise the microfinance sector. The Executive Certificate in Microfinance and Entrepreneurship (ECEME) course, which was piloted in Bulawayo in 2018, is set to be extended to Harare in 2019. In a statement, ZAMFI chief executive Godfrey Chitambo said the programme was an effort to professionalise the microfinance sector, as practitioners felt that a specific educational, practical and industry demanded course in microfinance was desirable and necessary. "The first intake proved to be a huge success with an intake of 20 and 17 completed the course. ZAMFI as the apex board for the majority of MFIs in the country is aware of the fact that MFIs do face a myriad of challenges both at strategic, institutional and market levels. The most pressing issues relate to control of credit risk, over-indebtedness, quality of management, and business planning and risk management among others. In partnership with NUST CCE, ZAMFI has managed to design a world class microfinance programme meant to expand the knowledge, skills and insights of microfinance practitioners so as to be able to steer their MFIs towards high performance execution. In any event, according to a ZAMFI 2010 strategic plan, skills deficiency ranked highest and it is time to get this out of the way," he said.

PAN-AFRICAN DEVELOPMENTS

- The South African Reserve Bank's (SARB's) Deputy Governor of Financial Stability & Currency, Francois Groepe resigned effective 31 January 2019 to pursue other opportunities. Groepe was one of the central bank's three deputies. He was at SARB for 14 years, seven served as a non-executive director and seven as an executive. According to a statement from the bank wishing him well, Groepe in his role as deputy governor provided oversight over the Financial Stability Department, the National Payment System Department, Risk Management & Compliance Department, the Currency Cluster and the Security Management Department.

- Maria Ramos was expected to retire from Absa Group and Absa Bank at the end of February 2019. She was Group Chief Executive of Absa, South Africa's third largest lender, for 10 years. "She had indicated a desire to step down earlier, but agreed to see the group through the separation negotiations with Barclays PLC, the ensuing sell-down and key separation milestones, including PLC achieving regulatory deconsolidation and refreshing Absa's brand identity. With the separation on track and our new strategy as a standalone financial institution in place, Maria feels that this is the right time to retire," said the group in a statement. René van Wyk will take over on 1 March 2019 as interim chief executive until a suitable replacement is found. Van Wyk has been an independent non-executive director on the boards since February 2017. He was previously the Registrar of Banks within the South African Reserve Bank and retired from that position in May 2016. Van Wyk has 19 years of experience with Nedbank, including as Executive Director of Risk for the then listed Nedcor Investment Bank. He was also Chief Executive Officer of Imperial Bank.

- Ecobank, the Pan-African bank announced the appointment of MFS Africa as digital payment partner enabling cross-platform payment services for Ecobank account holders. The partnership allowed Ecobank customers to send and receive money to and from over 170 million mobile money users through an integration with MFS Africa that covers all Telcos in the MFS Africa Hub. The service is both domestic and cross-border intra-Africa transfers leveraging Rapidtransfer, a proprietary instant remittance product of Ecobank. In line with the bank's digital strategy, the partnership with MFS Africa Hub creates the first major initiative of interoperability between bank account and mobile money customers. This brings greater value for mobile money customers as they can now send money directly to any bank account in Ecobank without infrastructural hindrances; conversely Ecobank customers can do the same. MFS Africa operates the largest mobile payments hub network in sub-Saharan Africa, connecting over 170 million mobile wallets, and a wide network of money transfer operators and merchants. Through partnerships with mobile network operators including MTN, Orange, Airtel, Moov, Econet, Tigo, Safaricom and Vodafone, MFS Africa allows mobile financial services to scale across borders, currencies and networks with a Pan African Bank like Ecobank. "The partnership between Ecobank and MFS Africa represents a significant step in building pan-African linkages between mobile money services and traditional banking channels. Typically, banks and other financial service providers seeking to integrate to mobile wallet systems are confined to domestic markets with almost no interoperability among networks in a single country, let alone across borders, severely inhibiting utility, efficiency, and customer experience. The collaboration between Ecobank Banking Group and MFS Africa eliminates this hurdle and accelerates the ecosystem, driving financial inclusion and offering a greater range of options to Africans," says Ade Ayeyemi, CEO of Ecobank Group. While conventional wisdom pits banks and mobile money services against each other as incumbents threatened by disruptors, the reality is quite different. Interoperable cross-platform services expand the pie of financial possibilities, bringing more choice and value to consumers using bank accounts or mobile wallets, and leveraging the strengths of both types of players.