

# Monthly Financial Sector Bulletin

Issue No. 67, March 2019



**COVER PICTURE:** The Zimbabwe Stock Exchange (ZSE) announced the appointment of Justin Bgoni as the company's new Chief Executive Officer with effect from 13 March 2019. Bgoni is a Chartered Accountant with over 19 years of international experience in the financial and public sector. He holds amongst other qualifications a Bachelor of Accounting Science from the University of South Africa and a Master in Applied Finance from Victoria University of Wellington in New Zealand. Some of his notable previous appointments include a stint as a Management Consultant at McKinsey Incorporated and Chief Financial Officer at New Zealand Stock Exchange. The appointment of Justin Bgoni as the Zimbabwe Stock Exchange (ZSE)'s chief executive officer is a notable development which hopefully stabilises the company's C-suite, which has been plagued by instability in recent times. Given his international exposure and corporate experience, Bgoni is expected to drive the transformation of the ZSE into a modern stock exchange whose operations are driven and guided by international best practice. Cover Picture © ZTN

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

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## SELECTED VITAL STATISTICS AT A GLANCE

### General Statistics

Year-on-year Inflation for <b>June 2019</b>	175.66 % ( <b>May 2019: 97.85%</b> )
Month-on-Month Inflation <b>August 2019</b>	18.07% ( <b>July</b> - 21.04%)
Projected Average Inflation for 2019	22.4%
Projected 2019 Gross Domestic Product (GDP) Growth	3.1% (AfDB – 4.2%; World Bank – 3.7%)
Original Budget for 2019	\$8.16 billion (\$10.85 billion)
2018 Manufacturing Sector Capacity Utilisation	48.2% (2017 – 45.1%) (2016 - 47.4 % (2015 - 34.3%)
Projected Trade Deficit for <b>2018</b>	US\$1.6bn (Exports – \$4.9bn; Imports – \$6.3 bn)
Zimbabwe's Foreign Direct Investment (FDI) – <b>2018</b>	US\$745m (US\$349m - 2017) (US\$319m – 2016) (US\$421m- 2015)

### Statutory Ratios

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

### Deposits, Loans and Lending Ratios

Total Banking Sector Deposits ( <b>30 June 2019</b> )	\$16.92 billion (\$10.32 billion – <b>31 Dec 2018</b> )
Total Banking Sector Loans & Advances ( <b>30 June 2019</b> )	\$6.17 billion (\$4.22 billion – <b>31 Dec 2018</b> )
Loans-to Deposit Ratio ( <b>30 June 2019</b> )	36.49% ( <b>31 December 2018</b> – 40.71%)
Banking Sector Non-Performing Loans (NPLs) ( <b>30 June 2019</b> )	3.95% (6.92% - <b>Dec 2018</b> & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Assets ( <b>30 June 2019</b> )	\$23.54 billion ( <b>31 Dec 2018</b> - US\$13.98 billion)

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

## Editorial Comment

### Product Innovation & Channel Development: Threefold Increase in Activity

Product development initiatives increased marginally from three in February 2019 to four in March 2019. While in the previous month activity was more diversified with a launch, an enhancement and a promotion each, in the current month it was limited to a single type of initiative – product launches. The banking sub-sector contributed all the initiatives, three quarters of which were in the lending category.

Channel development activity also increased from a single initiative to three, comprising of social media-powered banking, development of a remittances corridor and establishment of a correspondent banking relationship. The limited utility of CABS' USD dollar account with BMCE Bank signifies the country's correspondent banking crisis due to de-risking by traditional partners, that has seen Zimbabwean banks resorting to non-traditional countries for such relationships.

### Labour Markets Developments: Managers can form and join unions

While the landmark Supreme Court ruling that workers in managerial positions have a right to form and join trade unions of their choice is a welcome development which promotes and furthers the interests of managerial workers in the financial sector, it also signifies the deterioration of labour relations in the sector. In the past, this group of workers did not find it necessary to register a union and the fact that they choose to do so now is a barometer for labour relations in the banking sector. The development brings to an end the discretionary and possibly exploitative conduct of banks when dealing with the labour issues of managers, on the spurious grounds that managers represent the interests of employers.

### ICT Developments: FX Shortages Hamper Economic Activity

Connectivity challenges on the Econet Wireless network, which in turn affected services such as EcoCash highlight the extent to which foreign currency shortages are hampering economic activity in Zimbabwe by making it difficult for service providers to support their systems to levels which cater for the country's unusual challenges. This comes at a time EcoCash has evolved to become the principal means of payment for most Zimbabweans, given the longstanding cash shortages bedeviling the economy.

### Executive Management/Board Changes: New Broom at ZSE

The appointment of Justin Bgoni as the Zimbabwe Stock Exchange (ZSE)'s chief executive officer is a notable development which hopefully stabilises the company's C-suite, which has been plagued by instability in recent times. Given his international exposure and corporate experience, Bgoni is expected to drive the transformation of the ZSE into a modern exchange whose operations are driven and guided by international best practice.

### Corporate Social Investment & Sponsorship Initiatives: FIs support Cyclone Idai Relief Effort

As Zimbabwe came to terms with the trail of destruction in the wake of Cyclone Idai, business began to count the cost of the catastrophe. Agro-processors were said to be some of the worst affected while destruction of infrastructure such as roads and bridges restricted or prevented movement of goods. Trade routes in Beira were reportedly out of operation and this affected logistics. Despite this depressing backdrop of destruction, Zimbabweans rallied together to support the relief effort and a number of financial institutions operating in Zimbabwe responded by donating towards supporting victims of the natural disaster follows: Stanbic Bank (RTGS \$250,000), ZB Financial Holdings (RTGS \$60,000), Agribank (RTGS \$50,000), ZimSwitch (RTGS \$20,000) and Afreximbank (US\$ 1,500,000). This year, Global Money Week ran from 25 - 31 March 2019 and in celebration, a number of financial institutions such as POSB, ZB Bank, FBC Bank, National Building Society and Lion Finance Zimbabwe held a variety of commemorative events.

### Corporate Actions: Untu Mitigates Guarantee Suspension Fallout

Pursuant to the suspension of the African Guarantee Fund Guarantee which we featured in the previous edition, Untu Capital Limited moved to manage the fallout by ceding an additional \$500,000 of loan book debts secured by Immovable Properties to take the overall loan book ceded to \$2.00 million. This was done in substitution of the AGF Guarantee for the duration of its suspension or through to maturity of the guaranteed note. This means that risk which was previously externalised was domesticated, weakening the risk profile of Untu's note.

### Capital Market Developments: Eswatini Delegation Learns from Zimbabwe

The visit by a delegation of capital markets stakeholders from the Kingdom of Eswatini to familiarise with the automated trading platform (ATP) before commencing live trades on the Eswatini Stock Exchange (ESE), was a highlight of the month in the capital markets. This followed the successful launch of an automated trading platform on the ESE in February this year (2019) using C-Trade technology that also enables mobile and online share trading, provided by Escrow Systems, a subsidiary of the Escrow Group. This is a positive development on two fronts: First, it shows that the country's capital markets are fairly well developed and other African countries can learn from us and second, a local company is exporting services in the form of software, thereby earning the country the much-needed foreign currency in the process.

### Fiscal, Public Debt & Investment Issues: Unpopular Tax Props Government Finances

During the month under review, activity on the fiscal front was dominated by tax issues, in particular pertaining to the 2 percent tax, which although not well received by tax paying public, proved to be an effective revenue stream for the fiscus. First was the announcement by the Finance Minister that Treasury expected to collect at least RTGS\$600 million in 2019 through the unpopular tax. On a related note, activity at the country's tobacco auction floors was expected to improve following the scrapping of the 2 percent tax on all activities at the floors, with prices offered for the crop firming as a result. Meanwhile, Government said it believed using commercial loans for debt cancellation would not save the country from debt, but was rather looking at accessing soft loans or grants to speed up the arrears clearance processes and pave the way for access to fresh capital from multilateral institutions.

### Policy/Regulatory/Legal Developments: US Government Maintains hardline Stance on Sanctions

The extension by another year of sanctions by US President Donald Trump's administration on Monday, 4 March 2019 was a notable development. Unlike the EU, which also imposed sanctions on Harare at the turn of the millennium and has been softening the trade embargo incrementally in recent years, the US Government has maintained a hard-line stance against Harare. There is however a view that the sanctions regime has become counterproductive and is hurting ordinary Zimbabweans instead of those originally targeted. The impact of the US's actions in renewing the sanctions is to slow down the momentum of international re-engagement efforts, on which President Mnangagwa's administration has anchored its foreign policy. Government apparently does not take this lightly and it has since emerged that an American company was recently engaged to lobby Washington and handle Zimbabwe's communication efforts.

Another highlight was the launch - on the 18th of March 2019 - by the Insurance and Pensions Commission (IPEC), Zimbabwe's insurance and pensions regulator, of the three-pronged Zimbabwe Integrated Capital and Risk Project (ZICARP) which is aimed at creating market discipline and improving confidence levels in the country's insurance sector. The launch is a milestone because of its potential to contribute towards narrowing the confidence deficit in the industry while bringing international best practice to regulation of the local insurance sector. IPEC has called it an integrated project because it covers three main aspects: the Risk-Based Capital Framework, the Market Disclosure Framework, and the Own Risk and Solvency Framework (ORSF).

### Currency, Pricing and Liquidity Perspectives: Unattractive Exchange Rate Blamed for Limited Supply of FX

The Interbank market was a subject of topical interest during the month, with discussions ranging from the sustainability and viability of the exchange rate between the RTGS\$ and US\$ to how the market could be improved. As at the 8<sup>th</sup> of March 2019, the value of the RTGS currency remained unchanged at 2.5 to the U.S. dollar since February 22 while on the black market, the RTGS rate was 3.8 to the dollar, up from 3.5 the previous week. This resulted in concerns that the government was resisting moves to allow a further devaluation of the RTGS dollar, which discouraged those holding U.S. dollars from selling them at the prevailing rate. During the period under review, the exchange rate for the RTGS slid against the US dollar, which marked a change from the previous fortnight, when it had been stuck in the 2, 5 region. Exporters however demanded to be paid at a more favourable exchange rate of around US\$ 1: RTGS\$4, describing the current rate as unfair, but the RBZ said it considered this desired rate as unsustainable. Supply of foreign currency remained constrained due to the unattractive exchange rate but this was expected to improve once liquidations commenced after expiration of the maximum retention period of 30 days. The onset of the tobacco marketing season was also expected to have a positive impact on the supply of foreign currency and by extension, on the exchange rate.



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## PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- **Getbucks Microfinance Bank** introduced a lending product under which it advances funds against dividend income. "Get access to your RTGS\$ dividends immediately with GetBucks. Are you a shareholder in a **ZSE** listed Company? Has the company declared dividends? Why wait for your dividend payment when you can get funds now from GetBucks Microfinance Bank!" said the deposit-taking microfinance institution.
- **POSB** introduced an equity refinancing product. "Want to finance something important in your business life? Get up to 50% of the value of your property from POSB today," said the bank's mortgage finance department.
- Responding to the recent currency reforms, **CBZ Bank** introduced a savings account denominated in foreign currency under the CashPlus brand. "You can now save in forex, open a CashPlus Nostro account today and earn high interest returns. Life comes full circle when you save with CashPlus High Interest Earning Accounts. Open a CashPlus forex account that suits your savings needs today! No service fees, no withdrawal fees, no maintenance fees!" said the banking subsidiary of **CBZ Holdings**.
- **BancABC** part of **Atlas Mara** introduced a loan product targeted at Civil Servants branded BanCLoan. The bank said the salary-based loan attracts low interest rates and has a tenure of up to 48 months. The loan is also accompanied by Hospital Cash Plan cover up to 48 months which pays \$50 per day in the event that the borrower is hospitalised. The unsecured loan can be for up to \$30 000.00 and in order to qualify, the customer must earn a salary through BancABC for at least one month.

## SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	Getbucks Microfinance Bank	Dividend-based loans	Lending	Banking	Product Launch
2	POSB	Equity Refinancing	Mortgage Lending	Banking	Product Launch
3	CBZ Bank	CashPlus Nostro Account	Savings Account	Banking	Product Launch
4	BancABC	BanCLoan	Salary-based lending	Banking	Product Launch

## CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- **Steward Bank** introduced a WhatsApp banking offering. "Imagine doing ZIPIT, Banking Services, Bill Payment, Internal Transfers, Balance Enquiries, Airtime, all this and more on WhatsApp. Just Save this number 0777 222 333 and say "Hi" on WhatsApp to get started," said the banking franchise of **Econet Wireless's** fintech subsidiary **Cassava Smartech**.
- **Cassava Smartech**, the fintech subsidiary of **Econet Wireless** introduced **EcoCash** services in South Africa under the **EcoCash Remit** brand. "EcoCash is now in SA, receive direct money transfers. Receive money direct into your EcoCash FCA wallet and you can CASH OUT at Econet Shops and **Steward Bank** branches near you in USD," said the company in an advertisement.
- **Central African Building Society (CABS)**, a subsidiary of diversified financial services group **Old Mutual Zimbabwe** tied up a relationship with a Spanish bank to cater for inward and outward foreign currency transactions in a development that strengthens its global banking correspondence networks. "We are pleased to advise that CABS has secured additional Nostro accounts in United States Dollars (USD) and Euro (EUR) with **BMCE Bank International**, Spain. However, the USD account is restricted to incoming transfers only, while the EUR account is for both inward and outward transactions. CABS will continue supporting outward and inward international payments in EUR, South African Rand (ZAR) and Botswana Pula (BWP). While efforts are underway to secure an option for USD and GBP outward payments, we encourage you to consider the above-stated currencies in place of the USD and GBP denominated payments," said CABS managing director **Simon Hammond** in a statement.

SUMMARY: CHANNEL EXPANSION/RATIONALISATION ACTIVITY				
#	Institution	Sector	Type of Initiative	Description
1	Steward Bank	Banking	WhatsApp Banking	Banking on Social Media
2	Cassava Smartech	Mobile Money	EcoCash Services	EcoCash Remit: South African Corridor
3	CABS	Banking	Correspondent Bank Account	Relationship with BMCE Bank

## LABOUR MARKETS DEVELOPMENTS

- The Supreme Court ruled that workers in managerial positions have a right to form and join trade unions of their choice which promote and further their interests. The superior court made the landmark ruling in the case in which the [Bankers Association of Zimbabwe \(BAZ\)](#) was challenging the decision of the Registrar of Labour to register a union representing bank managers. The Registrar had accepted registration of the [Banking and Finance Managers Union of Zimbabwe \(BAFMUZ\)](#). But BAZ held the position that managers cannot be members of a trade union because they represent the interests of employers. However, [Justice Bharat Patel](#) upheld the lower court's decision saying there was nothing sinister at law for managers to form or join a trade union to represent the interests of managerial employees in the banking sector. He ruled that the appeal could not be sustained and that Section 45 of the Labour Act allows the registration of BAFMUZ as a trade union to represent the managerial employees in the banking sector. The judge also ruled that the registration of BAFMUZ to represent managers would certainly not be unconstitutional and that such registration could not be regarded as being contrary to public policy. "It follows that the findings and decision of the court-a-quo cannot be factually impugned or legally impeached and must, therefore, be upheld," said Justice Patel, dismissing the appeal with costs of suit.

## ICT DEVELOPMENTS

- [Econet Wireless](#) attributed the connectivity challenges experienced across its network on Monday, 4 March 2019 to a serious network fault in Masvingo. "The instability on our key network systems resulted in intermittent failure by customers to make calls, send SMSes, browse mobile data or to use USSD for services such as [EcoCash](#) and to purchase product bundles across the network," the mobile network operator said. Econet also said while its network systems and infrastructure included redundancy (or back-up) systems, the current foreign currency shortages in Zimbabwe made it difficult for the network to support its systems to levels which cater for unusual challenges. "We are confident of our back-up systems, but access to foreign currency would certainly enhance the robustness of these systems," the company said.

## EXECUTIVE MANAGEMENT/BOARD CHANGES

- [NicozDiamond Insurance Limited](#) announced the appointment of [Elisha Moyo](#) and [David Nyabadza](#) to the Board of Directors as Chairman and Managing Director respectively, effective 1 March 2019. Elisha Moyo is a lawyer with 30 years of experience in both Commerce and Legal practice and is the Senior Partner of the law firm [Moyo and Jera Legal Practitioners](#). Moyo's specialty is Corporate Law, Tax Law, Commercial Transactions and Insurance Law. He is also the Chairman of [First Mutual Properties Limited](#) (formerly Pearl Properties (2006) Limited) and he is a Non-Executive Director of [First Mutual Holdings Limited](#). In addition, Moyo is the Vice Chairman of the [National Biotechnology Authority of Zimbabwe](#), a Council Member of the [University of Zimbabwe](#) Council and Councillor in the [National Manpower Advisory Council](#). He holds a Master's in Business Administration from the University of Zimbabwe, a Bachelor of Laws degree and a Bachelor of Laws (Tax Law) with University of South Africa.

An established insurance professional with more than 17 years of experience, David Nyabadza started his career with the then [Southern Africa Reinsurance Company](#) (now [FBC Reinsurance Company](#)) as an Assistant Underwriter in 2001 and rose to become inaugural Branch Manager for their Bulawayo office. He joined the First Mutual group in 2003 as Facultative Manager for [First Mutual Reinsurance](#) at its inception, and contributed to the development of the business from a Greenfield project to a market leader with both local and regional presence. Nyabadza was promoted to Operations Executive for First Mutual Reinsurance in 2007. In this new role he was also responsible for developing external markets, a responsibility which saw the business significantly grow income from the Africa

continent and culminated in the formation of [FMRE Property & Casual Botswana](#), a fully-fledged reinsurer domiciled in Gaborone. In 2016 he was appointed Managing Director for [TristarInsurance Company](#) during a time when that business was suffering from business flight. At TristarInsurance he established the business and saw the company grow and regain some of its key clients. He was subsequently appointed Managing Director of [NicozDiamond Insurance Limited](#) after its integration with TristarInsurance. Nyabadza holds a Bachelor of Commerce Degree in Insurance and Risk Management from the [National University of Science and Technology](#), and a Master's Degree in Business Administration from the [Eastern and Southern African Management Institute \(ESAMI\)](#).

- The [Zimbabwe Stock Exchange \(ZSE\)](#) announced the appointment of [Justin Bgoni](#) as the company's new Chief Executive Officer with effect from 13 March 2019. Bgoni is a Chartered Accountant with over 19 years of international experience in the financial and public sector. He holds amongst other qualifications a Bachelor of Accounting Science from the [University of South Africa](#) and a Master in Applied Finance from [Victoria University of Wellington](#) in New Zealand. Some of his notable previous appointments included a stint as a Management Consultant at [McKinsey Incorporated](#) and Chief Financial Officer at [New Zealand Stock Exchange](#). "The Board of Directors, Management and Staff at ZSE congratulate him in this position and warmly welcome him. We wish him success during his tenure in this new role," said board chairperson [Mrs Caroline Sandura](#).

### CORPORATE SOCIAL INVESTMENT (CSI) & SPONSORSHIP INITIATIVES

- [Nedbank Zimbabwe](#) donated toiletries and handed over proper ablution facilities it constructed for female inmates at [Chikurubi Female Prison](#) in Harare, as part of its celebration of International Women's Day on March 8, 2019. As part of its corporate social responsibility programme, Nedbank constructed 10 modern toilets in the cells in an effort to do away with the bucket system that inmates were using. "When we visited Chikurubi last year, we realised that there were no adequate toilet facilities in some of the cells. We immediately took action and we are pleased to advise that the bank installed 10 toilet facilities and adequate plumbing to cater for women here. Our vision is to become Zimbabwe's most admired bank by our staff, clients, shareholders, regulators and communities. This vision is not just a statement but a way of life for all of us at Nedbank. We are constantly looking for ways of improving the lives of each of these stakeholder groups, and one of them is the community," [Dedrey Mutimutema](#), the bank's executive head of marketing and public relations said.
- World Championships-bound [Munyaradzi Jari](#) emerged winner of the [CBZ Peter Gradwell Marathon](#) at [Old Georgians Sports Club](#) in Harare on the 17<sup>th</sup> of March 2019. Jari crossed the finish line in 2 hours 23 minutes 6 seconds, beating [Prosper Mutwira](#) (2 hours 23 minutes 22 seconds) and [Lyno Muchena](#) (2 hours 25 minutes 19 seconds) into second and third position respectively. [Olivia Chitate](#) continued with her dominance on the local road running scene to win the women's race in 2 hours 53 minutes 32 seconds, after winning the Old Mutual Harare Marathon in February. [Emmilia Mukungatu](#) was second in 3 hours 22 minutes 29 seconds and [Lynette Tomu](#) came third in 3 hours 33 minutes 11 seconds. Chitate and Jari got \$2 000 each for emerging winners in the women and men's races. The event attracted 1 400 participants for all races that were on offer from 5km to the main 42.2 km. CBZ Holdings group executive marketing and corporate affairs, [Laura Gwatiringa](#) said they were impressed with the event and expected it to become an annual endeavour. "As CBZ, the biggest financial services organisation in Zimbabwe, we realised that we were absent in this space, in the area of running. It's an area that it open to all age groups and we felt in promoting healthy lifestyles we needed to come up with a marathon," she said.
- [First Mutual Holdings Limited](#) embarked on a drive to amplify its financial literacy programme through a campaign called "Future First" focusing on educating and preparing students enrolled in Zimbabwe's tertiary institutions on the importance of financial literacy through public lectures. The inaugural Future First financial literacy programme was held at [Zimbabwe Ezekiel Guti University](#) in Bindura on Monday, 11 March 2019. [Williefaston Chibaya](#), Employee Benefits Consultancy Services Manager and [Simbarashe Masukumidwza](#), Senior Consultancy Services Consultant presented on investments and Risk Management respectively to more than 180 students and lecturers. The objective of the programme is to enhance the knowledge, skills and attitudes to manage personal finance as



well as to educate recipients on good money management and practices with respect to investing, managing risk, and retirement planning emanating from the Group's three strategic pillars of wealth creation, wealth management and risk management. The targeted audience is university students and others aged between 18 and 28.

- **ZB Financial Holdings** announced that it was playing its part in dealing with the Cyclone Idai disaster and was channeling its resources through the **Zimbabwe Red Cross Society**. Accordingly, on Friday, 22 March 2019, CEO **Ron Mutandagayi** donated to the victims of Cyclone Idai foodstuffs including water, blankets and protective wear for volunteers to the value of ZWL\$60 000. The handover ceremony was held at ZB's Head Office at 21 Natal Road, Belgravia in Harare. "This donation is to cater for the immediate and urgent needs of the affected areas. We will, however, continue to monitor the situation especially with regard to reconstruction work that will be required in the aftermath of this disaster," said the financial services group.
- Payment system **ZimSwitch** made a donation of RTGS\$20, 000 towards ameliorating the plight of those affected by Cyclone Idai, through the **Zimbabwe Red Cross Society** who were actively involved in efforts to bring relief to the affected families.
- **Stanbic Bank** also joined the list of well-wishers for Cyclone Idai victims by purchasing an assortment of goods worth RTGS\$ 200 000. Head of Marketing and Corporate Communications **Palmer Mugavha** said the money was used to purchase 39 tents, 5 by 2.5Kva generators, 700 blankets, 2000 cases of bottled water, 2000 packs of reusable sanitary pads and 500 thick black plastic sheets. Mugavha added that another RTGS\$50 000 had been set aside for other critical needs encountered by the teams on the ground.
- **Agribank** said it had donated RTGS \$50 000 as an initial amount towards relief efforts for Cyclone Idai and would expend all efforts to support Government Relief and Recovery efforts. "The Bank is actively engaged in mobilising resources for Cyclone Idai Relief efforts. All forms of contribution are encouraged including financial and material. We encourage all citizens to participate in this very important and worthy cause. Together, we can make a positive difference. Every dollar counts!" said the government-owned bank in a public appeal.
- **Fidelity Life Assurance** on 21 March 2019 unveiled a three-year sponsorship deal with the **Premier Soccer League (PSL)**, which will cater for the medical welfare of playing and technical staff. Under the deal, which is pegged at close to \$1 million per season, the players will no longer have to worry about medical bills while those who suffer career-ending injuries during official PSL duties were set to get a once-off lump sum of \$15 000. Fidelity also availed life assurance and a funeral benefit plan for players and officials for all 18 teams. The deal was unveiled by the company's chief executive officer, **Rueben Java**, in the company of the country's football hierarchy that included **Zimbabwe Football Association (ZIFA)** president **Felton Kamambo**, acting vice-president **Philemon Machana**, PSL chairman **Farai Jere** and the league's chief executive officer **Kenny Ndebele**. "Our partnership with Fidelity Life Assurance will ensure that our football players and officials are looked after and as such can reach their full potential," Jere said. Java said the medical aid would cover the costs of hospitalization at Government and selected private hospitals, access to a general practitioner, medication, wellness programmes, dental and optical cover, emergency services and co-branded medical cards which are accepted widely. Apart from the \$15 000 payment in case of permanent injury or disability suffered during PSL action, a contracted player sidelined for over six months, due to injury, will start benefiting from a monthly payment of \$500 until he returns to action. In the event of death, Fidelity Life will provide funeral provisions which include a casket, tents, chairs and money for groceries.
- **FBC Holdings** pledged to build classroom blocks as well as fund the education of children affected by tropical Cyclone Idai, **Roy Nyakunuwa**, Acting Head Group Marketing revealed in a statement on Thursday, 21 March 2019. The financial institution also donated 20 tonnes of groceries worth more than RTGS\$ 120 000.00 and 2000 litres of fuel to assist people affected by the cyclone as part of the group's corporate social responsibility initiatives. "The whole FBC family is contributing resources towards the plight of Cyclone Idai victims. In addition to the RTGS\$60,000.00 worth of groceries availed by the FBC Group to families in Manicaland, our staff members are currently mobilising important items such as tents, blankets, clothes, buckets, dry food, pots and basic hygienic

items consisting of soap, sanitary pads and diapers. All items mobilised by staff members will be forwarded to communities affected by Cyclone Idai through the [Red Cross of Zimbabwe](#),” the diversified financial services group said in the statement.

- In celebration of Global Money Week, [People's Own Savings Bank](#) lined up some activities including financial literacy presentations at 70 schools and hosting 70 schools at POSB banking halls. The savings bank also hosted the POSB Global Money Week Inter-University Debate Tournament at the [Holiday Inn](#) during the period 28-30 March 2019, with the tournament finals being held on the 30<sup>th</sup> of March 2019 from 14:30hrs to 16:30 hrs broadcast live on [ZiFM Stereo](#). The events also live-streamed daily on [POSB](#), [Newsday](#), [The Standard](#), [Zimbabwe Independent](#) and [Heart & Soul Radio](#) pages.
- As part of celebrations for Global Money Week, on the 30<sup>th</sup> of March 2019, [ZB Bank](#) partnered [KBA](#) to host a financial literacy workshop for children from the age of 10 years to 17 years of age at [ZB Sports Club](#). Participants had to pay a registration fee of \$5 which entitled them to get an instant account opened on the day and to receive workshop promotional items.
- The [Global Foundation of Public Speaking](#) partnered [Lion Finance Zimbabwe](#) and the [Reserve Bank of Zimbabwe](#) to host the Nyuku Fair targeted at secondary and tertiary students who wish to pursue a career in the financial services sector. Held at Westgate Shopping Complex on the 30<sup>th</sup> of March 2019, the event was part of the country's Global Money Week celebrations.
- The [African Export-Import Bank \(Afreximbank\)](#) announced a donation of \$1, 5 million to victims of Tropical Cyclone Idai, which recently devastated the southern African countries of Mozambique, Zimbabwe and Malawi. Afreximbank president [Benedict Oramah](#) said the bank decided to act on the tragedy, given the scale of the devastation wrought about by the cyclone, whose death toll was expected to exceed 1 000 and affected at least 2,5 million people. The relief package was approved by the bank's board of directors during its meeting in Cairo on March 23, and would be distributed across the three countries on the basis of the scale of damage suffered by each country. “He announced that the funds would be disbursed through the national relief agencies of the three countries, as they were well-placed to deploy them to the most critical areas of need in each country. In addition to the official donation, Afreximbank staff members have launched an initiative to make voluntary contributions to support the relief effort. Such donations will be collected and forwarded to the affected countries,” the regional bank said in a statement. Oramah also announced a decision by the board of directors for Afreximbank to send missions to the affected three countries to assess the potential for deploying its programmes and facilities.

### CORPORATE ACTIONS

- [Untu Capital Limited](#) issued a notice of an External Ordinary General Meeting of its noteholders. “Notice is hereby given that an Extraordinary General Meeting (“EGM”) of the Note-holders of Untu Capital Limited will be held in the Boardroom at No. 3 Drury Lane, Strathaven, Harare, Zimbabwe on Monday 08 April 2019 at 14:30hrs. The following resolutions are to be considered: Special Business, **Item 1:** That the issuer, proposes to increase the Immovable Properties to secure the issuance from \$2.50 million to \$3.75 million. In addition, the Issuer proposes to cede an additional \$500, 000 of loan book debts secured by Immovable Properties to take overall loan book ceded to \$2.00 million. This will be done in substitution of the [African Guarantee Fund \(“AGF”\)](#) Guarantee for the duration of the suspension and or through maturity. **Item 2:** That the Trust Deed dated 06 October 2017 and registration number MA016741 be amended accordingly to reflect the new security arrangements as follows: Clause 3.3.1 This note shall be secured by a Guarantee granted by the Guarantor and/or additional security shall be provided by the Issuer as follows:
  - (a) Immovable Property for the value of \$3.75 million as listed in Schedule A1; and
  - (b) Cession of book debts to the value of \$2.00 million; and or
  - (c) A suitable alternative Guarantor who has capacity to provide a Guarantee on the same or similar terms and conditions of the AGF Guarantee.

A note-holder is entitled to attend and vote and they may appoint a proxy to attend and vote for him/her on his/her behalf and such proxy need not be a Note-holder. The instrument appointing such a proxy must be deposited at the registered office of the Company, not less than 48 hours before the meeting," said [Thandiwe Ndhala](#) in the notice dated 8 March 2019.

- [Corpserve Nominees \(Pvt\) Ltd](#) issued a public notice advising [Nedbank Group Limited](#) shareholders on the Nominee register of a Final dividend to be paid into the Corpserve Nominee account on the 8<sup>th</sup> of April 2019. "The dividend was declared at a rate of 720 cents (ZAR) per share and will be converted into USD currency at a spot rate on payment date. Corpserve Nominees is mandated to distribute the dividends to beneficial shareholders on the Zimbabwe register. Shareholders are hereby requested to provide Corpserve with the following documents to enable payment of their dividends: 1. USD FCA Nostro bank account details, 2. Certified copy of ID/valid Passport," said the transfer secretary, adding that the dividend payment mandate forms could be downloaded on its website.

### REBRANDING & STRATEGIC REALIGNMENT INITIATIVES

- [First Capital Bank Limited](#), which rebranded from [Barclays Bank](#) in late 2018, introduced new corporate wear for its staff. "Our identity makes us unique. We proudly introduce our new corporate wear. We are here to serve you," said the bank, which operates in five countries and whose payoff line is "Belief comes first."

### CAPITAL MARKET DEVELOPMENTS

- Government announced that the [Infrastructure Development Bank of Zimbabwe \(IDBZ\)](#) was expecting to hire a financial advisor to help raise \$1 billion in fresh capital through a partial privatisation. In a tender published in the Government Gazette on Friday, 8 March 2019, the State-owned bank said the advisor would be expected to provide advice and support for the implementation of the recapitalisation transaction. The financial advisor will also propose recapitalisation options and make appropriate recommendations, prepare the necessary transaction documents to relevant stakeholders in canvassing foreign and local strategic institutional investors. The recapitalisation exercise would be done in phases, firstly, raising \$500 million in the short to medium term and secondly, further capitalizing the bank with the same amount in the long term. In addition to scaling up the bank's capital base, the recapitalisation would bring on board investors aligned to IDBZ's development mandate. The investor will also be expected to facilitate access to long-term capital suitable for infrastructure projects. "The Government of Zimbabwe has approved the partial privatisation of the bank to facilitate the desired recapitalisation. The bank now wishes to engage reputable consulting firms to undertake financial advisory services for its recapitalisation," IDBZ said.
- The [Zimbabwe Stock Exchange Limited](#) issued a statement on the deferment of publication of issuers' 31 December 2018 audited financial statements to 30 April 2019. "The Zimbabwe Stock Exchange Limited ("ZSE") hereby notifies issuers of the extension of the deadline, from 31 March 2019 to 30 April 2019, for publication of 31 December 2018 audited financial results for all affected issuers. Following the pronouncements of the monetary authorities, in October 2018 and February 2019, there has been discussions around the reporting currency and the functional currency amongst the accounting profession. The market is expecting [Public Accountants and Auditors Board \("PAAB"\)](#) to give guidance on this matter as Auditors are unable to sign-off accounts in the absence of guidance from the PAAB. Due to the delay in release of the aforesaid guidance, the ZSE has observed that issuers with December year-ends are unable to release audited results by 31 March 2019 as required. As a result, the ZSE in consultation with the [Securities and Exchange Commission of Zimbabwe \("SECZ"\)](#) has granted a blanket waiver of one month for all affected issuers to publish their 2018 audited results. The announcement has been made with the expectation that the release of the PAAB guidance is imminent," said new Chief Executive Officer [Justin Bgoni](#) on the 20<sup>th</sup> of March 2019 in his first statement since his appointment on the 13<sup>th</sup> of March 2019.
- A delegation of capital markets stakeholders from the Kingdom of Eswatini visited the country to familiarise with the automated trading platform before commencing live trades on the [Eswatini Stock Exchange \(ESE\)](#). The team

comprised members of the stock exchange, brokers, transfer secretaries, central bank and other key stakeholders of that country's capital markets. This followed the successful launch of an automated trading platform on the ESE in February this year (2019) using C-Trade technology. In 2018, Zimbabwe launched the C-Trade, which effectively opened capital markets to more people and enhanced financial inclusion. [Escrow Systems](#), a subsidiary of the [Escrow Group](#) provided the technology that also enables mobile and online share trading. Escrow Systems managing director [Simbarashe Machanzi](#) said the team would be in the country on a week-long familiarization mission. ESE monitoring and surveillance officer [Neliswa Nkala](#) said this was a positive development for the country's capital markets that would help demystify the stock markets. "Trading used to be manual, fewer companies listed while locals would also shy away from the market due to lack of investor knowledge. With automated trading platform, it will help us to reach more investors and more companies will be attracted to list on the stock exchange. This platform will enhance ease of doing business on the stock market. Our visit to Zimbabwe is to gain more knowledge on this, we want to make sure that we use the system proficiently at Eswatini Stock Exchange. So this training will address any loopholes on the technical aspect. The system itself is excellent and we trust that if we use it professionally, it will do nothing but good for the stock exchange," she said.

## FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

- The Zimbabwe Revenue Authority issued a public notice outlining the impact on duty calculations following recent monetary policy changes. "The Commissioner General of the [Zimbabwe Revenue Authority \(ZIMRA\)](#) would like to clarify the impact on duty calculations resulting from the recently promulgated Statutory Instruments 32 and 33. The rates of calculation of duty are as contained in the Customs and Excise (Tariff) Notice, Statutory Instrument 53 of 2017. The value for duty purposes is determined by applying the prevailing exchange rate on the Cost Insurance and Freight (CIF) values of the goods being imported as contained in the invoices issued in the country of supply or export. There are three methods of calculation of duty namely *ad valorem*, *specific* and a combination of the two rates. For duty calculations using the *ad valorem* method, the rate of duty is applied on the value for duty purposes to arrive at the duty payable. For such transactions, the value for duty purposes will now be computed based on the revalued Real Time Gross Settlement (RTGS) dollar value. For duty computations using specific rates of duty, such rates are denominated in the newly introduced RTGS dollar. Therefore, such duty calculation transactions will not be affected by the recent legislative changes. Examples of products on which specific duty rates are applied are petrol, diesel, paraffin, wine and cement. For duty computations that are based on combination rates duty, these include both *ad valorem* and *specific* rates, therefore the impact on each rate is as explained above. For designated goods which require duty to be paid in foreign currency as provided for in Statutory Instrument 252A of 2018, the duty calculation remains in foreign currency, and as such the duty will be unchanged," said Zimra in public notice number 8 of 2019.
- Treasury said it expected to collect at least RTGS\$600 million through the two percent tax that Government imposed on all electronic transactions late 2018. In a progress report on the implementation of policy reforms under the Transitional Stabilisation Programme (TSP), the Minister of Finance and Economic Development, [Professor Mthuli Ncube](#), said the new tax was proving to be an effective revenue stream for the fiscus. "Already, RTGS\$52.5 million was raised in November and RTGS\$103.8 million in December 2018, giving a total of RTGS\$166.2 million for 2018. By January 2019, the Electronic Transactions Tax raised RTGS\$98.5 million and it is anticipated that RTGS\$600 million will be raised during 2019," he said. Ncube said the bulk of the revenue from this tax head was being used to finance critical infrastructure projects such as roads.
- Government was now expected to start refunding businesses for extra costs incurred in buying fuel at new prices that became effective on January 13, following announcements through Statutory Instrument 72 of 2019 on Friday 22, March 2019; of rebates for excise duty on fuel, for which manufacturing, agriculture, mining and transport are eligible. Government hiked the price of fuel by 150 percent, ostensible to prevent arbitrage and to tame the disproportionate demand for the commodity. SI72 limits refunds to beneficiaries that do not have outstanding tax liabilities, and in instances where such liabilities exist, the [Zimbabwe Revenue Authority \(ZIMRA\)](#) will deduct the debt and refund whatever amount is left. Additionally, application for rebates – which will be made through Form Ex FRF 2 – will only be made by companies that are duly registered and have tax clearance certificates, invoices or receipts from fuel suppliers, and documented proof of productive use of the fuel.



- Activities at the country's tobacco auction floors were expected to improve following the scrapping of the 2 percent electronic transfer tax on all activities at the floors, with prices offered for the crop beginning to firm. Through the [Tobacco Industry and Marketing Board](#), tobacco merchants and auction floor operators had requested the Government to scrap the 2 percent tax, arguing it would seriously hurt their margins. Some of the transactions that are exempted from the 2 percent tax include transfer of funds to mining houses by the [Minerals Marketing Corporation of Zimbabwe \(MMCZ\)](#) as well as transfer of money to producers or sellers of gold by [Fidelity Printers and Refiners](#). Tobacco industry players had argued that their operations were similar to those of the MMCZ and Fidelity Printers and Refiners. As such, they also wanted to be exempted from the tax. They had also warned that additional costs arising from the 2 percent tax might result in deliberate lowering of prices by the merchants.
- Government said it believed using commercial loans for debt cancellation would not save the country from debt, but was rather looking at accessing soft loans or grants to speed up the arrears clearance processes in order to access fresh capital from multilateral institutions. "Indications are that if we use commercial loans to clear our arrears the problem will never end, we need either a very soft loan or grant, but I don't know if we will be able to convince any country to give us a grant considering the current state. That would be the best option, but we are saying failure of that maybe if the G7 can give us a soft loan that has [IDA](#) terms, which means it will have zero interest with only service fee of 0.75% percent which we can use," said [Martha Mugweni](#) from the [Zimbabwe Aid and Debt Management Office \(ZADMO\)](#), standing in for Minister of Finance and Economic Development [Mthuli Ncube](#) at the Zimbabwe High Level Debt Conference in Harare on the 28<sup>th</sup> of March 2019.

## POLICY/REGULATORY/LEGAL DEVELOPMENTS

- The newly-established Magistrates Commercial Courts and Small Claims Courts, which are mandated to expeditiously resolve commercial disputes, opened their doors to the public on 4 March 2019 across the country's 10 provinces. This development came after, 32 magistrates who were designated to run the specialised courts, underwent a two-day refresher course on how to preside over commercial disputes. "On Friday and Saturday (1 and 2 February 2019), selected judicial officers were training on how to properly deal with commercial disputes. Today, they started operating in all the 10 provinces," said [Judicial Services Commission](#) acting secretary [Walter Chikwana](#).
- US President [Donald Trump](#)'s administration on Monday, 4 March 2019 extended sanctions on Zimbabwe by another year. "The actions and policies of these persons continue to pose an unusual and extraordinary threat to the foreign policy of the United States. For this reason, the national emergency declared on March 6, 2003, and the measures adopted on that date, on November 22, 2005 and on July 25, 2008, to deal with that emergency, must continue in effect beyond March 6, 2019. Therefore, in accordance with Section 202 (d) of the National Emergencies Act (50 U.S.C 1622(d)), I am continuing for 1 year the national emergency declared in Executive Order 13288," said President Trump.
- In an effort to augment supply gaps in the market, Government liberalised the importation of fuel, with Cabinet on 5 March 2019 giving companies with free funds the greenlight to import fuel for their own consumption. "Government has given the green light to mining companies and those in the farming sector to import fuel using their own funds. At the moment no individual is allowed to do that," said Energy and Power Development Minister [Joram Gumbo](#). In 2015, Statutory Instrument (SI) 171 was amended to allow members of the public to import up to 2 000 litres of fuel per month for personal use. However, the legal instrument was repealed two years later through SI 122 of 2017, which stipulated that only companies licensed in terms of Section 29 of the Petroleum Act were allowed to import fuel.
- Cabinet met on the 14<sup>th</sup> of March 2019 and decided that under public enterprises reform, the [Industrial Development Corporation of Zimbabwe \(IDCZ\)](#)'s lending function as a Development Financial Institution (DFI) should be revived, and that the \$30 million allocated in the 2019 National Budget as seed capital be immediately released in full to the Industrial Development Fund.

- The [Reserve Bank of Zimbabwe](#) issued a press statement in respect of payment arrangements for green leaf tobacco during the 2019 marketing season. “The Reserve Bank of Zimbabwe has put in place payment measures to ensure that tobacco growers who are going to sell their tobacco during the 2019 marketing season, are paid within the shortest possible time. Tobacco sale proceeds shall be deposited into the growers’ RTGS\$ bank accounts and Nostro FCA bank accounts. Tobacco growers shall be paid 50%, after deduction of the USD loans, in United States Dollars, and the proceeds shall be deposited in the grower’s Nostro FCA bank accounts. The balance of 50% of the net sale proceeds shall be credited into the grower RTGS\$ bank account. Tobacco growers who opt to have 100% of their tobacco sale proceeds being paid into their RTGS\$ bank accounts, shall also be accommodated without the need to open the Nostro FCA bank accounts. In order to assist growers in accessing cash for incidentals at the point of sale, growers shall be entitled to withdraw cash equivalent to RTGS\$0.50 per kg of tobacco sold, up to a maximum of RTGS \$300. For instance, a grower is entitled to withdrawal cash amounting to RTGS\$ 100 after selling 200kgs of green leaf tobacco. Tobacco growers who fail to access their cash entitlements on the day of the sale as a result of logistical bottlenecks, shall be allowed to access their cash entitlements within 5 working days from the date of the sale. Tobacco growers who have not yet opened Nostro FCA bank accounts are kindly advised to do so by approaching Banks which hold their individual RTGS\$ accounts and present their National Identity Card and grower’s number. Small-scale tobacco growers, (i.e. growers with 2 hectares and below of tobacco crop), are entitled to retain sales proceeds in their Nostro FCA for an indefinite period as free funds. Large scale tobacco growers (i.e. growers with more than 2 hectares of tobacco crop), are entitled to retain sales proceeds in their Nostro FCA for a period of 180 days. After 180 days, the Nostro FCA balance shall be offloaded onto the market at the ruling interbank market exchange rate,” said the statement dated 15 March 2019, which was jointly issued by Reserve Bank of Zimbabwe governor [Dr John Mangudya](#) and [Tobacco Industry & Marketing Board](#) Chief Executive Officer [Dr A. Matibiri](#).
- Parliament ratified the African Continental Free Trade Area (AfCFTA) Agreement which seeks to create a single market for goods, services and movement of persons in order to deepen the economic integration of the African continent. By ratifying the AfCFTA, Zimbabwe joined 15 other member states that had since ratified the agreement. Leader of Government Business in Parliament; Justice, Legal and Parliamentary Affairs Minister [Ziyambi Ziyambi](#) presented the motion on AfCFTA on behalf of Foreign Affairs and International Trade Minister, [Dr Sibusiso Moyo](#) in the National Assembly in mid-March, in terms of Section 327 (2) of the Constitution of Zimbabwe which provides that: ‘An international treaty which has been concluded or executed by the President or under the President’s Authority does not bind Zimbabwe until it has been approved by Parliament; and does not form part of the law of Zimbabwe unless it has been incorporated into the law through an Act of Parliament.’ Ziyambi said the Consolidated AfCFTA comprises an agreement establishing the AfCFTA; protocol on trade in goods; protocol on trade in services and protocol on Rules and Procedures on the Settlement of Disputes.
- Zimbabwe’s insurance and pension regulator, the [Insurance and Pensions Commission \(IPEC\)](#) on the 18<sup>th</sup> of March 2019 launched the [Zimbabwe Integrated Capital and Risk Project \(ZICARP\)](#) aimed at creating market discipline and improving confidence levels in the country’s insurance sector. Lack of confidence continued to haunt the country’s insurance and pensions industry due to the erosion of policy holder accounts which resulted from the conversion of value from Zimdollar to the United States dollars upon dollarisation. “Motivated by the quest to develop a sound insurance regulatory and supervisory framework to enhance policyholder protection, the Commission has appointed [African Actuarial Consultants \(AAC\)](#) to develop an Integrated Capital and Risk Framework for Zimbabwe. We have called it an integrated project because it covers three main aspects namely, a Risk-Based Capital Framework, Market Disclosure Framework and an Own Risk and Solvency Assessment (ORSA) Framework for implementation in the Zimbabwean Insurance industry,” said acting IPEC Commissioner [Blessmore Kazengura](#) addressing delegates during the launch ceremony. The Risk-Based Capital Framework will address weaknesses in the current capital framework. It is intended to determine the capital that each insurance company and/or medical aid scheme should hold, based on the risks that they assume. It will help to ensure that each insurer can withstand any risks it is exposed to, ultimately enhancing protection of policyholders. The Market Disclosure Framework is aimed at promoting consistent and comprehensive disclosures by IPEC’s regulated entities for the protection of insurance stakeholders and policyholders in particular. Insurers and medical schemes will be required to disclose relevant, comprehensive, adequate and timely information regarding their business activities, performance and financial position. The development of Own Risk and Solvency Framework, which is premised on Pillar 2 of the

Solvency II framework, seeks to align the assessment of Solvency Capital for insurers and medical aid schemes with the risks they face.

## INDUSTRY AWARDS AND ACHIEVEMENTS

- **CBZ Bank**, which has an asset base of US\$2 billion and deposits worth \$1.8 billion, was voted as Zimbabwe's best-performing bank in 2018 by US-based **Global Finance Magazine**. According to the New York-headquartered magazine, the bank managed to skirt slow economic growth rates that "could hamper future lending as non-performing loans continue to rise. In Zimbabwe, CBZ Bank managed a 16.8 percent rise in profits (for the six month to June) last year, despite the fragile economy and a sharp rise in non-performing loans. The bank, the country's largest, processed about one-third of Zimbabwe's banking transactions in 2017."
- The Megafest National Business Awards were held at Rainbow Towers on the 22<sup>nd</sup> of March 2019 in Harare under them "Think Fast, Think Smart, Think Disruptive" and winners from the financial sector line up as follows:

Award	Name	Position
Outstanding Insurance Organisation of the Year	Champions Insurance	Winner
Outstanding Business Personality of the Year	Temba Ruvingo (Agribank)	Second runner-up
Businessman of the Year	Benjamen T. Mazarire (Hillthru Enterprises)	Second runner-up

- The **Zimbabwe National Chamber of Commerce** hosted the 2019 Mashonaland Region Business Awards at Cresta Lodge, Msasa on the 29<sup>th</sup> of March under the theme "Expanding Horizons: Dynamic Solutions for Economic Turnaround" with **James Musoni**, Rwandan Ambassador to Zimbabwe as guest of honour. Winners from the financial sector lined up as follows:

Award	Runner-up	Winner
Sustainability Award (SDG)	CBZ	Cassava Smartech
Public Enterprise Award	POSB	Agribank
Financial Institution supporting MSMEs Award		CBZ Holdings Limited

## DOMESTIC LENDING & FINANCING PERSPECTIVES

- The **Grain Millers Association of Zimbabwe (GMAZ)** appointed high powered technical committee to spearhead winter wheat contract farming for the next three years. Amongst the 14 member- committee were **Prosper Chiyanike** of **Metbank Limited** and **Johnson Mahanya** of **Ecobank Zimbabwe Limited**. The **National Wheat Contract Farming Committee (NWCFC)**, chaired by GMAZ Chairman **Tafadzwa Musarara** and deputised by **Graeme Murdoch** of **Paperhole Investments (PHI)** and was charged with the responsibility of mobilising inputs and machinery for the production of at least 150,000 metric tonnes of wheat valued around US\$80 million. Its terms of reference are as follows:

1. To promote and expand contract wheat farming activities in all suitable farming districts in Zimbabwe, aiming to achieve national yield of at least 150,000 metric tonnes over the three-year period 2019 – 2024 next three years. This includes new local and foreign investment
2. To coordinate an efficient and timeous farm inputs and machinery mobilisation programme locally and abroad using various suitable trade instruments
3. To craft a legally binding generic contract farming agreement that is viable, fair and justifiable
4. To lobby for the alignment of some statutory regulations so that they, inter alia, incentivise contract farming, deter and discourage side marketing and inputs abuse
5. To design, promote and supervise agro extension services for contracted farmers
6. To negotiate with government and farmers unions wheat producer prices and subsidies.

- Government pegged interest rates for loans to be accessed by businesses looted during the January 2019 protests at between 2 and 4 percent per annum, under a \$30 million fund set up to help them restock and rebuild their infrastructure. “Those who listed the equipment and wish to replace it will be paying an interest rate of three percent per annum and have 12 months to 24 months to repay. And those who list their buildings during the process will access the facility under the concessionary rate of interest of two percent per annum with 10 to 15 years repayment period,” said Industry and Commerce Minister [Nqobizitha Mangaliso Ndlovu](#), speaking at an exhibition dinner hosted by the [Grain Millers Association of Zimbabwe \(GMAZ\)](#) in Bulawayo early February. He added that businesses intending to restock would pay an interest rate of four percent per annum.
- The [Zimbabwe National Co-operative Federation Small and Medium Enterprises \(ZNCF SMEs\)](#) in partnership with [Metbank](#), on Wednesday, 13 March 2019 made its first disbursement to beneficiaries of its entrepreneurship fund aimed at helping small business owners boost their businesses. Six beneficiaries received loans ranging between \$200 and \$3 000. The [Federation Investment Entrepreneurship Fund \(FIEF\)](#) was launched in Mutare in 2018 to create opportunities for entrepreneurs who lack start-up finance. ZNCF SMEs president [Mike Duru](#) said they were aiming to avail loans on a monthly basis to small, medium and large business owners. “We are here today to hand over to our members who successfully applied for the FIEF. We are starting with six people, from those who successfully applied our lowest figure is \$200 while \$3 000 is our highest figure. This fund is aimed at giving funds to those who are into business, even start-ups. So far we have already 265 people who have joined this initiative.” The organisation has opened a branch in Hauna while more would be launched in Beitbridge and Gweru. ZNCF SMEs will work with local banks to assist entrepreneurs boost their operations.
- [TN Livestock Trust \(Pvt\) Ltd \(TNLT\)](#) unveiled a fund of RTGS\$25 Million for cattle depositors, available through [Steward Bank Limited](#). “We shall be reopening for cattle deposits at our Featherstone Farm from 1 May 2019. Bank your cattle with us and in return be issued with a certificate of deposit that will give your access to loans. Minimum deposit period is now 3 years for beef cattle from date of deposit or date a calf reaches two years of age. For breeding stock, the minimum deposit period is 5 years from the date of deposit or the date a heifer reaches two years of age. For depositing your beef stock with us, you will be entitled to interest at 10 % per annum on the value of the deposit from the date of deposit or, in relation to calves, from the date the calves reach 2 years of age. In relation to breeding stock, the minimum deposit period shall be 5 years, provided that, in relation to calves, the 5 years shall be counted from the date the calf reaches two years of age. We will carry all the costs of breeding and you shall be entitled to all the calves. We will pay you for looking after your cattle! In addition, we will empower you so you can borrow money at low interest rates for your inputs, home development, poultry projects, etc by just using your cattle certificate of deposit from TNLT. A fund of RTGS\$25 million shall be set aside at Steward Bank Limited from which cattle depositors will be able to borrow,” said the Trust in an advertisement on the 17<sup>th</sup> of March 2019.

### CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- [Reserve Bank of Zimbabwe](#) Governor [Dr John Mangudya](#) on Thursday, 8 March 2019 denied that the apex bank had fixed the exchange rate of the country’s new transitional currency, whose value it said it would let the market decide. Zimbabwe abandoned the discredited 1:1 dollar peg for its dollar-surrogate bond notes and electronic dollars on Feb 20, merging them into a transitional currency called the RTGS dollar. The value of that currency, which authorities said they would float, held unchanged at 2.5 to the U.S. dollar since Feb. 22 while on the black market, the RTGS rate was 3.8 to the dollar on the 8<sup>th</sup> of March 2019, compared to 3.5 the previous week. Concerns that the government was resisting moves to allow a further devaluation of the RTGS dollar discouraged those holding U.S. dollars from selling them at the prevailing rate. “We have not fixed the exchange rate and we will not fix it,” Mangudya told a parliamentary committee. Ministry of finance secretary [George Guvamatanga](#) saw room for a further RTGS dollar devaluation, which he said the market would determine. He told the committee that volumes traded on the black market were thin and that if rates on the forex interbank market rose too high, very few businesses could afford to buy dollars.
- Interbank foreign exchange market trades were averaging U\$12 million weekly, three weeks after its introduction, [Reserve Bank of Zimbabwe \(RBZ\)](#) Governor [Dr John Mangudya](#) told the Portfolio Committee on Public Accounts,



Budget, Finance and Economic Development on the 11<sup>th</sup> of March 2019. “On average for the past three weeks since the interbank market started, it has been about US\$12 million that has been traded. What we have noticed is that those parents with children at foreign schools and colleges are struggling to buy foreign currency at US\$1: 2.5 RTGS dollars because they do not have the RTGS dollars. Even some firms who are claiming that they do not have foreign currency, it is so because they cannot afford to buy it at 2.5,” said the Governor. Mangudya also reiterated that the interbank market determined exchange rate, which banks agreed upon as a starting rate, was not fixed and would soon get to equilibrium levels. “This is just the first month, give the interbank market about two to three months, the rate will reach an equilibrium, which may be lower than the 2.5. Tobacco auctions will begin on March 20, 2019 and we believe that before or on that date the rate will have reached its equilibrium,” he added. Tobacco is the country’s second largest foreign currency earner behind gold. Meanwhile the RBZ governor said he had been engaging with the tobacco sector with a view to increasing tobacco farmers’ foreign currency retention period to between 90 and 180 days. He also confirmed that tobacco farmers would retain 50 percent of their net export proceeds.

- Flue-cured tobacco sales got off to a poor start, with the first day of the marketing season being hampered by the withdrawal by farmers of 98 percent of the crop from the floors in protest over low prices offered by buyers. According to statistics released by the [Tobacco Industry Marketing Board \(TIMB\)](#) on the 21<sup>st</sup> of March 2019, growers sold 3886 kilogrammes of tobacco worth US\$7100 on the first day, compared to 165 105 kilogrammes worth US\$366 003 sold during the same period in 2018. The highest price offered on the first day was US\$4.50 per kilogramme, which was less than the US\$4.99 per kilogramme offered during the same period in 2018. Some players said both farmers and merchants were still testing the market and expected the deliveries to increase as the season progressed.
- [International Air Transport Association \(IATA\)](#), a trade association which represents interests of the world’s airlines, issued a directive to local travel agents that all remittances of amounts due to them would only be accepted in United States Dollars. In a circular dated March 20, 2019, IATA said it could no longer accept the use of direct debit as a remittance method in the market. “Pursuant of the monetary policy statement announced by the central bank, with immediate effect from February 20, 2019, and the resulting banking infrastructure and the operating environment alignment changes in Zimbabwe, please be advised that effective immediately IATA can only accept remittances of amounts due in the billing currency of the BSP in Zimbabwe, the United States Dollars. We also regret to inform you that we can no longer support the use of direct debits as a remittance method in the market effectively today, the service has been suspended and will be unavailable until further notice. All IATA payments shall be in United States dollar and should be remitted via bank transfer or cash,” read part of the circular. Meanwhile, the country’s national airline, [Air Zimbabwe](#) also advised travel agents that their fares would remain unchanged in US dollar terms, however RTGS payments would be determined by the ruling exchange rate.