DECEMBER 2009 **MONETARY POLICY STATEMENT**:
CONSOLIDATING THE GAINS OF MACROECONOMIC STABILITY

Issued
IN TERMS OF THE RESERVE BANK OF ZIMBABWE ACT
CHAPTER 22:15, SECTION 46

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Table Of Contents

Table of Contents

1. INTRODUCTION AND BACKGROUND

1.1 This Monetary Policy Statement is issued in terms of Section 46 of the Reserve Bank of Zimbabwe Act [Chapter 22:15] to lay out the focal policy areas that will guide the Bank's Monetary Policy implementation programmes over the next 6 months.

1.2 In drawing this policy framework, the Bank is also guided by Government's overall short-term, medium and long term economic and social programmes, as recently enunciated in the 2010 National Budget that was unveiled by the Hon. Minister of Finance on the 2nd of December, 2009, as well as the Three Year Macro-Economic Policy and Budget Framework 2010-2012 (STERP II), which was unveiled on the 23rd of December, 2009.

1.3 The Budget for 2010 and STERP II, therefore, form key anchor points around which this Monetary Policy Statement is formulated to ensure greater policy congruency and effectiveness between the Fiscal and Monetary sides.

1.4 This Fiscal-Monetary policy complementarity is essential in ensuring that both legs of the same body are moving in the same direction for the benefit of the Nation.

CORE MONETARY POLICY AREAS

1.5 Under the current multiple currency system, which STERP II has clarified that it will still be with us by 2012, the Central Bank will primarily focus on the following key areas, which form the nucleus of the Monetary Policy activities and priorities over the next 6 months:

(a). Guarding jealously the stability of the country's financial system through pre-emptive and preventative risk-based bank supervision and surveillance approaches;

(b). Ensuring the smooth functionality of the National Payments System as a direct way of supporting economic stability, recovery and progression through vibrant trade and commerce across all sectors of the economy;

(b). Contingent upon the availability of resources, the Bank will perform the lender of last resort function to ensure continuity and stability in the financial sector's intra-day trading activities;

(c). Revival of a vibrant money market system through issuance of and management of appropriately priced financial instruments that motivate a savings culture in the economy;

(d). Implementation of the country's Exchange Control Guidelines and Regulations in a manner that strikes a fine balance between maximising the virtues of economic and trade liberalisation and the need to ensure that the country gets maximum value for its exports shipped out, whilst also getting full value for import payments effected at all levels in the economy;

(e). Implementing the country's Bank Use Promotion and Anti-money Laundering laws;

(f). As Banker to Government, and as is spelt out in the statutes, the Central Bank will continue to manage the country's gross international reserves position, including the holding of the Special Drawings Rights (SDR) accounts at the International Monetary Fund (IMF), with Treasury charged with the actual usage of the funds therein;

(g). Keeping track of domestic and international monetary aggregates, interest rates, real sector aggregates and integrate these in concise macroeconomic and econometric research work that enables the Bank to continue acting as Policy Advisors to Government and the generality of the economy;

(h). Deployment of monetary policy instruments in an agile manner, ensuring that the banking sector plays its savings mobilisation and investment financing roles in support of Government's overall macro-economic policy objectives; and

(i). Engaging in any other assignments Government would have tasked the Central Bank with, including participation in regional and international trade, economic and financial forums.

MERITS OF INSTITUTIONAL COMPLEMENTARITY

1.6 The above streamlined operations of the Central Bank are a direct result of the now generally stable macroeconomic environment, supported by what we strongly believe to be the merits of **institutional complementarity** where Government Ministries and other public institutions are now doing what they should do.

1.7 The events of the 2004-2008 epochs, where virtually all aspects of public sector policy implementation were thrust on the Reserve Bank were a survival necessity that should be avoided now and in the future through **robust policy formulation and implementation across all structures of Government**.

1.8 The Reserve Bank is on record saying that we will not interfere in any areas outside our statutory mandate if those responsible for those areas are doing their job.

1.9 It is against this background that the Reserve Bank applauds all Principals to the Inclusive Government and the generality of fellow Zimbabweans for the renewed spirit of mutual cooperation in the common National interest.

1.10 Through working together, as Zimbabweans we will exceed even our collective expectations, ushering in rapid economic growth and social prosperity for all.

CONTINUED ADVERSE IMPACT OF SANCTIONS

1.11 The Reserve Bank wishes to once again reiterate the inescapable truism that for as long as Zimbabwe remains under the hurdle of the illegal sanctions imposed on it, the fragility of the economy and the current multiple strains on its vital social sectors will be elongated over the outlook period.

1.12 This will continue to slow down the pace of meaningful resource mobilisation, investment promotion and vibrancy of the productive sectors of the economy.

1.13 It is, therefore, once again, strongly recommended that the Inclusive Government and Zimbabweans from all walks of life energise our call for the removal of sanctions, supported by new ways of sharpening our diplomacy on the international arena to open new doors of cooperation, whilst strengthening existing ones.

1.14 The effectiveness of our international diplomacy will also depend on the extent to which internally, we collectively show resolve in working closely together, recognising and embracing the diversity that characterises our Nation.

1.15 The texture and format of our domestic politics, religious intercourse, articulation of gender issues, our sensitivity to the environment, inter alia, thus, shape the receptivity of the SADC region, the African Union and the world at large to our calls for investment inflows, international support and mutual cooperation in the various gainful spheres of international relations.

1.16 The current spirit of inclusiveness is, therefore, the most optimal path for Zimbabwe, as this helps shape the necessary conducive environment for macroeconomic stabilisation, recovery, growth and well-spread development.

2. BANKING SECTOR OVERVIEW AND POLICY

2.1 The overall business climate in the country continued to improve during 2009.

2.2 As Monetary Authorities we are encouraged by the growing confidence in the banking system since the introduction of the multi-currency regime in 2008.

2.3 We have also witnessed renewed interest in the banking sector by local and foreign investors.

2.4 The entry of new foreign investors in some financial institutions during the fourth quarter of the year reflects increased optimism and confidence in our financial sector.

Architecture of the Banking Sector

2.5 As at 31 December 2009, there were 27 banking institutions; 16 licensed Asset Management Companies; and 95 operating microfinance institutions under the supervision of the Reserve Bank, as shown in the table below:

Structure of the Banking Sector

Type of Institution	Number
Commercial Banks	17
Merchant Banks	4
Finance Houses	0
Discount Houses	1
Building Societies	4
Savings Bank	1
Microfinance Banks	0
Total	**27**
Asset Management Companies	16
Microfinance institutions	95

2.6 Our banking sector is now largely dominated by commercial banks following conversion of lower level licences in recent years.

2.7 In my previous Monetary Policy we advised that the Banking Act [Chapter 24:20] had been amended to provide for the licensing and supervision of **microfinance banks** by the Reserve Bank.

2.8 To date the Reserve Bank has received two applications for Microfinance banking licences, which are currently under consideration.

Status of Banking Sector Capitalisation

2.9 Minimum paid-up equity capital requirements for the banking sector are as provided for in section 29 of the Banking Act [Chapter 24:20] as read with section 12 of the Banking Regulations S.I. 205 of 2000, (as amended by S.I. 173 of 2008).

2.10 Following the introduction of the multi-currency regime, the Reserve Bank introduced a phased implementation plan for the enforcement of the prescribed **minimum paid-up equity capital** requirements for banking institutions, as follows:

Prescribed Minimum Paid-Up Equity Capital Requirements

Type of Institution	Minimum Capital Requirement by 30/09/09(US$)	Minimum Capital Requirement by 31/03/10 (US$)
Commercial Banks	6.25 million	12.5 million
Merchant Banks	5 million	10 million
Building Societies	5 million	10 million
Finance Houses	3.75 million	7.5 million
Discount Houses	3.75 million	7.5 million
Asset Management Companies	0.25 million	0.50 million

2.11 For the avoidance of doubt, minimum paid-up equity capital is comprised of capital components representing a permanent commitment of funds by the shareholders and includes such elements as :—

A) issued and fully paid up ordinary shares;

B) reserves consisting of —

I. non-repayable share premiums;

ii. capital reserves; and

iii. retained earnings for the current year.

2.12 The introduction of the multicurrency system necessitated the restatement of banking institutions' balance sheets to take into account the value of assets which in conventional accounting terms had been depleted to zero, following the period of hyperinflation. The take-on balances were confirmed by the banks' external auditors.

2.13 As supervisory authorities and in agreement with the accounting / auditing profession and the IMF, the Reserve Bank accepted restated values of owner-occupied and investment properties, subject to prudential "haircuts", as part of qualifying capital.

2.14 As at 30 November 2009, the status of the banking sector's capitalization levels was as tabulated below:

Banking Sector Capital Positions as at 30.11.09

INSTITUTIONS	TOTAL CAPITAL (US$)	MINIMUM CAPITAL REQUIRED (US$) EFFECTIVE 30.09.09
Stanchart	25,592,097.75	6,250,000,000
Barclays	23,706,174.25	6,250,000,000
CBZ	21,535,920.14	6,250,000,000
BancABC	16,627,431.53	5,000,000,000
FBC Bank	16,392,061.37	6,250,000,000
CABS	15,769,805.66	5,000,000,000
Kingdom	14,097,876.00	6,250,000,000
Stanbic	11,147,162.00	6,250,000,000
Metropolitan	10,987,666.35	6,250,000,000
ZB Bank	10,917,218.54	6,250,000,000
NMB	10,489,296.77	6,250,000,000
Agribank	9,541,486.00	6,250,000,000
CFX	8,928,087.00	6,250,000,000
CBZ Building Society	8,875,973.75	5,000,000,000
Tetrad	8,555,914.36	5,000,000,000
MBCA	8,337,783.25	6,250,000,000
Premier	8,301,558.65	5,000,000,000
DCZ	7,881,376.00	3,750,000,000
ZB Building Society	6,459,157.00	5,000,000,000
TN Bank	6,269,150.23	6,250,000,000
Interfin	5,231,021.08	5,000,000,000
ReNaissance	5,169,556.18	5,000,000,000
Genesis	5,000,689.56	5,000,000,000
FBC Building Society	4,427,746.00	5,000,000,000
NDH	1,128,260.36	5,000,000,000
ZABG	541,766.00	6,250,000,000

2.15 As indicated in my Press Statement of 6 November 2009, with effect from 1 January 2010, every banking institution will be required to have finalized the capitalization of non-distributable reserves to ensure their capital components are in conformity with the applicable banking laws and regulations, as well as international best norms.

2.16 For the avoidance of doubt, owner occupied properties and other assets for instance, would, with effect from 1 January 2010, **no longer be regarded as proxies of capital.**

2.17 The transfer of non-distributable reserves to fund the redenomination of regulatory capital components shall **be agreed to in writing by the Reserve Bank and the banking institutionís external auditors**.

ASSET MANAGEMENT COMPANIES

2.18 In terms of the phased capital implementation plan, asset management companies (AMCs) are require to comply with the minimum capital requirements of $500 000.00 effective 31 March 2010.

2.19 As at 31 December 2009, 16 AMCs had complied with the minimum paid up equity capital requirements of $250 000.00 effective 30 September 2009.

2.20 Legend Asset Management Company failed to recapitalize within the extended deadline of 31 October 2009, and voluntarily surrendered its licence to the Reserve Bank.

2.21 As Monetary Authorities, we continue to encourage asset management companies, in particular those at the lower end of the market to consider merging with stronger entities or enter into strategic partnerships to remain viable and make a meaningful contribution to the economy.

Financial Intermediation

2.22 As at 18 December 2009, total banking sector deposits amounted to $1.33 billion, with Loans and Advances of $639.28m, resulting in a Loans & Advances to Deposits ratio of 48.19%.

2.23 The table below shows the trends in the levels of total deposits; loans and advances; and the loans and advances ratios in the banking sector during the final quarter of 2009:

Trend of Banking Sector Deposits, Loans & Advances

Total Deposits	Total Loans and Advances	Loans/Deposits Ratio
04.09.09 $887.27m	$422.34m	47.59%
11.09.09 $917.01m	$426.81m	46.54%
18.09.09 $906.63m	$434.42m	47.92%
25.09.09 $917.79m	$454.44m	49.51%
02.10.09 $928.43m	$480.91m	51.69%
09.10.09 $980.29m	$469.56m	47.90%
16.10.09 $995.28m	$482.81m	48.51%
23.10.09 $1,016.37m	$499.87m	49.18%
30.10.09 $1,002.87m	$488.84m	48.74%
06.11.09 $1,028.49m	$520.30m	50.59%
13.11.09 $1,041.11m	$531.63m	51.06%
20.11.09 $1,233.47m	$557.11m	45.17%
27.11.09 $1,213.35m	$573.75m	47.29%
04.12.09 $1,239.59m	$578.18m	46.64%
11.12.09 $1,264.19m	$617.34m	48.83%
18.12.09 $1,326.67m	$639.28m	48.19%

2.24 The table below shows the loans to deposit ratios per institution as at 18 December 2009.

Loans to Deposit Ratio as at 18 December 2009

Name of Institution	Total Deposits (USD)	Total Loans & Advances (USD)	Loans to Deposit Ratio
Commercial Banks			
CFX Bank	2,395,615.62	4,576,524.10	191.04%
MBCA Bank	41,192,768.16	51,671,390.83	125.44%
Agribank	12,130,213.68	10,339,016.40	85.23%
NMB Bank	27,972,226.12	20,315,224.89	72.63%
CBZ Bank	364,516,470.59	225,140,647.90	61.76%
Kingdom Bank	43,333,730.35	25,494,895.68	58.83%
Metropolitan Bank	10,343,685.60	5,732,024.31	55.42%
ZB Bank	45,275,906.19	19,776,932.61	43.68%
Stanbic Bank	164,762,600.39	62,366,312.47	37.85%
TN Bank	15,021,717.95	4,679,591.23	31.15%
ZABG Bank	11,182,941.84	3,340,375.27	29.87%
Standard Chartered	217,106,734.33	51,049,246.38	23.51%
Barclays Bank	98,597,890.00	19,664,029.00	19.94%
FBC Bank	97,818,888.52	16,285,352.42	16.65%
Merchant Banks			
ReNaissance	12,653,695.98	32,458,924.79	256.52%
Tetrad Investment Bank	6,111,124.69	4,899,664.30	80.18%
BancABC	34,918,905.02	24,075,414.85	68.95%

Interfin	24,408,067.29	15,759,949.98	64.57%
Premier Banking Corp	16,461,135.14	9,192,429.87	55.84%
Genesis Investment Bank	3,167,357.86	1,383,975.97	43.69%
NDH	73.00	887,705.78	-
Building Societies			
CBZ Building Society	2,399,545.45	1,179,305.99	49.15%
FBC Building Society	40,077,639.47	17,857,324.59	44.56%
CABS	9,921,230.92	4,087,769.86	41.20%
ZB Building Society	5,136,548.75	1,299,715.41	25.30%
Savings Bank			
POSB	19,761,499.39	5,767,642.86	29.19%
GRAND TOTAL	**1,326,668,212.31**	**639,281,387.75**	**48.19%**

2.25 As Monetary Authorities, we once again call upon banking institutions to improve financial intermediation to levels commensurate with total deposits in the banking sector.

Sectoral Distribution of Credit

2.26 In November 2009, the Reserve Bank urged banking institutions to re-orient their lending portfolios to achieve the following sectoral thresholds for lending activities:

Economic Sector	Recommended Threshold
Agriculture	30%
Manufacturing	25%
Mining	25%
Other	20%

2.27 The table below shows the sectoral distribution of credit in the banking sector as at 18 December 2009.

Sectoral Distribution of Loans as 18 December 2009

Sector	Loans & Advances	Proportion of Total Loans & Advances
Manufacturing	141,658,073.80	22.16%
Distribution	129,068,659.21	20.19%
Agriculture	123,399,595.77	19.30%
Services	93,451,396.64	14.62%
Mining	43,264,073.01	6.77%
Communication	33,661,490.72	5.27%
Individuals	30,504,131.51	4.77%
Transport	17,722,130.56	2.77%
Financial Firms	14,521,263.07	2.27%
Construction	12,030,573.44	1.88%
Total	639,281,387.75	100.00%

2.28 As Monetary Authorities, we are still concerned with the low levels of lending to the key sectors of the economy. This Monetary Policy Statement unveils measures to encourage banks to deploy their deposits into the productive sectors of the economy.

Impact of the Global Financial Crisis

2.29 The effects of the global financial crisis have been far-reaching, affecting both the financial and the real sectors of the economy. The most evident impact of the crisis is declining demand for local and regional exports, depressed global commodities prices, job losses and currency dislocations.

2.30 The level of international capital inflows, including foreign aid, has also declined, as countries attempt to consolidate their financial positions.

2.31 Access to both international and regional lines of credit has been constrained, contributing to market-wide illiquidity and hampering effective financial intermediation by the banking sector, particularly, to the productive sectors of the economy.

2.32 In this regard, as Monetary Authorities, we urge banking institutions to pursue strategic alliances and partnerships that enable them to access foreign lines of credit and international capital markets.

2.33 Banking institutions are also encouraged to enhance their risk management structures and adopt international risk management best practices, in view of the risk management weaknesses unearthed by the global financial crisis.

Credit Reference Bureau

2.34 The Reserve Bank encourages banking institutions to consider funding the setting up of a Credit Reference Bureau.

2.35 The establishment of a Credit Reference Bureau will provide a central database for credit information sharing which will, among other things, augment credit risk management, and provide the requisite support infrastructure for the implementation of Basel II.

STATUTORY RESERVES POLICY

2.36 Statutory reserves are an important monetary policy instrument.

2.37 In order to ensure that this instrument plays a deeper role in supporting the stability and effectiveness of the Financial Sector, the following statutory reserves policy has been put in place with effect from 1 February, 2010:

* With effect from 1 February 2010, statutory reserves will be 5%, of which the Reserve Bank will keep 2.5% and the other 2.5% will be kept in an offshore bank, which must be authorised by the Reserve Bank.

* The statutory reserves in respect of the period up to 31 January 2010, will remain at 10% and the Reserve Bank will continue holding the deposited amounts pending the execution of various Instruments that facilitate re-alignment of the old ratio to the 1st of February, 2010.

2.39 The Reserve Bank has been noting with grave concern the increasingly aloof attitude by some banks where they are electing to hold on to their deposits without giving the economy meaningful support through well-appraised lending.

2.40 In some cases, some banks have been noted to be having lending levels of as low as under 20% of total deposits, leaving millions of dollars lying idle in their offshore foreign exchange accounts.

2.41 For the avoidance of doubt, it must be noted that the Reserve Bank is by no means telling/directing banks who to lend their funds to, but rather simply encouraging that banks' mobilised savings be redeployed back into the economy through prudential lending.

2.42 Banks must, therefore, through their routine credit risk screening and management systems, continue to protect their asset books through rigorous pre and post lending evaluations of borrowers.

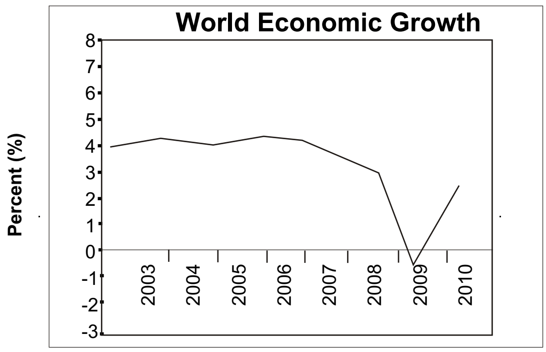
3. REAL SECTOR OVERVIEW: GLOBAL AND LOCAL DEVELOPMENTS

GLOBAL ECONOMIC DEVELOPMENTS

3.1 Global economic activity was largely subdued in 2009. This negative development is indicative of the adverse repercussions of the global financial crisis. As a consequence, the world's real GDP, is estimated to have contracted by 1.1% in 2009, comparing unfavourably with a growth of 3.0% recorded in 2008.

3.2 This notwithstanding, most countries including advanced economies are beginning to exhibit some nascent recovery signs. Expansion in global economic activity has been underpinned by strong public policies and deliberate policy measures taken by the IMF, which have allayed concerns about systemic financial collapse and eliminated fears of a global depression, whilst helping to boost global demand.

3.3 Against this background, the global economy is projected to grow by 3.1% in 2010, spurred mainly by export growth resulting from improved global aggregate demand, a rebound in financial market sentiment and risk appetite, increased capital by banks, and the reopening of wholesale funding markets.



3.4 The global economic recovery will be led by emerging and developing economies which have successfully withstood the financial turmoil much better than expected, reflecting improved policy formulation and implementation frameworks.

United States of America

3.5 The US economy is estimated to have contracted by 2.8% in 2009 after registering a growth of 1.1% in 2008. This decline is a reflection of the severe recession emanating from the credit crisis, falling housing and equity prices, weak aggregate demand and loss of confidence.

3.6 It is projected that the economy will register a modest growth of 1.1% expected in 2010 as authorities implement policies aimed at restoring the health of the core financial institutions.

Euro Zone

3.7 Economic activity in much of advanced Europe began to contract well before the September 2008 financial crisis, owing mainly to rising oil prices.

3.8 Against this background, real GDP is estimated to decline by more than 4% in the euro area in 2009 and grow marginally by 0.5% in 2010.

Asian Countries

3.8 The impact of the global crisis on economies in Asia has been surprisingly limited. This is because the region was not heavily exposed to US securitized assets. Improved macroeconomic fundamentals and relatively sound bank and corporate balance sheets provided some buffers to the financial sector.

3.9 Growth projections for Asia have been marked down to varying degrees, in line with weaker global demand and tight external financial conditions. In the Association of Southeast Asian nations (ASEAN) economic growth is expected to decline drammatically from more than 6% in 2007 to around 0% in 2009.

Japan

3.9 The Japanese economy is projected to contract by 6.3% in 2009, given its extreme openness and high dependence on external demand. In addition, the yen's strength and tighter credit conditions more generally have added to the problems of the export sector.

China

3.10 Growth in China is expected to slow to about 6.5% in 2009, about half the 13% growth rate recorded during the pre-crisis era in 2007.

3.11 Despite the subdued external demand, economic growth has been sustained by aggressive efforts to provide major fiscal stimulus and monetary easing, which are helping boost consumption and infrastructure investment.

3.12 In addition, the export sector is a relatively smaller share of the economy, particularly after factoring in its high import content.

India

3.13 Economic growth is expected to decline sharply from more than 9% recorded in the pre-crisis era in 2007 to 4.5% in 2009. The slowdown is primarily a result of weaker investment, reflecting tighter global financing conditions and a turn in the domestic credit cycle.

Middle East

3.14 The steep decline in the price of oil is hitting the region hard. As external financing conditions have deteriorated and capital inflows reversed, many equity and property markets have suffered substantial losses. Despite supportive policies, growth is projected to slowdown from 6% in 2008 to 2.5% in 2009.

3.15 The sharpest slowdown is expected in the United Arab Emirates (UAE), where the outflow of external funds which had entered the country on speculation of a currency revaluation was pronounced contributing to liquidity stress, a sizable fall in property and equity prices, and substantial pressure in the banking system.

Latin America

3.16 The global financial crisis spread quickly to Latin American and Caribbean markets after mid-September 2008. Depressed external demand and low revenues from exports, tourism, and remittances, decline in commodity prices have had some negative impact in the region affecting Argentina, Brazil, Chile, Mexico, and Venezuela, which are among the world's major exporters of primary products.

3.17 Financial sector stress and deleveraging in advanced economies are raising borrowing costs and reducing capital inflows across Latin America and the Caribbean resulting in an economic slump.

Sub-Saharan Africa

3.18 The global financial crisis has not spared Africa, as external demand and commodity prices have plummeted and global credit conditions have tightened, thereby raising the cost of external borrowing and reducing capital inflows to the continent. As a result, growth is projected to decline from 5.3% in 2008 to 2.0% in 2009.

3.19 The downturn is most pronounced in oil-exporting countries notably Angola, Equatorial Guinea and in key emerging and frontier markets such as Botswana, Mauritius, and South Africa. Similarly, commodity exporting countries such as Zimbabwe, Zambia, and DRC have been adversely affected by the global economic recession.

External Debt Developments

3.26 Government remains in debt distress with a total public debt of US$5.7 billion as at 31 December 2009, representing 62.9% increase from US$3.5 billion recorded in 2000 when external payments arrears started accumulating.

3.27 Of the total country external debt, public and publicly guaranteed debt accounted for 99%, while private external non-guaranteed debt accounted for the balance.

3.28 The growth in public debt is a reflection of penalty charges on external payment arrears as well as short-term loans contracted by RBZ on behalf of Government, in the absence of official development assistance.

External Debt Stock (US$m) as at 31 December 2009

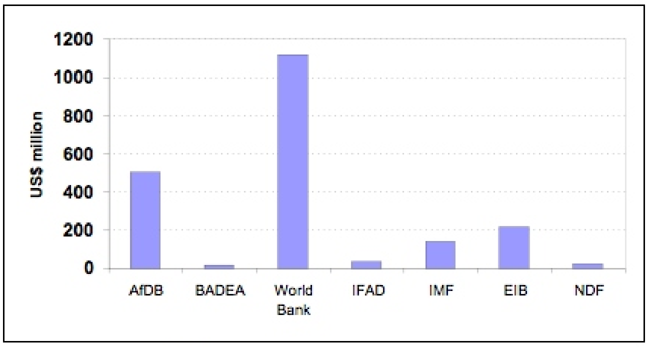
	DOD EXCL ARREARS	TOTAL ARREARS	DOD INCLUDING ARREARS
GOVERNMENT	**1 288**	**2 317**	**3 465**
Bilateral	626	1 247	1 863
Multilateral	662	1 070	1 592
Private	10		
PUBLIC ENTERPRISES	**108**	**894**	**825**
Bilateral	54	443	497
Multilateral	64	264	325
Monetary Authorities	0.0	1 131	1 131
PRIVATE SECTOR	**21.6**	**215.1**	**242**
Long-Term	59	34	56
Short-Term	186	0.0	186
GRAND TOTAL	1 427	4 244	5 670

3.29 The outstanding debt owed to bilateral creditors in December 2009 stood at US$2.4 billion, compared to US$1.4 billion recorded in 2000. Paris club creditors accounted for 86.1% while the balance was owed to non-Paris creditors.

3.30 Zimbabwe's external debt to the multilateral creditors amounted to US$2.1 billion, in December 2009, representing a 19.3% increase from a US$1.7 billion in 2000.

3.31 The World Bank remains the largest multilateral creditor, accounting for 54.3% of the total debt owed to multilateral institutions in 2009.

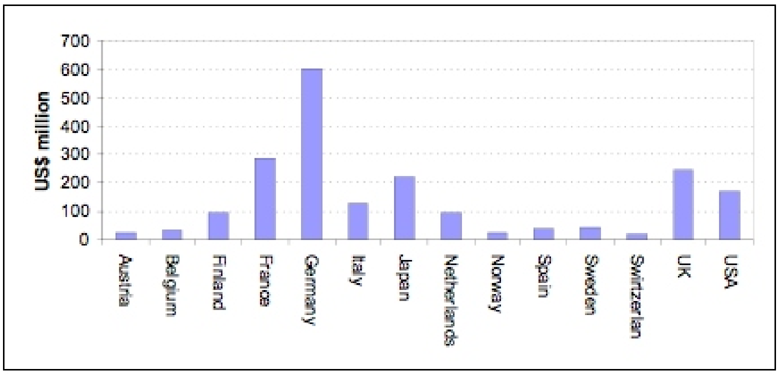
Multilateral Debt by Creditor Name (2009)



Source: RBZ and MOF

3.32 Among the Paris Club creditors, Germany (US$602.9 million) and France (US$286.6 million) are the largest bilateral creditors with a combined share of 44% or US$888.6 million. The other major creditors in this category are United Kingdom (US$244.9 million), Japan (US$222.9 million) and the United States (US$170.4 million).

Paris - DOD by Creditor Country (2009)



Source: RBZ and MOF

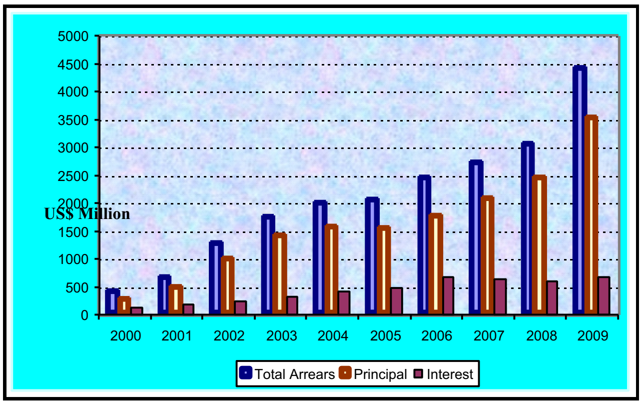
3.33 In terms of debt owed to Non-Paris Club members, China remained the largest creditor at US$323.4 million, followed by South Africa (US$16.3 million) while the balance is owed to Saudi Arabia (US$1.6 million) and Israel (US$1.2 million).

Accumulation of External Payment Arrears

3.34 The continued accumulation of external payment arrears of both principal and interest is damaging the country's creditworthiness.

3.35 Total external arrears increased by 793.6% from US$471.1 million as at 31 December 2000 to US$4.2 billion by the end of 2009. The full effect of capitalization of interest due to these developments is yet to be quantified on a loan by loan reconciliation basis with each creditor.

Accumulation of External Payment Arrears (2000-2009)



ZIMBABWE: REAL SECTOR DEVELOPMENTS

3.36 Recovery signs are discernible in the economy, following the implementation of the various policy interventions enunciated in the 2009 Monetary Policy Statements, the 2009 National Budget statement and the Short Term Emergency Recovery Programme (STERP).

3.37 The prevailing sound macroeconomic policies have resulted in the restoration of price and macroeconomic stability.

3.38 This enabling environment has provided a solid foundation upon which the resuscitation of business operations has been anchored. It is against this background that industrial capacity utilization has increased appreciably to between 30-45%.

3.39 The improvement in the general macroeconomic environment and the consequent increase in capacity utilization have contributed to price stability currently characterizing the economy. Inflation Developments

3.40 Policies adopted under STERP I have brought about stability in the economy, as evidenced by the negative month–on-month inflation for six of the nine month period beginning 2009.

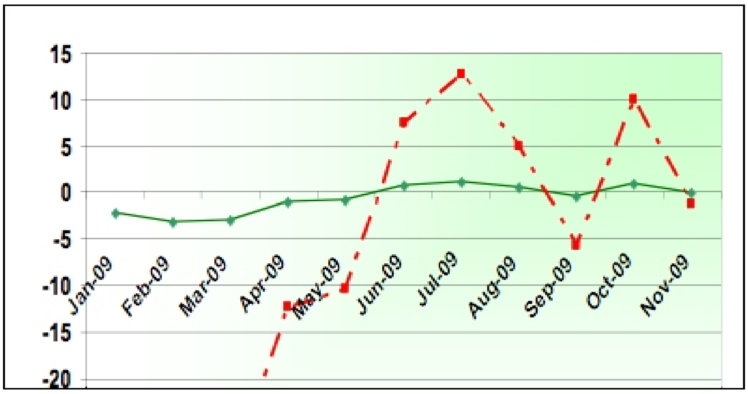
3.41 The increase in international oil prices and the firming of the rand, however, resulted in some inflationary pressures in the second half of 2009.

3.42 The Month-on-month inflation rate declined from 0.8% in October 2009, to -0.1% in November 2009.

3.43 The weakening of the US$ continued to generate inflationary pressures in the economy through higher import costs as the country's imports are largely sourced from South Africa.

Inflation Profile YEAR	ALL ITEMS CPI	MONTHLY PRICE INCREASES	MONTHLY PRICE INCREASES ANNUALISED
2008 DEC	100.0		
2009 JAN	97.7	-2.30%	-24.36%
FEB	94.6	-3.17%	-32.09%
MAR	91.7	-3.07%	-31.18%
APR	90.7	-1.09%	-12.33%
MAY	89.9	-0.88%	-10.09%
JUN	90.4	0.56%	6.88%
JUL	91.3	1.00%	12.62%
AUG	91.7	0.39%	4.84%
SEP	91.2	-0.50%	-5.86%
OCT	91.96	0.83%	10.47%
NOV	91.90	-0.1%	-1.19%

INFLATION PROFILE



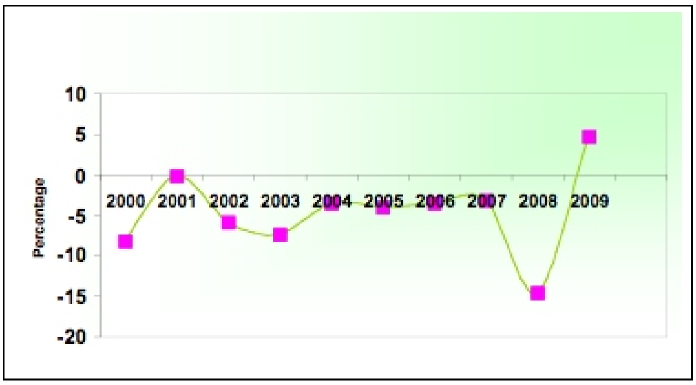
3.44 The increase in capacity utilization has improved the availability of locally produced goods and services, which has positively impacted on price formation in the economy. Capacity utilization is projected to continue increasing on the back of current re-tooling by manufacturers.

3.45 The business community has also adopted realistic pricing models as well as focusing on increasing volumes, rather than prices, in line with changes in the operating environment.

GDP GROWTH

3.46 Gross domestic product (GDP) is forecast to grow by about 4.7% in 2009, as a result of increases across all economic sectors.

Real GDP Growth



3.47 Major increases are expected in key economic sectors as follows: agriculture, 10%; manufacturing, 8%; tourism and distribution, 6.5%; and mining, 2%.

3.48 Social and services sectors are also expected to register significant increases as follows: finance and insurance 4.5%; health, 3.2%; education, 2.8%; domestic services, 2.2%; and, electricity and water, 1.9%.

Agriculture

3.49 The main challenges encountered in the 2008/9 agriculture season consists of: critical shortage of basal and top dressing fertilizers, fuel shortages and inadequate tillage services in some parts of the country.

3.50 This notwithstanding, agricultural output is, however, estimated to increase by about 10% in 2009, following increases in tobacco, 22.2%; maize, 148%; soyabeans, 136.7% and sorghum, 21%.

Tobacco

3.50 Tobacco deliveries to the floors after mop up sales amounted to 56.5 million kgs in 2009, compared to 45 million kg during the same period in 2008. 3.51 Higher earnings realized by tobacco farmers in 2009 are likely to offer bright prospects for increased production in the 2009/2010 season.

Cotton

3.52 Cotton output is estimated to have declined from 241 711 tonnes in 2008 to 210 081 tonnes in 2009, as a result of increased inputs support by ginners and merchants.

3.53 Depressed international cotton prices, however, adversely affected the earnings realized by cotton farmers in 2009.

Sugar

3.54 Sugar output is estimated to have declined by 4% from 298 000 tonnes in 2008 to 286 000 tonnes in 2009.

3.55 The main challenges still facing the sugar industry are as follows:

I. Loss of skills to neighbouring countries;
ii. Shortage of coal;
Iii. Dilapidated irrigation equipment;
Iv. Depleted transport fleet;
v. Erratic supply of power; and
vi. Logistical issues as a result of operational challenges by National Railways of Zimbabwe (NRZ).

MANUFACTURING

3.56 The manufacturing sector is estimated to have grown significantly by 8% in 2009, compared to a decline of 12% in 2008.

3.57 Indications on the ground are that there has been an improvement in capacity utilization, from below 10% to levels of between 30% and 40%, which has led to the marginal improvement in the supply of local products in the market.

3.58 However, production remains subdued in the sector largely due to the following:

I. High per unit production costs due to low capacity utilization;
Ii. Influx of cheap imports;
Iii. Insufficient effective demand in the economy due to liquidity challenges
iv. Inefficient production systems; and v. Inaccessibility of pledged credit lines.

MINING

3.59 Mining output is estimated to grow by 2% in 2009 from a decline of about% in 2008.

3.60 The liberalisation measures introduced in 2009 have restored confidence in the mining sector. This has allowed closed mines to reopen and resume operations, particularly in gold mining.

3.61 Production in the mining sector is, however, expected to remain subdued as some mining houses such as in nickel and asbestos production remain closed owing to viability challenges associated with the Global Financial Crisis.

Gold

3.62 Gold output is estimated at significantly increase from 3 072 tonnes recorded in 2008 to 5 tonnes in 2009. This is largely due to the late resumption of operations by gold miners.

3.63 The liberalisation of gold marketing introduced in 2009 has, however, allowed gold mines which had suspended operations to resume production. In addition, the issuance of gold dealership licences to gold producers has resulted in mining houses securing lines of credit, critical in increasing production.

3.64 As a result, Zimbabwe's largest gold mine, Metallon Gold, which had closed down its five mines, has since re-opened two of its mines, and is expecting to reopen the other three by year end.

3.65 In addition, capital injections allowed Mwana Africa to re-open its Fredda Rebecca mine and enabled it to complete its first phase of operations in September 2009.

3.66 Gold production as at November 2009 stood at 3 700 kgs.

Gold Deliveries - January to November 2009.

Month	Gold Deliveries (Kilograms)
January	57.4
February	106.2
March	142.2
April	182.9
May	223.6
June	324.4
July	485.5
August	488.7
September	527.6
October	603.6
November	558.2
Total	**3,701.6**

Coal

3.67 Coal output is estimated to increase from 1.7 million tonnes in 2008 to 1 900 000 tonnes in 2009, as a result of the improved macroeconomic environment.

3.68 Coal production activity was, however, slowed down by the frequent malfunctioning of the dragline at Hwange Colliery Company.

Platinum

3.69 Notwithstanding the adverse macro-economic environment in the country, platinum production has been steadily on the increase from 500 kgs in 2001 to around 5 495 kgs in 2008.

3.70 Platinum output is projected at 5 600 kgs in 2009 following the expansion programme by ZimPlats, anticipated firming up of international prices and general improvement in the macroeconomic environment.

Asbestos

3.71 Asbestos output is estimated to have declined from 11 489 tonnes in 2008 to 5 500 tonnes in 2009. The asbestos producer, Associated African (AA) Mines, is heavily weighed down by old machinery, which needs constant repair and maintenance.

3.72 The following challenges also adversely affected asbestos production in 2009.

i. Lack of funds for a comprehensive recapitalisation programme;
ii. Shortage of working capital; and
iii. Loss of skilled manpower.

Base Metals

3.73 Chrome and nickel production has been heavily affected by the world recession. With international prices at 33% of the levels achieved in early 2008, most operations have been put on hold and the equipment placed under care and maintenance.

3.74 On the other hand, Maranatha, one of the country's largest chrome producers is struggling to recapitalize. Similarly, Bindura Nickel Corporation is yet to resume operation at its Bindura and Shangani mines.

MONETARY DEVELOPMENTS

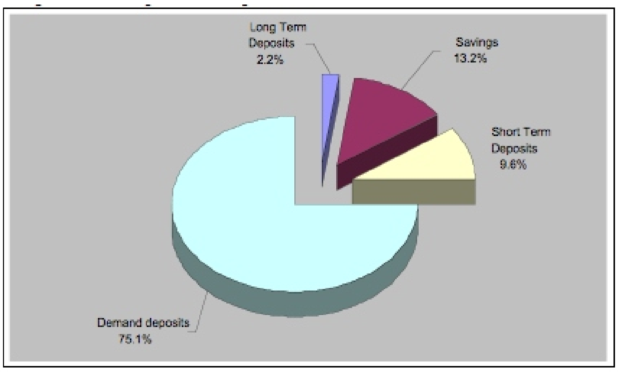
BROAD MONEY DEVELOPMENTS

3.75 Broad money (M3) grew from US$297.6 million in January, 2009 to US$991.7 million in October 2009.

3.76 Broad money continued to be dominated by transitory deposits. In October 2009, deposits of short term nature, constituted 97.8% of the total deposits partially reflecting low income levels, punitive service and administrative charges which discourages savings and the inclination towards a cash economy.

3.77 The graph below shows the structure of deposits as at end of October 2009.

Deposits Composition by Tenure



3.78 Credit to the Private Sector by banks, was US$546.7 million in October 2009, which translates to a loan to deposit ratio of 55.1%, compared to 35% recorded in January 2009.

3.79 The loans to deposit ratio less offshore financing, which reflects loans advanced using locally mobilized funds, increased from 26.1% in January 2009 to 49.3% in October, partially reflecting subsiding risk averseness of banks.

3.80 Partly reflected by the increase in credit to the private sector, was the registered growth in industrial capacity utilization from below 10% in January to between 30% and 40%. .

3.81 In the absence of a lender of last resort facility and a non functioning interbank market, banks are not prepared to over expose themselves through increased lending to private sector.

3.82 The perceived high credit and liquidity risks in the country have seen banks forgoing returns on lending to productive sectors by depositing their excess funds offshore.

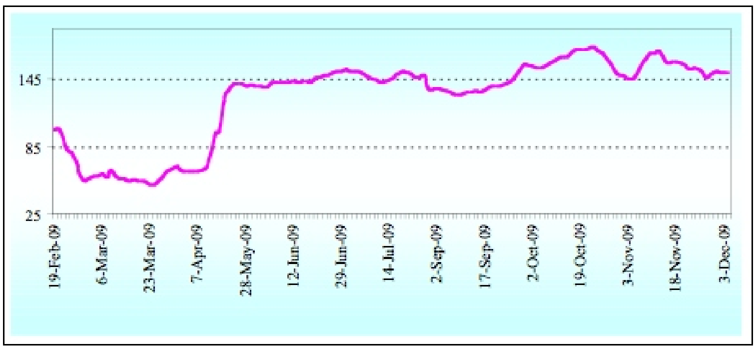
3.83 Financial institutions' foreign assets are largely composed of deposits with foreign corresponding banks. As at October 2009, deposits with foreign banks accounted for 51.2% of foreign assets.

STOCK MARKET DEVELOPMENTS

3.84 Trading on the Zimbabwe Stock Exchange resumed on the 19th of February 2009 with listed counters being quoted in US cents. Since then, market capitalisation has risen from US$1.3 billion at the end of February to US$3.8 billion as at 4 December 2009.

3.85 The industrial index has risen from the base index of 100 points to 150.65 points as at 4 December 2009. This was largely on the back of improved investor confidence and liquidity to finance transactions on the local bourse.

Industrial Index



3.86 The mining index registered a 105.01% growth between 19 February and 4 December 2009. This was underpinned by a rally in international commodity prices. International commodity prices rose as a result of the weakening of the US dollar due to slower than expected global economic recovery.

Mining Index

3.87 The outlook on the local bourse is envisaged to further improve largely due to expected increase in liquidity in the economy, and increased participation by foreign investors.

4 EXCHANGE CONTROL OVERVIEW

IMPORT PERFORMANCE FOR THE PERIOD 2009

4.1 In line with the phased Exchange Control liberalisation framework introduced in January 2009, Authorized Dealers are now allowed to process foreign exchange payments without seeking Exchange Control approval. All such payments, however, are recorded through the Computerised Exchange Control Batch Application System (CEBAS) for Balance of Payments reporting.

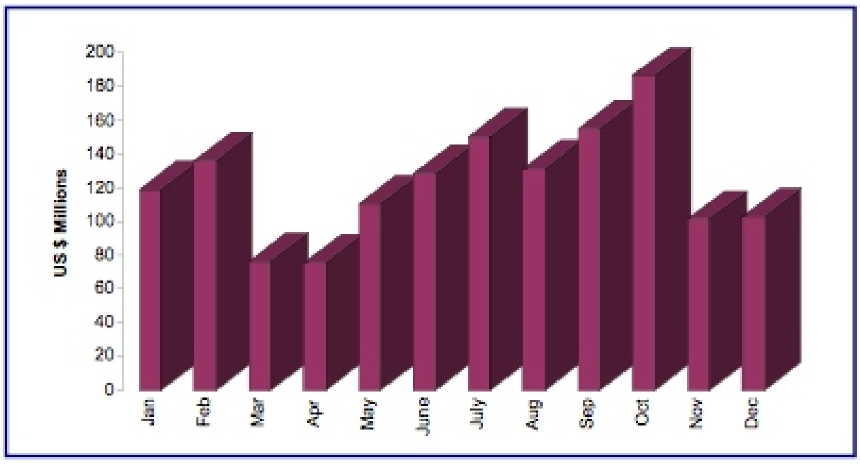
4.2 Since the full liberalization of the Current Account, Authorised Dealers processed an approximate amount of US$1.5 billion for various imports for the period from 01 January to 31 December 2009.

4.3 This represents an 18 % decline compared to the figure for the same period in 2008 of US$1.8 billion. This can be attributed to reduced economic activity as a result of the harsh macroeconomic environment that our economy is recovering from.

Monthly Foreign Exchange Import Payments for 2009

Month	Amount (US$ Millions)	Change from 2008 (%)
January	119,146,589	-29%
February	136,030,489	1%
March	76,592,289	-21%
April	75,018,475	-33%
May	110,721,306	-18%
June	128,362,305	-25%
July	150,287,674	-30%
August	130,859,408	35%
September	154,776,830	-11%
October	186,683,289	-7%
November	101,436,659	-38%
December	103,111,905	-24%
TOTAL	**1,473,027,218**	**-18%**

Trends in Monthly Import Payments for 2009



4.4 In terms of source of funding, sectors and types of goods (services) imported, the payments were distributed as follows:

Distribution of Imports by Various Categories

Sector	Contribution	Source of Funding	Contribution	Category of Goods	Contribution
Services	36%	Export Proceeds	73%	Invisibles (Services)	50%
Mining	31%	Offshore Lines of Credit	24%	Intermediate (Consumables)	23%
Agriculture	14%	Interbank Loans	3%	Capital	
Manufacturing	10%	-	-	Raw Materials	10%
Distribution	9%	-	-	-	-
Total	**100%**		**100%**		**100%**

4.5 Due to the continued lack of multilateral funding and limited lines of credit, export proceeds have contributed significantly as a source of funding for imports, accounting for more than 70%. This is followed by offshore lines of credit with little activity in terms of loans advanced by banks for importation.

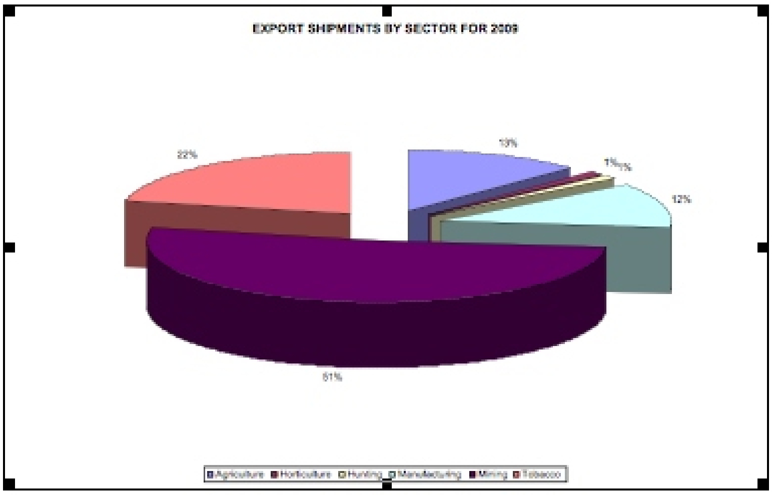
4.6 In terms of sectors, the services and mining sectors accounted fro more than 65% of import payments reported by banks. This can be attributed to expansion in the telecommunications sector and increased production by mining houses as a result firming mineral prices.

4.7 In terms of goods and services, imports are tilted in favor of services largely coming from continued reliance on foreign services providers by almost all sectors in the economy.

EXPORT DEVELOPMENTS FOR 2009

4.8 For the period 1 January to 31 December 2009, total export shipments amounted to USD 1, 3 billion, compared to USD 1.4 billion exported during the same period in 2008, representing a 2.78 % decline.

4.9 On a sectoral basis, the mining sector export shipments account for 51%, followed by tobacco (22%), agriculture (13%) and manufacturing (12%).



Total Export Shipments 2009 and 2008 (U$ Millions)

Month	2009	2008	% Variance
Jan	68.9	110.9	(37.81)
Feb	94.4	156.3	(39.55)
Mar	72.8	107.1	(32.06)
Apr	83.1	110.4	(24.80)
May	71.9	162.4	(55.72)
Jun	76.5	108.5	(29.44)
Jul	125.1	97.4	28.43
Aug	108.9	128.7	(15.37)
Sep	163.8	112.0	46.28
Oct	128.4	132.6	(3.16)
Nov	124.9	85.9	45.36
Dec	134.2	62.9	113.14
Total	1,252.9	1,375.1	(8.88)

Export Performance by Sector

Agriculture Sector

4.10 For the period 1 January to 31 December 2009, total combined exports for the three agriculture sub-Sectors namely General Agriculture, Horticulture and Tobacco, amounted to US$441.63 million compared to US$464.59 million worth of exports for the same period in 2008. This represents a decrease of 5 %.

General Agriculture (USD Millions)

	Value of Forms Cd1 Approved (USD) 2009	Value of Forms CD1 Approved (USD) 2008	Variance	% Variance
January	9.41	9.93	(0.52)	(5.26)
February	11.48	17.63	(6.15)	(34.88)
March	9.21	10.49	(1.28)	(12.24)
April	5.84	11.21	(5.37)	(47.91)
May	8.54	13.07	(4.53)	(34.67)
June	12.00	15.09	(3.09)	(20.46)
July	21.17	22.69	(1.53)	(6.73)
August	18.56	37.06	(18.50)	(49.91)
September	22.56	20.67	1.90 9.18	
October	16.57	28.98	(12.41)	(42.82)
November	3.72	14.57	(0.86)	(5.87)
December	8.54	6.01	2.53	42.12
	157.60	207.40	(49.80)	(24.01)

4.11 For the period 1 January to 31 December 2009, export shipments under the General Agriculture sub-sector amounted to USD157.60 million compared to USD 207.40 millions during the same period in 2008. This represented a decrease of 24.01 %.

Horticulture Export Shipments (USD millions) Value of Forms

	Value of Forms Cd1 Approved (USD) 2009	Value of Forms CD1 Approved (USD) 2008	Variance%	Variance
January	0.75	1.48	(0.73)	(49.58)
February	0.87	1.96	(1.09)	(55.37)
March	1.04	1.64	(0.60)	(36.44)
April	1.05	2.26	(1.21)	(53.48)
May	1.38	2.58	(1.21)	(46.71)
June	1.24	1.92	(0.68)	(35.34)
July	1.50	1.68	(0.18)	(10.97)
August	0.85	1.71	(0.85)	(49.96)
September	1.00	4.25	(3.25)	(76.49)
October	1.48	1.67	(0.19)	(11.49)
November	1.20	1.11	0.09	8.00
December	1.28	1.16	0.12	10.11
Total	**13.63**	**23.41**	**(9.78**	**(41.77)**

CD1 Approved

4.12 From 1 January to 31 December 2009, US$13.63 million worth of horticulture exports (shipments) have been authorised. This represents a 41.8% decrease over 2008 exports during a similar period.

Tobacco Export Shipments (US$ Millions)

	Value of Forms Cd1 Approved (USD) 2009	Value of Forms CD1 Approved (USD) 2008	Variance	% Variance
January	25.78	26.09	(0.31)	(1.20)
February	45.94	56.68	(10.75)	(18.96)
March	13.50	18.59	(5.09)	(27.37)
April	19.37	13.81	5.56	40.26
May	8.47	14.92	(6.45)	(43.22)
June	4.36	5.56	(1.20)	(21.52)
July	15.12	6.54	8.58	131.30
August	12.02	10.05	1.97	19.56
September	38.51	7.89	30.63	388.39
October	30.31	20.09	10.22	50.87
November	19.90	27.96	(8.07)	(28.84)
December	37.12	25.59	11.52	45.02
Total	**270.40**	**233.77**	**36.62**	**15.66**

Forms

4.13 For the period 1 January to 31 December 2009, tobacco export shipments amounted to US$270.4 million. This represents a 15.7 % increase over 2008 exports.

4.14 Tobacco exports are a function of the level of production. With the positive policy developments where tobacco farmers received payment in foreign currency, tobacco production is set to increase in the 2009/10 season. This would result in increased exports of the golden leaf.

Manufacturing Sector

4.15 Total export shipments for the manufacturing sector from 1 January to 31 December 2009 amounted to US$152.46 million, compared to US$220.74 million for the same period in 2008, reflecting a 30.9 % decrease.

Manufacturing Export Shipments - 2009 and 2008 (US$ Millions)

	Value of Forms Cd1 Approved (USD) 2009	Value of Forms CD1 Approved (USD) 2008	Variance	% Variance
January	5.89	12.53	(6.64)	(52.98)
February	9.94	18.08	(8.14)	(45.02)
March	11.73	13.78	(2.05)	(14.85)
April	9.90	15.87	(5.98)	(37.66)
May	12.99	44.41	(31.43)	(70.76)
June	12.44	18.81	(6.37)	(33.88)
July	15.64	17.74	(2.10)	(11.84)
August	13.64	21.18	(7.54)	(35.59)
September	17.44	15.79	1.65	10.43
October	15.74	20.07	(4.33)	(21.58)
November	14.60	12.28	2.33	18.94
December	12.51	10.19	2.32	22.77
Total	**152.46**	**220.74**	**(68.28)**	**(30.93)**

4.16 Capacity utilization in most manufacturing companies is still low, hence the decrease in export shipments. Most Manufacturing companies are operating at around 30% of their potential capacity.

Mining Sector

4.17 For the period 1 January to 31 December 2009, the mineral export shipments (including Gold) amounted to US$647.44 million compared to US$681.06 million worth of exports for the same period in 2008. This represents a decrease of 4.9 %. The decline is mainly due to falling international mineral prices and the World Economic Recession.

Mineral Export Shipments 2009 and 2008 (US$ millions)

	Value of Forms Cd1 Approved (USD) 2009	Value of Forms Cd1 Approved (USD) 2008	Variance	% Variance
January	23.10	59.88	(36.79)	(61.43)
February	21.62	60.93	(39.31)	(64.52)
March	32.77	61.75	(28.98)	(46.93)
April	42.67	66.92	(24.25)	(36.24)
May	36.44	87.12	(50.68)	(58.17)
June	42.16	66.33	(24.16)	(36.43)
July	64.86	47.82	17.04	35.62
August	58.34	57.15	1.19	2.09
September	76.22	62.86	13.37	21.26
October	58.28	61.16	(2.88)	(4.71)
November	69.34	29.44	39.90	135.52
December	121.64	19.71	101.93	517.24
TOTAL	**647.44**	**681.06**	**(33.62)**	**(4.94)**

Gold Exports

4.18 Since the liberalisation of Gold exports in January 2009, the country has exported Gold worth USD106.32million as at 31 December 2009.

Transport Sector

4.19 The Monetary Authorities have noted that the year 2009 has been characterised by rampant transfer pricing in the transport sector. Most haulage companies continue to under-declare their earnings and fail to repatriate export proceeds within the statutory 90 days, despite retaining 100% of their earnings under the current liberalised operating environment.

4.20 The year 2009 has seen the value of freight services declining by -21.85% to USD50,35 million in 2009, from USD64,4 million in 2008, as depicted in the table below. The negative trend can be attributed to the use of multi-currencies locally, where there are no incentives to cross borders as transporters can generate foreign exchange in the local market.

Value of Road Freight Services: 2008 and 2009 (US$ Millions)

Month	Freight Value 2009 (US$ million)	Freight Value 2008 (US$ million)	Variance (US$ million)	Percentage Change (%)
January	3.39	4.13	-0.74	(17.93)
February	5.87	6.86	-0.98	(14.32)
March	4.34	5.14	-0.80	(15.50)
April	3.90	4.99	-1.08	(21.71)
May	3.67	4.21	-0.53	(12.67)
June	4.34	6.16	-1.82	(29.57)
July	4.67	5.80	-1.12	(19.39)
August	2.92	3.16	-0.23	(7.42)
September	5.15	6.24	-1.09	(17.48)
October	4.37	7.00	-2.63	(37.56)
November	3.81	6.00	-2.19	(36.52)
December	3.91	4.76	-0.86	(17.97)
Grand Total	**50.35**	**64.43**	**-14.08**	**(21.85)**

Defaulting in Freight Payments

4.21 Despite liberalization of current account transactions, there is still a high default rate in acquitting Forms CD3 by transporters. Some transporters have since changed ownership, closed down, disappeared or are denying ownership of the raised Forms Cd3.

4.22 The Reserve Bank has thus put in place an enhanced structure through its Exchange Control Inspectorate, to ensure effective monitoring and accounting of foreign exchange receipts from exports, including the transport sector.

Tourism Sector

4.23 In light of the 2010 FIFA World Cup in South Africa, Zimbabwe is expected to experience an increased inflow of international visitors. However, to ensure utmost benefit, the current expansion in the tourism sector needs to be harmonized by upgrading the financial sector, through the massive usage of Visa International cards.

4.24 The Reserve Bank commends banks that have made concerted efforts in the provision of Visa International cards. As Monetary Authorities, we urge the Industry to put in place facilities that accommodate International visitors.

4.25 The reintroduction of Bureax de Change in July 2009 is expected to compliment existing arrangements in the financial sector to provide convenience to the tourism sector.

4.26 In order for the country to realise full benefits from the impending world cup event in 2010, tour operators are also advised to offer viably attractive packages to tourists and engage in aggressive advertising in offshore markets.

IMPORT AND EXPORT PERFROMANCE SINCE 2005

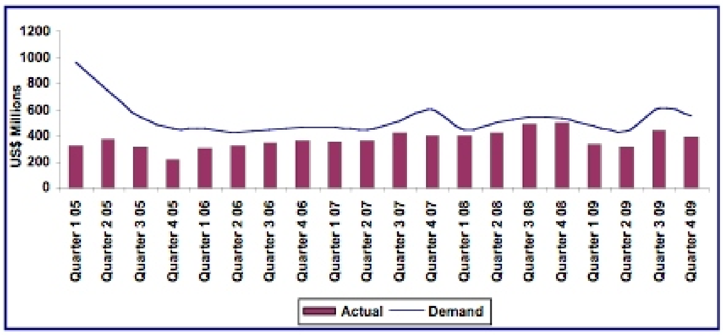
IMPORT PERFOMANCE

4.27 An analysis of payments in recent years shows that there has been a general upward trend for import payments for the period 2005-2008. The year 2009, however, experienced a reversal in this trend. The table and graph below give an overview of trends characterizing import demand over this period.

Foreign Actual Foreign Payments from 2005 to 2009

Month	2005	2006	2007	2008	2009
January	113,657,443	96,625,905	111,585,230	167,252,612	119,146,589
February	97,545,968	92,080,837	125,793,825	134,504,339	136,030,489
March	114,883,497	109,381,645	114,773,747	96,673,318	76,592,289
April	119,617,370	81,443,780	98,825,423	111,145,418	75,018,475
May	06,211,200	108,934,613	127,140,340	134,733,896	110,721,306
June	141,196,413	130,245,321	138,206,588	171,294,661	128,362,305
July	125,464,833	110,253,135	139,163,797	213,708,800	150,287,674
August	88,950,900	99,885,491	120,893,562	96,827,725	130,859,408
September	94,893,695	131,559,995	160,386,013	174,193,859	154,776,830
October	72,914,398	137,817,079	146,873,875	200,490,261	186,683,289
November	72,627,845	111,921,439	145,543,443	164,808,855	101,436,659
December	66,735,166	114,923,149	105,842,214	136,006,576	103,111,905
TOTAL	**1,214,698,729**	**1,325,072,389**	**1,535,028,056**	**1,801,640,321**	**1,473,027,218**

Import performance for period 2005-2009



4.28 The increase in import demand is attributable to a number of macro-economic activities implemented by the Monetary and Fiscal Authorities over time, which boosted appetite for raw materials to sustain company activities which were around 20-30% thresholds of full capacity.

4.29 This period was equally characterized by reduced local production capacity, which fostered a reliance on imports as many companies failed to source resources locally, hence the increased imports.

4.30 The import substitution drive muted by the Monetary Authorities in 2006, helped subdue import demand, by giving local manufacturers impetus to produce local products as substitutes for imports.

4.31 This program however, lacked a countrywide appreciation and buy-in its efforts, in an economy whose macro-economic fundamentals where on the decline, was greatly undermined. As Monetary Authorities, we still harbour the belief that this program, remains an integral component of the country's turnaround initiatives, and efforts should be anchored towards its revival in the short to long term.

4.32 As the graph above depicts, there was a decline in import demand in 2009. This can be attributed to the introduction of the multi-currency regime and the liberalization of the Exchange Control framework in 2009, which jump-started economic activity as a number of local firms started producing products locally.

4.33 The increased local production, has buttressed the appetite for imports as much of the previously imported goods, are now locally available.

OUTLOOK

4.34 With the macroeconomic stability brought about by the inclusive government, introduction of the multiple currency framework and general liberalisation of the economy, imports are expected to increase in the short term as local industry imports capital goods and raw materials which are not locally available.

4.35 However, in the medium term, imports are expected to increase at a decreasing rate in favour of capital goods as capacity utilisation increases and certain imports are substituted by local products.

4.36 In addition, the problem pipeline funding shortfall is expected to be addressed as more lines of credit (domestic and international) become available.

EXPORT PERFORMANCE FOR THE PERIOD 2005 - 2009

4.37 During the period 2005 to 2009, the country realised Export Shipments amounting to US$7.3 billion with a yearly average of US$1.5 billion being realised.

4.38 As a result of various export incentives introduced and implemented by the Reserve Bank 2005, the year 2007 recorded a peak of export shipments with a value of US$1.7 billion.

4.39 In order to continue providing an enabling policy environment for the exporting sector, there is need to maintain the current liberalised Exchange Control framework as well as attracting foreign investment to complement with capital injection and new technology.

4.40 The table below shows monthly export performance for the past five years.

Export Shipments (US$)

Month	2005	2006	2007	2008	2009
January	112,193,039.60	111,654,853.12	180,460,441.70	110,913,512.30	68,971,953.72
February	161,718,290.46	103,376,167.75	115,767,448.60	156,268,402.67	94,463,516.70
March	116,706,724.73	133,267,963.89	135,155,197.27	107,089,045.43	72,760,607.42
April	118,073,417.42	93,612,310.71	109,088,447.42	110,449,933.95	83,056,413.95
May	116,445,690.17	134,157,125.38	154,131,705.45	162,459,604.20	71,934,933.01
June	129,752,530.81	131,323,449.45	141,935,998.63	108,523,107.35	76,573,308.98
July	110,205,387.33	125,483,887.79	156,562,752.46	97,427,798.62	125,126,159.17
August	114,062,318.15	152,510,435.67	125,873,052.92	128,716,780.96	108,937,162.75
September	115,329,856.16	121,633,189.42	104,961,691.04	112,003,954.85	163,836,589.08
October	113,901,488.54	138,845,849.18	146,178,219.31	132,694,748.52	128,496,231.58
November	128,572,128.09	168,478,998.57	178,480,928.28	85,959,971.54	124,948,262.54
December	95,791,139.39	118,805,866.91	131,797,317.41	62,997,417.69	134,270,442.08
Total	**1,432,752,010.85**	**1,533,150,097.84**	**1,680,393,200.49**	**1,375,504,278.08**	**1,253,377,589.98**

FOREIGN CURRENCY REMITTANCES

Licensing of Bureau de change

4.41 The 2009 Mid-year Monetary Policy Statement re-defined the role of Enhanced Money Transfer Agencies (EMTAs) to carry out the functions of Bureaux de Change. Pursuant to this policy, a total of twenty-two (22) companies were licenced to operate as bureau de changes.

Foreign Currency Remittances from DiasporaÖ

4.42 For the period 1 January 2009 to 31 December 2009, remittances into Zimbabwe through EMTAs were USD190,578,978.96 reflecting a 142,6 % increase compared to the same period in 2008 and a 335% increase when compared to the 2007 remittances.

4.43 This increase is due to the robust policy enunciated to support the inflow remittances and inline with global trends to harness such funds from the Diaspora, as a tool to encourage the country's economic growth and development.

4.44 The graph depicts the increase in remittances since 2007. Going forward, inflows are expected to increase as more Bureaux de Change are licensed and operate.

Remittances for Years 2007, 2008 and 2009

	Month	January	February	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2009	2009	1081941	1322748	1141307	1523891	1552787	1486423	1988312	1689469	1853422	2200885	1747858	1508867
2008	2008	5744299.	9468095.	7073107.	7594769.	6765346.	4882541.	7240783.	4798567.	5967883.	7101751.	5117606.	6784241.
2007	2007	87970.19	510397.2	2504628.	2563477.	1802865.	3042239.	4791194.	5098878.	4799720.	5797029.	7286990.	4680417.

POLICY MEASURES

Liberalisation of Exchange Control Regime ñ Legal Framework

4.45 The Reserve Bank, through engagement with the International Monetary Fund (IMF) Technical Assistance Team, has come up with a comprehensive legal framework that conforms to the current multi-currency system and is consistent with the current account liberalisation.

4.46 In this regard, proposals for the review of the existing Exchange Control regulations have been finalised and forwarded to the relevant Government authorities for approval.

4.47 All Exchange Control policy changes effected to date have been implemented through the issuance of Exchange Control Directions or Orders, in line with the Exchange Control Act, Chapter 22:05 and Section 35 of the Exchange Control Regulations 1996, Statutory Instrument 109 of 1996.

4.48 Until the aforementioned regulatory amendments are promulgated, the existing Exchange Control Directions and Orders shall remain in force.

Cost Recovery Form CD1 Accessing Fee

4.49 In order to improve the turn-around time in the processing of export documentation, the Reserve Bank, introduced in 2003, a Computerised Export Payments System (CEPECS) which generates export documentation on line, real-time and is accessible by all Authorised Dealers, National Economic Conduct Inspectorate (NECI) and ZIMRA.

4.50 The computerisation of the export documentation has brought convenience and efficiency in exports administration, as well as ensuring the effective accounting of the country's export proceeds.

4.51 However, the Reserve Bank continues to incur costs associated with the software licence and maintenance of the CEPECS system.

4.52 In this regard, with effect from 1 February 2010, exporters, through their Authorised Dealers (bankers) shall contribute a nominal cost recovery fee of US$5 per Form CD1 raised in the CEPEC system. It is important to note that this represents 0.001% of US$5,000 (the minimum threshold set by exchange control for the declaration of exports).

Measures on Overdue Export Receipts

4.53 The current policy states that exporters are entitled to the full value (100%) of their export proceeds which are expected to be brought into the country within a stipulated time period.

4.54 As Monetary Authorities, we are however, concerned that some exporters, in an effort to avoid paying the necessary taxes on their earnings due to the Fiscus, are illegally keeping export proceeds in offshore accounts, thus understating their revenues.

4.55 In order to curb the illegal practice of keeping export proceeds in offshore accounts, all exporters with overdue export proceeds shall be red-flagged in the CEPECS system. Red-flagging implies that the affected exporter loses automatic access to CEPECS (Form CD1s) or such exporters would be subjected to a higher Form CD1 Accessing Fee of USD10.00 as a default penalty.

Cotton Production and Marketing

4.61 In terms of the Exchange Control (Cotton Finance Order) 2008, Cotton merchants are required to establish offshore lines of credit for the purpose of purchasing seed cotton, effectively meaning that no merchant shall be permitted to use funds sourced onshore for the purpose of purchasing seed cotton.

4.62 All cotton merchants are reminded of the requirement to register with Exchange Control their intent to purchase seed cotton before the start of each cotton purchasing season.

4.63 This policy position is meant to bring sanity in the cotton industry through:-

(i) encouraging increased seed cotton production;
(ii) curbing the activities of unregistered cotton buyers;
(iii) curbing side marketing by some growers and;
(iv) accounting for the foreign currency proceeds from the sale of seed cotton.

Tobacco Production and Marketing

4.64 In terms of the Exchange Control (Tobacco Finance Order) 2008, tobacco merchants are required to establish offshore lines of credit for the purpose of purchasing green leaf tobacco, effectively meaning that no merchant shall be permitted to use funds sourced onshore for the purpose of purchasing green leaf tobacco.

4.65 Tobacco merchants are encouraged to enter into contract growing with tobacco farmers so as to achieve the 2009/2010 production target. However, finance for such activities also has to come from off-shore sources.

Capital Account

4.66 The country's Capital Account has been partially liberalized and hence vetting of Capital Account transactions remains a necessary measure to ensure that the country is cushioned against global economic and financial shocks which have a bearing on foreign private capital flows, such as capital flight.

4.67 However, transactions related to investment income such as the remittance of dividends, profits, capital appreciation proceeds and offshore loan repayments have been fully liberalized.

4.68 Furthermore, as Monetary Authorities, we still take cognizance of the need to ensure that Zimbabwe remains a conducive and preferred investment market that fosters the free and unfettered mobility of domestic and foreign capital.

INSTITUTIONAL INVESTORS

4.69 In terms of the current Capital Account policy, institutional investors such as pension funds may not invest their funds offshore. This is meant to curb capital flight. However, in order to take advantage of higher investment returns, proposals to invest such funds offshore can be submitted to Exchange Control and shall be vetted and considered on their own merit.

GOLD BONDS

4.70 The Reserve Bank wishes to advise gold producers that there are currently constructive engagements in progress between the Bank and the Ministry of Finance in respect of Government's RBZ-held debt.

4.71 Accordingly, therefore, all gold bonds will, in the mean-time, be rolled over for another 6 months to allow the engagement process to bear fruit.

4.72 There are also various other initiatives that are being pursued to meet all outstanding obligations.

5 NATIONAL PAYMENTS OVERVIEW AND POLICY

5.1 As the Overseer of payment systems in the country, the Central Bank continued to collaborate with relevant stakeholders on various payment systems initiatives. These efforts were aimed at maintaining a safe, sound and stable national payment system.

5.2 The Central Bank has been focusing on the promotion of electronic means of payment, particularly the use of plastic money to provide convenience to the transacting public in this current multicurrency environment. In addition, the Central Bank also intensified its oversight function through offsite analysis of transactional activity and onsite inspections to minimize inherent risks in different payment streams.

5.3 Significant growth was experienced in transactions processed through the various electronic payment streams since the introduction of multicurrency system. This was as a result of various measures initiated by the Central Bank in collaboration with the banking industry, and a demonstration of confidence in the payment systems by the transacting public.

5.4 The Central Bank also upheld its commitment to participate fully in regional and international payment systems initiatives, in recognition of the importance of information sharing in enhancing payment systems development and expertise.

PAYMENT SYSTEMS INFRASTRUCTURE

5.5 The national payment system is made up of large value and retail payment streams. In Zimbabwe, the large value payment stream mainly comprises the Real Time Gross Settlement and Central

Securities Depository (CSD) systems, while retail payment stream is composed of cheques, cards (ATMs and POS), internet and mobile banking.

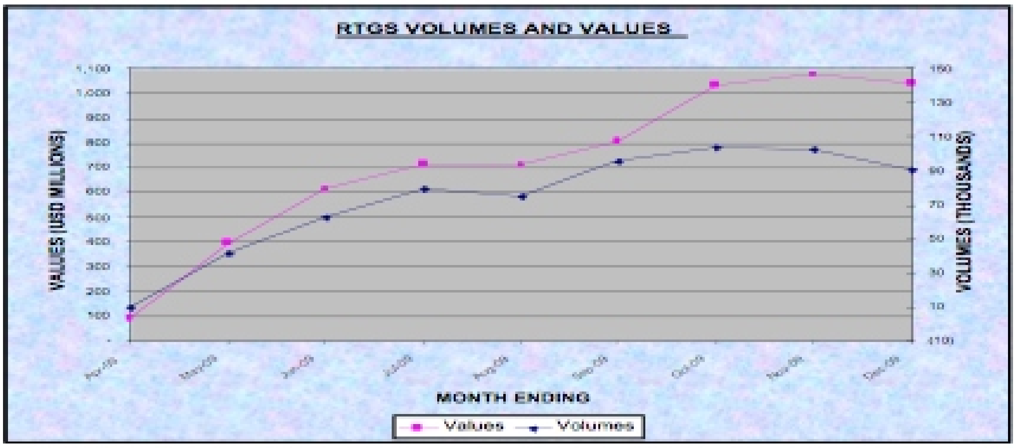
5.6 In working collectively with market participants, the Central Bank aims to promote the ongoing development of the Zimbabwean payment, clearing and settlement infrastructure for the benefit of all stakeholders.

5.7 The World-over, most central banks own and operate systemically important payment systems (SIPS), such as the RTGS given that it is usually used as a risk reduction tool to effect payments of a high value, high risk nature. In the same vein, your Central Bank took a proactive role in introducing Zimbabwe's Real-Time Gross Settlement system (ZETSS) in November 2002, and has been working very closely with banks and other stakeholders to ensure its successful operation and use.

REAL TIME GROSS SETTLEMENT (RTGS) SYSTEM

5.8 A cumulative total of 663,689 transactions valued at US$6.5 billion were processed through the RTGS system, during the period April to December 2009. The graph below shows the monthly trend of both values and volumes since April 2009.

MONTHLY RTGS TRANSACTIONS IN VOLUMES AND VALUES



SECURITIES SETTLEMENT SYSTEM

5.9 The Central Securities Depository (CSD) system for Government securities was introduced in February 2006, and is configured to handle transactions in United States Dollars. This system is owned and managed by the Central Bank.

5.10 We welcome the developments currently under way to introduce a CSD for equities, in which the Central Bank is involved as one of the stakeholders. This will go a long way in expediting the settlement of equity transactions and ensure adherence to international best practice in securities settlements.

INTER-BANK CHEQUE SYSTEM

5.14 The inter-bank cheque system was re-introduced on the 17th of August 2009 for the processing of cheque payments in US Dollars. Since inception, a total of 19,997 transactions valued at USD4.86 million were processed.

5.15 The cheque payment stream however has inherent financial risks that are associated with it. The Central Bank, as the Overseer of payment systems will strive to ensure that participants adopt consistent risk management methods in order to mitigate these risks introduced to the overall payment system. Efforts will also continue to be made in ensuring that the cheque system has adequate incentives and safety measures to control excessive exposures experienced by individual participant banks.

5.16 Unmanaged risk in the cheque payment stream may cause systemic disturbances to the national payment system and to the economy as a whole. A major risk inherent in the cheque payment stream is credit risk, where a participant fails to pay their obligations in the Clearing House. Failure by one or more participants to meet their "dues" may result in contagion which affects other banks, thereby creating a systemic challenge which reverberates across the entire financial sector, as experienced in 2003.

5.17 Cognizant of these risks, the Central Bank in liaison with the banking community put in place a collateral system which is meant to cover Clearing Banks' obligations in the event that one or more fail to make good.

5.18 Additional measures that have been introduced include cheque capping as a tool to minimize risk introduced to the Clearing House by member banks.

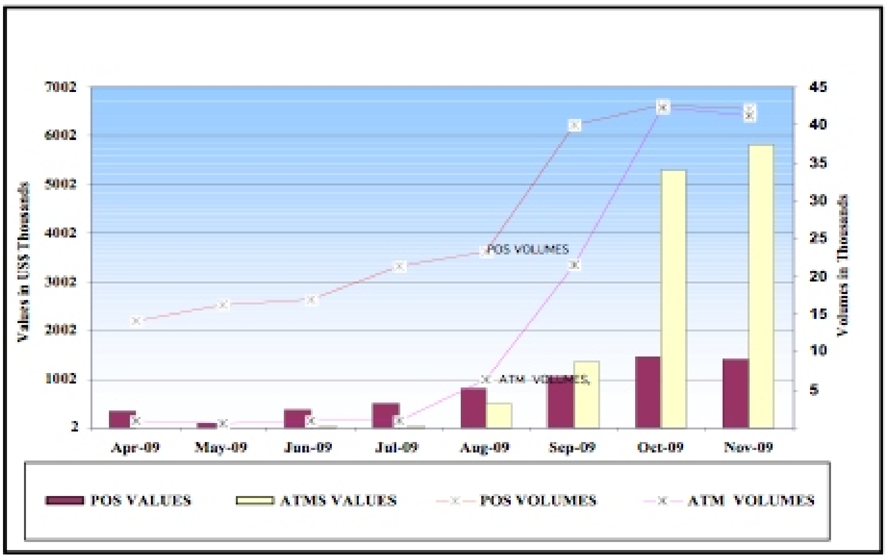
5.19 I t is also pleasing to note that banks have gone a step further in minimizing these risks by issuing cheque books on a Know Your Customer (KYC) basis to avoid abuse.

LOCAL CARDS

5.20 The total value of local card based transactions during the period April to November 2009 was US$11.77 million.

5.21 Out of this, 61% were processed through ATMs and 39% through Point of Sale (POS) machines. The graph below shows monthly POS and ATMs transactional activity since April 2009.

MONTHLY CARD TRANSACTIONS IN VOLUMES AND VALUES



INTERNATIONAL CARDS

5.22 Following concerted efforts by the Central Bank and banking community, we are pleased to advice that the VISA platform has now been successfully resuscitated to process international card payments (i.e. POS and ATMs transactions).

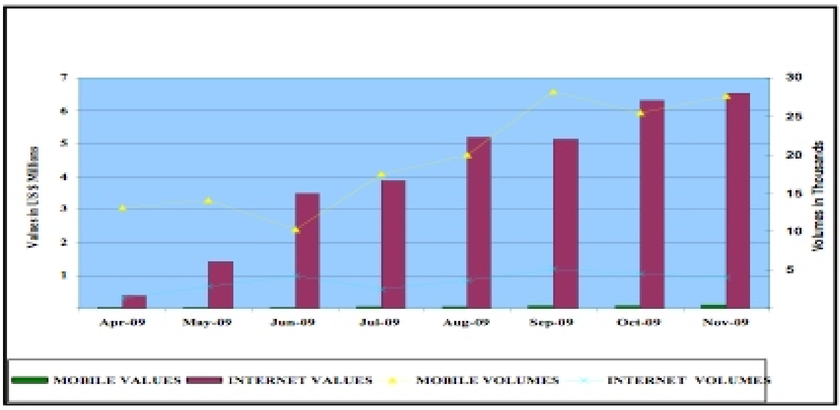
5.23 The Central Bank, in collaboration with the banking community has also engaged Mastercard International, and it is expected that this facility will be resuscitated in the near future.

5.24 These are significant milestones which will go a long way in creating convenience to our international visitors, particularly in view of the impending 2010 World Cup in South Africa.

MOBILE AND INTERNET PLATFORMS

5.25 The total value of mobile and internet based transactions amounted to US$26.2 million during the period April to November 2009. Internet transactions accounted for 98% of this total, while 2% was for mobile payments. The following graph shows mobile and internet values and volumes on a monthly basis since April 2009.

Internet and Mobile Banking Transactions



5.26 The increased usage of the mobile and internet banking platforms is a welcome development that is expected to support economic activity through enhanced payment channels. We urge other payment service providers who have the "appetite" and capacity, to collaborate with financial institutions in coming up with initiatives that enhance efficiency in retail (small value) payment systems.

FINANCIAL STABILITY THROUGH PAYMENT SYSTEMS

5.27 With the large value (wholesale) and small value (retail) payment system channels in place, the country has one of the best modernized and diversified payment systems in the region.

5.28 The Central Bank will continue to influence the efforts to build on gains made during the past decade in reforming the payment system, particularly by enhancing the telecommunications and power infrastructure to ensure reliability in payment services. This will no doubt, enhance the country's financial stability as well as boosting confidence in the overall economy.

5.29 We urge all stakeholders to continue to embrace the use of electronic payment methods, so as to reduce the heavy reliance on cash as a mode of payment.

ADHERENCE TO INTERNATIONAL BEST PRACTICES

5.30 Robust financial infrastructure can help contain systemic risk and facilitate economic players to carry out their transactions timely, safely and cost effectively.

5.31 Payment systems are therefore, at the core of financial infrastructure and need to be designed and operated in ways that ensure their safety and efficiency.

5.32 Accordingly, your Central Bank, in collaboration with the banking community, has over the years adopted a number of technological improvements and new practices to enhance the robustness of our national payment system as well as reducing transactional costs.

5.33 To this end, the Central Bank fully subscribes to international best practice, in particular, the Bank for International Settlements (BIS) Committee on Payment and Settlement Systems (CPSS) Core Principles for Systemically Important Payment Systems (CPSIPS), as well as the IOSCO Recommendations for securities settlement, among others, as shown in the Schedules below.

SCHEDULE I.
CORE PRINCIPLES AND CENTRAL BANK RESPONSIBILITIES IN PAYMENTS SYSTEMS (BIS)
Core Principles

I. The system should have a well-founded legal basis under all relevant jurisdictions.

II. The system's rules and procedures should enable participants to have a clear understanding of the system's impact on each of the financial risks they incur through participation in it.

III. The system should have clearly defined procedures for the management of credit risks and liquidity risks, which specify the responsibilities of the system operator and the participants and which provide appropriate incentives to manage and contain those risks.

IV. The system should provide prompt final settlement on the day of value, preferably during the day and at a minimum at the end of the day.

V. A system in which multilateral netting takes place should, at the minimum, be capable of ensuring the timely completion of daily settlements in the event of an inability to settle by the participant with the largest single settlement obligation.

VI. Assets used for settlement should preferably be a claim on the central bank; where other assets are used, they should carry little or no credit risk and little or no liquidity risk.

VII. The system should ensure a high degree of security and operational reliability and should have contingency arrangements for their timely completion of daily processing.

VIII. The system should provide a means of making payments which is practical for its users and efficient for the economy.

IX. The system should be objective and publicly disclosed for participation, which permit free and open access.

X. The system's governance arrangements should be effective, accountable and transparent. Systems should seek to exceed the minima included in Core Principles IV & V.

Responsibilities of the Central Bank in Applying the Core Principles

a. The central bank should define clearly its payment system objectives and should disclose publicly its role and major policies with respect to systemically important systems.

b. The central bank should ensure that the system it operates comply with the Core Principles.

c. The central bank should oversee compliance with the Core Principles by systems it does not operate and it should have the ability to carry out this oversight.

d. The central bank, in promoting payment system safety and efficiency through the Core Principles, should cooperate with other central banks and with any other relevant domestic or foreign authorities.

SCHEDULE 2.
THE IOSCO RECOMMENDATIONS FOR SECURITIES SETTLEMENT SYSTEMS

I. Legal Framework

Securities settlement systems should have a well founded, clear and transparent legal basis in the relevant jurisdictions.

II. Trade Confirmation

Confirmation of trades between direct market participants should occur as soon as possible after trade execution, but no later than trade date (T+0). Where confirmation of trades by indirect market participants (such as institutional investors) is required, it should occur as soon as possible after trade execution, preferably on T+0, but no later than T+1.

III. Settlement Cycles

Rolling settlement should be adopted in all securities markets. Final settlement should occur no later than T+3. The benefits and costs of a settlement cycle shorter than T+3 should be evaluated.

IV. Central Counterparties (CCPs)

The benefits and costs of a CCP should be evaluated. Where such a mechanism is introduced, the CCP should rigorously control the risks it assumes.

V. Securities Lending

Securities lending and borrowing (or repurchase agreements and other economically equivalent transactions) should be encouraged as a method for expediting the settlement of securities transactions. Barriers that inhibit the practice of lending securities for this purpose should be removed.

VI. **Central Securities Depositories (CSDs)**

Securities should be immobilized or dematerialized and transferred by book entry in CSDs to the greatest extent possible.

VII. **Delivery versus Payment (DVP)**

CSDs should eliminate principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.

VIII. **Timing of Settlement Finality**

Final settlement should occur no later than the end of the settlement day. Intraday or real-time finality should be provided where necessary to reduce risks.

IX. **CSD Risk Controls to Address Participants' Failure to Settle.**

CSDs that extend intraday credit to participants, including CSDs that operate net settlement systems, should institute risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle. The most reliable set of controls is a combination of collateral requirements and limits.

X. **Cash Settlement Assets**

Assets used to settle the ultimate payment obligations arising from securities transactions should carry little or no credit or liquidity risk. If central bank money is not used, steps must be taken to protect CSD members from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.

XI. Operational Reliability Sources of operational risk arising in the clearing and settlement process should be identified and minimized through the development of appropriate systems, controls and procedures. Systems should be reliable and secure, and have adequate, scalable capacity. Contingency plans and backup facilities should be established to allow for timely recovery of operations and completion of the settlement process.

XII. **Protection of Customer's Securities**

Entities holding securities in custody should employ accounting practices and safekeeping procedures that fully protect customers' securities. It is essential that customers' securities be protected against the claims of a custodian's creditors.

XIII. **Governance**

Governance arrangements for CSDs and CCPs should be designed to fulfill public interest requirements and to promote the objectives of owners and users.

XIV. **Access**

CSDs and CCPs should have objective and publicly disclosed criteria for participation that permit fair and open access.

XV. **Efficiency**

While maintaining safe and secure operations, securities settlement systems should be cost-effective in meeting the requirements of users.

XVI. **Communication Procedures and Standards**

Securities settlement systems should use or accommodate the relevant international communication procedures and standards in order to facilitate efficient settlement of cross-border transactions.

XVII. **Transparency**

CSDs and CCPs should provide market participants with sufficient information for them to identify and evaluate accurately the risks and costs associated with using the CSD or CCP services.

XVIII. **Regulation and Oversight**

Securities settlement systems should be subject to transparent and effective regulation and oversight. Central banks and securities regulators should cooperate with each other and with other relevant authorities.

XIX. **Risks in cross border links**

CSDs that establish links to settle cross-border trades should design and operate such links to reduce effectively the risks associated with cross-border settlements.

6 FARM MECHANISATION LEASE PREMIUMS

6.1 Stakeholders will recall that at the launch of the Farm Mechanisation Programme in 2007, it was made very clear that the agricultural equipment so issued out was not going to be for free and that farmers were going to start paying for the equipment after sufficient allowance would have been given for a reasonable grace period.

6.2 Having gone over **30 months post commencement of the programme, it is now time that farmers, beginning the 2010 harvests, start to pay** for the equipment they received.

6.3 The Reserve Bank is, therefore, finalising the mechanical processes for the stop orders and/or cash payments for the equipment.

6.4 In due course, beneficiaries under the Farm Mechanisation Programme will be receiving detailed statements and invoices, along with the payment modalities which will be delivered at each farm-gate.

6.5 Operational details under this programme will also be published for the benefit of stakeholders in due course.

7 CONCLUSION

7.1 The Zimbabwean economy now possesses all the major ingredients for a remarkable take-off.

7.2 Achievement of this will, however, require that the Inclusive Government stays the course in promoting the spirit of mutual cooperation with a common, Zimbabwe First objective.

7.3 Sustenance of political cohesion and stability will lay a solid foundation for meaningful economic growth and development.

7.4 It is also imperative that the Inclusive Government urgently devises winning formulae for the removal of sanctions, as these remain a monumental binding constraint to Zimbabwe's full recovery.

7.5 Fiscal and Monetary policy complementarity remains a critical requirement for the successful implementation of the country's recovery programmes.

7.6 It is for this reason that the Reserve Bank pledges to fully cooperate with the Fiscal Authorities in this journey to build a better and prosperous Zimbabwe.

7.7 The generality of Zimbabweans also have a significant role to play, which is that of focussing more on productive engagement and much less on negativism.

7.8 The rallying war cry must, therefore, be on promoting Zimbabwe's productive and developmental systems, as opposed to sowing seeds of disunity.

7.9 In God's hands I lay this Monetary Policy Statement.

I thank you.

DR G GONO
GOVERNOR
29 JANUARY, 2010