



REMARKS

BY

ACTING GOVERNOR

RESERVE BANK OF ZIMBABWE

DR. C. L. DHLIWAYO

AT

**THE OFFICIAL LAUNCH OF THE
US\$100 MILLION AFREXIMBANK
INTERBANK FACILITY**

22 MARCH 2014

SALUTATIONS

Honourable P. Chinamasa, MP, Minister of Finance and Economic Development;

Mr. J. L Ekra, President of Afreximbank;

Board Members of Afreximbank;

Executive Directors of Afreximbank;

Chief Executives and Managing Directors of local financial institutions;

Senior Officials of the Ministry of Finance and Economic Development;

Senior Management of the Reserve Bank of Zimbabwe.

Ladies and Gentlemen,

1. Let me, on behalf of the Reserve Bank of Zimbabwe, start by welcoming all the Afreximbank Board Members to the country. I hope your meetings have progressed well.
2. The Zimbabwean economy has not been spared by the adverse developments in the global macroeconomic environment. The profound effects of the deceleration in global economic activity have been amplified in the Zimbabwean context, particularly in view of the multiple currency system that is currently obtaining since 2009.
3. The adoption of the multiple currency system since 2009, significantly transformed the macroeconomic landscape in Zimbabwe. Despite lack of balance of payments and budgetary support from most international financial institutions, growth in economic activity in Zimbabwe has rebounded impressively to 5.4% in 2009 and 10.6% in 2012. The economy is estimated to have grown by 3.4% in 2013.
4. The suspension of disbursements on new and on-going projects by most multilateral and bilateral creditors at the turn of the century, made it difficult for corporates to secure basic financing to support their businesses as capital inflows virtually dried up.

5. This notwithstanding, Afreximbank steadfastly stood by Zimbabwe throughout the decade long crisis with a determination to ensure that essential trade finance needs of the country are met.
6. Let me commend the African Export-Import Bank for its continued bold and proactive facilitation of trade and investment in Africa.
7. On behalf of the Reserve Bank of Zimbabwe, I wish to unreservedly express my heartfelt gratitude to the Bank for having so far extended over US\$3.5 billion to Zimbabwean entities in key export and productive sectors namely, agriculture, manufacturing, mining, financial services and mobile telephone industries.
8. In this regard, Afreximbank is not like one of those friends who give you an umbrella when you don't need it, and take it from you when you need it.
9. Ladies and Gentlemen, you will agree with me that someone who supports you and stands by you during your greatest hour of need is indeed your true friend.
10. Afreximbank have therefore portrayed these exceptional characteristics and I am glad to say they have and continue to be our true friend.

11. Afreximbank's indispensable role in supporting economic recovery efforts in Zimbabwe neatly dovetail with initiatives espoused in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimASSET), which are aimed at restoring and transforming national capacities for sustainable economic growth and development, through full capacity utilization, application of new technologies, and identification of new growth areas.
12. A big Thank You to Afreximbank for your continued support.

Interbank Facility

13. Ladies and Gentlemen, following the adoption of the multicurrency regime in February 2009, the functioning of the inter-bank market was severely curtailed. This was largely due to the absence of acceptable collateral.
14. Our market became segmented with some banks having huge surpluses while other banks had liquidity challenges. Ordinarily, liquidity would have moved from the surplus institutions to those experiencing shortages through the interbank market. Banks with excess liquidity were averse to lending to those experiencing shortages due to credit risk issues associated with those banks.

15. The unavailability of the Reserve Bank's Lender of Last Resort (LOLR) worsened the situation as banks had no fall back when they experienced mismatches in their assets and liabilities.
16. Against this background, Afreximbank have come up with a US\$100 million facility to help unlock some of the liquidity which is lying idle in some of the banks. This facility has come about through efforts by the Honourable Minister of Finance and Economic Development to see the interbank market operational as well as to unlock further liquidity for lending to the productive sectors of the economy which desperately require funding.
17. Ladies and Gentlemen, this is a historic event and we are hopeful that this facility will assist in addressing some of the liquidity challenges facing the banking sector by unlocking idle surplus funds at some banks and thereby resuscitate interbank trading. We appreciate Afreximbank for assisting Zimbabwe and commit to continue working with them in other areas aimed at turning around the economy.

I THANK YOU