

Debate on the Future of the Zimdollar, the soaring prices, rising inflation, and economy in general

Shanai, thank you so much for being here. Thank you. I'm sorry I'm a bit late. No, it's fine. You're on time.

my walk

above Watili

Greetings to you all. Mikhail put me the video on. Good evening. Greetings to you all.

You're joining us. In this seventh session. Of the transparency dialogue. Forum on Zoom. Today we are looking at the very important topic. We turn into the economy. In Zimbabwe. The difference between rhetoric and reality. A debate on the feature of the Zim dollar. The soaring prices. Rising inflation.

and

the economic situation in general. We have a a very a panel of very of experts. I'll be introducing our chair, our moderator today, Janet Jobert. We just want to make the point that we had hoped to I have CZI the Confederation of Zimbabwe Industries. On this panel. Uh since it was them who touched the stone recently. On on this subject. But regrettably they feel they're unable to participate. They feel that they may jeopardise their dialogue that's taking place between them. And the government on this subject. Uh it's a it's a great pity. That having made the statement they

made. A week ago. They are unable to come and field the same statement. For the purpose of this discussion. However we have a panel. Uh we've been to just by adjacent shortly. And we have deliberately brought Caleb Fundanga. A former governor. Of the Reserve Bank of Zambia. Manuasa Times. Eh during which period the Zambians who had similar problems to ourselves. With respect to the currency. We're able to stabilise the Zimquat the the Zambian culture. Which remains very strong. And I was in Zambia last week. There's no running up to the US dollar at all. I didn't even see a US dollar while I was in Zambia. Is a tradable quantity. is alright. And we would like to hear from this Zambian president how they went about it. We had some two years ago occasioned to bring in Caleb Ndanga again. To try and give us background to the Zambian. experience. And now he's also on the, on the, on the, on the board of RBZ. And we're hoping that big, the Zambian president can continue to inform us, as we struggle with our, this, this, with the same problem that we had. In two thousand and 6, two thousand and 8. We have also brought in Chris Mthaweba. Yes, he's a spokesperson for Zano PF, but on this occasion, he's coming in as, as, as a profession is alright. We have some views and

observations on this subject.
So with that I want to
introduce Janet Zho who has
been a regular on our policy
dialogues. She's on ZimCode.
Prominent economist, activist,
Janet. Please take over.
thank you very much for this
opportunity and thank you
everyone who has managed to
join in on this very important
and topical conversation that
we we are having today on the
currency crisis. Such a
protracted crisis that we have
had as Zimbabwe. And this
conversation is coming
following the celebrations. May
is the workers month. we
celebrate the Workers' Day on
the first of May twenty
twenty-two. We actually across
the country commemorated this
year's Workers Day. Um with
workers really celebrating it
in agony. Uh as prizes of basic
goods in shops were beyond and
continue to be beyond the reach
of the working class. Um living
as well the marginalised
communities in rural areas
suffering as well. We are
talking about the currency
crisis. Uh why is the nation is
also braised for a poor
cropping season as a result of
the erratic rainfall patterns.
Uh that have been received
across the country. Domestic
food shortages coupled with
rising global prices as the war
in Eastern Europe between
Ukraine and Russia continues to
severely disrupt global food

supply chains and fuelling an astronomical increase in domestic food prices, fuel prices. thus plunging many citizens into food poverty. As we are going to have this discussion as well today. The IM estimates that about a third of Zimbabwe's population are faced with food insecurity in twenty twenty-two. The government of Zimbabwe has failed to provide adequate social safety nets and deliver quality and affordable public services. Uh which has left vulnerable groups exposed to the tightening macroeconomic environment. We are also having this discussion this week as the schools have opened. The education the education calendar reopened. week with many public schools, colleges and universities, hiking tuition fees, even though workers' salaries are lagging behind in Zimbabwe dollar, because of the exchange rate depreciation against the Greenback, thereby elevating price inflation. We also saw a schools opened, the prices of school uniforms, stationery and extra license are rising. All these trigger inequalities, upscaling of school drop out rates particularly for children from underprivileged families. The situation is the same in the public healthcare. Uh as a result of the current currency crisis and inflation crisis facing the nation. Public

hospitals and clinics are facing procure adequate such an acute medical drug shortages and equipment. Thereby subjecting actually many citizens to have two prizes that are being charged by the private healthcare providers which are the alternative for the citizens. We have the US dollar or are depending on the diaspora remittances. So when we are talking about stabilising the macro economy some economic analysts are calling for us to go back to two thousand and nine. Uh the option of dollar rising that killed the Zimbabwe dollar and instantly stopped the global record hyper inflation for a for any country that is in peace time. They are arguing for those that are arguing for the redolarisation that will attain the same. And that by using a strong US dollar, the country will get exchange rate stability, which is key to the attainment of nationally desired low price growth. This will be a milestone achievement in the fight against the rising poverty levels and the widening inequality gaps and the high unemployment rates that we are currently witnessing and also the massive depreciation and skyrocketing of prices and inflation in Zimbabwe. We will no longer have the creation of currently the groups of the haves who are those with strong US dollar and the have nots.

Those with the fragile Zimbabwe dollar or the RTGS. The poor majority spend most of their incomes on current consumption. Hence, if maybe we dollarise according to some economic analysts, adequate financing for requirement, serving for future consumption, would then be attained if we have or we come back to the US dollar. This will subdue as well the social subferty net burden that the government or the fiscal is currently witnessing as we will reduce the vulnerable groups like the needy, elderly, those that are unemployed, the youth, people with disabilities. And this will also increase servings. So a stable macroeconomic economy will attract investment, foreign and direct and and domestic. Thus creating more employment and other factors of production. So these economies are pushing that we go back to two thousand and nine. But we also have some economic commentators. That have being against the redonelarisation, including the government, as they proceed that this will plant Zimbabwe into a supermarket economy, with shelves dominated by imported goods. Official statistics show that between 2009 and 2018, the dollarisation period, if you remember, Zimbabwe experienced an unsustainable average trade deficit of US 2. 5 billion per year. This was so Because of

using the strong US dollar. Goods produced in other countries with weaker currencies became cheaper in the eyes of the locals. While locally produced goods became expensive in the eyes of the foreigners holding weaker currencies. So this threatens the existence of the local industry by rendering local companies regionally uncompetitive. Lowering their output and profitability. Thereby maybe increasing unemployment. So these are some of the arguments that are for those that are against the dollarisation. And the question is what then needs to be done to move to a stable economy. Can we continue in the current dual pricing system that is dominated by a fragile Zimbabwe dollar? Which is deteriorating at the speed of lightning causing unbearable inflation and stinking poverty and inequality. If yes then what is driving this currency depreciation since fundamentals are sound as posited by government. And what can be done ensure that the Zimbabwe dollar reclaims its lost value against the United States dollar. Or can we dump the local currency and use the US dollar as a sole legal tender to attain a quick macroeconomic recovery just as the country did in two thousand and nine. So this is the discussion that we are going to have today. And

I have and I esteemed expert panel that is going to unpack this issue. We want to find out whether this is just rhetoric or it's actually some that is actionable, that is in the interest of citizens, that is in the interests of the workers, that is in the interests of the Zimbabweans, so that we move forward with a, an economy that we are building together, that is stronger and that delivers for everyone. Uh, so for, to kickstart us off, we have Tinashe Murapata, who is the CEO and founder of Leon Africa, Tinashe is the CEO, of this investment holding company. And before this, His word in London for Butlers Bank. He has extensive economic research experience as an economist, as a banker, covering numerous developing countries in Africa. and continues this research under its DSS Zimbabwe. He was educated at USAT in Harare, Vith Business School in Johannesburg, and HEC in Paris. He's currently enrolled in the Global Executive MBA, hosted by Triumph, New York University LSE and Tinashe has got an interest in rebuilding Zimbabwe. He speaks to higher level macroeconomic issues and the issue of the currency as one of the fundamentals for macroeconomic stability is of interest and passion to him. So at this point he's the one who give us a presentation on the

current debates. And the perspectives around the currency crisis and what Zimbabwe has to do in order to achieve the macroeconomic stability. So at this point in time I will hand over to our presenter or present for about 15 to 20 minutes before we call upon our discussions that I'll introduce as we go. Thank you Auntie Nashe. I give you the mic.

Thank you very much Janice. Um I hope everybody can hear me loud and clearly. Uh thank you very much for for this platform. And I hope that I'll be able to share a few thoughts on where we are. Is it rhetoric? What is the reality? And looking at the Zim dollar. Looking at dollarisation, Dual currency. And a lot that's actually happening in our country. I suppose the use or the threat of a monocurrency is one that has everybody worried. is there a reason to worry? Or is there is this to be expected? I attempted a a strategy session on Zimbabwe. The last week. And that's the anecdote I want to start off with. There's so many sort of asked how would you explain this mobile environment and almost everybody said there's a extreme volatility and uncertainty. And while a guy that's not true. Is very predictable So it's not exactly volatile, no easy. What is going to happen? It's just that

we do not like what is going to happen. But it's always going our way. And not the other way. So that's not the definition of volatility. The definition of volatility means that it's swinging up and down. As far as this Mogan story is concerned. It's adding one way. And it has been heading one way for a very long time. And that's what I sort of want to give. So I want to give the reality. So that we move away from speaking in theory. Or theorising. And we stick to the reality. It is very sobering. The reality is very sobering. But it is also empowering. Because already you know empowered. You know exactly what you expect. So we share my presentation I don't know if you hear if I'm allowed to share

Yeah, you're sharing Alright, fantastic. As everybody can see it.

Yeah. You can go ahead. Yes. Fantastic. Uh this is the only graph that I will share. Uh so don't worry. Uh it's not going to be too long. But I'll speak to what it's like to be showing you. Uh there's certain fundamentals and certain realities. So for us to speak about what's happening in twenty twenty-two. Is perhaps better to start with what happened in nineteen eighty. And I sort of divided it in three decades. And I would explain what seeing you there. Uh unfortunately because our

numbers move from one to as high as 100 trillion. One has to log base the axis. This is just so that that's required. Because the numbers get so astronomical that you can't fit them. In a PowerPoint presentation. So I've logged it. Just for illustration purposes. The key thing is is somebody if you woke up today and you walk into any country and they told you that the inflation rate for the last decade was 13 percent. Uh the average inflation rate for 10 years were there was 13%. Anyone would consider that as high inflation. You can see what's happening in America at the moment where inflation is at 8.5 percent. And it's a big worry. Now imagine going for the entire decade with the average inflation is 13 percent. That's actually considered high inflation. Now I say this because there's a visualism about our first decade of Zimbabwe. That's not so. If you look at the first decade of Zimbabwe. was averaging 13 percent. That's for an entire decade. My supply was increasing. And it ended 1990 at 7 point two. Billion. Government debt increased from one to 6.7 billion dollars. That's that was the reality in nineteen For the first decade, 1980 to 1990. And that is not a stable environment. This was the first decade. We continue with the

second decade and you see the average inflation actually doubles. From 13%, 28%. Right? And money supply. It does a teaser. It continues to increase. Government debts. Pushed by government debt Governor Burrows. You can see Governor Boroughs is increasing. So that was like the second decade. So the first 20 years of operating in Zimbabwe. From a business or from an individual perspective. The economy you can see that it is high inflation environment. You cannot consider it a law of reflection. It's a high inflation environment Where if your average CIP CPI is 13% interest rates. We're higher than that. We're around 15, 16% for a decade. And then it moves to 28%. That's the average. So between 1991 and 2000. The surface significant factors is 1991 to 2000. I would like to correct Miss Noma that the problem started in IT lighting. Uh seven ninety-eight 8two thousand. It's actually where we see the programme. It happens in nineteen ninety-five. Where government debt increased by 2. 3 billion dollars in just one year. And half of that was offshore borrowings. Allow was domestic warriors. He just warrior. That is probably what precipitated the crisis that then landed itself in 1997 and in 1998. But you can see government borrowers is the core.

Government has been continuously borrowing and inflating the Marissa party since nineteen eighty. Now obviously like in And that could be the cause. But it was extraordinary. In 1995. We saw nineteen90. Uh in 198five, 1990. we had elections. But not to the extent that nineteen ninety-five changed things. And I sort of asked political scientists because it was anything extraordinary around nineteen ninety-five especially the let's say ja. Why government would bo as much and the best answer I could get was this was at the tail end of where a lot of people that we retrenched and something was worried. Was panicking. And they had to spend more. There's also the issue of a drought. So it was not a severe as the lati latitude rather. equally severe. The other reason was since they were the minister was the minister at that time fell ill and resigned. Um so you know that combination led to that increase in one year of \$2. 3 billion dollars. I say this because if you fast forward you know 25 years later you see commander without you and you see all these government explanations. They shouldn't surprise us. And I think that's big worry that I have this progress is that we keep worried about it,

surprised about the government's actions. When it's very clear. This has been the modest opera. Uh since 1980. To the surprise as a whole. Uh we've never we've never operated in a stable environment since 1980. That's what has destroyed us. Uh 2001 to 2010, that decade is on the calculating average was mentioned there call it the house of madness. So this is where we get to the second highest type of inflation industry. In human history. So it's it's it's crazy. Um and that's when something fundamentally changes in the Zimbabwe story. And I say something fundamentally changed to this COVID story. Because I will speak to it again in twenty twenty-one. But and perhaps people like Igbo. Uh could help here. Uh in nineteen80, 1990. a lot of Zimbabweans would have kept their money in the bank. Although it was being eroded. But inflation. Inflation of 28%. The money was being eroded. Um but I don't think people were as worried. Uh they thought or they remained very awful. But unfortunately they didn't have the means to defend themselves against hyperinflation. So lot of wealth was destroyed in two thousand and 8. But it also changed people's voices. And so if I were a policy maker, this is the the point that they need

to be aware of, that what perhaps they could get away with, in the first two decades, they cannot get away with it. Uh, going forward. But I call it, you know, the heart of madness. Where government debt which had been imprisoned, which was domestic debt, so they are just used domestic that it went to zero. Uh that's the domestic debt. I highlight this because I want to make the point that the biggest beneficiary of the dollarisation in 2008 was government itself. We didn't need to pay back the debt. The domestic debt that they've been accumulating over the last two decades. Uh the over expenditure that they had been doing was cancelled out by the hyperinflation. Domestic reduced to absolutely zero, it means that savings were reduced because TBs are bought. So treasury, the people who hold treasury bills will lend to government are actually savers. The government was not going to return money, return any return whatsoever. It will save us. So government debts reduced to zero. forced dollarisation. Where the market literally dollarised by itself. And that's why you see the threshold coming down. And you see my supply coming down. You see everything. There's some sort of symptoms of a genuine law inflation to the bacteria. Um but obviously you

know lessons were learned. And we started to see the cycle. Again just look at the red line. It shows you the cycles that we have while domestic debt was zero. What has happened over the last decade is off your debt. Which you obviously cannot reduce to zero to upper vision. Has been increasing. So we have a bigger problem in 2022 than we did in nineteeneighty. That's number one. Because we now have an Austria debt for \$20 billion dollars. You know the economy of around sixteen, \$17 billion dollars. If you're using gold, bad numbers, Um the other big problem that you are finding is that the market itself has changed has shifted. As I said in the first decade, if you look at domestic savings or people, did you know of the US dollar? They were quite ignorant of defensive thoughts. But post 2008 to go up with can divide themselves against government borrowers. Can they do so? By journalizing but you think they might under the mattresses. And using the dollar. It's a way of showing that they have greater control. And government cannot force people. Of course those who are being paid in zero dollars. Uh they are in a difficult position. But for the most part when you look at that when you look at anyone who has US dollar. They actually understand the threat to their

wealth. the people in the first decade. Did not have that knowledge. Today people are very much aware. So it's if you were to give an example to start with you are seeing that although when they went through the hard times fashion they are still very much is still very much a a US dollar economy because people remember what happened before and they keep US dollars to defend themselves. And their baby watched them themselves because the reality you can see what's happening with the red line and the blue line. That we've just, we're at the beginning of another cycle. Whether this cycle will get to, you know, hyperinflation, really, it's dependent on what the government does. But the government must be now fully aware that the market itself is holding dollars to protect ourselves. This cannot happen in two decades, right? Um, we seem not to be learning. So I think that what I wanted, that's the thesis I'm making, is Zimbabwe, so the last 42 years, has been able to add single digit profession over a 10 year period. So you cannot define Zimbabwe as the stable economy. It is high instability. And this is stability. Has been there since the first decade. So obviously, what we now have are coping mechanisms. And the least of the dollar. What

do we need to do?

Before we start talking about growth and all sorts of things, we need a decade of stability. We never had that. And I think that when you see the frustration or it's just business. Realising that for the last 42 years we haven't had stability. And one big issue and one big problem is that when you look around the 40 or 500 companies in the world are in in a we find a lot more companies that get started. The big companies have been started over the last 20 years. One cannot say the same of us. We're not seeing new companies being started and big companies reminds me because of the you know economy. You need to ratify that. In many ways which we can do so end up in our record of recommending a currency board. Cos this is our big instability. The big instability is around money supply spaceship and government debt. And what we need to do is to immunise that. To take it away from our micro discourse. Moderate economic discourse. And the currency board just we have some sort of stability for a decade. It will be worth our while to have some sort of stability over a decade Um so that is my thesis and I'm quite happy to dig deeper. If anyone has any questions please just explaining the graph that's

there.

Thank you very much. Thank you very much Tinashe for that elaborate presentation. Uh it got me a bit concerned because from where I'm sitting I've been very comfortable with defining the Zimbabwean economy as a Vuka economy. Uh volatile, unpredictable, complex, ambiguous, uncertain and all these words. Uh but you indicate that we have been going south since independence. Um and that is very predictable and from the graph we can really see the episodes and the trends. And how we have we have been doing in each of the decades. Uh since independence. And where we lost it as well. Maybe from independence we needed to have that decade of stability. Uh but we got into SAP. We got into different initiatives and prescriptions to try and boost our our economy. But the around external and domestic borrowing continued inflating the money supply by by the government and we've heightened this kind of madness as you have put it. Um the other issue is around the the beneficiary to the dollarization which is an issue that I would like to call Chennai Motambaseri as she'll come in next to also elaborate on because when we are talking about from Tinashe. He says in two thousand and eight going into two thousand and nine as we

dollarise the government was the biggest beneficiary. We saw the CZI statement from the business. The one dollarisation. Which means they are going to benefit from the dollarisation because it gives them stability to secure their profitability, their production. Uh and and and similar issues. But in the current context as well. I think if you scan in the environment. I believe that the business is also benefiting and maximising even on the weaker currency. Cos they're already pricing in US dollars. And they are hedging actually their prices. They are putting way it way beyond even the black market rate. So they making I've seen that some financial statements. Some business have actually made super profits. Because of that hedging that they have been doing. So who is going to benefit by by dollarising. I hope that my my my panel and my discussions is I will call them now. They will be able to really as well show us who are the beneficiaries. What is in it for the citizens. We have seen like I have said the CZI gave us their statement, the challenges they are facing. And the route that they want the government to take in terms of business interests. But in terms of the citizen's interest where are we going? So at this

point I would like to invite my
dear friend

She's a development economist
based in the UK. Where she's
also the vice chair of the
governors of UTC at Media City
in Salford. She has worked for
transformation projects in
international banks in the
local government and the legal
sector. Chennai is a keen
researcher and contributor to
economic policy research in
Zimbabwe. Actually when we were
having this conversation about
this dialogue with Tony.

the first person who came to my
mind as we were thinking about
the panel was Chennai. Because
we have had these conversations
with her around the currents
and the need for us to
dollarise. And we have agreed.
We've disagreed. We've engaged
with other friends. Uh within
the sector. Economies to hear
their views about dollarising.
So she came out first because
this is a conversation we have
had prior in terms of our
private conversations. So
Chennai I would like to invite
you now to just give us your
perspective in this subject and
on this topic from a
development economist
perspective. Uh bring in as
well the citizen's perspective
but also your experiences as
well in transformation projects
and and and in your public
sector, public enterprise,
private sector, investments and
transformation. Where are we

going as Zimbabwe and what should we do when it comes to the currency crisis and the stabilization of our economy. we have heard Tinashe. Thank you Janet. And thank you Tinashe for your very detailed presentation. It's interesting when you look at the at the figures and the graphs and what they're telling us. Um so what I will try to do Janet is really I I know that we want to focus on dollar rising within the Zimbabwe economy or not as the case might be. But it's important that I highlight I think a critical factor to this equation. So the I would like to think that even looking at what the figures that Tinashi was presenting that the Zimbabwe situation is one of economic paralysis really. And this type of paralysis I would say is of a quaraplegic nature. So what I mean by that is that there are four main pillars that are contributing to the status quo. And have been doing so for time. Probably since independence as we've seen in in in the presentation. And they operate in tandem. So when we look at fixing only one element such as for instance dollarising. This would still be inadequate. There may be benefits but there will be marginal and over time we might go back to a situation of disbenefit. And this is why we have had seasons where we did dollarise. And yes the economy

improved. But that was not sustained. Because we do have three other limbs. Three other pillars that must be address in order to bring Zimbabwe to a true honest path of recovery. And so with that, I would say the first pillar is we have at the moment, very, our expropriation index is very high. Zimbabwe has got a high leakage through, through the economy. We've got different mechanisms of expropriation. Mainly, of course, through corrupt tendencies. I think it's, it's the huge elephant in the room when we come to the Zimbabwe economy, is corruption. How much of every productive dollar gained leaks away from the economy via the political elite's corrupt tendencies. So you know we've had it said that once we have money coming in whether it's a productive through investment etcetera. That quite a huge percentage perhaps even 70%. I mean I I say this hypothetically. Is is being leaked away from the economy. Living very little for the majority to to to spend for spending on things like health, healthcare, on things like water and sanitation etcetera etcetera. So we need to look at our our economic market infrastructure. To try and understand how can we plug the gaps. I've spoken in the past about the gaping hole in our pocket. If we cannot address

that gaping hole then it makes little difference. What type of currency you have? We've got at the moment a three tier system when it comes to foreign exchange currency in Zimbabwe. The interchange auction which famously leaks 50 percent every time a dollar is traded through the interchange auction. It was meant to be price discovery mechanism. But we know sadly that is not the case. It's pegged. And we have called it out several times to say that the the loss to the general public of nearly 50% through the interchange auction suggests that this is a huge expropriation factor within Zimbabwe. The Central Bank in itself as it engages in Kwasa fiscal activity contributes to expropriation. We've seen the reports that have been produced by Century that indicate you know I think we lost nearly 280 million in one transaction through command agriculture. And so on and so forth. So we must be serious about looking at expropriation and how we can really close that gap. Even ahead of or in within also looking at the currency crisis, which is my second point. So of course, the multicurrency, we are in a multicurrency quagmire, I would say. We are in this kind of stalemate of the US dollar and the, and, and, the Zimbabwe dollar. The economy, the Zimbabwean economy is very much an import backed

economy. We, we, we would import our raw materials, even for where we produce locally, we would import you know, even commodities have got some elements of importation. So we are an import import backed economy. And that in itself is a strong case for at this point in time retaining the use of the US dollar. And actually foregoing use of the Zimbabwe dollar currency because at the moment we are seeing arbitrage behaviours. Because I mean this is what we've got rent seekers in the economy. And if people can spot that look if I do this if I go and deal on the interchange auction today and then swap over to the pearl market tomorrow. I'm going to make a killing. Like people will do it you know. We've seen the various statutory instruments that have been put you know every now and again by the central bank. But the the market will behave as the market behaves. You know. People are there. They want to make profit. People want to minimise costs to themselves. Everybody is trying to go across the border at some point to buy even basic commodities. So they will always be at this point in time whilst our production is reliant on imports. It makes sense for people to to to to go across borders and to order using foreign currency. Therefore, we cannot, it makes little sense

that we're in this stalemate of a weaker currency. And and and the US dollar currency and much really to the detriment of the, of, of the deprived economy, that one third Janet, that you said, that will be under the extreme poverty index. They are the ones that are working being paid their salary in the Zimbabwe dollar. The company that they're working for is managing to get a a benefit or a better rate through the interchange auction. But when they want to now go and purchase goods to feed their family they have to go to the parallel market. And so we have this very weird, awkward and really uncanny situation where the the the poor are subsidising the rich you know. Through these mechanisms such as the to change auction. So the currency crisis yes is one, is definitely something that we need to look at. The other issue that was also raised, by, Tinashe in his graph, was also looking at the public debt. You know, Zimbabwe is, is, in this kind of poverty trap, wherein we are, we are, we are really so highly indebted, I think the value of our debt at the moment is something like 68% of GDP. And so we are in situation where we've got unproductive debt. Where we we're simply paying interest. We are borrowing. Where the projects you know I had five years before we actually begin the

project. Before we actually get a return from the project. We are borrowing to subsidise the state owned enterprises. And yet they should really be running as profitable enterprises. You know so we've got this situation with public debt. That is diverting income away from the economy. Away from important public expenditure and public spending. And and I mean we are also seeing where wherein we we bring in this debt and I I like to quote one particular project where I think we borrowed in 2013 in for the DECA project and did not actually begin to start the production, the productivity on it until twenty twenty-1. So for for as long as between 2013 and 2021, we are accruing interest. What are we doing by the time we start paying off that debt? We are only paying two 2 million in the first year. But and yet we borrowed 48 million. And when you look at the public statement what it's showing is that some of that money that is borrowed for this specific project is now being used to pay the old debt. To pay off old debt. To also make contributions to state owned enterprises. So we've got unproductive debt. We are stuck in it. It is contributing to poverty because again it diverts resources. The other issue, the other huge elephant in the room is the judicial

reform. You know, we have started his current season of government with terms like being open for business. I'm sorry we cannot open for business if we do not respect or show evidence that we respect property rights. And this has been called out by the word World Bank in the last ease of doing business report. That we do have a situation where our judiciary does not stand up to scrutiny when it comes to respect property rights. When it comes to the time frames through which you know cases that are raised against corruption. Cases that are raised against contract issues are raised in the courts. It takes such a long time before people can actually get you know can actually get a response from the judiciary system in terms of those activities. And as long as we are seeing this we are chasing away investment. The good investment. The investment that is pro growth. will not be interested in investing in a country with such a huge risk profile when it comes to judicial reform. So we cannot I say these things because we cannot we cannot simply talk about dollarising. Because if we dollarise tomorrow, yes, I believe it will be of benefit to the economy. It will, there would be huge benefits on a macroeconomic scale. Because at the moment, our situation with

the weaker currency, only tends to benefits. Those that are having the ability to participate in things like interchange auction. And these are the the the I would hazard to say the very rich. you know, the rich corporates that can participate in in interchange auction etcetera. They benefit from the arbitrage of having the the weaker currency and the stronger currency. And all the activities that we have seen whereby we've got this weak money basically chasing away the good money. So we definitely need to look at dollarising. But we must do this outside of the other three important factors that I have raised to address expropriation, address judicial reform, address the public debt scenario. And and also address the currency crisis. So I would say that without addressing all four then we are not in a situation where we can actually say, yes, dollar rights tomorrow and we are going to, things are going to suddenly get better, and that will sustain. Um, so I think leave it there for now. Janet, hopefully I've started to to to give some indication in terms of, you know, what my perspective is. In terms of where we, where we should go, and what things we should be doing to really benefit for the greater good, to, to, to retain benefits on a macro scale. I've

had people say, let's, let's get back the Zim Dollar instead, or let's continue with both, and to be honest, those discussions that I here are benefiting individuals. They're benefiting those that are already doing okay in this situation. But when we now look at let's look at how we can move towards better production. How we can move towards better income for the greater good. Then for sure for now we must dollarise with a view to once we get to an assured state we can start to once we have value in our economy. We have value through our industry sectors. Then we can start to say okay let's start trading. Let's start reintroducing our local currency. Thanks Janet. You. Thank you very much Janai. I think this has been elaborate and when we are looking at our situation it it is multifaceted. The crisis is multifaceted and it comes at various levels. And you have articulated them very well. And from you are saying I think one of the major issues in terms of what you believe is contributing to the currency crisis. It's not only the exchange itself but the leakages. Um how much we are losing of the dollar due to corruption, illicit financial flows, arbitrage, and and the like and without addressing

those and how we have scared away as well investors by taking away the the predictability of property rights. Uh how we have also taken away by debt repayments. And if we interrogate these debts, some of them, they lead us to the issues that you have outlined to corruption as an example. I think we've seen in parliament, some of the deaths under government schemes, like, the command agriculture really, the auditor general's reports, we have seen the rot in some of those schemes and how the government actually assumed and accrued deaths through through those those schemes. So only the issue of dollarising is not maybe going to give us the stability or give us the economic recovery that we are looking for. What we need is a holistic approach. We need to put the person at the centre. Uh the citizen at the centre, the business, issues of property rights and the like and I think that is very clear and you kind of to some extent also agree with Tinashe that we've been in paralysis. Um for a long time. We haven't moved. Um I know that Tina is saying we've actually been moving back to the southward trend. But he's saying we haven't moved. We we continue to rotate and move around. Um without much progress for the benefit of the citizens. But only maybe for a

few individuals who have benefited from the different schemes. Uh that have that have been adopted by the government through through policy. Uh through actions. Um I would not want to continue to summarise your your presentation. At this point I would want to call upon Ambassador Chris Muchangua. Uh Christopher Atikure Muchangua. Uh who is a Zimbabwean politician, a diplomat, and a businessman at a personal level. I know him inviting him to many of our spaces around the Chinese investments. Uh he a veteran of the Rhodesian Bush War. Uh Muchangua has served the government. Um of Zimbabwe. The independent Zimbabwe. Under the Zano PF Party. In a number of roles. Including as director general of the Zimbabwe Broadcasting Corporation. Ambassador to China. Head of the Zimbabwe National Liberation War Veterans Association. And Veterans Welfare Minister. Uh today is going to speak as an investment analyst with those vested interests. Um Ambassador Muchamba you may have missed the main presentation from Tinashe. But the question and the problem in the room that we're trying to unpack. And to clarify is pausing to you this question about the currency. Should we dollar or not. Uh Tinashe has indicated that we have been going southward since

independence. For us to move forward, we need a decade of stability. We need a currency board that's going to deal with our M three, our money supply. And the debt question, which is one of the biggest elephants in the room, which has continued to inflate the money supply by the borrowing that we have seen externally and domestically. So I would want to us to begin the conversation with you from the point of should we dollarise or not dollarise from the investment perspective. I invite you honourable Mshanga. Honorable Mhm. If you are speaking, you are on mute. Do you hear me now? Yes. Yes we can hear you. You are on Galaxy SE twenty-one. Yes. Ja. Sorry I missed a part of your first presentation. I had the substance of the preceding presentation. You know there are views which have been expressed about the debt of Zimbabwe, the expropriation by corruption and all these things. Let me start by saying that I been very much involved in trying to move the Zimbabwean economy from allocation to market forces. I basically believe that supply and demand should be the determinant of the Zimbabwean market. Including on the foreign currency market. And with the issues which have been articulated. They beg on the fundamentals of what is wrong

with the model which has existed. Which is basically colonial model. Where we have been used as a country to feed other nations. Particularly those from the west. And we have missed out on the development opportunity which should have been according to this country since 1960s when Singapore opened up. And we went to a closed economy. And Rhodesia fed worse after that and it caused us into a war. So the basic fundamental reason why we were left behind is a colonial one. If we had gone Singapore opening up, being democratic in the 1960s would not be where we are. Secondly, we persisted even after Mgabe with an allocation economy. You can't allocate resources in an economy and expect the economy to grow. That's why I was behind the push to have the reintroduction of the auction. But where I want to beg back to differ. Everybody says corruption. The biggest corruption in which this country has been seen has come from the abuse of the Zimbabwe Stock Exchange. Which has been actually an instrument of taking hard currency out of Zimbabwe and taking it out to the west. If you go on internet today, you'll see an derivative called Bright C B S I G. Which has been performing well on the New York Stock Exchange. And that derivative. He has been support previously as old

mutual asset management services From this country. How does a country which is a basket case support a derivative which is a stellar performer on the New York Stock Exchange. And you find it in the fact that the former government allowed what was called fungibility for one stock. Which was old mutual. When everybody else was not fundable it means they couldn't trade in US dollars. And so that stock became the panting ground of foreign investors who would buy that stock and then you know everybody would then get the stock certificates of old mutual go to London where it was not listed. Go to to to Nairobi where it was listed. Go to JSE where it was listed and everybody would take money out of this country and the reserve bank was obliged to honour that expropriation of the Zimbabwe guidance by that particular stock. Last year, part one, in 2020, the present president put a statutory instrument and closed that loophole. For 6 months, this country had a stable currency and it performed well. You know, showing that there was no more expropriation of money through the stock exchange through a derivative, through this derivative. And everybody who knows economics and finance one oh one, knows what derivatives do the economy if they are

abused. That you have to close New York several times. And I'll give you a case where derivative was abused recently and the stock exchange was closed. We had a similar experience and for six months between June 2020 and January 2021 we had a stable currency. Then some people convinced again the the the regulators at Zimbabwe securities exchange commission to introduce again that derivative and today that derivative is old mutual exchange traded fund. And it is being punted upon by foreigners. Who are using that stock that stock as a way to buy into into Zimbabwe and then get money out. And it is the one which is driving the currency the the problems which we have today because this is an abuse of a derivative. It's basic finance one on one. I don't understand why Zimbabweans don't understand what everybody else in the world understands. which is the abuse of a stock exchange in competition to the central bank even when the central bank decided to go for the auction market. So this derivative is the main problem why the currents will never be stable. Whether we use US dollar or whatever currency we use God's currency. As long as somebody's profiting from a derivative which everybody else is not trading in. It's like dressing a girl from Nyanga on the

catwalk. And you make her beat with a girl who has come from New York on the same he doesn't what her beauty is. She will lose because she doesn't have the grooming. She doesn't have the clothes. And that's the problem which we have had with our stock exchange. My first instinct in fact it is not an instinct. From empirical proof from twenty twenty. We just closed the exchange or we shut down that derivative. Then there is no then there is proper and spontaneous price discovery in the market. You can't have a price discovery where somebody's sitting on top of Mount Nyangani and waving that this is the price of the Zimbabwe dollar. It is using that derivative to drive the export and exchange market. It's not a fair demand and supply exchange market. So let's close that stock exchange. In any event we are not Taiwan. We are not China. We are not Turkey. Why do we need an industrial stock exchange of luggage of companies which have no brand names which are selling. They are not they are not Apple. They are not Huawei. They are not Samsung. Why does do we need those companies on the Stocker Exchange to be traded in a foreign exchange market which they are not earning. So I recommended to the government of Zimbabwe that and I'm the God

is talking about is removed completely from the Zimbabwe stock market. By having people trade in US dollars on a competitive stock market. But people of logical reasons have been refusing that and when it comes again to the investment which we talk about, the Zimbabwean assets which God gave to us, they are so big in terms of value. In minerals, in what they can compete on the global market on their own. And I'm talking from experience because I have been bringing some of the biggest investors in this country since I became a, you know, ambassador to China. China, tobacco is ten times bigger than Philip is. It is the one which has started the contract tobacco farming. It is the one which has been earning 600 to \$700 million dollars for rural people for the past ten years. And was the main driver of the stock work of of of the auction floors in Zimbabwe. And earning the currents which they said Zimbabwe Reserve Bank was trading which was then abused on the stock exchange. Taken away from peasants by people at Zimbabwe Stock Exchange. And then abused. So I know what I'm talking about when I'm bringing investment. That's A fortune 500 number one company in Tobacco. China tobacco. It is an investor in this country. Why do you say investors run away when they are given an

opportunity? Right now as I talk, I've got the biggest steel company in the whole world. Because the LNO of Zimbabwe because of the chrome of Zimbabwe, because of the cocking call of Zimbabwe, they are, they are world class. We are having a company built the largest steel plant in Africa. 200 kilometres from where you are, we now. In Shivu. this company doesn't talk, who complain all the things which are being talked about. Because it looks at what has got Zimbabwe got to offer. In terms of its resources, and he is the top one in steel, and he's putting money. He has already put money in Selu. We are exporting Pharokrom to the tune of 150 million. He doesn't complain about the little the corruption things which we are talking about. He has put money in, in, in Wange now. We are exporting cock in coal, we going to 4 00000 tonnes in the next 5 months. A cellometer of South Africa, the largest steel company in Africa, they are buying from Zimbabwe. These are investors who are putting money in this country. They are not whining and wincing the way it is being explained with those who wins and and wine are small minded investors who allow the stockbrokers at the Zimbabwe Stock Exchange to pretend as if they are big players in global economics when all of them are immediates just milking off the

little money which from the the
the gold panels and from the
tobacco farmers. Let's close
those avenues, those loopholes
which cause the major
hemorrhage of capital out of
this market. Not this
pinpointing of petty
politicians. Most of them who
die in poverty. Anyway, when
they are being told they are
corrupt. I've seen many of
them. They come and when they
they were about to die, they
came to me. They wanted me to
buy supermarket food for them.
And they were ministers. They
so I I don't I I I may know
that I one or two may they may
have been beaten a bottle of
whisk. But it doesn't change
the the economy of Zimbabwe.
But when we look at the
fundamentals it
I may not have any quarrel with
old Mutual itself as a stock.
But I have a quarrel with old
mutual and its derivative
stocks. And today they insist
on having an ETF and exchange
traded fund. Which is traded in
US dollars. When they are not
earning themselves those US
dollars. They are being earned
by by by mining companies. If
they think they are big old
mutual. They should go and
register as a trading company.
An ETF in Victoria Falls. Not
on the sick list Zimbabwe Stock
Exchange where small midgets,
stockbrokers pretend they are
big. And incidentally they are
a club who keep aware other

stockbrokers who have worked abroad in Singapore, in New York, in London. They keep them away because they are profiting from this hemorrhaging of this Zimbabwean stock of capital. And everybody points a finger wrongly at the wrong place. So I'm talking whether what you are saying is true or not. There will be big investments in Zimbabwe and I know what I when I'm talking about because I am the driver of those big investments into this country. As they will change this economy. And they will make sure that Zimbabwe dollar will be stable. That's what I want to put across.

ah thank you very much Ambassador Mochanwa for for those submissions that that you you have made. And I'm sure that we will come back to them. And I would want Tinashe, the main presenter to respond to how you have characterised the currency problems that we have from the business perspective. But when I'm also intently listening to you I you know policy, failure as well by government in terms of investment policy and dealing with these issues when it comes to the currency and to how business has been doing business in Zimbabwe. And you put forward as well, the Victoria Falls Stock Exchange, a tax haven, and maybe Whey Business have to then operate, and I'm not sure how that is

going to operate without leakages and the expropriation. Uh, as well that ah that Chennai spoke to. So Chennai will also speak to to to this issue. So Tinashe I would want you to note the points in terms of responding to how Ambassador Mochamba has characterised these problems that we are currently facing because you did a totally different and holistic thing when we were looking at each decade from independence with the graph that you shared with us in terms of money supply, in terms of debt, in terms of how we've been doing business and how inflation, CPI index and the like have been playing out. So I hope that you come back to to, to, to that. Uh but maybe before we we, we, I call on you, I would like to invite my final panelist. Um, who is Doctor Caleb Mailoni Fonanga, the ex-governor, Zambia Reserve Bank, and the board member, of the Arabism. Um as Professor Mandaza indicated, I think we we have shared similar experiences before of hyperinflation, of currency crisis with Zambia. At one point, I remember being a little girl and growing up and and hearing that in Zambia for you to buy a loaf of bread, you need to push a wheelbarrow to the supermarket to buy that, that, that, that loaf of bread. We have been trillionaires in Zimbabwe. Uh, we have ah you

know witness a whole lot ah of similar experiences ah like Zambia. Ah Doctor Fundanga has served ah as governor of the Bank of Zambia. Ah since ah in since March two thousand and two. Um he was appointed governor. Ah after serving as a senior advisor to the president of the African Development Bank in Abijan. From nineteen ninety-8. He further served as executive director at the African Development Bank. Doctor Fundanga has also served as permanent secretary in the Ministry of Finance for six years at cabinet office. before finally winding up in the office of the president as permanent secretary in charge of the National Commission for Development Planning. He has many achievements. Some of them include being banker, magazine award of Central Bank of the Year, Global and Africa at the beginning of two thousand and eight. As well as the emerging markets magazine award of Central Banker of the year in two thousand and 7. Bestowed in September 2007 in DC. He was also awarded the Central Banker of the year two thousand and eight. By the annual meetings Daily Magazine. Doctor Fundanga is currently the alternate governor of the IMF Board of Governors. Further he's a member of the African Export and Import Bank Board and Executive Committee. He also serves as board member and vice

chairperson of the Zambia Revenue Authority. His current the chairman of the Junior Achievement Zambia Board and is also and has also served as chairperson of the programmes committee of the African Research Consortium. Um we hope to tap from his experiences in all these capacities and that have led to the different achievements that have our client in terms of how is Zimbabwe we can deal with our currency crisis. And I think what would want to hear from Doctor Fundanga is a pan African perspective. having held different portfolios within the African Development Bank, within the African Export and Import Bank, Board, Executive Committee, the IMF, Zambia Revenue Authority and the like. And I think we're going to learn more of the experiences that he has and how he thinks Zimbabwe should take this issue forward. So Doctor Fundanga I'll give you 10 minutes. To share with us your perspective on this topic had the main presentation. He had two discussions. We are trying to define and to characterise the problem. And how we should move forward. And I'm sure you have been listening through. I'll give you your 10 minutes now. Thank you.

Thank you very much. Um moderator, I hope you can hear me. Uh I also want to thank Sapes Trust for coming up with

this topic. Uh and also the various presenters. Natasha's presentation was excellent. Uh Tanai also I'm putting an important perspective and of course the ambassador. Uh it's nice to to see him. I I must mention that between 2014 and 2018 I was actually a resident in Harare. I was the executive director at Mefmi. And it's that opportunity which gave me some chance to learn. Eh and and a little bit more about the the Zimbabwean economy and the challenges and they lost opportunities. I think for me I've always regarded eh Zimbabwe as a land of opportunities. Eh I always used to make some presentation when I was there. Eh on eh resource management. And I was saying that if you Google minerals in Zimbabwe. The list. The long list of minerals there. And compare with other countries. It is truly a very rich country and has got rare minerals. Which are becoming especially important. So this is the country that we are discussing. I must say that the first presentation by Natasha was very good because it showed the historical relationship ah between eh public expenditure growth in broad money M three and how this affects eh consumer price index. That relationship is very very strong. It therefore means that at the key of addressing all these problems of ah inflation,

currencies and so forth. You need to have a very strong fiscal regime which ensures that you don't borrow the way you are describing. I think you were described a situation where you borrow money. To fund a para and for many years it doesn't produce anything and you are just paying interest. Eh that is lost money. And it contributes to the misery of the people. It is these things. If the government is running its eh centre because let's admit it governments are the biggest business in in any country even in the developed countries. You can see when they start killing each other. Those people producing those arms. They must be getting pretty rich during periods when people are dying. So governments are important. And what they do to do settle or unsettle an economy. I'm glad that you mentioned this fact eh eh comparison with Zambia. Zambia we've gone through the same episodes. Eh and for me the best lesson I had was the time when I saved at the Central Bank because when I went there eh inflation was very high. Eh they have nothing everybody wanted the dollar. In their pocket. And if you didn't have the dollar you felt like you were very poor. Yet you need the dollar to buy your sweet potatoes, your brown nuts, your mini meal and things like that. But yet we all felt

poor without a dollar in your pocket. I'm glad to say that the last dollar I have had in my past. So I got it last year from a Zimbabwean lady who came to visit here. And I haven't spent it at all. Everything I spent I spent eh Zambian culture. And for me it was a matter of religion because I was signing on the money. I could not accept that the money I signed on could lose value. So I was happy to I'm proud to say that when I left I left a strong harness we had accumulated eh foreign exchange reserves and the government books were on. Of course this was not eh eh a victory for the central bank. But it's for the government because after all the budget is run by the ministry of finance. And if there is a will there to to run things properly then You can actually have stability, macroeconomic stability. And people will start having confidence in the local currency. Right now our culture has been appreciating somewhat. And I can tell you that in Zambia today it's better to have quite a balance in your account than to have a dollar a pound. But we are free. I can I have got eh what do you call it? Eco cash. And you gave me the the the you give me the dollar. I mean that kind of situation is not what we want to see in our African countries. I'm also ah

very grateful to Ambassador Chris for mentioning this issue of the stock exchange. And this mutual exchange traded deliberatives. Eh sure most of you have read bonus book, Zimbabwe, the casino economy. Is that? I'm sure I I read it. When he produced it, and at the centre of that was, that issue of the stock exchange. When I was there, one time I was privileged to, to be a guest speaker, at the function, held by the eh, the confederation of whatever, the, the companies owned the Zim Stock Exchange. And how they performed and so forth. And when we looked at eh eh at the performance we found that each time when the Zim eh economy was really down the stock exchange was doing very well. There there has been that relationship all the time. Even in recent times when things have been bad for the Zimbabwean economy. Some extent was doing very well. Which means that people are just trading numbers and so forth. But they take indeed. They do take profit from those eh trading activities and you should ask where our emphasis should be, should it be in production? Because clearly, if you are not producing, they are not going to create wealth for people. The inequalities you see even in the allocation of foreign exchange are there. But you can't end them unless people are producing goods and

services and they are earning incomes from productive activities as opposed to just I used to see heaps of ah of wazim dollars at Eastgate shopping mall just the behind eh Nico's there hips and hips. I mean that's that's not how we are going to get our economies moving. So what should we be doing in order to get things going? Obviously there are many things you can list which need to be fixed. Eh and I will not probably attempt to do that because I don't have the time. But also I believe that my eh colleagues on the panel have tried to address some of the things. One of the key issues we have to address in the Zimbabwe is the due occurrence. Do you need the the dollar blind side by side with the Zimbabwe door. I sometimes I tend to think maybe the problem is that we call our local currencies in dollar. Maybe we should give it to Matopos or something so that the relationships between the US dollar and can completely be forgotten. It might be useful. I'm just, you know dreaming of what can be done. But it does cause a problem that as long as the US dollar is an option, people sometimes just want it. They think it's a store of value. So they wanted for it onset. You would actually have a lot of dollars circulating and each time there are billions probably. But the

reason is just enough to officially transact to import critical things and so forth. So somewhat eh perhaps it it it will take some courage to say look we want to only to eh to have our own currency and manage this currency properly through good macroeconomic management so that it doesn't lose value. And if possible it can so that will help. The issue of ah the auction I have a strong advocate of the auctioning of foreign currency. A market based allocation system which removes the bias of individuals. Eh we had it here but I must also say that merely having an auction is not a solution because the auction system has to be properly run. And I think in recent times we have had some of those challenges where eh an auction is held but no money is alloc it. Uh which would constitute like a false auction. Uh because you believe you have won but maybe it takes few months before finally you get allocated. Why should you do that? So the most important thing is that you only trade what is available. If you have got 5 million that week just auction 5 million. Dutch auction. Those who really want it will pay more for it. But they will not be as competitive as those who paid less. This is what brings market discipline. If if that were done probably there would be fewer problems.

I know when we went through there, we had problems. Eventually, we migrated to a market-based interbanked system where trading takes place not by fixed auction debt. But everyday you are going to the to the banks. You want to buy dollars. They will quote you. There's a buying and selling price. And you buy according to to your needs and so forth. And it's going on. But the system generates information. Morning, lunch hour, closing time. Everybody can see from screen said this is the ruling rate at the moment. The central bank just provides a summary of the exchange rates emerging in the particular. For me this system can work. But you've got to trust it. Everything that you do in life you got to trust that it will work and you apply yourself towards making sure that it works. If there are always doubts that it might not work. Then you are going to have a lot of problems. There are obviously a lot of things that put pressure on the market in Zimbabwe. I can list some of them. For instance I know that but the cases of importers of fuel who got allocated foreign exchange but go and sell the same fuel in US dollars. This is double allocation. Where is the money? That is probably fueling the black market. There are also, I noticed for instance Richard, who has landed last year, government

institutions and everybody who are paying annual bonuses in US dollars. Is this necessary? Eh, obviously it just generates eh, many problems. There are also other issues of refining the market. Should we have multiple windows? For foreign currency or just one window where everybody benefit from feeding from the same port. Eh eh all all these are issues which need to be addressed in order that we can refine the market and make it work. But let me just ask you to round up ah doctor maybe by also just outlining as Zambia. Uh what had to be done beyond the currency because that is what I am also here. Yes we we have always had quite we have never tried to get to the law but what was done in Zambia was to give the public the fiscal side some shocks. I can tell you after we introduced multipart system and then we had liberal economy. They were chaos. Inflation was 180% and so forth. But what the government did was under Minister Penza, they introduced what we are calling the cash budget. How was the permanent citizen at that time? It was a very difficult shock. But you only spent money which was allocated to you on a monthly basis. It did not take long to stabilize the market. So those are the shops you need eh so that people don't think there is just free money anyhow. You only spend even to buy some

toiletries and things. You only spent what was allocated to you. If you did not show how you used the money the previous month nothing was allocated to you. And then everybody will be pointing eh their fingers at you as a controlling officer. As the one who is causing them all the misery. That was done in Zambia. And it did it, I'm sure. But Zanda has also been plugged with problems of debt. We benefited from the hippic debt relief. Which unfortunately, Zimbabwe has not. So that, that is something. But Zimbabwe has not been following a lot in the national of late, which means that the rate of accumulation of new debt has been somewhat restricted, which might be a good thing. Uh, in the long run. But, the date was cancelled, but the, the very good and important lesson that Zimbabwe can learn, is that even if you have your debt cancelled, it emerges very quickly immediately. Uh those controls over public expenditure are relaxed. Uh we are when we left twenty eleven, we had very low debt levels. Today, Zambia is again one of the most heavily indebted countries. It is looking for some debt relief of some sort and so forth. So, don't rejoice. Always focus on what is supposed to be done. Don't think you have gotten out of the woods. You will never get

out of them if there is no financial discipline. I think that's probably the important lesson. Import what is necessary but encourage local production because that is the the thing which is sustainable. Mhm. Eh I hope somebody I don't know. Yes yes you did and I'll come back to you at some point as well, just before we close, Doctor Fondaga. But I think you're raising fundamental issues. Um, we have, we have been talking, this topic is about the Zimbabwe dollar, and redolarising to the US dollar. And you are speaking, you are throwing in two or three more currencies. One, the confidence currency. The trust currency. Uh there's the shock therapy that you're talking about, that we may need. Uh if if if we had to deal with our currency crisis, our hyperinflationary environment, as well as the volatile exchange rate, foreign currency system that, that we have. So I think those fundamental issues that we have to deal with. So it's not only and I I think I I it's it's a nuance that I was getting as well from almost all the presenters that it's not just about the dollar rising to the US dollar. There's an issue of confidence. There's an issue of trust. There's an issue of other pillars that we have to deal with administratively. Governance, public administration, governance,

issues, policy issues, fiscal management deal with the four pillars of production and the like. So, so, so, so I like how the conversation is, is, is, is coming together from the experiences that you have also shared, from Zambia, which, which has gone through the same journey, and episodes that Zimbabwe is, is going through. We have 30 minutes. And I would want to come back to Tinashe. You had Honourable Mthamboynet post questions to you for you to respond. You have had Chennai. You have also had Doctor Fundanga. And the issue of confidence, of trust, of characterising our problem. And our unbanked population because of lack of trust and confidence and policy inconsistencies. That have been outlined almost by all the discussions as well. So Tinashe I would want to give you an opportunity to respond to the discussions and to further your conversation from the presentation. I think I'll give you about three and a half to four minutes of that, before I move on to Chennai, I'll move on to Ambassador Muchangua, then I'll come back to Doctor Fundanga.

Thank you very much Janet, that was good. Uh very good. Uh allowances being done there. Uh so directly you've asked that I responded to Honourable Motswango. I must start off by saying that I'm glad that Honourable Msango actually

believes in free markets. I think he was very emphatic. I counted the number of times. He said free market. And he saved it in a positive light. So this is quite contrary to some of his colleagues. And that he believes the free market I think I I fully, fully, fully support him. in that instance. It also makes my job easier. Means that he understands economics. So it makes my job very easier. Um he spoke of the stock market and what's happening with the stock market. I think what I would say to him is that the stock market does not create money. It does not in any way create money. money finds its way onto the stock market. So we must ask ourselves where is the money coming from? Who prints money? Where's the monopoly of printing a mile? It is not the stock market. That's number one. Number two. We sell an old ritual imply. Uh they hold mutual implied rate rates. I think it's really 18 20 19. It was an old mutual was left the boss, the local boss. And I think at that time the exchange rate between the Zim dollar and the US dollar was around eighteen. I think they employed great male. Was one is to eighteen. Right now the referral market rate is now at what is to four fifty. And old mutual is not there. The old mutual implies rate rateability is not there. Where did that

money come from? How come the stock market is going up? Where is that market? So I think let's address the cause of where the money is coming from. That's not a how people are trying to preserve their money. So I've given you back my graph to show you that in 2008 at the height of heart mutation. Government debt tends to zero. It means that savers were the ones who lost money. So this time around savers.

are trying to preserve their marriage. And that's why you find them going to the stock market, have their wealth. It's savers, it's pensioners who are suffering. Pensioners, pension funds are the ones who are dominating in the stock market. But asset management companies do not create money. As we get seen from everything that I've said. Uh if you look at money supply since 1980. If you look at nineteen ninety-five government debt that's going up and I think Caleb succinctly put it across as well that this relationship of money supply in government act is driven by government itself. And if you look at right now the big problem that we have is we've got off your debt of \$20 billion dollars. We've got negative reserves at the Central Bank. And the Central Bank keeps creating money. Government keeps world. Will that Marley find itself? It finds itself on the stock

market. But the stock market does not create money. So I would like to throw the question back to honourable I'm glad that he believes in free markets as I do. And I would like to ask him that if he believes that free market where is the money of how does the stock market create money? Money is created. The stock market is actually zero dollars. Uh it is Bogo Dollar. You buy using Zimbabwe dollar. And you sell using Zimbabwe dollar. You receive Zimbabwe dollars and most of the players who received this are prohibited from bio currency. They had to pay out pensioners using Zimbabwean dollars. So it's a purely Zimbabwean dollar. Thank you very much. Thank you. Uh thank you very much Chenache for for for that contribution and also the seeking of of of clarity. But I also would want my discussions to also address the issue that despite the fact that we have a Zim Dollar economy. The economy itself has redolarised. Even without the policy. This is seeing the seeing, you see, you know, in, in, in how citizens are looking for, for, for the dollar to preserve, or to store value and the likes. So in, in some way, the economy has, has, has done this, in itself, but it's, it's, it's very expensive, of course. Um, so let me come to you, Chennai, your contributions before, of

course, we take maybe a few questions from the chat box, but also from the participants. So I'll give you about 3 minutes. Thanks Janet. Um and and thank you to Ambassador Mthanwa for his for his presentation which highlights some interesting points really as evidence to some of the points I raised earlier. I think I'll start by saying to to the ambassador just in case there is a young woman listening from Nyanga is very much possible for a young woman and younger to compete on on a New York runway. We have seen people like Iman come straight off Nairobi, the streets of Nairobi, Somalia, and a few other models that have definitely made it from the streets of Africa onto the New York runway. So but without further ado to to speak more to the points that we're here to talk about. Um so when we are looking at the case of the old mutual derivatives and other arbitrage behaviour that we have seen even the government attempting to address in the past. We we have then we have seen a slap on the wrist that was given to old mutual when they were stopped from participating in the stock markets. And I think recently in the last year too. Um that has been lifted. And really this points to what I referred to as our economic market infrastructure. That is really

responsible for a lot of this expropriation. Whatever. Whether it's through the stock market. Whether it's through the interchange auction. Whether it's through even some other dealings that we see with the state owned enterprises. Where is our market infrastructure? Where is the role of the central bank really you know if I would look more to people like Ambassador Muchango who have access to the central bank governor because really you mentioned a time frame where you said this happened in the old dispensation and it and it's continued to happen in the new dispensation. But in both dispensations we've had the same central bank governor. So I would I would hope that perhaps in the next iteration of this conversation you are actually able to articulate to say this is was presented to the Central Bank and their role really as custodian of the of that kind of financial regulation regulatory environment, what are they doing to address that? And when we look at our economic infrastructure and I'll I'll say it again. At the moment the way we're infrastructured somebody would say is almost is a gangster's paradise really. We see the Victoria's top exchange takes heavens where we have ridiculous tax incentives. Being offer to international

investors. The ambassador has highlighted a lot of international investment where we only read about it. It's only evident on paper. What we want to know is how much of the multiplier effect is Zimbabwe experiencing from having such big strong companies investing in Zimbabwe. Are they banking in Zimbabwe? How are they remitting? How are they paying off their wages? Um to to the employees. Do we have employees that are working for companies being paid in the US dollar. You know we really we want to see the whole picture from start to finish. Not just that we have them signed up to do this really big amazing amazing project. Because we already know. I mean it's not a secret. Zimbabwe is the second largest producer of chrome in the world. So this is not a secret. It's not a surprise that you have big companies, big investors coming from China, wanting to invest in Chrome. We we have the largest deposit. It makes sense. What we want to know is where is that multiplier effect? That says we have such a big investor coming in. Where is it? Where is their digital footprint? How are they contributing to STEM? to our STEM environment in terms of education? How are they contributing to the currency that we have within the country? Because that is the problem. You know. We have

international investors. Are they banking in Zimbabwe? Are they remitting in Zimbabwe? Because if they are, guess what? We should be really experiencing this on the street. We shouldn't be trying to look for money under the table and under the chairs. It should be obvious. We shouldn't be sat here waiting to be told who came and who invested. We should already know this as citizens of Zimbabwe. So we really have a big problem in terms of our market infrastructure and the role that the central bank has contributed in ensuring that we do not retain value from this from business activities. We do not retain like Tinashe said from this assumed free market status. Where is the value? And how and what is the central bank doing to try and retain that. And as you were speaking about the issue of dollarising. You know. We cannot we have to dollarise in the first instance. Because we are very much an import backed economy. This is why we are constantly looking. The demand is for external currency. The demand is for the US dollar. Because that is what, that is how we pay for the things that we need. You know. So when you look even, you look at our I, I, I understand the other time that apparently we've got 60 something percent of product on

the supermarket shelves that are produced locally. However, the raw materials are imported. So then that creates a demand for external currency. And the market will response like somebody said earlier to supply and demand. We need foreign currency because we are not yet at a position where we have a complete value chain that starts and finishes in Zimbabwe. We've got a lot of raw materials that we import. We've got a lot of basic commodities that we and because we import a lot of raw materials, those local goods are very expensive. So for the most people that are on a low income, low wage situation, they will to buying their basic commodities across borders where they are cheaper. Because the Zimbabwe products are too expensive. Because of our value chain that is strained and constrained by imported raw materials and other key factors such as the poor transport network etcetera. Yes. And all these things contribute to the cost. So this is why you you we will continue to see a natural demand for the US dollars. And we need to just accept that that is where we are. need to curtail arbitrage dealing by paddling to the the power exchange market and the interchange auction which is a pegged market. Because that is creating further arbitrage behaviour. Mhm. That then

continues to devalue the local currency. But one more important thing that we see and I think Governor Caleb highlighted this about yes. About the perception index. In terms of how we look at the Zimbabwe dollar and the relationship with the US and I want to extend what he was saying. He was saying should we call it the Matopos dollar. But the problem that we have now in Zimbabwe is we have a Zimbabwe dollar. Then we have a Zimbabwe US dollar. So you will see that the US dollar at the moment is stable. It's strengthening in the time of crisis because the market is responding very well to it. Um you know in the wake of the Ukraine crisis. In the wake of the Shanghai lockdowns etcetera. The US dollar is stable. But not in Zimbabwe. In Zimbabwe the real value of the US dollar is actually declining. And you know that when you see that a litre of milk is almost two US dollars in Zimbabwe. Just basic. Not that is organic. Not anything. Basic. Yes. I'll come back to you. I'll come back to you. Um yes. I want to to I want to move on maybe in 30 seconds I'll come back to you all because the big question is we are moving is discussions. Is what is it that we should do? And what is the way forward for Zimbabwe? And from Chennai I think you're saying the first instance is for us to dollarise

because there's that natural demand for the US dollar. We have an import based economy and the like as you are saying let me move on to Ambassador Muchanga. I'll give you 2 minutes. Ambassador Muchanwa for you to make your responses. Uh to the submissions that have been met with the responses. Um and the reactions to your contributions. 2 minutes Amber So that we can pick some questions from the floor. Ambassador Muchanwa I think Ambassador Muchonga is not yet there. For the sake of time, let me move on. Do you hear me now? Yes, I can. Sure. Go ahead First I want to hail these my colleague from Zambia. Uh he has highlighted what is the real the LFAD in the room which is the Stock Exchange of Zimbabwe which has been used to abuse the the the foreign exchange market in this country. It has been used for hemorrhaging carries out of this. The unfortunate thing is all of the people who speak other than him, they've got a fetish about this court stock exchange. They worship it as if it is a work of God. When it is a relic of colonialism. I have been a a securities exchange commissioner. So I know what I'm talking about from inside. I I was the one who was behind pushing the government to every suspension of it. And we had a stable currency for 6 months. until those who believe in

fatigues of colonialism be reversed and brought old mutual back. And people say this or that. Why would a stock exchange perform well when the economy of a country is not performing well? Why would you do that? And if you do that in other countries you close the stock exchange. New York was closed precisely because of that. A couple of weeks ago we had the LME closed because it delivered the price of nickel in one day by 500 to from 40, 40, 000 to 5, \$300, 000 in one day. And the owners of the stock exchange closed it. But here because people believe in colonial relics, they still want to worship that stock exchange. My view is that let it be closed, let price discovery in Zimbabwe. Be spontaneous. And in terms of attracting, we are not an export lady. An import led economy. We are earning more foreign cur and Kenya. We are earning more foreign cars than all the countries in the region. So it's a lie that we're we are in import led economy. It is the abuse of the foreign exchange which we earn by those who favour foreigners who pant on the stock exchange. Then they take money out of this country. And I am dealing with those things because I was I am a member. So from the stock exchange. Wait. I am a merge attractor of investment in this country. I give the

tobacco in I am the one who was behind the legalisation of the young SME with gold banners. We are now I hear you. As the Godfather of the Victoria Hostok Exchange. What should we do? Should we dollarise? We do not. You don't you we don't dollarise. You stop the hemorrhage of the of the currency out of the country which is earned by who stopped the hemorrhage? government policy issue. It we stop it by having regulators who respond to the wishes of the people of Zimbabwe. Thank you. Thank you. Um I want to move on to Doctor Fondanga. Uh you have spoken about the shock therapy. I would want to find out from Zambia. Zambia is is such an interesting case. Perhaps when I eat. Thank you I'll come back to you for 30 seconds before we close just as we all close to find the way forward and where we are. Um the shock therapy in Zambia was there consensus around us and would this work for Zimbabwe? You spoke about public confidence. In the system, including the auction system, managing it and the like. How did you do this in Zambia? And is it possible? I think these are some of the questions that I would want you to respond to in terms of public confidence and policy changes. And the shock therapy framework that I've spoken to. And look and of course I want you to answer to the

recommendation. Should we deal arise? Or not? Um always a believer in the local currency. And I believe that local currencies weaken because of poor fiscal management. When you have got huge eh deficits. You are borrowing. You are creating more money but very few goods. Obviously local currency will lose value. If you are holding something in your hand and it has got value. Are you going to throw it you hold on to it. Me I've seen these politicians. I can tell you that when our currency when we started managing the economy properly, our currency started to gain. And people preferred to hold Zambian culture than US dollar. It just happened naturally. How do you do an a very good story in in the interest of time, but I will give you a very good example. I had bought a horse for my daughter. Because she wanted to be riding. And I was keeping it in a library owned by a certain British woman. And when I, I went there, she said you have to pay me dollars. Because me I have to send money to UK. I said fine. I can go to the they change my my salary is in Kwasha. I went to the Bureau of the Change every month Exchange and paid. One month she refused to take the US dollar. Why? Because now the culture had strengthened. So these things do happen. If you are managing the economy properly, the macro

economy is stable. Eh people will, there was not even a question of persuading them. We do make economic decisions. You will know that it's useless to hold a dollar in your hand. if it's losing value. In the same way that is useless hold a culture in your hand if it's losings but so it's those things, those actions which collectively change the attitude of the people towards their local currency. I will tell you also that even in terms of trading, our own people now found it much cheaper to buy a ticket to go to Dubai or to go to eh to China to buy things under government sell. We don't have jobs but they were employing themselves and the things they were buying were selling in the market. So is that confidence is brought about through eh the fiscal actions of the government. If the government is managing its the funding properly, you won't find people shunning their own local cars. Because it's value thereafter. It's not just a pleasure of having US dollars in your pocket. I hope I've I've addressed that. But coming to let me just pick up one issue I picked up. Concerning Zimbabwe production. Let me say at independence Zimbabwe was second only to South Africa in terms of manufactured output. All of us in the region here. We used to buy our things from

Zimbabwe or South Africa. This position changed drastically due to certain things that happened there. Take take for instance textiles. Zimbabwe has got a very hard, a good eh textile industry. You could buy most of the casuals. They were using local cotton. They were textile moves were productive and so forth. What happened to those whites or whatever? I think Kadoma was somewhere there was a big factor. These were destroyed. Today you can't get good quality cotton shirts I used to buy from. This one I'm wearing is from Zimbabwe also. But these things were produced there and if Zimbabwe had access to the Ogoa it would have been one of the best performers because it already could produce a lot of the the casuals that the Americans wanted. But it unfortunate that is another issue. So it is possible. Raw materials were there. Tea Tanganda tea have been drinking. Tanganda tea since my childhood. These these are Zimba products. Squash, these are Zimbabwean products. So many other things. You are the good steel industry. And many other good things. But somewhat we lost it. So it therefore means that it's not impossible to find raw materials to go into Zimbabwean industry. We have been talking of metals. Eh most of these go into the production process. So it's perhaps we need a national

indala. Where we can identify what what is possible. If there are certain things which are not being done. What we do in order to attract investment into those so that we start producing them again. Because most of them were produced in Zimbabwe. But they've disappeared possibly because the incentives were gone or we did something which chased them away. Eh I will end there. So sorry my daughter. No that that that is ah perfect and and and a good way ah for you to to to end it. Um Doctor Fundanga. I I see that they are a number of comments. Uh in the in the in the chat box. One was to you Doctor Fundanga. What are your thoughts on positive rate of return to savings? servers cannot be rewarded, is credit awarded efficiently and I I think he has spoken to fiscal management to economic management that builds confidence, that rewards those that are serving, that gives them the confidence. Uh and and and the trust that that they have to to have. I just want to check. I don't know if they like too very short 30 second contributions from the group that are banning. May I see your hands to the panelists if you need any clarification or you have a contribution in terms of whether we should dollarise or we should not. I'm lookin
g for hens. Um I see

Doctor Chipakacha saying there's a when is the time when politicians will stop to the blame game and also admit some mistakes. Uh Tony Bear says decent economic policy. Yes let me take Ed. Please mute and share your contribution and I'll have Caleb Bembe as well. 30 seconds. So you have a minute each. Then we'll wrap this up.

please unmute.

Uh Ed is not on unmuted. Caleb you can go ahead if you can unmute. Yes. Okay. Thanks very much for bringing this subject because I think it's really critical about whether we should dollarise or not. Eh to me what our basic problem in Zimbabwe is trust which has been emphasized by everyone. No one trusts the central bank. No one trusts the currency. They thing. That's already known. That's why people are looking for value. But how to do it? We need a currency board. I think where we are now there's no alternative. But let's not just talk about that. I thought this debate was going to be who become the current board members. Who need a currency board. Staffed with international economies and domestic and everything. Which is trusted by the public to issue currency because Reserve Bank at the moment is both a player and a referee. It borrows and everything. So you need a separate currency board

like Singapore has got a currency board. Malese has got a currency board which is independent from the central bank. And eh its role is to just manage the currency. It can pick the currency against one of the budget trading. You can pay it to the run or to the Chinese zone or early. It doesn't have to be US dollar, you can choose then. But it is that good management of the currency which will encourage us to live. So I that's really my contribution. I'm not going to take in because it's a whole subject which I've written a book. Yes Caleb. Thank you very much and I thank you other your namesake did very well in terms of economic management. Building public trust and confidence. Covering all the pillars. Production and kick starting production is a starting point for us even before we go to the currency. Um I don't if Ed is now back online add. Or if there's any other hand. You can mute Caleb Bengu. So that I can see the other hands. Thank you. You're not. Okay. Thank you. Um I do not Good luck. Good luck. Come in. Can I come in? Yes, yes, professor Ibo. Yes, I, I think one of the things we want to hear from, as you conclude this session, what's to be done? Yes. You know, Caleb is Caleb then we're proposed a currency board. Yes. And as well. Caleb Fundanga was

very emphatic as what they did in Zambia. Fiscal management. Uh, physical discipline. Ja. How do we on those levels. And two what must be done by the by government now? What is our proposal to government as to what should be done To strengthen confidence. to strengthen the, the, the, the, the local currency. What must be done digitally? Yes, thank you. So our, this is the 30 seconds or so, that I wanted to give to our presenters, starting with the presenter, then the discussions. I had policy from Ambassador Mchanwa, from Tinashe, Chennai, and and and Doctor Fundanga. I had the fiscal management. I had the macroeconomic management issues. I had the building of confidence and trust when we are implementing the policy changes. The currency board, Tinashe, have founded on it in in in his presentation. But he also said we need a daycare. Of ability. And this is supported as well by Chennai when she says what we're dealing with is not only a currency issue. But we're also we're dealing with the about four pillars that we have to address. So this needs a decade. But we need what are our quick issues. Doctor Fundanga also spoke about a multi-issue. Multi-step holder. National Dialogue. So this dialogue is also leading us to the conversations we have had

before within the space. The policy dialogue. The service dialogue policy space. Of the for a policy. national dialogue, multi-issue dialogue to discuss these issues. And I think this is becoming more urgent than ever. So let me go back to my presenters. My four panelists today. Tinashe. What are the immediate and urgent things that should be done to address the currency crisis or the economic crisis? Okay. So, thank you very much. I I totally agree with Theatum. What we need to immediately do is have a currency board. I sort of differ with them slightly but I think he's got the right principle. He's backed by our trading partners. But I don't think that it should be based in Zimbabwe. If you be under return by standard, with our problem is we can have a transport like Argentina has had a currency board before and we'll just go back to our old ways. When we are over borrowing and you've got central value putting off money. So what I would say immediately what we need to do is to disband the central bank and then have a currency board and then have financial services regulation and the Central Bank is focused purely on regulation. And then a currency board that's under retail standard. That would be my meeting. That would Thank you.

It's a start, that's the first step that we have to take. We can discuss SADAC and its responses to the Zimbabwean situation in other Sada countries situations and how sometimes it has been found in inept in some of these issues. But the need for a currency board, financial services regulation, that is independent is key. Chennai. and 30 seconds. What should we do? What should the government do? What's the recommendation to the government? Was very clear in that statement. Okay so okay so I think I'll just try and stick to three points just in the interest of time. Um, in terms of local currency, for Zimbabwe at the moment, local currency is only fuelling arbitrage behaviour. Let's just be honest about that. Local currency should be is usually ah bagged by value in the economy. And we do not have enough productive value. To say that we are moving towards or we are insisting on a local currency. At the moment the lack of a trajectory, the lack of a policy direction in terms of is Zimbabwe going to officially dollarise or is it going to go back to the Zim dollar? That kind of stalemate that we have. Creates a lot of mistrust in the economy. And is reducing their bank ability. So people are banking. We have a very high percentage of adults and economic transactions that

do not go through the banking system in Zimbabwe. And that has an impact on reserves. It has an impact on deposits etcetera. So we really need to be even just one step of being clear of what the trajectory is. Going forward from the Central Bank. Are they planning to dollarise? Are they planning to have the single Zimbabwe dollar currency? What is the plan? Because then people will know for sure what is going to happen. It may go some way in restoring trust in the economy. Mhm. In terms of the currency board I wholeheartedly support what Nashe was saying. You know we are a long way away from a currency board. If we do not have the right central bank. Because how will that currency board interact with the central bank? How will it monitor some of the quasi fiscal activities that we've seen through the Central Bank. We need urgently an overhaul of the central bank. We need different thinking, different mindsets in our central bank. So I would say that should be one of the things that happened first. Um I would be moving towards dollar rising. For sure this will stop some of the arbitrage mechanism and some of the expropriation leakages that we see because people are trading in currency in a way that is not beneficial to the economy. So that will kind of get rid of that problem. As I've said at

the beginning the difference may be marginal but it would be a benefit. Um obviously in line with the other three elements such as judicial reform which again we need if we're going to have a currency board. There's no point having a currency board if they cannot take people to court or they cannot actually enact judicial stature should they need to. Um you know so as well as the economic market infrastructure that needs to be changed. And addressing of the public debt. Thank you. Thank you Chennai. Ambassador Muchamba. what should be done? What should be done is to stop a fetish worship of the Zimbabwe's talker exchange as the hemorrhaging of the foreign currency of this country comes from that institution. That is fundamental because no matter what you do, if somebody is using the stock exchange to take money out of the economy, the forex, you'll never get it right. Number one. Secondly, what we are doing is to take Zimbabwean resources to world-class players. I am busy right now getting a \$2 billion dollar investment built a steel plant, fully productive in Zimbabwe, to produce 600, 000 tonnes and going to 10 million tonnes of steel within Zimbabwe. And this is being done by the biggest investor in steel in the whole world. A fortune 500 company. And it is

at the third stage of that kind of investment after Pharaoh Grom and Selu. After Koko Ovens in Wange. And now they have the third stage. You go and drive to to Mvuma now. You go and see what's going on between Mvuma and Chivu. We have the resources which will attract capital and offset this petty audition thinking which thinks that an a post-colonial economy is the greatest thing since sliced plastic breed in this country. We got to move this economy to the level which is commensurate to the resources of Zimbabwe which is commensurate to the brains of Zimbabweans and which is commensurate to our organizational capacity as a country. And what I hear is a lot of metaphysic pettiness instead of thinking big. I think big. That's why I saved the land reform by having the largest tobacco company in this country. Come and work with persons and and contract farming. And that's what saved the land reform. People talk bad little things about the little companies which will DJ which inherited Rodija and make them feel sacrosanct. We can't accept that. And I want to end up by saying I didn't fight in the Rhodesian Bush War. I fought in the Chimurenga war. No tradition Bushmore. I thank you. Thank you. Thank you Ambassador Muchangua. Uh for for that. So what I hear is

the issue of regulations, regulatory authority, plugging the illicit financial flows that are happening. So what we're lacking is the policy. There's a there's a gap that we need to cover in terms of regulating these these issues and it goes beyond just the stock exchanges. How we're doing business and how the private sector is operating in Zimbabwe and siphoning resources out of the country. Uh either through the stock exchange, Zimbabwe Stock Exchange itself but the news Victoria Folstock Exchange is well and it's potential as a tax haven. I think we've spoken to to to that as well. Um doctor Fundanga your thirty second final shot. putting shot. Thank you very much. Uh let me say that 100% of everything is confidence, trust, and the institutions that are created. Uh I don't think eh an economy just trying because you are using US dollars. You will go to produce whether you are using US dollars or you are using Zim dollars or Matopos whatever you call them. You must produce to create wealth. It is that wealth which will make Zim prosperous. So eh I I personally think that this issue of Kwasai eh fiscal activities of the central bank and so forth. This is something which can easily be addressed. Eh we all went through that. Me

I remember when I went to the Bank of Zambia My work was already cut out because the general feeling was the central bank should get out of everything including giving people travelling foreign exchange. Said go and do these things at your own commercial banks. They will do them. Let the central bank concentrate on its core activities. So that helped quite a lot. Because we used to have things like what do we call? Credits guarantee for small scale industries. And all sorts of things which are happening even in Bible now. But you can easily clean up. The central bank and say you will not do these things. And that will keep a lot of misfits from visiting the central bank because they want to pay off anything to to go and do that. But if all the activities concentrated there then your problem. Even this foreign exchange allocation. I was talking about the interbank market. When we have the interbank market. Trading is taking place in the banks. The settlements are taking place. It's T plus two or T plus three whatever settlement date is. You don't have to wait for somebody to start centrally allocating to those who are successful in the auction. Until this is what keeps the central bank clean. I understand the currency board

but I think a lot of people have pointed out that can you control what it will do? How it will interface with others? All this come back to the question of discipline, the question of confidence and so forth. So that. Just having a high propensity for new institutions. Is not a solution. Is doing things well. That provides solutions. Thank you. Thank you. Thank you very much. I think this has has been very clear in terms of where we have to go and what we need to build on and I think they're very critical, solid and clear recommendations to the government. Uh in terms of putting up a currency board in terms of plugging illicit financial flaws. In terms of building strong fiscal public finance management, frameworks and system and building on our policy and kick starting our production. I think it is a conversation that can keep on going but we need to understand it from the broader political economy Uh perspective. And I think the issues that I I would want to speak to before I hand over to you Professor Mandaza is that we I think we have a crisis and the crisis we have is bigger than just the currency crisis. We have a crisis of and in the state. Uh in terms of a predatory and rent-seeking kind of state and maybe a weak state that hasn't put in place the policies the

the regulations and also moving and taking bold steps in in clear steps in terms of addressing the current the current crisis. So we have in the rhetoric mode. Uh we also have a crisis of the economic model that that we have and I think this is what Tinasha was sharing from independence. We have been going south. There's been volatility. If we are another economist or another commentator or political economist. You'd look at all these issues from those perspectives and what you see is that we have been in a crisis of an economic or a developmental model that is centred on the human being that is on our environment that is centred on our domestic homegrown economic solutions. Ah that we need to to to be looking at as we build on. So our crisis is more than the currency. It has then backed the lack of confidence, the lack of trust amongst the public because of the inconsistencies that we have seen in terms of of the policy space. And I think Zambia has given an example here. Uh through Doctor that people in Zambia actually traders sometimes prefer to have the Kwacha. And I want to believe that in Zimbabwe you could put the US dollar there. You could put a plain bond paper there. You could put the RRTGS there. If there's confidence and trust

one can pick even a plain born paper and know that I can buy. I can preserve my my my value. The issue is what that people are seeking for is value. It's not the US dollar. Uh per se but it's the value So how do we build that value? Is what we have had. We need transparency. We need accountability. Which is why we need to put these structures in place like the currency board, like the financial services, regulations authority, overhaul or reforming of the central bank itself. Uh in terms of how it has caused the monetary inconsistencies and the policy inconsistencies in sometimes the fiscal inconsistencies that we have seen because of the quasi fiscal activities that we have experienced in the past and continue to to experience. So I think this has been a rich discussion with rich perspectives and also very forward looking in terms of where we have to go. I look forward to us having a multi-issue, multi stakeholder, national dialogue process which includes all the citizens where we're going to look at these issues and facilitated in a process, respectful process of perspective like we have had this evening. So I thank you very much my esteem panelists. I think there's so much respect. There was so much enriching conversations and submissions. And I I hand over

that to you Professor Mandaza
for you to conclude for us.
Thank you. Thank you very much.
Uh thank you before before I
thank Janet and the panelist
just to to to point out some
takeaways for this discussion.
The rich discussion. Uh it is
it was one in which we was
seeking policy solutions. To
growing problem Uh the the
peril rate today I'm told is
some of the four hundred four
hundred and fifty. And it's
galloping. It was 300 last
week. Now it's fourhundred. And
it's it's it's galloping as I
said. The three just four
points I want to do. To
highlight. One was the need for
the central bank to concentrate
on core activities. And this
point was made by by kind of
Fundanga was also a member of
the board of of the Reserve
Bank of Zimbabwe. And some of
us hailed his appointment. That
board given his experience. And
he has been very modest. In
fact the it was through during
his era as governor. That the
Zambian Kwasha was stabilised.
To the point where as I said I
was in Zambia last week. Uh and
I didn't see a US dollar
anyway. like I said and to
other colleagues took me out.
And throughout it was the
Kwacha. Strong Kwacha. Number
two, transparency in terms of
managing receipts from exports.
comparisons made with with
Kenya. Kenya there's no eh
extractive industries, there's

no mining at all. Their country is strong. The exports are mainly in hospitality, in tourism. and in horticulture. That money comes back. By comparison Zimbabwe is is dependent mainly on on exports in the extractive industries. Where there is hemorrhaging. That is Chris in my view. The main source of our problems. Extract industries. You speak about the the Chinese investment in in in in Shivu and so on and so forth. I've said once before, why don't we have our Chinese friends unlike the imperialists? Come here and establish their industries in every province. You know? Instead of carrying out the Roman Sheroes or Chrome and so on and so forth. Let's have beneficiation. As you said in our conversation earlier on during the day. Benefication? Create value at and above all manage our resist from exports. Where are they going to? We are doing about some some six to 7 billion a year. In in the executive industry is a mineral export of minerals. Where is it going? That will create value Enough to butches our our our currency. The currency board again people have raised questions about that including yourself Janet whether we can really have a currency board. But it's a board is is only important if we have the stable macroeconomic situation which we don't have at the moment. So

I'm afraid that we just touched the the bare minimum in terms of our discussion. We have not concluded with any firm recommendations. Uh recommends that we'll cause government in particular. But the Reserve Bank also to take immediate steps to contain what is a growing crisis. and we don't want to get back where we were last time. In in two thousand and six, two thousand and 8. But I want to thank Janet Reli for managing this panel. And the discussion. Uh and the man the the man that you did. And and we thank the panelists. Uh the Chennai Tinashe for leading the discussion. Uh Chris. Uh and thank you very much. Until the next occasion. Goodbye.