RESERVE BANK OF ZIMBABWE

2008 Annual Report

2008 Annual report

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Mission Statement

Vision

To be the financial cornerstone around which Zimbabwe's economic fortunes and developmental aspirations are anchored

Mission

The pursuit of our vision will express itself through leadership in the formulation, implementation and monitoring of polices and action plans for fighting inflation, stabilisation of the internal and external value of Zimbabwe's currency and of the financial system in a manner that gives pride of achievement to Zimbabweans across the board.

Values

* Fairness and equity in employment
* Openness without offence
* Honesty, integrity, uprightness
* Transparency in whatever we do in the name of the bank
* Commitment to teamwork and co-poration
* Learning organisation
* Respect for one another without discrimination
* Helpfulness and approachable
* Clients and customer focused
* Involvement and commitment
* Decisiveness, action and results oriented
* Accountability
* Professionalism
* Success-driven
* Time conscious
* Respect for the environment

DR. G. GONO, GOVERNOR
RESERVE BANK OF ZIMBABWE

Foreword by the Governor

1.1 I wish to take this opportunity to extend my appreciation to the Board of the Reserve Bank of Zimbabwe (RBZ) for their support and advice during the year.

1.2 The economy has undergone significant structural changes during the year, against the background of hyperinflation conditions and pronounced capacity underutilization. This has heightened the difficulties and challenges confronting the economy cumulatively over the past few years.

Economic Developments

1.3 The year 2008 was beset by severe socio-economic challenges resulting primarily from the debilitating effects of sanctions imposed on the country, following the accelerated Land Reform Program embarked on by Government in 2000.

1.4 The macroeconomic challenges were further aggravated by drought induced shortages, supply constraints, amplified inflation expectations, and suspension of balance of payments support.

1.5 Reflecting the worsening macro-economic climate, the economy is estimated to have declined by 15% in 2008, compared to a decline of 3.3% experienced recorded in 2007.

1.6 On the capital front, unprecedented bull-runs dominated the Zimbabwe Stock Exchange (ZSE) during the first nine months of 2008. These were a result of self-fulfilling inflation expectations, unbridled speculation and fraudulent activities.

1.7 Following rampant indiscipline on the bourse, the Bank instituted stringent trading conditions which resulted in the bursting of the asset price bubbles and the collapse of the stock market speculation

1.8 The country's external position continued to deteriorate, reflecting subdued export performance, reduced international donor support as well as deteriorating terms of trade. The country's overall Balance of Payments (BOP) position in 2008 is estimated to have deteriorated from a deficit of US$33 million in 2007 to a deficit of US$496.6 million.

Extra Ordinary Interventions

1.9 Against this plethora of challenges, a series of homegrown monetary and fiscal initiatives were implemented to invigorate the country's productive sectors.

1.10 Pursuant to section 8(2) of the Reserve Bank of Zimbabwe Act (Chapter 22:15) which empowers the Bank to carry out transactions on behalf of the State if so requested, the Bank embarked on extra-ordinary interventions. These interventions included the following:

I. Farm Mechanization Programme;
ii. Grain Mobilization and Procurement, fuel, electricity, fertilizers and agrochemical programmes;
Iii. Logistical support in the fight against the cholera outbreak;
iv. Logistical support in the administration of National Schools Examinations in 2008;
V. Logistical support in setting up the infrastructure for the 2008 General Elections;
Vi. The BACOSSI to the people Programme; and
Vii. Introduction of FOLIWARS which was the first step towards a multiple currency system.

1.11 The economy is, however, expected to improve during 2009 on the back of the following factors:

i. Liberalisation of the economy that is likely to improve productivity in the key sectors of the economy;
ii. Use of multiple currency system;
iii. Improvement in business confidence as a result of the implementation of the Inclusive Government through the Global Political Agreement (GPA); and
iv. Implementation of the Short Term Emergency Recovery Program (STERP).

Quasi-Fiscal Operations

1.12 Under this new thrust, it is expected that all the parastatals, local authorities and all Government Departments and Ministries will fully discharge their statutory mandates without the need to rely on the Central Bank for assistance.

1.13 I also wish to take this opportunity to once again re-affirm the Bank's position and assurance to stakeholders that all the Bank's quasi-fiscal outlays since December, 2003 have been fully amortized such that there will be absolutely nothing to be transferred as burden on the fiscus, and hence the tax paper.

Financial Sector Stability

1.14 The banking sector reflected significant resilience, in spite of the difficult operating environment largely caused by macroeconomic challenges. Both institutional initiatives and strict regulatory requirements ensured that the banking sector remained generally safe and sound.

1.15 In line with the objective of maintaining financial sector stability, a US dollar linked capital adequacy requirement was prescribed consistent with regional supervisory standards.

1.16 In order to encourage banks to enhance their risk management systems, the Bank issued a directive to banking institutions requiring them to enhance their Know Your Customer (KYC) and Customer Due Diligence (CDD) requirements.

Way Forward for the Bank

1.17 The new policy framework explicitly recommits the Bank to deservedly refocus its operations towards the core areas as stipulated in the Reserve Bank of Zimbabwe Act.

I. Inflation control;
Ii. Maintaining financial sector stability;
iii. Managing the Payments Systems;
iv. Advising Government on economic policies;
v. Managing the gross reserves of the country, as well as implementing, the Exchange Control functions; and
vi. Participating in regional and international economic and financial integration consultative frameworks, as well as investment promotion initiatives.

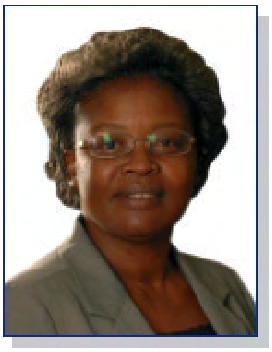
Board of Directors

Dr G Gono
Governor
Chairman of the Board

Dr C L Dhliwayo
Deputy Governor

Mr E Mashiringwani
Deputy Governor

Mr N Ncube
Deputy Governor



Mrs S G Chella
Non-Executive Director

Mr L Chihota
Non-Executive Director

Dr C Mumbengegwi
Non-Executive Director

Dr M M Ndubiwa
Non-Executive Director

Ms.J. Maguranyanga - Bank Secretary

Introduction

1.1 The Reserve Bank of Zimbabwe is a creature of statute, the applicable one being the Reserve Bank of Zimbabwe Act, [*Chapter* 22:15] of 1999 ("the Act").

1.2 The Act sets out the major functions of the Bank as:-

(A) to regulate Zimbabwe's monetary system; and

(B) to achieve and maintain the stability of the Zimbabwe dollar; and

(C) to foster the liquidity, solvency, stability and proper functioning of Zimbabwe's financial system; and

(D) to advance the general economic policies of the Government; and

(E) to supervise banking institutions and to promote the smooth operation of the payment system; and

(F) subject to Part VII, to formulate and execute the monetary policy of Zimbabwe; and

(G) to act as banker and financial adviser to, and fiscal agent of, the State; and

1.3 The Bank is also authorized by the Bank Use and Suppression of Money Laundering Act (Chapter24:24), to promote the use by the public of financial institutions for the purpose of intermediator, facilitating or obviating cash transactions, among other functions.

The Reserve Bank of Zimbabwe Board

1.4 The Act provides for the appointment of a Board to provide oversight over the institution.

1.5 Members of the Board are appointed by the President, after consultation with the Minister of Finance and comprise the Governor , not more than four Deputy Governors and not fewer than five and not more than seven directors.

1.6 The directors are persons who are or have been actively engaged in financial, commercial, industrial or agricultural pursuits.

1.7 The Board has specific statutory responsibilities in accordance with the Act

1.8 The Governor is the Chairman of the Board and the Bank's Chief Executive Officer. In the latter capacity, he is entrusted with the day to day management, administration, direction and control of the business of the Bank.

1.9 The Board members of the Bank, during the year under review, were the Governor, as Chairman, Deputy Governors Dr. C.L. Dhliwayo, Mr N. Ncube and Mr E. Mashiringwani and directors Mr. L. P. Chihota, Mrs. S.G. Chella, Dr. M. Ndubiwa and Dr. C. Mumbengegwi.

1.10 The Act provides that the Governor and Deputy Governors hold office for a maximum period of five years and may be re-appointed for one more term. The directors are appointed for a four year period and are eligible for re-appointment for one more term.

1.11 The Governor , Dr G. Gono's first term of office came to an end on 30 November 2008. The President re-appointed the Governor of the Bank for another five-year term effective 1 December,2008.

1.13 The terms of office for all the four directors come to an end on 30 November 2008

1.14 The directors, having served two terms in office, were not eligible for re-appointment.

1.15 As at 31 December no directors had been appointed to replace the directors whose terms expired. It is expected that the President in consultation with the Minister of Finance will appoint new directors to the Board.

1.16 Before the expiry of the terms of the directors, the Board had met four times during the year under review.

EXTERNAL AUDITORS

1.17 In terms of the Act, the Bank shall be audited by one or more registered public auditors appointed by the Minister of Finance.Two auditing firms, namely BDO Kudenga and Co and KPMG are the Bank's external auditors

1.18 The auditing arrangements are overseen by an Audit Committee of the Board, which meets regularly to monitor the external reporting and audit functions within the Bank.

COMMITTEES OF THE BOARD

1.19 The Act provides for three committees of the Board, namely:- the Board Staff Committee, the Board Remuneration Committee and the Board Audit Committee.

1.20 In terms of the Act, a Committee of the Board must have a minimum of two of the Board members.

The Board Audit Committee

1.21 The Committee, chaired by Mrs. S.G. Chella, a non-executive director, comprised of two other non-executive directors, Dr. M. Ndubiwa and Dr. C. Mumbengegwi and Deputy Governor, Mr. E. Mashiringwani.

1.22 The Bank Secretary is the Secretary to the Committee.

1.23 The Divisional Chiefs responsible for Internal Audit and Compliance and Finance and Accounting are resource persons for the Committee.

1.24 The committee met four times during the year under review.

The Board Staff Committee

1.25 Mr. L.P. Chihota was the Chairman of the Committee with two other non-executive directors, namely, Dr. M. Ndubiwa and Dr. C. Mumbengegwi as members including Deputy Governor, Dr. C. Dhliwayo. Bank staff from Human Resources Division are resource persons to the Committee.

1.26 The Bank Secretary is Secretary to the Committee.

1.27 The Committee considers general issues affecting staff welfare and their conditions of service including staff remuneration issues. The Committee periodically reviews the appropriateness and relevance of the Bank's policy in relation to the socio-economic environment and makes appropriate recommendations to the Board.

Board Remuneration Committee

1.28 The Committee is specifically tasked to consider issues pertaining to the welfare and conditions of service of the Governor and Deputy Governors.

1.29 The Committee was, during the year under review chaired by Mr. L.P. Chihota, a non-executive Director, with Dr. M. Ndubiwa and Dr. C. Mumbengegwi as members.

1.30 The committee met four times during the year under review.

2.1 The Reserve Bank of Zimbabwe's Internal Audit and Compliance Division provides an independent assurance service to the Board, on the adequacy and effectiveness of internal control systems so as to minimize risk in the financial reporting process and activities of the Bank and its subsidiary companies.

2.2 The Division uses a Risk Based Audit Methodology in carrying out its work. An annual risk assessment is conducted of all auditable activities before coming up with an annual audit plan which is then submitted to the Audit Committee for review and approval.

2.3 Internal Audit and Compliance continued to discharge its mandate in accordance with the Internal Audit Charter approved by the Board Audit Committee. The Division, however, performed mostly assignments on the Bank's Subsidiaries and the non banking operations section as most of the high-risk areas in the Banking Operations Division were under the review of external audit as part of the statutory audit.

2.4 The function, as an integral part of the Risk Control Framework, provides the Board and Senior Management with independent assurance reports on all critical internal control processes in the Bank and its subsidiaries, thereby assisting in instituting corrective measures.

2.5 Efforts will continue to be made in strengthening the I.T Audit section.

2.6 Staff training will continue to be focused mainly on equipping the members with hands on expertise in end-user computing, particularly the use of audit software and electronic tools.

Senior Management

Dr M Kereke
Advisor to the Governor

Mr S Nyarota

Mr N Mataruka

Ms J Maguranyanga

Mr W Manhimanzi

Mr F Chasi

Mr S Mabika

Mr J Mverecha

Dr M Mombeshora

Mr S Tarinda

Mr M Zengeni

Mr E Rwatirera

Mr G Muradzikwa

Mr A Saburi

Mr M Mpofu

Mr W Samhungu

Mr K Sibanda

Mr O Masiiwa

Mr B Masoso

Mr G Chirozva

Mr W Kavila

Mrs C Kadungure

Mr F Tamanikwa

Mr H Sithole

Mr E Matiza

Mr. N. Ncube - Deputy Governor

Real Sector Developments

3.1 The economy is estimated to have declined by 15% in 2008, compared to a decline of 3.3% in 2007.

3.2 Major declines in key economic sectors were estimated as follows: mining, 39.7%; manufacturing, 29.6%; agriculture, 22%; and tourism and distribution, 9%.

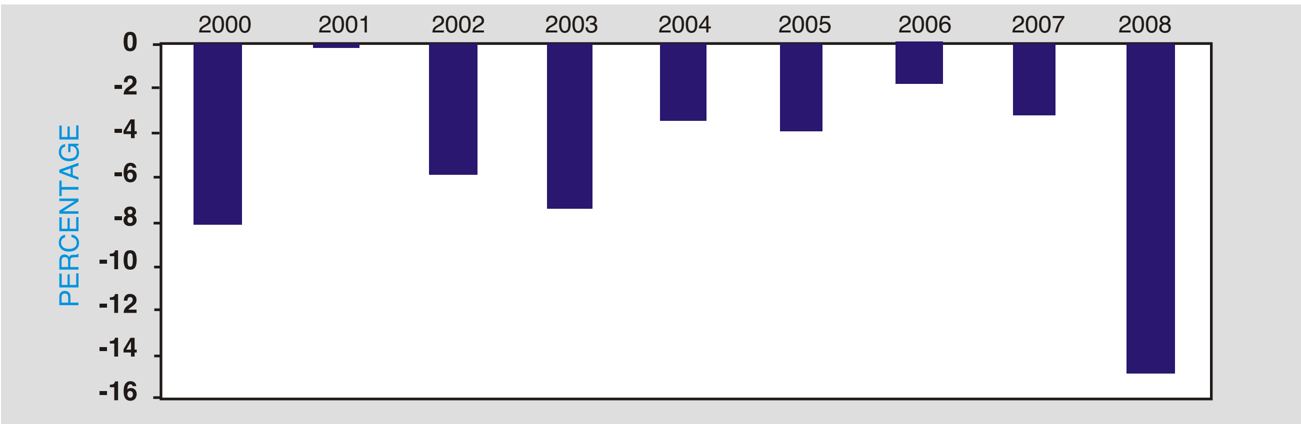
3.3 Social and services sectors are also estimated to have recorded significant declines as follows: education, 15%; health, 13%; domestic services, 12%; and electricity and water, 9%.

3.4 The economy is, however, expected to grow by 5.6% in 2009 on the back of the following factors:

i. Liberalisation of the economy that is likely to improve productivity in the key sectors of the economy; and

ii. Improvement in business confidence as a result of the formation of the Inclusive Government.

3.5 The graph below shows trends in GDP growth from 2000 to 2008.



	2000	2001	2002	2003	2004	2005	2006	2007	2008
Est.									
Agriculture	1.7	14.0	-23.4	-14.5	-9.1	-5.0	-4.0	-7.0	-22.0
Manufacturing	-11.5	-5.4	-13.2	-13.4	-10.2	4.0	-3.0	-5.0	-29.6
Mining	-6.9	-13.5	2.2	-30.9	22.9	1.0	-6.0	-3.0	-39.7
Distribution, Hotels & Tourism	-8.8	-5.2	-4.5	-30.8	-20.0	-20.0	-2.0	2.0	-9.0
Overall GDP	-8.3	-0.2	-5.9	-7.4	-3.6	-4.0	-3.6	-3.3	-14.7

Source: Central Statistical Office (CSO) & RBZ

Agriculture

3.6 Agricultural output is estimated to have fallen by 20% in 2008, following declines in soya beans, 52%; wheat, 50%; maize, 47.5%; tobacco, 32.9%; sugar, 32.6%; sorghum, 21.3% and cotton, 11.7%. 3.7 The 2007/8 agriculture season was adversely affected by long intra-season dry spells that occurred in the second half of the season.

3.8 The shortage of fuel, basal and top dressing fertilizers, coupled with inadequate tillage services further compounded the situation.

3.9 Maize output declined from 953 000 tones in 2007 to 500 000 tones in 2008. This was largely driven by shortages of inputs such as fertilizer and seed, coupled with the intra-season dry spell that was experienced during the 2007/08 farming season.

3.10 Tobacco output is estimated to have declined from 73 million kg in 2007 to 70 million kg in 2008.

3.11 However, tobacco deliveries to the floors, after mop up sales, amounted to 48.8 million kg in 2008, compared to 73 million kg during the same period in 2007. Average prices were higher at US$3.24 per kg in 2008, compared to US$2.34 per kg in 2007.

3.12 Rising costs of transport and the non-competitive interbank exchange rate led to a decline in tobacco deliveries.

3.13 The Tobacco Industry and Marketing Board (TIMB) estimated that more than 21 million kgs of tobacco produced in 2008 were not delivered to the auction floors. Most of this tobacco was retained on the farms by the owners who were not happy with prevailing prices, compared to the costs which they incurred in the production process.

3.14 Wheat output is estimated to have declined from 100 000 tonnes in 2007 to 50 000 tonnes in 2008, following a reduction in hectarage planted from 50 000 hectares in 2007, to below 20 000 hectares in 2008.

3.15 Following the good rains that have so far characterized the 2008/09 summer cropping season, the agricultural output is expected to improve in 2009.

Manufacturing

3.16 The manufacturing sector is estimated to have registered a 29.6% decline in 2008.

3.17 Production in the manufacturing sector declined, with industry average capacity utilization falling below 18% during the year.

3.18 The following factors adversely affected manufacturing activity in 2008:

i. Shortage of foreign currency;
ii. Shortage of locally produced raw materials and consumables;
iii. Deteriorating infrastructure, particularly transport and telecommunication systems;
iv. Loss of skills;
v. Shortage of coal and electricity; and
vi. Antiquated plant and machinery.

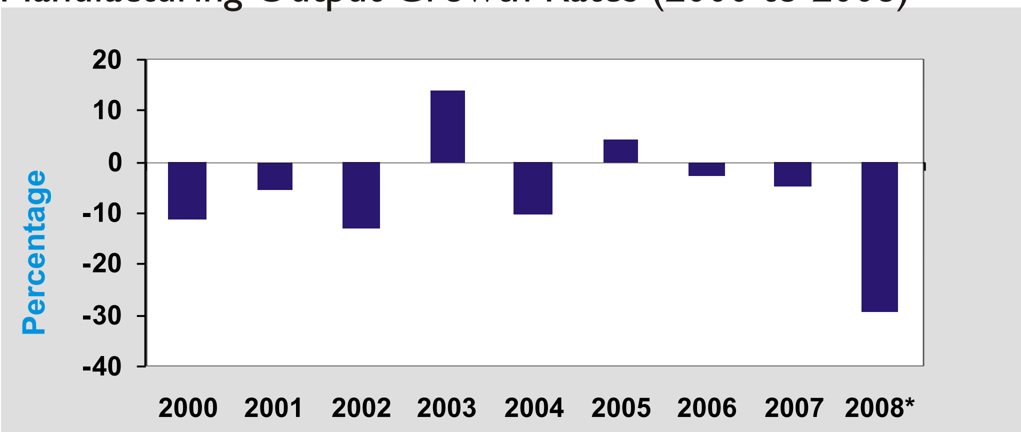
3.19 The unfavourable exchange rate rendered exports uncompetitive, thereby, undermining the companies' ability to generate foreign currency.

3.20 Most manufacturers were forced to scale down operations and produce smaller quantities, and target only the lower end of the market.

3.21 The manufacturing sector is, however, expected to improve during 2009 due to the liberalization of the economy and improved macroeconomic stability

3.22 The graph below shows trends in manufacturing production since 2000.

Manufacturing Output Growth Rates (2000 to 2008)



* Estimate

Mining

3.23 A significant fall in international metal prices was experienced from July 2008 due to low demand for metals as car manufactures in many industrial and emerging market economies drastically cut down on production against the background of the effect of the Global Financial crisis.

3.24 In Zimbabwe, the situation was worsened by high inflation leading to high cost of production, frequent power cuts and shortages of foreign currency. This led to down scaling of operations, retrenchment of labour and subsequent mine closures.

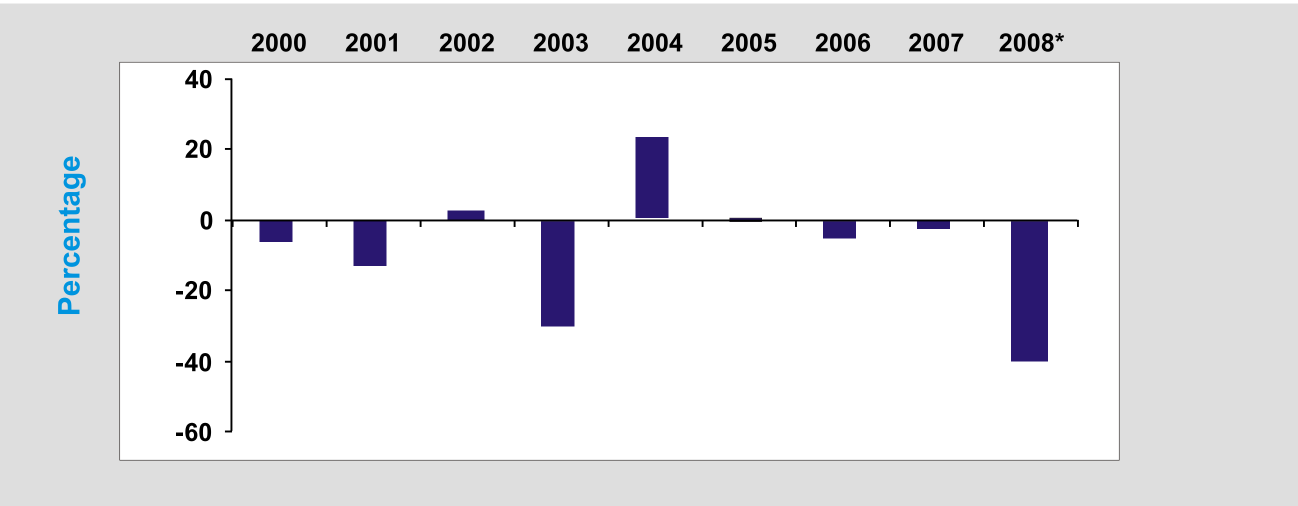
3.25 Furthermore, the adverse macroeconomic environment resulted in loss of investor confidence as investors adopted a wait and see attitude towards current and new projects in the mining sector.

3.26 The low international prices meant that mining companies could not generate enough revenue to meet their operational costs and embark on new projects.

3.27 Mining output is estimated to have contracted by 39.7% in 2008, compared to 3% registered during the previous year. Major declines were recorded in asbestos, 86.4%; gold, 54.8%; black granite, 28.1%; nickel, 26% and coal, 20.9%.

3.28 The massive undercapitalisation of operations, coupled with persistent shortages of foreign currency, contributed to the decline in mineral output.

Mining Output Growth (2000 to 2008)



*Estimate

Gold

3.29 Gold deliveries to Fidelity Printers and Refineries are estimated to have declined from 6.7 tonnes in 2007, to 3.071 tonnes in 2008.

3.30 The decline in gold deliveries is largely attributable to the following factors:

i. Smuggling of the precious mineral due to the variance between the interbank and parallel market exchange rates;

ii. Shortage of working capital;

iii. Power outages;

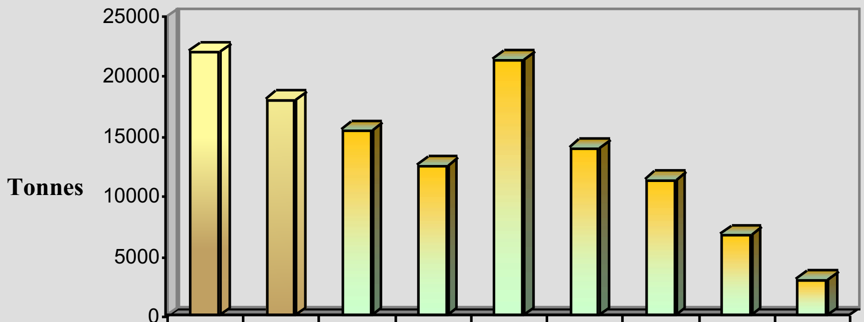
iv. Foreign exchange constraints;

v. Hyperinflation leading to high production costs; and

vi. Brain drain.

3.31 The chart below shows gold production statistics from 2000 to 2008.

Gold Deliveries (2000 to 2008)



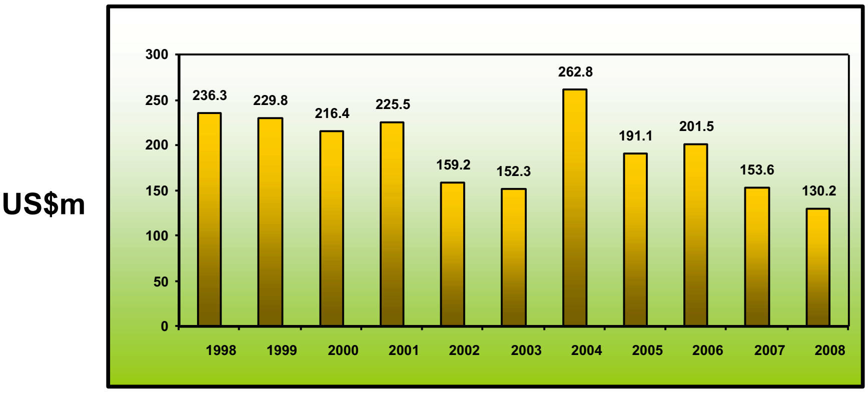
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Gold (Tonnes)	22070	18049	15469	12564	21330	14023	11354	6798	3072

3.32 Major gold mining houses, including Metallon Gold Mining Company, suspended mining operations as a result of the economic challenges.

3.33 Gold's contribution to the country's foreign currency earnings fell to the lowest level recorded in the past 10 years.

The graph below gold exports between 1998 and 2008.

Gold Exports



Platinum

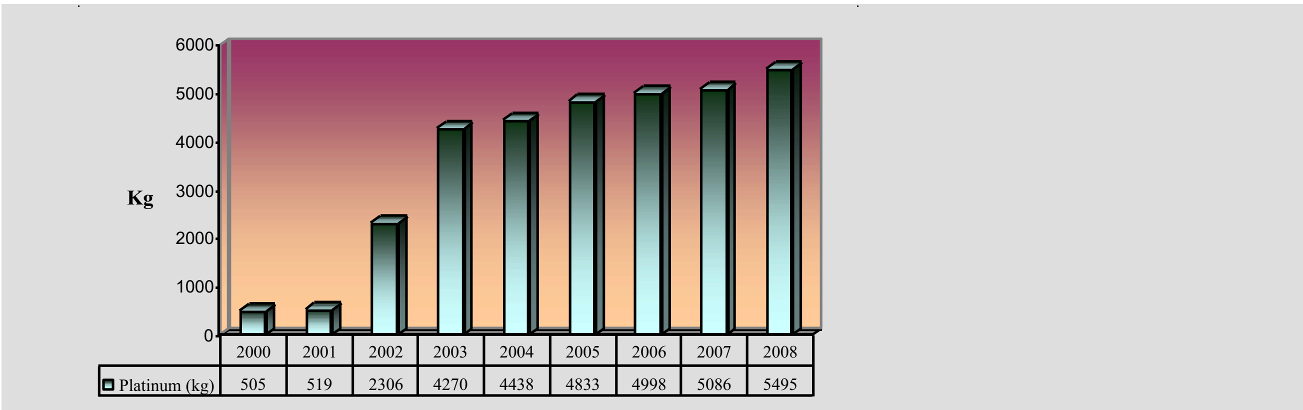
3.34 Platinum output is estimated to have increased from 5 086 kg in 2007 to 5 495 kg in 2008.

3.35 The small increase in platinum production is attributed to the suspension of open cast mining and capital projects by Zimplats, which is the country's major platinum producer.

3.36 The softening of international commodity prices on the back of the global financial crisis also impacted negatively on platinum production.

3.37 The graph below shows platinum production from 2000 to 2008.

Platinum Production (2000 to 2008)



Tourism and Distribution

3.38 The tourism and distribution sub-sector is estimated to have declined by 9% in 2008, compared to an increase of 2% in 2007.

3.39 Tourist arrivals declined by 58%, from 1 262 900, during the first half of 2007, to 531 357 for the same period during 2008.

3.40 The table below shows statistics on tourist arrivals during the first half of 2008.

Tourist Arrivals

Tourist Arrivals	1st Half 2007	1st Half 2008	% Change
Africa	1 132 575	410 968	-64
Overseas	130 325	120 389	-8
Total	**1 262 900**	**531 357**	**-58**

3.41 The tourism sector faced the following challenges in 2008:

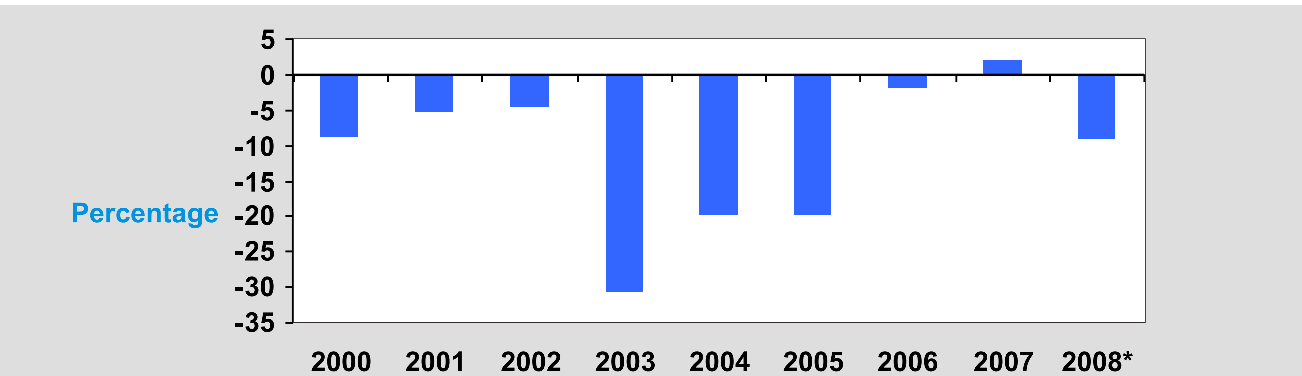
i. Shortages of basic goods;

ii. Shortage of foreign currency;

iii. Unfavourable exchange rate that undermined competitiveness; iv. Deteriorating infrastructure;

v. Shortages of fuel; vi. Inadequate and deteriorating utilities provisions such as electricity and water; and

Tourism and Distribution Sector Growth Rates (2000 to 2008)



*Estimate

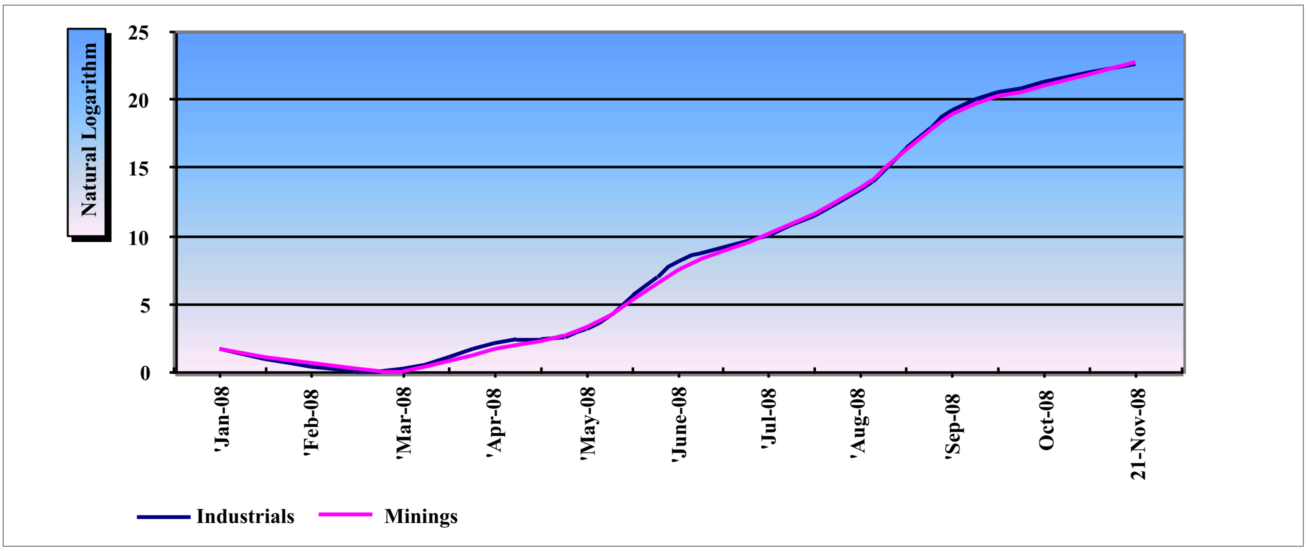
Stock Market Developments

3.42 An unprecedented bull-run dominated the Zimbabwe Stock Exchange (ZSE) during the first nine months of 2008, mainly driven by self-fulfilling inflation expectations and unbridled speculation, which were not backed by the performance of the underlying counters.

3.43 As a result, the industrial index surged to 6.5 quintillion points, by the end of November 2008, recording growth rates in excess of 15 billion percent, during the year.

3.44 The mining index also exceeded 18 billion percent growth, reaching 7.5 quintillion points by November 2008.

ZSE Industrial & Mining Index Trends



3.45 Following rampant indiscipline as well as fraudulent activities involving unfunded cheques, the Reserve Bank instituted stringent trading conditions on the local bourse, which resulted in the suspension of trading since the end of November 2008 to the end of the year.

3.46 The stringent trading conditions, coupled with difficulty in trading foreign currency on the parallel market, which had become a fertile breeding ground for stock market exuberances, eventually led to the bursting of the asset price bubble and the collapse of the stock market.

Fiscal Developments

3.47 Fiscal performance for 2008, excluding Quasi Fiscal expenditures, resulted in an overall central Government budget surplus of $14.9 sextillion.

Summary of 2008 Central Government Budget Outturn

	2008 Cumulative Total
Fiscal Budget	($ trillions)
Total Revenue	14,960,000,000
Total Expenditure*	51,700,000
Budget Surplus/(Deficit)	14,908,300,000
*Government Expenditures for 2008 exclude Quasi Fiscal expenditures	

Government Revenue

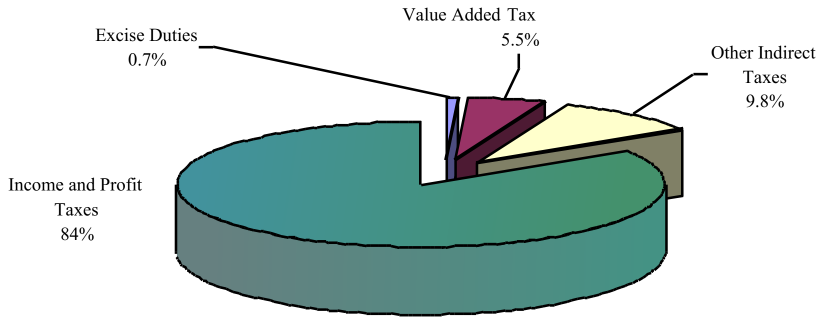
3.48 Cumulative revenue collections amounted to $14.96 sextillion at the end of December 2008, which is 954% above the revised target of $30 trillion.

3.49 The performance of revenue mainly reflected the impact of the hyper-inflation environment.

3.50 Major contributors to Government revenue were income and profit taxes, $12 sextillion and value added tax, $792 quintillion.

3.51 Non-tax revenue collections amounted to $452.2 quintillion as at the end December 2008.

Structure of Government Tax Revenue for 2008



Government Expenditure

3.52 Cumulative Government expenditures for 2008 were $51.7 quintillion.

3.53 Higher expenditures were incurred with respect to reviews on salaries, driven by the continued increase in the cost of living.

3.54 In addition, national projects such as the 2008 Harmonised Elections and the Presidential Election run-off, required additional provisions resulting in excessive pressure on the budget.

Monetary and Inflation Developments

3.55 Money supply growth surged from 81 thousand percent in January 2008 to 431.9 quintillion percent in December 2008. The growth rate is reflective of inflationary pressures entrenched in the economy.

3.56 The exponential growth in M3 was largely underpinned by money creation and further fueled by speculative activities on the parallel foreign exchange and stock markets.

3.57 The foreign exchange market has been characterized by multiple exchange rates namely:

i. The government official exchange rate which was at $30 000 (before revaluation) to the greenback;
ii. Interbank rate;
iii. Transfer and cheque rates;
iv. Old Mutual Implied Rate; and v. United Nations Rate for international agencies operating in Zimbabwe.

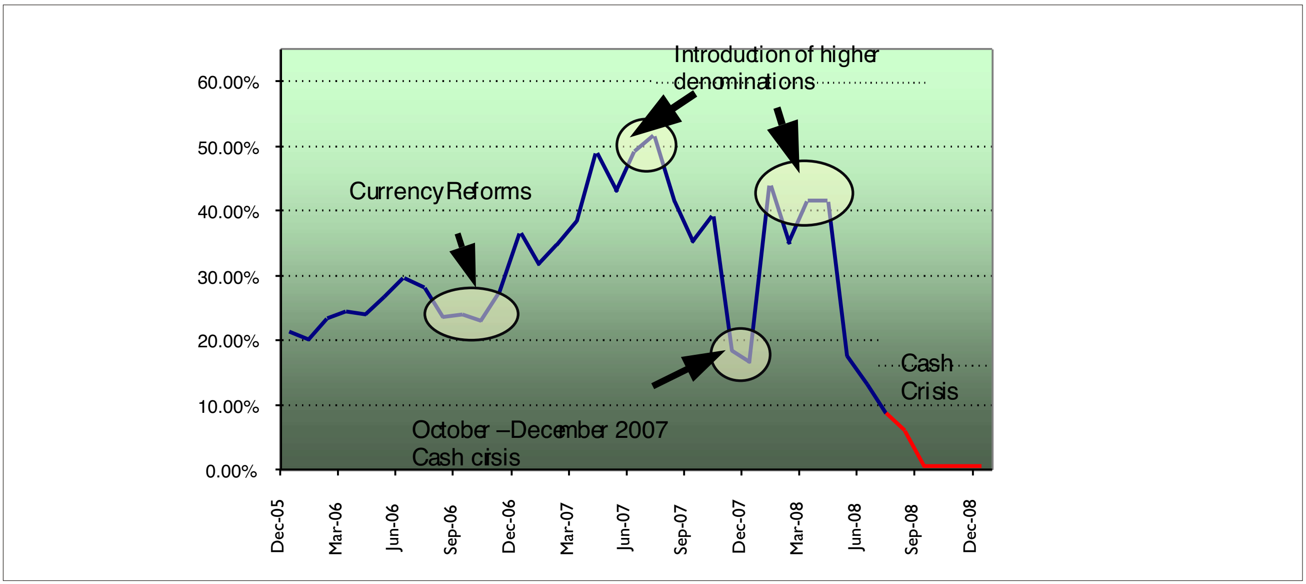
3.58 Discrepancies in these exchange rates presented opportunities for arbitrage activities resulting in high credit creation, leading to high money supply growth of above 300 billion percent.

3.59 The credit creation was also exacerbated by fraudulent and speculative transactions on the Zimbabwe Stock Exchange.

3.60 The high levels of money creation, coupled with the ever increasing cash demand to meet the day-to-day transactions, led to unsustainable liquidity appetite in the economy. The high cash demand coupled with limited printing capacity manifested itself through cash shortages.

3.61 The graph below shows the developments in currency issued by the Central Bank as a percentage of total deposits in the banking system.

Currency to Deposit Ratios



Domestic Credit

3.62 In nominal terms, domestic credit, which was the dominant component of broad money, recorded an annual growth of **6.2 sextillion percent**. The expansion is reflective of annual increases in net claims on private sector, **7.3 sextillion percent** and claims on public enterprises, **1.0 quadrillion percent.** Partially offsetting these increases was a decline of **197.4 quintillion percent** in net claims on Government.

3.63 Government revenues increased sharply during the second half of the year driven by high inflation.

3.64 Credit to the private sector continued to reflect borrowings for working capital purposes which were mainly in the form of concessionary loans.

Inflation Developments

3.65 In 2008, inflation continued on an upward trend. The continued surge in inflation largely reflected money supply growth and underlying imbalances in the economy, particularly parallel market exchange rates and declining economic activity.

3.66 The inflationary process was largely driven by the following factors:

i. High money supply growth;

ii. Depreciation of the local currency on the parallel market;

iii. Decline in output; and

iv. Adverse inflation expectations.

3.67 Monthly inflation recorded in July 2008 was 200% and exceeded these levels during the second half of the year.

Global Developments

3.68 Global economic growth slowed down, from 4.9% in 2007 to an estimated 3.7% in 2008. Declining economic performance reflects the adverse repercussions of the global financial crisis.

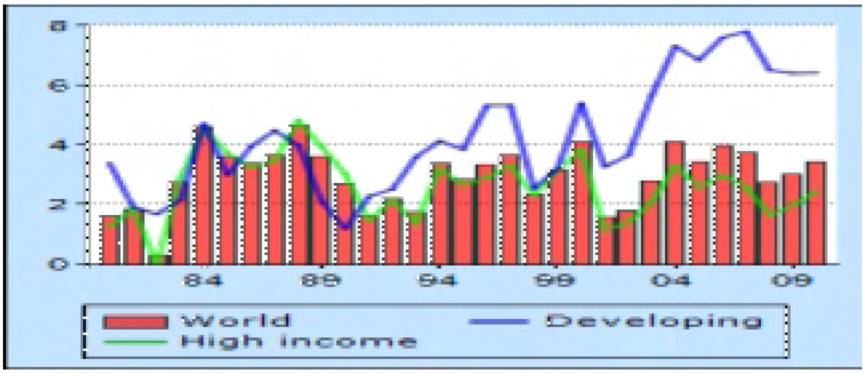
3.69 The turmoil in financial markets, which deepened since late 2007, saw major banks, securities firms, and financial guarantors recording sizable valuation of losses on mortgages and other assets and consequently straining their balance sheets.

3.70 This financial turbulence originated in the United States, where the housing sector has borne the brunt of the fallout from the sub-prime crisis, and spread to other countries in Europe and Asia.

3.71 As a consequence of the financial crisis, financial institutions dramatically scaled down their lending activities. The inevitable global credit crunch had debilitating effects on productive activity, which relies heavily on vital credit lines. As a result, economic activity has been subdued, leading to the global recession akin to the Great Depression of the 1930s.

3.72 In addition, global headline inflation edged upwards on the back of high food prices associated with bio-fuels-related excess demand, as well as high oil prices. Consequently, global inflation increased from 4% in 2007 to an estimated 4.8% in 2008.

Global Real GDP Growth, 1980-2010



Source: World Bank data and forecasts

Sub-Saharan Africa

3.73 Global financial turbulences are amplifying Africa's risk of decline in resource flows, both in private capital, remittances, as well as aid.

3.74 It is against this background that the IMF projects that growth in Sub-Saharan Africa is set to ease, also reflecting increases in food and fuel prices, slower world growth, and global financial turmoil.

3.75 The continent's growth is projected to slow slightly to 6% in 2008 and 2009, down from 6.5% in 2007, while inflation is set to rise to an average of 12%.

3.76 Growth in oil exporting countries in the continent is expected to fall by 0.5 percentage points, to 8% in 2008, reflecting lower than expected oil output in the Niger Delta due to recurring violence and Equatorial Guinea.

3.77 International commodity prices rallied to record levels in 2007 due to strong demand for the commodities, from China and other emerging economies. The prices, however, declined in 2008 due to the financial crisis - induced economic slow down in emerging market economies.

Balance of Payments Developments

3.78 The country's external position continues to deteriorate, reflecting subdued export performance, reduced international donor support as well as deteriorating terms of trade.

3.79 The fall in international commodity prices caused by weakened global demand for commodities, poses threats to the country's foreign exchange generative capacity. The weakening global demand resulted in the reduction of the country's export volumes and additional pressure on the country's balance of payments position.

3.80 The country's overall Balance of Payments position in 2008 is estimated to have deteriorated from a deficit of US$33 million in 2007 to a deficit of US$496.6 million. This unsustainable BOP position reflects the country's constrained ability to settle outstanding obligations.

3.81 The current account balance worsened from a deficit of US$242.8 million in 2007 to a deficit of US$762.7 million in 2008, reflecting poor export performance and increased food imports.

3.82 The capital account continues to improve with a surplus of US$279.5 million recorded in 2008 compared to a surplus of US$145.6 million in 2007. The surplus is mainly attributed to inflows of grants and parastatal loans.

Export Shipments

3.83 Export shipments declined by 16.7%, from US$1,605.7 million in 2007 to US$1,375.5 million in 2008, on the back of escalating production costs, frequent power outages, foreign exchange shortages and loss of competitiveness.

Export Shipments (US$M)

Period	2007	2008
January	158.2	110.9
February	124.9	156.3
March	147.9	106.9
April	106.4	110.5
May	122.6	162.5
June	153.3	108.5
July	112.9	97.4
August	126.9	116.8
September	112.7	113.4
October	115.5	137.7
November	194.6	90.9
December	129.8	63.7
Total	**1,605.8**	**1,375.5**

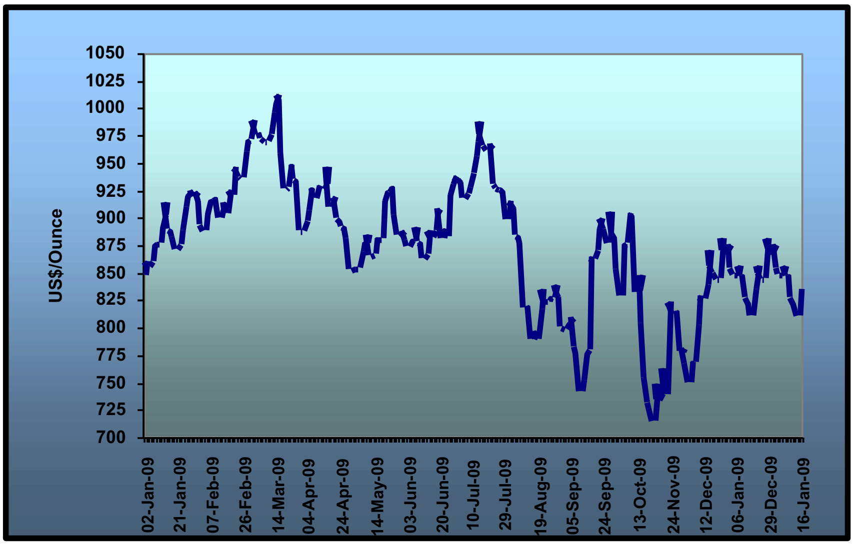
Gold

3.84 The gold prices' rally since 2007 to March 2008 depended, to a large extent, on the retreat of the U.S. dollar, a development which rendered gold as a safer investment haven.

3.85 Gold prices, which peaked at US$1 030.80 an ounce in March 2008, retreated to levels below US$850 an ounce by year end in the face of the ongoing global recession.

3.86 The international price of gold firmed from an average of US$890 per ounce in January to US$940 per ounce in July 2008 on the back of United States economic recession and the weakening US dollar.

Gold Price Trend



3.87 Domestically, attendant operational and viability challenges buttressed by declining international gold prices, severely constrained gold production.

3.88 Reflecting these developments, gold deliveries to Fidelity Printers and Refiners declined significantly from 6.7 tonnes in 2007 to 3.071 tonnes in 2008. This was exacerbated by the closure of some of the country's gold mines.

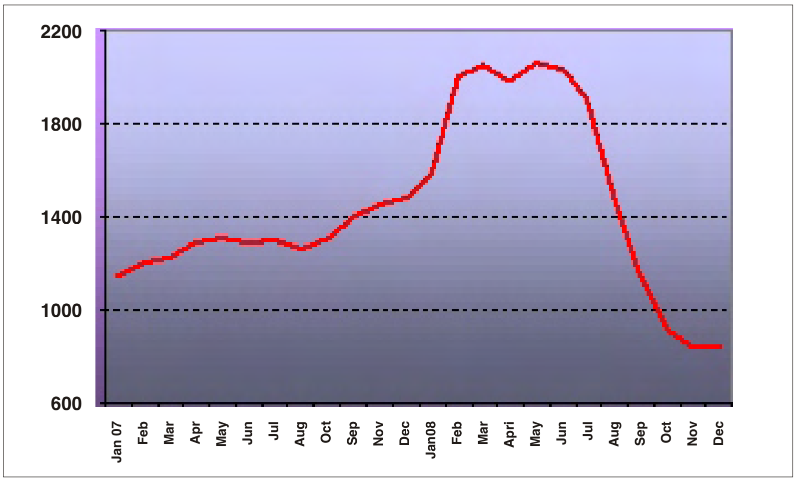
3.89 Several gold mines either shut down or scaled down operations. Metallon Gold, which produces about 50% of the country's gold, closed some of its mines which include Mazowe and Shamva Mines.

Platinum

3.90 Platinum prices rose from US$1 582 per ounce in January 2008 to a peak of US$2 054 per ounce in May 2008 on the back of increased demand and depleted stocks.

3.91 The demand for platinum, as an auto catalyst in the jewellery industry and for investment, continued to grow during the first half in 2008, largely spurred by economic growth in China and India.

Platinum Prices US$/Oz

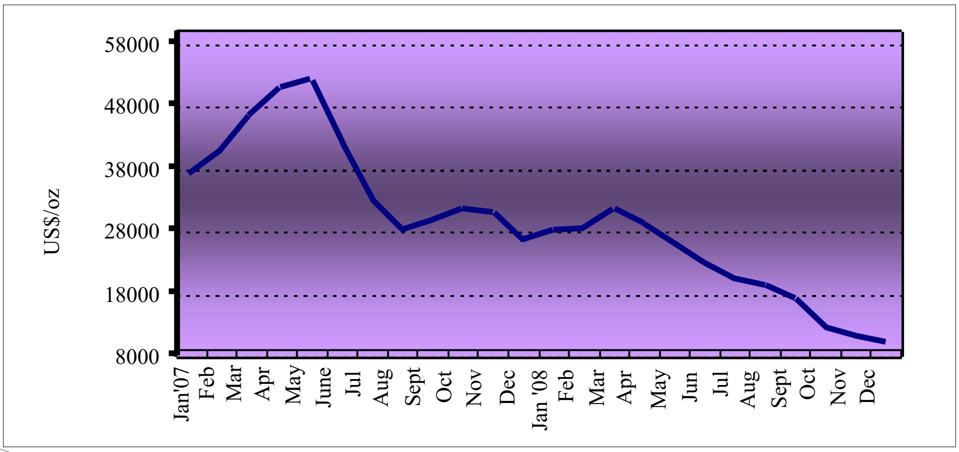


3.92 This notwithstanding, platinum prices declined sharply since June 2008, to an average of US$1 746 per ounce in August before plummeting further to an average of US$939 per ounce in December 2008 in the face of the global recession and associated contraction in demand for the metal.

Nickel

3.93 The price of nickel declined in 2008 from an average of US$27 714 per tonne in January 2008 to an average of US$8 200 per tonne in December 2008 on the back of the sluggish stainless steel market due to low demand for the high nickel grades.

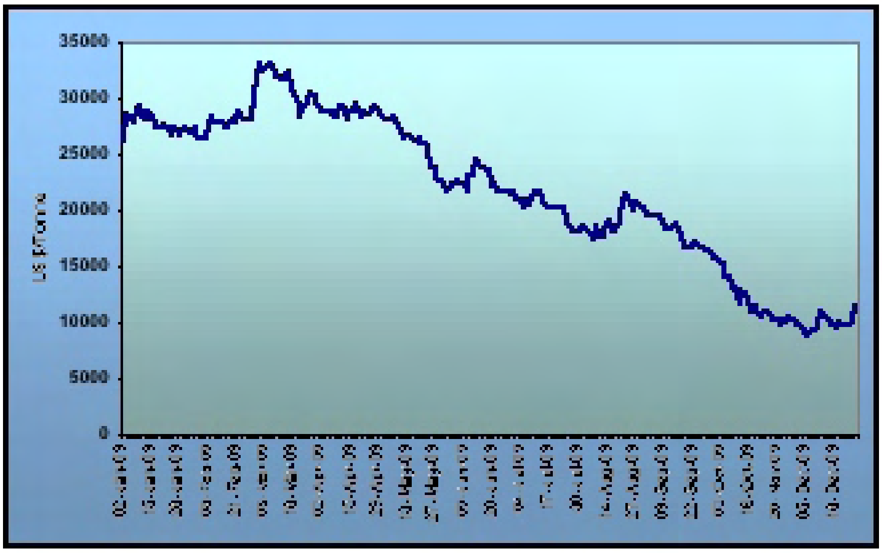
Nickel Prices



3.94 Stainless-steel makers, the largest users of nickel, reduced production in response to falling demand from the building industry, in the face of the global recession in both emerging and developed economies.

3.95 The sharp decline in nickel prices adversely affected the viability of mining operations at Bindura Nickel Corporation (BNC). As a consequence, BNC closed down mining operations at two of its major mines namely, Trojan and Shangani Mines. Operational viability of BNC was further compounded by dwindling export orders from traditional markets in advanced economies as a result of the global recession.

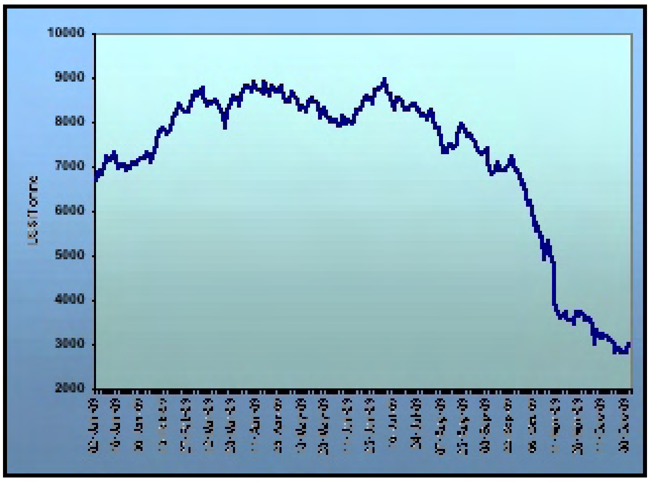
Nickel Price Trend



Copper

3.96 From January 2007 up to April 2008, the price of copper surged by 53 percent from US$5 694 per tonne to a high of US$8 707 per tonne. This was underpinned by strong demand for the metal from China, India, Brazil and Russia.

Copper Price Trend

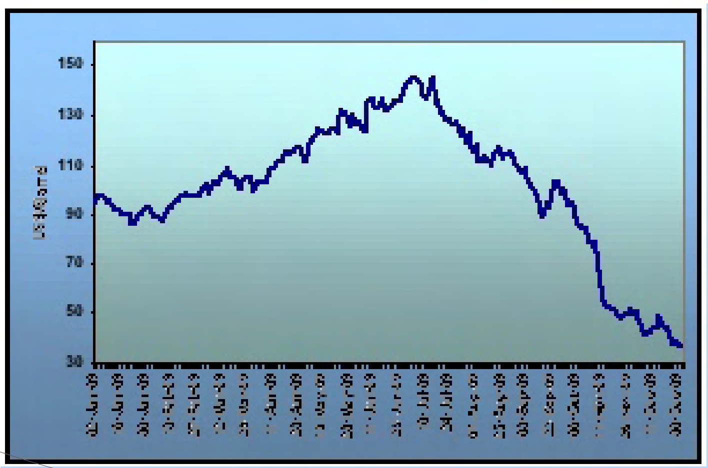


Crude Oil

3.97 The rise in international oil prices to record levels since January 2007 was driven by high and increasing demand of the commodity from high growth economies in Asia and South America.

3.98 This was against a backdrop of supply cutbacks by major oil producers such as the Organization of the Petroleum Exporting Countries (OPEC) as well as geopolitical tensions in Nigeria, Venezuela, Iraq, Algeria and Iran, all of which are OPEC members.

Crude Oil Price Trend



3.99 Crude oil prices have, however, tumbled by more than 70 percent since reaching a record US$147.27 a barrel in July 2008, as the worst financial crisis since the 1930s, pushed the world into a recession, curbing fuel demand.

External Debt Developments

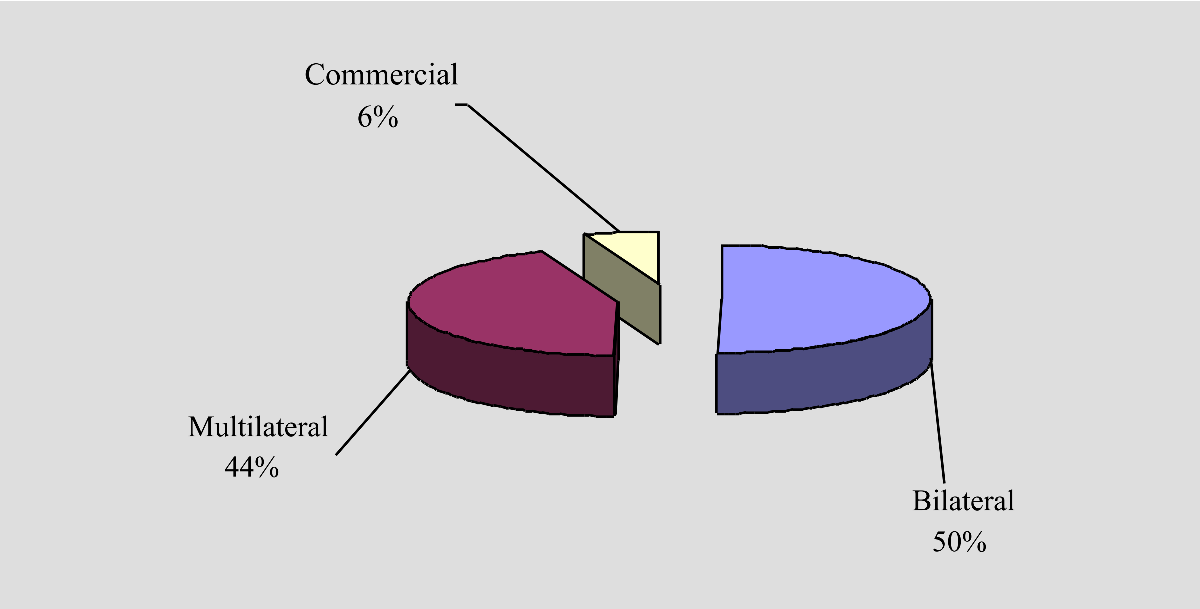
3.100 The country's external debt stock stood at US$4.69 billion as at 31 December 2008, representing a 1.8% increase from US$4. 61 billion recorded in December 2007.

3.101 Changes in the country's external debt stock largely reflect new debt contracted by the Government from China to finance importation of agro-inputs, and the capitalization of interest arrears.

3.102 Medium to long-term external debt continue to dominate the external debt stock, accounting for 95.2% of the total. The remaining 4.8% is of a short term nature. External Debt by Creditor

3.103 About 44% of the country's total debt is owed to multilateral creditors, while bilateral and commercial creditors are owed 50% and 6%, respectively.

External Debt by Creditor as at 31 December 2008



Status of External Payment Arrears

3.104 The country's capacity to service its external debt obligations continues to be strained, reflecting subdued export performance, coupled with insignificant capital inflows.

3.105 Against this background, external payment arrears accumulated from US$109 million in 1999 to above US$3 billion by 31 December 2008.

Money Market Developments

Liquidity Developments

4.1 The year 2008 was characterized by high liquidity levels largely emanating from accelerated Government expenditures, related to the 2008 Harmonized Elections, as well as disbursements in support of various socio-economic projects and programmes.

4.2 Liquidity injections in 2008 totaled $369 sextillion, while total withdrawals amounted to $42.2 sextillion.

4.3 Liquidity injections into the money market were predominantly through gold and foreign currency purchases by the Bank, coupled with disbursements in support of various socio-economic programmes and projects.

4.4 Liquidity withdrawals from the money market were largely through Government revenue collections especially during the final quarter of the year.

4.5 Further liquidity withdrawals from the market emanated from statutory reserve payments by financial institutions as well as the issuance of Treasury bills to finance Government activities.

Market Accommodation

4.6 The Reserve Bank continued to hike the overnight accommodation rates, so as to discourage banks from recourse to the Central Bank's lender of last resort window. This was aimed at ensuring that the banks trade amongst themselves especially in view of the surplus market.

4.7 In this regard, the Bank's overnight accommodation rates were adjusted as shown in the table below:

Reserve Bank Overnight Accommodation Rates (%)

Month (2008)	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**July**	**Nov**
Secured Rate	975%	1,200%	4,000%	4,500%	6,500%	8,500%	10,000%
Unsecured Rate	1,500%	1,650%	4,500%	5,000%	7,500%	9,500%	40,000%

4.8 In addition to the Overnight Window, banks also made use of the Intra-day Credit Facility, which is meant to unlock temporary payment gridlocks and smoothen the national payments system.

4.9 End of day surpluses continued to be accommodated through Liquidity Management Bonds (LMBs).

4.10 As money market liquidity increased towards the end of the year, the volume of LMBs also rose as financial institutions failed to deploy local currency as most companies were not borrowing. In this regard, LMBs amounted to $15 sextillion in December 2008.

Management of Statutory Reserves

4.11 The Reserve Bank adjusted statutory reserve ratios during the year, under a dual strategy aimed at fine-tuning market levels of liquidity, as well as sterilizing excess liquidity.

4.12 In line with this strategy, statutory reserve ratios were adjusted twice, in January 2008 and March 2008, as follows:

Statutory Reserve Ratios (%) in 2008

	6 Dec-07	1 Feb-08	23 Mar-08
Commercial Banks			
Demand Deposits	50%	40%	50%
Savings Deposits	45%	35%	50%
Time Deposits	45%	35%	50%
Merchant Banks			
Demand Deposits	50%	40%	50%
Time Deposits	45%	35%	50%
Discount Houses			
Demand Deposits	45%	35%	50%
Building Societies			
Total Deposits	10%	10%	10%
Finance Houses			
Total Deposits	30%	20%	40%

Money Market Interest Rates

4.13 Money market interest rates remained generally depressed throughout 2008 largely due to the surplus liquidity conditions which characterized the market.

4.14 Money market rates remained low and negative in real terms, with some banks failing to quote rates on some products by the end of the year. Selected Money Market Rates (%)

4.15 The inter-bank money market virtually collapsed during the last quarter of 2008, as market surpluses rendered such trading unnecessary.

Sources and Application of Funds

5.1 Foreign exchange inflows for the year 2008 amounted to US$690.4 million. This reflects a 29.7% decrease in inflows compared to the US$982.3 million realised in 2007.

5.2 In line with the declining inflows, foreign exchange outflows decreased by 29.1% from US$1 035.3 million paid in 2007 to US$734 million in 2008.

5.3 Major payments during the year were made in respect to NOCZIM, Central Government, GMB, Afreximbank Loan Repayments, Embassies, ZESA and Gold producers.

National Payment Systems

Mr. E. Mashiringwani - Deputy Governor

6.1 The Central Bank, as Overseer of payment systems in the country, fulfilled its mandate under the National Payment Systems (NPS) Act through undertaking routine and ad-hoc activities as well as maintaining dialogue and collaboration with various payment systems stakeholders.

6.2 In addition, the Bank upheld its commitment to participate fully in regional and international payment system initiatives.

6.3 The major milestones for the year under review were:

6.3.1 The successful conversion of the banking systems on the 9th of August 2008, in line with the Half Year Monetary Policy Statement where the local currency was revalued by removing ten (10) zeros and the introduction of new currency;

6.3.2 The attainment of 98% RTGS system utilization, compared to an average of 96% in the previous year;

6.3.3 The successful upgrade of the Central Securities Depository (CSD) system resulting in significant improvement in the system's performance;

6.3.4 The resuscitation of a back-up satellite link to augment the already existing Terrestrial link to enable smooth telecommunication on the RTGS and CSD systems;

6.3.5 The successful completion of the Straight Through Processing (STP) Project on 31 August 2008, which was coordinated by the Central Bank as an industry-wide initiative; and

6.3.6 The attainment of interoperability of local cards on a common Automated Teller Machines (ATM) and Electronic Funds Transfer at Point of Sale (EFTPOS) platform (Zimswitch). All card issuing financial institutions, except one (1) became active members on the Zimswitch platform in efforts aimed at enhancing interoperability in the card payment stream.

Clearing and Settlement Activities

General Market Conditions

6.4 The Bank continued to ensure the smooth operation of RTGS and CSD systems to support the execution of monetary policy. However, some clearing banks experienced liquidity challenges in mid November resulting in them failing to fund their clearing obligations.

6.5 Consequently, five (5) banks were suspended from the Clearing House for two (2) weeks after which they were reinstated following a review of their capability to fund future obligations.

RTGS and Cheque Transactions

6.6 The total non-cash payments from RTGS and cheques amounted to $2 062 heptillion. Of this amount, $2 011 heptillion was processed through the RTGS system and $50 769 hexillion was from cheque payments.

6.7 The average RTGS system utilization for the twelve months remained on an upward trend attaining 98% in 2008, compared to 96% in the previous year.

Clearing House Membership

6.8 There were no changes to Clearing House membership, which remained at sixteen (16), including the Central Bank.

Compliance with Rules and Procedures

6.9 Compliance with Clearing House Rules was consistently enforced as part of ongoing oversight activities.
Communications Challenges

6.10 The Bank, in collaboration with telecommunication service providers managed to resuscitate the Mazoe satellite link to augment the already existing Terrestrial link through Beitbridge. This was meant to enhance the international telecommunication gateway in order to facilitate operational efficiency on the RTGS and CSD systems.

Payment Systems Oversight

Card Transactions

6.11 The volume of card based transactions (ATMs and EFTPOS) for 2008 were 42 239 323 in total for the year, an increase of 5% compared to 40,340,162 recorded in 2007.

6.12 The volume of ATM transactions decreased by 5%, from a total of 29 817 361 in 2007 to 28 426 722 in 2008, while that of EFTPOS transactions increased by 31%, from a total of 10 522 801 in 2007 to 13 812 601 in 2008.

6.13 The increase in the volume of Point of Sales transactions can be attributed to the shortage of cash which characterised the first half of the year, a situation which resulted in members of the public relying heavily on EFTPOS when purchasing goods and services. Secondly, the hyperinflationary pressures prevailing in the economy resulted in cards being swiped several times in order to effect a single purchase, as retailers and merchants faced digit handling capacity constraints within their systems.

Item Limit for Payments through the Clearing House

6.14 In response to stakeholder submissions to increase convenience to the transacting public, the Central Bank removed the limit on cheques in July 2008.

Business Continuity Planning

6.15 In an effort aimed at ensuring security and operational reliability of the RTGS and CSD systems, the Reserve Bank undertook an assessment of financial institutions' Business Continuity Plans (BCPs) to ascertain the adequacy of their contingency arrangements.

6.16 The Bank carried out onsite inspections on seven (7) of the twenty eight (28) RTGS/CSD participants' Disaster Recovery (DR) sites. The inspections, which will continue to be undertaken on the remaining banks, are meant to ascertain the participants' ability to respond to any eventualities in the event of disaster affecting the primary site.

Project Management

SWIFTNet Phase II - RMA Migration

6.17 The Zimbabwean banking community successfully completed the SWIFTNet Phase II Relationship Management Application (RMA) ahead of the SWIFT country deadline. The coordinated approach taken by the Bank, in particular the arrangement of essential training conducted during August 2008 was critical to the successful completion of the project.

Straight Through Processing (STP) Project

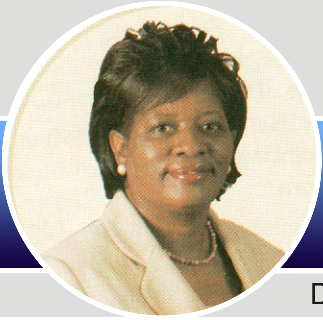
6.18 The STP project, which was launched in December 2006, was completed in July 2008. However, there have been delays in the realization of the full benefits of the project because of low transaction volumes experienced on RTGS during the final quarter of the year.

Interoperability of Card Payments

6.19 All the card issuing financial institutions committed to have their cards operating on the local switch, ZimSwitch, and by the end of 2008 all the institutions were actively operating on the platform with the exception of one (1) bank. The remaining bank was on the final certification stage to be connected to the Zimswitch network.

Regional and International Initiatives

6.20 The Bank remains fully committed to regional and international payment systems initiatives such as the COMESA regional RTGS project, SADC securities automation initiatives, MEFMI regional staff development and training programs, inter alia. 7 BANKING OPERATIONS AND CURRENCY MANAGEMENT



Currency in Circulation

7.1 Currency in circulation as at 2 January 2008 was $96.7 trillion and increased by 2 618% during the period to 31 March 2008. This growth was attributed to government expenditure in respect of the harmonized elections.

7.2 As a result of the hyperinflationary environment prevailing in the economy, the currency in circulation grew to $788.4 quintillion for the quarter ending 30 June 2008.

7.3 Due to the high growth in currency in circulation, accounting and banking systems were facing challenges as they failed to cope with the huge figures.

7.4 In order to rectify the situation and bring convenience to the transacting public, the Bank launched currency reforms. The reforms entailed the introduction of a new series of bank notes which came into effect on 1 August 2008 as follows:-

(A) $500
(b) $100
(C) $20
(D) $10
(e) $5
(f) $1

7.5 Further, the Bank also introduced the $25 and $10 coins and consequently in terms of Statutory Instrument 109 of 2008, revalued the following coins to their face value to circulate alongside the new series of Bank notes and coin:-

(A) 10c
(b) 20c
(C) 50c
(d) $1
(e) $2
(f) $5

7.6 The Bearer Cheques, which had been in circulation prior to the introduction of the new currency series, were debased by a factor of 1:10 000 000 000 (that is for every $10 billion of the old bearer cheques, one would receive $1 of the new currency). These bearer cheques were to co-circulate with the new currency series at their revalued value until 31st January 2009.

7.7 As a result of the change in the currency series from bearer cheques to actual notes and coins, the currency code was also changed from ZWD to ZWR.

7.8 The period 1 August 2008 to 31 December 2008 was characterised by rampant indiscipline in the financial services sector which resulted in a concept known as 'burning' in which individuals were creating huge balances in their accounts by converting foreign currency using the Real Time Gross Settlement rate.

7.9 This phenomenon resulted in currency in circulation rising from $444.5 million as at 1 August 2008 to $1.7 trillion as at 31 October 2008.

7.10 In order to curb the 'burning' phenomenon, the Bank took drastic measures of suspending transactions through the RTGS system.

7.11 However, the market came up with a cheque rate following the suspension of the RTGS system.

7.12 As at 31 December 2008, currency in circulation had grown to $23,6 Quadrillion and between October 2008 and 31 December 2008 the Bank launched an additional 11 denominations as follows:

(a) $100 000
(B) $500 000
(c) $1 000 000
(d) $10 000 000
(e) $50 000 000
(F) $100 000 000
(g) $200 000 000
(H) $500 000 000
(i) $1 000 000 000
(j) $5 000 000 000
(k) $10 000 000 000

Banking Operations

7.13 During the period October 2008 to December 2008 there was an upward resurgence of Cheques being processed through the Item Processing System. This was as a result of the suspension of transactions through the RTGS system.

7.14 The huge volumes of cheque posed reconciliation challenges as the Item Processing System was now failing to cope with more than 14 digits. This resulted in some cheques being split to allow processing.

Overview

8.1 The Government of Zimbabwe, through the Reserve Bank of Zimbabwe intervened in the prevailing food crisis through the Basic Commodities Supply Side Intervention (BACOSSI) to the People Programme.

8.2 The programme started in June 2008 with the People's Shops Concept and was then escalated through direct distribution to all households in Zimbabwe.

8.3 Since July 2008, Reserve Bank officials were deployed to all the provinces to distribute the heavily subsidized commodity baskets which were sold at only ZWR$10 as of October 2008.

8.4 A total of **1,578,365** households, which is **77%** of the established number of households of **2,049,410**, were served under the BACOSSI programme.-

Number of Households Served

PROVINCE	HOUSEHOLD AFTER CENSUS	HOUSEHOLDS SERVED	PERCENTAGE SERVED
Matabeleland North	164,602	117,514	71%
Matabeleland South	135,074	135,074	100%
Manicaland	369,000	293,669	80%
Midlands	222,163	212,953	96%
Mashonaland East	285,316	208,864	73%
Mashonaland West	230,690	155,391	67%
Mashonaland Central	274,263	186,242	68%
Masvingo	368,302	268,658	73%
Total	**2,049,410**	**1,578,365**	**77%**

BACOSSI to Institutions

8.5 The **BACOSSI to the People** concept was later expanded to cater for Strategic Institutions. Institutions like the Zimbabwe Defence Forces, Zimbabwe Prison Services, and others were also added to the list of BACOSSI beneficiaries because they were facing serious challenges in procuring food items.

8.6 The uniformed forces started collecting BACOSSI foodstuffs in September 2008 (Phase 1). Priority was placed on training depots and hospitals.

8.7 Shortages of agricultural inputs adversely affected food production at the prisons; this resulted in an acute shortage of food at prisons across the country. Through BACOSSI, monthly food rations were distributed to 58 prisons nationwide.

8.8 As part of health sector interventions all hospitals across the country received food rations under the BACOSSI programme. The food rations were to assist hospitals feed patients.

8.9 BACOSSI was also availed to schools to meet food provisions for students at affordable prices.

Medical Institutions Support Facility

8.10 The Medical Institutions Support Facility was brought into operation in the month of August 2008, after the Government set up a Cabinet Committee on Health to over look affairs of the Ministry of Health and Child Welfare.

8.11 A total of **ZWR$11,179,465,033.73** was paid by the Bank towards the procurement of medical supplies and drugs from the period 19 August 2008 to 16 September 2008. These medical supplies were delivered to Natpharm, a central distribution point.

8.12 A total of 137 payment vouchers from creditors amounting ZWR$ 175,342,663.02 was paid on behalf of the Ministry of Health and Child Welfare towards the outstanding creditors of medical institutions. These payments were made as from 19 September 2008 to 25 September 2008.

8.13 Parirenyatwa Hospital received ZWR$ 591,428,571.10 as a part payment towards a boiler, which was still being repaired as at 31 December 2008.

Medical Sector Skills Retention

8.14 A number of commitments such as the provision of ambulances, buses, motor vehicles and generators were made to the Health sector.

8.15 The following table summarises the assistance committed.

Item	Description	Total Committed	Delivered/ handed Over	Balance to be Issued
Buses	40 seater Swaraj Mazda buses	52	28	24
Ambulances	Mini-van style	70	17	53
Service Vehicles	Mitsubishi Canter	20	4	16
Motor Vehicles	Sedans of Mitsubishi and Peugeot range.	510	237	273
Generators	An assortment of generators.	88		
Television Sets	21 inch and 29 inch flat Screens.	300	300	0

8.16 Buses donated to the Health centres were used to ferry members of staff to and from work at a time when the cost of transport continued to escalate on a daily basis.

8.17 Motor vehicles were for senior members of staff, to assist them to report for duty when they are on call and in the event of emergencies.

8.18 Ambulances and service vehicles were to compliment the existing fleet within health institutions, to improve the level of care extended to patients.

Grain Importation

8.19 The Bank imported 203 850 tonnes of maize and 40 655 tonnes of wheat to complement local production.

Maize Seed Programme

8.20 During the 2008/9 agricultural season, the nation was faced with acute shortages of basic inputs namely, maize seed, fertilizer and agro-chemicals.

8.21 Against this background, the Bank intervened through the supply of maize seed to communal farmers through their respective Chiefs.

8.22 Under this programme, a total of **502 215Kgs** of maize seed were distributed to **57 375** communal farmers by the 31st of December 2008.

Total Seed Distribution Statistics

Province	Quantity Distributed (Kgs)	Number of Beneficiaries
Bulawayo	16,920	1,692
Mash Central	113,010	11,301
Mash West	84,119.5	7,818
Mash East	46,550	4,655
Manicaland	59,400	5,940
Masvingo	59,850	12,965
Midlands	75,000	7, 500
Mat South	29, 750	2, 975
Mat North	25,290	2,529
Total	**509,890**	**57,375**

Transport Sector Resuscitation

8.23 A total of 300 mazda swaraj mini - buses were imported as part of the transport resuscitation programme while the industry saw increased capacity utilization levels.

Provincial Bus Allocation

PROVINCE	BUSES PER PROVINCE
Harare	10
Bulawayo*	6
Mashonaland West	35
Mashonaland Central	35
Mashonaland East	35
Matabeleland North	35
Matabeleland South	35
Masvingo	35
Midlands	35
Manicaland	35
TOTAL	**296**

* Bulawayo was also given 11 eighteen seater INYATI mini buses.

8.24 In addition, the Bank also continued the resuscitation of the public transport system through financial support to local coach building companies namely, **AVM Africa** and **Deven Engineering Company**, and bus chassis suppliers **Willowvale Mazda Industries**, and **Quest Motor Corporation**.

Interventions on the Cholera Outbreak

8.25 The Bank intervened to contain the spread of the disease through the improvement of the national water supply by ZINWA and the rehabilitation of sewer systems.

8.26 In this regard, the Bank funded cholera programmes through ZINWA by providing **US$1 million** and **ZAR5.6 million** for the importation of water treatment chemicals from South Africa, and also provided **Z$375 quadrillion** for cholera programmes.

8.27 The Bank also financed the ferrying of ZINWA water treatment chemicals from ZIMPHOS to Morton Jaffray.

8.28 In addition, the Bank allocated **28 vehicles** to ZINWA, **3 tractors** to Harare City Council to assist in refuse collection and the transportation of equipment directed towards cholera programme.

8.29 The Bank provided all fuel requirements attributed to the containment of the cholera outbreak.

Agricultural Sector Productivity Enhancement Facility (ASPEF) Utilization

8.30 As at 31 December 2008, a cumulative amount of **$674.074 quadrillion** had been disbursed to **1 164 applications.**

8.31 During the year 2008, a total of **1 164 applications** were processed compared to **12 532** in 2007.

8.32 The decline in the number of applications processed was mainly because of the unavailability of major agricultural inputs on the local market and the demand for payment in cash and foreign currency by most suppliers in the second half of the year, a facility which was not available under ASPEF.

2008 Winter Wheat

8.33 Fiscorp undertook a winter wheat monitoring exercise for the 2008 season to assess and ascertain the hectarage, the condition of the planted crop, estimate the expected output, as well as establish whether ASPEF funds accessed by beneficiaries were used for the intended purpose.

8.34 Despite the fact that most of the water sources had more than adequate water for wheat production, **area put under the crop during the 2008 season was the lowest ever, which was 31 663 hectares against a target of 70 000 hectares.**

Champion Farmer Programme

8.35 Fiscorp participated in the implementation of the Champion Farmer Programme, where **500 000 hectares** of maize were targeted to be put under maize during the 2008/09 Summer Cropping Season.

8.36 Farmers who participated under the programme were drawn from all sections of the community and these included communal and resettlement areas, A1, A2, small scale and large scale commercial farmers.

8.37 Farmers were identified on the basis of the following:

i. Land ownership;
ii. Potential to produce 5t/ha; and
iii. Good track record of delivery to GMB.

8.38 Inputs were also made available to the vulnerable groups and were distributed through local leadership, which included traditional chiefs, provincial and district committees.

8.39 As at 31 December 2008 distribution of inputs was still in progress. The programme was, however, seriously affected by shortages of inputs, particularly diesel and fertilizers.

National Irrigation Infrastructure Inventory Audit

8.40 The prevalence of drought and/or severe mid season dry spells, which is the characteristic feature of the country's climate, prompted FISCORP (Pvt) Ltd to undertake a nation-wide irrigation infrastructure audit from August to the end of September 2008.

Summary of the Major Findings

8.41 Incessant power cuts by ZESA badly damaged equipment and also resulted in farmers failing to achieve optimum yields. This prompted most farmers to include generators on their irrigation equipment requirements.

8.42 There was generally no irrigation equipment on the local market. This resulted in contractors charging exorbitant prices in foreign currency for their services, yet most farmers did not have access to foreign currency.

8.43 Most farmers who accessed funds under the ASPEF Irrigation Facility in order to rehabilitate their schemes or implement new projects failed to complete the projects mainly because of price escalations and speculative tendencies by contractors.

National Cattle Herd Rebuilding Programme

8.44 The Reserve Bank through FISCORP (Pvt) Ltd put in place the National Cattle Herd Rebuilding Programme in line with the announcement made by the Reserve Bank of Zimbabwe on 11 June 2007, which was aimed at boosting livestock production in Zimbabwe.

8.45 The main objective of the facility is to increase the national cattle herd by **2.1 million** within the next **3-5 years.**

Progress

8.46 The programme managed to procure **1 484** breeding cattle and **212** dairy cattle for on lending to farmers in the year 2008.

8.47 The beef cattle were held at holding centres awaiting distribution to beneficiaries as detailed below:

Cattle Held by Centers

Centre	Cows/ Heifers	Bulls	Calves	Total
Darwendale CSC Ranch	127	4	17	148
Gongera Farm	20	0	0	20
Grasslands Research Station	337	22	30	389
Henderson Research Station	164	2	20	186
Makoholi Research Station	50	0	0	50
Matopos Research Station	170	12	18	200
Tekwe Estates	108	0	2	110
Transau ARDA Estates	44	0	0	44
Wilsgrove CSC Ranch	133	1	2	136
Winterblock CSC Ranch	182	13	8	203
TOTALS	**1335**	**54**	**97**	**1486**

8.48 Dairy cattle were held at Mlangeni farm, and Grasslands Research Station.

Farm Mechanisation Programme

8.49 The Farm Mechanisation Programme was launched in March 2007. In 2008 the Government, through the Reserve Bank of Zimbabwe, continued to procure tractors, combine harvesters, and other farm equipment for distribution to farmers to increase agricultural production.

8.50 The third phase of the programme was officially launched by the President of the Republic of Zimbabwe, His Excellency, Cde. R. G. Mugabe on 8 March 2008 at Bak Storage, Harare.

8.51 Phase IV of the programme was launched on 24 September 2008 and the following farm equipment were handed over to the High Level Resource Mobilisation Committee for strategic food production.

Farm Equipment Distributed

Item	Quantity
Combine Harvesters	20
Tractors	100
Disc Harrows	10
Planters	15
Generators	400
Spreaders	50
Motorcycles	750
Grinding mills	150
Animal Drawn Ploughs	400
Animal Drawn Harrows	4 000
Animal Drawn Planters	50
Animal Drawn Cultivators	1 000
Animal Drawn Scotch Carts	7 000
Chains	50 000
Knapsack Sprayers	17 000

Distribution of Equipment

8.52 The breakdown of total equipment procured and distributed under the Farm Mechanization Programme as at 31 December 2008 is as shown in the table below:-

Equipment Distributed

Equipment	Total Distributed
Tractors	3 215
Combines	126
Ploughs	1 931
Harrows	1 551
Vicons	323
Boom Sprayers	662
Planters	460
Bay Balers	30

8.53 In line with the Interim Monetary Policy Statement announced on 26 April 2007, the Reserve Bank of

Zimbabwe put in place a National Animal Drawn Equipment Programme as a component of the Farm Mechanisation Programme.

8.54 As at 31 December 2008, a total of **46 729 animal drawn ploughs,** complete with chains, had been distributed to farmers in all **59 districts** countrywide. A total of **45 280 knapsack sprayers** had also been distributed to farmers in all the 59 districts.

8.55 As at 31 December 2008, the following animal drawn equipment had been distributed to qualifying farmers.

Animal Drawn Equipment Distributed

Equipment	Total
Ploughs	46 729
Chains	47 435
Knapsack Sprayers	45 280
Harrows	10 012
Scotch carts	6 367
Cultivators	5 628
Planters	106

Grain Mobilisation and Procurement Programme

8.56 The 2008 Grain Mobilization and Procurement Programme, was initiated by the Reserve Bank in May 2008 to mobilize and procure grain from all farming sectors to GMB depots for strategic stocks.

8.57 The programme was implemented in partnership with the Ministry of Agriculture (MoA) and the Grain Marketing Board (GMB).

Small to Medium Enterprises Development Programmes

8.58 During 2008, FISCORP funded two major SMEs programmes namely the Rural Business Facility and the Women and Youth Facility.

Rural Business Facility

8.59 The Rural Business Facility was unveiled in the October 2007 Monetary Policy Statement to facilitate the sector to access goods from wholesalers and manufactures for resale to the rural community.

8.60 The facility was targeted at the following:

i. Wholesalers serving rural retailers; ii. Retail Shops;
iii. Hardware Shops; and iv. Butcheries buying from licensed abattoirs.

8.61 Funds were disbursed through commercial and merchant banks, POSB and Micro Finance Institutions (MFIs) at a concessionary interest rate of **25%** per annum.

Disbursements

8.62 As at 31 December 2008, disbursements made under the facility were as shown in the table below.

Disbursements by Province

Province	Number of Projects	Amount
Bulawayo	2	9.50
Harare	2	35.00
Manicaland	108	4,501,722.95
Mashonaland Central	81	2,205,203.30
Mashonaland East	175	7,075,030.74
Mashonaland West	54	11,623,234.25
Masvingo	106	2,166,480.20
Matebeleland North	25	102,065.00
Matebeleland South	29	1,900,579.95
Midlands	130	35,505,377.96
TOTAL	**712**	**65,072,171.79**

8.63 Mashonaland East Province had the highest number of business funded under the facility at **175 projects**, followed by Midlands Province with **130 projects.**

Women and Youth SMEs Facility

8.64 The Women and Youth Facility was unveiled in the October 2007 Monetary Policy Statement to promote economic empowerment of women and youths.

8.65 The funds were disbursed through commercial banks, POSB and Micro Finance Institutions (MFIs) at a concessionary interest rate of 25% per annum.

8.66 The facility was targeted at the following projects:

i. Piggery and Poultry;
Ii. Garment Manufacturing (e.g. uniforms, protective clothing);
iii. Construction;
iv. Wood Processing and Furniture Manufacturing;
v. Food Processing;
vi. Leather and Rubber Production; and
vii. Foundry & Metal Fabrication.

Disbursements

8.67 As at 31 December 2008, a total of **$5.75 quadrillion** had been disbursed for **1 623 projects**.

8.68 Piggery/poultry and garment making projects got the highest number of projects funded, at **51% and 37%**, respectively.

8.69 Bulawayo Province had the highest number of projects funded, followed by Harare and Mashonaland East Provinces.

8.70 As at 31 December 2008, all the loans, except for **$5 quadrillion** disbursed to support 6 projects on 26 November 2008, had been repaid.

Tourism Development Facility

8.71 As at 31 December 2008, an amount of $95.46 billion had been disbursed for a total of **46 projects** under the Tourism Development Facility.

8.72 Of the **46 applicants** funded, **45%** were hotel operators, **32%** lodge operators, **13%** tour operators and the remaining percentage comprised of tourism regulators and other service providers to the tourism industry.

8.73 The highest number of beneficiaries **(44%)** was in Harare, largely due to the existence of head office corporate banking units that quickly facilitated processing of loan applications, compared to players operating outside Harare.

8.74 There were, however, no disbursements for Mashonaland East and Midlands provinces. This underlines the fact that both provinces do not have any meaningful tourism potential.

Basic Commodities Supply Side Intervention (BACOSSI) Facility

8.75 In the Mid Term Monetary Policy Review Statement of 1 October, 2007 the Reserve Bank of Zimbabwe established a **Basic Commodities Supply - Side Intervention Facility (BACOSSI)** aimed at boosting production in the manufacturing sector through targeted financial support.

8.76 Under the BACOSSI facility, manufacturers, wholesalers and retailers accessed production-linked financial support for their working capital requirements.

Progress

8.77 The table below shows the local currency amounts disbursed under the facility as at 31 December 2008.

Sector	**Disbursements**
Manufacturing	67,114,177,406.15
Retail	639,844.57
Total	**67,114,817,250.72**

8.78 A total of **US$13.45 million** was also disbursed to some manufacturers who required imported raw materials.

Impact of Facility

8.79 Production volumes of beneficiary companies peaked in the first month and subsequently declined.

8.80 Supermarkets and wholesalers began receiving deliveries of basic commodities from manufacturers. The first products to be delivered included cordials from Delta Beverages and soap from the oil expressers.

8.81 The supplies were boosted by the injection of funding into the retail and packaging sectors, which also faced working capital constraints that could have hindered the success of the programme.

8.82 The goods produced were made accessible to the rural areas through the rural businesses that accessed goods from wholesalers.

8.83 Companies that had planned to retrench part of their workforce as a result of low capacity utilisation maintained their staffing levels while some companies hired extra labour in order to fulfil the orders they received as a result of funding.

8.84 The facility generally improved the availability of goods on the shelves in both the urban and rural areas. It also increased capacity utilisation in most companies and maintained employment.

Fertilizer Toll Manufacturing

8.85 The Reserve Bank of Zimbabwe availed both local and foreign currency requirements to the fertilizer industry for the manufacture of Compound D and Ammonium Nitrate (AN) fertilisers for the 2008/9 summer cropping season under a toll manufacturing programme.

8.86 The mandate of Fiscorp (Pvt) Ltd was that of settling toll fees in local currency for deliveries of fertilizer produced by the companies.

8.87 Under the programme, the major fertilizer manufacturers accessed a total of **US$22.4 million** and **ZWR16 trillion** that was used to import raw materials and toll fees, respectively.

8.88 A total of **17 444 tonnes** of Compound D and **3 080 tonnes** of AN had been delivered as at 31 December 2008.

Overview

9.1 The worsening macroeconomic conditions presented a number of operational challenges for banking institutions, notably mismatches between the Zimbabwe dollar based income and foreign currency denominated expenses. Further, earnings were generally subdued in real terms and were insufficient to cover operational expenses. Lending activities in Zimbabwean dollars significantly declined over the year in sympathy with the shrinking industrial base as well as rapid erosion in the purchasing power of the local currency.

Financial Architecture

Banking Institutions

9.2 There were twenty eighty (28) banking institutions operating in the country as at 31 December 2008, comprising fifteen (15) commercial banks, six (6) merchant banks, three (3) discount houses, and four (4) building societies.

9.3 Trust Finance Limited and NDH Limited which were granted commercial banking and merchant banking licences, respectively, in March 2008, were yet to commence commercial and merchant banking business, respectively, pending pre-opening inspections by the end of the year.

Asset Management Companies

9.4 There were seventeen (17) operating asset management companies as at 31 December 2008.

Microfinance / Moneylending Institutions

9.5 During 2008, a number of microfinance institutions surrendered their licences to the Registrar and ceased operations citing viability challenges as a result of a plethora of impediments, including cash shortages, capital erosion due to inflationary pressures and high operating costs. A significant reduction in the demand for credit in local currency, caused a further strain on the operations of the sector.

9.6 In this regard, the number of operating microfinance institutions declined from 309 as at 31 December 2007 to 180 by 31 December 2008.

9.7 A survey to assess the operations of microfinance institutions which was conducted in December 2008 revealed that out of the 107 institutions sampled in Harare, Bulawayo and Mutare, 27 were operating while 80 had stopped operating.

9.8 The licensing of microfinance / moneylending institutions is ongoing and licences are renewed on an annual basis in terms of the Moneylending and Rates of Interest Act.

Minimum Capital Requirements

9.9 Statutory Instrument 173 of 2008 was gazetted on 11 December 2008, prescribing the minimum foreign currency denominated capital requirements for banking institutions.

9.10 The gazetted capital levels are as indicated below:

Minimum Capital Requirements

Class of Institution	Amount (USD)
Commercial Banks	12 500 000.00
Merchant Banks	10 000 000.00
Finance Houses	7 500 000.00
Building Societies	7 500 000.00
Discount Houses	5 000 000.00
Asset Management Companies	2 500 000.00
MFIs and MLIs	5 000.00

9.11 The minimum capital requirements are comparable to capital required by other supervisory authorities in the region.

9.12 The Bank will continue to monitor the banking sector for compliance with the new minimum capital requirements.

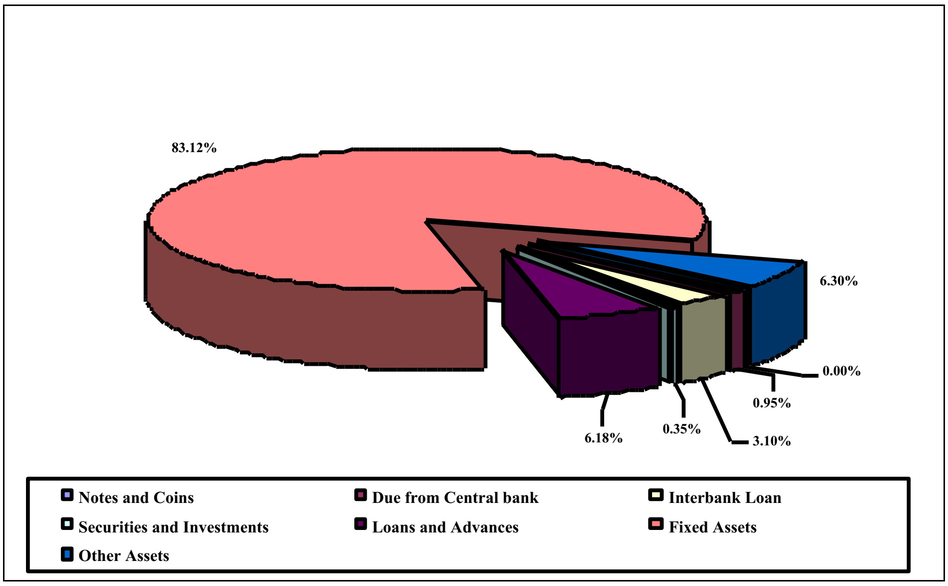
Condition and Performance of the Banking Sector

9.13 The banking sector reflected significant resilience, in spite of the difficult operating environment largely caused by macroeconomic challenges. Both institutional initiatives and strict regulatory requirements ensured that the banking sector remained generally safe and sound.

9.14 The banking sector had average capital adequacy and tier 1 ratios of 41.80% and 31.44%, respectively, as at 31 December 2008.

9.15 The sector recorded total assets amounting to $18.76 septillion in December 2008, up from $98.81 trillion in September 2008. Fixed assets accounted for 83.12% of total assets as at 31 December 2008. The significant contribution from fixed assets is attributed to revaluation of fixed properties of banking institutions.

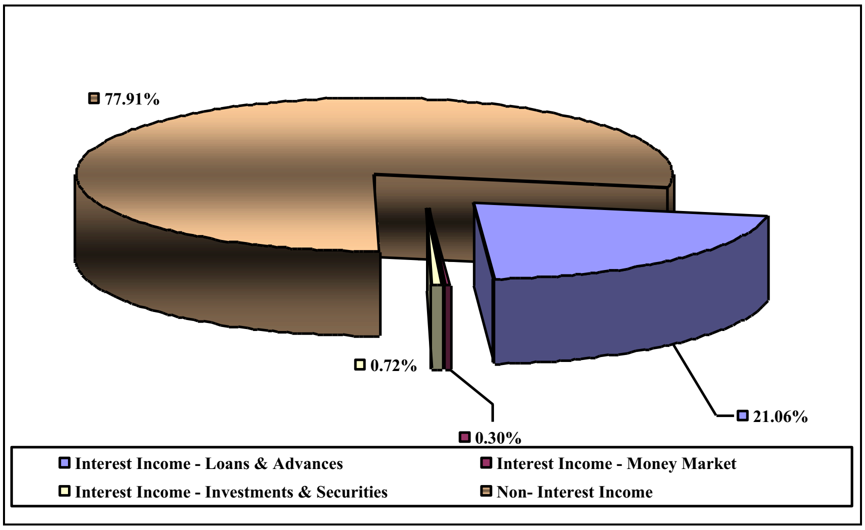
Asset Mix as at 31 December 2008



9.16 Credit risk on banks' balance sheets was low. Credit extension declined over the year, with total loans and advances constituting only 6.18% of total assets as at 31 December 2008.

9.17 The banking sector registered significant nominal profits. The increase was mainly driven by fair valuation gains on properties, which contributed more than 70% of the banking sector's total income as indicated in the figure below.

Income Mix as at 31 December 2008



9.18 The average return on assets ratio for the year ended 31 December 2008 was 26.34%, up from 16.42% recorded in December 2007. The other earnings indicators were as shown in the table below:

Profitability Indicators for Banks

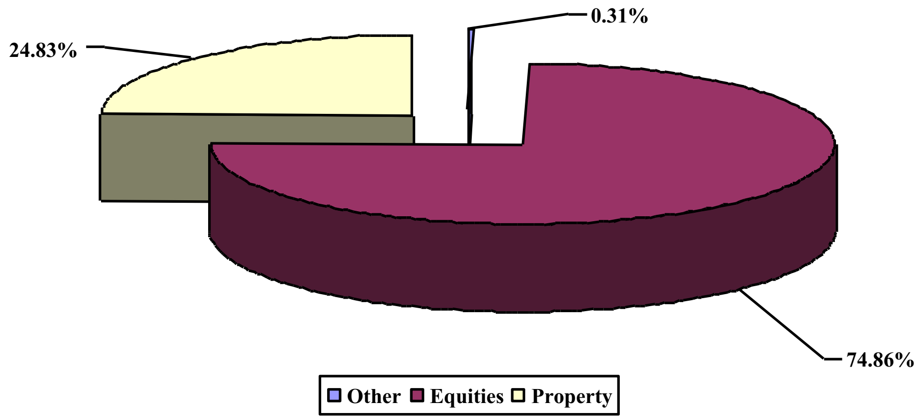
Profitability Indicators	31 December 2008
Retained Earnings	$3.78 Septillion
Return on Assets	26.34%
Cost to Income	32.69%
Net Interest Margin	23.51%

Asset Management Companies

9.19 Total funds under management for the sector amounted to $106.60 septillion as at 31 December 2008, which represents a significant increase from $1.08 quadrillion as at 30 September 2008. Growth in total managed funds was spurred by inflationary pressures coupled with strong equity market performance prior to suspension of trading on the Zimbabwe Stock Exchange on 17 November 2008.

9.20 The bulk of total clients' funds under management were in equity (74.86%) and property investments (24.83%), as illustrated below.

Distribution of Funds under Management as at 31.12.08



9.21 Three institutions dominated the sector over the year. As at 31 December 2008, these institutions had a combined market share of 95.97% of funds under management, while the other 14 institutions accounted for 4.03%

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9.22 The average net capital base for the sector amounted to $12.99 hexillion, up from, $176.25 billion as at 30 September 2008. The growth in the net capital base was attributed to capitalisation of retained earnings largely emanating from revaluation gains on equity investments.

9.23 The sector continued to heavily rely on income from proprietary funds, which constituted 64.98% of total income, while management fees accounted for 31.00%.

Compliance, Corporate Governance & Risk Management

9.24 The Bank continued to monitor financial institutions to ensure that they operate in compliance with the relevant legal and regulatory requirements. During 2008, most banking institutions, asset management and microfinance companies, operated in compliance with applicable laws, regulations and guidelines.

9.25 Appropriate corrective measures were taken against the few institutions which were not operating according to statutory requirements. Some of the breaches noted include late submission of statutory returns, exchange control violations and diversion of cash to the parallel market.

9.26 The Reserve Bank issued Corrective Orders directing the banks to desist from such practices and to relieve improper personnel involved in irregular activities of their duties.

9.27 A few banking institutions faced challenges in making substantive appointments in positions left vacant following resignations during the year, mainly due to the brain drain as more qualified personnel left the country.

9.28 In order to encourage banks to enhance their risk management systems, the Bank issued a directive to banking institutions requiring them to enhance their **Know Your Customer (KYC)** and **Customer Due Diligence (CDD)** requirements.

9.29 In another directive the Bank instructed banking institutions **to overhaul their risk management and internal control systems.**

Supervisory Cooperation

9.30 The Bank prepared a draft Memorandum of Understanding (MoU) which seeks to formalise coordination and cooperation among local regulators involved in the oversight of the financial sector. 9.31 The MoU, which has since been circulated, also seeks to enhance financial stability through facilitating effective consolidated supervision of financial groups.

9.32 The events in the equities market during the last quarter of 2008 characterised by rogue trading underscore the need to operationalise the MoU.

9.33 The Bank issued a Memorandum to the Zimbabwe Stock Exchange (ZSE) Management during the last quarter of 2008 advising the ZSE, together with the Securities Commission Board to put in place strict rules and benchmarks to restore the ZSE's ideal status as a vehicle for progressive financial intermediation.

Introduction

10.1 Exchange Control is responsible for fully accounting for the country's foreign exchange resources in terms of export proceeds, payments for imports and capital flows as well as monitoring whether Authorized Dealers and other users of foreign exchange are complying with existing Exchange Control regulations.

Major Policy Developments in 2008

10.2 Exchange Control effected a number of policy intiatives during the course of the year, which were tailor-made to create a platform conducive for the easy accounting and mobilization of foreign currency. A number of these policy measures emanated from the Governor's First Quarter and Mid Year Monetary Policy Statements of 2008.

10.3 Part of the policy intiatives entailed the establishment of Foreign Exchange Licenced Shops, registered to sell goods in foreign currency and the Enhanced Money Transfer Agencies framework as stated hereunder.

Foreign Exchange Licenced Shops

Policy Aspects

10.4 The concept of **Foreign Exchange Licenced Shops** was introduced on the 10th of September 2008 as part of the Reserve Bank's interventionist strategies to ensure the availability of basic commodities in the country at affordable prices as well as boost the country's foreign currency generating capacities.

10.5 The introduction and enunciation of these policy measures came against the backdrop of shortages of basic commodities in shops, reduction in industrial production capacities, as well as the unparalleled increases in the prices of goods and services.

10.6 Under this framework, the Reserve Bank, guided by the provisions of the **Exchange Control Order, Statutory Instrument 131 of 2008**, sought to licence retailers, wholesalers, oil companies, as well as service stations selling goods and fuel in foreign currency.

Major Highlights

i. Two thousand and eighty three **(2,083)** companies were licenced to date by 31 December 2008.

ii. A total of **793 companies** are currently declaring sales representing **38%** of the total licenced companies.

iii. A total of **37** Foreign Exchange Licenced Property Sellers and Leasers (FELIPROS) have been licenced to date.

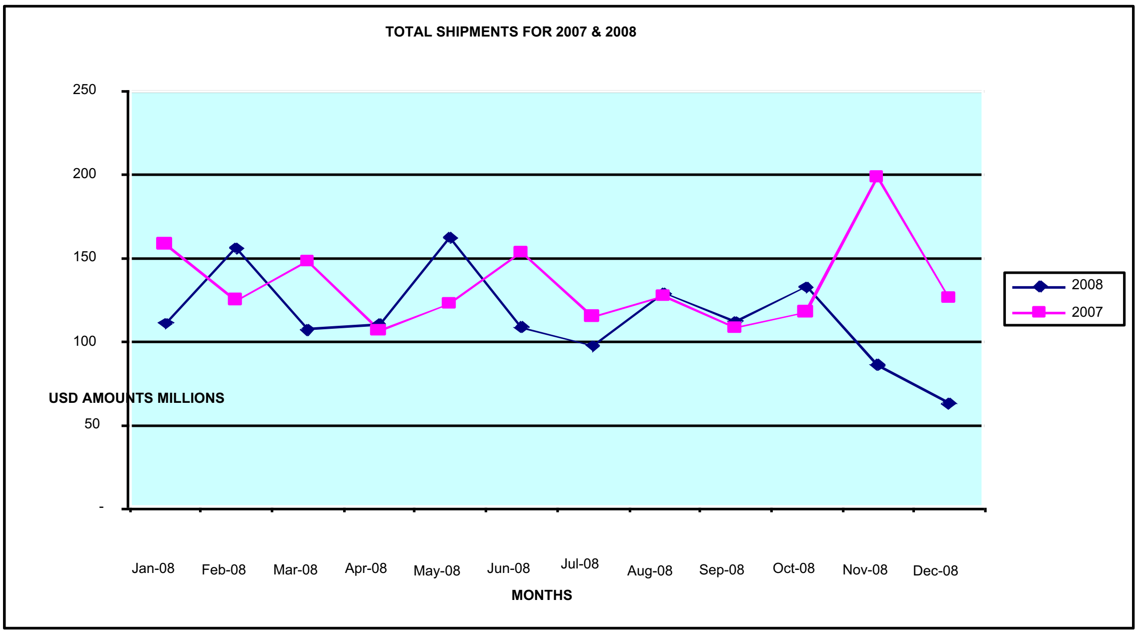
iv. Approximately **41.86%** of the companies declaring sales are in Harare which is therefore contributing the largest amount towards total sales **(56.34%).**

Overall Export Performance

10.7 Zimbabwe has remained a primary commodities exporter although there is a huge potential for more diversified production, value addition and exports in agro-processing and manufacturing.

10.8 Total global export shipments have been on the decline. During the period 1 January to 31 December 2008, total shipments of goods, excluding gold, amounted to **USD 1,375,504,278.08** compared to **USD 1,605,655,929.08** during the same period in 2007. This represents a 14.33% decline.

Comparison of Export Shipments (2008 vs. 2007)



Skills Development

11.1 The Bank continues to lay strong emphasis on human resources development, as this is the most critical asset of any banking institution – including Central Banks.

11.2 Skills development includes in-house, countrywide, regional and international training so as to keep pace with global training requirements in the various areas of the banks' operations including bank supervision, financial markets, economic research, financial accounts, anti-money laundering and information technology.

11.3 The current global financial crisis has meant that all Central Banks, the world over, be alert to the financial sector challenges and the various risks facing the industry. Dialogue and discussions with other regional and international training institutions has been stepped up with a view to eradicate and threat to this sector within the country.

Staff Welfare

11.4 The Bank also ensures that Bank staff is in good health and sports, health and recreational facilities operated by the Bank provide staff with an opportunity to access these facilities.

Overview

12.1 The year 2008 saw most of the work handled by the Bank's Legal Division comprising of;

i. The winding up of pending litigation and attending to fresh litigation instituted during the course of the year.

ii. The review and promulgation of various legislative enactments in support of the various policy measures introduced by the Bank during the year.

12.2 In addition to the above, the usual demand by the Bank's Divisions for various types of legal documents also featured and constituted a sizeable percentage of the work, handled by lawyers during the year.

Legislative Enactments

12.3 During the year under review, the Bank produced various legislative enactments which were duly gazetted to give effect to the various policy changes that took place.

12.4 Of the various legislative enactments, 11 covered the various currency denominations introduced during the course of the year, 5 covered exchange control issues and the rest covered cash withdrawal limits and the dual pricing system under the Bank Use Promotion and Suppression of Money Laundering Act.

Table 1

MONETARY AGGREGATES - $ Millions

DECEMBER	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Notes and coin	4.3	6.9	9.5	24.7	77.9	433.2	1591.2	9615.9	220388.0	70,435,972.1	14,485,525,929.9
Demand deposits	20.4	27.4	43.1	103.8	270.6	1626.1	5275.8	34842.2	408674.7	349,517,642.2	216,411,750,514,150,000.0
M1	24.7	34.3	52.6	128.5	348.5	2059.3	6867.0	44458.1	629062.8	419953614.3	216,411,764,999,676,000.0
Short term deposits	18.5	24.1	46.8	68.4	200.6	926.0	2352.1	15668.3	289169.8	204,360,919.5	55,744,318,317,233,200.0
M2	43.1	58.4	99.4	196.9	549.0	2985.3	9219.1	60126.3	918232.6	624314533.8	272,156,083,316,910,000.0
Long term deposits	13.5	15.1	18.1	41.4	81.9	255.0	1235.3	4686.8	64714.7	6,864,936.7	494,414,895,371,883.0
M3	56.6	73.5	117.6	238.3	631.0	3240.3	10454.4	64813.1	982947.3	631179470.5	272,650,498,212,282,000.0
of which: in foreign currency	3.5	5.6	9.5	7.3	14.5	155.7	838.2	12149.5	61745.1	11153296.1	763,071,273,422.5

Source: Reserve Bank of Zimbabwe

TABLE 2

MONETARY SURVEY - $ Millions

DECEMBER	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Net foreign assets	-21.6	-5.6	0.5	-3.6	-3.0	-14.1	-416.6	15949.6	-2795.5	6,381,051.1	-1,725,225,497,413,340.0
Net domestic assets	78.2	79.2	117.0	241.9	634.0	3254.4	10870.9	48863.5	985742.8	624798419.4	268,765,661,333,766,000.0
Domestic Credit	76.3	89.4	144.4	258.6	594.8	3174.9	8529.2	39041.0	564610.135	882308354.8	5,424,513,580,470,190,000.0
Government (net)	16.2	22.2	48.3	93.5	139.8	420.0	2136.1	16444.2	123288.562	118470674.4	-23,467,218,712,949,800.0
Public enterprises	3.5	4.6	9.2	19.7	46.5	214.0	436.7	1678.4	15432	9402441	9,750,113,451.6
Private Sector	56.7	62.6	87.0	145.3	408.4	2540.9	5956.3	20918.4	425889.221	754435239.9	5,447,980,789,433,030,000.0
Other items net	1.9	-10.2	-27.4	-16.7	39.2	79.5	2341.8	9822.5	421132.663	-257509935.4	-5,155,747,919,136,420,000.0
Broad money M3	56.6	73.5	117.6	238.3	631.0	3240.3	10454.4	64813.1	982947.3	631179470.5	272,650,498,212,282,000.0

Source: Reserve Bank of Zimbabwe

TABLE 3

INTEREST RATES AND INFLATION (%)

DECEMBER	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
90 day NCD rate	22.5	37.0	29.0	30.3	31.0	19.3	32.5	42.0	72.5	58.5	28.0	35.5	390.0	92.5	----	----	…..	…..
Treasury bill rate	13.9	35.5	27.0	29.6	29.5	18.5	29.9	35.3	69.4	57.8	26.0	25.9	79.8	119.0	340.0	66.3	66.3	66.3
Reserve Bank Rate	15.2	29.0	28.5	29.5	29.5	29.1	30.0	39.5	74.4	60.5	57.2	----	----	----	----	----	…..	…..
Overnight rate/Bank Rate	20.0	32.5	28.5	29.5	32.4	29.1	32.4	39.5	74.4	60.5	57.2	----	300.0	110.0	540.0	500.0	975.0	4000.0
Lending rate	36.7	39.3	31.8	30.3	34.7	33.6	34.7	49.3	68.0	68.5	31.3	45.8	346.0	202.5	415.0	500.0	775.0	10500.0
Mortgage rate																		
Residential property	17.0	18.3	18.5	18.5	18.5	18.5	15.8	24.5	24.5	28.8	25.9	30.8	44.5	59.5	57.5	57.5	57.5	150.0
Industrial property	17.8	20.3	23.5	25.3	25.3	25.3	20.4	32.0	32.0	43.8	41.2	43.8	50.0	85.0	122.5	122.5	122.5	250.0
RATE OF INFLATION																		
End of period	30.2	46.4	18.6	21.1	25.8	16.4	20.1	46.6	56.9	55.2	112.1	198.9	598.7	132.8	585.8	1281.1	66212.3	231158889*
Average	23.1	41.8	28.4	22.3	22.5	21.7	18.9	31.5	58.2	55.7	74.5	133.2	359.6	339.3	237.8	1016.7	6723.7	…….

*** As at July 2008**
Source: Reserve Bank of Zimbabwe and Central Statistical Office

Table 4

Institutional Asset Base and Market Share Institutional Asset Base - $ Millions

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Market Share (%) As at October 2007
Commercial Banks	68.0	85.7	143.9	289.9	750.4	4769.6	19308.0	86058.9	1313898.0	100670080221.4	29995500953870300000000000.00	91.89%
Merchant Banks	28.5	27.2	33.8	35.6	178.6	775.7	1805.4	7890.6	149324.5	7094436851.0	573343796718580000000.0	0.00%
Discount Houses	2.7	3.6	12.7	21.6	60.4	210.6	322.9	1458.6	15694.4	8350621456.1	59094777178907900000000.0	0.18%
Finance Houses	5.3	6.9	6.5	14.7	41.0	104.2	384.1	1644.1	1061.0	1514003007.2	48654604637422200000000.0	0.15%
Building Societies	18.1	24.3	42.9	52.6	107.6	333.2	948.1	7682.3	171805.1	115058014.7	1712348474447710000000000.0	5.25%
P.O.S.B	6.7	7.3	8.8	14.3	22.2	57.1	187.3	1531.2	27592.1	2057094384.3	827653208346737000000000.0	2.54%

Source: Reserve Bank of Zimbabwe

6250.4316 22955.736 119801293934.7 32643825362277800000000000.0 1.0 0.0 1

TABLE 5 : YEARLY INFLATION -- PERCENTAGE CHANGE IN CONSUMER PRICE INDEX \1

(2001=100)

END OF	FOOD & NON ALCOHOLIC BEVERAGES	ALCOHOLIC BEVERAGES & TOBACCO	CLOTHING FOOTWEAR	HOUSING WATER, ELECTRICTY, GAS & OTHER FUELS	FURNITURE HOUSEHOLD, STORES	HEALTH	TRANSPORT	COMMUNICATION	RECREATION & CULTURE	EDUCATION	RESTAURANTS & HOTELS	MISC. GOODS & SERVICES	ALL ITEMS	NON FOOD
WEIGHTS	**31.93**	**4.91**	**5.71**	**16.23**	15.11	**1.31**	**9.77**	**0.99**	**5.75**	**2.85**	**1.52**	**3.94**	**100.00**	**68.07**
2007														
JANUARY	8624.13	1454.95	963.43	2772.40	1074.04	5216.03	2017.63	865.90	977.95	1891.77	1933.00	1679.41	1593.62	1681.26
FEBRUARY	7908.07	1700.77	1031.03	2053.19	1311.11	4634.69	2497.41	635.00	1264.14	1086.16	2021.49	2153.32	1729.94	1681.23
MARCH	7758.98	2029.84	1337.61	1575.70	1666.95	4962.05	3577.33	1681.22	1347.83	1056.83	2842.34	3125.32	2200.19	2134.65
APRIL	17338.45	3372.62	2856.11	2601.83	3600.62	6609.00	5886.70	1979.58	3059.40	1162.10	5762.69	4836.19	3713.93	3609.70
MAY	27310.56	5191.04	3480.26	3944.80	4246.19	952.00	7315.84	2569.72	4055.90	1187.96	6641.62	7715.19	4529.98	4056.70
JUNE	79412.03	8635.07	4723.07	5047.79	6480.93	1376.13	15099.59	2680.57	5317.48	1204.17	8506.93	11915.23	7251.09	6518.57
JULY	8624.13	8444.44	4668.34	4724.56	6586.26	2703.70	14835.69	2705.69	6362.48	1316.47	9204.47	15467.96	7634.79	7152.48
AUGUST	7908.07	6288.63	4076.08	4208.29	5604.32	2859.98	10117.07	1947.20	5480.15	1026.95	7927.67	15268.80	6592.78	5983.92
SEPTEMBER	7758.98	5464.48	4061.23	11465.25	4681.33	5723.35	12153.92	5345.74	7117.41	6320.57	8478.98	15795.54	7982.13	8096.68
OCTOBER	17338.45	17361.01	9001.87	14443.69	4594.06	8646.06	33252.30	4197.67	8052.40	6165.29	13055.30	20593.39	14840.65	13480.58
NOVEMBER	27310.56	14544.19	15409.23	45932.86	7217.46	30584.08	467301.22	5268.48	16094.06	5236.71	20191.21	34528.05	26470.78	26005.36
DECEMBER	79412.03	56045.40	31112.69	60600.89	22476.23	48814.20	82975.11	27018.33	30245.82	2885.24	51522.27	86087.47	66212.30	58492.95
2008														
JANUARY	1143180499.40	736702931.80	390390409.60	522251326.80	141919111.90	6266387565.20	1803072110.50	724576189.30	200927015.60	171449230.20	2244391026.50	856284985.30	895987884.80	974925192.90
FEBRUARY	3230104873.00	2595841802.90	1061878974.20	683248373.40	377943247.30	7536250795.20	2961980028.80	9065492270.70	467165376.20	243014188.40	4880469448.10	2223967426.20	1719610756.30	2201964728.00
MARCH	8451043779.90	7612454570.90	3706433424.70	4574618217.00	1004377122.80	26579719965.10	24775197765.60	10642644000.50	1281129746.20	782328871.50	10551488723.60	6483925481.90	8369874496.66	8395791848.80
APRIL	24356370123.20	19423761183.10	9403028924.30	43056320268.10	2914402221.60	44474998865.40	55550334576.90	13115608408.30	4458123698.00	4612000396.80	43691323783.80	17404394908.20	27124016787.37	26240307207.50
MAY	122077032485.90	103525612064.70	38734451361.30	127457703674.60	13875879706.90	201024018051.20	435115516802.00	706844510711.00	45729023629.30	20358184825.10	149316766175.50	57530724338.20	148355542510.43	139964814259.60
JUNE	1500379392212.90	1820859173676.40	631488438253.90	374485649061.00	111601509329.50	1639254282258.70	3759421465294.70	6880281196358.50	271065255341.80	58266682752.40	2062836288664.20	650705237212.80	1227614935650.80	1314718233514.30
JULY	62779735319057.10	48879492955577.20	13094250236756.30	2925333583428.50	2189662019270.80	60877330662733.60	40440325202770.70	220564250018096.00	10049589703140.00	2294470730405.90	134612160912698.00	9873086226028.90	22702491386891.20	35500566912457.90

TABLE 6

TABLE 6 :YEARLY PRODUCER PRICE INFLATION -- PERCENTAGE CHANGES IN PRODUCER PRICE INDEX \1 (1988=100)

END OF \2	MINING PRODUCTS	FOOD STUFFS	BEVERAGES AND TOBACCO	TEXTILE AND LEATHER	WOOD AND WOOD - PRODUCTS	PAPER AND PAPER - PRODUCTS	CHEMICAL PRODUCTS	NON - METALLIC MINERAL PRODUCTS	BASIC METALS	METAL PRODUCTS	ALL ITEMS
WEIGHT (000)	653	936	480	831	97	244	638	109	378	501	4866
1999											
MARCH	45.20	41.10	56.80	52.10	12.90	28.20	58.50	21.30	31.80	84.80	48.10
JUNE	86.50	53.10	60.90	65.80	19.00	62.50	55.40	25.90	31.90	71.90	58.90
SEPTEMBER	57.00	76.20	89.00	45.60	20.60	63.90	60.60	69.60	74.30	95.20	67.90
DECEMBER	15.40	65.40	82.10	31.80	12.70	47.80	49.50	70.30	68.70	63.60	49.80
2000											
MARCH	2.80	46.10	81.10	10.60	15.90	90.70	31.50	67.80	41.90	48.30	35.00
JUNE	50.50	34.10	119.80	12.40	13.90	47.10	44.60	67.00	41.40	46.40	45.00
SEPTEMBER	39.60	61.10	60.90	75.00	15.80	63.70	58.40	-7.90	8.00	50.30	49.70
DECEMBER	65.00	73.00	50.60	79.50	16.70	66.40	55.50	-3.40	7.80	60.30	56.20
2001											
MARCH	15.00	74.20	34.80	101.50	41.00	30.10	63.30	2.60	35.80	55.20	49.50
JUNE	7.50	87.80	50.00	103.70	46.50	11.50	109.60	8.80	66.50	62.00	65.50
SEPTEMBER	63.20	94.70	118.70	51.00	99.10	23.30	175.90	71.70	76.30	55.00	87.60
DECEMBER	66.23	101.84	116.83	79.72	109.50	25.28	213.67	74.75	75.86	49.84	97.53
2002											
MARCH	65.54	116.90	209.50	78.30	66.40	28.50	190.50	78.40	40.70	55.30	105.13
JUNE	140.50	105.80	158.10	58.90	72.60	27.80	121.60	90.50	16.90	61.30	94.70
SEPTEMBER	67.50	79.70	147.60	106.50	49.20	63.20	81.90	79.50	179.40	64.50	99.00
DECEMBER	75.03	83.00	162.40	235.80	79.50	136.00	127.00	115.00	184.00	73.20	131.44
2003											
MARCH	65.60	142.20	111.90	413.90	99.20	124.80	116.30	214.30	180.10	247.20	171.70
JUNE	15.20	243.50	540.30	594.80	127.90	182.90	181.20	491.30	197.20	495.60	318.40
SEPTEMBER	317.58	376.08	819.07	889.02	753.10	434.60	397.02	729.96	26.97	2091.82	729.42
DECEMBER	262.64	724.04	1284.89	826.57	1330.70	379.18	731.10	2915.24	1675.63	2183.55	990.47
2004											
MARCH	849.10	525.40	1184.90	552.40	1611.20	465.40	698.40	1948.30	1867.90	937.30	823.30
JUNE	1032.90	342.70	281.80	494.80	1229.90	430.60	611.80	862.20	1734.80	597.40	580.50
SEPTEMBER	756.80	235.90	132.50	174.60	180.90	90.80	250.30	488.90	1378.40	90.50	191.20
DECEMBER	694.40	86.30	61.80	81.20	76.80	50.50	59.90	53.80	5.50	86.70	115.20
2005											
MARCH/3	264.50	152.90	129.80	56.40	37.80	44.20	67.90	80.70	-4.50	85.30	59.80
JUNE/3	77.30	183.90	158.40	74.50	38.20	282.00	112.00	128.40	-0.30	76.30	94.00

1. Source - Central Statistical Office
2. Data is compiled quarterly
3. Provisional

TABLE 7

Central Government Operations - $ Millions

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total revenue and grants	10.8	13.7	16.5	20.8	26.5	35.1	60.7	77.7	138.9	304.8	1381.0	8176.7	33205.8	417295.8	13273602494.1	14960000000.0
Total expenditure and net lending	13.4	15.8	22.8	26.1	34.7	42.3	79.6	132.9	181.4	342.5	1393.0	9351.3	36026.5	463343.3	-2062978027.3	51700000.0
Deficit	-2.6	-2.1	-6.3	-5.3	-8.2	-7.2	-18.9	-55.2	-42.4	-37.7	-12.1	-1174.6	-2820.7	-46047.5	15336580521.4	14908300000.0
Financing	0.0	0.0	0.0	5.3	6.1	7.8	18.9	0.1	0.0	0.0	0.0	910.9	2819.4	46048.4	8602471574.9	..
of which : Foreign (net)	1.4	0.4	0.2	0.4	0.3	-1.0	-4.9	-1.4	0.7	-1.5	0.0	-2.2	-2.5	-6.0	..	
	0.0	0.0	0.0	0.0												
Domestic (net)	1.3	1.8	6.1	4.9	5.8	8.3	23.8	56.5	41.7	39.2	12.0	2096.6	2821.9	46054.4	4432816915.0	..
				0.0												
of which Bank	0.4	2.0	5.2	5.0	0.9	7.5	24.5	57.9	33.8	26.5	81.8	-1183.5	3001.5	50330.8	4169654659.9	..

Source: Reserve Bank of Zimbabwe

14,960,000,000
51,700,000
14,908,300,000

TABLE 8

CENTRAL GOVERNMENT DOMESTIC DEBT - $ Million

End of 2008	Government Stocks		Treasury Bills		RBZ Advance to Government /1	Other	Total
	Amount	Interest	Amount	Interest			
January	1,340.42	0.00	178.47	577.70	(3,047.67)		5,144.26
February	1,340.42	0.00	21,064.11	61,442.83	(51,481.28)		350,241.36
March	1340.42	0.00	36,677.53	114,549.22	(197,674.18)		1,051,687.11
April	1340.42	0.00	127,514.02	423,618.04	(499,214.64)		3,208,217.30
May	1340.42	0.00	667,219.59	2,261,027.68	(278,629.60)		25,468,518.97
June	1340.42	0.00	3,950,034.53	13,426,197.64	(8,090,946.38)		355,170,386.32
July	1340.42	0.00	80,677,208.27	274,491,837.63	29,553,820.56		8,686,543,895.93
Aug	1340.42	0.00	1,972,365,229.14	6,714,177,326.36	1,731,901,618.57		379,872,995,111.01
September	1340.42	0.00	86,370,600,830.91	293,502,392,939.67	247,574,054,804.02		551,116,115,345,902.00
October	1340.42	0.00	125,078,998,299,077.00	426,037,117,045,485.00	2,637,680,789,291,070.00		8,773,523,971,103,990,000,000.00
November	135,624,682,917,610,000,000.00	613,545,007,568,584,000,000.00	1,000,310,406,419,000,000,000.00	3,401,055,402,154,760,000,000.00	(3,622,988,472,044,040,000,000.00)		56,950,381,098,366,800,000,000.00
December	669,901,219,418,160,000,000.00	3,017,789,421,821,060,000,000.00	12,102,861,426,358,600,000,000.00	41,159,829,030,769,000,000,000.00	40,569,288,471,527,600,000,000.00		81,729,117,502,296,600,000,000.00

TABLE 9

Government Stock Maturities

Stock Number	Maturity Date	Amount ($ Million)
2008		
1/2005	1/7/08	180.1
2/2005	15/08/08	132.2
2A/2005	9/9/08	15
2B/2005	13/09/08	1.5
2C/2005	22/09/08	2
2D/2005	23/09/08	10
2E/2005	27/09/08	5.1
2F/2005	3/10/08	10
2G/2005	6/10/08	15
2H/2005	1 1/10/08	20
2I/2005	14/10/08	20
3/2005	12/12/08	741.9
3A/2005	19/12/08	126.4
3B/2008	28/12/08	108.8

TABLE10

GOVERNMENT STOCK MATURITIES

During the Financial year ended 31 December 2004

Stock Number	Maturity Date	Amount ($ Million)
6/79	16/08/04	30.0
7/01	31/08/04	200.0
8/01	07/09/04	66.0
09/01	14/09/04	448.6
10/01	21/09/04	76.3
11/01	28/09/04	50.6
7/94	04/10/04	565.8
12/01	05/10/04	29.6
14/01	19/10/04	125.2
15/01	26/10/04	245.0
16/01	02/11/04	4.0
17/01	09/11/04	5.2
18/01	16/11/04	12.5
19/01	23/11/04	326.5
20/01	30/11/04	1.0
21/01	07/12/04	31.7
9/84	14/12/04	60.0
22/01	14/12/04	21.0
23/01	21/12/04	7.4

Source: Reserve Bank of Zimbabwe

TABLE11

HOLDERS OF TREASURY BILLS - $ Million

End of 2008	Monetary banking sector				
	Reserve Bank	Commercial Banks	Accepting houses	Discount Houses	Total
January	0.00	516.74	33.33	0.53	550.59
February	0.00	74554.73	1922.18	1026.81	77503.72
March	0.00	135672.24	1917.54	4988.68	142578.46
April	0.00	506765.47	4505.26	16654.27	527925.00
May	0.00	2800614.71	4497.60	16654.27	2821766.58
June	0.00	16555000.81	26484.03	32051.99	16613536.83
July	85401173.44	261156549.93	26408.91	494018.15	347078150.43
August	402526880.20	7951056009.48	26353.21	493998.58	8354103241.46
September	402526880.20	364445312807.15	26145.73	493966.31	364848359799.39
October	402526880.20	550752440760275.00	25600.70	493841.39	550752843806597.00
November	402526880.20	4401356615352440000000.00	812394520572612.00	493317.05	4401357427747360000000.00
December	402526880.20	53029415797626300000000.00	233200812394521000000.00	21120000000493300.00	53262637730021200000000.00

HOLDERS OF TREASURY BILLS - $ Million

End of 2008	Other Banking Instituitions			
	Building societies	Finance houses	Other/1	Total
January	95.24	107.94	2.40	756.2
February	4172.83	358.58	471.81	82506.9
March	7819.12	358.14	471.04	151226.8
April	21503.09	1232.92	471.04	551132.1
May	102424.12	2925.54	1131.04	2928247.3
June	757699.24	3865.06	1131.04	17376232.2
July	8039733.62	47832.43	3329.42	355169045.9
August	332388110.58	47828.16	3329.42	8686542509.6
September	15024582768.89	47828.16	3328.25	379872993724.7
October	314250336095.42	49021198495.87	3328.25	551116115344516.0
November	3979897373622750.00	4400929021198480.00	3299.07	4401365808573760000000.0
December	48326177373622200.00	4400929021198470.00	3299.07	53262690457127600000000.0

Source: Reserve Bank of Zimbabwe

TABLE 12 GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY/1 - $ Million (at current prices)

Period	Agriculture Hunting and Fishing	Mining and Quarrying	Manufacturing	Electricity and Water	Construction	Finance and Insurance	Real Estate
1985	1885	336	1651	135	211	610	175
1986	1672	446	2019	207	278	633	203
1987	1470	336	2315	301	359	872	250
1988	2092	680	2747	351	464	944	343
1989	2346	602	4022	424	466	1222	432
1990	3188	845	4403	543	615	1336	474
1991	4013	1184	7138	700	813	1668	562
1992	2322	1552	9251	913	1082	2790	840
1993	5836	1625	8930	1234	1152	3211	995
1994	9592	2531	10701	1810	1330	4634	1177
1995	8305	1142	11871	1563	1261	4906	1429
1996	17728	1287	14275	2409	1708	5764	1526
1997	22227	1400	16208	2907	2544	8854	2627
1998	28192	2413	20708	3372	3640	16648	3274
1999	54210	3522	30597	4517	4732	27716	4066
2000	71074	4095	41033	5559	6655	42382	6252
2001	152528	5058	68676	7809	7566	77053	8745
2002	300164	11101	122402	10971	12118	235784	13741
2003	940230	100513	602364	73146	40806	707840	59134
2004	1693463	907455	3006321	369119	117248	2530409	204326
2005	11206342	4334479	8319562	1994954	736002	8958401	862844
2006	155806773	239307236	282959736	27342653	15262478	31664067	10764120
2007	3334777576.00	3547083557.00	1248842075.00	1777475249.00	484830028.00	229533845.00	78029454.00

GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY/1 - $ Million (at current prices)

Period	Distribution Hotels and Restaurants	Transport and Comm-unicationation	Public Administr-ation	Education	Health	Other Services/2	Total
1985	1462	443	494	487	139	288	8316
1986	1765	598	575	610	164	244	9414
1987	1615	688	717	847	190	243	10202
1988	2075	808	773	812	230	451	12769
1989	2503	954	929	952	271	590	15713
1990	3267	1185	1215	1269	316	693	19349
1991	4481	1409	1440	1635	401	841	26284
1992	5818	1515	1596	1946	460	1235	31321
1993	6926	2807	1886	2362	544	1298	38807
1994	8289	3105	2366	2955	791	1274	50555
1995	11703	3623	2925	3441	923	1737	54830
1996	15107	4342	3993	5676	1247	2480	77540
1997	17163	5404	4864	7449	1771	2270	95687
1998	23262	9751	6023	9057	2369	1074	129784
1999	35533	15923	8282	10578	3801	-438	203039
2000	48269	27234	16026	22474	8528	-1110	298470
2001	74261	67036	19562	29754	10691	-7945	520796
2002	143449	134704	46646	55711	21971	-25322	1083439
2003	460785	413158	218477	256715	57438	-48820	3881785
2004	1935190	1032936	411767	522441	107035	38596	12876308
2005	18415973	2959259	2263138	5228341	1783187	2845847	69908329
2006	168978043	20743986	6884993	14571476	8741226	12621393	995648179
2007	1711481232.00	760576419.00	260262917.00	300473277.00	484564939.00	1426623006.00	15644553575.00

1 . Source : Central Statistical Office .

2 . Includes domestic services and allowance for imputed banking service charges .

TABLE 13 REAL GROSS DOMESTIC AND NATIONAL PRODUCT PER CAPITA AT MARKET PRICES/1 - $MILLION (at market prices)

	Current prices			Constant prices		Constant prices/3
						Per capita
Period	Gross Domestic Product	Net investment income paid to other countries/2	Gross National Product	Gross Domestic Product	Gross National Product	Gross Domestic Product
1985	9097	-221	8876	17193	16837	2050
1986	10361	-317	10045	17559	17069	2030
1987	11200	-324	10875	17754	17316	1990
1988	14109	-391	13718	19095	18646	2075
1989	17509	-446	17062	20091	19638	2117
1990	21494	-707	20787	21494	20787	2196
1991	29623	-979	28644	23022	22186	2280
1992	34392	-1407	32985	21086	20118	2025
1993	42481	-1604	40877	21531	20642	1997
1994	56159	-2405	53754	22780	21707	2043
1995	62122	-2794	59327	22820	21817	1979
1996	87083	-2931	84125	25038	24137	2102
1997	108480	-4971	103510	25395	24210	2153
1998	148585	-9155	139429	25520	23829	2164
1999	228435	-9431	219004	24602	23330	2100
2000	328658	-11286	317372	22665	21219	1931
2001	603668	-11934	591734	22033	21183	1932
2002	1210636	-8930	1201706	20786	20433	1825
2003	4472893	-99694	4373200	19500	17167	1658
2004	15563920	-1106444	14457475	18770	11364	1578
2005	205078208	-3301216	201776992	18152	18015	1534
2006	1030061188	-15436212	1.015E+09	17494	17041	1457
2007	15767745314	-21602313	1.575E+10	16922	16551	1405

1. Source: Central Statistical Office .
2. Gross domestic product less net investiment income paid to other countries equals gross national product .
3 At 1980 prices up to 1984 . At 1990 prices from 1985 onwards .

TABLE 14 DISTRIBUTION OF NATIONAL INCOME/1 -$MILLION (at market prices)

			Gross Operating Profit							
Period	Wages and salaries	Rent	Public corporations	Companies/2	Unincorporation enterprises/2	Others/3	Total	Gross Domestic Income	Less net factor income paid abroad	Gross National Income
1990	9090	447	533	3037	5661	1005	10236	21494	-707	20787
1991	11238	529	668	4378	8786	1274	15106	29623	-979	28644
1992	13370	776	1009	4614	9809	2264	17696	34392	-1407	32985
1993	15615	927	2310	4843	13396	2483	23032	42481	-1604	40877
1994	19081	1094	2641	8091	16957	3838	31527	56159	-2405	53754
1995	23459	1327	1111	8484	17898	3602	31095	62116	-2794	59321
1996	32594	1432	2817	10312	27346	4534	45009	87055	-2931	84125
1997	42953	2444	2681	14023	29096	7435	53235	108323	-4971	103353
1998	56500	3065	5376	16833	39632	12740	74581	146744	-9155	137588
1999	76692	3818	5563	30306	72833	19693	128395	221588	-9537	212051
2000	122530	5912	9897	43220	101916	30383	185416	311890	-10078	301812
2001	179438	8197	13344	93942	217721	76388	401395	603668	-11934	591734
2002	329017	12820	18297	169354	380100	255623	823374	1210636	-8930	1201706
2003	1273443	52987	124700	618107	1204857	771939	2719603	4472893	-99694	4373200
2004	4281638	183201	205489	2286414	3747861	2501619	8741383	15563920	-1106444	14457475
2005	61471500.00	1662724.00	3073682.00	82229622.00	18689513.00	27673674.00	131666491.00	195463388.00	-3301216.00	205078208.00
2006	314464695.00	8469556.00	15656415.50	418852977.00	95198762.00	15028670.75	544736825.25	995648179.00	-15436212.00	1030061188.00
2007	4929107624.00	133081566.00	246006874.10	6581373518.00	1495843757.00	22670620235.12	30993844384.22	15644553575.00	-21602313.21	15767745314.00

1 . Source : Central Statistical Office
2 . Non-financial
3 . Includes local and central government non-financial enterprises and financial institutions (less imputed banking servive charges).

TABLE 15 EXPENDITURE ON GROSS DOMESTIC PRODUCT/1 - $ Million (at current prices)

Period	Private consumption	Net Government current expenditure	Gross fixed captital formation	Increase in stocks	Private non-profit making bodies	Statistical discrepancy	Total domestic expenditure	Net export of goods and services	Expenditure on gross domestic product
1990	13444	4180	3914	-179	120	-	21478	16	21494
1991	19383	4775	6098	206	133	-	30596	-973	29623
1992	22391	8308	7691	-1004	189	-	37576	-3184	34392
1993	29003	6350	10022	-2416	256	-	43214	-734	42481
1994	31296	9375	12002	4274	290	-	57237	-1078	56159
1995	36367	11100	15318	449	400	-	63628	-1654	61980
1996	54115	14492	15434	2323	555	-	86920	163	87083
1997	75415	17530	18424	3547	725	-	115640	-7160	108480
1998	92774	22673	30912	3835	873	-	151066	-2481	148585
1999	157621	30968	30922	4066	1228	-	224805	3630	228435
2000	235485	45845	37108	8941	2160	-	329538	-880	328658
2001	530129	64538	49549	-12201	3286	-	635302	-31634	603668
2002	1257718	85709	89550	-164535	5133	-	1273574	-62939	1210636
2003	5736096	301430	171731	-1209228	23902	-	5023931	-551037	4472893
2004	17752175	568885	412605	284095	79008	-	19096767	-3532847	15563920
2005	74547441	18639378	1148717	3005299	266204	-	97607040	-18083892	79523148
2006	998335290	18271321	69874	-17150991	1010106	-	1098390096	-68328908	1030061188
2007	13970579589.00	732630279.00	454778679.00	709813438.00	173411744.00	-	16041213729.00	-273468415.00	15767745313.77

1 . Source: Central Statistical Office

TABLE 16 GROSS DOMESTIC INVESTMENT BY INDUSTRY/1 - $ Million Gross Fixed Capital Formation(at current prices)

Period	Agriculture and Forestry	Mining and quarrying	Manufacturing	Electricity and water	Construction	Finance and insurance	Real Estate	Distribution Hotels and Restaurants	Transport and Communications cations	Govt/2	Other Services And Unallocatables	Total	Increase in Stocks	Total
1990	0.5	0.2	1.0	0.2	0.5	0.5	0.3	0.2	0.5	0.1	0.0	3.9	-0.2	3.7
1991	0.9	0.3	2.1	0.2	0.6	0.4	0.4	0.3	0.7	0.2	0.1	6.1	0.2	6.3
1992	1.0	0.5	2.2	0.4	0.7	0.6	0.4	0.6	0.9	0.3	0.1	7.7	-1.0	6.7
1993	0.9	0.5	2.7	0.5	0.6	1.1	0.4	1.1	1.3	0.4	0.6	10.0	-2.4	7.6
1994	1.2	0.8	3.8	0.7	0.6	1.1	0.7	1.4	0.9	0.6	0.2	12.0	4.3	16.3
1995	1.5	2.0	4.3	1.4	0.4	1.1	0.6	1.5	1.5	0.7	0.2	15.3	0.4	15.8
1996	1.4	2.4	5.0	1.1	0.4	1.5	0.6	1.6	1.5	0.7	0.2	15.4	2.3	17.8
1997	1.1	1.6	8.0	1.7	0.5	1.5	0.8	1.1	2.0	1.2	0.2	18.4	3.5	22.0
1998	-	-	-	-	-	-	-	-	-	-	-	30.9	3.8	34.7
1999	-	-	-	-	-	-	-	-	-	-	-	30.9	4.1	35.0
2000*	-	-	-	-	-	-	-	-	-	-	-	38.4	8.9	46.0
2001	-	-	-	-	-	-	-	-	-	-	-	48.5	-12.2	37.3
2002	-	-	-	-	-	-	-	-	-	-	-	89.8	-242.1	-152.3
2003	-	-	-	-	-	-	-	-	-	-	-	179.2	-1209.2	-1030.0
2004	-	-	-	-	-	-	-	-	-	-	-	452.5	284.1	736.6
2005	-	-	-	-	-	-	-	-	-	-	-	1148.7	3005.3	4154.0
2006	-	-	-	-	-	-	-	-	-	-	-	97924370.2	-17150991.4	80773378.8
2007	-	-	-	-	-	-	-	-	-	-	-	454778678.7	709813438.0	1164592116.7

1 . Source: Central Statistical Office.

2 . Includes Public Administration, Education Services, Health Services and General investment by Government.

* Provisional

TABLE 17

GROSS DOMESTIC INVESTMENT BY INDUSTRY/1 - $ Million **Gross Fixed Capital Formation(at costant prices) /3**

Period	Agriculture and Forestry	Mining and quarrying	Manufacturing	Electricity and water	Construction	Finance and insurance	Real Estate	Distribution Hotels and Restaurants	Transport and Communications	Govt/2	Other Services And Unallocatables	Total	Increase in Stocks	Total
1990	0.5	0.2	1.0	0.2	0.5	0.5	0.3	0.2	0.5	0.1	0.0	3.9	-0.2	3.7
1991	0.7	0.2	1.7	0.1	0.5	0.3	0.3	0.2	0.5	0.2	0.0	4.8	0.2	5.0
1992	0.6	0.3	1.2	0.2	0.4	0.3	0.3	0.4	0.5	0.1	0.1	4.4	-0.6	3.8
1993	0.4	0.2	1.3	0.2	0.3	0.6	0.2	0.5	0.6	0.1	0.3	4.7	-1.2	3.5
1994	0.5	0.3	1.5	0.3	0.3	0.5	0.4	0.6	0.4	0.2	0.1	4.9	1.2	6.1
1995	0.5	0.7	1.4	0.4	0.2	0.4	0.3	0.5	0.4	0.2	0.1	5.0	0.2	5.2
1996	0.4	0.7	1.4	0.3	0.1	0.4	0.2	0.4	0.4	0.2	0.1	3.5	0.3	3.8
1997	0.2	0.4	1.8	0.3	0.1	0.4	0.2	0.3	0.4	0.2	0.0	3.4	0.7	4.1
1998	-	-	-	-	-	-	-	-	-	-	-	4.5	0.4	4.9
1999	-	-	-	-	-	-	-	-	-	-	-	1.9	0.3	2.2
2000	-	-	-	-	-	-	-	-	-	-	-	3.2	0.5	3.7
2001	-	-	-	-	-	-	-	-	-	-	-	3.3	-0.5	2.8
2002	-	-	-	-	-	-	-	-	-	-	-	3.9	-2.8	1.2
2003	-	-	-	-	-	-	-	-	-	-	-	5.3	-3.8	1.4
2004	-	-	-	-	-	-	-	-	-	-	-	6.7	-0.5	6.2
2005	-	-	-	-	-	-	-	-	-	-	-	9.4	0.5	9.9
2006	-	-	-	-	-	-	-	-	-	-	-	1074.4	150.2	1224.6
2007	-	-	-	-	-	-	-	-	-	-	-	1038.2	-33.3	1004.9

1 . Source: Central Statistical Office.
2 . Includes Public Administration, Education Services, Health Services and General investment by Government.
3 . At constant 1980 prices up to 1984Thereafter at constant 1990 prices .

TABLE 18 BALANCE OFPAYMENTS STATISTICS - US $ MILLION

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Trade balance	85	-250	98	169	88	249	-230	-95	249	317	-252	-424	-108	-305.2	-387.9	-233.9	-266.4	-954.3
Current Account Balance (excluding official transfers)	-548	-842	-311	-317	-369	-180	-827	-355	29	-99	-673	-629	-515	-416.7	-531.6	-356.3	-341.5	-762.1
CapitalAccount Balance (including official transfers)	533	688	504	517	482	87	-65	74	189	-289	-389	-218	-346	-234	2.7	87.5	190.7	232.3
Net Errors and Omissions	-111	-69	-19	310	-78	97	151	-17	-217	217	868	351	79	432	324	77.5	-24.7	33.3
Overall Balance	-126	-223	174	511	36	4	-740	-298	0	-171	-194	-496	-488	-219	-204.8	-191.3	-175.5	-496.6
Gross Foreign Reserves ($m)	1853.8	2099.4	4091.7	6827	7579	9.0	5.1	11.1	18.2	15.9	6.7	7.0	108.3	1452.5	5152.1	18550.0	4680000.0	77.6
Gross Foreign Reserves (US $m)	367	383	590	814	814	830	272	296	478	288	121	128	131	255	60.5	74.2	156	75.9
Import Cover (months) at 100% (Goods & Services)	1.9	1.9	3.4	4	3.4	2.9	0.8	1.2	2.2	1.2	0.6	0.7	0.7	1.3	0.3	0.4	0.8	0.3
Exchange Rate: end of period*																		
Z$/US$	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.04	0.04	0.06	0.06	0.06	0.83	5.70	85.16	250.00	30000.00	3641246.00
Z$/GBP	0.01	0.01	0.01	0.01	0.01	0.02	0.03	0.06	0.06	0.08	0.08	0.09	1.44	10.99	147.29	491.26	60686.45	5267244.40
Z$/ZAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.00	0.01	0.13	0.99	13.49	35.79	4391.24	384808.03

Source: Reserve Bank of Zimbawe
*revalued

TABLE 19 EXPORTS OF MAJOR COMMODITIES AND TOTAL IMPORTS - US $ MILLIONS

Year	Tobacco	Gold	Ferro-Alloys	Textiles/Clothing	Total Exports	Total Imports
1993	366	234	142	121	1610	1512
1994	423	252	125	139	1945	1778
1995	478	303	238	115	2216	2128
1996	702	298	202	100	2496	2247
1997	609	268	178	98	2424	2654
1998	524	236	143	58	1925	2020
1999	612	230	152	59	1924	1675
2000	549	216	155	79	2200	1907
2001	594	225	82	20	2114	1826
2002	435	159	107	18	1802	1820
2003	321	152	120	28	1670	1778
2004	227	263	185	21	1684	1989
2005	204	191	158	23	1602	1994
2006	207	202	146	16	1732	1966
2007	190	154	141	14	1711	1937
2008*	229.0	93.8	152.7	0.2	1675.2	2629.5

Source: Reserve Bank of Zimbawe
*** Estimates**

TABLE 20

NOMINAL EFFECTIVE AND REAL EFFECTIVE EXCHANGE RATES

PERIOD	NEER	REER
2008		
JANUARY	0	1700
FEBRUARY	0	3945
MARCH	0	14904
APRIL	0	47478
MAY	0	25.57206512
JUNE	0	15.47665207
JULY	0	62.8668683

Source: Reserve Bank of Zimbabwe

Table 24

STOCK EXCHANGE INDICES

Period	Share Prices (1967=100)		Yearly Turnover		Industrial Shares	
	Industrial Shares	Mining Shares	Value(Z$m)	Volume(m)	Dividend Yield %	Earnings Yield %
1991	1953.61	388.28	281.6	137.7	6.06	7.05
1992	865.55	180.34	103.4	79.8	11.32	2.83
1993	2325.26	515.79	347.2	272.3	3.65	9.03
1994	3160.80	1043.06	1445.5	450.8	4.14	9.70
1995	3972.62	1329.02	1299.4	431.2	4.60	8.07
1996	8786.26	1083.66	2554.7	722.7	2.36	18.51
1997	7196.43	458.40	6470.4	1196.2	3.56	10.43
1998	6408.40	375.74	3753.1	1287.8	4.63	6.05
1999	14426.60	1396.20	8933.2	2021.2	0.80	10.88
2000	17987.60	1597.70	12482.6	1557.8	1.50	17.77
2001	46351.89	2434.99	82520.8	4855.3	1.57	15.65
2002	103495.10	6526.15	128104.3	6409.5	1.47	11.65
2003	401542.90	127571.20	2252556.9	23548.7	3.32	4.95
2004	1097493.00	201176.70	1866257.9	19133.6	3.11	4.32
2005	18055724.01	6042352.99	533722.88	799510844	0.46	22.83
2006	569864.08	409303.21	15984.34	661492628	0.05	0.96
2007	1911538281.84	2363257849.25	254824455.11	8631457.01	--	--
2008	5,863,348,685,485,820,000.00	7,006,353,290,137,360,000.00	441442580.00	5499316626.00	--	--

Source: Zimbawe Stock Exchange