PRESS STATEMENT

BY

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11 NOVEMBER 2006

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1. INTRODUCTION AND BACKGROUND

1.1 As the country stands on the verge of yet another promising agricultural season, the past week has seen our economic landscape being dominated by stories relating to fertilizer; its procurement, logistics of transportation, quality, pricing and distribution.

1.2 In the same vain, the role of the Central Bank and the agriculture parent Ministry and subsidiary organizations such as the Grain Marketing Board (GMB) have come under focus and different perceptions were created of the different role-players, with the Central Bank coming out negatively in many respects.

1.3 We are on record, time and again pointing out the obvious, which is that the Central Bank is not a faultless organization, nor is it led by direct descendants of Saint Peter, Saint John or Saint Mark, who do not make mistakes.

1.4 And whenever the Central Bank has been party to any shortcomings, we have always had the guts to admit.

1.5 Where, however, for ulterior motives, the Central Bank, its Governor, Management Team and Staff are portrayed as having erred when in actual fact they have not, and when the credibility of the institution is at stake in a serious manner, it is only proper that we be afforded the opportunity such as this to lay bare the facts and let the market and all stakeholders be the judges of those facts on the ground.

1.6 The media has been fed with stories suggesting that the Central Bank works in isolation excluding key stakeholders in various sectors of the economy and of course nothing could be further from the truth, as we are yet to be shown which other Central Bank in the world operates and cooperates in such a consultative manner as the way we do it at the Reserve Bank of Zimbabwe.

1.7 Of course, consultations do not necessarily mean that we always agree on all facets relating to the formulation of policy and implementation of the day to day National programs.

1.8 Some have also suggested that the Central Bank is an unguided missile on Zimbabwe's economic landscape which by-passes and overlooks the country's regulations and laws. To this, we have always forgiven those amongst us who are less informed about the true position, while we have stated in the past and continue to do so today that the Central Bank is not going to respond to each and every print and electronic media story or rumor that circulates around.

1.9 It is in this particular case, the degree of dis-information and its potential outlook on the credibility of the Central Bank and its management and officers that we have sought the Leadership of the country and Cabinet's permission for this opportunity to clarify in detail the facts on the ground relating to what some are already calling "the fertilizer gate".

1.10 This we are doing in the interest of putting closure to this matter and to re-focus the Nation on what is truly important to the people of Zimbabwe, which is that of getting back to the fields, going deeper into mine shafts, and spreading the frontiers of innovation and entrepreneurship at the industrial floors, in shops and at household levels.

1.11 Above all, it is very critical for the Minister of Agriculture, here present to re-focus our farmers, to reenergize, re-motivate and re-assure them to do what they know best, which is that of producing adequate grain to feed this country.

1.12 It is even more critical that the Hon. Minister removes any lingering element of doubt on the part of our farmers regarding the quality of inputs, especially the fertilizer before them.

1.13 As Governor of the Central Bank, I, thus make this Statement out of solid conviction that it is time that as Zimbabweans, we expose the truth for what it is against some stakeholders who are bent on throwing spanners at what progressive citizens are doing to remedy the economy's current transitory setbacks.

1.14 In addition, this Statement comes in the wake of the unfortunate cancer that is rooting itself in our society where others have elected to specialize in mass-disinformation to achieve their undefined objectives.

1.15 This Statement also seeks to underscore that at the Reserve Bank, we operate with sincerity and an unblemished desire to make a positive difference in addressing the economy’s set-backs at hand.

2. FALSEHOODS ON FERTILIZER IMPORTS

2.1 Specifically, I wish to allay stakeholders’ fears that:

(a) The Reserve Bank of Zimbabwe is a “**lone operator”** which does not involve other stakeholders, relevant Ministries, Ministers or Permanent Secretaries in the discharge of some of its key functions.

(b) That with respect to its support to Agriculture, especially in the procurement of fertilizers, maize, wheat or other inputs, we do it unilaterally such that Ministries and or Departments end up getting surprised that “things are happening”.

(c). That the Reserve Bank could have lost between US$50 000 and US$300 000 which is the worth of the fertilizer under dispute.

2.2 The above apprehensions, if not confronted with an exposition of facts to stakeholders are an ill that would work to poison the credibility, integrity and sincerity of the Central Bank as custodians of the country's monetary policy affairs.

2.3 As your Central Bank, we are aware that there are some, among the citizenry, who are bent on sowing seeds of disunity, panic, suspicion, as well as hatred among and between fellow Zimbabweans at the current dual critical moments in the country's annual calendar, which are:

(a) the advent of rains – a normal rain is forecast for this year – the second year running and a truly decisive season is before us in terms of our Land Reform Program, with the 99-year leases now being rolled out.

(b) the imminent ZANU (PF) National Conference due to start in a month's time in Goromonzi, Mashonaland East Province where representatives of the Ruling Party will assemble in their numbers to raise pertinent issues affecting the Nation.

2.4 Contrary to the falsehoods leveled against the Reserve Bank, the facts as regards importation of fertilizer are as follows:

THE FACTS…

(a). Right from the inception of the fertilizer importation programme, Your Central Bank was in constant consultations with the relevant Ministries and Departments.

(b). Through this cooperative spirit, together we have managed to import large volumes, not only of high quality fertilizer, but also grain, fuel and other critical national requirements. Out of 70 000 metric tonnes of fertilizer imported, the 120 tonnes, or 0,17% which is in dispute has not yet been paid for.

(c). In all cases, that the Reserve Bank has been involved in commodity imports, particularly fertilizers, the experts in the Ministry of Agriculture have always been given the space and leave to vet and certify that stocks were of the right specifications before purchase, loading and shipment.

(d). In the fertilizer consignments in question as reported in the press, and as spread by those who wish the Governor and his team ill, the country's Permanent Secretary for Agriculture, together with his selected experts flew to South Africa, Durban, to inspect and certify the fertilizer which was cleared and subsequently imported into the country. This information was made available to stakeholders, even though, regrettably, some have elected to turn a blind eye to it, so as to give credence to the blame on the Reserve Bank.

(e). In the case of Intshona, who are one of the contractors that have unfortunately been labeled as fly-by-night brief-case traders, the Ministries of Agriculture, Industry and International Trade, and Finance participated in the signing ceremony which was even highly publicised in our local media, as an innovative way to support the country's food security programme.

(f). Contrary to newspaper reports that Intshona was a small operation of no fixed abode, Intshona are instead a formidable force to reckon with, not only regionally but also internationally.

(g). In all cases where, on the wisdom of the laboratory experts, some defects were identified in a particular consignment, Your Central Bank did and will continue to take a very vigilant stance of **not paying to the suppliers** till the quality issue would have been certified.

(h). At the technical level, we need to streamline and synchronize the fertilizer quality standards that we require as a country so as to avoid confusion at the coal face of international financial negotiations. As Your Central Bank, we have come face to face with fertilizer specification standards that varied.

(i). The fertilizer in question now was imported after due clearance from the laboratory tests as carried out by internal experts here in Zimbabwe, at the request of the Reserve Bank that such technical compliance work be carried out prior to the purchase and shipment of the product.

(j). There are instances where even when the fertilizer was not within the stipulated thresholds, authority was still given by the relevant expert departments for the fertilizer to be released to the farmers. Fortunately, however, the quantities where this has been done are very minimal (k). Indeed as a Central Bank, in our own humble, non-technical assessments, we have established the strategic need for a comprehensive reform in the fertilizer industry to ensure that the brands that are produced locally also meet the quality specifications that we strictly impose on imported fertilizers.

(l). At current structures, the fertilizer industry is overly concentrated in a web of a few intertwined owners, which breeds room for collusive behaviour, at the detriment of the country's agricultural sector. There is, therefore need for these complex ownership structures to be simplified in a manner that stresses on productive efficiency.

2.5 In highlighting these factual points, it is not the intention of Your Central Bank to pursue the path of vengeance on those who might have played a part in the trail of dis-information that had almost gotten out of hand, but rather to put it across to stakeholders that matters of food security require that we work together in unity, without the employment of self-defeating brawls.

3. ROLE OF THE RESERVE BANK IN STRUCTURED FINANCE TRANSACTIONS

3.1 I wish to also take this opportunity to clarify to stakeholders on the specific roles and obligations of the Central Bank in the various commodity importation programs we engage in.

3.2 Over the past 34 months, the Reserve Bank has been actively engaged in arranging favourable lines of credit for the importation of:

(a) Maize;
(b) Wheat;
(c) Fuel;
(d) Fertilizers;
(e) Agricultural equipment;
(f) Agro-chemicals; and
(g) Other strategic requirements of the country.

3.3 Under these structured finance import programs, the principal role of the Reserve Bank is to secure and guarantee the availability of the funding, whilst the actual product certification, licensing, transportation, storage and inward distribution, is done by the relevant Ministries, Departments and Public Enterprises.

3.4 For instance, on fertilizer importation, experts in the Ministry of Agriculture take the lead in running the tests, then on the back of those certifications the Reserve Bank would effect or suspend payments.

3.5 It is, therefore, an act of utmost dishonesty and duplicity for those whose responsibility it is to safeguard the interests of the country through intimate product vetting and licensing to want to conveniently plant blame on the Reserve Bank, merely to achieve their clearly non-economic, non-financial objectives.

3.6 This is the bare truth of how as Zimbabweans we are becoming accomplished at non-productive brawls at the detriment of business confidence and actual productive engagement in the economy.

3.7 Consistent with the Reserve Bank's cherished objectives of transparency, accountability and honesty, I have taken the unprecedented step to publish the whole trail of correspondence and pictorial depictions surrounding the country's fertilizer importation program, so that each stakeholder can decide for themselves where the truth or misinformation lies.

3.8 In so doing, it is never the intention of this Governor, or any member of the Reserve Bank Team, to pick-up fights with any stakeholder(s), but rather, our aim is to categorically make known our deep distaste against the patent falsehoods that are being circulated against the Reserve Bank, largely due to our declared fight against institutional ineptitude and corruption in the economy.

4. CAMPAIGNS TO RUBBISH THE RESERVE BANK

4.1 Before I end this Statement, I also wish to state that this Governor is aware of the overt and covert campaigns that are currently in motion to rubbish and deflate whatever the Reserve Bank is doing.

4.2 Indeed, I am aware that others are on the rampage to recruit soldiers of doom to distort and haunt all the monetary policy initiatives that are underway. Some who occupy revered positions have gone so far as instituting motions to cause disharmony in the financial sector.

4.3 To these soldiers of doom we say, at the Reserve Bank, your Bank, we remain true and committed to the mandate given to us by the Nation, and we draw solace and encouragement from the ages old adage that the truth always finds its way out.

4.4 In discharging our demanding mandate, we will continue to do so with **expanding determination**; that determination which will not wilt, look back nor capitulate in the face of **naked aggression** by those who wish that we folded our hands whilst the country's economy is declining.

5. CONCLUSION

5.1 In conclusion, I wish to once again call upon all progressively-minded Zimbabweans to rally behind the turnaround program to resolve the economy's current set-backs.

5.2 To those who continue to discharge their roles half-heartedly, or do so with split loyalties to the cause, they must not feel threatened when their portfolios and realms of operation are directed by others.

5.3 With the 99-year leases now coming out, the financial sector will not disappoint, and we call upon stakeholders and the relevant authorities in Government to re-double efforts to restore the glitter of agriculture, our mainstay sector.

5.4 The turnaround of our economy is a mission to which the Governor and his team are committed to successfully accomplish, regardless of how difficult the task might be. The task will not be sub-contracted, the pain will not be avoided and success will not be delayed beyond the maximum period a winter season is supposed to last.

5.5 No amount of intimidation, no amount of back-stabbing, no amount of plotting behind the scenes will stop the train.

5.6 As Governor, I am proud to inform the Nation that I am leading a Central Bank that is being run by a team of very highly dedicated individuals of diverse backgrounds, diverse professional accomplishments, diverse experience levels, gender, religious, and racial backgrounds from tea-makers, sweepers, secretaries, economists, to division chiefs and deputy governors whose common language is hard-work and undoubted commitment to the turnaround of this country.

5.7 None of them, including this Governor is interested in politics so please don't involve or drag us into politics, don't destruct us from the course we have chosen.

5.8 We want to work harmoniously with all stakeholders, we want to work harmoniously with the business sector, with Labor, with Government and all its structures, from Civil Servants to Ministers, Senators and Members of Parliament, with respect and want to economically support all Veterans of our liberation struggle and want to work with them.

5.9 We want to work with, and economically support Civil Society, the Clergy, we want to work with and support all sectors of our economy, from Farmers, Miners, Women, Entrepreneurs, the Youth and those in the SME and informal sectors.

5.10 We want to support all those engaged in genuine economic endeavors in our country through close alliances with the banking sector.

5.11 To this end, I urge those plotting to cause disharmony between the Central Bank and players in the financial sector to stop their attempts because the financial sector can not afford to be divided or encouraged to rebel against its Central Bank no matter how outsiders and other non-bankers perceive the policy thrust of its Governor.

5.12 It is unfortunate that certain stakeholders have been pre-occupied with the idea of seeking to cause spontaneous disgruntlement between the Central Bank and the country's farmers, between the Central Bank and the country's input suppliers, bankers, business leaders, as well as the Central Bank and other key stakeholders, at the same time so as to lay a basis for chaos and disenchantment in the Bank through a careful strategy of dis-information in order to demoralize the Governor's team.

5.13 Ladies and gentlemen, it is also important for me to stress that days for deals and cuts in the procurement process of anything that the Central Bank gets involved in are over for whosoever was looking to make ill-gotten money on the back of the country's scarce foreign currency, especially in the areas of importation of grain, fertilizers, and other inputs.

5.14 The days of monopolies and oligopolies in the supply chain of critical inputs are also numbered as the country is going to witness greater competition in the supply of agricultural machinery and other inputs.

5.15 With respect to the Central Bank's intervention in the so called non-traditional areas of central banking or areas currently designated no-go areas for the Central Bank, let me make it very clear to all stakeholders that the Central Bank in its depository role of confidence-building and sufficiency generation, is not going to stand-by and watch lazy people, watch some lazy stakeholders and those unsure of themselves, sitting on the fence doing nothing but derailing Government programs.

5.16 Where such traits are observed, we will intervene for the good of the country and for the good of the men and women on the street, for the good of the men and women in the rural and urban areas.

5.17 The best way to stop us from such interventions or so called “interference” is for the stakeholders’ concerned to get on with the job of advancing the turnaround of this economy and when such is observed, we will back-off.

5.18 I urge the Nation to re-dedicate itself to the spirit of zero-tolerance to non-performers wherever there might be and whatever positions they might be occupying.

5.19 In advocating for better remunerations for our civil servants and in all structures of Government and across all sectors of the economy, we must not forget the role and importance of the carrot and stick approach.

5.20 Often, the country has given lots of carrots but very little, if any, of the available sticks have been used to deal with non-performance.

5.21 Lastly, I would like to challenge the media to take to task people who spread rumors and unfounded stories in the furtherance of their agendas by asking these people to provide evidence and facts which must speak for themselves before being tempted to rush and write stories which contain half truths, malice and outright lies aimed at damaging certain individuals and institutions.

5.22 It is sad that our credibility has had to be tested over this story through wasteful effort in terms of time, resources and energy, but above all, I want to give special tribute to the Hon. Vice President, Amai Mujuru whose excellent conduct of our meeting this past Monday under the NEDPP gave rise to the need to expose nothing else but the truth in all our dealings with National matters, when the issue of fertilizer came under discussion.

5.23 I also wish to thank His Excellency The President and Cabinet for having taken a keen interest in the story that was published by one of the weekly papers last Sunday, including their determination to get to the bottom of the matter and to expose the truth, nothing else but the truth.

5.24 I also want to thank my management team at the Reserve Bank who are adequately represented here and those that are not here for their continued unquestionable loyalty and determination to get on with the job inspite of the many brick-beds that are directed at them for no other reason except that they are loyal Zimbabweans committed to giving their best at a time when very few are willing to do the job in the face of the numerous set-backs at hand.

5.25 The Reserve Bank Team of tea-makers, sweepers, clerks, economists, analysts and various layers of management are a team that has been called on to serve the country at its hour of maximum danger and maximum need and as Governor, their dedication to the cause is a source of pride to my humble leadership of this National institution.

I thank you.

DR G. GONO
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RESERVE BANK OF ZIMBABWE

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