



PRESS STATEMENT

TIME BANK'S LOAN PROPOSAL TO GOVERNMENT FOR US\$ 38 BILLION

Time Bank Holding Company (Private) Limited (**Time Bank HC**) hereby reproduces a revised Extract from Time Bank's loan proposal to Government, which was published recently in local newspapers.

The purpose of reproducing and publishing such extract is to update the public on Time Bank's Loan proposal.

1. Time Bank's Proposal of US\$ 38 billion

Time Bank has proposed to offer a syndicate loan of US\$ 38 billion to the Government of Zimbabwe (Government), for the purpose of financing the payment of compensations to **10 groups of people** including Previous Farm Owners and other groups of people who also deserve such compensations in an inclusive manner, as stated below.

1.1 The 10 Groups of People

Group Name	Amount
(a) Compensations to Previous Farm Owners hereinafter referred to as "PFOs" or their representatives, in terms of Section 295 (3) of the Constitution of Zimbabwe and Global Compensation Deed (GCD) for improvements on their land which was acquired by the State without compensation after 1980 . An additional compensation of about US\$3.2 billion will be paid for the land by donors without obligation to Government, and Time Bank will assist PFOs to raise such donations.	= US\$ 3,5 billion
(b) Compensations to the First Group of Indigenous Zimbabweans hereinafter referred to as the " First Group of People " or their representatives, in terms of Section 295 (1) of the Constitution of Zimbabwe for their land which was acquired by the State without Compensation before 1980. This amount will be paid to organisations that benefit many people, namely; <ul style="list-style-type: none"> i) Social Welfare Fund of US\$ 3 billion for ordinary people, ii) Veterans of the Liberation Struggle Compensations of US\$ 3, 5 billion iii) Venture Capital Fund of US\$ 2,5 billion. iv) Research and Development Fund of US\$ 300 million v) Climatic Change Adjustment Fund of US\$ 300 million vi) Critical Skills Development Fund of US\$ 200 million vii) Financial Inclusion Fund of US\$ 200 million 	= US\$ 10 billion
(c) Compensations to Depositors of Banks of 2009	= US\$ 1,1 billion
(d) Compensations to Pensioners	= US\$ 1 billion
(e) Compensations to Insurance Policy Holders	= US\$ 400 million
(f) Compensations to Ex- Farm Workers of PFOs	= US\$ 400 million
(g) Compensations to any Resettled Farmers if they are removed after making improvements to the land.	= US\$ 400 million
(h) Compensations payable to the Second Group of Indigenous Zimbabweans , in terms of Section 295 (1) of the Constitution of Zimbabwe, who bought their farms on a Willing Seller Willing Buyer basis but the farms were later on acquired by Government without compensation after 1980 .	= US\$ 400 million
(i) Compensations to Foreign Investors under BIPPA or BIT	= US\$ 400 million
(j) Loan Repayment to Foreign Lenders (both existing, and new foreign loans) to finance Balance of Payments Support, Infrastructure Development and Value Addition etc.	= US\$ 20,4 billion
Total	= US\$ 38 billion

1.2 Loan Approval By Government

Time Bank awaits approval of the loan proposal by Government, and hopes that it will be approved accordingly.

2. Legal and Moral obligations

There are legal and moral obligations to pay the above -mentioned compensations, in an inclusive manner, to all the 10 groups of people. The number of groups of people or the exact amounts of compensation for each group are subject to an agreement between Government and the particular group.

3. The Biblical Golden Rule.

The Biblical Golden Rule of;

"Do Unto Others As You like Them To Do Unto You " (Matthew 7 Vs 12)

(with emphasis added), gives a good justification for the payment of such compensations to all the 10 groups of people, in an inclusive manner.

4. Zimbabwean Foreign Debt Resolution

Time Bank's loan proposal to Government is subject to the negotiations between Government and Foreign lenders being successful, on the resolution of the Foreign Debt Crisis, and **Time Bank's loan proposal is intended to be part of such resolution of the Foreign Debt crisis.**

5. The Loan Proposal Addresses Concerns Of IMF

Time Bank's loan proposal will also address the issues raised by the **International Monetary Fund (IMF)** in its public Press Statement of 25 October 2023, in that Time Bank's loan proposal will provide a clear path to foreign debt resolution, debt sustainability and it will also provide safety nets for vulnerable groups.

6. Homegrown Solution

The loan proposal is a homegrown solution which meets both local and international standards. The loan proposal will utilize local resources, including adding value to Zimbabwean products before selling or exporting them. Under the loan proposal there will be viable sources of repayment for such loans.

Zimbabwe has a huge potential to finance and repay such loans of US\$ 38 billion from local resources, especially when the value of such local resources is unlocked through value addition to our products before selling or exporting.

7. Local and International Standards For Compensations Under Land Reforms

In terms of certain local and international standards, all the **indigenous Zimbabweans** whose land was acquired by the State **before 1980**, and all the **Previous Farm Owners** whose land was acquired by the State **after 1980**, under the different types of Land Reforms, are supposed to be paid compensations for both land and improvements in an inclusive manner, in order to avoid violation of property rights and unintended consequences. Payment of such compensations in an inclusive manner avoids violation of property rights which both local and international investors are concerned about, and hence it will also improve confidence of both local and international investors in Zimbabwe. However, Time Bank takes note that there are restrictions in the Constitution of Zimbabwe and that Time Bank cannot change such Constitutional restrictions. Hence Time Bank makes the proposal stated below in order to achieve the same objective of paying compensations for both land and improvements without violating such Constitution.

7.1 Compensations to PFOs of US\$ 3.5 billion for Improvements and US\$ 3.2 billion for land

a) Time Bank proposes to provide a loan to Government of US\$ 3,5 billion for purposes of paying compensation to Previous Farm Owners for improvements, in terms of **Section 295 (3)** of the Constitution of Zimbabwe and the Global Compensation Deed (**GCD**) agreed to by Government and the PFOs.

b) However, Time Bank understands that apart from the agreement on the Global

Compensation Deed for US\$ 3,5 billion for improvements, Government and the Previous Farm Owners (PFOs) have a **second agreement** under which Government agreed that the PFOs can raise funds from donors and settle the compensations of **US\$ 3,2 billion** for land without obligation to Government.

In view of such second agreement and the need to improve the confidence of local and international investors in Zimbabwe, Time Bank intends to provide appropriate banking solutions and assist the PFOs where possible to raise such donations for purposes of paying compensations for land without obligation to Government, as agreed in such second agreement.

(c) Thus, under Time Bank's loan and donation proposals the total compensation to Previous Farm Owners whose farms were acquired after 1980 will be US\$ 6,7 billion made up of US\$ 3,5 billion for farm improvements and US\$3.2 billion for farmland acquired by Government under the land reform programme, as stated above.

7.2 Compensations to the First Group of Indigenous Zimbabweans of US\$ 10 billion

a) Time Bank proposes to provide a loan to Government of US\$ 10 billion for purposes of paying compensations to the First Group of Indigenous Zimbabweans whose land was acquired by the State under the land reforms that were done **before 1980**. The people who were given land after 1980 under the land reform program are not necessarily the same people who owned such land before the pre-1980 land reforms or descendants of such people. Furthermore, not every Zimbabwean was given land under the land reforms done both before and after 1980. Hence there is still a need to compensate those whose land was acquired by the State during the period before 1980 as stated below.

b) It is worth noting that the value of the land which was acquired by the State before 1980 is far more than US\$ 10 billion because such land included minerals underneath it, compared to agricultural land without minerals beneath it which was acquired **after 1980**. Although the amount of US\$ 10 billion is relatively small compared to its value as stated above, however, for purposes of progress it can be the settlement amount of the compensations to such first group of indigenous Zimbabweans.

c) After such inclusive payment of compensations to both PFOs and the first group of indigenous Zimbabweans the issues of compensations for land acquired under the different types of land reforms in Zimbabwe, both before and after 1980 will be closed, and a new chapter will be opened.

7.3 International Practice

Internationally, it is accepted that if the intended beneficiaries of compensation cannot be identified, due to the passage of time and lack of historical written records, the compensation can be paid to community institutions which benefit many people regardless of their background. Therefore, Time Bank proposes that the above-mentioned compensations of **US\$ 10 billion** meant for the First Group Of indigenous Zimbabweans be paid as follows; **US\$ 3 billion** will be used to set up a **Social Welfare Fund**; **US\$ 3,5 billion** will be used to pay compensations to Veterans of the Liberation Struggle in line with international practice and United Nations guidelines on Veterans Compensation Funds; **US\$ 2,5 billion** will be used to set up a **Venture Capital Fund** and **US\$ 1 billion** will be used to set up various funds including the **Financial Inclusion Fund** for other groups of people as stated above.

a) A Social Welfare Fund of US\$ 2,5 billion.

Under the proposed Social Welfare Fund people in extreme poverty including widows, orphans, minor children, and unemployed people, will be paid a monthly allowance of at least US\$100 per month regardless of their background and such monthly allowance will be subject to future reviews. **A Trust, which is separate and independent of Time Bank, can be set up to manage the Social Welfare Fund.** Later on the State can takeover the management and funding of the Social Welfare System after it has been set up as stated above. The Social Welfare System will address the **long term negative effects** to the ordinary Zimbabweans, of the past land reform programs which were done both **before** and **after** the 1980 independence in Zimbabwe.

b) A Social Welfare System Also Has Economic Importance

A Social Welfare System also has an economic importance.

i) It increases the size of the domestic market, among other things, as more people will have purchasing power. A big domestic market is good for economic growth, employment creation and it also increases opportunities for both new and existing business to thrive and grow into big companies. Furthermore, some Foreign Direct Investments (FDI) can only be invested in a country if it has a big domestic market.

ii) A Social Welfare System also enables Import Substitution Industrialisation (ISI) to take place and reduce foreign currency outflows on imports, because the big domestic market resulting from the Social Welfare System can sustain ISI projects.

c) Veterans Of the Liberation Struggle Compensations of US\$ 3,5 billion

After Time Bank's first publications of its loan proposal to Government as stated above, the **Veterans of the Liberation Struggle**, hereinafter referred to as "Veterans", wrote to Time Bank and requested to be included as one of the groups of people to be paid compensation under Time Bank's loan proposal. Time Bank agreed to include the Veterans as one of the groups of people to be paid compensation under Time Bank's loan proposal of **US\$ 38 billion**, provided: that the Veterans also agree to support the payment of compensations to all the 10 groups of people including Previous Farm Owners, Pensioners, Ex-Farm Workers of PFOs and beneficiaries of the Social Welfare Fund, among others, in an inclusive manner and that Time Bank's loan proposal remains non-political. Time Bank also took into account both the importance of inclusivity on the payment of such compensations and the international practices in many countries including the United Nations guidelines on Veterans compensations. Furthermore, Zimbabwe as a country has more than enough resources to pay such compensations of **US\$ 38 billion** in an inclusive manner.

d) Trust Funds and Venture Capital Fund

The above-mentioned Trust Funds, namely Social Welfare Fund, Venture Capital Fund, Research and Development (R&D) Fund, Climatic Change Adjustment Fund, Critical Skills Development Fund and Financial Inclusion Fund, will be separate and independent from Time Bank or Government but the Trust Funds will be audited by independent auditors. The above-mentioned Venture Capital Fund of US\$2.5 billion can be leveraged to raise more than US\$10 billion (financial gearing of more than four times) from local and international financial markets; and be able to finance projects from both young and old Zimbabwean entrepreneurs, including projects for value addition for the country's exports.

8 An Inclusive Modern Economy

A successful modern economy needs both a **free enterprise system** and a **social welfare system** to cater for both enterprising people and people in extreme poverty or vulnerable people, among other people, regardless of their background. It must be a **mixed economy** with strong aspects of a **free enterprise system** and a **social welfare system** among other things. With such an inclusive economy it will be easier for any country to establish an acceptable and sustainable social contract, which can drive the economic development of the country with the confidence of both local and international investors.

9. Investors' Confidence

The payment of compensation in an inclusive manner, will increase confidence of both local and foreign investors in Zimbabwe, which will in turn improve the supply of foreign currency in Zimbabwe, and help exchange rate stability and macro-economic stability. Payment of compensations in an inclusive manner will drive economic development.

10. Independent And Privately Owned Bank

Time Bank is an independent and privately owned bank. Time Bank is not owned by Government or by any political party. Hence, Time Bank's loan proposal is based on business viability, and is independent of any political party. The loan proposal is a private sector initiative to improve the business environment through such impact investments.

11. Increase in the Size of Market

Time Bank re-opened on 27 October 2022 after 18 years of closure. After such re-opening, Time Bank had to make a decision on two strategic options namely;

- a) To regain market share from the existing market by fighting to regain its previous clients from other banks or;
- b) To increase the size of the market for everyone, and gain its market share from the "increase" in the size of the market.

Time Bank opted for the latter option, of increasing the size of the market for everyone. In this regard Time Bank's loan proposal to Government is intended to increase the size of the market.

The 10 groups of people to be paid compensations under Time Bank's loan proposal can become viable markets which will constitute an increase in the size of the market.

Hence, such increase in the size of the market can benefit many people including Time Bank, other banks, financial institutions and ordinary companies also through syndicate loan facilities which Time Bank intends to arrange, after approval of the loan proposal by Government.

12. Viability of Loan Proposal

Further details of the loan proposal including sources of loan repayments, viability of the loan proposal, its structure and the implementation matrix, will be advised to the public in due course, after approval of the loan proposal by Government, but before its implementation in line with the constitutional requirements for transparency.

13. Pilot Scheme, Second Compensation Scheme and Third Compensation Scheme

a) The loans to finance the payment of compensations of US\$ 38 billion will be done in 4 phases namely, **Pilot Scheme, Second Compensation Scheme, Third Compensation Scheme and Fourth Compensation Scheme.**

b) Time Bank will begin by mobilising local resources of up to **US\$ 1 million** and finance a **Pilot Scheme** for the payment of compensations to PFOs. Under the Pilot Scheme, Time Bank will purchase Treasury Bonds from PFOs at a very small discount, on the basis of **Willing Buyer Willing Seller**, as a normal Secondary money market transaction, and at the risk of Time Bank. The purpose of the Pilot Scheme is to demonstrate viability of Time Bank's loan proposal "**proof of concept**".

(c) After successfully financing the Pilot Scheme with its own resources, Time Bank will leverage on the success of the Pilot Scheme to raise more financial resources from both Local and International Financial Markets; as well as arrange syndicate loans of **US\$ 38 billion** to Government, for the purposes of financing the **Second Compensation Scheme** for PFOs of **US\$ 3,5 billion** and a **Third Compensation Scheme of US\$34,5 billion** for the other 9 groups of people who also deserve compensations.

(d) The Fourth Scheme will be financed by donors without obligation to Government and as mentioned above Time Bank intends to assist in raising such donations.

(e) The above-mentioned last 3 phases can overlap.

14. Settlement Of Compensations Through Treasury Bonds

a) The loans will be disbursed in tranches until the compensations to all the 10 groups of people are settled.

b) Under the loan proposal Government will borrow through Treasury Bonds, under a structured loan, and use the Treasury Bonds to settle the compensations, such that on one hand the beneficiaries of compensation **do not suffer huge discounts** on the Treasury Bonds when they resell the Treasury Bonds on the market, and on the other hand Government will have **viable sources of repayment** of the loan which will not rely on increasing taxes to the current tax payers or borrowing from the Central Bank.

(c) The beneficiaries of compensations will sell their Treasury Bonds to Time Bank or to a syndicate of investors arranged by Time Bank at a very small discount rate so that the recipients of compensations receive better value for the Treasury Bonds.

15. Investments in Treasury Bonds

The investment in Treasury Bonds under Time Bank's loan proposal will be attractive to investors because such investment will be part of an Investment Scheme which will have other benefits apart from interest rates or discount rates.

16. The Loan Proposal is Non-Political

The Loan Proposal is non-political. Time Bank can work with anyone who is interested in the financing of the payment of compensations to the above mentioned 10 groups of people. The loan proposal is a normal business which is capable of giving good returns to investors.

17. Syndicate Loans

After approval of the loan, Time Bank intends to arrange Syndicate loan facilities, where other banks, companies and other investors will participate on such Syndicate loans together with Time Bank, subject to the necessary agreements being signed for such Syndicate Loans. Thus, the syndicate members will be both local and foreign investors, including banks or companies or investors, who have capacity to carry out such investments.

18. Sources of Money for the Loan

For purposes of clarification, Time Bank does not have such amount of US\$ 38 billion on its Balance Sheet and does not need to have such money on its Balance Sheet on day one. Instead, Time Bank has the organizational capacity to arrange such a loan facility for Government as syndicate loans including mobilizing financial resources and structuring such loans to ensure viable loan repayments.

The role of a bank, both locally and internationally, is to mobilise resources from surplus areas and give it to deficit areas.

19. The Loan Will Not Disturb Macro-Economic Stability

a) The loan proposal will not disturb macro-economic stability or cause inflation or cause crowding out effect (high interest rates) or worsen foreign currency shortages or cause an increase in the tax burden of current taxpayers.

b) Furthermore, under the loan proposal, there will be no monetary outlay by Government now or in future, outside the normal budgets approved by Parliament.

(c) Under the loan proposal Government will not borrow from the Central Bank during both the **disbursement** or **repayment** of the loan.

d) Hence the loan proposal will not disturb or contradict the Monetary Policy. The loan will be turned from being a financial burden into an **economic stimulus** which will stimulate economic growth, especially economic growth with equity of Zimbabweans, as well as **increase confidence** of both local and foreign investors in Zimbabwe.

20. Parliamentary Approval

The Loan will be subject to approval by the Parliament of Zimbabwe in line with Constitutional requirements. Hence the loan will be provided transparently and will also be subject to public scrutiny before its implementation.

21. Cost-Benefit Analysis

The benefits to the country of paying such compensations in an inclusive manner **outweighs** the costs of such compensations, from a **cost – benefit analysis**.

22. Patent and Copyrights

Time Bank's Loan Proposal, including the related business methods mentioned therein, is protected by a Patent and Copyrights.

23. Contact Details

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