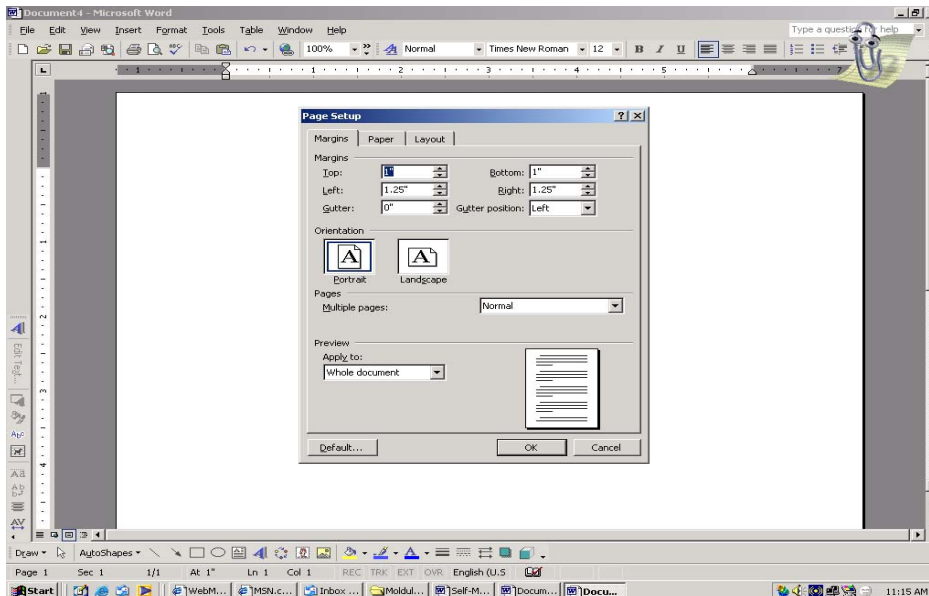


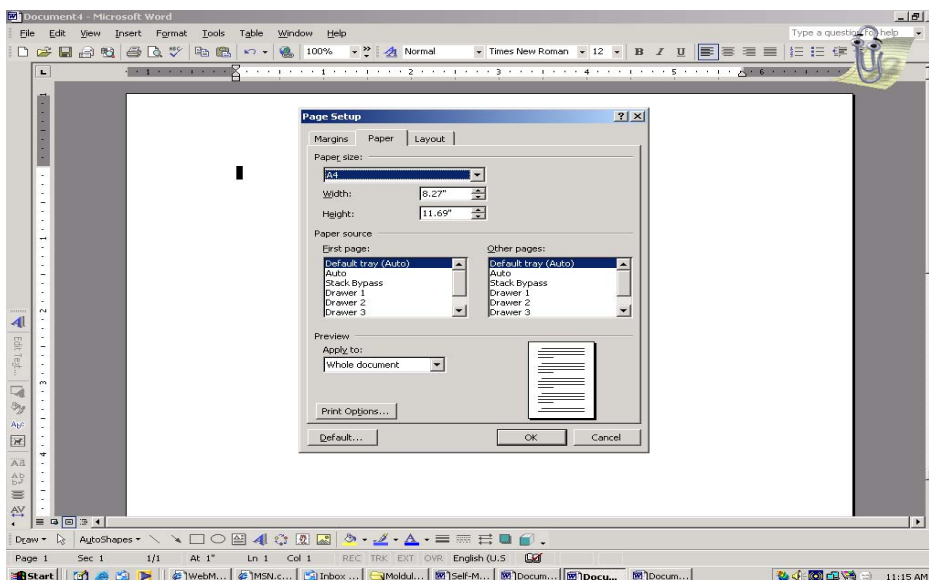
**Assignment guidelines:**

1. Typewritten, size 11 Times New Roman, align left
2. Headings used , size 14 Times New Roman font, Bold
3. Unit Standard Number and title on the left side and student name on the right side of header (View, Header and Footer)
4. Pages numbered on the bottom right (Insert, Page Numbers, Bottom of Page, Right)
5. Page set up as below

Margins: Top 1", Bottom 1", Left 1.25 ", Right 1.25 ", Portrait

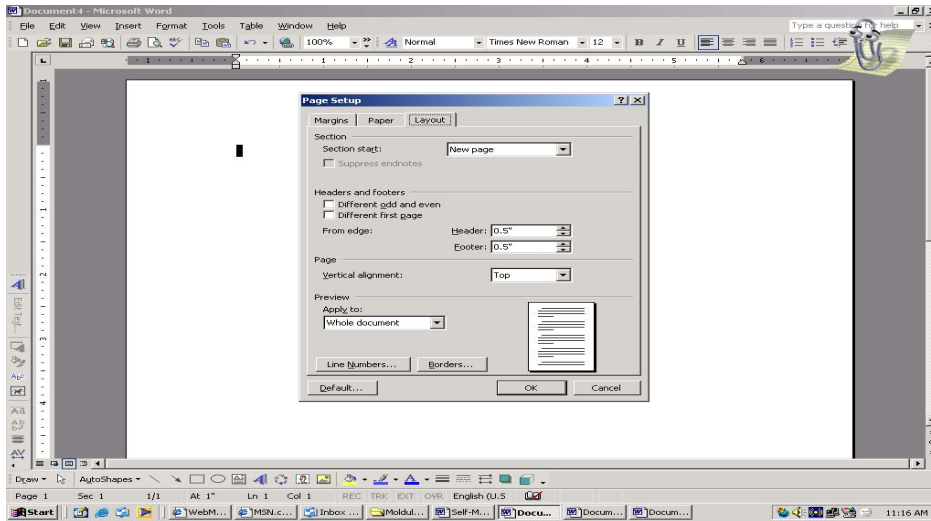


Paper size A4,



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Layout: Header 0.5 “, Footer 0.5 “



6. Spelling and grammar checked used
7. Print two sided to save paper

Assignments without above followed guidelines will not be taken for marking and cut and past from the internet will not be tolerated.

## **Think Bollard's got it tough? Meet Gono**

Zimbabwe's central bank Governor, Gideon Gono, holds one of the toughest jobs in the world.

The man charged with steering Zimbabwe's monetary policy amid a deep economic crisis widely blamed on his boss, President Robert Mugabe, speaks with an almost evangelical fervour about a mission many analysts say looks impossible.

He rejects suggestions he is condemned to fail in his bid to pull the southern African nation from the brink of economic ruin.

He also has shown a willingness to buck consensus and adopt policies that sometimes put him at odds with foreign investors and international experts who have proposed a vast array of remedies to fix Zimbabwe's sinking economy.

In a monetary policy statement delivered mid-week, Gono surprised markets when he held interest rates steady at a whopping 500 per cent. He kept the official exchange rate of the Zimbabwean dollar unchanged, despite expectations of a rate hike and devaluation.

New Zealand's Reserve Bank Governor Alan Bollard could take comfort from Gono's predicament as he struggles to keep a lid on the official cash rate, which he held last week at 7.25 per cent.

And as he fights to maintain inflation at under 3 per cent, Zimbabwe's inflation has soared to a record 1281 per cent.

"[This year] will see Zimbabwe facing unprecedented fiscal and monetary constraints," Gono said.

"If no action is taken and we maintain the status quo, the outlook will see inflation rising significantly. The inflation dragon will swallow our economy in ways never seen before.

"We need to agree on how to beat the dragon. Countries like Germany, Brazil, Israel and Bolivia have all been through what we are going through in times of trouble."

Some believe Gono, widely seen as an affable but acerbic figure, is trying to build a political career on his push to revitalise Zimbabwe's economy. He dismisses any such ambitions.

"My domain is not that of politics, so I cannot speak about who is doing what for what," Gono said.

Despite his denials, Gono is seen as a contender to take over as a prime minister under possible constitutional changes that could see Mugabe give up some executive powers.

Drazen Milosevic

The shift of responsibilities is designed to give the embattled Zimbabwean President a dignified exit, say insiders with Zimbabwe's ruling ZANU-PF party.

The party has adopted a plan to extend Mugabe's tenure by two years to 2010 to "harmonise" presidential and parliamentary elections. Top officials say Mugabe, 82, may emerge from the process as a figurehead and slip quietly into retirement.

But Mugabe and Gono remain in the spotlight for now as Zimbabwe's economy crumbles.

The World Bank says the country has the fastest shrinking economy outside a war zone after eight years of recession. Its beleaguered people are saddled with the highest inflation rate in the world, 80 per cent unemployment and chronic shortages.

"We're losing between \$25 million and \$40 million a week through the smuggling of gold and diamonds," Gono said.

"Give me that money and I will stabilise the economy.

"We're in a war situation, a vicious economic war, but see only one conclusion and that is victory. We're prepared to swim crocodile-infested rivers, to endure the unendurable, to achieve our goals."

Gono is well regarded by the international financial community, and IMF officials privately say he is a pragmatist who could be more effective with greater political backing.

Gono, 47, was previously head of the Commercial Bank of Zimbabwe. He was appointed to lead the central bank three years ago and says he took the job because he relishes the challenge.

Gono sees Zimbabwe as a potentially very prosperous country, citing its huge but largely unexploited resources of gold, platinum, coal, chrome, copper and uranium.

"I would never have accepted this assignment if I believed that it cannot be done," Gono said.

"I am part of a team which believes that with unity, hard work, commitment and the full utilisation of all our resources, Zimbabwe can overcome its current problems and realise its real potential," he said.

Gono's challenge is to introduce measures to tame rampaging inflation and ease controls on an official foreign exchange market dwarfed by an illegal one where the US dollar is worth about 5000 Zimbabwean dollars - 20 times the official rate.

"The Zimbabwe dollar will remain at the current value until solid controls bring about change," Gono said.

"I have devalued the Zimbabwe dollar eight times since 2003 in the face of clear foreign currency setbacks, supply and demand issues, sanctions and the poor performance of our export sector. Now we need to get everyone to agree on what must be done before we devalue further."

Drazen Milosevic

"No amount of devaluation will lead to truck-loads or plane-loads of foreign currency coming into Zimbabwe."

Economists say any measures taken by Gono will almost certainly fail without political reforms.

When Gono came on board he had some success cracking down on errant bankers and tackling black market trade. Inflation initially fell, but analysts say he has been let down by the Government's loose fiscal policy and what they see as his own inconsistency.

They also maintain that while Gono enjoys Mugabe's confidence - many say Gono is the President's personal banker - he lacks the political muscle to steer the economy out of a freefall critics blame on skewed policies, including the seizure of white-owned farms for redistribution to blacks.

Critics say Mugabe's unwillingness to compromise on his controversial policies and his tendency to confront Western powers have left his central bank boss unable to attract foreign investment from outside Asia, Russia and the Middle East.

Gono routinely dismisses questions about his relationship with Mugabe and senior government officials or suggestions he is kept on a short leash.

"I think that's a divisive approach, and very patronising. I don't accept the argument that our leaders don't mean well for the country," he said.

### **Tough assignment**

Gideon Gono, 47, is the Governor of the Reserve Bank of Zimbabwe.

He started with ZimBank and later became the Commercial Bank of Zimbabwe's CEO. He was appointed to head the University of Zimbabwe Council and awarded himself an honorary degree.

Gono is related by marriage to President Robert Mugabe's wife, Grace.

Zimbabwe has the highest rate of inflation in the world at 1281 per cent.

Interest rates are 500 per cent. Countries like Germany, Brazil, Israel and Bolivia have all been through what we are going through ...