

## Finance Minister Mthuli Ncube drags feet on appointing independent auditors to check gold reserves backing ZiG currency

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*Finance minister Mthuli Ncube*

FINANCE Minister Prof Mthuli Ncube has dragged his feet in clarifying whether there are any independent auditors appointed to verify the reserves backing the just introduced ZiG [Zimbabwe Gold] currency.

The nation's sixth currency was introduced on April 5 2024 with the Reserve Bank of Zimbabwe claiming that it was backed by 2,5 tons of gold and US\$100 million cash.

The ZiG has advanced 1.6% on the official market but like its predecessor, it continues to face headwinds on the parallel market where it has so far waned by 20% since inception.

Speaking to Bloomberg on the sidelines of the International Monetary Fund's (IMF) spring meetings currently underway in Washington D.C, Prof Mthuli Ncube who was challenged to share details of independent auditors to verify the reserves stocks could not immediately do so.

"It's very important for the public to be confident about the existence of these reserves that are backing the currency. By law, we have put in place mechanisms that auditors should be able to audit the existence of this gold.

"We have a firm of auditors who audit the central bank in the first place so we will start from there or find someone else. Frankly, there is nothing to hide. We are happy to engage any auditor but that must be very important for the confidence factor," he said.

The remarks come at a time when many citizens and stakeholders locally and abroad have remained sceptical with many treating the shared stats with a pinch of salt. Ncube also defended the torrid time Zimbabwe is going through after highlighting that the currency challenges are currently a common continental problem.

“Most African countries and many others in emerging markets are facing trouble in stabilising their currencies. Everyone is trying to figure out how best they can stabilise their currencies to maintain competitiveness.

“In Zimbabwe, we have figured it out by making sure that our currency is linked to some reserves like gold, diamonds and also hard US\$. That’s how we have constructed it,” he said.

He reiterated that the newly introduced currency was crafted similarly to a currency board but without a fixed exchange rate and at the same time restricting it against volatilities through a firm asset backing.

He underscored that the nation was not returning to the gold standard and stressed the commitment to limit the issuance of the domestic currency and reserve money and only to increase it in line with base reserve assets.

“Part of my job here this week has been to explain to the International Monetary Fund how this currency is structured. What gave birth to it? What are the issues and frankly they have given us some good advice along the way which I can’t share with the public.

“We worked very well with the IMF as we issued this currency but we are aware that there are certain issues they want us to strengthen,” he said.

He added that the level of the exchange rate currently obtained in the markets is a very competitive one in the sense that it is ZiG13,56 to the US\$.

“That’s a competitive exchange rate that compares well with other currencies in the region like the SA rand, Botswana Pula the Kwacha and so forth”.

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