



ZIMBABWE

CHANGE IN REPRESENTATIVE RATE

September 2024

This paper on Zimbabwe was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed on September 9, 2024.

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Approved By
Bernard Lauwers

Prepared by the Finance Department in consultation with the African, Legal, and Monetary and Capital Markets Departments.

- 1. Zimbabwe introduced the Zimbabwe Gold in April 2024, replacing the Zimbabwe dollar.** In accordance with IMF Article IV, Section 2(a), regarding the obligations of members to notify the Fund of their exchange arrangements, Zimbabwe informed the Fund on April 29, 2024 of the introduction of a new currency called the Zimbabwe Gold. The Zimbabwe Gold is a structured currency which is anchored by a composite basket of foreign currency and precious metals held as reserves for this purpose by the Reserve Bank of Zimbabwe. Prior to the introduction of the Zimbabwe Gold, the Zimbabwe dollar was the currency used for operations and transactions between Zimbabwe and the Fund.
- 2. The procedure to establish the representative rate for the Zimbabwe dollar was established in December 2019.** The representative rate is used to value the Fund's holdings of Zimbabwe's currency in terms of the SDR. This rate is the midpoint between the buying and selling rates against the U.S. dollar as reported by the Reserve Bank of Zimbabwe.
- 3. With the introduction of the Zimbabwe Gold, a new representative rate is proposed, following consultation with the Zimbabwean authorities.** Staff consulted with the Zimbabwean authorities and pursuant to Rule O-2(b) of the Fund's Rules and Regulations, they notified the Fund that the daily representative exchange rate for the Zimbabwe Gold is the midpoint (average rate) between buying and selling rates against the U.S. dollar as reported by the Reserve Bank of Zimbabwe. In accordance with Rule O-2(c) of the Fund's rules and regulations, staff proposes that the Executive Board adopts the draft decision below on the new procedure to establish the representative rate for Zimbabwe's currency.

Proposed Decision

The following decision, which may be adopted by a majority of votes cast, is proposed for adoption by the Executive Board:

The Fund finds, after consultation with the authorities of Zimbabwe, that the representative exchange rate for the Zimbabwe Gold is the midpoint (average) between the buying and selling rates against the U.S. dollar as reported by the Reserve Bank of Zimbabwe.