

**LAPSE OF  
TIME**

EBD/19/47

November 25, 2019

To: Members of the Executive Board

From: The Secretary

Subject: **Zimbabwe—Change in Representative Rate**

Board Action:	Executive Directors' <b>consideration</b> on a lapse of time basis
Deadline to Request a Board Meeting, after which Proposed Decision Deemed Approved:	<b>Wednesday, December 4, 2019 12:00 (noon)</b>
Proposed Decision:	Page 2
Publication:	Not proposed, owing to market sensitivity
Questions:	Ms. Manno, FIN (ext. 38175) Ms. Mburu, FIN (ext. 38443) Ms. Saperstein, FIN (ext. 38737) Mr. Oliveira, FIN (ext. 38971)





## ZIMBABWE—CHANGE IN REPRESENTATIVE RATE

November 22, 2019

Approved By  
**Andrew Tweedie**

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

1. In accordance with IMF Article IV, Section 2(a), regarding the obligations of members to notify the Fund of their exchange arrangements, on July 15, 2019, Zimbabwe informed the Fund that Zimbabwe's domestic unit of account, the Zimbabwe dollar, has become the country's only legal tender.<sup>1</sup> Prior to the change to Zimbabwe's exchange arrangements, the U.S. dollar was the currency used for operations and transactions between Zimbabwe and the Fund.
2. Staff has consulted with the Zimbabwean authorities and pursuant to Rule O-2(b) of the Fund's rules and regulations, the Zimbabwean authorities notified the Fund that the daily representative exchange rate for the Zimbabwe dollar is calculated based on the midpoint between the buying and selling rates of the Zimbabwe dollar against the U.S. dollar as reported by the Reserve Bank of Zimbabwe (see attachment).
3. In accordance with Rule O-2(c) of the Fund's rules and regulations, staff proposes that the Executive Board adopt the draft decision below on the new procedures to establish the representative exchange rate for Zimbabwe's currency.

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<sup>1</sup> See *Zimbabwe—Exchange Arrangements—Update* (EBD/19/11, Supplement 1, 8/22/19).

## 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 dollar is the midpoint between the buying and selling rates against the U.S. dollar as reported by the Reserve Bank of Zimbabwe.

## Attachment I. Notification from Zimbabwean Authorities

Telegrams: 'MINFIN', Harare  
Telephone: 263-242 792918  
Fax: 263-4-792750  
Private Bag 7705  
Causeway  
Harare



Zimbabwe

Reference:  
**MINISTER OF FINANCE AND  
ECONOMIC DEVELOPMENT**  
Government Composite Building  
6<sup>th</sup> Floor, Block B  
Samora Machel Avenue  
Harare

15 October 2019

**Ms. Jane Mburu**

Deputy Division Chief  
Financial Operations and Reporting Division  
Finance Department  
The International Monetary Fund  
700 19th Street, N.W.  
Washington, D.C. 20431  
United States of America

Dear Madam Mburu

**RE: EXCHANGE RATE OF THE ZIMBABWE DOLLAR**

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

Please accept, Madam, the assurances of my highest consideration.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mthuli Ncube'.

Hon. Prof. Mthuli. Ncube  
**Minister of Finance and Economic Development and IMF Governor**

cc.

Dr. M. J. M. Sibanda, Chief Secretary to the President and Cabinet  
Mr. G. T. Guvamatanga, Secretary for Finance and Economic Development  
Dr. J. P. Mangudya, Governor of the Reserve Bank and IMF Alternate Governor  
Mr. Dumisani H. Mahlinza, Executive Director for the IMF, Africa Group 1 Constituency