

ZIMBABWE AND THE IMF

THE INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF), created in 1944, is an organization comprising 188-member countries. Its mandate is to promote global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

This is done in three ways:

- Keeping track of the global economy and the economies of member countries
- Lending to countries with balance of payments difficulties
- Providing practical support to members through technical assistance and capacity building

IMF RELATIONS

- Zimbabwe joined the IMF in February 1995; its quota with the IMF is currently SDR 707.800 million (\$497.6 million, about 0.17 percent of total)
- Quota subscriptions are a central component of the IMF's financial resources. Each member country of the IMF is assigned a quota, based broadly on its relative position in the world economy, a member country's quota determines its maximum financial commitment to the IMF, its voting power, and has a bearing on its access to IMF financing
- Zimbabwe cleared its SDR 79.5 million overdue financial obligations to the IMF in October 2016. Following the clearance of arrears to the IMF, the Board lifted the remedial measures relating to: (i) a declaration of non-cooperation, ii) a partial restriction on TA provision; and iii) ineligibility to the PRGT <https://www.imf.org/external/pubs/ft/scr/2016/cr16382.pdf>
- To benefit from a Fund program, Zimbabwe needs to resolve its arrears with the AfDB, the World Bank, and EIB; obtain financing assurances from bilateral creditors under the auspices of the Paris Club; and subscribe to a comprehensive and coherent macro-economic transformation program to restore macroeconomic stability, fiscal sustainability and to foster private sector-led growth.

COOPERATION WITH ZIMBABWE SINCE 2010

The annual Article IV Consultations are conducted on a regular basis with all member countries. The aim is to assess whether economic and financial policies are directed toward the objective of fostering economic growth in a low inflation environment.

TECHNICAL ASSISTANCE

The IMF continues to provide technical assistance to Zimbabwe and main areas are public finance management, statistics, revenue administration and financial sector stability. Beneficiary institutions are mainly the Reserve Bank of Zimbabwe, Ministry of Finance and Economic Development, Zimbabwe Statistics Office and the Zimbabwe Revenue Authorities.

STAFF MONITORED PROGRAMS (SMP)

Zimbabwe had two successful Staff Monitored Programs (SMPs) from April 2013-June 2014 and from October 2014–December 2015. An SMP is an informal agreement between country authorities and IMF staff to monitor the implementation of the authorities' economic programmes. SMPs do not entail financial assistance or endorsement by the IMF Executive Board.

The SMPs provided a coherent macroeconomic framework that supported the Government's efforts to promote inclusive growth. The objectives of the programs included to:

- Consolidate the fiscal position and create space for critical expenditures in infrastructure and social services
- Improve the external position
- Restore confidence in the financial sector
- Mobilise international support for resolving the country's external arrears
- Enhance the business climate, boost productivity and competitiveness, and build confidence

NORMALISING RELATIONS WITH CREDITORS

Zimbabwe is actively working on a process aimed at finding creative solutions to address its outstanding external arrears. To this end, it remains key that Zimbabwe's capacity to repay improves and that the country shows it can implement structural reforms that would raise the growth potential and improve Zimbabwe's external position over the medium term.

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