



## PRESS STATEMENT

### RESOLUTIONS OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 1 DECEMBER 2023

The Monetary Policy Committee (the MPC) of the Reserve Bank of Zimbabwe (the Bank) met on 1 December 2023 and deliberated on recent macroeconomic developments in the economy and the 2024 National Budget Statement presented by the Honourable Minister of Finance, Economic Development and Investment Promotion on 30 November 2023.

The MPC affirmed its commitment to complementing the pronounced fiscal measures which focused on domestic resource mobilisation amid global credit squeeze and increasing global borrowing costs. The MPC also committed to safeguarding the current macroeconomic stability by staying the course of tight monetary policy while taking measures to cushion the economy from the attendant global risks and El Nino effects.

The MPC noted the continued exchange rate and price stability obtaining in the economy despite the elevated emerging global risks. The MPC also noted the strong foreign currency generation capacity of the country as evidenced by a 2.3% increase in foreign currency inflows to US\$9.44 billion as at 31 October 2023, compared to US\$9.23 billion generated during the same period in 2022. The foreign currency inflows have been supported by Diaspora remittance flows which have consistently surpassed Foreign Direct Investment (FDI), portfolio investment and Official Development Assistance since 2009. Diaspora remittances alone contributed 16% of the country's foreign currency inflows as at 31 October 2023. Thus, the MPC underscored the need to leverage Diaspora remittances for development as part of a broader package of measures to cushion the economy from recurring global shocks.

Considering the prevailing macroeconomic environment, the MPC resolved:

- 1) to maintain the current Bank Policy rate at 130% and the Medium-term Bank Accommodation Facility interest rate for the productive sectors, including individuals and MSMEs, at 75%, which rates will be reviewed in line with inflation developments from time to time; and
- 2) to recommend that Government extends the fiscal and non-fiscal incentives for FDI to Diaspora investments in the country, given the primacy of Diaspora remittances in the economy.

The MPC noted that the requirement by Government in June 2023 that companies should settle an increased proportion of tax obligations on Quarterly Payment Dates (QPDs) in local currency created the much-needed demand for the local currency, which is critical in sustaining exchange rate and inflation stability. The MPC also underscored the need for Government to continue increasing the proportion of taxes settled in local currency to sustain the optimal mix of dual currencies.

Overall, the MPC remained committed to pursuing a tight monetary policy stance to safeguard the prevailing macroeconomic stability and ensure that inflation expectations remained anchored in the short to medium term.

**John P Mangudya**  
Governor  
4 December 2023