



PRESS STATEMENT

OPERATIONAL MODALITIES FOR THE MANAGEMENT OF THE SURRENDER PORTION OF EXPORT PROCEEDS

Further to the Press Statement issued by the Hon Minister of Finance and Economic Development on 29 May 2023 on the use of foreign exchange from the 25% surrender portion of export proceeds, the Bank wishes to advise the public that the management of foreign exchange from export receipts will continue to go through the normal banking channels with the Bank playing the pivotal statutory role of intermediation between banks and the Exchequer. In that regard, the Minister's Press Statement is not intended to change the statutory requirements or merge fiscal and monetary policy jurisdictions.

The essence of the new measures is that Government is now actualizing the provisions of the Finance Act No. 7 of 2021, which, *inter alia*, provide for the take-over of external loans on the Bank's books. Government will provide the local currency required to purchase foreign exchange from part of the surrender portion of export proceeds for the purposes of servicing the external loans assumed by the State. Government will alternatively use own foreign exchange resources to settle the said assumed foreign loans.

The Bank shall therefore ensure that all foreign currency arrangements, entered into by and between both local and foreign financial institutions and the Republic of Zimbabwe, are fully respected and loan obligations are serviced in accordance with the covenants of the respective underlying facilities or commitments. This will ensure financial system stability and that there are no disruptions in the financial markets.

The Bank shall meet the Bankers Association of Zimbabwe and the Accountant General to agree on ways to ensure that the modalities envisaged in the policy measures are seamless, flawless and in line with best practice.

John P Mangudya
Governor

31 May 2023