

Zimbabwe's Financial Ministry Switches to Foreign Currency

By Student World Assembly, studentworldassembly.org

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Zimbabwe's Finance Ministry Releases Plan to Revitalize Economy

HARARE, Zimbabwe (April 2, 2009) Zimbabwe's Ministry of Finance has been taking steps along with other sects of the government to revitalize Zimbabwe's decimated economy. Recently, one of those steps has been the adoption of the South African Rand and U.S. dollar to replace the Zimbabwe dollar. The switch is intended to help deal with the hyperinflation in Zimbabwe because of the lack of "hard currency". Due to extraordinary hyperinflation, Zimbabwe has been permitting licensed businesses to use foreign currency as the medium of exchange since January. However, many unlicensed businesses and street vendors have refused to accept the Zimbabwe dollar, because its value has been unpredictable and unreliable. The switch to foreign currency is one of the many efforts to reform Zimbabwe's economy since the power sharing agreement between President Robert Mugabe and Prime Minister Morgan Tsvangirai on September 15, 2008. The country currently has an unemployment rate of 80% and most of the population lives in poverty. Zimbabwe is also still recovering from its recent cholera epidemic and from economic sanctions that have not been lifted since the start of the unity government, as some expected they might.

The switch to foreign currency has been a positive change for many Zimbabweans, including SWA members there, but they are waiting to see what the changes will mean in the long run. Mxolisi Ndlovu, an advocate for SWA from Zimbabwe said "We have definitely felt the effects by the way of a positive change; the main advantage is that the people on the street can now afford to buy bread every day. However this means that the government has lost part of its sovereignty as they are unable to formulate any meaningful policies without consulting either RSA or USA."

The future of Zimbabwe is unclear, but there is a sense of hope from many Zimbabweans that their situations will improve. Mr. Ndlovu, who grew up on the South African border, said of his country, "there are a lot of opportunities in Zimbabwe, as we have the Victoria Falls, Great Zimbabwe ruins, Matopo Hills and Khami Ruins for the pleasure of tourists." Zimbabwe, which was once considered the 'bread basket of Africa', is now the 3rd poorest country in the world. Although steps are being taken in the right direction, the international community is waiting to see whether President Robert Mugabe has really changed his policy stances.

To access the re-alignment financial plan from Zimbabwe's Finance Ministry [click here](#)

To access the power sharing agreement [click here](#)

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