



# POLICY BRIEF

PRICE STABILISATION July 2024

## PREVIOUS GVT ACTIONS- YET LIMITED CHANGE

- Introduction of price controls in 2007 with 50% price cuts causing tensions between manufactures and Gvt.
- Introduction of a multi-currency system in 2009 with subsequent removal of import duties on basic commodities.
- A Forex auction was introduced in 2022 but closed in 2024
- Repeated changes in monetary policy since 2000 causing uncertainty and volatility in the market
- Inflation reached highs of 557% in 2020 ; most recent high of 167% in April 2024.

## RECOMMENDATIONS BY THE POLICY LAB

- Implement an inclusive, well-defined, monetary and fiscal policy, with clear regulations on monetary supply, interest rates and credit availability.
- Ensure ZIG is tradable and give free access to forex
- Utilize data on prices, market trends, and social vulnerabilities to inform policy decisions and ensure targeted interventions, avoiding blanket measures.
- Enforce fair market competition regulations and prevent monopolistic practices
- Promote local manufacturing and processing industries for long term growth through the refinement of the Zimbabwe National Infrastructure Development Policy (ZNIDP).
- Reduce the country's reliance on primary industries by diversifying the economy through ZNIDP.

## SUGGESTED ACTIONS BY STAKEHOLDERS

- The Ministry of Industry and Commerce should create policies friendly to domestic manufacturing and agriculture
- The Ministry of Finance and Investment Promotion should a) collaborate with RBZ to develop stakeholder-friendly policies, manage inflation, and address market distortions and b) reduce spending to minimise inflationary pressure through government activities
- The Competition and Tariff Commission should promote fair competition and reduce price gouging
- ZIMRA should ensure fair tax collection and increase the monitoring of imports to prevent smuggling.

## Overview

Zimbabwe has experienced repeated crises with price instability due to high inflation and exchange rate volatility. Citizens have highlighted *price instability* as a top concern impacting their communities and livelihoods.

[READ THE FULL VERSION OF THIS POLICY BRIEF HERE](#)

## Conclusion

By implementing these recommendations Zimbabwe can maintain price stability and achieve macroeconomic stability. Building trust and demonstrating political will can prevent inflation cycles and future economic downturns with the introduction of the ZIG.