ZIMBABWE

2024 MID-TERM BUDGET AND ECONOMIC REVIEW

"*Consolidating Economic Transformation*"

Presented to Parliament of Zimbabwe

By

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INTRODUCTION

1. The 2024 Mid Term Budget and Economic Review Statement seeks to give an update on fiscal and economic developments during the first six months of the year, as well as progress on the implementation of the 2024 National Budget which is running under the theme *"Consolidating Economic Transformation".*

2. The Review also provides the macro-fiscal economic outlook to year end and proposes measures to support the positive performance of the economy, notwithstanding the impact of the El-Nino induced drought.

3. This is in compliance with Section 298(1)(a) of the Constitution as read with section 7(2)(a) of the Public Finance Management (General) Regulations of 2019 and Section 2(1)(c) of SI 127A of 2021 (Public Finance Management (General) (Amendment) Regulations, 2021 (No. 1).

4. Notwithstanding the worst El-Nino induced drought to affect the country and the Southern African Development Community Region in general, the first six months of the year 2024 was characterised by positive economic developments in all sectors of the economy except agriculture. The agricultural sector is now projected to significantly contract on account of the El-Nino induced drought, which has

compromised output for all crops during the 2023/24 agriculture season.

5. The introduction of the new currency, ZiG, on 5 April 2024 has created price and exchange rate stability. Its broad acceptance by the public provides scope for establishing enduring macroeconomic stability, critical for sustainable economic growth in the medium-to long-term and the attainment of Vision 2030.

6. With the introduction of the new currency, recalibration of the 2024 National Budget becomes inevitable in order to meet accounting and other legal requirements, as well as address emerging challenges related to food insecurity.

Budget Transparency

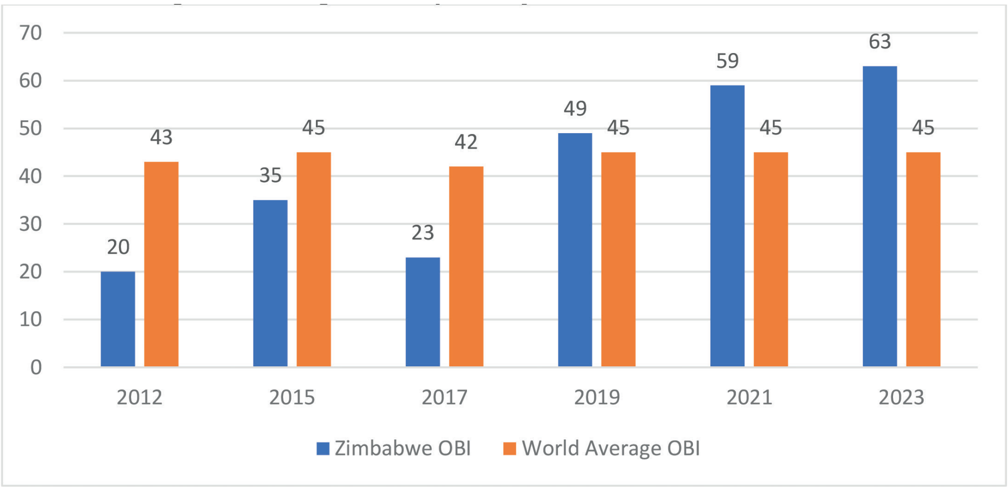
7. The formulation of this Review is also in line with international best practice of open budget preparation, execution and reporting, which promotes fiscal transparency and ensures inclusive public participation and oversight in public finance management.

8. Remarkable progress has been achieved in the area of budget transparency, reflected by steady improvements in the country's international rankings. According to the Open Budget Survey (OBS) 2023 results produced by the International Budget Partnership (IBP), Zimbabwe got an OBI score of 63 out of 100. This is an improvement

of 4 points from the 59 recorded in 2021, 18 points above the world average of 45.

9. This means that, Zimbabwe, together with 33 other countries with a score between 61 and 80, provides substantial information and gives citizens an opportunity to participate in the budgeting process.

Figure 1: Budget Transparency in Zimbabwe: 2012 - 2023

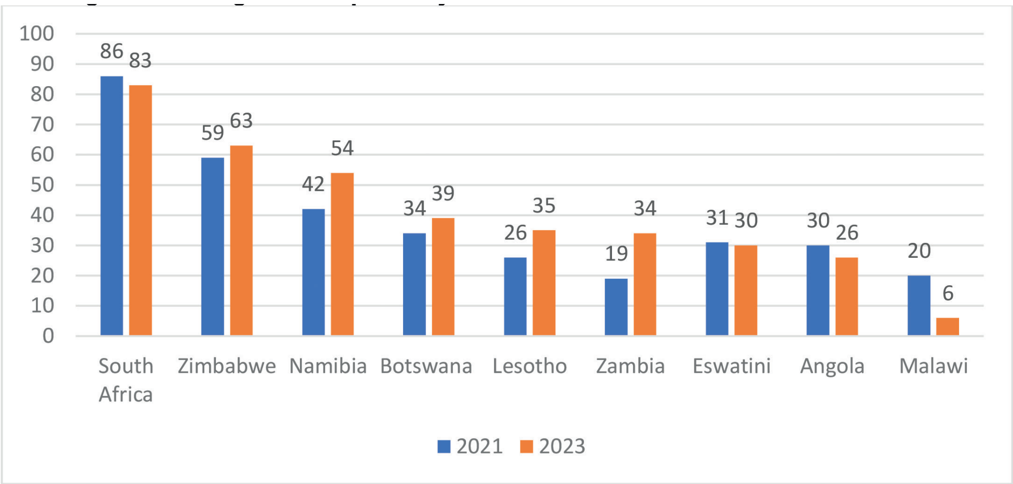


Source: 2023 Open Budget Survey, International Budget Partnership

10. The 2023 survey is the sixth round for Zimbabwe to participate in the OBS and the country has been steadily improving.

11. In Sub-Saharan Africa, Zimbabwe remained third ranked, after South Africa (ranked fourth in the world at 83) and Benin at 79. Zimbabwe jumped from the 41st world rank out of 120 countries in 2021, to 30th position out of 125 countries in 2023.

Figure 2: Budget Transparency in some SADC Countries: 2023 vs 2021



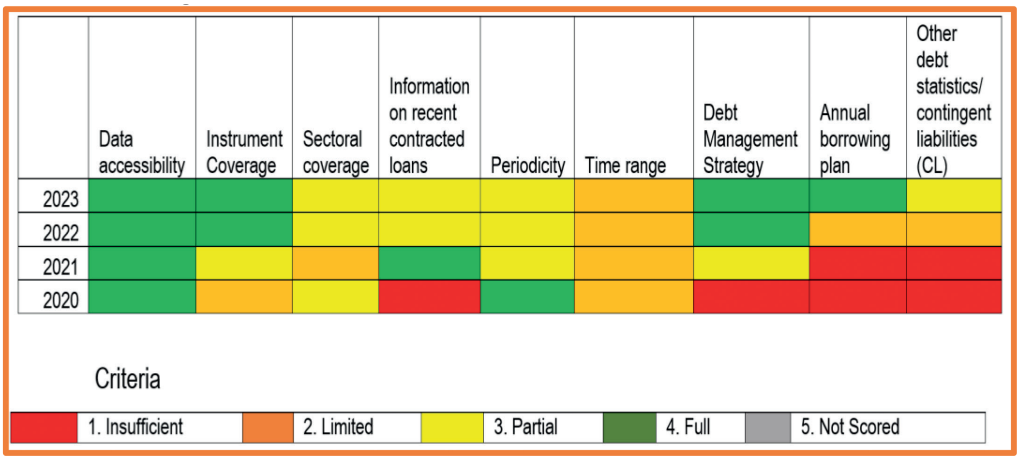
Source: 2023 Open Budget Survey, International Budget Partnership

12. The improvement in the country's performance is attributable to close collaboration with the United Nations Children's Fund (UNICEF), National Association of Non-Governmental Organisations (NANGO) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The Development Partners have continuously provided capacity building support to relevant public institutions that has enhanced a citizen participation in the budgeting process.

Debt Management Transparency

13. Similarly, in line with the Public Debt Management Act and prudent debt management, Zimbabwe has made significant progress in debt reporting and transparency moving from four red ratings out of nine categories in 2020, to no red ratings by 2023.

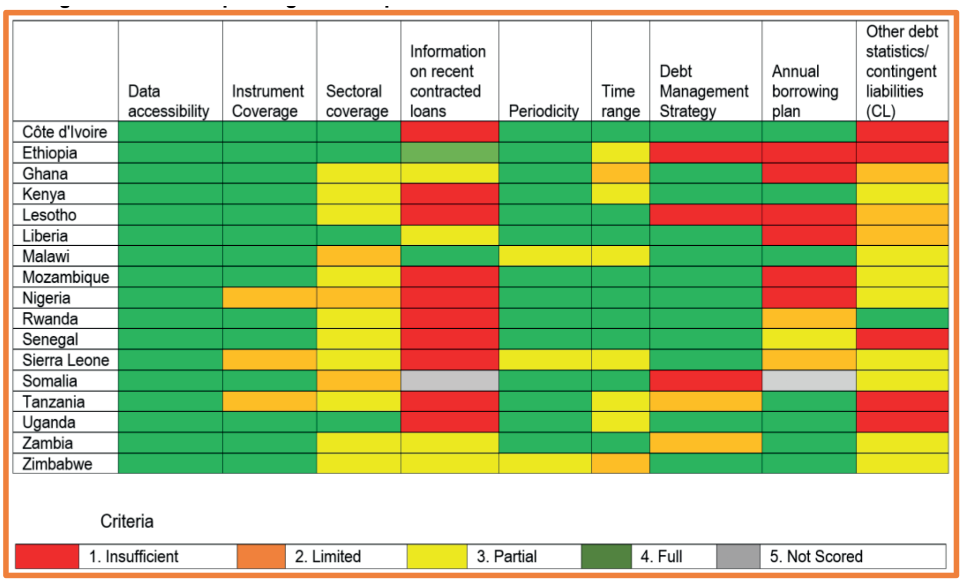
Figure 3: Debt Reporting Heatmap for Zimbabwe – 2020 – 2023



Source: World Bank

14. Out of the 39 rated countries in Sub-Saharan Africa, Zimbabwe is one of the seven countries with no red rating in all categories as at end of 2023 (World Bank Debt Reporting Heatmap, 2023).

Figure 4: Debt Reporting Heatmap for Zimbabwe and Other Selected Countries 2023



Source: World Bank

15. Going forward, Government will continue with comprehensive and regular reporting of public debt information to enhance fiscal transparency and accountability.

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

16. Global economic growth prospects have improved significantly, compared to the time of the 2024 National Budget formulation, on account of improved outlook, mainly from the advanced economies, combined with waning inflation pressures. However, declining international mineral prices continue to impact on the economies of developing countries.

17. On the domestic front, the EL-Nino induced drought has impacted on agriculture production, food security and power generation. In addition, low international mineral commodity prices are undermining output and export receipts, thereby compromising the country's balance of payments position.

18. Despite all these shocks, the domestic economy remains resilient with notable public and private investments that engender economic transformation in all the productive sectors.

Global Economy

19. In 2024, global economic growth is now projected at 3.2% according to the IMF World Economic Outlook Report of April 2024, compared

to the October 2023 projections of 2.9%. The growth projections were revised upwards on account of anticipated higher economic activity in the advanced economies, which are expected to grow slightly higher by 1.7% in 2024.

Table 1: Global Growth Estimates and Projections

	2023	Init 2024	Rev 2024
World	**3.2**	**2.9**	**3.2**
Advanced Economies	***1.6***	***1.4***	***1.7***
United Kingdom	0.1	0.6	0.5
Germany	-0.3	0.9	0.2
United States	2.5	1.2	2.7
European Union	0.4	1.5	0.8
Emerging Markets	***4.3***	***4***	***4.2***
China	5.2	4.6	4.6
India	7.8	6.3	6.8
Sub-Saharan Africa	***3.4***	***4***	***3.8***
Nigeria	2.9	3.1	3.3
South Africa	0.6	1.8	0.9

Source: IMF World Economic Outlook (April 2024)

20. Economic growth in the emerging markets and developing economies is, however, expected to moderate by 0.1% from 4.3% in 2023, to 4.2% in 2024, indicating the long-term effects of the COVID-19 pandemic, depressed domestic demand in China and the impact of geopolitical tensions, which is increasing the uncertainty.

21. The global economic growth projection in 2024 is, however, still lower than the historical average (2000-2019) of 3.8%, attributable to the effects of high central bank interest rates aimed at combatting inflation, withdrawal of fiscal support and low productivity levels.

Sub-Saharan Africa

22. The Sub-Saharan Africa economy, is now projected to grow by 3.8% in 2024, from the October 2023 projection of 4%. The downward revision was on account of the negative effects of weather shocks and supply chain bottlenecks.

Table 2: Selected Sub-Saharan African Economies GDP Growth (%)

	2023	Init 2024	Rev 2024
Sub-Saharan	**3.4**	**4.0**	**3.8**
Fuel Exporters	2.5	3.1	3.3
Nigeria	2.9	3.1	3.3
Angola	0.5	3.3	2.6
Middle-Income Countries	***2.6***	***3.3***	***3.2***
South Africa	0.6	1.8	0.9
Mauritius	6.9	3.8	4.9
Low-Income Countries	***5.4***	***5.7***	***5.4***
Ethiopia	7.2	6.2	6.2
Zambia	6.0	4.3	5.0
Malawi	1.6	3.3	3.3

Source: IMF REO April 2024 Update

23. Similarly, the real GDP growth of the Southern African Development Community (SADC) is now projected at 2.6% in 2024, a slight downward revision from the October 2023 projection of 2.7%.

Table 3: Selected SADC Countries GDP Growth Projections (%)

	2023	2024
Southern African Development Community	**2.2**	**2.6**
Botswana	3.2	3.6
Lesotho	1.9	2.4
Madagascar	3.8	4.5
Mozambique	6.0	5.0
Namibia	3.2	2.6
Eswatini	5.1	3.7
Tanzania	5.0	5.5

Source: IMF REO April 2024 Update

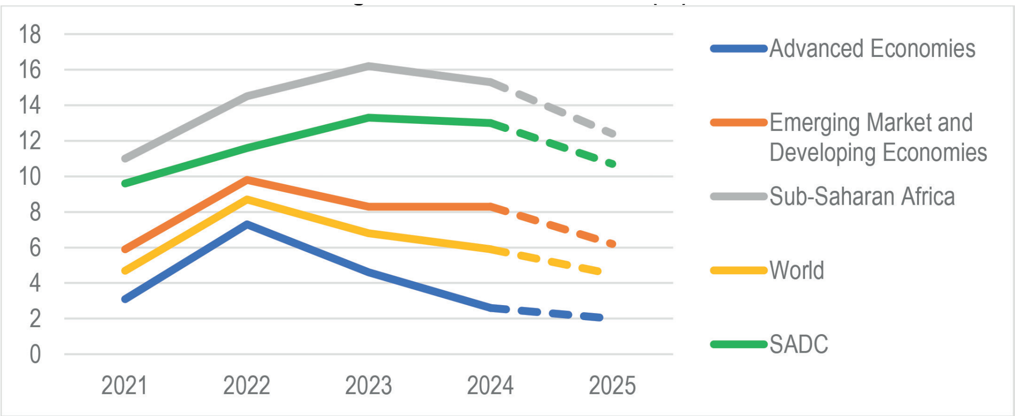
24. Despite the positive growth trajectory, the region continues to be impacted by global external shocks, including funding squeezes as governments grapple with financing constraints, growing debts and high borrowing costs. Furthermore, climate shocks including droughts and floods are becoming more frequent and severe.

25. South Africa, the region's biggest economy is projected to grow by 0.9% in 2024 on account of persistent electricity shortages and logistical bottlenecks at its ports and the railway systems. On the contrary, Nigeria's growth at 3.3%, is expected to slightly surpass the 2.5% growth recorded in 2023 on account of better performance of the oil sector.

Global Inflation

26. Global headline inflation is now projected at 5.9% in 2024, a 0.9% decline from 6.8% recorded in October 2023. The projected fall in global inflation is attributable to the impact of persistent tight monetary policies, the softening in labour markets and fading pass-through effects from earlier declines in relative prices, notably the price of energy, however, the effects differ from country to country.

Figure 5: Global Inflation (%)



Source: IMF: Datasets: April 2024

27. In advanced economies, inflation is expected to decelerate to an average of 2.6% in 2024, while in Sub-Saharan Africa, inflation is projected to moderate slightly to 15.3% by year end.

International Commodity Prices

28. The World Bank projects a decline in the commodity price index by 2.5% in 2024, compared to 2023. Prices are, however, projected to be about 38% above the pre-Covid 19 pandemic period, 2015 to 2019, on account of general firming of industrial activity and trade growth.

Table 4: International Commodity Price Indices Forecasts

	2023	2024 f
Energy	106.9	104.0
Non-energy commodities	110.2	107.9
Agriculture	110.9	109.4
Beverages	107.8	131.9
Food	125.4	118.5
Oils and Meals	118.9	110.2
Grains	133.0	118.0

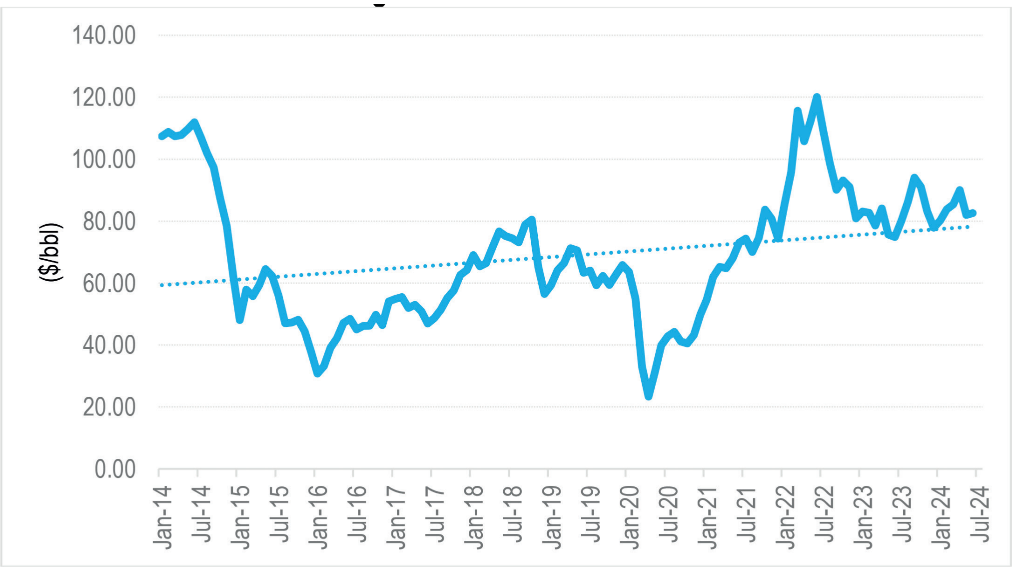
	2023	2024 f
Other food	127.2	129.8
Raw materials	77.1	75.8
Fertilizers	153.5	120.2
Metals and minerals	104.0	103.4
Base Metals	109.0	109.9
Precious Metals	147.3	158.9

Source: World Bank Commodity Markets Outlook; April 2024

29. The energy price index is expected to drop by 2.7% in 2024, due to the significant declines in coal and natural gas prices, assuming no further conflict escalation in the remainder of 2024. This will, therefore, result in edging down of energy price for the remainder of 2024, from the early April levels, as the recent risk premium increase abates.

30. Oil prices are, however, projected to increase this year, with the Brent crude price projected to average $84/bbl, up from $83/bbl in 2023, reflecting the recent ratcheting up of geopolitical tensions and a tight supply-demand balance.

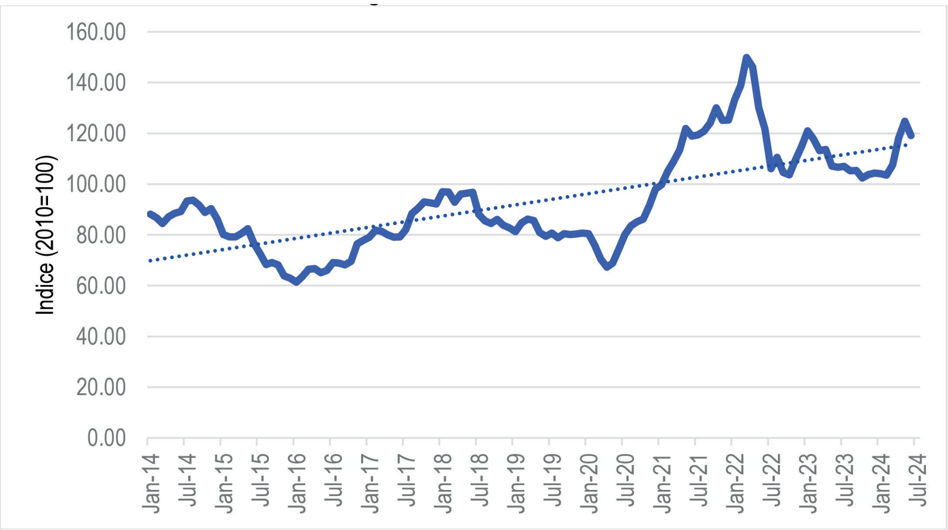
Figure 6: Brent Crude Oil



Source: World Bank Pink Sheets, July 2024

31. The base metal price index is projected to increase by 0.8% in 2024, on account of price increase for copper, tin and aluminium prices, reflecting a pick-up in global industrial activity and the growing production of clean energy.

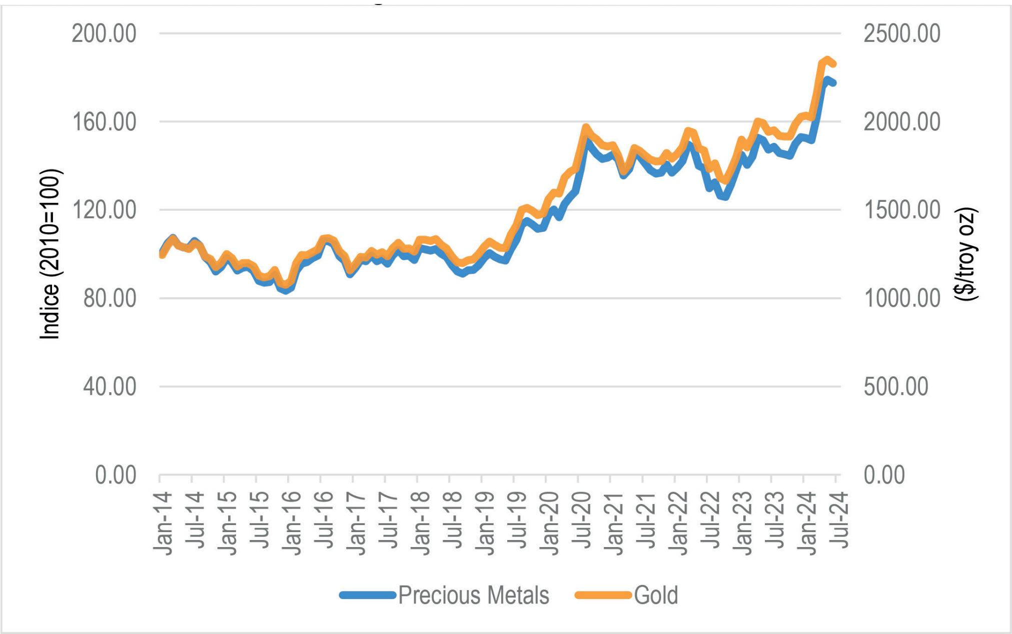
Figure 7: Base Metals



Source: World Bank Pink Sheets, July 2024

32. Precious metals price index is projected to improve by 7.9% in 2024, attributable to historical surge in gold prices, which dominate the precious metals index. Gold prices are expected to plateau at their recent record highs, in April 2024 for the rest of the year, on account of elevated geopolitical tensions and safe haven demand, amid policy uncertainty.

Figure 8: Precious Metals

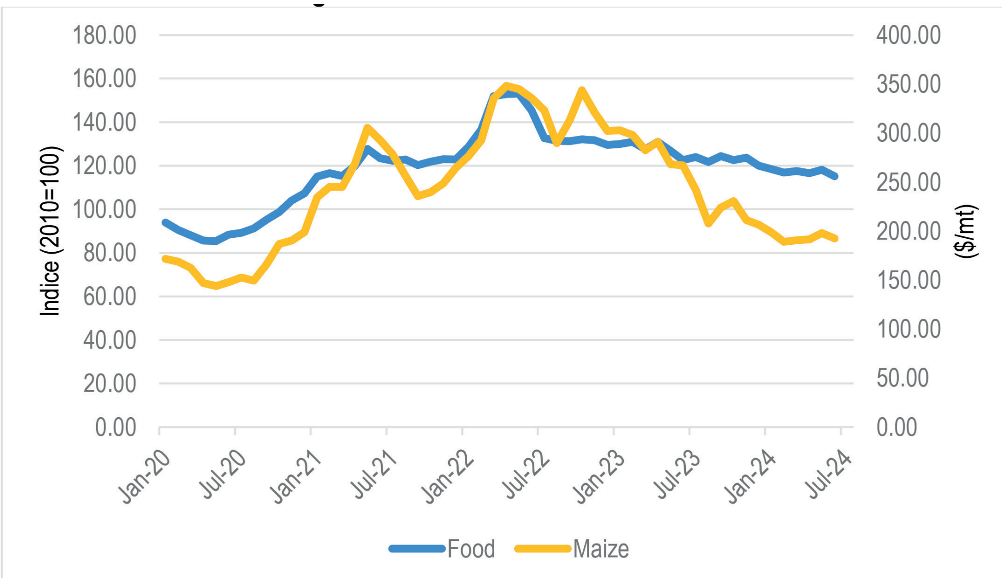


Source: World Bank Pink Sheets, July 2024

33. International food prices are now expected to decline by 5.5% in 2024, reflecting competitively priced maize offers from the Black Sea region, larger production in major exporters, and favourable prospects for the next harvest, with global maize production in the 2023/24 season expected to increase by 6% reaching an all-time high. Similarly,

depressed wheat prices are projected due to robust exports from Russia and Ukraine, the second highest global production on record in 2023/24.

Figure 9: International Food Prices



Source: World Bank Pink Sheets, July 2024

34. On the other hand, prices of agricultural raw materials are anticipated to decline with fertilizer prices now projected to register a sharp descent of 21.7%, attributed to improved production, supported by low prices of fertilizer inputs.

Domestic Economic Developments

35. The domestic economy is now projected to grow by 2% in 2024, 1.5% below the 2024 National Budget growth projection of 3.5% on account of the impact of the El-Nino induced drought, characterised by a historic dry spell, compounded by very high temperatures that undermined agriculture activity and output.

36. The positive economic growth will benefit from a resilient mining sector (+5.2%) and a robust service sector, particularly, accommodation and food services (+12%), information and communication (+11%), wholesale and retail trade (+5.8%) and financial and insurance activities (+5.6%).

Table 5: GDP Growth Rates (%)

	2023 Est	2024 Budget Proj.	2024 Rev Proj
Agriculture, Hunting, Fishing	6.3	-4.9	-21.2
Mining and quarrying	5.3	7.6	5.2
Manufacturing	2.1	1.6	2.5
Electricity,	-3.7	17.4	3.1
Water supply; sewerage	-4.7	3.7	5.0
Construction	6.8	3.4	6.2
Wholesale and retail trade	6.6	4.2	5.8
Transportation and storage	10.0	4.4	5.6
Accommodation and food service	26.4	6.9	12.0
Information and communication	16.1	4.8	11.0
Financial and insurance activities	2.4	4.5	5.6
Real estate activities	0.3	2.7	4.0
Professional, scientific	0.9	3.7	0.4
Administrative and support service	1.6	0.9	2.2
Public administration & defence;	3.1	0.9	4.6
Education	6.8	4.8	2.9
Human health and social work	2.4	5.6	5.5
Arts, entertainment and recreation	1.2	6.5	1.7

	2023 Est	2024 Budget Proj.	2024 Rev Proj
Other service activities	2.2	0.8	2.8
Domestic Services	0.5	2.9	0.8
Overall Growth	**5.3**	**3.5**	**2.0**

Source: MoFED & IP, RBZ, ZIMSTAT, ZIMRA

37. The revised 2024 GDP projection of 2%, is underpinned by the following assumptions:

- Depressed global economic activity – global economy is projected to record subdued growth of 3.2%, with a negative impact on the demand for mineral commodities;
- Low international commodity prices (except for precious minerals, especially gold) – softening demand of mineral commodities, especially by China the major consumer;
- Stable inflation and exchange rate – low inflation and stable exchange rate anchored by the new asset backed currency the ZiG; and
- Steady power supply environment– firm electricity production at Hwange Units 7 and 8, low but stable electricity generation at Kariba Hydro Power Station and solar energy IPPs.

38. This growth projection is, however, subject to upside potential as wheat output during this winter season could be higher than projected. This has the potential to reduce the contraction of the agriculture sector and ultimately improve the overall GDP outcome for this year.

Sectoral Developments

39. Almost all sectors of the economy, are expected to record positive economic growth in 2024 except for the agriculture sector, which is expected to significantly contract on account of severe drought which compromised crop production during the 2023/24 agriculture season.

Agriculture

40. The agriculture sector is now projected to contract by 21.2%, down from -4.9% initially projected, mainly on account of severe than anticipated impact of the El-Nino induced poor rainfall outturn for the 2023/24 summer cropping season.

41. The late onset and unreliable rains during the first six months of the season impacted negatively on planting activities, resulting in a 6% decrease in total area planted during the 2023/24 season from 3.8 million hectares to 3.6 million hectares. Furthermore, the long dry spells and high temperatures across the country during the mid-season, caused severe moisture stress, wilting of crops and significant crop failure in most areas.

Table 6: Agriculture production (000 tonnes)

	2024 Budget Proj	2024 Rev Proj
Overall Growth (%)	-4.9	-21.2
Tobacco (flue-cured)	300	236
Maize	1100	634
Beef	109	120
Cotton	90	40
Sugar cane	4650	4230
Horticulture	100	110
Poultry and Ostriches	170	182

	2024 Budget Proj	2024 Rev Proj
Groundnuts and Roundnuts	112	21
Wheat	400	400
Dairy	116	132
Soybeans	108	69
Pork	18	15
Wildlife and fisheries	32	35
Sorghum, Rapoko and Millet	217	100
Barley	42	42
Sheep and goats	10	10

Source: MoFED & IP, RBZ, ZIMSTAT & MoLAWFRD

42. According to the Second Round Crops, Livestock and Fisheries Assessment (CLAFA-2), maize output is projected at 634 699 tonnes, while traditional grains are estimated at 109 572 tonnes, during the 2023/24 agriculture season. This brings the total national grain production to 744 271 tonnes, 77% below the production levels achieved in the 2022/23 agricultural season.

43. This is against the background of national grain requirements of 2.2 million tonnes for human, livestock consumption and the strategic grain reserve. In this regard, Government is in the process of importing 300 000 tonnes of grain for the vulnerable population, as part of its food mitigation program for the 2024 fiscal year. The private sector is complementing Government efforts by importing the balance.

44. Growth prospects of the sector and food security situation, however, may improve on account of higher wheat output than expected during this winter wheat season considering the huge area planted of 121 000 hectares against a target of 120 000 hectares.

Rural Development 8.0

45. Government is implementing Rural Development 8.0, a package of interventions designed to transform rural communities. Focus is on increasing agricultural output, value adding the produce and upscaling local economic opportunities that increase household incomes and lift them out of poverty, for the attainment of Vision 2030 underpinned by the following 8 interventions:

- Presidential Climate Proofed Input Scheme - Providing support to 3 million rural and 500 000 peri - rural beneficiaries, with region-specific input packages (seed, fertilizers and chemicals);
- Presidential Climate - Proofed Cotton Scheme – providing cotton inputs (seed, fertilizers and chemicals) to cotton growers targeting 520 000 beneficiaries;
- Presidential Blitz Tick Grease Scheme - Complements the intensive cattle dipping programme to eliminate debilitating tick-borne diseases by availing tick grease to one million cattle-owning households;
- Presidential Rural Development Programme - This flagship Scheme targets to build resilient rural communities by establishing 35 000 Village Business Units (VBU), 4 800 youth business units and 9 600 school business unit;
- Presidential Community Fisheries Scheme - Aimed at improving access to affordable protein at household level while enabling commerce through the establishment of village and schools fish ponds, two per village/school;

- Presidential Poultry Scheme – By providing 3 million rural beneficiaries with 10 free range chicks each, all together 30 million chicks.
- Presidential Goat Scheme - The Scheme aims to climate-proof livestock production through the distribution of goats of improved local genetics across the country; and
- Presidential Vision 2030 Accelerator Model - The transformation of rural irrigation schemes into viable Irrigation Scheme Business Units (ISBU) managed by the Agricultural and Rural Development Authority (ARDA).

Irrigation Development

46. Climate proofing agriculture and ensuring food security at household and national level is a commitment by Government that ensures all-year round cropping irrespective of the rainfall patterns of the season, leveraging on the transformational support programmes from the State and the private sector.

47. Through the National Accelerated Irrigation Rehabilitation and Development Programme, Government seeks to ensure that the country's irrigation potential is fully exploited through rehabilitation and development in order to meet the national target of increasing functional irrigable land to 496 000ha by 2025.

48. In support of the above interventions, a total of ZiG19.6 million was expended towards irrigation development during the first six months of the year, with a target to achieve 6 864ha by December 2024.

49. Going forward, Government will seize on the opportunities offered by the Irrigation Development Alliance, a risk sharing framework among the State, farmers, private sector and banks, to crowd in additional funding to develop a viable and sustainable irrigation ecosystem that builds resilience and increases agricultural production and productivity.

Preparations for the 2024/25 Summer Cropping Programme

50. In view of the projected La-Nina phenomenon during the 2024/25 rainfall season, normally associated with normal to above normal rainfall. Government, in partnership with the private sector is mobilising US$1.6 billion (ZiG22 billion) to support crop production and ensure food security at both household and national level.

51. The funding will support the production of cereals, oil seeds and pulses targeting an output of 4.5 million tonnes broken down as follows.

Table 7: Production Target for the 2024/25 Season

Crop	Output (tons)
Maize	2 700 000
Traditional grains	574 200
Potatoes	700 000
Cotton	270 000
Sunflower	96 000
Soybeans	169 000
Total	4 509 200

Source: MLAWFRD

52. The private sector is expected to mobilise US$960 million, while Government will mobilise US$640 million to finance the Presidential Input Scheme, as well as guaranteed agriculture schemes under ARDA, AFC and CBZ facilities.

53. Government together with development partners are targeting to support 1.8 million vulnerable households with agriculture inputs for production of cereal, cotton, oil seeds and pulses, as well as livestock.

54. A total of 90 000 ha is earmarked for the irrigated maize crop with participation of farmers under joint venture schemes managed by ARDA, private sector contract farming and self-financed farmers.

55. To drive sustainable transformation of the sector, Government will deepen agricultural production and marketing reforms in order to increase investment and crowd in the private sector.

Mining

56. In 2024, mining sector growth is now projected at 5.2%, from 7.6% during the 2024 Budget. The downward revision is on account of expected lower gold output than initially projected.

Table 8: Mining Output

	Weights	2024 Budget Proj	2024 Rev Proj
Overall Growth (%)		7.6	5.2
Black Granite\t	0.2	449.0	450.0
Chrome\t	6.8	1 530.0	1 862.0
Coal\t	4.1	5 500.0	5 800.0
Cobalt\t	0.2	580.0	400.0
Copper\t	1.4	10 200.0	14 000.0
Gold\kg	44.4	39 000.0	35 000.0
Lithium	0.3	1 114.0	1 114.0

	Weights	2024 Budget Proj	2024 Rev Proj
Iridium\t	0.5	637.0	1 147.0
Nickel\t	5.4	14 690.0	17 484.0
Palladium\kg	16.1	14 639.0	15 716.0
Phosphate\t	0.2	10 000.0	10 000.0
Platinum\kg	11.3	17 462.0	18 988.0
Rhodium\kg	3.6	1 550.0	1 446.0
Ruthenium\kg	0.3	1 423.0	1 317.0
Vermiculite\t	0.1	30 406.0	30 406.0
Diamonds (carats)	5.0	5 900.0	5 350.0

Sources: ZIMSTATS, RBZ &: MoFED & IP

57. The resilience of the sector is underpinned by new minerals, in particular lithium, together with anticipated higher output for PGMs, nickel and chrome that is expected to compensate for international price decreases.

58. To support interventions in the sector, a total amount of ZiG36.7 million, inclusive of employment costs, was disbursed during the first six months of 2024 to the Ministry of Mines and Mining Development. The sector also benefitted from capacity building initiatives by development partners amounting to US$177 478 aimed at enhancing transparency and accountability.

Manufacturing

59. Growth of the manufacturing sector has been revised upwards to 2.5% from 1.6% projected in November 2023, to reflect the expected positive impact of the substantial investments underway in both existing and new plant and machinery.

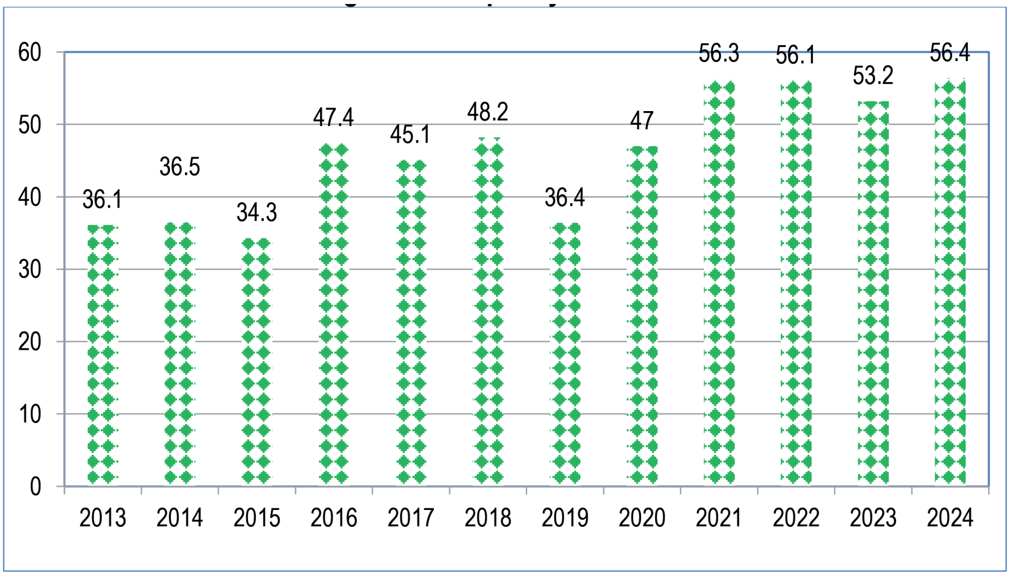
Table 9: Volume of Manufactured Index

	Weights	2021	2022	2023	2024
Growth Rate (%)		1.2	1.6	2.1	2.5
Foodstuffs	380.5	353.0	395.4	397.0	403.0
Drinks and Tobacco	209.9	641.2	391.7	396.0	407.0
Textiles and Ginning	0.4	32.5	38.5	39.0	43.0
Clothing and Footwear	15.5	394.5	265.7	260.0	261.0
Wood and Furniture	9.2	365.8	369.8	372.3	374.5
Paper, printing and Publishing	20.6	326.5	569.3	650.0	600.0
Chemical and Petroleum Products	161.5	68.4	80.4	84.0	84.7
Non-metallic mineral products	118.5	397.4	329.7	343.0	360.0
Metals and Metal products	82.5	226.0	338.3	340.0	390.0
Transport, Equipment	0.2	125.4	128.0	128.0	132.0
Other manufactured goods	1.1	29.1	45.8	55.0	57.0
Manufacturing Index	1000.0	353.6	330.8	337.9	346.2

Sources: ZIMSTATS, RBZ &: MoFED & IP

60. In addition, the projection also takes into account the commencement of steel production at Dinson Iron and Steel Company in Manhize and its effect on downstream and upstream industries.

Figure 10: Capacity Utilisation



Source: CZI

61. Despite growth in output during 2023, capacity utilisation slightly declined to 53.2%, attributable to new investments which increased the installed capacity of the local industry.

62. Significant investments in modern automation technologies such as robotics have resulted in the bakery sub-sector increasing bread production capacity to 2.3 million loaves per day.

63. Similarly, the Dairy Processors Association of Zimbabwe has formed partnerships with tertiary institutions such as the Harare Institute of Technology, Chinhoyi University of Technology and a Danish University to enhance the training of technicians in areas related to real dairy

technology, production efficiencies and ensuring high product quality. New production technologies are also being installed in the edible oils, beverages and subsectors. All these interventions are directly increasing productivity through modern technology.

64. The tobacco sub-sector performed well during the first six months of the year. To support growth in the sub-sector, Government is establishing a Tobacco Special Economic Zone (TSEZ) focused on tobacco sales and processing.

65. Furthermore, to revive the clothing sub-sector, the amendment of the Zimbabwe Cotton-to-Clothing Strategy 2024–2030 is expected to be completed for implementation by the end of 2024.

66. Notable investments were recorded in the fertilizer sub-sector, with refurbishments at Sable Chemicals and ZFC Limited, two of the largest fertilizer producing companies. The subsector also recorded entry of two new players, which will significantly increase output of fertilizer, going forward.

67. In terms of domestic steel production, Dinson Iron and Steel Company is now at an advanced stage of setting up a massive iron and steel plant, to be implemented in four different phases at a cost of US$1.5 billion. The first phase is now complete and production of pig iron and stock piling for further value-addition to steel billets is underway. The

second phase which includes production of steel billets is earmarked for the last half of 2024.

68. To facilitate the growth of the manufacturing sector, an amount of ZiG34.5 million was disbursed to the Ministry of Industry and Commerce during the period under review. The sector also benefitted from Development Partner assistance amounting to US$1.8 million. Of the amount, US$1.3 million was disbursed by the Swedish Embassy towards capacity building to the Confederation of Zimbabwe Industries for strengthening industrial transformation, enterprise development and entrepreneurship development.

Tourism

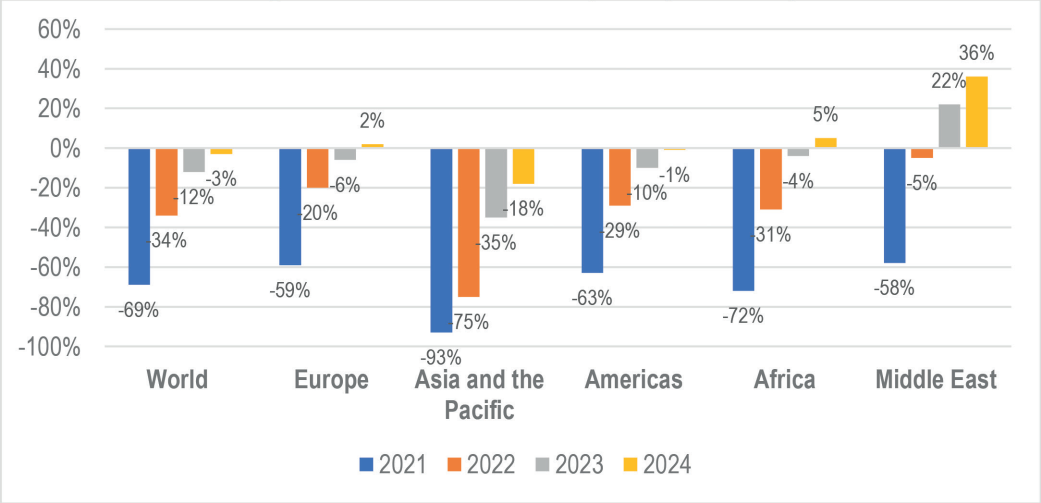
69. Growth of the tourism sector has significantly improved and is now projected at 12% on account of positive developments experienced in the global and domestic tourism industry during the first half of 2024.

70. According to the United Nations World Tourism Organization (UNTWO), international tourism is expected to fully recover to pre-pandemic levels in 2024. International arrivals (overnight visitors) reached 97% of 2019 levels in the first quarter of 2024, reflecting an almost complete recovery to pre-pandemic levels.

71. An estimated 285 million tourists travelled internationally during the first quarter of 2024, a 20% increase over the same period in 2023.

This outcome is due to the ongoing robust demand, the opening of Asian markets, and improved air connectivity and visa facilitation.

Figure 11: Tourist Arrivals (base year 2019)



Source: UN Tourism/ World Tourism Organisation (2024)

72. The Middle East saw the strongest relative growth, with international arrivals growing by 36% over pre-pandemic levels in Q1 2024. Europe exceeded pre-pandemic levels for the first time in a quarter (+2% from Q1 2019). Africa registered 5% more arrivals in the first quarter of 2024 than in the first quarter of 2019, while the Americas practically reached pre-pandemic numbers (99%).

73. International tourist arrivals into the country increased by 36% to record 370 190 arrivals compared to the same period in 2023. Most source markets registered growth with arrivals from Oceania (256%) more than doubling.

74. The surge in inbound international tourist arrivals is attributable to the continued recovery in tourism in the region and globally, coupled with increase in airlines into the country, as well as sustained promotion of Zimbabwe as tourism destination.

Table 10: First Quarter Performance 2024

Tourism Arrivals	2024	2023	Change
Overseas	100 176	63 576	58%
Africa	270 014	208 399	30%
Total	370 190	271 975	36%
Tourism Receipts (US$ Millions)	241	178	35%
Average Hotel Occupancy	39%	36%	3%

Source: ZTA (2024)

75. Tourism receipts are estimated to have increased by 35% from US$178 million, to US$241 million in the first quarter of 2024 on the back of growth in both international and domestic tourist arrivals.

76. Zimbabwe has demonstrated capacity to host global events including conferences which have enabled expansion of the tourism industry. In this regard, the country is set to host the *Gastronomy Tourism for Africa* to be held end of July 2024 in Victoria Falls.

77. The Ministry of Tourism and Hospitality Industry was supported with an amount of ZiG35.5 million for administrative operations during the first half of 2024.

Other Sectors

78. The other services sub-sectors are projected to grow by 4.9%, in 2024, from 4% recorded in 2023, driven by wholesale and distribution (5.8%), financial and insurance activities (5.6%), public administration (4.6%), as well as real estate (4%).

Table 11: 2024 Sectorial Growth Projections

Sector	2023	2024 Rev Proj (%)
Agriculture	6.3	-21.2
Mining	5.3	5.2
Manufacturing	2.1	2.5
Construction	6.8	6.2
Accommodation and food services	26.4	12
Communication	16.1	11
Other Sectors	4.0	4.9
Overall Growth	5.3	2.0

Source: MoFED & IP, ZIMSTAT & RBZ

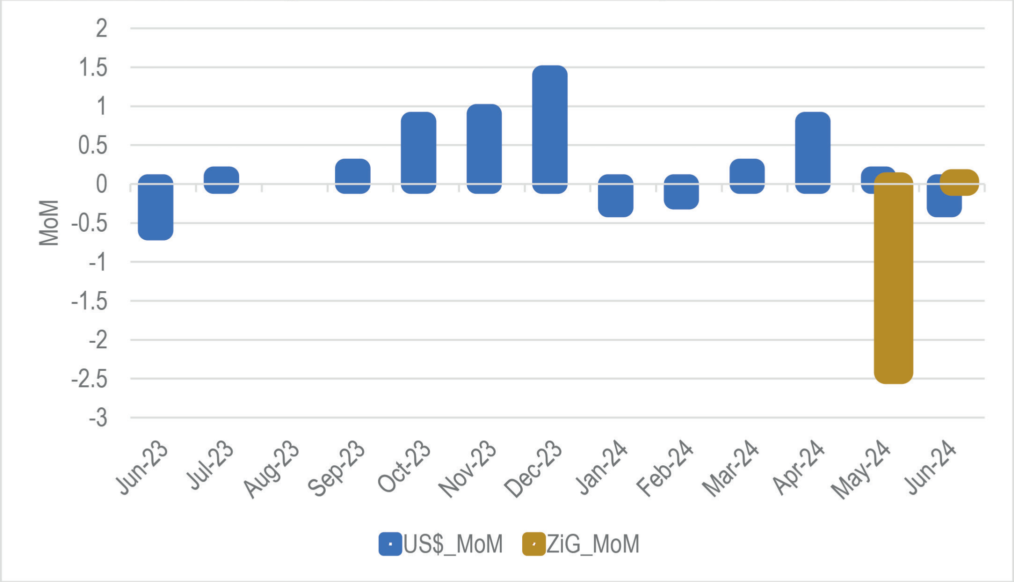
Inflation Developments and Outlook

79. Government undertook currency reforms culminating in the introduction of the Zimbabwe Gold (ZiG) which replaced the Zimbabwe dollar on 5 April 2024. Accordingly, the index reference for the Consumer Price Index (CPI) for the country has been rebased to the ZiG since April 2024. As a result, ZIMSTAT is now producing three consumer price indices as follows: ZiG, US$ and weighted of the two currencies.

80. In this regard, ZiG month-on-month inflation remained stable at 0% in June from -2.4% in May 2024, whilst US$ month-on-month inflation

stood at -0.3%, in June, from 0.1% in May 2024. The weighted month-on-month inflation decelerated by -0.2% in June 2024.

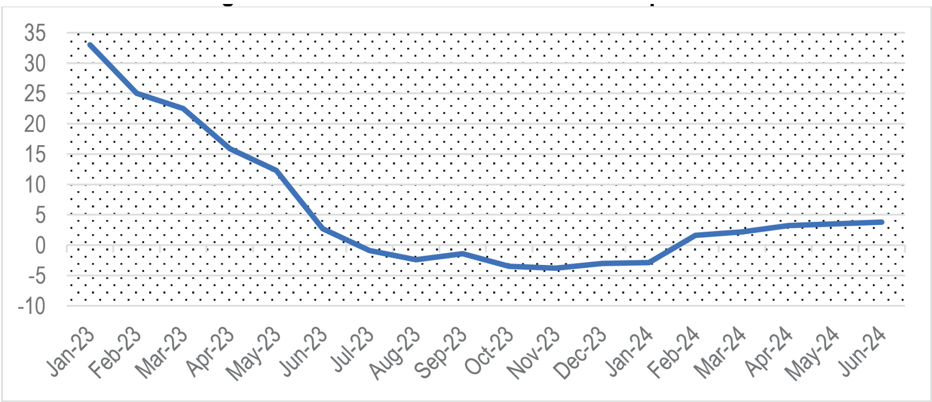
Figure 12: MoM Inflation Developments



Source: ZIMSTAT, 2024

81. Year on year inflation in US$ was generally below 4% during the first six months of the year, although a slight increase was recorded from 1.6% in February to 3.8% in June 2024.

Figure 13: Annual US$ Inflation Developments



Source: ZIMSTAT, 2024

82. In the outlook period, inflationary pressures are expected to remain subdued due to the tight monetary and fiscal policies being pursued by the authorities by the dissipating negative inflation expectations as the local currency unit remains stable against major currencies.

Exchange Rate Developments and Outlook

83. Significant pressures on the exchange rate at the beginning of the year resulted in spiralling exchange rates and inflation volatility. As a result, the interbank rate weakened from Z$6 192.40 in January 2024, to Z$30 674.32 per US$1 by April, 2024.

84. The introduction of a structured domestic currency, the ZiG, on 5 April 2024 was a critical step in the phased de-dollarisation programme, whose ultimate objective is to engender macro-economic stability, re-establish a mono-currency regime that will spur domestic production and boost exports.

85. The ZiG is fully backed/covered by a composite basket of reserves, comprising of foreign currency and precious metals (mainly gold). Government will sustain monetary and fiscal measures that engender trust, wide acceptance and use of the domestic currency in order to progressively switch the foreign and local currency mix in the economy, in line with the de-dollarisation strategy.

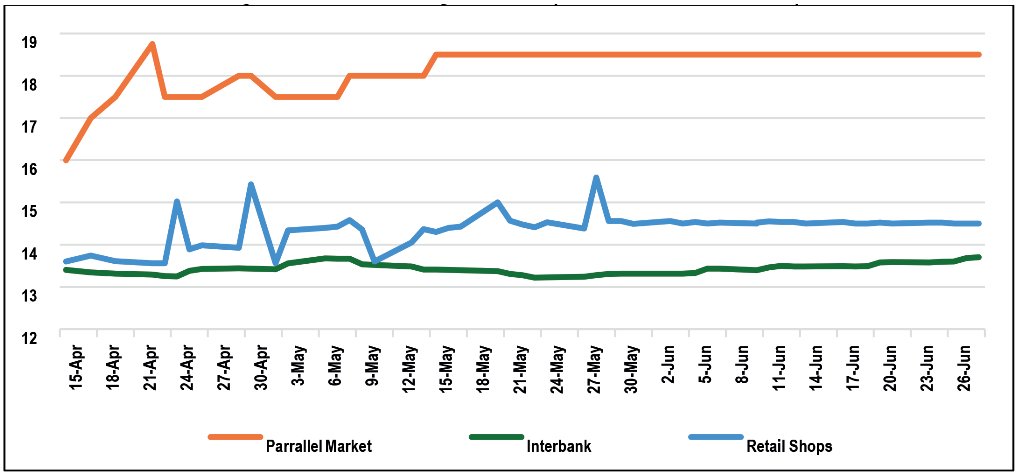
86. The strategy entails a Reserve Accumulation Strategy, meant to ensure the ZiG circulating in the economy is fully backed by adequate international reserves. The Strategy is to accumulate national reserves to internationally acceptable levels of national reserves, critical to a sustainable balance of payment position for the country.

87. Demand and use of the domestic currency by Government, and the general public is being enhanced by prescribing the payment of some taxes exclusively in local currency, including payment for Government services.

88. The exchange rate is currently being determined through the interbank foreign exchange market, based on the willing-seller-willing-buyer market trades. The supply of foreign exchange to interbank foreign exchange market is being complemented and supported by sales of foreign exchange from the 25% statutory surrender by exporters.

89. Since the introduction of the new currency, the ZiG/US$ exchange rate has been relatively stable, ranging between ZiG13.2 to ZiG13.7 per US$, as shown in Figure 14.

Figure 14: Exchange Rates (Official and Parallel)



Source: RBZ

90. The stability of the exchange rate has resulted in subdued inflationary pressures in the economy as inflation expectations remain anchored. The full backing of ZiG has instilled market confidence on the efficacy of the new monetary policy measures.

91. Due to improved market confidence, the parallel market premium has been contained to insignificant levels. Furthermore, the Financial Intelligence Unit (FIU) and other law enforcement agencies have been effective in instilling market discipline.

92. The stability of the ZiG has several downstream benefits to the economy, chief among is price and exchange rate stability, as inflation expectations remain fully anchored downwards in the short-to-medium-term.

93. In the outlook period, the exchange rate is expected to remain stable supported by tight fiscal and monetary policies.

Balance of Payments Developments and Outlook

94. The country's external sector position has remained favourable, notwithstanding the anticipated slowdown in the economy in 2024 due to the effects of the EL-Nino-induced drought.

95. Total foreign currency receipts increased by 9.5% to US$6.2 billion during the period from January to June 2024, from US$5.6 billion received during the same period in 2023, largely driven by the growth in export receipts and diaspora remittances.

Table 12: Total Foreign Currency Receipts

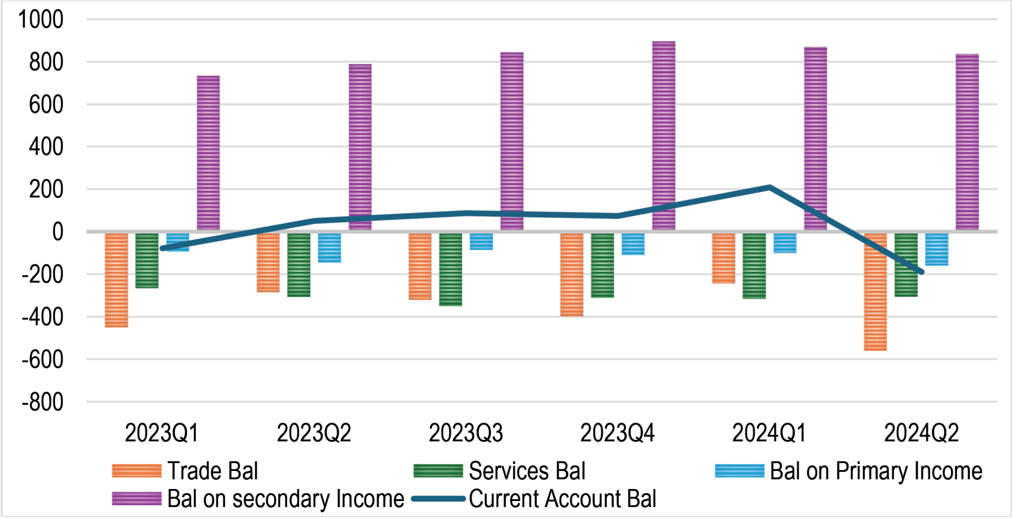
Type of Receipt		Jan - June	% Contr	Jan - June	% Contr	% Change
	2024			2023		
Export Proceeds		3 406.7	55	3 071.1	55	10.9
International Remittances	Diaspora	997.9	16	921.2	16	8
	NGOs	559.7	9	514.1	9	9
Loan Proceeds (Private)		849.2	14	919.0	16	-7.6
Income receipts		64	1.0	62.1	1	3
Foreign Investment		268.8	4.4	126.8	2.3	112%
TOTAL		6,146.34	100%	5,614.2	100%	9.5%

Source: Exchange Control Records and Bank Supervision Application System (BSA)

96. Export receipts and international money transfers accounted for 55% and 25%, respectively, of the country's total receipts during the period from January 1 to June 30, 2024.

97. In line with improvement in foreign currency receipts, preliminary estimates indicate that the current account recorded a surplus of US$19.2 million in the first half of 2024, a turnaround from the deficit of US$13.8 million recorded in the same period last year.

Figure 15: Current Account Developments (US$ million)



Source: RBZ and Zimstat Estimates

98. To year end, the current account is projected to narrow to US$44.5 million in 2024, relative to a surplus of US$133.9 million recorded in 2023. The narrowing of the current account surplus is attributed to a combination of factors, including:

- Depressed commodity prices for lithium and PGMs.
- Lower export growth; and
- Climatic shock that has increased the country's food import requirements.

Merchandise Exports

99. Merchandise exports are estimated to have increased by 3.4% from US$3.3 billion in the first half of 2023 to US$3.4 billion in the corresponding period of 2024. This robust export growth was driven by increased exports of gold, agricultural commodities, and manufactured products.

100. Minerals, which account for the largest share of merchandise exports, registered a marginal decline of 1.1%, from US$2.7 billion in the first half of 2023 to US$2.6 billion over the same period in 2024. The slowdown in mineral revenues is on account of low mineral commodity prices especially PGMs and lithium.

101. Gold exports in the first half of 2024, recorded an increase of 14.6% to US$970.4 million from US$846.6 million in the comparable period in 2023. This growth was largely driven by higher global gold prices, buoyed by safe-haven demand amidst the prevailing global economic uncertainties.

102. Merchandise exports are envisaged to close the year at US$7.3 billion, 1.4% increase from US$7.2 billion recorded in 2023, on account of higher gold, agricultural (mainly tobacco), and manufactured exports.

Merchandise Imports

103. During the period under review, merchandise imports are estimated to have increased by 4.1% from US$4 billion in the first half of 2023 to US$4.2 billion. This increase was driven by higher volumes of food, fuel, raw materials, vehicles, and manufactured goods imports, which is a natural consequence of an expanding economy.

104. Food imports rose by 58.1% from US$274.5 million in the first half of 2023 to US$433.5 million during the same period, reflecting increased maize imports due to the EL Nino induced drought, which affected 2022/23 agricultural season. Maize imports increased from US$51.9 million in the first half of 2023 to US$244.6 million for the comparable period in 2024. While the import bill increased, prices of edible oils and fertilizers, moderated the increase.

105. To year end, merchandise imports are projected to end the year at US$9 billion, 4% up from US$8.7 billion in 2023 attributed to increases in grain, fuel, and raw material imports.

Remittances

106. On a positive note, personal transfers increased by 16.5% from US$1 billion in the first half of 2023 to US$1.2 billion in 2024, reflecting higher inward remittances from the diaspora, with a favourable impact on the current account balance.

107. Government will continue to put in place policy measures to promote inward transfers by diaspora, as a vital source of funding for economic development.

FINANCIAL SECTOR DEVELOPMENTS

108. The 2024 Mid-Term National Budget Review comes at a time when the Fiscal and Monetary Authorities have successfully blended and consistently complemented policy efforts to reset macroeconomic fundamentals through the introduction of structured currency. Both the exchange rate and inflation have been tamed and are moving in the right direction.

109. It is against this background that Fiscal and Monetary Authorities will continue to pursue synergies and coordination between fiscal and monetary policies, aimed at consolidating the gains made to date.

110. Importantly, the enhanced and effective coordination under the relaunched Liquidity Management Committee (LMC), should enhance overall liquidity management and foster sustained price and exchange rate stability.

Money Developments

111. The stock of reserve money stood at ZiG6.6 billion in May 2024, compared to ZiG6.5 billion in April 2024. The reserve money stock

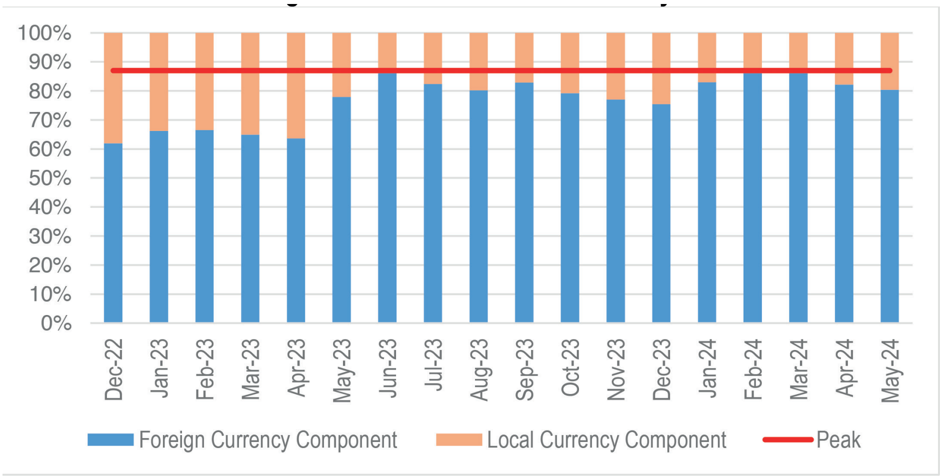
comprised of a foreign currency component, ZiG5.6 billion; and a local currency component, ZiG1 billion.

112. The US dollar equivalence of the local currency component of the reserve money amounted to US$77.4 million as at end of May 2024, well below the international reserves backing the currency, which amounted to US$349 million.

113. On the other hand, broad money stock stood at ZiG41 billion at the end of May 2024, reflecting an increase of 5.9% from ZiG38.8 billion recorded at the end of April 2024. The broad money stock was made up of ZiG33 billion (80.4%) foreign currency deposits and local currency component ZiG8 billion (19.6%).

114. It is pleasing to note that the foreign currency component in broad money has depicted a declining trend after peaking to around 87%, reflecting increased use of the local currency in the economy. Figure 16 shows the structure of broad money from December 2022 to May 2024.

Figure 16: Structure of Broad Money



Source: RBZ

Interest Rate Policy and Developments

115. The introduction of ZiG was accompanied by a concomitant recalibration of the Bank policy rate from 130% per annum to 20% per annum in line with the new framework.

116. The weighted average ZiG lending rates for corporates and individuals now range from 24.4% to 32.4%, compared to 164.8% and 98.9%, respectively, before the introduction of ZiG.

117. Regarding interest rates on savings and time deposits, banking institutions have generally complied with the minimum savings and time deposit interest rates of 3.5% and 5% for ZiG deposits, and 1% and 2.5% per annum for foreign currency deposits, as stipulated in the Monetary Policy Statement.

Table 13: Table Weighted Interest Rates

	10-May-24		17-May-24		31-May-24		Jun-24	
	Min	Max	Min	Max	Min	Min	Min	Max
Weighted ZiG Lending Rates								
Individual	26.4	32.1	26.4	32	25.3	26.1	24.5	31.3
Corporates	24.5	32.8	24.4	32.4	24.6	24.6	24.5	32.8
3 Months Deposit Rates	5	7.5	5	10	5	5	5	10
Savings	2	7.5	2	7.5	2	2	2	9
Weighted US$ Lending Rate								
Individual	10.4	14.6	10.4	15.1	10.4	10.4	10.5	14.7
Corporates	8.4	14.9	8.8	15.1	8.8	8.8	9	14.6
3 Months Deposit Rates	2.5	7	2.5	7	2.5	2.5	2.5	7
Savings	1	5	1	5	1	1	1	5

Source: RBZ

Status of the Banking Sector

118. The banking sector remains safe and sound and continues to play an important role in the growth and development of the economy. However, only one (1) banking institution is experiencing liquidity challenges and is operating under a Corrective Order issued in terms of section 48 of the Banking Act [Chapter 24:20] to correct the identified weaknesses.

119. As multiple disruptive forces are reshaping the foundational architecture of the banking industry globally, local banking institutions continue to adapt through reconfiguration of their business models to deal with the changing operating landscape and increasing competitive dynamics. As part of reconfiguration of business models, banking institutions are leveraging on available opportunities to offer affordable *housing* finance products.

120. The main challenges being faced by banking institutions in providing housing include lack of affordable long-term funding, high cost of land, bureaucratic conveyancing processes, and difficulties in validation of land ownership. Some banking institutions are engaging Central Government and local authorities for low-cost land and also engaging regional and international financiers for long-term lines of credit for affordable housing products.

Architecture

121. As at 31 March 2024, the architecture of the banking sector comprised of 14 commercial banks, 4 (four) building societies and 1(one) savings bank. In addition, there were 239 credit-only microfinance institutions, eight (8) deposit-taking microfinance institutions (DTMFI) and four (4) development financial institutions.

Capitalisation

122. As at 31 March 2024, all banking institutions were adequately capitalised with reported capital ratios which were in compliance with the prescribed minimum capital adequacy ratio of 12% and tier 1 ratio of 8%. The banking sector average capital adequacy ratio and tier 1 ratios were 36.98% and 30.39%, respectively.

123. Banking sector aggregate core capital increased from Z$5.1 trillion as at 30 September 2023 to Z$20.1 trillion as at 31 March 2024, mainly

attributed to organic growth. The bulk of retained earnings for most banking institutions were derived from translation gains from foreign currency denominated assets and revaluation gains on investment properties.

124. As at 31 March 2024, fifteen (15) out of 18 banking institutions (excluding POSB with no prescribed minimum capital requirement) reported core capital levels that complied with minimum regulatory requirements. Non-compliant banking institutions are implementing various initiatives to bolster their capital levels.

Asset and Liabilities Structure

125. Banking institutions continued to focus on their intermediary role as evidenced by an asset structure that was largely constituted of loans and advances (34%) and securities and investments (15%), as at 31 March 2024.

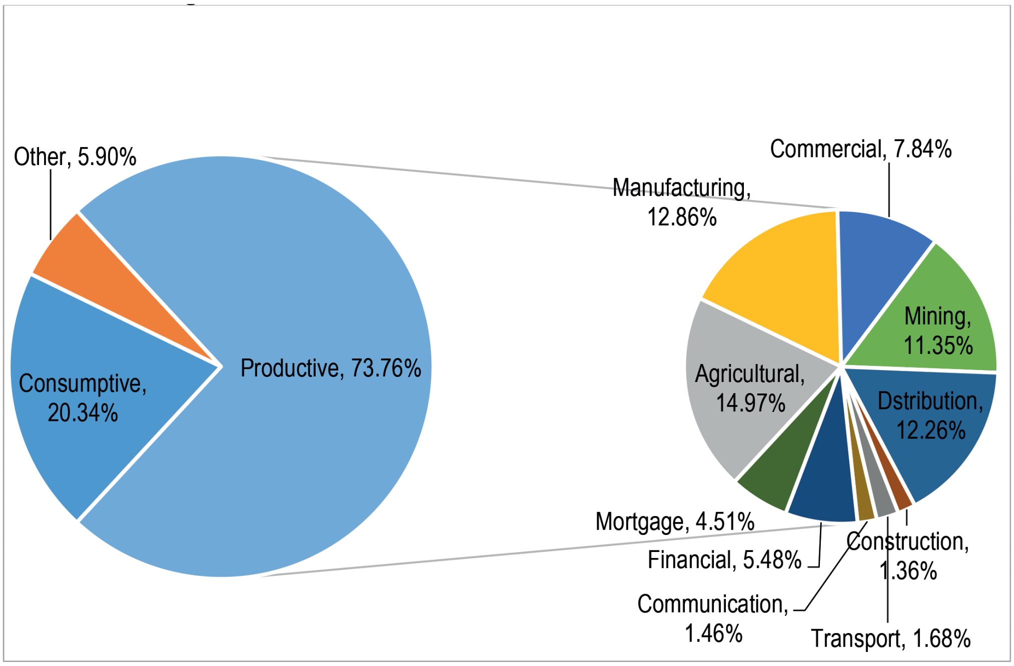
126. 126. Banking sector liabilities largely comprised foreign currency deposits (45.5%) and capital and reserves (22.9%) as at 31 March 2024, whilst local currency demand deposits accounted for 8.6%.

Banking Sector Loans and Advances

127. 127. Total banking sector loans and advances increased by about 90% mainly due to an increase in foreign currency denominated loans.

Lending to the productive sector constituted 73.8% of total loans as at 31 March 2024, as shown in Figure 17.

Figure 17: Sectoral Distribution of Loans as at 31 March 2024



Source: Reserve Bank of Zimbabwe

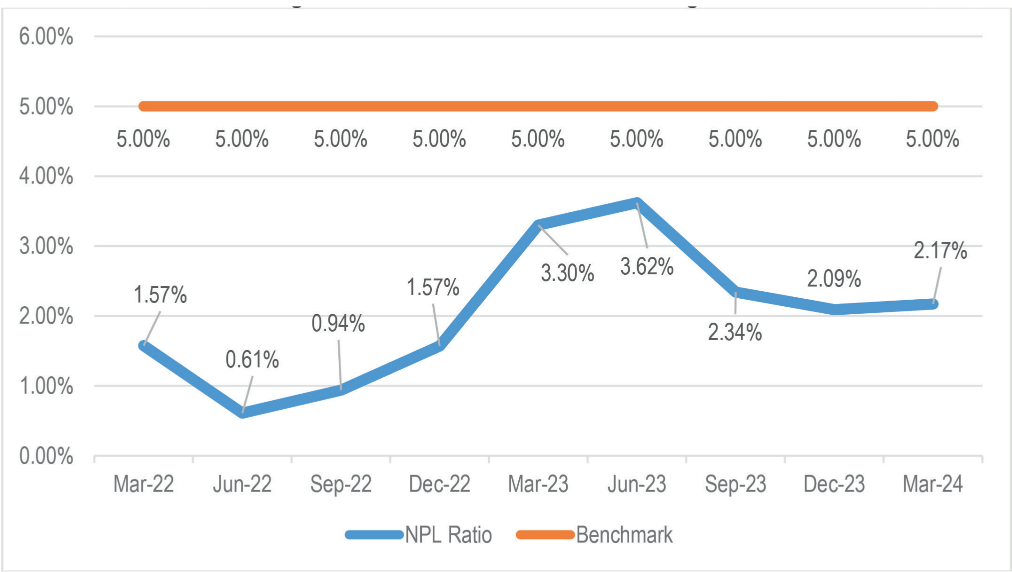
128. As at 28 June 2024, total banking sector loans and advances amounted to ZiG22.1 billion, of which about 90% were foreign currency denominated loans. The high level of foreign currency denominated loans partly reflects the huge appetite for US$ denominated lending prior to the currency reforms.

129. The Reserve Bank continues to urge banking institutions to enhance credit underwriting standards to reduce credit risk exposures.

Asset Quality

130. Banking institutions continue to fortify their credit risk management systems as evidenced by the sustained maintenance of low aggregate non-performing loans to total loans ratio (NPL) of 2.2% (below internationally acceptable threshold of 5%) as at 31 March 2024. The figure below shows the trend of the non-performing loans to total loans ratio from March 2022 to March 2024.

Figure 18: Trend in Non-Performing Loans



Source: RBZ

Banking Sector Deposits and Liquidity

131. Foreign currency deposits accounted for 88% of the total banking sector deposits as at 31 March 2024. As at 28 June 2024, total banking

sector deposits amounted to ZiG42.1 billion and foreign currency deposits accounted for about 80% of the total deposits.

132. The banking sector continues to maintain strong liquidity positions as reflected by the banking sector's average prudential liquidity ratio (PLR) of 62% as at 31 March 2024. All banking institutions except one (1) were compliant with the minimum prudential liquidity ratio of 30%.

133. The sector recorded an improvement in the level of financial intermediation as measured by loans to deposit ratio of 52% as at 28 June 2024.

Bank Charges

134. In line with the financial inclusion thrust, the Reserve Bank through the Monetary Policy Statement of 5 April 2024, directed all banking institutions to put exemption clauses on monthly maintenance or service charges for both foreign currency and local currency deposit accounts that maintain a consecutive daily balance of US$100 and below or its equivalent in ZiG for a period of up to 30 days.

135. The on-site review conducted to ascertain compliance, established that banking institutions were moving towards ensuring full compliance with the directive on bank charges.

136. In this regard, banking institutions have implemented KYC lite accounts, which are low-cost accounts mainly targeted at the marginalised communities to promote financial inclusion. It was noted that the majority of banking institutions do not charge monthly account maintenance fees on these low-cost transacting accounts, while for those charging fees, the amount was noted to be minimal averaging ZiG10.

137. In the outlook period, it is envisaged that as banking institutions embark on accelerated digital transformation, additional efficiencies will impact positively on the cost of some banking services. Further, the stability in the foreign exchange rate is expected to result in stability in the level of bank charges levied by banking institutions.

Microfinance Sector

138. The microfinance sector (credit-only microfinance institutions and deposit-taking microfinance banks) remains instrumental in promoting financial inclusion, poverty reduction and facilitating economic growth and development.

139. During the period under review, the microfinance sector has demonstrated positive trajectory of key performance indicators as reflected by notable growth in total loans, total assets, total equity and net profit.

The Deposit-taking Microfinance Institutions (DTMFIs) Sub-sector

140. Deposit-taking microfinance institutions play a critical role by offering both financial and non-financial services such as small business loans to low-income clients, deposit accounts, business management skills training and mortgages to low-income earners that have been traditionally shunned by commercial banks.

141. As at 31 March 2024, four (4) deposit taking microfinance institutions out of the seven (7) operating institutions were non-compliant with the minimum capital requirement of local currency equivalent to US$5 million.

142. With a view to strengthen their capital positions, the non-compliant institutions are pursuing a range of recapitalisation initiatives, which include organic growth of capital and capital injections by shareholders.

Financial Inclusion

143. Financial inclusion remains a powerful tool for strong and inclusive economic development and growth, as well as the attainment of both

sustainable development goals and the objectives of the country's NDS 1 and Vision 2030.

144. Government through the Central Bank continues to implement several initiatives under the National Financial inclusion Strategy II (2022-2026) in collaboration with relevant stakeholders. During the first half of 2024, financial literacy programmes have been rolled out to a number of provinces and will further be extended to the remaining provinces in the country in the second half of the year.

145. The trend in the movement of the financial inclusion indicators during the period under review is shown in Table 14.

Table 14: Trend in the Movement of Financial Inclusion Indicators

Indicator	March 23	June 2023	Sept 23	Dec 23	Mar 24
Number of Loans to MSMEs	25 162	9,307	9,467	8,307	8,237
Average loans to MSMEs as % of total bank loans	3.87	4.58	3.87	4.96	3.73
Number of Loans to Women	165 459	206 886	200 894	185 326	190 501
Average loans to women as a % of total bank loans	4.4	3.5	4.5	7.8	6.6
Number of Loans to Youth	71 429	54 309	65 587	57 216	58 636
Average loans to the youth as a % of total bank loans	2.9	2.7	3.3	3.2	3.1
Total number of Active Bank Accounts (Million)	7.2	7.3	8	7.7	7
Number of Low-Cost Bank Accounts (Million)	3.3	2.4	3.5	3.8	3.6

Source: RBZ

146. Government through the Reserve Bank will continue to engage the banking sector in the development of tailor-made products and services for the target segments of the NFIS II to facilitate increased uptake and usage of financial services and products.

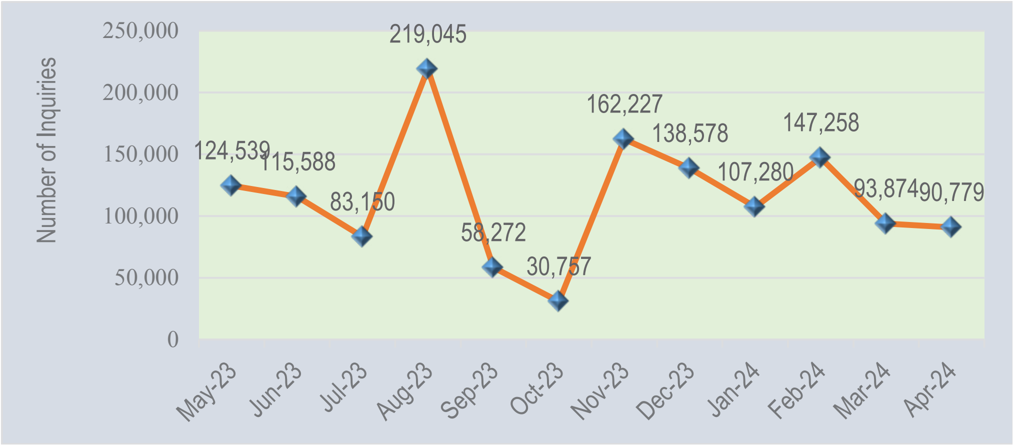
Credit Infrastructure

147. The Bank continues to promote usage of the credit infrastructure and working towards maintaining a robust credit infrastructure.

148. The sharing of credit information among lending institutions, facilitated by the Credit Registry and the private credit bureaus, remained instrumental in enhancing the efficiency of the credit market, thereby promoting financial inclusion, and financial stability.

149. The Credit Registry accumulated 2.7 million active and closed loan records as at 31 March 2024, up from 2.6 million recorded as at 31 December 2023 indicating enhanced access to credit during the quarter under review. Individuals and Company loans accounted for 98.4% and 1.6%, respectively.

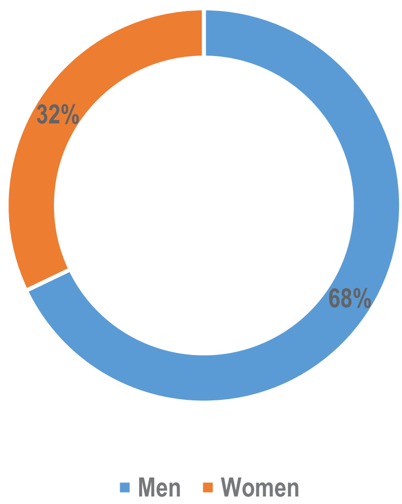
Figure 19: Credit Registry Monthly Inquiries



Source: RBZ

150. The allocation of contracts within the industry tends to be skewed towards men, indicating a persistent gender imbalance as shown in Figure 20.

Figure 20: Individual Borrowers by Gender as at 31 March 2024

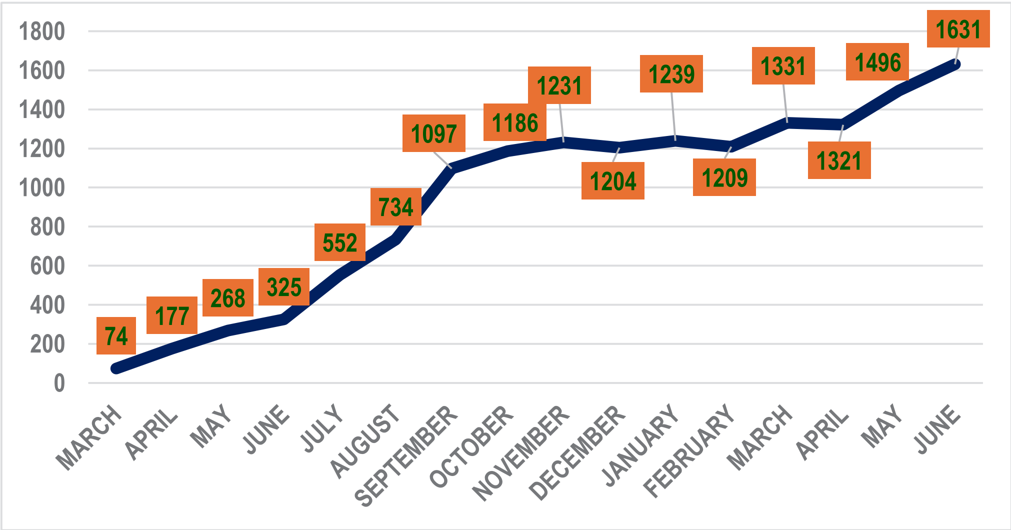


Source: RBZ

151. In an endeavour to unlock borrowing opportunities for the disadvantaged segments of the economy including SMEs, the Central Bank continues to intensify its efforts on the ongoing awareness of the operations and benefits of the collateral registry.

152. During the period under review, the adoption and application of the Collateral Registry consistently demonstrated growth as reflected by the 1 331 active security interests registered as at 31 March 2024 up from 1 204 recorded as at 31 December 2023. The inquires further increased to 1 631 as at 30 June 2024 as shown in Figure 21.

Figure 21: Number of Registered Movable Security



Source: RBZ

Stock Exchange Developments

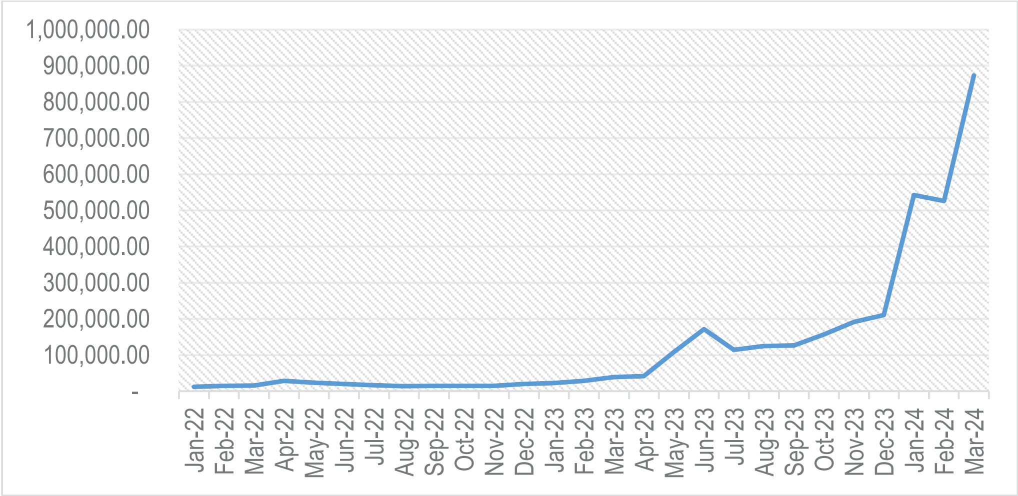
153. As at the end of June, 2024, the number of listings on the Zimbabwe Stock Exchange stood at fifty-three (53), comprising of five (5) Exchange Traded Funds, two (2) Real Estate Investment Trusts and forty-six (46) equity listings, of which 40 (forty) are active.

154. Two counters, namely Bindura and Truworths were suspended on the VFEX and ZSE, respectively, between January and May 2024. The suspensions were meant to allow the two firms to reorganise their operations in compliance with the listing requirements.

Zimbabwe Stock Exchange (ZSE)

155. The ZSE All Share Index registered a quarterly gain of 314% as at the end of the first quarter of 2024, to close at 873 263.38 points in March, 2024.

Figure 22: ZSE All Share Index

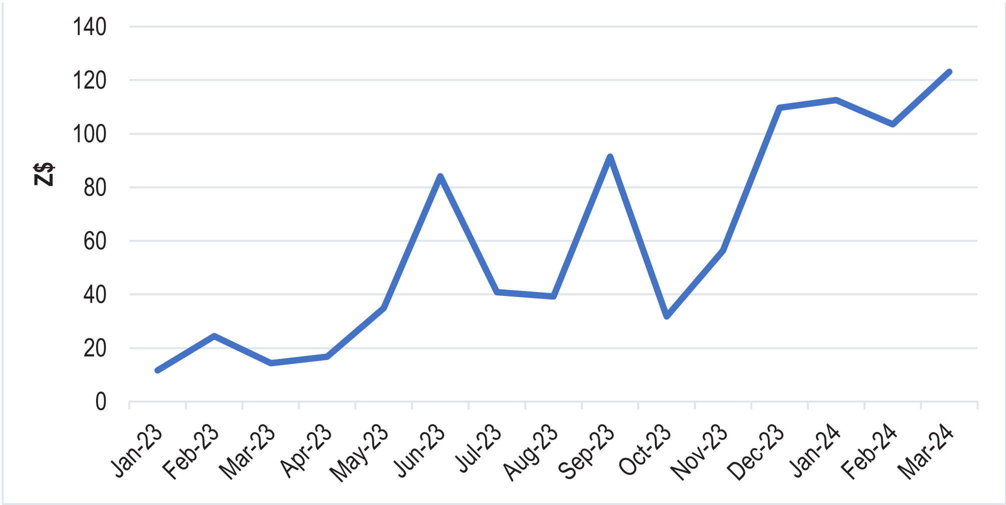


Source: ZSE

156. The ZSE All Share index stood at 98.82 points on 30 April 2024, following the rebasing of the ZSE indices upon the adoption of the new currency. The All-Share index subsequently gained 30.2% to close at 128.64 points as at 30 June, 2024.

157. ZSE turnover registered growth of 71% as at 31 March 2024, to close at Z$339.2 billion on the back of persistent exchange rate-driven inflationary pressure.

Figure 23: ZSE Turnover (Z$ Billion)

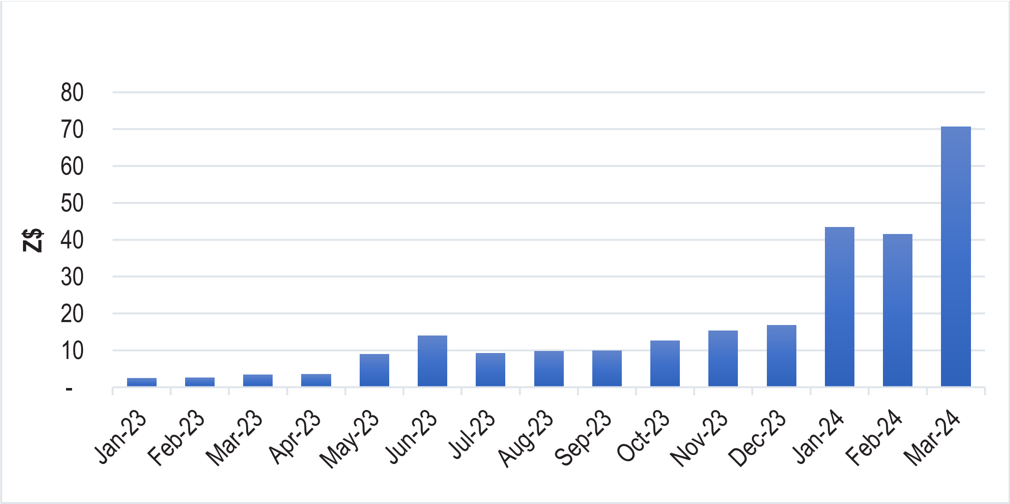


Source: ZSE

158. Since the adoption of the new currency, total turnover at the ZSE for the month of June, stood at ZiG99.8 million, a 500% increase from ZiG16.6 million as at 30 April 2024.

159. Total market capitalisation registered a year-to-date (YTD) return of 303%, to close at Z$97.9 trillion as at 31 March 2024. Since the adoption of the currency, the market capitalisation went up by 35%, from ZiG25.6 billion in April 2024 to ZiG38.7 billion in June.

Figure 24: ZSE Market Capitalisation (Z$ Trillion)



Source: ZSE

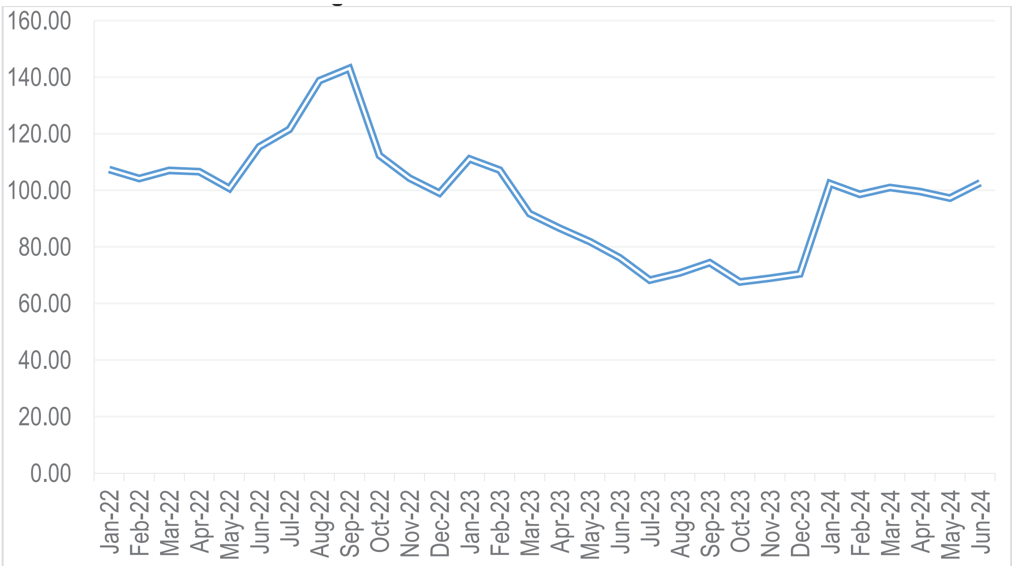
Victoria Falls Stock Exchange (VFEX)

160. The Victoria Falls Stock Exchange recorded one additional listing since January 2024, to increase the number of listings to 15 as at the end of June, 2024.

161. The VFEX All Share Index registered a minimal year to date gain of 1.1% as at 31 March 2024, to close at 101.1 points, as subdued liquidity conditions continued unabated.

162. Since the adoption of the new currency, the mainstream VFEX All Share Index registered a nominal year to date increase of 1.6% as at 30 June, to close at 102.69 points.

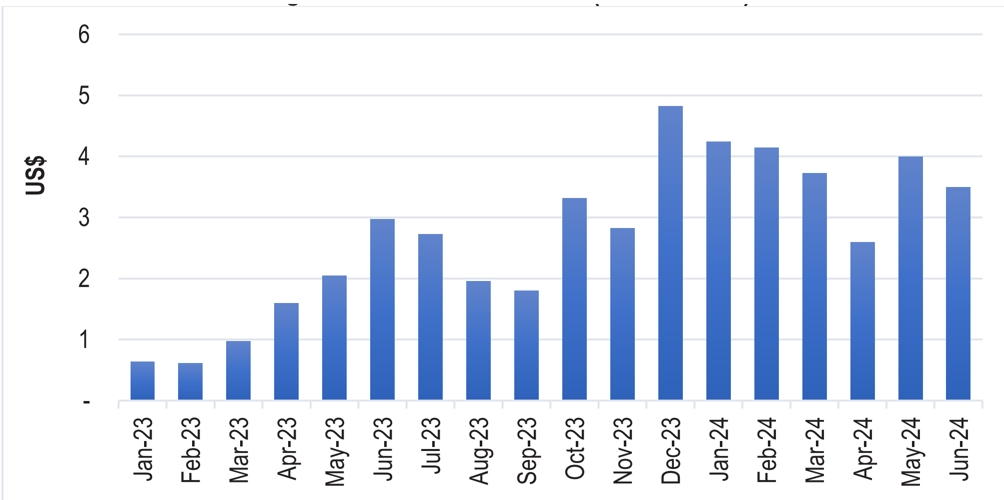
Figure 25: VFEX All Share Index



Source: ZSE

163. The VFEX turnover for the six months to June 2024, grew by 151% compared to the same period last year and closed at US$22.2 million.

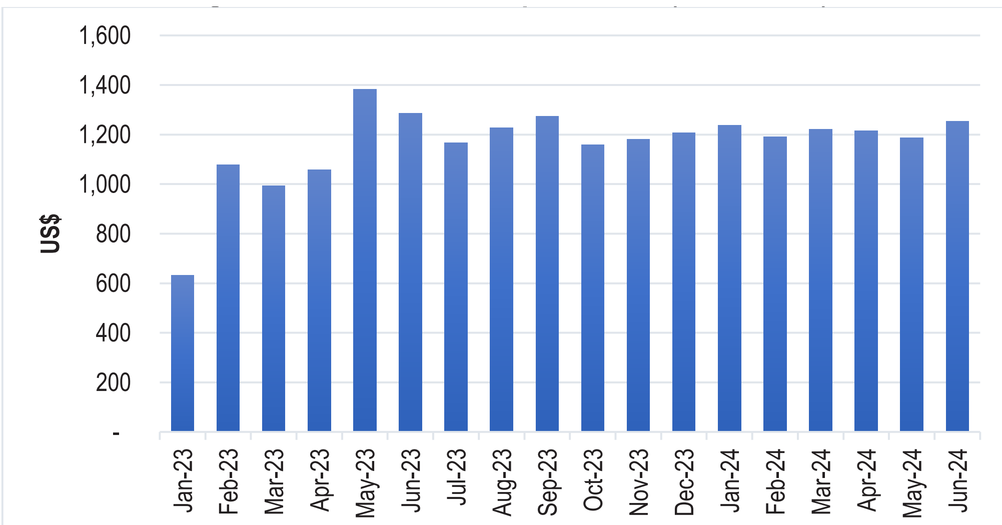
Figure 26: VFEX Turnover (US$ Million)



Source: ZSE

164. Market capitalisation on the VFEX recorded a peak of US$1.3 billion in January 2024, up from US$1.2 billion in December 2023. Upon adoption of the new currency, market capitalisation however increased by 3% to US$1.25 billion, as at 30 June 2024.

Figure 27: VFEX Market Capitalisation (US$ Million)



Source: ZSE

Minerals Commodity Exchange

165. Following the successful establishment of the Zimbabwe Mercantile Exchange which seeks to enhance efficiency in the marketing of agriculture commodities, Government is currently establishing the Minerals Commodity Exchange on the Victoria Falls Stock Exchange.

166. It is envisaged that the establishment of a Minerals Commodity Exchange will improve access to international markets, increase productivity, enhance liquidity and promote competitive pricing of our mineral resources.

167. The Exchange will provide for both spot and futures market, thus enabling the trading of mineral commodities in an organised, transparent and regulated marketplace for the benefit of all miners, including artisanal and small-scale miners, and the nation at large.

168. The drafting of the rules that will guide the establishment and operationalisation of the Minerals Commodity Exchange is underway.

Insurance Industry

169. The number of players in the insurance industry increased to 99 as at 31 March 2024 from 95 during the same period last year. The increase was on account of three new microinsurance players coming on board. It is envisaged that this will increase competitiveness of the microinsurance sector.

Table 15: Insurance Players

Class of Business	As at 31 March 2024	As at 31 March 2023
Non-Life Insurers	20	20
Life Assurers	12	12
Funeral Assures	8	8
Micro insurers	13	10
Reinsurers (4 composite)	10	10
Direct Brokers	28	27
Reinsurance Brokers	8	8
Total	**99**	**95**

Source: IPEC

170. Industry total assets increased by 1 879%, from Z$732 billion as at 31 March 2023, to Z$14.5 trillion as at 31 March 2024. Assets held by direct insurers registered an increase of 1 895%, whilst those held by reinsurers grew by 1 789%. The growth was mainly driven by an increase in fixed property values due to revaluation gains.

Table 16: Industry Assets (Z$ Million)

Class of Business	As at 31 March 2024	As at 31 December 2023	As at 31 March 2023
Non-Life Insurers	4 335 663.3	1 413 759.7	166 891.2
Life Insurers	7 989 952	3 545 797	450 888.8
Reinsurers	2 157 711.1	833 153.3	114 238.1
Total	**14 483 326.4**	**5 792 710**	**732 018.1**

Source: IPEC

171. Policy collections for the insurance sector amounted to Z$1.3 trillion for the quarter ended 31 March 2024, broken down as direct short-term underwriters, Z$813 billion and Life Insurers, Z$485.9 billion, as shown in the Table below.

Table 17: Insurance Revenue (Z$ Million)

Class of Business	As at 31 March 2024
Short-term Insurers	812 959
Life	485 882
Total	**1 298 841**

Source: IPEC

172. In terms of United States dollar (US$) denominated business, direct insurers' insurance policy collections amounted to US$75.4 million for the three months to 31 March 2024, as shown in the Table below.

Table 18: Insurance Revenue as at 31 March 2024

Class of Business	US$m
Short-term Insurers	53.18
Life	22.25
Total	**75.43**

Source: IPEC

173. Recurring and new business for life insurers constituted 93% and 7%, respectively, for the first quarter of 2024. Funeral assurance and group life assurance remain the primary revenue sources for the life sector, with a combined share of 84.5% of total revenue.

Compliance with Minimum Capital Requirements (MCR)

174. The industry's average compliance with the minimum capital requirements was 98% as at 31 March 2024. Life insurers, short term reinsurers and brokers were 100% compliant, while one direct short-term insurer did not meet the required minimum capital threshold.

Table 19: Compliance with Minimum Capital Requirements as at 31 March 2024

Class of Business	MCR (ZW$m)	No. of Compliant Entities 31.03.2024	Compliance Status (%) 31.03.2024	Compliant Status (%) 31.03.2023
Short-term Insurers (20)	37.5	19	95	100
Life Insurers	75	12	100	100
Reinsurers (10)	75	10	100	100
Micro insurers (3)	4.5	3	100	100
Insurance Brokers (27)	1.5	27	100	100
Reinsurance Brokers (8)	1.5	8	100	100
Average Compliance (%)			98	100

Source: IPEC

175. In preparation for the introduction of a US$ indexed minimum capital requirements, industry players are urged to adequately prepare, given that the promulgation of the relevant regulations is at an advanced stage. This move is meant to ensure the safety of policyholder funds through promoting strong balance sheets and monitoring of industry compliance.

176. Further, industry players are expected to submit their 31 December 2023 final capital positions based on the Zimbabwe Integrated Capital and Risk Programme (ZICARP) Framework.

Prescribed Asset Status Compliance Levels

177. In terms of section 26 of the Insurance Act [*Chapter 24:07*], and section 34 of the Pension and Provident Funds Act [*Chapter 24:32*], insurance companies and pension funds are required to hold a certain

portion of their assets in prescribed assets, as stipulated in insurance and pensions regulations.

178. However, most insurance classes still lag behind on compliance with prescribed asset status, except the category of the short-term re-insurers which has oversubscribed the prescribed threshold of 10% as shown in the table below:

Table 20: Compliance with Prescribed Asset Status

Class of Business	Minimum Required	Compliance Level (%)	
	Compliance Level (%)	March 2024	March 2023
Life Assurers	15	11.6	8.35
Pension Funds	20	10	6
Short-term Insurers	10	7	5.24
Life Reassurers	15	3.64	16.22
Short-term Re-Insurers	10	13	14.94
Funeral	10	0	0.21

Source: IPEC

179. To promote compliance with prescribed asset status requirement, Government reviewed the criteria for conferment of prescribed asset status as pronounced through the 2024 National Budget. The Reviewed Procedure and Process Manual is envisioned to guide the assessment of the suitability of a financial instrument to be granted a prescribed asset status and ensure that the primary objective of mobilising long-term savings towards national development is met.

180. In this regard, Government urges the industry to comply with the law by scouting for investment opportunities from a pool of instruments conferred prescribed asset status to meet the minimum prescribed threshold.

181. In addition, industry players are also encouraged to come up with their own bankable projects that can be considered for prescribed asset status by Government.

182. The table below shows projects which were accorded prescribed assets during the first quarter of 2024:

Table 21: Approved Prescribed Asset Instruments for the first Quarter 2024

Issuer	Amount		Purpose	Date Approved
	US$m	Z$b		
Lamcent	41.1		Infrastructure development	17-Jan-24
NMB		20	Agriculture – Summer cropping	18-Jan-24
	10			
Okavhango	13		Solar Energy	18-Jan-24
Fidelity	60		REIT	6-Feb-24
Mining Industry PF	25.7		Infrastructure development	6-Feb-24
Dabuka Village	45		Infrastructure development	6-Feb-24
Sunrise	12.40		Agriculture	8-Mar-24
Total	207.2	20		

Source: IPEC

183. Conferment prescribed asset status present an opportunity for the industry players to diversify their portfolios, whilst at the same time complying with the minimum compliance requirements.

African Risk Capacity Drought Insurance Policy

184. Zimbabwe is a member of the Africa Risk Capacity (ARC), an institution responsible for insuring climate related risks on the African continent. In 2023, Government subscribed for a sovereign drought insurance policy with the ARC worth of US$3 million. Government's subscription was co-financed by development partners, namely, Swiss Development Agency (SDC), African Development Bank (AFDB), and KFW Bank of Germany.

185. To complement Government's efforts in strengthening and expanding the drought insurance coverage, the United Nations World Food Programme (UNWFP) and Start Network also purchased the ARC Zimbabwe's Replica drought insurance through paying premiums of US$1 million and of US$1.6 million, respectively.

186. In view of the materialisation of the insured risk of El-Nino induced drought during the 2023/24 agriculture season, Government will receive a payout of US$16.8 million, while the two development partners are expected to receive payouts of US$6.1 million and US$8.9 million, respectively. The country will receive a total payout from the ARC insurance of US$31.8 million, which will be distributed to food insecure households across the country. The disbursements are expected to commence in July 2024.

187. Through the payout, Government will provide cash transfer assistance to food insecure labour-constrained households (chronically ill, older person-headed households, and child-headed households) in the worst drought-affected wards. The payout is expected to benefit up to 349 170 households in 18 districts, namely, Binga, Chimanimani, Kariba, Mudzi, Umguza, Tsholotsho, Mbire, Nkayi, Bulilima, Umzingwane, Hwange, Lupane, Zvishavane, Gokwe North, Mt Darwin, Rushinga, Chiredzi and Mutare.

188. The districts were identified using the Africa Risk View model and other secondary data sources, such as ZIMSTAT and previous vulnerability assessments. However, the identification of beneficiary districts will be confirmed and validated by the outcomes of the ongoing Zimbabwe Livelihoods Assessment Committee (ZIMLAC) Study.

189. On the other hand, the WFP interventions will support 3 districts namely Buhera, Mangwe and Mwenezi, whilst, Start Network will provide support to 7 districts, including Zaka, Beitbridge, Insiza, Gwanda, Matobo and Mberengwa.

190. Government resources will be distributed through the Ministry of Public Service, Labour and Social Welfare, while Development Partners will distribute their payouts through their own systems.

191. Other districts that will not benefit from the insurance payout will receive food assistance through other ongoing Government programmes under the social protection cluster.

Pensions Industry

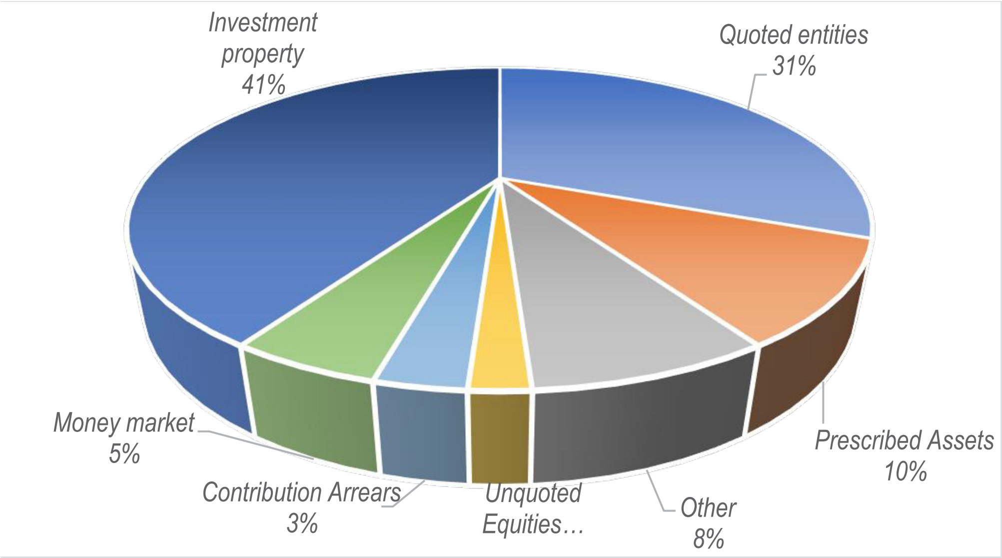
192. The number of private occupational funds at the close of first quarter of 2024 stood at 966, compared to 978 as at first quarter of 2023. The decrease was mainly a result of dissolutions and the consolidation of small funds into existing umbrella funds.

193. Of the 966 registered funds, 481 were active, constituting 49.8% of the industry's funds while the remaining 485 were inactive during the first quarter of 2024. A total of 372 funds out of the 485 inactive had been earmarked for dissolution.

194. The industry's total membership, excluding beneficiaries was 979 563 as at 31 March 2024, from 957 544 as at 31 March 2023. The 2% increase in membership was mainly attributable to new members joining existing funds during the period under review.

195. The industry's total assets stood at Z$36.5 trillion as at March 2024, from Z$2 trillion reported in March 2023. In US$ terms, assets decreased from US$2.1 billion to US$1.7 billion during the period under review. The asset composition of the industry is as shown in the Figure below.

Figure 28: Pension Fund Asset Composition



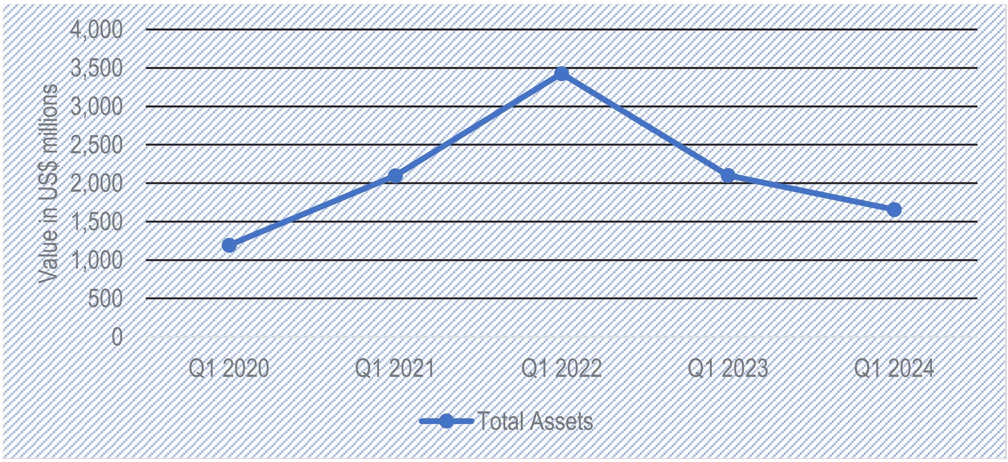
Source: IPEC

196. As shown above, the industry's assets were concentrated in investment properties and quoted equities, which constituted a combined position of 72% of the industry's total assets portfolio.

197. Investments in property constituted 41% of total assets, compared to 47% for the prior year. The proportion of quoted equity investments to total assets increased from 30% to 31%. Investments in unquoted equities increased in nominal terms from Z$50.4 billion, to Z$774.8 billion. However, in United States dollar, the asset class declined from US$57.8 million, to US$49.3 million.

198. The five-year asset trend is depicted in Figure 29 below:

Figure 29: Trend in Assets



Source: IPEC

199. Prescribed assets amounted to Z$3.6 trillion (US$163 million) from Z$115 billion (US$123 million), reported as at 31 March 2023.

200. The number of gold coins acquired by the pensions industry remained unchanged from the prior quarter of 1 995 coins of varying denominations. However, the value of coins nominally increased by 281%, as the gold coins fetched a value of Z$107.7 billion as at 31 March 2024, up from Z$28.3 billion reported as at 31 December 2023 due to gold price gains. Tables below show the extent of gold-backed investments by the industry.

Table 22: Gold Coin Investments

Denomination	Insured	Self Admin	Standalone	Total
0.1Oz	—	2	20	22
0.25Oz		1	32	33
0.5Oz	9	35	2	46
1Oz	55	1 411	428	1 894
Number of coins	64	1 449	482	1 995
Value (ZW$ billions)	3.3	79.8	24.5	107.7

Source: RBZ

Table 23: Gold Backed Digital Tokens

Sector	Value (ZW$ billions)	Tokens held (MG in millions)
Insured	0.05	0.1
Self-Admin	1.8	4.3
Standalone	0.3	0.6
Total	**2.1**	**5**

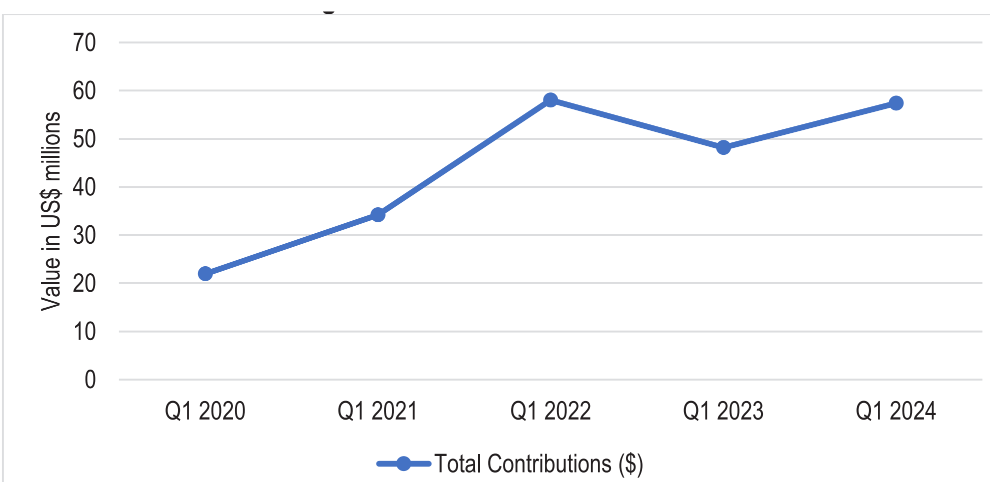
Source: RBZ

201. Total income for the industry for the period ended March 2024 was Z$19.3 trillion, an increase from Z$387 billion for the same period the previous year. Of the Z$19.3 trillion, income earned in foreign currency was US$49.5 million, or Z$777.8 billion equivalent, thus constituting 5.7% of the industry's total income.

202. The major source of income was fair value gains on investments, constituting 79.9% of total income, amounting to Z$15.3 trillion.

203. Contributions constituted 4.7% of the total income of Z$900.9 billion. The general trend in contributions is shown in the figure below.

Figure 30: Trend in Contributions



Source: IPEC

204. Total expenditure for the period under review was Z$394.2 billion. Of that amount, Z$245.6 billion (62% of expenses) went towards the payment of benefits to members.

205. Total administrative expenses incurred were Z$148.6 billion and were driven by administration fees, staff costs, investment management fees and property expenses, which collectively made-up 81% of the total administration expenses.

Anti-Money Laundering and Counter Financing of Terrorism (AML/ CFT)

206. Since the country's removal from the grey-list in 2022, work is underway to address all legal gaps, in order for the country to fully comply with the FATF recommendations. In this regard, through amendment of SI 110 of 2021 on the Suppression of International Terrorism, the country addressed deficiencies regarding the implementation of targeted financial sanctions against the financing of the proliferation of weapons of mass destruction.

207. This resulted in the upgrading of the country's rating by Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG). Zimbabwe is thus now compliant or largely compliant with 37 out of 40 FATF recommendations.

208. Work is, therefore, underway to address the remaining legal and institutional deficiencies before 2026, when the country will be due for the third round of mutual evaluation by the ESAAMLG.

209. The 3rd Round of Mutual Evaluations will focus more on how effective countries are implementing measures to combat money laundering, emphasising the roles played by various national stakeholders, including financial institutions, designated non-financial businesses and professions, the Financial Intelligence Unit, supervisors, law enforcement agencies, among other competent authorities in the AML/CFT/PF value chain.

Money Laundering National Risk Assessments

210. International AML/CFT/PF standards, requires that countries assess their money laundering, terrorism financing, and proliferation financing risks, and measures put in place to mitigate those risks using a risk-based approach.

211. In this regard, Zimbabwe, through the Financial Intelligence Unit, commenced the country's 3rd money laundering risk assessment which is scheduled to be completed by September 2024.

212. The National Risk assessment is being undertaken by over 80 stakeholder institutions, organized into 11 thematic groups or modules, covering the following areas:

- National money laundering threats;
- National money laundering vulnerability;
- Banking Sector Vulnerabilities;
- Insurance Sector Vulnerabilities;
- Securities Sector Vulnerabilities;
- Other Financial Institutions Vulnerabilities (Money Value Transfer Agencies, Microfinance Institutions, Mobile money operators and Bureau de change); and
- Designated Non-financial Businesses and Professions Vulnerabilities (accountants, casinos, car dealers, lawyers, dealers in precious stones and precious metals, real estate agencies, trust company service providers).

213. In addition to the National Money Laundering Risk Assessment, the following specialised national risk assessments are also underway:

- Non-Profit Organisations (NPO) risk assessment;
- Environmental Crimes/Natural Resource Risk assessment;
- Legal Persons Risk assessment;
- Virtual Assets/Virtual Asset Service Providers (VAs/VASPs) risk assessment; and
- Tax Crimes risk assessment.

214. The country has also concluded a national Terrorist Financing Risk Assessment, whilst drafting of the Counter Financing of Terrorist

Financing Strategy to guide the country's response to the identified risks is underway.

215. Results of the risk assessments will enable the identification of new money laundering threats and vulnerabilities, and support the drafting of policies and strategies to mitigate the risks.

216. In this regard, Government acknowledges the World Bank's technical support through the provision of money laundering risk assessment tools and guidance.

Financial Sector Market Discipline and Compliance

217. The FIU continues to carry out surveillance work to monitor and enforce businesses' compliance with the provisions of the Bank Use Promotion Act [*Chapter 24:24*] and the Exchange Control Act [*Chapter 22:05*], in support of Government's economic stabilisation measures.

218. The introduction of the Zimbabwe Gold (ZiG) currency has seen some businesses refusing to accept the new currency, preferring to accept US Dollars only and in some instances inflating the prices of goods and services.

219. Government through the Financial Intelligence Unit, deployed inspectors across the country to monitor traders who were refusing to accept the ZiG and/ or exceeding the official ZiG/US$ exchange.

220. Consequently, over 500 traders and individuals were fined for refusing to accept the ZiG, using and engaging in illegal foreign exchange rates and activities.

221. This exercise will continue until there is sanity and stability in the financial sector.

Operationalisation of the Deeds, Companies and Intellectual Property Registry

222. The Deeds, Companies and Intellectual Property Registry is now fully computerised and was operationalised in March 2024, thus enabling online ownership registration.

223. It is envisaged that this milestone will enhance the availability, transparency and quick access to property information, and also ensure alignment with global best practices.

PUBLIC FINANCE DEVELOPMENTS

224. The 2024 National Budget was formulated using the Zimbabwe dollar (Z$) as the functional currency. The Budget had an overarching Macro-Fiscal Framework with projected economic growth of 3.5%, revenue collections of Z$53.9 trillion, (18.3% of GDP) and expenditures of Z$58.2 trillion, resulting in a financing gap of Z$4.3 trillion (1.5% of GDP).

225. The introduction of the ZiG as legal tender on 5 April 2024 has necessitated the reconfiguration of the 2024 Approved National Budget to reflect the change in currency. Budget developments during the review period and outlook to year end are, therefore, being presented in ZiG.

226. In this regard, the approved 2024 Budget of Z$58.2 trillion converted to ZiG results in a revised budget envelope of ZiG87.9 billion, broken down by MDAs as follows:

Table 24: Converted 2024 National Budget

Vote Appropriations	App Budget (Z$b)	Conv Budget (ZiG$m)
Office of the President and Cabinet	2 157.0	3 255.0
Parliament of Zimbabwe	700.0	1 056.3
Public Service, Labour and Social Welfare	2 371.0	3 577.9
Defence	3 637.6	5 489.2
Finance, Economic Development and Investment Promotion	1 824.7	2 753.5
Audit Office	127.0	191.6
Industry and Commerce	135.5	204.4
Lands, Agriculture, Fisheries, Water and Rural Development	4 285.9	6 467.5
Mines & Mining Development	132.7	200.3
Environment, Climate and Wildlife	135.5	204.4
Transport and Infrastructural Development	1 153.2	1 740.2
Foreign Affairs and International Trade	976.0	1 472.8
Local Government and Public Works	1 220.1	1 841.2
Health and Child Care	6 167.4	9 306.6
Primary and Secondary Education	7 899.0	11 919.5
Higher & Tertiary Education, Innovation, Science and Technology Development	2 314.4	3 492.4
Women Affairs, Community, Small and Medium Enterprises	208.1	314.1
Home Affairs and Cultural Heritage	2 870.6	4 331.7
Justice, Legal and Parliamentary Affairs	1 078.0	1 626.7
Information, Publicity and Broadcasting Services	122.4	184.6
Youth Empowerment, Development and Vocational Training	260.2	392.7
Energy and Power Development	90.1	135.9
Information Communication Technology Postal and Courier Services	185.3	279.6
National Housing and Social Amenities	353.0	532.6
Veterans of the Liberation Struggle Affairs	221.8	334.7
Tourism and Hospitality Industry	81.1	122.3
Sport, Recreation, Arts and Culture	136.2	205.6

Vote Appropriations	App Budget (Z$b)	Conv Budget (ZiG$m)
Skills, Audit and Development	43.0	65.0
Judicial Services Commission	274.0	413.5
Public Service Commission	1 246.2	1 880.6
Zimbabwe Council of Chiefs	39.9	60.3
Zimbabwe Human Rights Commission	42.1	63.6
National Peace and Reconciliation Commission	56.0	84.5
National Prosecuting Authority	98.3	148.3
Zimbabwe Anti-Corruption Commission	59.6	90.0
Zimbabwe Electoral Commission	116.6	176.0
Zimbabwe Gender Commission	48.5	73.2
Zimbabwe Land Commission	52.9	79.9
Zimbabwe Media Commission	34.9	52.7
TOTAL	42 956.1	64 820.8
Other Constitutional & Statutory Appropriations	15 266.7	23 037.6
Total Expenditure & Net Lending	58 222.8	87 858.4

Source: MoFED & IP (2024)

227. As at 30 June 2024, unaudited revenue collections amounted to ZiG36.5 billion, against expenditure estimates of ZiG38.9 billion, resulting in a budget deficit of ZiG2.3 billion.

Table 25: Public Finances: Jan to Jun 2024

	ZiGm
Total Revenue	**36 534.30**
Tax Revenue	33 947.08
Non -tax Revenue	2 587.26
Total Expenditure and Net Lending	**38 862.5**
Compensation of Employees	18 187.2
Use of Goods and Services	7 519.9
Social Benefits	1 539.9
Subsidies	641.3
Interest	368.0
Transfers to Provincial Councils and Local Authorities	153.3
Net Acquisition of Financial and Non-financial Assets	10 452.9
Budget Balance	**(2 328.1)**

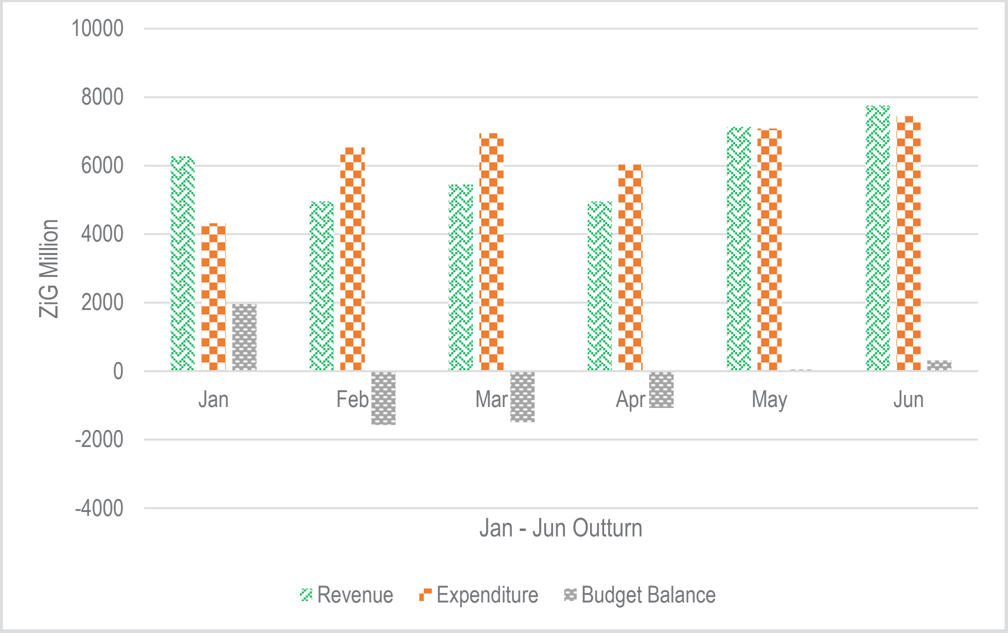
Source: MoFED & IP (2024)

228. A difficult macro-economic environment during the first quarter, coupled with increased debt servicing costs, as well as the transition

to the new currency, the ZiG, and response measures to the drought, all impacted on fiscal performance during the first half.

229. Whilst the transition process was seamless in the overall economy, it entailed the re-configuration of the Government systems, as well as revaluations and re-calibration of the approved Budget for the public sector, that delayed disbursements of funds, hence, implementation of programmes and projects for most Votes.

Figure 31: Monthly Public Finances Performance: Jan to Jun



Source: MoFED & IP (2024)

Revenue Developments

230. During the period January to June 2024, tax revenue collections amounted to ZiG33.9 billion (92.9% of total revenue), while non-tax

revenue amounted to ZiG2.6 billion (7.1% of total revenue) resulting in total revenue collection of ZiG36.5 billion. *(See Annex 1)*

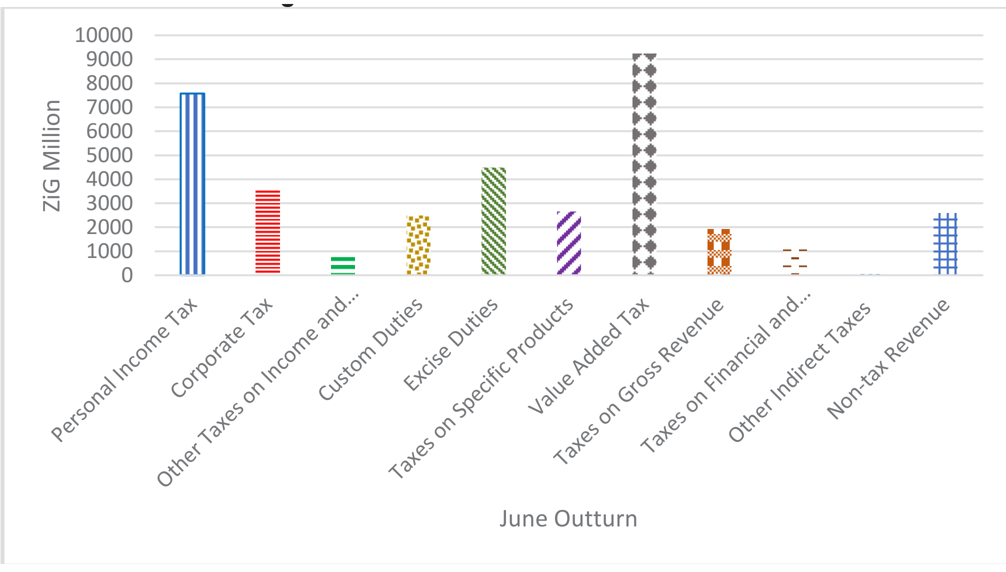
Table 26: Revenue Collections: (Jan – Jun 2024)

	Outturn (ZiGm)
Total Revenue	**36 534.3**
Tax Revenue	33 947.1
Non-Tax Revenue	2 587.3

Source: MoFED & IP (2024)

231. Figure below shows revenue heads performance during the period January to June 2024.

Figure 32: Revenue Heads Performance

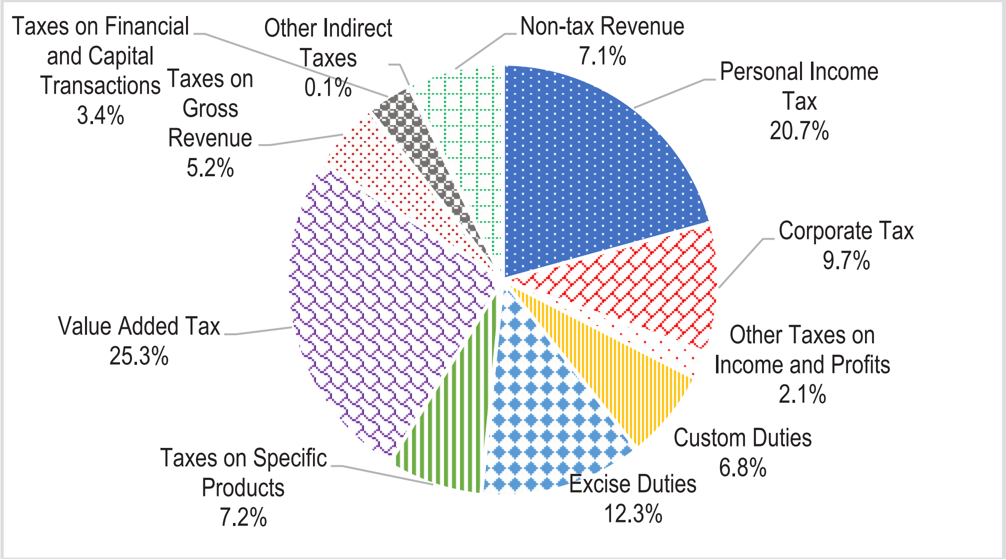


Source: MoFED & IP

Revenue Heads Performance

232. The main contributors to revenue collections were Value Added Tax (VAT) at 25.3%, Personal Income Tax (PIT) at 20.7%, Excise Duty at 12.3%, and Corporate Tax at 9.7%.

Figure 33: Revenue Heads Performance



Source: MoFED & IP

Expenditure Developments

233. Fiscal outlays for the period to 30 June 2024 amounted to ZiG38.9 billion, which is approximately 44.2% of the approved Budget. Recurrent expenditures amounted to ZiG28.3 billion, while financial and non-financial assets (capital expenditure and net lending) amounted to ZiG10.5 billion.

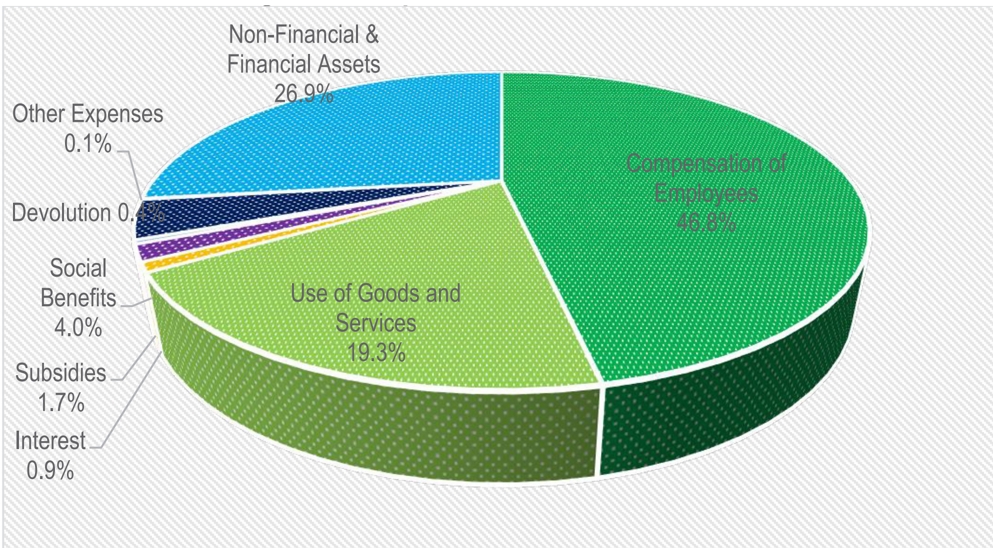
Table 27: Budget Performance: Jan to Jun 2024

	Outturn
	(ZiG Million)
Total Expenditures & Net Lending	**38 862.5**
Compensation of Employees	18 187.2
Use of Goods and Services	7 519.9
Social Benefits	1 539.9
Subsidies	641.3
Interest	368.0
Transfers to Provincial Councils and Local Authorities	153.3
Net Acquisition of Financial and Non-financial Assets	10 452.9

Source: MoFED & IP

234. Compensation of employees amounted to ZiG18.2 billion, constituting 46.8% of total expenditures, operations of ZiG7.5 billion, interest payments at ZiG368 million and capital expenditure including devolution of ZiG10.6 billion.

Figure 34: Expenditure Heads Performance



Source: MoFED & IP (2024)

235. Interest on debt servicing during the first six months of the year amounted to ZiG368 million. Interest amounting to ZiG324.7 million was paid on external debt; with the remaining ZiG43.3 million being channelled towards domestic debt.

236. In terms of budget utilisation by MDAs, overall utilisation amounted to 44.2% of the Approved Budget allocation, whilst at least 9 Votes had expended more than 50% of their allocation.

Table 28: Expenditures by MDAs: Jan – Jun 2024

Vote Appropriations	ZiGm	Utilisation (%)
Office of the President and Cabinet	2 983.8	91.7
Parliament of Zimbabwe	258.0	24.4
Public Service, Labour and Social Welfare	243.0	6.8
Defence	2 361.9	43.0
Finance, Economic Development and Investment Promotion	2 335.8	84.8
Audit Office	16.5	8.6
Industry and Commerce	34.5	16.9
Lands, Agriculture, Fisheries, Water and Rural Development	4 467.0	69.1
Mines & Mining Development	39.7	19.8
Environment, Climate and Wildlife	72.1	35.3
Transport and Infrastructural Development	4 255.4	244.5
Foreign Affairs and International Trade	367.6	25.0
Local Government and Public Works	1 329.2	72.2
Health and Child Care	2 501.9	26.9
Primary and Secondary Education	5 577.0	46.8
Higher & Tertiary Education, Innovation, Science and Technology Development	1 153.5	33.0
Women's Affairs, Community, Small and Medium Enterprises	119.1	37.9
Home Affairs and Cultural Heritage	2 371.5	54.7
Justice, Legal and Parliamentary Affairs	738.7	45.4
Information, Publicity and Broadcasting Services	51.9	28.1
Youth Empowerment, Development and Vocational Training	137.1	34.9
Energy and Power Development	43.5	32.0
Information Communication Technology, Postal and Courier Services	122.0	43.6
National Housing and Social Amenities	140.9	26.5
Judicial Services Commission	191.9	46.4
Public Service Commission	1 263.7	67.2
Zimbabwe Council of Chiefs	71.5	118.7
Zimbabwe Human Rights Commission	16.6	26.2
National Peace and Reconciliation Commission	10.5	12.4
National Prosecuting Authority	47.2	31.8
Zimbabwe Anti-Corruption Commission	33.5	37.2
Zimbabwe Electoral Commission	96.7	55.0
Zimbabwe Gender Commission	10.8	14.8
Zimbabwe Land Commission	17.3	21.7
Zimbabwe Media Commission	13.9	26.4
Veterans of the Liberation Struggle Affairs	130.4	39.0
Tourism and Hospitality Industry	35.5	29.0

Vote Appropriations	ZiGm	Utilisation (%)
Sport, Recreation, Arts and Culture	80.2	39.0
Skills, Audit and Development	7.0	10.7
TOTAL	**34 748.7**	**53.6**
Other Constitutional & Statutory Appropriations	4 113.7	17.9
Total Expenditure & Net Lending	**38 862.5**	**44.2**

Source: MoFED & IP

237. In the absence of new revenue measures and the Budget utilisation which is still within the target, the approved budget is still adequate to cater for Government operations to end the year, in the absence of other significant shocks. *(See Annex 2 for detailed expenditures for MDAs).*

238. Generally, disbursements during the second quarter of the year were compromised by the transition process from Z$ to ZiG, which was largely drawn-out within the public sector.

Compensation of Employees

239. Expenditure outlay for compensation of employees for the period January to June 2024 amounted to ZiG18.2 billion against the original provision of ZiG38.9 billion.

240. Effective 1 January 2024, the formerly Covid-19 and cushioning allowances were converted to salary, and hence, pensionable.

241. Furthermore, Government reviewed the local salary component for public servants in March 2024, with the objective of restoring value to 80% of the July 2023 levels when the last review was implemented. This local salary component is now indexed to the US$, payable in local currency at the prevailing official exchange rate.

242. During the first six months, Government recruited 8 100 additional personnel for key sectors such as education, health and agriculture which increased the wage bill (53.4% of revenue).

Human Capital Development

243. Interventions towards human capital development during the first six months of the year amounted to ZiG9.3 billion and focused on enhancing the country's human capital base.

244. The outlay went towards provision of education at ZiG6.7 billion, health at ZiG2.5 billion and ZiG140.9 million for social protection. In addition, Development Partners complemented Government efforts by disbursing US$85.1 million towards these three areas.

245. Following the declaration by His Excellency, the President, Dr. E. D. Mnangagwa of a State of Disaster due to El-Nino induced drought, disbursements to social protection programmes are being scaled up to ensure citizens are cushioned.

Health

246. Expenditures towards the health sector during the first six months of the year amounted to ZiG2.5 billion, of which ZiG2.1 billion was channelled towards employment costs, as well as ZiG166 million for hospital support programmes and ZiG66 million for health infrastructure.

247. To address attrition in the sector which is compromising the effective service delivery, Government is, continuously reviewing both monetary and non-monetary incentives.

248. In this reguard, Government has set aside resources towards the construction of institutional accommodation for health personnel, including procurement of staff buses and operational vehicles. Furthermore, medical personnel are benefitting from the duty-free importation of personal motor vehicles.

249. The support to public health institutions included an amount of ZiG$28.5 million for blood and blood products, medical gas and dialysis for patients, mainly from resources ringfenced from the health levy.

250. The sector also benefited from US$72.3 million disbursed during the first quarter of 2024 by development partners. With the United States Agency for International Development (USAID) disbursing US$65.6 million, and support from the Global Fund of US$3 million towards

HIV/AIDS, malaria and tuberculosis prevention, maternal and child health programmes.

251. Under the Additional Financing Health Sector Development Project, the World Bank disbursed US$2.6 million to strengthen the country's health sector through the results-based financing initiative.

252. In addition, the People's Republic of China donated equipment and consumables for respiratory and critical care medicine speciality to Parirenyatwa Hospital, as well as handed over the Anti-Narcotics Laboratory to Government in January 2024.

253. In terms of the capital budget for the health sector, the 2024 National Budget has an allocation of ZiG3.8 billion targeting construction, rehabilitation, upgrading of various Health Institutions in the country, NMS Health Centres Construction Programme, procurement of institutional accommodation for doctors, and health related equipment including 100 ambulances.

254. Regarding health equipment and infrastructure, a total of ZiG35.6 million was disbursed mainly towards the construction of Lupane Provincial Hospital, installation of solar panels at various institutions, construction of pharmacy stores, as well as procurement of 36 ambulances, buses and hospital equipment. The hospital equipment incudes radiology equipment installed at Mpilo Hospital, monitors for various hospitals and solar equipment.

Solar system at Madamombe clinic and Kwekwe general hospital

255. Some of the capital projects undertaken during the period under review are indicated in Table below.

Table 29: Capital Projects Performance

PROJECT	STATUS
Renovations of Health Infrastructure.	Renovation of Parirenyatwa hospital is at 35%.
Health facilities newly established.	Runyararo health centre officially opened.
Installation of solar panels at various health centres.	Muchinjike clinic Murehwa 100% Ngorima clinic Chimanimani 100% Mutoko district hospital 95% Sally Mugabe hospital lab 100% UBH 95% Mpilo central hospital 95%, Marondera provincial hospital 95%, Kwekwe general hospital 100%. Madamombe RHC 100% (Chivi district) Ngamo RHC 100% (Tsholotsho district)
Pharmacy stores construction is at 90% complete.	Dombotombo clinic (Marondera) Nyamuzuwe rural hospital (Mutoko) Chikondoma clinic (Mutoko) Makosa rural hospital (Mutoko) Chiveso clinic (Bindura) Guruve clinic (Guruve) Katanya clinic (Bindura) Gonono clinic (Mbire) Murereka clinic (mash west) and Kemutamba clinic (Guruve)
Containerised of laboratory is at 90% completion.	Sally Mugabe hospital

Source: MoFED & IP

Sally Mugabe hospital containerised lab


Pharmacy stores at Kemutamba clinic

256. The NMS I Health Centres Construction Programme, which is targeting the construction of 30 x 22 bed health centres and 5 x 60 bed district hospitals has seen the first 4 health centres being completed in 2023, while Runyararo Health Centre in Chimanimani was successfully completed and commissioned during the first six months of 2024.

Runyararo Health Centre

257. Work is currently underway for the construction of 2 district hospitals and 16 health posts. The drilling of boreholes at the new health centres such as Paradza in Chivi, Nyamukate in Zaka, Lady-Stainley in Bulilima and Manhize in Chivhu was undertaken during the period under review.

258. The outstanding NMS I targeted districts and health centres for the year 2024 are indicated below.

Table 30: Targeted NMS Projects

PROVINCE	DISRICT	PROJECT NAME
Matabeleland	Esigodini	Esigodini District Hospital
Mashonaland East	Wedza	Sadza District Hospital
	Chivhu	Penn-Father Health Post
	Chikomba	Msasa Health Post
	Mutoko	Nzira Health Post
Mashonaland West	Makonde	Alaska Health Post
	Ngezi	Ngezi Health Post
	Kariba	Musamba-Kuruma Health Post

PROVINCE	DISRICT	PROJECT NAME
Midlands	Mvuma	Zimbagwe Health Post
	Kwekwe	Kwekwe Health Post
Masvingo	Zaka	Nyamakate Health Post
	Chivi	Paradza Health Post
Matabeleland South	Insiza	Filabusi Health Centre
	Bulilima	Bulilima Health Post
Mashonaland Central	Mt Darwin	Kamutsenzere Health Post
	Mbire	Kanyemba Health Post
Manicaland	Nyanga	Chimusasa Health Post

Source: MoFED & IP

Medical Supplies

259. Government is committed to ensure universal access to affordable health care, therefore, priority during the last half of the year is on securing continued reliable supply of affordable essential medicines.

260. To this end, Government has running contracts worth US$63 million with two major suppliers who are expected to consistently deliver medicines to NatPharm. So far, Government has committed to honour all its contractual obligations which has enabled the suppliers to start delivering the medicines. Going forward, Government will ensure timeous payment of these obligations to guarantee uninterrupted supply of medicines.

261. In addition, work is underway to identify other potential suppliers of medicines as part of measures to secure adequate supply in a cost-effective manner. This will be complemented by measures to supply

chain management under the centralised procurement system to ensure value for money.

Education

262. During the first 6 months of the year, an amount of ZiG6.7 billion was disbursed to support the two Ministries of Primary and Secondary Education and Higher and Tertiary Education, Innovation, Science and Technology Development.

263. The amount was expended on compensation for employees, provision of teaching and learning materials, infrastructure for the uptake of STEM subjects, construction of halls of residences at institutions of higher learning, as well as investments in research and development.

Primary and Secondary

264. Government disbursed ZiG5.6 billion towards provision of primary and secondary education services, mainly towards compensation of teachers. Development partners, private sector and religious organisations complemented Government interventions.

265. The above support resulted in the following milestones being achieved:

- Registration of 153 schools to enhance the provision of quality inclusive education;

- Provision of boreholes to 84 schools; and
- Installation of solar energy and internet connectivity for 128 schools.

266. Focus was also on enhancing new curriculum and assessment, through awareness campaigns, as well as teacher capacity development programmes where Government is paying for tuition fees for teachers undertaking various degree programmes at the local universities.

267. With the El-Nino induced drought, Government is now implementing the home grown schools feeding programme to ensure impacted pupils get at least one hot meal per day in order to reduce the prevalence of drop outs.

268. Regarding drugs and substances abuse, Government, in conjunction with development partners conducted campaigns in every school across all 72 districts.

269. The education sector also benefitted from US$12.6 million, which was disbursed by the Global Partnership for Education under the System Transformation and the System Capacity Grants being implemented through the United Nations International Children's Emergency Fund (UNICEF) and Campaign for Female Education (CAMFED).

270. The resources went towards the construction and rehabilitation of satellite school blocks to meet the minimum functional standards,

procurement of teaching and learning materials, furniture and the drilling of boreholes, to improve the general learning environment.

Higher and Tertiary Education

271. Support towards the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development for the period to June 2024 amounted to ZiG1.2 billion, mainly as operational support.

272. Student enrolment at institutions of higher learning to date have reached 152 466 against an annual target of 195 000, of which 927 are students with disabilities.

273. Government is also implementing the Work for Fees Programme to assist disadvantaged students to fund their higher and tertiary education. To date, a total of 1 889 students have been enrolled under this Programme, against a target of 900.

274. To address the limited physical teaching, learning and accommodation infrastructure at universities and polytechnical colleges, focus is on the construction of students' hostels, lecture and administration blocks. This includes the construction of student affairs block at University of Zimbabwe where the ground and first floors are now at 80% completion level, whilst the upper floor is currently at 50% level of completion. Overall completion level stood at 25%.


University of Zimbabwe Students Affairs Block

275. With regards to the construction of the NUST Technovation Centre project progress now stands at 76% completion level, with blocks A, B and C now at 59%; 95%; and 74%, respectively.


NUST Technovation Centre

276. Furthermore, construction of an administration, teaching and learning block at ZOU in Hatcliffe is now at 55% completion as the first-floor deck is being casted.

ZOU Administration, Teaching and Learning Block: Hatcliffe Campus Phase 1 Administration, Teaching & Learning Block Construction Project

277. Construction of the teaching block at Mkoba Teachers Gangarabwe Practising School is underway with two classroom blocks having been roofed. Construction of head master's house and toilets has also commenced.

Mkoba Teachers Gangarabwe Practising School Phase 1: Gangarabwe High School Classroom Blocks being constructed by ISEOP Trainees

278. At the Bindura University of Science Education, the kitchen and the dining hall construction project is now at 74% completion, with most of the concrete and brick work having been completed.

BUSE Kitchen and Dining Hall under Construction

279. The construction of Kwekwe Law School is also underway, that include construction of walls to ring beam level.

Industrialisation and Innovation

280. To drive industrialisation and innovation, Government is improving science and technology innovation ecosystems, focusing on agro-innovation, minerals and mining value chains and utilisation of advanced technologies. This entails construction and equipping of

research, science and technology physical infrastructure mostly at state universities.

281. Construction of the Gwanda State University Mining Laboratory is now at 97% completion and is expected to spur development of the mineral and mining value chain in the Matabeleland and Midlands regions.

Gwanda State University Mining Laboratory

282. The Multi Lab Plaza at Harare Institute of Technology comprising of laboratories, lecture rooms and offices is now at 30% completion level, with the substructure for the southern side underway as depicted below.

Substructure level of the southern side of the Multi Lab Plaza at Harare Institute of Technology

283. In addition, construction of ZINGSA Satellite Communication and Earth Observation Centre whose scope of works involves the establishment of a space operations and communications observation centre for satellite communication missions, foster research in geospatial science and earth observation is underway.

284. To date, construction of superstructure is now at deck level as shown in the picture below.

ZINGSA Satellite Communication and Earth Observation Centre

Satellite Communication and Earth Observation Centre (Architectural Drawings)

285. Government is in the process of constructing the Bingwa Wildlife and Ecotourism Innovation and Industrial Park Conference Centre with 10

chalets and staff quarters. The conference centre and chalets have been roofed while construction of staff quarters commenced with a target to commission the conference centre by year end.

Bingwa Wildlife and Ecotourism Innovation and Industrial Park Conference Centre

Chalets at Bingwa Wildlife and Ecotourism Innovation and Industrial Park

286. The Manicaland State University Agro-industrial and Innovation Park serves as a platform to improve food security through production of wheat, maize seed and livestock, as well as innovation in agriculture through research.

287. The 30 km perimeter fence was completed, whilst the 15 km game fence is expected to be completed by year end.

30 km Fenced at Manicaland State University of Applied Sciences Agro-industrial and Innovation Park

Manicaland State University of Applied Sciences Agro-Industrial and Innovation Park being fenced

288. At Mutoko Bio Economy Industrial Park, installations of the cooking oil plant is now at 90% completion. The plant is expected to be operational by year end and will improve the supply of cooking oil in the country.

Completed Mutoko Bio Economy Industrial Park - Cooking Oil Plant Factory Shell

Oil Expelling and Refinery Equipment and Blow Model Section for Packaging installed at the Cooking Oil Plant

Social Protection

289. In response to the devastating drought and the declaration by Government of a State of National Disaster in April 2024, a three-pronged strategy has been developed, comprising search and rescue, mitigation and resilience building. Government, the private sector, and

development partners have activated response measures covering the following:

- Food Deficit Mitigation Programme targeting support to the vulnerable rural households;
- Cash for Cereal Programme targeting cash transfers to the vulnerable urban population;
- Grain importation to supplement national stocks for maize and traditional grains; and
- Agriculture input support scheme for the winter cropping season program.

290. The above measures are complementary to the existing social protection schemes which have so far benefitted from disbursements of ZiG243 million during the first half of the year.

291. In addition, Development Partners disbursed US$18.9 million during the first quarter of 2024, with US$17.8 million having been contributed by USAID towards the Lean Season Assistance Programme implemented by the World Food Programme.

292. In addition, the African Development Bank (AfDB) contributed US$1.1 million in support of agriculture productivity and resilience, infrastructure development and institutional strengthening under the Post-Cyclone Idai Emergency and Recovery Resilience Programme.

Food Assistance Programme

293. At least 7.7 million people, of which 6 million in rural areas and 1.7 million in urban areas are projected to be food insecure during 2024 and hence, require food assistance.

294. The response strategy to grain shortage is two pronged, with Government importing 300 000 mt of grain for distribution to vulnerable members of the society while the private sector is expected to import at least 464 000 mt of grain to be sold directly to the market through normal channels.

Table 31: Grain Importation Plan for the Year 2024

Type of Item	Metric Tonnes	
National Grain requirement	2 200 000	Comprise of human consumption requirement of 1.8 million mt and livestock requirement of 400 000 mt
Local grain production including anticipated output for both winter wheat and maize	1 435 000	Comprise of maize, traditional grains and wheat production output plus carry over grain stock from the previous season.
Shortfall	765 000	Represents total amount to be imported
Importation by Government	300 000	To be imported by Government through GMB
Pvt sect	465 000	To be imported by private sector through grain millers and individuals

Source: Second Round Crop Assessment Report for 2023/24 Agriculture Season

295. Already, 10 187 mt of imported grain is now in the GMB silos, under the Government's grain importation programme that is expected to be scaled up during the third and fourth quarter of the year, in line with contractual supply obligations signed between Government and the grain suppliers.

296. In addition, Government's grain supply to the vulnerable is being complemented by the insurance risk premiums from the Africa Risk Capacity estimated value at US$31.8 million, combined payouts from Government and Development Partners to be distributed through cash transfers to the most affected districts. Furthermore, Development Partners are supporting food mitigation in response to the declaration of National State of Disaster.

297. So far, Government availed ZiG60.9 million for the distribution of grain from GMB stocks to 10 provinces across the country, during the first six months of the year, which has ensured distribution of 32 241.2 mt of grain to food insecure households as at 15 June 2024.

Table 32: Grain Distributed by Provinces

Province	No of Food Insecure People	Grain requirement/3 months	Distributions to date	% Distributed to date
Manicaland	1 087 314	24 464.6	4 597.3	19%
Mash Central	626 735	14 101.54	4 199.3	30%
Mash East	925 210	20 817.2	3 554	17%
Mash West	803 370	18 075.8	3 406.4	19%
Masvingo	951 466	21 408	6 246	29%
Mat North	520 524	11 711.8	1 839.2	16%
Mat South	322 336	7 252.6	3 269.8	45%
Midlands	903 969	20 339.3	5 129.2	25%
National	6 140 924	38 170.8	32 241.2	23%

Source: Ministry of Public Service, Labour and Social Welfare

Grain distribution in Mashonaland East and Matabeleland North provinces

Harmonised Social Cash Transfers (HSCT)

298. The Harmonised Social Cash Transfers (HSCT) Programme, targets the elderly, orphaned and other vulnerable children, the chronically ill, persons with disabilities and those with high dependency ratios who are "*food poor" and "labour constrained*".

299. During the period under review, a total of US$5.9 million was availed benefiting 126 344 (32.6%) vulnerable people disaggregated by age, gender and disability through support from development partners as indicated below:

Table 33: Disaggregated beneficiaries by age, gender and disability

Age	Male	Female	People With Disability		Total
			Male	Female	
0-17	11 026	13 785	421	452	25 684
18-35	11 365	20 726	313	405	32 809
36-64	11 025	42 577	357	438	54 397
65+	4 438	8 204	440	372	13 454
Grand Total	**37 854**	**85 292**	**1 531**	**1 667**	**126 344**

Source: Ministry of Public Service, Labour and Social Welfare

Basic Education Assistance Module (BEAM)

300. The Basic Education Assistance Module Programme targets vulnerable school going children aged between 4 to 19, enrolled in Early Childhood Development (ECD), primary, secondary and special needs schools who require education assistance. Interventions by Government were complemented by Development Partners, Private Sector, Faith Based Organisations and individuals.

301. The target during 2024 is to reach out to at least 1.5 million learners across the country. To date, Government has availed ZiG43.5 million that focused on reducing school fees arrears for children under the programme.

302. Disbursements will be scaled up during the second half of the year as part of the response to the declaration of a National State of Disaster and the need to cater for all deserving learners whose households were affected.


BEAM Beneficiaries

303. As part of the devolution and decentralisation programme, the BEAM Management Unit was decentralised to provinces where data capturing of BEAM beneficiaries and paysheets are generated using the newly developed BEAM online system operating under ZIMCONNECT SAP portal. The automation of BEAM business processes will go a long way in improving information management and monitoring systems.

Children Care and Protection Services

304. Child care and protection services were extended to 16 311 children (9 075 females and 7 236 males), including 1 138 children with disabilities, focusing on education, health and psychosocial assistance.

305. In line with the thrust of bringing services to the community, *leaving no one and no place behind*, Government finalised plans to recruit

Community Based Social Development Officers who will assist in the early identification of cases for timely response and strengthening of community capacity towards prevention of violence against children.

306. The National Policy for the Care and Protection of Children without parental care was approved by Cabinet in May 2024. The Policy sets standards and guidelines for children without parental care, including children in kinship care.

307. This builds on and is embedded on the country's rich tradition which values family-based care and the collective role of families in the wholesome upbringing of children.

Drug and Substance Abuse

308. Government has intensified surveillance activities to reduce drug supply and abuse, which has resulted in the arrests and prosecution of 8 521 drug dealers and drug users. To address the drug and substance abuse challenge, Government launched the Zimbabwe Multi-Sectoral Drug and Substance Abuse Plan (2024–2030) which provides strategic direction on the country's response.

309. As part of the plan, the decentralisation of the Drug and Narcotics Department under the ZRP to all the 10 provinces to deal with the drug menace, was done to increase surveillance of drug dealers. Previously the Department was only in the Harare and Bulawayo metropolitan provinces.

310. Furthermore, a number of Anti-Drug Abuse Campaigns were conducted nationwide reaching out to 4.8 million people, using various platforms such as the ZITF, National Youth Day, church gatherings, pre-Independence occasions, educational institutions and online programs on various television and radio stations across the country.

311. Meanwhile, the first stand-alone Drug Rehabilitation Centre, Chipadze Rehabilitation Centre was established in Bindura Mashonaland Central province, whilst 3 outpatient Psychosocial Support Centres at Masvingo District Social Development Office, Bindura Social Development Office and Phakama Clinic in Gwanda were also established during the period under review.

Subsidies

312. Outlays for subsidies for the period to June 2024 amounted to ZiG129 million towards the Mass Bus Transport System (ZiG107.4 million) and public examinations (ZiG21.6 million). Under the Mass Bus Transport System, the support targeted 700 buses at US$280 per day and 300 commuter omnibuses at US$90 per day, while support to ZIMSEC targeted payment of outstanding 2023 examination expenses.

313. The Urban Mass Transport System has since been discontinued to pave the way for the recapitalisation of ZUPCO, which is now being undertaken within the Mutapa Investment Fund, following the transfer of the parastatal to the Fund.

Women, Gender Equity and SMEs

314. The National Gender Policy for mainstreaming gender across sectors was finalised, whilst the National Action Plan was operationalised during the first half of the year. The plan is meant to safeguard women's rights and gender equality in the context of peace and security.

315. Government support has been pivotal in supporting women empowerment and gender equality, facilitating access to new machinery, diversify into new products and markets, thereby enhancing business growth, competitiveness and creating new jobs.

316. To support women empowerment initiatives, an amount of ZiG43.4 million was disbursed during the first six months of the year which included support to empowerment institutions such as Women's Development Fund (WDF), Zimbabwe Community Development Fund (ZCDF), the Zimbabwe Women Microfinance Bank (ZWMB) and the Small and Medium Enterprises Development Corporation (SMEDCO).

Empowerment Initiatives

317. During the first half of 2024, SMEDCO disbursed US$347 200 to 65 MSME projects in various sectors which include manufacturing, agriculture, construction and trade.

318. In the same vein, the Zimbabwe Women Micro-Finance Bank disbursed loans amounting to US$6.7 million to 3 440 beneficiaries and of these 88% were women and 200 farmers were supported to acquire tractors at zero deposit under this loan facility.

Zimbabwe Women Microfinance Bank handing over tractors to farmers in Chiredzi

319. Similarly, the Zimbabwe Community Development Fund (ZCDF) extended financial support in the form of loans and grants to community-based groups involved in various livelihoods activities.


Refreshment Centre Group, a ZCDF funded group from Buhera District, Manicaland Province

Capacity Development

320. To address lack of business managerial and technical skills among women, MSMEs and Cooperatives, Government is upscaling the provision of business management, technical and entrepreneurship skills in partnership with other Government Departments, the private sector and development partners. These skills have enabled women and MSMEs to run their businesses viably, as well as contribute to employment creation and poverty reduction.

321. In the first half of 2024, a total of 72 783 participants (90% women) from MSMEs and Cooperatives were capacitated in various facets of business management and cooperative administration which include

record keeping, finance, costing, marketing, standards and product certification and taxation, among many others.

322. Government is also offering support through livelihood skills development initiatives which have been a powerful vehicle for empowering individuals, particularly in marginalized communities to take advantage of the emerging livelihood and business opportunities, thereby becoming self-sufficient and also creating employment.

323. A total of 55 193 community members were trained in the first half of the year in the following areas:

- Internal Savings and Lending Schemes (ISALs) and Savings and Credit Cooperative Societies (SACCOs);
- Detergent and cosmetic making (petroleum jelly and perfume making);
- Garment making, small livestock production (poultry and rabbit production);
- Cake making and confectionery;
- Bee keeping; and
- Mushroom production.

324. The beneficiaries included people living with disabilities, war veterans, widows, the elderly, youths, as well as child or single-parent-headed families especially from marginalised communities.

325. In addition, the Maud Muzenda Training Centre was upgraded and commissioned during the first half of the year to promote skills development.

The Completed Female Hostel at Maud Muzenda

326. Furthermore, Government continues to support women, communities, cooperatives and MSMEs to access markets through linkages and exposing products to markets through their participation at local, regional and international trade fairs, shows and expos. Such support strengthens local supply chains and increases the sectors' contribution to exports.

327. Since January 2024, 8 307 participants (1 069 Male, 7 239 Female) from MSMEs and Cooperatives were facilitated to access local and international markets. These include the Zimbabwe International Trade Fair, Malawi, Zambia, Tanzania Agricultural Shows, Local

exhibitions in Districts and Provinces, Open Market Days and the Ministry's United Nations (UN) calendar event commemorations.

Women-owned Business exhibitions in Bulawayo

328. Government is also undertaking a number of value addition projects to support women entrepreneurs and MSMEs in productive sectors. Government in conjunction with AfDB extended support to the establishment of the Hauna Fruit and Vegetable Processing Plant in Manicaland.

329. The project is expected to promote rural industrialisation, create employment, reduce post-harvest losses, improve livelihoods and reduce GBV. Over 1 000 farmers who are into banana, mango, avocado, pineapple and vegetable production have been identified and trained on agronomics and pre-cooperative registration.

The Hauna Fruit and Vegetable Processing Centre in Hauna, Manicaland

330. In the same vein, Government with support from UN Women has established a project to provide women textile producers with specialised equipment thus improving the quality, productivity and production of textile and clothing being manufactured by women in Bulawayo. The project will be commissioned in the third quarter of the year and it is expected to improve income and livelihoods of over 1 000 women.

Industrial embroidery machines at Maker-Space, Bulawayo

Infrastructure, ICT and Digital Economy

331. Re-establishing functional infrastructure services is critical in reducing the cost of doing business, as well as enabling citizens to efficiently and effectively engage in their social economic activities.

332. In this regard, the 2024 National Budget made a provision of ZiG11.1 billion towards infrastructure development, financed through the fiscus ZiG8.2 billion, statutory of ZiG2.1 billion, development partner support of ZiG284.6 million, as well as loans of ZiG484 million.

333. During the first six months of 2024, fiscal resources amounting to ZiG4.2 billion has seen Government massively increase the scale of investments towards infrastructure rehabilitation and development, with a bias towards roads rehabilitation. In addition, US$3.5 million was spent on the same from Development Partners.

Transport

334. Focus has been on enhancing access and connectivity, including promotion of regional and international trade.

335. In this regard, notable progress has been achieved in major road projects, including Harare-Beitbridge highway upgrade, the Mbudzi Interchange construction, Harare - Kanyemba Road upgrade and projects under the Emergency Road Rehabilitation Programme where a total of ZiG2.5 billion was disbursed during the first six months of the year.

North-South Corridor Road Upgrading

336. During the first six months of 2024, a total of ZiG1.4 billion was availed to support the construction works on the Harare-Masvingo-Beitbridge Road. As a result, a cumulative 485.15 km have been completed to date, leaving a total of 95 km.

337. Noticeable progress has been registered on the construction of the Mbudzi Interchange with works now at 62.7% of overall completion.

Aerial View of Mbudzi Interchange Bridges

338. Furthermore, the 352 km Harare-Chirundu Road rehabilitation and expansion works, which include upgrading, widening, rehabilitation and dualisation of certain sections of the road commenced following the ground breaking ceremony on the 2nd of February, 2024.

339. To actualise the project, Government has assigned 5 contractors, Bitumen, Exodus, Tensor, Masimba and Fossil to undertake the works with each being apportioned 67.8 km. The contractors have each opened a minimum of 5 km detours that are now ready for traffic and await the approval of designs to commence the main works.

Emergency Road Rehabilitation Programme 2 (ERRP2)

340. Under the Emergency Road Rehabilitation Programme 2 (ERRP2), a number of road construction, rehabilitation and upgrading projects were undertaken during the first six months of the year.

341. These include the upgrading of the 43 km Shurugwi - Mhandamabwe road, where a total of 5 km is now ready for traffic, whilst an additional 10 km of the road is targeted for completion during the second half of 2024. The target is to complete 40km by year end.

342. Progress on some of the road projects under the Programme remains modest, on account of implementation and financial challenges, among other factors.

343. The rehabilitation, upgrading and reconstruction of a number of roads within Harare and leading to Mount Humpden was significantly scaled up in preparation for the 44th SADC Heads of State Summit to be hosted by Zimbabwe at an estimated cost of ZiG1.1 billion.

344. The aforementioned works include the construction of a four lane 5.7 km boulevard, being the main access to the new Parliament Building where the summit will take place.

345. Works on the Harare - Kanyemba Road that had initially started in the Muhuwe-Kanyemba stretch have since been re-programmed to start at the intersection of S. Nujoma Extension/Nemakonde Way, to the intersection with the boulevard where traffic circle is being constructed.

346. The project has given impetus to the construction and upgrading of the 354 km Harare-Kanyemba Road, which is being implemented

through Public Private Partnership with a total of 15km having been opened to traffic.

347. Other areas of focus are the construction and widening of the 13.7 km Harare-Kanyemba Road, from Lomagundi up to the roundabout to connect with the boulevard road. This will ensure smooth connection to the venue of the Summit in Mt Hampden, at the New Parliament Building.

Access road to the New Parliament (Boulevard)

Exodus and Co, Harare-Mazowe Road earthworks construction

Gwebi Construction near National Defence University

Bitumen World Road Construction Progress Base 1 level-Boulevard Road

Aviation

348. The rehabilitation and upgrading of the airport infrastructure has also gone a long way in improving the country's image, as well as attracting new airlines given the increased passenger handling capacity. This is giving impetus to our "*Zimbabwe is Open for Business"* mantra.

349. Currently, the upgrading and modernisation of the Robert Gabriel Mugabe International Airport is now focusing on the rehabilitation of the existing domestic terminal and the construction of the new VVIP Pavilion.

Robert Mugabe International Airport-New VVIP Pavilion

350. The construction of the new VVIP Pavilion now stands at 89% overall completion level and is targeted for completion by year end.

Energy

351. The country is facing electricity shortages, mainly due to the low electricity generation capacity at Kariba Hydropower Power Station, following the El-Nino induced drought that has ravaged most parts of Southern Africa.

352. The successful completion of the 600 MW Hwange Thermal Power Station Units 7&8 Expansion Project has, however, gone a long way in ameliorating the power supply situation in the country.

353. In addition, the improved use of renewable energy sources in the country, particularly solar energy by companies and households, has demand on the national grid and improved the electricity supply situation.

354. Meanwhile, Government continues to support programmes that enhances access to electricity through the expansion of the national electricity distribution system to the under serviced and marginalized communities, particularly in rural settlements through the Rural Electrification Program (REA).

355. During the period under review, construction of 107 institutional and 159 domestic biogas digesters countrywide have been undertaken that have been enhancing economic development and the use of environmentally friendly renewable energy sources.

356. In addition, solar plants ranging from 5 KW to 200 KW were installed for rural domestic use, industrial and agricultural purposes.

Grid Project in Mash East

Grid Projects in Mat North

Hwakwata Community solar project in Chipinge

Mabhare Solar System in Masvingo

357. With regards to electricity transmission and distribution, the construction of the 132 KV line under the Alaska-Karoi Power

Transmission Rehabilitation Project was completed, in March 2024. This has resulted in increased electricity distribution efficiency and connectivity, as well as expanded energy access in Makonde and Hurungwe districts.

Karoi Substation

358. Funding for the Alaska-Karoi Power Transmission line benefited from the African Development Bank disbursements amounting to US$1.1 million. The funds went towards the completion of the outstanding social upliftment works at Sadoma Clinic, Slaughter Primary School and Karoi Old People's home and social upliftment activities.

359. Furthermore, the Bank disbursed US$0.6 million for the Kariba Dam Rehabilitation Projects during the first quarter of 2024, mainly to support technical services and supervision consultancy, as well as to spill way gates refurbishments.

Water and Sanitation

360. The strategic thrust of the 2024 National Budget on water and sanitation is to upscale investment in the sector as part of measures to guarantee water supply for domestic, industrial and agricultural use, as well as mitigate the Impact of the increased incidence of droughts.

361. In this regard, focus during the first half of the year was on the following:

- Rehabilitation and maintenance of existing water and sanitation infrastructure;
- scale up implementation of ongoing dam projects;
- Capacitation of local authorities; and
- Borehole drilling in rural areas.

362. To support these programmes, ZiG382 million was disbursed during the first six months of 2024, covering dam construction and water supply schemes.

Dam Projects

363. Currently, 10 dam construction projects are at different levels of completion with focus mainly on Gwayi Shangani and Kunzvi dams.

Kunzvi Dam

364. Support towards construction works at Kunzvi dam during the first six months amounted to ZiG36.9 million and is expected to address water supply challenges for the city of Harare upon completion. The project scope includes the construction of a 2600m zoned earth fill embankment with a height of 48.2m, as well as conveyance system.

Construction of Kunzvi Dam in progress

365. Significant progress has been achieved with the excavation of main dam currently at 60% completion, while the placement of embankment at the main dam stands at 45%.

Gwayi - Shangani Dam

366. In an endeavour to enhance water supply and irrigation in Matabeleland region, Government is constructing Gwayi-Shangani dam, with a capacity of 634 million cubic metres. Once completed, the project will benefit the surrounding communities and generate power through a Mini-Hydro Power Plant.

Construction of Gwayi Shangani Dam in progress

367. Regarding progress, the dam has reached a height of 39m. Concrete filling to date stands at 137 531.01m^3, 50% of the overall concrete needed, while 49m of outlet pipe has been installed. Focus during the second half of 2024, will be on ensuring timely completion of the project.

Water Supply Projects

368. Seven Rural Water Supply Schemes namely Sessane, Nyagire, Makwe, Centenary, Bomba, Lusulu, and Tengwe are being developed. Additionally, eight water supply stations namely Nyanga, Inyati, Dema, Nyamandlovu, Epping Forest, Victoria Falls, Jerera, and Murambinda are being rehabilitated and upgraded.

369. Furthermore, a total of 343 boreholes were drilled during the first half of the year, adding to a cumulative total number of 2 913 boreholes

drilled country wide. Equipping the boreholes drilled is being prioritised in order to ensure communities benefit from the investment.

370. In addition, ZINWA has received a total of 28 rigs out of the initial 40 rigs that were procured.

371. The above interventions have increased access to improved drinking water sources by communities which has increased from 72% in 2020 to 78.4% in 2023, whilst access to basic drinking water services also rose from 57% to 60.3%.

Housing Delivery

372. During the period under review, resources amounting to ZiG1.1 million were channelled towards housing delivery, mainly targeting construction, upgrading and rehabilitation of both residential and institutional accommodation nationwide.

373. Furthermore, construction of 18 Villas in the New City of Mount Hampden is underway and set for completion in time for the 44th SADC Heads of State and Government Summit to be held in August 2024.

374. Completion of ancillary works for the recently commissioned New Parliament Building which include civil works, erection of a dedicated power line, construction of permanent water reservoir, ICT connectivity are now at advanced stages of completion.

375. Works are also progressing well on the construction of residential flats in Marondera, Senga, Mutawatawa, Dzivarasekwa and Beitbridge, meant to house Government employees.

Marondera walk up flats

Mutawatawa Flats

376. In addition, construction of 39 houses for Binga flood victims have been completed.

377. Commissioning and handover of the houses awaits completion of ablution facilities for 20 of the houses.

Binga Flood Victims Houses

Binga Flood Victims Houses

378. With regards to Zimbabwe National Army and Airforce of Zimbabwe housing projects, focus is on rehabilitation of cantonment areas, Dzivarasekwa and Imbizo Housing projects.

379. Rehabilitation and upgrading of prison infrastructure through the use of the targeted quick win approach, continues to bear fruit as evidenced by the construction of staff accommodation at Chikurubi Maximum Prison, as well as renovation of in-mates facilities.

380. Resources amounting to ZiG$1.5 million have so far been availed towards the construction of several housing units ranging from 2 roomed low-cost houses to 15F houses which are at different stages of completion.

381. As Government continues with the thrust of bringing justice delivery close to the Citizens, resources amounting to ZiG12.4 million have been utilised for the ongoing construction works at Gwanda and Mutawatawa Magistrates Courts, as well as the rehabilitation of various court infrastructure.

Mutawatawa Magistrates Court

Issuance of Tittle Deeds

382. In April 2023, His Excellency, the President, E. D Mnangagwa launched the Presidential Title Deeds Programme in Epworth, which seeks to ensure home owners in informal, dysfunctional and conventional settlements get title to their properties. The programmes bring with it dignity and inclusivity for the beneficiaries, allowing them to leverage on the asset to raise resources from financial institutions for re-investment and other productive activities.

383. The Programme has since been broadened to cover beneficiaries across all provinces, including areas such as Southlea Park, Chitungwiza, Gimboki South and Cowdray Park.

384. Government is also embarking on a wholesale regularisation programme across the country to address the dysfunctional settlements and the scourge of land barons.

ICT and Digital Economy

385. Interventions in the sector are guided by the Zimbabwe National Information and Communication Technology Policy (2022-27) and seeks to build a digital ecosystem that drives the economy of the future.

386. Through the Digital Zimbabwe Project, Government is collaborating with the private sector to create an enabling environment for the uptake of ICTs, address internet intermittence and limited coverage, digital skills, as well as cyber security issues.

387. The roadmap towards establishing a robust digital infrastructure for the public service, able to provide online public services to citizens is underway by ensuring all MDAs are connected to a secure wide area network. Already, the e-Government enterprise architecture modelling exercise has been undertaken to identify gaps and inefficiencies to be addressed, as well as facilitate inter-operability among MDAs.

388. Furthermore, Government disbursed US$1.5 million towards the upgrading of existing fibre network, establishment of new base stations and telecommunications services being implemented through service providers such as Telone, Africom and Netone as part of the preparatory works for hosting of the 44th SADC Heads of State and Government Summit.

Inter - Governmental Fiscal Transfers (Devolution)

389. The devolution agenda being implemented by Government continues to positively impact on the livelihoods of communities through enhanced provision of basic social infrastructure services.

390. The launch of the Zimbabwe Inter-Governmental Fiscal Systems Administrative Manual on 10 July 2024 is a critical step in enhancing transparency and accountability in the utilisation of funds by lower tiers of Government.

391. During the first six months of the year, an amount of ZiG200 million was availed under the Programme with significant progress being achieved in various categories.

392. The devolution resources have enabled construction of schools ensuring provision of quality education, as well as reduction of distances travelled by pupils to access educational services.

Kasera Primary School- Marondera

Novhe Primary School - Beitbridge

Chirichoga Primary - Nemanwa

393. With regards to health delivery, Rural District Councils have been completed a number of medical facilities, including acquisition of various modern pieces of medical equipment, and construction of staff accommodation, thereby reducing distances travelled to access medical services.

Runyararo West Clinic - Masvingo

Danangwe Clinic - Chegutu

394. Most local authorities are also upgrading and rehabilitating roads within their area of jurisdiction using equipment procured with devolution resources. This has led to a marked improvement in the quality of roads within communities.

395. Furthermore, boreholes have been drilled to augment the ongoing Presidential Borehole Drilling Programme which have ensured that every community has a functional borehole, including completion of piped water schemes in areas such as Mberengwa, Chivi, Mupandawana, Marira (Zvishavane), among others.

Hurungwe RDC

Hurungwe RDC

Mt Darwin RDC

Fire Tenders procured through the Belarus-Zimbabwe Facility

396. In order to bolster service delivery within localities, local authorities have also procured equipment for roads construction, refuse collection and drilling, among other critical equipment.

Budget Financing

397. During the first half of 2024, a budget deficit of ZiG2.3 billion was recorded and was financed through borrowing and cash balances carried forward from the previous year.

Table 34: Overall Balance Jan-Jun 2024 (ZiG million)

		First Half -Outturn
Revenue		36 534.3
Tax Revenue	33 947.1	
Non-Tax Revenue	2 587.3	
Expenditure		38 862.5
Expenses	28 409.6	
Transactions in Non-Financial Assets	10 452.9	
Overal Balance		**-2 328.1**

Source: MoFED & IP (2024)

398. During the period January to June 2024, central government borrowing for budget financing was done through the mobilization of resources on the domestic debt market. The total gross Treasury Bills (TB) issuance, for budget financing for the period January to June 2024 amounted to ZiG1.77 billion (ZiG1.11 billion and US$56.4 million) against a target of ZiG2.3 billion.

399. The total borrowing for the period January to June 2024 was below the target, as institutional investors had a preference for short-term instruments, due to the high inflationary environment, and hence very high ZWL$ coupon rates. As a result, Treasury could not accept some of the offers from the various investors. The Treasury bill issuance was done through private placement, with 90-day-72% and 120-day-73%.

400. Following the announcement of the Monetary Policy Statement on the 4th of April, Treasury began to issue instruments in ZiG and to date, ZiG1.1 billion has been mobilized from the domestic debt market, with the following ZiG coupon rates: 90 day- 9%; 180 day- 9.5%; 270 day- 10%.

401. Over and above the ZiG TB issuance, Treasury also issued US$ denominated instruments worth US$56.4 million, with the following US$ coupon rates: 90 day- 6.5%; 180 day- 7%

402. The debt resources were mobilized from the banking sector (88%), while the non-banking sector provided only 12%. This is notwithstanding the requirement that pension funds and insurance companies should comply with the prescribed asset ratio of 20% against current levels of 7%. There is, therefore, the need for the Insurance and Pensions Commission (IPEC) to ensure that Pension funds and Insurance companies comply with regulations.

403. The introduction of structured currency has resulted in price and exchange rate stability in the economy. This should, therefore, instill confidence in investors to subscribe to Government securities.

Development Partner Support

404. The country mobilised development assistance amounting to US$120.5 million from Development Partners during the first quarter of 2024.

The resources which complemented the 2024 National Budget, were disbursed outside the Budget, and mostly through implementing agencies, and in some cases directly to beneficiaries. The table below shows the development assistance disbursements to the various sectors of the economy.

Table 35: Development Partner Support by Sector (Grants)

Sector	Commitments (US$m) 2024	Actual Disbursements (US$m) 2024 Q1	Actual disbursement as % of commitment
Health	452.9	72.3	15.9
Emergency Response	73.0	19.0	26
Governance	40.4	7.6	18.9
Agriculture	23.7	3.6	15.9
Education	12.7	12.6	99.8
Environment Protection	10.9	1.1	8.2
Industry/ Manufacturing and Value Addition	7.9	1.8	23.4
Energy	7.4	1.7	28.2
Transport and Storage	5.0	-	-
Social Services	2.6	0.2	9.3
Business and Other Services	1.2	0.3	25
Mineral Resources and Mining	0.9	0.2	19.7
Banking and Financial Services	0.8	-	-
Forestry	0.2	0.1	24.9
Total	**639.5**	**120.5**	**18.8**

Source: MoFED & IP

405. The outstanding commitments are expected to be disbursed during the last three quarters of the year.

PUBLIC DEBT

406. The country's stock of debt as at end of June 2024 amounted to ZiG287.2 billion, comprised of external debt of ZiG168.5 billion and domestic debt

of ZiG118.7 billion. The debt stock is broken down as 58.7% external debt and the remainder being domestic debt 41.3%.

Table 36: Total Debt Stock as at end June 2024 (ZiG millions)

	DOD	PRA	IRA	Penalties	PRA+IRA+ Penalties	Total
Total Public Debt(A+B)	**187.8**	**41.6**	**23.7**	**34.2**	**99.5**	**287.2**
A. External Debt (1+2)	**69,06**	**41,571**	**23,684**	**34,210**	**99,465**	**168,531**
1. Bilateral and Multilateral External Debt	28,176	41,571	23,684	34,210	99,465	127,641
Bilateral Creditors	21,196	24,653	8,117	30,810	63,579	84,774
Paris Club	882	18,659	6,407	29,250	54,316	55,198
Non-Paris Club	20,314	5,994	1,709	1,560	9,263	29,577
Multilateral Creditors	6,980	16,918	15,567	3,400	35,886	42,866
World Bank	1,288	10,167	9,732	-	19,899	21,187
African Development Bank	329	3,811	5,187	-	8,998	9,327
European Investment Bank	109	2,002	339	3,400	5,742	5,852
Afreximbank	4,568	457	227	-	684	5,251
Others	686	480	82	-	563	1,249
2. RBZ Liabilities Assumed in 2015, 2021 and 2023	29,640	-	-	-	-	40,890
B. Domestic Debt	**118,711**	-	-	-	-	**118,711**
Government Securities	69,317	-	-	-	-	69,317
Domestic Arrears (to Service Providers)	2,924	-	-	-	-	2,924
Compensation of Former Farm Owners	66,393	-	-	-	-	66,393

Source: Zimbabwe Public Debt Management Office and the Reserve Bank of Zimbabwe DOD: Disbursed and Outstanding Debt PRA: Principal Arrears IRA: Interest Arrears Conversion rate from USD to ZiG is 13.5616

External Debt

407. The external debt stock is comprised of multilateral debt of ZiG42.8 billion (25.4%), bilateral debt of ZiG84.7 billion (50.3%), as well as assumed RBZ liabilities amounting to ZiG40.1 billion (24.3%).

408. In US$ terms, total debt stock, as at end June 2024 stood at US$21 billion, comprising of external debt stock amounting to US$12.3 billion (58.7%) and domestic debt stock of US$8.7 billion (41.3%).

409. During the period January to June 2024, external loan disbursements amounted to US$11.23 million, comprising of US$2.24 million to central Government and US$9 million towards an SOE (on-lent loan). The US$9 million was disbursed by India Exim Bank towards the ZPC Deka Pumping Station & River Water Intake System Project, while the OPEC Fund for International Development (OFID) disbursed US$2.24 million for the Smallholder Irrigation Revitalisation Project.

Table 37: External Loan Disbursements - end June 2024

Project Name	Lender	US$(millions)
Deka Pumping Station & River Water Intake System	India Exim Bank	8.99
Smallholder Irrigation Revitalisation Project	OFID	2.24
Total		**11.23**

Source: MoFED & IP

410. On the other hand, payments to external creditors amounted to US$19.8 million, during the period January-May 2024. These payments were made to China Exim Bank (NetOne Network Expansion Phase 1 Project and Victoria Falls International Airport Expansion Project). Under legacy debts, Dutch Farmers were paid US$2.5 million, while US$60 000 was paid towards servicing the debt to Equatorial Guinea. In addition, token payments for the same period amounted to US$2.2 million.

Table 38: External Debt Service - end May 2024 (US$ millions)

	Jan-Mar	Apr-May
Active Portfolios		
China Exim Bank	-	2
Sino sure	-	2
OFID	1.92	0.85
IFAD	-	0.19
BADEA	-	0.75
Kuwait	0.23	0.01
SDR (Interest on drawdowns)	-	6.99
Legacy Debts		
Dutch Farmers	1.72	0.81
Equatorial Guinea	0.04	0.02
Token Payments		
World Bank	0.25	-
African Development Bank	0.5	-
European Investment Bank	0.1	-
16 Paris Club Creditors	1.38	-
Total	**6.14**	**13.62**

Source: MoFED & IP

Domestic Debt

411. The stock of domestic debt as at end June 2024, amounted to ZiG118.7 billion, composed of Government securities amounting to ZiG69.3 billion, compensation of Former Farm Owners, ZiG66.4 billion, and domestic arrears to service providers amounting to ZiG2.9 billion.

412. Government made domestic debt payments on maturing TBs amounting to Z$434 billion, ZiG77.7 million and US$356.2 million during the period January- June 2024. Table 34 shows the domestic debt payments made by Government.

Table 39: Domestic Debt Payments - end June 2024 (millions)

Month	US$	Z$	ZiG
Jan-Mar	102.72	174 414	
Apr-Jun	253.47	259 561	77.7
Total	**356.19**	**433 975**	**77.7**

Source: MoFED & IP

Arrears Clearance and Debt Resolution Process

413. Government remains committed to the engagement and re-engagement agenda through the implementation of the Structured Dialogue Platform Process. The IMF Mission visited the country in February and April 2024 for Article IV Consultations and SMP discussions. Further discussions were held during the period 18 - 27 June 2024 building towards eventual agreements on the SMP sometime towards the end of the year.

414. Going forward implementation of reforms will continue, including the following under the Roadmap for Arrears Clearance and Debt Resolution Process:

- Signing of the Staff Monitored Program (SMP) with the International Monetary Fund (IMF) targeted for October 2024, anchoring policies to bolster macroeconomic stability;
- Resource mobilization for the wet SMP, towards social protection, education, health, agriculture/food security and climate change and pre-arrears clearance funding;

- High-Level Structured Dialogue Platform meetings - one in the 3rd quarter of 2024, and two meetings in 2025;
- Continuing with technical meetings of the three Sector Working Groups namely Economic Growth and Stability Reforms, Governance Reforms and the Land Tenure Reforms, Compensation of Former Farm-Owners and Resolution of Bilateral Investment Protection and Promotion Agreements (BIPPAs);
- Identifying and engaging a champion among the bilateral creditors for the Arrears Clearance and Debt Resolution Process; and
- Payment of compensation to Former Farm-Owners under the Global Compensation Deed (GCD) and BIPPAs.

415. A total of US$7.6 million was disbursed during the first quarter of 2024 by AfDB to support governance related activities including implementation of the Arrears Clearance, Debt Relief and Restructuring Strategy.

Debt Servicing

416. In order to unlock disbursements for on-going projects and programmes, Government will prioritize debt service payments to active portfolios. In addition, Government will continue making quarterly token payments to the following International Financial Institutions (IFIs), the African Development Bank, the World Bank and the European Investment Bank and the 16 Paris Club creditors as a sign of commitment to engagement and re-engagement agenda.

VOLUNTARY NATIONAL REVIEW OF THE SUSTAINABLE DEVELOPMENT GOALS

417. Implementation and realisation of the Sustainable Development Goals (SDGs) is being achieved, through synchronisation of the 2030 Agenda into the national development agenda, buttressed by cohesive execution, monitoring and evaluation of Government programmes and projects.

418. To this end, the 2024 Voluntary National Review (VNR) of SDGs was undertaken by Government and key stakeholders to share experiences, successes, challenges and lessons learnt with a view to accelerate the implementation of 2030 Agenda. The Review also served to provide evidence and data driven decision making on the implementation of SDGs.

419. Major achievements were realised in food and nutrition security, agricultural transformation, healthcare, education and training, gender equality, disability and youth inclusion, renewable energy adoption, and economic growth.

420. These milestones exemplify Zimbabwe's continued dedication to equitable development and resilience-building amid global challenges. (*See summary of the Voluntary National Review progress in Annex 3).*

THE SOVEREIGN WEALTH FUND-MUTAPA INVESTMENT FUND

421. Following promulgation of the SI 156 of 2023 for the Sovereign Wealth Fund of Zimbabwe, the Board now has a full complement of 13 members with diverse skills and credentials including the fields of business, management of sovereign wealth funds, offshore financial services centres, banking, insurance, actuarial science, economics, law, communication, engineering and technology.

422. Subsequently, the Fund now has a full complement of senior management with the requisite competence to manage the Fund and able to secure investments for the benefit and enjoyment of future generations, support the development objectives of Government as well as contribute towards fiscal and macroeconomic stabilisation.

423. Already, the Fund is implementing measures to strengthen investee companies' governance frameworks and ensure disciplined application of the entities' resources to meet national targets. A governance framework has been established to provide oversight to investee companies. Based on assessments of potential directors' credentials and the skills set needs of an investee company, appointments to investee company boards based on meritocracy have commenced.

424. Furthermore, a diagnostic scan of all the investees under the Fund has commenced, covering review of their balance sheets and monitoring

signed performance contracts, enhance governance, review business models, strategies and implementing capital allocation decisions.

425. Going forward, the Fund will seek to optimise some of the portfolio companies to allow them improve efficiencies or develop new products that are able to drive various product offerings, or bring strategic investment partners particularly in the natural resources sector where there are unexploited resources.

426. The Fund has developed a comprehensive investment policy defining the Fund's objectives, risk tolerance, asset allocation strategy, and ethical considerations. The policy also provides guidelines for investment decision-making, including criteria for evaluating potential investments and risk management practices.

427. Meanwhile, the Fund is working to align various laws governing the SoEs to remove inconsistencies and overlaps and provide clarity on the operations of SoEs under the Fund. In that respect, the enabling Act will be further reviewed in line with the international best practices to streamline its operational framework.

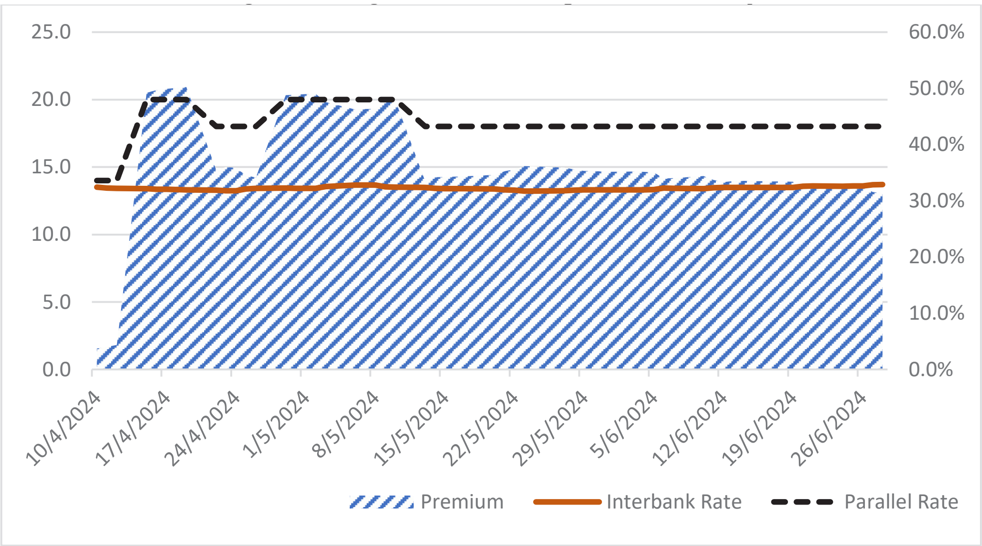
OUTLOOK TO YEAR END

428. The fiscal policy thrust and macro-fiscal framework of the approved 2024 National Budget remains unchanged under the theme *"Consolidating Economic Transformation".* However, given the early

lean agricultural season on account of the El-Nino induced drought, the food assistance needs of citizens has been elevated. The immediate priority of Government is to alleviate the impact of the drought on vulnerable households and the economy, as well as ensuring that the economy emerges stronger and more resilient going forward.

429. Since the introduction of the ZiG currency in April 2024, the economy has experienced relatively stable prices and exchange rate stability as indicated in the figure below.

Figure 35: Exchange Rate Stability



Source: RBZ & MoFED & IP 2024

430. The stability of the currency will be augmented by supportive tax and expenditure policy to increase the demand of the local currency. This also requires complementary monetary policy that keeps market liquidity in line with the desired growth trajectory.

431. Going forward to year end, fiscal policy measures will be deepened to protect the domestic currency, as well as durably restore macro-economic stability. Containing expenditure pressures and major expenditure heads such as the wage bill and debt servicing will be critical in order to avoid monetising the budget deficit.

432. This entails sustaining the cash budgeting policy which aligns fiscal outlays to available resources.

433. In this regard, the re-calibrated 2024 Macro-Fiscal Framework projects revenues to year end of ZiG93.2 billion (22% of GDP), against expenditures of ZiG98.8 billion, resulting in a budget deficit of ZiG5.6 billion (1.3% of GDP).

Table 40: Summary Macro-Fiscal Framework (ZiG$ Million)

	2023	2024
National Accounts		
Real GDP Growth (%)	5.3	**2.0**
Government Accounts		
Revenues (ZiG$M)	7 838.3	**93 213.7**
% of GDP	14.6	**22.0**
Expenditures & Net Lending (ZiG$M)	11 338.3	**98 764.9**
% of GDP	21.2	**23.3**
Expenses	6 555.0	**80 862.9**
% of GDP	12.3	**19.1**
Use of goods and services	1 751.8	**12 336.2**
% of GDP	3.3	**2.9**
% Total Expenditure	15.5	**12.5**
% of Revenue	22.3	**13.2**
Compensation of Employees	3 679.0	**49 732.7**
% of GDP	6.9	**11.8**
% Total Expenditure	32.4	**50.4**
% of Revenue	46.9	**53.4**

	2023	2024
Interest Payments	33.0	**2 375.8**
% of GDP	0.1	**0.6**
% of Revenue	0.4	**2.5**
Capital Expenditure	4 783.3	**17 902.0**
% of GDP	8.9	**4.2**
Overal Balance	-3 500.1	**-5 551.2**
% of GDP	-6.5	**-1.3**

Source: MoFED & IP

434. The current stable economic environment, together with economic transformation and diversification underway, is expected to enable the economy to register positive economic growth of 2%, in contrast to past experiences where droughts were associated with significant overall GDP contraction.

TAX POLICY AND REVENUE MEASURES

435. Mr Speaker Sir, the tax and revenue measures that I am proposing seek to provide relief to taxpayers, augment recently introduced monetary policy measures, enhance tax administration, as well as consolidate gains realized from existing measures.

Tax Relief Measures

Value Added Tax on Livestock and Meat

436. Mr Speaker Sir, following the recent changes in Value Added Tax (VAT) legislation, where live animals and meat is now standard rated, the industry has experienced a decline in demand due to low disposable incomes, which is attributed to the *El Nino* induced drought.

437. Observations show that 85% of live animals are sourced from smallholder farmers, who at most, sell two beasts per year, making them ineligible for VAT registration.

438. Furthermore, the emergence of middlemen, who use toll slaughtering abattoirs, have since substituted livestock auctioneers and formal abattoirs, in order to minimise, or in other cases, evade payment of VAT.

439. Resultantly, carcass sales have shifted from formal inspected abattoirs that feed into the formal meat value chain. This has been exacerbated by non-tax-compliant butcheries that prefer purchasing toll slaughtered meat carcasses from the informal market to avoid VAT, posing risk of diseases as the meat would not have passed through the mandatory inspections.

440. Table 41 below shows the impact of VAT on the meat value chain:

Table 41: Impact of VAT on Livestock Chain

	Commercial Abattoirs and Beef Wholesalers	Service Slaughter Abattoirs	Total
Before VAT on Beef			
2023 Quarter 1 Market share	62%	38%	100%
After VAT on Beef			
2024 Quarter 1 Market Share	39%	61%	100%

Source: Livestock and Meat Advisory Council

441. Mr. Speaker Sir, in order to encourage formal trade of meat products, I propose to exempt live cattle, pigs, goats, sheep and bovine semen from VAT.

Poultry

442. Currently, a third of the broiler production is traded in the formal market, whereas the rest is dominated by Micro and Small Poultry Farmers whose livelihood and empowerment is sustained through such economic activities.

443. In order to encourage the trading of poultry meat in the formal market, I propose to exempt poultry meat from VAT.

444. I, further, propose to exempt kapenta from VAT.

445. The above measures take effect from 1 August 2024.

Special Surtax on Beverages Sugar Content

446. Honourable Members would be aware that Government adjusted the *Special Surtax on Beverage Sugar Content* from US$0.002/g to US$0.001/g, with effect from 9 February 2024, in response to representations from the productive sector.

447. Whereas some of the manufacturers complied to the legislation subsisting in January 2024, I note that a number of operators could not honor their tax obligations, resulting in unsustainable tax debts.

448. In view of the need to ensure continuity of business operations, I propose to provide reprieve through waiver of the *Special Surtax on Beverages Sugar Content* due for the period 1 January 2024 to 8 February 2024.

449. Operators who had already honoured their tax obligations at US$ 0.002/g will be availed with the option of having their accounts credited against future tax obligations.

450. In addition, whereas the current legislation provides for the levying of surtax, I propose to enhance such legislation to specifically cater for the levying of *Special Surtax on Beverages Sugar Content* tax, and any other surtax of a similar nature.

Measures to Complement Monetary Policy

Payment of Taxes and User Fees in Local Currency

451. Honourable Members would be aware that the recalibrated *Monetary Policy Framework* has already started bearing fruits in anchoring price and exchange rate stability, thus, preserving currency value and rebuilding market confidence.

452. Complementary *Fiscal Policy* measures are, thus, necessary to create more demand for the use of the Zimbabwe Gold.

Corporate Income Tax

453. Mr Speaker Sir, Government, in June 2024, allowed companies to account for *Corporate Income Tax* in both local and foreign currencies on a 50:50 basis, or with the option to settle such obligations in line with the proportions in which income is earned.

454. I, therefore, propose to amend legislation to regularize the above intervention.

455. Going forward, I propose to amend legislation and compel any corporate whose revenue exceeds 50% in foreign currency to account for *Corporate Income Tax* on a 50:50 basis.

456. In addition, where a company's revenue exceeds 50% in local currency, tax shall be payable proportionately in the currency of trade thereof.

457. Honourable Members would recall that Government, in June 2023, compelled taxpayers to settle 50% of the foreign currency portion of their second quarter *Corporate Income Tax* obligations in local currency, in order to promote use of local currency.

458. I, therefore, propose to amend legislation to regularize such intervention.

Presumptive Tax

459. Mr. Speaker Sir, the emerging sector mainly comprising of Micro and Small Enterprises has widely been transacting in cash and foreign currency, thus, undermining aspirations to promote financial inclusion and transparency.

460. In order to promote the circulation of the Zimbabwe Gold within banking channels, curtail practices of money laundering, thereby combating financing of terrorism, I propose payment of all *Presumptive Taxes* in local currency, regardless of currency of trade.

461. In addition, I propose that Micro and Small Enterprises be mandated to transact through *Point-of-Sale Machines* and operate a bank account linked to the *Zimbabwe Revenue Authority*.

462. The Ministries responsible for business licensing and registration will, in due course, announce complementary measures to enhance formalisation of Micro and Small Enterprises.

Foreign Currency Dutiable Products

463. Honourable Members would be aware that Government, in 2018, designated some of non-essential goods to be foreign currency dutiable products, in order to redirect usage of scarce foreign currency towards productive sectors of the economy.

464. In order to promote usage of the local currency, I propose payment of customs duty in local currency on selected finished goods that are, however, input into production in specified industries as shown in Table 42 below:

Table 42: Proposed Local Currency Dutiable Product

Tariff Code	Description
0406.10.00	- Fresh (unripened or uncured) cheese, including whey cheese, and cud
1202.42.00	- - Shelled, whether or not broken.
1806.20.00	- Other preparations in blocks, slabs or bars weighing more than 2kg………
1905.32.00	- - Waffles and wafers
2008.99.00	- - Other
2009.19.00	- - Other orange juice
2009.39.00	- - Other juice of any other citrus fruit
2009.79.00	- - Other apple juice
2009.89.00	- - Other juice of any other fruit, nut or vegetable
2009.90.00	- Mixtures of juices
2204.29.99	- - - - Other
4203.29.00	- - Other articles of apparel and clothing
4203.40.00	- Other clothing accessories
4205.00.00	Other articles of leather or of composition leather

465. This measure takes effect from 1 August 2024.

Payment of User Fees in Local Currency

466. Honourable Members would be aware that Government, in 2023, directed all Ministries, Departments and Agencies (MDAs) to review and peg service fees and charges in foreign currency, albeit, payable in local currency, unless specifically provided otherwise.

467. The *User Fees* contained in Annexure 4 shall exclusively be payable in local currency.

Revenue Enhancing Measures

Presumptive Tax

468. Current legislation provides for the levying of *Presumptive Tax* on the basis of estimated income of persons engaging in specified trades.

469. The dynamic nature of the economy requires a review of the *Presumptive Tax Regime*, cognizant of the significant contribution of such operators to the *Gross Domestic Product*.

470. In view of the above, I propose to review the *Presumptive Tax Structure* downwards in order to provide relief, thereby enhancing tax compliance as shown in Table 43 below, with effect from 1 September 2024.

Table 43: Proposed Presumptive Tax Structure

Nature of Business	Current Tax Payable Per Month	Proposed Tax Per Month (Payable exclusively in local currency)
Operators of taxi cabs per vehicle	US$100	US$35
Operators of Omnibuses: of sitting capacity of 8-14 passengers per vehicle	US$150	US$50
Operators of Omnibuses: of sitting capacity of 15-24 passengers per vehicle	US$175	US$60
Operators of Omnibuses: of sitting capacity of 25-36 passengers per vehicle	US$300	US$80
Operators of Omnibuses: of sitting capacity of not less than 37 passengers per vehicle	US$450	US$100
Operators of Goods vehicles of carrying capacity of 10-20 tons per vehicle	US$1 000	US$200
Operators of Goods vehicles of carrying capacity of 10 tons and below which drives one or more trailers resulting in a combined weight of 15-20 tons per vehicle	US$2 500	US$500
Operators of Goods vehicles of carrying capacity of 20 tons and above per vehicle	US$3 000	US$500
Operators of driving schools offering driving tuition for class 4 per vehicle	US$300	US$50
Operators of driving schools offering driving tuition for class 1 and 2 (whether or not tuitions for other classes is provided) per vehicle	US$600	US$100
Informal traders (other than hairdressers, cottage industry operators and operators of restaurants or bottle stores	10% of rentals per month	10% of rentals per month
Operators of hairdressing salons per chair	US$300	US$30
Informal cross border traders	20% of the value of goods being imported, for duty purposes	20% of the value of goods being imported, for duty purposes
Operators of restaurants or bottle stores	US$300	US$100
Cottage industry operators	US$300	US$100
Operators of commercial waterborne vessels with a carrying capacity (including cabin crew) of less than 5 passengers per Vessel	US$80	US$30
Operators of commercial waterborne vessels with a carrying capacity (including cabin crew) of 6-15 passengers/ Vessel	US$100	US$35
Operators of commercial waterborne vessels with a carrying capacity (including cabin crew) of 16-25 passengers/ Vessel	US$150	US$50
Operators of commercial waterborne vessels with a carrying capacity (including cabin crew) of 26-49 passengers/ vessel	US$200	US$70
Operators of commercial waterborne vessels with a carrying capacity (including cabin crew) of more than 49 passengers/ vessel	US$300	US$100
Operators of commercial waterborne vessels (fishing rigs)	US$250	US$85
Beauty and Massage Parlors (new)	-	US$100
Gymnasia / Fitness Centre (new)	-	US$100
Operators of Butcheries (new)	-	US$50

471. In order to ensure compliance to the above tax structure, I propose that Goods Vehicles, Taxi Cab or Commuter Omnibuses shall neither be licensed by ZINARA nor be eligible for vehicle insurance unless the operator submits clearance from the Commissioner General (ZIMRA) confirming that the operator is duly registered and has no outstanding tax debt.

472. In the case of *Independent Professionals* such as *Legal Practitioners* and *Engineers*, I propose that they be graduated from *Presumptive Tax* to Self-Assessment for *Corporate Income Tax* purposes.

473. Furthermore, to promote transparency and accountability in tax compliance, I propose that it be mandatory for the following professionals to submit *Tax Clearance Certificates* through their Governing Bodies, shown on Table 44, as a condition for renewal of practicing licenses.

Table 44: List of selected Professionals

Name of Profession	Registration Body	Compliance Enforcement
Architect	Council of Architects	ITF263 at the point of licence renewal.
Engineers/Technician	Engineering Council	ITF263 at the point of licence renewal
Legal Practitioner/Firms	Law Society of Zimbabwe	ITF263 at the point of licence renewal
Health Practitioner/Private Doctors	Medical and Dental Practitioners Council of Zimbabwe/ Allied Health Professions Council	ITF263 at the point of licence renewal
Veterinary Practitioners	Council of Veterinary Surgeons of Zimbabwe	ITF263 at the point of licence renewal
Real Estate Agents and Realtors	Estate Agents Council of Zimbabwe	ITF263 at the point of licence renewal
Accounting Firms	Public Accountants and Auditors Board	Self-Assessment

Excise Duty on Electronic Cigarettes

474. The local market has witnessed emergence of new tobacco products such as electronic cigarettes or vaporing devices, classified as

Electronic Nicotine Delivery System (ENDS) and Electronic Non-Nicotine Delivery System (ENNDS).

475. Currently, electronic cigarettes attract customs duty of 40%, whereas, imports of ordinary cigarettes attract customs duty ranging from 40%-80% and excise duty of 25% + US$5/1000.

476. Under the Harmonized System of Tariff Nomenclature (HS 2022), electronic cigarettes are classified as Electronic Integrated Circuits, hence, do not attract any excise duty.

477. It has, however, been observed that electronic cigarettes are equally harmful to health as ordinary cigarettes resulting in cancer, respiratory and other cardiovascular diseases.

478. In order to curb the negative externalities associated with the consumption of electronic cigarettes, I propose to introduce *Excise Duty* at the rate of US$0.5 per ml of contents of every electronic cigarette product, with effect from 1 August 2024.

479. Where electronic cigarettes do not contain labels or where such labels do not specify the content thereof, such cigarettes shall be deemed to contain 10ml of liquid content.

Tax Administration Measures

Transit Fraud

480. Honourable Members would be aware that Government, in 2017, introduced the *Electronic Cargo Tracking System* (ECTS) that uses electronic seals and transmitters to monitor cargo, in response to increasing incidences of transit fraud, whereby goods imported under the *Removal in Transit (RIT) Facility* are offloaded on the local market without payment of the requisite duty.

481. Currently, consignments for traffic in transit are secured by *Transit Bonds* guaranteed by Insurance Companies and/or Banks. In addition, high penalties for violating the legislation have been adopted.

482. Notwithstanding the current mitigatory measures, incidences of *Transit Fraud* continue unabated.

483. Governments, however, have the flexibility to adopt necessary regulations or formalities under exceptional circumstances, in particular, to avert risks to revenue, despite international commitments for ensuring *Freedom of Transit*.

484. I, therefore, propose to secure duty and levies on fuel imported under *Removal in Transit (RIT)*, by payment of duty at the *Port of Entry*. Such duty and levies shall be recovered on acquittal at the *Port of Exit*. This

measure, which takes effect from 1 August 2024, will not apply on fuel uplifted from National Oil Infrastructure Company, Msasa Depot.

485. The Zimbabwe Revenue Authority is directed to manage the duty refund process efficiently through dedicated bank accounts.

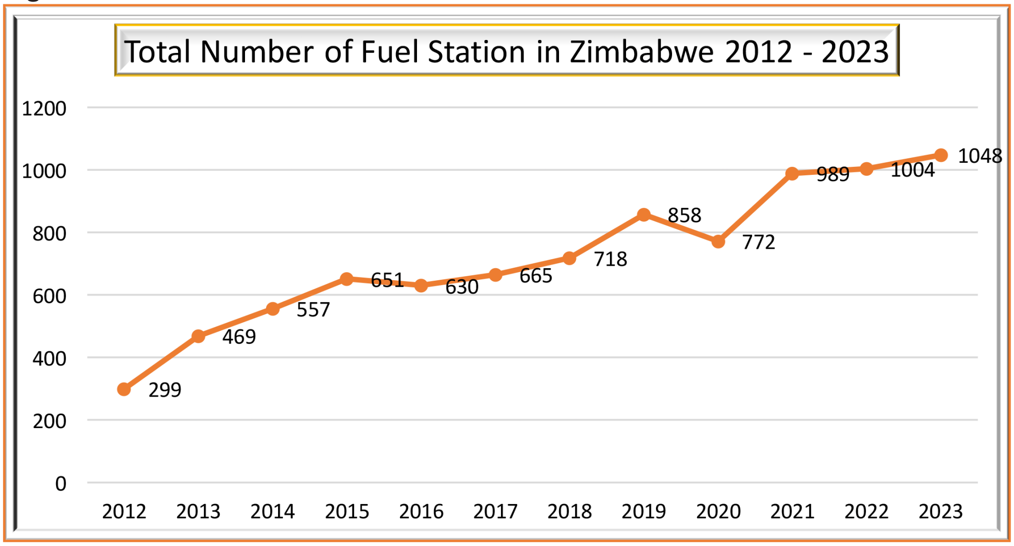
Fiscalisation of Domestic Fuel Sales

486. Mr Speaker Sir, the *Fiscalisation* programme is currently limited to Value Added Tax, through the *VAT Fiscalised Recording of Taxable Transactions Regulations*, in order to safeguard the revenue base from potential under declaration of sales.

487. There is, thus, an opportunity for operators to under-declare fuel imports, as well as abuse the *Removal in Transit (RIT) Facility*.

488. Notwithstanding the growth in establishment of *Fuel Stations*, the contribution of the sector to the *Fiscus* remains considerably low. As shown on Figure 36 below, the number of *Fuel Stations* increased by 88% for the ten-year period beginning 2014.

Figure 36: Growth in Fuel Stations



Source: Zimbabwe Energy Regulation Authority

489. In order to optimize *Fiscal Revenues*, there is need to match fuel imports and sales by each operator.

490. I, therefore, propose to introduce mandatory *Fiscalisation* of domestic fuel sales, with effect from 1 November 2024.

491. This measure will go a long way in optimizing *Fiscal* revenues generated from *Corporate Income Tax* and *Excise Duty* through matching fuel imports and sales by each operator.

492. Potential suppliers of the most efficient and cost-effective fiscal devices are, hereby, invited to submit tender documents to Treasury. The fiscal devices should be capable of recording and transmitting, in real-time to the Zimbabwe Revenue Authority servers, sales by suppliers and retailers.

493. A Committee comprising of Ministries responsible for Finance, Energy, Information Communication Technology, the Zimbabwe Revenue Authority, Procurement Regulatory Authority and the Zimbabwe Energy Regulatory Authority will, thus, be constituted to spearhead the process.

Legislative Amendments

494. Mr Speaker Sir, a number of legislative changes were made during the first half of 2024, in response to macroeconomic developments and representations from stakeholders. In addition, a number of policy measures announced in the 2024 National Budget were omitted from the Finance Bill.

495. I, therefore, propose to regularize the amendments which include changes in tax rates and modalities for collection of tax as follows:

Deferment of Value Added Tax on Imported Capital Equipment

496. Mr Speaker Sir, current legislation provides for deferment of tax for a period not exceeding 180 days on qualifying capital equipment imported by specified sectors, which include agriculture, manufacturing, mining, health and aviation industries.

497. In addition, legislation excludes potential beneficiaries from the facility if such operators would have defaulted in paying VAT and any other taxes and duties chargeable in terms of the Customs and Excise Act.

498. In order to safeguard the tax base, Government, in May 2024, implemented the following remedial measures, which will go a long way in reducing the tax debt:

- Operators that have defaulted on VAT deferred will no longer qualify for the Facility, and,
- No further tax concessions, in whatever form, will be granted to operators who have previously failed to honour their VAT obligations on tax deferred, including failure to honour taxes due on other Tax Heads.

499. In addition, any application for VAT deferment shall be accompanied by a statement from the Commissioner General of the Zimbabwe Revenue Authority confirming that the operator is compliant with their tax obligations. A Tax Clearance Certificate will not be accepted as sufficient evidence of tax compliance status.

500. I. therefore, propose to amend legislation in line with the above requirements.

Deferment of Value Added Tax on Specified Investments

501. Honourable Members would be aware that, in the 2024 National Budget, I proposed to introduce Deferment of Value Added Tax up to a maximum of two and three years, for operators in manufacturing and mining, respectively, subject to approval by the Minister responsible

for Finance. This measure is intended to accommodate investments with longer gestation periods.

502. I, therefore, propose to provide legislation to implement the incentive, with effect from 1 January 2024.

Period of Assessment

Personal Income Tax

503. Honourable Members would be aware that since the transition from the Zimbabwe Dollar to the Zimbabwe Gold, Government accordingly adjusted the local currency *Tax-Free Threshold* and the tax bands thereof, through Statutory Instrument 74 of 2024.

504. Consequently, the first period of assessment for *Personal Income Tax* purposes ended on 4 April 2024, whereas the second period of assessment commenced from 5 April 2024, being the date of introduction of the Zimbabwe Gold.

Corporate Income Tax

505. In addition, I propose to provide for two periods of assessment for *Corporate Income Tax* purposes in line with the transition from Zimbabwe Dollar to the Zimbabwe Gold.

Intermediated Money Transfer Tax

506. Honourable Members would be aware that Government, in May 2024 aligned rates of *Intermediated Money Transfer Tax* on local currency transfers, foreign and outbound transactions, as well as the Zimbabwe gold backed digital token.

507. This measure is intended to eliminate preferential treatment on specified transactions.

508. I, therefore, propose to regularise the amendment in line with the provisions of Section 3 of the Finance Act [Cap.23.04].

Automated Financial Transactions Tax

509. In addition, Government reviewed the *Automated Financial Transaction Tax* to US$0.05 per every withdrawal above the local currency equivalent of US$100, in order to promote use of alternative payment methods, hence I, propose to regularize such amendment.

Capital Gains Tax: Marketable Securities

510. Mr Speaker Sir, Government recently reviewed the framework for the taxation of marketable securities, in response to macroeconomic developments and representations of the respective stakeholders.

511. Current legislation, thus, provides for *Capital Gains Withholding Tax* at a rate of 2% on the gross value of the price at which the security is sold. The withholding tax is applied as a final tax for a period of 6 months beginning 28 June 2024, hence, no Capital Gains Tax is chargeable.

512. I, therefore, propose to amend legislation to regularise the incentive.

513. I am pleased to advise that the current incentive, as well as the taxation framework which will be implemented after the 6-month transitional period, will not have the *Vesting Period* condition.

Bonus Tax-Free Threshold

514. Current legislation exempts from tax, a bonus or performance-related award accruing to an employee, to the extent that the bonus does not exceed, in one year of assessment, five hundred thousand Zimbabwe dollars, or seven hundred United States dollars if the recipient is remunerated in foreign currency.

515. In view of the recent transition from the Zimbabwe Dollar (ZWL) to the Zimbabwe Gold, as well as guaranteeing fair and equitable treatment of taxpayers in similar circumstances, I propose that the *Bonus Tax-Free Threshold* be adjusted to US$700 or the local currency equivalent thereof at the time of remuneration.

5% Withholding Tax on Non-Compliant Taxpayers

516. Current legislation only allows wholesalers registered for tax purposes to purchase goods from manufacturers. Similarly, only tax compliant retailers are permitted to procure goods from wholesalers.

517. Following further consultations with relevant stakeholders, and in line with my Press Statement of 8 January 2024, also cognisant of the dynamic nature of business models, I propose to amend legislation as follows:

- That retailers be allowed to purchase from manufacturers, provided they furnish the manufacturer with a valid Tax Clearance Certificate, and proof that such retailer is registered for VAT; and
- That manufacturers be permitted to sell directly to institutions such as hotels, schools and other corporates, provided operators are registered for VAT and possess a valid Tax Clearance Certificate.

518. In order to protect the quality of goods and safety of consumers, perishable products such as bread, milk and milk products, will be distributed by manufacturers directly to retailers.

519. I propose that where a manufacturer distributes directly to wholesalers, retailers, and any person who is not registered for VAT purposes and not in possession of a valid Tax Clearance Certificate, a 5% *Withholding Tax* on the value of each purchase shall apply, in order to ensure compliance to tax legislation and minimise informalisation.

520. The *Withholding Tax* will also apply on non-compliant retailers who purchase directly from wholesalers.

521. Notwithstanding the above, I propose that the following be exempt from the *Withholding Tax*:

- Supply of milk and bread;
- Building materials;
- Newspapers;
- Airtime and mobile data;
- Supply of textbooks, stationery, furniture, food, detergents and other essentials to schools registered under Ministry of Education; and
- Supply of medical essentials and equipment to hospitals and clinics registered under the Ministry of Health.

522. In addition, Government Ministries and Departments, excluding Statutory Corporations and State Enterprises, will be exempt from the *Withholding Tax*.

523. Any manufacturer or wholesaler that fails to comply with the above requirements will be subject to a penalty of 200% of the *Withholding Tax* payable and interest equivalent to the *Bank Policy Rate* plus 5%.

Rate of Interest on Outstanding Taxes

524. In order to encourage timeous payment of taxes as well as refunds by the Zimbabwe Revenue Authority, I propose to review the rate of interest to the *Bank Policy Rate* plus 5%.

Remittance of Incremental Revenue to the Consolidated Revenue Fund

525. I propose to amend legislation to provide for the remittance of incremental revenue collected by the Zimbabwe National Roads Administration on vehicle licensing and toll fees to the Consolidated Revenue Fund. The incremental revenue is earmarked to finance road rehabilitation and maintenance.

Other Legislative Amendments

Introduction of Zimbabwe Gold as Legal Tender

526. Honourable Members would be aware that Government, on 5 April 2024, introduced the Zimbabwe Gold as legal tender through the Presidential Powers (Temporary Powers) Regulations.

527. I, therefore, propose to amend legislation to provide for the Zimbabwe Gold as legal tender.

Reserved Sectors

528. Mr Speaker Sir, the Indigenisation and Empowerment Act provides for a specific list of business operations that are reserved for Zimbabweans.

529. I propose that legislation be amended to provide for additional sectors, which include pharmaceutical retailing, borehole drilling, brick manufacturing as well as the following sectors:

Haulage and Logistics

- Rigid trucks;
- Horse drawn tipper trucks;
- Fuel and Liquid Petroleum Gas tankers;
- Refrigerated trucks; and
- Containerized cargo truck.

Customs clearing, shipping & forwarding

- Freight forwarding;
- Customs clearance;
- Warehousing and storage; and
- Logistics consultation.

CONCLUSION

530. The economy is showing signs of economic transformation as evidenced by the resilience to drought overshadowed by several growth nodes. The stability brought by the new currency (ZiG)

provides further impetus to the transformation process which seeks to broaden the local product range and facilitate production of high value and complex products which will make the economy more resilient to global and domestic shocks.

531. The thrust and theme of the 2024 National Budget remains of "Consolidating Economic Transformation". With determination and corporation of all stakeholders, the country can withstand any challenge and progress is inevitable.

Mthuli Ncube

Prof. Mthuli Ncube (MP)
Minister of Finance, Economic Development and Investment Promotion

25 July 2024

ANNEXURES

Annex 1: Jan – Jun 2024 Outturn (ZiG Millions)

	Jan	Feb	Mar	Apr	May	Jun	Total
Total Revenue	6278.3	4958.1	5456.4	4958.0	7128.5	7755.0	36534.3
Tax Revenue	5994.3	4644.7	5209.0	3954.7	6747.3	7397.0	33947.1
Tax on Income and Profits	2113.5	1000.6	2097.3	1394.3	2485.6	2793.0	11884.4
Individuals	1359.6	673.9	1261.0	978.1	1580.6	1720.8	7573.9
Companies	530.9	200.9	705.4	313.0	840.1	962.4	3552.6
Domestic dividend and interest	183.1	89.8	91.8	99.3	60.0	106.4	630.3
Other income taxes	33.2	31.7	35.4	0.6	0.9	0.9	102.7
Presumptive tax	6.7	4.3	3.8	3.4	4.0	2.6	24.8
Customs duties	440.7	481.4	411.4	305.6	459.5	385.5	2484.2
Dairy Products	1.0	2.0	0.7	0.0	0.0	0.0	3.8
Other (Prime &Surtax)	442.9	480.2	412.7	306.5	460.6	387.0	2490.0
Refunds Duty	-3.3	-0.8	-1.9	-0.9	-1.1	-1.4	-9.5
Excise duties	674.6	642.2	756.6	571.9	943.7	895.3	4484.2
Beer	66.5	18.2	67.5	25.8	48.3	63.5	289.9
Wines and Spirits	43.8	14.8	32.5	16.9	136.8	49.4	294.2
Tobacco	18.7	9.9	21.6	7.7	4.8	10.7	73.3
Second Hand Motors Vehicles	4.3	2.9	3.0	1.4	2.7	2.9	17.2
Fuels	541.3	596.4	611.7	520.0	751.2	768.8	3789.4
Electric lamp	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Surtax on Sugar Content	0.0	0.0	20.2	0.0	0.0	0.0	20.2
Taxes on Specific Services	379.8	390.7	393.0	356.8	544.7	581.9	2646.9
Business Licences	0.8	0.5	0.3	1.5	33.5	58.8	95.4
Energy Taxes -Carbon Tax	128.1	83.2	85.2	71.9	102.5	104.7	575.6
Fuel levy (4 cents diesel levy)	250.9	307.1	307.4	283.5	408.6	418.3	1975.9
Value Added Tax (VAT)	1790.1	1747.1	1057.8	1029.4	1748.8	1864.1	9237.3
VAT on Domestic Goods	1135.5	1078.4	938.6	669.4	1109.2	1293.6	6224.6
VAT on Withholding Tax	100.1	83.3	51.6	51.1	94.3	59.5	439.8
Imported Goods & Services	662.1	808.9	658.7	477.9	751.0	686.8	4045.4
Refunds	-107.6	-223.4	-591.1	-169.0	-205.7	-175.8	-1472.6
Taxes on gross Revenue	259.7	296.7	289.9	177.1	389.0	497.7	1910.1
Tobacco Levy	0.0	0.0	0.1	9.8	41.7	71.7	123.4
Royalties-mining	102.6	146.1	158.1	82.4	212.6	271.5	973.3
Airtime (including Health levy)	131.5	97.3	109.2	68.1	100.5	115.0	621.6
withholding tax on Tenders	25.5	53.2	22.5	16.8	34.3	39.5	191.9

	Jan	Feb	Mar	Apr	May	Jun	Total
Taxes on financial and capital transactions	329.5	76.8	192.4	114.2	171.1	372.9	1256.9
IMTT	328.7	76.2	192.4	113.0	169.3	372.9	1252.4
ATM Levy	0.8	0.7	0.0	1.2	1.8	0.0	4.5
Other Indirect taxes	6.5	9.0	10.6	5.3	4.9	6.6	42.9
Stamp duty	6.5	9.0	10.6	5.2	4.7	6.5	42.5
Other indirect taxes	0.0	0.0	0.0	0.1	0.1	0.2	0.4
Non-tax Revenue	284.0	313.5	247.4	1003.3	381.2	357.9	2587.3
Property income	1.8	0.4	0.8	201.6	97.0	31.4	333.0
Interest	1.8	0.4	0.8	0.4	0.0	0.0	3.4
Withdrawals quasi -corporations	0.0	0.0	0.0	201.2	97.0	31.4	329.6
Sales of Goods and Services	273.0	301.5	239.3	752.4	255.8	317.6	2139.7
Sales by Market Establishments	76.2	47.1	0.0	67.1	59.1	37.5	287.0
Administrative fees	187.0	0.4	232.3	236.6	126.7	126.0	908.9
Incidental sale By Non-Market Establishments	5.1	2.3	3.1	2.9	1.6	6.6	21.7
Toll fees & vehicle registration	0.0	249.2	0.0	442.9	66.8	146.2	905.2
Rentals	1.3	2.6	1.9	1.1	1.7	1.3	9.9
Motor Vehicle insurance	3.4	0.0	1.9	1.7	0.0	0.0	7.0
Fines, penalties and forfeits	9.2	11.5	7.3	49.3	28.3	8.9	114.6
Judicial fines	0.2	0.0	0.0	0.2	0.0	0.0	0.3
ZIMRA penalties	9.0	11.5	7.3	49.1	28.3	8.9	114.3
Total Expenditure	4318.7	6534.0	6947.4	6030.4	7081.2	7950.9	38862.5
Expenses	3362.9	4543.3	4744.4	4279.6	5298.2	6181.2	28409.6
Compensation of Employees	1978.2	2021.7	2064.3	2405.8	2418.3	2454.5	13342.8
Wages in cash	1934.0	1970.7	1961.2	2389.6	2351.6	2420.6	13027.7
Wages in kind	9.0	13.9	17.7	0.2	0.3	0.0	41.2
Medical Insurance (PSMAS)	25.5	30.4	27.1	15.1	52.7	33.9	184.7
Social Contribution (NSSA)	4.8	0.0	0.0	0.0	10.6	0.0	15.5
Employer pension contribution	0.0	0.0	55.9	0.0	0.0	0.0	55.9
Funeral Expenses	4.9	6.7	2.3	0.9	3.1	0.0	17.8
Use of Goods and Services	350.6	1150.7	1226.1	605.4	1123.4	1405.2	5861.5
Domestic Travel Expenses	42.5	92.3	163.7	172.2	48.5	290.6	809.8
Foreign Travel Expenses	119.9	154.4	127.2	44.5	224.4	236.7	907.2
Communication, Supplies and Services	14.3	46.7	51.7	6.1	8.9	20.0	147.7
Education supplies and Services	0.0	0.1	0.1	0.0	0.0	0.0	0.1
Medical Supplies and services	43.0	5.1	75.4	0.0	21.3	28.5	173.3
Office supplies and services	0.0	20.1	13.6	1.3	9.0	0.0	44.1
Training expenses	25.8	12.8	9.4	0.2	6.6	50.9	105.7

	Jan	Feb	Mar	Apr	May	Jun	Total
Rental and other service charges	34.5	164.4	243.0	19.8	170.2	47.7	679.6
Institutional provisions	5.8	22.0	53.6	25.2	124.3	119.2	350.1
Other Good and Services	9.2	559.9	355.9	300.8	330.5	313.0	1869.3
Maintenance	55.7	73.0	132.5	35.2	179.7	298.7	774.7
Interest on debt	233.2	10.2	67.6	4.5	1.5	51.0	368.0
Foreign	211.1	0.0	66.1	0.0	0.0	47.5	324.7
Domestic	22.1	10.2	1.5	4.5	1.5	3.6	43.3
Subsidies	69.6	178.2	115.6	60.6	88.2	129.1	641.3
Subsidy	69.6	178.2	115.6	60.6	88.2	129.1	641.3
Grants	391.5	959.4	620.9	290.7	406.0	1307.9	3976.3
o/w extra budgetary units -salaries	187.3	335.2	307.5	209.7	317.5	843.9	2201.1
- operations	162.9	589.9	274.7	68.4	76.2	449.6	1621.9
Transfers to Provincial Councils and local Authorities	41.3	34.3	38.6	12.5	12.3	14.3	153.3
Social Benefits	339.1	219.5	618.2	912.2	1260.7	833.6	4183.2
Social Benefits	13.8	158.7	42.0	422.7	615.6	287.2	1539.9
Pensions	325.4	60.8	576.1	489.5	645.1	546.4	2643.3
Other Expenses	0.6	3.6	31.7	0.5	0.1	0.0	36.5
Domestic Transfers	0.2	0.4	0.2	0.4	0.1	0.0	1.5
Foreign Transfers	0.4	3.2	31.4	0.1	0.0	0.0	35.0
Non-Financial & Financial Assets	955.8	1990.7	2203.0	1750.8	1783.0	1769.6	10452.9
Building and Structures	377.3	618.9	640.2	739.1	799.3	462.5	3637.4
Machinery and Equipment	26.6	136.7	245.4	109.1	182.7	23.9	724.4
Other fixed assets	0.0	0.0	0.0	15.5	17.7	0.0	33.2
Inventories	0.0	0.0	0.0	62.2	203.4	118.8	384.4
Capital Grants to other General Gvt units	0.0	282.1	240.6	4.2	293.3	624.6	1444.8
Loans	551.9	941.1	927.5	773.4	252.7	505.7	3952.3
Equity and Investments Fund Shares	0.0	11.9	149.3	47.3	33.8	34.2	276.5
o/w RBZ debt	592.2	856.3	951.5	773.4	252.7	505.7	3931.9
Surplus/Deficit	1959.7	-1575.9	-1491.0	-1072.3	47.3	-195.9	-2328.1
Financing	-1811.5	442.7	927.9	1819.7	1169.6	-521.7	2026.6
Domestic Financing (net)	-1745.5	1016.5	696.3	594.8	1071.6	-1170.9	462.8
Banks (net)	-1638.6	1176.8	898.1	720.8	874.8	-1083.2	948.6
Mobilisation	-1608.0	1221.4	905.4	815.5	1220.3	-703.5	1851.1
Changes in Government Deposits (current accounts)	-1684.4	1194.6	1361.2	-85.2	920.5	-677.5	1029.3
Changes in SDR balance	-1.9	-0.2	6.3	0.0	0.0	0.0	4.2
Changes in ZIMRA Bank Accounts	1.6	4.0	-561.5	340.6	-66.2	-437.8	-719.4
Treasury Bills	76.7	23.1	99.4	560.1	366.0	411.8	1537.0

	Jan	Feb	Mar	Apr	May	Jun	Total
Issuances (TBs)	76.7	23.1	99.4	560.1	366.0	411.8	1537.0
Repayments	30.6	44.6	7.3	94.7	345.5	379.7	902.5
Treasury Bills	30.6	44.6	7.3	94.7	345.5	379.7	902.5
Maturities (TBs)	30.6	44.6	7.3	94.7	345.5	379.7	902.5
Non-Bank (net)	-106.9	-160.3	-201.7	-125.9	196.8	-87.8	-485.8
Mobilisation	0.0	0.0	0.0	0.0	270.0	0.0	270.0
Treasury Bills	0.0	0.0	0.0	0.0	270.0	0.0	270.0
Repayments	106.9	160.3	201.7	125.9	73.2	87.8	755.8
Loans	50.9	85.8	121.3	125.9	73.2	87.8	544.9
Treasury bills	55.9	74.5	80.5	0.0	0.0	0.0	210.9
Foreign Financing (net)	-91.2	-12.1	-31.7	-1.7	-160.4	-68.4	-365.4
Repayments	91.2	12.1	31.7	1.7	160.4	68.4	365.4
Other Financing (net)	25.1	-561.7	263.3	1226.5	258.4	717.6	1929.2
Mobilisation	25.1	-561.7	263.3	1226.5	258.4	717.6	1929.2

Annex 2: Expenditures By MDAs: Jan – Jun 2024

Vote Appropriations	(ZiG M)	Areas of Support
Parliament of Zimbabwe	258.0	ZiG186.8 million for parliamentary business. ZiG36.8 million Vehicle Loan Scheme
Public Service, Labour and Social Welfare	243.0	ZiG111.4 million disbursed for compensation of employees and operations ZiG43.5 million was disbursed towards BEAM ZiG60.9 million for grain distribution ZiG5.1 million towards construction of Children's Homes ZiG2.4 million towards procurement of furniture and equipment
Finance, Economic Development and Investment Promotion	2 335.8	ZiG46.4million for ZIMRA Automation ZiG237.8million towards Shareholding to International Organisations
Defence	3 361.9	ZiG2.24 billion for compensation of employees and operations ZiG46.7 million towards rehabilitation of Dzivarasekwa and Imbizo Housing projects. ZiG35.7 million for the construction of Manyame Hospital
Industry and Commerce	34.5	ZiG25.5 million for compensation of employees and operations ZiG3.04 million towards Rural Industrialisation and formulation of the National Industrial Policy and ZiG3.6 million for Consumer Protection

Vote Appropriations	(ZiG M)	Areas of Support
Lands, Agriculture, Fisheries, Water and Rural Development	4 466.9	ZiG631.3 million for compensation of employees and operations ZiG1.4 billion was disbursed towards Input Guarantee Scheme ZiG 260.2 million towards grain procurement ZiG14.9 million was extended for Irrigation Rehabilitation and Development Programme ZiG 447.9 million Support towards dam construction amounts to
Mines & Mining Development	39.7	ZiG12.6 million compensation of employees ZiG26.2 million for operations and maintenance.
Environment, Climate and Wildlife	72.1	ZiG22.6 million towards administration and employment cost ZiG13.8 million for waste management programme ZiG3.4 million in preparation of SADC Summit. ZiG31.3 million availed for capacitation of the Environment Management Agency
Transport and Infrastructural Development	4 255.6	ZiG113.2 million towards administration and employment cost ZiG1.4 billion for rehabilitation and construction of roads including Harare – Masvingo - Beitbridge Road and Mbudzi Interchange ZiG1.1 billion Emergency Road Rehabilitation Programme 2 (ERRP2) ZiG35.1 million for operational needs of VID and CVR ZiG53.2 million Condition of service vehicles ZiG10 million for Road rehabilitation Programme in Murambinda.
Foreign Affairs and International Trade	367.6	ZiG17.4 million towards refurbishment, construction and purchase of new properties for Embassies of Zimbabwe
Local Government and Public Works	1 329.2	ZiG107.4 million for Mass Bus Transport System ZiG795.7 million for the refurbishment of the ZHICC, construction of Villas, landscaping for the new Parliament and upgrading of the Harare Water Supply Infrastructure ZiG174.9 million was channelled towards estate management ZiG10 million was availed to co-ordinate disaster mitigation ZiG156 million towards construction of Composite Offices
Health and Child Care	2 501.9	ZiG2.3 billion going towards employment costs and operations ZiG60.3 million support availed for the procurement of medical equipment ZiG6 million towards Hospital infrastructure

Vote Appropriations	(ZiG M)	Areas of Support
Primary and Secondary Education	5 577.0	ZiG4.9 billion towards operations as well employment cost Support to 84 schools with borehole drilling and equipping 128 schools have access to solar energy and equipped with ICT connectivity ZiG21.6 million for public examinations ZiG8.3 million towards procurement of supervision vehicles ZiG9.9 million availed towards procurement of mobile science laboratories
Higher & Tertiary Education, Innovation, Science and Technology Development	1 153.5	ZiG1.1 billion has been disbursed towards operations as well as employment costs ZiG33.1 million for construction of students' hostels, lecture and administration blocks
Women's Affairs, Community, Small and Medium Enterprises	119.1	ZiG63.3 million for operations and employment costs ZiG47.1 million was disbursed to support women empowerment initiatives such as acquiring new machinery ZiG7.1 million was disbursed to support small, medium enterprises as well as woman initiatives
Home Affairs and Cultural Heritage	2 371.5	ZiG1.7 billion for operations and employment costs ZiG 17.7 million towards construction of Central Registries ZiG 13.7 million towards construction of Chimoio Flats ZiG142.4 million towards procurement of hardware software and equipment for the online border management system ZiG15.4 million towards equipment as well as replacement of old equipment in national museum and monuments
Justice, Legal and Parliamentary Affairs	738.7	ZiG704.7 million towards compensation of employees and operational activities.
Information, Publicity and Broadcasting Services	51.9	ZiG49.million towards operations and employment costs.
Youth Empowerment, Development and Vocational Training	137.1	ZiG108.8 million for operations and employment costs ZiG29.4 million towards capitalisation of Youth Empowerment Bank
Energy and Power Development	43.5	ZiG19.2 million for operations and employment costs ZiG9.3 million towards construction of a dedicated powerline to the Parliament building ZiG13.1 million towards clearance of Zambezi River Authority Legacy Debt and liquidation of outstanding VAT obligations for Sino-Hydro Corporation

Vote Appropriations	(ZiG M)	Areas of Support
Information Communication Technology, Postal and Courier Services	121.9	ZiG49.8 million towards Operations and compensation of employees ZiG56.2 million towards Last mile connectivity (TelOne and NetOne fibre installation to New Parliament Building}
National Housing and Social Amenities	140.9	ZiG33.2 million for operations and employment costs ZiG3 million was availed towards the construction of housing units in Marondera, Senga, Mutawatawa, Dzivarasekwa and Beitbridge, meant to house Government employees, as well as flood victims.
Veterans of the Liberation Struggle Affairs	130.4	ZiG125.71 towards compensation of employees and operations
Tourism and Hospitality Industry	35.5	ZiG29.6 million for operations and employment costs ZiG800 000 towards Mosi Ya Tunya for development of tourism infrastructure
Sport, Recreation, Arts and Culture	80.2	ZiG69.5 for operations and employment costs
Skills, Audit and Development	6.9	ZiG5.6 million for operations and employment costs ZiG1.1 million towards procurement of furniture and equipment for the newly established Ministry

Annex 3: Summary of Voluntary National Review Implementation of SDGs

SUSTAINABLE DEVELOPMENT GOALS	IMPLEMENTATION PROGRESS
Goal 1: No Poverty	Zimbabwe has made progress in uplifting many people from poverty, fostering resilience through initiatives including tailored safety nets, capacity building, market linkages, and agricultural support. Government-led social support increased from 61% in 2022 to 66% in 2023. Social support received included food, cash transfers, vouchers, crop inputs, livestock, WASH and non-food items (NFI), and assisted medical treatment orders, among others, coordinated through the Integrated Social Protection Management Information System (ISPMIS). Some of the major programmes/projects and interventions being undertaken towards alleviating poverty include: Food Deficit Mitigation Strategy (FDMS)/Drought Relief, Harmonised Social Cash Transfer (HSCT), Health Assistance (AMTOs), Basic Education Assisted Module (BEAM), support to persons with disabilities, child protection services, sustainable livelihood youth empowerment and programmes.

Goal 2: Zero Hunger	To attain zero hunger, Government has been focusing on improving food access, improving agricultural productivity, promoting sustainable food production, and strengthening agricultural resilience. The prevalence of food insecurity in Zimbabwe significantly declined between 2020 and 2023 in the wake of favourable climatic conditions and the implementation of various initiatives aimed at improving food security. The country experienced a significant growth in wheat production over the past five years as a result of effective planning, private sector involvement, government support, self-financed farmers, and access to essential resources like consistent electricity and water supply for irrigation. Government's initiative of matching input distribution to agroecological zones under the Pfumvudza/Intwasa programme has also helped to increase the hectarage of maize and other traditional grains production. Some of the programmes that have been implemented by Government in collaboration with partners include: Rural Development 8.0 Programme, Blitz Tick Grease Programme, Accelerated Extension Capacitation Programme, Mechanization Development Alliance, Enhanced Resilience of Vulnerable Households in Zimbabwe (ERVHIZ), and Smallholder Irrigation Revitalization Programme.
Goal 3: Good Health and Well-being.	A combination of HIV prevention strategies including Pre- and Post-Exposure Prophylaxis; National HIV Testing and Counselling, as well as the implementation of National HIV Treatment Programme resulted in the reduction of number of new HIV infections per 1 000 uninfected populations. Zimbabwe put measures to strengthen the national HIV response to achieve the 95-95-95 targets by ensuring access to key and vulnerable populations and addressing some critical legal and structural barriers to HIV services access. Programmes and projects that have been implemented in Zimbabwe towards achievement of SDG3 include: Antenatal Care, Domestic Funding for Family Planning (FP) Commodities, Village Health Worker Programme, Construction of Health Facilities and Maternity Waiting Homes, Anti-TB Programmes, Mass Drug Administrations, Solar for Health Programme, Port Health Programme, and Food Safety Programme.
Goal 4: Quality Education.	Zimbabwe adopted Education 5.0 which integrates five key elements - teaching and learning, community service, research, innovation, and industrialisation - based on cultural heritage underscoring on competences and skills orientation over theory. Education 5.0 advocates for relevant curricula, teacher education, and student assessment. In line with the principle of leaving no-one behind, all new schools are constructed with disability access features. Work on this indicator is primarily supported through the School Infrastructure Development Programme, as well as Global Partnership for Education (GPE) support for the upgrading of low-income schools. The Social Support and Assistance Programmes as well as Expansion and Enhancement Programmes are some of the initiatives aimed at providing quality education in the country.

Goal 5: Gender Equality.	Zimbabwe's Constitution upholds fundamental human rights, gender equality, and women's rights. Legislativemeasures mandate gender balance and women's participation in all spheres. The General Laws Amendment Act of 2022 aligned national laws with constitutional provisions on gender equality. There have been strong national level initiatives to eliminate violence against women and girls and to eradicate harmful practices such as early child and forced marriages and increased awareness among communities on the negative impact of GBV on national development. Zimbabwe achieved 30% women in Parliament and 42% in local government through special measures and diverse electoral systems. The Constitution mandates women's representation on Provincial and Metropolitan Councils. Gender equality has been prioritized in Budget Strategy Papers and Budget Estimates Books, with Gender Budget Audits conducted and the first National Gender Budget Statement issued in 2022. Public expenditures have increasingly favoured gender-sensitive programmes, reaching 65% in 2022 The Zimbabwe Spotlight Initiative to eliminate violence against women and girls (2019-2023) was implemented in five provinces with high prevalence of GBV and early marriages namely Harare, Manicaland, Mashonaland Central, Mashonaland West and Matabeleland South. Economic empowerment initiatives which are being undertake include the Women's Development Fund and the Zimbabwe Women Micro-Finance Bank, alongside grassroots loan facilities targeting women in various sectors.
Goal 6: Clean Water and Sanitation.	Zimbabwe maintains a robust oversight mechanism on its major rivers using a network of 346 monitoring points and conducts monthly monitoring to track water quality. A total of 71.4% of these rivers, exhibit good water quality. To enhance integrated water resources management and stakeholder participation, the country established catchment councils and sub- catchment councils. Zimbabwe has seven water catchment councils namely Runde, Gwayi, Manyame, Umzingwane, Mazoe, Save and Sanyati. Zimbabwe has significantly bolstered its transboundary water cooperation by participating in three key commissions: the Zambezi Watercourse Commission (ZAMCOM), the Limpopo Watercourse Commission (LIMCOM), and the Buzi, Pungwe, and Save (BUPUSA) commission. Major programmes and projects being implemented under SDG6 include Borehole Drilling Programme, Solar Powered Piped Water Schemes, and Sanitation and Hygiene Programmes that includes promotion of handwashing facilities in schools and health facilities as well as the Presidential Clean Up Campaigns.

Goal 7: Affordable and Clean Energy.	There has been a deliberate move to promote the use of renewable energy and intensification of the rural electrification programme in schools, clinics, business centers and irrigation schemes. New power supply projects to cater for additional requirements of the growing economy have been licenced for both the public and private sectors. According to the Zimbabwe Energy Regulatory Authority (ZERA) records as at 18 February 2024, 140 Independent Power Producers (IPPs) projects have been licenced to generate electricity from solar PV, mini-hydro, clean coal-fired thermal, bagasse thermal, natural gas fired, biomass (CHP), Coalbed methane (CBM) gas and concentrated solar power (CSP). Government is installing 8 solar mini-grid systems (60kW -200kW) at rural community irrigation schemes, rural business centres, rural schools and clinics, through the Rural Electrification Programme funded from the 6% levy charged on all electricity consumers. Development partners are also installing solar micro-grid systems (5-20kW) at schools, clinics (Solar for Health Project) and irrigation schemes. Innovative approaches and good practices to enhance supply of affordable and clean energy include: Development of the Government Project Support and Implementation Agreement (GPSIA); Climate, Adaptation, Water and Energy Project (CAWEP); adoption and implementation of Minimum Energy Performance Standards (MEPS) in refrigeration and manufacturing sectors in SADC countries. Government commissioned Hwange Thermal Expansion Project (600MW) to serve as a base load supplier. Fifty (50) power plants were developed by IPPs with a total installed capacity of 222.56MW. They are all operational.
Goal 8: Decent Work and Economic Growth.	Zimbabwe recorded 8.5% and 6.5% growth in 2021 and 2022 respectively. This is primarily driven by reforms and policy implementation efforts that have boosted sectors like agriculture and manufacturing and sustenance of social dialogue to promote macroeconomic stability. Government initiatives, like social dialogue and ease of doing business measures, catalysed investment, crucial for sustainable economic growth. Efforts to advance the decent work agenda through the Decent Work Country Programme (2022-2026) and operationalisation of Tripartite Negotiating Forum aim to analyse policies' impact on the labour market and propose solutions. Government has significantly advanced labor rights compliance, emphasizing freedom of association and collective bargaining through extensive legislative reforms and institutional strengthening. Recent years have seen a labor reform journey aimed at aligning statutes with constitutional provisions and global standards, exemplified by harmonizing key legislative instruments like the Labour Act, Public Service Act, and Health Services Act. This effort underscores the constitutional right to freely join trade unions. Several national strategies are currently being implemented in the country to enhance youth employment and empowerment, including the National Skills for Employment Strategy (2021-2025) and the National Youth Economic Empowerment Strategy (2021-2026).

Goal 9: Industry, Innovation and Infrastructure.	Government has been focusing on developing quality and resilient infrastructure to support economic development and human wellbeing, ensuring equitable access for all. Recent years saw investment in road construction, technology access, and industrial activities. Government initiated the Emergency Road Rehabilitation Programme (ERRP) to address road infrastructure challenges, aligning with NDS 1 and Vision 2030. Road construction and maintenance adhere to Southern African Transport and Communication Commission (SATCC) standards for regional harmony and safety. Government is also committed to enhancing transportation infrastructure, focusing on modernizing aviation, rail, and road networks. Significant upgrades have been made to Robert Gabriel Mugabe (RGM) International Airport, allowing it to accommodate up to 6 million passengers annually. Further, capacity utilization has improved in the country owing to Government support measures and industry revitalization efforts.
Goal 10: Reduced Inequalities	Zimbabwe has been taking significant steps to reduce inequalities within its population by promoting social, economic, and political inclusion regardless of age, gender, race or religion. A significant number of constitutional amendments and policy reviews were made to enable service delivery and inclusion thereby reducing inequalities in the country. Zimbabwe has a National Migration Policy which was launched in 2023 to address issues of migration governance, labour migration, diaspora cooperation and integration, border governance, internal migration, migration and trade, migration and health, migration and persons with disability, among others. A National Plan of Action Against Tra□cking in Persons (2023 - 2028) has also been developed and launched in April 2023. Zimbabwe's engagement and re-engagement mission is running under the mantra "friend to all and enemy to none" advancing bilateral and multilateral relations by promoting investment and trade. Several memoranda of understanding, bilateral and multilateral trade agreements were signed to facilitate the flow of foreign direct investment. Zimbabwe made constitutional amendments to increase the number of youth and women in decision-making processes. Ten (10) seats have been reserved for youth in parliament effective August 2023, and 10% of young women have been included within the 60 seats for women. Local authority seats also reserve 30% for women and two seats out of 20 for Persons with Disabilities, chosen through an electoral college and junior parliament and council programmes. The Government of Zimbabwe is implementing wealth tax by levying a 1% tax on properties that have a value of more than US$250,000 annually as a means to address inequalities starting January 2024.

Goal 11: Sustainable Cities and Communities.	Government has identified housing delivery as a national priority and is promoting the use of new housing delivery technologies using locally available materials to clear the housing backlog, especially in urban areas. Efforts are being made to strengthen capacities for urban development planning, improve public transportation, and enhance waste management to contribute to achieving Goal 11. Government is also scaling up support towards institutional accommodation, housing loan schemes, and other infrastructure services such as water, sewer, and roads to reduce the number of people living in informal and/or dysfunctional settlements. An Inter-Ministerial Committee chaired by the Chief Secretary was set up by Government to come up with realistic and time-framed strategies to deal with dysfunctional and irregular settlements. Regularisation and upgrading of informal settlements are underway to improve quality of life through the provision of requisite on-site and off-site services and tenure. Government is also implementing The Smart City concept, targeting Melfort, Chirundu, and Figtree. The conceptual framework for Melfort has already been produced.
Goal 12: Sustainable Consumption and Production	Zimbabwe has established a range of legal and policy frameworks to promote sustainable consumption and production patterns, encompassing various statutes and regulations. These include provisions outlined in Section 73 of the Constitution, the ZERA Act (2011), the Renewable Energy Policy (2019), the Bio-Fuels Policy (2019), and the Environmental Management Act (Chapter 20:27). Section 73 of the Constitution guarantees the right to a healthy environment, emphasizing pollution prevention, conservation promotion, and ecologically sustainable resource use. These comprehensive frameworks underscore Zimbabwe's commitment to achieving sustainable development goals and safeguarding environmental well-being. Rehabilitation efforts on mined areas exceeded targets, attributed to Environment Impact Assessment (EIA) compliance and joint law enforcement initiatives. Furthermore, community involvement led to the formation of local Friends of the Environment (FOTE) groups, aiding in compliance matters. A national mapping initiative for natural background radiation, covering 29% of the country, is underway, slated for completion by 2025, marking progress towards environmental stewardship in mining practices. Major programmes/projects and interventions being implemented in the country under goal 12 include, National Waste Management Strategy and Action Plan, Renewable Energy for Rural Electrification, Conservation Agriculture Promotion Programme, E-Waste Management and Recycling Initiative, Sustainable Tourism Development Programme and Safeguarding Intangible Cultural Heritage in Basic Education.

Goal 13: Climate Action.	In order to reduce the country's vulnerability to climate change, Zimbabwe considers improving on adaptive capacity, increasing climate knowledge and reducing over-reliance on climate sensitive sectors. Zimbabwe formulated a National Adaptation Plan, aimed at enhancing climate change readiness and facilitating investment projects in adaptation. The plan integrates climate adaptation into policies, programmes, and development strategies across various sectors. Multiple government bodies are also being equipped to integrate climate change into budgeting and planning processes. Moreover, Zimbabwe has successfully integrated climate change across primary, secondary, and tertiary education. The country has embraced various innovative strategies to address climate change and accelerate progress towards a sustainable and resilient future such as renewable energy expansion, climate-smart agriculture, climate-resilient infrastructure, climate information services, circular economy initiatives and climate entrepreneurship and innovation hubs. Zimbabwe has outlined its Low Emission Development Strategies (LEDS) and Revised Nationally Determined Contributions (NDCs), committing to a 40% per capita greenhouse gas emissions reduction target by 2030. Measures include renewable energy development, afforestation, and sustainable forestry management. The country has also communicated its 4th National Communication and First Biennial Update Report to the UNFCCC, securing resources for future reports.
Goal 14: Life Below Water.	Zimbabwe has ratified numerous international conventions to protect its environment and biodiversity, including the UN/ECE Convention on Long-Range Transboundary Air Pollution, Convention on the Conservation of Migratory Species, Ramsar Convention on Wetlands, CITES, Basel Convention on Hazardous Waste, Convention on Biological Diversity, Minamata Convention on Mercury, UN Framework Convention on Climate Change, and Montreal Protocol for Ozone Protection. The country through the Planet Gold project which was approved for implementation in December 2023 is targeting reduction in anthropogenic releases of Mercury from the Artisanal and Small-Scale Gold Mining (ASGM) sector. Additionally, the country has monitored 7 dams against a target of 5 under the Water Quality Monitoring project. Government is also conducting research on key aquatic and ecological parameters in water bodies in protected areas. Specific example is the Lake Kariba Fisheries Research Unit whose mandate is to monitor and carry out research on the Lake Kariba landscape.

Goal 15: Life on Land	Government in collaboration with partners is implementing the following programmes in order to achieve SDG 15 targets: Global Environmental Facility (GEF 6), Zambezi Biodiversity project. GEF 7 Sustainable Forestry management and The Hwange-Kazuma Wildlife. Tree planting, Enrichment planting, Woodland management and assisted natural regeneration of our forest areas. Gazetting of Wetlands, protecting the same and wetland Catchment rehabilitation. Forest Conservation, Fire management programmes, including awareness raising and training. The Climate Adaptation Water and Energy programme (CAWEP) for Chipinge, Binga, Insiza and Chivi Districts. Integrating forestry with fisheries, horticulture and beekeeping projects. Promoting wood saving stoves. Seedling production. Agroforestry. Water catchment area protection.
Goal 16: Peace, Justice and Strong Institutions.	Government is ensuring the upholding of human rights for the achievement of SDG 16 through alignment of laws to the Constitution of Zimbabwe 2013. Zimbabwe established the Zimbabwe Human Rights Commission in line with the Constitution of Zimbabwe 2013 which speaks to its functions and follows the Paris principles. A total of 264 corruption cases were referred for prosecution by Zimbabwe Anti-Corruption Commission (ZACC) to National Prosecuting Authority (NPA), indicating their commitment to combat corruption. Anti- corruption blitz at Centre for Legal Education uncovered corrupt activities, leading to the arrest of officials and lawyers. ZACC and Zimbabwe Revenue Authority (ZIMRA) launched a campaign against civil servant rebate abuse. NPA made sustainable progress against crime and corruption through cooperation. Government established 2 Open Correctional facilities for both males and females. The object and purpose of establishing these facilities is to allow inmates who are not a danger to society and vulnerable groups to be allowed to be rehabilitated and reintegrated into society in an environment that is not a closed system.

Goal 17: Partnerships for the Goals.	The whole of society approach adopted by Government is an attempt to foster inclusive partnerships and promote an all-stakeholder approach to development. There has been an increase in FDI with USD886 million being channeled to the economy, mainly for budget financing and infrastructure development. Programmes and interventions in support of this include the Structured Debt Dialogue Platform and Development Partner programmes. In alignment with the National Monitoring and Evaluation Policy, Government periodically undertakes reviews to assess the performance of Sustainable Development Goals (SDGs Quarterly Reviews, Voluntary National Reviews, Voluntary Local Reviews, Agenda 2063 periodic reports, Monitoring of Global Partnerships for Effective Development Cooperation, etc.) of partnerships. Government has been collaborating with the private sector in energy, infrastructure, transportation, water, sanitation, and telecommunications sectors for development projects through Public-Private Partnerships (PPPs). Further, Government through International Development Cooperation has been partnering with international organisations, donor countries, and development agencies to access resources and expertise for various development projects in education, healthcare, agriculture, construction, aviation, digital technology, and environmental conservation.